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February 20, 2004

Mr. Dale Roberts
Missouri Public Service Commission
P.O. Box 360
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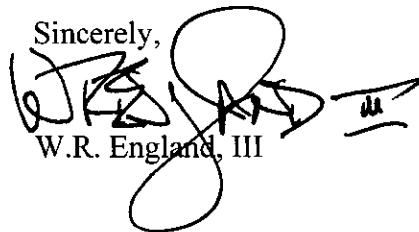
Re: Case No. TX-2003-0301

FILED³
FEB 20 2004
**Missouri Public
Service Commission**

Dear Mr. Roberts:

Please accept this letter as a memorandum, pursuant to Section 386.210.3(3)(b), of a meeting between representatives of the Small Telephone Company Group and the Missouri Independent Telephone Group (Trip England and Craig Johnson) and Commissioners Gaw and Clayton regarding the above-referenced rulemaking. The substance of the communication is set forth in the outline attached hereto and incorporated herein by reference. Copies of this correspondence are being sent to all parties of record.

Sincerely,



W.R. England, III

WRE/lar

Attachment

cc: Commissioner Gaw
Commissioner Clayton
Parties of Record

PROPOSED ENHANCED RECORD EXCHANGE RULES

FILED³

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1. INTRODUCTION

A. THE PROBLEM:

1. At the time the PTC plan was eliminated there was no resolution of terminating compensation structures to replace those in use under PTC Plan
2. Since 1999, the lack of a resolution has resulted in unidentified and/or uncompensated traffic terminating to Local Exchange Company (LEC) end offices.
3. Terminating traffic is issue, can come from many originations/routes
4. Originating traffic not an issue, as it originates in the LEC exchange

B. PROPOSED SOLUTIONS:

1. Utilize IXC/FGD systems which focus record creation/compensation at terminating tandem, instead of focusing on multiple possible originations/routes
2. Implement "residual billing" arrangement to make transiting carriers financially responsible for some or all of unidentified traffic.
3. implement enhanced record exchange rule (e.g. OBF 2056) or Staff's proposed enhanced record exchange rule)

C. STCG'S AND MITG'S CONCERNS WITH STAFF'S PROPOSED
ENHANCED RECORD EXCHANGE RULE:

1. codifies a "business relationship" (i.e. originating carrier responsibility plan, or ORP) for LEC to LEC traffic that has never been formally adopted by the Commission.

2. Perpetuates FGC traffic despite contrary language in Small Company access tariffs
3. Allows for use of originating records rather than requiring industry standard, Category 11-01 records as previously ordered by Commission.
4. Expands application of rule to IXC/interLATA traffic, not the intraLATA traffic for which the problem developed.
5. Continues to place 100% of the risk of unidentified/uncompensated traffic (interLATA now in addition to intraLATA) on the end office LEC's.
6. No obligation to block UNE-P CLEC traffic
7. Costs of blocking traffic borne by terminating carriers even though originating and/or transiting carriers were in the wrong.
8. Gives preferential treatment to large ILECs by not requiring originating tandem to create 11-01 records for large ILEC traffic

2. HISTORY OF INTERCARRIER COMPENSATION, TRAFFIC AND RECORDS

- A. IXC/FGD (1984 to present), PTC plan (1988-1999), post PTC plan (1999 forward)
- B. FGC v. FGD protocols
- C. Category 11 v. 92 records

Traffic Network Trunking Configuration

