

Exhibit No.:
Issue: Traffic Termination
Witness: Billy H. Pruitt
Type of Exhibit: Direct
Case No.: TO-2006-0147
Date Testimony Prepared:
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BEFORE THE PUBLIC SERVICE COMMISSION
STATE OF MISSOURI

JAN 31 2006

Missouri Public
Service Commission

In the matter of the Petition for)
Arbitration of Unresolved Issues in a)
Section 251(b)(5) Agreement with)
T-Mobile USA, Inc.)

Case No. TO-2006-0147, et al
Consolidated

DIRECT TESTIMONY

OF

BILLY H. PRUITT

ON BEHALF OF T-MOBILE USA, INC.

Exhibit No. 15
Case No(s) TO-2006-0147/TO-2006-0151
Date 1-26-06 Rptr KF

Filed January 6, 2006

1 **Q. Please state your name and address.**

2 A. My name is Billy H. Pruitt. I am President and Principal Consultant for Pruitt
3 Telecommunications Consulting Resources, Inc. My business address is 59
4 Lincord Drive, St. Louis, MO 63128-1209.

5 **Q. On whose behalf are you testifying?**

6 A. I am testifying on behalf of T-Mobile USA, Inc. ("T-Mobile").

7 **Q. Would you please outline your educational background and business
8 experience?**

9
10 A. I joined Southwestern Bell Telephone Company in 1968 as a Teletype and Data
11 Repair Technician and then served as a Central Office Repair technician until 1970.
12 Between 1970 and 1972 I served in the US Army. Upon my return to Southwestern
13 Bell I was assigned as a Switching Technician and, over time, served in many
14 different outside plant and central office craft technical positions.

15 I obtained a Bachelor of Arts in Political Science degree from St. Louis
16 University in 1981. In 1983, I was appointed a Manager in the Access Services
17 group where I performed detailed costs studies and developed rates for multiple
18 switching technologies required to provide switched access services. In 1986 I
19 obtained a Master of Business Administration degree from Webster University. I
20 was also promoted to the position of Area Manager Rates and Cost Studies in 1986
21 and managed a work group responsible for switched access cost study and rate
22 development and the associated filings with state and federal regulatory bodies. In
23 1990 I was appointed Area Manager Regional Sales where I developed and
24 presented competitive proposals for complex network services and served as the
25 Division's regulatory liaison. I retired from Southwestern Bell in December 1998.

1 Q. Do you have any experience in the wireless industry?

2 A. Yes. In September 1999 I accepted a position as a Senior Engineer in the Carrier
3 and Wholesale Interconnection Management group at Sprint PCS. In this
4 assignment I was a lead negotiator responsible for negotiation of interconnection
5 agreements between Sprint PCS and other telecommunications carriers and for
6 providing expert witness testimony for Sprint PCS. In March 2003 I was assigned
7 to Sprint's Access Management organization where I provided regulatory policy
8 and contract expertise in support of Sprint long distance, wireless, and local service
9 initiatives. Due to a Sprint reorganization, I was assigned to the Sprint Business
10 Solutions organization where I provided general enterprise support to various Sprint
11 organizations involved in the development and delivery of products and services to
12 Sprint's wholesale customers. I also negotiated contracts with LECs and alternate
13 access vendors for services and facilities required in the Sprint network. In
14 addition, I provided general negotiation and contract support to the various
15 negotiation teams at Sprint that negotiated interconnection agreements with
16 incumbent LECs ("ILECS") and other carriers, and continued to provide expert
17 witness testimony when required.

18 In the performance of my responsibilities at Sprint PCS I was required to
19 understand and implement on a day-to-day basis Sprint PCS' rights and obligations
20 arising under i) the Telecommunications Act of 1996 (the Act"), ii) the Federal
21 Communications Commission ("FCC") rules implementing the Act, and iii) and
22 federal and state authorities regarding the Act and FCC rule

1 In December 2004, after 5 years of employment with Sprint, I accepted a
2 voluntary buyout in order to open a telecommunications consulting practice
3 providing interconnection support services to telecommunications providers. I have
4 been involved in that consulting practice since that time.

5 **Q. Have you testified previously before any state regulatory commissions?**

6 A. Yes, I have provided testimony on issues similar to the issues in this case before the
7 Iowa Public Utility Board, the Louisiana Public Service Commission, the Missouri
8 Public Service Commission, the Mississippi Public Service Commission, the
9 Nebraska Public Service Commission, the Oklahoma Corporation Commission, and
10 the Tennessee Regulatory Authority. I have previously testified before the Missouri
11 Commission in the proceedings between several local exchange carriers and Sprint
12 PCS in Case No. TC-2002-57 (consolidated). I also recently testified before the
13 Missouri Commission on these issues on behalf of T-Mobile USA, Inc. ("T-
14 Mobile") in the *Alma* arbitration proceedings, Case No. IO-2005-0468 et al
15 (consolidated).

16 **Q. What is the purpose of your testimony?**

17 A. The purpose of my testimony is to provide input to the Commission regarding the
18 positions of T-Mobile in Case No. TO-2006-0147 (consolidated), regarding
19 unresolved issues associated with negotiations for interconnection and reciprocal
20 compensation agreements between T-Mobile and BPS Telephone Company, Cass
21 County Telephone Company, Citizens Telephone Company of Higginsville,
22 Missouri, Craw-Kan Telephone Cooperative, Inc., Ellington Telephone Company,
23 Farber Telephone company, Granby Telephone Company, Grand River Mutual

1 Telephone Corporation, Green Hills Telephone Corporation, Holway Telephone
2 Company, Iamo Telephone Company, Kingdom Telephone Company; KLM
3 Telephone Company; Lathrop Telephone Company, Le-Ru Telephone Company,
4 Mark Twain Rural Telephone Company, McDonald County Telephone Company,
5 Miller Telephone Company, New Florence Telephone Company, Oregon Farmers
6 Mutual Telephone Company, Peace Valley Telephone Company, INC., Rock Port
7 Telephone Company, and Steelville Telephone Exchange (I will sometimes refer
8 to these companies collectively as "LECs"). I will provide the T-Mobile policy
9 position for each arbitration issue.

10 **Q. Are you aware that the remaining Petitioners in this arbitration are the**
11 **incumbent LECs?**

12
13 **A.** Yes, I understand that the CLEC petitioners have been dismissed from this
14 proceeding. My testimony relates to the issues raised by the incumbent LEC
15 Petitioners.

16 **Q. Are you also aware that this arbitration proceeding will focus only on**
17 **prospective interconnection and reciprocal compensation issues?**

18 **A.** Yes, I understand that all issues relating to compensation for traffic exchanged
19 before the request for negotiations have been dismissed from this arbitration. My
20 testimony focuses on the open arbitration issues related to the prospective
21 interconnection agreement.

22 **ISSUE NUMBER 3: PROSPECTIVE INTRAMTA RATE**

23 **Q. What is the T-Mobile position with respect to Issue No. 3?**

24 **A.** Mr. Craig Conwell will address this issue for T-Mobile.

25 **ISSUE NUMBER 4: PROSPECTIVE INTERMTA/INTERSTATE FACTORS**

26
27 **Q. What is T-Mobile's position with respect to Issue 4?**

1

2 A. T-Mobile agrees that the InterMTA factors to be included in the prospective
3 interconnection agreements are proper issues to be included in a petition for
4 arbitration. T-Mobile has agreed to the LECs' InterMTA factor proposals.
5 Accordingly, the InterMTA factor is no longer an open issue for this arbitration.

6 **Q. Have the LECs proposed an interstate factor?**

7 A. No, the LECs proposed InterMTA factors to address the amount of total traffic
8 exchanged that would be deemed to be InterMTA traffic between T-Mobile and the
9 individual LECs. The traffic quantified by applying that factor is subject to
10 InterMTA rates, or access rates. Most LECs have an interstate InterMTA rate and
11 an intrastate InterMTA rate. Parties to a negotiated interconnection agreement
12 generally include a negotiated allocation of the InterMTA traffic between interstate
13 and intrastate jurisdiction.

14 **Q. Does T-Mobile have an interstate factor proposal?**

15 A. Yes, T-Mobile proposes 80% interstate; 20% intrastate.

16 **ISSUE NUMBER 5: SCOPE OF THE RECIPROCAL COMPENSATION ISSUE.**

17

18 **Q. Do the Petitioners have a duty to establish reciprocal compensation**
19 **arrangements with wireless carriers?**

20 A. They do. Congress specified in Section 251(b)(5) of the Communications Act that
21 “[e]ach local exchange carrier has the following duties: . . . (5) The duty to establish
22 reciprocal compensation arrangements for the transport and termination of
23 telecommunications.”

24 **Q. Has Congress defined the term, “reciprocal compensation”?**

25 A. It has. Reciprocal compensation is defined in Section 252(d)(2)(A)(i) of the Act as
26 an arrangement “provid[ing] for the mutual and reciprocal recovery by each carrier

1 of costs associated with the transport and termination on each carrier's network
2 facilities of calls that originate on the network facilities of the other carrier.”

3 **Q. Has the FCC adopted implementing rules defining the scope of a LEC's**
4 **reciprocal compensation obligation?**

5 A. It has. FCC Rule 51.701(b)(2) defines the geographic scope of the Petitioners'
6 reciprocal compensation obligation as follows:

7 For purposes of this subpart, telecommunications traffic means: . . . (2)
8 Telecommunications traffic exchanged between a LEC and a CMRS
9 provider that, at the beginning of the call, originates and terminates
10 within the same Major Trading Area, as defined in Sec. 24.202(a) of this
11 chapter.

12 This rule is commonly referred as the “intraMTA” rule.

14 **Q. The Petitioners take the position that they have “no obligation to pay**
15 **reciprocal compensation on landline traffic terminated to [T-Mobile] by third**
16 **party carriers (such as IXCs) where that traffic is neither originated by, nor**
17 **the responsibility of, the Petitioners.” Arb. Petition at 9. Do you agree with**
18 **this position?**

19 A. I do not. Indeed, this Commission has already rejected this very legal argument in
20 its *Alma/T-Mobile Arbitration Report*, IO-2006-0468 (Oct. 6, 2005). As the
21 Commission stated in its *Report*:

22 Although federal appellate courts have held that the “mandate
23 expressed in these [FCC rule] provisions is clear, unambiguous, and on
24 its face admits of no exceptions,” Petitioners nonetheless ask the
25 Commission to create a new exception. Specifically, the[y] claim that
26 they should be excused from paying reciprocal compensation for
27 intraMTA traffic they deliver to interexchange carriers (“IXCs”). But
28 the Commission may not rewrite or ignore FCC rules. . . . *The MTA's*
29 *geographic boundary, and nothing else, determines whether reciprocal*
30 *compensation applies. Report at 16-17 (emphasis in original)*
31 *(supporting citations omitted).*

32
33 **Q. The Petitioners claim they should be excused from paying reciprocal**
34 **compensation when the traffic is not their “responsibility” and that their**
35 **position is “consistent with the Act [and] FCC rules.” Arb. Petition at 9. Do**
36 **you agree with this position?**

1 A. I do not. Congress has been very clear that a LEC's reciprocal compensation
2 obligation applies to traffic that originates on its "network facilities," regardless of
3 whether the LEC has a business relationship with the calling party. Specifically,
4 Congress has defined reciprocal compensation as an arrangement "provid[ing] for
5 the mutual and reciprocal recovery by each carrier of costs associated with the
6 transport and termination on each carrier's *network facilities* of calls that originate
7 on the *network facilities* of the other carrier." 47 U.S.C. § 252(d)(2)(A)(i)(emphasis
8 added). Accordingly, I cannot agree that the Petitioners' position is consistent with
9 the Act.

10 **Q. Do you believe that the Petitioners' position is consistent with FCC rules?**

11 A. I do not. FCC rules, like the Act, make clear that a LEC's reciprocal obligations
12 apply to calls that originate on its "facilities," whether or not the LEC treats a land-
13 to-mobile call as local or toll:

- 14 • FCC Rule 51.701(e) specifies that reciprocal compensation is an arrangement
15 whereby each carrier receives compensation from the other for "the transport
16 and termination on each carrier's *network facilities* of telecommunications
17 traffic that originates on the *network facilities* of the other carrier" (emphasis
18 added).
- 19 • FCC Rule 20.11(b)(1) further makes clear that a LEC's reciprocal compensation
20 obligation applies to "traffic that *originates on the facilities of the local*
21 *exchange carrier*" (emphasis added).

22 **Q. Are there other considerations that lead you to conclude that the Petitioners'**
23 **position is incompatible with FCC rules?**

1 A. Yes, there are three other considerations, in addition to the plain language of the
2 FCC's rules. First, the "IXC exception" that the Petitioners want the Commission
3 to create for FCC Rule 51.701(b)(2), applicable to LEC-wireless traffic, already
4 exists in Rule 51.701(b)(1), applicable to LEC-LEC traffic:

5 For purposes of this subpart, telecommunications traffic means: (1)
6 Telecommunications traffic exchanged between a LEC and a
7 telecommunications carrier other than a CMRS provider, *except for*
8 *telecommunications traffic that is interstate or intrastate exchange*
9 *access, information access, or exchange services for such access* (see
10 FCC 01-131, paragraphs 34, 36, 39, 42-43) (emphasis added).

11 I believe the only reasonable conclusion one can draw by comparing Rules
12 51.701(b)(1) with (b)(2) is that the FCC deliberately decided not to include in Rule
13 (b)(2) the "access exemption" contained in Rule (b)(1).

14 Second, the Petitioners in making their argument ignore altogether changes the
15 FCC made to its reciprocal compensation rules. As originally enacted in 1996,
16 FCC Rules 51.701(a), (b)(2), and (e) provided:

17 (a) The provisions of this subpart apply to reciprocal compensation for transport
18 and termination of local telecommunications traffic between LECs and other
19 telecommunications carriers.

20 (b) Local telecommunications traffic. For purposes of this subpart, local
21 telecommunications traffic means:

22 * * *

23 (2) Telecommunications traffic between a LEC and a CMRS provider
24 that, at the beginning of the call, originates and terminates within the
25 same Major Trading Area, as defined in § 24.202(a) of this chapter.

26 * * *

27 (e) Reciprocal compensation. For purposes of this subpart, a reciprocal
28 compensation arrangement between two carriers is one in which each of the
29 two carriers receives compensation from the other carrier for the transport
30 and termination on each carrier's network facilities of local

1 telecommunications traffic that originates on the network facilities of the
2 other carrier. *Local Competition Order*, 11 FCC Rcd 15499, 16228 (1996).

3 However, in 2001, the FCC revised these rules to delete all references to “local
4 traffic.” As revised, FCC rules currently read as follows:

5 (a) The provisions of this subpart apply to reciprocal compensation for transport
6 and termination of ~~local~~ telecommunications traffic between LECs and other
7 telecommunications carriers.

8 (b) Telecommunications traffic. For purposes of this subpart,
9 telecommunications traffic means:

10 * * *

11 (2) Telecommunications traffic between a LEC and a CMRS provider
12 that, at the beginning of the call, originates and terminates within the
13 same Major Trading Area, as defined in § 24.202(a) of this chapter.

14 * * *

15 (e) Reciprocal compensation. For purposes of this subpart, a reciprocal
16 compensation arrangement between two carriers is one in which each of the
17 two carriers receives compensation from the other carrier for the transport
18 and termination on each carrier's network facilities of ~~local~~
19 telecommunications traffic that originates on the network facilities of the
20 other carrier. *Intercarrier Compensation Remand Order*, 16 FCC Rcd 9151,
21 Appendix B (2001).

22 In taking this action, the FCC explained that its “use of the phrase ‘local traffic’
23 created unnecessary ambiguities, and we correct that mistake here.” *Id.* at 9173
24 ¶ 46. I believe this FCC rule amendment further confirms that a LEC’s reciprocal
25 compensation obligation is not limited to traffic that the LEC believes is “local” for
26 purposes of billing its own end user customers.

27 Third, as the Commission has correctly observed, “Every federal court that
28 has considered the issue has reached the same conclusion.” *Alma/T-Mobile*
29 *Arbitration Report* at 17.

1 Q. The Petitioners' claim their position is "consistent with . . . industry practice
2 and numerous Commission approved traffic termination agreements between
3 small rural ILECs and wireless carriers." Arb. Petition at 9. Please respond.

4 A. The negotiated agreements that the Petitioners (or any other ILEC) may have
5 reached with one or more wireless carriers are irrelevant to this arbitration
6 proceeding. Congress has been clear that in agreements negotiated voluntarily
7 between two carriers (without arbitration), the parties are free to agree to terms
8 "without regard to the standards set forth in subsections (b) and (c) of section 251
9 of this title." 47 U.S.C. § 252(a)(1)(emphasis added). Similarly, in reviewing an
10 agreement negotiated between two parties without arbitration, Congress has
11 directed State commissions to apply a public interest standard rather than ensure
12 that the negotiated agreement complies with the Act in all respects. *Id.* at
13 § 252(e)(2)(A). In fact, application of an "ensure Act compliance" standard would
14 be at odds with the right of parties to agree voluntarily to terms "without regard to"
15 the standards contained in the Act.

16 Congress has adopted a very different approach when arbitration is invoked.
17 Section 252(c) specifies that in resolving arbitration issues, "a State commission
18 shall – (1) ensure that such resolution and conditions meet the requirements of
19 section 251 of this title, including the regulations prescribed by the [FCC] pursuant
20 to section 251 of this title." *Id.* at § 252(c)(1)(emphasis added). Similarly, in
21 reviewing an agreement following an arbitration, a State commission must find that
22 the agreement "meet[s] the requirements of section 251 of this title, including the
23 regulations prescribed by the [FCC] pursuant to section 251 of this title, or the
24 standards set forth in subsection (d) of this section." *Id.* at § 252(e)(2)(B). Thus,

1 the fact that different parties reached voluntarily different terms has no relevance to
2 an arbitration proceeding.

3 **Q. The Petitioners claim they should be excused from paying reciprocal**
4 **compensation to T-Mobile because IXCs are already compensating T-Mobile**
5 **for this traffic and T-Mobile would then be paid “twice for the same call: once**
6 **from the IXC and a second time from the small rural LEC.”¹ The Petitioners**
7 **further claim that in 2001 you “admitted that wireless carriers are already**
8 **being compensated by IXCs.”² Please respond.**

9 A. The Petitioners have mischaracterized my prior testimony. So the record is clear,
10 T-Mobile does not receive, and has never received, compensation from IXCs for
11 terminating land-to-mobile traffic that originates on the Petitioners’ networks.

12 In 2001, as a Sprint PCS employee, I testified for Sprint in TT-2001-139. I
13 testified that Sprint PCS at that time was receiving compensation from some IXCs,
14 but not all IXCs. However, there are three points that bear emphasis – points the
15 Petitioners conveniently overlook.

16 First, the next year, in 2002, the FCC ruled that IXCs were not obligated to
17 pay wireless carriers to terminate their traffic unless they agreed voluntarily to pay
18 for use of the wireless networks:

19 Based on the rules in effect during the period in dispute – from 1998 to the
20 present – we find that Sprint PCS was not prohibited from charging AT&T
21 access charges, *but that AT&T was not required to pay such charges absent*
22 *a contractual obligation to do so. CMRS Access Charge Declaratory*
23 *Ruling, 17 FCC Rcd 13192 ¶ 1 (2002)(emphasis added).*

¹ See Small Telephone Company Group Application for Rehearing, IO-2005-0468, at 9-10 (Oct. 7, 2005); Small Telephone Company Group Amicus Curiae Comments on the Arbitrator’s Final Report, IO-2005-0468, at 11-12 (Sept. 27, 2005).

² Small Telephone Company Group Application for Rehearing at 1-2.

1 As the Commission might expect, following this decision, many of the IXCs that
2 had been paying access charges to Sprint PCS began disputing those charges and/or
3 stopped making those payments.

4 Second, my testimony in TT-2001-139 was limited in scope to Sprint PCS –
5 and not other carriers. Thus, there is no basis in fact for the Petitioners to conclude
6 that I “admitted” that wireless carriers other than Sprint PCS were receiving access
7 charge compensation in 2001.

8 Third, my testimony in the Alma/T-Mobile arbitration proceeding was
9 unequivocal: “For starters, and so the record is clear, T-Mobile does not receive
10 compensation from IXCs for terminating intraMTA calls that originate on the
11 RLEC networks.” Pruitt Rebuttal Testimony, IO-2005-0468, at 4 (July 28, 2005).
12 Thus, there is utterly no factual basis for the Petitioners to later make the assertion
13 that I supposedly “admitted that wireless carriers are already being compensated by
14 IXCs.”

15 **Q. Please summarize your testimony on this IntraMTA issue.**

16 **A.** The Communications Act, governing FCC rules and all federal court decisions
17 confirm what the Commission has already determined: “The MTA’s geographic
18 boundary, and nothing else, determines whether reciprocal compensation applies.”
19 *Report* at 17 (emphasis omitted).

20 **ISSUE NUMBER 7: COST OF TRANSPORTING INTRAMTA TRAFFIC**

21
22 **Q. Do the Petitioners have an obligation to compensate T-Mobile for transport**
23 **costs incurred in terminating land-to-mobile traffic?**

24 **A.** Yes, to the extent M-Mobile provides transport facilities for this traffic. As the
25 Commission has already determined in its Alma-T-Mobile Arbitration Report,

1 under FCC rules and orders, when a LEC or a CMRS provider is an originating
2 party, it is responsible for all costs of delivering intraMTA traffic originated on its
3 network to a terminating party and compensating the terminating party for the use
4 of its network in the termination of this intraMTA traffic. For CMRS provider-
5 originated traffic routed through a third party provider, (i.e., Mobile-to-land traffic)
6 CMRS providers acknowledge their responsibility to pay the intermediary carrier
7 for the costs associated with delivery of CMRS provider-originated traffic to the
8 terminating party's network. These costs typically include a switching charge and
9 charges associated with the common transmission facilities to the subtending LEC's
10 network. Likewise, the LECs are obligated to pay any third party transit costs
11 associated with delivering traffic originated on their networks to the terminating
12 party in addition to compensating the terminating party for the use of its network.

13 **ISSUE NUMBER 8: SELECTION OF INTERMEDIATE CARRIER**

14

15 **Q. What is involved with this intermediate carrier selection issue?**

16 A. The issue arises from two provisions of the Petitioners' proposed interconnection
17 agreement. The Petitioners basically want to dictate to T-Mobile how T-Mobile
18 sends its mobile-to-land traffic to the Petitioners.

19 **Q. What are the two provisions to which you are referring?**

20 A. Paragraphs 1.1 and 3.1 of the proposed interconnection agreement. The last
21 sentence of Paragraph 1.1 provides:

22 The termination of traffic under this Agreement will be
23 accomplished by both Parties interconnecting their networks with a
24 third-party local exchange carrier(s) who transits traffic between the
25 Parties on their network(s).

26

27 Similarly, the first sentence of Paragraph 3.1 provides:

1 The Parties shall exchange traffic under this Agreement by each
2 Party physically connecting its network to a third-party LEC(s),
3 which shall transit the traffic between the two Parties.
4

5 **Q. Does T-Mobile object to this proposal?**

6 A. Yes, it does object to this proposal. As a matter of law, an incumbent LEC cannot
7 tell a competitive carrier like T-Mobile how it must route its own traffic. However,
8 as T-Mobile explained in its Response to the Arbitration Petition, it would likely
9 agree to this provision – *if* the Petitioners likewise agree to send all of their
10 intraMTA land-to-mobile traffic to a LEC transit provider such as Southwestern
11 Bell.

12 **Q. What is the basis of your conclusion that an incumbent LEC cannot tell a**
13 **competitive carrier how it must route its traffic?**

14 A. The FCC has been clear that it is the competitive carrier, not the incumbent LEC,
15 that determines whether the two parties should interconnect directly or indirectly
16 “based upon their most efficient technical and economic choices.” *Local*
17 *Competition Order*, 11 FCC Rcd 15499, 15991 ¶ 997 (1996). In fact, the FCC has
18 expressly ruled that “a LEC is obligated to provide a CMRS provider with the
19 interconnection of its choice upon request.” *Bowles v. United Telephone*, 12 FCC
20 Rcd 9840, 9849 ¶ 47 (1997).

21 [A wireless] carrier is entitled to choose the most efficient form of
22 interconnection for its networks, and the BOCs may not dictate an
23 RCCs [Radio Common Carriers’] type of interconnection. *Third*
24 *Radio Common Carrier Order*, 4 FCC 2369, 2376 ¶ 47 (1989).
25

26 In this regard, FCC Rule 20.11(a) explicitly states that a “local exchange carrier
27 *must* provide the type of interconnection reasonably requested by a mobile carrier”
28 (emphasis added).

1 If a wireless carrier has the right to choose indirect rather direct
2 interconnection, it necessarily follows it has the right to select the intermediary
3 carrier to use in delivering its mobile-to-land traffic to the Petitioners. As the
4 Commission noted in its *Alma/T-Mobile Arbitration Report*, IO-2005-0468, at 22-
5 24 (Oct. 6, 2005), T-Mobile is responsible for paying the intermediate carrier for its
6 costs in delivering T-Mobile's mobile-to-land traffic to one of the Petitioners. If T-
7 Mobile is responsible for paying the intermediary carrier for this traffic, it
8 necessarily follows that it has the right to select which intermediary carrier to use –
9 whether the Petitioners consider this carrier to be a “LEC” (like SBC or now,
10 AT&T), or an IXC (like SBC or now, AT&T). Put another way, if incumbent
11 LECs like the Petitioners could decide which intermediary carrier a competitive
12 carrier could use, they could force the competitor to use an expensive carrier over a
13 carrier with more reasonable rates, increase the competitive carrier's cost of service,
14 and make the competitive carrier less competitive with the incumbent LEC. Of
15 course, this makes no sense.

16 **Q. But as a practical matter, would T-Mobile agree to use Southwestern Bell's**
17 **transit service for all IntraMTA mobile-to-land traffic if the Petitioners agreed**
18 **to use the same Southwestern Bell transit service for all of their IntraMTA**
19 **land-to-mobile traffic?**

20 **A.** Probably, but T-Mobile has not examined this issue closely. This is because it is
21 highly unlikely that the Petitioners would agree to this arrangement – that is,
22 implement the very arrangement they are proposing in their interconnection
23 agreement. Specifically, T-Mobile seriously doubts whether the Petitioners truly
24 intend to stop routing certain of their intraMTA land-to-mobile traffic to IXCs,
25 because it doubts they would be willing to forego access revenues on this traffic.

1 **Q. What does T-Mobile therefore propose?**

2 A. T-Mobile believes that Paragraphs 1.1 and 3.1 should be modified to make clear
3 that the originating carrier (the one responsible for paying the intermediary carrier)
4 can use any intermediary carrier that is capable of delivering the traffic to the
5 terminating carrier – whether that carrier happens to be labeled in a given
6 circumstance as a “LEC” or “IXC.” This proposal would eliminate potential
7 controversy because of the increasing difficulty in determining whether a given
8 intermediary carrier (*e.g.*, SBC/AT&T, Verizon/MCI) is acting as a LEC or an IXC.

9 **ISSUE NUMBER 9: APPROPRIATE BILLING MECHANISM FOR**
10 **RECIPROCAL COMPENSATION**

11

12 **Q. Have the LECs proposed a billing mechanism to reflect reciprocal**
13 **compensation in the interconnection agreement?**

14 A. No. The LECs have simply sought to reopen an issue the Commission has already
15 decided — namely whether reciprocal compensation applies to all IntraMTA
16 traffic. They have not proposed any billing mechanism that reflects reciprocal
17 compensation.

18 **Q. What is T-Mobile’s proposal for an appropriate billing mechanism?**

19 A. T-Mobile proposes alternative approaches. Net billing is an industry standard
20 mechanism for capturing the balance of InterMTA traffic (land-to-mobile and
21 mobile-to-land percentages) while reducing the administrative burden of cross
22 billing. Another standard approach T-Mobile would be willing to accept is a cross-
23 billing approach in which the LEC bills the CMRS provider for mobile-to-land
24 traffic and the CMRS provider in turn bills the LEC for land-to-mobile traffic based
25 on a specified traffic balance percentage.

26 **Q. Please describe how a net billing approach would work.**

1 A. The net billing concept is very straightforward, as the Commission found in its
2 Alma/T-Mobile Arbitration Report. The LEC would determine how much T-
3 Mobile owes it from terminating traffic sent by T-Mobile, subtract the amount it
4 owes T-Mobile for terminating LEC-originated traffic to T-Mobile customers, and
5 deliver a payment (or issue a bill) to T-Mobile for the difference. This would
6 require a single payment every month, rather than a possibility of multiple
7 payments between the Parties.

8 **Q. Please describe how a cross billing approach would work.**

9 A. For cross-billing, the LEC would determine how much T-Mobile owes it for
10 terminating traffic sent by T-Mobile and bill T-Mobile for that amount. T-Mobile
11 would then determine how much the LEC owes it for terminating traffic sent by the
12 LEC based on a specified traffic balance percentage and bill the LEC for that
13 amount. The basic difference between net and cross billing is that with the latter,
14 there would be two bills and two checks sent every month (rather than one with the
15 net billing approach).

16 **Q. Has T-Mobile proposed a traffic balance percentage in this proceeding?**

17 A. Yes. T-Mobile proposes a traffic balance percentage of 65% mobile-to-land traffic
18 and 35% land-to-mobile traffic.

19 **Q. What support does T-Mobile provide for this proposal?**

20 A. T-Mobile has conducted a traffic study for each LEC. A copy of the results of these
21 studies is attached to my testimony as Attachment 1. These studies resulted in an
22 average traffic balance percentage of 75% mobile-to-land and 25% land-to-mobile
23 across the LECs.

1 **Q. Do the traffic studies capture all the IntraMTA traffic exchanged between the**
2 **parties?**

3 A. No. In these studies, T-Mobile's goal was to measure all local traffic (traffic which
4 originates and terminates within the MTA). Not all the land-to-mobile IntraMTA
5 traffic could be reliably captured, however. For example, T-Mobile does not have a
6 workable mechanism to reliably capture all IntraMTA land-to-mobile traffic the
7 LECs' send to Interexchange carriers. As a result, the traffic studies conducted by
8 T-Mobile understate the amount of land-to-mobile traffic. Applying a reasonable
9 adjustment factor of ten percentage points to the traffic study outcome results in an
10 overall traffic balance of 65%-35%.

11 **ISSUE 10: THRESHOLD BILLING AMOUNTS**

12
13 **Q. What is the purpose of a deferred billing provision?**

14
15 A. Deferred billing provides administrative and billing efficiencies by identifying a
16 threshold for one party to issue a bill to the other party. The idea is to let either
17 terminating MOUs or their associated cost accumulate to a specified point before
18 issuing a bill. This is an industry-standard mechanism utilized between carriers
19 who have or anticipate relatively small traffic volumes exchanged between them.
20 When traffic volumes between carriers are low, deferred billing avoids a series of
21 bills for negligible amounts. Deferred billing benefits both parties by reducing by
22 their respective administrative costs for generating and reviewing bills and issuing
23 payments. T-Mobile has proposed an industry-standard deferred billing provision
24 using a dollar-amount threshold.

25 **ISSUE 11: TRAFFIC BLOCKING IN THE INTERCONNECTION AGREEMENT**

26
27 **Q. Why does T-Mobile oppose traffic blocking provisions in the interconnection**
28 **agreement?**

1 A. Call blocking is an extreme action that impacts the other carrier's customers. T-
2 Mobile believes that is it contrary to the public interest for an interconnection
3 agreement to allow one carrier to block the calls of another carrier's customers as
4 part of a dispute between the two carriers. To the extent that call blocking might
5 ever be considered, review and approval should be first required by the
6 Commission or the FCC in specific circumstances.

7 **Q. Is traffic blocking necessary to resolve a dispute between the parties to an**
8 **interconnection agreement?**

9 A. No. The interconnection agreement proposed by the Petitioners addresses the
10 resolution of disputes and provides for interest to be assessed against disputed
11 amounts that are found to be due and owing. It is not necessary to provide the
12 extraordinary remedy of blocking a customer's calls to aid the resolution of a
13 dispute. Quite to the contrary, such a remedy creates an imbalance in the dispute
14 resolution process between the parties.

15 **ISSUE 12: EFFECTIVE DATE OF THE TRAFFIC TERMINATION**
16 **AGREEMENTS**

17
18 **Q. What does T-Mobile consider to be the proper Effective Date for the**
19 **interconnection agreement?**

20 A. Generally, T-Mobile considers the proper effective date to be the date of the request
21 for negotiations, as provided under the Act. With the LECs in this arbitration, that
22 date is April 29, 2005. The LECs have proposed a different approach in which the
23 Effective Date does not occur until the interconnection agreement is arbitrated and
24 signed by the respective parties. Before T-Mobile could begin to consider the
25 LECs' approach, they would need to understand why that approach was chosen and

1 what the LECs' propose to have apply from April 29, 2005 until that eventual

2 Effective Date.

3 **Q. Does this conclude your Direct Testimony?**

4 **A. Yes, it does.**

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI**

In the Matter of the Petition for Arbitration)
of Unresolved Issues in a Section 251(b)(5))
Agreement with T-Mobile USA, Inc.)
)
)

Case No. TO-2006-0147, et al
Consolidated

AFFIDAVIT OF BILLY H. PRUITT

STATE OF Missouri

COUNTY OF St. Louis

Billy H. Pruitt, appearing before me, affirms and states:

1. My name is Billy H. Pruitt. I am President and Principal Consultant for Pruitt Telecommunications Consulting Resources, Inc.
2. Attached hereto and made a part hereof for all purposes is my Direct Testimony on behalf of T-Mobile USA, Inc., having been prepared in written form for introduction into evidence in the above-captioned docket.
3. I have knowledge of the matters set forth therein. I hereby affirm that my answers contained in the attached testimony to the questions propounded, including any attachment thereto, are true and accurate to the best of my knowledge, information and belief

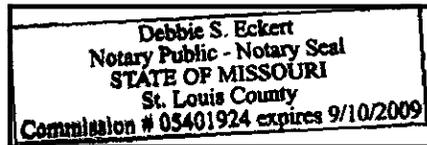
Billy H. Pruitt
Billy H. Pruitt

Subscribed and sworn to before me in the 4 day of January, 2006.

Debbie S. Eckert
Notary Public

My Commission Expires:

9-10-09



ATTACHMENT 1

ATTACHMENT 1 CONTAINS PROPRIETARY INFORMATION