Exhibit No.:	
Issue:	Records Test
Witness:	W. Robert Cowdrey
Type of Exhibit:	Surrebuttal Testimony
Sponsoring Party:	Sprint
Case No.:	TO-99-593

SPRINT
CASE NO. TO-99-593

SURREBUTTAL TESTIMONY

OF

W. ROBERT COWDREY

January 11, 2001

Q. WILL YOU PLEASE STATE YOUR NAME AND BUSINESS ADDRESS?

A. My name is W. Robert (Bob) Cowdrey. My business address is 5454 West 110th Street, Overland Park, Kansas 66211.

Q. ARE YOU THE SAME W. ROBERT COWDREY WHO FILED DIRECT AND REBUTTAL TESTIMONY IN THIS CASE?

Yes.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. My testimony will list Sprint's concerns with the Small Company terminating recording and business relationship proposal and Sprint's recommended solutions. I will also respond to certain statements made in the rebuttal testimony of David Jones of MITG and Robert C. Schoonmaker of STCG.

Q. WHAT ARE YOUR CONCERNS ABOUT THE SMALL COMPANIES' TERMINATING RECORDINGS AND THEIR BUSINESS RELATIONSHIP PROPOSAL?

A. There are several but, in summary, they boil down to:

1. There is no evidence presented in any of the pre-filed testimony that <u>all</u> the small companies are capable of making accurate terminating recordings, or that even a majority can or even want to implement such a plan. In fact, as I review the testimony of Mr. Schoonmaker and Mr. Jones, there are apparently some companies who do not desire to move to the proposed business relationship. As Mr. Schoonmaker notes on pages 18 and 19 of his testimony, he recommends that the proposal be an alternative which companies can choose as they have the capability to implement the proposed procedures. In effect, he proposes that the

business relationship be OPTIONAL for the small companies, but MANDATORY for the former PTCs.

2. What has occurred to date with the network test is merely a limited sample for some companies—and the results using their terminating recordings are still preliminary for that limited sample;

3. There has been no discussion presented by the small company witnesses as to exactly what form and format their terminating records will take - therefore there is no basis from which to accurately assess if such a "billing" proposal is even workable or verifiable at any point in the near term;

4. There is no incentive on the part of the small companies to accurately produce terminating records that may be validated and used to bill the responsible carrier who originates the traffic that terminates to their end offices—instead, they simply want to "turn on the meter" at their office and bill the tandem company for any and all traffic on the public switched network that traverses the common trunk groups and terminates to their switch.

Q. WHAT IS YOUR RECOMMENDED SOLUTION IN THIS MATTER?

A. I believe the Commission should allow the continued use of originating records for inter-company compensation purposes and allow the companies to proceed with the current effort to work collaboratively in the records reconciliation process until all parties are satisfied that the records/recording issues have been identified and resolved. Certainly, if the small companies desire to use their terminating recordings as an audit tool, Sprint would respond to any concerns raised by the small companies.

If, however, the Commission decides to adopt the small companies' proposal for a "new business relationship", Sprint feels that there must be equal incentive put in place for traffic identification by the small companies. Inherent in the current proposal by the small companies for use of their terminating recordings is the fact that they will simply bill the tandem company for all the residual or unidentified traffic terminating to their offices—regardless of the originating carrier actually responsible for that traffic. Under this plan, there is no incentive for the small company to assist the tandem owner in the identification of any unidentified, residual traffic. In fact, there is disincentive for the small companies since accurate identification of the unidentified traffic may actually cause the small companies to receive a lower rate than if the traffic remained unidentified.

Sprint feels that in order for the proper incentives to be in place, the small company and tandem owner should share the "risk" of unidentified traffic—if such traffic does exist. The small company should be accountable for a 50/50 share of the unidentified traffic with the tandem owner. In this way, each party has a stake in the process and an equal incentive to work collaboratively in the identification of unidentified traffic. Further, if the Commission determines that the small company proposal has merit then it should be equally applicable to all companies. It would be discriminatory to require certain companies to pay for unidentified traffic and not require all companies, both large and small LECs to pay for unidentified traffic.

Q. IF THE COMMISSION CHOOSES NOT TO CHANGE THE BUSINESS RELATIONSHIP BETWEEN THE SMALL COMPANIES AND THE FORMER PTCS, DO THE SMALL COMPANIES HAVE ALTERNATIVES TO ENSURE THAT THEY ARE COMPENSATED FOR ALL TRAFFIC.

A. Yes. The small companies that have turned up their terminating measurement capability can continue to use their records as an audit tool to ensure they are getting full compensation. Similar to SWB, Sprint has also purchased the AcceSS7 Business Intelligence network monitoring system and is currently installing it in Missouri. Although the AcceSS7 system implemented by Sprint won't be designed to produce billing records, it will be used to validate Sprint's billing to ensure it receives all the needed billing records from the responsible originating carriers. Sprint is willing to work with any of its subtending small companies to help identify any originating carriers not sending records and to assist them in obtaining contact information to begin billing these carriers. It is very likely that if the small companies aren't receiving records, then Sprint isn't receiving records either since it also has indirect connections with many carriers.

Q. IS THE BUSINESS RELATIONSHIP PROPOSED BY THE SMALL COMPANIES, THE INDUSTRY STANDARD?

A. No, after surveying the eighteen states in which Sprint operates as an ILEC, I remain convinced that the small company business relationship is non-standard for the compensation of intraLATA access minutes. In fact, I did not uncover a state where the small company proposal was standard for any type of traffic.

Q. ARE THERE OTHER SOLUTIONS ON THE HORIZON FOR THE BILLING OF INTRALATA ACCESS MINUTES?

A. Yes. After reading Ms. Allison's rebuttal testimony, I contacted our internal OBF contact. She concurred in all of Ms. Allison's statements concerning the modifications to the industry standard for billing intraLATA toll records. Since this issue is being dealt with at the national level by OBF and the industry, there is no need for Missouri to adopt any stopgap measure such as those proposed by the small companies.

Q. IN MR. SCHOONMAKER'S REBUTTAL TESTIMONY, AT PAGES 5-6, HE DISCUSSES THE NETWORK TEST AND THE PRELIMINARY RESULTS FOR ROCKPORT AND KINGDOM, THE SAMPLE COMPANIES WITH EXCHANGES THAT SUBTEND SPRINT'S TANDEM. WHAT ARE THE CURRENT RESULTS OF THAT TEST?

A. As indicated in my pre-filed rebuttal testimony, Sprint has forwarded additional records for purposes of the network test reconciliation process. According to Mr. Schoonmaker's Schedule RCS-4, Rockport recorded 750 calls during the One Hour Test Period on July 17, 2000 between the hours of 1:00 and 2:00 p.m. Sprint's updated record counts indicate that 716 records were sent to Rockport for this same time period. This translates to 95.5% of the terminating records matched by Sprint. Certainly other carriers also terminated calls to Rockport; however, those records must be sent by those other carriers to Rockport.

Q. IS IT APPROPRIATE TO USE THE 1 HOUR COMPARISON RATHER THAN THE 48 HOUR COMPARISON WHEN REVIEWING THE RECORD STUDY TEST RESULTS?

A. Yes. As agreed to by the record study participants, Sprint concentrated its resources on ensuring an accurate and complete one hour test for the reconciliation. The results for this sample time period are appropriate for purposes of this case.

Q. MR. SCHOONMAKER NOTES ON PAGES 6-7 OF HIS REBUTTAL TESTIMONY THAT THE SITUATION WHERE THE TERMINATING RECORDINGS MADE BY KINGDOM DO NOT MATCH THE ORIGINATING RECORDS PRODUCED BY SPRINT REQUIRES ADDITIONAL INVESTIGATION. CAN YOU COMMENT?

A. I concur with Mr. Schoonmaker. The occurrence where the terminating records made by Kingdom do not match by 17% or more does, indeed, warrant further investigation. If the records are indeed correct and it is found that some calls were not recorded by Kingdom, I believe the reliability of the small company terminating recording process may be questionable.

Q. AT PAGE 4 OF HIS REBUTTAL TESTIMONY MR. SCHOONMAKER REFERENCES COMMENTS IN YOUR DIRECT TESTIMONY REGARDING THE COMPLEXITY OF RECONCILING THE BILLING RECORDS FOR THE NETWORK TEST. CAN YOU COMMENT?

A. Mr. Schoomaker has mischaracterized my statements. What is so very complex about the reconciliation process for the records test has been the fact that the small companies' terminating recordings do not contain enough information—certainly not as much as the originating records—which causes increased effort required to reconcile and match the sample data. These terminating recordings—the very "records" on which the small companies base their proposal for a new business relationship and "billing system", do not contain enough information from which to identify the originating and responsible carrier.

This makes the small companies' entire terminating "records" proposal unworkable and impractical from any perspective.

Q. MR. JONES STATES THAT SWB, GTE AND SPRINT SOMEHOW GET A COMPETITIVE ADVANTAGE OVER IXCS THAT ARE REQUIRED TO PAY TERMINATING COMPENSATION FOR THE TRAFFIC OF OTHERS (JONES REBUTTAL, P. 5). DO YOU AGREE WITH HIM?

A. Absolutely not. As has been stated in previous testimony, the former PTCs do not have a competitive advantage over the IXCs. This is extremely apparent by the recent withdrawal of AT&T from this case and the absence of any IXC participation in this case. The former PTCs do not receive the same revenue stream that the IXCs. IXCs enter into voluntary agreements with other IXCs to carry their traffic to the terminating exchange and pay terminating charges to all parties on the call path. They are compensated for performing this service.

Alternatively, former PTCs acting as the transiting company do not collect from the originating party the fees to pay the terminating exchange company. Rather, the former PTCs simply bill their portion of the route of the call. The small companies proposal would have the PTCs pay the terminating company without the revenue stream that IXCs enjoy.

Q. **MR. JONES STATES THAT, "IT APPEARS TO ME THAT THE FORMER PTCS ARE USING THE IXC BUSINESS RELATIONSHIP COMPENSATION MECHANISM WITH THESE CONNECTING CARRIERS [CLECS AND WIRELESS CARRIERS]. (JONES REBUTTAL P. 15) . IF THAT WERE TRUE, WOULDN'T THE INTERCONNECTION AGREEMENTS STATE THAT THE TRANSITING PARTY HAS THE RESPONSIBILITY TO PAY ANY THIRD PARTY LEC, ILEC OR CMRS PROVIDER FOR TERMINATION.**

A. Yes. As I stated previously, Sprint's interconnection agreements state just the opposite of what Mr. Jones suggests. Sprint is under no obligation to pay third parties for termination of non-Sprint originated traffic. Conversely, it is my understanding that many of the IXCs arrangements include language that the transiting IXC has the responsibility to pay any third party.

Q. **MS. ALLISON'S REBUTTAL TESTIMONY DISCUSSES THE CONFLICTS WITH CURRENT INTERCONNECTION AGREEMENTS**

THAT THE SMALL COMPANY PROPOSAL WOULD CAUSE. ARE THERE CONFLICTS BETWEEN SPRINT'S CLEC INTERCONNECTION AGREEMENTS THAT CONFLICT WITH THE SMALL COMPANY PROPOSAL?

A. Yes. Sprint's Interconnection Agreement Terms and Conditions regarding Transit Traffic state as follows:

> Each party acknowledges that the transiting Party does not have any responsibility to pay any third party LEC, ILEC, or CMRS provider charges for termination or any identifiable transit traffic from the originating Party. Both parties reserve the right not to pay such charges on behalf of the originating party.

Each of Sprint's interconnection agreements would need to be modified should the Commission adopt the small companies' business relationship proposal.

Q. MR. JONES SUGGESTS THAT THE SMALL LECS SHOULD BE ABLE TO AVOID <u>MULTIPLE</u> SYSTEMS BY UTILIZING THE FGD BUSINESS MODEL. DIDN'T THE COMMISSION ORDER THE FORMER PTCS TO CREATE CATEGORY 11 RECORDS SO THAT THE SMALL COMPANIES WOULD NOT HAVE TO CREATE A NEW SYSTEM TO PROCESS RECORDS? (JONES REBUTTAL P. 4)

A. Yes, in the Report and Order in Case No. TO-99-254, et al., the Commission stated that requiring the Small Companies to use Category 92-99 records would require the small companies to develop a system to bill using these records or require the small companies to convert them to Category 11 records. With that understanding, the Commission ordered the former PTCs to create industry standard Category 11 records. The small companies and the former PTCs worked cooperatively to ensure that the Category 11 records were industry standard and these records were implemented for intercompany compensation in April, 2000.

Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

A. Yes.

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MISSOURI

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

AFFIDAVIT OF W. ROBERT COWDREY

STATE OF KANSAS)
) ss
COUNTY OF JOHNSON)

W. Robert Cowdrey, of lawful age, on his oath states: That he has participated in the preparation of the attached Surrebuttal Testimony in question and answer form, consisting of 11 pages plus schedules, to be presented in the above case; that the answers in the attached Surrebuttal Testimony were given by him; that he has knowledge of the matters set forth in such answers; and that such matters are true to the best of his knowledge and belief.

W. Robert Cowdrey
W. Robert Cowdrey

Subscribed and sworn to before me this 10, day of January, 2001.

JEANANN WEST NOTARY PUBLIC STATE OF KANSAS

Jeanann West
Notary Public

My appointment Expires: 11/12/2003