

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the Matter of the Petition of Ace Telephone)
Company, Allendale Telephone Company,)
Barry County Telephone Company, Blanchard)
Telephone Company, Bloomingdale Telephone)
Company, Chippewa County Telephone Company)
Deerfield Farmers' Telephone Company,)
Hiawatha Telephone Company, Kaleva Telephone)
Company, Midway Telephone Company, Ogden)
Telephone Company, Ontonagon Telephone)
Company, Pigeon Telephone Company, the)
Upper Peninsula Telephone Company, Waldron)
Telephone Company, and Winn Telephone)
Company, For the Arbitration of Interconnection)
Rates, Terms and Conditions and Related)
Arrangements with Alltel Communications, Inc.)
Pursuant to Section 252(b) of the Federal)
Telecommunications Act of 1996)

Case No. U-14889

**AFFIDAVIT OF
RON WILLIAMS**

I, Ron Williams, being of lawful age and duly sworn on oath, states that if called as a witness in this matter that I would be competent to testify to the following:

I have caused to be prepared the attached written testimony in the above referenced docket. This testimony is true and correct to the best of my knowledge, information, and belief.

Further Affiant sayeth not.

Subscribed and Sworn to before me
this 8th day of June, 2006.


Notary Public



BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the petition of Ace, Allendale, Barry)
County, Blanchard, Bloomingdale, Chippewa County,)
Deerfield Farmers', Hiawatha, Kaleva, Midway, Ogden,)
Ontonagon, Pigeon, Upper Peninsula, Waldron, and Winn)
Telephone Company for the arbitration of interconnection)
rates, terms and conditions, and related arrangements with)
Alltel Communications, Inc., pursuant to Section 252(b) of)
the Federal Telecommunications Act of 1996.)

Case U-14889

**DIRECT TESTIMONY OF RON WILLIAMS
ON BEHALF OF ALLTEL COMMUNICATIONS, INC.**

1 **I. QUALIFICATIONS AND PURPOSE OF TESTIMONY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Ron Williams. My business address is 3650 131st Ave., SE, Bellevue,
4 Washington 98006.

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

6 A. I am employed as Vice President – Interconnection & Regulatory Compliance by Alltel
7 Communications, Inc. My duties and responsibilities include developing effective and
8 economic interconnection and operational relationships with other telecommunications
9 carriers. I work with my staff and other departments within Alltel to develop plans to deal
10 with company needs and interface with carriers to ensure arrangements are in place to meet
11 the operational objectives of the company.

12 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

13 A. I have a BA in Accounting and a BA in Economics from the University of Washington. I also
14 have a MBA from Seattle University.

15 **Q. WHAT IS YOUR PROFESSIONAL EXPERIENCE IN THE FIELD OF TELECOMMUNICATIONS?**

16 A. I have eighteen years of experience in various aspects of the telecommunications industry.
17 My telecom background includes ten years experience working for GTE, including six years
18 in their LEC operations and business development, and four years in wireless operations. I
19 also have four years experience in start-up CLEC operations with FairPoint Communications
20 and with Western Wireless. Since August 1999, I have worked for Western Wireless, first as
21 the Director of CLEC operations and, more recently, in my current position in InterCarrier
22 Relations. Western Wireless was acquired by Alltel Communications in August 2005 and

1 since that time I have worked in my present capacity dealing with interconnection, carrier
2 relations, and 911 matters.

3 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION**
4 **OR OTHER STATE COMMISSIONS?**

5 A. While I have not testified before the Michigan Public Service Commission ('Commission'), I
6 have testified before other state commissions on interconnection matters and on the
7 implementation of intermodal local number portability. I have testified before the Oklahoma
8 Corporate Commission and the Nebraska Public Service Commission in separate
9 interconnection arbitrations. I have testified before the South Dakota Public Service
10 Commission in an interconnection complaint case. And, I have testified in Nebraska, New
11 Mexico, and South Dakota on rural LEC requests to suspend their obligations to implement
12 local number portability.

13 **Q. WHAT HAS BEEN YOUR INVOLVEMENT IN THE NEGOTIATION PROCESS THAT PRECEDED**
14 **THE PETITIONER'S FILING FOR ARBITRATION?**

15 A. The Alltel employee that handled the negotiations with the Petitioners reported directly to me,
16 kept me apprised of the negotiations, and we jointly developed our approach to the
17 negotiations. I have examined documents and materials associated with the negotiation
18 process and have reviewed all materials filed by the Petitioners in this proceeding.

19 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

20 A. The purpose of my testimony is to inform the Arbitration Panel and the Michigan Public
21 Service Commission as to important and relevant background and review of the issues raised
22 in this arbitration. My testimony is organized as follows:

I. Introduction – Qualifications and Purpose of Testimony

II. Background Information

III. Reciprocal Compensation Rate Setting Standards

IV. ISP Traffic Exchange Impact

V. Recommended Actions

My testimony presents the positions of Alltel on the only issue that was unresolved in the parties negotiations; the rates for reciprocal compensation of traffic. Although this is a single issue, there are important threshold rules and circumstances that must be considered by the Commission. I will identify the applicable standards, establish the facts relevant to a determination, and recommend to the Arbitration Panel and the Commission an appropriate resolution of reciprocal compensation rates between the parties.

Q. IN ADDITION TO YOUR TESTIMONY, IS OTHER TESTIMONY BEING SPONSORED BY ALLTEL IN THIS PROCEEDING?

A. Yes. Craig Conwell is provided testimony that assesses the Petitioners' filed cost studies and provides an alternative forward looking economic cost. Will Brandt is providing testimony that develops interim reciprocal compensation rates for each Petitioner based on the FCC default rules for developing interim compensation rates for transport.

Q. PLEASE SUMMARIZE YOUR TESTIMONY.

A. My testimony provides an assessment for the following points:

- The Petitioners are exchanging ISP traffic under 'bill and keep' compensation or at the default ISP rate of \$.0007. Given this evidence, the Commission should order a reciprocal compensation rate of \$0.000 or bill and keep for each of the Petitioners' agreements with

1 Alltel because Petitioners are exchanging ISP traffic at a zero rate or bill and keep and
2 have not produced current forward looking cost studies compliant with FCC rules.

- 3 • If a zero rate or bill and keep is not required and final rates must be determined in this
4 proceeding then the forward looking costs developed by Mr. Conwell using publicly
5 available data and data available to Alltel through Petitioner's pleadings should be
6 approved. Those calculations indicate appropriate transport and termination rates in the
7 range of 4/10th of a cent, significantly less than the inflated costs and rates proposed by the
8 Petitioners
- 9 • Alternatively, and also only if a zero rate or bill and keep is not required, if final FCC
10 compliant rates can be developed in the separate cost docket initiated by this Commission
11 with respect to MECA companies, then as the Petitioners requested in their bona fide
12 request that initiated these negotiations, interim rates should be implemented retroactive to
13 the effective date agreed to by the Parties tried up to the ultimate final rates. The interim
14 rates should be those calculated by Will Brandt in conformity with FCC default interim
15 compensation rules.

18 II. BACKGROUND INFORMATION

19 **Q. DESCRIBE THE TRAFFIC AND METHOD OF TRAFFIC EXCHANGE BETWEEN ALLTEL AND THE**
20 **PETITIONERS.**

21 A. Alltel and each of the Petitioners exchange CMRS traffic (calls to or from a Commercial
22 Mobile Radio Services provider) via indirect interconnection of their networks. This means

1 that for the network originating a call, it must use a third party carrier or ‘transit’ carrier to
2 complete delivery of the call to the other party’s network. In Michigan, the majority of this
3 traffic is routed via a SBC or Verizon tandem switch. This is a common practice in the
4 industry, especially for relatively low traffic exchange volumes.

5 **Q. HAVE THE TERMS AND CONDITIONS OF AN INTERCONNECTION AGREEMENT BEEN**
6 **NEGOTIATED?**

7 A. Yes, for all issues except for reciprocal compensation¹. It is my understanding that, aside
8 from the reciprocal compensation rates, the remaining language in the agreement is
9 undisputed and that both Parties have accepted the language.

10 **Q. ARE THE AGREED-UPON TERMS AND CONDITIONS OF AN INTERCONNECTION AGREEMENT**
11 **REFLECTED IN AN AGREEMENT?**

12 A. Yes. During the course of negotiations between Alltel and the Petitioners final terms and
13 conditions of an interconnection agreement were agreed-upon. The agreed-upon terms and
14 conditions are reflected in Exhibits 3, 10, 11, 12, and 13 to Petition for Arbitration. It is
15 Alltel’s understanding that the only differences between these interconnection agreements is
16 the reciprocal compensation rate proposed by the Petitioners.

17 **Q. ARE THERE ANY EXISTING INTERCONNECTION AGREEMENTS BETWEEN ALLTEL AND ANY OF**
18 **THE PETITIONERS?**

19 A. No. This is the first time the Alltel and the Petitioners will have established an
20 interconnection agreement.

¹ Alltel is willing to withdraw its proposed ‘release’ language which has been disputed by the Petitioners; thereby eliminating that issue in this arbitration.

1 **Q. DID THE PETITIONERS REQUEST INTERIM COMPENSATION WHEN THEY INITIATED**
2 **NEGOTIATIONS WITH ALLTEL?**

3 A. Yes. All but one² of the Petitioners made a request for interim compensation as part of their
4 request to negotiate interconnection under FCC rules. These requests are documented in
5 Exhibit PET-1 of the Petition for Arbitration made in this case.

6 **Q. DOES ALLTEL HAVE ANY EXISTING INTERCONNECTION AGREEMENTS WITH OTHER**
7 **MICHIGAN LOCAL EXCHANGE CARRIERS?**

8 A. Yes. Alltel has several interconnection agreements in Michigan, which were approved by the
9 Commission, with the following carriers: Baraga Telephone, the CenturyTel companies,
10 Frontier Communications, SBC, and Verizon North.

11
12 **III. ISP TRAFFIC EXCHANGE IMPACT IN THIS CASE**

13
14 **Q. ARE THE PETITIONER'S EXCHANGING ISP TRAFFIC WITH OTHER CARRIERS?**

15 A. The information I examined indicates that most, if not all, of the Petitioners are exchanging
16 ISP traffic with one or more carriers.

17 **Q. WHY IS IT RELEVANT THAT A PETITIONER IS EXCHANGING ISP TRAFFIC WITH ANOTHER**
18 **CARRIER?**

19 A. The FCC has determined that a bill and keep arrangement is the appropriate method of
20 reciprocal compensation in certain instances. One such instance is the FCC determination
21 that bill and keep is appropriate with respect to all Section 251(b)(5) traffic to the extent that a

² Blanchard Telephone did not make a specific request for interim compensation at the time of their request to negotiation interconnection under FCC rules.

1 local exchange carrier is not billed or does not pay (i.e., has a bill and keep relationship), with
2 respect to internet service provider (“ISP”) traffic that originates on its network. The FCC
3 requires parity in the compensation for 251(b)(5) traffic. Therefore, in the event Petitioners
4 are using bill and keep or paying a rate lower than its offered reciprocal compensation rates
5 with respect to its originated ISP traffic then it is also necessary to use bill and keep or the
6 lower ISP termination rate paid by Petitioners with respect to all 251(b)(5) traffic, including
7 Alltel CMRS traffic, terminated by Petitioners.

8 **Q. WHAT EVIDENCE DO YOU HAVE THAT PETITIONERS ARE TERMINATING ISP TRAFFIC?**

9 A. Based on an examination of publicly available information, Alltel assembled substantial data
10 that indicates that ISP traffic is exchanged but that traffic exchange is not pursuant to an
11 interconnection agreement. The Petitioners’ ISP and other 251(b)(5) traffic exchange is
12 detailed in Exhibit RW-1.

13 **Q. HAS THE FCC ADDRESSED COMPENSATION FOR ISP TRAFFIC THAT IS NOT EXCHANGED**
14 **PURSUANT TO AN INTERCONNECTION AGREEMENT?**

15 A. Yes. In its ‘ISP Order’, the FCC said:

16 “... a different rule applies in the case where carriers are not exchanging
17 traffic pursuant to interconnection agreements prior to the adoption of this
18 Order (where, for example, a new carrier enters the market or an existing
19 carrier expands into a market it previously had not served). In such a case, as
20 of the effective date of this Order, carriers shall exchange ISP-bound traffic on
21 a bill-and-keep basis ...”.³

22 **Q. DO ANY OF THE PETITIONERS HAVE AN ISP AFFILIATE?**

³ Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-bound Traffic, Order on Remand and Report and Order, Released April 27, 2001, ¶ 81.

1 A. Yes. Most of the Petitioners have an affiliate that is an ISP. In all cases, the affiliate provides
2 ISP service in the Petitioner service area and, in most cases, the affiliate provides ISP service
3 in areas served by other local exchange carriers. This information is detailed in Exhibit RW-1
4 and Exhibit RW-2 to my testimony. Exhibit RW-1 provides a narrative description of each
5 Petitioners' ISP and 251(b)(5) traffic exchange relationships, including identification of
6 affiliate and other carriers that the Petitioners exchange 251(b)(5) traffic with. Exhibit RW-2
7 contains images from Petitioner web sites that identify the Petitioner, their affiliation with an
8 ISP, and certain information about their affiliated ISP (e.g., where the ISP provides dial-up
9 internet services and, where available, the dial-up access numbers used for those services).
10 These Exhibits provide clear evidence that these Petitioners, though seeking high reciprocal
11 compensation rates from Alltel are, in fact, exchanging ISP and other 251(b)(5) traffic at
12 much lower or zero rates.

13 **Q. HAVE ANY OF THE PETITIONER'S FILED INTERCONNECTION AND/OR RECIPROCAL**
14 **COMPENSATION AGREEMENTS THAT ADDRESS THESE ISP TRAFFIC EXCHANGE**
15 **RELATIONSHIPS?**

16 A. A review of the Commission's website indicates that only two Petitioners have
17 interconnection agreements that may address ISP traffic⁴.

18 **Q. WHAT COMPENSATION RATES ARE THE PETITIONERS USING FOR THE EXCHANGE OF ISP**
19 **TRAFFIC?**

20 A. It is clear that most of the Petitioners are exchanging ISP traffic on a 'bill and keep' basis.

⁴ Allendale Telephone (Case U-11784), Bloomingdale Telephone (Case U-13752), Deerfield Farmers' (Case U-13780), and Winn Telephone (Case U-13339)

1 **Q. ARE THERE INTECONNECTION AGREEMENTS BETWEEN THE PETITIONERS' AND THEIR ISP**
2 **AFFILIATES?**

3 A. There are no such interconnection agreements filed with the Michigan Commission. But,
4 there are, no doubt, traffic exchange arrangements between the Petitioners and their ISP
5 affiliates.

6 **Q. WHAT DO YOU MEAN BY 'TRAFFIC EXCHANGE ARRANGEMENTS'?**

7 A. Since these ISPs are controlled by or, at least, affiliated with the Petitioners; and since the
8 ISPs have acquired terminating circuits to receive their ISP traffic; and since most of the ISP
9 services are advertised on the Petitioners' web sites⁵, I am certain that the Petitioners know
10 that they are exchanging ISP traffic. Without an agreement on file with the Commission, it is
11 impossible to know the terms of these arrangements. However, one must assume they are de
12 facto bill and keep and the Petitioners' failure to file any such agreement with the
13 Commission is a violation of FCC rules.

14 **Q. DO ANY OF THE PETITIONERS DELIVER ISP TRAFFIC TO THEIR AFFILIATES THAT IS**
15 **ORIGINATED ON THE NETWORK OF ANOTHER ILEC?**

16 A. Yes. Some of the Petitioners' affiliates advertise their dial-up ISP services in the serving
17 areas of other ILECs that have local calling arrangements with the Petitioners.⁶

18 **Q. WHAT ADDITIONAL RELEVANT INSIGHT DOES THIS PROVIDE?**

⁵ See Exhibit RW-2, which contains web site images for the following Petitioners and their affiliate ISPs: Ace Telephone, Allendale Telephone, Barry County Telephone, Bloomingdale Telephone, Deerfield Farmers' Telephone, HCI Companies (Chippewa County, Hiawatha, Midway, and Ontonagon), Kaleva Telephone, Ogden Telephone, Pigeon Telephone, Upper Peninsula Telephone, Waldron Telephone, and Winn Telephone.

⁶ See Exhibit RW-1.

1 A. The fact that this ISP traffic exchange is occurring via the use of EAS arrangements between
2 a Petitioner network and another incumbent LEC is a clear indication that the bill and keep
3 arrangements associated with the EAS arrangements have been extended to ISP traffic and
4 should be extended to all 251(b)(5) traffic terminating to the Petitioners' networks.

5 **Q. DO ANY OF THE PETITIONERS HAVE NON-AFFILIATED ISPs OPERATING IN THEIR SERVICE**
6 **AREAS OR IN THEIR LOCAL CALLING AREAS?**

7 A. Yes, these circumstances are also reflected in Exhibit RW-1 to my testimony. Several CLECs
8 (e.g., ACD and Level 3) specialize in the provision of inbound dial-up ISP traffic gathering on
9 behalf of ISPs (e.g. AOL and Earthlink) and many of these CLECs operate in Petitioner
10 service areas and/or Petitioner local calling areas.

11 **Q. IS IT LIKELY THAT PETITIONERS' CUSTOMERS ARE GENERATING TRAFFIC TO THESE NON-**
12 **AFFILIATED ISPs?**

13 A. Yes.

14 **Q. WHAT SHOULD THE COMMISSION DO IF A PETITIONER IS EXCHANGING ISP TRAFFIC WITH**
15 **ANOTHER CARRIER?**

16 A. The rules are clear. In every case that a Petitioner is exchanging ISP traffic with another
17 carrier, including affiliated and non-affiliated CLECs and ISPs, the FCC has drawn a clear
18 relationship between the compensation for ISP-bound traffic and compensation for 251(b)(5)
19 traffic:

20 "Because we are concerned about the superior bargaining power of incumbent
21 LECs, we will not allow them to "pick and choose" intercarrier compensation
22 regimes, depending on the nature of the traffic exchanged with another carrier.
23 The rate caps for ISP-bound traffic that we adopt here apply, therefore, only if
24 an incumbent LEC offers to exchange all traffic subject to section 251(b)(5) at
25 the same rate. Thus, if the applicable rate cap is \$.0010/mou, the ILEC must

1 offer to exchange section 251(b)(5) traffic at the same rate. Similarly, if an
2 ILEC wishes to continue to exchange ISP-bound traffic on a bill and keep
3 basis in a state that has ordered bill and keep, it must offer to exchange all
4 section 251(b)(5) traffic on an bill and keep basis.”

5 Although the current default rate for ISP-bound traffic is \$.0007 per minute of use, since the
6 Petitioners in this case are exchanging ISP-bound traffic without compensation, the
7 appropriate rate for all their 251(b)(5) traffic is \$0.000.

8 9 **IV. RECIPROCAL COMPENSATION RATE SETTING STANDARDS**

10 11 **Q. WHAT SERVICE IS THE SUBJECT OF RECIPROCAL COMPENSATION RATES?**

12 A. An originating carrier is utilizing the terminating carrier’s network to terminate traffic and
13 when rates are billed, they are to compensate the terminating carrier for the additional costs
14 incurred in receiving a call at the point of interconnection and terminating the call to the end
15 user. This is referred to as "transport and termination." "Termination" is defined as the
16 switching function at an end office. 47 C.F.R. § 51.701(d). "Transport" is defined as any
17 tandem switching and transmission necessary to get a call to the end office serving the
18 customer. 47 C.F.R. § 51.701(c).

19 **Q. Can you explain APPROPRIATE PRICING OF TRANSPORT AND TERMINATION PURSUANT TO** 20 **THE ACT?**

21 A. The Petitioners, who are ILECs, have the burden of establishing appropriate rates for transport
22 and termination of telecommunications traffic pursuant to the Act. The rules for ILEC
23 transport and termination rates are provided at 47 C.F.R. § 51.705(a).

1 (a) An incumbent LEC's rates for transport and termination of local
2 telecommunications traffic shall be established, at the election of the state
3 commission, on the basis of:

- 4 (1) the forward-looking economic costs of such offerings, using a cost
5 study pursuant to §§ 51.505 and 51.511;
6 (2) default proxies, as provided in § 51.707; or
7 (3) a bill-and-keep arrangement, as provided in § 51.713.
8

9 The FCC goes on to say that cost based transport and termination rates cannot exceed a LEC's
10 forward looking economic costs. 47 C.F.R. § 51.505(e)

11 In addition, the rates set for each Petitioner will be reciprocal – the rate paid by Alltel to the
12 Petitioner will also be the rate paid by the Petitioner to Alltel. 47 C.F.R. § 51.711. For these
13 reasons, Alltel has reviewed the Petitioners' cost studies and, to the extent that data has been
14 provided to Alltel by the Petitioners⁷, I have provided an assessment of Petitioners' costs. I
15 will also discuss the pricing standards that apply to transport and termination, an assessment
16 as to why the Petitioners' cost studies must be rejected, and provide the Commission with an
17 outline of how these pricing issues should be analyzed.

18 **Q. HOW DOES THE ACT REQUIRE A STATE COMMISSION TO SET PRICES FOR THE TRANSPORT**
19 **AND TERMINATION OF TELECOMMUNICATIONS TRAFFIC SUBJECT TO RECIPROCAL**
20 **COMPENSATION?**

21 A. In Section 252(d)(2) of the Act, Congress mandated that transport and termination be priced
22 as follows:

23 (A) IN GENERAL. For the purposes of compliance by an incumbent local
24 exchange carrier with section 251(b)(5), a State commission shall not consider

⁷ Alltel made repeated requests for Petitioner cost studies and models. Some provided paper output of a cost study conducted in 2000 using 1999 data and some did not provide any cost data.

1 the terms and conditions for reciprocal compensation to be just and reasonable
2 unless:

3 (i) such terms and conditions provide for the mutual and reciprocal recovery
4 by each carrier of costs associated with the transport and termination on
5 each carrier's network facilities of calls that originate on the network
6 facilities of the other carrier; and

7 (ii) such terms and conditions determine such costs on the basis of a
8 reasonable approximation of the additional costs of terminating such calls.
9

10 47 U.S.C. § 252(d)(2)(A) (emphasis added).

11 **Q. IS THIS THE SAME STANDARD THAT APPLIES TO THE PRICING OF UNBUNDLED NETWORK**
12 **ELEMENTS (“UNES”) PURCHASED BY A COMPETITIVE LOCAL EXCHANGE CARRIER?**

13 A. No. The pricing methodology for UNEs is set forth in 47 U.S.C. § 252(d)(1).

14 **Q. HOW DO THESE TWO PRICING STANDARDS COMPARE?**

15 A. They are somewhat different. The goal of traditional interconnection arbitrations has been to
16 set UNE prices that will allow competitive local exchange carriers ("CLECs") to provide local
17 service in competition with a regional Bell Operating Company ("RBOC"). In purchasing a
18 loop, end office switching, and other network elements needed to provide local voice service
19 to the RBOC's customer, the CLEC is essentially taking over a portion of the RBOC network,
20 and obtaining payment from that landline end user. It makes sense, then, that the CLEC pay
21 for that portion of forward-looking network costs attributable to that customer's local service.
22 The dynamics of setting transport and termination rates for purposes of reciprocal
23 compensation are different. As it terminates another carrier's local traffic, the landline service
24 provider is still using its network to provide local service, and still retains the customer. The
25 other carrier seeks only to terminate its traffic to the ILEC's customer and so is not leasing
26 that network. Instead, the other carrier must only be charged "additional costs of terminating

1 such calls." 47 U.S.C. § 252(d)(2)(a)(ii). Because the ILECs do not offer access to UNEs,
2 pricing of UNEs is not at issue here. The Commission will price only transport and
3 termination for purposes of reciprocal compensation, and must do so at the "additional costs"
4 of providing transport and termination.

5 **Q. DID ALLTEL REQUEST COST INFORMATION FROM THE PETITIONERS DURING THE**
6 **NEGOTIATION PROCESS?**

7 A. Yes. In August 2005, Alltel requested that the Petitioners, then engaged in negotiations with
8 Alltel, produce forward looking cost studies and provide them in an electronic version⁸. The
9 Petitioners' negotiation representative indicated that no electronic version of the cost studies
10 were available. It wasn't until November 2005 that paper copies of some of the inputs and
11 outputs of the MECA TSLRIC study were made available to Alltel. February of 2006, the
12 MECA representative indicated that new cost studies were being prepared by most of the
13 Petitioners. These new studies are those that were ordered by the Commission in U-14678
14 and have not yet been made available to Alltel. Finally, in March 2006 additional cost study
15 materials and outputs prepared for Winn Telephone was made available for Alltel's review as
16 were summaries of cost assessments for Chippewa County Telephone, Hiawatha Telephone,
17 and Upper Peninsula. In spite of Alltel's requests, however, no cost study materials specific
18 to eleven of the Petitioners⁹ have ever been made available to Alltel.

19 **Q. WHAT IS THE IMPORTANCE OF § 51.505(e) IN THIS PROCEEDING?**

⁸ See Exhibit RW-3, email string from MECA (Steve Gatto) to Alltel (Cynthia Austin) requesting cost study.

⁹ Ace Telephone, Barry County Telephone, Blanchard Telephone, Bloomingdale Telephone, Deerfield Farmers' Telephone, Kaleva Telephone, Midway Telephone, Ogden Telephone, Ontonagon Telephone, Pigeon Telephone, and Waldron Telephone.

1 A. § 51.505(e) of the FCC rules establishes a threshold criteria that effectively eliminates any
2 cost study that relies on ‘averaged’ cost derivation based on the inputs from more than one
3 ILEC. Specifically, § 51.505(e) states:

4 “An incumbent LEC must prove to the state commission that the rates for
5 each element it offers do not exceed the forward-looking economic cost per
6 unit of providing the element, using a cost study that complies with the
7 methodology set forth in this section and Sec. 51.511.”

8 Because the rule states that the incumbent LEC must prove a rate for each element offered
9 does not exceed the forward-looking economic cost per unit, it is a simple mathematical
10 principle that any costs that are ‘averaged’ contain a combination of values both higher and
11 lower than the average. This rule clearly prohibits those carrier’s whose costs are less than
12 the ‘average’ from adopting the ‘averaged’ study result because they would be adopting a rate
13 that exceeds their forward-looking economic cost. Therefore, unless specific carrier rate
14 results are identified, a study that relies on aggregated data and produces an ‘averaged’ result
15 must be rejected.

16 **Q. HAVE ANY OF THE CARRIERS IN THIS CASE SUBMITTED A COMBINED COST STUDY THAT**
17 **PRODUCES ‘AVERAGED’ RESULTS?**

18 A. Yes. All the Petitioners that have requested rates based on the ‘MECA 2nd TSLRIC Study’
19 have claimed ‘averaged’ costs. Since it is impossible to extricated the unique results of each
20 carrier to determine which carriers are more or less than the average result, the study cannot
21 be accepted as a basis to ‘prove to the state commission that the rates for each element do not
22 exceed the forward-looking economic cost per unit of providing the element’.”

23 **Q. SHOULD TRANSPORT AND TERMINATION RATES REFLECT THE SPECIFIC COSTS FOR EACH**
24 **ILEC PETITIONER?**

1 A. Yes. Rates must be developed for each ILEC based on their unique forward-looking
2 economic costs including service area, network topology, usage characteristics, and business
3 environment. Twelve of the Petitioner's have failed to provide such costs. Instead they have
4 offered an outdated 'average' combination study to be used as a proxy. In fact, the study
5 includes six companies¹⁰ whose costs are not at issue in this proceeding and four companies¹¹
6 that are now trying to opt into a study in which they were not a party or participant.

7 **Q. HAS THE COMMISSION RECENTLY CALLED INTO QUESTION THE PETITIONERS' COST**
8 **STUDIES AS A BASIS FOR RECIPROCAL COMPENSATION?**

9 A. Yes. In Case U-14678, in which a Commission order was issued in February 2006, the
10 Commission noted that significant changes in circumstances have occurred since the
11 Petitioner TSLRIC studies were completed and ordered a new examination of total service
12 long run incremental costs in Case U-14781. Specifically, the Commission's final order
13 states:

14 "...the arbitration panel noted that the Commission's findings concerning
15 usage sensitive and end office switching costs subsequent to the approval
16 of the petitioners' TSLRIC studies might be considered a sufficient change
17 in circumstance to warrant a new cost study application by the petitioners.
18 Therefore, the arbitration panel recommended that the Commission direct
19 the petitioners to file, within 30 days of the date of the final order in this
20 case, a new cost study either jointly or separately and require the
21 agreement to provide for the inclusion of new rates when the cost study is
22 approved." ...

¹⁰ Carr Telephone Company, Chapin Telephone Company, Drenthe Telephone Company, Lennon Telephone Company, Sand Creek Telephone Company and Springport Telephone Company.

¹¹ Allendale Telephone Company, Deerfield Farmers' Telephone Company, Midway Telephone Company, and Ontonagon County Telephone Company.

1 **Q. WHAT ARE THE PETITIONERS' "ADDITIONAL COSTS" OF TERMINATING, I.E. THE SWITCHING**
2 **OF A CALL AT AN ILEC END OFFICE?**

3 A. Given today's switch technology, once a forward-looking network is in place to provide local
4 service in an ILEC exchange, the additional switch cost of terminating another carriers' local
5 traffic is \$0. In simple terms, a network capable of providing local wireline calling, EAS,
6 dial-up internet access, and toll calling would require, at most, 5% additional capacity to
7 support CMRS terminating traffic. Based on existing switch technology, any switch in the
8 Petitioners' inventory would handle the additional traffic at no additional cost. In other
9 words, each Petitioner would have to build the same exact forward-looking switching network
10 whether or not it was terminating local traffic originated by any CMRS provider. The
11 "additional costs" of terminating local traffic originated by CMRS providers are \$0.

12 **Q. DO THE LOCAL SWITCHING RATES DETERMINED BY THE PETITIONERS' COST STUDIES**
13 **ACCURATELY REFLECT EACH PETITIONER'S FORWARD-LOOKING ECONOMIC COSTS FOR**
14 **SWITCHING?**

15 A. No. Each of the five studies utilize irrelevant outdated cost data and a very exaggerated
16 amount of end office switching costs based on their false assumption that a disproportionately
17 large share of end office switching costs are usage-sensitive. Mr. Conwell is providing
18 testimony and thoroughly discussing the multiple regulatory rulings that end office switching
19 is predominately a non-usage sensitive cost and therefore should not be included in such costs
20 studies. The Petitioners have incorrectly claimed that the majority of their switching costs
21 should be recovered as usage sensitive and have therefore inflated their transport and
22 termination costs.

1 **Q. IN ADDITION TO YOUR DEMONSTRATION THAT COMPENSATION RATES FOR LOCAL**
2 **SWITCHING SHOULD BE ZERO BECAUSE THEY ARE NOT USAGE SENSITIVE, WHAT OTHER**
3 **ASSESSMENT HAVE YOU MADE OF THE PETITIONER SWITCHING COSTS?**

4 A. Alltel's witness, Craig Conwell, has developed a model that reflects a small portion of end
5 office switching costs that could be classified as usage sensitive and which Alltel would
6 accept in lieu of a zero end office switching rate element if a zero rate or bill and keep is not
7 required.

8 **Q. WHAT ARE THE APPROPRIATE CONSIDERATIONS IN CALCULATION OF THE PETITIONER'S**
9 **TRANSPORT COST?**

10 A. Reciprocal compensation rates are set at the additional costs of transporting and terminating a
11 mobile-land call. To the extent that an ILEC provides interoffice transport of CMRS
12 terminating traffic, there may be additional transport costs. Stated simply, if Alltel delivers
13 traffic at a Petitioner end office switch, via a direct connection or indirectly via a transit
14 provider, it should pay only a termination rate. If, on the other hand, Alltel delivers traffic at
15 a 'meet point', a tandem (or some other intermediary) switch – it should pay a rate that
16 includes termination plus transport rate element.

18 **V. RECOMMENDED ACTIONS**

19
20 **Q. WHAT IS YOUR RECOMMENDATION ON THE RECIPROCAL COMPENSATION THAT SHOULD BE**
21 **ORDERED FOR THE INTERCONNECTION AGREEMENTS BETWEEN ALLTEL AND EACH OF THE**
22 **PETITIONERS?**

1 A. The Commission should, depending on what rate the Petitioners pay, order the adoption of
2 either the default ISP rate of \$.0007 which was established by the FCC¹² or bill and keep as
3 the appropriate reciprocal compensation rate for these interconnection agreements.

4 **Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE COST STUDIES PROVIDED BY THE**
5 **PETITIONERS SPONSORING ‘MECA’S 2ND TSLRIC STUDY?’**

6 A. The Commission must reject this study. As Mr. Conwell and I discuss in detail, the study
7 does not meet FCC standards. It represents an average of some ILECs in Michigan but does
8 not account for the unique circumstances of each Petitioner. In fact, the study includes
9 information from ILEC’s that are not a party to this proceeding and does not include any
10 information from some ILEC’s that are a party to this proceeding. As a result, the
11 Commission should order ‘bill and keep’ compensation for each of the Petitioners that have
12 relied on this study.¹³

13 **Q. WHAT IS YOUR RECOMMENDATION WITH RESPECT TO THE SEPARATE COST STUDIES**
14 **PROVIDED BY CHIPPEWA COUNTY TELEPHONE, HIAWATHA TELEPHONE, UPPER**
15 **PENINSULA TELEPHONE, AND WINN TELEPHONE?**

16 A. The cost studies are defective, based on irrelevant out of date information and inconsistent
17 with FCC rules. The testimony of Alltel witness Craig Conwell details these circumstances.

¹² “ISP Order” Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-bound Traffic, Order on Remand and Report and Order, Released April 27, 2001

¹³ Ace Telephone Company, Allendale Telephone Company, Barry County Telephone Company, Blanchard Telephone Company, Bloomingdale Telephone Company, Deerfield Farmers Telephone Company, Kaleva Telephone Company, Midway Telephone Company, Ogden Telephone Company, Ontonagon County Telephone Company, Pigeon Telephone Company, and Waldron Telephone Company.

1 **Q. WHAT IS YOUR RECOMMENDATION IF THE COMMISSION DOES NOT ORDER BILL AND KEEP**
2 **AS A RESULT OF THE ISP TRAFFIC PRESENTLY EXCHANGED BY THE PETITIONERS OR AS A**
3 **RESULT OF THE DEFICIENT COST STUDIES PUT FORTH BY THE PETITIONERS?**

4 A. If ISP or bill and keep reciprocal compensation rates are not required based on a lawful
5 application of FCC rules, then reciprocal compensation rates should be established at a level
6 that does not exceed those developed by Mr. Conwell (provided, again, here for ease of
7 reference:

Ace Telephone Company	\$0.004359
Allendale Telephone Company	\$0.004359
Barry County Telephone Company	\$0.004359
Blanchard Telephone Company	\$0.004359
Bloomington Telephone Company	\$0.004359
Chippewa County Telephone Company	\$0.00
Deerfield Farmers Telephone Company	\$0.004359
Hiawatha Telephone Company	\$0.00
Kaleva Telephone Company	\$0.004359
Midway Telephone Company	\$0.004359
Ogden Telephone Company	\$0.004359
Ontonagon County Telephone Company	\$0.004359
Pigeon Telephone Company	\$0.004359
Upper Peninsula Telephone Company	\$0.00
Waldron Telephone Company	\$0.004359
Winn Telephone Company	\$0.005550

8
9 The above rates would be fully reciprocal and the Commission should order that Alltel is
10 entitled to tandem compensation on all traffic originated by Petitioners and terminating to
11 Alltel's network.

12 **Q. WHAT IS YOUR RECOMMENDATION IF THE COMMISSION DOES NOT ORDER BILL AND KEEP AS**
13 **A RESULT OF THE ISP TRAFFIC OR AS A RESULT OF THE DEFICIENT COST STUDIES AND IS**

1 **RELUCTANT TO ORDER RECIPROCAL COMPENSATION RATES WITHOUT FIRST CONDUCTING A**
2 **FULL FORWARD LOOKING ECONOMIC RATE ARBITRATION UNDER THE FCC RULES?**

3 A. The Commission could adopt interim compensation rates developed by Alltel in accordance
4 with FCC interim default rate rules and offered in William Brandt's testimony. These interim
5 rates would be in effect until such time as the Commission approves rates based on proper
6 forward looking company specific economic cost studies and arbitration with full
7 participation by all MECA companies and Alltel, consistent with FCC rules. Those final rates
8 would be applied retroactively to the agreed upon effective date in the Parties undisputed
9 agreement terms. Pursuant to FCC interim compensation rules, a 'true-up' would occur with
10 respect to any interim compensation paid.

11
12 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

13 A. Yes, it does. Thank you.
14
15

STATE OF MICHIGAN

BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter of the petition of Ace, Allendale, Barry	)	
County, Blanchard, Bloomingdale, Chippewa County,	)	
Deerfield Farmers', Hiawatha, Kaleva, Midway, Ogden,	)	
Ontonagon, Pigeon, Upper Peninsula, Waldron, and Winn	)	Case U-14889
Telephone Company for the arbitration of interconnection	)	
rates, terms and conditions, and related arrangements with	)	
Alltel Communications, Inc., pursuant to Section 252(b) of	)	
the Federal Telecommunications Act of 1996.	)	

**EXHIBITS TO THE
DIRECT TESTIMONY OF RON WILLIAMS
ON BEHALF OF ALLTEL COMMUNICATIONS, INC.**

ACE TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Ace Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Ace has established traffic exchange relationships which dictate Ace, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Ace is exchanging ISP traffic with its ISP affiliate without a traffic exchange agreement.

ISP TRAFFIC EXCHANGE

Ace exchanges traffic with an ISP affiliate of Ace Communications Group. The ISP affiliate offers dial-up internet access to Ace local exchange customers as well as customers of other local service providers.

There is no interconnection or traffic exchange agreement on file between Ace and its ISP affiliate. There are also no interconnection agreements on file between Ace and other Michigan local exchange carriers that exchange 251(b)(5) traffic with Ace.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Research did not disclose that Ace Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Ace Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Ace exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Allendale on a 'bill and keep' basis:

Ace Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Buckley Copemish South Boardman	Kingsley	CenturyTel	
Buckley South Boardman	Traverse City	Ameritech	
Buckley Mesick	Manton	Ameritech	
Copemish Mesick	Kaleva	Kaleva	ACD Lucre
Copemish	Bear Lake	CenturyTel	
Copemish	Beaulah	Ameritech	
Copemish	Interlochen	Ameritech	
Copemish	Lake Ann	CenturyTel	
Hoxeyville Mesick	Cadillac	Ameritech	
Hoxeyville Mesick	Henrietta	Ameritech	
Hoxeyville	Brethren	Kaleva	ACD Lucre
Hoxeyville	Dublin	Kaleva	Lucre
Hoxeyville	Irons	Ameritech	
Hoxeyville	Luther	Ameritech	
Hoxeyville	Tustin	Ameritech	
Hoxeyville	Wellston	Kaleva	Lucre
South Boardman	Fife Lake	Ameritech	
South Boardman	Kalkaska	Ameritech	
South Boardman	Lake City	CenturyTel	
South Boardman	Manistee River	Upper Peninsula	
South Boardman	Moorestown	CenturyTel	
South Boardman	Williamsburg	Ameritech	

ALLENDALE TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Allendale Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Allendale has established traffic exchange relationships which dictate Allendale, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Allendale has an existing interconnection agreement with 'bill and keep' compensation.
2	\$.0007	Default ISP rate. Allendale is exchanging (both originating and terminating) ISP traffic.

ISP TRAFFIC EXCHANGE

Allendale exchanges traffic with an ISP affiliate operating under the name Altelco.net. The ISP affiliate offers dial-up internet access to Allendale local exchange customers as well as customers of other local service providers¹. Traffic terminating to the Allendale ISP affiliate includes traffic terminating in at least one Allendale Telephone rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
616-459-XXXX	Grand Rapids	SBC/Ameritech	SBC/Ameritech
616-895-XXXX	Allendale	Allendale	Allendale
616-997-XXXX	Coopersville	Allendale	Verizon

¹ See Exhibit RW-2 which includes extracts from the Allendale Telephone Company web site at www.altelco.net/internet/services

616-846-XXXX	Grand Haven	SBC/Ameritech	SBC/Ameritech
--------------	-------------	---------------	---------------

There is no interconnection or traffic exchange agreement on file between Allendale and its ISP affiliate. There is no interconnection agreement on file between Allendale and SBC/Ameritech. There is an interconnection agreement on file between Allendale Telephone Company and Verizon North². The compensation specified in the Verizon North agreement is 'bill and keep'³.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Allendale Telephone Company does have a CLEC affiliate, also named Allendale Telephone Company, operating under OCN 4067. On review of the Local Exchange Routing Guide ('LERG'), it appears that this CLEC entity does not have any telephone number assignments at this time.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Allendale Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Allendale exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Allendale on a 'bill and keep' basis:

Allendale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Allendale	Borculo	CenturyTel	Telnet
Allendale	Conklin	Verizon North	ACD Telnet Level 3
Allendale	Coopersville	Verizon North	ACD Allendale Telnet Level 3

² The interconnection agreement between Verizon and Allendale can be found at www22.verizon.com/wholesale/attachments/contracts/alndlemi.pdf

³ Ibid. Article IV Section 3.2.1

Allendale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Allendale	Fruitport	Verizon North	ACD Level 3 Lucre
Allendale	Grand Haven	Ameritech	Airtouch Paging Arch Brooks Fiber Centennial Dobson LDMI LECMI Level 3 Lucre Nextel Talk America TDS Metrocom US Xchange Verizon Wireless
Allendale	Grand Rapids	Ameritech	ACD Airtouch Paging Alger Alltel Arch AT&T Local Blue Licenses Brooks Fiber Cat Centennial CenturyTel Solutions Cingular KMC Telecom LECMI Level 3 LDMI Lucre Nextel Phone Michigan Sprint Talk America TDS Metrocom Teleport T-Mobile

Allendale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
			US Xchange Verizon Wireless
Allendale	Holland	Ameritech	ACD Airtouch Paging Alltel Arch AT&T Local Blue License Brooks Fiber Centennial Cingular Drenthe Telephone LECMI Level 3 Lucre Nextel Phone Michigan Sprint T2 Comms Talk America TDS Metrocom Telnnet T-Mobile US Xchange
Allendale	Hudsonville	Ameritech	ACD Brooks Fiber Centennial Drenthe Telephone LDMI Level 3 Talk America TDS Metrocom
Allendale	Marne	Ameritech	ACD Brooks Fiber Centennial LDMI Level 3 Talk America
Allendale	Ravenna	Verizon North	ACD Level 3
Allendale	Zeeland	Ameritech	Brooks Fiber

Allendale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
			Centennial Drenthe Telephone LDMI LECMI Level 3 Lucre Talk America TDS Metrocom Telnnet Verizon Wireless

BARRY COUNTY TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Barry County Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Barry County has established traffic exchange relationships which dictate that Barry County, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Barry County is exchanging (both originating and terminating) ISP traffic with its ISP affiliate 'Message Express Internet'.

ISP TRAFFIC EXCHANGE

Barry County exchanges traffic with an ISP affiliate operating under the name 'Message Express Internet'. The ISP affiliate offers dial-up internet access to Barry County Telephone local exchange customers as well as customers of other local service providers⁴. Traffic exchanged with the Barry County ISP affiliate includes traffic terminating and originating in all Barry County local exchange rate centers as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
269-344-9002	Augusta	Ameritech	TDS
	Kalamazoo	Ameritech	Ameritech
269-623-9001	Delton	Barry County	Barry County
	Hastings	Barry County	Ameritech
	Hickory Corners	Barry County	TDS

⁴ See Exhibit RW-2 which includes extracts from the Barry County Telephone Company's web site at www.barryarea.com/bctc

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Middleville	Barry County	Ameritech
	Pine Lake	Barry County	Barry County
	Richland	Barry County	Ameritech
269-664-9001	Martin	Barry County	Ameritech
	Plainwell	Barry County	Ameritech
269-721-9001	Banfield	Barry County	Barry County
	Battle Creek	Barry County	Ameritech
	Lacey	Barry County	Barry County
269-758-9001	Nashville	Barry County	Ameritech
	Bellevue	Barry County	Ameritech

There is no interconnection or traffic exchange agreement on file between Barry County and its ISP affiliate. There are also no interconnection agreements on file between Barry County and other Michigan local exchange carriers that exchange 251(b)(5) traffic with Barry County.

OTHER 251(B)(5) TRAFFIC EXCHANGE -CLEC AFFILIATES

Research did not disclose that Barry County Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Barry County Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Barry County exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Barry County on a 'bill and keep' basis:

Barry County Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Banfield Delton Lacey	Hastings	Ameritech	ACD Alltel Brooks Fiber Centennial Cingular LDMI Lucre Nextel Sprint Talk America Telnet UX Xchange
Banfield Delton	Hickory Corners	TDS	-
Delton Pine Lake	Kalamazoo	Ameritech	ACD Airtouch Paging Alltel Arch AT&T Local Blue Licenses Brooks Fiber CAT Centennial Cingular KMC LECMi Level 3 Lucre Metrocall Nextel Phone Michigan Sprint Talk America TDS Metrocom Teleport Telnet T-Mobile US Xchange Verizon Wireless

Barry County Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Delton Pine Lake	Middleville	Ameritech	ACD Arch LDMI Level 3 Lucre Talk America Telnet
Delton	Pine Lake	Barry County	-
Delton Pine Lake	Richland	Ameritech	ACD LDMI Level 3 Talk America Telnet
Lacey	Augusta	TDS	-
Lacey	Battle Creek	Ameritech	ACD Alltel Airtouch Paging Arch AT&T Local Blue License Brooks Fiber CAT Centennial Cingular Climax KMC LDMI LECMi Lucre Nextel Sprint Talk America TDS Metrocom Telnet T-Mobile Verizon Wireless US Xchange
Lacey	Bellevue	Ameritech	ACD Centennial LDMI LECMi

Barry County Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
			Level 3 Lucre Talk America Telnet
Lacey	Nashville	Ameritech	ACD Alltel Arch
Pine Lake	Martin	Ameritech	ACD LDMI Talk America
Pine Lake	Plainwell	Ameritech	ACD Brooks Fiber LDMI Level 3 Talk America Telnet

BLANCHARD TELEPHONE COMPANY**RATE RECOMMENDATION**

Research did not disclose affiliate or other traffic exchange relationships that would confirm that Blanchard Telephone Company has established traffic exchange relationships which dictate the established of default ISP or 'bill and keep' compensation Alltel's 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
2	\$0.004359	This is a derived reciprocal compensation rate based on an assessment of the available information provided in the 'MECA 2 nd TSLRIC Study' data.

ISP TRAFFIC EXCHANGE

Research did not disclose that Blanchard Telephone Company has an ISP affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Research did not disclose that Blanchard Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Blanchard Telephone Company does have extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Blanchard exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Blanchard on a 'bill and keep' basis:

Blanchard Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Blanchard	Edmore	Verizon	Alltel Centennial LECMI Level 3

Blanchard Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Blanchard	Lakeview	Verizon	Alltel Centennial LECMI Level 3 Sprint Telnet
Blanchard	Mecosta	CenturyTel	Centennial
Blanchard	Mount Pleasant	Verizon	Alltel Arch Centennial Cingular Daystarr Dobson LECMI Level 3 MCI Nextel Phone Michigan Sprint Winn Telecom
Blanchard	Reiman	Verizon	Alltel Centennial LECMI Telnet
Blanchard	Six Lakes	Verizon	Centennial LECMI
Blanchard	Weidman	Verizon	LECMI Level 3 Telnet
Blanchard	Winn	Winn Telephone	-

BLOOMINGDALE TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Bloomingdale Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Bloomingdale has established traffic exchange relationships which dictate Bloomingdale, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Bloomingdale is exchanging (both originating and terminating) ISP traffic under 'bill and keep' compensation.
2	\$.0049291	Bloomingdale has an interconnection agreement with Verizon North, Inc. prescribing reciprocal compensation for the termination of traffic at this end office rate.

ISP TRAFFIC EXCHANGE

Bloomingdale exchanges traffic with its ISP affiliate Bloomingdale Communications, Inc. The ISP affiliate offers dial-up internet access to Bloomingdale local exchange customers as well as customers of other local service providers⁵. Traffic terminating to the Allendale ISP affiliate includes traffic terminating in at least one Allendale Telephone rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
269-686-7746	Allegan		Verizon
269-521-7000	Bloomingdale	Bloomingdale	Bloomingdale

⁵ See Exhibit RW-2 which includes extracts from the Bloomingdale Telephone Company web site at www.btc-bci.com/services/internet.shtml

269-423-9292	Decatur		Verizon
269-543-8705	Ganges		Verizon
269-655-8987	Paw Paw		Verizon
269-639-7555	South Haven		Verizon

There is no interconnection or traffic exchange agreement on file between Bloomingdale and its ISP affiliate. There is an interconnection agreement on file between Bloomingdale Telephone Company and Verizon North⁶. The reciprocal compensation end office rates specified in the Verizon North agreement is \$.0049291⁷.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Bloomingdale Telephone Company does have a CLEC affiliate, also named Bloomingdale Telephone Company, operating under OCN 9379. There is no interconnection agreement on file to cover traffic arrangements between Bloomingdale's ILEC and CLEC operation. In fact, records indicate that Bloomingdale's CLEC operations utilize the ILEC switch BLDLMIXIDS1.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Bloomingdale Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Bloomingdale exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Bloomingdale on a 'bill and keep' basis:

Bloomingdale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Bloomingdale	Allegan	Verizon	ACD Alltel

⁶ The interconnection agreement between Verizon and Bloomingdale can be found at www22.verizon.com/wholesale/attachments/contracts/btc_mi_252sin_060203_revised.pdf and was approved by the Michigan PSC in Case U-13752.

⁷ Ibid. Appendix A, Ver. 1.1, Section I.A.

Bloomingtondale Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
			Arch Centennial Level 3 LECMI Lucre Telnet Verizon Wireless
Bloomingtondale	Bangor	Verizon	ACD Telnet
Bloomingtondale	Gobles	Verizon	ACD Level 3
Bloomingtondale	Grand Junction	Verizon	ACD
Bloomingtondale	Paw Paw	Verizon	Nextel Telnet
Bloomingtondale	Pullman	Verizon	ACD

CHIPPEWA COUNTY TELEPHONE COMPANY**HIAWATHA TELEPHONE COMPANY****MIDWAY TELEPHONE COMPANY****ONTONAGON TELEPHONE COMPANY**

These entities are all affiliated under the common ownership and are collectively referred to herein as the 'HTC Companies'.

RATE RECOMMENDATION

Based on the evidence described below, it is not necessary to conduct an evaluation of the HTC Companies' forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Each of the HTC Companies has established traffic exchange relationships which dictate the HTC Companies, all incumbent local exchange carriers, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	HTC Companies are exchanging (both originating and terminating) ISP traffic under 'bill and keep' compensation.

ISP TRAFFIC EXCHANGE

In addition to its local exchange carriers' the HTC Companies are affiliated with the ISP .Jamadots.com and each of the HTC Companies exchanges traffic with this ISP affiliate. The ISP affiliate offers dial-up internet access to all HTC Company local exchange customers as well as customers of other local service providers⁸. Traffic terminating to the HTC Company ISP affiliate includes traffic terminating in multiple HTC Company rate centers as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
----------------	-------------	-------------	---------------

⁸ See Exhibit RW-2 which includes extracts from the HTC Companies' web sites and www.jamaddots.com

884-6700	Bergland		Ameritech
884-6700	Ontonagon		Ontonagon County
248-4321	Brimley		Chippewa County
248-4321	Sault Ste. Marie		Ameritech
827-3699	Bruce Crossing		Ontonagon County
827-3699	Watersmeet		Ameritech
499-3400	Curtis		Ameritech
499-3400	Seney		Hiawatha
658-3500	Deer Park		Hiawatha
658-3500	Newberry		Ameritech
472-2400	Golden Lake		Midway
494-2401	Grand Marais		Hiawatha
387-4100	Munising		Hiawatha
492-3401	Paradise		Hiawatha
852-3600	Trout Creek		Midway
355-2400	Watton		Midway

There is no interconnection or traffic exchange agreement on file between any HTC Company and Jammadots. There are also no interconnection agreements on file between any HTC Company and other Michigan local exchange carriers that exchange 251(b)(5) traffic with the HTC Companies.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Research did not disclose that the HTC Companies have a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

The HTC Companies have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely

to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. There is a lengthy list of rate centers and incumbent local exchange carriers with whom the HTC Companies exchange local calling traffic.

DEERFIELD FARMERS' TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Deerfield Farmers' Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Deerfield Farmers' has established traffic exchange relationships which dictate Deerfield Farmers', an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Deerfield Farmers' is exchanging (both originating and terminating) ISP traffic under de facto 'bill and keep' compensation.

ISP TRAFFIC EXCHANGE

Deerfield Farmers' exchanges traffic with Cass Internet L.L.C which appears to be a subsidiary of Cass Cellular an entity in which D&P Communications is invested. This affiliated ISP offers dial-up internet access to Deerfield Farmers; local exchange customers as well as customers of other local service providers⁹. Traffic terminating to the Deerfield Farmers' ISP affiliate includes traffic terminating in at least one Deerfield Farmers' Telephone rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Addison		Verizon
	Blissfield		Ogden
	Deerfield		Deerfield Farmers
	Dundee		Verizon

⁹ See Exhibit RW-2 which includes extracts from the D&P Communications and Cass Internet web sites.

	Petersburg		Deerfield Farmers
	Tecumseh		Verizon

There is no interconnection or traffic exchange agreement on file between Deerfield and its ISP affiliate. There are also no interconnection agreements on file between any HTC Company and other Michigan local exchange carriers that exchange 251(b)(5) traffic with the HTC Companies.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Deerfield Farmers' Telephone Company does have a CLEC affiliate, also name Deerfield Farmers', operating under OCN 558A. This CLEC has 'opted into' an interconnection agreement with Verizon-North¹⁰.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Deerfield Farmers' Telephone Company does have extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Deerfield exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Deerfield on a 'bill and keep' basis:

Deerfield Farmers Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Deerfield Petersburg	Blissfiled	Verizon	
Deerfield Petersburg	Britton	Verizon	
Deerfield Petersburg	Dundee	Verizon	
Deerfield Petersburg	Erie	Verizon	
Deerfield Petersburg	Ida	Verizon	

¹⁰ The interconnection agreement between Verizon and Deerfield can be found at www22.verizon.com/wholesale/attachments/contracts/deerfield.pdf and was approved by the Michigan PSC in Case U-13780.

Deerfield Farmers Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Deerfield Petersburg	Lambertville	Verizon	
Petersburg	Lost Peninsula	Verizon	
Deerfield Petersburg	Maybee	Verizon	
Deerfield Petersburg	Tecumseh	Verizon	
Deerfield Petersburg	Temperance	Verizon	

KALEVA TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Kaleva Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Kaleva has established traffic exchange relationships which dictate Kaleva, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Kaleva is exchanging (both originating and terminating) ISP traffic with its ISP affiliate at a default 'bill and keep' compensation rate.

ISP TRAFFIC EXCHANGE

Kaleva exchanges traffic with an ISP affiliate operating under the name kaltelnet. The ISP affiliate offers dial-up internet access to Kaleva's local exchange customers as well as customers of other local service providers¹¹. Traffic terminating to the Kaleva ISP affiliate includes traffic originating in each Kaleva Telephone rate center and terminating to Kaleva's ISP:

Dial-up Number Accessible to Kaleva users	Rate Center	Serving LEC	Incumbent LEC
	Brethren	Kaleva	Kaleva
	Dublin	Kaleva	Kaleva
	Kaleva	Kaleva	Kaleva
	Willston	Kaleva	Kaleva

¹¹ See Exhibit RW-2 which includes extracts from the Kaleva and kaltelnet web sites at www.kaltelnet.net

There is no interconnection or traffic exchange agreement on file between Kaleva and any ISP, ILEC, or CLEC.

OTHER 251(B)(5) TRAFFIC EXCHANGE -CLEC AFFILIATES

Based on a review of publicly available information, Kaleva Telephone Company does not appear to have a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Kaleva Telephone Company has a local calling area that includes only Kaleva exchanges.

OGDEN TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Ogden Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Ogden has established traffic exchange relationships which dictate that Ogden Telephone, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Ogden Telephone is exchanging (both originating and terminating) ISP traffic with its ISP affiliate 'Ogden Telnet, Inc.'.

ISP TRAFFIC EXCHANGE

Ogden exchanges traffic with an ISP affiliate operating under the name 'Ogden Telnet, Inc.'. The ISP affiliate offers dial-up internet access to Ogden Telephone local exchange customers as well as customers of other local service providers¹². Traffic exchanged with the Ogden Telephone ISP affiliate includes traffic terminating and originating in the Ogden Telephone local exchange rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Adrian		
	Blissfield		
	Lyons		
	Metamura		
517-443-XXXX	Ogden	Ogden	Ogden

¹² See Exhibit RW-2 which includes extracts from the Ogden Telephone Company web site at www.ogdentel.com/internet/area.htm

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Sand Creek		

There is no interconnection or traffic exchange agreement on file between Ogden Telephone and its ISP affiliate. There is an interconnection agreement on file between Verizon and Ogden Telephone Company¹³ which specifies in Section 3.2.2 a 'bill and keep' rate for local traffic. There are also no interconnection agreements on file between Ogden and other Michigan local exchange carriers that exchange 251(b)(5) traffic with the Ogden Telephone.

OTHER 251(B)(5) TRAFFIC EXCHANGE -CLEC AFFILIATES

Research did not disclose that Ogden Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Ogden Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Ogden exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Ogden on a 'bill and keep' basis:

Ogden Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Ogden Center	Adrian	Verizon North	ACD Alltel American Broadband Arch Centennial Cingular LECM Level 3 Nextel Pac West Sprint

¹³ The interconnection agreement between Verizon and Ogden can be found at www22.verizon.com/wholesale/attachments/contracts/ogden.pdf.

Ogden Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
			TC3 Telecom Telnet T-Mobile Zenk
Ogden Center	Blissfield	Verizon North	ACD Centennial Deerfield Farmers LECMI Pac West TC3 Telecom Telnet Zenk
Ogden Center	Lyons, Ohio	United Tel	Qualstar
Ogden Center	Metamora, Ohio	United Tel	Qualstar
Ogden Center	Sand Creek	Sand Creek Tel	Zenk

PIGEON TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Pigeon Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Pigeon has established traffic exchange relationships which dictate that Pigeon Telephone, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Pigeon Telephone is exchanging (both originating and terminating) ISP traffic with its ISP affiliate Agri-Valley Services or 'AVCI.net'.

ISP TRAFFIC EXCHANGE

Pigeon exchanges traffic with an ISP affiliate operating under the name 'AVCI.net'. The ISP affiliate offers dial-up internet access to Pigeon Telephone local exchange customers as well as customers of other local service providers¹⁴. Traffic exchanged with the Pigeon Telephone ISP affiliate includes traffic terminating and originating in the Pigeon Telephone local exchange rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Alba	Pigeon	
	Lakes of the North	Pigeon	
	Pigeon	Pigeon	
	Twining	Pigeon	

¹⁴ See Exhibit RW-2 which includes extracts from the Pigeon Telephone Company's web site at www.pigeontelephone.com and their affiliate Agri-Valley Services web site at www.avci.net.

There is no interconnection or traffic exchange agreement on file between Pigeon Telephone and its ISP affiliate. There are also no interconnection agreements on file between Pigeon and other Michigan local exchange carriers that exchange 251(b)(5) traffic with the Pigeon Telephone.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Research did not disclose that Pigeon Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Pigeon Telephone Company has extensive extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Pigeon exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Pigeon on a 'bill and keep' basis:

Pigeon Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Alba	Belleaire	Verizon North	
Alba	East Jordan	Ameritech	
Alba	Elmira	CenturyTel	
Alba Lakes of the North	Gaylord	Verizon North	
Alba Lakes of the North	Mancelona	Ameritech	
Lakes of the North	Grayling	Verizon North	
Lakes of the North	Manistee River	Upper Peninsula	
Pigeon	Bad Axe	Ameritech	
Pigeon	Bay Port	Ameritech	
Pigeon	Caseville	Verizon North	
Pigeon	Cass City	Verizon North	
Pigeon	Elkton	Verizon North	
Pigeon	Gagetown	Ameritech	
Pigeon	Kinde	CenturyTel	
Pigeon	Owendale	Ameritech	
Pigeon	Port Austin	CenturyTel	
Pigeon	Sebewaing	Ameritech	
Pigeon	Unionville	Ameritech	
Twining	Au Gres	CenturyTel	
Twining	East Tawas	Ameritech	
Twining	Omer	CenturyTel	

Pigeon Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Twining	Prescott	Verizon North	
Twining	Whittemore	CenturyTel	

UPPER PENINSULA TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Upper Peninsula Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Upper Peninsula has established traffic exchange relationships which dictate Upper Peninsula, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Upper Peninsula is exchanging (both originating and terminating) ISP traffic and has a de facto 'bill and keep' compensation arrangement

ISP TRAFFIC EXCHANGE

Peninsula Telephone exchanges traffic with an ISP affiliate Alpha Enterprises Limited operating under the name Alphacomm. The ISP affiliate offers dial-up internet access to Upper Peninsula local exchange customers as well as customers of other local service providers¹⁵. Traffic terminating to the Upper Peninsula ISP affiliate includes traffic terminating in at least one Upper Peninsula Telephone rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
906-939-4010	Otsego County Rate Centers		
906-753-9899	Menominee County Rate Centers		

¹⁵ See Exhibit RW-2 which includes extracts from the Alpha Enterprises web site at www.alphacomm.net

There is no interconnection or traffic exchange agreement on file between Upper Peninsula and its ISP affiliate. There are also no interconnection agreements on file between Upper Peninsula and other Michigan local exchange carriers that exchange 251(b)(5) traffic with the Upper Peninsula.

OTHER 251(B)(5) TRAFFIC EXCHANGE - CLEC AFFILIATES

Research did not disclose that Upper Peninsula Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Upper Peninsula Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site.

WALDRON TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Waldron Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Waldron has established traffic exchange relationships which dictate Waldron, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Waldron is exchanging (both originating and terminating) ISP traffic under a de facto 'bill and keep' compensation.

ISP TRAFFIC EXCHANGE

Waldron exchanges traffic with what appears to be an affiliate operating under the name 'Cassnet'. The ISP affiliate offers dial-up internet access to Waldron local exchange customers as well as customers of other local service providers¹⁶. Traffic terminating to the Waldron ISP affiliate includes traffic terminating in Waldron Telephone's rate center as well as to rate centers of other local exchange carriers:

Dial-up Number	Rate Center	Serving LEC	Incumbent LEC
	Hudson		Verizon
	Morenci		Verizon
	Prattville		Frontier
	Ransom		Frontier
	Waldron		Waldron

¹⁶ See Exhibit RW-2 which includes extracts from the Waldron Communications Company web site at www.wcomco.net

There is no interconnection or traffic exchange agreement on file between Waldron and its ISP affiliate. There are also no interconnection agreements on file between Waldron and other Michigan local exchange carriers that exchange 251(b)(5) traffic with Waldron.

OTHER 251(B)(5) TRAFFIC EXCHANGE -CLEC AFFILIATES

Research did not disclose that Waldron Telephone Company has a CLEC affiliate.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Waldron Telephone Company does have a number of extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site.

WINN TELEPHONE COMPANY**RATE RECOMMENDATION**

Based on the evidence described below, it is not necessary to conduct an evaluation of Winn Telephone Company's forward looking costs for the purpose of determining a reciprocal compensation rate in this proceeding. Winn has established traffic exchange relationships which dictate Winn, an incumbent local exchange carrier, provide non-discriminatory reciprocal compensation rates for 251(b)(5) traffic. The following rate should be adopted:

Option Priority	Rate	Rationale
1	\$0.000	Winn has an existing interconnection agreement with 'bill and keep' compensation.
2	\$.0007	Default ISP rate. Winn is exchanging (both originating and terminating) ISP traffic.

ISP TRAFFIC EXCHANGE

Winn exchanges traffic with an ISP affiliate named Winn Telecom. The ISP affiliate offers dial-up internet access to Winn local exchange customers as well as customers of other local service providers¹⁷. Traffic terminating to the Winn ISP affiliate includes traffic terminating to the Winn Telephone rate center as well as to rate centers of other local exchange carriers.

There is no interconnection or traffic exchange agreement on file between Winn Telephone and its ISP affiliate. There is an interconnection agreement on file between Winn Telephone Company dba Winn Telecom and Verizon North, Inc.¹⁸. The compensation specified in the Verizon North agreement is in Appendix A to Pricing Attachment I.A.

OTHER 251(B)(5) TRAFFIC EXCHANGE -CLEC AFFILIATES

¹⁷ See Exhibit RW-2 which includes extracts from the Winn Telecom web site.

¹⁸ The interconnection agreement between Verizon North and Winn Telephone electronically filed with the MPSC.

Winn Telephone Company does have a CLEC affiliate, named Winn Telecom, operating under OCN 0127. On review of the Local Exchange Routing Guide ('LERG'), it appears that this CLEC entity has local telephone number assignments in many Verizon North rate centers.

OTHER 251(B)(5) TRAFFIC EXCHANGE - EAS TRAFFIC

Winn Telephone Company does have extended local calling area arrangements wherein local traffic is exchanged with another local exchange carrier. This exchange of local traffic is likely to be completed under a bill and keep arrangement. No interconnection agreement that supports this exchange of traffic is accessible from the Commission web site. Following is a list of rate centers and incumbent local exchange carriers with whom Winn exchanges local calling traffic. Also included is identification of other carriers that operate in the same rate centers for which it is presumed that local traffic is exchanged with Winn on a 'bill and keep' basis:

Winn Rate Center	Local Calling Rate Center	Incumbent LEC in Rate Center	Other Carriers In Rate Center
Winn	Blanchard	Blanchard	-
Winn	Edmore	Verizon	Alltel Centennial LECMI Level 3
Winn	Mt Pleasant	Verizon	Alltel Arch Centennial Cingular Daystarr Dobson LECMI Level 3 MCI Nextel Phone Michigan Sprint Winn Telecom
Winn	Riverdale	Verizon	LECMI Level 3
Winn	Shephard	Verizon	LECMI Level 3 Winn
Winn	Vestaburg	Verizon	Centennial LECMI

-----Original Message-----

From: stevegatto@mecaone.com [mailto:steviegatto@mecaone.com]
Sent: Monday, April 10, 2006 3:08 PM
To: Austin, Cynthia
Cc: stevegatto@hotmail.com
Subject: Interconnection Agreements

Cynthia,

MECA forwarded you via overnight mail a copy of Upper Peninsula Telephone Company's cost study information on Friday, April 7, 2006. Today, we also forwarded to you via overnight mail the cost studies for Chippewa Telephone Company and Hiawatha Telephone Company. As soon as we have a copy of Winn Telephone Company's cost study, we will forward it to you.

MECA will also try to provide you with a mapping of rates from each of the cost studies.

The ILECs still firmly believe that the proper rates used for the interconnection agreement should be rates based on each company's cost study that was approved by the MPSC. In Case No. U-14678, the MPSC specifically dealt with the issue of whether the "FCC's proxy pricing methodology and interim compensation rules should apply." However, the MPSC found that the "petitioners' cost studies, as currently approved, comply with legal requirements until the Commission issues an order stating otherwise." Further, the MPSC "rejected Verizon Wireless' argument that there should be a true-up of rate prior to the inception of the interconnection agreement after the Commission issues an order adopting new cost studies."

The MPSC, in Case No. U-14678, found that "the current rates, as mapped by petitioners will be effective until the Commission approves a different cost study. New rates will be mapped accordingly and will be effective on the date of the Commission order approving the new cost studies."

To the best of our knowledge Verizon Wireless has neither filed an appeal of the MPSC's order in Case No. U-14678, nor do they intend to do so. In fact, the final arbitrated interconnection agreements have been filed with the MPSC.

The ILECs believe that the proper rates to use in the interconnection agreement are the rates from the approved cost studies. When new cost studies are approved by the MPSC, those rates should be used on a forward-going basis. Moreover, the ILECs believe that they must treat all CMRS carriers equally.

The ILECs are willing to place the same language used in the final arbitrated interconnection agreements in the rate section with Verizon Wireless in the agreement with Alltel:

"The above rates for traffic subject to Reciprocal Compensation shall be used until the Commission has approved a new forward looking Total Service Long Run Incremental Cost ("TSLRIC") study. The Agreement will be amended as of the date of the Commission Order approving the new TSLRIC study, the amendment reflecting the rates resulting from the new TSLRIC study. The amended rates will apply on a going-forward basis only."

The interconnection agreement does not call for payment of amounts owed prior to the Bona Fide request date. Therefore, the ILECs do not believe that the Release Language Alltel proposes should be part of the interconnection agreement. The ILECs prefer to handle agreements releasing either party from past amounts owed prior to the Bona Fide request for negotiations, if at all, outside the interconnection agreement. We have found that very few ILECs are claiming amounts owed by Alltel prior to April 29, 2005. Although there are a few ILECs that do.

MECA does appreciate Alltel's position regarding "interim rates" and the "Release Language." However, we hope that Alltel will agree the last remaining language so that we can begin to finalize these interconnection agreements.

Yours truly,

Steve Gatto

From: stevegatto@mecaone.com
Sent: Wednesday, August 17, 2005 1:41 PM
To: Austin, Cynthia
Cc: stevegatto@hotmail.com
Subject: RE: Interconnection Agreements

Cynthia,

In order to check traffic exchange factors, MECA must be sure that it has identified all Alltel codes for MTA 5. Since we are uncertain that we can identify all of Alltel's codes, we thought that the best approach would be to ask for a complete list from Alltel.

When the cost study was originally filed with the Michigan Public Service Commission ("MPSC") an electronic version of the cost study was filed as well. Nonetheless, due to changes and updates in software and hardware over the past five years, MECA has not retained an electronic version of that cost study. However, an electronic version of the cost study can be obtained from the MPSC.

The model for the cost study was developed jointly by MECA, the ILECs, and Christensen Associates. The MPSC found that the model and the costs were consistent with the MPSC's methodology and were approved by the MPSC in Case No. U-11448.

Yours truly,

Steve Gatto

----- In Response To -----

Alltel's codes for MTA 5 are in the LERG. Are you having a difficult time locating them?

Yes, by "soft copy" I meant electronic version. How did the Commission determine the costs were valid without an electronic version? What model did you use for your cost studies? Was the model and rates approved by the commission? Do you have a cost docket or something to support the commissions approval?

Thanks
Cynthia

-----Original Message-----

From: stevegatto@mecaone.com [mailto:steviegatto@mecaone.com]
Sent: Monday, August 15, 2005 2:42 PM
To: Austin, Cynthia
Cc: stevegatto@hotmail.com
Subject: Interconnection Agreements

Hi Cynthia,

I should have a response for you later this week concerning the redline interconnection agreement for Deerfield that you sent to MECA last week.

Concerning the traffic percentages-can you provide me with Alltel's NPA-NXX's for MTA 5? We would like to see if we can determine the actual traffic percentages.

Also, you asked for a "soft" copy of the cost study. I assume by "soft" you mean an electronic version. If so, there is no electronic version available. It's only available in hard copy and as you might expect, it is quite extensive. Although there is an Executive Summary that was provided to the Michigan Public Service commission.

Can you be more specific regarding what you need?

Yours truly,

Steve Gatto

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