

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

In the Matter of the Petition for Arbitration)	
of Unresolved Issues in a Section 251(b)(5))	Case No. TO-2006-0147
Agreement with T-Mobile USA, Inc.)	

In the Matter of the Petition for Arbitration)	
of Unresolved Issues in a Section 251(b)(5))	Case No. TO-2006-0151
Agreement with Cingular Wireless.)	

**PETITIONERS' RESPONSE
TO RESPONDENTS' MOTION FOR EXPEDITED CLARIFICATION**

I. Introduction and Summary

On Friday, February 17, the wireless carrier Respondents in the above-captioned matters filed their motion for clarification of the Arbitrator's Preliminary Arbitration Report and Order Directing Filing. The wireless carriers seek supporting information from the small company Petitioners, and the Petitioners will provide such information to both the arbitration panel and the wireless carriers. The wireless carriers also seek clarification of various issues included in the Preliminary Arbitration Report. But the wireless carriers are seeking more than simply "clarification" for some of these issues. Rather, it appears that the wireless carriers are seeking, in some cases, to alter the decisions reached in the Preliminary Arbitration Report under the guise of "clarifications" that will actually change the Arbitrator's decisions. Petitioners believe that the Preliminary Report is sufficiently clear to understand the Arbitrator's intent. This response will set forth the methodology that the Petitioners intend to use for each issue.

Petitioners will present their full response to the Preliminary Arbitration Report on February 24, 2006, and this response should not be read to indicate that Petitioners agree with all of the decisions made in the Preliminary Report.

Finally, the wireless carriers' pleading implies that the Petitioners intend to manipulate the cost studies to reach results that are similar to the initial cost studies. This is simply not the case. As explained below, the Petitioners will prepare their revised cost studies in accordance with what they believe the Preliminary Report requires. According to the Order Directing Filing, the wireless carriers have the same opportunity to prepare and present their own revised cost studies.¹

II. Discussion

A. Supporting Information for Revised Cost Studies

The wireless carriers seek supporting information from the small company Petitioners for the revised cost studies directed by the Arbitrator, and the Petitioners will provide such information to both the arbitration panel and the wireless carriers when they file their revised cost studies.

B. Response to Requests for Clarification

The Petitioners have reviewed the Preliminary Arbitration Report, the Order Directing Filing, and the wireless carriers' request for clarification. The following responses present the Petitioners' understanding of the first thirteen cost study issues including those where the wireless carriers seek clarification:

¹ If Respondents choose to submit their own revised cost studies, Petitioners would request that full supporting data and information be provided just as the wireless carriers have requested from the Petitioners.

Issue No. 1 – Rates based on separate costs?

Petitioners will calculate costs for each individual petitioner using the HAI model with the changes required by the Arbitrator's preliminary order and will present that information along with a composite cost for all of the companies.

Issue No. 2 – What is the appropriate transport and termination rate?

Petitioners will calculate costs of transport and termination for each individual petitioner using the HAI model with the changes required by the Arbitrator's Preliminary Report and will present that information along with a composite cost for all of the companies.

Issue No. 3 – What is the appropriate investment in Petitioners' switches?

If the Arbitrator's final order includes the same decision for Issue #4 as the preliminary order (regarding the allocation of switch costs between traffic sensitive and non-traffic sensitive costs), then a determination regarding the forward-looking cost of switches is moot since the determination of Issue #4 supersedes the overall switch investment amounts discussed in regard to Issue #3. The Petitioners' revised cost studies reflecting the Arbitrator's preliminary decision will identify central office equipment (COE) investment based on the preliminary decision on Issue #4.

However, the Petitioners believe that the preliminary determination on Issue #4 should be changed (as will be more fully explained in Petitioners' comments to be filed on February 24, 2006). In order to provide data, should the Arbitrator reverse the preliminary decision in regard to Issue #4, the Petitioners will provide an alternative set of cost data reflecting a reversal of this issue and

the determination of the appropriate investment in Petitioners' switches as decided by the Arbitrator. In preparing this alternative, the Petitioners will follow the recommendation of the wireless carriers for this issue as follows:

Standalone/host fixed investment	\$428,296.00
Remote fixed investment	\$142,384.00
Per line investment	\$ 76.56

(per Conwell direct, page 44) In addition, to be consistent with the FCC's Tenth Report and Order which Mr. Conwell indicates was his source for this data, the Power Investment will be reduced to zero, the MDF Protector Investment per line will be reduced to zero, and the Analog Line Circuit Offset for DLC lines, per line will be reduced to zero in this alternative.

Issue No. 4 – What portion of COE investment is traffic sensitive?

Petitioners understand the Arbitrator's preliminary order to adopt a value of \$18.33 as the traffic sensitive investment per line. In order to implement this decision within the HAI model, the Petitioners will modify the HAI model inputs in the Host-Remote inputs to include no fixed per switch investment and \$18.33 per line. Further, the trunk port, per end input will be reduced to zero, the power investments will be reduced to zero, the MDF Protector Investment per line will be reduced to zero, and the Analog Line Circuit Offset for DLC lines, per line will also be reduced to zero. Furthermore, the traffic sensitive investment factor will be set to 100%, so that all of the \$18.33 per line will be treated as traffic sensitive.

Petitioners will also make a change in the formula in cell G2 of the “wire center investment” worksheet so that the model will use the host-remote COE switching investments for all companies where the “use host-remote assignments” variable is set to TRUE.

Issue No. 5 – Appropriate floor space attributable to switching?

The HAI model can alter the switch room size based on the number of lines in the switch, but cannot distinguish the switch room size based on whether the switch is a host or a remote switch. Thus, the HAI model cannot duplicate Respondent’s position precisely. Petitioners will alter the floor space of all switches (i.e. host and remote) to 200 square feet for the analysis in response to the Arbitrator’s preliminary order. This should not have a material impact on the overall cost of the switching rate component.

Issue No. 6 – Appropriate switching rate component?

The revised HAI model runs described will provide the appropriate forward-looking cost for switching given the changes to the inputs directed in the Arbitrator’s Preliminary Report.

Issue No. 7 –Appropriate forward-looking interoffice cable lengths?

Petitioners, based on their understanding, will implement the Arbitrator’s preliminary decision in the models in the following manner. Petitioners will run the HAI model on an individual company basis using the host-remote configurations specific to each Petitioner. This will have the impact of the model building rings to connect each host-remote configuration with a single connecting facility from the host to the nearest large ILEC wire center. Existing stand alone

switches will still be connected to the nearest large ILEC wire center. Petitioners will modify the mileages in the distance file for those wire centers whose connecting distance would be less to a CenturyTel or Sprint wire center than an SBC wire center. Connecting links to large ILEC wire centers will provide for redundant facilities.

Issue No. 8 – Appropriate cable size?

Petitioners will continue to use a 24 fiber cable for interoffice facilities.

Issue No. 9 – Correct sharing of interoffice facilities?

Petitioners will continue to use the HAI methodology for determining the sharing of cables.²

Issue No. 10 – Appropriate size for interoffice transmission facilities?

Petitioners believe that the Arbitrator's preliminary decision is clear on this issue and will continue to use the HAI model assumptions for transmission equipment for interoffice facilities. Petitioners understand that the mileage sensitive transmission equipment referred to in the Arbitrator's order is the repeater equipment discussed by Mr. Conwell in his testimony in the case. Use of this equipment, if any, will be based on the corrected mileages as discussed in Issue #7.

² Contrary to Respondents' arguments, the HAI model algorithms do calculate sharing of interoffice facilities for uses other than IXC/wireless transport and termination.

Issue No. 11 – What is the correct forward-looking transport cost?

The revised HAI cost studies will provide the appropriate forward-looking cost for transport given the changes to the inputs ordered in the Arbitrator's Preliminary Report.

Issue No. 12 – Should any of the direct transport costs be included?

Petitioners will exclude any costs for the direct transport element from their revised cost studies to be submitted in response to the Arbitrator's Preliminary Report. Petitioners will, however, correct the formula in cell AC2 of the "wire center investment" worksheet of the switching module so that tandem routed access trunks will be counted as common trunks only, not both common trunks and direct or dedicated trunks.

Issue No. 13 – Appropriate value of forward-looking signaling link costs?

Petitioners understand that they will provide the cost for signaling based on the revised HAI runs that reflect the mileage changes described in Issue #7.

III. Conclusion

Petitioners will provide revised cost studies, with all supporting information, as required by the Arbitrator. Petitioners' revised costs studies will be prepared in accordance with the Arbitrator's Preliminary Report as discussed above. The wireless carriers also have an opportunity to prepare and provide their own cost studies. If the wireless carriers do present such cost studies, then Petitioners expect that the wireless carriers will present similar explanation and full supporting documentation.

RESPECTFULLY SUBMITTED,

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CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was sent by U.S. Mail, postage prepaid, or via electronic mail, or hand-delivered on this 21st day of February, 2006, to the following parties:

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