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November 15, 2000

Mrs. Blanca S. Bayó
Director, Division of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Boulevard
Tallahassee, FL 32399-0850

Re: Docket No. 000761-TP (Sprint PCS)

Dear Ms. Bayó:

Enclosed is an original and 15 copies of BellSouth Telecommunications, Inc.'s Direct Testimony of Randy J. Ham along with the Georgetown Consulting Group, Jamshed K. Madden, Michael D. Dirmeier and David C. Newton, which we ask that you file in the captioned matter.

A copy of this letter is enclosed. Please mark it to indicate that the original was filed and return the copy to me. Copies have been served to the parties shown on the attached Certificate of Service.

Sincerely,
Nancy B. White
Nancy B. White (initials)

Enclosures

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cc: All parties of record
Marshall M. Criser, III
R. Douglas Lackey

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**CERTIFICATE OF SERVICE
Docket No. 000761-TP**

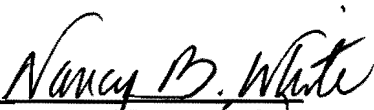
I HEREBY CERTIFY that a true and correct copy of the foregoing was served via

U.S. Mail this 15th day of November, 2000 to the following:

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Nancy B. White (Pw)

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BELLSOUTH TELECOMMUNICATIONS, INC.
DIRECT TESTIMONY OF RANDY HAM
BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION
DOCKET NO. 000761-TP
NOVEMBER 15, 2000

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Randy Ham. Since 1996 I have been the Manager of Wireless Interconnection, BellSouth Telecommunications (BST) Interconnection Services Pricing, and am currently Managing Director Wireless Negotiations. I am based in Birmingham, Alabama at Room E3D1, 3535 Colonnade Parkway, 35243.

Q. MR. HAM, PLEASE STATE YOUR EDUCATIONAL BACKGROUND AND EXPERIENCE RELEVANT TO THIS PROCEEDING.

A. I am responsible for BellSouth Telecommunications Inc.'s negotiations with wireless companies under the provisions of the Telecommunications Act of 1996. I am also responsible for all pricing and tariff activity related to wireless companies interconnected with BellSouth Telecommunications, Inc. I have held a variety of positions at BST over the last 27 years including: line foreman, course developer,

1 test center mechanization supervisor, internal auditor, revenue
2 accounting manager, state regulatory manager and competitive analyst.
3 I have a Bachelor of Science degree in Business Administration from
4 Auburn University and I have performed postgraduate work at the
5 University of Alabama in Birmingham.

6

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8

9 A. This proceeding is to determine whether Sprint PCS is entitled to
10 receive asymmetrical reciprocal compensation for terminating traffic that
11 originates on BellSouth's landline network and which terminates to a
12 Sprint PCS mobile customer. Previously the parties have identified five
13 issues that raise policy and factual questions that address this
14 fundamental question. I address parts of Issues 1, 2, 4 and 5. I have
15 testifying with me a panel of witnesses from the Georgetown Consulting
16 Group that will address Issue 3, as well as parts of the other remaining
17 issues

18

19 Q. ARE THERE ANY OVERRIDING POLICY ISSUES THAT THE
20 COMMISSION SHOULD KEEP IN MIND AS THEY CONSIDER THE
21 CLAIMS OF SPRINT PCS IN THIS PROCEEDING?

22

23 A. Yes. Before I turn to those policy matters, however, I want to say first
24 that I am not a lawyer. I will have to leave to the lawyers any discussion
25 of what the Telecommunications Act of 1996 ("1996 Act") and the FCC's

1 orders and rules promulgated under that act mean in legal terms. My
2 comments are intended to raise a number of practical concerns that are
3 raised by Sprint PCS's request.

4

5 With that said there are some very serious policy issues that must be
6 considered by this Commission as it evaluates the cost study that has
7 been submitted by Sprint PCS. I will discuss several of them here, and
8 then focus on some of them more deeply later in my testimony.

9

10 The first, and perhaps most significant policy issue that affects this case
11 has already been made by the Commission in an earlier proceeding,
12 although its application in this case may not suit Sprint PCS. Both
13 Sprint PCS and BellSouth are telecommunications carriers. Their
14 network design is different in many respects, but they both originate and
15 terminate telecommunications traffic to end users. That is, they both
16 perform the same basic functions. In 1998, in a case involving the
17 Sprint wireline local exchange carrier and a wireless carrier called
18 Wireless One, this Commission decided that alternative local exchange
19 carriers (ALECs) should not be disadvantaged with respect to cost
20 recovery solely because their networks were not identical to the
21 incumbent wireline carriers. While BellSouth does not agree with every
22 aspect of that decision, as I will discuss in more detail later, the idea that
23 a carrier should not be able to recover some of its costs because it uses
24 a different network design doesn't seem to have much merit.

25

1 However, from an equitable standpoint, the reverse should be true as
2 well, and BellSouth should not be disadvantaged because its network is
3 different than the network of Sprint PCS. Currently BellSouth is not
4 allowed to recover through reciprocal compensation charges, any of its
5 costs past the end office. Applying the same theory previously adopted
6 by this Commission regarding the need to treat carriers similarly, even if
7 their networks are different, the only rational conclusion that can be
8 reached is that Sprint PCS is only entitled to recover its cost of end
9 office switching when it terminates a local call for a BellSouth
10 subscriber. I will address this in more detail later.

11
12 There is a second policy issue that is more far reaching, but that
13 deserves consideration as well. Currently BellSouth and Sprint PCS are
14 exchanging traffic and paying each other .3776 cents a minute for every
15 minute exchanged. If Sprint PCS has its way, BellSouth will have to pay
16 Sprint PCS 6.6 cents a minute, about 18 times more than it receives. I
17 understand that the basic BellSouth rate for residential subscribers in
18 Florida in the highest rate group is \$10.65. If a residential subscriber
19 talked to one of Sprint PCS's subscribers for a little over two and a half
20 hours a month, we would have to pay Sprint PCS more than we receive
21 as the basic rate for that residential service. To put another perspective
22 on it, this means that if one of our basic landline subscribers called a
23 Sprint PSC customer and spoke a little less than 6 minutes a day, we
24 would pay Sprint PCS more than we received from that customer for his
25 or her basic telephone rate.

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In BellSouth's opinion, the consequences of adopting Sprint PCS's position are clear. Again, I am not a lawyer, but common sense tells me that if this Commission allows Sprint PCS to do what it wants, a "calling party pays" approach to billing landline customers can't be far behind. Therefore, in addressing Sprint PCS's claims, the Commission must keep the possible long-range consequences in mind.

Finally, if Sprint PCS is allowed to have its way in this proceeding, the Commission may have done nothing more than create a new line of business for Sprint PCS. Anyone who follows what is going on in the cellular industry knows that the cellular business is sufficiently competitive, that Sprint PCS has calling plans where customers pay as little as 5 cents a minute (although I am sure that there are lots of plans, and lots of customers who pay more). Since Sprint PCS's cost study includes a profit, if the Commission approves Sprint PCS's rates, Sprint PCS will have a new line of business, making money off of creating ways to encourage our customers to call theirs. We haven't had a "white pages" directory for cellular numbers, but Sprint PCS would certainly have an incentive to create one if it has its way in this proceeding. Again this is clearly a policy issue that the Commission should keep in mind as it reviews Sprint PCS's claims in this case.

Q. TURNING TO ISSUE 1, DOES SPRINT PCS INCUR COSTS TO TERMINATE BELLSOUTH-ORIGINATED TRAFFIC?

1

2 A. Certainly it does, just like BellSouth incurs cost to terminate a Sprint
3 PCS-originated call. That really shouldn't be in dispute. What is in
4 dispute is whether Sprint PCS has demonstrated through its cost study
5 what additional costs a company using the most efficient
6 telecommunications technology and the lowest cost network
7 configuration would incur. While I will leave it to our other witnesses to
8 further address this part of Issue 1, based on their testimony it is clear
9 that Sprint PCS's study does not do that in this case.

10

11 Q. ISSUE 2 ESSENTIALLY ASKS WHETHER ANY OF SPRINT PCS'S
12 COSTS ARE "ADDITIONAL" COSTS THAT MIGHT WARRANT THE
13 PAYMENT OF ASYMMETRICAL COMPENSATION AND ISSUE 4
14 ASKS WHETHER ASYMMETRICAL COMPENSATION IS
15 APPROPRIATE IN ANY EVENT? CAN YOU ADDRESS THESE
16 ISSUES?

17

18 A. These issues raise both factual and policy questions. The factual issue,
19 of course, is whether the Sprint PCS cost study does what it purports to
20 do; that is, identifies the cost that a carrier using the most efficient
21 telecommunications technology and the lowest cost network
22 configuration would incur. As the other witnesses in this case conclude,
23 Sprint PCS's cost study doesn't do that. From a policy standpoint,
24 however, there are additional reasons why Sprint PCS should not be

25

1 allowed to collect asymmetrical reciprocal compensation as a result of
2 this proceeding.

3

4 Q. CAN YOU ELABORATE ON THOSE REASONS?

5

6 A. As I stated previously, this Commission has already adopted an
7 equitable position that carriers should not be discriminated against
8 because their networks differ. With regard to Issue 1 in this proceeding,
9 BellSouth agrees that Sprint PCS incurs cost to terminate BellSouth-
10 originated calls, just as BellSouth incurs cost to terminate Sprint PCS-
11 originated calls. That really isn't in dispute. What is at issue is the
12 impact of the FCC's decision that wireline carriers would not be allowed
13 to collect additional compensation from other wireline or wireless
14 carriers for any costs incurred beyond the end office switch.
15 Specifically, the FCC has found that compensation to be paid to a
16 wireline carrier for termination of another carrier's traffic is limited to end
17 office switching.

18

19 Q. WHAT IS THE BASIS FOR YOUR CONCLUSION THAT THE FCC
20 PROHIBITS RECOVERY OF COSTS OTHER THAN END OFFICE
21 SWITCHING?

22

23 A. At paragraph 1057 (Interconnection Order) the FCC discusses in detail
24 the costs of the network components that are to be included and
25 excluded:

1 "We find that, once a call has been delivered to the incumbent
2 LEC end office serving the called party, the 'additional cost' to the
3 LEC of terminating a call that originates on a competing carrier's
4 network primarily consists of the traffic-sensitive component of
5 local switching. The network elements involved with the
6 termination of traffic include the end-office switch and local loop.
7 The costs of local loops and line ports associated with local
8 switches do not vary in proportion to the number of calls
9 terminated over these facilities. We conclude that such non-
10 traffic sensitive costs should not be considered "additional costs"
11 when a LEC terminates a call that originated on the network of a
12 competing carrier. For the purposes of setting rates under
13 Section 252(d)(2), only that portion of the forward-looking,
14 economic cost of end-office switching that is recovered on a
15 usage-sensitive basis constitutes an "additional cost" to be
16 recovered through termination charges." (Emphasis added).

17

18 The FCC concludes that only a portion of the costs of end-office
19 switching, and no other functionality, will be considered an additional
20 cost of termination for reciprocal compensation. While the FCC
21 recognized that the local loop was involved with the termination of traffic,
22 it excluded the costs of the local loop from the costs to be recovered
23 through reciprocal compensation. Applying that principle to the case at
24 hand, Sprint PCS should not be able to collect any reciprocal

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1 compensation for terminating BellSouth-originated calls for facilities
2 beyond its end office.

3

4 Q. HOW DOES SPRINT PCS PROPOSE TO AVOID THE FCC'S
5 CONCLUSION THAT NO COMPENSATION IS DUE FOR DELIVERY
6 OF A CALL BEYOND THE END OFFICE?

7

8 A. Sprint PCS evidently wants to avoid this stricture by arguing that, unlike
9 the wireline carrier, it has traffic-sensitive facilities behind its end office.
10 Sprint PCS evidently wants to make the argument that because its
11 equivalent of BellSouth's local loop is traffic-sensitive, that distinguishes
12 its situation from that of the wireline carrier and justifies an asymmetrical
13 reciprocal compensation rate. The problem with that argument is that
14 whether the facilities are traffic-sensitive or not, and I will leave that to
15 the other witnesses appearing on behalf of BellSouth in this proceeding,
16 those facilities are the functional equivalent of the BellSouth local loop.
17 BellSouth is not allowed to charge reciprocal compensation for its local
18 loop and equity would seem to dictate that Sprint PCS should not be
19 allowed to charge reciprocal compensation for the equivalent
20 functionality.

21

22 Q. DID THE FCC ACTUALLY ADDRESS THE ISSUE OF WHETHER THE
23 COST OF THE WIRELINE LOOP SHOULD BE INCLUDED, BECAUSE
24 SUCH LOOPS COULD REACH THEIR CAPACITY THUS CAUSING
25 ADDITIONAL COSTS TO SUPPLEMENT OR REPLACE THE LOOPS?

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A. The FCC's analysis acknowledged this when it addressed the situation where the capacity of the local loop was exhausted. In that circumstance the FCC said at paragraph 1057: "The duty to terminate calls that originate on the network of a competitor does not directly affect the number of calls routed to a particular end user and any costs that result from inadequate loop capacity are, therefore, not considered 'additional costs'." The same logic would apply to any facilities that a wireless carrier has behind its end office switch.

Q. IGNORING THE QUESTION OF WHETHER LOCAL LOOPS ARE TRAFFIC-SENSITIVE OR NOT, SHOULDN'T NON-SWITCHING COSTS ASSOCIATED WITH ADDITIONAL NETWORK INVESTMENTS, TO PROVIDE SERVICE SUPPORTING INCREASED SUBSCRIBER GROWTH, BE CONSIDERED ADDITIONAL COSTS?

A. No. The relevant issue here is the consistent and fair treatment of both the wireline provider and the CMRS provider. Each network (wireline and CMRS) is likely to make additional investments as traffic increases and additional customers are added to the network. For the wireline company, additional loops are needed as the number of customers grows and as usage on existing loops reaches the level that customers demand an additional line. Similarly, in a CMRS network, additional costs may be incurred as the number of customers grows and as existing customers make additional use of the service. In both

1 networks, additional costs may be the result of additional customers,
2 additional usage by existing customers, or both.
3 However, the FCC has already held that additional costs that result from
4 inadequate loop plant are not included in the statutory definition of
5 "additional costs" for reciprocal compensation purposes. Certainly Sprint
6 PCS should not be allowed to include the costs analogous to
7 inadequate loop plant in its additional cost calculations for reciprocal
8 compensation. Based on the FCC's decision to exclude the costs of
9 loops and line ports from the cost of transport and termination for
10 wireline carriers, the costs of spectrum, structure and antenna, and base
11 station controllers and transceiver systems should likewise be excluded
12 from the cost of transport and termination for CMRS carriers.

13

14 Q. ARE THERE OTHER POLICY REASONS WHY SPRINT PCS SHOULD
15 NOT BE ENTITLED TO ASYMMETRICAL RECIPROCAL
16 COMPENSATION IN THIS CASE?

17

18 A. Absolutely. The public policy implications of establishing a precedent or
19 policy for asymmetric compensation are significant. Note that Sprint
20 PCS's proposed rates of \$.066/minute is almost 18 times higher than
21 BST's rate. The practical implications of such a decision are very
22 significant. Such a tremendous swing in compensation would threaten
23 traditional flat-rate local calling plans and universal service in Florida.
24 Furthermore, the FCC felt strongly enough about the issue to establish a
25 presumption that rates would be symmetrical, not asymmetrical. The

1 FCC stated: "Given the advantages of symmetrical rates, we direct
2 states to establish presumptive symmetrical rates based on the
3 incumbent LEC's costs for transport and termination of traffic when
4 arbitrating disputes under section 252(d)(2) and in reviewing BOC
5 statements of generally available terms and conditions."

6

7 Indeed, the Executive Summary of the Interconnection Order states:
8 "The 1996 Act requires that charges for transport and termination of
9 traffic be set based on 'additional cost.' The Commission concludes
10 that state commissions, during arbitrations, should set symmetrical
11 prices based on the local telephone company's forward-looking
12 economic costs." (Order, ¶ 35) While there are obviously other
13 provisions that provide for asymmetrical rates in appropriate
14 circumstances, Sprint PCS's cost study in this proceeding, as discussed
15 by other witnesses, doesn't justify such rates in this case.

16

17 Q. DID THE FCC DISCUSS THE ADVANTAGEOUS INCENTIVES
18 CREATED UNDER SYMMETRICAL RATES FOR RECIPROCAL
19 COMPENSATION?

20

21 A. Yes. For example, the FCC found that a symmetrical rate "gives the
22 competing carrier correct incentives to minimize its own costs of
23 termination because its termination revenues do not vary directly with
24 changes in its own costs." (Interconnection Order ¶ 1086). The FCC
25 also stated, "in addition, we believe that using the incumbent LEC's cost

1 studies to establish the presumptive symmetrical rates will establish
2 reasonable opportunities for local competition ..." (Interconnection Order
3 ¶ 1088)

4
5 Q. WOULD SPRINT PCS'S PROPOSED RATE OF \$.066/MINUTE
6 NEGATIVELY IMPACT BST EXISTING RATE STRUCTURES?

7
8 A. I certainly believe it would. Most of BST's local calling occurs under flat
9 rate local calling plans. With a flat-rate calling plan, there is no
10 mechanism by which BST can recover increases in reciprocal
11 compensation rates from customers. In contrast, it is my understanding
12 that Sprint PCS has a high proportion of usage-based rates. When
13 calling volumes increase, Sprint PCS receives additional retail revenues.
14 When calling volumes increase for BST's flat-rate customers, BST
15 incurs increased costs (including the costs of paying reciprocal
16 compensation for terminating traffic on the Sprint PCS network). If
17 Sprint PCS increases its reciprocal compensation rate by eighteenfold,
18 BST has no mechanism to recover this cost, which leads to the "calling
19 party pays" scenario that I mentioned earlier in my testimony.

20
21 Q. WOULD THIS BE INCONSISTENT WITH THE COMMISSION'S LONG
22 STANDING POLICY OF OFFERING FLAT RATE CALLING?

23
24 A. Yes. The Sprint PCS proposal, and any others like it proposed in the
25 future, will obviously put tremendous pressure on the flat rate calling

1 policy the Commission has established in Florida. Such flat rate calling
2 is likely unsustainable in the wake of a policy of asymmetric reciprocal
3 compensation, particularly with rates as high as those proposed by
4 Sprint PCS in this proceeding. With high reciprocal compensation rates
5 paid to Sprint PCS, flat rate calling customers will make inappropriate
6 decisions since Sprint PCS will offer calling plans to stimulate land to
7 mobile traffic in an effort to increase their revenue stream and therefore
8 drive up BellSouth's cost of doing business. As I mentioned, the
9 obvious solution would be a "calling party pays" approach.

10

11 Q. SPRINT PCS MAINTAINS THAT ITS PROPOSAL "WILL ALLOW
12 SPRINT PCS TO PASS THE BENEFITS OF THIS FULL
13 REIMBURSEMENT ONTO ITS MOBILE CUSTOMERS." DO YOU
14 HAVE ANY COMMENTS ON THAT REPRESENTATION?

15

16 A. Yes. My understanding is that, the Commission has no authority to
17 establish or modify any of Sprint PCS's retail rates. Indeed, I am not
18 sure that the Commission has the authority to even monitor any claims
19 or promises Sprint PCS may make with regard to passing through any
20 savings resulting from the imposition of asymmetrical rates for reciprocal
21 compensation.

22

23 Q. IF SPRINT PCS DID PASS ANY SAVINGS THROUGH TO ITS END
24 USERS, WHAT IMPACT WOULD THAT HAVE?

25

1 A. Actually, any reduction in Sprint PCS retail usage fees is likely to cause
2 some increase in the volume of calling by BST customers. It is a simple
3 axiom that a lower price leads to a greater quantity demanded.
4 Therefore, if Sprint PCS were to honor its promise to pass on savings to
5 its customers, its customers will stimulate more land to mobile calls.
6 This would lead to a greater volume of minutes terminating on the Sprint
7 PCS network. This would further lead to greater payments by BST to
8 Sprint PCS, for which BST has no retail pricing mechanism to recover
9 those payments. This would put even greater pressure on the flat-rate
10 calling policy and/or universal service in Florida.
11
12 Furthermore, it is conceivable that the effect of asymmetrical
13 compensation would not end there. With such price changes, the price
14 for a Sprint PCS customer to receive a call from a BST customer would
15 be much lower than the price to place a call to the BST customer.
16 Sprint PCS customers wishing to call a BST landline customer would be
17 likely to make arrangements for the BST customer to initiate the call
18 given such a differential in rates. This phenomenon is well known and
19 in international calling is sometimes referred to as "call back."¹
20 Therefore, such asymmetric retail rates by Sprint PCS could lead to
21 tremendous increases in traffic terminated on Sprint PCS's network.
22 Again, such considerations may not be determinative of the outcome of
23 this proceeding, but they should suggest that if there is any question
24

25 ¹ The objective is to initiate the call from the direction with the lower rates. Different techniques are used to accomplish this.

1 about the validity or accuracy of Sprint PCS's cost study, any doubts
2 should be resolved against Sprint PCS.

3

4 Q. RETURNING TO THE ISSUES RAISED BY THE COST STUDY
5 ITSELF, ONE OF THE REASONS THAT SPRINT PCS ASSERTS
6 THAT THE COST OF ITS TOWERS AND ANTENNA SHOULD BE
7 CONSIDERED TRAFFIC- SENSITIVE IS THAT THE COMMISSION
8 HAS ALREADY DETERMINED THAT THE CELL SITE IS THE END
9 OFFICE, AND THAT BELL SOUTH TREATS ITS BUILDING AND LAND
10 WHERE ITS END OFFICE IS SITUATED AS TRAFFIC SENSITIVE.
11 CAN YOU COMMENT ON THIS?

12

13 A. Yes. I mentioned earlier that the Commission had decided a case in
14 1998 where it determined that telecommunications carriers should not
15 be discriminated against because of the network designs the carriers
16 chose to use. In that same case, this Commission determined that the
17 wireless carrier's mobile switching office was "equivalent" to a tandem
18 switch and that the cell site was "equivalent" to an end office, such that
19 an originating carrier would owe a wireless carrier reciprocal
20 compensation for tandem and local switching when the wireless carrier
21 completed a call for the wireline carrier. With all due respect, BellSouth
22 differs with that conclusion and believes that the Commission should
23 revisit the matter in light of Sprint PCS's claims.

24

25

1 Q. IS IT BELLSOUTH'S POSITION THAT A WIRELESS CARRIER WITH
2 ONLY A SINGLE SWITCH CANNOT RECEIVE A RATE EQUAL TO
3 THE TANDEM AND THE END OFFICE SWITCHING RATE?
4

5 A. I believe that this is actually the question that the Commission intended
6 to address in its 1998 decision. In that regard, it is clear from the FCC's
7 rules and orders that an ALEC that demonstrates that one of its
8 switches provides the same geographic coverage and the same
9 functionality as the comparable BellSouth switch would be entitled to the
10 more favorable combination of tandem and end office switching rates.
11 In its decision in 1998, the Commission seemed to want to reach that
12 conclusion, but went about it in a way that should be reconsidered. In
13 that decision, the Commission concluded that the wireless carrier's
14 mobile switching office was the equivalent of the tandem switch and that
15 the cell site was the equivalent of the end office. In such circumstances,
16 I suppose that the only thing that would be left behind the cell site as
17 "delivery" facilities would be the spectrum used to complete the call and
18 presumably the facilities in front of the cell site would constitute
19 transport facilities. That is just too much of a stretch to reach a
20 conclusion that could have been reached much more simply if the
21 wireless carrier simply proved that its mobile switching office covered
22 the appropriate geographic area and provided the appropriate tandem
23 functions.
24
25

1 Q. WHY ISN'T IT LOGICAL TO CALL THE CELL SITE THE END
2 OFFICE?

3

4 A. There are a number of reasons, but the most basic ones are that the
5 cell site just doesn't perform any functions of an end office. For
6 instance, a mobile customer sitting in traffic next to a second car in
7 which a friend is riding, cannot contact that second car simply by placing
8 a call that goes to the serving cell site. The call has to go to the serving
9 cell site, then to the mobile switching office, and then back to the cell
10 site where the call is sent to the mobile customer to which the call was
11 directed. An end office, on the other hand, can switch calls between
12 different subscribers that are all served by the same office.

13

14 Similarly, other local exchange carriers cannot connect to the mobile
15 network at the cell site. That is, if I want to call a mobile customer, my
16 call has to be routed to a mobile switching office before it can be sent on
17 to the party I am calling. This is entirely unlike a wireline end office,
18 where other carriers can connect directly to the end office to reach
19 customers who are served by that end office.

20

21 Again, I believe that the point of the 1998 decision was to reach a
22 conclusion that the wireless carriers would be entitled to a tandem and
23 an end office switching rate. If that was the goal, the rules of the FCC
24 allow that result, provided the switch in question has the same
25 geographic coverage as a BellSouth local tandem and that the wireless

1 switch performs the same functions as a BellSouth local tandem.
2 Calling the cell site an end office to reach that result just isn't very
3 practical. Of course, if the cell site isn't the end office, then Sprint PCS's
4 arguments that the land, towers and antenna are all traffic sensitive
5 simply falls by the wayside, as they should.

6

7 Q. IS THERE ANY OTHER EVIDENCE THAT THE MOBILE SWITCHING
8 OFFICE AND NOT THE CELL SITE SHOULD BE CONSIDERED THE
9 EQUIVILANT OF A WIRELINE END OFFICE?

10

11 A. Yes. Again, while I am not offering a legal opinion about its meaning, I
12 can report that, as a matter of fact, the FCC has recently held that a
13 paging company's terminal, the equivalent of a cellular company's
14 mobile switching office, is the functional equivalent of an end office.
15 While that case, In the Matter of TSR Wireless, LLC v. U.S. West
16 Communications, Inc., 10 FCC Order 00-194, involved a paging carrier,
17 paging carriers have some of the same type of facilities behind their
18 terminal that cellular carriers do, in the sense that they have towers,
19 antenna and equipment to convert calls into radio signals that are then
20 broadcasted. Nevertheless, the FCC found that the terminal, not the
21 cell site, was the equivalent of the end office in that case. That is a very
22 logical conclusion, and one that should be reached here as well.

23

24 Q ISSUE 5 ADDRESSES THE QUESTION OF WHAT THE
25 APPROPRIATE LEVEL OF COMPENSATION SHOULD BE FOR

1 TRAFFIC THAT SPRINT PCS TERMINATES FOR BELLSOUTH.
2 WHAT IS YOUR RESPONSE?

3

4 A. I think the answer is pretty clear. There are clear public policy reasons
5 why Sprint PCS should not be entitled to asymmetrical rates for
6 reciprocal compensation. As the other BellSouth witnesses will indicate,
7 Sprint PCS's cost study does not do what it purports to do; identify the
8 cost of terminating traffic that a carrier using the most efficient
9 telecommunications technology and the lowest cost network
10 configuration would experience. In this situation, under existing FCC
11 rules, Sprint PCS is only entitled to charge the same rates that
12 BellSouth charges, or .3776 cents per minute for every minute of traffic
13 terminated.

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15 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

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17 A. It does.

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