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April 11, 2003

FILED[3]

APR 1 1 2003

Missouri Public
Service Commission

Secretary of PSC
Missouri Public Service Commission
P. O. Box 360
Jefferson City, MO 65102

Re: Case No. TX-2003-0301

Dear Secretary:

Enclosed for filing please find an original and five (5) copies of Missouri Independent Telephone Group's Reply to SBC Missouri and Staff in the above-referenced matter.

Thank you for seeing this filed.

Sincerely,

Craig S. Johnson

CSJ:tr
Enc.
cc: MITG Managers
PSC General Counsel
Office of Public Counsel
Trip England/Brian McCartney
Leo J. Bub
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APR 1 1 2003

Missouri Public Service Commission

BEFORE THE PUBLIC SERVICE COMMISSION OF THE STATE OF MISSOURI

In the Matter of a Proposed Rule to Require All Missouri Telecommunications Companies to Implement and Enhanced Record Exchange Process to Identify the Origin of IntraLATA Calls Terminated by Local Exchange Carriers.	))))))	**Case No. TX-2003-0301**

THE MITG REPLY TO SBC MISSOURI AND STAFF

Comes now the MITG and for its Reply to the Responses of Staff and SBC Missouri to the MITG's Motions to consolidate this matter with TO-99-593 for full hearings, as opposed to limited rulemaking hearings, and states as follows:

1. The MITG hereby concurs in the Small Telephone Company Group's April 9, 2003 Reply to SBC Missouri and Staff.

2. In further reply to the comments of SBC Missouri, the MITG points the Commission to the following:

A. A full hearing will be useful, if not necessary, to determine if the Commission possesses jurisdiction over all carriers "originating" traffic placed on the intraLATA "LEC to LEC" "FGC" network to enforce any proposed rule imposing record requirements on the originator of the traffic. The Commission may lack jurisdiction over IXCs, CMRS providers, out of state CLECs, or out of state ILECs who originate traffic placed on this network. A lack of enforcement jurisdiction can result in the loss of financial compensation for LECs the Commission does possess jurisdiction over. This

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potential adverse financial impact justifies hearings offering greater procedures and protections than "neutral" rulemaking hearings.

B. Besides a possible lack of jurisdiction, any rule limiting financial responsibility only to the true originating carrier is inconsistent with existing carrier compensation and record exchange processes. This could result in unnecessary duplication of systems. Such a result, and the effects thereof, are not subject to full and complete explanation, questioning, and consideration utilizing rulemaking proceedings.

The manner in which originating responsibility is discharged for purposes of *originating* compensation and billing records consists of an industry standard process that is not in dispute. The manner in which originating responsibility is discharged for purposes of *terminating* compensation and billing records also consists of an industry standard process. However the billing record creation process is different in material respects from that used for originating compensation. The carrier with terminating compensation responsibility <u>may</u> be the originating carrier, or it <u>may</u> be the carrier delivering the call to the terminating tandem, depending upon the arrangements made by the originating carrier for seeing the call terminated.

<u>Originating Compensation</u>

The following describes how originating responsibility is discharged at the *originating* end of a call: The carrier originates the call on its trunks it has ordered to the originating LEC end office, or tandem serving that end office. The originating carrier's originating usage is measured by the originating LEC, and an originating 11-01 record is created by the originating LEC. As the originating LEC secures all information necessary to bill originating compensation, there is no need to rely upon any other carrier for record information. The originating LEC uses the 11-01 information to create its own bill to the originating carrier. It is the responsibility of the originating carrier to forward this record information to the carrier owning the originating tandem (if different than the originating LEC). Both the originating LEC and originating tandem owner use the 11-01, and both send the bill to the originating carrier, which in turn is responsible to pay originating compensation.

Originating calls originate only from those areas where the originating carrier has chosen to compete for business by purchasing access facilities from the LEC. The use of an originating 11-01 to bill and pay originating compensation is standard for all access jurisdictions. Today there is no dispute that the existing system is in need of change for purposes of billing originating compensation.

Terminating Compensation

The following describes the two different methods for discharging originating responsibility at the *terminating* end of a call. Although the originating carrier always has purchased the facilities necessary to originate a call in the originating LEC service area, its subscriber's calls can terminate anywhere in the state (or the nation). The originating carrier must find a way to terminate the call.

For the first method, if the originating carrier possesses its own facilities to the tandem serving the terminating end office, it routes the calls on its own facilities. At the terminating tandem sufficient information is recorded allowing both the tandem owner and terminating end office owner to create an industry standard terminating 11-01 billing record, and to bill the carrier delivering the call to the terminating tandem. In this situation, the originating carrier is also the carrier delivering the call to the terminating tandem, and therefore is responsible to pay terminating compensation (as well as originating compensation).

Most carriers lack a ubiquitous national network of their own, and the normal practice in the industry is for such an originating carrier to contract with an interexchange carrier(s) to carry calls to destinations where the originating carrier lacks its own facilities. Under this second method, where the call is handed off to an interexchange carrier, the originating carrier discharges its termination compensation responsibility by contracting with the interexchange carrier to terminate the call. Industry custom requires the terminating carrier to also assume the obligation to pay terminating compensation. The terminating carrier obtains sufficient compensation from the originating carrier to cover this expense. Thus, like originating compensation, terminating compensation is the responsibility of the carrier with facilities to the tandem (in this case the terminating tandem).

In both terminating compensation examples, the industry standard billing record is the terminating 11-01 record created at the tandem serving the terminating end office. The record identifies the responsible carrier as the carrier that delivered the call to the tandem on its own facilities it ordered for this purpose, whether or not that carrier originated the call.

C. The June 10, 1999 Order in TO-99-254, entered after hearing utilizing contested case hearing procedures, ordered that after April 1, 2000 any LEC was entitled to use industry standard category 11-01 records for any calls terminated to it. In part this Order was entered in favor of the small ILECs due to the vast financial savings the former PTCs would enjoy from terminating their role as toll providers in the small ILEC rural areas.

Industry standard 11-01 records for terminating traffic are not created by the originating carrier, and are not created at the originating end of a call. Instead, industry standard terminating 11-01s are created at the terminating tandem, and identify the responsible carrier as the carrier delivering the call to the terminating tandem. The responsible carrier may be the originating carrier, or it may be another carrier to whom the call is handed.

Under Staff and SBC's position that industry standard 11-01's will not be used, and that only the true originating carrier will be identified as responsible, the MITG companies would lose the benefit of industry standard billing record and compensation system rights already established by Commission Order entered after contested case hearings. The Commission should not consider any rule which would reverse the effect of such an Order unless contested case hearing procedures equivalent to those used in creating the Order are utilized.

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By______________________________

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ATTORNEYS FOR MITG

CERTIFICATE OF SERVICE

The undersigned does hereby certify that a true and accurate copy of the foregoing was mailed, via U.S. Mail, postage prepaid, this 11 day of April, 2003, to all attorneys of record in this proceeding.

Craig S. Johnson MO Bar No. 28179