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September 28, 2007

VIA ELECTRONIC FILING

PUC Filing Center
Public Utility Commission of Oregon
PO Box 2148
Salem, OR 97308-2148

Re: Docket ARB 789

Enclosed for filing in the above-referenced docket is an original and 6 copies of Beaver Creek Cooperative Telephone Company's Supplemental Testimony and Exhibit. A copy of this filing has been served on all parties to this proceeding.

Very truly yours,

A handwritten signature in black ink, appearing to be 'S. Adams', written over a horizontal line.

Sarah J. Adams

cc: Service List

Docket: ARB 789
Exhibit: BCT/108
Witness: Tom Linstrom

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY

Supplemental Testimony of Tom Linstrom

September 28, 2007

1 **Q. Please state your name and address for the record.**

2 A. Tom A. Linstrom, Beaver Creek Cooperative Telephone Company ("BCT"),
3 15223 S. Henrici Road, Oregon City, Oregon.

4 **Q. What is your position with BCT?**

5 A. I am the CEO/President and General Manager of BCT.

6 **Q. Please describe your responsibilities as CEO/President and General
7 Manager.**

8 A. It is my responsibility to manage BCT in such a way as to implement and carry
9 out the policies that are established by the cooperative's members through the
10 Board of Directors.

11 **Q. What is the purpose of your Supplemental Testimony?**

12 A. The purpose of my supplemental testimony is to introduce and explain BCT
13 Exhibit 109, which is an amendment to the interconnection agreement between
14 BCT and Qwest Corporation that was approved by the Oregon Public Utility
15 Commission in Docket ARB 747 (the "BCT-Qwest ICA").

16 **Q. How does the BCT-Qwest ICA relate to this proceeding?**

17 A. Except to the extent that the BCT-Qwest ICA allows BCT to transit BCT's CLEC
18 traffic to and from Clear Creek Mutual Telephone Company ("CCMT"), the BCT-
19 Qwest ICA is not directly relevant to the interconnection agreement at issue in
20 this proceeding. However, CCMT has cited the reciprocal compensation
21 provisions of the BCT-Qwest ICA as support for its proposed reciprocal
22 compensation rates.

23 **Q. What were the parties' positions with respect to reciprocal compensation
24 in Docket ARB 747?**

1 A. In Docket ARB 747, BCT proposed bill and keep as the form of compensation for
2 the BCT-Qwest ICA. Qwest countered that, although bill and keep was the
3 presumptive form of compensation under the Federal Communication
4 Commission's precedent, reciprocal compensation was appropriate because
5 Qwest claimed that it was not technically feasible at the time the ICA was
6 negotiated for Qwest to rebut the presumption that the traffic between the parties
7 was in balance. This was because, at that time, BCT was commingling its CLEC
8 and ILEC traffic on its local/EAS trunks.

9 **Q. What form of compensation did the arbitrated BCT-Qwest ICA ultimately**
10 **require?**

11 A. The Arbitrator accepted Qwest's arguments and ordered reciprocal
12 compensation for local/EAS and ISP traffic at the Federal Communication
13 Commission's ISP ordered rates as the form of compensation under the BCT-
14 Qwest ICA.

15 **Q. Please briefly describe BCT Exhibit 109.**

16 A. Exhibit 109 is a copy of an amendment to the BCT-Qwest ICA, which changes
17 the form of compensation under the ICA for both local/EAS and ISP traffic from
18 reciprocal compensation to bill and keep. BCT and Qwest signed this
19 amendment on September 21, 2007, and September 24, 2007, respectively.
20 Qwest will file the amendment for approval with the Commission shortly.

21 **Q. Please explain what led up to Qwest's and BCT's decision to amend the**
22 **ICA.**

23 A. As the amendment states, BCT and Qwest amended the ICA to provide for bill
24 and keep because the traffic between the parties is roughly in balance. Given
25 the fact that traffic is in balance, BCT and Qwest agreed that bill and keep is the

1 most cost effective method of compensation. To list all necessary codes for
2 reciprocal compensation billing, bills between Qwest and BCT were often over
3 300 pages in length, with postage for each bill in excess of \$6. Despite this, the
4 total amount of monthly bills was often under \$50. Considering the cost of data
5 processing, record keeping, printing, and postage, it simply was not worth it to
6 continue reciprocal compensation billing.

7 **Q. What is the significance, if any, of this amendment to the interconnection**
8 **agreement at issue in this proceeding?**

9 A. BCT's and Qwest's decision to switch to bill and keep is consistent with BCT's
10 position in this proceeding that bill and keep is the most appropriate form of
11 compensation, especially when a very low volume of traffic is at issue. Here, the
12 evidence shows that the traffic is either in balance, based on BCT's traffic study,
13 or out of balance in BCT's favor, based on CCMT's traffic study. Either way,
14 CCMT will not be harmed if the form of compensation under this agreement is
15 bill and keep. As Exhibit 109 shows, bill and keep is the simplest, least costly
16 method of compensating for the exchange of traffic and is appropriate where
17 traffic is roughly in balance.

18 **Q. Does this conclude your Supplemental Testimony?**

19 A. Yes.

Docket ARB 789
Exhibit BCT/109
Witness: Tom Linstrom

BEFORE THE PUBLIC UTILITY COMMISSION
OF THE STATE OF OREGON

BEAVER CREEK COOPERATIVE TELEPHONE COMPANY

Exhibit Accompanying Supplemental Testimony of Tom Linstrom
BILL AND KEEP AMENDMENT TO THE INTERCONNECTION AGREEMENT
BETWEEN QWEST CORP. AND BEAVER CREEK COOPERATIVE TELEPHONE CO.

September 28, 2007

**Bill and Keep Amendment
to the Interconnection Agreement between
Qwest Corporation
and
Beaver Creek Cooperative Telephone Company
for the State of Oregon**

This is an Amendment ("Amendment") to the Interconnection Agreement between Qwest Corporation ("Qwest"), a Colorado corporation, and Beaver Creek Cooperative Telephone Company ("CLEC"), an Oregon cooperative. Qwest and CLEC shall be known jointly as the "Parties".

RECITALS

WHEREAS, the Parties entered into an Interconnection Agreement, for service in the State of Oregon, that was approved by the Public Utility Commission of Oregon on February 27, 2007, as referenced in ARB 747, Order No. 07-064 ("Agreement"); and

WHEREAS, the Parties agree to amend the Agreement under the terms and conditions contained herein.

AGREEMENT

NOW THEREFORE, in consideration of the mutual terms, covenants and conditions contained in this Amendment and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

Amendment Terms

The Agreement is hereby amended by changing the EAS/Local Traffic Reciprocal Compensation Election from FCC ISP ordered rates to Bill and Keep. The language is hereby amended by replacing the existing Sections 7.3.4 (Exchange Service (EAS/Local) Traffic) and 7.3.6 (ISP-Bound Traffic), with the terms and conditions set forth in Attachment 1, attached hereto and incorporated herein.

Effective Date

This Amendment shall be deemed effective upon Commission approval; however, the Parties agree to implement the provisions of this Amendment upon execution.

Amendments; Waivers

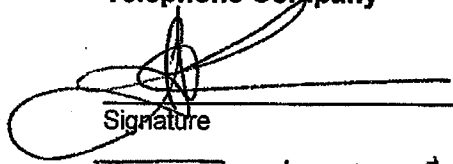
Except as modified herein, the provisions of the Agreement shall remain in full force and effect. The provisions of this Amendment, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions of this Amendment may not be given without the written consent thereto by both Parties' authorized representative. No waiver by any Party of any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

Entire Agreement

The Agreement as amended (including the documents referred to herein) constitutes the full and entire understanding and agreement between the Parties with regard to the subjects of the Agreement as amended and supersedes any prior understandings, agreements, or representations by or between the Parties, written or oral, to the extent they relate in any way to the subjects of the Agreement as amended.

The Parties intending to be legally bound have executed this Amendment as of the dates set forth below, in multiple counterparts, each of which is deemed an original, but all of which shall constitute one and the same instrument.

**Beaver Creek Cooperative
Telephone Company**



Signature

Tom A. Linstrom

Name Printed/Typed

CEO / President

Title

9/21/07

Date

Qwest Corporation

Signature

L. T. Christensen

Name Printed/Typed

Director - Interconnection Agreements

Title

Date

ATTACHMENT 1

7.3.4 Exchange Service (EAS/Local) Traffic

7.3.4.1 End Office Call Termination

7.3.4.1.1 The Parties agree that, based upon the fact that the traffic exchanged between the Parties historically has been roughly balanced, end office call termination compensation for Exchange Service (EAS/Local) traffic shall be based upon the bill and keep compensation mechanism, whereby neither Party charges the other Party reciprocal compensation for the termination of EAS/Local traffic originated by the other Party. Bill and keep shall govern compensation for such traffic exchanged by the Parties in this State until the earlier of: (1) the expiration of the Agreement; (2) further action by the Federal Communications Commission (FCC), or a court of competent jurisdiction, vacates, replaces, modifies, or supersedes the applicable rules adopted in Order on Remand and Report and Order, CC Docket Nos. 96-98, 99-68, FCC 01-131 (rel. Apr. 27, 2001); or (3) the balance of traffic exchanged between the Parties changes significantly.

7.3.4.1.2 Neither Party shall be responsible to the other for call termination charges associated with third party traffic that transits such Party's network.

7.3.4.2 Tandem Switched Transport

7.3.4.2.1 For traffic delivered through a Qwest or CLEC tandem Switch, the Parties agree that, based upon the fact that the traffic exchanged between the Parties historically has been roughly balanced, tandem switched transport functions for Exchange Service (EAS/Local) non-transit traffic shall be compensated based upon the bill and keep compensation mechanism. Bill and keep will apply to both the tandem switching rate and the tandem transmission rate. Bill and keep shall govern compensation for such traffic exchanged by the Parties in this State until the earlier of: (1) the expiration of the Agreement; (2) further action by the Federal Communications Commission (FCC), or a court of competent jurisdiction, vacates, replaces, modifies, or supersedes the applicable rules adopted in Order on Remand and Report and Order, CC Docket Nos. 96-98, 99-68, FCC 01-131 (rel. Apr. 27, 2001); or (3) the balance of traffic exchanged between the Parties changes significantly.

7.3.4.2.2 When Qwest receives an unqueried call from CLEC to a number that has been ported to another Switch within the EAS/Local Calling Area, and Qwest performs the query, mileage sensitive tandem transmission rates will apply which reflect the distance to the End Office Switch to which the call has been ported.

7.3.4.2.2.1 To determine the responsible originating Carrier of unqueried calls for purposes of identification of the Carrier to bill

LNP query charges, Qwest and CLEC are required to utilize the Number Portability Administration Center (NPAC) database, or another database that is supported by OBF.

7.3.6 ISP-Bound Traffic

7.3.6.1 The Parties agree that ISP-bound traffic is Interstate traffic and governed by the FCC's Order on Remand and Report and Order (Intercarrier Compensation for ISP-bound Traffic) CC Docket 01-131 (FCC ISP Order), effective June 14, 2001. However, the Parties agree to exchange ISP-bound traffic utilizing the bill and keep compensation mechanism. Bill and keep will apply to both end office call termination and tandem switched transport of ISP-bound traffic. Bill and keep shall govern compensation for such traffic exchanged by the Parties in this State until the earlier of: (1) the expiration of the Agreement; (2) further action by the Federal Communications Commission (FCC), or a court of competent jurisdiction, vacates, replaces, modifies, or supersedes the applicable rules adopted in Order on Remand and Report and Order, CC Docket Nos. 96-98, 99-68, FCC 01-131 (rel. Apr. 27, 2001); or (3) the balance of traffic exchanged between the Parties changes significantly.

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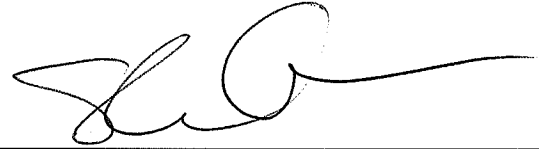
CERTIFICATE OF SERVICE

I hereby certify that I served a true and correct copy of the foregoing document in Docket ARB 789 on the following named person(s) on the date indicated below by email at his or her last-known address(es) indicated below.

Tom Linstrom
Beaver Creek Cooperative Telco
PO Box 69
Beaver Creek OR 97004
tlinstrom@bctelco.com

Jennifer Niegel
Duncan Tiger & Niegel PC
PO Box 248
Stayton OR 97383-0248
jennifer@staytonlaw.com

DATED: September 28, 2007.



Sarah J. Adams

Attorney for Beaver Creek Cooperative Telephone Company