

Dinsmore & Shohl LLP
ATTORNEYS

Edward T. Depp
502-540-2347
tip.depp@dinslaw.com

October 9, 2006

VIA HAND DELIVERY

Hon. Beth O'Donnell
Executive Director
Public Service Commission
211 Sower Blvd.
P. O. Box 615
Frankfort, KY 40601

Re: *Kentucky Public Service Commission Case Nos.*
1) 2006-00215; 2) 2006-00217; 3) 2006-00218; 4) 2006-00220;
5) 2006-00252; 6) 2006-00255; 7) 2006-00288; 8) 2006-00292;
9) 2006-00294; 10) 2006-00296; 11) 2006-00298; 12) 2006-00300

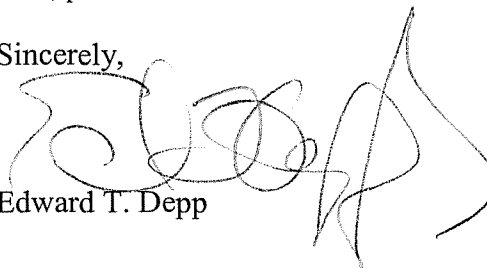
Dear Ms. O'Donnell:

I have enclosed for filing in the above styled cases the original and eleven (11) copies of (1) Prefiled Rebuttal Testimony of Steven E. Watkins and (2) Prefiled Rebuttal Testimony of Douglas D. Meredith. This testimony is being filed on behalf of the petitioners in each of the above-referenced cases. Please file-stamp one copy of each testimony and return it to our delivery person.

Thank you, and if you have any questions, please call me.

Sincerely,

Edward T. Depp



ETD/lb
Enclosures

Hon. Beth O'Donnell
October 9, 2006
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cc: John N. Hughes, Esq.
Mary Beth Naumann, Esq.
Holland N. McTyeire, Esq.
Bhogan M. Modi
Mark R. Overstreet, Esq.
Tom Sams
Philip R. Schenkenberg, Esq.
Jeff Yost, Esq.
Amy E. Dougherty, Esq.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matters of:

Petition of Ballard Rural Telephone Cooperative)
Corporation, Inc. for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with American Cellular Corporation)
f/k/a ACC Kentucky License LLC,) Case No. 2006-00215
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of Brandenburg Telephone Company)
For Arbitration of Certain Terms and)
Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a)
Verizon Wireless, GTE Wireless of the) Case No. 2006-00288
Midwest Incorporated d/b/a Verizon Wireless, and)
Kentucky RSA No. 1 Partnership d/b/a)
Verizon Wireless, Pursuant)
To the Communications Act of 1934,)
As Amended by the Telecommunications)
Act of 1996)

Petition of Duo County Telephone Cooperative)
Corporation, Inc. for Arbitration of Certain)
Terms and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a) Case No. 2006-00217
Verizon Wireless, GTE Wireless of the Midwest)
Incorporated d/b/a, and Kentucky RSA No. 1)
Partnership d/b/a Verizon Wireless, Pursuant to)
the Communications Act of 1934, as amended)
by the Telecommunications Act of 1996)

Petition of Foothills Rural Telephone Cooperative)
Corporation, Inc., for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a Verizon)
Wireless, GTE Wireless of the Midwest)
Incorporated d/b/a Verizon Wireless, and Kentucky) Case No. 2006-00292
RSA No. 1 Partnership d/b/a Verizon Wireless,)
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of Gearheart Communications Inc. d/b/a)
Coalfields Telephone Company, for Arbitration of)
Certain Terms and Conditions of Proposed)
Interconnection Agreement with Cellco Partnership)
d/b/a Verizon Wireless, GTE Wireless of the)
Midwest Incorporated d/b/a Verizon Wireless, and) Case No. 2006-00294
Kentucky RSA No. 1 Partnership d/v/a Verizon)
Wireless, Pursuant to the Communications Act of)
1934, as Amended by the Telecommunications)
Act of 1996)

Petition of Logan Telephone Cooperative, Inc.)
For Arbitration of Certain Terms and)
Conditions of Proposed Interconnection)
Agreement with American Cellular Corporation) Case No. 2006-00218
f/k/a ACC Kentucky License LLC, Pursuant to)
the Communications Act of 1934, as Amended)
by the Telecommunications Act of 1996)

Petition of Mountain Rural Telephone Cooperative)
Corporation, Inc., for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a Verizon)
Wireless, GTE Wireless of the Midwest) Case No.2006-00296
Incorporated d/b/a Verizon Wireless, and Kentucky)
RSA No. 1 Partnership d/b/a Verizon Wireless,)
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of North Central Telephone Cooperative)
Corporation, for Arbitration of Certain Terms and)
Conditions of Proposed Interconnection Agreement)
with American Cellular Corporation f/k/a ACC)
Kentucky License LLC, Pursuant to the) Case No. 2006-00252
Communications Act of 1934, as Amended by)
The Telecommunications Act of 1996)

Petition of Peoples Rural Telephone Cooperative)
for Arbitration of Certain Terms and Conditions)
of Proposed Interconnection Agreement with)
Cellco Partnership d/b/a Verizon Wireless,)
GTE Wireless of the Midwest Incorporated) Case No. 2006-00298
d/v/a Verizon Wireless, and Kentucky RSA)
No. 1 Partnership d/b/a Verizon Wireless)
Pursuant to the Communications Act of)

1934, as Amended by the Telecommunications)
Act of 1996)

Petition of South Central Rural Telephone)
Cooperative Corporation, Inc. for Arbitration)
Of Certain Terms and Conditions of Proposed)
Interconnection Agreement with Cellco)
Partnership d/b/a Verizon Wireless, GTE)
Wireless of the Midwest Incorporated d/b/a)
Verizon Wireless, and Kentucky RSA No. 1)
Partnership d/b/a Verizon Wireless,)
Pursuant to the communications Act of 1934,)
As Amended by the Telecommunications)
Act of 1996)

Case No. 2006-00255

Petition of Thacker-Grigsby Telephone Company,)
Inc., for Arbitration of Certain Terms and)
Conditions of Proposed Interconnection Agreement)
with Cellco Partnership d/b/a Verizon Wireless,)
GTE Wireless of the Midwest Incorporated d/b/a)
Verizon Wireless, and Kentucky RSA No. 1)
Partnership d/b/a Verizon Wireless)
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Case No. 2006-00300

Petition of West Kentucky Rural Telephone)
Cooperative Corporation, Inc. for)
Arbitration of Certain Terms and)
Conditions of Proposed Interconnection)
Agreement with American Cellular Corporation)
f/k/a ACC Kentucky License LLC,)
Pursuant to the Communications Act of 1934)
as Amended by the Telecommunications)
Act of 1996)

Case No. 2006-00220

PREFILED REBUTTAL TESTIMONY
OF
DOUGLAS D. MEREDITH
ON BEHALF OF THE
RURAL TELEPHONE COMPANY PETITIONERS

October 9, 2006

Counsel to Petitioners:

John E. Selent
Holly C. Wallace
Edward T. Depp
DINSMORE & SHOHL LLP
1400 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
(502) 540-2300 (telephone)
(502) 585-2207 (fax)

PREFILED REBUTTAL TESTIMONY OF DOUGLAS D. MEREDITH

I. INTRODUCTION

1 **Q: ARE YOU THE SAME DOUGLAS MEREDITH WHO PROVIDED PREFILED**
2 **DIRECT TESTIMONY IN THIS PROCEEDING?**

3 A: Yes.

4 **Q: WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 A: I seek to respond to certain claims and incorrect statements provided by Mssrs.
6 Farrar and Wood.

7

8 **II. PREFILED DIRECT TESTIMONY OF MR. FARRAR**

9 **Q: ON PAGE 7-8, MR. FARRAR SUGGESTS IT USEFUL TO COMPARE A**
10 **BELLSOUTH RATE TO THE DEFAULT PROXIES ESTABLISHED BY THE**
11 **FCC. DO YOU AGREE WITH HIS ANALYSIS?**

12 A: No. As I stated in my prefiled direct testimony, there are several very important reasons
13 why the use of the BellSouth rate is not appropriate for this proceeding. Foremost among
14 them is the recognition that areas that are exclusively rural will be higher cost than the
15 urban and rural areas served by RBOCs. Mr. Farrar gives no support to suggest that the
16 BellSouth rate is comparable to the appropriate rate for the RLECs.

1 **Q: ON PAGE 8, MR. FARRAR SUGGESTS THE FCC'S RATE FOR TRANSPORT**
2 **WOULD BE \$0.000905 PER MINUTE OF USE. HAVE YOU REVIEWED**
3 **ATTACHMENTS RGF-1 THROUGH RGF-5 SHOWING HOW MR. FARRAR**
4 **DERIVES THIS NUMBER?**

5 A: Yes. I have reviewed attachments RGF-1 through RGF-5.

6 **Q: DO YOU AGREE WITH ALL OF THE CALCULATIONS ON THESE**
7 **ATTACHMENTS?**

8 A: No. Upon review of the attachments, I found several errors or omissions in his analysis
9 that critically understate the appropriate rate or otherwise provide incorrect or misleading
10 data.

11 **Q: ARE THE NUMBERS ON ATTACHMENT RGF-1 ARE DERIVED FROM**
12 **OTHER ATTACHMENTS?**

13 A: Yes, it appears to me that RGF-1 is a summary attachment reporting Mr. Farrar's analysis
14 in subsequent attachments.

15 **Q: WHAT ERRORS OR OMISSIONS DID YOU OBSERVE ON ATTACHMENT**
16 **RGF-2?**

17 A: Attachment RGF-2 attempts to show a schema for indirect interconnection with the
18 RLECs. Mr. Farrar suggests incorrectly that for indirect interconnection there are RLECs
19 who subtend an RBOC tandem (the lower branch in the diagram). All of the RLECs
20 have tandem switches, and consequently, all indirect traffic sent to the RLECs will pass

1 through the RLEC tandems. Mr. Farrar acknowledges that the CMRS providers are not
2 seeking direct interconnection. *See* Direct Testimony of Mr. Farrar at 20. The diagram
3 suggests a type of interconnection not sought by the CMRS providers in this proceeding,
4 and it therefore leads to errors in developing his transport and termination rate.

5 **Q: MR. FARRAR QUALIFIES THE APPLICATION OF A TANDEM SWITCHING**
6 **PROXY TO STAND-ALONE TANDEMS. DO YOU AGREE THAT TANDEM**
7 **SWITCHING ONLY OCCURS AT STAND-ALONE TANDEMS?**

8 A: No. Tandem switching can occur as a stand-alone tandem or as a combined Tandem and
9 End Office location. *See* “Central Office Switch” definition agreed to by the parties.

10 The application of a tandem switching proxy is not conditioned on whether the tandem is
11 stand-alone or combined. The FCC rule discussing tandem switching does not state that
12 equipment used to perform tandem switching must be stand-alone. *See* 47 CFR
13 §51.513(c)(5). It is well known that tandem switching is a switching function, and this
14 switching function is a complement to end office switching, not a substitute. Tandem
15 functionality has a cost, and the FCC’s proposed rate for this cost is \$0.0015 per minute
16 of use. If using FCC default proxies, this rate would apply to all traffic delivered to the
17 RLECs for termination.

18 **Q: DO YOU HAVE ANY OTHER COMMENTS ON ATTACHMENT RGF-2?**

19 A: I only note that Mr. Farrar has recognized transport to the RLEC end office as well as
20 transport from the RLEC end office to an RLEC remote. My understanding of the FCC
21 rules is that “termination” includes end office switching and delivery to the called party.

1 See 47 CFR §51.701(d). When the remote is not considered as an end office switch, then
2 the application of additional transport internal to RLEC network should be assigned to
3 the termination rate element and not the transport rate element. In preparing my prefiled
4 direct testimony, I calculated transport costs only to the tandem/end office location. I
5 account for transport interior to the tandem location with my proposed Kentucky
6 termination rate. My transport calculation differs from Mr. Farrar because he places all
7 transport in transport and I have placed interior transport in termination. Thus, I note
8 there is a difference in assignment of these costs.

9 **Q: DID THE FCC RECOGNIZE THE USE OF REMOTES FOR RURAL CARRIERS**
10 **IN DEVELOPING IT PROXY RATE FOR TERMINATION?**

11 A: As I discussed in my prefiled direct testimony, the FCC did not consider the unique
12 circumstances of rural carriers in developing its proxy rate. This is why I suggest this
13 Commission not apply the FCC proxy rate of \$0.004 to \$0.002 per minute of use in this
14 proceeding and recognize that the RLECs do operate in unique circumstances.

15 **Q: PLEASE COMMENT ON ATTACHMENT RGF-3. WHAT ERRORS OR**
16 **OMISSIONS DO YOU WISH TO NOTE?**

17 A: I observe that Mr. Farrar has attempted to average costs using a weighted average based
18 on access lines. He has used NECA local switching rates for all companies except South
19 Central, who files its own tariff. The South Central rate appears to be in error. I have
20 attached Exhibit DDM-01 which shows the South Central local switching rate is
21 \$0.001571 and not \$0.001554 as reported by Mr. Farrar.

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More importantly, I strongly disagree with Mr. Farrar’s attempt develop a weighted average for all of the RLECs. The costs for each RLEC are shown independently. To dilute these costs by averaging them is not a correct analysis. All RLEC costs are expressed in the table and they should be used to create specific transport and termination rates for each RLEC.

Q: DOES A WEIGHTING BY ACCESS LINES LOWER THE COSTS OF THE SMALLER AND HIGHER COST RLECS?

A: Yes. Switching costs are an example of the principle of economies of scale. By taking this approach, Mr. Farrar has under reported the costs for eight (8) of the RLECs. Mr. Farrar’s approach shouldn’t be used when the underlying data are readily available – which data are reported in RGF-3.

Q: ON ATTACHMENT RGF-1, MR. FARRAR USES A TANDEM PERCENTAGE OF 25.43 PERCENT DERIVED FROM RGF-4. DO YOU AGREE THAT ONLY 25.43 PERCENT OF TRAFFIC INDIRECTLY TERMINATED ON THE RLECS USES THE RLECS’ TANDEMS?

A: No. I have explained that all indirect traffic delivered to the RLECs uses the RLECs’ tandems. Therefore the percentage of use for tandem switching is 100 percent, not 25.43 percent.

Q: WHAT COMMENTS DO YOU HAVE ON ATTACHMENT RGF-5?

1 A: Attachment RGF-5 consists of two pages. On page 2, Mr. Farrar attempts to develop the
2 transport rates for three NECA bands and South Central. The directed trunk termination
3 rates are multiplied by two terminations and are reported in the column "Facility Term."
4 According to the method used by Mr. Farrar (the method to capture external and internal
5 transport), the number of terminations is in error. For instance, a tandem, end office and
6 remote configuration on a route may have up to five terminations: one on each side of the
7 tandem, one on each side of the end office and one at the receiving end of the remote.
8 There are multiple variations of the number of terms due to the network configurations of
9 each RLEC. Mr. Farrar assumes two terminations in his attachment which understates
10 the application of direct trunk transport termination for a number of RLECs.

11
12 In my prefiled direct testimony, I presented transport rates based on the best available
13 information: either interstate tariff rates or actual cost data submitted to NECA for use in
14 developing the interstate tariff. This was to show that the offered 1.5 cent per minute rate
15 is fair and reasonable. Attached is Exhibit DDM-02 showing the application of interstate
16 tariff rates for all RLECs using only one termination at the tandem. (I used the tariff
17 method for nine of the RLECs in my prefiled direct testimony. Exhibit DDM-02 shows
18 the results of this approach for all 12 of the RLECs.) Exhibit DDM-02 shows the results
19 using only the application of one termination, leaving internal transport costs to be
20 recovered with the modified termination rate.

21
22 In contrast to Attachment RGF-5 which uses the same 11.81 miles for all RLECs, my
23 exhibit shows the correct amount of mileage to the tandem in each of the RLEC's

1 networks. As rural LECs, the companies experience longer transport mileages and Mr.
2 Farrar's figure is at the low end of what the companies actually experience. If we want to
3 capture external and internal transport as suggested by Mr. Farrar but using the correct
4 amount of internal transport miles and terminations, I would need to increase the
5 transport mileage and correctly account for the number of terminations. I have prepared
6 Exhibit DDM-03 to show this approach which accounts for transport to the tandem and
7 internal transport to end offices.

8
9 One very important error on RGF-5 is the weighting of DS1 and DS3 rates by Mr. Farrar.
10 He assigns equal weight to the DS1 and DS3 rates regardless of the use of DS1 and DS3
11 circuits for CMRS traffic. Meaning, he assumes that the companies have deployed a DS3
12 for every DS1 they have deployed in their networks. In determining a transport rate, the
13 FCC rule directs "the relative number of DS1 and DS3 circuits used in the tandem to end
14 office links." 47 CFR §51.513(c)(4). I specifically requested the RLECs to provide the
15 number of DS1 and DS3 circuits used to deliver CMRS traffic between the tandem and
16 end offices. None of the RLECs use DS3 circuits for CMRS indirect traffic. Since none
17 of the RLECs use DS3 circuits, based on the rule which directs the number of circuits
18 used, the DS3 circuit rates are not applicable. The weighing of Mr. Farrar to include
19 DS3s these companies simply do not use for this traffic results in a lower proxy transport
20 rate for the RLECs. The volumes of indirect CMRS traffic is far lower than volumes for
21 direct interconnection. These lower volumes do not require the use of DS3 circuits.

1 **Q: BASED ON YOUR OBSERVATIONS REGARDING THE ATTACHMENTS OF**
2 **MR. FARRAR, WHAT IS YOUR RECOMMENDATION TO THIS**
3 **COMMISSION?**

4 A: Based on the various errors and omissions, I do not recommend this Commission use the
5 information provided in Attachment RGF 1 and supporting attachments. Instead, the
6 Commission should use the information I have provided in my prefiled direct testimony
7 and the supporting information I have presented in this prefiled rebuttal testimony.

8 **Q: ON PAGE 10 OF HIS TESTIMONY, MR. FARRAR SUGGESTS THAT RATES**
9 **IN NEGOTIATED AGREEMENTS DO NOT REFLECT THE ECONOMIC COST**
10 **OF PROVIDING TRANSPORT AND TERMINATION, DO YOU AGREE?**

11 A: No. I referenced over 50 interconnection agreements in my prefiled direct testimony. I
12 am attaching Exhibit DDM-04 which identifies the agreements outside Kentucky. I don't
13 believe that in every agreement, the CMRS providers are faced with a "gun-to-the-head"
14 decision. These CMRS providers are typically already in the market, thus the claim that
15 they must accept higher rates enter the market is not correct. I recommend the
16 Commission give due consideration to the number of the negotiated agreements I provide
17 for rural LECs and recognize that these agreements provide a reasonable price signal of
18 how market participants value RLEC transport and termination.

19 **Q: ON PAGE 12 OF HIS TESTIMONY, MR. FARRAR DECRIES THE USE OF**
20 **COMPARABLE INTERSTATE ACCESS RATES FOR TRANSPORT AND**

1 **TERMINATION. DOESN'T MR. FARRAR USE INTERSTATE ACCESS RATES**
2 **TO DEVELOP HIS TRANSPORT PROXY?**

3 A: Yes. Despite the claim that tariffed interstate access rates don't reflect the cost of
4 transport and termination, the FCC directs the use of these same tariffed rates to develop
5 portions of forward-looking economic cost transport proxy rates. I recommend the
6 Commission place appropriate weight on interstate access rates as a reasonableness check
7 on rates being proposed by the parties. Interstate tariff rates for the same functionality as
8 transport and termination should show a fairly strong positive correlation because the
9 supports and contributions have been removed by the FCC from interstate access rates.
10 The national interstate composite rate is 1.7 cents for rate of return carriers. Compared to
11 the rates discussed in this proceeding, the RLEC offer of 1.5 cents per minute of use
12 exhibits a strong positive correlation with this composite rate. The CMRS counter with
13 less than 0.5 cents per minute – this has a very weak association with interstate tariff rates
14 part of which the FCC has used to develop its transport proxy. Accordingly, I recommend
15 that the Commission adopt the RLEC-proposed rate of 1.5 cents per minute of use.

16
17 **II. PREFILED DIRECT TESTIMONY OF MR. WOOD**

18 **Q: ACCORDING TO MR. WOOD, “THE RLECS MUST DEMONSTRATE – IN**
19 **THE RECORD OF THIS PROCEEDING – THAT THEIR PROPOSED RATES**
20 **DOES NOT EXCEED” FORWARD-LOOKING ECONOMIC COSTS OF**

1 **TRANSPORT AND TERMINATION. (AT 23:15-17) HOW DO YOU RESPOND**
2 **TO THIS REQUIREMENT?**

3 A: First, I believe Mr. Wood has failed to recognize there is an RLEC petition seeking
4 modification or suspension of TELRIC studies in this proceeding. By failing to
5 acknowledge this pending petition, Mr. Wood overstates his claim. Furthermore, Mr.
6 Wood suggests the RLECs may choose the basis for choosing rates for transport and
7 termination. I believe this is another mischaracterization. The FCC rule states the rates
8 are chosen “at the election of the state commission” not at the election of either party. 47
9 CFR §51.505(a).

10 Mr. Wood also belies the manner in which transport and termination rates are developed
11 and has provided no information to this Commission that a 29-day requirement to
12 produce TELRIC studies is fair or reasonable. I expect he has not done this because 29
13 days is, in fact, far too short a period of time to conduct a TELRIC study.

14
15 Lastly, Mr. Wood recognizes the FCC rule providing that any state proceeding conducted
16 to determine TELRIC rates “shall provide notice and an opportunity for comment to
17 affected parties and shall result in the creation of a written factual record that is sufficient
18 for purposes of review.” 47 CFR §51.505(e)(2). However, it appears Mr. Wood wants to
19 force RLECs to produce a TELRIC study even before a Commission decision on the
20 petition for modification and suspension. In this respect, it appears to me that Mr. Wood
21 wants ample opportunity to comment but doesn’t want the RLECs to be able to create a
22 similar factual record.

1 **Q: MR. WOOD SUGGESTS THE RLECS HAVE HAD SEVEN YEARS TO**
2 **PRODUCE A TELRIC-BASED STUDY. WHY HAVEN'T THE RLECS**
3 **PRODUCED A TELRIC-BASED STUDY?**

4 A: First, if the RLECs had produced a TELRIC-based study performed seven years ago – in
5 compliance with what Mr. Wood perceives as a Commission mandate – the CMRS
6 providers would be clamoring for a new study to be produced because the study would be
7 too old for forward-looking use. Second, federal rules don't require RLECs to perform a
8 TELRIC-based study until arbitration has been requested and the Commission has ruled
9 on any request to modify the TELRIC-based standard. *See* 47 U.S.C. §252(a).
10 Negotiation, however, can take place “without regard to the standards set fort in
11 subsections (b) and (c) of section 251.” *Id.* These standards include TELRIC-based
12 pricing. *Id.* Simply requiring a TELRIC-based study "on the shelf" is not an efficient use
13 of time or money. In the same Administrative Order relied on by Mr. Wood, this
14 Commission stated “negotiated arrangements for interconnection are intended to take
15 precedence over any generally established standards or any prescribed regulations. The
16 Commission embraces this concept” *Administrative Case No. 355, pg. 2*

17 **Q: CONCERNING ADMINISTRATIVE CASE NO. 355 THAT MR. WOOD CITES,**
18 **DO YOU AGREE WITH MR. WOOD'S CONCLUSION THAT “THE RLECS**
19 **HAVE BEEN AWARE FOR OVER SEVEN YEARS THAT THEY WOULD BE**
20 **REQUIRED TO CONDUCT THE COST STUDIES REQUIRED BY §251 AND**
21 **THE FCC'S PART 51 RULES IN ORDER TO SET PRICES FOR**
22 **INTERCONNECTION-RELATED FUNCTIONS, INCLUDING RECIPROCAL**

1 **COMPENSATION, AND THAT NO §251(F)(1) EXEMPTION WOULD APPLY**
2 **TO THIS OBLIGATION’?**

3 A: No. First, negotiation should always be the first and preferred option between two
4 parties. Second, the RLECs are not seeking any protections from competition under
5 §251(f)(1) as cited by Mr. Wood. Third, Mr. Wood's reading of the order overreaches.
6 The ordering clause states: “After three years of the date of this Order, the Commission
7 shall not consider failure to complete a cost study, rate rebalancing or network
8 modernization to enable competition as an adequate basis for maintaining an exemption
9 or granting a suspension or modification.” I understand that this means an RLEC cannot
10 shield itself from competition on the basis of not having completed a cost study. This
11 does not, however, mean that the RLECs shouldn’t be given adequate time to prepare a
12 study in the event negotiations fail. I do not conclude that on the basis of my plain
13 English reading of the entire order that the RLECs were given instructions to prepare
14 TELRIC-based cost studies for some future arbitration. The order's discussion of rural
15 exemptions dealt with a request for a blanket exemption for a set number of years, a
16 situation much different than our present situation. Lastly, the RLECs are not claiming
17 that CMRS interconnection should not take place; in fact, CMRS interconnection is
18 currently taking place. There is no shield from competition for the RLECs by requesting
19 a modification of the TELRIC standard, and there is no claim that not having a TELRIC-
20 based study should stop the new agreement from moving forward.

21 **Q: MR. WOOD STATES THAT “IF THE COMMISSION DECIDES NOT TO**
22 **ORDER BILL AND KEEP, IT CAN ALSO CONSIDER THE FCC’S PROXY**

1 **RATES PER §51.705(A)(2). DO YOU HAVE ANY COMMENTS ON THESE**
2 **RECOMMENDATIONS?**

3 A: Yes. The option of Bill and keep is not available because it has not been established that
4 the traffic exchanged between the parties is reasonably balanced. In fact, I have every
5 reason to believe that the traffic is not balanced. *See, e.g.*, Exhibit DDM-04 showing the
6 unbalance traffic factors for M-L/L-M usage. The Commission may use the options
7 found in §51.707 in making a decision in this proceeding. I discussed in my prefiled
8 direct testimony that the Commission may, based on the best information available to it,
9 “establish rates for transport and termination of telecommunications traffic, or for
10 specific components included therein, that are consistent” will FCC proxies. 47 CFR
11 §51.707(a). The use of this method under subpart (a) requires that these Kentucky
12 specific proxy rates are superseded once the Commission establishes rates pursuant to
13 FCC TELRIC rules, and the state commission sets forth in writing a reasonable basis for
14 its selection of the proxy. I understand that subpart (a) does not require the Commission
15 to match FCC proxy rates. The rates established must have a written reasonable basis for
16 their adoption, thereby suggesting to me that the Commission has more options than
17 simply adopting FCC default proxies.

18 **Q: IS IT APPROPRIATE TO USE KENTUCKY PROXY RATES FOR THE ENTIRE**
19 **TERM OF THE PROPOSED AGREEMENTS?**

20 A: No. Kentucky specific proxy rates can be developed and used only until they are
21 superseded by further Commission action. *See* 47 CFR §51.707(a)(1).

1 **Q: MR. WOOD STATES THE RLECS HAVE A BURDEN TO DEMONSTRATE**
2 **THEIR COSTS DIFFER FROM THOSE OF BELLSOUTH. (PAGE 57) DO YOU**
3 **AGREE?**

4 A: No. This is not the standard to judge RLEC transport and termination. Mr. Wood cites
5 no authority suggesting that the BellSouth costs are the basis from which to judge RLEC
6 costs. Furthermore, I expressed several reasons in my prefiled direct testimony why this
7 approach is flawed.

8 **Q: HAVE YOU REVIEWED EXHIBIT DJW-2 THROUGH DJW-4?**

9 A: Yes.

10 **Q: DO YOU AGREE WITH MR. WOODS CALCULATIONS?**

11 A: No. Mr. Wood's analysis suffers from some of the same errors evident in Mr. Farrar's
12 attachments. I disagree with Mr. Wood's arbitrary use of tandem switching (25 percent).
13 There is no basis for this assumption and I have already stated that all indirect
14 interconnection passes through the RLECs' tandems, therefore the tandem switching rate
15 will apply to all minutes delivered to the RLECs.

16

17 Second, I disagree, as I did with Mr. Farrar, that a weighted average of direct transport
18 rates is appropriate. There is no basis to average costs among the carriers.

19

1 Third, Mr. Wood's average of DS1 and DS3 rates used is arbitrary and without basis. I
2 have provided information from the RLECs that they do not use DS3 circuits for the
3 provision of CMRS traffic.

4
5 Fourth, it appears Mr. Wood has arbitrarily applied mileage using a method not clearly
6 documented. A note on Exhibit DJW-2 states use of a 50% occurrence of host-remote
7 and 12 miles for each transport link (meet point to tandem, tandem to end office and host
8 to remote). Compared with the actual mileage for each RLEC, this estimate is too low
9 for many RLECs. See Exhibit DDM-03 at 3, showing mileage for each transport route.

10
11 Fifth, Mr. Wood does not document how he applies termination charges for each RLEC.
12 I am unable to determine how Mr. Wood developed a termination rate of \$0.000588 per
13 minute of use.

14
15 Based on my evaluation of Mr. Wood's approach, I recommend the Commission not use
16 these figures to determine a Kentucky proxy rate for transport and termination.

17 **Q: BASED ON THE INFORMATION IN THIS PROCEEDING, WHAT IS YOUR**
18 **RECOMMENDATION TO THE COMMISSION REGARDING THE**
19 **TRANSPORT AND TERMINATION RATE?**

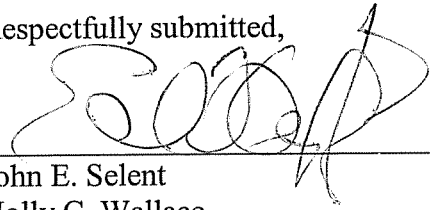
20 **A:** Based on the best available information, I recommend the Commission adopt the RLEC's
21 1.5 cent per minute of use offer.

1 The FCC proxy rates -- adjusted to account for high rural switching costs – together will
2 all other information supports the 1.5 cent offer rate a fair and reasonable Kentucky
3 proxy for indirect transport and termination. In Exhibit DDM-05, I show the FCC default
4 rates and the Kentucky adjusted proxy rates. The average Kentucky rate is 1.72 cents
5 with a range between 1.16 and 2.32 cents per minute of use.
6
7

8 **Q: DOES THIS CONCLUDE YOUR PREFILED REBUTTAL TESTIMONY?**

9 A: Yes.

Respectfully submitted,



John E. Selent

Holly C. Wallace

Edward T. Depp

DINSMORE & SHOHL LLP

1400 PNC Plaza

500 West Jefferson Street

Louisville, Kentucky 40202

(502) 540-2300 (telephone)

(502) 585-2207 (fax)

COUNSEL TO PETITIONERS

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first-class United States mail and electronic mail on this 9th day of October, 2006, to the following individual(s):

Jeff Yost, Esq.
Mary Beth Naumann, Esq.
Jackson Kelly PLLC
175 East Main Street
Lexington, KY 40507
jyost@jacksonkelly.com
mnaumann@jacksonkelly.com

Counsel to Cingular

Phillip R. Schenkenberg, Esq.
Briggs and Morgan, P.A.
2200 IDS Center
Minneapolis, MN 55402
pschenkenberg@briggs.com

Counsel to T-Mobile and Counsel to Verizon

Mark R. Overstreet, Esq.
Stites & Harbison PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
moverstreet@stites.com

Counsel to AllTel

John N. Hughes, Esq.
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601
jnhughes@fewpb.net

Counsel to Sprint PCS

Holland N. McTyeire, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
Louisville, Kentucky 40202
HNM@gdm.com

Counsel to ACC

Tom Sams
NTCH-West, Inc.
1600 Ute Avenue, Suite 10
Grand Junction, Colorado 81501

Bhogan M. Modi
ComScape Telecommunications, Inc.
1926 10th Avenue North
Suite 305
West Palm Beach, FL 33461



COUNSEL TO PETITIONERS

South Central Rural Telephone Cooperative

ACCESS SERVICE

Title Page

Access Service

Regulations, Rates and Charges
applying to the provision of Access Service
for connection to interstate communications facilities
for Interstate Customers within the
operating territory of South Central
Rural Telephone Cooperative.

Access Services are provided by means of wire, fiber optics, radio or any other suitable technology or a combination thereof.

TARIFF F.C.C. NO. 1

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South Central Rural Telephone Cooperative

ACCESS SERVICE

12. Rates and Charges (Cont'd)

12.2 Switched Access Service (Cont'd)

	<u>Rates</u>	<u>Tariff Section Reference</u>	
(5) <u>Multiplexing, Per Arrangement</u>			
- DS4 to DS1	ICB		
- DS3 to DS1	\$474.31		
- DS2 to DS1	ICB		
- DS1C to DS1	ICB		
- DS1 to Voice	\$183.12	6.2(A)(1)(d)	
- DS1 to DS0	\$183.12		
- DS1 to Subrates:			
- Up to 20 (2.4 Kbps services)	\$390.00		
- Up to 10 (4.8 Kbps services)	\$265.00		
- Up to 10 (4.8 Kbps services)	\$235.00		
(C) <u>End Office Premium Access</u>			
(1) <u>Local Switching</u>			
LS2 (Line Side & Trunk Side)	\$0.001571	6.2(B)(1)	(I)
(2) <u>Reserved For Future Use</u>			
(3) <u>Directory Assistance Info. Surcharge</u>			
(Per 100 Access Minutes)	\$0.02680	6.2(B)(3)	(I)

* The Local Transport rate includes non-chargeable Interface Groups and Optional Features as set forth in Section 6.2(A)(3) and 6.2(A)(4), preceding.

Exhibit DDM-02

Development of External Transport Rate using Interstate Tariff Rates

1	Company Name	Coalfields	Ballard	Thacker	Mountain	Brandenburg	Peoples	Foothills	North Central	South Central	Logan	Duo	West KY
2	NECA Direct DS-1 Transport Rates:												
	DTT Band	2	3	2	3	2	3	3	1	-	2	2	2
	DTT Rate	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 89.13	\$ 88.16	\$ 39.88	\$ 88.16	\$ 88.16	\$ 88.16
	DTT Terms	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
	DTF Rate	\$ 17.88	\$ 18.08	\$ 17.88	\$ 18.08	\$ 17.88	\$ 18.08	\$ 18.08	\$ 17.22	\$ 8.09	\$ 17.88	\$ 17.88	\$ 17.88
	DTF Mileage	78.78	11.39	76.32	43.99	3.85	44.98	57.69	10.78	11.17	11.26	10.80	4.99
2a	Combined Rate												
	DTT	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 89.13	\$ 88.16	\$ 39.88	\$ 88.16	\$ 88.16	\$ 88.16
	DTF	\$ 1,408.66	\$ 205.98	\$ 1,364.55	\$ 795.42	\$ 68.84	\$ 813.19	\$ 1,043.04	\$ 185.63	\$ 90.35	\$ 201.36	\$ 193.10	\$ 89.22
	TOTAL	\$ 1,496.82	\$ 295.11	\$ 1,452.71	\$ 884.55	\$ 157.00	\$ 902.32	\$ 1,132.17	\$ 273.79	\$ 130.23	\$ 289.52	\$ 281.26	\$ 177.38
2b	Equivalent DS-0 Channels	24	24	24	24	24	24	24	24	24	24	24	24
2c	Default MOU per DS0 per Month	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
2d	Rate Per MOU per DS0	\$ 0.006930	\$ 0.001366	\$ 0.006726	\$ 0.004095	\$ 0.000727	\$ 0.004177	\$ 0.005242	\$ 0.001268	\$ 0.000603	\$ 0.001340	\$ 0.001302	\$ 0.000821

3	NECA DS-3 Transport Rates: ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4	DS-1 Weighting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
5	DS-3 Weighting ⁽¹⁾	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Weighted rate per MOU	0.006930	0.001366	0.006726	0.004095	0.000727	0.004177	0.005242	0.001268	0.000603	0.001340	0.001302	0.000821

Notes:

1 No RLECs use DS-3 circuits to deliver CMRS traffic from their tandems to end offices.

Exhibit DDM-03

Development of External and Internal Transport Rate using Interstate Tariff Rates

1	Company Name	Coalfields	Ballard	Thacker	Mountain	Brandenburg	Peoples	Foothills	North Central	South Central	Logan	Duo	West KY
2	NECA Direct DS-1 Transport Rates:												
	DTT Band	2	3	2	3	2	3	3	1	-	2	2	2
	DTT Rate	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 88.16	\$ 89.13	\$ 89.13	\$ 88.16	\$ 39.88	\$ 88.16	\$ 88.16	\$ 88.16
	DTT Terms	1.8	2.6	2.8	2.5	2.0	2.7	2.5	3.0	1.0	2.2	2.0	2.9
	DTF Rate	\$ 17.88	\$ 18.08	\$ 17.88	\$ 18.08	\$ 17.88	\$ 18.08	\$ 18.08	\$ 17.22	\$ 8.09	\$ 17.88	\$ 17.88	\$ 17.88
	DTF Mileage	82.65	17.53	85.97	57.79	10.76	56.36	68.89	29.78	11.17	20.41	16.85	22.94
2a	Combined Rate												
	DTT	\$ 157.40	\$ 231.76	\$ 244.36	\$ 221.04	\$ 175.74	\$ 237.68	\$ 218.74	\$ 264.48	\$ 39.88	\$ 191.48	\$ 178.37	\$ 252.12
	DTF	\$ 1,477.71	\$ 316.93	\$ 1,537.20	\$ 1,044.93	\$ 192.33	\$ 1,018.91	\$ 1,245.55	\$ 512.81	\$ 90.37	\$ 364.87	\$ 301.25	\$ 410.22
	TOTAL	\$ 1,635.11	\$ 548.69	\$ 1,781.56	\$ 1,265.97	\$ 368.07	\$ 1,256.59	\$ 1,464.29	\$ 777.29	\$ 130.25	\$ 556.35	\$ 479.62	\$ 662.34
2b	Equivalent DS-0 Channels	24	24	24	24	24	24	24	24	24	24	24	24
2c	Default MOU per DS0 per Month	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
2d	Rate Per MOU per DS0	\$ 0.007570	\$ 0.002540	\$ 0.008248	\$ 0.005861	\$ 0.001704	\$ 0.005818	\$ 0.006779	\$ 0.003599	\$ 0.000603	\$ 0.002576	\$ 0.002220	\$ 0.003066

3	NECA DS-3 Transport Rates: ⁽¹⁾	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
4	DS-1 Weighting	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
5	DS-3 Weighting ⁽¹⁾	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
6	Weighted rate per MOU	0.007570	0.002540	0.008248	0.005861	0.001704	0.005818	0.006779	0.003599	0.000603	0.002576	0.002220	0.003066

Notes:

1 No RLECs use DS-3 circuits to deliver CMRS traffic from their tandems to end offices.

2 Transport interior to the tandem term.	0.00064	0.00117	0.00152	0.00177	0.00098	0.00164	0.00154	0.00233	0.00000	0.00124	0.00092	0.00225
--	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

Exhibit DDM-03 page 2
Summary Termination and Mileage

Company	W. Avg. Terms	W. Avg. Miles
Ballard Rural Telephone Cooperative Corporation, Inc.	2.60	17.53
Brandenburg Telephone Company	1.99	10.76
Coalfields Telephone Company	1.79	82.65
Duo County Telephone Cooperative Corporation, Inc.	2.02	16.85
Foothills Rural Telephone Cooperative Corporation, Inc.	2.45	68.89
Logan Telephone Cooperative, Inc.	2.17	20.41
Mountain Rural Telephone Cooperative Corporation, Inc.	2.48	57.79
North Central Telephone Cooperative Corporation	3.00	29.78
Peoples Rural Telephone Cooperative Corporation, Inc.	2.67	56.36
South Central Rural Telephone Cooperative Corporation, Inc.	1.00	11.17
Thacker-Grigsby Telephone Company, Inc.	2.77	85.97
West Kentucky Rural Telephone Cooperative Corporation, Inc.	2.86	22.94

Exhibit DDM-03 page 3
 Detail Termination and Mileage Calculations

Company	Exchange	Percentage Distribution ⁽¹⁾	Type ⁽²⁾	Terms ⁽²⁾	Miles to Host	Miles to Tandem	Miles to Meet Point	Total Miles	W. Avg. Terms	W. Avg. Miles
Ballard	Gage	8%	R	3	8	0	11.39	19.39		
Ballard	Bandana	7%	R	3	6	0	11.39	17.39		
Ballard	Barlow	12%	R	3	5	0	11.39	16.39		
Ballard	Heath	13%	R	3	12	0	11.39	23.39		
Ballard	Wickliffe	19%	R	3	10	0	11.39	21.39		
Ballard	Kevel	21%	R	3	5	0	11.39	16.39		
Ballard	LaCenter	20%	TH	1	0	0	11.39	11.39	2.60	17.53
Brandenburg	Brandenburg	12%	R	3	17	0	3.85	20.85		
Brandenburg	Paynesville	2%	R	3	24	0	3.85	27.85		
Brandenburg	Paynesville 2	2%	R	3	25	0	3.85	28.85		
Brandenburg	Custer	3%	R	3	19	0	3.85	22.85		
Brandenburg	Irvington	9%	R	3	19	0	3.85	22.85		
Brandenburg	North Grove	13%	R	3	11	0	3.85	14.85		
Brandenburg	Vine Grove	9%	R	3	3	0	3.85	6.85		
Brandenburg	Vine Grove 2	50%	TH	1	0	0	3.85	3.85	1.99	10.76
Coalfields	Harold	61%	TH	1	0	0	78.78	78.78	1.79	82.65
Coalfields	Grethel	18%	H	3	0	6	78.78	84.78		
Coalfields	Wheelright	22%	H	3	0	13	78.78	91.78		
Duo County	Burkesville	14%	H	3	0	24	10.80	34.80		
Duo County	Fairplay	10%	R	3	14	0	10.80	24.80		
Duo County	Jamestown	28%	H	3	0	5	10.80	15.80		
Duo County	Russell Springs	49%	TH	1	0	0	10.80	10.80	2.02	16.85
Foothills	Flat Gap	6%	R	3	7	0	57.69	64.69		
Foothills	Staffordsville	27%	TH	1	0	0	57.69	57.69	2.45	68.89
Foothills	Salyersville	30%	R	3	13	0	57.69	70.69		
Foothills	Blaine	8%	R	3	14	0	57.69	71.69		
Foothills	Chapman	13%	R	3	19	0	57.69	76.69		
Foothills	Fallsburg	9%	R	3	26	h	57.69	83.69		
Foothills	Royalton	7%	R	3	15	0	57.69	72.69		
Logan	Adairville	14%	H	3	0	16	11.26	27.26		

Exhibit DDM-03 page 3
 Detail Termination and Mileage Calculations

Company	Exchange	Percentage Distribution ⁽¹⁾	Type ⁽²⁾	Terms ⁽²⁾	Miles to Host	Miles to Tandem	Miles to Meet Point	Total Miles	W. Avg. Terms	W. Avg. Miles
Logan	Auburn	41%	TH	1	0	0	11.26	11.26	2.17	20.41
Logan	Logansport	2%	R	3	28	0	11.26	39.26		
Logan	Rochester	6%	R	3	26	0	11.26	37.26		
Logan	Lewisburg	23%	H	3	0	16	11.26	27.26		
Logan	Dunmor	13%	R	3	7	0	11.26	18.26		
Mountain	Hazel Green	5%	R	3	9	21	43.99	73.99		
Mountain	Ezel	4%	R	3	11	21	43.99	75.99		
Mountain	Jeptha	6%	R	3	9	0	43.99	52.99		
Mountain	Campton	12%	H	3	0	21	43.99	64.99		
Mountain	Sandy Hook	28%	H	3	0	14	43.99	57.99		
Mountain	West Liberty	26%	TH	1	0	0	43.99	43.99	2.48	57.79
Mountain	Frenchburg	19%	H	3	0	21	43.99	64.99		
North Central			R	3	19	0	10.78	29.78	3.00	29.78
Peoples	McKee	17%	TH	1	0	0	44.98	44.98	2.67	56.36
Peoples	Annvile	39%	R	3	14	0	44.98	58.98		
Peoples	Booneville	26%	R	3	18	0	44.98	62.98		
Peoples	Sand Gap	19%	R	3	7	0	44.98	51.98		
South Central	Horse Cave	41%	TH	1	0	0	11.17	11.17	1.00	11.17
South Central	Glasgow	60%	TH	1	0	0	11.17	11.17		
Thacker Grigsby	Fisty	10%	R	3	10	0	76.32	86.32		
Thacker Grigsby	Pippa Passes	12%	R	3	10	0	76.32	86.32		
Thacker Grigsby	Topmost	18%	R	3	14	0	76.32	90.32		
Thacker Grigsby	Mousie	9%	R	3	15	0	76.32	91.32		
Thacker Grigsby	Cody	11%	TH	1	0	0	76.32	76.32	2.77	85.97
Thacker Grigsby	Hindman	39%	H	3	0	9	76.32	85.32		
West Kentucky	Cunningham	4%	H	3	0	13	4.99	17.99		
West Kentucky	Fairdealing	15%	H	3	0	25	4.99	29.99		
West Kentucky	Fancy Farm	9%	H	3	0	9	4.99	13.99		
West Kentucky	Folsomdale	7%	TH	1	0	0	4.99	4.99	2.86	22.94
West Kentucky	West plains	5%	R	3	7	0	4.99	11.99		

Exhibit DDM-03 page 3
 Detail Termination and Mileage Calculations

Company	Exchange	Percentage Distribution ⁽¹⁾	Type ⁽²⁾	Terms ⁽²⁾	Miles to Host	Miles to Tandem	Miles to Meet Point	Total Miles	W. Avg. Terms	W. Avg. Miles
West Kentucky	Hardin	6%	H	3	0	22	4.99	26.99		
West Kentucky	Hazel	5%	H	3	0	33	4.99	37.99		
West Kentucky	Kirksey	6%	H	3	0	20	4.99	24.99		
West Kentucky	Lowe's	4%	H	3	0	6	4.99	10.99		
West Kentucky	Lynn Grove	4%	H	3	0	24	4.99	28.99		
West Kentucky	Newconcord	12%	H	3	0	36	4.99	40.99		
West Kentucky	Sedalia	5%	H	3	0	18	4.99	22.99		
West Kentucky	Farmington	5%	R	3	5	0	4.99	9.99		
West Kentucky	Lynnville	5%	R	3	6	0	4.99	10.99		
West Kentucky	Wingo	9%	H	3	0	19	4.99	23.99		

Notes:

- 1 Allocation is based on a recent CABS bill, POTS lines 12/05, or DS1 Trunks based on data availability.
- 2 The number of terms for DTT are applied as follows:

Remote Traffic via Tandem/Host (R)		Remote Traffic via Tandem and Host (RHT)	
Tandem entrance	1	Tandem entrance	1
Tandem exit		Tandem exit	1
Host entrance		Host entrance	1
Host exit	1	Host exit	1
Remote entrance	1	Remote entrance	1
	3		5
Tandem / Host Traffic (TH)		Host Traffic (H)	
Tandem entrance	1	Host entrance	1
Tandem exit		Host exit	1
Host entrance			1
	1		3

Exhibit DDM-04 page 1

Recent Interconnection Agreements with rural LECs

Texas

Docket No.	COA/SPCOA Holder	ILEC	Filing Date	Recip. Comp. Rate	Direct v. Indirect	Facility Sharing Factor
28538	d/b/a Cingular Wireless	GVTC	9/11/2003	\$ 0.01400	Indirect	70:30
28698	NPCR, Inc. d/b/a Nextel Partners	Wes-Tex	10/8/2003	Type 2A - \$0.012, Type 1 - \$0.01, Type 2B - \$0.01, Indirect - \$0.01	Direct or Indirect (undisclosed)	75:25
28844	Sprint Spectrum	Brazoria	11/4/2003	\$ 0.02200	Indirect	N/A
30866	Poka Lambro Telecommunications, LTD. d/b/a Digital Cellular of Texas	Poka Lambro	3/14/2005	\$ 0.02000	Direct	80:20
31227	Nextel	Industry	6/10/2005	\$ 0.02000	Direct	70:30
32925	Sprint PCS	Riviera	7/11/2005	\$ 0.02200	Indirect	TBD
32677	US Cellular	Community	5/2/2006	\$ 0.02000	Direct	75:25
32904	New Cingular Wireless	Community	7/3/2006	\$ 0.01200	Indirect	70:30

Exhibit DDM-04 page 2

Recent Interconnection Agreements with rural LECs
Survey of Multiple States

	Commission	Effective Date	CMRS Provider	LEC	Type	Rate	Factor M-L / L-M
SC	Public Service Commission of South Carolina	5/1/2006	VERIZON WIRELESS	CHESTER COS.	Direct	0.0150	70/30
UT	Public Service Commission of Utah	5/1/2006	CINGULAR	ALL WEST	Indirect with Threshold	0.0130	76/24
KS	Kansas Corporation Commission	4/15/2006	VERIZON WIRELESS	BLUESTEM	Indirect with Threshold	0.0175	70/30
NH	New Hampshire Public Utilities Commission	4/15/2006	US CELLULAR	GRANITE STATE	Direct & Indirect w/Thresh	0.0150	75/25
SC	Public Service Commission of South Carolina	4/1/2006	CINGULAR	FARMERS TELEPHONE	Direct	0.0120	70/30
UT	Public Service Commission of Utah	3/1/2006	VERIZON WIRELESS	ALL WEST	Direct	0.0150	75/25
NC	North Carolina Utilities Commission	1/1/2006	US CELLULAR	ATLANTIC TMC	Direct	0.0150	75/25
SC	Public Service Commission of South Carolina	1/1/2006	VERIZON WIRELESS	PIEDMONT	Direct	0.0150	70/30
NC	North Carolina Utilities Commission	11/1/2005	SUNCOM	ATLANTIC TMC	Direct	0.0120	70/30
FL	Florida Public Service Commission	10/1/2005	SPRINT PCS	GT COM	Direct	0.0150	70/30
NC	North Carolina Utilities Commission	8/1/2005	VERIZON WIRELESS	WILKES TMC	Indirect with Threshold	0.0150	70/30
NC	North Carolina Utilities Commission	7/21/2005	ALLTEL	STAR TMC	Direct	0.0150	70/30
FL	Florida Public Service Commission	7/1/2005	CINGULAR	GT COM	Direct	0.0200	70/30
SC	Public Service Commission of South Carolina	7/1/2005	CINGULAR	PIEDMONT	Direct	0.0200	70/30
UT	Public Service Commission of Utah	7/1/2005	NEXTEL	ALL WEST	Direct	0.0200	70/30
FL	Florida Public Service Commission	6/1/2005	CINGULAR	SMART CITY	Direct	0.0180	60/40
NC	North Carolina Utilities Commission	6/1/2005	CINGULAR	ATLANTIC TMC	Direct	0.0120	70/30
NC	North Carolina Utilities Commission	6/1/2005	VERIZON WIRELESS	ATLANTIC TMC	Direct	0.0150	70/30
NC	North Carolina Utilities Commission	6/1/2005	US CELLULAR	WILKES TMC	Direct	0.0150	75/25
FL	Florida Public Service Commission	5/1/2005	SPRINT PCS	SMART CITY	Direct	0.0180	60/40
NC	North Carolina Utilities Commission	5/1/2005	US CELLULAR	STAR TMC	Direct	0.0150	75/25
NC	North Carolina Utilities Commission	5/1/2005	CINGULAR	STAR TMC	Direct	0.0200	70/30
NC	North Carolina Utilities Commission	5/1/2005	CINGULAR	WILKES TMC	Direct	0.0200	70/30
NC	North Carolina Utilities Commission	5/1/2005	NEXTEL	WILKES TMC	Direct	0.0200	70/30
NH	New Hampshire Public Utilities Commission	5/1/2005	NEXTEL	GRANITE STATE	Direct & Indirect	0.0200	70/30
NY	New York State Public Service Commission	5/1/2005	VERIZON WIRELESS	BERKSHIRE TEL	Direct & Indirect w/Thresh	0.0200	70/30
CO	Colorado Public Utilities Commission	4/25/2005	VERIZON WIRELESS	BIG SANDY	Indirect with Threshold	0.0200	70/30
CO	Colorado Public Utilities Commission	4/25/2005	VERIZON WIRELESS	COLUMBINE	Indirect with Threshold	0.0200	70/30
CO	Colorado Public Utilities Commission	4/25/2005	VERIZON WIRELESS	SUNFLOWER	Indirect with Threshold	0.0200	70/30
FL	Florida Public Service Commission	4/15/2005	T-MOBILE	GT COM	Indirect with Threshold	0.0200	70/30
FL	Florida Public Service Commission	4/1/2005	VERIZON WIRELESS	GT COM	Direct & Indirect	0.0150	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	CHINA TELEPHONE	Indirect with Threshold	0.0200	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	COMMUNITY SVC	Indirect with Threshold	0.0150	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	MAINE TELEPHONE	Indirect with Threshold	0.0150	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	NORTHLAND TEL	Indirect with Threshold	0.0150	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	SIDNEY TELEPHONE	Indirect with Threshold	0.0200	70/30
ME	Maine Public Utilities Commission	4/1/2005	VERIZON WIRELESS	STANDISH TELEPHONE	Indirect with Threshold	0.0200	70/30
GA	Georgia Public Service Commission	1/1/2005	VZW, SPCS, CINGULAR, T-MOBILE, SOUTHERN LINC	ALL GTA LECs	Indirect	0.0170	70/30
NH	New Hampshire Public Utilities Commission	1/1/2005	VERIZON WIRELESS	GRANITE STATE	Direct & Indirect w/Thresh	0.0150	75/25

Exhibit DDM-05
 Comparison of 51.707 Rates

Company	FCC 51.707(b) Default Rates				RLEC Proposed Kentucky 51.707(a) Rates			
	Transport - Tandem	Transport ⁽¹⁾	Termination ⁽¹⁾	Total FCC Default	Transport - Tandem	Transport ⁽²⁾	Termination ⁽³⁾	Total KY Proxy
Ballard Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0025	\$ 0.0040	\$ 0.0080	\$ 0.0045	\$ 0.0014	\$ 0.0120	\$ 0.0179
Brandenburg Telephone Company	\$ 0.0015	\$ 0.0017	\$ 0.0040	\$ 0.0072	\$ 0.0030	\$ 0.0017	\$ 0.0080	\$ 0.0127
Coalfields Telephone Company	\$ 0.0015	\$ 0.0076	\$ 0.0040	\$ 0.0131	\$ 0.0045	\$ 0.0069	\$ 0.0120	\$ 0.0234
Duo County Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0022	\$ 0.0040	\$ 0.0077	\$ 0.0038	\$ 0.0013	\$ 0.0100	\$ 0.0151
Foothills Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0068	\$ 0.0040	\$ 0.0123	\$ 0.0038	\$ 0.0052	\$ 0.0100	\$ 0.0190
Logan Telephone Cooperative, Inc.	\$ 0.0015	\$ 0.0026	\$ 0.0040	\$ 0.0081	\$ 0.0045	\$ 0.0013	\$ 0.0120	\$ 0.0178
Mountain Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0059	\$ 0.0040	\$ 0.0114	\$ 0.0038	\$ 0.0041	\$ 0.0100	\$ 0.0178
North Central Telephone Cooperative Corporation	\$ 0.0015	\$ 0.0036	\$ 0.0040	\$ 0.0091	\$ 0.0030	\$ 0.0013	\$ 0.0080	\$ 0.0123
Peoples Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0058	\$ 0.0040	\$ 0.0113	\$ 0.0045	\$ 0.0042	\$ 0.0120	\$ 0.0207
South Central Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0006	\$ 0.0040	\$ 0.0061	\$ 0.0030	\$ 0.0006	\$ 0.0080	\$ 0.0116
Thacker-Grigsby Telephone Company, Inc.	\$ 0.0015	\$ 0.0082	\$ 0.0040	\$ 0.0137	\$ 0.0045	\$ 0.0067	\$ 0.0120	\$ 0.0232
West Kentucky Rural Telephone Cooperative Corporation, Inc.	\$ 0.0015	\$ 0.0031	\$ 0.0040	\$ 0.0086	\$ 0.0038	\$ 0.0008	\$ 0.0100	\$ 0.0146

Average \$ 0.0097 \$ 0.0172

- Notes:
- 1 Transport based on correct total transport, Termination based on maximum of FCC range.
 - 2 Transport based on external transport. Termination includes internal transport.
 - 3 Termination and Tandem based on weighting FCC default proxy by FCC DEM weighting factor.

**COMMONWEALTH OF KENTUCKY
BEFORE THE PUBLIC SERVICE COMMISSION**

In the Matters of:

Petition of Ballard Rural Telephone Cooperative)
Corporation, Inc. for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with American Cellular Corporation)
f/k/a ACC Kentucky License LLC,) Case No. 2006-00215
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of Brandenburg Telephone Company)
For Arbitration of Certain Terms and)
Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a)
Verizon Wireless, GTE Wireless of the) Case No. 2006-00288
Midwest Incorporated d/b/a Verizon Wireless, and)
Kentucky RSA No. 1 Partnership d/b/a)
Verizon Wireless, Pursuant To The)
Communications Act of 1934, As Amended)
by the Telecommunications Act of 1996)

Petition of Duo County Telephone Cooperative)
Corporation, Inc. for Arbitration of Certain)
Terms and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a) Case No. 2006-00217
Verizon Wireless, GTE Wireless of the Midwest)
Incorporated d/b/a, and Kentucky RSA No. 1)
Partnership d/b/a Verizon Wireless, Pursuant to)
the Communications Act of 1934, as amended)
by the Telecommunications Act of 1996)

Petition of Foothills Rural Telephone Cooperative)
Corporation, Inc., for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a Verizon)
Wireless, GTE Wireless of the Midwest)
Incorporated d/b/a Verizon Wireless, and Kentucky) Case No. 2006-00292
RSA No. 1 Partnership d/b/a Verizon Wireless,)
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of Gearheart Communications Inc. d/b/a)
Coalfields Telephone Company, for Arbitration of)
Certain Terms and Conditions of Proposed)
Interconnection Agreement with Cellco Partnership)
d/b/a Verizon Wireless, GTE Wireless of the)
Midwest Incorporated d/b/a Verizon Wireless, and) Case No. 2006-00294
Kentucky RSA No. 1 Partnership d/v/a Verizon)
Wireless, Pursuant to the Communications Act of)
1934, as Amended by the Telecommunications)
Act of 1996)

Petition of Logan Telephone Cooperative, Inc.)
For Arbitration of Certain Terms and)
Conditions of Proposed Interconnection)
Agreement with American Cellular Corporation) Case No. 2006-00218
f/k/a ACC Kentucky License LLC, Pursuant to)
the Communications Act of 1934, as Amended)
by the Telecommunications Act of 1996)

Petition of Mountain Rural Telephone Cooperative)
Corporation, Inc., for Arbitration of Certain Terms)
and Conditions of Proposed Interconnection)
Agreement with Cellco Partnership d/b/a Verizon)
Wireless, GTE Wireless of the Midwest) Case No.2006-00296
Incorporated d/b/a Verizon Wireless, and Kentucky)
RSA No. 1 Partnership d/b/a Verizon Wireless,)
Pursuant to the Communications Act of 1934,)
as Amended by the Telecommunications)
Act of 1996)

Petition of North Central Telephone Cooperative)
Corporation, for Arbitration of Certain Terms and)
Conditions of Proposed Interconnection Agreement)
with American Cellular Corporation f/k/a ACC)
Kentucky License LLC, Pursuant to the) Case No. 2006-00252
Communications Act of 1934, as Amended by)
The Telecommunications Act of 1996)

Petition of Peoples Rural Telephone Cooperative)
for Arbitration of Certain Terms and Conditions)
of Proposed Interconnection Agreement with)
Cellco Partnership d/b/a Verizon Wireless,)
GTE Wireless of the Midwest Incorporated) Case No. 2006-00298
d/v/a Verizon Wireless, and Kentucky RSA)
No. 1 Partnership d/b/a Verizon Wireless)
Pursuant to the Communications Act of)
1934, as Amended by the Telecommunications)

Act of 1996)	
Petition of South Central Rural Telephone)	
Cooperative Corporation, Inc. for Arbitration)	
Of Certain Terms and Conditions of Proposed)	
Interconnection Agreement with Cellco)	
Partnership d/b/a Verizon Wireless, GTE)	
Wireless of the Midwest Incorporated d/b/a)	Case No. 2006-00255
Verizon Wireless, and Kentucky RSA No. 1)	
Partnership d/b/a Verizon Wireless,)	
Pursuant to the communications Act of 1934,)	
As Amended by the Telecommunications)	
Act of 1996)	
Petition of Thacker-Grigsby Telephone Company,)	
Inc., for Arbitration of Certain Terms and)	
Conditions of Proposed Interconnection Agreement)	
with Cellco Partnership d/b/a Verizon Wireless,)	
GTE Wireless of the Midwest Incorporated d/b/a)	
Verizon Wireless, and Kentucky RSA No. 1)	Case No. 2006-00300
Partnership d/b/a Verizon Wireless)	
Pursuant to the Communications Act of 1934,)	
as Amended by the Telecommunications)	
Act of 1996)	
Petition of West Kentucky Rural Telephone)	
Cooperative Corporation, Inc. for)	
Arbitration of Certain Terms and)	
Conditions of Proposed Interconnection)	
Agreement with American Cellular Corporation)	
f/k/a ACC Kentucky License LLC,)	Case No. 2006-00220
Pursuant to the Communications Act of 1934)	
as Amended by the Telecommunications)	
Act of 1996)	

PREFILED REBUTTAL TESTIMONY

OF

STEVEN E. WATKINS

ON BEHALF OF THE

RURAL TELEPHONE COMPANY PETITIONERS

October 9, 2006

Counsel to Petitioners:

John E. Selent
Holly C. Wallace
Edward T. Depp
DINSMORE & SHOHL LLP
1400 PNC Plaza
500 West Jefferson Street
Louisville, KY 40202
(502) 540-2300 (telephone)
(502) 585-2207 (fax)

Rebuttal Testimony of Steven E. Watkins
October 9, 2006

1 Q: Please state your name, business address and telephone number.

2 A: My name is Steven E. Watkins. My business address is 2154 Wisconsin Avenue, N.W.,
3 Suite 290, Washington, D.C., 20007. My business phone number is (202) 333-5276.

4 Q: Did you provide testimony in this proceeding previously?

5 A: Yes. I filed testimony on some preliminary issues on August 16, 2006 in the proceedings
6 captioned above. I also submitted prefiled Direct Testimony on September 29, 2006 in
7 the proceedings captioned above ("Watkins Direct").

8 Q: On whose behalf are you testifying?

9 A: I am testifying on behalf of the entire set of Petitioners in the captioned proceedings. The
10 Petitioners are twelve (12) small and rural telephone companies and cooperatives
11 providing local exchange carrier ("LEC") services to end users primarily in rural
12 Kentucky. I will refer to these LECs as the "RTCs."
13

14 Q: What is the purpose of your testimony?

15 A: The purpose of this Rebuttal Testimony is to respond to the Direct Testimony filed on
16 behalf of the Commercial Mobile Radio Service providers ("CMRS Providers") by their
17 five witnesses including David R. Conn ("Conn Direct"), William H. Brown ("Brown
18 Direct"), Don J. Wood ("Wood Direct"), John L. Clampitt ("Clampitt Direct"), and
19 Randy G. Farrar ("Farrar Direct").

20 I will utilize the opportunity of this Rebuttal Testimony to address several of the issues
21 that the witnesses for the CMRS Providers have portrayed in a manner that I believe is, at
22 best, incomplete and confusing, and would be misleading if not challenged and
23 addressed.

24 This Rebuttal will not address all of the issues and discussions set forth in the testimony
25 of the CMRS Providers' witnesses. To the extent that I do not address some specific
26 point, the Commission should refer to my Direct Testimony for a discussion of the RTCs'
27 positions.

28 Q: How will you organize the remainder of your rebuttal testimony?

29 A: The number of issues, the fact that some of the issues are interdependent, and the fact that
30 five different CMRS provider witnesses have attempted to address various aspects of
31 those issues makes it somewhat difficult to organize a response. Nevertheless, I will
32 proceed through most of the issues and designate which issues that I am addressing in
33 each section. Some of the issues are related, so I will combine my rebuttal discussion of
34 those issues.

1 **ISSUE 1**

2 How should the Interconnection Agreement identify traffic that is subject to reciprocal
3 compensation?

4 and

5 **ISSUE 9**

6 Are the Parties required to pay reciprocal compensation to one another for all intraMTA traffic
7 originated by subscribers on their network, regardless of how such traffic is routed, for
8 termination to the other party?

9 Q: Can you explain the disagreement with respect to Issues 1 and 9?

10 A: The CMRS Providers want to expand the scope of reciprocal compensation traffic
11 between a LEC and a CMRS provider beyond the scope prescribed by the FCC. That is,
12 the CMRS Providers want to include traffic between an interexchange carrier (“IXC”)
13 and a CMRS Provider within the scope of reciprocal compensation traffic. My Direct
14 Testimony has already set forth the analysis, rules, and FCC discussion of those rules,
15 and subsequent decisions that are directly contrary to what the CMRS Providers propose.
16 The CMRS Providers’ analysis, as well as the analysis conducted by other states, is
17 incomplete in that it omits several critical FCC discussions, orders and conclusions
18 disproving their illogical approach.

19 As noted in my Direct Testimony, the scope of reciprocal compensation traffic is local
20 exchange service traffic of LECs and not interexchange service traffic of IXCs. No
21 matter how confused these issues have become in the minds of the CMRS Providers or in
22 other states, a proper examination of the rules, discussion of those rules, and subsequent
23 reflection by the FCC on those rules demonstrates that IXC traffic is subject to the
24 compensation framework of Section 251(g) of the Act, not Section 251(b)(5). Watkins
25 Direct at p. 6, line 27 through p. 7, line 14 and p. 34, line 30 through p. 38, line 30.

26 Q: Does the CMRS Providers’ testimony acknowledge the FCC’s statements that the scope
27 of reciprocal compensation traffic encompasses only local exchange service?

28 A: No. I set forth the direct quote from the FCC in its *First Report and Order* (it original
29 local competition and interconnection order) which clearly states the fact that the duty to
30 establish reciprocal compensation arrangements is for “local exchange service” calls.
31 Watkins Direct at p. 6, lines 33-36 quoting from para. 1045 of the *First Report and*
32 *Order*.

33 Q: Did Mr. Conn also quote from the FCC’s *First Report and Order* about this issue?

34 A: Yes, he quotes from paragraphs 1036, 1041 and 1043. Quite noticeably, however, he
35 omits any consideration of the FCC’s discussion contained at para. 1045 of the *First*
36 *Report and Order*.

37 Q: On page 11, lines 14-15 of his Direct Testimony, Mr. Conn claims that the rules for
38 reciprocal compensation include *all* intraMTA traffic, even traffic that IXCs deliver to
39 CMRS providers for termination. Is that correct?

1 A: No. As noted above, Mr. Conn plainly disregards any FCC discussion that is contrary to
2 his position. In addition to ignoring determinative language in the *First Report and*
3 *Order*, Mr. Conn also ignores the FCC's *TSR Wireless* decision (also set forth in my
4 Direct Testimony), in which the FCC concluded that a LEC could and would "hand off"
5 traffic, destined to a CMRS provider's end user within the same MTA, to an
6 interexchange service provider and that the access charge framework applies in such
7 scenarios. Watkins Direct at p. 38, lines 1-18.

8 Q: What, exactly, did the FCC say?

9 A: Pursuant to Section 51.703(b), a LEC may not charge CMRS providers for
10 facilities used to deliver LEC-originated traffic that originates and terminates
11 within the same MTA, as this constitutes local traffic under our rules. Such traffic
12 falls under our reciprocal compensation rules if carried by the incumbent LEC,
13 and under our access charge rules if carried by an interexchange carrier.

14 See *Memorandum Opinion and Order, In the Matters of TSR Wireless, LLC, et al.,*
15 *Complainants, v. US West Communications, Inc. et al., Defendants*, released by the FCC
16 on June 21, 2000, in File Nos. E-98-13, E-98-15, E-98-16, E-98-17, E-98-18 at para. 31
17 (footnotes omitted, emphasis added).

18 Q: With respect to the language you have emphasized in the above quote, did the FCC
19 reference its *First Report and Order* as the basis for its conclusion in the *TSR Wireless*
20 case?

21 A: Yes. In fact, it cites to the *First Report and Order* at the end of that very sentence quoted
22 above. Specifically, the FCC cites to its *First Report and Order* at 11 FCC Rcd at 16016-
23 17.

24 Q: Mr. Conn at page 12 of his Direct Testimony claims that the FCC did not "except" IXC
25 traffic from the reciprocal compensation rules, and therefore IXC traffic is included.
26 From that assumption, he concludes that IXC traffic must, therefore, be included. Is he
27 correct?

28 A: No. He is wrong for at least four reasons.

29 First, the FCC did not need to "except" IXC traffic from the scope of its Subpart H rules
30 because the FCC never included such traffic within the scope in the first place. The FCC
31 understood that traffic exchanged "between a LEC and a CMRS Provider" is not the
32 same as traffic exchanged "between an IXC and a CMRS Provider." In discussing the
33 Subpart H rules with respect to Section 251(b)(5) traffic between LECs and CMRS
34 providers, the FCC clearly stated that this traffic is "local exchange service" traffic.
35 Watkins Direct at pp. 6-7 citing *First Report and Order* at para. 1045. There is no
36 dispute about what the FCC stated. Of course, the absence of dispute on this point does
37 not compel the opposite and illogical conclusion that local exchange service also means
38 interexchange service traffic. The two types of traffic are entirely distinct -- they are
39 originated by two different types of carriers -- an IXC is the carrier obtaining

1 termination from a CMRS Provider for the IXC's interexchange service traffic -- and
2 the two types of traffic have entirely distinct frameworks for compensation that applies as
3 a result.

4 Second, the FCC has indeed confirmed that IXC traffic is excepted from the traffic
5 subject to the Subpart H reciprocal compensation rules. At para. 1034 of the *First Report*
6 *and Order*, the FCC explicitly stated:

7 We note that our conclusion that long distance traffic is not subject to the
8 transport and termination provisions of section 251 does not in any way disrupt
9 the ability of IXCs to terminate their interstate long-distance traffic on LEC
10 networks. Pursuant to section 251(g), LECs must continue to offer tariffed
11 interstate access services just as they did prior to enactment of the 1996 Act. We
12 find that the reciprocal compensation provisions of section 251(b)(5) for transport
13 and termination of traffic do not apply to the transport or termination of interstate
14 or intrastate interexchange traffic.

15 *First Report and Order*, at para. 1034 (emphasis added). I cannot see how the CMRS
16 Providers' position can be found consistent with this explicit FCC statement.

17 Third, as I explained at p. 35, line 23 through p. 36, line 23 of the Direct Testimony, the
18 FCC confirmed (in response to a declaratory request from a CMRS provider) that when a
19 CMRS provider terminates traffic from an IXC, the access charge framework applies; the
20 only question, then, is how the CMRS provider should be compensated by the IXC:

21 . . . In the *LEC-CMRS Interconnection NPRM*, the Commission specifically
22 addressed the question whether CMRS carriers should be able to impose access
23 charges on IXCs for calls that are exchanged through LEC facilities. The
24 Commission tentatively concluded that CMRS carriers should be able to recover
25 access charges from IXCs for the completion of interexchange calls in the same
26 manner as LECs and competitive access providers (i.e., by setting a rate to be paid
27 by the IXC.) The Commission noted, however, that some form of price regulation
28 might be necessary if it adopted this tentative conclusion because CMRS carriers
29 "may have some market power over IXCs that need to terminate calls to a
30 particular CMRS provider's customer." The Commission has never adopted a
31 final decision adopting or implementing this tentative conclusion, nor has it
32 resolved the question of the appropriate form of price regulation for CMRS access
33 charges. Accordingly, our rules do not enable Sprint PCS unilaterally to impose
34 access charges on AT&T.

35 *Declaratory Ruling, Petitions of Sprint PCS and AT&T Corp. for Declaratory Ruling*
36 *Regarding CMRS Access Charges*, released by the FCC on July 3, 2002 in WT Docket
37 No. 01-316 at para. 9 (footnotes omitted, emphasis added).

38 Fourth, as I explained in my Direct Testimony, the FCC orders examining ISP-Bound
39 traffic concluded that Section 251(g) of the Act (regarding access traffic of IXCs) and
40 Section 251(b)(5) (regarding non-access traffic) are mutually exclusive, and it rejected

1 any interpretation implying to the contrary. Watkins Direct at p. 36, line 24 through p.
2 37, line 20.

3 Q: Regarding your fourth point, did the FCC explain when it first arrived at its conclusion
4 that traffic subject to Section 251(g) is mutually exclusive from traffic subject to Section
5 251(b)(5) of the Act?

6 A: Yes. The FCC stated that it came to this conclusion in 1996 in its *First Report and Order*
7 decision. At para. 36 of the ISP-Bound traffic order, the FCC states:

8 . . . We conclude that Congress specifically exempted the services enumerated
9 under section 251(g) from the newly imposed reciprocal compensation
10 requirement in order to ensure that section 251(b)(5) is not interpreted to override
11 existing or future regulations prescribed by the Commission.

12 Then in a footnote to that sentence, the FCC explains:

13 This view is consistent with previous Commission orders construing section
14 251(g). . . . [W]hen the Commission first addressed the scope of the reciprocal
15 compensation obligations of section 251(b)(5) in the [*First Report and Order*], it
16 expressly cited section 251(g) in support of the decision to exempt from those
17 obligations the tariffed interstate access services provided by all LECs (not just
18 Bell companies subject to the MFJ) to interexchange carriers. 11 FCC Rcd at
19 16013. The *Bell Atlantic* court did not take issue with the Commission's earlier
20 conclusion that section 251(b)(5) is so limited. . . . The interpretation we adopt
21 here -- that section 251(g) exempts from section 251(b)(5) information access
22 services provided to information service providers, as well as access provided to
23 IXCs -- thus is fully consistent with the Commission's initial construction of
24 section 251(g), in the *Local Competition Order*, as extending beyond the MFJ to
25 *our own* access rules and policies.

26 *See Order on Remand and Order, In the Matter of Implementation of the Local*
27 *Competition Provisions in the Telecommunications Act of 1996, and Inter-carrier*
28 *Compensation for ISP-Bound Traffic*, released by the FCC on April 27, 2001 in CC
29 Docket Nos. 96-98 and 99-68, at para. 36 and footnote 64.

30 While the Courts have questioned the FCC's conclusions about how dial-up calls to ISPs
31 should fit within the dichotomous "local" and "access" frameworks that underlie the
32 industry, no one has questioned the obvious conclusion that interexchange service traffic
33 falls on the "access" side.

34 Q: On page 12 of his Direct Testimony, Mr Conn claims that LECs route calls via
35 interexchange carriers. Is that correct?

36 A: No. When an end user places an interexchange service call, it is the IXC that is providing
37 service to the end user. Pursuant to equal access obligations, it is the end user that
38 "routes" his or her call either to his or her choice of presubscribed interexchange carrier
39 or to the chosen IXC through the dialing of 101xxxx. The LEC has no role in routing the

1 call; the LEC simply hands the call off to the IXC to which the end user has routed his or
2 her interexchange service call. It is the IXC that then further routes the call to the CMRS
3 provider.

4 Mr. Conn's statements seem to suggest incorrectly that the LEC has some role or choice
5 in "routing" intraMTA calls, which is not the case.

6 Moreover, any attempt to imply that it is a LEC's service user that is the cost-causer with
7 respect to the termination by a CMRS Provider of IXC calls would be fundamentally
8 flawed. The end user is the customer of the IXC and is obtaining the IXC's
9 interexchange service, and as such, it is the IXC's end-user that is the cost-causer. Any
10 cost causer analysis would compel the most obvious and logical conclusion consistent
11 with the RTCs' position: The call is subject to the access charge framework because the
12 call is the responsibility of the IXC for what is its interexchange service to the end user.

13 Q: The CMRS Providers' statement of Issue 9 suggests that each party, including the RTC,
14 routes intraMTA traffic to the other party. Does that suggestion make sense?

15 A: No. The RTC has no technical ability to route intraMTA calls because the RTC has no
16 ability to determine on a realtime basis the location of the mobile CMRS end user.

17 Q: What does routing calls mean to an RTC?

18 A: The RTC determines and defines what local exchange services that it will offer to its
19 local customers, and the RTC provisions and routes these defined local exchange
20 services. All other traffic is interexchange service traffic routed by IXCs.

21 Q: On page 11 of his Direct Testimony, Mr. Conn claims that the wireless carriers
22 compensate RLECs for all intraMTA mobile-to-land calls regardless of the intermediary.
23 Is that correct?

24 A: No. When a CMRS Provider hands its CMRS calls to an IXC for termination to the
25 RTC, and where it is the IXC that is obtaining access services from the RTC for the
26 termination of this traffic, it is the IXC that is required to provide compensation to the
27 RTC. CMRS Providers' service and switching areas do not correspond exactly with
28 MTAs. CMRS Providers routinely use IXCs to terminate traffic for some intraMTA
29 traffic. And IXCs routinely terminate traffic to the RTCs, some of which may have been
30 originated by a CMRS Provider mobile user in that MTA, but this traffic is nevertheless
31 subject to the terms of access between the IXC and the LEC.

32 Q: Is there anything more that you would like to say about Issues 1 and 9?

33 A: I realize that other states have arrived at decisions about this issue. I believe that my
34 testimony shows how any such contrary decisions defy the actual rules and statements of
35 the FCC and, how, moreover, they also defy common sense. If one examines those
36 decisions in detail, one will find the logical and conceptual flaws which cannot be
37 squared with the FCC's analysis set forth in my testimony.

1 Q: If there is confusion about what the FCC’s rules require, what should a state commission
2 or a court do to resolve that confusion.

3 A: There is an old saying that, if you want to know the truth, you should get it “straight from
4 the horse’s mouth.” That saying is particularly appropriate here, where the CMRS
5 Providers are trying to distort the FCC’s own language by bending the meaning to fit
6 their commercial advantage. It’s easy to choose bits and pieces of the FCC’s discussions
7 and manipulate it for self-serving purposes. That is what the CMRS Providers are
8 attempting to do. And the issues are complicated and unfortunately easily confused if
9 one does not examine the concepts in depth. Accordingly, the Commission should seek
10 guidance from the actual author of those rules, the FCC. The enactment of new rules
11 would require notice and comment. Congress gave to the FCC the authority to establish
12 the regulations to implement the local competition requirements of the Act. 47 U.S.C. §
13 251(d)(1). And the resolution of issues in an arbitration must be consistent with the
14 regulations prescribed by the FCC. 47 U.S.C. § 252(c)(1).

1 **ISSUE 2**

2 Should the Interconnection Agreement apply to traffic exchanged directly, as well as traffic
3 exchanged indirectly, through BellSouth or another intermediary carrier?

4 Q: Mr. Brown claims at p. 3 of his Direct Testimony that the RTCs' proposal would restrict
5 the CMRS Providers only to direct interconnection. Is that right?

6 A: No. The RTCs' draft agreement included both options -- where the CMRS Provider
7 would connect directly to the RTC's network and other options where the CMRS
8 Provider could use the facilities of an intermediary to connect indirectly. I stated in my
9 Direct Testimony that the CMRS Providers could utilize the direct and indirect
10 interconnection options that the FCC set forth in its *First Report and Order* for the
11 delivery of traffic subject to Section 251(b)(5) of the Act. Watkins Direct at p. 11. line
12 32 through p. 12, line 3. These options, as the FCC set forth, are consistent with the
13 terms that the RTCs proposed.

14 Q: Would the proposed contract of the RTCs prohibit the CMRS Providers from using the
15 facilities of BellSouth or some other intermediary to connect indirectly with the RTC?

16 A: No.

17 Q: What is the real issue for the RTCs with respect to so-called indirect interconnection?

18 A: The crux of the issue is with respect to the interconnection, trunking arrangements, and
19 terms and conditions that any intermediary carrier (*e.g.*, BellSouth) must have with the
20 RTC to address the manner in which the intermediary would deliver CMRS Provider
21 traffic to the RTCs. The CMRS Providers have cited no rule, regulation or statute that
22 suggests that the CMRS Providers have any right to dictate the terms of the
23 interconnection that the intermediary carrier may have with the RTC.

24 Q: Does your Direct Testimony already address the issues associated with the existence of
25 an intermediary carrier?

26 A: Yes. I addressed these issues beginning at p. 11, line 8 through p. 15, line 25 including:
27 (i) there is no reason to expect that the RTC must subtend a BellSouth tandem; (ii) there
28 is no right for an IXC (*e.g.*, BellSouth operating as a IXC) to commingle multiple
29 carriers' traffic over access trunks; (iii) there can be no presumption of interconnection
30 requirements with respect to so-called "transit" arrangements because the FCC has stated
31 that it has not previously determined whether any requirements should exist; (iv)
32 trunking arrangements with any intermediary must allow the RTCs to use their own
33 deployed traffic measurement facilities without interference from other carriers; and (v)
34 there can be no expectation that the RTC must rely involuntarily on a large Bell company
35 to perform network functions that the RTC is prepared to perform for itself.

36 Q: Is there anything that you want to add here?

1 A: Yes. I will return to related issues in my discussion of Issue 5. My Direct Testimony at
2 pp. 15-18 discusses the establishment of the Interconnection Point between carriers for
3 the exchange of traffic subject to Section 251(b)(5) of the Act, and I will discuss that
4 concept in response to the testimony provided by the CMRS Providers related to Issue 5.

1 **ISSUE 3**

2 Does the Interconnection Agreement apply only to traffic within the
3 Commonwealth of Kentucky?

4 Q: Is Issue 3 resolved?

5 A: Yes, the RTCs have agreed that the Interconnection Agreement with a CMRS Provider
6 would not be limited to Kentucky. However, for the reasons stated in my Direct
7 Testimony at pp. 23-24, there will need to be some stated geographic area to define the
8 area from which the CMRS Provider originates traffic for delivery to the RTC pursuant to
9 the terms of the Agreement.

10 The use of the words “in Kentucky” in the Appendix C of the proposed agreement was
11 inadvertent on the part of the RTCs. Those words appear there because the RTCs used an
12 existing agreement with a specific CMRS provider as the starting point for the RTCs’
13 proposed agreement, and the serving area in that case was confined to the
14 Commonwealth of Kentucky. *See* Clampitt Direct at p. 4, lines 13-16. If the CMRS
15 Providers had been willing to have any substantive discussions of the proposed
16 agreement prior to the arbitration filing time, this matter could have been clarified.

17 I would add that in his discussion of Issue 28, Mr. Farrar (at p. 35 of his Direct
18 Testimony) references an interconnection agreement that Sprint PCS has with
19 Brandenburg Telephone Company. For reasons here, and for reasons I will explain in my
20 discussion of Issue 28, that interconnection agreement clearly sets forth a list of counties
21 such that the terms of the agreement are defined with respect to that geographic area.
22 That delineation of geographic area is necessary to be certain that the correct interMTA
23 traffic relationship is reflected in the terms. Watkins Direct at p. 23, line 19 through p.
24 24, line 3.

1 **ISSUE 4**

2 Should the Interconnection Agreement apply to fixed wireless services?

3 Q: Have you reviewed Mr. Wood's testimony about fixed wireless service that he submitted
4 at pp. 18-20?

5 A: Yes.

6 Q: Does Mr. Wood's testimony persuade you that your Direct Testimony on this issue at pp.
7 25-26 was incorrect or faulty?

8 A: No. My testimony merely cited the FCC's conclusion that the regulatory treatment of
9 any proposed fixed wireless service; *i.e.* whether it is to be treated as CMRS or in some
10 other manner, would be determined on a case-by-case basis through a ruling from the
11 FCC. As I stated in my Direct Testimony, no CMRS Provider has proposed any fixed
12 wireless service for consideration, and it would be impossible to speculate now about the
13 treatment of some service proposed in the future unless and until the FCC rules.

14 Q: Does the exclusion of fixed wireless services in the RTCs' proposal exclude services that
15 are CMRS?

16 A: No. To the extent that a CMRS Provider service is not fixed, then it is included in the
17 Agreement.

18 Q: Mr. Wood at p. 19 of his Direct Testimony complains that he does not believe that there
19 is a standard industry definition for fixed wireless. Do you have any comment?

20 A: Clearly, the FCC issued an order which presumes that carriers must seek, on a case-by-
21 case basis, a determination of the regulatory treatment of fixed wireless services,
22 including whether the individual service should be treated as CMRS. Watkins Direct at
23 p. 25, lines 18-34. The FCC issued the order, and it is the FCC's responsibility to
24 articulate what it means by a fixed wireless service that would be subject to the
25 requirements of that order. To the extent that Mr. Wood and the CMRS Providers
26 believe that the FCC has not sufficiently defined what the FCC means by fixed wireless,
27 then they should petition the FCC for clarification. The RTCs do not intend to expend
28 resources on this matter. The RTCs definition for fixed wireless for purposes of the
29 Agreement is intended to be whatever the FCC has decided it should be in the proceeding
30 that I cited in my Direct Testimony.

31 To the extent that some CMRS Provider intends to implement some fixed wireless
32 service as the FCC defines fixed wireless, there can be no presumption that the traffic
33 generated by this new service is properly included in an interconnection agreement that
34 is, by its terms, with a CMRS Provider because there can be no assurance that such
35 service traffic would be CMRS. If such service is deemed not to be CMRS, then the
36 traffic would not qualify for the terms and conditions of the CMRS agreement. That is
37 why a case-by-case determination is necessary.

- 1 Q: Is Mr. Wood's reference to the Western Wireless matter on p. relevant here?
- 2 A: No. The Western Wireless service was found not to be a fixed service and therefore the
3 requirement to seek a declaratory ruling about the regulatory treatment of that service is
4 not required.
- 5 Q: Are the RTCs proposing to exclude from the Agreement CMRS traffic that may be
6 originated using automobile-based antenna phones?
- 7 A: No.

1 **ISSUE 5**

2 Is each Party obligated to pay for the transit costs associated with the delivery of
3 traffic originated on its network to the terminating Party's network?

4 Q: Mr. Wood references decisions in other states which address, among other issues, the
5 obligation to compensate an intermediary carrier where an intermediary carrier performs
6 functions in a indirect interconnection arrangement (Wood Direct at pp. 14-17). Do you
7 have any comment?

8 A: Yes. I am aware that some state commissions have concluded that when a LEC routes its
9 originating local exchange service traffic through an intermediary for what is generally
10 described as a transit traffic arrangement, the originating LEC should be responsible for
11 payment to the intermediary for the transit services. I do not agree that these decisions
12 require the LEC to involuntarily route its originating local exchange service traffic in this
13 manner. Regardless, as a regulatory matter, for all of the reasons stated in my testimony
14 here, I do not agree that it is a rational, equitable or lawful policy for the RTC to be
15 responsible for extraordinary costs, to subsidize the CMRS Provider, just because the
16 CMRS Provider requests that the RTC transport traffic to a distant point.
17 The Georgia decision that Mr. Wood cites has no requirement that a LEC must obtain
18 transit services from another carrier. It simply states that, if a LEC does so, it is
19 responsible for payment to the intermediary. A LEC is free, in the course of establishing
20 interconnection with a CLEC or CMRS provider, to ask that (if the requesting carrier
21 wants traffic routed in this manner), the requesting carrier be responsible for such
22 extraordinary costs. Otherwise, the LEC would not be willing to provision a local
23 exchange service in this manner.

24 While I do not suggest that this Commission should rely on decisions of other states, I
25 would, nevertheless, like to point out that another state has directly addressed the issue of
26 intermediary costs beyond the incumbent networks of small LECs. For example, New
27 York agreed that the responsibilities of small incumbent LECs for interconnection with a
28 CLEC are no more than what the small incumbent LECs do for themselves and with
29 other neighboring carriers, and that the point of interconnection is no more than a point
30 on their incumbent LEC service area border. Specifically, the New York Commission
31 stated the following:

32 **Unique Routing Costs Incurred By Independent Companies**

33 *Independent companies connect to other incumbent carriers such as Verizon via*
34 *two methods: (1) local trunks between their central office and the adjacent*
35 *incumbent's central office, or (2) toll trunks to Verizon's tandem. In either case,*
36 *the Independent's responsibility is limited to bringing its facilities to its boundary*
37 *with the adjacent incumbent. The incumbent's responsibility is to provide*
38 *connecting facilities within its territory to the boundary.*

39 . . . As previously noted, Independents are currently responsible for bringing
40 meet- point facilities to their borders only, the long-standing arrangement in place
41 today for trunks used in the provision of local calling between the Independents

1 and Verizon. Because Independent responsibility is limited to delivering traffic to
2 its service area borders, CLECs must either provide their own interconnection
3 facilities or lease facilities to the meetpoint. With this obligation placed on
4 CLECs, no unique costs would be incurred by the Independents in transporting
5 calls to CLECs.

6 *Order Establishing Requirements for the Exchange of Local Traffic, Proceeding on*
7 *Motion of the Commission Pursuant to Section 97(2) of the Public Service Law to*
8 *Institute an Omnibus Proceeding to Investigate the Interconnection Arrangements*
9 *Between Telephone Companies, Case 00-C-0789, issued by the State of New York Public*
10 *Service Commission on December 22, 2000, at pp 5-6.*

11 The New York decision is consistent with the conclusions in my Direct Testimony that an
12 incumbent LEC has no obligation to provision some superior form of interconnection
13 arrangement at extraordinary cost to itself. *See* Watkins Direct at p. 19, line 35 through
14 p. 22, line 30.

15 The spin that Mr. Wood (and Mr. Brown) would want to attach to the other state
16 decisions cannot be squared with the explicit requirements of the Act and the FCC's
17 rules. *See* Watkins Direct at pp. 19-22 and 27. The interconnection point at which traffic
18 must be delivered is only a technically feasible point within the network of the incumbent
19 RTC.

20 Q: Mr. Brown (Brown Direct at p. 12) cites an FCC arbitration order between three CLECs
21 and Verizon in Virginia apparently to support his conclusions. Do you have any
22 comment?

23 A: Yes. Mr. Brown's apparent conclusion that the RTCs are required to establish an
24 interconnection point at points beyond their incumbent LEC network is wrong, and the
25 FCC action actually supports the correct conclusion that the interconnection point with an
26 incumbent LEC is a point within the incumbent LEC network.

27 Mr. Brown correctly quotes the FCC when he recites that "each party would bear the cost
28 of delivering its originating traffic to the point of interconnection designated by the
29 competitive LEC." Brown Direct at p. 12, lines 19-20 citing the *Virginia Arbitration*
30 *Order*. What Mr. Brown does not note, however, is that the point of interconnection
31 designated by the competitive LEC for interconnection with the incumbent LEC is an
32 interconnection point that is a technically feasible point *within* the network of Verizon.
33 That is, the two interconnection points in dispute in the arbitration were both points
34 within the network of Verizon; neither one of the points was within the network of some
35 other incumbent LEC, as the CMRS Providers are trying to suggest is appropriate in this
36 matter.

37 Q: How do you arrive at this conclusion?

38 A: If one reads the entire *Virginia Arbitration Order*, one will find that the issue that Mr.
39 Brown discusses is whether Verizon should deliver local traffic to a point on Verizon's

1 network within the local calling area of the call or to some other point on Verizon's
2 network not within the local calling area. The discussion has to do with the two points
3 within the network of Verizon. For example, at para. 44 of the *Virginia Arbitration*
4 *Order*, the FCC cites the position of one of the CLEC petitioners:

5 According to Cox, section 251(c)(2) of the Act and Commission Rule
6 51.305(a)(2) require that competitive LECs be allowed to select any technically
7 feasible point of interconnection within an incumbent LEC's network.

8 (Footnote omitted, emphasis added.)

9 At para. 52 of the same order, the FCC resolves this arbitration issue stating:

10 Under the Commission's rules, competitive LECs may request interconnection at
11 any technically feasible point.

12 A footnote is attached to the end of that sentence in the FCC's order which cites Section
13 251(c)(2) of the Act and Section 51.305(a)(2) of the FCC's rules as the basis for the
14 statement. Both the Act and the specific rule explicitly state "at any technically feasible
15 point within the incumbent LEC's network." Moreover, the requesting carrier may limit
16 that "technically feasible point within the incumbent LEC's network" to a single point
17 within each LATA. *Id.*

18 I am not aware of any decision regarding the issue of "the local of the interconnection
19 point(s)" where a Bell company has been required to establish that interconnection point
20 at points not within the Bell company's network. That is because any other result would
21 exceed the requirements of the Act and its implementing rules and regulations. The
22 simple fact is that the interconnection point must be within the network of the incumbent.
23 *See Watkins Direct* at p. 11, lines 18-25; p. 15, line 26 through p. 18, line 22. The FCC's
24 *Virginia Arbitration Order* is just another example supporting that conclusion. As I
25 stated in my Direct Testimony, I am not aware that the Commission has ever required an
26 interconnection point with BellSouth to be outside of BellSouth's incumbent LEC
27 network. *Watkins Direct* at p. 17, line 27 through p. 18, line 8. But that is what the
28 CMRS Providers are trying to do here. The RTCs should not be subjected to
29 requirements that are more stringent than those applicable to Bell companies.

30 Q: Why do the RTCs object to the CMRS Providers' proposal that would require the RTCs
31 to be responsible for transport to points outside their network or to obtain services at
32 additional cost from BellSouth?

33 A: Such arrangements would far exceed the level of local exchange services the RTCs
34 provision for their local exchange customers. Calls that require the transport options the
35 CMRS Providers seek are provisioned as IXC services. The RTCs do not offer local
36 exchange services for transport to distant points beyond their network. If a call must be
37 transported and delivered to points beyond the RTCs networks, then the RTCs retain the
38 right to provision such calls as interexchange toll calls.

1 **ISSUE 6**

2 Can the RLECs use industry standard records (e.g., EMI 11-01-01 records
3 provided by transiting carriers) to measure and bill CMRS Providers
4 for terminating mobile-originated Telecommunications Traffic?

5 Q: Mr. Wood (at pp. 20-21 of his Direct Testimony) and Mr. Brown (at pp. 14-16) mention
6 call records. Are these records format a product of industry standards?

7 A: Yes. I am not an expert regarding the complexities but I am aware that industry
8 standards bodies do address industry record formats in the course of establishing
9 standards.

10 Q: Do these standards bodies have any authority to create interconnection requirements?

11 A: No. In a few instances, I believe that the FCC has asked the standards bodies to
12 investigate issues and to report back recommendations that the FCC may subsequently
13 adopt as requirements.

14 Q: Has the FCC asked the standards bodies to adopt requirements that would force the RTCs
15 to use BellSouth records in lieu of using their own traffic identification and measurement
16 equipment where the RTC has invested in such capability?

17 A: No. Arrangements between carriers to utilize billing records are voluntary, mutually
18 agreed upon arrangements just like meet point billing arrangements between LECs. The
19 standards adopted by these bodies are purely voluntary standards requiring mutual
20 agreement between parties.

21 Q: Has the FCC concluded that a LEC which has its own capability to identify and measure
22 traffic must be forced to depend upon a large Bell company's EMR records just because
23 another carrier demands that arrangement of the LEC?

24 A: No. In fact, the FCC has concluded just the opposite -- that small LECs should not be
25 forced to rely on a large Bell company for such records when the small LEC has the
26 capability to identify, measure and record traffic for itself. *See Watkins Direct at p. 14,*
27 *line 39 through p. 15, line 25.*

1 **ISSUE 7**

2 If a direct connection is established between a CMRS Provider and an RLEC,
3 what terms should apply?

4 and

5 **ISSUE 8**

6 Pursuant to 47 C.F.R. § 51.703 and 51.709, what are the Parties'
7 obligations to pay for the costs of establishing
8 and using direct interconnection facilities?

9 Q: Have you reviewed the testimony of Mr. Conn regarding Issues 7 and 8 (Conn Direct at
10 pp. 15-20)?

11 A: Yes.

12 Q: What is your response?

13 A: The position of the RTCs is already set forth in my Direct Testimony at pp. 30-33. My
14 Direct Testimony already responds to the issues and the discussion submitted by Mr.
15 Conn on these issues.

16 Mr. Conn has not explained what the CMRS Providers mean with respect to
17 interconnection facilities that the CMRS providers propose for cost sharing. If that
18 means cost sharing on facilities that extend to a CMRS Provider's switch beyond the
19 incumbent LEC network area of the RTC, perhaps hundreds or thousands of miles away,
20 the RTCs do not offer local exchange services for transport to such distances, and any
21 cost sharing would not be applicable. Watkins Direct at p. 31, lines 1-41.

22 In addition, it appears that the CMRS Providers want terms that would give them the
23 unilateral right to demand how the RTCs provision their own local exchange services
24 with respect to the trunking arrangements. Conn Direct at pp. 16-17. Notwithstanding
25 all of the other issues and the concerns of the RTCs about inappropriate additional costs
26 which would be unacceptable, each party should have the right to provision its own
27 services as it chooses. And, in any event, the Interconnection Point(s) for purposes of
28 establishing interconnection for the exchange of traffic must be at a point within the
29 incumbent LEC network of the RTC. As I stated in my Direct Testimony, provided that
30 fair terms can be established for dedicated facilities between the parties, and provided
31 that the RTC actually has any local exchange service traffic to send to the CMRS
32 Provider, then two-way trunks may be preferable. Watkins Direct p. 32, lines 1-8.

33 The RTCs position is that facilities established within the incumbent service area of RTC
34 may be shared between the Parties based on the proportionate amount of traffic that each
35 party is responsible for.

36 I would also note that the CMRS Providers have an incorrect position with respect to the
37 responsibility for the CMRS Providers' interMTA traffic that I will discuss in the context
38 of Issue 15.

ISSUE 9

1
2 Are the Parties required to pay reciprocal compensation to one another for all intraMTA traffic
3 originated by subscribers on their network, regardless of how such traffic is routed, for
4 termination to the other party?

5 Q: Have you already addressed Issue 9?

6 A: Yes. I included my rebuttal of the CMRS Providers testimony regarding Issue 9 with my
7 discussion of Issue 1, above.

1 **ISSUE 10**

2 Is each RLEC required to develop a company-specific TELRIC-based rate for
3 transport and termination, what should that rate be for each RLEC,
4 and what are the proper rate elements and inputs to derive that rate?
5 and

6 **ISSUE 11**

7 If the RLECs fail to demonstrate rates that meet the requirements of
8 47 U.S.C. § 252(d)(2)(A) and the FCC's Regulations,
9 what rate should the Commission establish for each RLEC?

10 Q: What is your initial response to Mr. Wood's and Mr. Farrar's critique of your August 16,
11 2006 preliminary testimony filed in this matter?

12 A: Aside from Mr. Wood's sarcasm and unnecessary personal attacks on me, I have
13 subsequently set forth the general position of the RTCs in my Direct Testimony about
14 what the proper rate should be for transport and termination of traffic subject to the
15 FCC's Subpart H rules. Watkins Direct at pp. 39-40. And Mr. Meredith has also filed
16 Direct Testimony on these issues. Regardless of the RTCs' position, I stand by my entire
17 Preliminary Testimony, and nothing that Mr. Farrar or Mr. Wood has provided in their
18 Direct Testimony would change that testimony.

19 Regardless, I want to respond briefly to some of the arguments that Mr. Wood and Mr.
20 Conn included in their Direct Testimony.

21 Q: Both Mr. Wood and Mr. Farrar generally contend that the RTCs should have known for
22 years that they must produce so-called TELRIC studies. How do you respond?

23 A: The FCC stated at least eight times in its *First Report and Order*, including specifically in
24 the section dealing with rates for transport and termination under its Subpart H rules, *that*
25 the FCC's pricing rules do not apply to Rural Telephone Companies that either possess
26 an exemption under Section 251(f)(1) of the Act or to small LECs that have obtained
27 suspension or modification under Section 251(f)(2). All of the RTCs are Rural
28 Telephone Companies. See Watkins Preliminary Testimony at p. 11.

29 Q: Have other state commissions confirmed this conclusion?

30 A: Yes. Again, I do not necessarily recommend that this Commission follow the
31 conclusions of other state commissions where the Kentucky companies are not
32 participants in the regulatory proceeding. But I would note that the Indiana Commission
33 recently concluded that TELRIC rate development does not apply to Rural Telephone
34 Companies.

35 ILEC pricing obligations are enumerated in Section 251(c)(2)(D) of the Act. The
36 "Additional Obligations of Incumbent Local Exchange Carriers" under
37 Subsection (c) apply to all ILECs "with the exception of rural companies . . ."

1 . . . We find that there is no obligation in Section 251(a) or (b) for
2 telecommunications carriers to provide forward-looking costs of facilities . . . ,
3 and we decline to require forward-looking cost studies of the RTCs, or to require
4 interconnection rates based upon forward-looking costs or cost studies, at this
5 time.

6 *Order*, Cause No. 43052-INT-01 (consolidated with 43053-INT-01 and 43055-INT-01)
7 approved and released by the Indiana Utility Regulatory Commission on September 6,
8 2006.

9 Furthermore, the interim arrangement under which the RTCs, CMRS Providers and
10 BellSouth have been operating clearly states that it does not create any requirements and
11 does not prejudice the position of the parties in any subsequent negotiations or
12 arbitration.

13 Q: On p. 30 of this Direct Testimony, Mr. Wood claims that you contend that Congress and
14 the FCC erred by requiring RTCs to do detailed TELRIC studies. Is that right?

15 A: Absolutely not. Congress granted an exemption to small and rural telephone companies
16 from the most onerous interconnection requirements. There was no error. And the FCC,
17 as the RTCs have explained, recognized the concerns that rural telephone companies had
18 with the FCC's pricing proposals, and addressed those concerns by confirming
19 Congress's intent for these pricing rules not to apply to Rural Telephone Companies.
20 That was the intent of Congress.

21 Q: In your Preliminary Testimony, you referred to an FCC rulemaking about the so-called
22 TELRIC pricing rules in which the FCC has doubts about the efficacy of those rules. Mr.
23 Farrar, on p. 14 of his Direct Testimony, claims that the FCC's rulemaking that you cited
24 was not addressing reciprocal compensation for transport and termination, but only
25 unbundled network elements. Is he right?

26 A: No.

27 Section VI of the Rulemaking is entitled "Interconnection Pricing and Reciprocal
28 Compensation." *See Notice of Proposed Rulemaking, In the Matter of Review of the*
29 *Commission's Rules Regarding the Pricing of Unbundled Network Elements and the*
30 *Resale of Service by Incumbent Local Exchange Carriers*, released by the FCC in WC
31 Docket No. 03-173 on September 15, 2003 ("*TELRIC NPRM*") at p. 2. And a review of
32 that section reveals that reciprocal compensation rates are clearly included within the
33 scope of the rulemaking.

34 Second, if one studies the *First Report and Order* in its entirety, one finds that the FCC's
35 development of TELRIC pricing for transport and termination is derived from its
36 TELRIC pricing of the unbundled network. At footnote 29 and paragraph 148 of the
37 *TELRIC NPRM*, the FCC clearly states that fact.

- 1 Q: On p. 6, line 15 of his Direct Testimony, Mr. Farrar references the “default proxies”
2 under the FCC rules. Is that relevant?
- 3 A: No. The default proxy prices were vacated by the United States Court of Appeals for the
4 Eighth Circuit in its *IUB II* decision dated July 18, 2000. The rule that Mr. Farrar
5 references (Section 51.705(a)(2)) is not applicable because it relies on a default proxy
6 rate that has been vacated by the Court and does not exist.
- 7 Q: Similarly, Mr. Farrar refers to FCC rule 51.707(b) on p. 7, line 10, and to FCC rule
8 51.513(c)(4) on p. 8, line 12 of his Direct Testimony. Are these rules applicable?
- 9 A: No. The Eighth Circuit vacated the default proxy pricing rules in Section 51.513, 51.611,
10 and 51.707.

ISSUE 12

Should the Interconnection Agreement provide both reciprocal and net billing options?

Q: On p. 20-21 of Mr. Farrar's Direct Testimony, he concludes that the issue regarding net billing has been resolved and that the RTCs have accepted the agreement language of the CMRS Providers at Section 14.8 of the proposed agreement. Is that correct?

A: The RTCs have agreed that net billing is an option provided that accurate billing of usage in the prerequisite. However, the final two sentences of Section 14.8 present issues not yet resolved in the context of Issue 13 regarding measurement.

1 **ISSUE 13**

2 If a CMRS Provider does not measure intercarrier traffic for
3 reciprocal compensation billing purposes, what intraMTA traffic factors should apply?

4 Q: The CMRS Providers believe that the total amount of traffic that they terminate should be
5 estimated using factors instead of measurement (e.g., Farrar Direct at pp. 21-22). What is
6 the position of the RTCs?

7 A: In my Direct Testimony at p. 42, lines 16-29, I explained that measurement can be
8 available and that factors are not needed for the combined total of Subject Traffic and
9 Inter-MTA traffic that is either mobile-to-land or land-to-mobile.

10 To the extent that a CMRS Provider may need to rely on BellSouth for measurement,
11 notwithstanding the positions of the RTCs as to how any arrangements with BellSouth
12 must be structured, the CMRS Provider can obtain measurement from BellSouth.

13 Q: Has the FCC stated that carriers should be prepared to deploy the necessary facilities and
14 equipment to measure traffic subject to the FCC's Subpart H rules?

15 A: Yes. At para. 1045 of its First Report and Order, the FCC concluded that:

16 CMRS providers, including small entities, and LECs, including small incumbent
17 LECs and small entity competitive LECs, will receive reciprocal compensation
18 for terminating certain traffic that originates on the networks of other carriers, and
19 will pay such compensation for certain traffic that they transmit and terminate to
20 other carriers. . . . We also recognize that, to implement transport and
21 termination pursuant to section 251(b)(5), carriers, including small incumbent
22 LECs and small entities, may be required to measure the exchange of traffic, but
23 we believe that the cost of such measurement to these carriers is likely to be
24 substantially outweighed by the benefits of these arrangements.

25 (Footnote omitted, emphasis added.)

26 As such, to the extent that the CMRS Providers have known for more than 10 years that
27 they are required to be capable of measurement, the RTCs should not be required to
28 accept estimates of traffic. It is the intent of the RTCs to clearly define what traffic is to
29 be measured, and to obtain accurate measurement of that traffic. To the extent that the
30 parties may want voluntarily to reach some mutual agreement on estimates, that would be
31 up to each party to negotiate.

32 Q: Some of the CMRS Providers' witnesses propose various factors for mobile-to-land and
33 land-to-mobile proportions of traffic (e.g., Conn Direct at p. 20, Clampitt at pp. 10-11,
34 Brown Direct at pp. 17-19, and Farrar Direct at pp. 21-22). What response do you have
35 to these proposals?

36 A: The RTCs are prepared to measure traffic and provision network and equipment
37 necessary to do so. As I discussed above, the CMRS Providers have known for more

1 than 10 years that they should expend the resources to put in place the necessary
2 equipment to measure traffic. The CMRS Providers were provided notice of these
3 negotiations on or around January 1, 2006, over nine months ago. They now want to
4 provide, at the midnight hour, their view of what the traffic components are. The RTCs
5 have no idea what information the CMRS Providers have obtained or used to justify their
6 proposed factors.

7 Q: Do the RTCs always have local exchange service traffic that is sent to the CMRS
8 Providers for termination?

9 A: No. As I stated in my Direct Testimony at p. 19, lines 12-16, in many cases, the RTC has
10 no local exchange service calls to the CMRS Provider because the CMRS Provider does
11 not provide any wireless services in the local calling area of the RTC or the CMRS
12 Provider has not established interconnection facilities over which the RTC would
13 provision local exchange services consistent with its service offerings.

14 Q: In that case, what would the “factors” be?

15 A: They would be 100 percent mobile-to-land, and zero percent land-to-mobile.

ISSUE 14

Should the Interconnection Agreement prohibit the Land-to-Mobile Traffic Factor
from exceeding 50%?

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2
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5

Q: Is Issue 14 resolved?

A: Yes.

1 **ISSUE 15**

2 What is the appropriate compensation for interMTA traffic?

3 Q: On pp. 46-48 of your Direct Testimony, among other discussion, you set forth the FCC's
4 discussion concluding that a CMRS Provider is obtaining originating access service from
5 a LEC when the CMRS Provider carries a LEC end user call to another MTA for
6 termination to its mobile user that may be in that other MTA. Have any of the CMRS
7 Provider witnesses acknowledged this FCC analysis and conclusion?

8 A: No. Their testimony completely ignores the FCC discussion and conclusions. As I
9 explained, the FCC has concluded that when an end user of the LEC originates a call to a
10 mobile user, and when the CMRS Provider carries that call to a mobile user that may be
11 "roaming" in another MTA, the CMRS Provider is acting as an interexchange carrier
12 because it is the carrier that is transporting the call to a different MTA, and the LEC that
13 has originated the call is entitled to originating access from the CMRS Provider. Watkins
14 Direct at p. 46, line 29 through p. 48, line 8, citing the FCC's discussion in the *First*
15 *Report and Order* at para. 1043 and footnote 2485. There is no uncertainty regarding this
16 issue. The CMRS Providers simply omit the relevant discussion.

17 Q: Do any of the RTCs provide a service for calling to other MTAs?

18 A: No. It is the CMRS Provider (not the RTC) that is carrying CMRS calls to other MTAs.

19 Q: To the extent that the CMRS Providers have proposed some default percentage for the
20 inter-MTA portion of traffic, what would be the RTCs' position?

21 A: It would be the same as I have explained above. The CMRS Providers have known for
22 more than 10 years that measurement is a requirement for reciprocal compensation. And
23 the terms of the compensation depend upon the cell site serving the mobile user (which is
24 something only the CMRS Provider knows). But, in my view, the CMRS Providers want
25 to hide behind what I believe to be mere guesses about the growing extent of inter-MTA
26 traffic, and these guesses substantially underestimate the actual inter-MTA percentage. I
27 have set forth in my Direct Testimony my discussion of this issue, and the position of the
28 RTCs remains the same. Watkins Direct at pp. 46-48.

29 Q: Is there anything else you would like to add with respect to this issue?

30 A: Yes. In Section 5.4 of the original RTC proposed Agreement, the RTCs were willing to
31 presume that there would be no land-to-mobile Inter-MTA traffic as a compromise
32 among all of the issues and as a means to move forward with an otherwise overall
33 reasonable interconnection approach. It appears that the CMRS Providers rejected the
34 compromise proposal in a misplaced and unfounded effort to impose access charges on
35 the RTCs for calls where the CMRS Provider is actually the interexchange carrier and,
36 consequently, owes originating access charges.

1 **ISSUE 16**

2 Are the RLECs required to provide dialing parity (in terms of both number of
3 digits dialed and rates charged) for land to mobile traffic?

4 Q: Have you reviewed Mr. Conn's Direct Testimony on Issue 16?

5 A: Yes.

6 Q: Do you have any comment?

7 A: Yes. Mr. Conn admits that dialing parity is a concept that exists with respect to a
8 geographic area by quoting essentially the same discussion from FCC *First Report and*
9 *Order* as I did. Conn Direct at p. 15 and Watkins Direct at pp. 49-50. His quote clearly
10 says that dialing parity is defined in terms of a local calling area, not telephone numbers.
11 He further states that dialing parity applies to CMRS Providers to the extent that they are
12 providing "telephone exchange service" which I explained is, in turn, defined in terms of
13 an exchange area.

14 CMRS Providers do not use exchange areas. For most of the CMRS Providers, if not all,
15 their exchange area is the entire United States. Watkins Direct at pp. 51-53.

16 Q: Mr. Conn generally contends that a CMRS Provider can establish a telephone number for
17 its mobile user and that somehow automatically means that the RTC must provision a
18 local exchange service for calling that mobile user (e.g., Conn Direct at pp. 15-17). How
19 would you respond?

20 A: The RTC has no obligation to provision a local exchange service for calling a mobile user
21 that can be located anywhere in the country. The assignment of a telephone number to a
22 mobile user does not determine whether the call would be with respect to a local calling
23 area because the number does not determine the location of the mobile user. Watkins
24 Direct at p. 52, line 12 through p. 53, line 22.

25 Q: What would be the result of Mr. Conn's approach?

26 A: The CMRS Providers could dictate the RTC's local exchange service offerings.
27 Practically speaking, his approach would require the RTC to provide unlimited flat-rated
28 calling to mobile users anywhere in the country just because a CMRS Provider assigns a
29 particular number to the mobile user. CMRS Providers have no more right to dictate the
30 service offerings to the RTCs than the RTCs have a right to dictate to the CMRS
31 Providers what services they should provide. See Watkins Direct at p. 54, lines 14-20
32 regarding discriminatory rate structures of the CMRS Providers.

33 Q: Mr. Conn contends at p. 18-19 of his Direct Testimony that the CMRS Providers can
34 dictate what charges the RTC imposes for calls to wireless mobile users. What response
35 do you have?

36 A: First, there is no rate regulation for CMRS calls. Watkins Direct at p. 53, line 23 through
37 p. 54, line 20. Second, it is beyond the scope of this arbitration to review what rates, rate

1 structures, or service offerings the RTC provides to its end users. The interconnection
2 requirements do not address what a carrier charges its own customers for service.

3 Q: Nevertheless, did the RTCs propose a method under which they could mutually agree to
4 provision a local exchange service for calling a mobile user?

5 A: Yes. I described that voluntary arrangement at p. 54, line 30 through p. 55, line 7 of my
6 Direct Testimony. Several of the RTCs have reached mutual agreement with some
7 wireless carriers regarding the conditions under which the RTC could provision local
8 calling to mobile users. These mutually agreeable arrangements most often rely on a set
9 of telephone numbers related to a rate center area as the surrogate method to determine
10 the location of the mobile user, and whether the call is within the local calling area and
11 depend on the availability of trunking facilities, for the routing of local exchange service
12 calls to the CMRS Provider, that do not involve extraordinary costs beyond the
13 incumbent LEC area of the RTC.

1 **ISSUE 17**

2 What SS7 signaling parameters should be required?

3 Q: Have you reviewed the Direct Testimony of Mr. Clampitt at pp. 6-7 where he discusses
4 SS7 signaling?

5 A: Yes. Without belaboring his discussion, I will set forth a compromise proposal that both
6 takes into account Mr. Clampitt's discussion and represents the RTCs' current position
7 regarding the SS7 sections of the agreement. The RTCs propose to delete the first
8 sentence in Section 4.3.1 as proposed by the CMRS providers and go directly to the
9 second sentence which addresses the exchange of SS7 messages. The RTCs do not care
10 how the CMRS Providers connect to the SS7 network so long as the SS7 messages are
11 properly exchanged. Therefore, the RTCs propose that the discussion of STPs and
12 related issues be removed. The sending of SS7 messages does not depend upon whether
13 the parties are interconnected directly or indirectly for the actual voice call, because the
14 SS7 signaling is transmitted by a separate signaling network. The newly proposed
15 language would read as follows:

16 4.3.1 The Parties agree to cooperate on the exchange of all appropriate SS7
17 messages for originating carrier identification, local call set-up, including ISDN
18 User Party ("ISUP") and Transaction Capability User Part ("TCAP") messages to
19 facilitate full interoperability of all CLASS features and functions between their
20 respective networks. These parameters include, but are not limited to, Carrier
21 Identification Code, Initial Address Message, Calling Party Number, Privacy
22 Indicator, Charge Number, and the Jurisdictional Indicator Parameter containing a
23 Local Exchange Routing Guide assigned NPA-NXX identifying the originating
24 switch. Each Party shall honor all Privacy Indicators as required under applicable
25 law. Where SS7 signaling is not available, in-band signaling shall be used in
26 accordance with industry standards.

27 4.3.2 Each party shall populate all SS7 message fields in accordance with Section
28 4.3.1 and industry standards.

29 4.3.3 For purposes of exchanging SS7 messages with respect to the traffic that is
30 within the scope of this Agreement, neither Party will assess any charges to the
31 other Party. Any use by either Party of the other Party's SS7 network or SS7
32 service functionality, beyond the simple sending of SS7 messages as set forth in
33 this Section 4.3, is outside the scope of this interconnection Agreement.

34 Q: Is this consistent with what you stated in your Direct Testimony?

35 A: Yes. I believe it is consistent with my Direct Testimony at pp. 56-57. Because there has
36 not been a chance to discuss details with the CMRS Providers regarding this section,
37 there may be room for agreement. Accordingly, the RTCs will attempt to discuss this
38 issue with the CMRS Providers prior to the hearing and report any resolution.

39 Q: Why is the Jurisdictional Indicator Parameter ("JIP") important to the RTCs?

1 A: It is a tool used to determine what traffic a CMRS Provider sends to the RTC. To this
2 end, it is important in monitoring compliance with the terms and conditions of the
3 Agreement.

4 I am aware that CMRS Providers have switches that cover wide areas and that the
5 identification of the switch may not pinpoint the location of the mobile user. However,
6 the JIP provides useful information, and it is one more tool to manage the determination
7 of the scope of traffic. While a JIP that indicates a switch in California may not tell us
8 where in California the mobile user has originated the call, it is almost certainly obvious
9 that the mobile end user is not within a MTA located in Kentucky.

ISSUE 18

Should RLEC tariff provisions be incorporated into the contract?

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Q: Has the testimony of the CMRS Providers changed the position of the RTCs on this Issue?

A: No. It is apparent that the Agreement will need to refer to tariffs and therefore, the terms of those tariffs should be incorporated by reference in the Agreement. Watkins Direct at p. 58.

ISSUE 19

Under what circumstances should a Party be permitted to block traffic
or terminate the Interconnection Agreement?

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Q: Is this issue resolved?

A: Yes. The CMRS Providers have accepted the compromise language offered by the
RTCs.

1 **ISSUE 20**

2 What post-termination arrangements should be included in the Interconnection Agreement?

3 Q: Mr. Clampitt, on p. 7, lines 20-21 of his Direct Testimony, claims that the RTCs'
4 proposal would automatically extend the contract for up to a year. Is that correct?

5 A: No. The proposed Section 8.2.1 (Watkins Direct at p. 60) prefaces the interim
6 arrangement following the termination date "upon the written request of either Party."
7 This condition precedent is intended to address the likely possibility that the parties
8 would need to replace a terminating agreement with a new agreement. The RTCs'
9 proposed language simply addresses the options available after termination and/or during
10 any time while the parties are negotiating and/or arbitrating a replacement agreement.
11 The RTCs would agree to further clarify the conditional phrase to say "upon the written
12 request of either Party to negotiate a replacement interconnection agreement," if that
13 addresses any confusion.

14 The RTCs' position on the remainder of this issue and this section of the proposed
15 agreement remains unchanged from that which I set forth at pp. 60-61 of my Direct
16 Testimony.

1 **ISSUE 21**

2 How should the following terms be defined: “Central Office Switch,”
3 “Interconnection Point,” “InterMTA Traffic,” “Interexchange Carrier,”
4 “Multifrequency,” “Rate Center,” “Subject Traffic,”
5 “Telecommunications Traffic,” “Termination,” and “Transport.”

6 Q: Is the definition for “Central Office Switch” resolved?

7 A: Yes.

8 Q: The CMRS Providers want to add (Farrar Direct at p. 23) a new definition to the
9 Agreement -- “Interconnection” -- not previously proposed in this proceeding. What is
10 your response?

11 A: This new issue is beyond the scope of the arbitration and should be rejected because it
12 was not raised in the CMRS Providers’ consolidated response to the arbitration petitions.
13 In the event the Commission decides to arbitrate this untimely raised issue, the problem
14 with the proposed new definition is that it combines the definitions of Interconnection as
15 it appears in the Section 251 rules on competitive interconnection with the definition
16 under the mobile service rules for “Interconnection or Interconnected.” The definition is
17 simply not necessary at this point in time.

18 In any event, if the purpose of raising this new issue is to argue that its inclusion adds
19 something to the requirements that the FCC has established under its Subpart H rules that
20 prescribe interconnection for purposes of exchanging traffic that is within the scope of
21 Section 251(b)(5) of the Act, then the RTCs oppose this attempt. The meaning of
22 interconnection in the interconnection rules “is what it is,” and the meaning of
23 “interconnection” pursuant to the FCC’s Subpart H rules is established by those rules. To
24 the extent that the CMRS Providers’ proposed definition suggests something more or
25 intends some unstated result, their proposed definition should be rejected.

26 Q: Do you have any comments about Mr. Farrar’s discussion of the definition of
27 “Interconnection Point” at pp. 24-27 of his Direct Testimony?

28 A: Yes. First, with regard to the words “between networks” quoted in the proposed
29 definition, these words were included incorrectly as a typographical error during the
30 editing of the document. The correct proposed definition is:

31 1.13 “Interconnection Point” or “IP” is a demarcation point on the incumbent
32 LEC network where the delivery of traffic from one Party to the other Party takes
33 place pursuant to this Agreement.

34 His second “problem” at p. 25 of his Direct Testimony is confused. Whatever he may
35 intend by his discussion, the fact remains that the Interconnection Point(s) for the
36 exchange of traffic subject to the FCC’s Subpart H rules has been prescribed by the FCC
37 as a point within the incumbent LEC network, regardless of any issues associated with
38 indirect or direct arrangements. Watkins Direct at p. 9, line 18 through p. 10, line 39; p.

1 11, line 26 through p. 12, line 3; p. 15, line 26 through p. 17, line 26; and p. 62, lines 11-
2 13. Contrary to Mr. Farrar's suggestion, it is the CMRS Providers that are attempting to
3 shift additional and extraordinary costs onto the RTCs to provision an interconnection
4 arrangement beyond that which is equal to what they currently do for any local traffic.

5 Regarding his third "problem" on p. 25, the inclusion of the words "takes place pursuant
6 to this Agreement" simply means that the traffic scope that is ultimately decided to be
7 included in the agreement is the scope of traffic that will be delivered at the
8 Interconnection Point(s). There is no difficult or hidden meaning.

9 His fourth "problem" is already discussed at length in my Direct Testimony regarding the
10 necessary arrangements that BellSouth or some other intermediary must establish with
11 the RTC that will allow the RTC to identify and measure traffic for itself. Watkins Direct
12 at p. 11, line 29 through p. 15, line 25.

13 Finally, his fifth "problem" at p. 26 of his Direct Testimony questions why the provision
14 requiring "any technically feasible" should not be included in place of "as established by
15 the LEC" for the Interconnection Point(s) options. The answer is that the added
16 distinction of at "any technically feasible" point is a condition that arises under the
17 "Additional Obligations of Incumbent Local Exchange Carriers" under Section 251(c) of
18 the Act, and these provisions are not applicable to a Rural Telephone Company. Watkins
19 Direct at p. 11, lines 18-25; p. 16, line 3 through p. 17, line 26. Regardless of what
20 obligations arise for Rural Telephone Companies, they cannot be more than those that
21 apply to non-rural telephone companies. *Id.* But this should not be a problem for the
22 CMRS Providers, provided they are trying to work within the permissible scope of
23 applicable law and regulations. To the extent that the "technically feasible point" within
24 the network of the incumbent LEC that the CMRS Providers have in mind means a point
25 along an established trunking circuit route of the RTC, then the RTCs do not quarrel with
26 any difference. However, if the CMRS Providers seek an Interconnection Point(s) at
27 points where existing RTC trunking routes do not exist or where the RTC is not an
28 incumbent LEC, then the RTCs do not agree. The RTCs are not required to incur the cost
29 of constructing new routes simply so the CMRS Providers can avoid such costs.

30 Q: Do you have anything additional to add regarding the issue associated with the definition
31 of Interexchange Carrier?

32 A: No. I have fully set forth the RTCs proposals, justification for those proposals, and the
33 reasons why Interexchange Carrier is a necessary, defined concept. Interexchange carrier
34 service traffic is not local exchange service traffic within the scope of the FCC's Subpart
35 H rules. Watkins Direct at p. 6, line 2 through p. 7, line 14; and all of pp. 34-38.

36 Q: With respect to the CMRS Providers proposals regarding the definition of "inter-MTA
37 Traffic" discussed by Mr. Farrar at p. 28 of his Direct Testimony, do you have any
38 comment?

39 A: The RTCs do not object to a clarification that the location of the mobile user is the
40 location at the beginning of the call as Mr. Farrar describes at p. 28, lines 2-5 of this

1 Direct Testimony. But, the RTCs do not agree to the deletion of the last sentence in the
2 proposed agreement regarding the application of access charges for all of the reasons
3 cited in my Direct and Rebuttal Testimony in the discussion of Issue 15.

4 Q: Is the deletion of “Multifrequency” definition resolved?

5 A: Yes.

6 Q: Do you have any comment with respect to Mr. Farrar’s concern that “Rate Center Point”
7 may be confused with “Interconnection Point.”

8 A: Yes. A Rate Center Point is not an Interconnection Point, and there is no language in the
9 agreement to lead to that conclusion. It is obvious that a Rate Center Point that identifies
10 a Rate Center Area would be somewhere in that area. Rate Center Area is a geographic
11 area; it is not defined by telephone numbers if those telephone numbers are used to
12 provide service to end users not located in the Rate Center Area, as is the case with
13 mobile users, consistent with the FCC’s conclusion. Watkins Direct at p. 52, line 32
14 through p. 53, line 6.

15 Q: Do you have anything more to add as a response to Mr. Farrar’s discussion of the
16 definition of “Telecommunications Traffic” versus “Subject Traffic” at pp. 30?

17 A: No. I have explained why the use of “Subject Traffic” avoids confusion because not all
18 telecommunications traffic is subject to the FCC’s Subpart H rules; only certain local
19 exchange service traffic is within the scope of the FCC’s Subpart H rules. Watkins
20 Direct at pp. 6-7; and pp. 34-38.

21 Q: Have the definitions of “Termination” and “Transport” been resolved?

22 A: As I stated in my Direct Testimony, the RTCs accept the CMRS Providers’ changes.
23 However, the RTCs require acknowledgment from the CMRS Providers that the
24 definitions originally proposed by the RTC are, indeed, what the Act defines as
25 “Transport” and “Termination” and if that is not the case, an explanation of how the
26 RTCs’ originally proposed versions deviate from what the CMRS Providers believe the
27 Act and the FCC’s rules define for these concepts. Our willingness to accept the change
28 is premised on there not being a hidden meaning in the difference between the RTCs’ and
29 the CMRS Providers’ respective language proposals.

1 **ISSUE 22**

2 What notice and consent requirements should apply prior to assignment
3 of the Interconnection Agreement?

4 Q: Has this issue been resolved?

5 A: That is not clear. While Mr. Clampitt at p. 8 of his Direct Testimony seems to embrace
6 the compromise proposal of the RTCs, he eventually concludes that the parties should use
7 the CMRS Providers' section 14.7. The combination of statements makes it unclear
8 exactly what words he intends. Consistent with my Direct Testimony on p. 65, the RTCs
9 reasonably require consent when the Agreement is proposed to be assigned to a non-
10 affiliate. Therefore, if this is what Mr. Clampitt meant, and to avoid further confusion,
11 the RTCs compromise proposal is as follows (including some grammatical changes):

12 14.7 Assignability

13 Upon prior written notice, either Party may assign this Agreement to an
14 entity with which it is under common ownership and/or control. Either Party may
15 also assign this Agreement to a third party upon at least sixty (60) days prior
16 written notice and with the other Party's prior written consent, which consent
17 shall not be unreasonably withheld. The non-assigning Party may withhold
18 consent if the proposed assignee does not provide the non-assigning Party with
19 sufficient evidence that it has the resources, ability, and authority to satisfactorily
20 perform pursuant to the terms of this Agreement. In either case, this Agreement
21 shall be binding on and inure to the benefit of the Parties and their respective legal
22 successors and permitted assigns.

ISSUE 23

If the parties to an Interconnection Agreement are unable to resolve a dispute,
should either party be allowed to raise such dispute
before any agency or court of competent jurisdiction?

5 Q: Is this issue resolved?

6 A: Yes. The CMRS Providers have accepted the language changes explained in my Direct
7 Testimony at p. 66, lines 7-16.

1 **ISSUE 24**

2 Should the CMRS Providers be required to provide “rolling” six months’
3 forecasts of “traffic and volume” requirements?

4 Q: Do you have any comment about Mr. Farrar’s discussion of traffic forecasts at p. 33 of
5 his Direct Testimony?

6 A: The RTCs maintain that the need for some form of cooperation between the Parties to
7 predict and understand the quantity of traffic is indispensable to reliable network
8 planning. Trunking arrangements (albeit the subject of dispute in this arbitration) will
9 depend to some degree on the quantity of traffic. Therefore, although the RTCs are
10 willing to soften the language about forecasts, they do not agree to delete the requirement
11 entirely.

12 Accordingly, the RTCs propose the following for Section 7.1:

13 7.1 Thirty (30) days after the Effective Date and then once each twelve (12)
14 months thereafter, the Parties shall cooperate in the development of mutually
15 agreeable forecasts of traffic that is the subject of this Agreement. The form and
16 details of this information shall be determined by the Parties. The Parties agree
17 that such forecast information shall be deemed “Proprietary Information.”

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ISSUE 25

Should the Interconnection Agreement require the Parties
to maintain specific insurance not required by law?

Q: Is this issue still in dispute?

A: No. According to Mr. Brown at p. 23, the CMRS Providers have accepted the RTC's
Section 7.8 as originally proposed.

ISSUE 26

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2 Should a Party be required to insert in its tariffs and/or service contract language that attempts to
3 limit third-party claims for damage arising from service provided under the Interconnection
4 Agreement, and should the Interconnection Agreement itself attempt
5 to limit claims of one Party's customer against the other Party?

6 Q: Have the CMRS Providers addressed the alternative language that you proposed in your
7 Direct Testimony at p. 69?

8 A: No. The RTCs' proposal does not dictate the contents of Verizon Wireless's customer
9 service agreements as suggested by Mr. Clampitt at p. 9 of his Direct Testimony. The
10 RTCs' position remains the same as set forth in my Direct Testimony at p. 69. As the
11 Commission is aware, telephone companies would not likely provide telephone service to
12 the public if they were not able to limit their liability to customers. The limitation of
13 liability in tariffs is commonplace. The RTCs simply want any new relationship with
14 another carrier having its own customers to have the same liability limitations that the
15 RTCs have with respect to their own customers. Given this history, this is a reasonable
16 expectation.

ISSUE 27

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If the Parties cannot agree upon a replacement for invalidated language, should either Party be allowed to terminate the Interconnection Agreement, or should the stalemate be resolved pursuant to Dispute Resolution?

Q: Is Issue 27 resolved?

A: Yes.

1 **ISSUE 28**

2 Should the CMRS Providers be allowed to expand their
3 networks through management contracts?

4 Q: Have you reviewed the Direct Testimony of Mr. Farrar at pp. 33-35 regarding expanding
5 the scope of an agreement?

6 A: Yes.

7 Q: How would you respond?

8 A: His Direct Testimony does not change the conclusions that I set forth in my Direct
9 Testimony at p. 71. There is no federal or state interconnection requirement supporting
10 the CMRS Providers' position. The CMRS Providers' proposed addition is unacceptably
11 vague and, furthermore, would allow a CMRS Provider to unilaterally extend the terms
12 of the agreement to another carrier, regardless of whether the terms are consistent with
13 the operational characteristics of that other carrier. Expansion of the agreement would
14 require new terms and conditions to address the expanded scope, and to the extent that
15 there are to be new terms and conditions (*i.e.*, traffic scope, jurisdiction, etc.), then the
16 RTCs have a right to negotiate, and if not resolved, to arbitrate alternative arrangements.

17 Moreover, this appears to be simply a "back door" to the CMRS Providers' original
18 proposal that the RTCs have no right to provide consent with respect to assignments to
19 nonaffiliates.

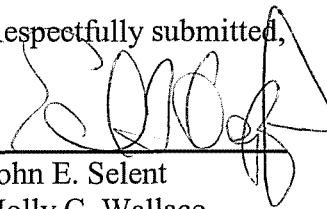
20 Q: What do you say about Mr. Farrar's reference to a Sprint PCS agreement with
21 Brandenburg Telephone Company at p. 35 of his Direct Testimony?

22 A: That testimony is misleading. The voluntary agreement that Sprint PCS has with
23 Brandenburg is not comparable to what the CMRS Providers are proposing here. The
24 provision in the negotiated Brandenburg agreement with Sprint PCS is expressly
25 conditioned on a defined geographic scope (by county) and all other provisions of the
26 agreement being consistent with any additional provision of service through management
27 contracts. In other words, that agreement is conditioned on there being no change in
28 scope or jurisdiction. Of course, that is not at all what the CMRS Providers are proposing
29 here.

30 Q: Does that conclude your Rebuttal Testimony?

31 A: Yes.

Respectfully submitted,



John E. Selent

Holly C. Wallace

Edward T. Depp

DINSMORE & SHOHL LLP

1400 PNC Plaza

500 West Jefferson Street

Louisville, Kentucky 40202

(502) 540-2300 (telephone)

(502) 585-2207 (fax)

COUNSEL TO PETITIONERS

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing was served by first-class United States mail and electronic mail on this 9th day of October, 2006, to the following individual(s):

Jeff Yost, Esq.
Mary Beth Naumann, Esq.
Jackson Kelly PLLC
175 East Main Street
Lexington, KY 40507
jyost@jacksonkelly.com
mnaumann@jacksonkelly.com

Counsel to Cingular

Phillip R. Schenkenberg, Esq.
Briggs and Morgan, P.A.
2200 IDS Center
Minneapolis, MN 55402
pschenkenberg@briggs.com

Counsel to T-Mobile and Counsel to Verizon

Mark R. Overstreet, Esq.
Stites & Harbison PLLC
421 West Main Street
P.O. Box 634
Frankfort, Kentucky 40602-0634
moverstreet@stites.com

Counsel to AllTel

John N. Hughes, Esq.
Attorney at Law
124 West Todd Street
Frankfort, Kentucky 40601
jnhughes@fewpb.net

Counsel to Sprint PCS

Holland N. McTyeire, Esq.
Greenebaum Doll & McDonald PLLC
3500 National City Tower
Louisville, Kentucky 40202
HNM@gdm.com

Counsel to ACC

Tom Sams
NTCH-West, Inc.
1600 Ute Avenue, Suite 10
Grand Junction, Colorado 81501

Bhugin M. Modi
ComScape Telecommunications, Inc.
1926 10th Avenue North
Suite 305
West Palm Beach, FL 33461



COUNSEL TO PETITIONERS

114441v1
35369-2