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STATE OF MISSOURI
PUBLIC SERVICE COMMISSION

TRANSCRIPT OF PROCEEDINGS

Hearing

May 19, 2000
Jefferson City, Missouri
Volume 13

In the Matter of an Investigation)
for the Purpose of Clarifying and)
Determining Certain Aspects)
Surrounding the Provisioning of) Case No. TO-99-483
Metropolitan Calling Area Service)
After the Passage and)
Implementation of the)
Telecommunications Act of 1996.)

NANCY M. DIPPELL, Presiding,
SENIOR REGULATORY LAW JUDGE.

SHEILA LUMPE, Chair,
M. DIANNE DRAINER, Vice-Chair
COMMISSIONERS.

REPORTED BY:

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P R O C E E D I N G S

2 JUDGE DIPPELL: Let's go ahead and go back
3 on the record.

4 We were in the middle of cross-examination
5 by Staff of Mr. Unruh, and let's go ahead and finish
6 that and then we have some exhibit issues to take up.
7 CRAIG UNRUH testified as follows:

8 CROSS-EXAMINATION (RESUMED) BY MR. POSTON:

9 Q. Good morning.

10 A. Good morning.

11 MR. POSTON: I believe I was about to have
12 another exhibit marked. Could I approach the witness?

13 JUDGE DIPPELL: Yeah. We're up to Exhibit
14 No. 62. I originally said yesterday that 62 would be
15 the initial Brief, but I changed my mind on that and
16 said that if Mr. Lane wanted to offer that today I
17 would assign an exhibit number when he did so. So
18 Exhibit No. 62.

19 MR. POSTON: 62. Okay. Your Honor, this is
20 a letter I'd like to have the Commission take official
21 notice of.

22 JUDGE DIPPELL: What case number was this?

23 MR. POSTON: TO-92-306.

24 (EXHIBIT NO. 62 WAS MARKED FOR
25 IDENTIFICATION.)

1 BY MR. POSTON:

2 Q. Mr. Unruh, I'll give you a chance to read
3 through this if you could.

4 JUDGE DIPPELL: I'm sorry. Mr. Poston, did
5 you make your request for official notice on that?

6 MR. POSTON: Yes, I did.

7 JUDGE DIPPELL: Would there be any objection
8 to the Commission taking official notice of this
9 letter dated May 6th, 1993 that was filed in Case
10 No. TO-92-306?

11 (No response.)

12 Commission will take notice of that letter.

13 THE WITNESS: Okay.

14 BY MR. POSTON:

15 Q. Would you identify this document.

16 A. This document appears to be a letter to
17 Mr. Brent Stewart, Executive Secretary of the Missouri
18 Public Service Commission, from Southwestern Bell,
19 signed by Dale Robertson, which appears to be the
20 cover letter for a tariff filing.

21 Q. Would you agree that the proposed rate
22 increases in this tariff filing are intended to
23 recover the net revenue loss that Southwestern Bell
24 will experience as a result of the implementation of
25 COS, OCA service and MCA service?

1 A. I would agree that it appears to intend to
2 recover the amount of money that was sort of left on
3 the table after accounting for the new revenue stream
4 that would be recovered via the optional MCA
5 subscription rates.

6 Again, back to the way this sort of was laid
7 out, the existing WASP plan, there was toll calling
8 among the exchanges. You then created the MCA plan
9 which was going to eliminate that toll revenue, but in
10 place of that you were creating a new optional MCA
11 rate which the subscribers to MCA service would be
12 paying. That was part of the revenue calculation
13 equation where lost toll and some lost EAS was then
14 recovered by the revenues associated with the optional
15 MCA service.

16 I think in -- I forget the exhibit, but it's
17 an attachment to the, I believe the first -- the Order
18 approving the first technical committee report, it
19 shows that MCA service for Southwestern Bell, the
20 implementation of MCA service actually created a
21 positive gain to Southwestern Bell with respect to the
22 implementation of MCA service. Then when you bring in
23 COS, the modification to COS and the addition of OCA,
24 that resulted in a net loss to Southwestern Bell.

25 I think what this reflects is the revenue

1 that would be sort of the net loss once you looked at
2 the plan in total. But I think from clearly seeing
3 the MCA service resulted in a positive gain, it more
4 than shows that the toll loss from moving from the
5 WASP plan to the MCA plan was subsumed in or contained
6 within the new rates that were created for optional
7 MCA service.

8 MR. POSTON: Okay. Moving right along, I
9 have one more exhibit I would like to have marked,
10 please, and I'd like have the Commission take official
11 notice of this. This was another letter that was
12 filed in TO-92-306.

13 JUDGE DIPPELL: Exhibit No. 63.

14 (EXHIBIT NO. 63 WAS MARKED FOR
15 IDENTIFICATION.)

16 JUDGE DIPPELL: Is there any objection to
17 the Commission taking official notice of a letter in
18 its files from Case No. TO-92 306 that's dated
19 November 18th, 1993?

20 (No response.)

21 Then I will receive that into the record.

22 (EXHIBIT NO. 63 WAS RECEIVED INTO EVIDENCE.)

23 BY MR. POSTON:

24 Q. Mr. Unruh, have you had a chance to read
25 through this letter?

1 A. Yes, I have.

2 Q. And would you please identify what this
3 letter appears to be?

4 A. This letter appears to be to a Mr. Jack
5 Stewart, who's an attorney at law obviously rep-- or I
6 assume representing some community, and the letter is
7 from a Vickie Coleman, and it's on Southwestern Bell
8 Telephone letterhead.

9 Q. So does it appear this letter is from
10 Southwestern Bell?

11 A. I would assume so.

12 Q. And your testimony is that the optional tier
13 rates were set to compensate Southwestern Bell for the
14 loss of toll?

15 A. Yes.

16 Q. And how can you testify to that when,
17 according to this letter, the rates were
18 nonremunerative to start with?

19 A. Well, this letter points out that the
20 Commission implemented three calling plans, and it
21 then suggests that those plans are nonre--
22 nonremunerative. That's not easy to say, especially
23 this early in the morning.

24 Q. I've been practicing.

25 A. And I would assume from that, what

1 Ms. Coleman was attempting to explain to this attorney
2 was that the revenues created by these new plans
3 didn't cover the costs of the new plans, and I think
4 that's borne by again that same attachment to the
5 Order which shows that Southwestern Bell had a net
6 loss of -- I don't recall what that showed, but I
7 think it was in the neighborhood of \$6 million.

8 So to me all that suggests that when you
9 looked at the implementation of these plans, there was
10 a net loss among the three plans. Again, MCA appeared
11 to have a positive gain while COS and OCA had a
12 negative. When you put those three together,
13 Southwestern Bell experienced a net negative revenue
14 which then I think is reflected from the pricing
15 increases that you saw in your earlier handout.

16 Q. Actually, I think I just have one more
17 question, change the focus a little bit. And if any
18 party thinks I'm getting into proprietary data, please
19 stop this. But I want to ask you about the take rates
20 in Tiers 5, 4 and 3, and would you testify that as
21 you -- the further out you go, that the take rates are
22 lower?

23 A. What we're experiencing today is your
24 question, what we have today?

25 Q. Correct.

1 A. Yeah, as a general statement.

2 Q. And if those take rates are lower, how can
3 you testify that the return calling feature is so
4 important if those parties in those optional tiers are
5 purchasing the service less than in inner tiers?

6 A. I'm not sure I understand that question, but
7 I guess it would be reasonable to assume that as the
8 price gets more expensive, which is the case with MCA
9 service where MCA-5 is priced significantly more than
10 MCI-3, I would expect to see a declining subscription
11 rate.

12 In addition, I would also expect to see the
13 further you get out, say, from St. Louis, the less
14 people who may feel that St. Louis is their community
15 of interest. So I guess I would expect to see that
16 sort of behavior.

17 Q. Would you please turn to page 4 of your
18 supplemental testimony, supplemental rebuttal
19 testimony.

20 A. Page 4?

21 Q. Yes, please.

22 A. Okay.

23 Q. You state at line 8, I believe -- well,
24 answering the question, Why would customers want to
25 retain the current MCA service when they also purchase

1 Local Plus, and you answer, I believe it reflects the
2 importance of the return calling feature.

3 Do you have any data or anything that
4 supports your answer as to what customers prefer?
5 Have you surveyed customers?

6 A. Prefer in terms of?

7 Q. In terms of your answer here to this
8 question.

9 A. Well, what I was demonstrating here was that
10 what we're witness -- what we're experiencing with the
11 introduction of Local Plus is the fact that customers
12 are not discontinuing, as a general rule not
13 discontinuing MCA service, but they're actually
14 keeping MCA service and adding Local Plus.

15 Now, if customers weren't concerned about
16 the ability to receive calls within the MCA, then they
17 would have no reason to subscribe to both services
18 because the Local Plus service would provide them a
19 much broader outgoing calling scope than MCA service.
20 So they would simply drop MCA service and subscribe to
21 Local Plus service.

22 But they're keeping MCA service and also
23 subscribing to Local Plus service, which to me
24 suggests that they're wanting to retain MCA service so
25 they have the ability for other customers to call them

1 on a local basis.

2 Q. Is Local Plus a substitute service or is it
3 a complimentary service to MCA as you seem to be
4 saying here?

5 A. I think it's complimentary.

6 Q. And have you been able to determine and
7 quantify which customers subscribe to MCA just for the
8 return call feature?

9 A. No.

10 MR. POSTON: That's all I have, your Honor.

11 JUDGE DIPPELL: Thank you. Public Counsel?

12 MR. DANDINO: No questions, your Honor.

13 Thank you.

14 JUDGE DIPPELL: AT&T is --

15 MR. DeFORD: No questions.

16 JUDGE DIPPELL: -- back with us.

17 Intermedia?

18 MR. SAPPERSTEIN: I've got a few questions,
19 your Honor.

20 CROSS-EXAMINATION BY MR. SAPPERSTEIN:

21 Q. Good morning, Mr. Voight.

22 A. Mr. Unruh.

23 Q. I'm sorry, Mr. Unruh.

24 A. Good morning.

25 Q. Wrong place, wrong time.

1 You were here yesterday, weren't you, during
2 the testimony of Mr. Hughes?

3 A. Yes.

4 Q. And during that testimony, Southwestern Bell
5 indicated that it's Southwestern Bell's position --
6 let me start over.

7 Are you familiar with the Memorandum of
8 Understanding that's been discussed in this case?

9 A. Yes.

10 Q. As a matter of fact, that Memorandum of
11 Understanding is referenced in Voight, which is
12 Exhibit 1, Voight direct, I believe it's Exhibit
13 No. 1, Schedule 6. As a matter of fact, you are very
14 familiar with it as you were part of the Southwestern
15 Bell negotiating team for that MOU, correct?

16 A. I wouldn't characterize it quite that way.
17 At the end of the negotiations I participated in, I
18 believe, two conference calls with ICI.

19 Q. Are you familiar with the terms and
20 conditions of the MOU?

21 A. Generally.

22 Q. Now back to yesterday's discussion. It's my
23 understanding that it's now Southwestern Bell's
24 position that it was not the intent of the Memorandum
25 of Understanding to apply the 2.6 cents addition to be

1 part of the MCA to apply to calls from Southwestern
2 Bell customers within the principal zones and Tiers 1
3 and 2 to Intermedia's customers within the principal
4 zone Tiers 1 and 2?

5 A. I wouldn't characterize it as saying that it
6 was not Southwestern Bell's intent. We have an
7 agreement that both parties signed. So I think the
8 agreement speaks for itself in terms of what the
9 compensation is supposed to apply to.

10 What we did say and what we are willing to
11 do on a prospective basis is that that 2.6 cents would
12 not apply to the calls you described in your example.

13 Q. Does Southwestern Bell currently charge its
14 customers in the principal zones and MCA Tiers 1 and 2
15 for calls to Southwestern Bell's customers in the
16 principal zone and MCA Tiers 1 and 2?

17 A. As part of their basic local rate, yes.

18 Q. If Intermedia is charging the same basic
19 local rate and Intermedia customers then can also call
20 Southwestern Bell customers in the principal zones and
21 Zones 1 and 2, there's compensation for that call,
22 correct?

23 A. Compensation to ICI from its customers, is
24 that your question?

25 Q. Who's ICI?

1 A. I'm sorry. ICI. Yes.

2 Q. Who is ICI?

3 A. Intermedia. I thought your example was
4 Intermedia. Did you not say ICI?

5 Q. No.

6 A. I apologize. Intermedia Communications.

7 Q. So currently Southwestern Bell customers
8 don't have to pay any addition besides their basic
9 local service to call their own customers within the
10 principal zone and MCA Tiers 1 and 2, correct?

11 A. It's a toll-free call, yes.

12 Q. So in order for Intermedia to play in that
13 same game in the local calling scope, Southwestern
14 Bell wants to assess Intermedia the price of -- an
15 extra charge of 2.6 cents per minute for your
16 customers to call Intermedia's customers on a local
17 dial in the principal zones and Zones 1 and 2?

18 A. Again, that's the agreement as we -- as both
19 parties signed it. However, on a prospective basis
20 and I believe contained within this agreement is the
21 agreement that we will modify this agreement to
22 reflect the outcome of the decision in this case, and
23 it's Mr. Hughes' testimony that we would not be asking
24 for the 2.6 cents for calls from SWBT's customers in
25 the principal zone, MCA-1 and 2 to Intermedia's

1 customers in the principal zone, MCA-1 and 2.

2 Q. Does Southwestern Bell -- prior to today,
3 does Southwestern Bell assess a 2.6 cents per minute
4 of use adder to any other -- for local calls to any
5 other CLEC in the St. Louis metropolitan area from a
6 Southwestern Bell customer in the principal zone and
7 MCA Zones 1 and 2 to another CLEC customer in the
8 principal zone and in MCA Zones 1 and 2?

9 A. I'm not aware of any other agreement similar
10 to that.

11 Q. So would it be fair to say that at this time
12 the only customer that -- the only CLEC that
13 Southwestern Bell is charging an additional 2.6 cents
14 for local calls in the principal zone and MCA Zones 1
15 and -- if I get this straight it's going to be good --
16 is Intermedia Communications?

17 A. As far as I know.

18 Q. And it wouldn't be fair, then, for there
19 to -- for retroactively, as I believe the Memorandum
20 of Understanding is retroactive to July '99, to assess
21 charges to Intermedia for those calls, would it?

22 A. Well, I'm not an attorney, but that's our,
23 what I would take to be a contract here that both
24 parties entered into.

25 Q. That wasn't my question. Is it fair?

1 A. I think we both signed an agreement, so yes,
2 I would say it's fair.

3 Q. Does Southwestern Bell have the authority to
4 set the local calling scope within the St. -- I'm
5 sorry -- within the St. Louis metropolitan area for
6 its customers or is that calling scope established by
7 the Commission?

8 A. We operate under the authority of our
9 tariff, which is approved by the Missouri Public
10 Service Commission.

11 Q. Likewise, looking at the Memorandum of
12 Understanding, currently as it exists today is it a
13 local call for Southwestern Bell customers in the MCA
14 Tier 3 to call other customers, Southwestern Bell
15 customers in MCA Tier 3?

16 A. Was your example a call from a Southwestern
17 Bell MCA subscriber in Tier 3? It varies, so --

18 Q. Let me start over. Is it a local dialed
19 call for a Southwestern Bell customer, non-MCA
20 subscriber, to call another Southwestern Bell MCA
21 nonsubscriber in Tier 3?

22 A. Only within their own local exchange and any
23 EAS, extended area service points around that exchange
24 which define a mandatory local calling scope.

25 MR. SAPPERSTEIN: Can I approach the

1 witness, your Honor?

2 JUDGE DIPPELL: Yes.

3 MR. SAPPERSTEIN: Thanks.

4 BY MR. SAPPERSTEIN:

5 Q. Referring to the large map of the Missouri
6 area that we've been referring to during this hearing,
7 would it be a local dialed call for a Southwestern
8 Bell customer in Chesterfield -- and if I get the
9 geography wrong or the ILEC for that, I hope you'll
10 correct me -- for a Southwestern Bell customer in
11 Chesterfield to call a Southwestern Bell customer in
12 Manchester, would that be a local dialed call?

13 A. I believe because of an EAS arrangement, I'm
14 pretty sure there is an EAS arrangement between
15 Chesterfield and Manchester, which then would make it
16 a local call.

17 Q. Is there any addition -- as long as that
18 customer's not an MCA customer, is there any
19 additional charge for those customers to call each
20 other on a local dialed basis?

21 A. They likely pay an EAS rate which is in
22 addition to their local rate.

23 Q. You say they likely. Do you not know?

24 A. I'm pretty sure that -- I couldn't tell you
25 the amount, but I believe there is an EAS charge.

1 Q. Is that a mandatory charge or is it an
2 optional service?

3 A. Mandatory charge.

4 Q. So for Southwestern Bell customers within
5 those exchanges, it is part of their local dialing
6 charge?

7 A. It's part of the local mandatory calling
8 scope.

9 Q. So when a customer in Manchester, a
10 Southwestern Bell customer becomes an Intermedia
11 customer in Manchester and attempts to call a
12 Southwestern Bell customer in Chesterfield,
13 Southwestern Bell now, according to the Memorandum of
14 Understanding, feels it's equitable to charge
15 Intermedia an additional 2.6 cents per minute for its
16 customers to call your customer in Chesterfield where
17 before it was a local call?

18 A. I believe you may have stated that
19 backwards.

20 Q. Okay.

21 A. I think you said an Intermedia customer
22 calling a Southwestern Bell customer. Is that your
23 question?

24 Q. That was my question.

25 A. The 2.6 cents would apply -- would not

1 apply.

2 Q. You're absolutely correct. You're
3 absolutely correct. The call from your customer in
4 Chesterfield to the Intermedia customer in Manchester,
5 that call prior to the signing of a Memorandum of
6 understanding is a local dialed call, correct?

7 A. I apologize. Your --

8 Q. Prior to the signing of the Memorandum of
9 Understanding, a call from a Southwestern Bell
10 customer in Chesterfield to an Intermedia customer in
11 Manchester would have been a local dialed call,
12 correct?

13 A. Yes, I believe so.

14 Q. After signing the Memorandum of
15 Understanding, Southwestern Bell now feels it
16 equitable to assess an additional charge of 2.6 cents
17 per minute to Intermedia for that same Southwestern
18 Bell Chesterfield customer to call that same
19 Intermedia Manchester customer, correct?

20 A. That charge wouldn't necessarily apply
21 unless the customer, the Southwestern Bell customer
22 was an MCA subscriber.

23 Q. Assuming that customer was an MCA
24 subscriber, Southwestern Bell MCA subscriber in
25 Chesterfield, would that charge apply?

1 A. It appears to.

2 Q. Is Southwestern Bell also assessing its
3 customer in Chesterfield an MCA -- optional MCA charge
4 for MCA service?

5 A. In Chesterfield?

6 Q. Yes.

7 A. Yes.

8 Q. So in addition to the 2.6 cents per minute
9 that Southwestern Bell is charging Intermedia for
10 Southwestern Bell's customer to call an Intermedia
11 customer in Manchester, Southwestern Bell is also
12 assessing its customer in Chesterfield an optional MCA
13 charge in addition to its local dialed service?

14 A. In accordance to the agreement signed by
15 Intermedia Communications and Southwestern Bell and
16 according to our tariff, yes.

17 Q. There's been a lot of discussion by
18 Southwestern Bell, and I believe it's Southwestern
19 Bell's position, that the 2.6 cents adder in
20 Memorandum of Understanding was to collect lost toll
21 for the return dial feature, the return call feature,
22 correct?

23 A. That's correct.

24 Q. And I hope I can get this example correct.
25 If an Intermedia customer in MCA Tier 4 receives a

1 call from a Southwestern Bell MCA subscriber in
2 Tier 3, use Chesterfield as the example there,
3 Southwestern Bell assesses Intermedia a charge of 2.4
4 cents per minute for that call from the Southwestern
5 Bell MCA subscriber in Chesterfield to the Intermedia
6 customer in MCA Tier 4, correct?

7 A. The Intermedia customer was an MCA
8 subscriber in your example?

9 Q. Yes.

10 A. Yes.

11 Q. And for purposes of my example, assume that
12 all Intermedia customers are MCA subscribers.

13 A. Okay.

14 Q. So your answer to that was yes?

15 A. Yes.

16 Q. In addition to that, Southwestern Bell is
17 charging its MCA subscriber the tariffed -- additional
18 tariffed rate for optional MCA service in Tier 3?

19 A. That's correct.

20 Q. And as you've previously stated, part of
21 that -- part of that optional MCA charge is to recover
22 the very return call feature that Intermedia then just
23 paid 2.6 cents for; am I correct?

24 A. That's correct. But again, that's pursuant
25 to this agreement which we've -- which the two parties

1 signed. I can't help that you agreed to the
2 agreement. But as Mr. Hughes testified in his
3 testimony, how the terms of this agreement apply is
4 not what we are asking for on a prospective basis.

5 Q. And as a matter of fact, the terms of this
6 agreement are on an interim basis, correct?

7 A. That's correct.

8 Q. And the terms of this agreement specifically
9 refer to this proceeding or a similar proceeding,
10 correct?

11 A. Yes, I believe that's correct.

12 Q. And as a matter of fact, the terms of this
13 agreement call for this Commission, if an Order is --
14 if an Order in this or similar proceeding is -- final
15 Order is established by I believe it's November 5th,
16 any compensation that is ordered at all, whether it be
17 zero or 1 cent per minute or 5 cents per minute,
18 whatever it is, would be retroactively applied to all
19 minutes of usage back to July of '99 according to the
20 Memorandum of Understanding; am I correct?

21 A. Can you point me to a reference in the
22 Memorandum of Understanding?

23 Q. Sure. I believe paragraph --

24 A. Possibly 4.

25 Q. Possibly 4.

1 A. It appears from paragraph 4 that the parties
2 agreed that the interim compensation we've been
3 discussing of 2.6 cents would be subject to a
4 retroactive true-up to the price, if any, established
5 pursuant to this case.

6 Q. As long as you're looking there, by when
7 does an Order need to be issued in order for there to
8 be a retroactive true-up?

9 A. November 5th, 2000.

10 Q. So this Commission would need to issue a
11 final Order in order for Intermedia not to have to --
12 not to have to pay Southwestern Bell for all those
13 minutes of use back to July '99, there would have to
14 be a final Order by November 5th, 2000, correct?

15 A. That's correct.

16 Q. Are you familiar with the Southwestern
17 Bell/AT&T Interconnection Agreement?

18 A. Well, overall, no, but I've seen certain
19 pieces of it.

20 Q. Are you aware that there is a reciprocal
21 compensation mechanism for termination of local
22 traffic contained within the AT&T/Southwestern Bell
23 Interconnection Agreement?

24 A. Generally familiar with it.

25 Q. Well, let me rephrase. Are you aware that

1 there is a compensation mechanism and that there is a
2 per minute of use charge reciprocally for termination
3 of local traffic that's contained within the
4 AT&T/Southwestern Bell Interconnection Agreement?

5 A. That's my understanding.

6 Q. Are you aware that Intermedia has opted into
7 the AT&T/Southwestern Bell Interconnection Agreement?

8 A. That's my understanding.

9 Q. So the same rates and terms would apply to
10 Intermedia as well?

11 A. Yes.

12 Q. In addition to the 2.6 cents per minute of
13 use that Southwestern Bell is assessing Intermedia to
14 allow Intermedia to play in the MCA game, and in
15 addition to the charges Southwestern Bell is receiving
16 from its own customers, own MCA subscribers, for the
17 return call feature, Southwestern Bell receives on a
18 per minute of use basis reciprocal compensation for
19 termination of calls from an Intermedia customer; is
20 that correct?

21 A. We don't receive the 2.6 cents or the
22 optional MCA revenue from calls in --

23 Q. That wasn't my question. Does --

24 MR. LANE: Your Honor, I ask that he be
25 given an opportunity to answer the question. If it

1 winds up not matching, that's fine, but I think the
2 witness is entitled to answer the question.

3 JUDGE DIPPELL: Let the witness answer
4 the -- finish his answer before you begin the next
5 question.

6 MR. SAPPERSTEIN: I'm sorry.

7 THE WITNESS: Southwestern Bell would not
8 receive the 2.6 cent compensation or the optional MCA
9 revenue if you will for the call from the ICI
10 subscriber to the Southwestern Bell subscriber.

11 BY MR. SAPPERSTEIN:

12 Q. Let me correct the record first and just --
13 ICI is not Intermedia Communications.

14 A. I apologize.

15 Q. There's a cable company somewhere here in
16 the midwest that hates it when they see that on the
17 record. So if we can just refer to Intermedia as
18 Intermedia I'd appreciate it.

19 A. My apologies.

20 Q. So it's your testimony that if Southwestern
21 Bell is assessing the 2.6 cents per minute of use to
22 Intermedia for termination of calls within the MCA,
23 that it is not assessing the reciprocal compensation
24 rate for local termination as well?

25 A. I believe we're talking about two different

1 calls. I mean, the 2.6 cents applies when
2 Southwestern Bell originates a toll-free call to
3 Intermedia Communications, at which point Southwestern
4 Bell then pays the reciprocal compensation rate you
5 were describing.

6 When Intermedia places a call to a
7 Southwestern Bell customer, the 2.6 cent charge does
8 not apply, and at that point Intermedia pays
9 Southwestern Bell the reciprocal compensation rate to
10 terminate the call.

11 Q. So a call from Southwestern Bell -- from a
12 Southwestern Bell customer to an Intermedia customer
13 in principal zone -- in the principal zone or Tiers 1
14 and 2, which is a local call, Southwestern Bell is
15 paying local reciprocal compensation to Intermedia
16 when Intermedia terminates that call, correct?

17 A. I think if I followed you through that,
18 Southwestern Bell when it originates a call to
19 Intermedia within the principal zone, within the
20 mandatory area, it's my understanding Southwestern
21 Bell would pay Intermedia the reciprocal terminating
22 compensation contained in the agreement.

23 Q. And is it not your testimony, at least up
24 'til today that, in addition to that, Southwestern
25 Bell was charging Intermedia a 2.6 cent adder for

1 termination of that same call from a Southwestern Bell
2 customer?

3 A. Pursuant to this agreement, Intermedia
4 Communications was paying Southwestern Bell 2.6 cents
5 for the call from the Southwestern Bell customer to
6 the Intermedia customer, and in return Southwestern
7 Bell was paying Intermedia the terminating reciprocal
8 comp rate.

9 Q. At the time that the Memorandum of
10 Understanding was negotiated, you're aware, are you
11 not, that Intermedia had actual customers that had
12 been -- that were in jeopardy at -- strike that.

13 At the time the Memorandum of Understanding
14 was being negotiated, during that time Intermedia had
15 actual customers that had been temporarily
16 disconnected from the switch by Southwestern Bell?

17 A. No. I would disagree with that. They were
18 not disconnected from the switch.

19 Q. Let me rephrase. Are you aware there was a
20 period in time when Southwestern Bell reconverted in
21 its switches the local NXXs -- the NXXs of Intermedia
22 such that its customers could no longer receive
23 both -- it being Intermedia -- its customers could no
24 longer receive toll-free calls from Southwestern Bell?

25 A. I don't want to quibble over the question,

1 but that's not entirely correct because there were
2 still -- it gets into the complication of the MCA
3 calling scope.

4 But I think where you're going with your
5 question is, as we heard from Ms. Mellon, there was a
6 period of, I think she said four or five days, I don't
7 recall exactly, when after a long period of
8 negotiations that didn't appear to be going anywhere,
9 was my understanding -- I wasn't party to that -- that
10 Southwestern Bell retranslated its translations to
11 match the translations that we were doing for all the
12 other CLECs to make it a toll call in certain
13 circumstances within the MCA.

14 Q. And then --

15 A. And then subsequent to my understanding,
16 Intermedia contacting Southwestern Bell to resume
17 negotiations, we agreed to, during the term of those
18 negotiations, to change the translations back.

19 Q. So it's your understanding that actual
20 customers of Intermedia, their service was impaired by
21 an action of Southwestern Bell?

22 A. I hate to call it impaired. I mean, we
23 began treating your customers like we were treating
24 all other non-MCA participants.

25 Q. By actions of Southwestern Bell, an

1 Intermedia customer was not able to receive on day two
2 the same call from Southwestern Bell customers
3 toll-free they could receive on day one; is that not
4 correct?

5 A. Day one and two being when we made the
6 change?

7 Q. That's correct.

8 A. Yes, for certain calls.

9 Q. So there was a sense of urgency at the time
10 so Intermedia would not lose customers in a
11 competitive environment, correct?

12 A. I would assume that's your position, yes.

13 Q. By the way, there's been reference to
14 renegotiations or restarting the negotiations by
15 Southwestern Bell. The initial -- the initial offer
16 by Southwestern Bell to Intermedia was not 2.6 cents
17 for termination of this traffic, was it?

18 A. I'm not aware of early discussions, although
19 I think I've heard, perhaps in testimony here, that
20 early discussions centered around assessing
21 Southwestern Bell's toll rates --

22 Q. That would be --

23 A. -- or some approximation of those.

24 Q. I'm sorry.

25 A. And any specific number might be highly

1 confidential.

2 Q. Are your toll rates tariffed in the state of
3 Missouri?

4 A. There is a broad range of toll rates, and so
5 I just want to be careful about where you may be
6 going. So some sort of average rate may be highly
7 confidential.

8 Q. Would the range of 12 cents per minute sound
9 out of line?

10 A. With what?

11 Q. With what Southwestern Bell initially
12 offered in its initial Memorandum of Understanding to
13 Intermedia for Intermedia to play in the St. Louis MCA
14 game?

15 A. I don't believe I ever saw that, but that's
16 possible. It could be. I have no reason to doubt
17 that that offer may have been made.

18 MR. SAPPERSTEIN: Thank you. I've got no
19 further questions. Thank you.

20 JUDGE DIPPELL: Birch?

21 MR. MIRAKIAN: No questions.

22 JUDGE DIPPELL: McLeod?

23 MR. KRUSE: Just a couple, your Honor.

24 CROSS-EXAMINATION BY MR. KRUSE:

25 Q. Mr. Unruh, on page 10 of your rebuttal

1 testimony, you refer to executive complaints in
2 lines 14 through 17. What's an executive --

3 A. I'm sorry. You said rebuttal?

4 Q. Yes.

5 A. Page 10?

6 Q. Yes.

7 A. Okay, I'm there.

8 Q. Okay. So what's an executive complaint?

9 A. We have a system for tracking complaints.
10 They're called executive complaints, and I guess they
11 derive from sort of multiple venues, if you will,
12 where we get calls from the Commission, maybe a
13 customer's called the Commission to complain and the
14 Commission calls us to let us know or somebody writes
15 us a letter or somebody actually calls an executive or
16 calls a complaint bureau, that sort of thing, and we
17 try to track those so we can keep track of issues.

18 Q. Okay. So how does something become an
19 executive complaint?

20 A. Well, again, it's things that maybe come in
21 as letters or calls via the Commission or that sort of
22 thing.

23 Q. Okay. So it can be -- an executive
24 complaint can be a written letter from a customer?

25 A. That's my understanding.

1 Q. Okay. Could it be a written letter from a
2 CLEC or from an ILEC or from another carrier, or are
3 we only talking about customers?

4 A. I would assume end user customers that --
5 letters, like I say, from a CLEC would probably be
6 handled through an account team process, and I doubt
7 that would find its way to this executive complaint.
8 It might depend on the specific issue.

9 Q. So it can include letters from end users,
10 and it could also be correspondence from the Public
11 Service Commission?

12 A. I believe so.

13 Q. And that would include phone calls?

14 A. I was going to say, a lot of times it's
15 probably phone calls.

16 Q. And you record those?

17 A. Record them as in tape them --

18 Q. Well --

19 A. -- or --

20 Q. Make a --

21 A. -- or like log that they call us and this
22 was the issue?

23 Q. Do you make a log of them?

24 A. Yes.

25 Q. Document them?

1 A. Yes. And these executive complaints,
2 there's some system, I guess, for logging the issue,
3 what the issue was and who talked to whom and that
4 sort of thing.

5 Q. Are there any other things that could become
6 executive complaints other than the two that we just
7 identified?

8 A. I'm not completely familiar with what all
9 may feed into that process.

10 Q. You indicate that you have no way of
11 tracking contacts that might be received by your
12 various customer contact personnel. What sorts of
13 things would comprise contacts received by your
14 customer contact personnel that wouldn't make it into
15 an executive complaint?

16 A. An example would be if somebody calls up to
17 order service or to add a service to their line or
18 something and they're talking to a service rep, for
19 example, and they make some comment about something,
20 you know, related to telephone service, that wouldn't
21 necessarily find its way into this executive complaint
22 tracking process.

23 Q. Sure.

24 A. We have hundreds of thousands of
25 conversations a day with people.

1 Q. So somebody could call up and complain about
2 not being able to make a toll -- excuse me.

3 Somebody could call up a Southwestern Bell
4 representative and make a complaint to them about
5 having to dial ten digits and not being charged a toll
6 call, and that necessarily wouldn't make it into an
7 executive complaint, would it?

8 A. Yeah. In your example, a ten-digit call
9 would be a local call, but yes, you're correct.

10 Q. In fact, there's a variety of situations in
11 which an end user could call Southwestern Bell and
12 make a complaint that's related in some way to the MCA
13 but it wouldn't necessarily find its way into an
14 executive complaint?

15 A. That's correct, yes.

16 Q. I want to go to page 8 of your surrebuttal
17 testimony.

18 MS. McDONALD: What page did you say?

19 MR. KRUSE: I'm sorry. Page 8, lines 21 and
20 22.

21 BY MR. KRUSE:

22 Q. I'd like you to focus on that statement
23 where it says Southwestern Bell is not opposed to
24 CLECs participating in the MCA plan so long as it is
25 done fairly and is not at Southwestern Bell's expense.

1 I'm trying to understand what you mean by
2 that. Isn't what you're saying really that
3 Southwestern Bell does not mind CLEC participation in
4 the MCA as long as there is no adverse economic
5 consequences whatsoever to Southwestern Bell?

6 A. No.

7 Q. Okay.

8 A. I mean, we fully expect to see competitive
9 losses.

10 Q. Okay. But wouldn't competitive losses be at
11 the expense of Southwestern Bell?

12 A. Yes.

13 Q. Okay. So then that -- then what you're
14 really saying now is Southwestern Bell is not opposed
15 to CLEC participation in the MCA plan so long as it is
16 done fairly?

17 A. Yes. Oh, okay. I understand. Fair enough.
18 This could have been qualified. What we were
19 intending to say is that CLEC -- you know, as stated,
20 we're not trying to keep the CLECs out of the MCA plan
21 if the Commission determines that the MCA -- that
22 CLECs should be allowed to participate in the MCA
23 plan. We just believe that needs to be done in a fair
24 manner.

25 Now, by necessity that's going to mean that

1 we're going to see competitive loss because that's
2 what happens in a competitive market. So I was not
3 trying to imply that not at SWBT's expense meant that
4 SWBT wasn't going to lose anything by your
5 participation in the MCA.

6 It's just that the MCA plan was set up with
7 terms and conditions, part of a revenue neutrality
8 based mechanism, and if we're going to change that
9 plan to allow CLEC participation, then the Commission
10 needs to take into consideration how the plan was
11 crafted originally, changes that are going to be
12 brought about by CLEC participation and make sure
13 that's done in a fair manner.

14 Q. Okay. So your choice of the word expense in
15 that sentence was really meant to convey that CLEC
16 participation just had to be in a way that was fair to
17 Southwestern Bell?

18 A. Yes.

19 Q. And you're not saying that Southwestern Bell
20 as a result of CLEC participation has to be kept in
21 the same or better economic position?

22 A. With respect to competitive losses, no.

23 Q. But wouldn't you say that the proposed MOU
24 is designed in large part to maintain Southwestern
25 Bell's economic position, make sure that participation

1 isn't done at Southwestern Bell's expense?

2 A. I think the 2.6 cents proposal is a
3 mechanism we're proposing to take care of the revenue
4 neutrality issue associated with changing the plan to
5 let CLECs participate. Okay. It's not designed to
6 make SWBT whole for all of its competitive losses.

7 So, for example, when you -- when a CLEC
8 takes away a customer, you know, we're not asking for
9 all of the revenue that we used to collect from that
10 customer to be given back to us as some make-whole
11 mechanism.

12 Q. So it's -- then it's not designed -- the MOU
13 is not designed to make Southwestern Bell whole and
14 compensated for all its competitive losses, it's just
15 designed to minimize its competitive losses?

16 A. No, it's not designed to minimize
17 competitive losses.

18 Q. Also in the next sentence after the one
19 we've just talked about, you indicate that
20 Southwestern Bell is advocating CLEC entry into the
21 MCA under terms fair to all participants; is that
22 correct?

23 A. I don't believe that's what my next sentence
24 says.

25 Q. I'm sorry. Well, let's go from line 22 on

1 page 8 down to line 5 on page 9.

2 A. Yes. I'm pointing out that basically that's
3 what this case is about, to determine how CLECs should
4 participate in the plan and what those terms and
5 conditions should be.

6 Q. Okay. How long has Southwestern Bell -- has
7 it been Southwestern Bell's position that CLEC
8 participation in the MCA is okay as long as it's done
9 fairly and not at Southwestern Bell's expense?

10 A. I guess I don't know how to answer that in
11 terms of giving a time frame. I mean, I guess in the
12 development of this case we, you know, discussed our
13 issues or our positions with respect to issues, and
14 positions evolve over time.

15 Q. Well, was there a point in time when
16 Southwestern Bell changed its position, or has it
17 always been Southwestern Bell's position that CLECs
18 could participate in the MCA as long as it was done
19 fairly and not at Southwestern Bell's expense?

20 A. I don't know the answer to that, because I
21 wouldn't have been dealing with this issue throughout
22 the whole time that it might have been an issue.

23 Q. Okay.

24 A. So I couldn't give you a time line --

25 Q. So as far as you know --

1 A. -- who said what, where and when.

2 Q. So as far as you know as you sit here today,
3 there could have been a time when Southwestern Bell
4 was opposed to CLEC participation in the MCA plan
5 under any terms and conditions as far as you know?

6 A. I don't know.

7 MR. LANE: I'm going to object as calling
8 for speculation. He's said what he understands the
9 position to be.

10 MR. KRUSE: I think it's exactly what he
11 said. I'm just following up and trying to clarify.

12 JUDGE DIPPELL: You asked the question so as
13 far as you know there might have been a time, and the
14 witness has already answered he doesn't know what the
15 time frame was. The objection is sustained.

16 MR. KRUSE: What was the objection, asked
17 and answered?

18 MS. McDONALD: Mischaracterization of his
19 testimony.

20 BY MR. KRUSE:

21 Q. So what you're saying, then, Mr. Unruh, is
22 you're not exactly sure when it became the position of
23 Southwestern Bell that it was not opposed to CLEC
24 participation in the MCA as long as it was done fairly
25 and not at Southwestern Bell's expense?

1 A. I don't know if -- I can't say whether that
2 was ever not our position. I don't know.

3 Q. Okay. And doesn't it follow from that that
4 there could have been a time, as far as you know --

5 JUDGE DIPPELL: The objection was actually
6 speculation, and that's the one that's sustained.

7 MR. KRUSE: Okay.

8 BY MR. KRUSE:

9 Q. If there was a point in time when
10 Southwestern Bell was opposed to CLEC participation in
11 the MCA plan under any set of circumstances, you
12 weren't aware of that?

13 MR. LANE: Objection. It's been asked and
14 answered, your Honor.

15 MR. KRUSE: No. That's a different
16 question.

17 JUDGE DIPPELL: I'll let the witness answer
18 that question.

19 THE WITNESS: Please restate the question.

20 MR. KRUSE: Can you read it back, please?

21 (THE REQUESTED TESTIMONY WAS READ BY THE
22 REPORTER.)

23 THE WITNESS: That's correct.

24 MR. KRUSE: I don't have any more questions.

25 JUDGE DIPPELL: Gabriel?

1 MR. LUMLEY: Good morning, Mr. Unruh.

2 THE WITNESS: Good morning.

3 MR. LUMLEY: I have no questions for you
4 this morning.

5 JUDGE DIPPELL: Nextlink?

6 MR. COMLEY: No questions.

7 JUDGE DIPPELL: Mr. Unruh, I have one
8 question from Commissioner Drainer.

9 QUESTIONS BY JUDGE DIPPELL:

10 Q. On page 9 of your direct testimony you talk
11 about lost compensation. Has there been a change in
12 customer numbers since the plan began, a growth or a
13 decline in customers since the MCA plan began?

14 A. Is your question have the number of optional
15 MCA subscribers changed from the time the plan began?

16 Q. Yes.

17 A. Yes, it has.

18 Q. Has it grown or declined?

19 A. I would say as a general statement it has
20 grown.

21 Q. And --

22 A. There may be particular exchanges where it
23 has not.

24 Q. In the most recent -- say in the most
25 recent -- well, since the implementation of the

1 Telecommunications Act, since 1996, has it grown or
2 declined since then, generally?

3 A. I don't know. I haven't analyzed data from
4 that period to now to see what might have happened.

5 Q. Do you believe that there needs to be a
6 true-up of some sort with regard to the MCA
7 subscribers?

8 A. With respect to --

9 Q. With respect to --

10 A. -- going back to the implementation from
11 92-306?

12 Q. Yes.

13 A. No, I don't believe so. The revenue
14 neutrality that would have taken place at that point
15 in time is basically a snapshot of what exists
16 pre-plan and what exists post-plan. You adjust to try
17 to make that revenue neutral, and then what happens
18 going forward I don't believe is relevant.

19 JUDGE DIPPELL: Thank you. Are there
20 recross questions based on my questions?

21 (No response.)

22 Is there redirect?

23 MS. McDONALD: Yes, please.

24 REDIRECT EXAMINATION BY MS. McDONALD:

25 Q. Good morning, Mr. Unruh.

1111

1 A. Good morning.

2 Q. Do you remember yesterday when Mr. Poston
3 asked you a series of questions regarding revenue
4 neutrality?

5 A. Yes.

6 Q. Could you tell me some of the documents you
7 reviewed to reach your conclusion that toll revenue
8 lost as a result of the implementation of the MCA plan
9 was included in the rates for the optional MCA
10 subscribers?

11 A. There was a lot of activity throughout the
12 case, a lot of testimony. I reviewed Southwestern
13 Bell testimony. I reviewed Staff testimony. There
14 were data requests that were -- that I guess gave sort
15 of a work sheet for how to analyze the revenue and
16 expense changes associated with the plan. There
17 were -- there was a technical conference established
18 by the Commission's order to examine revenue
19 neutrality.

20 So it's my understanding that that technical
21 committee actually set up a subcommittee to work on
22 revenue neutrality. So there were a lot of minutes
23 associated with those ongoing discussions about how to
24 quantify the revenue and expense impacts of going
25 through the plan.

1 I reviewed the Orders where they discussed
2 revenue neutrality, both in the Order initiating the
3 case and in the Order actually implementing adoption
4 of MCA service. So there's kind of a series of things
5 that described the activities at that time.

6 Q. Did you have the opportunity to review the
7 Initial Brief of Southwestern Bell Telephone Company
8 in Case No. 92-306?

9 A. Yes.

10 Q. Did you have the opportunity to review the
11 surrebuttal testimony of Carol Gay Smith on behalf of
12 the Missouri Public Service Commission in 92-306?

13 A. Yes.

14 Q. Did you have the opportunity to review the
15 rebuttal testimony of Debbie J. Halpin in Case
16 No. 92-306?

17 A. Yes.

18 MS. McDONALD: Your Honor, at this time I
19 would ask that these three documents be marked as
20 exhibits in this case and be entered under judicial
21 notice.

22 JUDGE DIPPELL: Do you have copies of those?

23 MS. McDONALD: I sure do.

24 MR. LANE: First, your Honor what we have on
25 the Initial Brief is the section of the brief which

1 deals with revenue neutrality plus the cover sheet and
2 index.

3 JUDGE DIPPELL: The Initial Brief I'll mark
4 as Exhibit 64, those portions thereof.

5 (EXHIBIT NO. 64 WAS MARKED FOR
6 IDENTIFICATION.)

7 JUDGE DIPPELL: The surrebuttal testimony,
8 is this all of the surrebuttal testimony? This is the
9 nonproprietary version.

10 MR. LANE: That's the nonproprietary version
11 of her testimony in that case, your Honor.

12 JUDGE DIPPELL: Do you know, was this
13 actually admitted as an exhibit in the case?

14 MR. LANE: My understanding, yes.

15 JUDGE DIPPELL: I'll mark that as
16 Exhibit 65.

17 MR. LANE: The last Exhibit, your Honor, is
18 the rebuttal testimony of Debbie J. Halpin in 92-306,
19 and it is marked as proprietary from that case, your
20 Honor.

21 MS. McDONALD: And with regard to the court
22 reporter's copy, we put nonpro--

23 JUDGE DIPPELL: I'm sorry. Counsel, could I
24 get one of you to deal with this witness and the other
25 one to --

1 MR. LANE: Sure.

2 MS. McDONALD: With regard to the court
3 reporter's copy, we put the nonproprietary pages on
4 the top and in the sealed envelopes we put the
5 proprietary pages.

6 JUDGE DIPPELL: Is the proprietary
7 information actually relevant to this proceeding? Is
8 that the portion that is relevant?

9 MS. McDONALD: I would say yes.

10 JUDGE DIPPELL: Okay. I'll mark that as
11 Exhibit 66HC.

12 MS. GARDNER: Are we keeping the proprietary
13 version as HC?

14 JUDGE DIPPELL: That's different under the
15 protective order, isn't it? Okay. We'll mark it
16 Exhibit 66P.

17 (EXHIBIT NO. 66P WAS MARKED FOR
18 IDENTIFICATION.)

19 JUDGE DIPPELL: Okay. Would there be any
20 objection to the Commission taking official notice of
21 Exhibit No. 64, which is portions of Southwestern Bell
22 Telephone Company's Initial Brief in Case
23 No. TO-92-306?

24 MR. STEWART: Your Honor, I don't know if
25 this is an objection or a question. I assume the

1 Commission could take official notice of its case
2 files for that entire case if it wanted to.

3 JUDGE DIPPELL: It does not want to,
4 counsel.

5 (Laughter.)

6 MR. STEWART: Then I object to receiving
7 this in. I don't know -- they're picking and choosing
8 which piece parts that they want to present to the
9 Commission in this case from an eight-year-old case.
10 And there's a lot of testimony in this case, and if
11 we're going to be going back and looking at that old
12 case, you ought to have all of the documents in.

13 JUDGE DIPPELL: Is your objection relevance?

14 MR. STEWART: Yeah, how about that?

15 (Laughter.)

16 MR. JOHNSON: I object on the basis that
17 it's not material to this case, your Honor.

18 JUDGE DIPPELL: And does Southwestern Bell
19 have a response to those objections?

20 MR. LANE: Yes, your Honor.

21 JUDGE DIPPELL: You may go ahead, Mr. Lane.

22 MR. ENGLAND: Before he begins, can I use up
23 one of my objections?

24 JUDGE DIPPELL: Yes.

25 MR. ENGLAND: I don't really have one. I

1 just want to use one. I'm sorry. Go ahead.

2 (Laughter.)

3 MR. LANE: The issue that was raised in the
4 cross-examination of this witness by Staff asked what
5 materials he looked at to form his conclusion that the
6 MCA additive in the optional tiers was designed to
7 recover toll lost from calls from the mandatory zone
8 southward.

9 He identified those yesterday. He's
10 identified them here today. They're clearly relevant
11 to the case given the contention by some parties,
12 including Staff, that the MCA additive was not set in
13 a manner designed to recover toll loss.

14 JUDGE DIPPELL: The objections, all three of
15 them, are overruled, and I will take official notice
16 of these portions of the Brief.

17 Is there any objection to the Commission
18 taking official notice of Exhibit 65? Does your
19 objection carry over to all of those exhibits,
20 Mr. Stewart?

21 MR. STEWART: It sure does.

22 JUDGE DIPPELL: Is your response the same,
23 Mr. Lane, for Exhibit No. 65?

24 MR. LANE: Worked once. Yes, it is.

25 JUDGE DIPPELL: And Exhibit No. 66, same

1 objection?

2 MR. STEWART: Same objection.

3 JUDGE DIPPELL: Same response?

4 MR. LANE: Yes, your Honor.

5 JUDGE DIPPELL: And Mr. Johnson, do you also
6 have the same objections?

7 MR. JOHNSON: Yes. It's not material and
8 it's -- he's already identified the documents. It's
9 not necessary now to put the documents themselves in.

10 JUDGE DIPPELL: As much as I hate to have
11 this record cluttered up with the record of TO-92-306,
12 it seems that we have already done so, and, therefore,
13 I think that now these things are relevant. So I will
14 allow official notice to be taken of Exhibits 65 and
15 66P.

16 Is there anything further, Ms. McDonald?

17 MS. McDONALD: Yeah. I had just a few other
18 questions.

19 BY MS. McDONALD:

20 Q. Do you remember this morning when
21 Mr. Sapperstein was asking you some questions with
22 regard to a Southwestern Bell customer in Tier 3
23 calling what he considered an Intermedia MCA
24 subscriber in Tier 4?

25 A. Yes, I recall.

1 Q. Now, if the Southwestern Bell customer in
2 Tier 3, for example in Chesterfield, would call a
3 South-- would call a Southwestern Bell customer who
4 did not subscribe to the MCA plan in Tier 4, would the
5 customer in Tier 3 incur a toll charge for that call?

6 A. Yes, that's correct.

7 Q. And would it be fair to say that
8 Southwestern Bell considers the Intermedia customer in
9 Tier 4 as a nonparticipant in the MCA plan?

10 A. That's correct.

11 Q. Do you also remember when Mr. Sapperstein
12 asked you some questions about the Interconnection
13 Agreement entered into between Intermedia and
14 Southwestern Bell?

15 A. Yes, I recall that.

16 Q. Is it your understanding that the
17 Interconnection Agreement between Southwestern Bell
18 and Intermedia was not entered into at the time that
19 the MOU was signed?

20 A. That's my understanding.

21 MS. McDONALD: I have nothing else. Thank
22 you.

23 JUDGE DIPPELL: Thank you, Mr. Unruh. I
24 believe we are finished with you and you may be
25 excused.

1 (Witness excused.)

2 JUDGE DIPPELL: It's 9:15. We have two
3 witnesses remaining. I think I'd like to go ahead and
4 take a ten-minute break and begin the next witness
5 after that.

6 Let's go off the record.

7 (Discussion off the record.)

8 JUDGE DIPPELL: Let's go ahead and go back
9 on the record.

10 Staff, I believe you had a motion that you'd
11 like to make before our next witness?

12 MR. POSTON: Thank you, your Honor.

13 During the cross-examination of Staff
14 witness Amania Moore, some inaccuracies in her
15 schedules and in her testimony in general were pointed
16 out. Ms. Moore has made those corrections, and the
17 Staff would like these figures to be put into the
18 record since they are accurate.

19 I don't know if you would prefer to have
20 these made an exhibit and entered into the record or
21 have Ms. Moore take the stand and make the corrections
22 on the stand under oath. Either way, Ms. Moore would
23 be available for cross-examination on any new data
24 that's being put into the record.

25 JUDGE DIPPELL: I can go ahead and mark that

1 as an exhibit and you can offer it, or I guess you
2 can't offer it without Ms. Moore.

3 Would there be objections to a late-filed
4 correction of Ms. Moore's exhibit?

5 MS. McDONALD: Yes. We would object to --
6 well, I mean, I guess our problem with the late-filed
7 exhibit is literally there's hundreds of calculations
8 that I had to do to be able to understand those
9 numbers, and there's no way I could redo all the
10 calculations as we sit right here so I can effectively
11 cross-examine her.

12 If it was taken as a late-filed exhibit,
13 then I'd have absolutely no ability to cross-examine
14 her with regard to those figures.

15 JUDGE DIPPELL: I'm going to mark your
16 corrections as an exhibit, treat it as a late-filed
17 exhibit, give the parties an additional ten days to
18 make any objections, make written objections, and
19 decide on its admissibility at that time.

20 MR. POSTON: Okay. I haven't made the
21 copies yet. Would you prefer that the changes be
22 somehow identified and separated out onto the filed
23 copy, onto the exhibit?

24 JUDGE DIPPELL: Yes.

25 MR. POSTON: Okay. I'll make those changes,

1 then.

2 JUDGE DIPPELL: I will reserve the next
3 exhibit number for that, and that will be Exhibit 67
4 will be a late-filed exhibit from Staff. At the time,
5 Ms. McDonald, you can renew your objection.

6 MS. McDONALD: Thank you, your Honor.

7 JUDGE DIPPELL: Okay. I believe -- were
8 there any other Southwestern Bell witnesses?

9 MS. McDONALD: No, your Honor. Thank you.

10 JUDGE DIPPELL: Then I believe we're ready
11 for GTE's first witness. Mr. Evans has already taken
12 the stand.

13 (Witness sworn.)

14 JUDGE DIPPELL: You may proceed.

15 MR. FISCHER: Thank you.

16 DAVID W. EVANS testified as follows:

17 DIRECT EXAMINATION BY MR. FISCHER:

18 Q. Please state your name and business address
19 for the record.

20 A. My name is David W. Evans. I work for GTE.
21 My business address is 601 Monroe Street, Suite 304,
22 Jefferson City, Missouri 65101.

23 Q. Mr. Evans, are you the same Dave W. Evans
24 that caused to be filed in this proceeding two pieces
25 of testimony, one rebuttal testimony marked Exhibit 39

1 and a second piece of surrebuttal testimony marked
2 Exhibit 40?

3 A. That's correct.

4 Q. Do you have any changes or corrections that
5 need to be made to those pieces of testimony?

6 A. None that I'm aware of.

7 Q. If I were to ask you the same questions that
8 are contained in Exhibits 39 and 40, would your
9 answers be the same?

10 A. Yes.

11 MR. FISCHER: Your Honor, with that I would
12 move for the admission of 39 and 40 and tender the
13 witness for cross-examination.

14 JUDGE DIPPELL: Is there any objections to
15 Exhibit 39 and 40?

16 (No response.)

17 Then I will receive those into the record.

18 (EXHIBIT NOS. 39 AND 40 WERE RECEIVED INTO
19 EVIDENCE.)

20 JUDGE DIPPELL: Is there cross-examination
21 by Sprint?

22 MS. GARDNER: No, thank you.

23 JUDGE DIPPELL: AT&T?

24 MR. DeFORD: No, thank you.

25 JUDGE DIPPELL: Intermedia?

1 MR. STEWART: No, thank you.

2 JUDGE DIPPELL: Birch?

3 MR. MIRAKIAN: No questions.

4 JUDGE DIPPELL: McLeod?

5 MR. KRUSE: Just a couple brief ones, your
6 Honor.

7 CROSS-EXAMINATION BY MR. KRUSE:

8 Q. Does GTE currently engage in the screening
9 of CLEC NXX codes with respect to any of the MCA
10 markets?

11 A. GTE does not have any CLECs that I'm aware
12 of in the outer tiers. So to the extent that we send
13 traffic to the CLECs that are in the inner tiers, no,
14 we do not. We send traffic down there as any other
15 MCA call.

16 Q. Does GTE otherwise treat CLEC NXX codes any
17 differently than it would a Southwestern Bell NXX code
18 anywhere in Missouri?

19 A. In the situation that exists today, all the
20 CLECs that we send MCA traffic to are in the inner
21 tiers, and per our tariff it makes no difference
22 whether that's a CLEC or an ILEC customer. So
23 consequently no, we do not.

24 Q. So in such a situation where you had a CLEC
25 in an inner tier, there would be no differentiation

1 made between a CLEC and ILEC?

2 A. No. Since we operate in Tier 4 and 5 and
3 calls from Tier 4 and 5 to the inner tier are based on
4 the position of the customer, not the identity of the
5 carrier, no, we do not differentiate.

6 MR. KRUSE: Thank you. No further
7 questions.

8 JUDGE DIPPELL: Gabriel?

9 MR. LUMLEY: Thank you, your Honor.

10 CROSS-EXAMINATION BY MR. LUMLEY:

11 Q. Mr. Evans, if you would turn your attention
12 to page 4 of your rebuttal testimony, actually the
13 question starts at the bottom of page 3 and carries
14 over, where you're discussing intercompany
15 compensation.

16 Isn't it correct that part of your proposal
17 that you're describing there is that, as between
18 carriers in adjoining service areas, that the
19 reciprocal -- that the intercompany compensation
20 methodology would continue to be bill and keep under
21 the MCA plan as it is today?

22 A. Let me clarify. By adjoining service area
23 you mean, for example, a call from GTE's Wentzville
24 exchange to Southwestern Bell's Chesterfield exchange,
25 is that the type of --

1 Q. Correct.

2 A. Okay. That would be on a bill and keep
3 basis as it is today, that's correct.

4 Q. And including for a CLEC that was operating
5 in the Southwestern Bell exchange an MCA traffic going
6 back and forth from GTE to that CLEC?

7 A. Yeah. My recommendation is that for all
8 carriers the bill and keep arrangement be maintained.

9 Q. In that kind of a circumstance?

10 A. That's correct.

11 Q. But the other part of your recommendation is
12 that, with respect to carriers competing head to head
13 within the same exchange, that intercompany
14 compensation be governed by their Interconnection
15 Agreement?

16 A. I left that open for that, the purpose being
17 that I wasn't clear as to whether or not there was the
18 ability of the Commission to order otherwise. I think
19 Commissioner Drainer asked all the attorneys to brief
20 that.

21 Certainly there's probably the option held
22 open that this Commission could perhaps make all
23 traffic in the MCA bill and keep, but I think that's
24 going to be contingent on what the attorneys might
25 find in rendering their Briefs.

1 Q. But in your testimony you indicated that
2 most likely that would be governed by the
3 Interconnection Agreement?

4 A. I think that's probably correct.

5 Q. And you make the comment that such traffic
6 would not be MCA traffic, the traffic exchanged
7 between carriers in the same exchange, and I think I
8 know what you meant by that but I just want to
9 clarify. You would still consider that call to be
10 within the calling scope of the MCA customers,
11 wouldn't you?

12 A. Yes. It's within the confines of the MCA
13 footprint, that's correct.

14 Q. Okay. Thank you.

15 Now I'd like to talk to you about, still
16 looking at your relationship as GTE exchanging MCA
17 traffic and other traffic with CLECs operating in
18 other areas. Okay. And if this Commission were to
19 order that the intercompany compensation methodology
20 for MCA traffic exchanged between GTE and CLECs in
21 other exchanges and non-GTE exchanges was bill and
22 keep, and just as background, GTE does have access
23 tariffs in place, correct?

24 A. Yes.

25 Q. And assuming that the Commission makes clear

1 that any non-MCA traffic, nonlocal traffic exchanged
2 between GTE and a CLEC operating in non-GTE exchanges
3 would be subject to access under those tariffs, do you
4 see the need for any other arrangement for the
5 exchange of traffic between GTE and those CLECs?

6 A. If I followed your question correctly, I
7 would say probably not, because my recommendation is
8 that CLECs be integrated into the MCA and in general
9 terms be treated exactly the way the ILECs are.

10 Q. So would you see any need for GTE in that
11 circumstance, having a determination that MCA traffic
12 would be bill and keep, other traffic would be subject
13 to GTE's access tariff and vice versa, the CLEC's
14 access tariff, would you see any need for GTE to
15 request any traffic to be blocked?

16 A. What traffic would you -- I guess I'm not
17 clear as to what you're suggesting GTE might request
18 blocked.

19 Q. That's what I was trying to identify is
20 whether there would be another category of traffic.
21 If MCA traffic going between GTE and CLECs in non-GTE
22 exchanges within the MCA is subject to bill and keep
23 and other traffic exchanged is subject to GTE's access
24 tariff and the CLEC's access tariff, is there another
25 category of traffic that would need to be blocked

1 pending further arrangements between the companies
2 regarding the exchange of traffic?

3 A. Let me answer it this way. In answer to
4 your question, I don't think so much, and the reason I
5 don't think so is because there would be a presumption
6 that MCA traffic that is truly MCA traffic in the pure
7 definition would be bill and keep. The other traffic
8 would either be what I'll describe as local local, for
9 example intraexchange, or it could be toll traffic
10 which would be subject to the switched access tariffs.

11 And I would have a presumption that the
12 originating carrier abide by the responsibility to
13 provide downstream records for the billing of that
14 traffic, and in that case I don't see any reason why
15 any traffic would have to be blocked with those
16 provisos.

17 Q. And likewise, if a carrier -- if a CLEC was
18 not only operating in non-GTE exchanges but also chose
19 to operate within GTE exchanges in the MCA areas and
20 had a negotiated or arbitrated and approved
21 Interconnection Agreement with GTE, would there be any
22 other arrangement that would be necessary for the
23 exchange of traffic between those companies?

24 A. I don't think so.

25 MR. LUMLEY: Thank you. That's all my

1 questions.

2 JUDGE DIPPELL: Nextlink?

3 MR. COMLEY: I have no questions, thank you.

4 JUDGE DIPPELL: Staff?

5 MR. POSTON: No questions, thank you.

6 JUDGE DIPPELL: Public Counsel?

7 MR. DANDINO: No questions, your Honor.

8 JUDGE DIPPELL: Southwestern Bell?

9 MS. McDONALD: I have just a couple.

10 CROSS-EXAMINATION BY MS. McDONALD:

11 Q. Good morning, Mr. Evans.

12 A. Good morning.

13 Q. In 1992, is my understanding correct that
14 you were with GTE?

15 A. That's correct.

16 Q. And while at GTE, did you participate in the
17 revenue neutrality discussions that took place when
18 the MCA plan was implemented?

19 A. I was in the pricing group. I did a lot of
20 the rate design calculations and things of that
21 nature. I was peripherally involved in the
22 discussions. Most of that was done by our regulatory
23 and governmental affairs group. I did have some
24 ancillary participation in conference calls and the
25 like, but my primary focus was on rate design.

1 Q. Okay. Could you tell me, was the loss of
2 toll revenue from calls from the mandatory zone to the
3 optional zones included in the calculation of revenue
4 neutrality when the MCA additive was determined?

5 A. We had a gargantuan spread sheet that had a
6 lot of things on it. One of them was the lost toll on
7 the return traffic from the center zone out to the
8 optional tiers, that's correct.

9 Q. Okay. So it would be fair to say that the
10 additive reflected the amount of lost toll that would
11 have occurred once the MCA plan was implemented?

12 A. Yes, with a qualification. It's not as
13 direct as some of the more simple revenue neutrality
14 calculations that we've all experienced in other
15 programs. There were numerous puts and takes.

16 But I think I would be safe to say that the
17 rates in the optional tiers certainly were said to
18 recover at least a portion of the revenue requirement,
19 and part of that revenue requirement would be the lost
20 toll. So I think in that logical progression you
21 could say yes.

22 MS. McDONALD: That's all the questions I
23 have.

24 JUDGE DIPPELL: Cass County?

25 MR. ENGLAND: Yes, please.

1 CROSS-EXAMINATION BY MR. ENGLAND:

2 Q. Mr. Evans, I think in response to questions
3 from the attorney for McLeod you indicated that GTE
4 has, and I'll use the phrase turned up CLEC NXXs in
5 the principal and Tiers 1 and 2 zone of the MCA for
6 purposes of receiving your customers' MCA calls and
7 completing your customers' MCA calls. Do you recall
8 that?

9 A. Yes, I recall that conversation.

10 Q. And I guess my question to you is, how did
11 you or how did GTE know to turn up those NXXs?

12 A. You first of all have to understand, we're
13 not looking at the NXXs specifically in terms of is it
14 an MCA NXX. Our tariff specifies that call from our
15 MCA customers, for example in Wentzville Tier 5, to a
16 center zone tier is an MCA call to all customers in
17 that area. So I don't believe -- our tariff doesn't
18 differentiate who serves that customer.

19 My understanding in talking to our industry
20 affairs people is that we get perhaps notification of
21 a new NXX code through the terminating point master as
22 well as checking in the Local Exchange Routing Guide,
23 the LERG. And in an entry in the LERG, there is a
24 notification of route like, and we might see route
25 like next to that NXX code which gives us the location

1 of that code.

2 We also look at the wire center that that
3 code exists in. If we find that there's a new code in
4 the Bridgeton exchange, for example, we know that our
5 customers can call the Bridgeton exchange because of
6 its wire center location.

7 Q. Would you agree with me that there is no
8 centralized entity, if you will, that administers or
9 tells the parties which NXX codes are MCA and which
10 are not?

11 A. I don't believe there's a formalized process
12 for that, no.

13 Q. Today?

14 A. Not that I'm aware of at least.

15 Q. What would you do in the -- to the extent a
16 CLEC does exist today in the optional tiers, how is
17 GTE handling those CLEC NXXs?

18 A. I don't know how much of that exists, but
19 the process I've described to you is the only process
20 that I'm aware that we have.

21 Q. Would you automatically turn up a CLEC NXX
22 in an optional tier today?

23 A. Dependent on the direction of the call. For
24 example, we're in Tier 4 and 5. So any CLEC that
25 exists in Tiers 4, 3, 2, 1 and principal zone would

1 get calling from our MCA customers because that
2 calling is controlled by our tariff to all customers,
3 and that's, to my knowledge, the only CLECs that have
4 located have been in Tiers 3, 2 1 and principal zone.

5 Q. Okay. Well, what if the CLEC popped up in a
6 Tier 4 or Tier 5 where your tariff requires the MCA
7 calling to be identified by an MCA NXX? Do you see
8 what I'm saying?

9 A. Well, let me give you a Tier 5 example. In
10 the Tier 5 example, we have not treated CLECs as MCA
11 participants heretofore, and I think that's what this
12 case is about. We've advocated the inclusion of
13 CLECs, and on a prospective basis, assuming the
14 Commission agrees with my position, we will begin
15 treating those NXX codes as MCA codes.

16 Q. And following up, then, on that, my
17 understanding is you, at least for the time being,
18 recommend the continuation of the bill and keep
19 intercompany compensation arrangement for all MCA
20 traffic including CLECs?

21 A. That's correct.

22 Q. And I want to make sure I understand your
23 understanding of bill and keep, and I believe you've
24 been here through the cross-examination of witnesses
25 Cadieux and Cowdrey; is that correct?

1 A. Correct.

2 Q. And my questions to them regarding bill and
3 keep?

4 A. Yes.

5 Q. And Southwestern Bell witness Hughes?

6 A. Yes.

7 Q. And again his understanding with respect to
8 bill and keep?

9 A. Right.

10 Q. Trying to shorten this up as much as I can,
11 would you say your understanding of bill and keep is
12 more in line with those of Mr. Cadieux and Hughes
13 or -- excuse me -- Mr. Cadieux and Cowdrey or
14 Mr. Hughes?

15 A. My recommendation is the bill and keep
16 arrangement as it is today, which I think is the same
17 as Mr. Cowdrey's, is what we should use on a
18 prospective basis.

19 MR. ENGLAND: Thank you. No other
20 questions.

21 JUDGE DIPPELL: MITG?

22 MR. JOHNSON: Thank you.

23 CROSS-EXAMINATION BY MR. JOHNSON:

24 Q. Mr. Evans, GTE has exchanges in the optional
25 tiers of all three of the metropolitan calling areas?

1 A. That's correct.

2 Q. Are you getting any 92 records from CLECs
3 today?

4 A. I don't know that we are. I don't know one
5 way or the other to be honest with you.

6 Q. Does GTE have the ability at your end office
7 to distinguish a terminating MCA call from a
8 terminating toll call?

9 A. Where is the call coming from? Give me an
10 example. I think it would be easier.

11 Q. Coming from anywhere in the LATA, can you
12 distinguish -- a call terminating to GTE, can you
13 distinguish it -- can you tell from your terminating
14 facilities if it's an MCA call versus an intraLATA
15 toll call?

16 A. At our end office, I don't believe we can.

17 Q. Has GTE ever measured the difference between
18 the total intraLATA traffic terminating to your end
19 office as compared to what's reported to you for
20 compensation purposes?

21 A. I don't know that we have or have not. I
22 think part of that's being handled in the 593 case,
23 but I don't know that we've done that measurement.

24 MR. JOHNSON: That's all I have, your Honor.

25 JUDGE DIPPELL: Are there questions from the

1 Bench for Mr. Evans, Chair Lumpe?

2 CHAIR LUMPE: Just very briefly.

3 QUESTIONS BY CHAIR LUMPE:

4 Q. Mr. Evans, I think it's your rebuttal
5 testimony on page 5, and it's right down at the bottom
6 there, the last question actually, and you say, On the
7 balance the plan proposed by Staff seems to have more
8 advantages.

9 As a one-way calling plan, would it not be
10 possible for companies to have that plan in place
11 today, not called MCA, but to have a one-way calling
12 plan?

13 A. The answer, unfortunately, is yes and no.
14 Yes, it's possible to institute an unilateral one-way
15 calling plan, whereas MCA is a multi-lateral plan that
16 requires cooperation among the industry.

17 The rates that are in place for MCA I don't
18 think are necessarily able to be charged on a
19 unilateral plan because the fundamental foundation of
20 the MCA rate design is the notion of bill and keep for
21 exchange of traffic.

22 Q. Which rate would be higher, the one-way or
23 the additive? If you did a one-way, would that
24 necessarily require a higher rate or would it be a
25 lesser rate than the two-way plan with additives?

1 A. I think if you're talking about the Staff
2 proposal, I think there is a definite possibility for
3 some increase in the rates to the consumer.

4 If you're talking about a uni-- excuse me --
5 a unilateral plan offered by a company, I'd be hard
6 pressed to guess because I don't know what the
7 ramifications of that would be, but I would suspect
8 that those rates may actually have to be higher
9 because of the fact that the company would be paying
10 some terminating compensation.

11 Q. In looking at any possible changes to MCA,
12 should we be looking at the costs and whether there
13 should be changes in the additives or rates?

14 A. One of the -- one of the foundational
15 principles of the existence of MCA is that the
16 Commission in 1992 saw a need for some uniform
17 offering of a local calling plan in these metropolitan
18 areas, and the foundational mechanism that allowed
19 that to occur is this ordered relationship between the
20 parties.

21 If we were to begin looking at individual
22 company offerings and the costs associated with those
23 absent the ordered bill and keep arrangement, I'm
24 quite sure that the rates would go up because of the
25 fact that you would -- companies would begin paying

1 compensation on all the traffic that is heretofore
2 bill and keep.

3 If you're asking me should we be looking at
4 the cost to implement a plan like Staff has proposed,
5 we certainly have got to look at the changes that
6 would occur based on that plan.

7 Certainly changing to that plan would not be
8 cost-free, but I think that's why this Commission
9 should -- if you're interested in that plan, I think
10 you should establish an industry group to take a look
11 at all of those changes and then make the decision if
12 it's to benefit the consumer and the industry or is it
13 just frankly too expensive to do.

14 Q. I guess I'm just sort of wondering if a
15 one-way plan would be higher, then why would you do
16 that?

17 A. There's a couple of reasons, and the
18 advantages that I see in Staff's plan is, first of
19 all, as Mr. Voight points out, is that it would
20 eliminate a lot of the NXX problems that we have where
21 we have to assign potentially two NXXs per carrier in
22 order to differentiate traffic.

23 The other advantages to the consumer is that
24 now they would be able to call the entire population
25 of the MCA area. So that would be to consumer

1 benefit.

2 Simplification of billing. We would not
3 have to have our switch translations look at the
4 called party. We would simply take a look at the
5 class marking of the customer, the originating
6 customer and the wire center destination, which is
7 what you do on a typical calling plan.

8 So there are advantages in looking at it,
9 and I think it probably should be looked at. Having
10 said that, we may come to the conclusion that the
11 doggone thing is just too expensive, and that may be
12 the answer, but I just don't know.

13 Q. But if that is the case, then do you agree,
14 then, that the current rates and additives are not
15 cost-based and they don't necessarily cover the costs,
16 the residual?

17 A. I don't know of any recent cost study to
18 analyze that. They were -- it was certainly an
19 attempt to base them on revenue recovery and be
20 revenue neutral at the time they were established. So
21 to that extent, they are, but I don't think there's
22 any recent study to demonstrate that they are, quote,
23 unquote, cost-based, no.

24 MR. LUMLEY: Thank you, Mr. Evans.

25 JUDGE DIPPELL: Vice Chair Drainer?

1 QUESTIONS BY COMMISSIONER DRAINER:

2 Q. Good morning.

3 A. Good morning, Commissioner.

4 Q. You've had a fun week, huh?

5 A. Big fun.

6 Q. I need some clarifications. First of all,
7 is it your understanding that we're in this case
8 because we're trying to assure that the metropolitan
9 area is opened up to the CLECs without having any kind
10 of a competitive disadvantage or are we here because
11 there's an outcry from the public that they want a new
12 and improved MCA plan, or are we here for some other
13 reason that I'm not seeing?

14 A. I think it's the former rather than the
15 latter. I think we're here originally because of the
16 NXX code problems pointed out by the small carriers
17 and ultimately because the CLECs have pointed out the
18 need to be integrated into the MCA.

19 Q. So that's like the first step of what we
20 really need to be doing up here in this case?

21 A. Correct.

22 Q. When you have an exchange such as a Troy
23 exchange that calls Orchard Farm and you have an MCA
24 customer, they can call any -- they can call Orchard
25 Farm and it's recognized as a local call, anyone in

1 Orchard Farm or only MCA customers in Orchard Farm?

2 A. A GTE MCA customer in Troy can call the
3 entire exchange of Orchard Farm as a local call.

4 Q. All right. Now, if you have a customer
5 that's non-MCA --

6 A. In Troy?

7 Q. -- in Troy and they call Orchard Farm, you
8 pay terminating access?

9 A. That's a toll call and we pay Orchard Farm
10 terminating access.

11 Q. All right. Now, do you have to have an
12 agreement with Orchard Farm of any kind that you are
13 paying them terminating access or is that just done?

14 A. It's typically just done because of our
15 access tariffs. The fact of the matter is there has
16 to be some sort of an established relationship so that
17 the carrier, the receiving carrier can process the
18 records that are being sent. I mean, there has to be
19 an acknowledgement that if I send them 92-99s or if I
20 send them Category 11s, that they are able to process
21 those particular records.

22 Q. All right. Then if you have an
23 interconnection agreement with a CLEC and they want to
24 be in your Troy exchange and they want MCA, you would
25 propose that it be bill and keep so that if they were

1 calling Orchard Farm it would be seen as local and
2 there would be -- there would not be recognized or
3 need to be recognized as toll, correct?

4 A. Yeah. My recommendation would be that a
5 CLEC MCA customer in Troy would enjoy local calling to
6 Orchard Farm, that's correct.

7 Q. Now, if the CLEC has a customer who's not
8 MCA in Troy and they call Orchard Farm, they should
9 have to pay terminating access, correct?

10 A. Yes.

11 Q. Will they need an agreement with Orchard
12 Farm to pay them terminating access? I'm trying to
13 really understand. Does Orchard Farm have a way of
14 knowing that that CLEC is dropping a toll call to
15 them?

16 A. Absent the contact by that CLEC, I'm not
17 sure if they do. If I can give you an example of GTE
18 sending toll traffic to a CLEC in the center zone, for
19 example, which is occurring today, we're in the
20 process of establishing a relationship with AT&T's
21 local carrier to make sure that they are able to
22 process any toll records that we may send them.

23 And I think it's incumbent on the local
24 originator of traffic to initiate that process. If
25 they're going to be sending traffic, then they need to

1 insure that the terminating party is capable of
2 processing the records that they're going to send
3 them.

4 Q. So you would say it would be incumbent on
5 Orchard Farm to have to deal with the CLEC to make
6 sure that they could --

7 A. No. I mean, the CLEC who's going to
8 originate the traffic should insure that Orchard Farm
9 can process and receive whatever terminating records
10 they're going to be sending.

11 Q. Well, if a CLEC hasn't done that, then --
12 and if they didn't do that for GTE, what do you
13 believe GTE's option should be, to block the call
14 until it is done?

15 A. You're saying if a CLEC's in my territory in
16 Troy and they're transiting traffic, toll traffic to
17 Orchard Farm to be terminated, what's my
18 responsibility as the transiting carrier?

19 Q. What do you think the CLEC's
20 responsibility -- you say the CLEC's responsibility is
21 to let Orchard Farm --

22 A. That's correct.

23 Q. Well, if they don't, then what are the
24 options?

25 A. Well, for GTE, absent some Commission Order,

1 I'm not sure I have any.

2 Q. Well, what do you think your option should
3 be if the CLEC is in the center zone and wanting to
4 call out to GTE and you're the guy at the end and they
5 haven't worked out an agreement and they're somehow
6 dropping traffic and you're not getting records?

7 A. To my knowledge, our industry affairs people
8 have been attempting to hammer out those agreements,
9 and that's the only process that I'm aware of that
10 exists. There may be another process that exists. I
11 don't get square in the middle of interconnection
12 agreements, but I am aware that we're trying to hammer
13 out those types of arrangements.

14 Q. Okay. Well, I guess that's going to be my
15 request No. 2 in the Briefs because I believe I heard
16 Mr. Lumley's concerns when he was asking you about the
17 blocking issue, and I really do want to know if the
18 Commission is perceived as having the legal authority
19 to direct the CLECs to work out agreements with the
20 small ILECs, and then if they have an Interconnection
21 Agreement with you or Southwestern Bell, any other
22 large ILEC, that your Interconnection Agreements
23 basically say that they're supposed to work out
24 agreement with the small LECs and if they haven't, can
25 this Commission instruct you that you need to block

1 those calls until such time they give you proof that
2 they have worked out those agreements?

3 So I think maybe that is a legal question
4 because you're talking about from a practical sense
5 that ought to happen, and --

6 A. I was going to suggest that that's a legal
7 question.

8 Q. Yeah. Letting you off the hook. But I
9 appreciate the dialog, but I do think we need to know
10 how that -- how we move this competition forward on a
11 level playing field for all local exchange companies.

12 Now, I believe you were in here when I was
13 talking to Mr. Hughes about if we kept -- if this
14 Commission at this time were on an interim basis to
15 open up the market, ask that it be bill and keep, that
16 it have obviously the same calling scope because
17 that's what MCA is, and that the NXXs continue to be
18 designated segregated for MCA, do you believe that we
19 can move forward on this issue with instructions then
20 to ask for the parties and the industry to have a task
21 force to look at a long-term solution and would there
22 need to be revenue true-ups?

23 A. Yeah, I think that's a good solution. In
24 terms of revenue true-up, I'm presuming that you're
25 talking about whatever comes of our long-term

1 solution?

2 Q. Uh-huh.

3 A. Well, then I would agree with that, yes.

4 Q. I mean, does that need to be done? We can't
5 ignore that piece?

6 A. No, I don't think we can.

7 Q. With respect to your testimony, and it
8 should be the same terms and conditions, from what
9 you've heard this week, as long as the MCA is the
10 geographic footprint, the description of what it is
11 today as far as the local calling scopes, do you have
12 any concerns for any company offering MCA adding
13 exchanges as long as they, as Mr. Kohly had "The
14 Stuff", so they could have MCA plus stuff or whatever,
15 but that they had worked out other settlement
16 agreements and you were not being asked to consider
17 those as the -- under the same settlement agreement?

18 A. My fundamental concern is that if we begin
19 tinkering with MCA too much we destroy it, and I have
20 a concern for the several thousand customers I've got
21 who enjoy MCA today. I'm not in the market to take
22 that away from them.

23 That said, in going back to our original
24 task force prior to the institution of this formal
25 case, we talked about integrating CLECs on exactly the

1 same terms and conditions as the ILECs, and in my mind
2 that was a completely level playing field.

3 I agree with you that I think the geography
4 is clearly defined and should stay that way. And with
5 regard to "The Stuff", I suppose as long as the
6 plan -- for example, I think Gabriel has a plan
7 called, I heard the Millennium Plan or whatever that's
8 called. As long as the CLEC, I think, doesn't make an
9 attempt to characterize their MCA as a bigger and
10 better MCA, because I think Mr. Kohly said he doesn't
11 think it's a patented or proprietary name, maybe not
12 in a legal sense but certainly from the context of the
13 order in the minds of the customer it is what it is,
14 and I think it should be kept as a separate unit.

15 Frankly, I like Southwestern Bell's
16 methodology a little bit better where they have MCA
17 and then when they expanded they had a new thing that
18 you can buy, which I think is a better way to do it,
19 but I don't think doing what Gabriel did is
20 necessarily an evil thing or anything like that.

21 I do have a concern, frankly, in the
22 optional tiers, and I'm struggling to reconcile this,
23 that if a company offers "Stuff" for \$40, for example,
24 in the optional tiers, there's a rule in Chapter 33
25 that says that the rate for basic local exchange

1 service shall be clearly stated on every bill, and I'm
2 not sure how a company would do that if in Tier 4 or
3 something like that they're selling "The Stuff" and
4 somehow basic is buried in that. Functionally I think
5 I have a concern about that. Beyond that, I guess I
6 don't.

7 Q. So really what we're saying is -- or what
8 you're saying is that we freeze MCA in the name for
9 what it is, it's in the public interest that people
10 understand -- they understand now that is and that is
11 in the public interest for them to not be confused on
12 that?

13 A. Uh-huh.

14 Q. Additionally, it is an add-on. Anything
15 else that someone wants to add, additional services
16 they can add in the competitive environment, they can
17 work out their agreements, but it needs to be broken
18 out on a bill --

19 A. Right.

20 Q. -- in some title or term, that it's Local
21 Plus or whatever it is?

22 A. A CLEC could say, Buy MCA get three
23 exchanges free, you know, and that way not charge any
24 more for it and actually add on exchanges or
25 something, sure, but as long as it's segregated. And

1 I think there's an advantage, and I haven't thought it
2 completely through, but if you do keep MCA set apart,
3 I think your tracking and billing for traffic may be a
4 little bit easier.

5 Q. And finally, with respect to the MCA codes
6 and how they're to be administered, is that something
7 that could be dealt with in a task force for a
8 long-term solution or is it just your position that we
9 don't need to go to a third neutral party but just
10 continue with the LERG?

11 A. I think in the near term something has to be
12 done fairly soon. I've heard some folks talk about
13 everyone sending letters or acknowledging their
14 current codes, and that's probably a good thing to at
15 least start off with a baseline data set that
16 identifies all the codes because I think that needs to
17 be done rather rapidly in order to integrate CLECs
18 readily.

19 Long-term, I don't know that we have to have
20 some sort of a formal committee or coordinator for
21 that. I think the industry should take a look at
22 whether or not the LERG can be used to do this. I'm
23 told it can, although I'm not a LERG expert by any
24 stretch of the imagination, and we may come to the
25 conclusion that there needs to be a coordinator. I

1 don't know.

2 I will say -- I will say I think we need to
3 do something pretty quickly to solidify what codes are
4 and what codes aren't because that speaks to the
5 original, I won't say complaint, but original concern
6 of the small telephone companies about how do you
7 program your switch, and I think that needs to be
8 taken care of.

9 Q. And that's the passing of information?

10 A. Correct.

11 Q. So whether it's -- so it would be making
12 sure that everybody does share which NXXs they're
13 using and segregating as MCA that every local exchange
14 carrier and carrier of local exchange in the MCA
15 carries?

16 A. Right.

17 Q. And I heard a lot of discussion in here on
18 the bill and keep, that under the Federal Act that
19 bill and keep is appropriate if it's basically equal
20 percentage traffic, but you have a right to another
21 type of settlement.

22 So I guess I'm also wondering, is it that
23 bill and keep can be used now but in the future that
24 it really, after traffic studies or studies that were
25 done by all the parties, is going to have to be

1 something else?

2 A. The traffic if we're talking about what
3 today is truly MCA traffic, for example from a GTE
4 Wentzville exchange to a customer in center zone is
5 truly an MCA call, assuming it's a GTE MCA customer, I
6 would -- I would say that the only reason the MCA plan
7 exists at all is because that traffic is deemed to be
8 bill and keep.

9 If we move to a reciprocal compensation for
10 that traffic, we effectively destroy MCA. I don't see
11 any way around that, because it didn't exist before we
12 deemed that to be bill and keep, and I submit that it
13 won't exist after we deem that to be reciprocal comp
14 simply because the -- certainly not at the rates that
15 exist today.

16 Q. And with your knowledge of your customers
17 and the current MCA that's in place, is it in the
18 public interest, in your view, that we keep MCA and
19 that bill and keep, if that's a part of it, that we
20 must do that so that we can keep -- so that we keep
21 MCA in the metropolitan areas?

22 A. I think it was deemed to be in the public
23 interest in '92, and I think you could make that same
24 argument today, yes.

25 COMMISSIONER DRAINER: Thank you. I have no

1 other questions.

2 JUDGE DIPPELL: Chair Lumpe, you have
3 additional questions?

4 CHAIR LUMPE: Just a follow-up.

5 FURTHER QUESTIONS BY CHAIR LUMPE:

6 Q. Do I hear you express concern about basic
7 local being bundled in "Stuff"?

8 A. Yeah.

9 Q. Would you comment on that?

10 A. The concern I have, and I'm trying to work
11 it through in my own mind, Mr. Kohly talked about and
12 a number of people talked about how a CLEC wishes to
13 actually take MCA and create this bundled service
14 offering to where you don't charge a -- for example,
15 GTE today charges a customer a residential one-party
16 rate of whatever it is, and then we also charge them
17 an MCA rate, and when the customer gets their bill
18 they see both of those.

19 There is a section in Chapter 33 billing
20 rules that says every bill shall clearly state, and
21 one of those things is the rate for basic local
22 exchange service. And my reading of that means that I
23 have to continue to show whatever my basic local
24 exchange service rate is.

25 And if in the optional tiers and arguably in

1 the inner tiers where "Stuff" might be the basic
2 service for that, in the optional tiers I don't know
3 that that's necessarily the case. And I'm only a
4 virtual attorney so I can't go too far, but it seems
5 to me that if you bundle everything together in the
6 optional tiers you may not be in compliance with that
7 rule, and I struggled with that idea a little bit.

8 MR. LUMLEY: Thank you.

9 JUDGE DIPPELL: Is there recross based on
10 questions from the Bench from Sprint?

11 MS. GARDNER: Yes, there are, thank you.

12 RECROSS-EXAMINATION BY MS. GARDNER:

13 Q. Mr. Evans, I want to get back to this
14 blocking notion, and not from the legal perspective
15 but more from a practical perspective. And I believe
16 you were talking about a Wentzville GTE exchange
17 calling, for example, the Orchard Farm exchange.

18 Today if it's a GTE MCA customer calling an
19 Orchard Farm MCA customer, it's all bill and keep and
20 that's pursuant to the TO-92-306 Order, and there's
21 nothing else, no other agreement to do that; is that
22 correct?

23 A. Correct.

24 Q. If it's a GTE non-MCA subscriber, then it's
25 a toll call to the Orchard Farm customer; is that

1 correct?

2 A. That's correct.

3 Q. And it's passed and paid for under Orchard
4 Farm's access tariff; is that correct?

5 A. That's correct.

6 Q. And the relationship that you were talking
7 about that had to be established, is that, I think,
8 what's called an ASR?

9 A. The Access Service Request is in -- I'm
10 stretching my knowledge a bit now, but I've always
11 associated that with originating access where a
12 carrier, a toll carrier might enter our exchange and
13 seek to originate toll and they would give us an ASR
14 in order to do that.

15 I don't know that an ASR exists for GTE, for
16 example, to send traffic to a terminating LEC. That
17 may be part of that process. I don't know for sure.

18 But typically I do know that particularly
19 with an emerging carrier we typically have to hammer
20 out -- or I won't say hammer out. It's not like it's
21 a big deal, but we have to at least enter in a
22 relationship where we're assured that when we hand
23 them a record they are capable -- we don't want to
24 send them an 11 record when they can process 92s or
25 send them a 92 when they can process 11s or something

1 of that nature.

2 Q. So how has GTE established this relationship
3 for terminating access?

4 A. I think we've had a historical relationship
5 and in terms of -- in terms of the relationship of
6 trading records, I think we're squarely in the middle
7 of that following the PTC case and now in the 593 case
8 of solidifying that, and that may be the case in which
9 CLECs could finalize some of their agreements.

10 Q. And, in fact, in 593 aren't the parties
11 looking at whether the terminating records reflect all
12 of the traffic and properly identify who the
13 originating carrier is, including whether it's a CLEC
14 or a wireless or the ILEC?

15 A. Part of that case is to reconcile total
16 terminating traffic with originating records, that's
17 correct.

18 Q. And insure proper identification of who the
19 originating carrier is in order to insure proper
20 billing of the originating carrier; isn't that
21 correct?

22 A. Yeah. At least in part, that's the case.

23 Q. And the parties are in the process of
24 working on that docket as we speak?

25 A. That's correct.

1 Q. Now, if we add a CLEC to the mix and we add
2 a CLEC into the Wentzville exchange and it's a CLEC
3 MCA customer, the Commission's let them in, it's a
4 CLEC MCA customer. I believe you testified that with
5 respect to that CLEC traffic to the MCA Orchard Farm
6 customer, it should be local bill and keep just as the
7 ILECs do today; is that correct?

8 A. With the presumption that the Commission
9 integrates CLECs into the MCA, yes, that would be
10 correct.

11 Q. And no additional relationship in order to
12 do that?

13 A. I wouldn't think so, no.

14 Q. Now, if it's a non-CLEC MCA customer or
15 non-MCA CLEC customer, let me put it that way, you had
16 talked with Commissioner Drainer about the possibility
17 of blocking that traffic to Orchard Farm until there's
18 a relationship established. Do you recall that
19 discussion?

20 A. I believe she said something about blocking,
21 and I said to the extent that GTE -- I think GTE would
22 need some sort of an order to do that. That's not
23 something we take on as a routine responsibility.

24 Q. And the CLEC -- in order for GTE to be
25 technically capable of blocking that traffic, the CLEC

1 would have to use your facilities?

2 A. Yes, they would have to use our facilities.

3 Q. Is the blocking an all or nothing, or can
4 you distinguish the CLEC originated local traffic
5 versus the CLEC originated toll traffic to block or
6 would you block everything out of that CLEC?

7 A. I don't know for sure.

8 Q. In fact, that CLEC may not be the provider
9 of that 1+ traffic; isn't that correct? I mean, the
10 customer may choose someone else to use?

11 A. If you assume the CLEC has equal access, it
12 could be any toll provider.

13 MS. GARDNER: That's all I have.

14 JUDGE DIPPELL: AT&T?

15 MR. DeFORD: No questions.

16 JUDGE DIPPELL: Intermedia?

17 MR. STEWART: No questions.

18 JUDGE DIPPELL: Birch?

19 MR. MIRAKIAN: No questions, your Honor.

20 JUDGE DIPPELL: McLeod?

21 MR. KRUSE: No questions, your Honor.

22 JUDGE DIPPELL: Gabriel?

23 MR. LUMLEY: Thank you, your Honor.

24 RECROSS-EXAMINATION BY MR. LUMLEY:

25 Q. Following up on the record exchange

1 questions, currently does GTE exchange any records
2 with Orchard Farm with respect to the termination of
3 MCA traffic in the Orchard Farm exchange?

4 A. Of MCA traffic?

5 Q. Yes.

6 A. No.

7 Q. And with respect to the exchange of toll
8 traffic or access traffic, whichever way you want to
9 look at it, what records are exchanged in the state of
10 Missouri today between companies?

11 A. Pursuant to the Order in -- I don't remember
12 the number of the PTC case. I think it's the 254
13 docket -- the former PTCs were required for their
14 traffic to render Category 11 records with the small
15 telephone companies.

16 Q. Does the transiting carrier have a role in
17 the delivery of Category 11 records?

18 A. Does the transiting carrier?

19 Q. Do you understand my question?

20 A. It is the responsibility of the originating
21 LEC to cut the Category 11 records as I understand the
22 process.

23 Q. Okay. But does the transiting carrier play
24 a role in the delivery of those records to the
25 terminating carrier?

1 A. I don't think so. Not necessarily. I mean,
2 if I'm the originating LEC and the transiting carrier,
3 by definition I do that. If I'm the originating LEC
4 but someone else is the transiting carrier, I don't
5 know that the transiting carrier bears that
6 responsibility. I'm not that familiar with it since
7 we haul all of your own intraLATA toll traffic.

8 Q. Are a Category -- when we talk about
9 Category 11 records, are we talking about paper
10 documents that are being transmitted?

11 A. GTE is putting in place a process to do it
12 electronically, I believe. You're starting to get
13 close to the edge of my knowledge base, but I --

14 Q. But today it's the exchange of paper?

15 A. No. We did not -- we never went from --
16 this is in the context of the results of the PTC
17 docket and moving into the protocols docket, which is
18 the 593 case.

19 There was an industry -- a set of industry
20 meetings to hammer out how we were going to do that.
21 We ultimately arrived at the decision to use
22 Category 11 records. For a transition period some
23 companies offered to use paper reports while they
24 developed Category 11 records.

25 GTE decided to move immediately to Category

1 11 records as opposed to developing -- because we
2 didn't have a paper report. So we moved immediately
3 to, as I understand it, to electronic Category 11
4 records, which my understanding is we've recently
5 began shipping all those to all of the small carriers.

6 Q. Okay. And when you say electronic, are we
7 talking about information that's transmitted through
8 the network with the traffic or information that's
9 transmitted electronically in a separate method?

10 A. You're real close to the edge of my
11 knowledge base, counsel, but I don't believe it's
12 transmitted simultaneously with the traffic.

13 Q. So it's more like some of kind of a monthly
14 report?

15 A. Correct. It would be done, it would be
16 rendered on a monthly basis.

17 Q. And the 92-99 records that have been
18 discussed in the case, is that a similar exchange,
19 some kind of periodic exchange as opposed to
20 information that flows with the traffic?

21 A. I believe that's a periodic exchange. It's
22 not something that happened simultaneous with the
23 call, no.

24 Q. And does the transiting -- is there a
25 transiting carrier involved in that that's responsible

1 for assisting in the delivery of that kind of report?

2 A. In principle, I think that would be the same
3 way as what we're doing with the Category 11s.

4 Q. You talked about separating charges on bills
5 under a Commission rule. Do you recall that?

6 A. Uh-huh.

7 Q. Is it your understanding that the MCA
8 additive rate is for a basic local service?

9 A. In the optional tiers?

10 Q. Correct.

11 A. I wouldn't think so. I think it's an
12 ancillary rate.

13 Q. So you weren't meaning to suggest that that
14 particular rate couldn't be bundled with other rates?

15 A. Oh, no. You could, for example, have a
16 residential rate of, let's say, \$10 and then you could
17 have all the other stuff as one rate, yeah.

18 Q. And finally, there were some questions about
19 revenue true-ups, and I wasn't sure I understood your
20 response. Do you see the need for any kind of a
21 revenue true-up process related to the admission of
22 the CLECs into the MCA plan, that particular action?

23 A. All things remaining equal, no. What I was
24 talking with Commissioner Drainer about is if we move
25 forward and we revamp MCA, for example.

1 Q. Like with MCA-2 or something like that?

2 A. Or whatever, yes. Then definitely we'll
3 have to take a look at some true-ups or neutrality or
4 whatever you want to call it.

5 MR. LUMLEY: Thank you. That's all my
6 questions.

7 JUDGE DIPPELL: Nextlink?

8 MR. COMLEY: No questions.

9 JUDGE DIPPELL: Staff?

10 MR. POSTON: No questions.

11 JUDGE DIPPELL: Public Counsel?

12 MR. DANDINO: No questions, your Honor.

13 JUDGE DIPPELL: Southwestern Bell?

14 MS. McDONALD: I have just a couple.

15 RE-CROSS-EXAMINATION BY MS. McDONALD:

16 Q. Mr. Evans, when you were discussing the
17 examples with Commissioner Drainer of a call going
18 from Troy to Orchard Farm from a non-MCA GTE
19 customer --

20 A. Toll call?

21 Q. A toll call. Does -- is GTE directly
22 connected with Orchard Farm?

23 A. I don't think they subtend our tandem. I
24 don't have intimate knowledge of all of our subtending
25 arrangements, but my recollection is that Orchard Farm

1 subtends to Southwestern Bell.

2 Q. So Southwestern Bell would perform the --
3 would be the transiting carrier for that call?

4 A. I think we originate it at our tandem, hand
5 it off to your tandem and you drop it at Orchard Farm.

6 Q. And when SWBT transports that call, is SWBT
7 compensated for that call?

8 A. If it's a toll call?

9 Q. Uh-huh.

10 A. I think there's a -- I think there is a
11 compensation mechanism between the tandem arms.

12 Q. Okay. And then my last question is just a
13 clarification question. When you were discussing with
14 Commissioner Drainer the other Southwestern Bell plan
15 besides MCA service, the one that you were referring
16 to was Local Plus; is that correct?

17 A. Yeah, that's correct.

18 MS. McDONALD: Thank you.

19 JUDGE DIPPELL: Cass County?

20 MR. ENGLAND: Oh, yes.

21 RECROSS-EXAMINATION BY MR. ENGLAND:

22 Q. One of my many faults is not being able to
23 leave well enough alone. I want to talk about
24 records, passing of records --

25 A. Okay.

1 Q. -- things of that nature. Let's use the
2 Wentzville. Is that your tandem by the way?

3 A. I believe it is, yes.

4 Q. Let's assume for purposes of my question
5 that you do have a tandem in Wentzville.

6 A. All right.

7 Q. That your assumption a minute ago is
8 correct, that a call to Orchard Farm is handed off
9 from your tandem to Southwestern Bell's tandem and
10 then finally terminated to Orchard Farm.

11 A. That's the way I understand it to work.

12 Q. Let's take a 1+ intraLATA toll call from
13 Wentzville through the Southwestern Bell tandem to
14 Orchard Farm carried by GTE the LEC.

15 A. Okay.

16 Q. Under today's situation, post-PTC
17 environment, you create an originating record for that
18 call, do you not?

19 A. Correct.

20 Q. And you pass a 92 record to Southwestern
21 Bell so that they can bill you their portion of the
22 transport, if you will?

23 A. My understanding is that we are still using
24 92s for purposes of tandem-to-tandem compensation,
25 correct.

1 Q. Between the former PTCs?

2 A. Correct.

3 Q. And they bill you transport out of their
4 intrastate access tariff?

5 A. I would assume that's correct. I don't know
6 that for sure.

7 Q. And then you pass a Category 11 record to
8 Orchard Farm so they can bill you the terminating
9 piece of that call pursuant to their intrastate access
10 tariff?

11 A. Correct.

12 Q. That gets to a question that Mr. Lumley had
13 asked you. In today's post-PTC environment, the
14 transiting carrier, in this case Southwestern Bell,
15 does not pass originating records up or downstream,
16 depending on your view?

17 A. No. That's the -- that's the purview or the
18 responsibility of the originating carrier, which is
19 me.

20 Q. Now, if that same Wentzville customer has
21 chosen AT&T as their intraLATA --

22 A. Okay.

23 Q. -- toll carrier -- they still can do that,
24 can't they?

25 A. Yes, they can.

1 Q. -- makes the same call to Orchard Farm, it
2 also hits your tandem in Wentzville but gets sent on
3 to AT&T's network at that point?

4 A. Unless they've directly connected to my end
5 office, I think that would be correct.

6 Q. I'm sorry. I'm talking about a customer in
7 Wentzville, and I just assumed your switch there was
8 both a tandem and a --

9 A. Right. One way or another it's going to hit
10 my one-hundred switches there in Wentzville.

11 Q. So it leaves Wentzville, goes to AT&T's
12 facilities?

13 A. Right.

14 Q. AT&T terminates it to Southwestern Bell's
15 tandem in St. Louis, and Southwestern Bell sends that
16 call on to Orchard Farm, and I'm assuming Orchard Farm
17 is an end office, not a tandem. Would you agree with
18 me?

19 A. Well, I'm going to accept that that's the
20 way that call goes because I don't know for sure.

21 Q. Okay. Well, let's assume that for purposes
22 of my questions, because what I really want to do is
23 understand the record flow. In that case, you don't
24 create an originating record that you pass on to
25 anybody, do you, 1+ call --

1 A. No.

2 Q. -- handled by AT&T?

3 A. I would not.

4 Q. What's created at the terminating tandem in
5 Southwestern Bell's office is a Category 11 record
6 when that call enters its network from AT&T's,
7 correct?

8 A. I can tell you that that's what happens when
9 an IXC call terminates at our end office and we hand
10 it off. So I presume that's what happens at
11 Southwestern Bell.

12 Q. Fair enough. Then you as that end tandem
13 owner, if you've got a third-party LEC behind you,
14 transmit that Category 11 record. In this case Bell
15 would transmit the Category 11 record to Orchard Farm
16 for which they bill AT&T for their terminating portion
17 of the call pursuant to their intrastate access
18 tariff?

19 A. Correct.

20 Q. Now, the distinction I want to make is, the
21 call to AT&T was over the Feature Group D network, and
22 the call that you-all handled was over the LEC-to-LEC
23 Feature Group C network that we've heard so much about
24 in all these proceedings?

25 A. That's correct.

1 Q. And under the Feature Group C arrangement,
2 originating records are passed to the terminating
3 carrier for compensation purposes?

4 A. That's correct.

5 Q. In the Feature Group D example, it's
6 actually records of the terminating tandem that are
7 created and from which access bills are rendered?

8 A. That's correct.

9 Q. Now let's take the MCA. Now we're going to
10 overlay the MCA situation.

11 A. All right.

12 Q. And we're in Wentzville again, and it's an
13 MCA customer making --

14 A. A GTE MCA customer?

15 Q. Yes.

16 A. Okay.

17 Q. Yes. I haven't introduced a CLEC into your
18 Wentzville area yet.

19 A. Thank you.

20 Q. GTE MCA customer calling Orchard Farm.
21 Again, that call was carried over the Feature Group D
22 LEC-to-LEC network, you hand it off to Southwestern
23 Bell in St. Louis and they get it to Orchard Farm?

24 A. Correct.

25 Q. And there's no compensation on that path

1 that you pay to either Southwestern Bell or Orchard
2 Farm?

3 A. That's a bill and keep call.

4 Q. And that's a seven-digit or ten-digit dialed
5 call?

6 A. That's correct.

7 Q. Non-1+. Okay. Now I think I want to
8 introduce the CLEC into your exchange.

9 A. All right.

10 Q. And they directly connect with you in
11 Wentzville. Presumably you'll have an Interconnection
12 Agreement for that arrangement?

13 A. Are we assuming that they drop the switch in
14 there?

15 Q. Switch or they're purchasing the network
16 elements, the switch elements from you to do that.
17 I'm not sure how that works.

18 A. Okay. We just go down the line.

19 Q. What I want them to be is a facilities-based
20 CLEC.

21 A. Okay. The easiest way is to say they drop
22 the switch in.

23 Q. Fair enough. And they want to play in the
24 MCA.

25 A. Right.

1 Q. And the Commission has said they can under
2 the same terms and conditions as everybody else does
3 today.

4 A. Okay.

5 Q. An MCA call by the CLEC customer, would that
6 go through your switch because they're directly
7 connected, interconnected?

8 A. Not typically, because GTE has a policy of
9 not terminating CLEC traffic beyond the subtending
10 offices of its original tandem.

11 Q. Okay.

12 A. So if they did, I suspect there would have
13 to be a downstream arrangement made before we would
14 agree to do that.

15 Q. A downstream agreement between who?

16 A. We would have to have to see an agreement
17 where the CLEC has agreed to some mechanism for
18 accounting for that traffic. Well, see, I'm thinking
19 now in terms of a toll call.

20 Q. I was going to say --

21 A. Let me back up and think in terms of an MCA
22 call. I don't think at this point GTE terminates --
23 would terminate MCA traffic beyond our original
24 tandem. I don't think we'd do that on a tandem to
25 tandem basis, but I'd have to say that's subject to

1 check.

2 Q. Even though the Commission's told you that
3 CLECs are permitted to participate in the MCA on the
4 same terms and conditions?

5 A. Yeah. And that's a -- that's an issue that
6 frankly I haven't explored. I haven't gone that far
7 yet.

8 Q. Okay.

9 A. I mean, if that's what we have to do, that's
10 what we have to do. But at this point we generally do
11 not terminate CLEC traffic beyond our original tandem.

12 Q. Let's assume that the Commission has
13 directed you to do that either directly or indirectly.

14 A. Okay.

15 Q. And you are going to take that CLEC's MCA
16 subscriber's call, get it to the Southwestern Bell
17 tandem and then on to the Orchard Farm customer.

18 A. Okay.

19 Q. Again, if they're playing under the same
20 rules as we have today, that's a bill and keep
21 arrangement?

22 A. Correct.

23 Q. And there's no compensation that the CLEC
24 owes to Southwestern Bell or to Orchard Farm for
25 completing that call?

1 A. Should be a pure bill and keep call.

2 Q. Okay. Now, let's take the CLEC non-MCA
3 subscriber. As I understand, again, same rules as
4 today and overlaying maybe your requirements under
5 your Interconnection Agreement, they may not go
6 through your switch. They may have to make other
7 arrangements to get that call to Orchard Farm?

8 A. That's correct.

9 Q. And I think this gets to a question somebody
10 asked you before, but unless they're sending
11 originating records or Southwestern Bell is recording
12 at their tandem in St. Louis and passing those records
13 on to Orchard Farm, Orchard Farm has no idea who sent
14 that call or what to bill, correct?

15 A. Unless they cut an originating record or
16 they popped out their traffic to an IXC, that would be
17 correct.

18 Q. That was going to be my next question.
19 Let's assume the CLEC carries it on a seven or
20 ten-digit dial basis. Unless they create an
21 originating record, pass it to Orchard Farm or a
22 record is created at the terminating tandem that's
23 passed to Orchard Farm, Orchard Farm has no knowledge
24 of that?

25 A. You said seven or ten digits, and we were

1 talking about a non-MCA customer.

2 Q. Right.

3 A. Okay. So if we've got a non-MCA customer,
4 it's a seven or ten-digit dialed basis.

5 Q. It's their "Stuff"?

6 A. It's their "Stuff". First of all, I don't
7 think we would carry "Stuff" as a toll call, and I
8 presume that they would have to have an underlying
9 carrier to do that.

10 But your contention is still correct.
11 Unless there's an originating record or it hits Bell's
12 switch as an IXC call, Orchard Farm I don't think
13 would have a way of identifying that call for access.

14 Q. If, however, that CLEC non-MCA subscriber
15 dials a 1+ call that's carried by an interexchange
16 carrier, presumably it would follow or at least end up
17 following the same path as the 1+ call handled by AT&T
18 out of your exchange today, and that is it would go
19 through the terminating tandem at which Category 11
20 records would be created and passed downstream or
21 upstream, however you want to look at it, to Orchard
22 Farm for billing?

23 A. If it's carried to Bell as an IXC call, I
24 think that process would work that way.

25 Q. I'm going to shift gears on you. In

1 response to a question I believe from -- I'm not sure
2 if it was Chair Lumpe or Commissioner Drainer, but
3 there was a discussion about moving from a bill and
4 keep to maybe a different type of intercompany
5 compensation arrangement based on minute of use.

6 Would you agree with me that one of the
7 major impediments to creating any kind of expanded
8 calling plan in the metropolitan area before the
9 Commission mandated MCA was the fact that intercompany
10 compensation arrangement was based on a minute of use
11 or usage type basis?

12 A. Well, yeah, that's correct.

13 MR. ENGLAND: Thank you. No other
14 questions.

15 JUDGE DIPPELL: MITG?

16 MR. JOHNSON: No, thank you.

17 JUDGE DIPPELL: Commissioner Drainer, you
18 had an additional question?

19 COMMISSIONER DRAINER: Yeah.

20 FURTHER QUESTIONS BY COMMISSIONER DRAINER:

21 Q. I won't leave well enough alone either. I
22 just want a clarification on what Mr. England asked
23 you with respect to if there was a CLEC in your
24 Wentzville exchange that carried a non-MCA call to
25 Orchard Farm and because of their own switch they were

1 able to do it without a 1+ call, can they do that?

2 A. Well, you can program your switch to
3 transport traffic pretty much any way you want, but
4 you have to account for it. Typically toll traffic is
5 used by 1+ to tell the switch where to direct the toll
6 call to a toll trunk or something like that and local
7 traffic goes somewhere else.

8 Risking my accreditation as an electrical
9 engineer, which I'm not, I think you can get --

10 Q. What are you?

11 (Laughter.)

12 A. It's a really long story, Commissioner.

13 I presume that you could program a switch to
14 handle a particular call and pop that call out if you
15 wanted to based on that dialing pattern. I don't know
16 how else the CLECs would propose to do what they're
17 planning on doing. If they're planning on making all
18 calls "Stuff" and all of it seven or ten-digit dialed,
19 then presumably even those calls that are handled as
20 toll calls have to be able to be dialed that way by
21 the end user.

22 So I suppose you could do your translations
23 to say if it's going to Wentzville, which is an MCA
24 exchange, it's a seven and ten-digit dialed local
25 call. If it's going to Washington, Missouri, it's a

1 seven and ten-digit dialed but I'm going to put it on
2 my toll trunks because it has to be accounted for as a
3 toll call. I think that's the way you could do the
4 translations.

5 Q. But if they chose not to put it on the toll
6 but to go through -- I mean, I guess I was
7 concerned --

8 A. I'm not sure how that call would be
9 terminated.

10 Q. I guess I was just concerned because --
11 maybe I misunderstood. You're not saying that any
12 current CLEC that's operating in Missouri but looking
13 to the future and with competition, one of the
14 concerns is you can get fly-by-night operations in.
15 Is it possible to have someone come in with a switch
16 and pass traffic where they then are not accountable
17 for terminating access when it really isn't part of
18 the MCA?

19 A. In my experience, somebody can get the
20 network to do practically anything they want it to do.

21 Q. Which I suppose then brings me back to the
22 importance of the necessity of CLECs having agreements
23 with all current LECs that they would be dropping
24 traffic to. That's why you're hammering out your
25 agreements, right?

1 A. Right. And in our Interconnection
2 Agreements it does specify that the CLEC that we're
3 interconnected with should have -- I don't remember
4 what the wording is, but should be capable of
5 notifying all people in the downstream end of the call
6 that the call existed. It's fairly generic language.

7 COMMISSIONER DRAINER: Okay. Well, I have
8 no other questions.

9 JUDGE DIPPELL: Are there any additional
10 cross-examination questions based on the
11 Commissioner's last questions?

12 MR. LUMLEY: I do.

13 JUDGE DIPPELL: Is there anyone else?
14 Gabriel.

15 MR. LUMLEY: Thank you, your Honor.

16 FURTHER RECROSS-EXAMINATION BY MR. LUMLEY:

17 Q. Just to follow up on that, currently today
18 we have a live example of a carrier that is allowing
19 customers to dial on a local basis for non-MCA calls
20 and that's the Local Plus plan, correct?

21 A. Yeah. Local Plus is intraLATA and it's
22 dialed on a seven and ten-digit basis.

23 Q. Do you know for -- and we've had discussions
24 that there are actually customers that subscribe to
25 both MCA and Local Plus at the same time.

1 So do you know what happens to a Local Plus
2 call that's not MCA traffic? Customer's dialing on a
3 local basis but it's going to another -- it's
4 terminating to another LEC's facilities. Do you know
5 what's going on so that that terminating LEC knows,
6 even though it was dialed as a local call, that
7 they're receiving an access call?

8 A. Bell is sending us 92 records on those
9 calls.

10 Q. Is that happening uniformly, as far as you
11 know?

12 A. We're getting them. I mean, I presume that
13 Bell is doing it uniformly, but we're getting 92
14 records regularly.

15 Q. And with regard to the concern about
16 carriers misidentifying traffic as local to avoid
17 access charges, would you agree that if the Commission
18 established a process that Mr. Cadieux described that
19 requires a carrier to certify that their MCA NXXs are
20 being used for the MCA calling scope, that by
21 submitting a sworn statement to the Commission to that
22 effect if someone was then abusing the system the
23 Commission would seem to have the ability to sanction
24 them for having falsely certified?

25 A. At the risk of offering a legal opinion, I

1 suspect that the Commission would then have that
2 authority.

3 Q. I appreciate your virtual legal opinion.

4 A. I'm virtually correct about that.

5 JUDGE DIPPELL: I should have gone down the
6 list. Let me go back and make sure. Sprint, AT&T,
7 Intermedia, Birch, McLeod, any questions?

8 (No response.)

9 Okay. Nextlink?

10 MR. COMLEY: No questions.

11 JUDGE DIPPELL: Staff?

12 MR. POSTON: No questions.

13 JUDGE DIPPELL: Public Counsel?

14 MR. DANDINO: No questions.

15 JUDGE DIPPELL: SWBT?

16 MS. McDONALD: No questions.

17 JUDGE DIPPELL: Cass County?

18 MR. ENGLAND: No, thank you.

19 JUDGE DIPPELL: MITG?

20 MR. JOHNSON: Thank you.

21 RE CROSS-EXAMINATION BY MR. JOHNSON:

22 Q. Mr. Evans, Orchard Farm could be a single
23 exchange company doing business in an entire
24 St. Louis -- doing business in that St. Louis LATA,
25 right?

1 A. It could be?

2 Q. Yeah. It is, isn't it?

3 A. Sure.

4 Q. How many interexchange carriers are doing
5 business in that entire LATA?

6 A. Billions and billions and billions. There
7 are lots of them.

8 Q. How many CLECs are doing business in that
9 LATA?

10 A. I have no idea. More than one.

11 Q. Of course, out there in that LATA these IXCs
12 and CLECs could have all kinds of their own individual
13 interconnections and interconnection arrangements; is
14 that right?

15 A. I don't know that IXCs necessarily have
16 interconnection arrangements, but yeah, they could
17 have ASR arrangements to originate traffic and CLECs
18 could have interconnection agreements with various
19 carriers, yes.

20 Q. You get IXCs that have underlying carriers
21 that have contracts. You have IXCs that connect with
22 people, that don't connect with people, that hand off
23 traffic, they pay people to terminate traffic for
24 them. That all goes on today, does it not?

25 A. That's correct.

1 Q. Why in the world should Orchard Farms have a
2 different relationship with somebody originating
3 traffic in the LATA that depends on those upstream
4 relationships? Why should they vary their billing
5 relationship based on what happens upstream from them?

6 A. I don't know that I understand what you're
7 asking me. Which billing relationship are we talking
8 about?

9 Q. Today Orchard Farms has relationships with
10 the carriers that directly interconnect with it, does
11 it not?

12 A. Are we talking about IXCs now or --

13 Q. Yes.

14 A. Well, all the IXCs interconnect with Orchard
15 Farm, I think, pretty much on the same basis. I mean,
16 they drop traffic where they drop traffic, and the
17 mechanism described by Mr. England kicks in.

18 Q. The PTC relationship no longer exists, does
19 it?

20 A. Correct.

21 MR. JOHNSON: That's all I have, your Honor.

22 JUDGE DIPPELL: Redirect?

23 MR. FISCHER: I have just a couple.

24 REDIRECT EXAMINATION BY MR. FISCHER:

25 Q. Mr. Evans, you mentioned in your

1 conversation with Commissioner Drainer that if we
2 begin tinkering with MCA too much we will destroy it.
3 Do you recall that?

4 A. Yes, I do.

5 Q. And I think you also indicated that if we
6 moved to reciprocal compensation we'll destroy MCA.
7 Do you remember that?

8 A. Yes.

9 Q. Is that what you were talking about when you
10 meant tinkering with MCA?

11 A. Primarily. I'm primarily talking about the
12 compensation arrangement which fundamentally is what
13 allows MCA to exist in the first place.

14 Q. Are there other aspects with the existing
15 MCA which you would caution the Commission not to
16 tinker with?

17 A. Well, I think Commissioner Drainer and I
18 talked a little bit about the geographic footprint. I
19 think there needs to be retention of a clear
20 definition of what is and is not the MCA footprint. I
21 think the bill and keep arrangement that I talked
22 about is very important. And I think those two things
23 are the fundamental foundations of what makes MCA MCA.

24 Q. You also had a conversation with Chair Lumpe
25 regarding your testimony where you made some favorable

1 comments about MCA-2. Do you recall that?

2 A. Yes.

3 Q. Do you believe that there are issues to be
4 resolved before MCA-2 should be seriously considered
5 by the Commission?

6 A. Oh, absolutely. I think the notion that we
7 need to perhaps have an industry whatever you want to
8 call it, task force or whatever to take a look at all
9 the issues surrounding that proposal is a valid one.

10 Q. It's not ready for prime time today?

11 A. I don't think the Commission has enough
12 information today to order it out, no.

13 Q. You also mentioned in your conversation with
14 Commissioner Drainer a technical term, LERG. Do you
15 recall that?

16 A. Yes, the Local Exchange Routing Guide.

17 Q. Would you explain what the function of that
18 guide is?

19 A. In my limited exposure to that, it is a
20 repository of NXX codes for the purpose of the
21 industry accessing information about those codes. I'm
22 not familiar exactly what all information is in there,
23 but I'm told that it has various fields to identify
24 the purpose and functionality of those NXX codes.

25 Q. And in the interest of having all the

1 technical terms defined, you used the term "Stuff".

2 What were you talking about there?

3 A. I'm not exactly sure what all of those
4 letters refer to, but "Stuff" was the name Mr. Kohly
5 gave to his possible offering in the MCA area.

6 Q. And that's bundled services that do not
7 include MCA services?

8 A. It would be -- in his parlance, I presumed
9 it to be bundled services that might include basic
10 local exchange service and a whole bunch of other
11 things, which brought up my concern that I expressed
12 to Chair Lumpe about the billing issue that arises in
13 Chapter 33. And in response to Mr. Lumley, I think if
14 "Stuff" were everything other than the basic local
15 there wouldn't be any conflict at all.

16 MR. FISCHER: That's all I have. Thank you,
17 your Honor.

18 JUDGE DIPPELL: Thank you. Thank you,
19 Mr. Evans. You may be excused.

20 (Witness excused.)

21 JUDGE DIPPELL: Do you need a break or just
22 go to the next witness?

23 MR. LANE: Short break.

24 JUDGE DIPPELL: Short break. Come back at

25 11.

1 (A recess was taken.)

2 JUDGE DIPPELL: Let's go back on the record.

3 Were there any other GTE witnesses?

4 MR. FISCHER: No, your Honor.

5 JUDGE DIPPELL: And is Cass County ready to
6 call its witness?

7 MR. ENGLAND: Yes, we are, your Honor, and
8 we would call Mr. Matzdorff to the witness stand.

9 (Witness sworn.)

10 JUDGE DIPPELL: You may proceed,
11 Mr. England.

12 MR. ENGLAND: Thank you, your Honor.

13 KENNETH M. MATZDORFF testified as follows:

14 DIRECT EXAMINATION BY MR. ENGLAND:

15 Q. Would you please state your full name and
16 your business address, please.

17 A. My name is Kenneth Michael Matzdorff. My
18 business address is 192 West Broadway, Peculiar,
19 Missouri.

20 Q. And Mr. Matzdorff, are you the same
21 individual who has caused to be prepared and filed in
22 this case three pieces of prepared testimony, the
23 first being your direct testimony which has been
24 marked for purposes of identification as Exhibit 41,
25 the second being your rebuttal testimony marked for

1 purposes of identification as Exhibit 42, and the
2 third being your surrebuttal testimony marked for
3 purposes of identification as Exhibit 43?

4 A. Yes.

5 Q. Are there any corrections or changes that
6 you wish to make to that testimony at this time?

7 A. None that I'm aware of.

8 Q. Is the testimony contained in those prepared
9 testimonies true and correct to the best of your
10 knowledge, information and belief?

11 A. Yes, it is.

12 MR. ENGLAND: Thank you, sir. I have no
13 further questions of the witness. Would offer
14 Exhibits 41, 42 and 43 and tender him for
15 cross-examination.

16 JUDGE DIPPELL: Mr. England, did you provide
17 copies of those to the court reporter?

18 MR. ENGLAND: Yes, we did.

19 JUDGE DIPPELL: Are there any objections to
20 Exhibit Nos. 41, 42 and 43 coming into the record?

21 (No response.)

22 Then I will receive those into in the
23 record.

24 (EXHIBIT NOS. 41, 42 AND 43 WERE RECEIVED
25 INTO EVIDENCE.)

1 JUDGE DIPPELL: Is there cross-examination
2 by Southwestern Bell?
3 MR. LANE: No, your Honor.
4 JUDGE DIPPELL: MITG?
5 MR. JOHNSON: No, your Honor.
6 JUDGE DIPPELL: Sprint?
7 MS. GARDNER: No, thank you.
8 JUDGE DIPPELL: GTE?
9 MR. FISCHER: No, thanks.
10 JUDGE DIPPELL: Staff?
11 MR. POSTON: Yes.
12 CROSS-EXAMINATION BY MR. POSTON:
13 Q. Hello, Mr. Matzdorff.
14 A. Good morning.
15 Q. Do you recall receiving a Data Request
16 No. 14 from William Voight?
17 A. I remember various Data Requests. I'm not
18 sure which one is No. 14.
19 Q. Well, I'm just going to ask the question
20 from the Data Request.
21 A. Sure.
22 Q. It's in reference to page 5 of your rebuttal
23 testimony.
24 A. I do recall the question.
25 Q. On lines 28 through 30, you make the

1 statement, In addition this proposal -- you're
2 speaking of the MCA-2 proposal. This proposal may
3 have adverse implications for customers who choose not
4 to subscribe to MCA service. And the question that
5 was proposed to you in data request No. 14 is, Do you
6 have an explanation which supports this statement?

7 A. Yes. My point in that is -- I'll give an
8 example of one of my companies. I have a very high
9 take rate on the existing MCA service, about
10 90 percent, and it's a mixture of MCA-4 and MCA-5. At
11 the time of Mr. Voight's presentation of the MCA-2
12 proposal, my understanding was it would be a mix and
13 one rate. There's talk of consolidation of the rate.

14 My concern was in the context of if there
15 was a revenue neutral filing that was required as a
16 result of the rate going down because I'm on the
17 higher end of the rate that would cause the rate to go
18 down. There could be an impact on the customers that
19 chose not to take MCA or in our case, for revenue
20 neutral filing, the existing MCA customers, because if
21 for instance the rate was below the average rate I had
22 in order to achieve revenue neutrality, I presumably
23 would have to go to the only other sources I have,
24 which is local rates.

25 And if I have a 90 percent take, in reality

1 I'm going to end up having a rate increase for people
2 that in most cases the 10 percent that do not take the
3 MCA service are making absolutely no calls into the
4 MCA area. So they would by default be paying for an
5 increase or expansion of the MCA service, and that's
6 what I was referring to.

7 Q. Thank you.

8 MR. POSTON: That's all.

9 JUDGE DIPPELL: Public Counsel?

10 MR. DANDINO: No questions, your Honor.

11 JUDGE DIPPELL: AT&T?

12 MR. DeFORD: No questions.

13 JUDGE DIPPELL: Intermedia?

14 MR. STEWART: No questions, your Honor.

15 JUDGE DIPPELL: Birch?

16 MR. MIRAKIAN: No questions.

17 JUDGE DIPPELL: McLeod?

18 MR. KRUSE: No questions, your Honor.

19 JUDGE DIPPELL: Gabriel?

20 MR. LUMLEY: Thank you, your Honor.

21 CROSS-EXAMINATION BY MR. LUMLEY:

22 Q. Good morning, sir.

23 A. Good morning.

24 Q. If a CLEC operating in the -- well, let me
25 back up. Your companies are involved in the Kansas

1 City metropolitan MCA?

2 A. In the Kansas City. We also have
3 representatives from the St. Louis MCA area. I don't
4 believe we have any from the Springfield.

5 Q. Okay.

6 A. Well, I take that back. ALTELL does. So we
7 do have some in all three.

8 Q. All three. Okay. If a CLEC is operating in
9 one of the metropolitan areas but not within one of
10 the exchanges of your company and the Commission has
11 reaffirmed their participation in the plan and the
12 Commission has said that as between your company and
13 that CLEC it's a bill and keep arrangement for MCA
14 traffic and your company -- your company has access
15 tariffs in place, correct?

16 A. That's correct.

17 Q. Okay. And if the CLEC -- if we assume that
18 the CLEC has access tariffs in place as well, is there
19 any other formal agreement or arrangement that would
20 be required for the exchange of traffic between your
21 companies and that CLEC?

22 A. I don't think so. I think the only concern
23 would be in the area of NXX identifying what would
24 be -- what portion is non-MCA. But certainly if we
25 had the NXX process worked out, I don't believe there

1 would be a requirement for that.

2 Q. Do you believe that your companies are
3 currently terminating Local Plus traffic of
4 Southwestern Bell customers?

5 A. Can you say that question for me one more
6 time?

7 Q. Yeah. Do you believe your companies are
8 terminating calls of Southwestern Bell Local Plus
9 customers?

10 A. I assume so.

11 Q. What information, if any, do you get from
12 Southwestern Bell that allows your companies to
13 recognize that access charges are owed by Southwestern
14 Bell for that termination?

15 A. I think Mr. Evans' explanation is my
16 understanding as well.

17 Q. The 92-99 records?

18 A. Yes.

19 Q. And that's working satisfactorily?

20 A. Appear to be. We're receiving the records
21 in a regular period time frame.

22 Q. And those records allow you to bill your
23 access charges?

24 A. Yes, to the extent that we know what we
25 have. I mean, we are relying on the originating party

1 for those records.

2 Q. Okay. And with regard to Cass County, was
3 it doing business in 1992?

4 A. No, it was not.

5 Q. But it is now an MCA plan participant in
6 full?

7 A. Yes. We acquired properties from GTE that
8 were participants in the MCA plan in 1992.

9 Q. Did you get any specific permission from
10 Southwestern Bell to become a plan participant?

11 A. Yes.

12 Q. And how was that delivered?

13 A. We had primary toll carrier agreements and
14 also miscellaneous contract agreements. We also
15 negotiated processes by which we passed records and
16 identified the format of the records and identified
17 the billing companies involved and all the process
18 associated with starting the company.

19 MR. LUMLEY: Thank you.

20 JUDGE DIPPELL: Nextlink?

21 MR. COMLEY: Very quickly, thank you.

22 CROSS-EXAMINATION BY MR. COMLEY:

23 Q. Mr. Matzdorff, I don't know whether you have
24 it available. I think it was marked as Exhibit 8, and
25 that was the direct testimony of Donald Stowell. On

1 page 15 of his testimony he made the statement that,
2 Because the mandatory MCA tiers are the target of more
3 calls than are the optional tiers, there is more
4 traffic going from the optional tiers to the mandatory
5 tiers than vice versa. Would you agree with that
6 statement?

7 A. I don't know if I can give you a
8 generalization. I know only on the basis of my own
9 company that generally I have more calls being
10 originated from my area into the other tiers than
11 there are coming into my area. I think that's more a
12 function of the mix of my company's customers, which
13 are predominantly a bedroom community, into the
14 metropolitan area of Kansas City.

15 Q. Again, you said the take rate for your MCA
16 service was around 90 percent?

17 A. In the Tier 4 Category, it's roughly
18 90 percent.

19 MR. COMLEY: Thank you.

20 JUDGE DIPPELL: Are there questions from the
21 Bench, Chair Lumpe?

22 QUESTIONS BY CHAIR LUMPE:

23 Q. Mr. Matzdorff, I think this is in your
24 rebuttal. You refer to it as a mandated service, not
25 cost-based. And my question is, should it be

1 cost-based and should there be flexibility and would
2 that drive these rates to cost?

3 A. I think I have to echo Mr. Evans's comments
4 to you that if it's driven to cost-based and we
5 identify the elements in reciprocal compensation,
6 there won't be anything to evaluate. The service will
7 have to end.

8 I can give you some additional insight for
9 my reasoning on that is in the early '80s I was a
10 financial analyst for Contel Corporation, a
11 predecessor of GTE, in the St. Charles -- St. Charles
12 County predominantly they had service in. And we had
13 the same pressures that were kind of the precursor to
14 some of the COS, COS-2 and MCA services.

15 And we introduced a service I think we
16 called Metropolitan Optional Service Plan, and we had
17 a lot of the same issues here, bedroom community,
18 citizens moving to that area from the metropolitan
19 area. It was growing rapidly, and we had all the
20 problems of red-lined communities because they didn't
21 have metropolitan calling, those type of things.

22 When we introduced the service, and the
23 issue always is if you're trying to have a flat-rate
24 service that you're paying the compensation on a per
25 minute use basis, it usually kills it, or you have to

1 have a very expensive and you're kind of playing a
2 game with the units. So it creates a lot of problems
3 in that regard, and you usually end up with higher
4 prices for less service.

5 And I can't recall the exact prices, but it
6 was in excess of \$50, and we did it in 300-minute
7 units simply because if you had someone that hit that
8 very hard -- you've got to recognize this is before
9 the advent of Internet, which has taken the average
10 hold times way beyond what they were at the time.

11 A typical voice message is maybe four or
12 five minutes for time. With Internet it's not unusual
13 to have it up for, if you don't have time lots on it,
14 to have it up for the entire day. I've had situations
15 where they had cut-overs in switches and went back and
16 looked at it and someone had the Internet service up
17 for five and a half days.

18 Q. Do you think then that allowing flexibility
19 in pricing would destroy the plan?

20 A. Yes, I do. I was a party as well in the
21 92-306 and also the compensation area, and the big
22 issue -- and this goes back, all the way back to my
23 experience of dealing with metropolitan calling plans
24 for 20 years. The concept of looking over the fence,
25 if you get the price too low, which I think we had at

1 one time with one of the precursors for MCA, it
2 creates this demand beyond, beyond, beyond where you
3 don't know where you end the community calling.

4 If you have the price -- I think what we've
5 done is, with the sensitivity of the pricing, it
6 drives where people at some logical point don't have
7 enough community of interest to drive the service.

8 I guess to answer your question is, by
9 having what turned out to be a standardized price,
10 it's driven a lot of questions of why do I -- why
11 should I pay for this when I -- there's always
12 somebody that's just one foot beyond the line. So
13 they get beyond this why should I pay different than
14 the guy next door because of all the different
15 elements.

16 I think if you go back and look in the
17 record of the number of Commission complaints and
18 irate customer calls on the part of the incumbent
19 telephone companies in the early '80s before these
20 plans arrived versus now, it's a whole different
21 ballgame.

22 I've participated in some of the field
23 contacts, and I guess my generalization of those field
24 hearings were they basically said, Don't screw it up.
25 Leave us alone. Don't screw it up. We've got a good

1 thing going here. That's my predominant goal here.

2 Q. You also comment on the issue of the NXX
3 codes and the use. Do you have suggestions,
4 alternatives to how that issue might be dealt with?

5 A. I don't know that I have any good answers.
6 I know there's -- from the time that we filed our
7 testimony until now there's been some things on the
8 national front dealing with conservation of numbers
9 that I'm hopeful will maybe break it down to when we
10 make decision it's not 10,000 line blocks but rather
11 thousand-line blocks or something less which hopefully
12 will allow us to aggregate some things.

13 I filed a case to consolidate some exchanges
14 because of community of interest. You may be aware of
15 them. And when we did that we utilized one MCA NXX
16 code, and that allowed us to avoid some things like
17 that.

18 So perhaps those type of things, and I
19 think -- I think those are going to be national issues
20 that are going to be addressed because it's not just
21 the MCA services of the world. It's everything. It's
22 everything that's being NXX driven. That's what's
23 driving the exhaust of the telephone numbers.

24 MR. LUMLEY: Thank you.

25 JUDGE DIPPELL: Vice Chair Drainer?

1 QUESTIONS BY COMMISSIONER DRAINER:

2 Q. Good morning.

3 A. Good morning.

4 Q. Let me ask about the pricing flexibility
5 with the additive because that's really where there
6 could be -- where it's broken out in the optional
7 tiers.

8 Do you believe that there should not be
9 allowed pricing flexibility on the additives in the
10 optional tiers?

11 A. I think -- I said in my testimony I think
12 it's a very difficult question because it's inherently
13 hard to say in a competitive environment the price
14 should be fixed, but I do recommend that. And the
15 reason I cite that is, one is for the points that
16 Chairman Lumpe brought up. We've never distinguished
17 cost from pricing here, and it's all kind of bundled
18 together, and we did that for public service issues, I
19 mean for socialization and public interest.

20 And without that there's going to be
21 disadvantages inherent to that because one group of
22 companies owned the network. Another group did not.
23 Inherent in the price and support of those rates, I
24 was involved in some of the compensation methodologies
25 and you have a mixture of everything. I think one of

1 our clients receives a great deal of support as a
2 result of being surrounded in all the calling scope to
3 begin with, Orchard Farm. You had others that
4 received compensation for a period of five years and
5 phase into that. You have others that allowed us to
6 average the rates.

7 So if you don't -- if you take that away,
8 you start nibbling at the core of the business plan,
9 which was provide something that provides enough
10 public interest and community interest so we don't
11 have red-line communities in Kansas City and St. Louis
12 and Springfield and we don't have directional calling
13 where people say, Call me up after you get one ring,
14 those type of things that we dealt with in the 1980s.
15 So I think if you want to keep MCA you have to do
16 that.

17 Q. Okay. And as you are the last witness and
18 as you've heard and read the testimony of this case
19 here, can you tell me how you would summarize for the
20 Commission what you believe must be the actions that
21 come out of this docket?

22 A. Well, Mark McGwire does a better job of this
23 than I do, but -- especially last night.

24 To me, the core issue, and I think you've
25 hit on it in your conversation with earlier witnesses,

1 is you have to address the entrance of CLECs into the
2 community. I look at it from a consumer aspect, and
3 the answer to me is obvious. They need to be allowed
4 into the MCA process.

5 The next step is to identify the process to
6 make that as expeditious as possible without trampling
7 over the rights of individual companies. I think you
8 can outline some of those elements in your Order. And
9 I've always been in favor that you give as much help
10 as you can give an industry program. I notice you've
11 noticed that before, and I do recommend that is, if we
12 want to look at some alternatives in some of the
13 administratives, we should initiate an industry task
14 force with representatives from all members involved
15 so we can -- so we can get some of the administrative
16 issues that are just impossible to deal with in a
17 hearing type environment.

18 Q. But that would be long-run solution?

19 A. That would be a long-run. I think there are
20 certain elements of this case which are obvious and
21 there's ways that can be done. The interim Order that
22 was proposed, there's some elements there. I think
23 there's been five steps and I heard six steps from
24 witnesses from yesterday's testimony.

25 I think you have a good handle on those

1 based on questions I heard. That allows us to do it
2 as quickly as we can and still not miss the main
3 parts.

4 Q. And because of the concerns on records of
5 compensation, would -- does Cass County Telephone
6 Company believe that if it's bill and keep, that they
7 do not need any other type of agreement with the
8 CLECs, that that will secure for them that they're
9 receiving terminating access where they need to with
10 respect to MCA?

11 A. I think I would go a little farther than
12 that in terms of I think there's just some
13 administrative things that need to be done. This case
14 didn't start out as a CLEC entrance case. It was
15 started by Don Stowell with him essentially trying to
16 gleam out where -- who he should be adding to the
17 system and who he shouldn't for MCA.

18 And the companies I represent here today
19 have some of the same issues. We have some that are
20 hooked up, some that are not, and there really isn't a
21 clear delineation on that. So I think it's important
22 for us to have some mechanism, whether it's an
23 administrator or interim administrator or something
24 that allows us to at least identify where we are today
25 and where we need to get to based on the Order.

1 The other experience I've had is you're
2 going to be having new entrants into the industry that
3 the players here today will be mushroomed, and those
4 folks if they don't have a procedural process, kind of
5 a cookbook how they're going to get going, you're
6 going to run into the same issues a year from now.

7 So I would suggest that we do come up with
8 some administrative process that allows at a minimum
9 to identify these steps and go through these elements
10 if you're going to participate in the MCA process.

11 Q. And that would be, so I'm clear, some type
12 of administrative steps that they would have to take
13 with all incumbent LECs in the metropolitan areas in
14 order to implement MCA and non-MCA customers?

15 A. I think it could be as simple as in the
16 order directing that with new companies, that they be
17 provided a list of existing CLECs and incumbent
18 companies with the location. An example I had is some
19 of the information on the Data Request, we had Cass
20 County Telephone. There's another Cass County
21 telephone in Illinois.

22 Well, I receive checks, I receive contracts
23 and fortunately some bills through Cass County in
24 Illinois, and, you know, the understanding of who's
25 involved in that process would hopefully help simplify

1 and cause less confusion, because the way we find out
2 about them today is through customer complaints or
3 trouble tickets.

4 Q. Would it help in the interim basis with
5 respect to the MCA and the NXX issue if there -- if it
6 was suggested here that it could be as simple as
7 everyone has to let all participating companies in the
8 area know by letter which NXX they're designating as
9 MCA?

10 A. Yes, but I think given that is they have to
11 know where the addresses are. Otherwise my stuff will
12 show up in Illinois. So if you can get a complete
13 list, that could be assisted through the Commission, I
14 think that would be very helpful for anyone new coming
15 into the state.

16 Q. All right. Is there anything else in the
17 short run or long run with respect to these issues
18 that I'm not seeing? I understand the five positions
19 and the six positions that Mr. Cadieux had. So I
20 guess my concern is, we're at the end of this hearing,
21 and is there some ball I'm dropping that you need to
22 point out to me?

23 A. My sense based on your questions are that
24 you have a good handle on all the issues.

25 Q. Well, you're nice. Thank you. Anything to

1 get out of here by noon, right?

2 (Laughter.)

3 A. I didn't say that.

4 Q. No, I know. Thank you very much. I was
5 just joking. But I have no other questions. I
6 appreciate your answers.

7 JUDGE DIPPELL: Is there any recross based
8 on questions from the Bench from Southwestern Bell?

9 MR. LANE: No, your Honor.

10 JUDGE DIPPELL: MITG?

11 MR. JOHNSON: No.

12 JUDGE DIPPELL: Sprint?

13 MS. GARDNER: No.

14 JUDGE DIPPELL: GTE?

15 MR. FISCHER: No, thanks.

16 JUDGE DIPPELL: Staff?

17 MR. POSTON: No questions.

18 JUDGE DIPPELL: Public Counsel?

19 MR. DANDINO: No questions.

20 JUDGE DIPPELL: AT&T?

21 MR. DeFORD: I've been quiet all morning.

22 Can I have a couple?

23 RECROSS-EXAMINATION BY MR. DeFORD:

24 Q. Mr. Matzdorff, I think you discussed pricing
25 flexibility with Commissioner Drainer. Do you recall

1 that?

2 A. Yes, I do.

3 Q. And I think you express the concern that
4 allowing too much pricing flexibility may lead to the
5 demise of MCA?

6 A. That's correct.

7 Q. Isn't it true that in the Report and Order
8 in Case No. TO-92-306 which I think has maybe been
9 officially noticed, at least copies were distributed,
10 that the Commission did specifically address the issue
11 of future pricing changes and looking over the fence?

12 A. Yes, they did.

13 Q. And didn't they indicate there that they
14 fully expected it could be necessary in the future for
15 prices to change and that different companies would
16 charge different rates for that service?

17 A. They made provisions for that, I agree.

18 Q. And they concluded that the looking over the
19 fence phenomena was something that just couldn't be
20 prevented?

21 A. I guess I look at that and, as you said,
22 that was the conclusions in 1992. There's been a
23 couple things change. Namely, your company came into
24 existence since then. So there's a lot of issues
25 beyond the issue of looking over the fence and

1 standardized rates. In a world of monopolies that
2 does change things.

3 Q. Right. But, in fact, the Commission
4 recognized that in adopting its solution there that
5 they were really attempting to resolve some egregious
6 differences in service and rates that hopefully will
7 satisfy most customers?

8 A. That's correct.

9 MR. DeFORD: Thank you. That's all I have.

10 JUDGE DIPPELL: Intermedia?

11 MR. STEWART: Just one clarifying question.

12 RE CROSS-EXAMINATION BY MR. STEWART:

13 Q. I believe in response to a question from
14 Commissioner Drainer you used the phrase interim
15 order. I think I -- I think I know what you meant.
16 You're not suggesting that the Commission would keep
17 this docket open --

18 A. No.

19 Q. -- until it's resolved?

20 A. No. I guess I was reading into the
21 questions that have been asked for the Commissioners
22 that are looking at ordering some solution at which
23 point they would look for, I think what's been
24 described as a permanent solution.

25 Q. So it's an interim solution versus a longer

1 term?

2 A. Yes.

3 Q. That's what I thought you meant. So you
4 would not -- you would not be opposed to the
5 Commission as quickly as possible issuing a final
6 Order in this docket dealing with the fundamental
7 issues, I believe is how you referred to them, as
8 quickly as possible and then moving on to phase two
9 down the road?

10 A. As long as they don't trample on the
11 incumbent rights, I don't have any problem with that.

12 MR. STEWART: Thank you.

13 JUDGE DIPPELL: Birch?

14 MR. MIRAKIAN: No questions.

15 JUDGE DIPPELL: McLeod?

16 MR. KRUSE: No questions.

17 JUDGE DIPPELL: Gabriel?

18 MR. LUMLEY: No, thank you.

19 JUDGE DIPPELL: Nextlink?

20 MR. COMLEY: No questions.

21 JUDGE DIPPELL: Is there redirect?

22 COMMISSIONER DRAINER: I have one more
23 question.

24 JUDGE DIPPELL: You have one more?

25 FURTHER QUESTIONS BY COMMISSIONER DRAINER:

1 Q. I'm sorry, but when we're talking pricing
2 flexibility I just want -- I appreciate your expert
3 opinion on whether this would be reasonable or not.
4 If the Commission today, based on the limited amount
5 of local competition that's currently developed, were
6 to reaffirm and do the necessary things so that all
7 companies could have MCA and stated that it was at
8 this time, because the competition hadn't developed to
9 that point yet, to really allow for pricing
10 flexibility, that the prices would be set as they were
11 and deemed as reasonable at their current level but
12 were to ask the parties on a going-forward basis to be
13 collecting information to address it in two years or
14 three years on whether it was now time to open it up
15 to flexibility, No. 1, would that be reasonable,
16 recognizing that the companies could do -- or file
17 tariffs and propose other stuff, such as the MCA at
18 the set prices but if they want to work out
19 compensation arrangements so there'd be three or four
20 additional exchanges or whatever, we -- that's not
21 MCA. That's "Stuff".

22 A. Right.

23 Q. Would that be a reasonable approach to
24 looking and protecting the MCA service?

25 A. I think the most important thing is if you

1 can transition the CLECs in the process with as little
2 change in the core process of MCA the better off
3 you're going to be in terms of customer familiarity.
4 We don't want to have a situation where we have new
5 players, new rules, new processes, and notifications
6 while we're trying to get familiar with each other.

7 I think it's a well-reasoned approach, and I
8 think the most important thing is before you make
9 changes you have all the data at your hand so you can
10 make a well-reached decision.

11 COMMISSIONER DRAINER: Okay. Thank you.

12 JUDGE DIPPELL: Last chance. Any additional
13 recross on Commissioner Drainer's final question? Let
14 me just go down the list. Southwestern Bell?

15 MR. LANE: No, your Honor.

16 JUDGE DIPPELL: MITG?

17 MR. JOHNSON: No.

18 JUDGE DIPPELL: Sprint?

19 RECROSS-EXAMINATION BY MS. GARDNER:

20 Q. Mr. Matzdorff, did you understand the last
21 question to be that the MCA prices would be set for
22 both CLECs and ILECs?

23 A. Yes, I did.

24 Q. And you are aware the CLECs are classified
25 as competitive companies; is that correct?

1 A. Yes, I am.

2 Q. And with the exception of access charges,
3 can you cite to me any other service of a CLEC that is
4 set by this Commission at a particular rate, leaving
5 aside the issue of the Commission approves tariffs?

6 A. No, but this is also the only service that
7 I'm aware of that is a mandatory service of any of the
8 carriers.

9 Q. And mandatory in the sense that ILECs have
10 to offer it or mandatory as in the mandatory tiers of
11 the MCA and the optional tiers of the MCA?

12 A. I always look at the MCA plan as being a
13 package deal, and as such it requires definition of
14 the rates, the terms and the conditions and most
15 importantly the compensation between companies.

16 Q. Does the Commission set the CLECs', with the
17 exception again of the mechanics of approving the
18 tariff, the CLECs' basic local service rates?

19 A. To my knowledge, no.

20 Q. In fact, some basic local service rates are
21 higher or they could be lower than the incumbent?

22 A. That's my understanding.

23 MS. GARDNER: Thank you.

24 JUDGE DIPPELL: GTE?

25 MR. FISCHER: No questions.

1 JUDGE DIPPELL: Staff?

2 MR. POSTON: No questions.

3 JUDGE DIPPELL: Public Counsel?

4 MR. DANDINO: No questions.

5 JUDGE DIPPELL: AT&T?

6 MR. DeFORD: No questions.

7 JUDGE DIPPELL: Intermedia?

8 MR. STEWART: No questions.

9 JUDGE DIPPELL: Birch?

10 MR. MIRAKIAN: No questions.

11 JUDGE DIPPELL: McLeod?

12 MR. KRUSE: Just one.

13 RECROSS-EXAMINATION BY MR. KRUSE:

14 Q. Mr. Matzdorff, given the low level of local

15 competition that Commissioner Drainer referred to,

16 wouldn't it also be a reasonable alternative to allow

17 for pricing flexibility for CLECs until such time that

18 it was -- evidence was provided that that was

19 actually -- that that pricing flexibility was actually

20 hurting the viability of the MCA plan?

21 In other words, wouldn't it be reasonable to

22 start out with pricing flexibility and then revisit

23 the issue at some time in the future when we revisit

24 some of the other issues?

25 A. I guess my response would be no, and the

1 reason is, that's the exact issue is, in this
2 introductory stage, do you want to have MCA being used
3 as a process to make that low-level competition
4 high-level competition, then we determine what it is.

5 I've been watching a lot of the elements in
6 terms of -- one thing there's not a low level of is
7 advertising. I enjoy listening to David Scott make a
8 fool out of himself on the radio. It's great
9 entertainment. But there's a great deal of
10 advertising, and I guess the issue is for two -- you
11 set the price at the same competitive rates for three
12 years and then we'll look at it, what's going to
13 happen in that three years, and then are you going to
14 turn around and have a great deal on the customer and
15 say, Well, we changed our mind. We're going to have
16 no pricing flexibility. So now your rate is not \$2
17 because you didn't have any costs built into your
18 model, but it's \$22.95 like everyone else. They're
19 going to scream like crazy.

20 So I wouldn't think that the CLECs would
21 want that because they're going to lose customers or
22 that it's inherently fair.

23 Q. Well, but once significant competition
24 developed, then wouldn't the incumbents be free to
25 petition the Commission for change of -- change of the

1 capped rate and seek their own pricing flexibility at
2 that time?

3 A. I think you're presupposing the outcome,
4 that there's going to be competitive pricing. My
5 position is that if you have competitive pricing there
6 is no MCA.

7 So to me this Commission has a very
8 straightforward view. They can decide if they want
9 MCI -- excuse me -- MCA or they can decide if they
10 want competition, and all I -- in my view, what I'm
11 trying to propose is something that allows both at
12 least as long as we can.

13 JUDGE DIPPELL: Gabriel?

14 MR. LUMLEY: Thank you, your Honor.

15 RECROSS-EXAMINATION BY MR. LUMLEY:

16 Q. Mr. Matzdorff, the evidence in this case has
17 already indicated that there are CLECs reselling MCA
18 service at a lower price. Wouldn't you agree with me
19 that if this Commission were to mandate a price
20 increase to those customers that changed carriers to
21 obtain a lower price, likely those customers would be
22 dissatisfied with that action?

23 A. That would probably be in line with my
24 previous answer before that you might have some of
25 that. I would agree with that.

1 Q. And can you point to me -- point out to me
2 any specific evidence that the existence of resellers
3 of MCA service at a lower price has had a negative
4 impact on the MCA plan?

5 A. I'm not as familiar with the competitors
6 because in my area I have no competitors. But I guess
7 going back to your previous question is, my
8 understanding is part of this docket is for the CLECs
9 to be allowed into MCA. I mean, when you talk about
10 MCA service and what they're being offered, is that
11 MCA or is that "The Stuff"?

12 Q. No. I'm talking about companies reselling
13 ILEC MCA service as has been discussed in the record.

14 A. And they've chose to resell it at a price
15 lower than what --

16 Q. The ILEC offers it.

17 A. I guess the conclusion is is they're using
18 it as a loss leader, and the question is should they
19 be allowed to do that.

20 Q. No. The question was, can you point out any
21 specific negative impacts that have flowed from the
22 fact that that pricing is occurring today?

23 A. I don't have any reselling going on in my
24 areas or any of my clients that I represent today. So
25 I can't really answer that question. I just don't

1 have any knowledge of it.

2 Q. And it's correct, isn't it, that there are
3 no CLECs authorized to provide service within the
4 exchanges that are served by your companies?

5 A. To my knowledge, that's correct.

6 Q. So any pricing flexibility granted to CLECs
7 would not result in head-to-head price competition for
8 your company, would it?

9 A. No, I'd have to disagree with that. As I
10 understand the definition of bill and keep with the
11 Southwestern Bell proposal is really an outcome of
12 competition, which if I understand it -- follow me
13 through with this -- is if competition is driving the
14 fact that Southwestern Bell now wants to charge for me
15 to complete a call to you versus to them for the same
16 customer that was a customer of Southwestern Bell day
17 one, customer of yours day two. Now I have to pay
18 terminating transiting charges. Then competition did
19 have a direct impact on the costs of my company which
20 I have to pass on to the customers of my territory.

21 Q. I understand your answer, but I don't
22 believe it was responsive to my question. What I was
23 asking is, since there are no CLECs authorized to
24 provide service in your company's exchanges, then any
25 pricing flexibility granted to CLECs as a result of

1 this case is not going to result in any head-to-head
2 price competition for your MCA service offerings
3 unless and until the Commission were to grant a
4 certificate of authority for a CLEC to operate within
5 your exchanges; would you agree with me?

6 A. I would agree.

7 MR. LUMLEY: Thank you.

8 JUDGE DIPPELL: Is that all, Mr. Lumley?

9 MR. LUMLEY: Yes.

10 MR. COMLEY: I have no questions.

11 JUDGE DIPPELL: Thank you, Mr. Comley. Is
12 there redirect?

13 MR. ENGLAND: Yes, a few. Thank you.

14 REDIRECT EXAMINATION BY MR. ENGLAND:

15 Q. Going back to an earlier exchange with
16 Mr. Lumley regarding records you receive for
17 terminating Local Plus traffic, do you recall that?

18 A. Yes.

19 Q. Is it correct that -- excuse me. Let me
20 rephrase that. I forgot you were my witness.

21 (Laughter.)

22 Do you know whether you receive Category 92
23 or Category 11 records for that terminating Local Plus
24 traffic?

25 A. I am not an expert in that area. We

1 contract out most of our services there. I did follow
2 in the discussion with Mr. Evans who's probably a
3 little more involved in that process.

4 Q. Do you know if you receive from Southwestern
5 Bell originating records for traffic originated by
6 other carriers other than Southwestern Bell that
7 terminates in your exchange?

8 A. No, I don't know that.

9 Q. Again, following up on a question from
10 Mr. Lumley, and I think he explored with you the need
11 for any formal agreements between Cass and CLECs if
12 MCA traffic was handled by the Commission's Order
13 directing MCA and access traffic was handled by your
14 access tariffs, and I think you indicated that no
15 additional agreements in your opinion were necessary;
16 is that correct?

17 A. I did, but I also -- also in some earlier
18 discussion along the same lines, you have to establish
19 the NXX code so that we can identify what is truly MCA
20 service versus what is non-offered MCA service in
21 those areas. Otherwise we're going to have a
22 situation where we have no way of identifying calls.

23 We also have to be able to identify the
24 traffic in terms of how to receive that, where the
25 collection points are, and then there should be some

1 process, either through the Order or through -- that
2 they direct us to have some kind of agreement that
3 states that we will receive past records in a format
4 that's acceptable to both parties for passage of
5 information in order to do the billing per the tariffs
6 or the other processes. That will be necessary.

7 MR. ENGLAND: Thank you. That's all I have.

8 JUDGE DIPPELL: Thank you. Mr. Matzdorff, I
9 believe you are finished and you may be excused.

10 THE WITNESS: Thank you.

11 (Witness excused.)

12 JUDGE DIPPELL: Are there any other Cass
13 County witnesses?

14 MR. ENGLAND: No, there are not.

15 JUDGE DIPPELL: I believe that concludes the
16 witnesses that were on our list of witnesses to
17 testify today or this week.

18 Mr. Poston, you look like you have something
19 to say.

20 MR. POSTON: Yes. Mr. DeFord raised the
21 question whether the Report and Order in TO-92-306,
22 whether administrative notice has been taken of that.
23 Has administrative notice been taken of that order?

24 JUDGE DIPPELL: I don't believe
25 administrative notice has actually been taken of the

1 Report and Order. There were -- there was an Order
2 from that case, and there were also the technical
3 committee reports, and there was an Order approving
4 those different reports.

5 MR. POSTON: I have sufficient copies of
6 that Order, and I think it would be appropriate, since
7 it has been mentioned several times in this case, that
8 notice be taken of that.

9 JUDGE DIPPELL: You're probably correct as
10 many documents from that case as have been entered
11 into the record.

12 MR. ENGLAND: I object.

13 JUDGE DIPPELL: You'd object and you'd be
14 overruled, Mr. England.

15 MR. ENGLAND: Thank you.

16 JUDGE DIPPELL: He's referring to an earlier
17 jest I made off the record in case the record is a
18 little confused by that.

19 So I'll mark that as Exhibit 67 -- I mean
20 68. Excuse me. That's the actual Report and Order in
21 TO-92-306. Would there be any other objections to the
22 Commission taking official notice of the Report and
23 Order?

24 (No response.)

25 Then the Commission will take notice of

1 that.

2 (EXHIBIT NO. 68 WAS MARKED FOR
3 IDENTIFICATION.)

4 JUDGE DIPPELL: Yesterday I mentioned that
5 when we got to the end I would go ahead and mark as
6 exhibits the other items that I had taken judicial
7 notice of, and I apologize if I implied that I was
8 going to ask you for the copies today. I really meant
9 I would ask you to submit copies later, but most of
10 you brought those copies today, and I appreciate that.

11 The first thing was, the first item I took
12 official notice of Southwestern Bell's Local Plus
13 tariff, specifically the costs of Local Plus. And I
14 didn't write down which party requested that, but
15 since that was Southwestern Bell's tariff, I wonder if
16 I might ask Southwestern Bell to provide copies of
17 that.

18 MR. LANE: Sure. We can do it now. Do we
19 have an exhibit number set aside for it already, your
20 Honor?

21 JUDGE DIPPELL: I'm going to mark it as
22 Exhibit No. 68 -- I'm sorry, 69. I just marked 68.

23 (EXHIBIT NO. 69 WAS MARKED FOR
24 IDENTIFICATION.)

25 JUDGE DIPPELL: The next item was the

1 notice -- or was the Report and Order in TT-88-428,
2 and that was requested by Sprint, and Ms. Gardner has
3 already provided copies of that to me and all the
4 parties and the court reporter. So I will mark that
5 as Exhibit No. 70.

6 (EXHIBIT NO. 70 WAS MARKED FOR
7 IDENTIFICATION.)

8 JUDGE DIPPELL: And the last item that I
9 took judicial notice of that I'd like to mark as
10 Exhibit 71 is the Section 37 from, I believe from the
11 Interconnection Agreement in TO-2000-26. That was the
12 request made by Cass County on May 17th.

13 MR. ENGLAND: And I do not have copies, so
14 I'll have to provide them after the hearing.

15 JUDGE DIPPELL: All right. Those copies
16 will be provided to me. That will be marked as
17 Exhibit 71.

18 MR. LANE: Could you say what that is again,
19 your Honor?

20 JUDGE DIPPELL: Yes. It was Section 37 of,
21 I believe, the Interconnection Agreement in Case
22 TO-2000-26.

23 MR. LANE: Okay. Thank you, your Honor.

24 JUDGE DIPPELL: And if you could provide
25 those copies to me, Mr. England, by May 26th, and any

1 other late-filed exhibits need to be provided by
2 May 26th. You need to submit those directly to me. I
3 need an original and eight copies, and also please
4 provide a copy to each party in the case, not to me.
5 Send that copy to them. Serve them with that.

6 Are there any other questions about
7 exhibits? Have I completely confused you?

8 MR. LUMLEY: Just for the record, I did
9 distribute copies of Exhibit 60 this morning as we had
10 discussed yesterday.

11 JUDGE DIPPELL: Yes, thank you.

12 Let's talk about briefing schedule. Do you
13 feel the need to do Reply Briefs?

14 MS. GARDNER: Yes.

15 JUDGE DIPPELL: Okay. Here's what I'm
16 looking at. I'm expecting that the transcript will be
17 ready in two weeks. Transcripts will be ready in two
18 weeks, which should be by -- those should be filed no
19 later than June 5th. I'll give you until -- well, let
20 me back up and go back to late-filed exhibits.

21 Late-filed exhibits due on the 26th.
22 Objections to late-filed exhibits due on the 5th. Any
23 responses to late-filed -- to objections to late-filed
24 exhibits, I'm going to shorten your response time.
25 Instead of the regular ten days, you'll just have

1 until the 12th of June to file those responses if
2 there are objections to late-filed exhibits.

3 Initial Briefs due on June 30th, and Reply
4 Briefs due on July 17th. And I will set those dates
5 all out in a notice to follow so that you have them in
6 writing.

7 You had a question, Mr. Lumley?

8 MR. LUMLEY: Your Honor, I'd request that
9 you consider asking the parties to submit proposed
10 orders with their Initial Briefs pursuant to the new
11 rule.

12 JUDGE DIPPELL: Thank very much, Mr. Lumley.
13 As a matter of fact, I was going to request that
14 you -- or order that you submit Proposed Findings of
15 Fact and Conclusions of Law as the Commissioners have
16 indicated a desire to have those in this case.

17 MR. ENGLAND: May I ask a question?

18 JUDGE DIPPELL: Yes.

19 MR. ENGLAND: Can that be done with the
20 reply as opposed to the initial?

21 JUDGE DIPPELL: I'm assuming, Mr. Lumley,
22 that you wanted a chance to actually respond to those.
23 Was that your thoughts on having them submitted with
24 the initial?

25 MR. LUMLEY: Right.

1 JUDGE DIPPELL: I would not have a problem
2 with those being submitted with the Reply Briefs. I
3 don't want to generate an entire -- I don't want to
4 get into objections and responses to people's Findings
5 of Fact and Conclusions of Law.

6 So you can submit those with the Reply
7 Briefs, and any filings I get after those are
8 submitted I will definitely be shortening response
9 times and trying to limit those.

10 I think the Commission will -- those are
11 merely just to be more like the position statements or
12 your advising the Commission of what you believe needs
13 to be found and what evidence in the record supports
14 those things and not meant to generate an entire ream
15 of paper of responses and other pleadings. Just
16 caution you on that.

17 MR. JOHNSON: I'm sorry to be dense here.
18 So the Proposed Findings and Conclusions are not due
19 until the Reply Brief but you can file it earlier if
20 you wanted to?

21 JUDGE DIPPELL: Certainly you can file it
22 earlier if you want to. They're not due 'til the date
23 of the Reply Brief, which is July 17th unless for some
24 reason I should order otherwise later.

25 Again, I will try to set out all these

1 deadlines in a notice to follow later next week.

2 MR. LUMLEY: Just out of curiosity, when
3 does the filing address change for mailing things to
4 the Commission?

5 JUDGE DIPPELL: The Commission's proposed
6 move date at this point is July 22nd, I believe. That
7 is subject to change.

8 MS. GARDNER: But you'll keep the same post
9 office box?

10 JUDGE DIPPELL: As far as I know the post
11 office box will remain the same, and you-all should
12 receive notices from the Commission when we actually
13 move to where we are. We're not going to try to hide
14 from you.

15 Anything else that needs to go on the
16 record? I appreciate you-all being cooperative and
17 moving this along and at least getting us out of here
18 by noon on Friday. Thank you.

19 Off the record.

20 WHEREUPON, the hearing of this case was
21 concluded.

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I N D E X

SOUTHWESTERN BELL'S EVIDENCE:

CRAIG UNRUH

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DAVID EVANS

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KENNETH MATZDORFF

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E X H I B I T S

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Marked Rec'd

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EXHIBIT NO. 39

Rebuttal Testimony of David Evans

1123

4

EXHIBIT NO. 40

Surrebuttal Testimony of David Evans

1123

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EXHIBIT NO. 41

Direct Testimony of Kenneth Matzdorff

1187

7

EXHIBIT NO. 42

Rebuttal Testimony of Kenneth
Matzdorff

1187

9

EXHIBIT NO. 43

Surrebuttal Testimony of Kenneth
Matzdorff

1187

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11

EXHIBIT NO. 62

5/6/93 Letter to Brent Stewart,
Executive Secretary, MoPSC from
Dale Robertson

1072

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EXHIBIT NO. 63

11/18/93 Letter to Jack Stewart
from Vickie Coleman

1075

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EXHIBIT NO. 64

Initial Brief of SWBTC, TO-92-306

1114

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EXHIBIT NO. 65

Surrebuttal Testimony of Carol
Gay Smith, TO-92-306

1114

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EXHIBIT NO. 66P

Rebuttal Testimony of Debbie
Halpin, TO-92-306

1115

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EXHIBIT NO. 67

Corrected Schedule of Amania Moore

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EXHIBIT NO. 68

Report and Order, TO-92-306

1221

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EXHIBIT NO. 69

Tariff PSC Mo. No. 35

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TOLL FREE - 1-888-636-7551

1 EXHIBIT NO. 70
2 Report and Order, TT-99-428 1222 **

3 EXHIBIT NO. 71
4 Section 37 Interconnection
5 Agreement TO-2000-26 *

6 *Late-Filed Exhibit.
7 **Judicial Notice Taken.

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