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Case Number: TO-99-593
Issue: Terminating Compensation
Type of Exhibit: Rebuttal Testimony
Witness: Kent Larsen
Sponsoring Party: MITG
Date Prepared: December 20, 2000

BEFORE THE PUBLIC SERVICE COMMISSION

STATE OF MISSOURI

In the Matter of the Investigation into Signaling Protocols, Call Records, Trunking Arrangements, and Traffic Measurement.	))))	**Case No. TO-99-593**

REBUTTAL TESTIMONY

OF

KENT LARSEN

Jefferson City, Missouri

December 20, 2000

Exhibit No. 7
Date 1-24-01 Case No. TO-99-593
Reporter TL

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AFFIDAVIT OF KENT LARSEN

STATE OF OKLAHOMA)
) ss.
COUNTY OF TULSA)

Kent Larsen, of lawful age, on my oath states, that I have participated in the preparation of the foregoing testimony in question and answer form, consisting of 20 pages, to be presented in this case; that the answers in the foregoing testimony were given by me; that I have knowledge of the matters set forth in such answers; and that such matters are true to the best of my knowledge and belief.

Kent Larsen

Subscribed and sworn to before me this 19th day of December, 2000.

Notary Public

My Commission Expires:

MY COMMISSION EXPIRES 9-08-2001

Q. PLEASE STATE YOUR NAME AND YOUR BUSINESS ADDRESS.

A. My name is Kent Larsen and my business address is 8801 S. Yale, Suite 450, Tulsa, Oklahoma 74137.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am a partner at Beacon Telecommunications Advisors, a telecommunications management consulting firm that assists small and rural LECs in financial and regulatory matters.

Q. ON WHOSE BEHALF ARE YOU TESTIFYING?

A. I am testifying on behalf of the Missouri Independent Telephone Company Group (MITG). I also support the testimony filed by Mr. Robert Schoonmaker on behalf of the Small Telephone Company Group (STCG) and Mr. David Jones on behalf of the MITG.

Q. PLEASE OUTLINE YOUR PROFESSIONAL QUALIFICATIONS.

A. I have provided consulting services for over 16 years. I have been employed by Beacon Telecommunications Advisors (formerly Harris, Skrivan and Associates) since October 1998. Prior to that, I was employed by CHR Solutions (formerly Cathey, Hutton and Associates) from 1986 until October 1998. From 1984 until 1986, I was employed by JSI, Inc. At Cathey, Hutton and Associates, I was primarily involved in the provision regulatory and financial advice, leaving as Director of Federal Regulatory Services. I have testified before the Missouri Public Service Commission in the Intralata Dialing Parity Case and the Oklahoma Corporation Commission on numerous matters.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. I am offering rebuttal testimony to address the issues raised by Southwestern Bell Telephone Company (SWBT) witnesses Richard T. Scharfenberg and Joyce L. Dunlap. While my testimony supports a plan that applies to all former Primary Toll Carriers (PTCs) in Missouri including SWBT, Verizon, Fidelity and Sprint, reference to SWBT in my testimony is intended to apply equally and consistently to all former PTCs.

My testimony supports the direct testimony of Mr. Schoonmaker and Mr. Jones and will show that SWBT should be financially responsible for traffic it agrees to terminate to the exchanges served by the small companies comprising the STCG and the MITG.

I will show that the SWBT witnesses agree that current traffic measurement systems provide sufficient detail to bill carriers. I will demonstrate that SWBT's definition of Feature Groups C and D are identical for terminating traffic. I will show that terminating traffic under either Feature Group requires an appropriate business arrangement between all involved carriers and that SWBT's treatment of CLEC and CMRS traffic is inconsistent with Mr. Scharfenberg's definition of FGC and should also reflect appropriate business arrangements. I will demonstrate that the plan filed by Mr. Jones and Mr. Schoonmaker does not require SWBT to pay for traffic for which it should not be financially responsible but does require SWBT to identify such traffic and then to pay for all other traffic for which it should be financially responsible. I will demonstrate that SWBT is capable of producing, and the small companies are willing to accept, records

suitable for billing all interconnected carriers assuming agreements are in place. This can be done without any network changes or cost to SWBT. Finally, the plan provides SWBT with the incentive to configure its network to insure that traffic measurement and record distribution is performed by the correct carrier resulting in accurate billing to all carriers.

Q. DOES SWBT WITNESS SCHARFENBERG CONCUR THAT THE SMALL COMPANIES ARE CAPABLE OF MEASURING THE TRAFFIC TERMINATING AT THEIR END OFFICES?

A. Yes, Mr. Scharfenberg agrees that the small companies are capable of measuring traffic terminating to their end offices. The records the small companies propose to use are industry standard Call Code 119 records. They are used every day by SWBT to measure the terminating traffic of IXCs where the IXC is known to SWBT by the trunk group being used. (See Scharfenberg direct at page 18, lines 16 through 20.) Today, SWBT successfully bills IXCs for all traffic carried by the IXC on the trunk group, regardless of whether the IXC "originated" the traffic or not. The small company proposal will place no more reliance upon the Call Code 119 records than SWBT does with its own access customers.

Q. DOES SWBT DISPUTE THAT THE SMALL COMPANIES CAN USE THE CALL CODE 119 RECORDS TO IDENTIFY THE CARRIER FINANCIALLY RESPONSIBLE FOR THE PAYMENT OF THE APPROPRIATE TERMINATING RATE DUE FOR THE TERMINATION OF THE TRAFFIC?

A. Yes. Ms. Dunlap testifies that carriers other than SWBT place traffic on the FGC network that terminates at the small companies' end offices (Dunlap direct at page 14, lines 10 through 13). She asserts that SWBT should not be financially responsible for payment for certain traffic types placed on the FGC network (Dunlap direct at page 19, lines 13 through 15). Mr. Scharfenberg acknowledges that the data associated with both FGD and FGC traffic terminating to the exchanges of the small companies and necessary to render a bill is identical (Scharfenberg direct at page 11, lines 8 through 17). He correctly observes that the originating carrier's carrier identification code (CIC) code is not included in the terminating data stream of either FGC or FGD (Scharfenberg direct at page 17, line 10 through 14 and page 18, line 1 through 9). His testimony reveals that the major difference between the business arrangements of carriers is the segregation of traffic onto trunks by carrier (Scharfenberg direct at page 18, line 18).

Q. WHY IS THE SEGREGTION OF TRUNKS SIGNIFICANT?

A. The segregation of trunks is significant because it is the only way SWBT itself can identify a carrier terminating traffic. The small companies want to use those same capabilities and will require those trunks under SWBT's control to be the responsibility of SWBT.

Although Mr. Scharfenberg testifies this is impossible since the CIC necessary for billing is not resident in the data stream associated with this traffic, Mr. Scharfenberg agrees with our position that the data necessary to bill a carrier always starts with a reliance upon trunk group identification rather than CIC codes.

Q. ARE THERE TRAFFIC TYPES THE SMALL COMPANIES AGREE ARE NOT THE FINANICAL RESPONSIBILITY OF SWBT?

A. Yes. In certain cases, SWBT provides records that provide the data necessary for billing. The small companies are willing to accept those records in lieu of SWBT payment for such terminating traffic. The records and the conditions of acceptance of those records for billing other carriers are outlined in the direct testimony of Mr. Schoonmaker and Mr. Jones.

Q. SINCE THE TRUNKS CONNECTING SWBT TO THE SMALL COMPANIES CARRY TRAFFIC THAT THE SMALL COMPANIES AGREE IS NOT SWBT'S RESPONSIBILITY, HOW DO THE SMALL COMPANIES PROPOSE TO PROPERLY BILL THE RESPONSIBLE CARRIERS?

A. The small companies will continue to bill IXCs based upon the Access Usage Record (AUR) systems currently in place. In fact, the small companies propose to bill all interexchange toll traffic using access usage records (AURs). Furthermore, depending upon the traffic type, and if all parties involved in the origination, transport and termination of another traffic type agree to a different financial arrangement for traffic placed on the existing network, that traffic will also be excluded from SWBT's financial obligation.

Q. WHAT IS THE BASIS FOR MR. SCHARFENBERG'S BELIEF THAT SWBT SHOULD NOT BE FINANCIALLY RESPONSIBLE FOR CERTAIN TRAFFIC TYPES PLACED ON THE FGC NETWORK?

A. Most of his reasoning appears to rely on historic business arrangements revolving around the definition of various Feature Groups. Our position is that either the existing definitions of Feature Group C (FGC) remain intact and enforceable consistent with Mr. Scharfenberg's testimony, or recognition by the Commission that there are new types of traffic that require all network providers to accept new responsibilities. The definitions of Feature Groups predate the Telecom Act. However, SWBT claims some of the traffic in dispute is being placed on the FGC network as a result of the Telecom Act. While I agree all carriers are under the duty to interconnect directly or indirectly as required by the Telecom Act, I believe all carriers must either conform the traffic to Feature Group definitions and determine financial responsibility consistent with the existing definitions, or create new business arrangements to accommodate the new traffic.

Q. WHICH TYPES OF TRAFFIC SHOULD SWBT MAINTAIN CONTINUING FINANCIAL RESPONSIBILITY?

A. SWBT should be responsible for traffic that it unilaterally agrees to place on the FGC network without the express agreement of the small companies, whether voluntarily or under the requirements of the Telecom Act, and for all toll traffic that it resells to other carriers.

Q. WOULD YOU PLEASE REVIEW THOSE TYPES OF TRAFFIC?

A. While the direct testimony of Mr. Schoonmaker and Mr. Jones outlines in detail the traffic types that the small companies agree should not be the financial responsibility of SWBT, I will review the traffic here. First, the small companies will measure all minutes they terminate using the Call Code 119 records. This is the foundation for billing the terminating traffic. From this total, IXC traffic documented by AURs and FGA traffic documented by the existing records exchange will be deducted. Finally, any additional minutes identified by records provided under an agreement among all parties can also be deducted from the total. The residual traffic is the traffic for which SWBT will remain responsible and will form the basis for billing to SWBT at intrastate access rates.

Q. ARE THERE ADVANTAGES TO THE ARRANGEMENT YOU ADVOCATE?

A. Yes, there are several. First, SWBT is in a significantly better position to identify and measure the traffic it allows on its network. The small companies do not measure IXC, CLEC or wireless traffic entering SWBT's network on the separate trunks SWBT maintains for accurate recording and assignment of responsibility. Just as IXCs order separate trunk groups at a small company's access tandem, carriers provision separate trunks into the SWBT network, and SWBT has arranged for the proper collection of data necessary for billing between itself and those carriers. Second, SWBT can reduce or eliminate its responsibility to pay for traffic it believes should not be its responsibility by exercising diligence in the measurement, identification and disbursement of AURs or other appropriate records that the small companies have agreed to accept as an offset to SWBT's financial responsibility. Finally, proper incentives to all carriers to perform

their required roles should be in place. As Mr. Jones' direct testimony reveals, had the proper incentives been in place, SWBT would have been sufficiently motivated to uncover the problems with the network measurements necessary to insure accurate billing of the Local Plus traffic. Finally, all carriers will make network deployment decisions based upon the application of the correct rates to be levied for the traffic types they wish to terminate to the small companies' end offices.

Q. PLEASE DESCRIBE HOW THE SMALL COMPANIES WILL TREAT THE VARIOUS TRAFFIC TYPES BEGINNING WITH CLEC TRAFFIC.

A. The traffic originated by CLECs in SWBT exchanges terminating to the small companies' end offices is interexchange toll traffic. Under our proposal, CLECs using the FGC network will also be treated as IXCs, consistent with AT&T or WorldCom or SWBT's treatment as an IXC. For CLEC-originated traffic terminating to a small company's exchange, CLECs will either themselves be treated as an IXC or they will contract with another third party IXC. In either case, SWBT will be responsible to provide the appropriate recording and provisioning of AURs where it performs that function today. Billings from the AUR will be rendered either to the CLEC or to the underlying carrier used by the CLEC, as described on the AUR itself.

Q. DOES SWBT'S CONCERN ABOUT CLECS USING UNBUNDLED NETWORK ELEMENTS (UNEs) AFFECT YOUR POSITION?

A. Not at all. Consistent with our position, SWBT is clearly in the best position to determine the appropriate disposition of the traffic generated by the CLEC. If a CLEC

customer originates a toll call using a SWBT UNE, SWBT should record the event properly and generate an AUR. If the CLEC is not providing SWBT with all relevant data, SWBT is responsible for the appropriate records exchange with the CLEC. If there are problems with SWBT systems or where CLECs using UNEs present a particular challenge, SWBT is in a much better position to rectify the problem than the small companies.

Q. HOW DO THE SMALL COMPANIES PROPOSE TO TREAT CMRS TRAFFIC?

A. CMRS traffic is similar to CLEC traffic. It is interexchange toll unless a CMRS carrier has initiated and successfully negotiated a local interconnection agreement under the Telecom Act. As interexchange toll traffic, an AUR is the appropriate record used to bill the CMRS carrier. If a CMRS carrier chooses to negotiate an interconnection agreement with a small LEC, the CMRS traffic can be provisioned in a manner consistent with sound business principles where the responsible party can be identified using either direct "local" trunks separate from the FGC network, or all parties can agree to continue the current trunking arrangement and also agree to a method where appropriate records are generated and passed to the terminating LEC. SWBT claims it is capable of creating an appropriate record called a CTUSR that is supposed to be functionally equivalent to an AUR. If appropriately executed interconnection agreements support its use, it may be a method acceptable to many of the small companies.

Q. IN HIS DEFENSE OF CURRENT SWBT PRACTICE ALLOWING CMRS CARRIERS USE OF THE FGC NETWORK, MR. SCHARFENBERG TESTIFIES THAT THE FGC NETWORK IS USED SOLELY FOR LEC-TO-LEC TRAFFIC. DOES SWBT USE THE FGC NETWORK SOLELY FOR LEC-TO-LEC TRAFFIC?

A. No. Mr. Scharfenberg defines FGC as a "LEC-to-LEC network" and it is "the method for trunking and routing long distance calls without the use of an Interexchange Carrier". (Scharfenberg direct at page 4, line 14-16) I believe Mr. Scharfenberg's definition is at odds with SWBT's practice allowing CMRS carriers to interconnect using the FGC network. As a threshold matter, I would note that SWBT has entered into contractual agreements with numerous wireless carriers allowing them use of the FGC network. Those agreements between SWBT and the CMRS carriers were executed without the agreement of the small companies. Furthermore, such use is at odds with SWBT's position in this matter for the following reasons: First, CMRS carriers are not LECs and are not entitled to the use of the FGC network according to Mr. Scharfenberg's definition. Second, even if CMRS carriers are allowed the use of a "LEC-to-LEC" network, if the CMRS carrier claims the calls it originates are "local", then use of the FGC network is also inappropriate under Mr. Scharfenberg's definition since it used for "long distance" traffic. Until the CMRS carrier initiates and negotiates a "local" interconnection agreement, the traffic is interexchange toll. This view is consistent with the November 1, 2000 Judgment in Cole County Circuit Court Case No. 00CV323379. Until such time, the CMRS carrier originated calls are in fact "long distance". In this case, SWBT is not simply "transiting" a local call but is providing "meet-point" access

under existing access tariffs where the CMRS carrier performs as an IXC. SWBT should record the traffic as access and provide AURs as it does for all other interexchange access traffic. Finally, SWBT could choose to perform as an IXC and allow a CMRS carrier to resell SWBT toll services. SWBT would then be responsible as a toll reseller for the toll traffic it accepts for termination to the small companies' end offices.

Q. ARE THERE OTHER USES OF THE FGC NETWORK INCONSISTENT WITH SWBT'S CLAIMS THAT IT IS SOLELY A "LEC-TO-LEC" NETWORK?

A. Yes, in Texas, Oklahoma, Arkansas and Kansas, SWBT offers a service it calls "Intralata Wholesale Service" where it accepts IXC traffic for termination to the LEC network. Where a small or independent LEC has an access tandem requiring IXCs to utilize separate trunks, SWBT insists on maintaining FGC trunks. SWBT will accept IXC traffic for transport through the FGC network. SWBT will commingle the IXC traffic with what it terms "LEC-to-LEC" traffic rather than requiring the IXC to transport the traffic on the dedicated IXC network. SWBT appears to introduce this service in states to allow its own IXC subsidiary to then use the FGC "LEC-to-LEC" network to avoid the same type of network configuration required of competing IXCs. In other words, SWBT's separate IXC subsidiary will enjoy some competitive advantages by avoiding separate trunking arrangements as required for all other IXCs. From my understanding of the service, I conclude that SWBT is willing to be financially responsible for the traffic, including the terminating access due small LECs. In effect, SWBT is reselling FGC connectivity to IXCs where IXCs should be interconnected using their own dedicated trunks.

Q. IN HER DIRECT TESTIMONY ON PAGE 6, MS. DUNLAP PRESENTS THREE REASONS WHY THE CURRENT SYSTEM SHOULD BE MAINTAINED. DO YOU DISAGREE WITH HER DEFENSE OF THE STATUS QUO?

A. Yes, I believe each reason is deficient. First, Ms. Dunlap asserts the originating records currently used provide the information necessary to prepare accurate terminating access bills. The flaw in her method is the fact that if an originating carrier fails (for whatever reason) to accurately prepare the data, the terminating carrier has no record to dispute the originating carriers' failure. The small companies' proposal provides the necessary data to prepare terminating access bills and is a more reliable record since it is sure to capture all access minutes regardless of the originating carrier's diligence or lack thereof. As our proposal states, these former PTCs/IXCs can order and become financially responsible for their direct trunk connections, or the existing network arrangement can be maintained, but the small companies' proposed financial arrangement would dictate that SWBT prepare AURs to record the traffic of other former PTCs/IXCs. These AURs are acceptable to the small companies to offset SWBT's concern that it should not pay for the termination of another carriers' traffic. Ms. Dunlap's second point in defense of the current system is that the records SWBT favors, the 01-01-XX EMRs, are an "industry standard". The industry standard to which she refers is used to record and bill *originating end user toll* (Dunlap direct at page 3, lines 12 and 13). Again, as both Ms. Dunlap and Mr. Scharfenberg testify, the standard for measuring terminating IXC traffic is the Call Code 119 record. Ms. Dunlap's final point for maintaining the

current system is the system's 12-year heritage as a means to exchange records between the small companies and SWBT. The problems with this point include the fact that the originating toll records created by the former SCs were used for *originating access*, not terminating access, the issue in this proceeding. Until quite recently, terminating access was calculated using terminating to originating ratios as a proxy for the preferred method of actual, measured terminating access. Furthermore, CMRS and CLEC traffic was never included in the calculation of terminating ratios, nor were the problems presented by these new industry participants contemplated in the development of the old system advocated by SWBT. In summary, the methods Ms. Dunlap prefers do not work in the current environment.

Q. MR. SCHARFENBERG TESTIFIES THAT THE PROPOSED PLAN WILL COST SWBT OVER 18 MILLION DOLLARS. DO YOU AGREE?

A. No. Mr. Scharfenberg provides analysis that is irrelevant to this proceeding.

Q. WHICH PORTIONS OF MR SCHARFENBERGS TESTIMONY ARE IRRELEVANT TO THE SMALL COMPANIES' REQUEST?

A. Mr. Scharfenberg's testimony provides a detailed description of the FGC and FGD networks, their capabilities and the reason the FGD network is inappropriate for interconnection between the small companies and former PTCs. Most of the issues he raises are associated with originating FGD traffic signaling requirements and are therefore moot in this matter. As Mr. Schoonmaker and Mr. Jones testify, the small companies are not requesting SWBT to originate calls from its customers using FGD

signaling or for SWBT to change its network signaling protocol. This is significant since SWBT will not incur additional network expense to deploy the network elements described at length in Mr. Scharfenberg's testimony. What the small companies are requesting from this Commission is to require SWBT to adopt FGD *business arrangements* consistent with other similarly situated IXCs in Missouri and become responsible for terminating traffic utilizing its FGC trunks.

Based upon the direct testimony of Mr. Schoonmaker and Mr. Jones, it is my opinion that the following portions of Mr. Scharfenberg's testimony are irrelevant to the matter before the Commission and should be treated accordingly:

Beginning on page 5, line 17 continuing through page 11, line 2 (table 3);
Beginning again on page 12, line 15 continuing through page 16, line 3;
Beginning again on page 22, line 18 continuing through page 24, line 2;
Beginning again on page 24, line 8 continuing through page 25, line 16.

Q. WAS A TEST PERFORMED TO DETERMINE IF A PROBLEM EXISTED AND TO TEST THE CAPABILITY AND THE RELIABILITY OF THE SMALL COMPANIES' RECORDINGS OF TERMINATING TRAFFIC USING INDUSTRY STANDARD CALL CODE 119 BILLING RECORDS?

A. Yes. The details of the test are more fully described in the direct testimony of Mr. Schoonmaker. For purposes of the network test, SWBT agreed that the Call Code 119 terminating records were an appropriate and accurate basis for comparison and

reconciliation to the multitude of billing records it (SWBT) generates. From the total measured minutes, terminating minutes identified by SWBT from the assorted billing systems were subtracted. If there were more Call Code 119 terminating records than the records SWBT provided from its assorted systems, it can be concluded that the terminating LEC may not be fully compensated.

Q. WHAT WERE THE RESULTS OF THE TEST?

A. As Mr. Schoonmaker testified, the final report is not yet prepared. However, as Mr. Jones testified, the network test revealed SWBT was responsible for uncompensated terminating calls to Mid-Missouri. Interestingly, the demonstrated failure to accurately record some significant traffic was the responsibility of SWBT. It failed to perform the switch functions needed to properly identify its Local Plus traffic. It is important to note that SWBT agreed to reconcile to the Call Code 119 data for general testing purposes and SWBT agreed to the use of the Call Code 119 records when investigating the Mid-Missouri Local Plus minute controversy.

Q. SWBT WITNESS DUNLAP TESTIFIED THAT THIS TEST PROVED THE EXISTING SYSTEM WORKS AS DESIGNED. DO YOU AGREE?

A. Not at all. Rather than lauding this failure as proof the system works (see Dunlap direct at page 12, lines 13 through 20), SWBT's failure demonstrates the flaw in their approach to the problem. If the small companies relied solely upon the records SWBT produced, the problem would likely have continued undetected. Ms. Dunlap's testifies directly to this point on page 11 at lines 4 and 5. In fact, Ms. Dunlap's position is

illogical in that, absent the terminating records offered to SWBT as proof of the deficiency at Mid-Missouri, the company would have been required to, in essence, "prove a negative". Mid-Missouri would have had to prove SWBT did NOT do something it should have done based on records Mid-Missouri did not possess. If Mid-Missouri did not record the terminating traffic in the manner requested in this proceeding, the deficiency of the system would have never been revealed. Ms. Dunlap is testifying that the complete record of terminating traffic is what SWBT says it is and if SWBT discovers an error implementing the system, the system works! I believe the system "worked" only because Mid-Missouri measured terminating traffic and demonstrated its accuracy to the satisfaction of SWBT. Had the measurement not taken place, the system would not have worked and its failure would have continued undetected.

Q. IF THE NETWORK TEST REPORT DUE IN JANUARY REVEALS THE TERMINATING RECORDS AGREE WITH ALL THE BILLING DATA SUPPLIED BY SWBT, WHY SHOULD THE SYSTEM YOU PROPOSE BE ADOPTED BY THE COMMISSION?

A. Mr. Jones testified it took months and drastic action to motivate SWBT to do the right thing and cooperate to determine the underlying problem. Mr. Jones' testimony demonstrates the difficulty arranging an ad hoc network test to prove each discrepancy. Finally, the Mid-Missouri experience shows a need for the routine business practice the small companies are requesting to maintain the financial integrity of inter-carrier compensation in Missouri.

There are two critical issues: 1) SWBT is currently responsible for generating or assembling the records of the traffic placed onto its network and subsequently onto the terminating networks of the small companies and 2) the only problem on the record in this proceeding originated with SWBT's acknowledged failure to properly record the Local Plus traffic it originated and for which it alone is financially responsible.

Rather than ad hoc audits using the very terminating records the small companies use to identify problems after the fact, the small companies believe the routine use of the very same terminating records will be more equitable and administratively simpler than an originating records system.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. The small companies are asking the Commission to require SWBT to adhere to the business arrangements of a terminating FGD network without requiring SWBT to invest in the FGD signaling required to originate calls. The small companies are asking this Commission to approve the use of industry standard billing records created by the terminating end office as the appropriate record for reconciling billing on the interconnected trunks that terminate traffic between the small companies and SWBT. These billing records are identical to the records SWBT uses to bill IXCs terminating calls to its network. The small companies recognize that there are exceptions that require them to accept billing records in lieu of payments from SWBT and only ask that the small companies be given the opportunity to agree to the contractual arrangement prior to the requirement that they accept such records. Since SWBT is uniquely positioned to

identify carriers placing traffic onto its network, the small companies must rely upon SWBT to perform that function. The small companies should not be forced to accept the records SWBT provides as the last word with no routine recourse when SWBT fails to perform its obligations. Absent the authority to rely upon the measurement of the total amount of traffic terminating to their end offices, the small companies have no opportunity to bill the appropriate carrier and SWBT has no motivation to investigate and resolve the shortage of records compared to actual terminating traffic recorded by the small companies.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.