

TC04-038

RW/HB

TC04-038

DOCKET NO. \_\_\_\_\_

In the Matter of IN THE MATTER OF THE PETITION OF  
SANTEL COMMUNICATIONS  
COOPERATIVE, INC. FOR  
SUSPENSION OF INTERMODAL  
LOCAL NUMBER PORTABILITY  
OBLIGATIONS

## Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
2/25 04	Filed and docketed;
2/26 04	Weekly filings;
3/8 04	Petition to Intervene (WWC License LLC);
3/11 04	Petition to Intervene (Midcontinent Communications);
3/11 04	Petition to Intervene (SDTA);
3/11 04	Corrected Weekly Filings;
3/15 04	Application to Amend Petition;
3/18 04	Amended Petition for suspension of Intermodal Local Number Porting Obligations;
4/5 04	Order Granting Intervention;
4/19 04	Order Granting Interim Suspension Pending Final Decision
5/4 04	Order for and Notice of Procedural Schedule and Hearing and of Intent to take Judicial Notice;
5/14 04	Direct Testimony of Steven E. Mathers;
5/17 04	Direct Pre-Filed Testimony of Gene Kraell;
5/17 04	Direct Pre-Filed Testimony of John DeKittie;
6/1 04	Testimony of Ron Williams on behalf of W.C. License L.L.C.;
6/11 04	Intervenor's Motion to Compel Discovery <sup>Pre-Filed Testimony Regarding Costs</sup> by or in the alternative to strike Petitioners' <sup>Petitioners Pre-Filed Testimony Regarding Costs</sup> ;
6/11 04	Brief in support of Intervenor's Motion to Compel Discovery <sup>Pre-Filed Testimony Regarding Costs</sup> or in the alternative to strike
6/14 04	Rebuttal Testimony of Steven E. Mathers;
6/16 04	Pre-Filed Rebuttal Testimony of John DeKittie;
6/16 04	Supplemental Order for and Notice of Hearing;
6/18 04	Order for and Notice of Hearing on Motion to Compel
6/18 04	Petitioners Response in Opposition to Intervenor's Motion to Compel Discovery <sup>Pre-Filed Testimony Regarding Costs</sup> or in the alternative to strike
6/18 04	Certificate of Admission (Paula, Lewis, Interv.);

7/7/04 XNF Transcripts in Packet TCO4-025;  
7/13/04 Order Establishing Briefing and Decision Schedule;  
7/15/04 Order Temporarily Suspending Local Number Portability Obligations;  
8/5/04 Post-Hearing Brief of Petitioners and SDTA;  
8/20/04 Staff's Brief;  
8/20/04 Twincountry's Post Hearing Brief;  
8/23/04 HMC's Post-Hearing Brief;  
8/27/04 Reply Brief of Petitioners and SDTA;  
9/4/04 Order Temporarily Suspending Local Number Portability Obligations;  
9/10/04 Transcript of Oral Argument held 8/31/04;  
9/30/04 Final Decision and Order; Notice of Entry;  
9/30/04 Packet Closed.  
10/29/04 Petition for Reconsideration by WWWG;  
10/29/04 HMC's Brief in Support of Petition to Reconsider Final Decision and Order;  
11/22/04 Answer to Petition for Reconsideration;  
11/23/04 Brief of Petitioners in Support of Opposition to the Petition for Reconsideration by HMC;  
12/30/04 Order Denying Petition for Reconsideration;  
1/3/05 Amended Final Decision and Order; Notice of Entry;  
1/3/05 Packet Closed.

**LARSON AND NIPE**

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CHRIS A. NIPE  
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SOUTH DAKOTA 57301

February 23, 2004

South Dakota Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

**RECEIVED**

FEB 25 2004

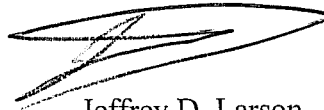
**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

To Whom It May Concern:

Enclosed please find an Original and Ten (10) copies of a Petition for Suspension of Intermodal Local Number Porting Obligations on behalf of Santel Communications Cooperative, Inc.

If there should be anything in the Petition or the filing which requires adjustment or amending please contact my office.

Sincerely,

  
Jeffrey D. Larson

JDL/amb

Enclosures (11)

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

TC 04-038

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FEB 25 2004

IN THE MATTER OF THE PETITION OF )  
SANTEL COMMUNICATIONS COOPERATIVE, INC. )  
FOR SUSPENSION OF INTERMODAL )  
LOCAL NUMBER PORTABILITY OBLIGATIONS )

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Docket No. \_\_\_\_\_

PETITION FOR SUSPENSION  
OF INTERMODAL LOCAL NUMBER PORTING OBLIGATIONS

Pursuant to Section 251(f)(2) of the Communications Act of 1934, as amended (the Act), Santel Communications Cooperative, Inc., (Petitioner) hereby respectfully requests that the Public Utilities Commission of the State of South Dakota (Commission) grant a suspension to the Petitioner from porting numbers, wireline-to-wireless, as may be requested by Commercial Mobile Radio Services (CMRS) providers.

Petitioner requests the Commission to grant a suspension of the Petitioner's individual obligations to provide intermodal "number portability," as that term is defined by applicable law,<sup>1</sup> to any requesting CMRS providers. As demonstrated herein, the statutory criteria for the petitioned suspension are met. A grant of this petition will permit the Commission to ensure that the public interest, convenience and necessity are not undermined in the provision of wireline-to-wireless number portability<sup>2</sup>. The national intermodal objectives of the Federal Communications Commission (FCC) may or may not meet the public interest objectives of the Commission in the unique and sparsely populated rural telecommunications environment of South Dakota.

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<sup>1</sup> The Communications Act of 1934, as amended (the "Act") defines number portability as "the ability of users of telecommunication services to retain, *at the same location*, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." 47 U.S.C. §153 (30) (emphasis added). See also 47 C.F.R. § 52.21(p) (defining "service provider portability" identically to "number portability").

<sup>2</sup> The Petitioner utilizes the terms "wireline-to-wireless portability" and "intermodal portability" synonymously.



Further, the FCC's *Memorandum Opinion and Order* (the "Order") did not clarify many of the critical issues involved in intermodal portability and, in fact, raised many new significant issues, as addressed in this Petition, which must be addressed before intermodal porting can proceed. These new issues and their associated implementation ambiguities have left the Petitioner, along with many other similarly situated local exchange carriers (LECs), in a precarious situation. These new issues need to be addressed by this Commission or the FCC (or Courts) before LECs should be forced to adhere to the currently vague portability rules.

## **I. Summary**

This Petition requests that the Commission exercise its authority to address the effect of any requests for intermodal porting on the Petitioner's cooperative members. As a non profit cooperative telecommunications company, any negative financial impacts from intermodal porting obligations flow directly back to its members. Commission action is necessary to ensure that the members of the Petitioner are not forced to bear unnecessary and potentially wasted costs of implementing vague and undeveloped FCC directives associated with providing intermodal portability to CMRS providers of rate-center specific telephone numbers across the state and, potentially, across the country.

As reflected by the Petitioner's-specific information provided in Attachment One (incorporated herein by reference), the Petitioner will experience substantial costs to equip its switches with porting capability. Thereafter, there are significant ongoing administrative costs. Further, as demonstrated herein, installation of number portability capability only partially resolves the problems encountered by the Petitioner if it is required to implement intermodal local number portability (LNP). Unresolved implementation problems render the provision of LNP unduly economically burdensome and technically infeasible. It also will have a significant adverse economic impact on users of the Petitioner's telecommunications services. Accordingly, for the reasons provided herein, the Petitioner respectfully requests that the Commission grant it the suspension of any obligation to provide wireline-to-wireless number portability.

## **II. Background**

### **A. The Petitioner is Eligible to Seek this Relief**

The Petitioner is a rural telephone company as defined by the Act and provides telecommunications services within South Dakota. Additionally, the Petitioner satisfies the criteria set forth in Section 251(f)(2), which provides in pertinent part, that “a local exchange carrier with fewer than two percent of the Nation’s subscriber lines installed in the aggregate nationwide may petition a state commission for a suspension or modification”<sup>3</sup> of the number portability requirements.

### **B. The Petitioner’s Service Area and Operations Support the Requested Relief**

As the Commission is aware, the Petitioner provides local exchange, exchange access and other telecommunications services to 4,827 access lines within its service area. This service area encompasses sparsely populated localities, with only 2.6 access lines per square mile.

### **C. The FCC *Order* Did Not Adequately Consider The Unique Circumstances of Rural Wireline Carriers, Leaving Considerable Uncertainty for Wireline-to-Wireless Porting**

The Petitioner previously had not received a LNP request from a wireline competitive local exchange carrier (CLEC). Therefore, numerous upgrades in software and operational procedures will be required in order to meet the LNP requirements, which will benefit only those subscribers that choose to leave the Cooperative, while encumbering the entire remaining cooperative membership with the burden of funding the porting benefit. In addition, current implementation rules do not provide the necessary competitive playing field to allow wireless subscribers to port to the cooperative’s wireline services, which could benefit a very small portion of the Petitioner’s members.

Furthermore, the Petitioner does not have an existing direct point of connection to any of the wireless carriers’ networks. If there are no common facilities or interexchange agreements,

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<sup>3</sup> 47 U.S.C. § 251(f)(2)

only conventional, switched toll routes remain; but no translating, routing, or rating rules have been established by the FCC for this scenario. Some of the questions that need to be addressed by the FCC, the Commission, and the carriers involved include: (1) where and how should the Petitioner interconnect with the wireless carriers, since a presence in the rate center is no longer required, (2) is the point of interconnection within the LATA, and (3) how will the Petitioner be able to maintain the original rate center designation and rating when the number is ported to a point of interconnection that is located outside the original rate center, when the wireless service area and the Petitioner's service area vary greatly. The uncertainty surrounding these and other questions are likely to cause significant customer confusion, complaints to the Petitioner and the Commission, and the resulting perception of degraded customer service on the part of the Petitioner's members.

**D. Transporting to Outside Carrier Networks Should Not Be Compelled (Without Compensation)**

One of the substantive legal and significant operational challenges to the *Wireline-Wireless Porting Order* is what appears to be an obligation (although this requirement has not been clearly defined by the FCC) on local exchange carriers to port a wireline number to a wireless carrier that allows the mobile subscriber to use the number outside the boundaries of the original rate center. If this is the FCC's intent, it is an obligation that is imposed on the Petitioner without compensation, is unlawful and most likely will be overturned on appeal in the courts. Transporting to outside carrier networks without compensation conflicts with Section 251 of the Act, which states that connection should be at "...any feasible point *within the carrier's network*"<sup>4</sup>.

**E. The Order Violates the *Telecommunications Act's* Definition of LNP**

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<sup>4</sup> 47 U.S.C. § 251(c)(2)

Section 251(2)(b) of the Act requires all LECs to “provide to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission”.<sup>5</sup> The Act defines number portability as “the ability of users of telecommunication services to retain, *at the same location*, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.”<sup>6</sup> In promulgating its number portability rules, the FCC cited this definition and determined that the Act requires *service provider portability but not location portability*.<sup>7</sup> The FCC defined “service provider portability” as “the ability of end users to retain the same telephone numbers (that is, the same NPA and NXX codes and the same line numbers) when changing from one service provider to another.”<sup>8</sup> In contrast, “location portability” is “the ability of end users to retain the same telephone numbers *when moving* from one location to another, either within the area served by the same central office or between areas served by central offices.”<sup>9</sup>

In its *Number Portability Decision*, the FCC determined that mandating carriers to implement geographic **location portability was not in the public interest**<sup>10</sup>. As part of this decision, the FCC noted its concerns regarding the significant implementation issues arising from location portability. Specifically, the FCC found that, among other reasons, imposing location portability at this time would cause consumer confusion by the loss of the geographic identity of the telephone number. As a result, members would not know whether they were making a call to a nearby location or to a distant location, and may not know whether the call would be subjected to toll charges. With the change in location, LECs’ service offerings,

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<sup>5</sup> 47 U.S.C. § 251(b)(2)

<sup>6</sup> 47 U.S.C. § 153(30) (emphasis added)

<sup>7</sup> See *In the Matter of Telephone Number Portability, First Report and Order and Further Notice of Proposed Rulemaking*, in CC Docket No. 95-116 (rel. July 2, 1996) 11 FCC rcd 8352, 8447 (Number Portability Decision)

<sup>8</sup> *In the Matter of Telephone Number Portability, Notice of Proposed Rulemaking*, 10 FCC Rcd 12350, 12355 (1995)

<sup>9</sup> *Id.* at 12356 (emphasis added)

<sup>10</sup> *Number Portability Decision*, 11 FCC Rcd at 8449. The FCC also determined that it may decide to mandate implementation of geographic location portability in the future “if it would be in the public interest” and noted that carriers may provide geographic location portability “consistent with this Order” if they so choose. *Id.* at 8447. The FCC has not done so and the Petitioner is not aware of any LEC that has purposefully implemented ubiquitous geographic location portability.

switching, and routing or originating calls to the ported number would need to be changed. The FCC appears to have overlooked these prior concerns in its intermodal *Order*. The FCC also noted that commenting parties observed that location portability would create unnecessary and burdensome costs on carriers and on directory assistance, operator, and emergency services providers<sup>11</sup>. None of these public interest considerations have changed since the FCC's *Number Portability Decision, supra*. All of these same issues need to be addressed by the FCC before intermodal LNP can move forward since the existing service areas of the wireless and wireline carriers do not and will not ever align perfectly.

In addition, the FCC ruled in its *First Report and Order*<sup>12</sup> that carriers would not be required to provide location portability. However, the FCC in the *Wireline-Wireless Porting Order, supra*, at paragraph 28 clearly allows location porting. Under the Administrative Procedure Act, this is rulemaking, a significant change in FCC position and must be preceded by notice in the Federal Register (See 5 USC § 553(b)).

This decision will be subject to many legal challenges. Until the uncertainty surrounding the implementation of wireline-to-wireless porting is resolved, the obligations of LECs are unclear, which leaves the LECs subject to potential FCC enforcement of various erroneous interpretations of the LEC's obligation to implement some version of number portability that is not required by the Act or applicable FCC rules.

The Commission should grant this Petition to ensure that the Petitioner's end user members do not pay for unnecessary and undesired costs associated with implementation and enforcement of uncertain requirements. It's prudent and in the public interest for the Commission to wait for the FCC or courts to resolve these issues by granting the Petitioner a suspension of the intermodal LNP requirements.

#### **F. The *Order* Creates an Unfair Competitive Advantage for Wireless Carriers**

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<sup>11</sup> *Id.* at 8444-8445

<sup>12</sup> *First Report and Order and Further Notice of Proposed Rulemaking, Telephone Number Portability*, 11 FCC Rcd at 8443.

Under the conditions of the *Order*, LNP will happen in only one direction (to the wireless provider). Wireless service areas often cover many ILEC rate centers, allowing wireless carriers to be able to port-in any of the landline subscribers. However, wireline carriers can only port-in wireless subscribers when the rate centers align, which is seldom the case in rural South Dakota. Much of the FCC's *Order* fails to appreciate this.

### **III. A Grant of this Request is Required by the Public Interest**

#### **A. Section 251(f)(2) of the Act Empowers the Commission to Ensure That The Uncertainties of the FCC Order Do Not Adversely Impact the Public Interest in South Dakota**

The Act empowered the Commission with authority to balance any requests for wireline-wireless number portability which may have potential harmful public interest consequences. While the Act imposes on all LECs obligations of interconnection, number portability, dialing parity, access to rights of way and reciprocal compensation,<sup>13</sup> Congress wisely invested the Commission with the authority to suspend or modify these obligations for LECs "with fewer than two percent of the Nation's subscriber lines installed in the aggregate nationwide" if the Commission determines that such suspension or modification

(A) is necessary –

- (i) to avoid a significant adverse economic impact on users of telecommunications services generally;
- (ii) to avoid imposing a requirement that is unduly economically burdensome; or
- (iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.<sup>14</sup>

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<sup>13</sup> See generally 47 U.S.C. § 251(b)

<sup>14</sup> 47 U.S.C. § 251(f)(2)

As demonstrated in Sections II.A and B, *supra*, the Petitioner is eligible to seek the relief requested herein from the Commission. Similarly, the Commission is authorized to grant such relief. Action by the Commission will bring certainty and rationality to intermodal porting in South Dakota and will avoid the wasteful expenditure of human and monetary resources pending the development of identified federal requirements, specifically tailored to address rural LECs' obligations with respect to wireline-to-wireless portability and the documented implementation problems addressed in this Petition. As demonstrated below, the necessary criteria are satisfied for a Commission finding that granting this Petition is warranted.

**B. Criteria in Section 251(f)(2) for Granting the Relief Are Met**

**1. Section 251(f)(2)(A)(i) Criteria is Met (Avoid Significant Adverse Economic Impact of Users of Telecommunications Services Generally)**

A grant of this Petition will avoid a significant adverse economic impact on Petitioner's members and users of telecommunications services generally in South Dakota. As demonstrated herein and in Attachment One, the costs of implementing number portability are significant, not only with respect to the deployment of the software necessary to achieve porting capability, but also with respect to ongoing data costs and administration processes, and the establishment of the proper arrangements among the affected carriers. To date the Petitioner has not received a single request from a customer seeking to disconnect his/her wireline service and have his/her number ported to a CMRS provider. Nevertheless, all of the subscribers of the Petitioner would be adversely impacted by an increase in rates in order to accommodate any requests of the CMRS provider.<sup>15</sup>

Many LECs in South Dakota will be similarly situated. Their costs to implement LNP are high and they have had few requests for intermodal ports, if any. Smaller LECs, like the Petitioner, should not expend scarce resources on an investment that has so few, if any, benefits.

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<sup>15</sup> See also *Number Resource Decision*, 17 FCC Rcd at 262 (Imposing the cost of implementing the technology for number pooling, which is the same technology that is used to implement number portability on smaller and rural carriers, "may delay efforts to bring advanced services to rural subscribers".)

Maybe intermodal porting has more benefits in metro areas, but few benefits are found in rural South Dakota. Such resources are much better spent on the development of broadband or other network improvements that hold real advantages for Petitioner's members and South Dakota as a whole.

According to a recently published article (Attachment 2), 0.5% of customers nationally are taking advantage of the new intermodal porting opportunity<sup>16</sup>. Because of South Dakota's sparse population and spotty wireless coverage in many rural areas, it would be safe to assume that this percentage is even less in South Dakota. Applying the nationwide percentage to South Dakota's access lines results in an estimate of only 2,026 subscribers that would benefit from intermodal porting in the initial year, while the remaining 403,231 subscribers would be forced to pay for it without any resulting benefit.<sup>17</sup> Therefore, it is particularly apparent that the collective LEC costs of implementing intermodal LNP in South Dakota far outweigh the current negligible and future scant demand by customers. There is more burden than benefit for South Dakota consumers generally at this time, which leads to the conclusion that requiring intermodal porting at this time would have an adverse economic impact on South Dakota consumers generally.

## **2. Section 251(f)(2)(A)(ii) Criteria is Met (Avoid Imposing a Requirement that is Unduly Economically Burdensome)**

Further, a grant of a suspension of the LNP rules would avoid imposing a requirement that is unduly economically burdensome to the Petitioner and its members. As a small telephone company, the Petitioner has a limited customer base over which to spread its costs.<sup>18</sup> As noted in

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<sup>16</sup> See "Verizon Wireless Outpaces Rivals in New Subscribers," *New York Times*, January 29, 2004 ed. (reporting that only about one million people have switched carriers, far below analysts' expectations, which had ranged up to almost nine million, according to Yankee Group analyst). See also FCC Local Telephone Competition: Status as of June 30, 2003 (reporting total end-user switched access lines reported at 182,812,712 for June 2003). One million of 182.8 million subscribers is one-half of one percent (0.5%).

<sup>17</sup> See Public Utilities Commission of South Dakota – A Report on Telecommunication Company Operations for the Year 2002, p. 17, reporting total Number of Lines in Service as 405,257.

<sup>18</sup> See *id.* at 262 (The per line cost of implementing the technology for number pooling, which is the same technology that is used to implement number portability, would "be significantly higher for small and rural carriers operating outside of the largest 100 MSAs than for carriers operating inside urban and metropolitan areas because of these carriers' limited customer bases.")



Attachment One, the costs associated with implementing LNP capability and the on-going administrative expenses are significant. Additionally, the legal challenges associated with attempting to port under the current vague intermodal rules will no doubt produce even further cost burdens on the Petitioner and its members.

Initial and on-going costs incurred to satisfy the request of the CMRS providers ultimately are recovered through charges paid by the Petitioner's members. Compounding the adverse effect of this result is the fact that most of these members will receive no benefit from the provision of the wireline-to-wireless number portability while paying substantially for it. Members staying with Petitioner's service pay for the costs of those who port their numbers to a wireless carrier. Again applying the nationwide percentage utilizing LNP (0.5%), the number of the Petitioner's subscribers who would benefit from intermodal porting in the initial year is estimated at 24, while the remaining 4,803 subscribers would be forced to pay for it without any resulting benefit.

Based on the projected implementation costs for the Petitioner, it is projected that the implementation of Intermodal LNP will require an investment of approximately \$115,000 in non-recurring costs and \$5,750 in monthly recurring costs. This approximates an investment of \$24 per cooperative member in non-recurring costs and \$2 per cooperative member in monthly recurring charges. It seems counter-intuitive that the remaining cooperative members should be required to absorb these projected costs to benefit a handful of subscribers that may choose to port their wireline number to a CMRS provider at some point in the future.

### **3. Section 251(f)(2)(A)(iii) Criteria is Met (Avoid Imposing a Requirement that is Technically Infeasible)**

Finally, a grant of the Petition would avoid imposing a requirement that is technically infeasible, at least within the timeframe of the Order. While installation of the necessary equipment to achieve portability can be accomplished technically, implementation of that capability does not, absent the establishment of terms and conditions with the CMRS provider,

address all of the potential technical or implementation issues. The resolution of these issues can be established only through the process of negotiating a porting and interconnection arrangement, a process that the CMRS providers have not sought with the Petitioner. The technical issues addressed herein at II. D. and E. must be addressed before intermodal porting can even be accomplished

#### **4. Section 251(f)(2)(B) Criteria is Met (Consistent with Public Interest, Convenience, and Necessity)**

A grant of this Petition will serve the public interest. Section 251(f)(2)(B) provides that the Commission is to determine that the requested suspension “is consistent with the public interest, convenience and necessity”.<sup>19</sup> By granting the suspension, the Commission would avoid the potential waste of resources or, at the very least, diminish the waste that would occur in the absence of the resolution of the challenges to, and the further rulemaking proceedings of, the FCC’s *Wireline-Wireless Porting Order* clarifying issues related to wireline-to-wireless number portability. When the issues herein are resolved, then the Commission could ensure that number portability is implemented in a manner consistent with known and documented procedures pursuant to an agreement that clearly defines the rights and responsibilities of the two parties involved – the Petitioner and the CMRS provider. Ultimately, however, since the costs associated with all of the uncertainty associated with this issue would be recovered through charges to members, the public interest would be served by eliminating such costs and the associated recovery from end users until the significant issues are finally resolved in the wireline-to-wireless number portability issue. This is particularly true because of the lack of customer interest in such porting in the rural areas served by the Petitioner.

#### **IV. Request for Immediate Suspension Pending Consideration of this Petition is Warranted and Necessary to Serve the Public Interest**

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<sup>19</sup> 47 U.S.C. § 251(f)(2)(B)

Section 251(f)(2) provides that the Commission is to act on this instant Petition within 180 days.<sup>20</sup> Pending such action, the Commission “may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.”<sup>21</sup> In its *Number Portability Reconsideration*, the FCC cited this provision and noted that State commissions exercise this authority, “eligible LECs will have sufficient time to obtain any appropriate Section 251(f)(2) relief as provided by the statute.”<sup>22</sup>

Suspension of enforcement, while the petition is pending, would allow rational public policy decision-making without a “rush-to-judgment” based on the impending May 24, 2004, deadline. It would also provide necessary time to obtain federal guidance on these issues, thus preserving valuable resources and avoiding unnecessary expenditures.<sup>23</sup> Last, without an immediate suspension, Petitioner and other LECs may be forced to start expending capital and personnel resources toward meeting the impending May 24, 2004, deadline. All such efforts may ultimately be wasted effort depending on the Commission’s decision.

For the reasons demonstrated herein, the Commission action requested in this Petition will not only serve the public interest, but will enable the Commission to assert its proper role of ensuring that the interest of the public, and in particular, rural end users served by the Petitioner are not adversely affected. Moreover, by immediately suspending any requirement for the Petition to provide number portability to a requesting CMRS provider as specifically provided for by Section 251(f)(2), the Commission can ensure that any waste of resources is minimized while the FCC and this Commission sort through the issues raised herein.

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<sup>20</sup> 47 U.S.C. § 251(f)(2)

<sup>21</sup> *Id.*

<sup>22</sup> *Number Portability Reconsideration*, 12 FCC Rcd at 7302-03

<sup>23</sup> See “Senate Shelves LNP Amendment,” *Wireless Week*, Sept. 5, 2003 ed. (reporting that Congress admonished the FCC “to complete implementation details for wireline-to-wireless portability”).

Accordingly, the Petitioner respectfully requests that the Commission grant this Petition.

DATED this 23<sup>rd</sup> day of February, 2004.

SANTEL COMMUNICATIONS COOPERATIVE, INC.

A handwritten signature in dark ink, appearing to be 'J. Larson', is written over a horizontal line.

By Its Attorney, Jeffrey D. Larson of  
Larson and Nipe  
P.O. Box 277  
Woonsocket, SD 57385-0277

## SANTEL COMMUNICATIONS COOPERATIVE, INC.

## ESTIMATED COSTS TO IMPLEMENT LOCAL NUMBER PORTABILITY

	<u>Non- Recurring</u>	<u>Monthly Recurring</u>	
<b><u>Switch-Related Investment Costs:</u></b>			
LNP Software Features	\$ 20,560		
Feature Activation	\$ 5,000		
Translations	\$ 10,000		Initial LNP Basic Translations Costs
Technical Implementation and Testing	\$ 10,000		
<b>Subtotal</b>	<b>\$ 45,560</b>		
<b><u>NPAC-Related Costs:</u></b>			
Service Order Administration	\$ 2,000	\$ 500	
LNP Queries	\$ 500	\$ 600	
Connection Costs w/LNP Database	\$ 150	\$ -	
<b>Subtotals</b>	<b>\$ 2,650</b>	<b>\$ 1,100</b>	
<b><u>Technical/Administrative Costs:</u></b>			
Testing/Verification of Each Ported Dial Number	\$ -	\$ 350	Testing/Verification of Ported Dial Number(s)
Translations	\$ -	\$ 500	Translations Costs - Ported Numbers
Administrative	\$ 10,000	\$ 500	
Regulatory	\$ 15,000	\$ -	
Customer Care	\$ 10,000	\$ 200	
Marketing/Informational Flyer	\$ 15,000	\$ 1,200	
Billing/Customer Care Software Upgrades	\$ 5,000	\$ -	
<b>Subtotals</b>	<b>\$ 55,000</b>	<b>\$ 2,750</b>	
<b><u>Transport-Related Costs:</u></b>			
Wireless Carrier 1 Point of Interconnection (POI)	\$ 5,000	\$ 800	
Wireless Carrier 2 POI	\$ 5,000	\$ 800	
Mobile Telephone Switching Office POI Connection	\$ 500	\$ 200	Transiting Carrier MTSO POI Connection
Dip (Minimum)	\$ 500	\$ 100	Transiting Carrier Dip Charges (Minimum)
<b>Subtotals</b>	<b>\$ 11,000</b>	<b>\$ 1,900</b>	
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 114,210</b>	<b>\$ 5,750</b>	
<b>Current Access Lines</b>	<b>4,827</b>	<b>4,827</b>	
<b>Total Estimated Costs Per Access Line</b>	<b>\$ 24</b>	<b>\$ 2</b>	

January 29, 2004, Thursday

BUSINESS/FINANCIAL DESK

## **TECHNOLOGY; Verizon Wireless Outpaces Rivals in New Subscribers**

By MATT RICHTEL (NYT) 548 words

Verizon Wireless confirmed yesterday that it had added 1.5 million new subscribers in the fourth quarter, outpacing its rivals as new rules allowed consumers to keep their phone numbers when switching mobile carriers. But the impact of so-called number portability appears to have been less significant than was projected by some companies and many industry analysts.

Only about one million people have switched carriers, said Roger Entner, an analyst with the Yankee Group, a market research firm. That total is far below analysts' expectations, which had ranged up to almost nine million.

Although there are no firm figures on exactly how many subscribers switched services, the top beneficiaries -- based on the number of new subscribers -- appear to have been Verizon Wireless and T-Mobile, which earlier this week said it added about one million subscribers in the fourth quarter. Cingular Wireless added 628,000, Sprint around 391,000, and AT&T Wireless 128,000.

Nextel said it planned to release its figures in the second or third week of February. Earlier this year, it said it would add at least 2.2 million subscribers in 2003, but did not specify its gains for the fourth quarter.

The fact that all companies gained subscribers illustrates the growth of the industry. Meantime, the relative strength of the various providers is very much in line with projections from wireless industry analysts.

Going into the fourth quarter, several analysts said that Verizon Wireless had done a good job of differentiating itself as providing the most reliable service, while T-Mobile successfully defined itself as the lowest-price competitor.

"This is predominately a big marketing victory" for the two companies, Mr. Entner said, but he added that the reputation of Verizon Wireless for reliable service has been earned because the company has built a reliable network.

Verizon Wireless, which is owned 55 percent by Verizon and 45 percent by Vodafone, plans to announce its fourth quarter earnings today, and will publicly disclose its subscriber additions.

But a spokeswoman for Verizon Wireless, Nancy Stark, confirmed that the company added 1.5 million subscribers -- a figure that was alluded to in an earnings filing made yesterday by Vodafone.

The addition of 1.5 million subscribers by Verizon Wireless represents the company's largest quarterly growth ever but it is not out of line with the company's recent pattern. In the second quarter of 2003, the company added 1.3 million subscribers, Ms. Stark said, and in the third quarter it added 1.4 million subscribers.

Mr. Entner said, "They're consistently outperforming their competitors."

The news comes as the wireless industry may be poised for consolidation. AT&T Wireless is up for sale, and the company has set a date of Feb. 13 for prospective bidders to make an offer. Chief among the companies expressing interest in acquiring AT&T Wireless is Cingular Wireless, but others that have been mentioned as suitors are Vodafone, NTT DoCoMo and Nextel.

**CAPTIONS:**

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**South Dakota Public Utilities Commission**

**WEEKLY FILINGS**

**For the Period of February 19, 2004 through February 25, 2004**

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

**TELECOMMUNICATIONS**

**TC04-035 In the Matter of the Filing for Approval of a Reciprocal Transport and Termination Agreement between Rural Cellular Corporation and Midcontinent Communications.**

On February 19, 2004, the Commission received a Filing for Approval of a Reciprocal Transport and Termination Agreement between Rural Cellular Corporation and Midcontinent Communications. According to the parties, the Agreement is a negotiated agreement between the parties for the purpose of putting in place an arrangement for the mutual exchange and reciprocal compensation of local telecommunications traffic in accordance with the Telecommunications Act of 1996, which is intended to supersede any previous arrangements between the parties relating to such traffic. Any party wishing to comment on the Agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 10, 2004. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Filed: 02/19/04

Initial Comments Due: 03/10/04

**TC04-036 In the Matter of the Filing for Approval of a Reciprocal Transport and Termination Agreement between Wireless Alliance, LLC and Midcontinent Communications.**

On February 19, 2004, the Commission received a Filing for Approval of a Reciprocal Transport and Termination Agreement between Wireless Alliance, LLC and Midcontinent Communications. According to the parties, the Agreement is a negotiated agreement between the parties for the purpose of putting in place an arrangement for the mutual exchange and reciprocal compensation of local telecommunications traffic in accordance with the Telecommunications Act of 1996, which is intended to supersede any previous arrangements between the parties relating to such traffic. Any party wishing to comment on the Agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 10, 2004. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Filed: 02/19/04

Initial Comments Due: 03/10/04



**TC04-037    In the Matter of the Filing by Qwest Corporation for Approval of Statement of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services (Fifth Revision).**

On February 20, 2004, Qwest Corporation (Qwest) filed an updated Statement Of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services, and Resale of Telecommunications Services (SGAT) (Fifth Revision, dated February 20, 2004). On August 21, 2003, the Federal Communications Commission released its Triennial Review Order (TRO). The TRO substantially altered Qwest's obligations under Section 251 of the Telecommunications Act of 1996 to offer unbundled network elements. Many of these changes require modifications to Qwest's South Dakota SGAT. As a result, Qwest submitted this revision that, among other changes, includes revisions necessary to comply with the TRO. In addition to the changes required by the TRO, Qwest has made a number of miscellaneous changes to the South Dakota SGAT. Some changes reflect agreements reached with Competitive Local Exchange Carriers (CLECs) in other states in the Qwest region and which Qwest wishes to incorporate into the South Dakota SGAT. Other changes have been reviewed and approved by the Change Management Process for inclusion in SGATs throughout the Qwest region. Finally, Qwest has included changes to correct typographical and grammatical errors, punctuation and spelling, and capitalization of defined terms. Qwest requests that the Commission allow this version of the SGAT to go into effect no longer than 60 days after submission in accordance with 47 U.S.C. Section 252(f)(3).

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 02/20/04  
Intervention Deadline: 03/12/04

**TC04-038    In the Matter of the Petition of Santel Communications Cooperative, Inc. for Suspension of Intermodal Local Number Portability Obligations.**

On February 25, 2004, Santel Communications Cooperative (Santel) filed a petition requesting the Commission to grant a suspension to Santel from porting numbers, wireless-to-wireless, as may be requested by Commercial Mobile Radio Services (CMRS).

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 02/25/04  
Intervention Deadline: 03/12/04

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>

# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

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JASON M. SMILEY

March 5, 2004

Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 E Capitol Avenue  
Pierre SD 57501

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**MAR 08 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

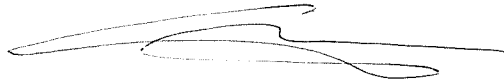
RE: WWC's Petition to Intervene Re: Santel  
TC 04-038

Dear Ms. Bonrud:

Enclosed for filing, please find Western Wireless' Petition to Intervene In the Matter of the Petition of Santel Communications Cooperative, Inc., for Suspension of Intermodal Local Number Portability Obligations and ten copies.

If you need anything further at this time, please let me know.

Sincerely,



Talbot J. Wiczorek

TJW:klw  
Enclosure

c: Jeffrey D. Larson  
Clients

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**RECEIVED**  
MAR 08 2004  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

In the Matter of the Petition of Santel  
Communications Cooperative, Inc., for  
Suspension of Intermodal Local Number  
Portability Obligations

Docket No. TC 04-038

**PETITION TO INTERVENE**

Pursuant to ARSD 20:10:01:15.02, WWC License LLC, doing business as CellularOne, (hereinafter "Western Wireless"), petitions to intervene in Docket TC 04-038 for the following reasons:

1. Western Wireless is a cellular service provider in areas served by Santel Communications Cooperative, Inc., (hereinafter "Santel"), who has requested suspension on its local number portability obligations at issue in this proceeding. Western Wireless sent Santel a bonafide request ("BFR") to implement local number portability on November 18, 2004 and Santel responded on December 2, 2003. Rural consumers are increasingly choosing wireless service for their telecommunications needs and may choose to port their wireline number to Western Wireless upon the implementation of number portability as mandated by the Federal Communications Commission. Western Wireless has direct and personal interest in this proceeding and therefore its Petition for Intervention should be granted.
2. Local number portability by Santel is feasible and appropriate and no suspension of providing local number portability should be allowed.
3. To suspend the obligations of Santel to deploy local number portability would be against public interest.

4. Western Wireless also contests Santel's request for immediate suspension of local number portability requirements and requests that the Commission, at a minimum, establish an expedited procedural schedule that would determine the factual and legal support for a decision on the merits of Santel's request for local number portability suspension.

5. Western Wireless is entitled to be granted intervention in this docket pursuant to ARSD 20:10:01:15.05 as the outcome of this proceeding will have an impact on Western Wireless and will affect Western Wireless, due to the fact that Western Wireless has requested Santel deploy local number portability.

WHEREFORE, Western Wireless respectfully requests:

1. That its Petition to Intervene be granted;
2. That Santel's request for immediate suspension be denied; and
3. That Santel's request to suspend deploying local number portability be denied.

Dated this 5 day of March, 2004.

GUNDERSON, PALMER, GOODSELL  
& NELSON, LLP



Talbot J. Wiczorek  
Attorneys for WWC License LLC  
440 Mt. Rushmore Road, Fourth Floor  
PO Box 8045  
Rapid City SD 57709  
605-342-1078  
Fax: 605-342-0480

## CERTIFICATE OF SERVICE

The undersigned certifies that on the 5 day of March, 2004, I served a true and correct copy of the foregoing Petition to Intervene, by U.S. Mail, first-class, postage paid to:

Jeffrey D. Larson  
Larson and Nipe  
PO Box 277  
Woonsocket, SD 57385-0277

  
\_\_\_\_\_  
Talbot J. Wiczorek

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March 11, 2004

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MAR 11 2004

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**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Pam Bonrud, Executive Secretary  
Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501

RE: IN THE MATTER OF THE PETITION OF SANTEL COMMUNICATIONS  
COOPERATIVE FOR SUSPENSION OF INTERMODAL LOCAL NUMBER  
PORTABILITY OBLIGATIONS

Docket TC04-038

Our file: 0053

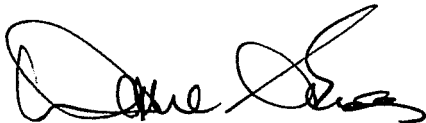
Dear Pam:

Enclosed are original and ten copies of Midcontinent's  
Petition to Intervene with Certificate of Service. Please  
file the enclosure.

With a copy of this letter, service by mailing is made upon  
the service list. Thank you.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP



DAVID A. GERDES

DAG:mw

Enclosures

cc/enc: Service List

Tom Simmons

Nancy Vogel

Mary Lohnes

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MAR 11 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION ) DOCKET TC04-038  
OF SANTEL COMMUNICATIONS )  
COOPERATIVE, INC. FOR SUSPENSION ) PETITION TO  
OF INTERMODAL LOCAL NUMBER ) INTERVENE  
PORTABILITY OBLIGATIONS. )

Pursuant to ARSD 20:10:01:15.02 Midcontinent Communications ("Midcontinent") by its undersigned counsel petitions the Commission to intervene, as follows:

1. Midcontinent is a certificated telecommunications carrier under the jurisdiction of the Commission.

2. Santel Communications Cooperative ("Santel") has filed a petition requesting the Commission to grant a suspension to Santel from porting numbers, wireless to wireless, as may be requested by commercial mobile radio services (CMRS). As a local exchange carrier in both US West and rural exchanges in this state, Midcontinent has an interest in preserving and maintaining local number portability.

3. Midcontinent has a direct interest in the outcome of this proceeding. As a local exchange carrier any action by the Commission dealing with local number portability will potentially have a direct financial impact upon Midcontinent and its ability to do business in this state.

WHEREFORE Midcontinent prays that the Commission permit its intervention and participation in this proceeding, to examine and cross-examine witnesses and offer evidence on its own behalf.

Dated this 11 day of March, 2004.

MAY, ADAM, GERDES & THOMPSON LLP

BY:

DAVID A. GERDES

Attorneys for Midcontinent

P.O. Box 160

Pierre, South Dakota 57501-0160

Telephone: (605) 224-8803

CERTIFICATE OF SERVICE

David A. Gerdes of May, Adam, Gerdes & Thompson LLP hereby certifies that on the 11 day of March, 2004, he mailed by United States mail, first class postage thereon prepaid, a true and correct copy of the foregoing in the above-captioned action to the following at their last known addresses, to-wit:

Harlan Best  
Staff Analyst  
Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

Karen Cremer  
Staff Attorney  
Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

Talbot J. Wieczorek  
Gunderson, Palmer, Goodsell & Nelson  
P.O. Box 8045  
Rapid City, SD 57709

Jeffrey D. Larson  
Larson & Nipe  
P.O. Box 277  
Woonsocket, SD 57385

  
David A. Gerdes





South Dakota Telecommunications Association  
PO Box 57 ■ 320 East Capitol Avenue ■ Pierre, SD 57501  
605/224-7629 ■ Fax 605/224-1637 ■ sdtaonline.com

*Rural roots, global connections*

March 11, 2004

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**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Ms. Pamela Bonrud, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Ave.  
State Capitol Building  
Pierre, SD 57501

RE: Docket TC04-038, Santel Communications Cooperative Petition for  
Suspension of Intermodal Local Number Portability Obligations

Dear Ms. Bonrud:

Attached for filing with the Commission in the above referenced docket are the original and ten (10) copies of a Petition to Intervene of the South Dakota Telecommunications Association.

You will also find attached to the Petition a certificate of service verifying service of this document, by mail, on counsel for Santel Communications Cooperative.

Thank you for your assistance in filing and distributing these documents.

Sincerely,

Richard D. Coit  
Executive Director and General Counsel  
SDTA

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BEFORE THE PUBLIC UTILITIES COMMISSION MAR 11 2004  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF )  
SANTEL COMMUNICATIONS )  
COOPERATIVE FOR SUSPENSION OF )  
INTERMODAL LOCAL NUMBER )  
PORTABILITY OBLIGATIONS )

DOCKET TC04-038  
PETITION TO INTERVENE

**SDTA Petition for Intervention**

The South Dakota Telecommunications Association ("SDTA") hereby petitions the Commission for intervention in the above captioned proceeding pursuant to SDCL 1-26-17.1 and ARSD §§ 20:10:01:15.02, 20:10:01:15.03 and 20:10:01:15.05. In support hereof, SDTA states as follows:

1. Santel Communications Cooperative (hereinafter referenced as "Santel") on or about February 25, 2004, filed with this Commission pursuant to 47 U.S.C. § 251(f)(2) and SDCL § 49-31-80 a petition seeking a suspension of "Intermodal" Local Number Portability ("LNP") requirements established by the FCC in its *Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, released in CC Docket No. 95-116 on November 10, 2003 (FCC 03-284).

2. As noted in the Santel Petition, Santel is a rural telephone company as defined in 47 U.S.C. § 153(37) and currently provides basic local exchange service to 4,827 access lines within its rural service area in South Dakota. Pursuant to 47 U.S.C. § 251(f)(2), any rural local exchange carrier serving fewer than two percent (2%) of the Nation's subscriber line installed in the aggregate nationwide may petition the State Commission for a suspension or modification of any of the interconnection obligations set forth in 47 U.S.C. §§ 251(b) and/or 251(c). According to the provisions of 47 U.S.C. 251(f)(2) and SDCL 49-31-80, this Commission shall grant a

petition of suspension or modification to the extent that, and for such duration as the State Commission determines that such suspension or modification –

(A) is necessary:

(i) to avoid a significant adverse economic impact on users of telecommunications services generally;

(ii) to avoid imposing a requirement that is unduly economically burdensome; or

(iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.

3. Pursuant to the above, the Commission must grant a petition for suspension or modification if the Commission finds that any of the three criteria set forth in sub-part (A) of this statutory section is established and further finds that the suspension or modification is consistent with the public interest, convenience and necessity.

4. SDTA is an incorporated organization representing the interests of numerous cooperative, independent and municipal telephone companies operating throughout the State of South Dakota. It's membership includes not only the Santel Communications Cooperative, but also many other rural telephone companies operating in the State that have also recently received requests for LNP implementation from other telecommunications carriers.

6. SDTA seeks intervention in this proceeding based on the direct interests of Santel, as the petitioning party in this proceeding, and also based on the likelihood that determinations made by the Commission in this matter will impact future similar proceedings to be initiated by other SDTA member companies. Accordingly, SDTA has an interest in this proceeding and seeks intervention herein.

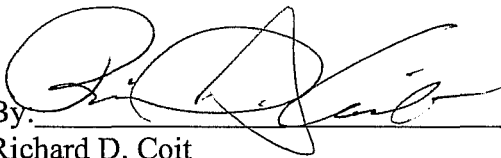
7. SDTA supports the Santel request for suspension of the federal Intermodal LNP requirements for all those reasons set forth in Santel's Petition filed in this matter, and strongly urges the Commission to grant the relief requested.

8. Based on all of the foregoing, SDTA seeks intervening party status in this proceeding.

Dated this 11th day of March , 2004.

Respectfully submitted:

THE SOUTH DAKOTA  
TELECOMMUNICATIONS ASSOCIATION

By:   
Richard D. Coit  
Executive Director and General Counsel

## **CERTIFICATE OF SERVICE**

I hereby certify that an original and ten (10) copies of the foregoing document were hand-delivered on March 11, 2004 to:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

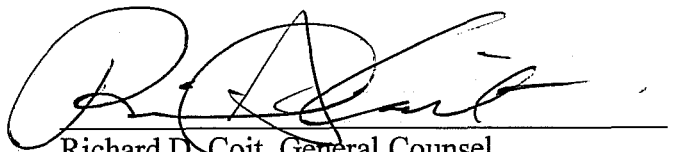
Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot Wieczorek  
Gunderson Palmer Goodsell & Nelson LLP  
440 Mount Rushmore Road  
Rapid City, SD 57701

David Gerdes  
May Adam Gerdes & Thompson  
503 S. Pierre Street  
Pierre, SD 57501

Jeffrey D. Larson  
Larson and Nipe  
PO Box 277  
Woonsocket, SD 57385-0277

Dated this 11th day of March, 2004.



Richard D. Coit, General Counsel  
South Dakota Telecommunications Association  
PO Box 57 – 320 East Capitol Avenue  
Pierre, SD 57501-0057

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of March 4, 2004 through March 10, 2004**

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please  
contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

**CORRECTION**

**TC04-038     In the Matter of the Petition of Santel Communications Cooperative, Inc. for  
Suspension of Intermodal Local Number Portability Obligations.**

On February 25, 2004, Santel Communications Cooperative (Santel) filed a petition requesting the Commission to grant a suspension to Santel from porting numbers, **wireline-to-wireless**, as may be requested by Commercial Mobile Radio Services (CMRS).

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 02/25/04  
Intervention Deadline: 03/12/04

**TELECOMMUNICATIONS**

**TC04-041     In the Matter of the Filing by Qwest Corporation for Approval of a Revision to  
its Rapid City Locality Special Rate Area Map and Fort Randall Telephone  
Company's Hermosa Exchange.**

Qwest Corporation has filed with the Public Utilities Commission a revision to its Rapid City Locality Special Rate Area Map. The territory being removed from the Qwest Rapid City exchange will now be in the Fort Randall exchange territory and Fort Randall will serve the customers in that area.

Staff Analyst: Michele Farris  
Staff Attorney: Karen Cremer  
Date Filed: 03/04/04  
Intervention Date: 03/26/04

**TC04-042     In the Matter of the Filing for Approval of an Amendment to an  
Interconnection Agreement between Qwest Corporation and Sprint  
Communications Company L.P.**

On March 5, 2004, the Commission received a Filing for Approval of a Special Promotion for Available Inventory Collocation Sites between Qwest Corporation and Sprint Communications Company, LP. According to the filing, the amendment "provides, for a limited time, promotional rates for Available Inventory Collocations on Available Inventory Sites and amends, for a limited time, the parties' existing Interconnection Agreement." Any party wishing to comment on the amendment may do so by filing written comments with the Commission and the parties to the amendment no later than March 25, 2004. Parties to the amendment may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Rolayne Ailts Wiest  
Date Filed: 03/05/04  
Initial Comments Due: 03/25/04

**TC04-043      In the Matter of the Filing for Approval of a Reciprocal Interconnection,  
Transport and Termination Agreement between WWC License, LLC and  
Golden West Telecommunications Cooperative, Inc.**

On March 9, 2004, the Commission received a Filing for Approval of a Reciprocal Interconnection, Transport and Termination Agreement between Golden West Telecommunications Cooperative, Inc. and WWC License, LLC. According to the filing, the agreement "sets forth the terms, conditions and prices under which (a) the Parties agree to directly interconnect the networks of the CMRS Provider and the Telephone Company for the purposes of the exchange of telecommunications traffic between the Parties' networks or (b) the Parties will transport and terminate the telecommunications traffic originated by the other Party and delivered via the network of a Third Party Provider." Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than March 29, 2004. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Rolayne Ailts Wiest  
Date Filed: 03/09/04  
Initial Comments Due: 03/29/04

**TC04-044      In the Matter of the Petition of Sioux Valley Telephone Company for  
Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the  
Communications Act of 1934 as Amended.**

On March 9, 2004, Sioux Valley Telephone Company (Sioux Valley) filed a petition seeking suspension or modification of its requirement to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. According to Sioux Valley, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless, Midwest Wireless Holdings L.L.C. d/b/a Midwest Wireless and Western Wireless Corporation d/b/a CellularOne. Sioux Valley states that it is a small telephone company that serves less than two percent of the nation's subscriber lines installed in the aggregate nationwide, therefore under Section 251(f)(2) Sioux Valley may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Sioux Valley "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Sioux Valley to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Sioux Valley's obligation to implement LNP until conditions are met as described herein; and (3) grant Sioux Valley such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 03/09/04  
Intervention Deadline: 03/26/04

**TC04-045      In the Matter of the Petition of Golden West Telecommunications  
Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone  
Company for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the  
Communications Act of 1934 as Amended.**

On March 9, 2004, Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company, and Kadoka Telephone Company (Petitioner) filed a petition seeking suspension or modification of its requirement to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. According to Petitioner, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless, NE Colorado Cellular, Inc. d/b/a Viaero, and Western Wireless Corporation d/b/a CellularOne. Petitioner states that it is

a small telephone company that serves less than two percent of the nation's subscriber lines installed in the aggregate nationwide, therefore under Section 251(f)(2) Petitioner may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Petitioner "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Petitioner to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Petitioner's obligation to implement LNP until conditions are met as described herein; and (3) grant Petitioner such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 03/09/04  
Intervention Deadline: 03/26/04

**TC04-046      In the Matter of the Petition of Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company and Union Telephone Company for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 as Amended.**

On March 9, 2004, Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company, and Union Telephone Company (Petitioner) filed a petition seeking suspension or modification of its requirement to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. According to Petitioner, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless and Western Wireless Corporation d/b/a CellularOne. Petitioner states that it is a small telephone company that serves less than two percent of the nation's subscriber lines installed in the aggregate nationwide, therefore under Section 251(f)(2) Petitioner may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Petitioner "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Petitioner to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Petitioner's obligation to implement LNP until conditions are met as described herein; and (3) grant Petitioner such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen Cremer  
Date Filed: 03/09/04  
Intervention Deadline: 03/26/04

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# LARSON AND NIPE

ATTORNEYS AT LAW

JEFFREY D. LARSON  
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REPLY TO:  
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PHONE: 605-796-4245  
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CHRIS A. NIPE  
MITCHELL  
SOUTH DAKOTA 57301

March 12, 2004

**RECEIVED**

**MAR 15 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

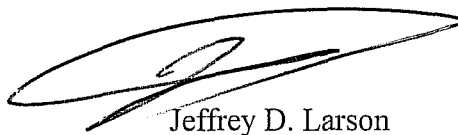
Pam Bonrud, Executive Director  
SD Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

RE: **IN THE MATTER OF THE PETITION OF SANTEL COMMUNICATIONS  
COOPERATIVE FOR SUSPENSION OF INTERMODAL LOCAL NUMBER  
PORTABILITY OBLIGATIONS**  
Docket TC04-038

Dear Pam:

Enclosed please find an Original and Ten (10) copies of an Application to Amend Petition on behalf of Santel Communications Cooperative, Inc.

Sincerely,



Jeffrey D. Larson

JDL/amb

Enclosures (11)

BEFORE THE PUBLIC UTILITIES COMMISSION **RECEIVED**  
OF THE STATE OF SOUTH DAKOTA

MAR 15 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION


IN THE MATTER OF THE PETITION OF )  
SANTEL COMMUNICATIONS COOPERATIVE, INC. )  
SUSPENSION OF INTERMODAL )  
LOCAL NUMBER PORTABILITY OBLIGATIONS )

Docket No. TC04-038

**APPLICATION TO AMEND PETITION**

COMES NOW the Petitioner Santel Communications Cooperative, Inc., and requests that the Public Utilities Commission, of the State of South Dakota grant them an opportunity to amend their Petition for Suspension of Intermodal Local Number Porting Obligations dated the 23<sup>rd</sup> day of February, 2004 for the purpose of adding the section 20:10:32:39 requirements and to further amend the Petition to add updated cost data.

Dated this 12 day of March, 2004.



Jeffrey D. Larson, Corporate Attorney  
P.O. Box 277  
Woonsocket, SD 57385-0277  
Phone: 605-796-4245

CERTIFICATE OF SERVICE

Jeffrey D. Larson, Corporate Attorney, hereby certifies that a true and complete copy of Application to Amend Petition in the above entitled matter was served by mail upon Talbot J. Wieczorek, Attorney for WWC License LLC, at his mailing address of American Memorial Life Building, 440 Mt. Rushmore Road, P.O. Box 8045, Rapid City, SD 57709-8045, and upon David A. Gerdes, Attorney for Midcontinent, at his mailing address of 503 South Pierre St., P.O. Box 160, Pierre, SD 57501-0160, both with postage prepaid for first class mail, on the 12 day of March, 2004.

# LARSON AND NIPE

ATTORNEYS AT LAW

JEFFREY D. LARSON  
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SOUTH DAKOTA 57385

REPLY TO:  
P.O. BOX 277  
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CHRIS A. NIPE  
MITCHELL  
SOUTH DAKOTA 57301

March 17, 2004

Pam Bonrud, Executive Director  
SD Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

**RECEIVED**

MAR 18 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

RE: **IN THE MATTER OF THE PETITION OF SANTEL COMMUNICATIONS  
COOPERATIVE FOR SUSPENSION OF INTERMODAL LOCAL NUMBER  
PORTABILITY OBLIGATIONS**  
Docket TC04-038

Dear Pam:

Enclosed please find an Original and Ten (10) copies of an Amended Petition For Suspension Of Intermodal Local Number Porting Obligations on behalf of Santel Communications Cooperative, Inc.

Sincerely,



Jeffrey D. Larson

JDL/amb

Enclosures (11)

## **CERTIFICATE OF SERVICE**

I hereby certify that an original and ten (10) copies of the forgoing document were sent by first class mail on March 17, 2004 with postage prepaid to:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

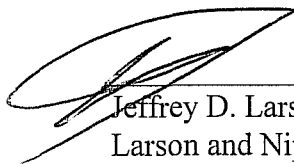
Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot Wieczorek  
Gunderson Palmer Goodsell & Nelson LLP  
440 Mount Rushmore Road  
Rapid City, SD 57701

David Gerdes  
May Adam Gerdes & Thompson  
503 S. Pierre Street  
Pierre, SD 57501

Richard D. Coit  
South Dakota Telecommunications Association  
P.O. Box 57 - 320 East Capitol Ave.  
Pierre, SD 57501-0057

Dated this 17<sup>th</sup> day of March, 2004

A handwritten signature in black ink, appearing to read "Jeffrey D. Larson", is written over a horizontal line.

Jeffrey D. Larson  
Larson and Nipe  
P.O. Box 277  
Woonsocket, SD 57385-0277

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

MAR 18 2004

IN THE MATTER OF THE PETITION OF )  
SANTEL COMMUNICATIONS COOPERATIVE, INC. )  
FOR SUSPENSION OF INTERMODAL )  
LOCAL NUMBER PORTABILITY OBLIGATIONS )

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Docket No. TC04-038

**AMENDED**

**PETITION FOR SUSPENSION**

**OF INTERMODAL LOCAL NUMBER PORTING OBLIGATIONS**

Pursuant to Section 251(f)(2) of the Communications Act of 1934, as amended (the Act), Santel Communications Cooperative, Inc., (Petitioner) hereby respectfully requests that the Public Utilities Commission of the State of South Dakota (Commission) grant a suspension to the Petitioner from porting numbers, wireline-to-wireless, as may be requested by Commercial Mobile Radio Services (CMRS) providers.

Petitioner requests the Commission to grant a suspension of the Petitioner's individual obligations to provide intermodal "number portability," as that term is defined by applicable law,<sup>1</sup> to any requesting CMRS providers. As demonstrated herein, the statutory criteria for the petitioned suspension are met. A grant of this petition will permit the Commission to ensure that the public interest, convenience and necessity are not undermined in the provision of wireline-to-wireless number portability<sup>2</sup>. The national intermodal objectives of the Federal Communications Commission (FCC) may or may not meet the public interest objectives of the Commission in the unique and sparsely populated rural telecommunications environment of South Dakota.

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<sup>1</sup> The Communications Act of 1934, as amended (the "Act") defines number portability as "the ability of users of telecommunication services to retain, *at the same location*, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." 47 U.S.C. §153 (30) (emphasis added). See also 47 C.F.R. § 52.21(p) (defining "service provider portability" identically to "number portability").

<sup>2</sup> The Petitioner utilizes the terms "wireline-to-wireless portability" and "intermodal portability" synonymously.

Further, the FCC's *Memorandum Opinion and Order* (the "Order") did not clarify many of the critical issues involved in intermodal portability and, in fact, raised many new significant issues, as addressed in this Petition, which must be addressed before intermodal porting can proceed. These new issues and their associated implementation ambiguities have left the Petitioner, along with many other similarly situated local exchange carriers (LECs), in a precarious situation. These new issues need to be addressed by this Commission or the FCC (or Courts) before LECs should be forced to adhere to the currently vague portability rules.

The following information is provided in accordance with Section 20:10:32:39 of the Commission's rules.

(1) The applicant is Santel Communications Cooperative, Inc. (Santel), 308 South Dumont Avenue, Woonsocket, SD 57385-0067, (605) 796-4411. The designated contacts are:

Gene Kroell, General Manager

and

Jeff Larson  
P.O. Box 277  
Woonsocket, SD 57385-0277  
Phone: 605-796-4245

(2) As of 2003, Santel had 4,827 subscriber lines nationwide.

(3) Santel seeks to suspend the local number portability obligations in 47 U.S.C. §251(b)(2) of the Act.

(4) Santel requests suspension of the LNP requirement until there is evidence of demand for LNP and the per line cost of LNP is reduced. At a minimum, Santel requests suspension until six (6) months following the FCC's full and final disposition of the issues associated with the routing of calls between wireline and wireless providers in the Sprint Petition<sup>3</sup> and the porting interval and wireless to wireline porting in its pending FNPRM, at which time Santel may need to seek further Section 251(f)(2) relief based upon the economic impact of these decisions.

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<sup>3</sup> *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of traffic by ILECs*, CC-Docket 01-92, Petition of Sprint, May 9, 2002 ("Sprint Petition").

Santel also requests immediate temporary suspension of the 251(b)(2) requirement pending this Commission's consideration of this request until six (6) months following this Commission's final decision.

(5) Santel requests that the suspension of Section 251(b)(2) be effective no later than May 24, 2004. Santel requests that the temporary suspension of Section 251(b)(2) be effective immediately and in any event, no later than March 15, 2004.

(6) The information supporting this petition is contained on pages 3 through 12 of this Petition.

(7) Santel requests that the Commission grant a temporary stay or suspension of the local number portability requirements in Section 251(b)(2) of the Act.

#### **I. Summary**

This Petition requests that the Commission exercise its authority to address the effect of any requests for intermodal porting on the Petitioner's cooperative members. As a non profit cooperative telecommunications company, any negative financial impacts from intermodal porting obligations flow directly back to its members. Commission action is necessary to ensure that the members of the Petitioner are not forced to bear unnecessary and potentially wasted costs of implementing vague and undeveloped FCC directives associated with providing intermodal portability to CMRS providers of rate-center specific telephone numbers across the state and, potentially, across the country.

As reflected by the Petitioner's-specific information provided in Attachment 1 (incorporated herein by reference), the Petitioner will experience substantial costs to equip its switches with porting capability. Thereafter, there are significant ongoing administrative costs. Further, as demonstrated herein, installation of number portability capability only partially resolves the problems encountered by the Petitioner if it is required to implement intermodal local number portability (LNP). Unresolved implementation problems render the provision of LNP unduly economically burdensome and technically infeasible. It also will have a significant

adverse economic impact on users of the Petitioner's telecommunications services. Accordingly, for the reasons provided herein, the Petitioner respectfully requests that the Commission grant it the suspension of any obligation to provide wireline-to-wireless number portability.

## **II. Background**

### **A. The Petitioner is Eligible to Seek this Relief**

The Petitioner is a rural telephone company as defined by the Act and provides telecommunications services within South Dakota. Additionally, the Petitioner satisfies the criteria set forth in Section 251(f)(2), which provides in pertinent part, that "a local exchange carrier with fewer than two percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a state commission for a suspension or modification"<sup>4</sup> of the number portability requirements.

### **B. The Petitioner's Service Area and Operations Support the Requested Relief**

As the Commission is aware, the Petitioner provides local exchange, exchange access and other telecommunications services to 4,827 access lines within its service area. This service area encompasses sparsely populated localities, with only 2.6 access lines per square mile.

### **C. The FCC *Order* Did Not Adequately Consider The Unique Circumstances of Rural Wireline Carriers, Leaving Considerable Uncertainty for Wireline-to-Wireless Porting**

The Petitioner previously had not received a LNP request from a wireline competitive local exchange carrier (CLEC). Therefore, numerous upgrades in software and operational procedures will be required in order to meet the LNP requirements, which will benefit only those subscribers that choose to leave the Cooperative, while encumbering the entire remaining cooperative membership with the burden of funding the porting benefit. In addition, current implementation rules do not provide the necessary competitive playing field to allow wireless

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<sup>4</sup> 47 U.S.C. § 251(f)(2)



subscribers to port to the cooperative's wireline services, which could benefit a very small portion of the Petitioner's members.

Furthermore, the Petitioner does not have an existing direct point of connection to any of the wireless carriers' networks. If there are no common facilities or interexchange agreements, only conventional, switched toll routes remain; but no translating, routing, or rating rules have been established by the FCC for this scenario. Some of the questions that need to be addressed by the FCC, the Commission, and the carriers involved include: (1) where and how should the Petitioner interconnect with the wireless carriers, since a presence in the rate center is no longer required, (2) is the point of interconnection within the LATA, and (3) how will the Petitioner be able to maintain the original rate center designation and rating when the number is ported to a point of interconnection that is located outside the original rate center, when the wireless service area and the Petitioner's service area vary greatly. The uncertainty surrounding these and other questions are likely to cause significant customer confusion, complaints to the Petitioner and the Commission, and the resulting perception of degraded customer service on the part of the Petitioner's members.

#### **D. Transporting to Outside Carrier Networks Should Not Be Compelled (Without Compensation)**

One of the substantive legal and significant operational challenges to the *Wireline-Wireless Porting Order* is what appears to be an obligation (although this requirement has not been clearly defined by the FCC<sup>5</sup>) on local exchange carriers to port a wireline number to a wireless carrier that allows the mobile subscriber to use the number outside the boundaries of the original rate center. If this is the FCC's intent, it is an obligation that is imposed on the Petitioner without compensation, is unlawful and most likely will be overturned on appeal in the courts. Transporting to outside carrier networks without compensation conflicts with Section

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<sup>5</sup> In its Order, the FCC acknowledged that LNP raised certain routing issues for rural carriers where no direct connection exists. The FCC, however, found that these issues did not need to be resolved in the LNP proceeding. Rather, the FCC indicated that they would be addressed in a pending Petition for Declaratory Ruling filed by Sprint Corporation. See *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs*, CC-Docket 01-92, Petition of Sprint, May 9, 2002 ("Sprint Petition").

251 of the Act, which states that connection should be at “...any feasible point *within the carrier’s network*”<sup>6</sup>.

#### **E. The Order Violates the *Telecommunications Act*’s Definition of LNP**

Section 251(2)(b) of the Act requires all LECs to “provide to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission”.<sup>7</sup> The Act defines number portability as “the ability of users of telecommunication services to retain, *at the same location*, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.”<sup>8</sup> In promulgating its number portability rules, the FCC cited this definition and determined that the Act requires *service provider portability but not location portability*.<sup>9</sup> The FCC defined “service provider portability” as “the ability of end users to retain the same telephone numbers (that is, the same NPA and NXX codes and the same line numbers) when changing from one service provider to another.”<sup>10</sup> In contrast, “location portability” is “the ability of end users to retain the same telephone numbers *when moving* from one location to another, either within the area served by the same central office or between areas served by central offices.”<sup>11</sup>

In its *Number Portability Decision*, the FCC determined that mandating carriers to implement geographic **location portability was not in the public interest**<sup>12</sup>. As part of this decision, the FCC noted its concerns regarding the significant implementation issues arising from location portability. Specifically, the FCC found that, among other reasons, imposing

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<sup>6</sup> 47 U.S.C. § 251(c)(2)

<sup>7</sup> 47 U.S.C. § 251(b)(2)

<sup>8</sup> 47 U.S.C. § 153(30) (emphasis added)

<sup>9</sup> See *In the Matter of Telephone Number Portability, First Report and Order and Further Notice of Proposed Rulemaking*, in CC Docket No. 95-116 (rel. July 2, 1996) 11 FCC rcd 8352, 8447 (Number Portability Decision)

<sup>10</sup> *In the Matter of Telephone Number Portability, Notice of Proposed Rulemaking*, 10 FCC Rcd 12350, 12355 (1995)

<sup>11</sup> *Id.* at 12356 (emphasis added)

<sup>12</sup> *Number Portability Decision*, 11 FCC Rcd at 8449. The FCC also determined that it may decide to mandate implementation of geographic location portability in the future “if it would be in the public interest” and noted that carriers may provide geographic location portability “consistent with this Order” if they so choose. *Id.* at 8447. The FCC has not done so and the Petitioner is not aware of any LEC that has purposefully implemented ubiquitous geographic location portability.

location portability at this time would cause consumer confusion by the loss of the geographic identity of the telephone number. As a result, members would not know whether they were making a call to a nearby location or to a distant location, and may not know whether the call would be subjected to toll charges. With the change in location, LECs' service offerings, switching, and routing or originating calls to the ported number would need to be changed. The FCC appears to have overlooked these prior concerns in its intermodal *Order*. The FCC also noted that commenting parties observed that location portability would create unnecessary and burdensome costs on carriers and on directory assistance, operator, and emergency services providers<sup>13</sup>. None of these public interest considerations have changed since the FCC's *Number Portability Decision, supra*. All of these same issues need to be addressed by the FCC before intermodal LNP can move forward since the existing service areas of the wireless and wireline carriers do not and will not ever align perfectly.

In addition, the FCC ruled in its *First Report and Order*<sup>14</sup> that carriers would not be required to provide location portability. However, the FCC in the *Wireline-Wireless Porting Order, supra*, at paragraph 28 clearly allows location porting. Under the Administrative Procedure Act, this is rulemaking, a significant change in FCC position and must be preceded by notice in the Federal Register (See 5 USC § 553(b)).

This decision will be subject to many legal challenges. Until the uncertainty surrounding the implementation of wireline-to-wireless porting is resolved, the obligations of LECs are unclear, which leaves the LECs subject to potential FCC enforcement of various erroneous interpretations of the LEC's obligation to implement some version of number portability that is not required by the Act or applicable FCC rules.

The Commission should grant this Petition to ensure that the Petitioner's end user members do not pay for unnecessary and undesired costs associated with implementation and

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<sup>13</sup> *Id.* at 8444-8445

<sup>14</sup> *First Report and Order and Further Notice of Proposed Rulemaking, Telephone Number Portability*, 11 FCC Rcd at 8443.

enforcement of uncertain requirements. It's prudent and in the public interest for the Commission to wait for the FCC or courts to resolve these issues by granting the Petitioner a suspension of the intermodal LNP requirements.

#### **F. The *Order* Creates an Unfair Competitive Advantage for Wireless Carriers**

Under the conditions of the *Order*, LNP will happen in only one direction (to the wireless provider). Wireless service areas often cover many ILEC rate centers, allowing wireless carriers to be able to port-in any of the landline subscribers. However, wireline carriers can only port-in wireless subscribers when the rate centers align, which is seldom the case in rural South Dakota. Much of the FCC's *Order* fails to appreciate this.

### **III. A Grant of this Request is Required by the Public Interest**

#### **A. Section 251(f)(2) of the Act Empowers the Commission to Ensure That The Uncertainties of the FCC Order Do Not Adversely Impact the Public Interest in South Dakota**

The Act empowered the Commission with authority to balance any requests for wireline-wireless number portability which may have potential harmful public interest consequences. While the Act imposes on all LECs obligations of interconnection, number portability, dialing parity, access to rights of way and reciprocal compensation,<sup>15</sup> Congress wisely invested the Commission with the authority to suspend or modify these obligations for LECs "with fewer than two percent of the Nation's subscriber lines installed in the aggregate nationwide" if the Commission determines that such suspension or modification

(A) is necessary –

- (i) to avoid a significant adverse economic impact on users of telecommunications services generally;
- (ii) to avoid imposing a requirement that is unduly economically burdensome; or

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<sup>15</sup> See generally 47 U.S.C. § 251(b)

(iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.<sup>16</sup>

As demonstrated in Sections II.A and B, *supra*, the Petitioner is eligible to seek the relief requested herein from the Commission. Similarly, the Commission is authorized to grant such relief. Action by the Commission will bring certainty and rationality to intermodal porting in South Dakota and will avoid the wasteful expenditure of human and monetary resources pending the development of identified federal requirements, specifically tailored to address rural LECs' obligations with respect to wireline-to-wireless portability and the documented implementation problems addressed in this Petition. As demonstrated below, the necessary criteria are satisfied for a Commission finding that granting this Petition is warranted.

**B. Criteria in Section 251(f)(2) for Granting the Relief Are Met**

**1. Section 251(f)(2)(A)(i) Criteria is Met (Avoid Significant Adverse Economic Impact of Users of Telecommunications Services Generally)**

A grant of this Petition will avoid a significant adverse economic impact on Petitioner's members and users of telecommunications services generally in South Dakota. As demonstrated herein and in Attachment One, the costs of implementing number portability are significant, not only with respect to the deployment of the software necessary to achieve porting capability, but also with respect to ongoing data costs and administration processes, and the establishment of the proper arrangements among the affected carriers. To date the Petitioner has not received a single request from a customer seeking to disconnect his/her wireline service and have his/her number ported to a CMRS provider. Nevertheless, all of the subscribers of the Petitioner would be

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<sup>16</sup> 47 U.S.C. § 251(f)(2)

adversely impacted by an increase in rates in order to accommodate any requests of the CMRS provider.<sup>17</sup>

Many LECs in South Dakota will be similarly situated. Their costs to implement LNP are high and they have had few requests for intermodal ports, if any. Smaller LECs, like the Petitioner, should not expend scarce resources on an investment that has so few, if any, benefits. Maybe intermodal porting has more benefits in metro areas, but few benefits are found in rural South Dakota. Such resources are much better spent on the development of broadband or other network improvements that hold real advantages for Petitioner's members and South Dakota as a whole.

As mentioned above, the Petitioner has not received a single request from a customer seeking to disconnect wireline service and port the number to a CMRS provider. However, in an effort to quantify possible future requests for ports, the following percentages were used in the estimation. According to a recently published article (Attachment 2), 0.5% of customers nationally are taking advantage of LNP<sup>18</sup>. Because of South Dakota's sparse population and spotty wireless coverage in many rural areas, it would be safe to assume that this percentage is even less in South Dakota. Also, we estimate that less than 5% of total ports are intermodal. Therefore, the application of the nationwide LNP percentage in addition to the intermodal percentage to South Dakota's access lines results in an estimate of only 101 access lines whose subscribers would benefit from intermodal porting in the initial year, while the remaining 405,156 access line subscribers would be forced to pay for it without any resulting benefit.<sup>19</sup> Therefore, it is particularly apparent that the collective LEC costs of implementing intermodal

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<sup>17</sup> See also *Number Resource Decision*, 17 FCC Rcd at 262 (Imposing the cost of implementing the technology for number pooling, which is the same technology that is used to implement number portability on smaller and rural carriers, "may delay efforts to bring advanced services to rural subscribers".)

<sup>18</sup> See "Verizon Wireless Outpaces Rivals in New Subscribers," *New York Times*, January 29, 2004 ed. (reporting that only about one million people have switched carriers, far below analysts' expectations, which had ranged up to almost nine million, according to Yankee Group analyst). See also FCC Local Telephone Competition: Status as of June 30, 2003 (reporting total end-user switched access lines reported at 182,812,712 for June 2003). One million of 182.8 million subscribers is one-half of one percent (0.5%).

<sup>19</sup> See Public Utilities Commission of South Dakota – A Report on Telecommunication Company Operations for the Year 2002, p. 17, reporting total Number of Lines in Service as 405,257.

LNP in South Dakota far outweigh the current negligible and future scant demand by customers. There is more burden than benefit for South Dakota consumers generally at this time, which leads to the conclusion that requiring intermodal porting at this time would have an adverse economic impact on South Dakota consumers generally.

**2. Section 251(f)(2)(A)(ii) Criteria is Met (Avoid Imposing a Requirement that is Unduly Economically Burdensome)**

Further, a grant of a suspension of the LNP rules would avoid imposing a requirement that is unduly economically burdensome to the Petitioner and its members. As a small telephone company, the Petitioner has a limited customer base over which to spread its costs.<sup>20</sup> As noted in Attachment One, the costs associated with implementing LNP capability and the on-going administrative expenses are significant. Additionally, the legal challenges associated with attempting to port under the current vague intermodal rules will no doubt produce even further cost burdens on the Petitioner and its members.

Initial and on-going costs incurred to satisfy the request of the CMRS providers ultimately are recovered through charges paid by the Petitioner's members. Compounding the adverse effect of this result is the fact that most of these members will receive no benefit from the provision of the wireline-to-wireless number portability while paying substantially for it. Members staying with Petitioner's service pay for the costs of those who port their numbers to a wireless carrier. Again applying the nationwide percentage utilizing LNP along with the intermodal percentage, as referenced above in Section III.B.1, the number of the Petitioner's access lines whose subscribers would benefit from intermodal porting in the initial year is estimated at 1, while the remaining 4,826 access line subscribers would be forced to pay for it without any resulting benefit.

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<sup>20</sup> See *id.* at 262 (The per line cost of implementing the technology for number pooling, which is the same technology that is used to implement number portability, would "be significantly higher for small and rural carriers operating outside of the largest 100 MSAs than for carriers operating inside urban and metropolitan areas because of these carriers' limited customer bases.")

Based on the projected implementation costs for the Petitioner, it is projected that the implementation of Intermodal LNP will require an investment of approximately \$304,210 in non-recurring costs and \$34,613 in monthly recurring costs. This approximates an investment of \$64 per line in non-recurring costs and \$8 per line in monthly recurring charges, or \$9 per line if the non-recurring costs are amortized over 5 years<sup>21</sup>. It seems counter-intuitive that the remaining cooperative members should be required to absorb these projected costs to benefit a handful of subscribers that may choose to port their wireline number to a CMRS provider at some point in the future.

**3. Section 251(f)(2)(A)(iii) Criteria is Met (Avoid Imposing a Requirement that is Technically Infeasible)**

Finally, a grant of the Petition would avoid imposing a requirement that is technically infeasible, at least within the timeframe of the Order. While installation of the necessary equipment to achieve portability can be accomplished technically, implementation of that capability does not, absent the establishment of terms and conditions with the CMRS provider, address all of the potential technical or implementation issues. The resolution of these issues can be established only through the process of negotiating a porting and interconnection arrangement, a process that the CMRS providers have not sought with the Petitioner. The technical issues addressed herein at II. D. and E. must be addressed before intermodal porting can even be accomplished

**4. Section 251(f)(2)(B) Criteria is Met (Consistent with Public Interest, Convenience, and Necessity)**

A grant of this Petition will serve the public interest. Section 251(f)(2)(B) provides that the Commission is to determine that the requested suspension “is consistent with the public

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<sup>21</sup> Pursuant to FCC’s rules (47 C.F.R. § 52.33), certain direct costs of LNP can be recovered from end users through a monthly surcharge over a five-year period. All remaining costs must be recovered, if at all, through the carrier’s general rates and charges.



interest, convenience and necessity”.<sup>22</sup> By granting the suspension, the Commission would avoid the potential waste of resources or, at the very least, diminish the waste that would occur in the absence of the resolution of the challenges to, and the further rulemaking proceedings of, the FCC’s *Wireline-Wireless Porting Order* clarifying issues related to wireline-to-wireless number portability. When the issues herein are resolved, then the Commission could ensure that number portability is implemented in a manner consistent with known and documented procedures pursuant to an agreement that clearly defines the rights and responsibilities of the two parties involved – the Petitioner and the CMRS provider. Ultimately, however, since the costs associated with all of the uncertainty associated with this issue would be recovered through charges to members, the public interest would be served by eliminating such costs and the associated recovery from end users until the significant issues are finally resolved in the wireline-to-wireless number portability issue. This is particularly true because of the lack of customer interest in such porting in the rural areas served by the Petitioner.

#### **IV. Request for Immediate Suspension Pending Consideration of this Petition is Warranted and Necessary to Serve the Public Interest**

Section 251(f)(2) provides that the Commission is to act on this instant Petition within 180 days.<sup>23</sup> Pending such action, the Commission “may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.”<sup>24</sup> In its *Number Portability Reconsideration*, the FCC cited this provision and noted that State commissions exercise this authority, “eligible LECs will have sufficient time to obtain any appropriate Section 251(f)(2) relief as provided by the statute.”<sup>25</sup>

Suspension of enforcement, while the petition is pending, would allow rational public policy decision-making without a “rush-to-judgment” based on the impending May 24, 2004, deadline. It would also provide necessary time to obtain federal guidance on these issues, thus

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<sup>22</sup> 47 U.S.C. § 251(f)(2)(B)

<sup>23</sup> 47 U.S.C. § 251(f)(2)

<sup>24</sup> *Id.*

<sup>25</sup> *Number Portability Reconsideration*, 12 FCC Rcd at 7302-03

preserving valuable resources and avoiding unnecessary expenditures.<sup>26</sup> Last, without an immediate suspension, Petitioner and other LECs may be forced to start expending capital and personnel resources toward meeting the impending May 24, 2004, deadline. All such efforts may ultimately be wasted effort depending on the Commission's decision.

For the reasons demonstrated herein, the Commission action requested in this Petition will not only serve the public interest, but will enable the Commission to assert its proper role of ensuring that the interest of the public, and in particular, rural end users served by the Petitioner are not adversely affected. Moreover, by immediately suspending any requirement for the Petition to provide number portability to a requesting CMRS provider as specifically provided for by Section 251(f)(2), the Commission can ensure that any waste of resources is minimized while the FCC and this Commission sort through the issues raised herein.

Accordingly, the Petitioner respectfully requests that the Commission grant this Petition.

DATED this 17<sup>th</sup> day of March, 2004.

SANTEL COMMUNICATIONS COOPERATIVE, INC.



Jeffrey D. Larson  
By Its Attorney

---

<sup>26</sup> See "Senate Shelves LNP Amendment," Wireless Week, Sept. 5, 2003 ed. (reporting that Congress admonished the FCC "to complete implementation details for wireline-to-wireless portability").

## SANTEL COMMUNICATIONS COOPERATIVE, INC.

## ESTIMATED COSTS TO IMPLEMENT LOCAL NUMBER PORTABILITY

	<u>Non- Recurring</u>	<u>Monthly Recurring</u>	
<b><u>Switch-Related Investment Costs:</u></b>			
LNP Software Features	\$ 20,560		
Feature Activation	\$ 5,000		
Translations	\$ 10,000		Initial LNP Basic Translations Costs
Technical Implementation and Testing	\$ 10,000		
<b>Subtotal</b>	<b>\$ 45,560</b>		
<b><u>NPAC-Related Costs:</u></b>			
Service Order Administration	\$ 2,000	\$ 500	
LNP Queries	\$ 500	\$ 600	
Connection Costs w/LNP Database	\$ 150	\$ -	
<b>Subtotals</b>	<b>\$ 2,650</b>	<b>\$ 1,100</b>	
<b><u>Technical/Administrative Costs:</u></b>			
Testing/Verification of Each Ported Dial Number	\$ -	\$ 3	Testing/Verification of Ported Dial Number(s)
Translations	\$ -	\$ 4	Translations Costs - Ported Numbers
Administrative	\$ 10,000	\$ 4	
Regulatory	\$ 15,000	\$ -	
Customer Care	\$ 10,000	\$ 2	
Marketing/Informational Flyer	\$ 15,000	\$ 1,200	
Billing/Customer Care Software Upgrades	\$ 5,000	\$ -	
<b>Subtotals</b>	<b>\$ 55,000</b>	<b>\$ 1,213</b>	
<b><u>Transport-Related Costs:</u></b>			
Wireless Carrier Points of Interconnection (POI)	\$ 200,000	\$ 32,000	
Mobile Telephone Switching Office POI Connection	\$ 500	\$ 200	Transiting Carrier MTSO POI Connection
Dip (Minimum)	\$ 500	\$ 100	Transiting Carrier Dip Charges (Minimum)
<b>Subtotals</b>	<b>\$ 201,000</b>	<b>\$ 32,300</b>	
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 304,210</b>	<b>\$ 34,613</b>	
<b>Current Access Lines</b>	<b>4,827</b>	<b>4,827</b>	
<b>Total Estimated Costs Per Access Line (Rounded)</b>	<b>\$ 64</b>	<b>\$ 8</b>	
<b>Access Line Impact - First 60-Month Period</b>		<b>\$ 9</b>	

# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

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April 5, 2004

VIA FAX 605-773-3809

Email [pam.bonrud@state.sd.us](mailto:pam.bonrud@state.sd.us)

and U.S. Mail

Pamela Bonrud

Executive Director

SD Public Utilities Commission

500 E Capitol Avenue

Pierre SD 57501

RE: Petition of Kennebec Telephone Company for Suspension of Intermodal Local  
Number Portability Obligations TC04-025  
Petition of Santel Comm. Cooperative, Inc. for Suspension of Intermodal Local  
Number Portability Obligations TC04-038

Dear Ms. Bonrud:

It is my understanding that the above matters were noticed on the Addendum sent out Friday for the Commission meeting of tomorrow so there could be discussion on what standard may be imposed in determining whether interim suspension would be granted. This letter is an attempt to provide a quick summary of the position WWC License LLC (Western Wireless) contends would be the appropriate standard. I apologize for the lateness of this letter, but, as you are aware, the addendum was only sent out Friday morning and I became aware of the issue when talking to John Smith in a telephone conversation at about noon on Friday. To make forwarding this filing easier, I have also emailed it to you.

Neither federal law nor South Dakota law definitively establishes the standards that apply to a rural carrier's petition for interim suspension of Local Number Portability under SDCL §49-31-80 or 47 U.S.C. 251(f). The body of law that most closely resembles a request for interim relief is that law surrounding injunctive relief. The South Dakota Supreme Court has adopted standards for injunctive relief hearings. Dacy v. Gors, 471 NW2d 576, 579 (S.D. 1991). Under this line of authority, the following standards apply to requests for interim relief from statutory obligations pending a full hearing on the merits.

1. Threat of irreparable harm to the movant;
2. The state of the balance between the time and the injury that granting the injunction will inflict on other parties;
3. The probability that movant will succeed on the merits; and
4. The public interest.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

Pam Bonrud  
April 5, 2004  
Page 2

Id.

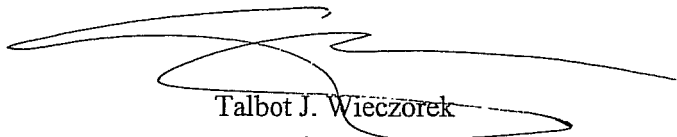
In such proceedings, evidence is required and generally some type of hearing is held. Western Wireless would not see this hearing as being a full hearing on all issues, but simply a hearing where the movants, in this case, Santel and Kennebec, would have to make an evidentiary showing regarding the four factors set forth above.

Although the FCC has not set forth any specific standards with respect to these hearings, a review of the FCC standards with respect to petitions for stays confirms the fact that the FCC adopts a very similar standard as the South Dakota Supreme Court has adopted with respect to preliminary injunctions. See In the Matter of Telephone Number Portability, United States Telecom Association and CenturyTel of Colorado, Inc., Joint Petition for Stay Pending Judicial Review, CC Docket No. 95-116 (Nov. 20, 2003). Moreover, while federal law did not set forth what standard should be applied in granting interim relief, it cannot be disputed that the burden of proof for any relief under 47 U.S.C. 251(f) falls upon the rural telephone companies seeking such relief. 47 C.F.R. § 51.405(a).

The burden to show that interim relief should be granted must fall on the rural telephone companies seeking that relief. The preliminary injunction case law in South Dakota and similar case law in federal agency decisions provides a readily available framework to make a determination of whether interim relief should be granted pending a full hearing on all issues. Because of this, Western Wireless believes this standard should be used in determining whether the interim relief requested by Santel Communications and Kennebec Telephone should be granted.

Please contact me if you have any additional questions.

Sincerely,



Talbot J. Wiczorek

TJW:klw

c: Gene DeJordy  
RaeAnn Kelsch  
Richard Coit via fax 1-605-224-1637  
Darla Pollman Rogers via fax 1-605-224-7102  
John Smith, SDPUC via email  
Karen Cremer, SDPUC via email  
Jeff Larson via fax 1-605-796-4227  
David Gerdes via fax 1-605-224-6289

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF )	ORDER GRANTING
SANTEL COMMUNICATIONS COOPERATIVE, )	INTERVENTION
INC. FOR SUSPENSION OR MODIFICATION )	
OF 47 U.S.C. § 251(B)(2) OF THE )	TC04-038
COMMUNICATIONS ACT OF 1934 AS )	
AMENDED )	

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel) filed a petition requesting the Commission to grant a suspension to Santel from porting numbers, wireless-to-wireless, as may be requested by Commercial Mobile Radio Services (CMRS).

On February 26, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of March 12, 2004, to interested individuals and entities. WWC License LLC d/b/a CellularOne (Western Wireless) filed to intervene on March 8, 2004. Midcontinent Communications (Midcontinent) and the South Dakota Telecommunications Association (SDTA) filed to intervene on March 11, 2004. On March 18, 2004, the Commission received an Amended Petition for Suspension of Intermodal Local Number Porting Obligations from Santel.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and ARSD 20:10:01:15.05.

At a regularly scheduled meeting of March 23, 2004, the Commission found that the Petitions to Intervene were timely filed and demonstrated good cause to grant intervention. It is therefore

ORDERED, that the Petitions to Intervene of Western Wireless, Midcontinent and SDTA are hereby granted.

Dated at Pierre, South Dakota, this 5<sup>th</sup> day of April, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: \_\_\_\_\_

Date: \_\_\_\_\_

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:



ROBERT K. SAHR, Chairman



GARY HANSON, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE PETITION OF</b>	)	<b>ORDER GRANTING INTERIM</b>
<b>SANTEL COMMUNICATIONS COOPERATIVE,</b>	)	<b>SUSPENSION PENDING</b>
<b>INC. FOR SUSPENSION OF INTERMODAL</b>	)	<b>FINAL DECISION</b>
<b>LOCAL NUMBER PORTABILITY</b>	)	
<b>OBLIGATIONS</b>	)	<b>TC04-038</b>

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel) filed a petition requesting the Commission to grant a suspension to Santel from porting numbers, wireline-to-wireless, as may be requested by Commercial Mobile Radio Services (CMRS) providers.

On February 26, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of March 12, 2004, to interested individuals and entities. WWC License LLC d/b/a CellularOne (Western Wireless) filed to intervene on March 8, 2004, and Midcontinent Communications (Midcontinent) and the South Dakota Telecommunications Association (SDTA) filed to intervene on March 11, 2004. On March 18, 2004, the Commission received an Amended Petition for Suspension of Intermodal Local Number Porting Obligations from Santel. At a regularly scheduled meeting of March 23, 2004, the Commission granted intervention to Western Wireless, Midcontinent and SDTA.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31.

At a regularly scheduled meeting of April 6, 2004, the Commission heard arguments from Santel, Western Wireless, Midcontinent and SDTA regarding Santel's request for an order granting interim suspension. Pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80, the Commission voted to grant the request for an interim suspension order pending final decision. It is therefore

ORDERED, that the request for an interim suspension order pending final decision is hereby granted.

Dated at Pierre, South Dakota, this 19<sup>th</sup> day of April, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kolbo

Date: 4/20/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner

# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITION OF	)	ORDER FOR AND NOTICE
SANTEL COMMUNICATIONS COOPERATIVE,	)	OF PROCEDURAL
INC. FOR SUSPENSION OF INTERMODAL	)	SCHEDULE AND HEARING
LOCAL NUMBER PORTABILITY	)	AND OF INTENT TO TAKE
OBLIGATIONS	)	JUDICIAL NOTICE
	)	TC04-038

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel or Petitioner) filed a petition pursuant to 47 U.S.C. Section 251(f)(2) and SDCL 49-31-80 seeking suspension of its requirement to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. The petition requests the Commission to issue a final order that grants a permanent suspension for Santel's obligation to implement LNP until conditions are met as described in the petition. On April 5, 2004, the Commission issued an order granting intervention to WWC License LLC d/b/a CellularOne, Midcontinent Communications and the South Dakota Telecommunications Association. On April 19, 2004, the Commission issued an order granting Santel's request for interim suspension of its obligation to implement LNP pending final decision pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80.

The Commission has jurisdiction in this matter pursuant to SDCL 49-31-80, Section 251(f)(2) of the Telecommunications Act of 1996, 47 U.S.C. Section 251(f)(2), and ARSD 20:10:32:39.

## Procedural Schedule

The due dates for pre-filing of testimony are as follows (all dates 2004):

May 14	Petitioner's direct testimony and exhibits
May 28	Intervenors' and Staff's reply testimony and exhibits
June 14	Petitioner's rebuttal testimony and exhibits

The schedule for discovery is as follows (all dates 2004):

April 28	General interrogatories, document requests and other general discovery requests by all parties
May 11	Responses to general discovery requests by all parties
May 18	Supplemental discovery requests by intervenors and Staff following Petitioner's pre-filed testimony
May 24	Petitioner's responses to supplemental discovery requests
June 3	Supplemental discovery requests by Petitioner following intervenors' and Staff's pre-filed testimony
June 10	Intervenors' and Staff's responses to Petitioner's supplemental discovery requests



## Judicial Notice

The Commission hereby gives notice pursuant to SDCL 1-26-19(3) that it intends to take judicial notice of the fact that Petitioner is a local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide. Any party objecting to this taking of judicial notice shall serve notice of such objection on the Commission and the parties prior to the hearing.

## Notice of Hearing

A hearing will be held on this matter beginning at 10:00 A.M. on July 1, 2004, in the Second Floor Conference Room of the Soldiers and Sailors War Memorial Building (across Capitol Avenue from the Capitol Building), Pierre, South Dakota.

As provided in SDCL 49-31-80 and 47 U.S.C. Section 251(f)(2), the issues at the hearing will be:

- (i) whether and the extent to which the suspension of LNP requirements requested by Petitioner
  - (a) is necessary:
    - (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
    - (2) To avoid imposing a requirement that is unduly economically burdensome;  
or
    - (3) To avoid imposing a requirement that is technically infeasible; and
  - (b) is consistent with the public interest, convenience, and necessity;
- (ii) if a suspension is found to be justified, what the duration of the suspension should be; and
- (iii) whether any other relief should be granted.

The hearing will be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights will be forfeited if not exercised at the hearing. If a party or its representative fails to appear at the time and place set for the hearing, the Final Decision may be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing, the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision. As a result of the hearing, the Commission may either grant or deny the request of Petitioner to suspend the requirement of 47 U.S.C Section 251(b)(2) that it provide local number portability to requesting carriers and, if so, for what duration and subject to what conditions. The Commission's Final Decision may be appealed to the state Circuit Court and the state Supreme Court as provided by law. It is therefore

ORDERED, that the parties shall comply with the procedural schedule and discovery schedule set forth above; and it is

FURTHER ORDERED, that a hearing shall be held at the time and place specified above on the issue of whether Petitioner's request to suspend its local number portability obligations under 47 U.S.C Section 251(b)(2) should be granted and, if so, for what duration.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 4th day of May, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kelbo

Date: 5/5/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner



South Dakota Telecommunications Association  
PO Box 57 ■ 320 East Capitol Avenue ■ Pierre, SD 57501  
605/224-7629 ■ Fax 605/224-1637 ■ sdtaonline.com

*Rural roots, global connections*

RECEIVED

MAY 14 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

May 14, 2004

Ms. Pamela Bonrud, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Ave.  
State Capitol Building  
Pierre, SD 57501

RE: Petitions for Suspension and/or Modification of LNP, Dockets TC04-025, 038, 044, 045, 046, 047, 048, 049, 050, 051, 052, 053, 054, 055, 056, 060, 061, 062, 077, 084, and TC04-085.

Dear Ms. Bonrud:

Enclosed you will find for filing in the above referenced Dockets, the prefiled Direct Testimony of witness Steven E. Watkins. This testimony is filed on behalf of SDTA and also is filed on behalf of each of the below listed rural local exchange carriers, as part of their prefiled testimony.

TC04-025 – Kennebec Telephone Company  
TC04-038 – Santel Communications Cooperative  
TC04-044 – Sioux Valley Telephone Company  
TC04-045 – Golden West Telecommunications Cooperative  
Vivian Telephone Company  
Kadoka Telephone Company  
TC04-046 - Armour Independent Telephone Company  
Bridgewater-Canistota Independent Telephone Company  
Union Telephone Company  
TC04-047 - Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 - Beresford Municipal Telephone Company  
TC04-049 - McCook Cooperative Telephone Company  
TC04-050 - Valley Telecommunications Cooperative Association, Inc.  
TC04-051 - City of Faith Telephone Company  
TC04-052 - Midstate Communications Inc.  
TC04-053 - Western Telephone Company  
TC04-054 - Interstate Telecommunications Cooperative  
TC04-055 - Alliance Communications Cooperative, Inc.  
Splitrock Properties, Inc.

TC04-056 - RC Communications, Inc.  
                  Roberts County Telephone Cooperative Association  
TC04-060 - Venture Communications Cooperative  
TC04-061 - West River Cooperative Telephone Company  
TC04-062 - Stockholm-Strandburg Telephone Company  
TC04-077 - James Valley Cooperative Telephone Company  
TC04-084 - Tri-County Telcom, Inc.  
TC04-085 - Cheyenne River Sioux Tribe Telephone Authority

You will also find enclosed a certificate of service verifying service of this document, by USPS, on counsel for the other intervening parties.

Thank you for your assistance in filing and distributing these documents.

Sincerely,

A handwritten signature in black ink, appearing to read "R. D. Coit", written over a large, stylized circular flourish.

Richard D. Coit  
Executive Director and General Counsel  
SDTA

## CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of the foregoing Direct Testimony of Steven E. Watkins was were hand-delivered to the South Dakota PUC on May 14, 2004, directed to the attention of:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

A copy was sent by U.S.P.S. First Class Mail to:

Talbot Wieczorek  
Gunderson Palmer Goodsell Nelson  
440 Mount Rushmore Road  
Rapid City, SD 57701

David Gerdes  
May, Adam, Gerdes & Thompson  
P.O. Box 160  
Pierre, SD 57501

Dated this 14th day of May, 2004.



---

Richard D. Coit, General Counsel  
South Dakota Telecommunications Association  
PO Box 57 – 320 East Capitol Avenue  
Pierre, SD 57501-0057

BEFORE THE PUBLIC UTILITIES COMMISSION

**RECEIVED**

OF THE STATE OF SOUTH DAKOTA

MAY 14 2004

IN THE MATTER OF THE PETITIONS )  
FOR SUSPENSION OR MODIFICATION )  
OF § 251(b)(2) OF THE COMMUNICATIONS )  
COMMUNICATIONS ACT OF 1934 )  
AS AMENDED )

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
DOCKETS:

TC04-025 – Kennebec Telephone Company  
TC04-038 – Santel Communications Cooperative  
TC04-044 – Sioux Valley Telephone Company  
TC04-045 – Golden West Telecommunications Cooperative  
Vivian Telephone Company  
Kadoka Telephone Company  
TC04-046 – Armour Independent Telephone Company  
Bridgewater-Canistota Independent Telephone Company  
Union Telephone Company  
TC04-047 – Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 – Beresford Municipal Telephone Company  
TC04-049 – McCook Cooperative Telephone Company  
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TC04-051 – City of Faith Telephone Company  
TC04-052 – Midstate Communications Inc.  
TC04-053 – Western Telephone Company  
TC04-054 – Interstate Telecommunications Cooperative  
TC04-055 – Alliance Communications Cooperative, Inc.  
Splitrock Properties, Inc.  
TC04-056 – RC Communications, Inc.  
Roberts County Telephone Cooperative Association  
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TC04-061 – West River Cooperative Telephone Company  
TC04-062 – Stockholm-Strandburg Telephone Company  
TC04-077 – James Valley Cooperative Telephone Company  
TC04-084 – Tri-County Telcom, Inc.  
TC04-085 – Cheyenne River Sioux Tribe Telephone Authority

DIRECT TESTIMONY OF

STEVEN E. WATKINS

Submitted on behalf of above Rural Local Exchange Carriers and  
the South Dakota Telecommunications Association (May 14, 2004)

1    **I.    INTRODUCTION**

2    **Q1:    Please state your name, business address and telephone number.**

3    **A:**                My name is Steven E. Watkins. My business address is 2120 L Street, N.W.,  
4                       Suite 520, Washington, D.C., 20037. My business phone number is (202) 296-9054.

5    **Q2:    What is your current position?**

6    **A:**                I am Special Telecommunications Management Consultant to the Washington, D.  
7                       C. law firm of Kraskin, Moorman & Cosson, LLC, which provides legal and consulting  
8                       services to telecommunications companies.

9    **Q3:    What are your duties and responsibilities at Kraskin, Moorman & Cosson, LLC?**

10   **A:**                I provide telecommunications management consulting services and regulatory  
11                       assistance to smaller local exchange carriers ("LECs") and other smaller firms providing  
12                       telecommunications and related services in more rural areas. My work involves assisting  
13                       client LECs and related entities in their analysis of regulatory requirements and industry  
14                       matters requiring specialty expertise; negotiating, arranging and administering connecting  
15                       carrier arrangements; and more recently assisting clients in complying with the rules and  
16                       regulations arising from the passage of the Telecommunications Act of 1996 (the "Act").

17                       On behalf of over one hundred and fifty (150) other smaller independent local exchange  
18                       carriers, I am involved in regulatory proceedings in several other states examining a large  
19                       number of issues with respect to the manner in which the Act should be implemented in  
20                       those states. Prior to joining Kraskin, Moorman & Cosson, I was the senior policy  
21                       analyst for the National Telephone Cooperative Association ("NTCA"), a trade  
22                       association whose membership consists of approximately 500 small and rural telephone

1 companies. While with NTCA, I was responsible for evaluating the then proposed  
2 Telecommunications Act, the implementation of the Act by the Federal Communications  
3 Commission (“FCC”) and was largely involved in the association's efforts with respect to  
4 the advocacy of provisions addressing the issues specifically related to rural companies  
5 and their customers.

6 **Q4: Have you prepared and attached further information regarding your background**  
7 **and experience?**

8 **A:** Yes, this information is included in Attachment A following my testimony.

9 **Q5: What is Local Number Portability?**

10 **A:** Local Number Portability (“LNP”) is defined in Section 153 of the Act as:

11  
12 The term “number portability” means the ability of users of telecommunications  
13 services to retain, at the same location, existing telecommunications numbers  
14 without impairment of quality, reliability, or convenience when switching from  
15 one telecommunications carrier to another.

16  
17 This type of number portability is referred to as “Service Provider Portability.”

18 **Q6: What is meant by intermodal porting?**

19 **A:** The term is meant to signify LNP where the number is ported from its prior use by  
20 a wireline telephone company in the provision of “plain old telephone service” (“POTS”)  
21 at a fixed location within a specific geographic area to use by a mobile customer of a  
22 wireless carrier in the provision of mobile service, and vice versa.

23 **Q7: What is meant by intramodal porting?**



1    **A:**           This term means LNP where a number is ported from wireline carrier to another,  
2           or where a number is ported from one wireless carrier to another, but not when a number  
3           is ported between two different types of carriers; *i.e.* wireline or wireless.

4    **Q8:   Is number porting a “function” or a “service?”**

5    **A:**           It relates to a functional capability of a carrier. It is the capability of a carrier to  
6           identify the carrier that is providing service to an end user with a specific number. When  
7           calls are placed to numbers that may have been ported (*i.e.*, the numbers may be used by  
8           more than one service provider to provide service to end users), number portability is the  
9           function of querying a database to determine the identity of the carrier that is serving the  
10          end user using the specific number in question. Once the identity of the carrier is  
11          determined using number portability hardware and software, a carrier must also determine  
12          how a call may and will be switched, routed, and completed. Therefore, number  
13          portability involves multiple functions – the identification of which carrier is serving the  
14          end user being called and the completion of the call.

15

16    **II.    PURPOSE OF THIS TESTIMONY**

17    **Q9:   On whose behalf are you testifying?**

18    **A:**           I am testifying on behalf of the rural local exchange carriers that are the  
19           petitioning parties in dockets captioned above (to be referred to as the “Petitioners”) and  
20           the South Dakota Telecommunications Association.

21    **Q10:  What is the purpose of your testimony?**

22    **A:**           My testimony addresses whether grant of the Petitions filed by the Petitioners  
23           seeking suspension of LNP requirements pursuant to Section 251(f)(2) of the

1 Communications Act of 1934, as amended (“Act”) is in the public interest and consistent  
2 with the criteria regarding economic burdens and feasibility.

3 Consistent with 47 U.S.C. § 251(f)(2)(A)(I), grant of the petitions is necessary to  
4 avoid a significant adverse economic impact on the end users of the Petitioners. As will  
5 be demonstrated, the cost to implement LNP in the rural exchanges of the Petitioners is  
6 significant and would lead to explicit surcharges and other potential rate increases to the  
7 rural users beyond that which would be balanced with any benefit to be derived by the  
8 small number, if any, of users that may actually seek to port their wireline service  
9 telephone numbers. Accordingly, suspension of the LNP requirements would avoid these  
10 burdens consistent with the public interest, convenience, and necessity. *See* 47 U.S.C. §  
11 251(f)(2)(B).

12 Consistent with 47 U.S.C. §§ 251(f)(2)(A)(ii) and (iii) of the Act, grant of the  
13 suspensions is also necessary to avoid the imposition of undue economic burdens and  
14 technically infeasible requirements on the petitioners. My testimony provides  
15 background information that sets forth the sequence of events and unresolved issues at  
16 the FCC regarding LNP. Given the specific network and operational characteristics of the  
17 Petitioners, the LNP requirement, if not suspended, would subject the Petitioners to  
18 adverse economic conditions, unnecessary economic burdens and harm, and potentially  
19 technically infeasible requirements. Accordingly, suspension of the LNP requirements  
20 would be consistent with the public interest, convenience, and necessity in that it would  
21 avoid unnecessary attempts to deploy LNP under conditions that would subject the  
22 Petitioners to undue economic burdens and uncertain and infeasible requirements. *See* 47  
23 U.S.C. § 251(f)(2)(B).

1           Therefore, the interests of all parties, including the Petitioners, their customers,  
2           and policymakers, would be better served by the grant of the suspension requests until  
3           such time as there is a balanced policy result consistent with the public interest. Under  
4           current conditions, there would be no such policy balance between the substantial costs  
5           that would be imposed on the public and the potential benefits of LNP in the rural areas  
6           of South Dakota. Suspension of the LNP requirements is also consistent with sound  
7           public policy because it would assure that the public interest would be examined properly  
8           only after all of the relevant implementation issues have been resolved.

9  
10   **III.   RELIEF REQUESTED**

11   **Q11: What relief is appropriate for the Petitioners?**

12   **A:**           The Commission should extend the current interim suspension of the LNP  
13           requirements for the Petitioners until the conditions confronting the Petitioners, as  
14           explained in this Testimony, have changed such that the per-line cost of LNP is more  
15           reasonable compared to whatever demand, if any, may exist. These factors should be  
16           reviewed in light of the criteria set forth in Section 251(b)(2) of the Act.

17           In any event, any consideration under the criteria of Section 251(b)(2) cannot  
18           occur until after the issues pending before the Courts and the FCC related to the apparent  
19           directives contained in the FCC's November 10, 2003 Order on LNP ("*Nov. 10 Order*")  
20           are fully resolved, including any further and final disposition of the remaining rulemaking  
21           issues and the resolution of the routing issues that the FCC explicitly has left to be  
22           resolved later.

23           Regardless of any future consideration, the Petitioners would need sufficient time

1 after the issues are resolved and circumstances may have changed to acquire and install  
2 the necessary hardware and software and to implement the necessary administrative  
3 processes and business relationships that would be necessary to commence LNP.

4 This relief would avoid the potential waste of resources in an attempt to  
5 implement what are currently a confusing, incomplete and inconsistent set of apparent  
6 requirements that cannot be implemented in any rational manner given the status of the  
7 Petitioners' and the wireless carriers' networks. Without suspension, the Petitioners  
8 would find themselves in the untenable position of attempting to implement some  
9 uncertain service and porting method that may require them to incur costs that may go  
10 unrecovered and may subject their subscribers to much higher basic rates. Moreover, as  
11 explained in this testimony, without suspension, customers may receive bills for calls that  
12 they do not expect; some calls may not be completed to their final destination; and there  
13 will be ensuing customer confusion.

1 **IV. BALANCING COSTS AND POTENTIAL BENEFITS WITH THE PUBLIC**  
2 **INTEREST**

3 **Q12: What should the “public interest” determination entail?**

4 **A:** The determination of the “public interest” should involve an evaluation of the  
5 costs of LNP implementation and operation compared to the benefits that LNP  
6 implementation would present for consumers.

7  
8 **A. THE COSTS OF LNP ARE SUBSTANTIAL.**

9 **Q13: Are the costs of LNP significant?**

10 **A:** Yes. There are significant costs associated with implementing LNP including the  
11 cost of upgrading switches, accessing the various LNP databases, modifying company  
12 processes and training company employees.

13 **Q14: Who would bear the cost of implementing LNP if the Petitioners were required to**  
14 **do so?**

15 **A:** The subscribers of the Petitioners will bear the costs of LNP either through an  
16 FCC allowed LNP surcharge or through general increases in basic rates. Petitioners may  
17 also be forced to bear some of the cost of implementing LNP to the extent that such cost  
18 may not be recovered from subscribers or other carriers.

19 **Q15: But, did not the FCC establish a cost recovery mechanism for the Petitioners?**

20 **A:** Yes, but that does not address the surcharge and cost recovery burden that would  
21 be placed on the rural users and does not address whether that result would be consistent  
22 with the public interest. These charges would be assessed to all of the Petitioners’ end

1 users regardless of whether any of these end users desire to port numbers to wireless  
2 carriers. The testimony and data provided in this proceeding regarding costs and the  
3 resulting rate implications supports the conclusion that the subscribers of the rural  
4 Petitioners would be shouldering significant rate increases to recover these costs,  
5 regardless of whether any or just a few customers actually port their numbers. This cost  
6 recovery burden would not be balanced with any possible public interest objective given  
7 the lack of demand for LNP and the surcharges that would be imposed to recover the  
8 substantial costs of LNP implementation.

9 **Q16: Are the surcharges and potential basic rate increases to recover the costs of LNP**  
10 **consistent with cost causer principles?**

11 **A:** No. There is an extreme irony here. The very few customers that may want to  
12 port their wireline number from Petitioners to another carrier's service, such as a wireless  
13 carrier's service, will no longer be customers of the Petitioners. The vast majority of  
14 Petitioners' end users that remain will shoulder the charges and costs to the benefit of  
15 only a handful of users that are no longer customers of the LEC. The vast majority of  
16 customers that do not want to port will be forced to foot the bill for the very few that do.

17 **Q17: Will the Petitioners be able to add new customers by porting wireless carriers'**  
18 **customers to the Petitioners' service?**

19 **A:** For the most part, no. The manner in which the FCC put in place intermodal  
20 porting, inconsistent with the reports from the industry workgroup that had been charged  
21 with examining the intermodal issues, means that there is an extreme disparity between  
22 wireline-to-wireless opportunities to port versus wireless-to-wireline. Therefore, for the  
23 most part, Petitioners will be able to lose customers if LNP is implemented, but will not

1 be able to get others back. The necessary methods and rules to allow wireless-to-wireline  
2 porting that would be competitively fair are the subject of a further rulemaking  
3 proceeding before the FCC with no apparent resolution of the geographic disparity issues  
4 that are at the root of the issues. See *Nov. 10 Order* at para. 41-44. In the meantime, a  
5 competitively unfair version of intermodal LNP is in place.

6  
7 **B. THERE IS A LACK OF DEMAND FOR PORTING.**

8 **Q18: Will consumers benefit from the implementation of LNP by Petitioners?**

9 **A:** Central to the evaluation of whether consumers will benefit from the  
10 implementation of LNP is the level of demand that exists for LNP in Petitioners' service  
11 areas. It is my understanding that the Petitioners have not received any inquiries or  
12 requests for LNP. In addition with respect to intermodal portability, in those areas where  
13 intermodal LNP has already been implemented, there appears to be very little demand  
14 from wireline customers to port their numbers to wireless carriers. Rather, the vast  
15 majority of wireless ports appear to be from one wireless carrier to another.

16 **Q19: Does the experience thus far with intermodal LNP have any bearing on the public**  
17 **interest evaluation?**

18 **A:** Yes. Based on readily available information, the demand for wireline-to-wireless  
19 porting for the non-rural, large local exchange carriers has been small. For example,  
20 according to a March 30, 2004 Press Release from the FCC, for the period between  
21 November 24, 2003 and March 25, 2004, there were 6,640 informal complaints received  
22 regarding wireless LNP. The FCC notes that "most of the complaints concern alleged  
23 delays in porting numbers from one wireless carrier to another" and that a "much smaller

1 number of complaints, estimated at just under ten percent of the total, involve alleged  
2 delays in porting numbers from wireline carriers to wireless carriers.” In any event, the  
3 small relative percentage of complaints is likely due to the small number of wireline-to-  
4 wireless ports. Neustar reports that 95% of wireless ports have been from one wireless  
5 carrier to another and only 5% of wireless ports were between wireline and wireless  
6 carriers. See Communications Daily, NARUC Notebook, Vol. 24, No. 46, March 9, 2004  
7 at p. 4.

8 Further, I can also report that the February 9, 2004 online edition of *RCR Wireless*  
9 *News* indicated that there had not been much demand for wireline-to-wireless porting as  
10 may have been initially anticipated. The online publication referenced a consumer survey  
11 report compiled by CFM Direct that found that very few telecommunications customers  
12 have switched their wireline phone numbers to wireless. The article quoted Barry  
13 Barnett, executive vice president of CFM Direct, as stating: “Phone portability should  
14 have enticed more landline users to switch to wireless, and although the data we have  
15 doesn’t look at pre-teens, the owners of landline phones are primarily adults. We don’t  
16 see adults making the shift.”

17 While these anecdotes are representative of the experience in the more urban, top  
18 100 MSAs, I would expect the interest in rural areas to be even less. Wireless service is  
19 less ubiquitous in rural areas, and landline users would be more reluctant to abandon  
20 dependable wireline service for a wireless service of less certainty. Generally, for  
21 obvious reasons, users do not abandon their wireline service, in any event, upon their first  
22 use of wireless service in rural areas.

23 Therefore, as a result of the very limited perceived demand for intermodal LNP



1 experienced to date, the significant and higher costs for the smaller carriers, let alone the  
2 technical and operational hurdles and unresolved issues, requiring the Petitioners to rush  
3 to support LNP for intermodal purposes at this point lacks a balanced public interest  
4 benefit. The public interest demands a balanced and thoughtful approach here, which the  
5 grant of the suspension request will allow.

6 **Q20: Can you explain why there is relatively little demand for intermodal LNP?**

7 **A:** Yes. In my opinion, the nature of wireless service in the rural areas of  
8 states like South Dakota is such that the public does not recognize wireless service as an  
9 absolute substitute for wireline service. The quality of service, dependability, and service  
10 record of wireline service makes it the reliable source that rural customers want and  
11 depend on as their fundamental service. On the other hand, as I expect the Commission is  
12 aware from its own experience here in South Dakota, wireless service is not as  
13 ubiquitous, lacks predictable capacity and quality of service, has a lower probability of  
14 call completion, and suffers from dropped calls. All of these factors mean that rural users  
15 who must depend on quality, reliable service due to their remote locations are not going  
16 to abandon their wireline service and convert to mobile service for actual use in their rural  
17 communities. Their demand for wireless service is more for its mobile capability, and  
18 this mobile capability is in addition to their fundamental need for a reliable wireline  
19 phone. For these reasons, mobile wireless service is a complementary service, not a  
20 replacement.

21 Therefore, while some customers may try wireless service, decide that it is  
22 dependable enough, and subsequently drop their wireline service, they do not do so in a  
23 single step, and do not do so with the need to port numbers. In other words, where a

1 customer drops wireline service, it does so without the need to port a number. More  
2 likely, the number of wireline subscribers that will drop wireline service in rural areas and  
3 replace it solely with wireless service would be expected to be very small.

4 My conclusions about lack of demand for wireline-wireless LNP are consistent  
5 with the FCC's own analysis and statements. In July 2003, the FCC concluded that even  
6 though there continues to be increased interest in wireless service:

7  
8 only a small percent of wireless customers use their wireless phones as their only  
9 phone, and that relatively few wireless customers have "cut the cord" in the sense  
10 of canceling their subscription to wireline telephone service.

11  
12 *Eighth Report*, In the Matter of Implementation of Section 6002(b) of the Omnibus  
13 Budget Reconciliation Act of 1993 Annual Report and Analysis of Competitive Market  
14 Conditions With Respect to Commercial Mobile Services, released July 14, 2003, at para.  
15 102.

16 Moreover, the FCC concluded in August 2003 that:

17  
18 . . . despite evidence demonstrating that narrowband local services are widely  
19 available through [Commercial Mobile Radio Service or "CMRS"] providers,  
20 wireless is not yet a suitable substitute for local circuit switching. In particular,  
21 only about three to five percent of CMRS subscribers use their service as a  
22 replacement for primary fixed voice wireline service . . . . Lastly, the record  
23 demonstrates that wireless CMRS connections in general do not yet equal

1 traditional landline facilities in their quality and their ability to handle data traffic.

2  
3 *See Report and Order and Order on Remand and Further Notice of Proposed*  
4 *Rulemaking, Review of the Section 251 Unbundling Obligations of Incumbent Local*  
5 *Exchange Carriers; Implementation of the Local Competition Provisions of the*  
6 *Telecommunications Act of 1996; and Deployment of Wireline Service Offering*  
7 *Advanced Telecommunications Capability, CC Docket Nos. 01-338, 96-98, and 98-147,*  
8 *FCC 03-36, released August 21, 2003, at para. 445.*

9 Finally, consistent with these FCC findings, a 2004 Policy Bulletin of the Phoenix  
10 Center for Advanced Legal & Economic Public Policy Studies entitled “Fixed-Mobile  
11 ‘Intermodal’ Competition in Telecommunications: Fact or Fiction?” also comes to the  
12 same conclusions. *See* [www.phoenix-center.org/PolicyBulletin/PCPB10Final.doc](http://www.phoenix-center.org/PolicyBulletin/PCPB10Final.doc). While  
13 the fundamental discussion in the Policy Bulletin is related to the extent of competition  
14 with Bell Operating Companies, the bulletin concludes at p. 1 that wireline and wireless  
15 telephone services are not “close enough substitutes to be effective intermodal  
16 competitors” and at p. 2 that “even though there may be exceptions, consumers generally  
17 do not consider the two services as sufficiently good substitutes . . . .”

18 For all of these reasons, the complementary nature of wireless service means that  
19 very few, if any, wireline customers will want to take the single step, at the same time, of  
20 abandoning wireline service, porting their number to wireless, and take a chance that they  
21 will depend on wireless service. Accordingly, it is not in the public interest for society,  
22 and particularly the rural subscribers of the Petitioners, to incur the cost of implementing  
23 LNP and to divert the limited resources of the Petitioners which are already challenged by

1           their service to sparsely populated areas and relatively lower income customers, for such  
2           small, if any, demand and such a speculative and abstract objective.

3   **Q21: Do the benefits of LNP justify the cost in the cases before the Commission?**

4   **A:**           No. Because the facts show that there is little or no demand for LNP, the  
5           significant costs of LNP cannot be justified.

6  
7   **V.     OTHER UNRESOLVED IMPLEMENTATION ISSUES RELATED TO THE**  
8       **PUBLIC INTEREST EVALUATION.**

9   **Q22: Are there additional reasons why LNP is not in the public interest?**

10   **A:**           Yes. There are other unresolved issues associated with the ultimate routing of  
11           calls to telephone numbers ported to wireless carriers that are relevant to the evaluation  
12           here. Moreover, in the *Nov. 10 Order*, the FCC asked for further comment on whether  
13           the porting interval should be reduced and on how to implement wireless to wireline  
14           LNP. The resolution of these issues is unknown, the manner in which each will be  
15           resolved will further affect the Petitioners and their end users and could require  
16           Petitioners to incur additional costs in connection with LNP. Accordingly, the resolution  
17           of these issues could further impact the LNP cost/benefit analysis.

18   **Q23: Did the FCC's *Nov. 10 Order* on intermodal number portability reconcile the facts of**  
19       **rural LECs with the requirement to provide intermodal LNP when there is no**  
20       **service arrangement with the wireless carrier "in the same location?"**

21   **A:**           No. The FCC's *Nov. 10 Order* is, at best, incomplete in that it fails to address  
22           with clarity and completeness the fact that there may be no wireless carrier arrangements

1 in place “at the same location” (which is the situation confronting most of the  
2 Petitioners), the obvious “location portability” aspect of mobile service, or the remaining  
3 rate center disparity issues articulated by the industry workgroup discussed below. Many  
4 of the FCC’s statements in its recent orders on number portability with respect to service  
5 locations of wireline LECs, rate center areas, the geographic scope of the operations and  
6 service offerings of wireless carriers, and mobile users are inexplicably inconsistent with  
7 the facts confronting the Petitioners, previous FCC conclusions, and existing regulation.

8  
9 **A. ROUTING ISSUES**

10 **Q24: Do the unresolved and uncertain aspects of the intermodal number portability**  
11 **requirements cause real world implementation consequences for the Petitioners?**

12 **A:** Yes. The *Nov. 10 Order* does not automatically create service arrangements  
13 between the Petitioners and the wireless carriers. The *Nov. 10 Order* does not clearly  
14 answer questions about the manner in which calls to ported numbers of mobile users will  
15 be treated from a service definition basis, how such calls will be transported to locations  
16 beyond the LECs’ service territories, and over what facilities these calls will be routed.

17 **Q25: What are the so-called “routing” issues?**

18 **A:** Foremost, the wireless carrier to which the number may be ported may not have  
19 any existing service arrangements with the wireline LEC in the specific geographic area  
20 where the wireline LEC provides service using that number (*i.e.*, in the geographic area  
21 that constitutes “the same location”). Accordingly, even if the carriers knew that the  
22 number had been ported to a wireless or wireline carrier providing service in another  
23 location, there would not be any trunking arrangement in place (other than handing off

1 the calls to interexchange carriers) to complete the call. No LEC, including the  
2 Petitioners, has network arrangements for the delivery of local exchange service calls to,  
3 and the exchange of telecommunications with, carriers that operate at distant locations  
4 beyond the LEC's actual service area in which local exchange service calls originate, and  
5 there is no requirement for LECs to establish such extraordinary arrangements. LECs  
6 have no obligation to provide at the request of a wireless carrier, at additional cost and  
7 expense to the LEC, some extraordinary form of local exchange service calling beyond  
8 that which the LEC provides for any other local exchange service call.

9 **Q26: Would you provide an explanation of some of the uncertain aspects of the FCC's**  
10 ***Nov. 10 Order* with respect to so-called "routing" issues?**

11 **A:** The *Nov. 10 Order* neglects to address specific operational and network  
12 characteristics of the smaller LECs such as the Petitioners. In this regard, I note the  
13 statement of the FCC in a subsequent November 20, 2003 Order on number portability  
14 denying a petition challenging the decision:

15  
16 . . . [P]etitioners assert that there is no established method for routing and billing  
17 calls ported outside of the local exchange. We note that today, in the absence of  
18 wireline-to-wireless LNP, calls are routed outside of local exchanges and routed  
19 and billed correctly.

20  
21 What the FCC fails to understand in this statement is that calls routed outside of the  
22 Petitioners' local exchanges are routed to interexchange carriers (IXCs). Therefore, they  
23 are routed and billed correctly as interexchange calls. The Petitioners do not have any

1 obligation to provision local exchange carrier services that involve transport  
2 responsibility or network functions beyond their own networks or beyond their incumbent  
3 LEC service areas. Consequently, if the FCC means to presume that calls outside of the  
4 local exchanges are routed and billed correctly as local calls, the FCC's statement  
5 contained in the second sentence is simply not correct.

6 Furthermore, it is well settled that LECs' interconnection obligations only pertain  
7 to their own networks, not to other carriers' networks or to networks in areas beyond their  
8 own LEC service areas. While the FCC has generally acknowledged a limitation on a  
9 Bell company to route calls no further than to a LATA boundary, the FCC's *Nov. 10*  
10 *Order* apparently failed also to recognize that the Petitioners are physically and  
11 technically limited to transporting traffic to points of interconnection on their existing  
12 network that are no further than their existing service territory boundaries. It is my  
13 understanding that some companies may have extended their access facilities outside their  
14 local networks to provide centralized access services, but these circumstances are  
15 exceptional and, in any event, the LECs are compensated for their provision of access  
16 services to other carriers. For the Petitioners, telecommunications services provided to  
17 end users that involve transport responsibility to interconnection points with other  
18 carriers' networks at points beyond a Petitioner's limited service area and network  
19 generally are provided by IXC's, not by the Petitioner LECs. The involvement of the  
20 Petitioners in such calls is limited to the provision of network functions within their own  
21 networks. As such, for calls destined to points "outside of the local exchange," the IXC  
22 chosen by the end user is responsible for the transport and network functions for the  
23 transmission of the call beyond the Petitioner's network. Accordingly, calls destined to

1 interconnection points beyond the local exchange and service area of a Petitioner are both  
2 “routed” and “rated” by the customer’s chosen IXC.

3 The wireline LEC that may originate calls to a number that has been ported to a  
4 wireless carrier cannot unilaterally provision local calling to this number where there are  
5 no arrangements established with the wireless carrier. Just as the introduction of an EAS  
6 route involves the establishment of interconnection and network and business  
7 arrangements between two carriers, the ability to exchange local exchange service calls  
8 with a wireless carrier also necessitates interconnection and the establishment of the  
9 necessary terms and conditions under which traffic may be exchanged. Interconnection  
10 occurs as the result of a request and the mutual development of terms and conditions  
11 between the carriers for such interconnection. Just as the establishment of an EAS route  
12 does not occur in the absence of negotiation and agreement regarding the network  
13 arrangements and the exchange of traffic, interconnection with a wireless carrier is not a  
14 spontaneous event. The mere deployment of a NPA-NXX, the association of a rate  
15 center point with a specific NPA-NXX, and/or the porting of a wireline telephone number  
16 to a wireless carrier does not automatically establish interconnection or any expectation  
17 that calls can or will be originated as a “local exchange service” call or that calls can be  
18 completed on such basis.

19 **Q27: Do the Petitioners typically have in place direct interconnection arrangements or**  
20 **other service arrangements with all potential wireless carriers that could port**  
21 **numbers?**

22 **A:** No. This is in contrast to Bell companies which typically do have some form of  
23 interconnection and physical trunking arrangements in place with most, if not all, of the



1 wireless carriers that will seek number portability. Quite possibly that would explain  
2 some of the incorrect assumptions which are the apparent basis for some of the FCC's  
3 statements in its *Nov. 10 Order*. These assumptions are apparently the result of assuming  
4 that the experience and operations of the Petitioners are comparable to that of Bell  
5 companies.

6 **Q28: What will be the consequences when a wireline number is ported to a wireless**  
7 **carrier that has no direct interconnection arrangement or other service**  
8 **arrangement in place with the wireline LEC?**

9 **A:** The unresolved issues and the fact that no service arrangement may exist with the  
10 wireless carrier means that there will be carrier and customer confusion. Where there is  
11 no service arrangement between a Petitioner and the wireless carrier to which a number  
12 may have been ported, there will be no trunk over which the LEC could direct local  
13 exchange service calls to the wireless carrier if that is the service that the LEC seeks to  
14 provide to its wireline customers. The Petitioners have only one available option for the  
15 completion of such calls. In such instances, the caller attempting to place a call would  
16 receive a message with the instructions that the call cannot be completed as dialed and  
17 must be completed using an interexchange carrier by dialing 1 plus the 10-digit number.  
18 If the customer dials the ported number in this manner, the LEC would hand such call off  
19 to the interexchange carrier chosen by the originating user, the service is provided by the  
20 interexchange carrier, the routing of the call would be determined by the interexchange  
21 carrier, and the end user would be assessed a toll charge by that interexchange carrier.

22 **Q29: Did the FCC say anything else concerning the routing of calls to wireless carriers in**  
23 **the Nov. 10 Order?**

1    **A:**            Yes. The FCC stated that the routing of calls between wireline and wireless  
2            carriers did not need to be resolved in the LNP docket and, instead, it would be addressed  
3            in the context of a Declaratory Ruling request filed by Sprint still pending before the  
4            FCC.

5  
6            . . . We make no determination, however, with respect to the routing of ported  
7            numbers . . . . [T]he rating and routing issues raised by the rural wireline  
8            carriers have been raised in the context of non-porting numbers and are before the  
9            [FCC] in other proceedings. Therefore, without prejudging the outcome of any  
10          other proceeding, we decline to address these issues at this time as they relate to  
11          intermodal LNP.

12  
13         *Nov. 10 Order*, para. 40, footnotes omitted.

14  
15                 **B.     OTHER UNRESOLVED AND UNEXPLAINED ISSUES**

16    **Q30: Why is it necessary to discuss the background and sequence of events leading to the**  
17         **FCC's *Nov. 10 Order*?**

18    **A:**            As I will explain below, the apparent directives in the FCC's *Nov. 10 Order* have  
19            not been logically explained, are not consistent with the FCC's own conclusions and  
20            procedural approach, and leave implementation issues unresolved for the Petitioners. The  
21            conclusions to be drawn from the FCC's *Nov. 10 Order* are still not clear.

1                   1.     **BACKGROUND: NUMBER PORTABILITY CONCEPTS**

2     **Q31: Are there other “types” of number portability other than Service Provider**  
3     **Portability that you discussed earlier in this testimony?**

4     **A:**             Conceptually, yes. The FCC has defined a type of number portability called  
5                   “Location Number Portability.” As explained earlier in this Testimony, Service Provider  
6                   Portability is the ability of users of telecommunications services to retain, at the same  
7                   location, existing telecommunications numbers when switching from one local service  
8                   provider to another. In contrast, Location Number Portability is the ability of a  
9                   telecommunications service user to retain her or his same telephone number when  
10                  moving from one physical location to another.

11   **Q32: Is Location Number Portability part of the definition of the Act?**

12   **A:**             As reflected above, the Act defines “number portability” as the ability for  
13                  customers to retain, at the same location, their existing numbers when switching carriers.  
14                  The definition contained in the Act is consistent with only the Service Provider Number  
15                  Portability definition that the FCC has adopted.

16   **Q33: Has the FCC adopted requirements for Location Portability?**

17   **A:**             No. Location Number Portability involves geographic and other implementation  
18                  issues that go beyond those associated with Service Provider Number Portability. With  
19                  location portability, there is no longer a relationship between the NPA-NXX of the  
20                  telephone number and the geographic area in which an end user obtains service using that  
21                  telephone number. Because carriers’ services are based on specific geographic areas and  
22                  because carriers currently provision service and switch calls based on NPA-NXXs, the  
23                  “porting” of a number within a particular NPA-NXX to a different geographic area means

1 that carriers are unable, with current technology, to determine the proper service  
2 treatment of calls.

3  
4 **2. SERVICE "AT THE SAME LOCATION" ISSUES**

5 **Q34: Can you provide an example of the inability to determine the service treatment of**  
6 **calls?**

7 A: Yes. For example, under current technical capabilities, a carrier would not know  
8 whether a call to a location ported number is to a location that is included within the local  
9 calling area services offered by the LEC to its end users (such as the local exchange and  
10 Extended Area Service ("EAS") arrangements) or whether the call is to a distant location  
11 that would be an interexchange call subject to provision by the end user's preferred  
12 interexchange carrier ("IXC"). In the former example, if the call would be between two  
13 end users physically located within the local calling area, the call is treated as a local  
14 exchange service call. In the latter example of a toll call originated in one of the  
15 Petitioners' service areas, the call is subject to equal access treatment (*i.e.*, the call is  
16 routed to the end user's presubscribed long distance carrier) and is subject to the terms of  
17 either intrastate or interstate access tariffs, and the rate for the call is determined by the  
18 end user's chosen IXC. However, because of the real-world, real-time incapability to  
19 know the locations of the two end users involved in the call, implementing any form of  
20 Location Number Portability would wreak havoc on the telephone companies and the end  
21 users they serve unless and until some new and costly network capability could be  
22 developed to determine the location of end users on a real-time basis. Absent this real-  
23 time capability, end users would not be able to know what charges they are incurring and

1 the LECs would not know how to recover their costs related to the call. It is for all of  
2 these reasons the FCC has not required that LECs implement Location Number  
3 Portability at this time.

4 **Q35: Did the FCC conclude that porting numbers from wireline carriers to wireless**  
5 **carriers for use on a mobile basis across the country constitutes location portability?**

6 **A:** No. But the FCC did not explain the illogical consequences of that apparent  
7 conclusion, and those aspects of its orders are the reason why the entire industry has been  
8 left to “scratch its head” with regard to the meaning to attach to the FCC’s statements.  
9 The FCC simply stated its conclusion that porting numbers to a wireless carrier which  
10 allows the wireless carrier to provide service on a mobile basis to customers that move  
11 across the country does not mean that the service is provided beyond “the same location”  
12 and therefore does not, in the FCC’s view, constitute location portability. However, the  
13 FCC failed to explain rationally how the porting of a telephone number for use by a  
14 mobile wireless service user constitutes retention of its use “at the same location.” In any  
15 event, the statement about location portability cannot be reconciled with the facts, and the  
16 FCC did not provide the necessary guidance as to how to reconcile this illogical statement  
17 with the current network realities. When a number is ported for mobile wireless carrier  
18 use, not only will a wireless carrier use that number to provide service to a mobile user  
19 “moving from one physical location to another” -- the exact definition that the FCC  
20 prescribed for the concept of location portability -- but more problematic is that, for the  
21 Petitioners, the number could be ported to a wireless carrier that does not have any  
22 service presence or any interconnection arrangement in the local exchange area associated  
23 with the NPA-NXX number prior to its being ported.

1 As is obvious, the FCC's unsubstantiated statement is contrary, without sufficient  
2 explanation, to the plain language of the Act, and leaves open the unreasonable  
3 possibilities that (1) a number may be ported to a wireless carrier that has no presence,  
4 whatsoever, in the area that constitutes "at the same location;" (2) the wireless carrier can  
5 now port that number for use at many different locations, perhaps across the entire nation,  
6 well beyond the "same service location;" and (3) the wireline LECs operating in "the  
7 same location" have no arrangement, whatsoever, with the wireless carrier to which the  
8 number has been ported in that "same location." Accordingly, the FCC's orders  
9 completely neglect, without sufficient explanation, these circumstances and facts that  
10 render the concept "at the same location" meaningless and the conclusions in the *Nov. 10*  
11 *Order* illogical.

12 **Q36: Are there any issues that arise as a result of wireless carriers using the ported**  
13 **number on a mobile basis?**

14 **A:** Yes. Despite the simple and unexplained statement by the FCC to the contrary, a  
15 telephone number currently used by a wireline end user at a fixed location that is  
16 subsequently ported to a wireless carrier to be used on a mobile basis automatically  
17 involves the use of that telephone number when moving from one physical location to  
18 another (unless the wireless user intends to fix the location of her or his wireless phone).  
19 The mobile user may not only use the number when moving from one location to another  
20 within the original exchange area, but likely will use the number in a much wider  
21 geographic area including, for most wireless carriers, the ability to place and receive calls  
22 at locations throughout the entire country. Furthermore, the wireless user may  
23 subsequently take his or her wireless phone and move to another state and use that

1 telephone number on a full time basis in that other state. As such, the porting of  
2 telephone numbers from wireline use to wireless mobile use automatically presents both  
3 location portability and service provider portability issues. In the reverse, a mobile user  
4 with a telephone number associated with a rate center area in another state (or at some  
5 distance away from the wireline LEC but within the same state) can nevertheless use his  
6 or her mobile phone in the wireline LEC's local rate center area, but the LEC cannot port  
7 that number from the wireless carrier to the wireline LEC's use. This is the disparate  
8 competitive situation that the FCC's illogical requirements present which is also the  
9 reason why the industry group charged with studying and making recommendations about  
10 intermodal porting has never recommended that it be adopted specifically because of this  
11 geographic disparity issue.

12  
13 **3. THERE HAS BEEN NO RECOMMENDATION FOR**  
14 **INTERMODAL LNP.**

15 **Q37: Prior to the FCC's *Nov. 10 Order*, were the obligations of the Petitioners clear with**  
16 **respect to intermodal porting of a number to a wireless carrier?**

17 **A:** No. The rulemaking process that the FCC put in place to resolve the issues  
18 associated with the disparity in geographic service areas between wireline and wireless  
19 carriers that arise under intermodal porting is still open and the issues are still unresolved.  
20 There had been no recommendation or proposal as to how to resolve all of the  
21 geographic disparity issues associated with intermodal porting.

22 **Q38: What is the rulemaking process that the FCC announced that it would use to**  
23 **examine and adopt rules for wireline-wireless number portability?**

1    **A:**           The FCC recognized in its July 2, 1996 number portability decision that there are  
2           complex definition and implementation issues with respect to wireline-wireless number  
3           portability as compared to wireline-wireline number portability. These complex issues  
4           arose because of the fundamental geographic differences between mobile wireless service  
5           areas and wireline service areas. Accordingly, the FCC did not adopt requirements for  
6           wireless-wireline number portability at the same time as it adopted the initial rules for  
7           wireline-wireline number portability. Instead, in its August 18, 1997 decision, the FCC  
8           decided that it would assign the more difficult wireless-wireline issues to an expert  
9           industry workgroup (the North American Numbering Council or “NANC”) with the  
10          intent that the workgroup would study these issues, develop consensus on solutions, and  
11          then make “recommendations” to the FCC as to how to resolve the outstanding issues.  
12          The FCC’s process, then, involves the development of recommendations by the NANC,  
13          followed by FCC notice of such recommendations, and the allowance of sufficient time  
14          and opportunity for the industry to study the recommendations and comment prior to any  
15          such recommendations becoming a regulatory rule.

16   **Q39: Did the FCC alter this process in its Nov. 10 Order?**

17   **A:**           No.

18   **Q40: Has there been a recommendation from the industry expert workgroup regarding**  
19   **porting between wireless carriers and wireline carriers?**

20   **A:**           No, and that is at the heart of the problem here. There has been no explicit  
21          recommendation from the industry workgroup that states the manner in which the  
22          geographic disparity issues arising from intermodal porting would be solved. There have  
23          been reports which attempt to explain the unresolved geographic disparity issues related



1 to porting between wireless and wireline carriers. For example, the NANC reported in  
2 both 1999 and 2000, the last two reports that I am aware of on these issues, that the  
3 industry could not reach consensus on a resolution of the rate center area disparity issues,  
4 and no recommendation on intermodal porting was offered. Nowhere can one find an  
5 explicit and complete recommendation as to how the industry group proposed to solve all  
6 of the disparate geographic, definition, and operational issues necessary to implement  
7 wireline-wireless number portability consistent with the statutory requirements.

8 To add further confusion and uncertainty to this process, the geographic disparity  
9 issues were originally related to Location Number Portability, not Service Provider  
10 Number Portability. Based on my review of the reports, it appears that early in their  
11 deliberations the industry workgroup concluded that if and when Location Number  
12 Portability is implemented, the location porting of a number must nevertheless be limited  
13 to service within the same rate center. This condition of confining portability to the same  
14 rate center area was relevant solely to Location Number Portability, not Service Provider  
15 Number Portability. However, the rate center area disparity issue has been inexplicably  
16 confused, and the condition of confinement of portability to the same rate center area  
17 somehow, over time and without clear explanation, apparently became part of the Service  
18 Provider Number Portability considerations, despite the fact that this form of portability is  
19 already defined by statute to be "at the same location."

20 **Q41: Based on your understanding of the NANC recommendations made to date, is there**  
21 **one that you can point to that resolves the issues that you have identified regarding**  
22 **intermodal porting?**

23 **A:** No. Regardless of the confusing course, one cannot find a clear recommendation

1 from the NANC as to how to reconcile these outstanding intermodal porting issues  
2 (whether for location or service provider portability), much less any document or  
3 proposals that constitutes a clear proposal for comment. The facts are: (1) the disparity in  
4 the geographic aspects of wireline and wireless service still remain; (2) when a number is  
5 ported to a mobile user, the wireless carrier that is the new service provider may not have  
6 any intercarrier network interconnection or service arrangements in place in the original  
7 rate center area; (3) the mobile user will most certainly use that number when moving  
8 from one location to another; and (4) in all likelihood, the mobile user will use that  
9 telephone number in a different rate center than the rate center with which it was  
10 originally associated. "At the same location" has been rendered meaningless without  
11 proper explanation.

12 **Q42: What conclusions can you draw as a result of this sequence of events?**

13 **A:** The Petitioners had no reason to expect that intermodal number portability,  
14 inconsistent with the general understanding of the statute, existing regulation, and the  
15 status of industry workgroup efforts, was yet required.

16 **Q43: What has been the response of the LEC industry to the FCC's action?**

17 **A:** It is not surprising that the industry has responded with Court action challenging  
18 the *Nov. 10 Order*.

19 **Q44: What is the status of these proceedings?**

20 **A:** All of these matters await substantive action.

21 **Q45: Why are all of these uncertainties relevant to the instant requests for suspension?**

22 **A:** Because the uncertainties raise the distinct specter that the Petitioners will be  
23 making human and economic investments and expending real work resources all in an

1 effort to make a good faith effort to implement LNP when their requirements are unclear.  
2 Magnifying this problem, my understanding is that no, or very few, wireline customers of  
3 the Petitioners have requested to port a number for wireless use. The real world concern  
4 is that these costs could be incurred and would be reflected in end user rates without any  
5 real purpose or potential benefit that would be afforded to customers. Moreover, after  
6 these issues are resolved, Petitioners may find that they would be required to modify their  
7 previous implementation activity at additional cost.

8 The requested relief would preclude the potential waste of resources in an attempt  
9 to implement what are currently a confusing, incomplete and inconsistent set of apparent  
10 requirements. As such, the requested relief is fully consistent with the public interest and  
11 would recognize the infeasibility of the Petitioners moving forward with efforts based on  
12 unknown and ambiguous FCC directives. The requested action would also avoid the  
13 significant adverse economic impact on the Petitioners' end users and undue economic  
14 burden that will result from an attempt to comply under these uncertain conditions.

15 Without suspension, the Petitioners would find themselves in the untenable  
16 position of attempting to implement some way in which numbers would be ported to  
17 wireless carriers. However, in such case, as explained in this testimony, some calls may  
18 not be completed to their final destination, there will be ensuing customer confusion,  
19 customers may receive bills for calls that they do not expect, and the Petitioners will incur  
20 costs that may go unrecovered.

1                   **4. LACK OF ANY LOGICAL APPLICATION OF THE “RATE CENTER**  
2                   **AREA” CONCEPT TO MOBILE USERS.**

3   **Q46: Do you agree that it appears that much of the discussion and apparent directives of**  
4       **the FCC depend on so-called rate center areas?**

5   **A:**           Yes.

6   **Q47: What is a rate center area?**

7   **A:**           A rate center area is a specific geographic area. Telephone number codes (NPA-  
8       NXXs) are assigned and associated with rate center areas with the assumption that these  
9       numbers will be used to provide service exclusively within that rate center area (except in  
10      the case of wireless carrier mobile users). However, the fact that wireless carriers may  
11      not use the NPA-NXX to provide mobile service to the end user in the same rate center  
12      area with which the NPA-NXX is associated for wireline service (and similarly a wireless  
13      carrier may use a specific NPA-NXX associated with one specific rate center area to  
14      provide mobile service in a different wireline rate center area) is at the crux of the  
15      geographical rate center area disparity issue between wireless carriers and wireline  
16      carriers that has not been resolved.

17               Within a rate center area, there is a designated rate center point (vertical and  
18      horizontal coordinates) that carriers may use to calculate airline miles between any two  
19      rate center points. The rate center point is a geographic point that is intended to be the  
20      representative point for the entire rate center area for purposes of mileage calculation.

21               The concept of “rate center areas” was developed originally for purposes of  
22      calculating charges for interexchange services where the rates were based on mileage.  
23      Almost no calling services today depend on mileage. Some carriers’ billing and service

1 administrative processes depend on industry databases (the “Local Exchange Routing  
2 Guide” or “LERG”) that associate NPA-NXX telephone numbers with specific rate center  
3 areas. However, many small LECs have no need for such reliance and do not necessarily  
4 utilize such database tools because they provision their own local exchange carrier  
5 services on an individual case basis, based on specific geographic areas included within  
6 their local calling area and the establishment of unique physical trunking between those  
7 geographic areas.

8 To add to the confusion, the FCC has attempted to extend the use of the word  
9 “rate” (with respect to a call) beyond its original meaning, apparently now to mean the  
10 determination by a LEC of whether a call is within the definition of what the LEC offers  
11 and provides as local exchange service, or whether the call is not. The determination of  
12 whether a call, when dialed, is a local exchange service call or an interexchange service  
13 call is simply a service definition determination, not rating. As explained in this  
14 testimony, the determination of whether a call is a local exchange service call or an  
15 interexchange service call is based on the location of the calling and called parties. Under  
16 the traditional use of the word, the Petitioners do not generally “rate” local exchange  
17 service calls, at all. These calls are part of an unlimited service for which no “rating” is  
18 necessary or applied. Rating was originally a concept relevant only to interexchange  
19 services, and the rate center points (V&H) were used to determine the “rate” for the call.  
20 But interexchange services are no longer rated based on mileage, the only “rating” that  
21 takes place for interexchange service calls is in the determination of whether the  
22 interexchange service call is intrastate or interstate in nature, based on the V&H  
23 coordinates of the called and calling parties, and the duration of the call.

1   **Q48: Are LECs required to rely on rate center information of other carriers contained in**  
2   **industry databases in their provisioning of intrastate local exchange carrier**  
3   **services?**

4   **A:**           No. I am aware of no federal regulatory requirement which requires LECs,  
5   including the Petitioners, to utilize LERG data that associates a specific NPA-NXX with  
6   a specific rate center area as the sole means to determine the scope of local exchange  
7   services to be offered to their own customers. Of particular note, as explained below,  
8   even the FCC has concluded that this information is generally meaningless with respect to  
9   mobile wireless service. The industry's NPA-NXX assignment guidelines, endorsed by  
10   the FCC, which include the administrative processes for the association of a rate center  
11   area with an NPA-NXX code, also recognize that not all carriers utilize this information  
12   for the definition and billing of services. Many small LECs do not depend solely, nor are  
13   they required to do so, on the unsupervised information that other carriers submit for  
14   inclusion in the industry database as the means to provision their local exchange services.  
15   These LECs may, however, refer to this information as a tool to identify other carriers  
16   and their apparent operations.

17           In summary, I am unaware of any federal regulatory requirement that carriers must  
18   determine the jurisdiction of a call, or must provision specific local exchange carrier  
19   services, based on rate center points that other carriers associate with NPA-NXXs. In  
20   fact, the FCC has concluded previously that the telephone number does not determine the  
21   jurisdiction of a call when the calling and called parties' locations do not relate to the  
22   geographic area associated with the NPA-NXX. The FCC has used the example of  
23   callers in the multi-state area surrounding the District of Columbia to illustrate this fact.

1 Because wireless carrier mobile users often cross state lines and are mobile, a cellular  
2 customer with a telephone number associated with Richmond, Virginia may travel to  
3 Baltimore, Maryland. A call between the mobile user in Baltimore and, for example, a  
4 wireline end user in Alexandria, Virginia might appear to be an intrastate call “placed  
5 from a Virginia telephone number to another Virginia telephone number, but would in  
6 fact be interstate . . .” 11 FCC Rcd 5020, 5073, *In the Matter of Interconnection*  
7 *Between Local Exchange Carriers and Commercial Mobile Radio Service Providers, and*  
8 *Equal Access and Interconnection Obligations Pertaining to Commercial Mobile Radio*  
9 *Service Providers*, CC Docket Nos. 95-185 and 94-54, (1996) at para. 112, underlining  
10 added. Similarly, while a call between a wireline end user in Richmond to the mobile  
11 user in Baltimore might also appear to be an intrastate call because the call is placed from  
12 a Virginia telephone number to another number that also appears to be associated with  
13 Virginia, but this call would also in fact be an interstate call. When one end of the call is  
14 in Maryland and the other is in Virginia, the call is interstate. The telephone numbers  
15 assigned to the users do not determine the jurisdiction.

16 **Q49: Does the concept of a rate center area and its association with an NPA-NXX make**  
17 **sense with respect to telephone numbers assigned to mobile users of wireless**  
18 **carriers?**

19 **A:** No. It is nonsensical to associate a specific geographic area to a user that, by  
20 definition, is expected to be, and most likely will be, mobile across large areas, including  
21 potentially across the entire nation. The telephone number does not determine the  
22 location of the mobile user. For jurisdictional determinations, the actual physical  
23 location of the mobile user determines whether a call is intrastate or interstate. For

1 interconnection purposes, *i.e.* to determine whether a call is within a Major Trading Area  
2 (“MTA”) or between two MTAs (*i.e.*, intraMTA or interMTA), the location of the cell  
3 site serving the mobile user at the beginning of the call is used as the surrogate for the  
4 actual geographic service location of the mobile user, not the telephone number. I am not  
5 aware of any FCC regulation that requires that the location of a mobile user be based on  
6 the telephone number or NPA-NXX used by that mobile user.

7 **Q50: Do others share your views about the lack of any geographic relationship between**  
8 **rate center areas and mobile users?**

9 **A:** Yes. My views are exactly consistent with the FCC’s conclusions. In its October  
10 7, 2003 number portability order related to wireless-wireless porting, the FCC concluded  
11 (at para. 22) that “[b]ecause wireless service is *spectrum-based and mobile in nature*,  
12 *wireless carriers do not utilize or depend on the wireline rate center structure to provide*  
13 *service*: wireless licensing and service areas are typically much larger than wireline rate  
14 center boundaries, and wireless carriers typically charge their subscribers based on  
15 minutes of use rather than location or distance.” (emphasis added). The FCC’s  
16 conclusion confirms that the specific geographic areas known as rate center areas for  
17 wireline LECs have no relevance to the services offered to, or provided to, the typical  
18 mobile user of the large wireless carriers.

19 **Q51: You discuss intermodal LNP at great lengths. Does that mean that there are no**  
20 **obstacles or burdens associated with intramodal LNP?**

21 **A:** No. For most small and rural LECs, it is intermodal porting brought on by the  
22 FCC’s *Nov. 10 Order* that has precipitated the need for the suspension request by the  
23 Petitioners. However, implementing LNP for intramodal porting would present similar



1 cost burdens and potential imbalance between benefits and costs with similar public  
2 interest implications. Furthermore, there are still those unresolved issues yet to be  
3 decided such as the porting interval that would impact implementation of intramodal  
4 porting the same as for intermodal porting.

5  
6 **V. CONCLUSION**

7 **Q52: What conclusions do you draw from your discussion of LNP?**

8 **A:** Even if the unexplained and uncertain issues discussed in this Testimony were to  
9 be resolved properly, the costs of implementing LNP in the rural Petitioners' exchanges  
10 would unjustly burden the rural customers with higher rates to support a capability that  
11 would benefit only a few, if any, customers that may want to port their number. Further,  
12 with respect to wireless LNP, the evidence is that there would be little, if any, demand by  
13 rural customers to abandon wireline service and completely substitute wireless service.  
14 The costs to deploy number portability are significant and would burden unnecessarily the  
15 customers of the Petitioners without any clear or balanced public interest benefit. Given  
16 these circumstances, the Petitioners should not be forced to incur substantial costs, to  
17 redirect their limited resources into otherwise unnecessary or misguided efforts in an  
18 attempt to comply with a confusing and incomplete set of apparent requirements, and  
19 burden their rural users with rate increases for only speculative, if any, benefits. Such a  
20 result would not be consistent with the public interest.

21 With respect to the incomplete and unexplained aspects of the FCC's *Nov. 10*  
22 *Order*, the Petitioners are placed in an untenable position – although carriers are required  
23 to implement LNP if there is a request, the implementation requirements are incomplete

1 and subject to change and. Further, with respect to intermodal LNP, the implementation  
2 requirements (a) have not been properly established or logically explained; (b) are based  
3 on assumptions that are inconsistent with the experience and operations of the Petitioners;  
4 and/or (c) are inconsistent with the facts and existing regulations. Accordingly, these  
5 shortcomings make the fulfillment of intermodal LNP infeasible and unduly economically  
6 burdensome under uncertain terms. The Petitioners continue to have concerns about the  
7 routing and completion of calls to intermodal ported numbers, the resulting confusion on  
8 the part of customers about how to complete calls and the charges for such calls, and the  
9 ensuing customer dissatisfaction with the Petitioners, as well as with federal and state  
10 regulators, created by this state of uncertainty. Any attempt to implement LNP under  
11 these circumstances would result in the imposition of undue economic burdens on the  
12 Petitioners and their customers -- a result not consistent with the public interest.

13           The interests of all of the parties -- the Petitioners, their customers, and the  
14 Commission -- will be better served by the grant of a suspension until such time as the  
15 demand for LNP and the costs are balanced consistent with a rational public interest  
16 determination and the apparent requirements can be satisfied in an orderly and thoughtful  
17 manner. If the Petitioners are required to implement counter-productive, uncertain, or  
18 infeasible requirements, customers will ultimately bear the harm in the form of greater  
19 costs and a redirection of carriers' resources away from more valuable and worthy efforts.  
20 The implementation and network issues associated with number portability in the rural  
21 areas served by the Petitioners are real and should be addressed in the interest of the  
22 overall public, not just with respect to the interests of a very few customers and wireless  
23 carriers that may want wireline-wireless number portability at the otherwise greater

1 expense to the vast majority of users. Grant of the suspension would serve an overall  
2 and balanced consideration of the public interest.

3 For the reasons set forth in this testimony, implementation of LNP pursuant to the  
4 FCC's apparent directives would result in economic harm in the form of unnecessary  
5 resource burdens on the Petitioners and their customers in the form of higher costs and  
6 rates, undue economic burdens for the small LECs potentially affected by the uncertain  
7 directives, and an apparent requirement for service provision that is not technically  
8 feasible under current conditions. Each one of these conclusions provides a more than  
9 sufficient basis for suspension of the LNP requirements consistent with the relief  
10 requested by the Petitioners. Suspension of the LNP requirements will avoid the adverse  
11 economic impacts set forth in Section 251(f)(2)(A) of the Act, will avoid technically  
12 infeasible requirements, and would be consistent with the Section 251(f)(2)(B) public  
13 interest, convenience, and necessity criteria.

14 These conclusions provide a more than sufficient basis for suspension of the  
15 requirements under the conditions and time frames requested by the Petitioners.

16 **Q53: Does this end your testimony?**

17 **A:** Yes.

**SUMMARY OF WORK EXPERIENCE AND EDUCATION**

**Steven E. Watkins**

**May 2004**

My entire 28-year career has been devoted to service to smaller, independent telecommunications firms that primarily serve the small-town and rural areas of the United States.

I have been a consultant with the firm of Kraskin, Lesse & Cosson, LLC since June, 1996. The firm concentrates its practice in providing professional services to small telecommunications carriers. My work at Kraskin, Lesse & Cosson, LLC, has involved assisting smaller, rural, independent local exchange carriers ("LECs") and competitive local exchange carriers ("CLECs") in their analysis of a number of regulatory and industry issues, many of which have arisen with the passage of the Telecommunications Act of 1996. I am involved in regulatory proceedings in several states and before the Federal Communications Commission on behalf of small LECs. These proceedings are examining the manner in which the Act should be implemented. My involvement specifically focuses on those provisions most affecting smaller LECs.

I have over the last seven years instructed smaller, independent LECs and CLECs on the specific details of the implementation of the Act including universal service mechanisms, interconnection requirements, and cost recovery. On behalf of clients in several states, I have analyzed draft interconnection agreements and conducted interconnection negotiations and arbitrations pursuant to the 1996 Act.

For 12 years prior to joining Kraskin, Lesse & Cosson, LLC, I held the position of Senior Industry Specialist with the Legal and Industry Division of the National Telephone Cooperative Association ("NTCA") in Washington, D.C. In my position at NTCA, I represented several hundred small and rural local exchange carrier member companies on a wide array of regulatory, economic, and operational issues. My work involved research, analysis, formulation of policy, and expert advice to member companies on industry issues affecting small and rural telephone companies.

My association work involved extensive evaluation of regulatory policy, analysis of the effects of policy on smaller LECs and their rural customers, preparation of formal written pleadings in response to FCC rulemakings and other proceedings, weekly contributions to association publications, representation of the membership on a large number of industry committees and task forces, and liaison with other telecom associations, regulators, other government agencies, and other industry members. I also attended, participated in and presented seminars and workshops to the membership and other industry groups too numerous to list here.

For those not familiar with NTCA, it is a national trade association of approximately 500 small, locally-owned and operated rural telecommunications

providers dedicated to improving the quality of life in rural communities through advanced telecommunications. The Association advocates the interests of the membership before legislative, regulatory, judicial, and other organizations and industry bodies.

Prior to my work at NTCA, I worked for over eight years with the consulting firm of John Staurulakis, Inc., located in Seabrook, Maryland. I reached a senior level position supervising a cost separations group providing an array of management and analytical services to over 150 small local exchange carrier clients. The firm was primarily involved in the preparation of jurisdictional cost studies, access rate development, access and exchange tariffs, traffic analysis, property records, regulatory research and educational seminars.

For over ten years during my career, I served on the National Exchange Carrier Association's ("NECA") Industry Task Force charged with reviewing and making recommendations regarding the interstate average schedule cost settlements system. For about as many years, I also served in a similar role on NECA's Universal Service Fund ("USF") industry task force.

I graduated from Western Maryland College in 1974 with a Bachelor of Arts degree in physics. As previously stated, I have also attended industry seminars too numerous to list on a myriad of industry subjects over the years.

During my career representing small telecommunications firms, I estimate that I have prepared formal written pleadings for submission to the Federal Communications Commission on behalf of NTCA member and Kraskin, Lesse & Cosson client LECs in over two hundred proceedings. I have also contributed written comments in many state proceedings on behalf of Kraskin, Lesse & Cosson client LECs. I have provided testimony in proceedings before the Georgia, Pennsylvania, Indiana, Kentucky, Missouri, Nebraska, Minnesota, Montana, Tennessee, Kansas, South Carolina, New Mexico, West Virginia, and Louisiana public service commissions. Finally, I have testified before the Federal-State Joint Board examining jurisdictional separations changes.

# LARSON AND NIPE

ATTORNEYS AT LAW

JEFFREY D. LARSON  
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REPLY TO:  
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CHRIS A. NIPE  
MITCHELL  
SOUTH DAKOTA 57301

May 14, 2004

Pam Bonrud, Executive Director  
SD Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

RECEIVED

MAY 17 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RE: **IN THE MATTER OF THE PETITION FOR LOCAL NUMBER PORTABILITY  
SUSPENSION OR MODIFICATION ON BEHALF OF SANTEL  
COMMUNICATIONS COOPERATIVE, INC.**  
Docket No. TC04-038

Dear Pam:

Enclosed please find for filing an original and ten (10) copies of the **Direct Pre-filed Testimony of Gene Kroell** and an original and ten (10) copies of the **Direct Pre-filed Testimony of John De Witte**. If you should have any questions with regard to the same, please feel free to contact my office.

Sincerely,

  
Jeffrey D. Larson

JDL/amb

Enclosures (22)

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION FOR LOCAL NUMBER)  
PORTABILITY SUSPENSION OR MODIFICATION )  
ON BEHALF OF SANTEL COMMUNICATIONS COOPERATIVE, )  
INC. )

Docket No. TC04-038

**RECEIVED**

**MAY 17 2004**

**DIRECT PRE-FILED TESTIMONY OF  
GENE KROELL**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**Q: What is your name and address?**

A: My name is Gene Kroell. My business address is 308 South Dumont Avenue, PO Box 67,  
Woonsocket, SD, 57385-0067. My business telephone number is (605) 796-4411.

**Q: By whom are you employed and in what capacity?**

A: I am the General Manager of Santel Communications Cooperative, Inc. (Santel). Santel is a  
rural independent local exchange carrier that provides local exchange, exchange access and  
other telecommunications services to 4,827 access lines within its South Dakota service area,  
which includes the exchanges of Woonsocket, Alpena, Artesian, Ethan, Forestburg, Letcher,  
Mount Vernon, Parkston, Tripp, and Wolsey.

**Q: Does your company have any direct points of interconnection with any wireless carrier  
and/or does your company provide any blocks of numbers for your company's rate  
centers to any wireless carrier?**

A: No.

**Q: How do the local calling areas of your exchanges compare with those of the wireless  
carriers operating in your area?**

A: We are a small company with only ten exchanges. Our service areas are defined by where we have physical cable plant. However, the wireless carriers serve by the reach of a radio frequency from a tower site. Their wireless local calling area is often much larger than our exchange boundaries. The boundaries of our wire/rate centers and the local calling areas of wireless carriers serving in our area vary greatly.

**Q: Does your company provide any Extended Area Service (EAS) plans to its subscribers or to a connecting carrier's subscribers?**

A: Santel provides the following EAS:

Artesian subscribers (605-527) have EAS to Howard (605-772).

Wolsey subscribers (605-883) have EAS to Huron (605-352, 605-353, 605-350 & 605-354).

**Q: What is the current method of routing calls from your subscriber's landline phones to wireless phone numbers?**

A: As an example, when a subscriber located in Woonsocket uses his/her landline phone to call a wireless phone number, the call is routed from the subscriber's landline phone to the Woonsocket central office switch, where it is determined to be a non-local call and is therefore switched to a toll trunk group. The toll trunk carries the call to SDN Communication's (SDN) Centralized Equal Access (CEA) tandem, which is located in Sioux Falls, to be routed to the appropriate Point of Interconnection (POI) of the wireless carrier.

**Q: What is the number of wireless carriers authorized to serve in your company's service area?**

A: To my knowledge, four (4) wireless carriers are authorized to serve in Santel's service area (Verizon Wireless, Western Wireless, Sprint PCS, and Nextel).

**Q: Have any subscribers requested local number portability (LNP) from your company?**



A: To my knowledge, not a single Santel subscriber has requested local number portability from Santel. Further, there was considerable press and TV coverage in our service area about this issue when the FCC first issued its November 10, 2003 Order.

**Q: Since the passage of the 1996 Telecom Act have any wireline carriers ever requested LNP from your company?**

A: No.

**Q: Have any wireless carriers submitted bona fide requests for LNP and if so when?**

A: Yes. Western Wireless, November 2003

**Q: Are there any existing capital investments for broadband that will be diverted if your company must deploy LNP?**

A: Yes. DSL and broadband services are of utmost importance to our customers. Of all our new services, our customers are most interested in broadband. We are upgrading our networks to provide broadband services. Any amount of capital investment that is diverted to the implementation of LNP will reduce needed capital from broadband investments. Santel is a small company and has limited resources to fund network investments. We would like to serve the real demands of our customers rather than provide a service that has been mandated by the FCC that our customers are not requesting.

**Q: What will the impact be on SANTEL and its customers if it is required to provide intermodal LNP?**

A: Santel is a small rural company with a small customer base. Therefore, if required the cost of implementing intermodal LNP will hit Santel and its customers very hard. We have few economies of scale in implementing intermodal LNP. Exhibit 1 to our Petition shows a \$9 impact per access line. This is for a service that not a single customer has requested to date.

There is little, if any, demand for intermodal LNP in our service area. With little demand there is a substantial burden to pay for the service. Further, the vast majority of our customers will have to pay for those few, if any, that may decide to port their numbers. It's a very poor bargain for the majority of our customers.

**Q: In your experience as the general manager of Santel have you seen increases or additions to the itemized fees on your customer's telephone bills?**

A. Yes. Most customers tell me there have been too many new fees or fee increases on their bills in recent years. We received considerable protests from customers when the subscriber line charge (SLC) went from \$3.50 to \$6.50 after the MAG Plan was approved by the FCC.

**Q: What do you expect your customer's reaction to be to any new LNP fees on their bills?**

A. If it is anything close to \$9 per month the reaction will be very hostile. The vast majority of our customers gain no benefit from this service and I expect strong protests. The protests will be far worse than those to the SLC increase. Many of our customers are elderly. They will be especially hard hit.

**Q: Do you expect that the costs of implementing Intermodal LNP could create the necessity of a rate increase for Santel?**

A. Depending on what costs are recoverable in any LNP end user fees, if the remainder is significant, Santel will not be able to absorb them and may have to implement a dial tone rate increase to recover any deployment costs.

**Q: Do you have any concluding comments?**

A. There are so many unknowns yet regarding intermodal LNP implementation in rural exchanges. It makes so much sense to wait for the FCC or Courts to clarify key issues, such as: 1) How are rural ILECS to interconnect with distant wireless POI? 2) What will the

porting interval be? and 3) If a number is ported how do ILECs maintain the original wireline rate center when the service areas of wireline and wireless companies vary so greatly? There are so many unanswered questions it only makes sense to save our resources until these questions are answered. Doing so will save our customers significant dollars and help us provide services they actually want such as broadband.

**Q: Does this conclude your direct testimony?**

A: Yes. I also reserve the opportunity to revise or modify this pre-filed direct testimony at or before the hearing if I receive additional information pertaining to the issues I presented herein.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he served a an original a ten (10) copies of the foregoing **Direct Pre-filed Testimony of Gene Kroell** upon the person herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Woonsocket, South Dakota, postage prepaid, in an envelope addressed to said addressee, to wit:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot J. Wieczorek  
Gunderson, Palmer, Goodsell & Nelson, LLP  
P.O. Box 8045  
Rapid City, SD 57709-8045

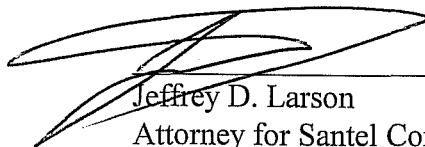
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James Cremer  
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Aberdeen, SD 57402-0970

Richard D. Coit  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P.O. Box 57  
Pierre, SD 57501

Dated this 14<sup>th</sup> day of May, 2004



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Cooperative, Inc.  
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Telephone: 605-796-4245  
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1                   **BEFORE THE PUBLIC UTILITIES COMMISSION OF THE**  
2                   **STATE OF SOUTH DAKOTA**

**RECEIVED**

**MAY 17 2004**

3  
4   IN THE MATTER OF THE PETITION FOR LOCAL NUMBER  
5   PORTABILITY SUSPENSION OR MODIFICATION  
6   ON BEHALF OF SANTEL COMMUNICATIONS  
7   COOPERATIVE, INC.

) **SOUTH DAKOTA PUBLIC**  
) **UTILITIES COMMISSION**  
) Docket No. TC04-038  
)

8  
9  
10  
11                   **DIRECT PRE-FILED TESTIMONY OF**  
12                   **JOHN DE WITTE**  
13

14   **Q:   What is your name and address?**

15   A:   My name is John M. De Witte. My business address is 1801 N. Main Street,  
16       Mitchell, South Dakota 57301.

17   **Q:   By whom are you employed and in what capacity?**

18   A:   I am the Vice President of Engineering of Vantage Point Solutions, Inc. (VPS).  
19       VPS is a telecommunications engineering and consulting firm in Mitchell, South  
20       Dakota with a full-time staff of 52 employees. Our client base of VPS is made up  
21       of rural independent Local Exchange Carriers (LECs). I focus on assisting the  
22       small LECs with nearly all technical and financial aspects of their operations. My  
23       direct staff of 13 and I have provided engineering, financial, and regulatory services  
24       to many of the South Dakota LECs, as well as LECs in several other states.

25   **Q:   What is your educational and business background?**

26   A:   I received a Bachelors of Science in Computer Engineering (1982) from Iowa State  
27       University (Ames, IA) and a Masters of Business Administration (1992) from  
28       Kennesaw Sate College (Kennesaw, GA). I am a Registered Professional Engineer  
29       in South Dakota and 10 other states.

1 I have been active in the telecommunications industry since 1983. Previous to VPS,  
2 I worked for Martin Group, Inc., based in Mitchell, South Dakota. At Martin  
3 Group, I was Assistant Director of Engineering of the Telecom Consulting and  
4 Engineering Business Unit, providing engineering and consulting services to rural  
5 telecommunications providers throughout the nation. Prior to this, I worked in a  
6 variety of engineering, marketing, and management positions at Nortel Networks,  
7 Inc., a telecommunications equipment manufacturer in Raleigh, NC, and Atlanta,  
8 GA. I am a regular speaker at many state, regional, and national telephone  
9 company organization events, including the National Telephone Cooperative  
10 Association (NTCA) and the Organization for the Promotion and Advancement of  
11 Small Telecommunications Companies (OPASTCO). In this capacity, I often  
12 advise telephone company managers and board members regarding a variety of  
13 technical and financial issues.

14 **Q: On whose behalf are you testifying in this proceeding?**

15 A: My direct pre-filed testimony is submitted on behalf of Santel Communications  
16 Cooperative, Inc. (Santel).

17 **Q: What is the purpose of your testimony?**

18 A: I will provide testimony on technical and cost issues of implementing intermodal  
19 LNP that is pertinent to this hearing.

20 **Q: Are you familiar with current telephone network technologies, including**  
21 **switching equipment, transmission equipment, and outside plant**  
22 **architectures?**

1 A: I have provided engineering and consulting services to more than 100 rural LECs  
2 across the United States. I am familiar with nearly all of the technologies and  
3 architectures of a rural LEC network, including transport equipment, switching  
4 equipment, digital loop carrier equipment, broadband networks, along with copper  
5 and fiber outside plant cable. I have engineered both landline networks and  
6 wireless networks for my clients.

7 **Q: Do you understand the various methods and requirements that are required to**  
8 **support Intramodal (wireline to wireline or wireless to wireless) and**  
9 **Intermodal (wireline to wireless) Local Number Portability?**

10 A: Yes I do.

11 **Q: With the number of variants for LNP, which implementation of LNP is the**  
12 **focus of your testimony?**

13 A: In general, the methodologies, rules, and implementation processes for wireline  
14 Intramodal LNP are clearly defined, have been in place for several years, and are  
15 widely deployed. The methodologies, rules, and implementation processes for  
16 Intermodal (wireline to wireline) LNP and wireless Intramodal LNP have only been  
17 in place since November 2003. Intermodal LNP, relating to wireline to wireless  
18 ports, will be the focus of my direct testimony.

19 **Q: What unique challenges are presented to a rural Independent Local Exchange**  
20 **Carrier (ILEC) with the implementation requirements of Intermodal LNP?**

1 A: There are several technical and economic issues facing rural ILECs as they evaluate  
2 the implementation of Intermodal LNP. These challenges for small rural LECs  
3 concern the interconnection of wireless and wireline networks for the purposes of  
4 implementing Intermodal LNP such as transport, porting interval, and  
5 interconnection. These issues will be discussed in further detail later in my  
6 testimony. The Petitioner does not have existing direct points of connection to  
7 wireless carriers' networks in any of the rate centers it serves. Where there are no  
8 direct points of connection with the wireless carriers, only conventional, switched  
9 toll routes remain; but no translating, routing, rating or cost recovery rules have are  
10 in place. Some of the questions that need to be addressed include: (1) where and  
11 how should the Petitioner interconnect with the wireless carriers, (2) is the point of  
12 interconnection within the LATA, and (3) how will the Petitioner be able to  
13 maintain the original rate center designation and rating when the number is ported  
14 to a point of interconnection that is located outside the original rate center, when the  
15 wireless service area and the Petitioner's service area vary greatly. These issues are  
16 unique in rural areas, such as the Petitioner's service area, where few, if any  
17 interconnection arrangements exist and there are fewer subscribers in comparison to  
18 metropolitan areas over which to spread the costs of Intermodal LNP. The  
19 uncertainty surrounding these and other questions are likely to cause significant  
20 customer confusion, complaints to the Petitioner and the SDPUC, and the resulting  
21 perception of degraded customer service on the part of the Petitioner's members.  
22 Santel has not received a LNP request from a wireline competitive local exchange



1 carrier (CLEC); therefore Santel has not previously implemented LNP. As a result,  
2 numerous upgrades in software and operational procedures will be required in order  
3 to meet the Intermodal LNP requirements, which will benefit only those few  
4 subscribers that choose to leave Santel, while encumbering the entire remaining  
5 subscribers with the burden of funding the porting benefit. In addition, current  
6 implementation rules do not provide the necessary level competitive playing field to  
7 allow wireless subscribers to port to Santel's wireline services.

8 **Q: What are the anticipated costs of implementing Intermodal LNP?**

9 A: The anticipated costs of implementing Intermodal LNP can be categorized into four  
10 (4) basic areas: 1) Switching related costs, 2) Number Portability Administration  
11 Center (NPAC) related costs, 3) Administrative/Technical costs and 4) Transport  
12 Costs. The LNP Petition filed on behalf of Santel included an Exhibit detailing the  
13 estimated implementation costs for intermodal LNP. This Exhibit is attached as  
14 Exhibit [1]. Each of the cost elements in these categories will be identified in the  
15 following paragraphs.

16 **Switching Related Costs**

17 The cost elements in this category include switching generic software upgrades,  
18 LNP software features, prerequisite software features to support the LNP features,  
19 any requisite switch hardware to support the operation of the LNP software, switch  
20 vendor installation costs, vendor software activation fees, and maintenance  
21 expenses attributable to LNP. As part of the cost estimates provided with the Santel  
22 Waiver Petition, the cost estimates for this category are detailed as follows:

1        LNP Hardware Requirements

2        Santel utilizes a Nortel Networks (Nortel) DMS-10 as its wireline switching  
3        platform. Santel has verified with Nortel that the existing DMS-10 configuration  
4        does not require any hardware additions to support the activation of LNP software.  
5        Therefore, Santel did not claim any non-recurring or recurring cost estimates for  
6        LNP hardware as part of its estimated costs.

7        LNP Software Features

8        According to oral conversations with Nortel, the Santel DMS-10 currently has the  
9        generic software load that will support LNP. The LNP software features have not  
10       been activated in Santel's DMS-10. Based on LNP program pricing estimates from  
11       Nortel Networks, the non-recurring cost estimate for the LNP Basic software  
12       feature for DMS-10 switches is \$4 per equipped line, which amounts to \$20,560 for  
13       Santel. Nortel does not charge a recurring Right-To-Use (RTU) fee for these  
14       features. Based on the program pricing information provided by Nortel, Santel  
15       claimed \$20,560 for LNP software features and did not claim any recurring cost  
16       estimates for LNP software as part of its estimated costs.

17       Additional Vendor Fees

18       Santel does not participate in Nortel's annual software upgrade program (Nortel's  
19       SR-10 program). As a result, Nortel will assess a fee for the activation of LNP  
20       features if they are ultimately required as a result of this hearing. Based on oral  
21       LNP pricing estimates from Nortel Networks, Santel also claimed as a Non-

1       Recurring Additional Software Fee an estimated \$5,000 charge required for feature  
2       activation.

3       Initial LNP Translations

4       There are several activities that are required to initially set up and test the basic  
5       translations for LNP. The non-recurring initial translations cost estimates were  
6       based on the anticipated fees to data-fill and test basic LNP functionality in the  
7       Petitioner's switching system. This testing includes coordination of testing with the  
8       SOA provider, coordination of testing with any transiting carriers, verification of  
9       proper LNP dip activities, verification of billing system interaction, and other  
10      translations activities. This cost estimate is approximately \$10,000. In order to  
11      allow time for coordination of testing with other entities, it is assumed that the  
12      initial translations testing will require approximately two (2) man-weeks of  
13      translation activities by a 3<sup>rd</sup> party technical consultant for its host switch, at a  
14      loaded hourly rate of \$100. The remaining portion of this cost estimate includes  
15      travel, living and other miscellaneous expenses.

16      Technical Implementation and Testing

17      There are several activities that are required to initially set up and test the basic  
18      translations for each CMRS carrier requesting Intermodal LNP. The non-recurring  
19      technical implementation and testing cost estimates were based on the anticipated  
20      fees to data-fill and test specific Intermodal LNP functionality in the Petitioner's  
21      switching system. The non-recurring technical implementation and testing cost  
22      estimates were based on performing number porting tests individually associated

1 with each CMRS to ensure that the ported number route correctly flows through the  
2 Petitioner's network. As the FCC has not required a formal Interconnection  
3 Agreement, it is assumed that the Petitioner will be responsible for performing these  
4 tests in order to ensure proper call routing. This cost estimate was based on \$5,000  
5 per CMRS Carrier. The cost estimate is based on 40 hours of testing at \$100 per  
6 hour for each appropriate wireless carrier by a 3rd party resource and includes  
7 travel and living expenses. Santel included estimates for two (2) CMRS carriers  
8 (assuming Western Wireless and Verizon). If additional CMRS carriers begin to  
9 offer services in Santel's exchange areas, Santel expects this estimate to increase by  
10 \$5,000 per CMRS carrier.

11 **NPAC Related Costs**

12 The cost elements in this category include Service Order Administration (SOA)  
13 costs, LNP Query costs, and connection costs with the LNP database. As part of  
14 the cost estimates provided with the Santel Waiver Petition, the cost estimates for  
15 this category are detailed as follows:

16 Service Order Administration

17 As part of the LNP implementation process, the Petitioner must select a provider to  
18 administer updates to the Number Portability Administration Center (NPAC) LNP  
19 database. In anticipation of reduced porting intervals in the future, the Petitioner  
20 has elected to include the costs for an automated SOA system. The SOA cost  
21 estimates were based a compilation of SOA services price lists from several firms  
22 providing automated SOA services. These cost estimates represent the anticipated

1 start-up costs and recurring costs levied by the SOA provider to utilize its  
2 automated services to update the LNP databases. The sample pricing scenarios  
3 were obtained under Non Disclosure Agreement (NDA) from several SOA services  
4 providers. As the Petitioner has not entered into any contracts with these or any  
5 SOA entities, firm pricing cannot be provided. As an estimate, the non-recurring  
6 SOA costs were assumed to be \$2,000 with the recurring SOA costs assumed to be  
7 \$500. Should the Petitioner enter into a contract with an automated SOA provider,  
8 these cost estimates can be revised.

9 LNP Query Charges

10 With the implementation of LNP, the Petitioner will incur charges for each LNP  
11 query launched for its subscribers. The LNP query cost estimates were based on a  
12 compilation of SOA services price lists from several firms providing automated  
13 SOA services. The sample pricing scenarios were obtained under NDA from  
14 several SOA Services providers. As the Petitioner has not entered into any  
15 contracts with these or any SOA entities, firm pricing cannot be provided. The non-  
16 recurring LNP Query cost estimate represents the anticipated start-up costs levied  
17 by the SOA provider to utilize its services to dip its database. This initial set-up  
18 charge is assumed to be \$500. The recurring LNP Query cost estimates were based  
19 on the assumption that each of the Petitioner's access lines would generate five (5)  
20 to six (6) call attempts per day, each of the call attempts would generate an LNP  
21 query. The query charge is assumed to range between \$0.001 and \$0.0005 per  
22 query. Based on these assumptions, the recurring LNP Query charge was assumed

1 to be \$600. Should the Petitioner enter into a contract with an automated SOA  
2 provider, these cost estimates can be revised.

3 Connection Costs w/LNP Database

4 With the implementation of LNP, the Petitioner will incur set-up charges levied by  
5 the SOA provider to enter its NECA Operating Company Number (OCN) and Point  
6 codes for each switch launching LNP queries to the SOA's LNP database. The  
7 non-recurring connection costs with LNP database estimate was based on a  
8 compilation of SOA services price lists from several firms providing automated  
9 SOA services. The sample pricing scenarios were obtained under NDA from  
10 several SOA Services providers. As the Petitioner has not entered into any  
11 contracts with these or any SOA entities, firm pricing cannot be provided. The cost  
12 estimate for this element was estimated at \$150 assuming a maximum of one (1)  
13 point code at \$150 per point code. Should the Petitioner enter into a contract with  
14 an automated SOA provider, this cost estimate can be revised.

15 **Technical and Administrative Costs**

16 The cost elements in this category include testing and verification of each ported  
17 DN, translations for each ported DN, administrative cost estimates, regulatory cost  
18 estimates, customer care cost estimates, and marketing cost estimates. As part of  
19 the cost estimates provided with the Santel Waiver Petition, the cost estimates for  
20 this category are detailed as follows:

21 Testing and Verification of Each Ported Dial Number

1 This cost estimate addresses the anticipated activities to test each "ported out"  
2 directory number (DN) to verify the proper routing of the DN. The recurring  
3 Testing/Verification cost estimates were based on one (1) hour per port at the  
4 Petitioner's loaded technical labor costs of \$35 per hour.

5 Per Port Translations

6 This cost estimate addresses the anticipated translations activities to "port out" each  
7 DN. The recurring translations cost estimate was based on one (1) hour per port at  
8 the Petitioner's loaded technical labor costs of \$50 per hour.

9 Administrative Costs

10 The implementation of LNP will require Santel to implement new administrative  
11 policies and procedures. The non-recurring administrative cost estimates were  
12 based on providing LNP process training for the Petitioner's administrative  
13 personnel. The training is assumed to be provided by the entity providing  
14 automated SOA services. The Petitioner has not selected a SOA provider at this  
15 time. The non-recurring costs estimates are based on a one-week onsite customer  
16 service representative training class, including the instructor's travel and living  
17 expenses. This cost is assumed to be \$10,000. The recurring administrative cost  
18 estimate addresses the anticipated administrative activities required with entry of  
19 the ported number into the SOA system. The recurring administrative cost  
20 estimates were based on one (1) hour per port at the Petitioner's loaded  
21 administrative labor costs of \$46 per hour.

22 Regulatory Costs

1 This cost element is associated with the Petitioner's Legal Fees and Regulatory  
2 Consulting fees. The legal fees are associated with the Petitioner's attorneys. The  
3 anticipated fees are associated with reviewing the legal aspects of LNP filings and  
4 LNP implementation. The regulatory consulting fees are typically associated with  
5 the updates required to various National databases (NECA Tariff 4, Telcordia  
6 LERG, etc.) and the possible assistance with the completion of the NECA End User  
7 Charge worksheets. This cost is estimated at 100 hours at an average rate of \$150  
8 per hour and includes travel, living, and miscellaneous expenses. Based on the  
9 legal activities required to implement LNP, the Petitioner may revise this figure at a  
10 later date.

11 Customer Care Costs

12 The implementation of LNP will require Santel to implement new customer care  
13 policies and procedures. The non-recurring customer care cost estimates were  
14 based on providing LNP customer care training for the Petitioner's administrative  
15 personnel. The training is assumed to be provided by the entity providing the  
16 Petitioner's billing platform services. The Petitioner has not developed the  
17 Customer Care and Billing processes for LNP at this time. The costs estimates are  
18 based on a one-week onsite Operational Support Services (OSS) training class. The  
19 recurring customer care cost estimates were based on one-half (1/2) hour per port at  
20 the Petitioner's loaded administrative labor costs of \$46 per hour. This cost  
21 estimate addresses the anticipated administrative activities required with updating  
22 the Petitioner's customer care and billing system and to track the "ported out" DNs.



1       Marketing and Informational Flyer Cost Estimates

2       The implementation of LNP will likely generate subscriber confusion from the  
3       addition of an End User Charge for the implementation of LNP. The Petitioner  
4       plans to develop an informational flyer to help educate the subscriber base by  
5       explaining LNP and the reasons for the proposed LNP End User Charge appearing  
6       on the subscribers' monthly local service bill. The non-recurring marketing and  
7       informational flyer cost estimates were based on the costs required to develop an  
8       informational flyer and billing insert explaining LNP and any end-user fees that  
9       may apply. The total non-recurring estimated costs in this category were expressed  
10      as a "per access line" cost and were estimated at approximately \$3 per subscriber.  
11      This cost estimate includes the development of the explanatory LNP text, the  
12      graphic design artwork, and first run printing costs. The recurring marketing and  
13      informational flyer cost estimates were based on approximately \$3 per subscriber  
14      per year for volume print costs, handling, and mailing the periodic flyer/bill insert.  
15      This recurring marketing/informational flyer cost estimate was amortized over 12  
16      months to arrive at an estimated monthly fee for the Cost Exhibit.

17      Billing/Customer Care Software Updates

18      The Petitioner's billing and customer care system will require software upgrades to  
19      support LNP. The non-recurring billing and customer care software upgrade cost  
20      estimates represents the anticipated costs to upgrade the Petitioner's billing system  
21      to accommodate LNP functionality. This upgrade was estimated as an allocated  
22      cost of the Petitioner's annual billing system upgrade

**Transport-Related Cost Estimates**

The cost elements in this category include the estimated costs of transport to connect the Petitioner's exchange with the CMRS carriers, anticipated cost estimates for transiting CMRS connections, and anticipated cost estimates for pass-through N-1 Tandem LNP queries. As part of the cost estimates provided with the Santel Waiver Petition, the cost estimates for this category are detailed as follows:

**Transport Cost Estimates**

The Petitioner will require direct Type 2B DS1 transport facilities from the Petitioner's exchange to each CMRS provider's Point of Interconnection (POI) for those CMRS carriers requesting intermodal LNP. The Petitioner does not possess POI information for each CMRS carrier. The non-recurring wireless carriers POI cost estimates represent the costs associated with providing a Type 2B DS1 span to each CMRS provider. As stated in the Petition, the Petitioner assumes interconnection will be required with four (4) CMRS carriers. The Petitioner estimates that the non-recurring transport costs for each CMRS will be approximately \$5,000 per exchange. This cost estimate includes the switch DS1 interface hardware and supporting equipment required to place a DS1 span into service. The recurring wireless carriers POI cost estimates were based on monthly transport lease cost estimates. As stated in the Petition, the Petitioner assumes interconnection will be required with four (4) CMRS carriers. These cost estimates were based on oral conversations with SDN Communications. The estimates assume that the recurring transport costs for each Type 2B DS1 will average \$800

per month. Santel plans to revise this recurring transport cost estimate once POI information is provided by the CMRS carriers and firm pricing can be provided by a transport provider (such as SDN Communications or Qwest).

Mobile Telephone Switching Office (MTSO) POI Connection Cost Estimates

The Petitioner does not possess POI information for the CMRS carriers that have or will likely to provide a Bona Fide Request (BFR) to the Petitioner for intermodal LNP. The possibility exists that a transiting carrier (such as Qwest or SDN Communications) may establish Type 2B DS1 connections with one or more of the CMRS carriers. The MTSO POI connection cost estimates represent the anticipated costs for the Petitioner's share of this connection, if required. The non-recurring MTSO POI connection cost estimates were based on an estimate of the start-up costs to utilize a transiting carrier for CMRS MTSO connections, if required. The recurring MTSO POI connection cost estimates were based on the Petitioner's anticipated share of monthly lease for the transiting carrier MTSO POI connection cost estimates, if required. If the CMRS carriers elect to directly connect with the Petitioner (without a transiting carrier) on a direct Type 2B DS1 connection to the CMRS' Mobile Switching Telephone Office (MTSO), these cost estimates will likely be not applicable.

Transiting Non-Recurring Dip (Minimum) Cost Estimates

This cost estimate was based on the assumption that a transiting carrier may need to perform some LNP queries when the Petitioner's N-1 carrier fails to do so. The transiting non-recurring dip cost estimate describes the anticipated costs of the non-

1 recurring set-up charges to enable the Petitioner to receive “pass-through” dip  
2 charges from a transiting carrier, such as SDN Communications. The initial setup  
3 charges are likely to be passed on to Petitioner. Santel has estimated this cost  
4 estimate to be \$500. The transiting carrier recurring dip cost estimates describe the  
5 anticipated costs of the minimum dip charges from a transiting carrier. These  
6 charges are likely to be passed on to Petitioner. Santel has estimated this cost  
7 estimate to be \$100 per month. If the CMRS carriers elect to directly connect with  
8 the Petitioner (without a transiting carrier) on a direct Type 2B connection to the  
9 CMRS’ Mobile Switching Telephone Office (MTSO), these cost estimates will  
10 likely be not applicable.

11 **Q: It appears that one of the larger estimated costs projected for the**  
12 **implementation of Intermodal LNP relates to transport costs. What**  
13 **considerations concerning compensation for transport costs are applicable to**  
14 **the implementation of Intermodal LNP?**

15 A: With regard to the direct Type 2B DS1 connections to the wireless carriers  
16 described in the preceding cost estimates, these cost estimates are identified as  
17 required connections to allow Intermodal LNP to function correctly within the  
18 Petitioner’s existing billing and customer care systems.

19 **Q: If no direct Type 2B DS1 facilities are available for interconnection with the**  
20 **CMRS carriers, what happens for Santel?**

21 A: Without direct Type 2B facilities, the ported calls will be routed based on the Local  
22 Routing Number (LRN) delivered with the LNP query. The LRN will contain the

1 NPA-NXX of the wireless carrier. Based on this NPA-NXX, these calls will be  
2 routed as toll calls over Santel's existing toll routes to Santel's Access Tandem  
3 (SDN Communications).

4 **Q: In your opinion, are the proposed Type 2B DS1 facilities to each CMRS carrier**  
5 **cost justified?**

6 A: Without actual traffic data, it is impossible to determine the feasibility of a  
7 particular facility. However, based on the anticipated traffic levels generated by the  
8 projected intermodal LNP ports, it appears that the construction of these facilities is  
9 not cost-justified. If the facilities were feasible, it is likely that the wireless carriers  
10 would have implemented them already as they have in other areas. Based on the  
11 projected traffic levels, it appears that the direct facilities between Petitioner and the  
12 wireless carriers required for LNP would be highly under-utilized and very  
13 inefficient.

14 **Q: It appears that some of the anticipated cost estimates are based on the quantity**  
15 **of anticipated numbers that would be ported to a CMRS carrier. How was the**  
16 **number of ports determined?**

17 A: The quantity of projected ports is a function of the competitive environment in the  
18 proposed service area, the number of CMRS carriers, and other statistical data. The  
19 data that is currently available concerning porting activity for CMRS carriers on a  
20 wide-scale basis is limited. It is my understanding that no Petitioner customer has  
21 ever made an inquiry to Petitioner regarding LNP or a request for LNP. With  
22 respect to wireless LNP nationwide, to date, the demand for wireless porting has

1        been far less than expected and most ports have been from one wireless carrier to  
2        another. Wireline to wireless porting appears to be a small fraction of wireless  
3        porting in general.<sup>1</sup> According to NeuStar, 95% of wireless ports have been from  
4        one wireless carrier to another and only 5% of wireless ports were between wireline  
5        and wireless carriers.<sup>2</sup> With lack of ubiquitous quality and incomplete coverage of  
6        the Petitioner's existing service area by the existing wireless carriers, I believe that  
7        the percentage would be even smaller than in other more urban parts of the nation.  
8        For purposes of the cost exhibit, approximately one (1) intermodal port per year  
9        was estimated<sup>3</sup> which is well under the five (5) percent of the Petitioner's access  
10       lines. Accordingly, there appears to be little, if any, demand for LNP and, absent  
11       such demand, no public benefit will be derived from LNP. Even if some level of  
12       LNP demand develops in the future, the total implementation costs that would be  
13       incurred by Petitioner to implement and maintain LNP would require re-evaluation  
14       based on the customer demand, quantity of ports, and the revised estimated costs for  
15       the required LNP infrastructure elements.

16    **Q: Will any of the Petitioner's estimated costs change if the number of estimated**  
17    **ports is changed?**

18    A: Yes. There are several of the estimated recurring costs that are driven by the  
19    number of ports. These cost elements include the recurring translations costs, the

---

<sup>1</sup> See "Survey Finds Little Impact From LNP", *RCR Wireless News*, February 9, 2004 ed., reporting that according to a consumer survey report from CFM Direct, very few telecommunications customers have switched their wireline phone numbers to wireless.

<sup>2</sup> See NARUC Notebook, *Communications Daily*, Vol. 24, No. 46, p. 4 (March 9, 2004)

1 recurring testing and verification of each ported number, the recurring  
2 administrative cost estimates, and the recurring customer care costs. If the  
3 projected number of ports increases, these costs will increase. If the number of  
4 projected ports decreases, these costs will decrease.

5 **Q: The current porting interval is currently four (4) days. If the porting interval**  
6 **were shortened to two (2) days or less, what effect, if any, would this shortened**  
7 **interval have on the estimated costs?**

8 A: The current industry experience with Intermodal porting is has not been without  
9 implementation issues. Significant problems meeting the current four (4) day  
10 porting interval have been reported. Assuming that the implementation issues are  
11 refined to the point where a shorter porting interval can be supported, the Petitioner  
12 has included the known cost elements to support a shorter porting interval. The  
13 Petitioner has assumed the use of an automated SOA system as part of their  
14 anticipated LNP implementation costs. An automated SOA system will allow the  
15 Petitioner to accommodate an electronic request and acknowledgement for the  
16 ported numbers. Therefore, the Petitioner does not anticipate any increases in its  
17 SOA related non-recurring or recurring cost estimates.

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<sup>3</sup> While actual industry figures are not available, most wireless carriers are currently experiencing a porting rate of between three percent (3%) and six percent (6%). Of these ports, it is estimated that between one percent (1%) and three percent (3%) are intermodal.

1       It is possible that additional recurring costs in the areas of translations, technical  
2       implementation, testing, verification, customer care, and administrative would  
3       occur if the porting interval were to be reduced to require that porting activities  
4       occur outside of the standard business day (expedited requests, nights, weekends,  
5       and holidays). If porting is required during these times, additional loaded labor  
6       rates will be incurred. If the porting requirements are confined to the standard  
7       business day, the Petitioner does not anticipate any additional recurring LNP costs.  
8       However, it is possible that unforeseen requirements could require additional  
9       charges.

10   **Q: Are there any other potential costs that could impact Santel with the**  
11   **implementation of Intermodal LNP?**

12   A: If Santel must implement intermodal LNP, all carriers with EAS arrangements with  
13   Santel and their customers will be impacted because the other carrier will have to  
14   LNP dip all EAS calls. This would increase the cost of EAS between Santel and the  
15   other carrier and could result in a loss of EAS options to the customer or an increase  
16   in the cost of optional EAS service.

17   **Q: Some telecommunications industry analysts have suggested that Foreign**  
18   **Exchange Service (FX) could be used to provide connections to accommodate**  
19   **intermodal LNP. Is this a reasonable alternative?**

20   A: There have been industry discussions of using an FX service for Intermodal LNP  
21   interconnection. An FX service is a line appearance that is extended from the  
22   “home” exchange to a “foreign” exchange using dedicated point-to-point facilities.



1       The FX service is engineered on a per line basis. It is not a common trunk that can  
2       be used by a carrier for routing purposes. With an FX service, the LEC has  
3       customers and facilities in one rate center and provides service to customers in  
4       another rate center using the same "home" number block. To do this, facilities are  
5       extended from the LEC rate center to the foreign rate center where the customer  
6       resides. It is important to note that the customer pays for the use of these facilities.  
7       The LEC is compensated for their facilities and lost toll revenue through these  
8       customer charges. It is unknown exactly how an ILEC would implement an FX  
9       service to accommodate Intermodal LNP. The exact connectivity, rate elements,  
10      and network configuration for the proposed Intermodal LNP FX service appear to  
11      be undefined. As such, any discussion of using FX as a viable transport alternative  
12      for Intermodal LNP transport is purely speculation.

13   **Q: You have addressed several estimated costs for Intermodal LNP. How would**  
14   **these cost estimates change if the Petitioner must implement only Intramodal**  
15   **(wireline to wireline) LNP?**

16   A: All cost elements would stay the same, but the amount of the cost estimates could  
17      change. It is my understanding that both wireline providers would be in the same  
18      rate center. Accordingly, the primary change in the estimated costs would be in the  
19      area of transport costs. The petitioner estimates that these costs would likely be  
20      significantly reduced. Intramodal LNP has clearly defined processes for the  
21      exchange of traffic between the respective wireline carriers competing in a clearly  
22      defined rate center. In the intramodal LNP cases with which I am familiar, the

1 carriers have entered into an Interconnection Agreement. The Intramodal  
2 Interconnection Agreement addresses the methods and compensation that will be  
3 used to establish interconnection and exchange traffic between the wireline carriers.  
4 The compensation for the traffic volumes is typically in the form of reciprocal  
5 compensation. In addition, the recurring costs for testing of each ported number  
6 would likely be reduced since the dialing plans and routing between the carriers will  
7 likely not change on a regular basis. The reduction of these costs is dependent upon  
8 the volume of ports. The remaining costs will likely be unchanged.

9 **Q: What would be the timeframe required for the Petitioner to fully implement,**  
10 **test and place Intermodal LNP into commercial service, if required to do so?**

11 **A:** Please refer to the LNP Implementation Timeline, attached hereto as Exhibit [2].  
12 The Timeline details the individual, inter-dependent tasks necessary to fully  
13 implement Intermodal LNP. They are arrayed in a self-explanatory fashion,  
14 showing the anticipated duration of each task and its relationship to other tasks.  
15 The overall duration that results for the Timeline supports that approximately six  
16 (6) months would be required to fully prepare for, implement, test and place  
17 Intermodal LNP into commercial service, as stated in the Santel Waiver Petition.  
18 As with any planning horizon, this timeline does not take into account holidays or  
19 other unforeseen delays due to Force Majeure.

1    **Q: Does this conclude your direct testimony?**

2    **A:** Yes. I also reserve the opportunity to revise or modify this pre-filed direct  
3        testimony at or before the hearing if I receive additional information pertaining to  
4        the issues I presented herein.

## SANTEL COMMUNICATIONS COOPERATIVE, INC.

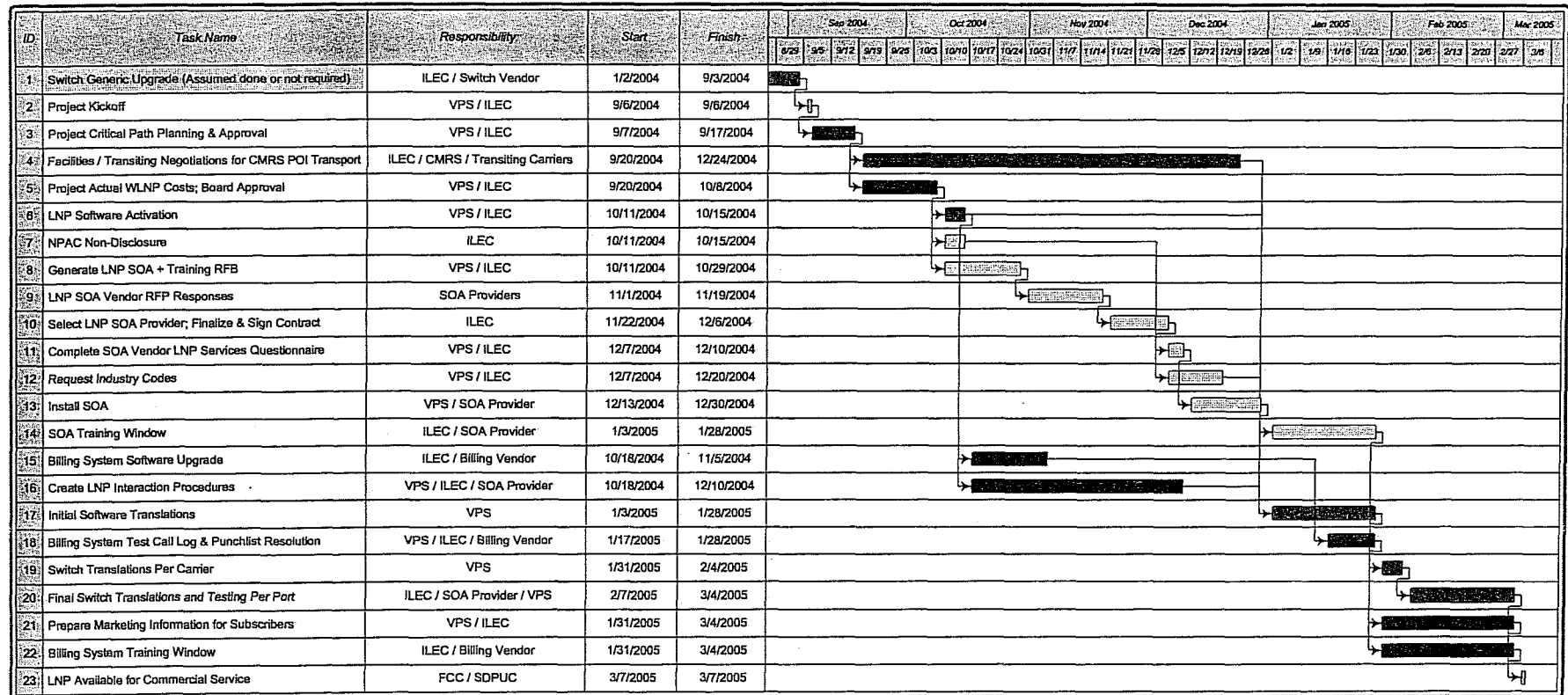
## ESTIMATED COSTS TO IMPLEMENT LOCAL NUMBER PORTABILITY

	<u>Non- Recurring</u>	<u>Monthly Recurring</u>	
<b><u>Switch-Related Investment Costs:</u></b>			
LNP Software Features	\$ 20,560		
Feature Activation	\$ 5,000		
Translations	\$ 10,000		Initial LNP Basic Translations Costs
Technical Implementation and Testing	\$ 10,000		
<b>Subtotal</b>	<b>\$ 45,560</b>		
<b><u>NPAC-Related Costs:</u></b>			
Service Order Administration	\$ 2,000	\$ 500	
LNP Queries	\$ 500	\$ 600	
Connection Costs w/LNP Database	\$ 150	\$ -	
<b>Subtotals</b>	<b>\$ 2,650</b>	<b>\$ 1,100</b>	
<b><u>Technical/Administrative Costs:</u></b>			
Testing/Verification of Each Ported Dial Number	\$ -	\$ 3	Testing/Verification of Ported Dial Number(s)
Translations	\$ -	\$ 4	Translations Costs - Ported Numbers
Administrative	\$ 10,000	\$ 4	
Regulatory	\$ 15,000	\$ -	
Customer Care	\$ 10,000	\$ 2	
Marketing/Informational Flyer	\$ 15,000	\$ 1,200	
Billing/Customer Care Software Upgrades	\$ 5,000	\$ -	
<b>Subtotals</b>	<b>\$ 55,000</b>	<b>\$ 1,213</b>	
<b><u>Transport-Related Costs:</u></b>			
Wireless Carrier Points of Interconnection (POI) <sup>1</sup>	\$ 200,000	\$ 32,000	
Mobile Telephone Switching Office POI Connection	\$ 500	\$ 200	Transiting Carrier MTSO POI Connection
Dip (Minimum)	\$ 500	\$ 100	Transiting Carrier Dip Charges (Minimum)
<b>Subtotals</b>	<b>\$ 201,000</b>	<b>\$ 32,300</b>	
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 304,210</b>	<b>\$ 34,613</b>	
<b>Current Access Lines</b>	<b>4,827</b>	<b>4,827</b>	
<b>Total Estimated Costs Per Access Line (Rounded)</b>	<b>\$ 64</b>	<b>\$ 8</b>	
<b>Access Line Impact - First 60-Month Period</b>		<b>\$ 9</b>	

Note 1:

Potentially, the Petitioner can expect to receive requests for interconnection from 4 wireless carriers (Verizon Wireless, Western Wireless, Sprint PCS, and Nextel). All of these carriers have their wireless switching equipment in separate locations. In order to provide interconnection to these carriers, the Petitioner is including transport cost estimates from each of their switches to these 4 wireless carriers. Petitioner has estimated these transport costs based on the existing network architecture configuration of these wireless carriers, which requires a dedicated facility from each Petitioner switch to the wireless carrier. This configuration is required to resolve the transport and routing issues caused by the implementation of LNP when the wireless carrier does not have a point of interconnection or numbers in the LEC's rate centers.

## LNP Implementation Timeline



Switching-Related

NPAC-Related

Administrative/Technical

Transport-Related

Revised May 11, 2004



**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he served a an original a ten (10) copies of the foregoing **Direct Pre-filed Testimony of John De Witte** upon the person herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Woonsocket, South Dakota, postage prepaid, in an envelope addressed to said addressee, to wit:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot J. Wieczorek  
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P.O. Box 8045  
Rapid City, SD 57709-8045

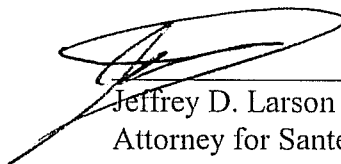
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Richard D. Coit  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P.O. Box 57  
Pierre, SD 57501

Dated this 19<sup>th</sup> day of May, 2004



---

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May 28, 2004

**RECEIVED**

JUN 01 2004

**NEXT DAY DELIVERY  
CONFIDENTIAL INFORMATION  
ENCLOSED**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 E Capitol Avenue  
Pierre SD 57501

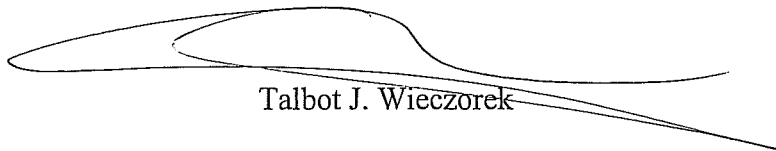
RE: In the Matter of Local Number Portability Obligations Docket No. TC 04-025;  
TC04-038; TC04-044 through TC04-056; TC04-060 through TC04-062;  
TC04-077; TC04-084 and TC04-085

Dear Ms. Bonrud:

Enclosed for filing please find the original and ten copies of Direct Testimony of Ron Williams with exhibits. Please note that Williams' Direct – Exhibit 5, both pages A and B, is marked "confidential" and has been placed in a sealed envelope marked "Confidential." Exhibit 5 contains confidential information provided by the Petitioners during discovery and should be treated as confidential information pursuant to ARSD 20:10:01:41.

If you have any questions, please call me.

Sincerely,



Talbot J. Wieczorek

TJW:klw

Enclosures

c: Western Wireless, Inc.  
Richard Coit  
Darla Pollman Rogers  
Jeff Larson  
David Gerdes  
Richard Helsper  
Ben Dickens  
James Cremer



BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**RECEIVED**

JUN 01 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITIONS FOR  
SUSPENSION OR MODIFICATION OF  
§251(b)(2) OF THE COMMUNICATIONS  
ACT OF 1934 AS AMENDED

)  
) Dockets: TC04-025 TC04-038  
) TC04-044 TC04-045  
) TC04-046 TC04-047  
) TC04-048 TC04-049  
) TC04-050 TC04-051  
) TC04-052 TC04-053  
) TC04-054 TC04-055  
) TC04-056 TC04-060  
) TC04-061 TC04-062  
) TC04-077 TC04-084  
) TC04-085

TESTIMONY

OF

RON WILLIAMS

ON BEHALF OF WWC LICENSE L.L.C.  
(WESTERN WIRELESS)

May 28, 2004

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

**I. QUALIFICATIONS AND PURPOSE OF TESTIMONY**

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

A. My name is Ron Williams. My business address is 3650 131st Avenue South East, Bellevue, Washington 98006.

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

A. I am employed as Director – InterCarrier Relations by Western Wireless Corporation. My duties and responsibilities include developing effective and economic interconnection and operational relationships with other telecommunications carriers, including the establishment of local number portability (“LNP”) arrangements and interconnection agreements. I work with other departments within Western Wireless to assess company interconnection and LNP needs and interface with carriers to ensure arrangements are in place to meet the operational objectives of the company.

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

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

**Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

A. I am testifying on behalf of WWC License L.L.C. (“Western Wireless”), which provides commercial mobile radio services (“CMRS”) in the state of South Dakota.

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

A. I have ten years experience working for GTE (now Verizon), including six years in telephone operations and business development, and four years in cellular operations. I also have two years experience in start-up CLEC operations with FairPoint Communications. Since August 1999, I have worked for Western Wireless, first as

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 the Director of CLEC operations and, more recently, in my current position in  
2 Industry Relations and as a project lead for implementation of LNP and  
3 interconnection with other carriers.

4 **Q. HAVE YOU TESTIFIED BEFORE ON BEHALF OF WESTERN WIRELESS?**

5 A. Yes, I have testified as the Company's witness in interconnection arbitration  
6 proceedings in Oklahoma and Utah. I have prefiled testimony in a South Dakota  
7 arbitration that was settled prior to hearings. And, recently, I have testified in LNP  
8 suspension matters in New Mexico and Missouri.

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

10 A. The purpose of my testimony is to challenge the Petitioners' request for suspension or  
11 modification of federally mandated number portability obligations. My testimony  
12 will address the following issues:

- 13       ▪ **What are the obligations of Petitioners' to implement LNP and what are**  
14       **the standards for granting relief?**
- 15       ▪ **Are there any real operational or technical roadblocks to Petitioners'**  
16       **implementation of number portability as required by FCC rules?**
- 17       ▪ **Is there any evidence of undue economic burden associated with**  
18       **Petitioners' implementation of local number portability?**
- 19       ▪ **What is the economic impact of delaying Petitioners' implementation of**  
20       **number portability?**
- 21       ▪ **Do Petitioners' make a valid claim that LNP in their service area is not in**  
22       **the public interest?**

23 My testimony addresses the standards that should apply in resolving these Petitions  
24 and presents the positions of Western Wireless on the issues identified above. For  
25 each of the issues, I will identify the applicable standard, establish the facts relevant

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 to a determination, and recommend to the South Dakota Public Utilities Commission  
2 ("Commission") an appropriate resolution.

3 **Q. DO YOU HAVE ANY BACKGROUND OR FAMILIARITY WITH WESTERN WIRELESS'**  
4 **SYSTEM IN SOUTH DAKOTA AND ANY FAMILIARITY WITH THE PETITIONERS'**  
5 **SYSTEMS IN THE STATE?**

6 **A.** Yes. I have been actively involved in negotiation of interconnection agreements with  
7 most, if not all, of the Petitioners in this case on behalf of Western Wireless.

8 **Q. IS THERE A JURISDICTION ISSUE REGARDING WAIVERS TO LNP**  
9 **IMPLEMENTATION?**

10 **A.** I cannot give a legal opinion, but I do believe there is an issue as to whether  
11 jurisdiction for LNP implementation waivers is in the FCC or state commissions. It is  
12 my understanding that the FCC's intermodal porting order requires rural ILECs to file  
13 any requests for waiver or extension with the FCC, not individual state commissions.  
14 The FCC asserted jurisdiction over all issues related to CMRS number portability by  
15 citing its authority under Sections 1, 2, 4(i) and 332 of the Communications Act.<sup>1</sup> I  
16 know that many rural ILECs applied to the FCC for a waiver, and the waiver was  
17 granted in January this year. I am attaching the FCC order on rural intermodal LNP  
18 implementation as Exhibit Williams' Direct -1. The instant case before the South  
19 Dakota Commission raises the same issues that have been addressed by the FCC  
20 under its jurisdiction.

21 **Q. HAS THE FCC RECENTLY DECIDED ANY OTHER RURAL LNP IMPLEMENTATION**  
22 **WAIVER OR SUSPENSION REQUESTS?**

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<sup>1</sup> *First Report and Order and Further Notice of Proposed Rulemaking*, 11 FCC Rcd 8352, ¶ 155 (1996); *see also* *Mem. Op. and Order and Further Notice of Proposed Rulemaking*, ¶ 8, CC Docket No. 95-116, FCC 03-284 (rel. Nov. 10, 2003) ("*Intermodal Porting Order*")

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 A. Yes. Within the last couple of weeks the FCC issued two orders denying LNP  
2 implementation suspensions for rural wireless and rural wireline carriers. In an order  
3 released May 10, 2004 the FCC denied waiver and extension requests for three rural  
4 wireless carriers who had claimed they did not receive sufficient notice to implement  
5 and their rural status constituted special circumstances.<sup>2</sup> Similarly, on May 13, 2004  
6 the FCC denied a waiver petition for temporary suspension made by North-Eastern  
7 Pennsylvania Telephone Company (NEP); a rural LEC with eight exchanges.<sup>3</sup> NEP  
8 is planning to implement LNP in conjunction with a switch replacement and argued  
9 that "it did not anticipate that intermodal porting would be an "imminent"  
10 requirement until the Commission's Intermodal LNP Order released in November  
11 2003." NEP also stated that service feature issues arose during implementation  
12 planning that would mean that NEP would not meet the May 24, 2004 deadline for  
13 LNP implementation. In denying NEP request, the FCC responded:

14 "We are not persuaded by NEP's claims that special circumstances exist  
15 warranting a waiver of the May 24, 2004 porting deadline in order to  
16 accommodate NEP's switch delivery and deployment schedule, and  
17 provide additional time to resolve any service feature issues. We find  
18 that NEP has not presented "extraordinary circumstances beyond its  
19 control in order to obtain an extension of time." NEP has not shown that

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<sup>2</sup> In the Matter of Numbering Resource Optimization and Telephone Number Portability, Petitions of Advantage Cellular Systems, Inc., Corr Wireless Communications, LLC, and Plateau Telecommunications, Inc. for Limited Waiver and Extension of Porting and Pooling Obligations, CC Docket No. 99-200, 95-116, FCC 04-1291 (released May 10, 2004).

<sup>3</sup> Exhibit Williams' Direct -2: In the Matter of Telephone Number Portability, Petitions of The North-Eastern Pennsylvania Telephone Company for Temporary Waiver of its Porting Obligations, CC Docket No. 95-116, FCC 04-1312 (released May 13, 2004).

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1 challenges it may face are different from those faced by similarly  
2 situated carriers who are able to comply. Generalized references to  
3 limited resources and implementation problems do not constitute  
4 substantial, credible evidence justifying an exemption from the porting  
5 requirements. NEP has known since 1996 that it would need to support  
6 LNP within six months of a request from a competing carrier. Although  
7 wireless LNP was delayed, all carriers have been on notice since July  
8 2002 that wireless and intermodal LNP would become available  
9 beginning in November 2003. Thus, NEP has had sufficient time to  
10 follow through with these mandates and prepare for LNP.”<sup>4</sup>

11 In this situation, which is very similar to the instant petitions, the FCC decision  
12 delivered a clear and consistent message: The standards are very high for obtaining a  
13 waiver of LNP obligations, the onus is on individual carriers to do all in their power  
14 to meet the obligations, and difficulties which are similar to those faced by other  
15 carriers do not constitute special circumstances worthy of any suspension. LNP is an  
16 FCC mandate and it is clear the FCC expects enforcement of its implementation.

17 **II. WHAT IS THE OBLIGATION OF PETITIONERS TO IMPLEMENT LNP**  
18 **AND WHAT ARE THE STANDARDS FOR GRANTING RELIEF?**

19 Q. ARE PETITIONERS UNDER AN AFFIRMATIVE OBLIGATION TO  
20 IMPLEMENT LNP?

21 A. Yes. All LECs have known since 1996 that they would be required to provide LNP.  
22 Section 251(b)(3) of the Communications Act of 1934, as amended (“Act”), requires  
23 all LECs to provide LNP.<sup>5</sup> In its rules implementing the LNP requirements of the  
24 Act, the FCC recognized that the public interest would be served by requiring carriers

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<sup>4</sup> See supra ¶10

<sup>5</sup> 47 U.S.C. § 251(b)(3).

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 to implement LNP in all areas, but conditioned the requirement to implement LNP in  
2 rural areas on a carrier receiving a bona fide request ("BFR") from another carrier.<sup>6</sup>

3 **Q. DID WESTERN WIRELESS SEND A BFR TO ANY OF THE PETITIONERS REQUESTING**  
4 **THE IMPLEMENTATION OF LNP?**

5 A. Yes. In November 2003 Western Wireless sent all but three of the Petitioners,  
6 Western, Splitrock Properties and Tri-County, a BFR to implement LNP.<sup>7</sup> Western  
7 Wireless' lawful request to implement LNP provided these carriers with more than 6  
8 months notice to deploy Local Number Portability. These telcos waited 4 months to  
9 seek a suspension of their LNP obligations, hopeful that this tactic would result in  
10 delay of their legal obligations.

11 **Q. WHAT IS THE STANDARD FOR GRANTING THE PETITIONERS' REQUEST FOR A**  
12 **SUSPENSION OF THEIR LNP OBLIGATIONS?**

13 A. Congress established a very high standard to be met for a LEC to obtain a suspension  
14 of its LNP obligations. Section 251(f)(2) of the Act permits state commissions to  
15 suspend a carrier's LNP obligations only:

16 to the extent that, and for such duration as, the State commission  
17 determines that such suspension or modification —  
18 (A) is necessary: (i) to avoid significant adverse impact on users of  
19 telecommunications services generally; (ii) to avoid imposing a  
20 requirement that is unduly economically burdensome; or (iii) to  
21 avoid imposing a requirement that is technically infeasible; and  
22 (B) is consistent with the public interest, convenience, and  
23 necessity.<sup>8</sup>  
24

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<sup>6</sup> 47 C.F.R. § 52.26.

<sup>7</sup> Exhibit Williams' Direct -3

<sup>8</sup> 47 U.S.C. § 251(f)(2).

DOCKET TC04-025 et al

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1 “Congress intended exemption, suspension, or modification of the section 251  
2 requirements to be the exception rather than the rule.... We believe that Congress did  
3 not intend to insulate smaller or rural LECs from competition.”<sup>9</sup>

4 **Q. IF CONGRESS DID NOT INTEND TO INSULATE RURAL TELEPHONE COMPANIES**  
5 **FROM COMPETITION, THEN HOW SHOULD THIS COMMISSION DETERMINE**  
6 **WHETHER OR NOT TO SUSPEND THE PETITIONERS’ LNP OBLIGATIONS?**

7 **A.** Each Petitioner bears the burden of demonstrating that it meets the statutory standard  
8 for a suspension of its LNP obligations. Although Section 251(f) of the Act provides  
9 that rural carriers may obtain a suspension of their LNP obligations, the FCC has  
10 concluded that a suspension is only appropriate under unique and compelling  
11 circumstances:

12 Thus, we believe that, in order to justify continued exemption once a  
13 bona fide request has been made, or to justify suspension or  
14 modification of the Commission’s section 251 requirements, a LEC  
15 must offer evidence that application of those requirements would be  
16 likely to cause undue economic burdens beyond the economic burdens  
17 typically associated with efficient competitive entry. State  
18 commissions will need to decide on a case-by-case basis whether such  
19 a showing has been made.<sup>10</sup>

20 **Q. IN THE ABSENCE OF THE IMPLEMENTATION DELAY ALREADY GRANTED TO**  
21 **RURAL LECs BY THE FCC, WHAT ARE THE PREVAILING GUIDELINES FOR**  
22 **IMPLEMENTATION OF LNP AND HOW DO THEY RELATE TO THE PETITIONERS’**  
23 **SITUATION?**

24 From the exhibits provided with the Petitions, it is apparent that most ILEC networks  
25 require only switch software upgrades and table translations to make them LNP  
26 capable. The FCC produced guidelines that suggest this type of upgrade can be

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<sup>9</sup> *Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, First Report & Order, 11 F.C.C.R. 15499, 16118 (1996) (“*LNP First Report and Order*”).

<sup>10</sup> *LNP First Report and Order* at 16118.



**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 completed within 60 days. Local Number Portability requirements were established  
2 for all LECs in Section 251(b)(3) of the Telecom Act in 1996<sup>11</sup>. Specific to the  
3 Petitioners in this case, the FCC conditioned the requirement to implement LNP in  
4 rural areas on a carrier receiving a BFR from another carrier.<sup>12</sup> While a rural carrier  
5 has six months from receipt of a BFR to implement LNP, the FCC guidelines for  
6 switch preparation indicate a much shorter time may be necessary.<sup>13</sup>

7 After the deadline for deployment of number portability in an MSA in  
8 the 100 largest MSAs, according to the deployment schedule set forth  
9 in the appendix to this part, a LEC must deploy number portability in  
10 that MSA in additional switches upon request within the following  
11 time frames:

- 12 (A) For remote switches supported by a host switch equipped for  
13 portability ("Equipped Remote Switches"), within 30 days;
- 14 (B) For switches that require software but not hardware changes to  
15 provide portability ("Hardware Capable Switches"), within 60  
16 days;
- 17 (C) For switches that require hardware changes to provide  
18 portability ("Capable Switches Requiring Hardware"), within  
19 180 days;
- 20 (D) For switches not capable of portability that must be replaced  
21 ("Non Capable Switches), within 180 days.

22 The language in the Act is clear: While LNP proceeded by decree for the majority of  
23 telephone subscribers, number portability would be triggered by a Bona Fide Request  
24 process in the rest of the country. Further, the BFR process established an  
25 implementation interval (maximum) of 180 days.

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<sup>11</sup> 47 U.S.C. § 251(b)(3).

<sup>12</sup> 47 C.F.R. § 52.23(c).

<sup>13</sup> 47 C.F.R. § 52.23(b)(2)(iv).

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 The FCC reiterated this rule with respect to intermodal LNP on November 10, 2003

2 (Attached as Exhibit Williams' Direct -4):

3 "Therefore for wireline carriers operating in areas outside of the 100  
4 largest MSAs, we hereby waive, until May 24, 2004, the requirement  
5 that these carriers port numbers to wireless carriers that do not have a  
6 point of interconnection or numbering resources in the rate center  
7 where the customer's wireline number is provisioned."<sup>14</sup>

8 Then, again, on January 16, 2004 the FCC spelled out the date that the  
9 implementation of LNP should occur for the Petitioner in this docket:

10 "Accordingly, IT IS ORDERED that, pursuant to authority contained  
11 in sections 1, 4(i), 251, and 332 of the Communications Act of 1934,  
12 as amended, 47 U.S.C. §§ 151, 154(i), 251, 332, we GRANT a limited  
13 waiver of the wireline-to-wireless porting requirement, until May 24,  
14 2004, for local exchange carriers with fewer than two percent of the  
15 nation's subscriber lines in the aggregate nationwide that operate in the  
16 top 100 Metropolitan Statistical Areas and have not received a request  
17 for local number porting from either a wireline carrier prior to May 24,  
18 2003 or a wireless carrier that has a point of interconnection or  
19 numbering resources in the rate center where the customer's wireline  
20 number is provisioned."<sup>15</sup>

21 There is nothing vague or indefinite about the LNP obligations imposed on the  
22 Petitioners. This eventuality has been foreseeable for the eight years since the  
23 Telecom Act was passed in February 1996. The specific expectations of Western  
24 Wireless' porting interest have been known for more than 6 months since eighteen of

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<sup>14</sup> In the Matter of Telephone Number Portability, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, CC Docket No. 95-116, FCC 03-284 at 29 (rel. November 10, 2003). (*"Intermodal Porting Order"*)

<sup>15</sup> In the Matter of Telephone Number Portability, Small LEC Petitions for relief of the intermodal porting deadline of November 24, 2004, CC Docket No. 95-116,, FCC 04-12 at 12 (rel. January 16, 2004) (See Exhibit Williams' Direct -1)

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1       them received BFRs from Western Wireless. The FCC released its *Intermodal*  
2       *Porting Order* more than 6 months ago. With all this advance public notice it is  
3       inconceivable that the Petitioners would not be prepared to implement LNP. Clearly,  
4       the time that has already been provided to these Petitioners should have been  
5       sufficient time to meet their obligations.

6       **Q.     SHOULD THE FACT THAT MANY SIMILARLY SITUATED LECS ARE NOT SEEKING A**  
7       **DELAY OR SUSPENSION OF LNP IMPLEMENTATION MERIT CONSIDERATION IN**  
8       **THIS PROCEEDING?**

9       A.     Yes. The decision by many other independent telcos to prepare for implementation  
10       rather than seek a delay or suspension is clear evidence that the implementation of  
11       number portability by the May 24, 2004 deadline was achievable. Similarly situated  
12       rural LECs with similar switch equipment are implementing LNP. My staff and I  
13       have been in contact with many LECs in our serving area to work through questions  
14       or concerns in support of their specific implementation efforts.

15       **Q.     HAVE OTHER STATE COMMISSIONS RULED ON LEC LNP SUSPENSION REQUESTS?**

16       A.     Yes. I am not familiar with all state commissions, but I do understand that the  
17       Pennsylvania Commission concluded that “rural residents have as much right to  
18       competitive choices as their more numerous urban counterparts” and that as a result,  
19       rural LEC suspension Petitioners “must present competent evidence that such relief is  
20       necessary under Section 251(f)(2).”<sup>16</sup> In response to requests for suspension of LNP

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<sup>16</sup> *Petition of Rural and Small Incumbent Local Exchange Carriers for Commission Action Pursuant to Section 251(f)(2) and 253(b) of the Telecommunications Act of 1996*, Docket Nos. P-00971177 and P-00971188, 1997 Pa. PUC LEXIS 146 at ¶44 (Pennsylvania Public Utility Commission, July 10, 1997).

DOCKET TC04-025 et al

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1 obligations, several state commissions have rejected rural LEC technical and/or  
2 financial arguments in support of their LNP suspension requests.<sup>17</sup> Notably, the  
3 Michigan Public Service Commission denied LNP suspension to two small rural  
4 LECs stating:

5 “The Commission is unconvinced that the burdens will  
6 disproportionately affect the Petitioners as compared with other  
7 carriers. Indeed, the Petitioners have been on notice since 1996 to  
8 prepare for implementation of LNP and replacement of new switches  
9 should have been completed prior to the implementation date .... Any  
10 deferment of the FCC’s number portability requirements beyond that  
11 time [May 24, 2004] would be anti-competitive and anti-consumer.”<sup>18</sup>

12 Although the Petitioners have sought relief from number portability requirements  
13 through this proceeding, there is no reason why the competitive choice, enabled by  
14 number portability, and already available to most people in South Dakota, should be  
15 delayed for the Petitioners’ customers.

16 **Q. HAVE OTHER STATES DEALT WITH LNP SUSPENSION PETITIONS IN A DIFFERENT**  
17 **MANNER?**

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<sup>17</sup> See, e.g., *Petition by the Alliance of North Carolina Independent Telephone Companies for Limited Modification of the Requirement to Provide Number Portability, Order Dismissing Petition Without Prejudice*, Docket No. P-100, Sub 133r (North Carolina Utilities Comm’n, Oct. 7, 2003)(LNP suspension petition dismissed for failure to meet burden of proof); *Iowa Telecommunications Services*, Docket No. SPU-02-18 (SPU-02-19), 2003 Iowa PUC LEXIS 141 (Iowa Utilities Board, April 15, 2003)(LNP suspension petition denied for failure to meet burden of proof); *In the matter of the application of Waldron Telephone Company and Ogden Telephone Company for temporary suspension of wireline to wireless number portability obligations pursuant to §251(f)(2) of the federal Telecommunications Act of 1996, as amended*. Opinion and Order in Case Nos. U-13956 and U-13958). (Michigan Public Service Commission, February 12, 2004.

<sup>18</sup> In the matter of the application of Waldron Telephone Company and Ogden Telephone Company for temporary suspension of wireline to wireless number portability obligations pursuant to 251(j)(2) of the Federal Telecommunications Act of 1996 as amended. (Opinion and Order in Case Nos. U-13956 and U-13958.) (Michigan Public Service Commission, February 12, 2004.)

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 A. Yes. Texas is a good example. The Texas Commission Staff was actively involved  
2 in negotiating with rural telephone companies to shorten or withdraw their suspension  
3 requests. The Staff was successful in resolving all ten original petitions<sup>19</sup> but not  
4 before they submitted the following testimony in the docket:

5 "I recommend the denial of the petitions of Valor and KTC to suspend  
6 implementation until March 15, 2005 of the FCC's Intermodal Order ...  
7 I have determined that the Companies have failed to provide sufficient  
8 information and demonstrate the stated factors pursuant to FTA  
9 §251(f)(2) to justify an extension ... The Companies further failed to  
10 demonstrate that implementation of intermodal LNP prior to March 15,  
11 2005 would be inconsistent with the public interest, convenience and  
12 necessity of Texas customers. I further conclude that the Companies  
13 have failed to take steps to comply with the Intermodal Order in a timely  
14 manner after receiving bona fide requests (BFR) for intermodal porting.  
15 As a consequence I recommend that the Companies be held accountable  
16 for non-compliance with FTA § 251(f)(2), if they are not LNP capable  
17 by May 24, 2004. Thus, the Companies would be subject to applicable  
18 FCC enforcement proceedings and/or state commission enforcement  
19 action, if applicable.<sup>20</sup>

20 **III. ARE THERE ANY REAL OPERATIONAL OR TECHNICAL ROADBLOCKS**  
21 **TO THE PETITIONERS' IMPLEMENTATION OF NUMBER**  
22 **PORTABILITY AS REQUIRED BY FCC RULES?**

23 **Q. WHAT HAVE THE PETITIONERS' IDENTIFIED AS ROADBLOCKS TO THE IMPLEMENTATION OF**  
24 **NUMBER PORTABILITY?**

25 A. In their Petitions and through discovery responses, the Petitioners have identified only  
26 a few technical or feasibility issue in the implementation of local number portability:

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<sup>19</sup> See Texas SOAH Docket No 473-04-3034 PUC Docket 29278 "Petition of Wes-Tex Telephone Cooperative, Inc. et al, for Suspension of Wireless Number Portability Implementation"

<sup>20</sup> Prefiled Direct Testimony of Stephen Mendoza, Telecommunications Division, Public Utility Commission of Texas in the matter of *Petition of Wes-Tex Telephone Cooperative, Inc. et al, for Suspension of Wireless Number Portability Implementation* SOAH Docket No. 473-04-3034, PUC Docket No. 29278, April 30, 2004. p 4 lines 5-21 and P 5 lines 1-8.

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

- 1                   ▪ The deadlines imposed for LNP implementation do not provide enough  
2                   time to implement number portability under the FCC rules.
- 3                   ▪ Routing local traffic to numbers that have been ported to wireless carriers  
4                   (which has been mischaracterized as ‘location portability’) when there is  
5                   no direct connection between the Petitioner network and the wireless  
6                   carrier.
- 7                   ▪ Uncertainty associated with obligations of intermodal LNP

8   **Q. DO THESE REPRESENT REAL BARRIERS TO COMPLETING IMPLEMENTATION OF**  
9   **NUMBER PORTABILITY OBLIGATIONS BY MAY 24, 2004?**

10   A. No. The Petitioners have introduced these challenges, which are faced by all carriers  
11       (wireline and wireless, urban and rural) implementing number portability, and have  
12       characterized them as impossible to overcome, “technically infeasible”, and/or  
13       representing “a potential waste of resources ...”. This is simply not the case.

14   **Q. WHAT ABOUT THE TECHNICALLY INFEASIBLE CLAIM?**

15   A. Other rural telephone companies do not concur in this: In recent testimony  
16       concerning an LNP suspension petition in New Mexico, Steven D. Metts, a witness  
17       co-sponsored by the New Mexico Exchange Carriers Group made the following  
18       responsive statement<sup>21</sup>:

19           Q. “Is it your contention that suspension of the FCC requirements is based  
20           upon technological incapability for any of your companies?”

21           A. “No.”

22       Some of the Petitioner’s also concur that the implementation of LNP is not infeasible.  
23       Beresford Telephone, in response to Western’s Discovery Request 9 made this  
24       statement when asked about the feasibility of routing calls to ported numbers when

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<sup>21</sup> New Mexico Case No. 04-00017-UT, Hearing Transcript Day 1, p 51 lines 10-13, April 6, 2004

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1           there is no direct connection between carriers: "...it is not "technically infeasible" to  
2           route such a call".

3   **Q.   DOES THE INTERMODAL PORTING OF NUMBERS ORDERED BY THE FCC CONSTITUTE LOCATION**  
4   **PORTABILITY?**

5   A.   No, it is not location portability. The intermodal number portability ordered by the  
6       FCC enables, for example, a residential LEC customer to substitute wireless service  
7       for LEC service at the same location where that customer receives landline service.  
8       This constitutes number portability, not location portability. Mr. Watkins' testimony  
9       exaggerates the circumstances but, in the end, concedes the FCC has already  
10      addressed this in the Intermodal Porting Order.<sup>22</sup>

11   **Q.   WHAT ABOUT PETITIONERS' CONCERN REGARDING THE ROUTING OF TRAFFIC TO TELEPHONE**  
12   **NUMBERS THAT HAVE BEEN PORTED TO WIRELESS CARRIERS?**

13   A.   The Petitioners imply that routing local traffic originating on their networks and  
14       destined for a number ported to a wireless carrier is a difficult and unprecedented  
15       requirement. This is not the case. There are economical ways to accomplish this at a  
16       small fraction of what the Petitioners claim for "transport" costs.

17   **Q.   WHY ARE THE PETITIONERS RAISING A CONCERN REGARDING INTERMODAL PORTING AND THEIR**  
18   **LOCAL ROUTING OBLIGATIONS?**

19   A.   Under some circumstances, when there is no physical interconnection between a LEC  
20       and a wireless carrier, the LEC will need to route a call to a ported number to the  
21       serving tandem. This is no different than the manner in which wireless carriers  
22       terminate calls to many LEC exchanges in South Dakota today.

23   **Q.   WHAT WOULD HAPPEN IF THIS TYPE OF ROUTING OF LOCAL CALLS DID NOT OCCUR?**

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<sup>22</sup> Watkins' Direct p24 lines 5-7.

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 A. A call that was local before a number ported would either not be completed or would  
2 be required to be dialed as a toll call after the number was ported. Imagine a scenario  
3 where your neighbor had to dial toll to reach your telephone number just because you  
4 changed your service provider. It would make no sense.

5 **Q. IS THIS TYPE OF SEPARATE RATING AND ROUTING OF TRAFFIC A NEW PRACTICE?**

6 A. No. This practice is permitted under industry guidelines associated with the  
7 assignment of telephone numbers by the North American Numbering Plan  
8 Administrator (NANPA)<sup>23</sup>. In fact, Western Wireless has several implementations of  
9 this throughout its service area.

10 **Q. ARE THE PETITIONERS CONCERNS ABOUT THE UNCERTAINTY OF FUTURE FCC RULES ON LNP ANY**  
11 **DIFFERENT THAN THOSE FACED BY OTHER CARRIERS THAT ARE ALREADY IMPLEMENTING LNP?**

12 A. No. While there is some uncertainty in what the FCC will do in the future regarding  
13 compensation matters, there is no uncertainty about the rating and routing obligations  
14 relative to LNP. All carriers face these same hurdles: The rating of calls to a ported  
15 number must remain as they were prior to the number being ported. And, it is the  
16 originating carrier's responsibility to properly route traffic to a ported number. The  
17 FCC didn't mandate a method to accomplish these obligations because there is not  
18 just one way to overcome these hurdles.

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<sup>23</sup> The Central Office Code (NXX) Administration Guidelines (COCAG), published by the Alliance for Telecommunications Industry Solutions on behalf of the Industry Number Committee, permit a carrier to receive a rate center number assignment and designate a routing point for calls to those numbers that is outside the rate center to which they are assigned.



TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1        **IV. IS THERE ANY EVIDENCE OF UNDUE ECONOMIC BURDEN**  
2        **ASSOCIATED WITH PETITIONERS IMPLEMENTATION OF LOCAL NUMBER**  
3        **PORTABILITY?**

4        **Q. WHAT IS THE STANDARD FOR ESTABLISHING AN “UNDUE ECONOMIC BURDEN”?**

5        A. Section 251(f)(2) permits the Commission to suspend a LEC’s LNP obligation if such  
6        action is “necessary to avoid imposing a requirement that is unduly economically  
7        burdensome.”<sup>24</sup> The Ohio Commission has held that the statutory phrase, “unduly  
8        economically burdensome,” means economic burdens “beyond the economic burdens  
9        typically associated with efficient competitive entry.”<sup>25</sup> The facts contained in the  
10       Petitions do not meet the standard that would lead one to conclude the economic  
11       burden exceeds that ‘typically associated with efficient competitive entry.’

12       **Q. HAVE YOU HAD ANY EXPERIENCE IN DEALING WITH THE REAL LIFE COSTS OF**  
13       **LNP IMPLEMENTATION?**

14       A. Yes I have had experience implementing LNP on Western Wireless’ own network.  
15       This entailed the upgrading of switches, intergrating systems, implementing the LNP  
16       with a CLEC and providing for SOA and LNP queries. I worked on these issues from  
17       an operational, technical, and cost aspect.

18       **Q. ARE THE LNP COST PROJECTIONS IN THE PETITIONS A REASONABLE APPROXIMATION OF THE**  
19       **COSTS OF IMPLEMENTING LNP FOR THE PETITIONERS?**

20       A. The cost projections provided by the Petitioners grossly overstate the implementation  
21       and operational costs of LNP. Both non-recurring ‘start-up’ and monthly recurring

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<sup>24</sup> 47 U.S.C. § 251(f)(2)(A)(ii).

<sup>25</sup> *Western Reserve Petition* at 13.

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 costs have been over estimated by the Petitioners; in some cases producing costs  
2 many times a realistic projection.

3 **Q. PLEASE PROVIDE EXAMPLES OF THE OVERSTATEMENT OF CLAIMED LNP IMPLEMENTATION COSTS.**

4 A. Although cost over-statements occur with most Petitioners in many cost categories,  
5 based on evidence provided to date, overstatements of non-recurring LNP  
6 implementation costs occur in the category "Other Internal Costs". In this category,  
7 the Petitioners have included costs to deal with "porting contracts" and costs related  
8 to the development of "Intercarrier Porting Forms". These costs are grossly  
9 overstated and, perhaps, should not be included at all: Contracts are not required for  
10 porting between carriers and there are standard industry 'porting' forms available to  
11 any carrier for a nominal fee. Some Petitioners have included fees for "SOA Non-  
12 recurring set up charge" or non-recurring "Service Order Administration" when  
13 estimated port volumes provide no justification for an automated SOA interface.  
14 Unfortunately, many of the Petitioners have not provided sufficient information in  
15 response to interrogatories to address the validity of switch upgrade cost claims at this  
16 time. They have instead claimed the cost information is confidential and have refused  
17 to provide it even though Western Wireless has executed a "confidentiality  
18 agreement."

19 **Q. PLEASE PROVIDE AN EXAMPLE OF THE OVERSTATEMENT OF CLAIMED LNP RECURRING COSTS.**

20 A. Many categories of recurring costs are overstated. These include: "SOA Monthly  
21 Charge" estimates that are based on a vendor quote for an automated interface with a  
22 high minimum monthly charge, "Other Recurring Costs" that are overstated based on  
23 Petitioner's own estimate of port volume, "Switch Maintenance Costs" which are not

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 justified in relation to LNP, "Business Procedure" and porting process costs for  
2 testing, verification, translations, and administrative which appear to be overstated  
3 and redundant, and Marketing/Informational Flyer costs which are not justified on a  
4 recurring basis.

5 **Q. CAN YOU PROVIDE A SPECIFIC EXAMPLE OF OVERSTATED SOA COSTS?**

6 A. Yes. For example, Beresford Telephone has claimed a non-recurring charge of  
7 \$1,800 and a monthly recurring charge of \$1,200 for Service Order Administration  
8 (SOA) functionality. Beresford is claiming a total first year cost of \$30,600 for SOA.  
9 In response to discovery, Beresford estimated 24 ports per year. Beresford can utilize  
10 the Number Portability Administration Center (NPAC) Help Desk to perform the  
11 SOA function for these 24 ports for a total of \$360. Beresford has overstated first  
12 year SOA costs by more than 80 fold. This single cost overstatement results in an  
13 almost a dollar (\$.85) of claimed LNP cost per line per month. Most of the other  
14 Petitioners have similarly forecasted low porting volumes that do not justify an  
15 automated SOA interface and high minimum monthly recurring charges.

16 **Q. WHAT ABOUT PETITIONER CLAIMS FOR 'TRANSPORT' COSTS?**

17 A. In every instance that I have reviewed, the Petitioner has identified the most  
18 inefficient means of routing traffic to ported numbers as the basis for formulating  
19 start-up and recurring costs. The approach taken by the Petitioners produces costs  
20 that may be as high as 400 times the cost that an efficient operator would incur to  
21 accomplish their routing obligations for similar traffic. For example, West River  
22 Cooperative Telephone assumes the installation of more than 30 T1 circuits to route  
23 traffic in the first year of LNP implementation. West River also estimated 12

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 customers will port each year. Assuming these porting customers to have average  
2 incoming call characteristics, Western Wireless estimates the cost of routing traffic to  
3 these ported numbers to be \$1,120 for the year including non-recurring charges.  
4 West River estimates these same costs to be more than \$467,000.

5 **Q. DO YOU HAVE ANY OTHER COMMENTS ON PROPOSED LNP 'TRANSPORT' COST RECOVERY?**

6 A. Yes. It is unclear that any of the costs included in this line item are recoverable under  
7 the FCC's rules pertaining to recovery via a line-item surcharge on local  
8 telecommunications customers. I believe the FCC views that it is the originating  
9 carrier's responsibility to deliver local traffic for termination and that the costs  
10 associated with fulfilling that responsibility are not a number portability cost.

11 **Q. HAVE YOU PREPARED ALTERNATIVE LNP COST ESTIMATES FOR THE PETITIONERS?**

12 A. Yes. Based on my experience with interconnection and with number portability, I  
13 have attached Exhibit Williams' Direct 5 which reflects the modifications to  
14 Petitioner costs consistent with my testimony.

15 **Q. I NOTE THAT WILLIAMS' DIRECT -5 IS BROKEN INTO TWO PAGES, ONE MARKED**  
16 **AS 5A AND ONE MARKED AS 5B. COULD YOU EXPLAIN THE DIFFERENCES ON**  
17 **THESE TWO PAGES?**

18 A: When the Petitioners in this case provided cost summaries, they did so in two  
19 separate formats. To assist in comparing the costs estimated on 5A and 5B with the  
20 Petitioner cost submissions, we maintained the two distinct formats and presented the  
21 revised estimates.

22 **Q. IN PREPARING WILLIAMS' DIRECT -5, WHAT INFORMATION DID YOU USE?**

23 A. For the most part, I used the same numbers as those being presented by the

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1       Petitioners. However, I have changed certain values to more reasonable and realistic  
2       amounts in those areas I have discussed in my testimony. These changes are based on  
3       my experience and also some of the other cost information the Petitioners submitted.  
4       Any number that I corrected in the cost estimate is highlighted on the exhibit for ease  
5       of comparison. In some cases I eliminated a cost. For example, I eliminated the  
6       switch maintenance cost because these costs already exist for the switches now being  
7       used and the fact that the new switch to be put in will be LNP compatible does not  
8       result in additional increase in these costs.

9       **Q.   YOU MENTIONED EARLIER IN YOUR TESTIMONY THAT IN EVERY INSTANCE THAT**  
10       **YOU HAVE REVIEWED IN THESE FILINGS THE PETITIONERS HAVE IDENTIFIED**  
11       **THE MOST INEFFICIENT MEANS OF ROUTING TRAFFIC TO PORTED NUMBERS AS A**  
12       **BASIS FOR THEIR LNP COST ESTIMATES. HOW IS IT INEFFICIENT?**

13      A.    The routing methods proposed by the Petitioners are inefficient in that they make  
14       little or no utilization of existing equipment and shared facilities currently used to  
15       exchange calls with other carriers. A more efficient and less costly mechanism for  
16       establishing routing for LNP is illustrated in Exhibit Williams' Direct - 6.

17      **Q.   WHAT IS YOUR RECOMMENDATION ON PETITIONERS' CLAIMS THAT THE COST OF LNP**  
18       **IMPLEMENTATION IS UNDULY BURDENSOME?**

19      A.    The bar has been set very high for granting an exception on the basis of the costs of  
20       implementing local number portability. The Petitioner cost exhibits include inflated  
21       costs that don't stand-up to scrutiny. The Petitioners have failed to demonstrate their  
22       costs are unduly burdensome. Neither have they demonstrated that their costs are any  
23       different than other rural wireless and wireline carriers that are or have implemented  
24       number portability.

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

V. WHAT IS THE ECONOMIC IMPACT OF DELAYING PETITIONERS' IMPLEMENTATION OF NUMBER PORTABILITY?

Q. PETITIONERS IMPLY THAT SIGNIFICANT NUMBER PORTABILITY INVESTMENT RISK WILL BE AVOIDED BY DELAYING IMPLEMENTATION. IS THERE MERIT TO THESE ASSERTIONS?

A. No, the implementation cost information provided for the Petitioners indicates that there is little or no investment that would be avoided by delaying implementation of number portability.

Q. EXPLAIN THE EVIDENCE THAT DEMONSTRATES THE LNP INVESTMENT RISK IS LOW?

A. The data presented by the Petitioners lead to the conclusion that granting a delay in implementation of number portability will not have a material impact on the investments required. The nature of the LNP implementation and operational cost provided in the Petitions is predominately related to network investments, basic port process development, and port-driven variable costs. These are not costs that are at risk to any foreseeable change in LNP capability requirements. They do not reflect the potential for reduction at a later time. The transport cost category is so misconstrued and overstated by the Petitioners that it is meaningless. If routing costs were properly identified, they would amount to a small fraction of LNP costs and would not be of material impact.

Q. SO, WILL A DELAY SAVE ANY LNP INVESTMENTS?

A. No. The investments required by Petitioners will not be reduced by delaying their obligation to implement LNP. The risk for each of the Petitioners is no more than the investment risk made by any other carrier who has implemented local number portability. A delay only serves to deny those competitive carriers that have made

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 LNP investments the opportunity to leverage that investment in Petitioner serving  
2 areas.

3 **Q. DO THE PETITIONERS' HAVE LNP ROUTING OBLIGATIONS THAT TRANSCEND ANY SUSPENSION OF**  
4 **INTERMODAL LNP IMPLEMENTATION?**

5 A. Yes they do. In a Notice of Apparent Liability for Forfeiture, released by the Chief,  
6 Enforcement Bureau of the FCC, the FCC maintains that:

7           Regardless of the status of a carrier's obligations to provide number  
8           portability, all carriers have the duty to route calls to ported numbers.  
9           In other words, carriers must ensure that their call routing procedures  
10          do not result in dropped calls to ported numbers."<sup>26</sup>

11 Granting any further delay to these Petitioners would seem to exacerbate their  
12 problem with respect to routing obligations. Many of the Petitioners provide service  
13 in local calling areas that are common to a Qwest rate center (e.g., James Valley's  
14 Frederick and Mellett exchanges have a local calling area shared with Qwest's  
15 Aberdeen rate center) that will have number portability implemented on or before  
16 May 24, 2004. In the event a number is ported in the Aberdeen rate center, the FCC  
17 has made it clear that a carrier is still obligated to route calls to ported numbers.

18 **Q. DOES THE FACT THAT THE PETITIONERS ARE NOT IMPLEMENTING LNP LIMIT**  
19 **WIRELESS TO WIRELESS NUMBER PORTABILITY?**

20 A. Yes. Since the beginning of the wireless industry, wireless carriers have used number  
21 assigned to them by LECs. These numbers appear in industry routing guides as if  
22 they were affiliated with the LEC switch instead of the wireless carrier's switch. In  
23 these instances, a wireless customer cannot port their wireless number to another

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<sup>26</sup> In the Matter of CenturyTel, Inc., CenturyTel of Washington, Inc., CenturyTel of Cowiche, Inc., and CenturyTel of Inter Island, Inc. Apparent Liability for Forfeiture, DA 04-1304, Released May 13, 2004, ¶ 4.

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

wireless provider unless the LEC is LNP compliant and participates in the port. In South Dakota, there are at least five thousand Western Wireless numbers that would fall into this category and other wireless carriers in South Dakota would also likely have as many numbers that would fall subject to this problem.

**VI. DO PETITIONERS MAKE A VALID CLAIM THAT LNP IS NOT IN THE PUBLIC INTEREST IN THEIR SERVICE AREAS?**

**Q. DO THE PETITIONERS' CLAIMS OF LACK OF DEMAND FOR NUMBER PORTABILITY RING TRUE?**

A. No. The fact is, number portability has proven to be an enabler of competition wherever it has been implemented. That is the case here in South Dakota. Qwest has experienced a substantial loss of customers to competitors since the advent of number portability. There is, however, a difference in what the FCC has ordered to happen on May 24, 2004. Instead of just adding more competitors to South Dakota's urban markets, intermodal LNP enables wireless carriers to compete effectively for customers in areas that have not previously been exposed to competition.

**Q. HAS THE FCC MADE ANY RECENT COMMENTS WITH RESPECT TO THE PUBLIC INTEREST AND THE IMPLEMENTATION OF LNP IN RURAL AREAS?**

A. Yes. On May 6, 2004, K. Dane Snowden, Chief of the Consumer & Governmental Affairs Bureau, issued a letter to the President of NARUC. The letter asked NARUC to encourage state commissions to ensure that waivers are only granted "where carriers demonstrate undue economic burden or technological infeasibility and, in reference to the waiver obligations of Section 251(f) of the Act:

"strictly apply that statutory standard so that rights of consumers are protected. I encourage the State commissions to ensure that carriers seeking waivers demonstrate that they are on a path to



**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 compliance so that customers of these carriers will not be forever  
2 denied the rights their fellow consumers enjoy.”<sup>27</sup>

3 **Q. IS THERE ANY REASON WHY THE COMPETITIVE CHOICE, ENABLED BY NUMBER PORTABILITY, AND**  
4 **ALREADY AVAILABLE TO MOST SOUTH DAKOTANS, SHOULD BE DELAYED FOR THE CUSTOMERS OF**  
5 **THESE PETITIONERS?**

6 **A. No.**

7 **Q. ARE THERE ANY INDUSTRY PROJECTIONS FOR THE POTENTIAL OF SUBSTITUTION OF WIRELINE**  
8 **SERVICE BY WIRELESS?**

9 **A. Yes, many industry watchers are projecting that intermodal number portability will**  
10 **open the door to increased competition and accelerated substitution of wireless for**  
11 **wireline services. Here are some excerpts of a Cato Industry report summarizing the**  
12 **impact of wireless substitution<sup>28</sup>: “Wired Magazine recently reported that roughly**  
13 **3% of homes have dropped their landlines and 8% are expected to follow suit in the**  
14 **next five years.” “A more recent study by PriMetrica, Inc. suggested that roughly**  
15 **half of U.S. households would be willing to dump wireline for cellular ...”. “And**  
16 **now comes the number portability decision, which adds more fuel to the VoIP and**  
17 **wireless substitution fire. I think it will certainly increase the move toward**  
18 **substituting wireless for wire-line phones’ notes Rebecca Arbogast, an analyst with**  
19 **Legg Mason.” Finally, common sense tells us that demand for a service greatly**  
20 **increases once the service becomes available.**

21 **Q. HAS WESTERN WIRELESS MADE THE INVESTMENTS NECESSARY TO PROVIDE LNP IN SOUTH**  
22 **DAKOTA?**

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<sup>27</sup> Attached is Exhibit Williams’ Direct - 7, a copy of the correspondence from the Bureau Chief of the FCC Consumer & Governmental Affairs Bureau to the President of NARUC.

<sup>28</sup> “Number Portability Adds to Wireline Telecom Sector’s Perfect Storm,” Adam Thierer, Director of Telecommunication Studies, Cato Institute, Issue 66, November 20, 2003.

**DOCKET TC04-025 et al**

**TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS**

1 A. Yes. We have upgraded our network, implemented new processes, systems, and  
2 hired supporting resources to implement LNP in South Dakota. In other words, we  
3 have absorbed the costs of implementing LNP under our FCC obligations. Further,  
4 we believe it is unfair that carriers who we compete with, that are similarly obligated,  
5 would be exempted from their obligations and thereby limit our ability to recoup the  
6 LNP investments we have made by restricting our opportunity to leverage those  
7 investments in a competitive marketplace.

8 **Q. HAVE THE PETITIONERS MET THE PUBLIC INTEREST STANDARD FOR GRANT OF A SUSPENSION OF**  
9 **LNP OBLIGATIONS?**

10 A. No. The public interest would not be served by suspending these Petitioners' LNP  
11 obligations. Section 251(f)(2) of the Act requires the Commission to determine that  
12 suspension of a carrier's LNP obligations would be "consistent with the public  
13 interest, convenience, and necessity."<sup>29</sup> The provision of LNP by LECs is a critical  
14 component of a competitive local telephone market. Rural consumers are  
15 increasingly choosing wireless service for their telecommunications needs and may  
16 choose to port their wireline number to Western Wireless upon the implementation of  
17 number portability as mandated by the Federal Communications Commission. The  
18 FCC has observed that the inability of customers to retain their telephone numbers  
19 when changing local service providers hampers the development of local competition:

20 Section 251(b)(2) removes a significant barrier to completion by  
21 ensuring that consumers can change carriers without forfeiting their  
22 existing telephone numbers.<sup>30</sup>

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<sup>29</sup> 47 U.S.C. § 251(f)(2)(B).

<sup>30</sup> Third LNP Order, 13 FCC Rcd 11701, 11702-04 ¶¶ 3-4 (1998)

DOCKET TC04-025 et al

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1 The fact is, number portability has proven to be an enabler of competition wherever it  
2 has been implemented. The bona fide request process for local number portability  
3 has led to an opportunity for increased competition in rural South Dakota markets on  
4 May 24, 2004, (i.e., the ability of a wireless carrier to compete for service in areas  
5 that have not previously been exposed to competition). The implementation of LNP  
6 is intended to serve the important public interests of improved choice and competition  
7 for consumers.

8 **Q. IS THE PETITIONERS' THREAT OF "CUSTOMER CONFUSION"**<sup>31</sup> **AMONG TELEPHONE USERS A**  
9 **REALISTIC CONCERN?**

10 **A.** Only if the Petitioners' are not required to meet their routing obligations as an  
11 originator of local telecommunications traffic. The Petitioners' threat of misrouting  
12 calls to ported numbers as toll calls is in clear violation of the FCC's rules:

13 "a wireless carrier porting-in a wireline number is required to maintain  
14 the number's original rate center designation following the port. As a  
15 result, calls to the ported number will continue to be rated in the same  
16 fashion as they were prior to the port."<sup>32</sup>

17 This is consistent with the Telecom Act's definition of LNP:

18 "The ability of users of telecommunications services to retain, at the  
19 same location, existing telecommunications numbers *without*

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<sup>31</sup> See, for example, Petitioner TC04-045 by Golden West Telecommunications Cooperative, et al, ¶ 20: "The current technical issues with wireline-to-wireless LNP implementation will lead to customer confusion ... The switch will search for a trunk over which to route the call. If a direct trunk group has not been established ... the party placing the call will likely receive a message that the call cannot be complete as dialed or a message instructing the party to redial using 1+ the area code. Confusion among telephone users will occur ..." And See Steven E. Watkins Direct Testimony, p 7 lls 10-13.

<sup>32</sup> Intermodal Porting Order at ¶ 27.

DOCKET TC04-025 et al

TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1                   *impairment of quality, reliability, or convenience* when switching  
2                   from one telecommunications carrier to another.”<sup>33</sup> [Emphasis added]

3   **Q.**     ARE THE PETITIONERS’ CLAIMS CONSISTENT WITH FCC POLICY?

4   A.     No. The Petitioners claim they need additional guidance prior to implementing LNP.  
5           Additional guidance is not necessary. Granting the Petitioners’ delay is at odds with  
6           FCC policy and the interests of rural consumers who, like their urban counterparts,  
7           have the expectation of legal right under the Communications Act to port their  
8           numbers to new carriers should they so desire. Tactics to further delay intermodal  
9           LNP will be a disservice to consumers in each of the Petitioners’ own service areas.

10   **Q.**    IS THERE EVIDENCE THAT THE PETITIONERS ARE NOT ACTING IN GOOD FAITH WITH RESPECT TO  
11           FCC OBLIGATIONS TO IMPLEMENT LOCAL NUMBER PORTABILITY?

12   A.     Yes. It is clear from the Petitioners’ response to discovery that few are moving  
13           forward with LNP implementation. All the Petitioners have ‘considered’ some of the  
14           ramifications of LNP and most have ‘reviewed’ and ‘discussed’, but very few have  
15           actually implemented any element of LNP. The fact that most of the Petitioners have  
16           not prepared their network for the implementation of competition through LNP or  
17           their business processes and, apparently, have not budgeted for LNP implementation  
18           in 2004 (even though they received bona fide requests for implementation in 2003)  
19           does not constitute undue economic burden. Neglect of, disregard for, or mis-  
20           management relative to FCC rules should not be used as basis for granting any delay  
21           or suspension of number portability obligations.

22   **Q.**     WHAT STANCE HAS THE FCC STAFF TAKEN WITH RESPECT TO PETITIONERS’ POSITIONS?

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<sup>33</sup> 47 U.S.C. § 153(30)

## DOCKET TC04-025 et al

### TESTIMONY OF RON WILLIAMS ON BEHALF OF WESTERN WIRELESS

1 A. Speaking at a forum on LNP issues, Wireless Bureau Assistant Chief David Firth said  
2 that the volume of actual number porting would not be the measure of success, but  
3 giving customers the option to port was most important. He indicated that carriers  
4 outside of the 100 largest MSA's should be testing and preparing for the May 24,  
5 2004 LNP deadline. Responding to questions, Mr. Firth indicated that rating and  
6 routing issues between carriers are not porting issues and are therefore not a valid  
7 reason for refusing to port.<sup>34</sup>

### VII. CONCLUSION

9 Q. PLEASE SUMMARIZE YOUR TESTIMONY.

10 Petitioners have not provided evidence or otherwise demonstrated that there is any  
11 technical constraint to the implementation of local number portability by May 24,  
12 2004. Petitioners have not met the standard that would lead one to conclude the  
13 economic burden exceeds that "typically associated with efficient competitive entry."  
14 Nor have Petitioners demonstrated that the implementation of number portability  
15 would conflict with the public interest and the competitive choice guidelines set by  
16 the FCC and this Commission.

17 The Commission should reject Petitioner arguments for delayed  
18 implementation, deny the suspensions, and force the Petitioners to face the  
19 consequences of their LNP preparations or lack thereof.

20 Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

21 A. Yes, it does.

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<sup>34</sup> See Attachment Williams' Direct -8, Washington Watch, NECA, March 18, 2004.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA  
BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petitions of Local Number Portability Obligations	Docket No. TC 04-025; TC04-038; TC04-044 through TC04-056; TC04-060 through TC04-062; TC04-077; TC04-084 and TC04-085
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**CERTIFICATE OF SERVICE**

The undersigned certifies that on the 27 day of May, 2004, I served a true and correct copy of WWC's Direct Testimony of Ron Williams by email and Next Day Delivery, postage paid to:

**dprogers@riterlaw.com**

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City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
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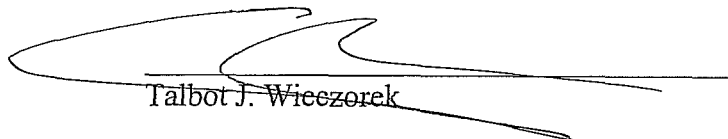
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Talbot J. Wiecezorek



Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of )  
 )  
Telephone Number Portability ) CC Docket No. 95-116  
 )

ORDER

Adopted: January 13, 2004

Released: January 16, 2004

By the Commission:

I. INTRODUCTION

1. In this order, we grant a limited waiver of the wireline-to-wireless porting requirement for certain local exchange carriers with fewer than two percent of the nation's subscriber lines in the aggregate nationwide (Two Percent Carriers)<sup>1</sup> that operate in the top 100 Metropolitan Statistical Areas (MSAs).<sup>2</sup> Specifically, we grant Two Percent Carriers that meet the conditions described in this order a waiver until May 24, 2004, to comply with the wireline-to-wireless porting requirement. The waiver applies to all Two Percent Carriers operating within the top 100 MSAs that had not received a request for local number porting from either a wireline carrier prior to May 24, 2003, or a wireless carrier that has a point of interconnection or numbering resources in the rate center where the customer's wireline number is provisioned (Covered Carriers). To the extent that a Two Percent Carrier operating within the top 100 MSAs does not meet these qualifications, it must comply with the requirements for wireline-to-wireless porting to date.

II. BACKGROUND

2. *Intermodal Portability.* Section 251(b) of the Communications Act of 1934, as amended (the Act) requires local exchange carriers (LECs) to provide local number portability (LNP), to the extent technically feasible, in accordance with requirements prescribed by the Commission.<sup>3</sup> Although the Act excludes Commercial Mobile Radio Service (CMRS) providers from the definition of local exchange carrier, and therefore from the section 251(b) obligation to provide number portability, the Commission has extended number portability requirements to CMRS providers.<sup>4</sup> The Commission determined that

<sup>1</sup> See 47 U.S.C. § 251(f)(2).

<sup>2</sup> The Commission received several petitions from small LECs operating in the top 100 MSAs for relief of the intermodal porting deadline of November 24, 2003. See Appendix A.

<sup>3</sup> 47 U.S.C. § 251(b)(2). Under the Act and the Commission's rules, local number portability is defined as "the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another." 47 U.S.C. § 153(30); 47 C.F.R. § 52.21(k).

<sup>4</sup> Telephone Number Portability, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352, 8431, paras. 152-53 (1996) (*First Report and Order*). The Commission indicated that it had independent authority under sections 1, 2, 4(i), and 332 of the Communications Act of 1934, as amended, to require CMRS carriers to provide number portability. *Id.* at para. 153. See 47 U.S.C. §§ 1, 2, 4(i), and 332.

implementation of wireless LNP, which would enable wireless subscribers to keep their phone numbers when changing carriers, would enhance competition between wireless carriers as well as promote competition between wireless and wireline carriers.<sup>5</sup>

3. After extending the wireless LNP deadline on several occasions, the Commission established November 24, 2003 as the date in which wireless carriers in the top 100 MSAs must be capable of wireless-to-wireless and wireless-to-wireline porting and wireline carriers must be capable of wireline-to-wireless porting. On November 10, 2003, we released a Memorandum Opinion and Order and Further Notice of Proposed Rule Making (*Intermodal Order*) further clarifying certain aspects of intermodal porting.<sup>6</sup> In the order, we recognized that many wireline carriers operating outside of the top 100 MSAs may require some additional time to prepare for implementation of intermodal portability.<sup>7</sup> Therefore, we waived, until May 24, 2004, the requirement that wireline carriers operating outside the top 100 MSAs port numbers to wireless carriers that do not have a point of interconnection or numbering resources in the rate center where the customer's wireline number is provisioned.<sup>8</sup>

4. *Petitions.* As the November 24, 2003 deadline approached, we received a number of petitions for waiver of the intermodal porting requirement (Waiver Petitions) from small LECs operating in the top 100 MSAs (Petitioners).<sup>9</sup> Nearly all of the Petitioners describe themselves as small telephone companies and assert that they are more similarly situated to LECs operating outside the top 100 MSAs than the large carriers operating within the top 100 MSAs.<sup>10</sup> In support of this claim, many of the Petitioners note that the intermodal porting requests that they received from CMRS providers were their first requests for any type of porting.<sup>11</sup> Because they had not previously received requests from other wireline carriers to make their systems LNP-capable, the Petitioners argue that they were at a technological disadvantage compared to most, if not all, of the larger LECs in their MSAs, which had already upgraded their systems to provide wireline-to-wireline porting. Therefore, the Petitioners request additional time to comply with the intermodal porting requirements, many requesting the same period given to LECs operating outside the top 100 MSAs.<sup>12</sup>

5. On November 21, 2003, the Independent Telephone and Telecommunications Alliance, the National Telecommunications Cooperation Association, and the Organization for the Promotion and Advancement of Small Telecommunications Companies (Joint Petitioners) filed an Emergency Joint Petition for Stay and Clarification (Joint Petition) requesting that the Commission stay application of the

<sup>5</sup> *First Report and Order* at 8434-36, paras. 157-160.

<sup>6</sup> Telephone Number Portability, CC Docket No. 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 03-284 (rel. Nov. 10, 2003) (*Intermodal Order*).

<sup>7</sup> *Intermodal Order* at para. 29.

<sup>8</sup> *Id.*

<sup>9</sup> See Appendix A. Sprint Corporation (Sprint) filed oppositions to five of these petitions and comments in support of one of the petitions. See Appendix B. Additionally, Northeast Florida and Valley filed reply comments to Sprint's oppositions to their petitions. *Id.*

<sup>10</sup> See, e.g., Northeast Florida Petition at 3; Yadkin Valley Petition at 2; OTELCO Petition at 2; MoKan Petition at 3.

<sup>11</sup> See, e.g., MoKan Petition at 4; Northeast Florida at 4; United Petition at 2-3; Blountsville Petition at 3-4.

<sup>12</sup> A number of the Petitioners also claim that it was unclear, until the November 10, 2003 *Intermodal Order*, whether they would have had to act on the requests from CMRS providers that do not have points of interconnection or numbering resources in the rate centers where the customers' wireline numbers are provisioned. These Petitioners state that, because the clarification occurred only two weeks before the November 24 deadline, it would be technologically and operationally impossible to become intermodal porting capable by November 24, even with the carriers taking reasonable efforts and acting in good faith.

*Intermodal Order* with respect to Two Percent Carriers until the Commission reconsiders and/or clarifies certain aspects of that decision.<sup>13</sup> Specifically, the Joint Petitioners assert that it is technically infeasible for Two Percent Carriers to comply with the November 24, 2003 deadline,<sup>14</sup> and that the interests of all the parties involved in the port request, including the consumer, will benefit from additional time for Two Percent Carriers to face the operational and network hurdles that must be overcome to achieve a smooth transition.<sup>15</sup> Moreover, the Joint Petitioners argue that Two Percent Carriers need additional time to become capable of wireline-to-wireless porting because many of them had never been requested to support wireline-to-wireline porting and were uncertain of their intermodal porting obligations until the release of the *Intermodal Order* two weeks before the November 24, 2003.<sup>16</sup>

6. *Waiver Standard.* The Commission may, on its own motion, waive its rules when good cause is demonstrated.<sup>17</sup> The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.<sup>18</sup> In doing so, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.<sup>19</sup> Commission rules are presumed valid, however, and an applicant for waiver bears a heavy burden.<sup>20</sup> Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such a deviation will serve the public interest.<sup>21</sup>

### III. DISCUSSION

7. We find that good cause exists to grant a waiver of the wireline-to-wireless porting requirement for Covered Carriers until May 24, 2004. Special circumstances exist for Covered Carriers because of the technological and operational limitations they face in implementing the necessary modifications to provide wireline-to-wireless porting. We also find that this additional time is consistent with the public interest. Therefore, we grant the Waiver Petitions and the Joint Petition, in part, to the extent consistent with this order, and otherwise deny them.

8. *Special Circumstances.* We find that special circumstances warrant a limited deviation from the November 24, 2003 deadline for Covered Carriers. Specifically, we recognize that the Covered Carriers' networks have technological limitations that cannot be resolved immediately to comply with the wireline-to-wireless porting requirement. The Joint Petitioners and most of the Petitioners assert that, unlike the large carriers serving within the Top 100 MSAs, a number of Two Percent Carriers in those markets had not received requests from other wireline carriers for wireline-to-wireline porting prior to

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<sup>13</sup> Emergency Joint Petition for Stay and Clarification filed by the Independent Telephone and Telecommunications Alliance, the National Telecommunications Cooperation Association, and the Organization for the Promotion and Advancement of Small Telecommunications Companies, filed on November 21, 2003 (Joint Petition) at 22. See Appendix A. Sprint and Nextel Communications, Inc. opposed the Joint Petition. See Appendix B

<sup>14</sup> Joint Petition at 4, 7, 12.

<sup>15</sup> *Id.* at 4.

<sup>16</sup> *Id.* at 7-11.

<sup>17</sup> 47 C.F.R. § 1.3; see also *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), cert. denied, 409 U.S. 1027 (1972) (*WAIT Radio*).

<sup>18</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (*Northeast Cellular*).

<sup>19</sup> *WAIT Radio*, 418 F.2d at 1159; *Northeast Cellular*, 897 F.2d at 1166.

<sup>20</sup> *WAIT Radio*, 418 F.2d at 1157.

<sup>21</sup> *Id.* at 1159.

May 24, 2003.<sup>22</sup> As a result, in order to offer intermodal portability to their subscribers, these smaller carriers must acquire the hardware and software necessary to provide porting, make the necessary network upgrades, and ensure that their upgraded networks work reliably and accurately.<sup>23</sup> Some of the Petitioners also assert that Two Percent Carriers often lack the experience and technical experience with number porting to quickly implement the necessary upgrades to their systems to ensure accurate porting.<sup>24</sup> Accordingly, we conclude that special circumstances exist to grant Two Percent Carriers who have not previously upgraded their systems to support LNP a limited amount of additional time to overcome the technological obstacles they face to successfully meet a request for wireline-to-wireless porting.<sup>25</sup> Such relief is also consistent with the relief we granted, in the *Intermodal Order*, to similarly situated wireline carriers operating outside the top 100 MSAs.<sup>26</sup>

9. *Public Interest.* We likewise find that the additional time is in the public interest for Covered Carriers to become capable of providing wireline-to-wireless porting. While we continue to deem rapid implementation of number portability to be in the public interest, we also believe it to be just as important that carriers implement and test the necessary system modifications to ensure reliability, accuracy, and efficiency in the porting process.<sup>27</sup> As we found with the waiver granted to wireline carriers outside the top 100 MSAs, a transition period for Covered Carriers will help ensure a smooth transition and provide Covered Carriers sufficient time to make necessary modifications to their systems.<sup>28</sup>

10. We also agree with the Petitioners that consumers will not likely be adversely impacted by the grant of an additional six months to these carriers. According to the Petitioners, many Two Percent Carriers had not received requests or even inquiries from their customers concerning their ability to port their wireline numbers,<sup>29</sup> and some carriers have devised temporary solutions to allow at least some of their customers to port their wireline numbers if they so desire.<sup>30</sup> Therefore, we anticipate that few customers will be adversely impacted by this limited waiver.

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<sup>22</sup> See, e.g., MoKan Petition at 4; OTELCO Petition at 4, 8; Northeast Petition at 4; Blountsville Petition at 4, 9; Warwick Valley Petition at 4, 9; United Petition at 2-3, 7; YCOM Petition at 3, 8; Rio Virgin Petition at 3, 7; Egyptian Petition at 3, 8; Cascade Utilities Petition at 3, 7-8; and Laurel Highland Petition at 3, 7-8. See also Joint Petition at 7.

<sup>23</sup> See, e.g., Full Service Petition at 2. We note, however, that additional time is not necessary for Two Percent Carriers inside the top 100 MSAs that received a request to port a subscriber's number to another wireline carrier before May 24, 2003. These carriers would already have had to become LNP capable as of November 24, 2003, and therefore, would only need to make accommodations to provide wireline-to-wireless porting. Likewise, carriers would not need additional time for switches that are already LNP capable.

<sup>24</sup> See, e.g., MoKan Petition at 5; Northeast Florida at 5.

<sup>25</sup> See, e.g., MoKan Petition at 5; Northeast Florida at 5. In response to Sprint's oppositions, we note that Two Percent Carriers that were LNP capable as of November 24, 2003, or otherwise received a request from a wireless carrier that has a point of interconnection or numbering resources in the rate center where the customer's wireline number is provisioned, must continue to comply with the current requirements for wireline-to-wireless porting.

<sup>26</sup> *Intermodal Order* at para. 29.

<sup>27</sup> Joint Petition at 4, 18. See also MoKan Petition at 7 ("Without appropriate testing, there will be delays and errors in porting numbers, which is not in the best interest of the consumer or either carrier involved with the port.").

<sup>28</sup> *Intermodal Order* at para. 29.

<sup>29</sup> See, e.g., MoKan Petition at 6, Northeast Florida at 6.

<sup>30</sup> See, e.g., Full Service Petition at 3 (moving some of its customers from the outdated switch to UNE-P service which allows for number portability until a new switch that supports number portability is installed).

11. We disagree with Sprint's claim that such a waiver would relieve Covered Carriers of their obligations to provide wireline-to-wireless porting.<sup>31</sup> Rather the relief granted in this Order merely gives Covered Carriers additional time to overcome the technological and operations hurdles that large carriers in the top 100 MSAs did not face. Moreover, the waiver will not adversely impact rural customers because of its limited nature.

#### IV. ORDERING CLAUSE

12. Accordingly, IT IS ORDERED that, pursuant to authority contained in sections 1, 4(i), 251, and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 251, 332, we GRANT a limited waiver of the wireline-to-wireless porting requirement, until May 24, 2004, for local exchange carriers with fewer than two percent of the nation's subscriber lines in the aggregate nationwide that operate in the top 100 Metropolitan Statistical Areas and have not received a request for local number porting from either a wireline carrier prior to May 24, 2003 or a wireless carrier that has a point of interconnection or numbering resources in the rate center where the customer's wireline number is provisioned.

13. IT IS FURTHER ORDERED, pursuant to authority contained in sections 1, 4(i), 251, and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 251, 332, that the petitions listed in Appendix A to this Order ARE GRANTED IN PART AND DENIED IN PART, to the extent provided herein.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

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<sup>31</sup> See, e.g., Sprint Opposition to Bentleyville Petition at 1; Sprint Opposition to Valley Petition at 1-2; and Sprint Opposition to YCOM Petition at 1. See also, generally, Sprint Opposition to Northeast Florida Petition; Sprint Opposition to Warwick Valley Petition; and Sprint Opposition to Joint Petition.

## APPENDIX A

## PETITIONERS

**Filed September 24, 2003**

North Central Telephone Cooperative, Inc. (North Central) (supplemented petition on December 8, 2003)

**Filed November 20, 2003**

Yadkin Valley Telephone Membership Corporation (Yadkin Valley)

**Filed November 21, 2003**

Armstrong Telephone Company (Armstrong)  
Bentleyville Telephone Company (Bentleyville) (\*\*)  
Blountsville Telephone Co. (Blountsville)  
Cascade Utilities, Inc. (Cascade Utilities)  
Champaign Telephone Company (Champaign) (supplemented petition on December 19, 2003)  
Chouteau Telephone Company (Chouteau)  
East Ascension Telephone Company, LLC (East Ascension)  
Egyptian Telephone Cooperative Association (Egyptian)  
Ellensburg Telephone Company (Ellensburg)  
Empire Telephone Corp. (Empire)  
E.N.M.R. Telephone Cooperative (ENMR)  
Independent Telephone and Telecommunications Alliance, the National Telecommunications  
Cooperation Association, and the Organization for the Promotion and Advancement of Small  
Telecommunications Companies (Joint Petitioners)  
Laurel Highland Telephone Company (Laurel Highland)  
Mariana and Scenery Hill Telephone Company (Mariana)  
Middleburg Telephone Company (Middleburg)  
MoKan Dial Telephone Company (MoKan)  
Northeast Florida Telephone Company (Northeast Florida)  
Orwell Telephone Company (Orwell)  
OTELCO Telephone, LLC (OTELCO)  
Pymatuning Telephone Company (Pymatuning)  
Rio Virgin Telephone Co., Inc. (Rio Virgin)  
State Telephone Co., Inc. (State)  
Taconic Telephone Corp. (Taconic)  
Tohono O'odham Utility Authority (Tohono)  
United Telephone Company (United)  
Valley Telephone Cooperative, Inc. (Valley)  
Warwick Valley Telephone Company (Warwick Valley)  
YCOM Networks, Inc. (YCOM)

**Filed November 24, 2003**

Eastern Slope Rural Telephone Association (Eastern Slope)  
Peoples Telecommunications, LLC (Peoples)  
Southern Kansas Telephone Company (Southern Kansas)  
Wheat State Telephone, Inc. (Wheat State)

APPENDIX A  
PETITIONERS (CON'T)

**Filed November 25, 2003**

Full Service Computing Corp. (Full Service)

**Filed December 11, 2003**

Green Hills Telephone Corporation (Green Hills)

\*\* The Bentleyville Petition has been withdrawn pursuant to the petitioner's request. *See* Telephone Number Portability, CC Docket No. 95-116, *Order*, DA 04-0069 (rel. Jan. 15, 2004).

## APPENDIX B

## OPPOSITIONS, COMMENTS, AND REPLY COMMENTS

Comments

Sprint Corporation (Sprint) filed comments in support of Yadkin Valley Petition (November 26, 2003).

Oppositions

Sprint filed oppositions to the following petitions:

- Bentleyville Petition (December 8, 2003)(\*\*);
- Joint Petition (December 10, 2003);
- Northeast Florida Petition (December 3, 2003);
- Valley Petition (December 8, 2003);
- Warwick Valley Petition (December 16, 2003); and
- YCOM Petition (December 10, 2003).

Nextel Communications, Inc. filed an ex parte opposing the Joint Petition (December 23, 2003).

Reply Comments

Northeast Florida filed reply comments to Sprint's opposition (December 10, 2003).

Valley filed reply comments to Sprint's opposition (December 18, 2003).

\*\* The Bentleyville Petition has been withdrawn pursuant to the petitioner's request. See Telephone Number Portability, CC Docket No. 95-116, *Order*, DA 04-0069 (rel. Jan. 15, 2004).



Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of	)	
	)	
Telephone Number Portability	)	CC Docket No. 95-116
	)	
Petition of The North-Eastern Pennsylvania	)	
Telephone Company for Temporary Waiver of its	)	
Porting Obligations	)	
	)	
	)	

**ORDER**

**Adopted: May 12, 2004**

**Released: May 13, 2004**

By the Deputy Chief, Wireline Competition Bureau:

**I. INTRODUCTION**

1. In this Order, we deny the petition filed by The North-Eastern Pennsylvania Telephone Company (NEP) seeking an extension of the May 24, 2004 deadline for implementing local number portability (LNP or porting).<sup>1</sup> We find that NEP has not demonstrated that special circumstances warrant a waiver or that such an extension is in the public interest. We will not, however, enforce NEP's LNP obligations until sixty days after the release of this Order to provide NEP with an opportunity to make arrangements to come into compliance with its LNP obligations.

**II. BACKGROUND**

2. Local Number Portability. Section 251(b) of the Communications Act of 1934, as amended, (Act)<sup>2</sup> mandates local exchange carriers (LECs) to provide LNP in accordance with the requirements outlined by the Commission.<sup>3</sup> The Commission, in the *Number Portability First Report and Order*, established the parameters for LNP and required commercial mobile radio service (CMRS or wireless)

<sup>1</sup> See Petition of The North-Eastern Pennsylvania Telephone Company Petition for Waiver of Section 52.23(b) of the Commission's Rules, filed March 23, 2004 (NEP Petition). The NEP petition was placed on public notice on March 26, 2004. See *Wireline Competition Bureau Seeks Comment on the Petition of The North-Eastern Pennsylvania Telephone Company for Temporary Waiver of the Commission's Number Portability Requirements*, Public Notice, CC Docket No. 95-116, DA 04-798 (rel. March 26, 2004). Comments were filed by Cellular Telecommunications & Internet Association (CTIA), Dobson Communications Corporation (Dobson), Nextel Communications, Inc. (Nextel) and Verizon Wireless (Verizon), and reply comments were filed by National Telecommunications Cooperative Association (NTCA), NEP, and T-Mobile USA, Inc. (T-Mobile).

<sup>2</sup> 47 U.S.C. §§ 151-174.

<sup>3</sup> 47 U.S.C. §251(b).

providers to become LNP-capable pursuant to sections 1, 2, 4(i), and 332 of the Act.<sup>4</sup> In doing so, the Commission concluded that the public interest is served by making LNP available across different technologies and thereby promoting competition between CMRS service providers and wireline carriers.<sup>5</sup> Initially, CMRS providers were required to become LNP-capable by June 30, 1999.<sup>6</sup> The Commission subsequently extended this deadline, and required CMRS carriers operating in the top 100 Metropolitan Statistical Areas (MSAs) to provide number portability upon request by another carrier by November 24, 2003.<sup>7</sup> CMRS carriers operating outside the top 100 MSAs must become LNP-capable within six months of a request or by May 24, 2003, whichever is later.<sup>8</sup> On November 10, 2003, the Commission concluded that, as of November 24, 2003, LECs must port numbers to wireless carriers where the requesting wireless carrier's "coverage area" overlaps the geographic location of the rate center in which the customer's wireline number is provisioned, provided that the porting-in carrier maintains the number's original rate center designation following the port.<sup>9</sup> The Commission, however, granted wireline carriers operating in areas outside of the 100 largest MSAs, in certain circumstances, a waiver until May 24, 2004 of the requirement to port numbers to wireless carriers.<sup>10</sup> The Commission later granted certain LECs with fewer than two percent of the nation's subscriber lines in the aggregate nationwide (Two Percent Carriers) that operate in the top 100 MSAs a limited waiver of the wireline-to-wireless porting requirement.<sup>11</sup>

3. *NEP's Request for Waiver.* NEP is a rural incumbent LEC providing service in Northeast Pennsylvania.<sup>12</sup> NEP represents that it decided, in 2001, to upgrade its switch network and sought

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<sup>4</sup> *Telephone Number Portability*, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352, 8431-42 (1996) (*Number Portability First Report and Order*).

<sup>5</sup> See *id.* at 8432, ¶ 153.

<sup>6</sup> *Id.* at 8440, ¶ 166.

<sup>7</sup> See *Verizon Wireless Petition for Partial Forbearance from the Commercial Mobile Radio Services Number Portability Obligation and Telephone Number Portability*, Memorandum Opinion and Order, 17 FCC Rcd 14972 (2002) (*Verizon Wireless LNP Forbearance Order*); *Cellular Telecommunications & Internet Association v. FCC*, No. 02-1264 (D.C. Cir. June 6, 2003) (Dismissing in part and denying in part CTIA's appeal of the Commission's decision in the *Verizon Wireless LNP Forbearance Order*). CMRS carriers were required to be LNP-capable by November 24, 2003 if requests from other carriers were received by February 24, 2003. *Verizon Wireless LNP Forbearance Order*, 17 FCC Rcd at 14985-86. The *Verizon Wireless LNP Forbearance Order* also lays out the history of the CMRS carriers' LNP deadline extensions. See also, *Western Wireless Limited, Conditional Petition for Waiver of Local Number Portability and Thousands-Block Number Pooling Obligations*, CC Docket Nos. 95-116 and 99-200, Order, 18 FCC Rcd 24692 (Wireline Comp. Bur. 2003) (*Western Wireless Order*).

<sup>8</sup> *Verizon Wireless LNP Forbearance Order*, 17 FCC Rcd at 14986.

<sup>9</sup> See *Telephone Number Portability, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues*, CC Docket No. 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, 18 FCC Rcd 23697, 23706-07 (2003) (*Intermodal LNP Order*).

<sup>10</sup> *Id.*

<sup>11</sup> *Telephone Number Portability*, Order, 19 FCC Rcd 875 (2004).

<sup>12</sup> NEP's existing switch network consists of eight exchanges. These exchanges include the Union Dale, Harford, New Milford, Jackson, Thompson, Pleasant Mount, Clifford, and Forest City exchanges. See NEP Petition at 2, 5.

informal quotes from various switch equipment manufacturers at that time.<sup>13</sup> NEP subsequently concluded that it would be more efficient and economical to replace its existing switches with software based switch (“soft switch”) technology.<sup>14</sup> Accordingly, in March 2003, NEP sought formal quotes and proposals from several switch manufacturers for soft switches.<sup>15</sup> In September 2003, NEP contracted with Taqua, Inc. (Taqua) to purchase eight soft switches to be installed on a phased-in basis, beginning on May 1, 2004 and ending on December 31, 2005.<sup>16</sup> However, according to NEP, certain service feature implementation issues need to be resolved before the first switch can be put into service.<sup>17</sup> NEP requests a waiver to provide additional time to accommodate the deployment schedule for its eight exchanges and to resolve the implementation issues.<sup>18</sup>

4. NEP contends good cause exists for granting an extension of the May 24, 2004 porting implementation deadline.<sup>19</sup> Specifically, NEP maintains that it has been planning and implementing network upgrades since 2001 to address expected network capability requirements.<sup>20</sup> NEP argues that it did not anticipate that intermodal porting<sup>21</sup> would be an “imminent requirement” until the Commission’s *Intermodal LNP Order* released in November 2003.<sup>22</sup> Upon release of the order, NEP contends that it immediately reviewed its number portability plans with Taqua.<sup>23</sup> NEP maintains that, while working with Taqua to resolve certain service feature issues, it became apparent to NEP that it will be unable to meet the May 24, 2004 implementation deadline for all of its switches.<sup>24</sup> Further, NEP states that it will provide the Commission with quarterly progress reports and updates to the deployment schedule, including solutions that will allow NEP to advance its deployment schedule and number portability.<sup>25</sup>

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<sup>13</sup> *Id.* at 2.

<sup>14</sup> *Id.*

<sup>15</sup> *Id.* at 3.

<sup>16</sup> *Id.* at 3, 5.

<sup>17</sup> *Id.* at 3.

<sup>18</sup> *See id.* at 5. NEP’s projected switch in-service date for its eight exchanges is as follows: (1) Union Dale - May 1, 2004; Harford - June 30, 2004; New Milford - September 30, 2004; Jackson - December 31, 2004; Thompson - March 31, 2005; Pleasant Mount - June 30, 2005; Clifford - September 30, 2005; and Forest City - December 31, 2005. *Id.* NEP notes, however, that this deployment schedule is dependent on Taqua’s resolution of service feature problems and the successful deployment of LNP. *Id.*

<sup>19</sup> *Id.* at 1; NEP Reply Comments at 1-2.

<sup>20</sup> NEP Petition at 2-3.

<sup>21</sup> Intermodal porting is porting between wireline and wireless service providers.

<sup>22</sup> *Id.* at 4.

<sup>23</sup> *Id.*

<sup>24</sup> *Id.* at 5.

<sup>25</sup> *Id.* at 6.

5. CTIA, Dobson, Nextel, Verizon, and T-Mobile oppose granting NEP's waiver.<sup>26</sup> They argue that NEP has not demonstrated through substantial, credible evidence that special circumstances justify a waiver of the Commission's LNP rules.<sup>27</sup> They also contend that the public interest would not be served if such waiver is granted.<sup>28</sup> Specifically, they argue that grant of NEP's waiver would undermine the Commission's goal of promoting competition and cause customer confusion.<sup>29</sup>

6. One commenter, NTCA, supports NEP's petition.<sup>30</sup> NTCA maintains that, because NEP is moving toward full compliance with its LNP obligations, the Commission should provide NEP with a temporary waiver.<sup>31</sup> NTCA contends that large carriers, such as Nextel and Verizon, fail to take into account the financial, technical, and staffing realities of small LECs.<sup>32</sup> According to NTCA, it would have been financially irresponsible for NEP to upgrade its equipment prior to having a firm obligation to do so.<sup>33</sup>

7. *Waiver Standard.* The Commission's rules may be waived when good cause is demonstrated.<sup>34</sup> The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest.<sup>35</sup> In doing so, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis.<sup>36</sup> Commission rules are presumed valid, however, and an applicant for waiver bears a heavy burden.<sup>37</sup> Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such a deviation will serve the public interest.<sup>38</sup>

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<sup>26</sup> See CTIA Comments at 1-2; Dobson Comments at 1-2; Nextel Comments at 1-3; Verizon Comments at 1-3; T-Mobile Reply Comments at 1-2.

<sup>27</sup> See CTIA Comments at 2-3; Dobson Comments at 3-8; Nextel Comments at 3-6; Verizon Comments at 3-4; T-Mobile Reply Comments at 2-4.

<sup>28</sup> See CTIA Comments at 3; Dobson Comments at 8; Nextel Comments at 7-8; Verizon Comments at 5-7; T-Mobile Comments at 4-5.

<sup>29</sup> *Id.*

<sup>30</sup> See NTCA Reply Comments.

<sup>31</sup> See *id.* at 1.

<sup>32</sup> *Id.* at 3.

<sup>33</sup> *Id.* at 2-3.

<sup>34</sup> 47 C.F.R. § 1.3; see also *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972) (*WAIT Radio*).

<sup>35</sup> *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (*Northeast Cellular*).

<sup>36</sup> *WAIT Radio*, 418 F.2d at 1159; *Northeast Cellular*, 897 F.2d at 1166.

<sup>37</sup> *WAIT Radio*, 418 F.2d at 1157.

<sup>38</sup> *Id.* at 1159.

8. In seeking an extension of the LNP deployment deadline, a carrier must provide substantial, credible evidence to support its contention that it is unable to comply with the deployment schedule.<sup>39</sup> A request for an extension of a deadline must be filed with the Commission at least sixty days in advance of the deadline.<sup>40</sup>

### III. DISCUSSION

9. We find that NEP has not demonstrated good cause to justify waiving the May 24, 2004 porting deadline. In particular, we agree with those commenters who argue that NEP has not shown through substantial, credible evidence that special circumstances warrant an extension of the porting deadline until December 31, 2005 and that postponing porting as requested will serve the public interest.<sup>41</sup> We decline, however, to enforce NEP's LNP obligations for sixty days following the release of this Order.

10. *Special Circumstances.* We are not persuaded by NEP's claims that special circumstances exist warranting a waiver of the May 24, 2004 porting deadline in order to accommodate NEP's switch delivery and deployment schedule, and provide additional time to resolve any service feature issues. We find that NEP has not presented "extraordinary circumstances beyond its control in order to obtain an extension of time."<sup>42</sup> Rather, NEP consciously made a business decision to upgrade its switches on a certain schedule.<sup>43</sup> NEP has not shown that challenges it may face are different from those faced by similarly situated carriers who are able to comply.<sup>44</sup> Generalized references to limited resources and implementation problems do not constitute substantial, credible evidence justifying an exemption from the porting requirements. NEP has known since 1996 that it would need to support LNP within six months of a request from a competing carrier.<sup>45</sup> Although wireless LNP was delayed, all carriers have been on notice since July 2002 that wireless and intermodal LNP would become available beginning in November 2003.<sup>46</sup> Thus, NEP has had sufficient time to follow through with these mandates and prepare for LNP.<sup>47</sup>

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<sup>39</sup> 47 C.F.R. § 52.23(e); *see also* 47 C.F.R. § 52.31(d).

<sup>40</sup> *Id.*

<sup>41</sup> *See* CTIA Comments at 2-3; Dobson Comments at 3-8; Nextel Comments at 3-6; Verizon Comments at 3-4; T-Mobile Reply Comments at 2-4.

<sup>42</sup> *Number Portability First Report and Order*, 11 FCC Rcd at 8397, ¶ 85.

<sup>43</sup> *See supra* ¶ 3.

<sup>44</sup> *See Western Wireless Order*, 18 FCC Rcd at 24696, ¶ 10 (in denying a waiver request to extend the thousands-block number pooling and LNP deadlines, the Bureau found that "Western ha[d] not demonstrated that it will sustain costs that are different from, or burdensome than, the costs of similarly situated Tier II wireless carriers").

<sup>45</sup> *See Number Portability First Report and Order*, 11 FCC Rcd 8352; *Telephone Number Portability*, First Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 7236, 7273-75, ¶¶ 60-66 (1997) (*Number Portability Reconsideration Order*).

<sup>46</sup> *See Verizon Wireless LNP Forbearance Order*, 17 FCC Rcd 14972.

<sup>47</sup> *See Western Wireless Order*, 18 FCC Rcd at 24697-98, ¶ 13.  
(continued....)

11. *Public Interest.* We also conclude that an extension of the porting deadline until December 31, 2005 would not serve the public interest because it would unduly delay the benefits of number portability to the public and could cause customer confusion. Portability has promoted, and will continue to promote, competition, especially in underserved areas, by allowing consumers to move to carriers that better serve consumers' needs without having to make the difficult choice to give up their numbers.<sup>48</sup> Thus, we find that the public interest would be served by implementing porting as soon as possible.

12. Furthermore, NEP should have considered the porting requirements, set out by the Commission long ago, when it contracted with vendors to install necessary upgrades. Accordingly, we conclude that granting NEP's request to extend the porting deadline would be inconsistent with the Commission's policy to promote competition, consumer choice, and efficient number use. We therefore deny NEP's request for a waiver of the May 24, 2004 porting implementation deadline.

13. Although we are not persuaded that a waiver of the porting requirements until December 31, 2005 is justified, we decline to enforce NEP's LNP obligations for sixty days following the release of this Order.<sup>49</sup> We find that some limited time to allow NEP to make the necessary preparations to implement LNP is reasonable to ensure compliance with our rules.<sup>50</sup> Non-enforcement for sixty days will also help to avoid any network disruptions, maximize trouble-free operation of LNP, and ensure that customers' requests for services will not be delayed due to carriers' difficulty in obtaining numbering resources.<sup>51</sup>

(Continued from previous page) \_\_\_\_\_

<sup>48</sup> *Verizon Wireless LNP Forbearance Order*, 17 FCC Rcd at 14984, ¶ 28.

<sup>49</sup> See *Western Wireless Order*, 18 FCC Rcd 24692 (in denying Western's petition for waiver to extend the thousands-block number pooling (pooling) and LNP deadlines, the Bureau found that a sixty-day non-enforcement period would provide Western the time needed to properly implement and commence LNP and pooling).

<sup>50</sup> *Id.* at 24698, ¶ 16.

<sup>51</sup> *Id.*

**IV. ORDERING CLAUSE**

14. Accordingly, IT IS ORDERED that, pursuant to authority contained in sections 1, 4(i), 251, and 332 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 251, 332, and the authority delegated under sections 0.91, 0.291, 1.3, 52.9(b), and 52.23(e) of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.3, 52.9(b), 52.23(e), the petition filed by The North-Eastern Pennsylvania Telephone Company is DENIED to the extent described herein.

FEDERAL COMMUNICATIONS COMMISSION

Carol E. Matthey  
Deputy Chief, Wireline Competition Bureau

Exhibit Williams Direct - 3 BFR Summary - South Dakota

Telco Name	OCN	Date BFR Sent to Telco	Date Response Sent From Telco	Respondents Name	Date Operation Agreement Sent to Telco
Valley Telecom Cooperative Association, Inc.	1685	11/18/2003	12/1/2003	Steve Oleson	12/19/2003
Santel Communications Cooperative, Inc.	1676	11/18/2003	12/2/2003	Darla Pollman Rogers	12/19/2003
Stockhom-Strandburg Telephone Co.	1679	11/18/2003	12/3/2003	Darla Pollman Rogers	12/19/2003
Cheyenne River Sioux Tribe Telephone Authority	1647	11/18/2003	12/16/2003	J.D. Williams	12/10/2003
Vivian Telephone dba Golden West Telecom.	1686	11/18/2003	11/19/2003	George Strandell	12/19/2003
Bridgewater-Canistota Ind. Tel. Co. - Golden West	0158	11/18/2003	11/19/2003	George Strandell	12/19/2003
Armour Independent Telephone Co. - Golden West	1640	11/18/2003	11/19/2003	George Strandell	12/19/2003
Sioux Valley Telephone Company - Golden West	1677	11/18/2003	11/19/2003	George Strandell	12/19/2003
Midstate Communications, Inc.	1670	11/18/2003	12/12/2003	Peggy Reinesch	12/10/2003
McCook Cooperative Telephone Co.	1669	11/18/2003	12/2/2003	Darla Pollman Rogers	12/19/2003
City of Faith Municipal Telephone Company	1653	11/18/2003	N/A	N/A	12/10/2003
West River Telephone Cooperative Company	1689	11/18/2003	11/24/2003	Jerry Reisenauer	12/19/2003
Beresford Municipal Telephone Company	1649	11/18/2003	11/21/2003	Wayne Akland	12/19/2003
Alliance Communications	1657	11/18/2003	2/2/2004	Don Snyders	12/10/2003
James Valley Cooperative Telephone Company	1664	11/18/2003	11/19/2003	George Strandell	12/19/2003
Kadoka Telephone Co. - Golden West	1667	11/18/2003	11/19/2003	George Strandell	12/19/2003
Golden West Telecommunications	1659	11/18/2003	11/19/2003	George Strandell	12/19/2003
Union Telephone Co. - Golden West	1684	11/18/2003	11/19/2003	George Strandell	12/19/2003
Venture Communications Cooperative	1680	11/18/2003	12/2/2003	Darla Pollman Rogers	N/A
Interstate Telecom Coop, Inc.	1651	11/18/2003	11/21/2003	Jerry Heiberger	12/19/2003
RC Communications	1662	11/18/2003	11/21/2003	Pamela Harrington	12/19/2003
Kennebec Telephone Co.	1668	11/18/2003	11/21/2003	Rod Bowar	12/19/2003
Swiftel Communications - Brookings Municipal Util.	1650	11/18/2003	N/A	N/A	12/19/2003
Roberts County Telephone Cooperative Assoc.	1674	11/18/2003	11/21/2003	Pamela Harrington	12/19/2003



Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of	)	
Telephone Number Portability	)	
	)	
	)	CC Docket No. 95-116
CTIA Petitions for Declaratory Ruling on	)	
Wireline-Wireless Porting Issues	)	
	)	
	)	
	)	

**MEMORANDUM OPINION AND ORDER AND FURTHER NOTICE OF PROPOSED  
RULEMAKING**

**Adopted: November 7, 2003**

**Released: November 10, 2003**

By the Commission: Chairman Powell, Commissioners Abernathy, Copps, Martin, and Adelstein issuing separate statements.

**Comment Date:** 20 days after publication in the Federal Register.

**Reply Comment Date:** 30 days after publication in the Federal Register.

**TABLE OF CONTENTS**

Heading	Paragraph #
I. INTRODUCTION.....	1
II. BACKGROUND.....	3
A. Statutory and Regulatory Background .....	3
B. Outstanding Petitions for Declaratory Ruling.....	13
III. ORDER.....	20
A. Wireline-to-Wireless Porting .....	20
B. Interconnection Agreements .....	31
C. The Porting Interval.....	38
D. Impact of Designating Different Routing and Rating Points on LNP .....	39
IV. FURTHER NOTICE OF PROPOSED RULEMAKING.....	41
A. Wireless-to-Wireline Porting.....	41
B. Porting Interval.....	45

V. PROCEDURAL MATTERS.....	52
A. Initial Regulatory Flexibility Analysis .....	52
B. Paperwork Reduction Analysis .....	53
C. Ex Parte Presentations .....	54
D. Comment Dates.....	55
E. Further Information .....	60
VI. ORDERING CLAUSES .....	61

Appendix A – List of Commenters

Appendix B - Initial Regulatory Flexibility Analysis

## I. INTRODUCTION

1. In this order, we provide guidance to the industry on local number portability (LNP) issues relating to porting between wireless and wireline carriers (intermodal porting). First, in response to a Petition for Declaratory Ruling filed on January 23, 2003, by the Cellular Telecommunications and Internet Association (CTIA), we clarify that nothing in the Commission's rules limits porting between wireline and wireless carriers to require the wireless carrier to have a physical point of interconnection<sup>1</sup> or numbering resources in the rate center where the number is assigned. We find that porting from a wireline carrier to a wireless carrier is required where the requesting wireless carrier's "coverage area" overlaps the geographic location in which the customer's wireline number is provisioned, provided that the porting-in carrier maintains the number's original rate center designation following the port. The wireless "coverage area" is the area in which wireless service can be received from the wireless carrier. In addition, in response to a subsequent CTIA petition, we clarify that wireline carriers may not require wireless carriers to enter into interconnection agreements as a precondition to porting between the carriers. We also decline to adopt a mandatory porting interval for wireline-to-wireless ports at the present time, but we seek comment on the issue as noted below.

2. In the accompanying Further Notice of Proposed Rulemaking (Further Notice), we seek comment on how to facilitate wireless-to-wireline porting if the rate center associated with the wireless number is different from the rate center in which the wireline carrier seeks to serve the customer. In addition, we seek comment on whether we should require carriers to reduce the length of the porting interval for ports between wireless and wireline carriers.

## II. BACKGROUND

### A. Statutory and Regulatory Background

3. Section 251(b) of the Communications Act of 1934, as amended (the Act) requires local exchange carriers (LECs) to provide local number portability, to the extent technically feasible, in accordance with requirements prescribed by the Commission.<sup>2</sup> Under the Act and the Commission's rules, local number portability is defined as "the ability of users of telecommunications services to retain,

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<sup>1</sup> Referred to hereinafter as "point of interconnection."

<sup>2</sup> 47 U.S.C. § 251(b)(2).

at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.”<sup>3</sup>

4. The Commission released the Local Number Portability *First Report and Order* in 1996, which promulgated rules and deployment schedules for the implementation of number portability.<sup>4</sup> The Commission highlighted the critical policy goals underlying the LNP requirement, indicating that “the ability of end users to retain their telephone numbers when changing service providers gives customers flexibility in the quality, price, and variety of telecommunications services they can choose to purchase.”<sup>5</sup> The Commission found that “number portability promotes competition between telecommunications service providers by, among other things, allowing customers to respond to price and service changes without changing their telephone numbers.”<sup>6</sup>

5. The Commission adopted broad porting requirements, noting that “as a practical matter, [the porting obligation] requires LECs to provide number portability to other telecommunications carriers providing local exchange or exchange access service within the same MSA.”<sup>7</sup> In addition, the Commission noted the section 251(b) requires LECs to port numbers to wireless carriers. The Commission stated that “section 251(b) requires local exchange carriers to provide number portability to all telecommunications carriers, and thus to Commercial Mobile Radio Service (CMRS) providers as well as wireline service providers.”<sup>8</sup>

6. The Commission adopted rules implementing the LNP requirements. Section 52.21(k) of the rules defines number portability to mean “the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.”<sup>9</sup> Section 52.23(b)(1) provides that “all local exchange carriers (LECs) must provide a long-term database method for number portability in the 100 largest Metropolitan Statistical Areas (MSAs) by December 31, 1998 ... in switches for which another carrier has made a specific request for the provision of number portability ...”<sup>10</sup> Finally, Section 52.23(b)(2)(i) of the Commission rules provides that “any wireline carrier that is certified ... to provide local exchange service, or any licensed CMRS provider, must be permitted to make a request for the provision of number portability.”<sup>11</sup>

7. In 1997, in the Local Number Portability *Second Report and Order*, the Commission adopted recommendations from the North American Numbering Council (NANC) for the implementation of

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<sup>3</sup> 47 U.S.C. § 153(30); 47 C.F.R. § 52.21(k).

<sup>4</sup> Telephone Number Portability, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352 (1996) (First Report and Order).

<sup>5</sup> *Id.* at 8368, para. 30.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.* at 8393, para. 77.

<sup>8</sup> *Id.* at 8431, para. 152.

<sup>9</sup> 47 C.F.R. § 52.21(k).

<sup>10</sup> 47 C.F.R. § 52.23(b)(1).

<sup>11</sup> 47 C.F.R. § 52.23(b)(2)(i).

wireline-to-wireline number portability.<sup>12</sup> Under the guidelines developed by the NANC, porting between LECs was limited to carriers with facilities or numbering resources in the same rate center to accommodate technical limitations associated with the proper rating of wireline calls.<sup>13</sup> The NANC guidelines made no recommendations regarding limitations on intermodal porting.

8. Although the Act excludes CMRS providers from the definition of local exchange carrier, and therefore from the section 251(b) obligation to provide number portability, the Commission has extended number portability requirements to CMRS providers.<sup>14</sup> In the Local Number Portability *First Report and Order*, the Commission indicated that it had independent authority under sections 1, 2, 4(i), and 332 of the Communications Act of 1934, as amended, to require CMRS carriers to provide number portability.<sup>15</sup> The Commission noted that “sections 2 and 332(c)(1) of the Act give the Commission authority to regulate commercial mobile radio service operators as common carriers . . .”<sup>16</sup> Noting that section 1 of the Act requires the Commission to make available to people of the United States, a rapid, efficient, nation-wide and world-wide wire and radio communication service, the Commission stated that its interest in number portability “is bolstered by the potential deployment of different number portability solutions across the country, which would significantly impact the provision of interstate telecommunications services.”<sup>17</sup> Section 4(i) of the Act grants the Commission authority to “perform any and all acts, make such rules and regulations, and issue such orders, not inconsistent with [the Communications Act of 1934, as amended] as may be necessary in the execution of its functions.”<sup>18</sup> The Commission concluded that “the public interest is served by requiring the provision of number portability by CMRS providers because number portability will promote competition between providers of local telephone services and thereby promote competition between providers of interstate access services.”<sup>19</sup>

9. The Commission determined that implementation of wireless LNP, which would enable wireless subscribers to keep their phone numbers when changing carriers, would enhance competition between wireless carriers as well as promote competition between wireless and wireline carriers.<sup>20</sup> The

<sup>12</sup> Telephone Number Portability, CC Docket No. 95-116, *Second Report and Order*, 12 FCC Rcd 12,281 (1997) (*Second Report and Order*). The requirement that LECs port numbers to wireless carriers has not been applied previously due to extensions of the deadline for wireless carriers’ implementation of LNP. See Telephone Number Portability, Cellular Telecommunications & Industry Association’s Petition for Extension of Implementation Deadlines, CC Docket No. 95-116, *Memorandum Opinion and Order*, 13 FCC Rcd 16315 (1998); Telephone Number Portability, Cellular Telecommunications & Industry Association’s Petition for Forbearance from Commercial Mobile Radio Services Number Portability Obligations, WT Docket No. 98-229, *Memorandum Opinion and Order*, 14 FCC Rcd 3092 (1999); and Verizon Wireless Petition for Partial Forbearance from the Commercial Mobile Radio Services Number Portability Obligation, WT Docket No. 01-184 and CC Docket No. 95-116, *Memorandum Opinion and Order*, 17 FCC Rcd 14972 (2002).

<sup>13</sup> North American Numbering Council Local Number Portability Selection Working Group Final report and Recommendation to the FCC, Appendix D at 6 (rel. April 25, 1997). This report is available at <http://www.fcc.gov/wcb/tapd/nanc/lnpastuf.html>.

<sup>14</sup> *First Report and Order* at 8431, paras 152-53.

<sup>15</sup> *Id.* at para. 153. See 47 U.S.C. §§ 1, 2, 4(i), and 332.

<sup>16</sup> *Id.*

<sup>17</sup> *Id.* at 8432, para. 153.

<sup>18</sup> 47 U.S.C. § 154(i).

<sup>19</sup> *First Report and Order* at 8432, para. 153.

<sup>20</sup> *Id.* at 8434-36, paras. 157-160.

Commission noted that “service provider portability will encourage CMRS-wireline competition, creating incentives for carriers to reduce prices for telecommunications services and to invest in innovative technologies, and enhancing flexibility for users of telecommunications services.”<sup>21</sup> Commission rules reflecting the wireless LNP requirement provide that, by the implementation deadline, “all covered CMRS providers must provide a long-term database method for number portability ... in switches for which another carrier has made a request for the provision of LNP.”<sup>22</sup>

10. In the Local Number Portability *Second Report and Order*, after adopting NANC guidelines applicable to wireline-to-wireline porting, the Commission directed the NANC to develop standards and procedures necessary to provide for wireless carriers’ participation in local number portability.<sup>23</sup> The Commission indicated its expectation that changes to LNP processes would need to be made to accommodate porting to wireless carriers. The Commission noted that “the industry, under the auspices of NANC, will probably need to make modifications to local number portability standards and processes as it gains experience in implementing number portability and obtains additional information about incorporating CMRS providers into a long-term number portability solution and interconnecting CMRS providers with wireline carriers already implementing their number portability obligations.”<sup>24</sup> In addition, the Commission noted that the NANC would have to consider issues of particular concern to wireless carriers, including how to account for differences between service area boundaries for wireline versus wireless services.<sup>25</sup>

11. In 1998, the NANC submitted a report on the integration of wireless and wireline number portability from its Local Number Portability Administration (LNPA) Working Group to the Common Carrier Bureau (now known as the Wireline Competition Bureau).<sup>26</sup> The report discussed technical issues associated with wireless-to-wireline porting. The report noted that differences between the local serving areas of wireless and wireline carriers affected the porting capabilities of each type of carrier, making it infeasible for some wireline carriers to port-in numbers from wireless subscribers. The report explained that because wireline service is fixed to a specific location the subscriber’s telephone number is limited to use within the rate center within which it is assigned.<sup>27</sup> By contrast, the report noted, because wireless service is mobile and not fixed to a specific location, while the wireless subscriber’s number is associated with a specific geographic rate center, the wireless service is not limited to use within that rate center.<sup>28</sup> As a result of these differences, the report indicated that, if a wireless subscriber seeks to port his or her number to a wireline carrier, but the subscriber’s NPA-NXX is outside of the wireline rate center where the subscriber is located, the wireline carrier may not be able to receive the ported number.<sup>29</sup> The NANC did not reach consensus on a solution to this issue, and reported that this lack of symmetry, referred to as

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<sup>21</sup> *Id.* at 8437, para. 160.

<sup>22</sup> 47 C.F.R. § 52.31(a).

<sup>23</sup> *Second Report and Order* at 12333, para. 90.

<sup>24</sup> *Id.*

<sup>25</sup> *Id.* at 12334, para. 91.

<sup>26</sup> North American Numbering Council Local Number Portability Administration Working Group Report on Wireless Wireline Integration, May 8, 1998, CC Docket No. 95-116 (filed May 18, 1998) (First Report on Wireless Wireline Integration).

<sup>27</sup> *Id.* at 7.

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

“rate center disparity,” raises questions by some carriers about competitive neutrality.<sup>30</sup> The Common Carrier Bureau sought comment on the NANC report.<sup>31</sup>

12. The NANC submitted a second report on the integration of wireless and wireline number portability to the Commission in 1999,<sup>32</sup> and a third report in 2000,<sup>33</sup> both focusing on porting interval issues. The second report provided an analysis of the wireline porting interval and considered alternatives to reduce the porting interval for ports between wireless and wireline carriers.<sup>34</sup> The report recommended that each potential alternative be thoroughly developed and investigated.<sup>35</sup> The third report again analyzed the elements of the wireline porting interval and examined whether the length of the porting interval for both intermodal ports and wireline-to-wireline ports could be reduced.<sup>36</sup> The NANC determined that the wireline porting interval should not be reduced, but it was unable to reach a consensus on an intermodal porting interval.<sup>37</sup> Accordingly, we seek comment on the appropriate interval for intermodal porting.<sup>38</sup>

### B. Outstanding Petitions for Declaratory Ruling

13. On January 23, 2003, CTIA filed a petition requesting that the Commission issue a declaratory ruling that wireline carriers have an obligation to port their customers' telephone numbers to wireless carriers whose service areas overlap the wireline rate center that is associated with the number.<sup>39</sup> In its petition, CTIA claims that some LECs have narrowly construed their LNP obligations with regard to wireless carriers, taking the position that portability is only required where the wireless carrier receiving the number already has a point of presence or numbering resources in the wireline rate center.<sup>40</sup> CTIA urges the Commission to confirm that wireline carriers have an obligation to port to wireless carriers when their respective service areas overlap. CTIA notes that, in several of its decisions, the Commission has found that LNP is necessary to promote competition between the wireless and wireline

<sup>30</sup> Letter from Alan C. Hasselwander, Chairman, NANC to A. Richard Metzger, Jr., Chief, Common Carrier Bureau (filed Apr. 14, 1998).

<sup>31</sup> Common Carrier Bureau Seeks Comment on North American Numbering Council Recommendation Concerning Local Number Portability Administration Wireline and Wireless Integration, CC Docket No. 95-116, *Public Notice*, 13 FCC Rcd 17342 (1998).

<sup>32</sup> North American Numbering Council Local Number Portability Administration Working Group Second Report on Wireless Wireline Integration, June 30, 1999, CC Docket No. 95-116 (filed Nov. 4, 1999) (Second Report on Wireless Wireline Integration).

<sup>33</sup> North American Numbering Council Local Number Portability Administration Working Group Third Report on Wireless Wireline Integration, Sept. 30, 2000, CC Docket no. 95-116 (filed Nov. 29, 2000) (Third Report on Wireless Wireline Integration).

<sup>34</sup> Second Report on Wireless Wireline Integration at section 3.

<sup>35</sup> *Id.* at section 1.1.

<sup>36</sup> Third Report on Wireless Wireline Integration at section 3.

<sup>37</sup> Letter from John R. Hoffman, NANC Chair to Dorothy Attwood, Chief, Common Carrier Bureau, (filed Nov. 29, 2000).

<sup>38</sup> See paras. 45-51, *infra*.

<sup>39</sup> CTIA Petition for Declaratory Ruling, CC Docket No. 95-116 (filed Jan. 23, 2003) (January 23<sup>rd</sup> Petition).

<sup>40</sup> *Id.* at 3.

industries. CTIA argues that, without Commission action to resolve the deadlock over the rate center disparity issue, the reality of wireline-to-wireless porting will be at risk because many wireline subscribers will be unable to port their numbers to wireless carriers that serve their areas.<sup>41</sup>

14. CTIA also requests that the Commission confirm that a wireline carrier's obligation to port numbers to a wireless carrier can be based on a service-level porting agreement between the carriers, and does not require an interconnection agreement. According to CTIA, number portability requires only that a carrier release a customer's number to another carrier and assign the number to the new carrier in the Number Portability Administration Center (NPAC) database, which is queried solely to identify the carrier that can terminate calls to the customer.<sup>42</sup>

15. The majority of wireless carriers submitting comments support CTIA's request for declaratory ruling. They agree with CTIA that, without Commission action to resolve the rate center issue, the majority of wireline customers will be prevented from porting their number to a wireless carrier.<sup>43</sup> They call for the Commission to reject any proposal that would restrict porting to rate centers where a wireless carrier has already obtained numbers, contending that such a limitation would be inconsistent with the competitive objectives of intermodal LNP and would waste numbering resources.<sup>44</sup>

16. Wireline carriers generally oppose CTIA's petition.<sup>45</sup> Some argue that requiring LECs to port to carriers who do not have a point of interconnection or numbering resources in the same rate center in which the number is assigned would give wireless carriers an unfair competitive advantage over wireline carriers.<sup>46</sup> LECs argue that, in contrast to wireless carriers who have flexibility in establishing their service areas and rates, wireline carriers are governed by state regulations. Under the state regulatory regime, they rate and route local and toll calls based on wireline rate centers. Consequently, LECs contend, wireline service providers do not have the same opportunity that wireless carriers have to offer number portability where the rate center in which the number is assigned does not match the rate center in which the LEC seeks to serve the customer.<sup>47</sup> Others argue that CTIA's petition would amount to a system of location portability rather than service provider portability, causing customer confusion over

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<sup>41</sup> *Id.* at 19.

<sup>42</sup> *Id.* at 3.

<sup>43</sup> AT&T Wireless, Midwest Wireless, Nextel, Sprint, T-Mobile, and US Cellular all filed comments supporting CTIA's January 23<sup>rd</sup> petition. Comments and Reply Comments filed in response to the CTIA's January 23<sup>rd</sup> and May 13<sup>th</sup> petitions are listed in Appendix A.

<sup>44</sup> *See, e.g.*, Sprint Reply Comments on CTIA's January 23<sup>rd</sup> Petition at 9; T-Mobile Comments on CTIA's January 23<sup>rd</sup> Petition at 14-15; and Virgin Mobile Reply Comments on CTIA's January 23<sup>rd</sup> Petition at 4.

<sup>45</sup> Centurytel, Fred Williams & Associates, the Independent Alliance, the Michigan Exchange Carriers Association, NECA and NTCA, the Nebraska Rural Independent Companies, OPASTCO, SBC, TCA, USTA, and Valor Communications all filed comments opposing CTIA's January 23<sup>rd</sup> petition.

<sup>46</sup> *See, e.g.*, Centurytel Comments on CTIA's January 23<sup>rd</sup> Petition at 5-6; Fred Williams & Associates Comments on CTIA's January 23<sup>rd</sup> Petition at 8; SBC Comments on CTIA's January 23<sup>rd</sup> Petition at 1; Letter from Cronan O'Connell, Vice President-Federal Regulatory, Qwest to Marlene H. Dortch, Secretary, FCC, CC Docket No. 95-116 (filed Oct. 9, 2003) (Qwest Oct. 9<sup>th</sup> *Ex Parte*); and Letter from Kathleen B. Levitz, Vice President-Federal Regulatory, BellSouth to Marlene H. Dortch, Secretary, FCC, CC Docket No. 95-116 (filed Sept. 9, 2003) (BellSouth Sept. 9<sup>th</sup> *Ex Parte*).

<sup>47</sup> *See, e.g.*, Letter from James C. Smith, Senior Vice President, SBC Telecommunications, Inc. to Michael K. Powell, Chairman, FCC, CC Docket No. 95-116 (filed Aug. 29, 2003) (SBC Aug. 29<sup>th</sup> *Ex Parte*); and BellSouth Sept. 9<sup>th</sup> *Ex Parte*.

the rating of calls.<sup>48</sup> Several LECs also argue that the Commission may not permit intermodal porting outside of wireline rate center boundaries without first issuing a Notice of Proposed Rulemaking.<sup>49</sup> Several rural LECs argue that requiring porting between wireline and wireless carriers where the wireless carriers do not have a point of interconnection in the same rate center as the ported number would raise intercarrier compensation issues, as wireline carriers would be required to transport calls to ported numbers through points of interconnection outside of rural LEC serving areas.<sup>50</sup>

17. On May 13, 2003, CTIA filed a second Petition for Declaratory Ruling. In its petition, CTIA argues that, in addition to the rate center issue that was the subject of its January petition, there are additional LNP implementation issues that have not been resolved by industry consensus and therefore must be addressed by the Commission.<sup>51</sup> Specifically, CTIA requests that the Commission rule on the appropriate length of the porting interval, the necessity of interconnection agreements, a dispute between BellSouth and Sprint concerning the ability of carriers to designate different routing and rating points, definition of the largest 100 Metropolitan Statistical Areas (MSAs), the bona fide request requirement, and whether carriers must support nationwide roaming for customers with ported numbers.

18. On October 7, 2003, we released a Memorandum Opinion and Order addressing carrier requests for clarification of wireless-wireless porting issues.<sup>52</sup> In response to CTIA's May 13<sup>th</sup> petition as well as a Petition for Declaratory Ruling/Application for Review, we concluded that wireless carriers may not impose "business rules" on their customers that purport to restrict carriers' obligations to port numbers upon receipt of a valid request to do so. In addition, we clarified that wireless-to-wireless porting does not require the wireless carrier receiving the number to be directly interconnected with the wireless carrier that gives up the number or to have numbering resources in the rate center associated with the ported number. We clarified that, although wireless carriers may voluntarily negotiate interconnection agreements with one another, such agreements are not required for wireless-to-wireless porting. We confirmed also that, in cases where wireless carriers are unable to reach agreement regarding the terms and conditions of porting, all such carriers must port numbers upon receipt of a valid request from another carrier, with no conditions.

19. We encouraged wireless carriers to complete "simple" ports within the industry-established two and one half hour porting interval and found that no action was necessary regarding the porting of numbers served by Type 1 interconnection because carriers are migrating these numbers to switches served by Type 2 interconnection or are otherwise developing solutions.<sup>53</sup> Finally, we reiterated the requirement that wireless carriers support roaming nationwide for customers with pooled and ported

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<sup>48</sup> See Centurytel Comments on CTIA's January 23<sup>rd</sup> Petition at 4-5.

<sup>49</sup> See, e.g., Letter from Gary Lytle, Qwest to Marlene H. Dortch, Secretary, FCC (filed Oct. 17, 2003) (Qwest Oct. 17<sup>th</sup> *Ex Parte*); and SBC Aug. 29<sup>th</sup> *Ex Parte*.

<sup>50</sup> NECA and NTCA Comments on CTIA's January 23<sup>rd</sup> Petition at 6. See, In the Matter of Sprint Petition for Declaratory Ruling, Obligation of Incumbent LECs to Load Numbering Resources Lawfully Acquired and to Honor Routing and Rating Points Designated by Interconnecting Carriers, Sprint Petition for Declaratory Ruling, CC Docket No. 01-92 (filed July 18, 2002) (Sprint Petition for Declaratory Ruling).

<sup>51</sup> CTIA Petition for Declaratory Ruling, CC Docket No. 95-116 (filed May 13, 2003) (May 13<sup>th</sup> Petition).

<sup>52</sup> Telephone Number Portability, CC Docket No. 95-116, *Memorandum Opinion and Order*, FCC 03-237, rel. Oct. 7, 2003.

<sup>53</sup> Type 1 numbers reside in an end office of a LEC and are assigned to a Type 1 interconnection group, which connects the wireless carrier's switch and the LEC's end office switch. Type 2 numbers reside in a wireless carrier's switch and are assigned to a Type 2 interconnection group, which connects the wireless carrier's switch and a LEC access tandem switch or end office switch.



numbers, and we addressed outstanding petitions for waiver of the roaming requirement. We indicated our intention to address issues related to intermodal porting in a separate order.<sup>54</sup>

### III. ORDER

#### A. Wireline-to-Wireless Porting

20. *Background.* In its January 23<sup>rd</sup> Petition, CTIA requests that the Commission clarify that the LNP rules require wireline carriers to port numbers to any wireless carrier whose service area overlaps the wireline carrier's rate center that is associated with the ported number.<sup>55</sup> CTIA claims that, absent such a clarification, a majority of wireline customers will not be able to port their phone number to the wireless carrier of their choice because wireless carriers typically have a point of interconnection or numbering resources in only a fraction of the wireline rate centers in their service areas.<sup>56</sup> Citing prior Commission decisions, CTIA notes that the Commission has cited intermodal competition as a basis for imposing LNP requirements on wireless carriers.<sup>57</sup> CTIA argues that the Commission's objectives with respect to intermodal competition cannot be realized without prompt action.

21. *Discussion.* The Act and the Commission's rules impose broad porting obligations on LECs. Section 251(b) of the Act provides that all local exchange carriers "have the duty to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the Commission."<sup>58</sup> The Act defines number portability as "the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another."<sup>59</sup> In implementing these requirements in the Local Number Portability *First Report and Order*, the Commission determined that LECs were required to provide portability to all other telecommunications carriers, including CMRS service providers, providing local exchange or exchange access service within the same MSA.<sup>60</sup> The Commission's rules reflect these requirements, requiring LECs to offer number portability in switches for which another carrier made a request for number portability and providing that all carriers, including CMRS service providers must be permitted to make requests for number portability.<sup>61</sup>

<sup>54</sup> Remaining issues from CTIA's January 23<sup>rd</sup> and May 13<sup>th</sup> petitions pertaining to intermodal porting are addressed in this order. Additional issues from CTIA's May 13<sup>th</sup> petition, including the implication of the porting interval for E911, the definition of the 100 largest MSAs, and the bona fide request requirement have been addressed separately. See Letter from John B. Muleta, Chief, Wireless telecommunications Bureau, to John T. Scott, III, Vice President and Deputy General Counsel, Verizon Wireless and Michael F. Altschul, Senior Vice President, General Counsel, CTIA, CC Docket No. 95-116, DA 03-2190, dated July 3, 2003. See also, Numbering Resource Optimization, *Fourth Report and Order and Fourth Further Notice of Proposed Rulemaking*, CC Docket Nos. 99-200 and 95-116 (rel. June 18, 2003).

<sup>55</sup> January 23<sup>rd</sup> Petition at 3.

<sup>56</sup> *Id.* at 18.

<sup>57</sup> *Id.* at 12-16.

<sup>58</sup> 47 U.S.C. § 251(b).

<sup>59</sup> 47 U.S.C. § 153(30).

<sup>60</sup> *First Report and Order* at 8393, 8431, paras. 77 and 152.

<sup>61</sup> 47 C.F.R. § 52.23(b)(1), (b)(2)(i).

22. We conclude that, as of November 24, 2003, LECs must port numbers to wireless carriers where the requesting wireless carrier's "coverage area" overlaps the geographic location of the rate center in which the customer's wireline number is provisioned, provided that the porting-in carrier maintains the number's original rate center designation following the port.<sup>62</sup> Permitting intermodal porting in this manner is consistent with the requirement that carriers support their customers' ability to port numbers while remaining at the same location. For purposes of this discussion, the wireless "coverage area" is the area in which wireless service can be received from the wireless carrier. Permitting wireline-to-wireless porting under these conditions will provide customers the option of porting their wireline number to any wireless carrier that offers service at the same location. We also reaffirm that wireless carriers must port numbers to wireline carriers within the number's originating rate center. With respect to wireless-to-wireline porting, however, because of the limitations on wireline carriers' networks ability to port-in numbers from distant rate centers, we will hold neither the wireline nor the wireless carriers liable for failing to port under these conditions. Rather, we seek comment on this issue in the Further Notice below.

23. We make our determinations based on several factors. First, as stated above, under the Act and the Commission's rules, wireline carriers must port numbers to other telecommunications carriers, to the extent that it is technically feasible to do so, in accordance with regulations prescribed by the Commission.<sup>63</sup> There is no persuasive evidence in the record indicating that there are significant technical difficulties that would prevent a wireline carrier from porting a number to a wireless carrier that does not have a point of interconnection or numbering resources in the same rate center as the ported number. Accordingly, the plain text of the Act and the Commission's rules, requiring LECs to provide number portability applies. In fact, several LECs acknowledge that there is no technical obstacle to porting wireline numbers to wireless carriers whose point of interconnection is outside of the rate center of the ported numbers.<sup>64</sup> Moreover, at least two LECs, Verizon and Sprint, have already established agreements with their wireless affiliates that specifically provide for intermodal porting.<sup>65</sup> In addition, BellSouth indicates in its comments that it has no intention of preventing customers from porting their telephone numbers to wireless carriers upon the customers' requests – regardless of whether or not the

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<sup>62</sup> We anticipate that a minimal amount of identifying information will be transmitted from the wireless carrier to the LEC when a customer seeks to port. For example, carriers may choose to verify the zip code of the porting-out wireline customer in their validation procedures.

<sup>63</sup> 47 U.S.C. § 251(b)(2), 47 C.F.R. § 52.23.

<sup>64</sup> See BellSouth Comments on CTIA's January 23<sup>rd</sup> Petition at 3; and USTA Comments on CTIA's January 23<sup>rd</sup> Petition at 7-8.

Several interexchange carriers (IXCs) have brought to the Commission's attention a problem IXCs face in identifying whether a customer has switched carriers. This problem can result in customers receiving erroneous bills from IXCs after they have switched local or interexchange carriers, and could also be a problem when customers port from a wireline carrier to a wireless carrier. While we do not address this issue in the instant order, we have sought comment on carrier petitions regarding this matter. See Pleading Cycle Established for Comments on Petition for Declaratory Ruling and/or Rulemaking, filed by Americatel Corporation, and for Comments on Joint Petition for Rulemaking to Implement Mandatory Minimum Customer Account Record Exchange Obligations on All Local and Interexchange Carriers, filed by AT&T Corp., Sprint Corp., and WorldCom, Inc., CG Docket No. 02-386, *Public Notice*, 17 FCC Rcd 25535 (2002).

<sup>65</sup> "Verizon and Verizon Wireless Reach Barrier-Free Porting Agreement in Advance of November 24 Deadline," Press Release from Verizon Wireless dated Sept. 22, 2003, available at <http://news.vzw.com/news/2003/09/pr2003-09-22.html>; and "Sprint Wireless Local Number Portability Plans on Track, on Schedule for November Deadline," Press Release from Sprint dated Oct. 1, 2003, available at [Sprint.com](http://www.sprint.com).

carriers' service areas overlap.<sup>66</sup> Accordingly, BellSouth states, number portability can still occur despite the "rate center disparity" issue. We note that, to the extent that LECs assert an inability to port numbers to wireless carriers under the circumstances described herein, they bear the burden of demonstrating with specific evidence that porting to a wireless carrier without a point of interconnection or numbering resources in the same rate center to which the ported number is assigned is not technically feasible pursuant to our rules.

24. Second, neither the Commission's LNP rules nor any of the LNP orders have required wireless carriers to have points of interconnection or numbering resources in the same rate center as the assigned number for wireline-to-wireless porting. In the Local Number Portability *Second Report and Order*, the Commission adopted NANC recommendations regarding several specific aspects of number portability implementation, including technical and operational standards for the provision of number portability by wireline carriers.<sup>67</sup> In this context, the Commission adopted the NANC recommendations concerning the boundaries applicable to wireline-to-wireline porting. Specifically, the Commission adopted NANC recommendations limiting the scope of ports to wireline carriers based on wireline carriers' inability to receive numbers from foreign rate centers.<sup>68</sup>

25. In this order, we address a different issue, wireline-to-wireless porting. The NANC recommendations that were the subject of the *Second Report and Order* included a boundary for wireline-to-wireline porting, but were silent regarding wireline-to-wireless porting issues. In adopting the NANC recommendations, the Commission specifically recognized that the NANC had not included recommendations regarding wireless carriers' participation in number portability and that modifications to existing standards and procedures would probably need to be made as the industry obtained additional information about incorporating CMRS service providers into a long-term number portability solution and interconnecting CMRS carriers with wireline carriers already implementing number portability.<sup>69</sup> However, while the Commission noted that NANC should consider intermodal porting issues of concern to wireless carriers, it did not impose limits on wireline-to-wireless porting while NANC considered these issues, nor did it give up its inherent authority to interpret the statute and rules with respect to the obligation of wireline carriers to port numbers to wireless carriers. Accordingly, we find that in light of the fact that the Commission has never adopted any limits regarding wireline-to-wireless number portability, as of November 24, 2003, LECs must port numbers to wireless carriers where the requesting wireless carrier's coverage area overlaps the geographic location of the rate center to which the number is assigned.<sup>70</sup>

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<sup>66</sup> See BellSouth Comments on CTIA's January 23<sup>rd</sup> Petition at 3. In recent ex parte filings, BellSouth argues that the Commission cannot proceed to require intermodal porting until it addresses the issues arising from the differences in network architecture, operational support systems, and regulatory requirements that distinguish wireline carriers from wireless carriers. See, e.g., BellSouth Sept. 9<sup>th</sup> *Ex Parte*.

<sup>67</sup> See *Second Report and Order*. Subsequent NANC reports address technical issues associated with wireless-to-wireline porting. In the Further Notice, we seek comment on these technical feasibility issues.

<sup>68</sup> North American Numbering Council Local Number Portability Selection Working Group Final Report and Recommendation to the FCC, Appendix D at 6 (rel. April 25, 1997). This report is available at [www.fcc.gov/wcb/tapd/nanc/lnpastuf.html](http://www.fcc.gov/wcb/tapd/nanc/lnpastuf.html).

<sup>69</sup> *Second Report and Order* 12 FCC Rcd at 12333-34.

<sup>70</sup> Similarly, wireless-to-wireline porting is required, as of November 24, 2003, where the requesting carrier's coverage area overlaps the geographic location of the rate center to which the number is assigned

26. We reject the argument advanced by certain wireline carriers,<sup>71</sup> that requiring LECs to port to a wireless carrier that does not have a point of interconnection or numbering resources in the same rate center as the ported number would constitute a new obligation imposed without proper notice. In fact, the requirement that LECs port numbers to wireless carriers is not a new rule. Citing the D.C. Circuit's decision in the *Sprint* case specifying the distinction between clarifications of existing rules and new rulemakings subject to APA procedures, Qwest, for example, argues that the permitting wireline-to-wireless porting in the manner outlined above would change LECs' existing porting obligations.<sup>72</sup> As described earlier, however, section 251(b) of the Act and the Commission's Local Number Portability *First Report and Order* impose broad porting obligations on wireline carriers. Specifically, these authorities require wireline carriers to provide portability to all other telecommunications carriers, including wireless service providers. While the Commission decision in the Local Number Portability *Second Report and Order* limited the scope of wireline carriers' porting obligation with respect to the boundary for wireline-to-wireline porting, the Commission, as noted above, has never established limits with respect to wireline carriers' obligation to port to wireless carriers. The clarifications we make in this order interpret wireline carriers' existing obligation to port numbers to wireless carriers. Therefore, these clarifications comply with the requirements of the Administrative Procedure Act as well as the D.C. Circuit's decision in the *Sprint* case.

27. We also reject the argument made by some LECs that the scope of wireline-to-wireless porting should be limited because wireline carriers may not be able to offer portability to certain wireless subscribers.<sup>73</sup> As discussed above, under the Act and the Commission's rules, wireline carriers must port numbers to other telecommunications carriers, to the extent technically feasible. The fact that there may be technical obstacles that could prevent some other types of porting does not justify denying wireline consumers the benefit of being able to port their wireline numbers to wireless carriers. Each type of service offers its own advantages and disadvantages (e.g., wireless service offers mobility and larger calling areas, but also the potential for dropped calls) and wireline customers will consider these attributes in determining whether or not to port their number. In our view, it would not be appropriate to prevent wireline customers from taking advantage of the mobility or the larger local calling areas associated with wireless service simply because wireline carriers cannot currently accommodate all potential requests from customers with wireless service to port their numbers to a wireline service provider. Evidence from the record shows that limiting wireline-to-wireless porting to rate centers where a wireless carrier has a point of interconnection or numbering resources would deprive the majority of wireline consumers of the ability to port their number to a wireless carrier.<sup>74</sup> With such limited intermodal porting, the competitive benefits we seek to promote through the porting requirements may not be fully achieved. The focus of the porting rules is on promoting competition, rather than protecting individual competitors. To the extent that wireline carriers may have fewer opportunities to win customers through porting, this disparity results from the wireline network architecture and state regulatory requirements, rather than Commission rules.

28. We conclude that porting from a wireline to a wireless carrier that does not have a point of interconnection or numbering resources in the same rate center as the ported number does not, in and of itself, constitute location portability, because the rating of calls to the ported number stays the same. As stated above, a wireless carrier porting-in a wireline number is required to maintain the number's original rate center designation following the port. As a result, calls to the ported number will continue to be rated

<sup>71</sup> See, e.g., Letter from Gary Lytle, Qwest to Marlene H. Dortch, Secretary, FCC (filed Oct. 17, 2003) (Qwest Oct. 17<sup>th</sup> Ex Parte); and SBC Aug. 29 Ex Parte.

<sup>72</sup> Qwest Oct. 17<sup>th</sup> Ex Parte at 11. See *Sprint Corp. v. FCC*, 315 F. 3d 369 (D.C. Cir. 2003).

<sup>73</sup> See, e.g., SBC Aug. 29<sup>th</sup> Ex Parte and BellSouth Sept. 9<sup>th</sup> Ex Parte.

<sup>74</sup> January 23<sup>rd</sup> Petition at 6.

in the same fashion as they were prior to the port. As to the routing of calls to ported numbers, it should be no different than if the wireless carrier had assigned the customer a new number rated to that rate center.<sup>75</sup>

29. Some wireline carriers contend that they lack the technical capability to support wireline-to-wireless porting in the manner outlined above, and that they need time to make technical modifications to their systems. We emphasize that our holding in this order requires wireline carriers to support wireline-to-wireless porting in accordance with this order by November 24, 2003, unless they can provide specific evidence demonstrating that doing so is not technically feasible pursuant to our rules.<sup>76</sup> We expect carriers that need to make technical modifications to do so forthwith, as the record indicates that major system modifications are not required and that several wireline carriers have already announced their technical readiness to port numbers to wireless carriers without regard to rate centers.<sup>77</sup> We recognize, however, that many wireline carriers outside the top 100 MSAs may require some additional time to prepare for implementation of intermodal portability. In addition we note that wireless carriers outside the top 100 MSAs are not required to provide LNP prior to May 24, 2004, and accordingly are unlikely to seek to port numbers from wireline carriers prior to that date. Therefore for wireline carriers operating in areas outside of the 100 largest MSAs, we hereby waive, until May 24, 2004, the requirement that these carriers port numbers to wireless carriers that do not have a point of interconnection or numbering resources in the rate center where the customer's wireline number is provisioned. We find that this transition period will help ensure a smooth transition for carriers operating outside of the 100 largest MSAs and provide them with sufficient time to make necessary modifications to their systems.

30. Carriers inside the 100 largest MSAs (or outside the 100 largest MSAs, after the transition period) may file petitions for waiver of their obligation to port numbers to wireless carriers, if they can provide substantial, credible evidence that there are special circumstances that warrant departure from existing rules.<sup>78</sup> We note that several wireline carriers have already filed requests for waiver.<sup>79</sup> We will

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<sup>75</sup> As noted in paras. 39-40 below, there is a dispute as to which carrier is responsible for transport costs when the routing point for the wireless carrier's switch is located outside the wireline local calling area in which the number is rated. *See* Sprint Petition for Declaratory Ruling. The existence of this dispute over transport costs does not, however, provide a reason to delay or limit the availability of porting from wireline to wireless carriers.

We recognize that the Act limits wireline carriers' ability to route calls outside of Local Access Transport Area (LATA) boundaries. *See* 47 U.S.C. § 272. *See also*, Application by SBC Communications, Inc., Southwestern Bell Telephone, and Southwestern Bell Communications, Inc. d/b/a Southwestern Bell Long Distance Pursuant to Section 271 of the Telecommunications Act of 1996 to Provide In-Region, InterLATA Services in Texas, *Memorandum Opinion and Order*, 15 FCC Rcd 18354 (2000). Accordingly, we clarify that our ruling is limited to porting within the LATA where the wireless carrier's point of interconnection is located, and does not require or contemplate porting outside of LATA boundaries.

<sup>76</sup> 47 U.S.C. § 251(b). We anticipate that, as a general matter, enforcement issues regarding both wireless-wireless and wireless-wireline local number portability at this time are likely to be better addressed in the context of Section 208 formal compliant proceedings or related mediations as opposed to FCC-initiated forfeiture proceedings. In this connection, we note that a violation of our number portability rules would constitute an unjust and unreasonable practice under section 201(b) of the Act.

<sup>77</sup> We note that Verizon has already announced its intention to port numbers without regard to rate centers. *See* "Verizon and Verizon Wireless Reach Barrier-Free Porting Agreement in Advance of November 24 Deadline," Press Release from Verizon Wireless dated Sept. 22, 2003, available at <http://news.vzw.com/news/2003/09/pr2003-09-22.html>.

<sup>78</sup> 47 C.F.R. § 1.3, 52.25(e). *See also* WAIT Radio v. FCC, 418 F.2d 1153, 1158 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972).

consider these requests separately, and our decision in this order is without prejudice to any potential disposition of these requests.

## B. Interconnection Agreements

31. *Background.* In its January 23<sup>rd</sup> petition, CTIA requests that the Commission confirm that a wireline carrier's obligation to port numbers to a wireless carrier requires only that a carrier release a customer's number to another carrier and assign the number to the new carrier in the Number Portability Administration Center (NPAC) database, which is queried solely to identify the carrier that can terminate calls to the customer. From a practical perspective, CTIA contends, such porting can be based on a service-level porting agreement between carriers, and does not require direct interconnection or an interconnection agreement. Moreover, CTIA argues, because the Commission imposed number portability requirements on wireless carriers pursuant to its authority under sections 1, 2, 4(i), and 332 of the Act, and outside the scope of sections 251 and 252, number portability between wireline and wireless carriers is governed by a different regime than number portability between wireline carriers and is subject to the Commission's unique jurisdiction over wireless carriers.<sup>80</sup>

32. A number of wireless carriers agree with CTIA, arguing that requiring wireless carriers to establish interconnection agreements with wireline carriers from whom they sought to port numbers would delay LNP implementation.<sup>81</sup> Several wireline carriers, however, assert that interconnection agreements for porting are necessary.<sup>82</sup> SBC, for example, argues that under sections 251 and 252 of the Act, LECs must establish interconnection agreements for porting.<sup>83</sup> SBC contends that interconnection agreements guarantee parties their right to negotiate, provide a means of resolving disputes, and allow public scrutiny of agreements.<sup>84</sup> In addition, some LECs argue that, without interconnection agreements, they have no means to ensure that they will receive adequate compensation for transporting and terminating traffic to wireless carriers.

33. Other LECs, on the other hand, disagree that interconnection agreements are a necessary precondition to intermodal porting. Verizon contends that intermodal porting is not a Section 251 requirement and is therefore not necessary to incorporate wireless-wireline porting into Section 251 agreements.<sup>85</sup> AT&T questions whether either service level agreements or interconnection agreements are necessary, contending that because such little information needs to be exchanged between carriers for porting, less formal arrangements may be sufficient.<sup>86</sup> Sprint argues that interconnection agreements are

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<sup>79</sup> See e.g., Franklin Telephone Company, Inc. Petition for Waiver, CC Docket Nos. 95-116 (filed Sept. 24, 2003); Intercommunity Telephone Company, LLC Petition for Waiver, CC Docket No. 95-116 (filed Sept. 24, 2003); and North Central Telephone Cooperative, Inc. Petition for Waiver, CC Docket No. 95-116 (filed Sept. 24, 2003).

<sup>80</sup> May 13<sup>th</sup> Petition at 17-18.

<sup>81</sup> See Sprint Comments on CTIA's May 13<sup>th</sup> Petition at 16; T-Mobile Comments on CTIA's May 13<sup>th</sup> Petition at 8; and Virgin Mobile Comments on CTIA's May 13<sup>th</sup> Petition at 4-5.

<sup>82</sup> See Missouri Independent Telephone Company Group Comments on CTIA's May 13<sup>th</sup> Petition; National Telecommunications Cooperative Association Comments on CTIA's May 13<sup>th</sup> Petition; and SBC Comments on CTIA's May 13<sup>th</sup> Petition.

<sup>83</sup> SBC Comments on CTIA's May 13<sup>th</sup> Petition at 8.

<sup>84</sup> *Id.*

<sup>85</sup> Sprint Comments on CTIA's May 13<sup>th</sup> Petition at 18; Verizon Comments on CTIA's May 13<sup>th</sup> Petition at 10.

<sup>86</sup> AT&T Reply Comments on CTIA's May 13<sup>th</sup> Petition at 7-8.

not required for LNP because whether or not a customer ports a number from one carrier to another has nothing to do with the interconnection arrangements two carriers use for the exchange of traffic.<sup>87</sup> Several LECs urge the Commission to let carriers determine on their own what type of agreement to use to facilitate porting.<sup>88</sup>

34. *Discussion.* We find that wireless carriers need not enter into section 251 interconnection agreements with wireline carriers solely for the purpose of porting numbers. We note that the intermodal porting obligation is also based on the Commission's authority under sections 1, 2, 4(i) and 332 of the Act. Sprint argues that interconnection agreements are not required to implement every section 251 obligation.<sup>89</sup> Sprint also claims that because porting involves a limited exchange of data (e.g., carriers need only share basic contact and technical information sufficient to allow porting functionality and customer verification to be established), interconnection agreements should not be required here.<sup>90</sup> We agree with Sprint that wireline carriers should be required to port numbers to wireless carriers without necessarily entering into an interconnection agreement because this obligation can be discharged with a minimal exchange of information. We thus find that wireline carriers may not unilaterally require interconnection agreements prior to intermodal porting. Moreover, to avoid any confusion about the applicability of section 252 to any arrangement between wireline and wireless carriers solely for the purpose of porting numbers, we forbear from these requirements as set forth below.

35. To the extent that the *Qwest Declaratory Ruling Order* could be interpreted to require any agreement pertaining solely to wireline-to-wireless porting to be filed as an interconnection agreement with a state commission pursuant to sections 251 and 252 of the Act, we forbear from those requirements. First, we conclude that interconnection agreements are not necessary to prevent unjust or unreasonable charges or practices by wireless carriers with respect to porting. The wireless industry is characterized by a high level of competition between carriers. Although states do not regulate the prices that wireless carriers charge, the prices for wireless service have declined steadily over the last several years.<sup>91</sup> No evidence suggests that requiring interconnection agreements for intermodal porting is necessary for this trend to continue.

36. For similar reasons, we find that interconnection agreements for intermodal porting are not necessary for the protection of consumers.<sup>92</sup> The intermodal LNP requirement is intended to benefit

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<sup>87</sup> Letter from Luisa L. Lancetti, Vice President, PCS Regulatory Affairs, Sprint to John Rogovin, General Counsel, FCC (filed Sept. 22, 2003).

<sup>88</sup> See Association for Local Telecommunications Services Reply Comments on CTIA's May 13<sup>th</sup> Petition at 3, BellSouth Comments on CTIA's May 13<sup>th</sup> Petition at 9; and USTA Reply Comments on CTIA's May 13<sup>th</sup> Petition at 6.

<sup>89</sup> See note 87.

<sup>90</sup> Sprint's profile information exchange process is an example of the type of contact and technical information that would trigger an obligation to port. See, Letter from Luisa L. Lancetti, Vice President PCS Regulatory Affairs, Sprint Corp. to John B. Muleta, Chief, Wireless Telecommunications Bureau (filed Sept. 23, 2003); and Letter from Luisa L. Lancetti, Vice President, PCS Regulatory Affairs, Sprint Corp. to John B. Muleta, Chief, Wireless Telecommunications Bureau and William Maher, Chief, Wireline Competition Bureau (filed August 8, 2003).

<sup>91</sup> Implementation of Section 6002(b) of the Omnibus Reconciliation Act of 1993, Annual Report and Analysis of Competitive Market Conditions with Respect to Commercial Mobile Services, *Eighth Report*, FCC 03-150, at 45 (rel. July 14, 2003).

<sup>92</sup> Certain LECs have expressed concern that without interconnection agreements between LECs and CMRS carriers, calls to ported numbers may be dropped, because NPAC queries may not be performed for customers who have ported their numbers from a LEC to a CMRS carrier. See Letter from Mary J. Sisak, Counsel for Centurytel, Inc. to Marlene H. Dortch, Secretary, FCC (filed Oct. 23, 2003). We do not find these concerns to be justified,

consumers by promoting competition between the wireless and wireline industries and creating incentives for carriers to provide new service offerings, reduced prices, and higher quality services. Requiring interconnection agreements for the purpose of intermodal porting could undermine the benefits of LNP to consumers by preventing or delaying implementation of intermodal porting. We also do not believe that the state regulatory oversight mechanism provided by Section 251 is necessary to protect consumers in this limited instance.

37. Finally, we conclude that forbearance is consistent with the public interest. Number portability, by itself, does not create new obligations with regard to exchange of traffic between the carriers involved in the port. Instead, porting involves a limited exchange of data between carriers to carry out the port. Sprint, for example, notes that to accomplish porting, carriers need only exchange basic contact information and connectivity details, after which the port can be rapidly accomplished.<sup>93</sup> Given the limited data exchange and the short time period required to port, we conclude that interconnection agreements approved under section 251 are unnecessary. In view of these factors, we conclude that it is appropriate to forbear from requiring interconnection agreements for intermodal porting.

### C. The Porting Interval

38. CTIA requests that the Commission require wireline carriers to reduce the length of the porting interval, or the amount of time it takes two carriers to complete the process of porting a number, for ports from wireline to wireless carriers.<sup>94</sup> Currently, the wireline-to-wireline porting interval is four business days.<sup>95</sup> The wireline porting interval was adopted by the NANC in its Architecture and Administrative Plan for Local Number Portability, which was approved by the Commission.<sup>96</sup> Upon subsequent review of the porting interval, the NANC agreed that the four business day porting interval for wireline-to-wireline porting should not be reduced; it did not specify a porting interval for intermodal porting.<sup>97</sup> The current porting interval for wireless-to-wireless ports is two and one half hours.<sup>98</sup> We decline to require wireline carriers to follow a shorter porting interval for intermodal ports at this time. Instead, we will seek comment on this issue in the Further Notice. We note that, while we seek comment on whether to reduce the length of the wireline porting interval, the current four business day porting

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however, because the Commission's rules require carriers to correctly route calls to ported numbers. See Telephone Number Portability, CC Docket No. 95-116, *First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd 7236, 7307-08, paras. 125-126.

<sup>93</sup> Sprint Comments on CTIA's May 13<sup>th</sup> Petition at 13-14.

<sup>94</sup> May 13<sup>th</sup> Petition at 7.

<sup>95</sup> Wireline carriers are required to complete the LSR/FOC exchange within 24 hours and complete the port within three business days thereafter. See North American Numbering Council Local Number Portability Selection Working Group Final Report and Recommendation to the FCC, Appendix E (rel. April 25, 1997).

<sup>96</sup> *Second Report and Order*, 12 FCC Rcd 12281 (1997).

<sup>97</sup> Letter from John R. Hoffman, NANC Chair to Dorothy Attwood, Chief, Common Carrier Bureau, (filed Nov. 29, 2000).

<sup>98</sup> See North American Numbering Council Local Number Portability Administration Working Group Report on Wireless Wireline Integration, May 8, 1998, CC Docket No. 95-116 (filed May 18, 1998) (First Report on Wireless Wireline Integration); North American Numbering Council Wireless Number Portability Subcommittee Report on Wireless Number Portability Technical, Operational, and Implementation Requirements Phase II, CC Docket No. 95-116 (filed Sept. 26, 2000); ATIS Operations and Billing Forum, Wireless Inter-carrier Communications: Interface Specification for Local Number Portability, Version 2, at § 2 p. 6 (Jan. 2003).



interval represents the outer limit of what we would consider to be a reasonable amount of time in which wireline carriers may complete ports. We note also that whatever porting interval affiliated wireline and wireless service providers offer within their corporate family must also be made available to unaffiliated service providers.<sup>99</sup>

#### D. Impact of Designating Different Routing and Rating Points on LNP

39. CTIA asks the Commission to resolve the intercarrier dispute between BellSouth and Sprint as it affects the rating and routing of calls to ported numbers.<sup>100</sup> CTIA contends that, although the dispute largely concerns matters of intercarrier compensation, to the extent LECs argue that they need not differentiate between rating and routing points for local calls, intermodal porting may not be available to consumers.<sup>101</sup> To ensure that permitting porting beyond wireline rate center boundaries does not cause customer confusion with respect to charges for calls, we clarify that ported numbers must remain rated to their original rate center. We note, however, that the routing will change when a number is ported. Indeed, several wireline carriers have expressed concern about the transport costs associated with routing calls to ported numbers. The National Exchange Carrier Association (NECA) and National Telecommunications Cooperative Association (NTCA), for example, argue in their joint comments, that when wireless carriers establish a point of interconnection outside of a rural LEC's serving area, a disproportionate burden is placed on rural LECs to transport originating calls to the interconnection points.<sup>102</sup> They argue that requiring wireline carriers to port telephone numbers to out-of-service area points of interconnection could create an even bigger burden. Other carriers point out, however, that issues associated with the rating and routing of calls to ported numbers are the same as issues associated with rating and routing of calls to all wireless numbers.<sup>103</sup>

40. We recognize the concerns of these carriers, but find that they are outside the scope of this order. As noted above, our declaratory ruling with respect to wireline-to-wireless porting is limited to ported numbers that remain rated in their original rate centers. We make no determination, however, with respect to the routing of ported numbers, because the requirements of our LNP rules do not vary depending on how calls to the number will be routed after the port occurs. Moreover, as CTIA notes, the rating and routing issues raised by the rural wireline carriers have been raised in the context of non-ported numbers and are before the Commission in other proceedings.<sup>104</sup> Therefore, without prejudging the outcome of any other proceeding, we decline to address these issues at this time as they relate to intermodal LNP.

### IV. FURTHER NOTICE OF PROPOSED RULEMAKING

#### A. Wireless-to-Wireline Porting

41. *Background.* As noted above, some LECs argue that allowing wireless carriers to port numbers wherever their coverage area overlaps the rate center in which the number is assigned would

<sup>99</sup> 47 U.S.C. §§ 201(b) and 202(a).

<sup>100</sup> May 13<sup>th</sup> Petition at 25-26.

<sup>101</sup> *Id.*

<sup>102</sup> NECA and NTCA Comments on CTIA's January 23<sup>rd</sup> Petition at 6.

<sup>103</sup> BellSouth Comments on CTIA's May 13<sup>th</sup> Petition at 11-12.

<sup>104</sup> See, e.g. In the Matter of Sprint Petition for Declaratory Ruling, Obligation of Incumbent LECs to Load Numbering Resources Lawfully Acquired and to Honor Routing and Rating Points Designated by Interconnecting Carriers, Sprint Petition for Declaratory Ruling, CC Docket No. 01-92 (filed July 18, 2002).

give wireless service providers an unfair competitive advantage over wireline carriers.<sup>105</sup> They contend that while this may facilitate widespread wireline-to-wireless porting, wireless-to-wireline porting can only occur in cases where the wireless customer is physically located in the wireline rate center associated with the phone number.<sup>106</sup> If the customer's physical location is outside the rate center associated with the number, porting the number to a wireline telephone at the customer's location could result in calls to and from that number being rated as toll calls. As a result, the LECs assert, they are effectively precluded from offering wireless-to-wireline porting to those wireless subscribers who are not located in the wireline rate center associated with their wireless numbers.<sup>107</sup> Furthermore, the LECs contend that for them to offer wireless-to-wireline porting in this context would require significant and costly operational changes.<sup>108</sup> Qwest, for example, argues that if the Commission were to make the Local Access Transport Area (LATA) or Numbering Plan Area (NPA) the relevant geographic area for porting, LECs would be required to upgrade switches, increase trunking, and rework billing and provisioning systems.<sup>109</sup>

42. *Discussion.* We seek comment on how to facilitate wireless-to-wireline porting where there is a mismatch between the rate center associated with the wireless number and the rate center in which the wireline carrier seeks to serve the customer. Some wireline commenters contend that requiring porting between wireline and wireless carriers where the wireless carrier does not have a point of interconnection or numbering resources in the rate center creates a competitive disparity because wireline carriers would not have the same flexibility to offer porting to wireless customers whose numbers are not associated with the wireline rate center. We seek comment on the technical impediments associated with requiring wireless-to-wireline LNP when the location of the wireline facilities serving the customer requesting the port is not in the rate center where the wireless number is assigned. We seek comment on whether technical impediments exist to such an extent as to make wireless-to-wireline porting under such circumstances technically infeasible. Commenters that contend there are technical implications should specifically describe them, including any upgrades to switches, network facilities, or operational support systems that would be necessary. Commenters should also provide detailed information on the magnitude of the cost of such upgrades along with documentation of the estimated costs. We also seek comment on whether the benefits associated with offering wireless-to-wireline porting would outweigh the costs associated with making any necessary upgrades. We seek comment on the expected demand for wireless-to-wireline porting. We note that wireline customers who decide to port their numbers to wireless carriers are able to port their numbers back to wireline carriers if they choose, because the numbers remain associated with their original rate centers.

43. In addition to technical factors, we seek comment on whether there are regulatory requirements that prevent wireline carriers from porting wireless numbers when the rate center associated with the number and the customer's physical location do not match. Commenters that suggest such obstacles exist and result in a competitive disadvantage should submit proposals to address these impediments, as well as consider the collateral effect on other regulatory objectives as a result of these proposals. We note that wireline carriers are not able to port a number to another wireline carrier if the rate center associated with the number does not match the rate center associated with the customer's

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<sup>105</sup> See, e.g., Centurytel Comments on CTIA's January 23<sup>rd</sup> Petition at 5-6; Fred Williams & Associates Comments on CTIA's January 23<sup>rd</sup> Petition at 8; and SBC Comments on CTIA's January 23<sup>rd</sup> Petition at 1.

<sup>106</sup> See, e.g., Qwest Oct. 9<sup>th</sup> *Ex Parte*; and Letter from Herschel L. Abbott, Jr., Vice President-Government Affairs, BellSouth to Michael K. Powell, Chairman, FCC (filed Oct. 14, 2003).

<sup>107</sup> *Id.*

<sup>108</sup> See Letter from Cronan O'Connell, Vice President-Federal Regulatory, Qwest to Marlene H. Dortch, Secretary, FCC (filed July 24, 2003) at 4-5 (Qwest July 24<sup>th</sup> *Ex Parte*); and SBC Aug. 29<sup>th</sup> *Ex Parte*.

<sup>109</sup> See Qwest July 24<sup>th</sup> *Ex Parte* at 4-5.

physical location. We seek comment on whether wireless and wireline numbers should be treated differently in this regard. We also seek comment on whether there are any potential adverse impacts to consumers resulting from wireless-to-wireline porting where the rate center associated with the wireless number is different from the rate center in which the wireline carrier seeks to serve the customer.

44. In addition, we seek comment on whether there are other competitive issues that could affect our LNP requirements. For example, to the extent that wireless-to-wireline porting may raise issues regarding the rating of calls to and from the ported number when the rate center of the ported number and the physical location of the customer do not match, we seek comment on the extent to which wireline carriers should absorb the cost of allowing the customer with a number ported from a wireless carrier to maintain the same local calling area that the customer had with the wireless service provider. Alternatively, we seek comment on the extent to which wireline carriers can serve customers with numbers ported from wireless carriers on a Foreign Exchange (FX) or virtual FX basis.<sup>110</sup> A third option is for wireline carriers to seek rate design and rate center changes at the state level to establish larger wireline local calling areas. We seek comment on the procedural, technical, financial, and regulatory implications of each of these approaches. We also seek comment on the viability of each of these approaches and whether there are any alternative approaches to consider.

## B. Porting Interval

45. *Background.* Over the past several years, the NANC has studied the wireline porting interval and reviewed options for reducing the length of the interval for simple ports.<sup>111</sup> In the Third Report on Wireless/Wireline Integration, the Local Number Portability Administration Working Group analyzed the elements of the wireline porting interval and investigated how reducing the length of the interval for simple ports would affect carriers' operations.<sup>112</sup> The report noted that reducing the porting interval would require wireline carriers to make significant changes to their operations. First, reducing the porting interval would require wireline carriers to automate and make uniform the Local Service Request (LSR)/Local Service Request Confirmation (LSC) Firm Order Confirmation (FOC) process.<sup>113</sup> In addition, the report indicated that wireline carriers would likely have to eliminate or adjust their batch processing operations. The report noted that a change from batch processing to real time data processing would require in-depth system analysis of all business processes that use batch processing systems.<sup>114</sup> Based on its analysis of these and other challenges, the working group concluded that because most wireline carriers already found their processes and systems challenged to meet the current porting interval it was not feasible to reduce the length of the wireline porting interval for simple ports.<sup>115</sup>

46. Because of the number and complexity of changes that would be required in the porting process for wireline carriers, the NANC was not able to reach consensus on reducing the porting interval

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<sup>110</sup> T-Mobile Comments on CTIA's January 23<sup>rd</sup> Petition at 11.

<sup>111</sup> See Second Report on Wireless Wireline Integration; Third Report on Wireless Wireline Integration.

<sup>112</sup> See Third Report on Wireless Wireline Integration. Simple ports are defined as those ports that: do not involve unbundled network elements, involve an account for a single line (porting a single line from a multi-line account is not a simple port), do not include complex switch translations (e.g., Centrex or Plexar, ISDN, AIN services, remote call forwarding, multiple services on the loop), may include CLASS features such as Caller ID, and do not include a reseller. All other ports are considered "complex" ports. *Id.* at 6.

<sup>113</sup> *Id.* at 13.

<sup>114</sup> *Id.* at 13-14.

<sup>115</sup> *Id.* at 14.

to accommodate intermodal porting.<sup>116</sup> The wireless industry expressed concern that the wireline four business day porting interval does not fit within its business model.<sup>117</sup> In order to accommodate the wireless business model, the NANC attempted to shorten the porting interval for wireline-to-wireless ports by developing a process that will allow the wireless carrier to activate the port before the wireline carrier activates the disconnect in the Number Portability Administration Center (NPAC). This process results in a situation referred to as a “mixed service” condition, whereby the customer can make calls on both the wireline and wireless phones before the port is completed. The NANC reported that this mixed service condition can result in misdirected callbacks in an emergency situation.<sup>118</sup> That is, for example, if the emergency operator attempts to callback a person that made a call from the wireless phone, the call may be routed to the wireline phone. The NANC consulted with the National Emergency Number Association and concluded that, while the mixed service condition is not desirable, the incidence of such is low and would not impede intermodal porting.<sup>119</sup>

47. LECs contend that their current porting interval cannot be reduced readily for intermodal porting, because it is necessary to support the complex systems and procedures of wireline carriers.<sup>120</sup> SBC, for example, explains that the current porting interval not only ensures that the porting out carrier correctly ports a number to the porting in carrier, but also that these carriers accurately update other systems, including E911, billing, and maintenance.<sup>121</sup> Qwest notes that wireline carriers have longer porting intervals due to differences in network and system configurations.<sup>122</sup> Qwest indicates that wireline carriers are often constrained by the provisioning of physical facilities (e.g., loops) to serve customers.<sup>123</sup> Moreover, LECs contend, reducing the length of the current wireline porting interval would require them to make changes to many of their systems and would involve significant expense.<sup>124</sup>

48. Wireless carriers argue that a reduced intermodal porting interval would encourage more consumers to use porting by eliminating confusion about the porting process.<sup>125</sup> They argue that a reduced porting interval is technically achievable and that wireline carriers should be required to make the

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<sup>116</sup> Letter from John R. Hoffman, NANC Chair to Dorothy Attwood, Chief, Common Carrier Bureau (filed Nov. 29, 2000).

<sup>117</sup> Wireline carriers are required to complete the LSR/FOC exchange within 24 hours and complete the port within three business days thereafter. See North American Numbering Council Local Number Portability Selection Working Group Final Report and Recommendation to the FCC, Appendix E (rel. April 25, 1997). See also Letter from John R. Hoffman, NANC Chair to Dorothy Attwood, Chief, Common Carrier Bureau (filed Nov. 29, 2000).

<sup>118</sup> See Second Report on Wireless Wireline Integration.

<sup>119</sup> See Letter from John R. Hoffman, Chair, NANC to Dorothy Attwood, Chief, Common Carrier Bureau, FCC, dated Nov. 29, 2000.

<sup>120</sup> See letter from Kathleen Levitz, Vice President-Federal Regulatory, BellSouth to Marlene H. Dortch, Secretary, FCC, dated Oct. 15, 2003.

<sup>121</sup> SBC Aug. 29<sup>th</sup> *Ex Parte*.

<sup>122</sup> Qwest Comments on CTIA’s May 13<sup>th</sup> Petition at 7.

<sup>123</sup> *Id.*

<sup>124</sup> *Id.* at 5.

<sup>125</sup> See, e.g., AT&T Wireless Comments on CTIA’s May 13<sup>th</sup> Petition at 3-6; Sprint Comments on CTIA’s May 13<sup>th</sup> Petition at 6-12; and T-Mobile Comments on CTIA’s May 13<sup>th</sup> Petition at 7-9.

necessary changes to their systems. At least one wireless carrier recognizes, however, that significant changes to LEC systems may be required to achieve reduced porting intervals.<sup>126</sup>

49. *Discussion.* Reducing the porting interval could benefit consumers by making it quicker for consumers to port their numbers. To that end, wireless carriers intend to complete intramodal wireless ports within two and one-half hours.<sup>127</sup> There, however, may be technical or practical impediments to requiring wireline carriers to achieve shorter porting intervals for intermodal porting. We seek comment on whether we should reduce the current wireline four business day porting interval for intermodal porting. If so, what porting interval should we adopt? Commenters proposing a shorter porting interval should specify what adjustments should be made to the LNP process flows developed by the NANC.<sup>128</sup> For example, the wireline NANC LNP Process Flows establish that the FOC must be finalized within 24 hours of receiving the port request.<sup>129</sup> Specific time periods are also established for other steps within the porting process that may require adjustment in the event that a shorter porting interval is adopted.

50. We also seek comment on whether adjustments to the NPAC processes, including interfaces and porting triggers, would be required.<sup>130</sup> In addition, we seek comment on the risks, if any, associated with reducing the porting interval for intermodal porting. We seek comment on an appropriate transition period in the event a shorter porting interval is adopted, during which time carriers can modify and test their systems and procedures.

51. We seek input from the NANC on reducing the interval for intermodal porting. The NANC recommendation should include corresponding updates to the NANC LNP process flows and any recommendations on an appropriate transition period. The NANC should provide its recommendations promptly as we intend to review the record and address this issue expeditiously.

## V. PROCEDURAL MATTERS

### A. Initial Regulatory Flexibility Analysis

52. As required by the Regulatory Flexibility Act, *see* 5 U.S.C. § 603, the Commission has prepared an Initial Regulatory Flexibility Analysis ("IRFA") of the possible significant economic impact on small entities of the proposals suggested in the *Further Notice*. The IRFA is set forth in Appendix B. Written public comments are requested on the IRFA. These comments must be filed in accordance with the same filing deadlines as comments filed in response to the *Further Notice*, and must have a separate and distinct heading designating them as responses to the IRFA.

<sup>126</sup> See Sprint Comments on CTIA's May 13<sup>th</sup> Petition.

<sup>127</sup> See First Report on Wireless Wireline Integration; North American Numbering Council Wireless Number Portability Subcommittee Report on Wireless Number Portability Technical, Operational, and Implementation Requirements Phase II, CC Docket No. 95-116 (filed Sept. 26, 2000); and ATIS Operations and Billing Forum, Wireless Inter-carrier Communications: Interface Specification for Local Number Portability, Version 2, at § 2 p. 6 (Jan. 2003).

<sup>128</sup> See Local Number Portability Selection Working Group Final Report and Recommendation to the FCC (rel. April 25, 1997).

<sup>129</sup> FOC, or Firm Order Confirmation refers to the response the old service provider sends to the new service provider upon receiving the new service provider's request to port a number, setting a due time and date for the port. See Local Number Portability Selection Working Group Final Report and Recommendation to the FCC (rel. April 25, 1997).

<sup>130</sup> The NPAC, administered by NeuStar, operates and maintains the centralized databases associated with LNP. Interaction with the NPAC is required for all porting transactions.

## B. Paperwork Reduction Analysis

53. This *Further Notice* contains no new or revised information collections.

## C. Ex Parte Presentations

54. This is a permit-but-disclose notice and comment rule making proceeding. Members of the public are advised that ex parte presentations are permitted, provided they are disclosed under the Commission's Rules.<sup>131</sup>

## D. Comment Dates

55. Pursuant to Sections 1.415 and 1.419 of the Commission's Rules, 47 C.F.R. §§ 1.415 and 1.419, interested parties may file comments on or before twenty (20) days from the date of publication of this *Further Notice* in the Federal Register and reply comments thirty (30) days from the date of publication of this *Further Notice* in the Federal Register. Comments may be filed using the Commission's Electronic Comment Filing System (ECFS) or by filing paper copies.

56. Comments filed through the ECFS can be sent as an electronic file via the Internet to <http://www.fcc.gov/e-file/ecfs.html>. Generally, only one copy of an electronic submission must be filed. If multiple docket or rulemaking numbers appear in the caption of this proceeding, however, commenters must transmit one electronic copy of the comments to each docket or rule making number referenced in the caption. In completing the transmittal screen, commenters should include their full name, U.S. Postal Service mailing address, and the applicable docket or rulemaking number. Parties may also submit an electronic comment by Internet e-mail. To get filing instructions for e-mail comments, commenters should send an E-mail to [ecfs@fcc.gov](mailto:ecfs@fcc.gov), and should including the following words in the body of the message, "get form <your e-mail address>." A sample form and directions will be sent in reply.

57. Parties who choose to file by paper must file an original and four copies of each filing. If more than one docket or rule making number appear in the caption of this proceeding, commenters must submit two additional copies for each additional docket or rule making number. Filings can be sent by hand or messenger delivery, by commercial overnight courier, or by first-class or overnight U.S. Postal Service mail (although we continue to experience delays in receiving U.S. Postal Service mail). The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered paper filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, DC 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to 445 12th Street, SW, Washington, DC 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission. Comments and reply comments will be available for public inspection during regular business hours in the FCC Reference Center of the Federal Communications Commission, Room TW-A306, 445 12th Street, S.W., Washington, D.C. 20554.

58. Parties who choose to file by paper should also submit their comments on diskette. These diskettes should be submitted to the Commission's Secretary, Marlene H. Dortch, Office of the Secretary, Federal Communications Commission. The Commission's contractor, Natek, Inc., will receive hand-delivered or messenger-delivered diskette filings for the Commission's Secretary at 236 Massachusetts Avenue, N.E., Suite 110, Washington, DC 20002. The filing hours at this location are 8:00 a.m. to 7:00 p.m. All hand deliveries must be held together with rubber bands or fasteners. Any envelopes must be

<sup>131</sup> See generally 47 C.F.R. §§ 1.1202, 1.1203, 1.1206(a).

disposed of before entering the building. Commercial overnight mail (other than U.S. Postal Service Express Mail and Priority Mail) must be sent to 9300 East Hampton Drive, Capitol Heights, MD 20743. U.S. Postal Service first-class mail, Express Mail, and Priority Mail should be addressed to: 445 12th Street, SW, Washington, DC 20554. All filings must be addressed to the Commission's Secretary, Office of the Secretary, Federal Communications Commission. Such a submission should be on a 3.5-inch diskette formatted in an IBM compatible format using Word for Windows or compatible software. The diskette should be accompanied by a cover letter and should be submitted in "read only" mode. The diskette should be clearly labeled with the commenter's name, the docket number of this proceeding, type of pleading (comment or reply comment), date of submission, and the name of the electronic file on the diskette. The label should also include the following phrase "Disk Copy - Not an Original." Each diskette should contain only one party's pleading, preferably in a single electronic file. In addition, commenters must send diskette copies to the Commission's copy contractor, Qualex International, Portals II, 445 12th Street, S.W., Room CY-B402, Washington, D.C. 20554.

59. Accessible formats (computer diskettes, large print, audio recording and Braille) are available to persons with disabilities by contacting Brian Millin, of the Consumer & Governmental Affairs Bureau, at (202)418-7426, TTY (202) 418-7365, or at [bmillin@fcc.gov](mailto:bmillin@fcc.gov). This Further Notice can be downloaded in ASCII Text format at: <http://www.fcc.gov/wftb>.

#### **E. Further Information**

60. For further information concerning this Further Notice of Proposed Rulemaking, contact: Jennifer Salhus, Attorney Advisor, Policy Division, Wireless Telecommunications Bureau, at (202) 418-1310 (voice) or (202) 418-1169 (TTY) or Pam Slipakoff, Attorney Advisor, Telecommunications Access Policy Division, Wireline Competition Bureau at (202) 418-1500 (voice) or (202) 418-0484 (TTY).

#### **VI. ORDERING CLAUSES**

61. Accordingly, IT IS ORDERED THAT, pursuant to sections 4(i) and 10 of the Communications Act of 1934, as amended, 47 U.S.C. sections 154(i) and 160, the Petitions for Declaratory Ruling filed by CTIA on January 23, 2003, and May 13, 2003, are GRANTED to the extent stated herein.

62. IT IS FURTHER ORDERED that the Commission's Consumer and Governmental Affairs Bureau, Reference Information Center, SHALL SEND a copy of this Notice, including the Initial Regulatory Flexibility Analysis, to the Chief Counsel for Advocacy of the Small Business Administration.

FEDERAL COMMUNICATIONS COMMISSION

Marlene H. Dortch  
Secretary

**APPENDIX A****List of Parties****A. January 23<sup>rd</sup> Petition****Comments**

ALLTEL  
AT&T  
AT&T Wireless  
BellSouth  
California Public Utilities Commission (CA PUC)  
CenturyTel, Inc.  
Fred Williamson & Associates  
Illinois Citizens Utility Board  
Independent Alliance  
Michigan Exchange Carriers Association  
Midwest Wireless  
National Exchange Carrier Association and National Telephone Cooperative Association (NECA & NTCA)  
Nebraska Rural Independent Companies  
New York State Department of Public Service (NY DPS)  
Nextel  
Ohio Public Utilities Commission (Ohio PUC)  
Organization for the Promotion and Advancement of Small Telecommunications Companies (OPASTCO)  
Rural Telecommunications Group (RTG)  
SBC  
TCA, Inc  
Texas 911 Agencies  
T-Mobile  
United States Telecom Association (USTA)  
United States Cellular (US Cellular)  
WorldCom

**Reply Comments**

AT&T  
AT&T Wireless  
BellSouth  
CA PUC  
Cingular Wireless  
CTIA  
Fred Williamson & Associates  
McLeod USA Telecommunications Services  
Mid-Missouri Cellular  
Bernie Moskal  
South Dakota Telecommunications Association  
Sprint  
T-Mobile  
USTA



Valor Telecommunications Enterprises  
Virgin Mobile

**B. May 13<sup>th</sup> Petition****Comments**

ALLTEL  
AT&T  
AT&T Wireless  
BellSouth  
CA PUC  
Cincinnati Bell Wireless  
Cingular Wireless  
City of New York  
First Cellular of Southern Illinois  
Illinois Citizens Utility Board  
Independent Alliance  
Missouri Independent Telephone Group  
Nebraska Public Service Commission  
NENA  
Nextel  
Ohio PUC  
OPASTCO  
Qwest  
Rural Cellular Association  
Rural Iowa Independent Telephone Association  
RTG  
SBC  
Sprint  
T-Mobile  
Triton PCS  
USTA  
Verizon  
Verizon Wireless  
Virgin Mobile  
Western Wireless  
Wireless Consumers Alliance

**Reply Comments**

ALLTEL  
ALTS  
AT&T  
AT&T Wireless  
Cellular Mobile Systems of St. Cloud, LLC  
Cingular Wireless  
CTIA  
ENMR-Plateau  
Illinois Citizens Utility Board

Missouri Independent Telephone Group  
NTCA  
NTELOS Inc.  
T-Mobile  
South Dakota Telecommunications Association  
Sprint  
US Cellular  
USTA  
Verizon  
Verizon Wireless  
XIT Cellular

## APPENDIX B

**Initial Regulatory Flexibility Analysis  
Further Notice of Proposed Rulemaking  
CC Docket No. 95-116**

1. As required by the Regulatory Flexibility Act, as amended (RFA),<sup>132</sup> the Commission has prepared this Initial Regulatory Flexibility Analysis (IRFA) of the possible significant economic impact on a substantial number of small entities by the policies and rules proposed in this Further Notice of Proposed Rulemaking (Further Notice), CC Docket No. 95-116. Written public comments are requested on this IRFA. Comments must be identified as responses to the IRFA and must be filed by the deadlines for comments on the Further Notice. The Commission will send a copy of the Further Notice, including this IRFA, to the Chief Counsel for Advocacy of the Small Business Administration. See 5 U.S.C. § 603(a). In addition, the Further Notice and IRFA (or summaries thereof) will be published in the *Federal Register*.<sup>133</sup>

**A. Need for, and Objectives of, the Proposed Rules**

2. The Further Notice seeks comment on how to facilitate wireless-to-wireline porting where the rate center associated with the wireless number and the rate center in which the wireline carrier seeks to serve the customer do not match. The Further Notice also seeks comment on whether the Commission should reduce the current four-business day porting interval for intermodal porting.

**B. Legal Basis for Proposed Rules**

3. The proposed action is authorized under Section 52.23 of the Commission's rules, 47 C.F.R. § 52.23, and in Sections 1, 3, 4(i), 201, 202, 251 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 153, 154(i), 201-202, and 251.

**C. Description and Estimate of the Number of Small Entities To Which the Proposed Rules Will Apply**

4. The RFA directs agencies to provide a description of and, where feasible, an estimate of the number of small entities that may be affected by the proposed rules, if adopted.<sup>134</sup> The RFA generally defines the term "small entity" as having the same meaning as the terms "small business," "small organization," and "small governmental jurisdiction."<sup>135</sup> In addition, the term "small business" has the same meaning as the term "small business concern" under Section 3 of the Small Business Act.<sup>136</sup> Under the Small business Act, a "small business concern" is one that: (1) is independently owned and operated; (2) is not dominant in its field of operation; and (3) satisfies any additional criteria established

<sup>132</sup> See 5 U.S.C. § 603. The RFA, see 5 U.S.C. §§ 601-612, has been amended by the Small Business Regulatory Enforcement Fairness Act of 1996 (SBREFA), Pub. L. No. 104-121, Title II, 110 Stat. 857 (1996).

<sup>133</sup> See 5 U.S.C. § 603(a).

<sup>134</sup> See 5 U.S.C. § 603(b)(3).

<sup>135</sup> 5 U.S.C. § 601(6).

<sup>136</sup> 5 U.S.C. § 601(3) (incorporating by reference the definition of "small business concern" in the Small Business Act, 15 U.S.C. § 632). Pursuant to 5 U.S.C. § 601(3), the statutory definition of a small business applies "unless an agency, after consultation with the Office of Advocacy of the Small Business Administration and after opportunity for public comment, establishes one or more definitions of such term which are appropriate to the activities of the agency and publishes such definitions(s) in the Federal Register."

by the Small Business Administration (SBA).<sup>137</sup> A small organization is generally "any not-for-profit enterprise which is independently owned and operated and is not dominant in its field."<sup>138</sup> Nationwide, as of 1992, there were approximately 275,801 small organizations.<sup>139</sup>

5. **Incumbent Local Exchange Carriers.** We have included small incumbent local exchange carriers LECs in this RFA analysis. As noted above, a "small business" under the RFA is one that, *inter alia*, meets the pertinent small business size standard (e.g., a telephone communications business having 1,500 or fewer employees), and "is not dominant in its field of operation."<sup>140</sup> The SBA's Office of Advocacy contends that, for RFA purposes, small incumbent LECs are not dominant in their field of operation because any such dominance is not "national" in scope.<sup>141</sup> We have therefore included small incumbent LECs in this RFA analysis, although we emphasize that this RFA action has no effect on the Commission's analyses and determinations in other, non-RFA contexts. According to the FCC's *Telephone Trends Report* data, 1,337 incumbent local exchange carriers reported that they were engaged in the provision of local exchange services.<sup>142</sup> Of these 1,337 carriers, an estimated 1,032 have 1,500 or fewer employees and 305 have more than 1,500 employees.<sup>143</sup>

6. **Competitive Local Exchange Carriers.** Neither the Commission nor the SBA has developed a specific small business size standard for providers of competitive local exchange services. The closest applicable size standard under the SBA rules is for Wired Telecommunications Carriers. Under that standard, such a business is small if it has 1,500 or fewer employees.<sup>144</sup> According to the FCC's *Telephone Trends Report* data, 609 companies reported that they were engaged in the provision of either competitive access provider services or competitive local exchange carrier services.<sup>145</sup> Of these 609 companies, an estimated 458 have 1,500 or fewer employees and 151 have more than 1,500 employees.<sup>146</sup>

7. **Wireless Service Providers.** The SBA has developed a size standard for small businesses within the two separate categories of Cellular and Other Wireless Telecommunications or Paging. Under

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<sup>137</sup> 15 U.S.C. § 632.

<sup>138</sup> *Id.* § 601(4).

<sup>139</sup> Department of Commerce, U.S. Bureau of the Census, 1992 Economic Census, Table 6 (special tabulation of data under contract to Office of Advocacy of the U.S. Small Business Administration).

<sup>140</sup> 5 U.S.C. § 601(3).

<sup>141</sup> See Letter from Jere W. Glover, Chief Counsel for Advocacy, SBA, to Chairman William E. Kennard, FCC (May 27, 1999). The Small Business Act contains a definition of "small business concern," which the RFA incorporates into its own definition of "small business." See 5 U.S.C. § 632(a) (Small Business Act); 5 U.S.C. 601(3) (RFA). SBA regulations interpret "small business concern" to include the concept of dominance on a national basis. 13 C.F.R. § 121.102(b).

<sup>142</sup> FCC, Wireline Competition Bureau, Industry Analysis and Technology Division, *Trends in Telephone Service*, at Table 5.3, p 5-5 (Aug. 2003) (*Telephone Trends Report*).

<sup>143</sup> *Id.*

<sup>144</sup> 13 C.F.R. § 121.201, NAICS code 513310.

<sup>145</sup> Telephone Trends Report, Table 5.3.

<sup>146</sup> *Id.*

that standard, such a business is small if it has 1,500 or fewer employees.<sup>147</sup> According to the FCC's *Telephone Trends Report* data, 719 companies reported that they were engaged in the provision of wireless telephony.<sup>148</sup> Of these 719 companies, an estimated 294 have 1,500 or fewer employees and 425 have more than 1,500 employees.

**D. Description of Projected Reporting, Recordkeeping, and Other Compliance Requirements for Small Entities.**

8. To address concerns regarding wireline carriers' ability to compete for wireless customers through porting, future rules may change wireline porting guidelines. In addition, future rules may require wireline carriers to reduce the length of the current wireline porting interval for ports to wireless carriers. These potential changes may impose new obligations and costs on carriers.<sup>149</sup> Commenters should discuss whether such changes would pose an unreasonable burden on any group of carriers, including small entity carriers.

**E. Steps Taken to Minimize Significant Economic Impact on Small Entities, and Significant Alternatives Considered**

9. The RFA requires an agency to describe any significant alternatives that it has considered in reaching its proposed approach, which may include the following four alternatives (among others): (1) the establishment of differing compliance or reporting requirements or timetables that take into account the resources available to small entities; (2) the clarification, consolidation, or simplification of compliance or reporting requirements under the rule for small entities; (3) the use of performance, rather than design, standards; and (4) an exemption from coverage of the rule, or any part thereof, for small entities.<sup>150</sup>

10. The Further Notice reflects the Commission's concern about the implications of its regulatory requirements on small entities. Particularly, the Further Notice seeks comment on the concern that wireline carriers, including small wireline carriers, have expressed that permitting wireless carriers to port numbers wherever their rate center overlaps the rate center in which the number is assigned would give wireless carriers an unfair competitive advantage over wireline carriers. Wireline carriers contend that while permitting porting outside of wireline rate center boundaries may facilitate widespread wireline-to-wireless porting, wireless-to-wireline porting can only occur in cases where the wireless customer is physically located in the wireline rate center associated with the phone number. If the customer's physical location is outside the rate center associated with the number, porting the number to a wireline telephone at the customer's location could result in calls to and from that number being rated as toll calls. As a result, LECs assert, they are effectively precluded from offering wireless-to-wireline porting to those wireless subscribers who are not located in the wireline rate center associated with their wireless numbers.

11. The Further Notice seeks comment on how to facilitate wireless-to-wireline porting when the location of the wireline facilities serving the customer requesting the port is not in the rate center where the wireless number is assigned. The Further Notice seeks comment on whether there are technical or regulatory obstacles that prevent wireline carriers from porting-in wireless numbers when the rate center associated with the number and the customer's physical location do not match. The Further Notice

<sup>147</sup> 13 C.F.R. § 121.201, NAICS code 513322.

<sup>148</sup> Telephone Trends Report, Table 5.3.

<sup>149</sup> See e.g., Further Notice, paras. 41, 48-49.

<sup>150</sup> See 5 U.S.C. § 603.

asks commenters that contend that such obstacles exist and result in a competitive disadvantage to submit proposals to mitigate these obstacles.

12. In addition, the Further Notice seeks comment on alternative methods to facilitate wireless-to-wireline porting. To the extent that wireless-to-wireline porting may raise issues regarding the rating of calls to and from the ported number when the rate center of the ported number and the physical location of the customer do not match, the Further Notice seeks comment on the extent to which wireline carriers should absorb the cost of allowing the customers with a number ported from a wireless carrier to maintain the same local calling area that the customer had with the wireless service provider. Alternatively, the Further Notice seeks comment about whether wireline carriers may serve customers with numbers ported from wireless carriers on a Foreign Exchange (FX) or Virtual FX basis. The Further Notice seeks comment on the procedural, technical, and regulatory implications of each of these approaches. These questions provide an excellent opportunity for small entity commenters and others concerned with small entity issues to describe their concerns and propose alternative approaches.

13. The Further Notice also seeks comment about whether the Commission should require wireline carriers to reduce the length of the current wireline porting interval for ports to wireless carriers. The Further Notice analyzes the current wireline porting interval and seeks comment about whether there are technical or practical impediments to requiring wireline carriers to achieve shorter porting intervals for intermodal porting. The Further Notice recognizes that, if a reduced porting interval was adopted, carriers may need additional time to modify and test their systems and procedures. Accordingly, the Further Notice seeks comment on an appropriate transition period in the event a shorter porting interval is adopted.

14. Throughout the Further Notice, the Commission emphasizes in its request for comment, the individual impacts on carriers as well as the critical competition goals at the core of this proceeding. The Commission will consider all of the alternatives contained not only in the Further Notice, but also in the resultant comments, particularly those relating to minimizing the effect on small businesses.

**F. Federal Rules that Overlap, Duplicate, or Conflict with the Proposed Rules**

15. None.

## SEPARATE STATEMENT OF CHAIRMAN MICHAEL K. POWELL

Re: *In re Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; CC Docket No. 95-116*

After today it's easier than ever to cut the cord. By firmly endorsing a customer's right to untether themselves from the wireline network – and take their telephone number with them – we act to eliminate impediments to competition between wireless and wireline services. Seamless wireline-to-wireless porting is another landmark on the path to full fledged facilities-based competition.

Our action promises significant consumer benefits for wireline and wireless customers. I have heard the concerns expressed by some wireline providers that wireline network architectures and state-imposed rate centers complicate number portability. This proceeding has undoubtedly focused the Commission's attention on these issues. State regulators have long been champions of local number portability and I appreciate their support. I look forward, however, to working with my colleagues in the states to remove additional barriers to inter-modal local number portability such as the difficulty of some providers to consolidate rate centers to more accurately match wireless carrier service areas.

In the end, the consumer benefits associated with inter-modal LNP convince me that the time for Commission action is now. No doubt there will be some bumps in the road to implementation, but I trust that carriers will use their best efforts to ensure consumers have the highest quality experience possible. I look forward to the Commission's November 24<sup>th</sup> trigger for this obligation and to working with my colleagues to ensure that full wireline to wireless portability is a reality for all consumers everywhere.

**SEPARATE STATEMENT OF  
COMMISSIONER KATHLEEN Q. ABERNATHY**

*Re: Telephone Number Portability – CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, CC Docket No. 95-116*

This Order removes the final roadblocks to implementing wireline-to-wireless number portability, which is an important step in facilitating intermodal competition. The Commission mandated local number portability (LNP) within and across the wireline and wireless platforms, where technically feasible, with the goal of maximizing consumer choice. As of November 24, 2003, this goal will become a reality: Most consumers who seek to switch wireless providers or to move from a local exchange carrier to a wireless carrier will be able to retain their existing telephone numbers. While I expressed sympathy in the past to arguments that the November 24 deadline was premature, our present focus must be on implementation, and the foregoing Order provides much-needed clarity regarding the parties' obligations.

I recognize that wireline network architecture and state rating requirements will prevent many (if not most) consumers from porting wireless numbers to wireline carriers. Although, in the short term, wireline carriers will have more limited opportunities to benefit from intermodal LNP than wireless carriers will, I was simply not willing to block consumers from taking advantage of the porting opportunities that are technologically feasible today. I am hopeful that existing obstacles to wireless-to-wireline porting will be addressed as expeditiously as possible through technological upgrades and, where necessary, state regulatory changes.

Finally, I am pleased that the Commission is stepping up its consumer outreach efforts on the issues of wireless and intermodal LNP. To this end, I commend the recent proactive efforts of the Wireless Telecommunications Bureau and the Consumer and Government Bureau to educate the public about our LNP rules. I am also pleased with the recent efforts of industry to reach out to consumers so that they understand what number-porting opportunities are available to them. For consumers to benefit from our expanded LNP regime, it is imperative for them to have sufficient information to make the most appropriate choices for themselves.



**SEPARATE STATEMENT OF  
COMMISSIONER MICHAEL J. COPPS**

Re: *Telephone Number Portability CTIA Petitions for Declaratory Ruling  
on Wireline-Wireless Porting Issues (CC Docket No. 95-116)*

With today's action, consumers are assured that intermodal telephone number portability will begin, at last, to become a reality later this month. After numerous delays, consumers are on the verge of enjoying the significant new ability to take their current telephone numbers with them when they switch between carriers and technologies. This gives consumers much sought-after flexibility and it provides further competitive stimulus to telephone industry competition. This makes it a win-win situation for consumers and businesses alike.

It was some seven years ago, in the 1996 Act, when Congress recognized that the ability of consumers to retain their phone numbers when switching providers would facilitate the development of competition. Congress instructed us to get this job done and to use "technical feasibility" as our guide in making sure the vision became reality. This we have labored mightily to do. As a result, American consumers will be able to take their digits with them, unimpeded by the hassle, loss of identity and attendant expenses that until now have accompanied switching between service providers and technologies.

The bulk of the problems accompanying the challenge of porting numbers are behind us now. A very limited few remain and these are the subject of the Further Notice of Proposed Rulemaking also approved today. I am confident that these can be handled expeditiously if all interested parties work together. Similarly, any minor implementation problems that develop should be amenable to swift and cooperative corrective actions. It has taken considerable cooperation to bring us to this important point, and I believe consumer support for porting will encourage all parties to reach quick resolution of the few remaining challenges.

Finally, it is difficult to see how we are ever going to have true intermodal competition in the telephone industry apart from initiatives like the one we embark on today. Intermodal competition always receives strong rhetorical support. Today it gets some action, too.

**SEPARATE STATEMENT OF  
COMMISSIONER KEVIN J. MARTIN**

*Re: Telephone Number Portability, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, CC Docket No. 95-116*

I am pleased to support this item because it provides important consumer benefits by promoting competition in the wireline telephone market. One of the primary reasons I supported wireless local number portability is the additional competition it is likely to encourage in the wireline market. *See* Press Statement of Commissioner Kevin J. Martin on the Commission's Decision on Verizon's Petition for Permanent Forbearance from Wireless Local Number Portability Rules (July 16, 2002). As I stated last year, the ability to transfer a wireline phone number to a wireless phone is an important part of ensuring that competition with wireline phones continues to grow. I am glad that today the full Commission agrees.

I am disappointed, however, that the Commission was not able to provide this guidance until weeks before the LNP requirement is scheduled to take effect. The Commission has an obligation to minimize the burdens our regulations place on carriers, and I wish we had provided the guidance in this Order considerably sooner.

Finally, I recognize that LNP – although very important for consumers – places real burdens on the carriers, particularly the small and rural carriers. Accordingly, I support the decision to waive our full porting requirements until May 24, 2004, for wireline carriers operating in areas outside of the largest 100 MSAs. I am also pleased that we emphasize that those wireline carriers may file waiver requests if they need additional time.

**SEPARATE STATEMENT OF  
COMMISSIONER JONATHAN S. ADELSTEIN**

*Re: In re Telephone Number Portability; CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues; CC Docket No. 95-116*

I am pleased to support this Order because it clarifies that our rules and policies provide for enhanced number portability opportunities for American consumers. Specifically, we enable consumers to port their wireline telephone numbers to local wireless service providers. We also affirm that wireless carriers are required to port telephone numbers to wireline carriers but recognize that wireline carriers are only able to receive those numbers from wireless carriers on a limited basis. Finally, we rightly seek comment on how to deal with these limitations and further facilitate wireless-to-wireline porting.

I believe that our decision is consistent with Section 251(b) of the Communications Act, which requires local exchange carriers (LECs) to provide local number portability to the extent technically feasible. However, I do recognize that there may be certain limitations on the ability of the nations' smallest LECs to technically provide local number portability. In this regard, I am extremely pleased we made the decision to waive until May 24, 2004, the requirement of LECs operating in areas outside of the largest 100 MSAs to port numbers to wireless carriers that do not have a point of interconnection or numbering resource in the rate center where the LEC customer's wireline number is provisioned.

I recognize that there may be other compelling circumstances that make it disproportionately difficult for these same LECs to provide full number portability. Consequently, I am pleased we agreed to the language in the item recognizing that those wireline carriers may need to file additional waivers of our LNP requirement.

I remain concerned, however, that today's clarification of our LNP rules and obligations will exacerbate the so-called "rating and routing" problem for wireless calls that are rated local, but are in fact carried outside of wireline rate centers. While I appreciate the language in the Order that clarifies that ported numbers must remain rated to the original rate center, the rating and routing issue continues to remain unresolved for rural wireline carriers as well as neighboring LECs and the wireless carriers whose calls are being carried. I believe that we must redouble our efforts to resolve this critical intercarrier compensation issue as quickly and comprehensively as possible.

Finally, I take very seriously the concerns of those wireline carriers that have argued wireline-to-wireless number portability should be limited pending the resolution of issues associated with full wireless-to-wireline porting. While I do not believe that these concerns outweigh the very significant benefits to American consumers that our clarification provides today, I do want to highlight my keen interest in working both with industry and the Chairman and my fellow Commissioners on solutions to address this inequity. The Commission should constantly strive to level the proverbial playing field, and the situation presented by our LNP rules and policies should not be any different.

	Allamore Shillock	Amador Bridge	Butte GRS	Calaveras GRS	Colusa GRS	Golden Gate Kern	Mariposa Kern	Merced Kern	Middle Kern	Monterey County	San Joaquin County	Stanislaus County	Valley County	Western County
LNP Non-recurring Costs	\$ 97,248	\$ 94,475	\$ 16,612	\$ 22,000	\$ 47,802	\$ 126,456	\$ 47,979	\$ 17,152	\$ 68,160	\$ 29,350	\$ 82,956	\$ 6,000	\$ 18,616	\$ 145,987
Switch Upgrade Costs	\$ 21,344	\$ 18,130	\$ 11,982	\$ 6,067	\$ 4,324	\$ 40,265	\$ 20,426	\$ 15,625	\$ 3,229	\$ 15,318	\$ 17,815	\$ 4,656	\$ 15,455	\$ 8,589
Internal Business Procedure Changes	\$ 2,350	\$ 3,651	\$ 5,289	\$ 6,000	\$ 2,760	\$ 4,754	\$ 3,000	\$ 3,912	\$ 4,247	\$ 4,915	\$ 3,651	\$ 3,170	\$ 2,578	\$ 2,652
Inter-carrier Testing	\$ 15,000	\$ 15,000	\$ 15,000	\$ 5,108	\$ 5,000	\$ 15,000	\$ 15,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 15,065	\$ 15,000	\$ 15,000	\$ 15,000
Other Internal Costs	\$ -	\$ 190	\$ 190	\$ 368	\$ 190	\$ -	\$ -	\$ -	\$ 190	\$ -	\$ -	\$ -	\$ -	\$ 190
LNP Query set up	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SOA Non-recurring set up charge	\$ 4,301	\$ 1,768	\$ 1,062	\$ 995	\$ 698	\$ 15,510	\$ 825	\$ 1,410	\$ 1,094	\$ 1,289	\$ 2,921	\$ 718	\$ 1,978	\$ 933
Customer Notification Costs	\$ 140,243	\$ 133,214	\$ 50,125	\$ 40,538	\$ 70,774	\$ 201,985	\$ 87,230	\$ 53,089	\$ 91,920	\$ 66,082	\$ 122,408	\$ 29,544	\$ 53,627	\$ 173,351
Total Non-recurring Costs excluding transport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Non recurring transport charges	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Non-recurring Costs including transport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LNP Monthly Recurring Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SOA Monthly Charge	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LNP Query Costs per month	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Switch Maintenance Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Monthly Costs	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recurring Monthly Costs excluding Transport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Recurring Monthly Costs including Transport	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Monthly Cost Calculations per line	\$ 3,067	\$ 2,913	\$ 1,095	\$ 886	\$ 1,548	\$ 4,417	\$ 1,907	\$ 1,161	\$ 2,010	\$ 1,445	\$ 2,677	\$ 646	\$ 1,173	\$ 3,791
Total Nonrecurring cost per month excluding transport amortized over 5 years	\$ 3,067	\$ 2,913	\$ 1,105	\$ 885	\$ 1,548	\$ 4,417	\$ 1,907	\$ 1,161	\$ 2,019	\$ 1,463	\$ 2,677	\$ 646	\$ 1,173	\$ 3,799
Total Nonrecurring cost per month including transport amortized over 5 years	\$ 3,067	\$ 2,913	\$ 1,323	\$ 1,371	\$ 1,548	\$ 4,417	\$ 1,907	\$ 1,161	\$ 2,629	\$ 1,737	\$ 2,677	\$ 646	\$ 1,173	\$ 3,938
Total cost per month excluding transport	\$ 3,067	\$ 2,913	\$ 1,450	\$ 1,428	\$ 1,548	\$ 4,417	\$ 1,907	\$ 1,161	\$ 2,933	\$ 1,931	\$ 2,677	\$ 646	\$ 1,173	\$ 4,065
Total cost per month including transport	\$ 9,842	\$ 3,053	\$ 1,459	\$ 3,499	\$ 403	\$ 39,230	\$ 766	\$ 2,146	\$ 4,586	\$ 2,162	\$ 6,020	\$ 447	\$ 3,591	\$ 1,094
Access Lines - Total 2003	\$ 22	\$ 105	\$ 41	\$ 1,134	\$ 11	\$ 4,664	\$ 31	\$ 85	\$ 76	\$ 125	\$ 76	\$ 14	\$ 130	\$ 14
Access Lines - Lifeline	\$ 9,820	\$ 2,948	\$ 1,418	\$ 2,365	\$ 392	\$ 34,566	\$ 735	\$ 2,051	\$ 4,762	\$ 2,037	\$ 5,944	\$ 433	\$ 3,461	\$ 1,080
Surchargeable Access Lines	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LNP cost per line per month excluding transport	\$ 0.31	\$ 0.99	\$ 0.93	\$ 0.58	\$ 3.95	\$ 0.13	\$ 2.60	\$ 0.56	\$ 0.55	\$ 0.85	\$ 0.45	\$ 1.49	\$ 0.34	\$ 3.65
LNP cost per line per month including transport	\$ 0.31	\$ 0.99	\$ 1.02	\$ 0.80	\$ 3.95	\$ 0.13	\$ 2.60	\$ 0.56	\$ 0.62	\$ 0.95	\$ 0.45	\$ 1.49	\$ 0.34	\$ 3.76
Annual Discount Rate	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%	11.2500%
Monthly Discount Rate	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%
Ports Per Year	0	0	0	24	10	0	0	0	0	60	36	0	0	24

Confidential Information Pursuant to Agreement  
of the Parties and ARSD 20:10:01:42

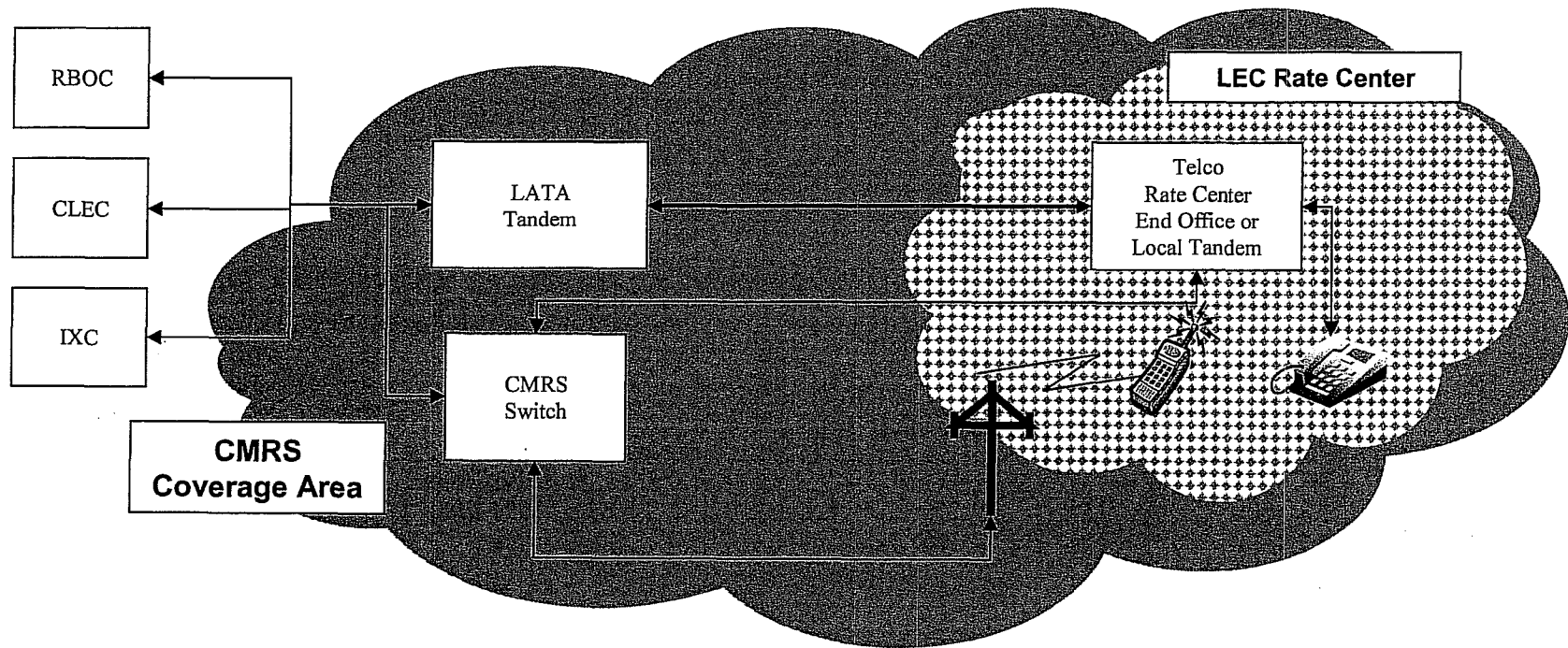
Notwithstanding to the changes from the original information

Confidential Information

	Brookings		Interstate		James Valley		Santel		Stockholm		Venture		West River	
	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring
<b>Switch-Related Investment Costs:</b>														
LNP Hardware Requirements	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,000	\$ -	\$ -	\$ -	\$ -	\$ -
LNP Software Features	\$ 187,000	\$ 76,264	\$ -	\$ -	\$ -	\$ -	\$ 20,560	\$ -	\$ 3,200	\$ 68,700	\$ -	\$ -	\$ 18,800	\$ -
Additional Software Features	\$ -	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 15,000	\$ 4,000	\$ -	\$ -	\$ -	\$ -
Additional Vendor Fees	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ 5,000	\$ -	\$ -	\$ 5,000	\$ -
Translations	\$ 25,000	\$ 27,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 10,000	\$ 30,000	\$ -	\$ -	\$ 10,000	\$ -
Technical Implementation and Testing	\$ 20,000	\$ 17,400	\$ 20,000	\$ 10,000	\$ 20,000	\$ 10,000	\$ 45,560	\$ -	\$ 10,000	\$ 20,000	\$ -	\$ -	\$ 10,000	\$ -
Subtotal	\$ 232,000	\$ 129,664	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 45,560	\$ -	\$ 78,200	\$ 127,700	\$ -	\$ -	\$ 43,800	\$ -
<b>NP-AC-Related Costs:</b>														
Service Order Administration	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LNP Queries	\$ 1,000	\$ 1,898	\$ 500	\$ 1,991	\$ 500	\$ 1,991	\$ 500	\$ 1,991	\$ 500	\$ 1,991	\$ 500	\$ 1,991	\$ 500	\$ 1,991
Connection Costs w/LNP Database	\$ 600	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150	\$ -	\$ 2,400	\$ -	\$ 150	\$ -
Subtotals	\$ 1,600	\$ 1,928	\$ 1,400	\$ 1,991	\$ 500	\$ 1,991	\$ 650	\$ 667	\$ 650	\$ 667	\$ 4,200	\$ 1,875	\$ 2,650	\$ 523
<b>Technical/Administrative Costs:</b>														
Testing/Verification of Each Ported Dial Number	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Translations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Administrative	\$ 10,000	\$ 8,000	\$ -	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ 5,000	\$ 8,000	\$ -	\$ -	\$ 10,000	\$ -
Regulatory	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -
Customer Care	\$ 10,000	\$ 80	\$ 5,000	\$ 80	\$ 41	\$ 80	\$ 10,000	\$ 80	\$ 10,000	\$ 2	\$ 5,000	\$ 50	\$ 10,000	\$ 2
Marketing/Informational Flyer	\$ 20,000	\$ 30,000	\$ -	\$ -	\$ 11,980	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 27,300	\$ -	\$ 15,000	\$ -
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing/Customer Care Software Upgrades	\$ 6,000	\$ 5,000	\$ -	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -
Subtotals	\$ 61,000	\$ 80	\$ 63,000	\$ 80	\$ 26,980	\$ 80	\$ 55,000	\$ 80	\$ 50,000	\$ 11	\$ 60,300	\$ 50	\$ 55,000	\$ 11
<b>Transport-Related Costs:</b>														
Wireless Carriers Point of Interconnection (POI)	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116
Mobile Telephone Switching Office POI Connection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dip (Minimum)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116	\$ 400	\$ 116
Total Estimated Costs Associated with LNP Implementation	\$ 295,000	\$ 2,126	\$ 194,464	\$ 2,189	\$ 47,880	\$ 640	\$ 101,610	\$ 806	\$ 129,250	\$ 114	\$ 193,000	\$ 2,043	\$ 101,850	\$ 593
<b>Monthly Cost Calculations per line</b>														
Total Nonrecurring cost per month excluding transport amortized over 5 years	\$ 6,442	\$ 4,244	\$ 1,038	\$ 2,213	\$ 1,047	\$ 2,222	\$ 2,818	\$ 2,826	\$ 4,203	\$ 4,220	\$ 2,218	\$ 2,227	\$ 2,218	\$ 2,227
Total Nonrecurring cost per month including transport amortized over 5 years	\$ 6,451	\$ 4,252	\$ 1,047	\$ 2,222	\$ 1,056	\$ 2,231	\$ 2,826	\$ 2,834	\$ 4,212	\$ 4,229	\$ 2,227	\$ 2,236	\$ 2,227	\$ 2,236
Total cost per month excluding transport	\$ 8,450	\$ 6,315	\$ 1,619	\$ 2,960	\$ 1,619	\$ 2,960	\$ 2,926	\$ 2,926	\$ 6,128	\$ 6,128	\$ 2,752	\$ 2,752	\$ 2,752	\$ 2,752
Total cost per month including transport	\$ 8,577	\$ 6,442	\$ 1,687	\$ 3,028	\$ 1,687	\$ 3,028	\$ 2,940	\$ 2,940	\$ 6,263	\$ 6,263	\$ 2,820	\$ 2,820	\$ 2,820	\$ 2,820
Access Lines - Total 2003	14,057	14,057	14,529	14,529	3,992	3,992	4,827	4,827	714	714	13,666	13,666	3,763	3,763
Access Lines - Lifeline														
Surchargeable Access Lines	14,057	14,057	14,529	14,529	3,992	3,992	4,827	4,827	714	714	13,666	13,666	3,763	3,763
Total Estimated Costs Per Access Line	\$ 20.99	\$ 0.15	\$ 13.38	\$ 0.15	\$ 11.99	\$ 0.16	\$ 21.05	\$ 0.17	\$ 181.02	\$ 0.16	\$ 14.12	\$ 0.15	\$ 27.07	\$ 0.16
LNP cost per line per month excluding transport	\$ 0.60	\$ 0.67	\$ 0.43	\$ 0.49	\$ 0.41	\$ 0.45	\$ 0.61	\$ 0.69	\$ 4.10	\$ 4.59	\$ 0.45	\$ 0.50	\$ 0.73	\$ 0.82
LNP cost per line per month including transport	\$ 0.61	\$ 0.68	\$ 0.44	\$ 0.50	\$ 0.42	\$ 0.47	\$ 0.63	\$ 0.70	\$ 4.12	\$ 4.61	\$ 0.46	\$ 0.51	\$ 0.75	\$ 0.84
Annual Discount Rate	11.2500%	0.9375%	11.2500%	0.9375%	11.2500%	0.9375%	11.2500%	0.9375%	11.2500%	0.9375%	11.2500%	0.9375%	11.2500%	0.9375%
Monthly Discount Rate	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%	0.9375%
Ports Per Year	24	24	24	24	12	12	12	12	1	1	24	24	12	12

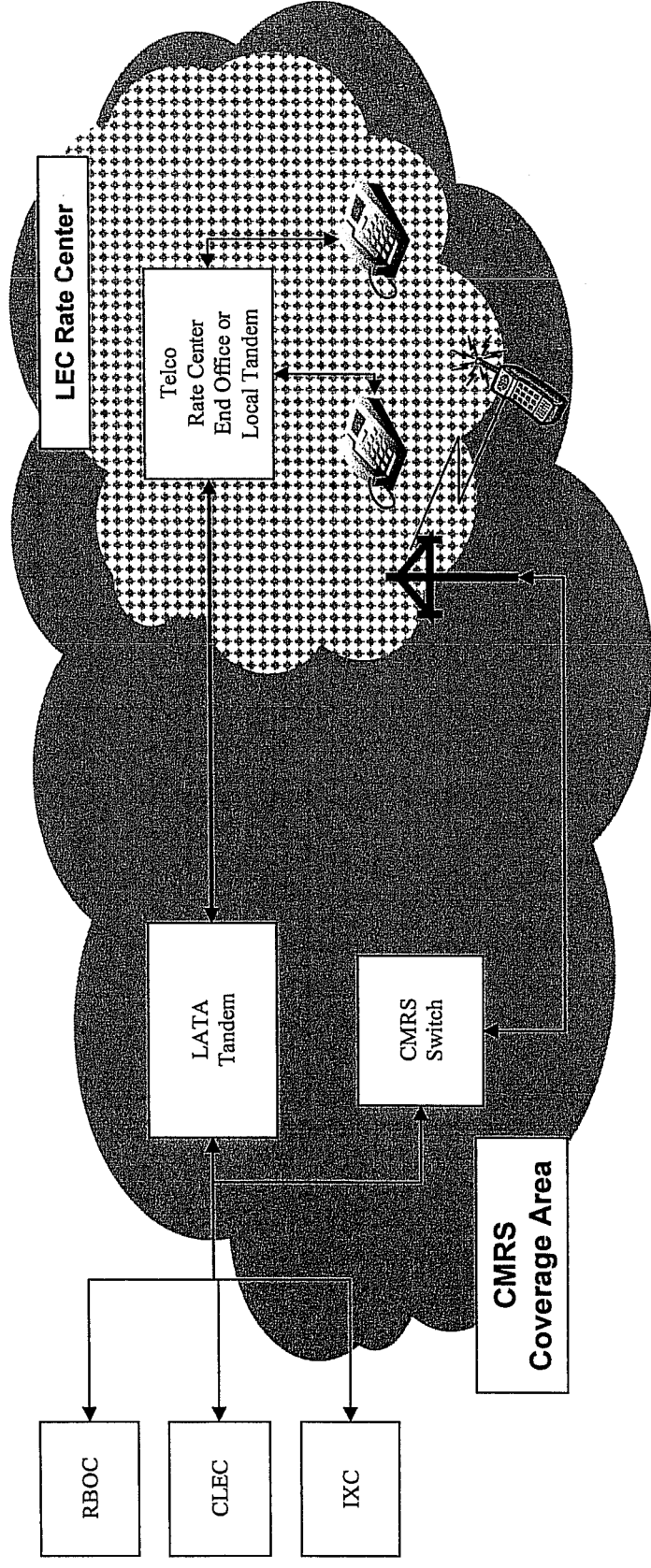
Confidential Information Pursuant to Agreement of the Parties and ARSD 20:10:01:42

# Post-Port Direct Routing

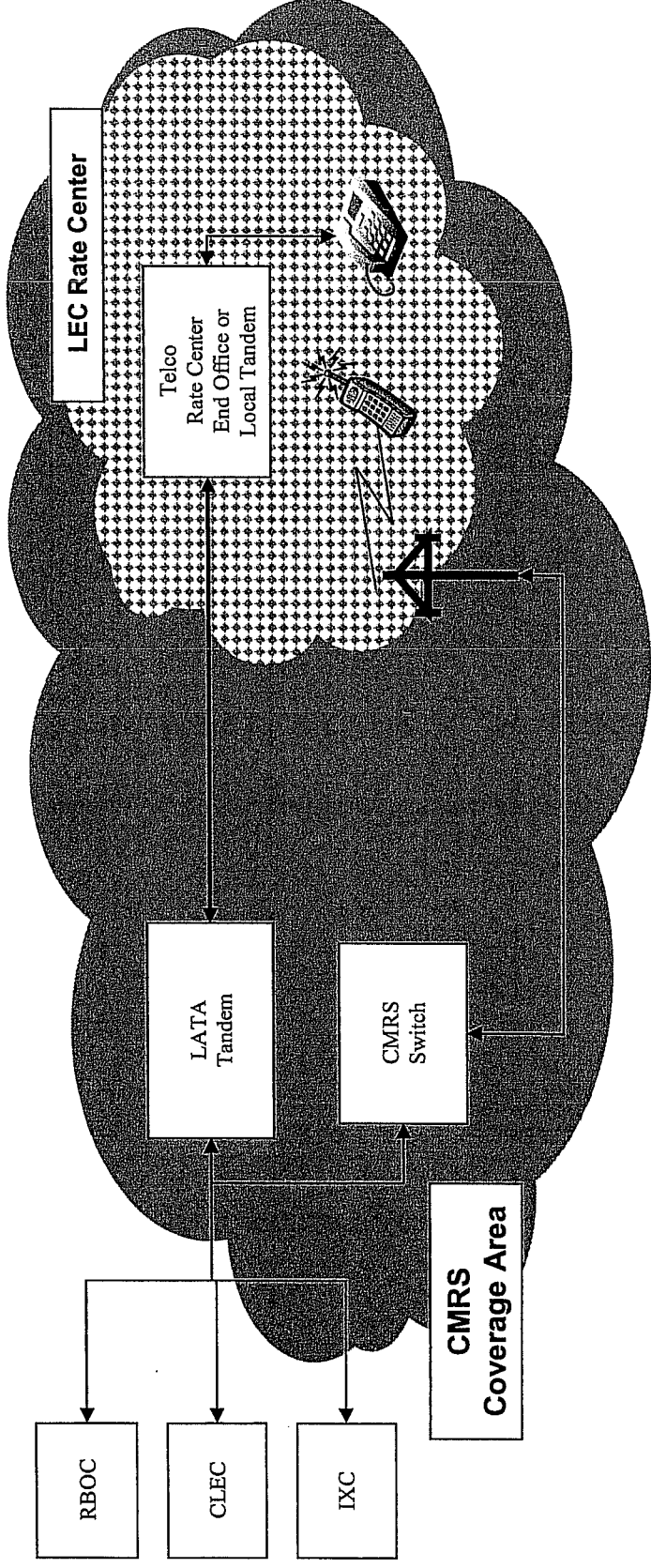


For Demonstrative Purposes Only – Western Wireless Corporation

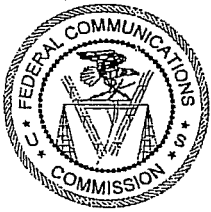
# Pre-Port Routing



# Post-Port Tandem Routing







Federal Communications Commission  
Consumer & Governmental Affairs Bureau  
Office of The Bureau Chief

**CGB**

06 May 2004

Via MAIL and FASCIMILE

The Honorable Stan Wise  
Commissioner, Georgia Public Service Commission  
President, National Association of Regulatory Utility Commissioners  
244 Washington Street, S.W.  
Atlanta, GA 30334

Dear Stan:

I want to express my deep appreciation for the efforts of National Association of Regulatory Utility Commissioners (NARUC) and its members in making the initial deployment of wireless number portability such a success. Since November 24, 2003, more than three million consumers have been able to choose a new wireless carrier or switch between a wireless and wireline carrier without having to sacrifice their telephone number. As you know, after May 24, 2004, consumers outside of the top markets will possess the power to make the same choice. In light of the approaching opportunity for *all* American consumers to take their phone numbers with them, I wanted to write you out of concern about certain rural wireline carriers' requests for waivers of their porting obligations that are pending in many states.

When considering requests to waive these important, consumer-friendly obligations, states should remain mindful of the tremendous customer benefits that porting generates. I know that NARUC and the FCC agree that the ability of wireless and wireline consumers to port their numbers remains central to producing competition, choice, lower costs, and increased innovation. These benefits are particularly important in rural areas where competition may be less robust than in more urban markets.

It is with those policies in mind that I hope that you, in your capacity as NARUC's president, will encourage state commissions to hold carriers that seek waivers of their porting obligations to the appropriate standard of review. At this point, I understand that many rural wireline carriers have sought waivers of their obligations, and that, in some cases, waivers have been granted. Of course, states have jurisdiction to waive porting obligations for certain rural telephone companies under Section 251(f) of the Telecommunications Act of 1996, where carriers demonstrate undue economic burden or technological infeasibility. I think we can agree that the State commissions should strictly apply that statutory standard so that the rights of consumers are protected. I encourage the State commissions to ensure that carriers seeking waivers demonstrate that they are on a path to compliance so that customers of these

carriers will not be forever denied the rights their fellow consumers enjoy. If relief were to be granted in the absence of extraordinary circumstances, or for indefinite periods, it would be a setback for rural consumers. It should be noted that some of the same carriers that now seek to have their porting obligations waived have long known that they would, absent a demonstration of undue burden, be required to provide porting to both wireline and wireless carriers.

As we approach the May 24, 2004 deadline for nationwide local number portability deployment, the FCC looks forward to working with NARUC and the State Commissions to make sure that the interests of the American consumer are protected. Because of the publicity regarding the nationwide implementation of wireless and intermodal LNP, consumers in all markets will expect to receive its benefits. Where it is deemed appropriate to grant relief, it is important that consumers be educated so that they can make informed decisions as to their telephone service.

I would be happy to discuss this issue further with you or any of your members in the coming weeks.

Sincerely yours,

A handwritten signature in black ink, appearing to read "K. Dane Snowden", with a long horizontal flourish extending to the right.

K. Dane Snowden  
Chief  
Consumer & Governmental Affairs Bureau

CC: Commissioner Robert Nelson, Chair, Telecommunications Committee, NARUC  
Commissioner Carl Wood, Chair, Consumer Affairs Committee, NARUC  
John Muleta, Chief, Wireless Telecommunications Bureau  
William Maher, Chief, Wireline Competition Bureau



A Publication of the NECA D.C. Office  
Washington Watch

Edited by Deborah Long

**March 18, 2004**

Past Issues

## NECA FILINGS

### NECA TARIFF FCC NO. 5

#### Transmittal No. 1018

3/17/2004 - NECA filed Transmittal No. 1018, revising its Tariff F.C.C. No. 5 to become effective April 1, 2004. This filing makes additions and miscellaneous changes to the listings of companies in the Title Pages, Optional Rate Plan Availability, DSL Access Services Availability and Federal Universal Service Charge sections.

### NECA TARIFF FCC NO. 5

#### Transmittal No. 1019

3/17/2004 - NECA filed Transmittal No. 1019, revising its Tariff F.C.C. No. 5 to become effective April 1, 2004. This filing adds Commonwealth Telephone Company to the list of companies applying Local Number Portability (LNP) End User Charges.

### NECA TARIFF FCC NO. 5

#### Transmittal No. 1020

3/17/2004 - NECA filed Transmittal No. 1020, revising its Tariff F.C.C. No. 5 to become effective April 1, 2004. This filing modifies NECA's Asynchronous Transfer Mode Cell Relay Access (ATM-CRS) and Digital Subscriber Line Access (DSL) Services. Specifically, this filing: 1) reduces the monthly rates for most existing ATM-CRS Port speeds, 2) introduces a third discount commitment level under the DSL Access Services Discount Pricing Arrangement, 3) introduces a non-chargeable optional function associated with ATM-CRS Ports enabling customers to transport Internet Protocol packets over the Telephone Company's network, and 4) removes the local exchange service copper-only requirement for ADSL and SDSL Access Services.

Studies show that as much as 20 % of minutes processed by end office switches is going unbilled. This unbilled "Phantom Traffic" is the focus of a one-day conference April 7, 2004 in Washington, DC. For more information please see the Conference Brochure

## FCC RELEASES

### LNP

#### **Order, CC Docket No. 95-116, DA 04-726**

3/17/2004 - The FCC has granted the requests of Cellular Telecommunications and Internet Association, Cingular Wireless, LLC, AT&T Wireless Services, Inc. and ALLTEL Communications, Inc. to withdraw their petition for a rulemaking asking the FCC to rescind the rule requiring commercial mobile radio service (CMRS) providers to provide local number portability.

### SECTION 272

#### **Report and Order, CC Docket Nos. 03-228, 96-149, 98-141, 96-149 and 01-337, FCC 04-54**

3/17/2004 - The FCC issued a Report and Order removing prohibition against sharing by BOCs and their section 272 affiliates of operating, installation, and maintenance (OI&M) functions. The Commission concluded that it should retain the prohibition against joint ownership by BOCs and their section 272 affiliates of switching and transmission facilities, or the land and buildings on which such facilities are located. The Commission dismissed as moot petitions filed by SBC and BellSouth, pursuant to section 10 of the Act, seeking forbearance from the OI&M sharing prohibition. The Commission also granted SBC's request for modification of the SBC/Ameritech Merger Order conditions related to OI&M services to the extent that these merger conditions are incorporated into the conditions of the SBC Advanced Services Forbearance Order

## INDUSTRY FILINGS

### USF

#### **Ex Parte, CC Docket Nos. 96-45, 98-171, 90-571, 92-237, 99-200, 95-116 and 98-170**

3/16/2004 - Representatives of Microsoft met with Commissioners Adelstein, Abernathy, Copps and Martin and their staff members to explain that policy makers should keep in mind that regulations adopted to suit the PSTN might not translate well into an IP-centric Framework. In terms of Universal Service funding mechanisms, Microsoft believes that either a numbers-based or connections-based approach would be better than today's mechanism, but should be considered only as an interim step.

### UNBUNDLED NETWORK ELEMENTS

#### **Ex Parte, CC Docket Nos. 01-338, 96-98 and 98-147**

3/17/2004 - In a letter to Commissioner Copps, Earthlink submitted a letter to explain its position on reconsideration of the line sharing unbundled network element rules in light of the D.C. Circuit Court's recent decision in USTA v. FCC. Earthlink states that line splitting is not a functional substitute for line sharing, nor is it a long-term competitive alternative to line sharing.

## FEDERAL REGISTER

### BIENNIAL REVIEW

#### **Notice, WC Docket No. 02-313, FCC 03-337, FR Doc 04-5657**

03/18/04 - The Commission has published a notice in the Federal Register setting the comment dates for its inquiry on whether certain rules should be repealed or modified because they are no longer necessary in the public interest. **Comments are due April 19, 2004. Reply Comments are due May 3, 2004.**

## OTHER NEWS

Speaking at a CITA forum on LNP issues, Wireless Bureau Assistant Chief David Firth said that the volume of actual number porting would not be the measure of success, but giving customers the option to port was most important. He indicated that carriers outside of the 100 largest MSA's should be testing and preparing for the May 24, 2004 LNP deadline and that the Commission would not be very sympathetic to last minute waiver requests. He said that the Bureau in its orders has resolved most of the implementation issues. However, if there were still a lack of clarity on certain issues, such as overlapping boundaries, after May 24 the Bureau would consider issuing further guidelines. Responding to questions, he indicated that rating and routing issues between carriers are not porting issues and are therefore not a valid reason for refusing to port. He said that if carriers are experiencing problems with non-compliance by certain carriers, those are enforcement issues and need to be called to the Commission's attention.

The Western Governors Association has sent a letter to Congressional leaders asking them to urge Congress to examine the current Universal Service Fund distribution formula for non-rural carriers, which serve both rural and non-rural areas. The Governors asked Congress to help remedy the imbalance in the distribution of funds. <http://www.westgov.org/wga/testim/usf-ltr3-17-04.pdf>

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**RECEIVED**

June 11, 2004

JUN 14 2004

### NEXT DAY DELIVERY

And Facsimile 1-605-773-3809

Pamela Bonrud

Executive Director

SD Public Utilities Commission

500 E Capitol Avenue

Pierre SD 57501

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

FAX Received JUN 11 2004

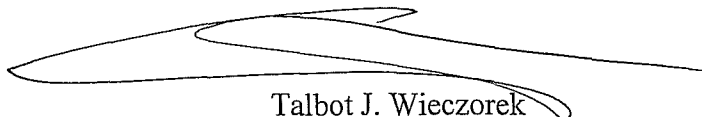
RE: In the Matter of Local Number Portability Obligations Docket No. TC 04-025;  
TC04-038; TC04-044 through TC04-056; TC04-060 through TC04-062;  
TC04-077; TC04-084 and TC04-085

Dear Ms. Bonrud:

Enclosed for filing please find the original and ten copies of WWC's Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs and Brief in Support of Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs.

If you have any questions, please call me.

Sincerely,



Talbot J. Wiczorek

TJW:klw

Enclosures

c: Western Wireless, Inc.  
Richard Coit  
Darla Pollman Rogers  
Jeff Larson  
David Gerdes  
Richard Helsper  
Ben Dickens  
James Cremer

FAX Received JUN 11 2004

**RECEIVED**

JUN 14 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITIONS  
FOR SUSPENSION OR MODIFICATION  
OF § 251(b)(2) OF THE  
COMMUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-025; TC04-038; TC04-044  
through TC04-056; TC04-060 through TC04-  
062; TC04-077; TC04-084; and TC04-085

**INTERVENOR'S MOTION TO COMPEL  
DISCOVERY OR IN THE ALTERNATIVE  
TO STRIKE PETITIONERS' PRE-FILED  
TESTIMONY REGARDING COSTS**

COMES now Intervenor Western Wireless, LLC, by and through its attorney, Talbot J. Wiczorek of Gunderson, Palmer, Goodsell & Nelson, and hereby moves the Court pursuant to SDCL §§15-6-26(a), 15-6-33 and 15-6-34 for an order compelling Petitioners to provide discovery to First Information Requests of Western Wireless. This motion has been raised for the following reason. Intervenor has requested certain cost information directly related to Petitioners' economic burden assertions. Specifically, Interrogatories numbered 4(a)(i); 4(a)(ii); 5(a)(iv); 5(a)(v); 5(a)(vi); 5(a)(vii); 5(a)(xiv); 5(a)(xv); 5(a)(xvi); 13(g); 16(a); 18; 19; 21; and Request for Production No. 3. All Petitioners asserted confidentiality as the basis for not disclosing the responsive information.

Thereafter, Western Wireless, LLC executed a Confidentiality Agreement covering the information requested. *See* Confidentiality Agreement attached as hereto as Exhibit 1. On May 21, 2004, Western Wireless, LLC provided each of the Petitioners with the Confidentiality Agreement and requested that Petitioners provide the confidential documents previously withheld. *See* correspondence from Intervenor's attorney, Talbot J. Wiczorek dated May 21,

2004, attached hereto as Exhibit 2. Petitioners have not supplemented their responses nor provided the requested information in any subsequently served information requests.

A brief citing Intervenor's arguments and supporting authorities is attached and incorporated herein by this reference.

WHEREFORE, Intervenor requests the Commission order Petitioners to comply with the aforementioned First Information Requests of Intervenor Western Wireless or, in the alternative, the Commission strike all cost testimony submitted by Petitioners regarding their costs.

Dated this 17 day of June, 2004.

GUNDERSON, PALMER, GOODSSELL  
& NELSON

By: 

Talbot J. Wiczorek  
Attorneys for Plaintiff  
P.O. Box 8045  
Rapid City, SD 57709-8045



**CERTIFICATE OF SERVICE**

I hereby certify that on the 11 day of June, 2004, I sent, by email and Next Day Delivery, a true and correct copy of **INTERVENOR'S MOTION TO COMPEL DISCOVERY OR IN THE ALTERNATIVE TO STRIKE PETITIONER'S PRE-FILE TESTIMONY REGARDING COSTS** to:

**dprogers@riterlaw.com**

Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
319 South Coteau Street  
PO Box 280  
Pierre, SD 57501

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Sioux Valley Telephone Co  
Golden West, Vivian Telephone Co and Kadoka  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
West River Cooperative Telephone Company  
Stockholm-Strandburg Telephone Company  
Tri-County Telcom  
Cheyenne Sioux Tribe

**jdlarson@santel.net**

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Larson and Nipe  
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**Attorney for:**

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**rjh1@brookings.net**

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And

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Blooston, Mordkofsy  
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**Attorneys for:**

Brookings Municipal Utilities d/b/a Swiftel Communications

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Bantz, Gosch & Cremer  
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**Attorney for:**

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Midcontinent

**richcoit@sdtanet.com**

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Pierre SD 57501-0057

**Attorney for:**

South Dakota Telecommunications Assoc.



Talbot J. Wiczorek

**RECEIVED**

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

JUN 14 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

In the Matter of the Local Number Portability  
Obligations

Docket No. TC 04-025; TC04-038;  
TC04-044 through TC04-056;  
TC04-060 through TC04-062;  
TC04-084 and TC04-085

**CONFIDENTIALITY AND  
PROTECTIVE AGREEMENT**

In the above-entitled matter, the parties are serving Interrogatories, Data Requests, and other discovery items and providing pre-filed testimony that will require the parties to disclose certain information considered to be confidential in nature by the parties. The information sought to be reviewed is financial, network, and customer data, that may be confidential to the parties producing the information. Talbot J. Wieczorek, counsel for Western Wireless Corporation (WWC), will execute and deliver this Agreement on behalf of Petitioners. Darla Pollman Rogers, attorney for: Kennebec Telephone Company (Kennebec); Sioux Valley Telephone Company (Sioux Valley); Golden West, Vivian Telephone Company and Kadoka Telephone Company (Golden West); Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company and Union Telephone Company (Armour); Beresford Municipal Telephone Company (Beresford); McCook Cooperative Telephone Company (McCook); Valley Telecommunications Cooperative Association, Inc. (Valley); City of Faith Telephone Company (Faith); Midstate Communications, Inc.(Midstate); Western Telephone Company (Western); Interstate Telecommunications Cooperative, Inc. (Interstate); Alliance Communications Inc. and Splitrock Properties (Alliance); RC Communications, Inc., and Roberts County Telephone Cooperative Assn.(RC Comm); Venture Communications

**EXHIBIT**

tabbles

Cooperative (Venture); West River Cooperative Telephone Company (West River); Stockholm-Strandburg Telephone Company (Stockholm); Tri-County Telcom; Inc. (Tri-County) and Cheyenne River Sioux Tribe Telephone Authority (CRST), will execute this Agreement on behalf of said companies. Jeffrey D. Larson, counsel for Santel Communications (Santel), will execute this Agreement on behalf of Santel. Richard J. Helsper, counsel for Brookings Municipal Utilities d/b/a Swiftel Communications (Brookings), will execute this Agreement on behalf of Brookings. James Cremer, counsel for James Valley Cooperative Telephone Company (James Valley), will execute this Agreement on behalf of James Valley. David Gerdes, counsel for Midcontinent Communications (Midcontinent), will execute this Agreement on behalf of Midcontinent. Richard Coit, counsel for South Dakota Telecommunications Association (SDTA), will execute this Agreement on behalf of SDTA. The information to be covered hereunder will include all matters served on the parties or filed with the Commission in the above docket.

Accordingly, it is agreed:

1. All documents, data, information, studies and other matters filed with the Commission or served on a party that are claimed by a party to be trade secret, privileged or confidential in nature shall be furnished pursuant to the terms of this Agreement, and shall be treated by all persons accorded access thereto pursuant to this Agreement as constituting trade secret, confidential or privileged commercial and financial information (hereinafter referred to as "Confidential Information"), and shall neither be used nor disclosed except for the purposes of this proceeding, and solely in accordance with this Agreement. Any information provided identifying an equipment vendor with cost information produced by a party will be deemed confidential.

2. All Confidential Information made available pursuant to this Agreement shall be given to counsel for the parties, and shall not be used or disclosed except for the purposes of this proceeding; provided however, that access to any specific Confidential Information may be authorized by said counsel, solely for the purpose of this proceeding, to consultants or employees of any party to this Agreement, if said person has signed an agreement, attached as Exhibit A, to be bound by the terms and conditions of this Agreement. Counsel shall furnish copies to comply and be bound by the terms of this Agreement to counsel for the other party.

3. Confidential Information will be marked as such when delivered to counsel.

4. In the event that the parties hereto are unable to agree that certain documents, data, information, studies or other matters constitute trade secret, confidential or privileged commercial and financial information, the party objecting to the trade secret claim shall forthwith submit the said matters to the Commission for its review pursuant to this Agreement and in accordance with its administrative rules.

5. All written information filed by the parties in this docket that has been designated as Confidential Information, if filed with the Commission by any party, will be presented to the Commission, as Confidential Information protected by A.R.S.D. 20:10:01:41 and withheld from inspection by any person not bound by the terms of this Agreement, unless such Confidential Information is released from the restrictions of this Agreement, either through agreement of the parties or, after notice to the parties and hearing, pursuant to an Order of the Commission and/or final order of a court having jurisdiction,

6. All persons who may be entitled to receive, or who are afforded access to, any Confidential Information by reason of this Agreement shall neither use nor disclose the Confidential Information for purposes of business or competition, or any purpose other than the

purposes of preparation for and conduct of this proceeding, and then solely as contemplated herein, and shall take those precautions that are necessary to keep the Confidential Information secure and in accordance with the purposes and intent of this Agreement.

7. The parties hereto affected by the terms of this Agreement further retain the right to question, challenge, and object to the admissibility of any and all data, information, studies and other matters furnished under the terms of this Agreement in response to interrogatories, requests for information or cross examination on the grounds of relevancy or materiality,

8. This Agreement shall in no way constitute any waiver of the rights of any party herein to contest any assertion of finding of trade secrets, confidentiality or privilege, and to appeal any such determination of the Commission or such assertion by a party.

9. Upon completion of the proceeding, including any administrative or judicial review thereof, all Confidential Information, whether the original or any duplication or copy thereof, furnished under the terms of this Agreement, shall be returned to the party furnishing such Confidential Information upon request or destroyed. Confidential Information made part of the record in this proceeding shall remain in the possession of the Commission.

10. The provisions of this Agreement are specifically intended to apply to data or information supplied by or from any party to this proceeding, and to any non-party that supplies documents pursuant to process issued by this Commission.

11. This Agreement shall be effective immediately and apply to any confidential information provided to date.

**Western Wireless Corporation**

By 

Talbot J. Wiczorek, Attorney for Western Wireless Corporation

Date: 5/18/04

**Brookings Municipal Utilities d/b/a Swiftel Comm.**

By \_\_\_\_\_  
Richard Helsper, Attorney for Brookings  
Municipal

Date: \_\_\_\_\_

**James Valley Cooperative Telephone Company**

By \_\_\_\_\_  
James M. Cremer, Attorney for James Valley  
Cooperative Telephone Company

Date: \_\_\_\_\_

**South Dakota Telecommunications Association**

By \_\_\_\_\_  
Richard Colt, Attorney for South Dakota  
Telecommunications Association

Date: \_\_\_\_\_

**Midcontinent Communications**

By \_\_\_\_\_  
David Gerdes, Attorney for  
Midcontinent Communications

Date: \_\_\_\_\_

Kennebec Telephone Company  
Sioux Valley Telephone Company  
Golden West, Vivian Telephone Company and Kadoka Telephone Company  
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RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
West River Cooperative Telephone Company  
Stockholm-Strandburg Telephone Company  
Tri-County Telcom  
Cheyenne River Sioux Tribe

By

Darla Pollman Rogers  
Darla Pollman Rogers, Attorney for:

Date:

6-04-04

Kennebec Telephone Company  
Sioux Valley Telephone Company  
Golden West, Vivian Telephone Company and Kadoka Telephone Company  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
West River Cooperative Telephone Company  
Stockholm-Strandburg Telephone Company  
Tri-County Telcom  
Cheyenne River Sioux Tribe Telephone Authority



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May 21, 2004

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RE: Local Number Portability Obligations  
GPGN File No. 5925.040157

Dear Counsel:

All of you have withheld documents claiming confidentiality. In any case, when I began receiving all of your discovery and testimony and you withheld documentation claiming confidentiality, I talked to Ms. Rogers and agreed to revise the Confidentiality Agreement a number of us have used previously in the latest ETC filing made by WWC License LLC.

I executed that Monday and faxed it to all of you and I also emailed that to you. When I faxed it to you, I requested you immediately provide me the confidential documents that you have withheld given the fact that I need to file testimony next week and I need the confidential documents to make sure my testimony appropriately responds to all issues. I have not received any of the confidential documents from any of you since then.

In reviewing the discovery, the following confidential documents have been withheld by the following parties:

EXHIBIT

2

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

All Counsel  
May 21, 2004  
Page 2

1. **Alliance (TC04-055) - Confidential documents** – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”) Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
2. **Armour (TC04-046) - Confidential documents** – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”) Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Answers to Interrogatories No. 18, 19, and 21 state, “Response withheld as proprietary and confidential information.”  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
3. **Beresford (TC04-048) - Confidential documents** – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”) Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
4. **Brookings (TC04-047) - Confidential documents** – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”).  
Same for 4(a)(ii); 5(a)(iv); 5(a)(v); 5(a)(vi).  
Answers to Interrogatory No. 13(g) and (h) state information obtained pursuant to NDAs.  
Response to Request for Production No. 2 and 3 – documents obtained pursuant to NDAs
5. **City of Faith (TC04-051) - Confidential documents** – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”) Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
6. **Cheyenne (TC04-085) - Confidential documents** – Answer to Interrogatory No. 4(a)(a) states prices obtained pursuant to a Non Disclosure Agreements (NDA)  
Same for Interrogatory No. 5(a) re Service Order Administration.  
Response to Request for Production No. 2 and 3 – some data based on information obtained by Petitioner pursuant to NDA and therefore not provided.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

All Counsel  
May 21, 2004  
Page 3

7. **Golden West (TC04-045)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (“NDA”) Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
8. **Interstate (TC04-054)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to Non Disclosure Agreements (NDAs) Same for 4(a)(ii); 5(a)(xiv); 5(a)(xv); 5(a)(xvi).  
Answer to Interrogatory No. 13(g) and (h) claim information obtained pursuant to NDAs.  
Response to Request for Production No. 2 and 3 – documents obtained pursuant to NDAs.
9. **James Valley (TC04-077)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states pricing scenarios based on estimates obtained under NDAs.  
Although not required to answer Interrogatory No. 13(h), states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
10. **Kennebec (TC04-025)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA). Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
11. **McCook (TC04-049)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA). Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
12. **Midstate (TC04-052)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA). Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

All Counsel  
May 21, 2004  
Page 4

13. **RC Comm, Inc. (TC04-056)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) states information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs
14. **Santel (TC04-038)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states pricing scenarios obtained under Non Disclosure Agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi); 5(a)(vii).  
Also, Request for Production No. 2 and 3.
15. **Sioux Valley (TC04-044)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) – information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
16. **Stockholm(TC04-062)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to Non Disclosure Agreements (NDAs).  
Same for 4(a)(ii); 5(a)(xiv); 5(a)(xv); 5(a)(xvi).  
Answer to Interrogatory No. 13(g) and (h) – information obtained pursuant to NDAs.  
Response to Request for Production No. 2 and 3 – documents obtained pursuant to NDAs.
17. **Tri-County (TC04-084)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Interrogatory No. 16(a) – information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
18. **Valley (TC04-050)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) – information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

All Counsel  
May 21, 2004  
Page 5

19. **Venture (TC04-060)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to Non Disclosure Agreements (NDAs).  
Same for 4(a)(ii); 5(a)(xiv); 5(a)(xv); 5(a)(xvi).  
Answer to Interrogatory No. 13(g) and (h) – information obtained pursuant to NDAs.  
Response to Request for Production No. 2 and 3 – documents obtained pursuant to NDAs.
20. **Western (TC04-053)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(v); 5(a)(vi).  
Answer to Interrogatory No. 16(a) – information obtained pursuant to NDAs.  
Response to Request for Production No. 3 – documents obtained pursuant to NDAs.
21. **West River (TC04-061)** - *Confidential documents* – Answer to Interrogatory No. 4(a)(i) states prices obtained pursuant to nondisclosure agreements (NDA).  
Same for 4(a)(ii); 5(a)(xiv); 5(a)(xv); 5(a)(xvi).  
Answer to Interrogatory No. 13(g) and (h) – information obtained pursuant to NDAs.  
Response to Request for Production No. 2 and 3 – documents obtained pursuant to NDAs.

If your objection was that the information was confidential or proprietary, please immediately provide these documents by email if you have them in electronic format, by fax if you do not have them in an electronic format and by Next Day Delivery.

Every Petitioner has objected to providing cost information, claiming they signed a nondisclosure agreement with vendors. With the execution of the Confidentiality Agreement, the cost information should also be provided even though a nondisclosure has been signed. I have no objection if you redact the names of the vendors from the names of the cost information when you provide it. At least one company has expressed a concern that if the information is provided in electronic format, there may be formulas that are subject to a nondisclosure agreement. In those cases, simply provide me the paper copy.

As to the testimony, I have noted that I did not receive all confidential documents. By way of example, in the testimony of Tom Bullock, I did not receive Exhibit 1. I am still reviewing the testimony. However, I would ask that if you withheld any documents as part of the testimony claiming confidentiality, that you provide them to me based on my executed Confidentiality and Protective Agreement.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

All Counsel  
May 21, 2004  
Page 6

If anyone contends that they still cannot provide this cost information, let me know so we can bring the matter before the Commission as, quite frankly, I do not see how Petitioners can meet their burden without providing the raw cost information.

Sincerely,



Talbot J. Wieczorek

TJW:klw

c: Clients  
Rolayne Wiest VIA FAX 1-605-773-3809  
David Gerdes VIA FAX 1-605-224-6289  
Richard Coit VIA FAX 1-605-224-1637

JUN 14 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITIONS  
FOR SUSPENSION OR MODIFICATION  
OF § 251(b)(2) OF THE  
COMMUNICATIONS ACT OF 1934 AS  
AMENDED.

Docket No. TC04-025; TC04-038; TC04-044  
through TC04-056; TC04-060 through TC04-  
062; TC04-077; TC04-084; and TC04-085

**BRIEF IN SUPPORT OF INTERVENOR'S  
MOTION TO COMPEL DISCOVERY OR IN  
THE ALTERNATIVE TO STRIKE  
PETITIONER'S PRE-FILED TESTIMONY  
REGARDING COSTS**

Intervenor, WWC Wireless, LLC, by and through its attorney, Talbot J. Wieczorek, of Gunderson, Palmer, Goodsell & Nelson, LLP, hereby submits this brief in support of its Motion to Compel Discovery or In The Alternative To Strike Petitioner's Pre-file Testimony Regarding Costs.

**FACTS**

On April 29, 2004, Intervenor Western Wireless, LLC, served upon all Petitioners Information Requests. All Petitioners responded to several of the aforementioned requests by asserting that the information requested would not be produced as it was subject to nondisclosure agreements. After receiving Petitioners responses which asserted confidentiality as the basis for not disclosing pertinent information, Western Wireless, LLC executed a Confidentiality Agreement covering the same information. *See Confidentiality Agreement attached as Exhibit 1.*

Upon execution of the agreement, Western Wireless, LLC requested that Petitioners provide the confidential documents that were previously withheld. *See May 21, 2004 correspondence attached herein as Exhibit 2.* Western Wireless, LLC requested immediate

production as this information is necessary to ensure that the proffered testimony addresses all issues. Id. Petitioners have never responded to this May 21 letter. Nor has the information been provided in conjunction with any subsequently served information requests.

To illustrate, the subject requests and respective responses follow.

#### **INTERROGATORIES AND REQUESTS FOR PRODUCTION BASED ON PREVIOUSLY SERVED DISCOVERY REQUESTS**

All Petitioners were asked to provide the following and responded as follows:

4. Provide the following information relative to the development of the recurring cost estimate in your petition:
  - a. Explain in detail the methodology and inputs used to develop the recurring cost estimate made in your petition.

RESPONSE: Petitioner estimated the monthly recurring costs as follows:

- i. Recurring Service Order Administration (“SOA”): Cost estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. **The estimated prices were obtained pursuant to nondisclosure agreements (“NDA”) and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from vendors to provide information subject to the confidentiality rules of the Commission. As Petitioner has not entered into any contracts for SOA services, firm pricing cannot be provided.
  - ii. Recurring LNP Query Costs Per Month: Estimates were based on the assumption that Petitioner would be assessed the monthly minimum for this service based upon the database provider’s contract for query service. **The estimated process were obtained pursuant to NDAs, and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from vendor(s) to provide the requested information subject to the confidentiality rules of the Commission. As Petitioner has not entered into any contracts for SOA services, firm pricing cannot be provided.
5. Provide the following information relative to the development of the non-recurring cost estimate made in your petition:  
Explain in detail the methodology and inputs used to develop the non-recurring cost estimate made in your petition.

RESPONSE: Petitioner estimated the non-recurring costs as follows:



- (iv) Non-Recurring Service Order Administration Cost Estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate represents the anticipated start-up costs to utilize automated services to update the LNP databases. **The sample pricing scenarios were obtained, by Petitioner's consultant, under NDAs and, therefore, Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission. As the Petitioner has not entered into any contracts for SOA service, firm pricing cannot be provided.
- (v) Non-recurring LNP Query Set Up: Non-recurring LNP Query set-up cost estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate includes estimated startup costs levied by the SOA provider to utilize its services and dip its data base. **The estimated prices were obtained pursuant to nondisclosure agreements and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from vendors to provide the information subject to the confidentiality rules of the Commission. As Petitioner has not entered into any contracts for SOA services, firm pricing cannot be provided.
- (vi) SOA Non-recurring Set Up Charge: Costs for set-up charge were included. Non-recurring SOA set up cost estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate includes estimated startup costs levied by the SOA provider to utilize its services and dip its data base. **The estimated prices were obtained pursuant to nondisclosure agreements and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from vendors to provide the information subject to the confidentiality rules of the Commission. As Petitioner has not entered into any contracts for SOA services, firm pricing cannot be provided.
- (vii) Non-Recurring Connection Costs with LNP Database Estimates were based on a compilation of SOA services price lists from several firms providing automated SOA services. **The cost estimate represents the anticipated start-up costs levied by the SOA provider to access their database. Generally, these non-recurring costs are driven by the number of SS7 Point Codes or OCNs. The sample pricing scenarios were obtained under NDA from Syniverse and Verisign. As the Petitioner**

**has not entered into any contracts with these or any SOA entities, firm pricing cannot be provided.**

- (xiv) Non-Recurring Service Order Administration Cost Estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate represents the anticipated start-up costs to utilize automated services to update the LNP databases. **The sample pricing scenarios were obtained under NDAs and, therefore, Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission. As the Petitioner has not entered into any contracts for SOA service, firm pricing cannot be provided.
- (xv) Non-Recurring LNP Query Cost Estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate represents the anticipated start-up costs to utilize SOA services to dip the database. **The estimated prices were obtained pursuant to NDAs and, therefore, Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission. As the Petitioner has not entered into any contracts for SOA services, firm pricing cannot be provided.
- (xvi) Non-recurring Connection Costs with LNP Database Estimates were based on a compilation of SOA services price lists from firms providing automated SOA services. The cost estimate represents the anticipated start-up costs to access the database. Generally, these non-recurring costs are driven by the number of SS7 Point Codes or OCNs. **The estimated prices were obtained under NDAs and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission. As the Petitioner has not entered into any contracts for SOA service, firm pricing cannot be provided.

13. (g) For the monthly recurring “Service Order Administration” cost, explain the specific nature of the cost including vendor name, fixed and variable cost components, and forecasted transaction volumes.

RESPONSE: The Petitioner has not chosen a Service Order Administrator (SOA) vendor. The Petitioner is considering vendors with automated SOA processes. Typically, SOA charges include startup charges and monthly recurring usage charges with a minimum monthly usage fee. **SOA information was obtained by Petitioner’s consultant, pursuant to**

**NDAs and, therefore, Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission.

- (h) For the monthly recurring “LNP Queries” cost, explain the specific nature of the cost including vendor name, fixed and variable cost, and forecasted transaction volumes.

RESPONSE: The Petitioner has not chosen a Service Order Administrator (SOA) vendor. The Petitioner is considering vendors with automated SOA processes. Typically, SOA charges include a monthly recurring LNP query charge with a minimum monthly charge. The actual monthly recurring fees are driven by LNP query volumes. The Petitioner is assuming all originating local calls will be dipped. The Petitioner is assuming that each access line will originate approximately seven (7) to eight (8) calls per day. At this volume, the Petitioner estimates that the LNP query charges will exceed the minimum monthly amount. **SOA information was obtained, by Petitioner’s consultant, pursuant to NDAs and, therefore, Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission.

16. Regarding Exhibit 1 “Total Estimated LNP Non-recurring and Recurring Costs”:

- (a) For the “SOA Monthly Charge”, identify the specific nature of the cost including vendor name, fixed and variable cost components, and forecasted transaction volume. Also state whether this is the most cost efficient method you are aware of to implement SOA functionality for the volume of ports in your forecast.

RESPONSE:

- (a) Petitioner has not chosen a Service Order Administrator (SOA) vendor. Petitioner is considering vendors with automated SOA processes. Typically, SOA charges include startup charges and monthly recurring usage charges with a minimum monthly usage fee. **SOA information was obtained pursuant to NDAs and therefore Petitioner cannot provide the requested information at this time.** Petitioner will seek permission from the vendors to provide the information subject to the confidentiality rules of the Commission. At the time of preparation of Exhibit 1, Petitioner was aware of only these SOA estimates. As Petitioner continues to explore the cost factor, Petitioner has found that there may be less costly methods and is currently exploring them.

18. What is the gross switch investment, accumulated depreciation, and net book value of your existing switches?

RESPONSE:

Response withheld as proprietary and confidential information

19. Identify all capital investments made in your switching equipment in the 2001, 2002, 2003 and to date in 2004.

RESPONSE:

Response withheld as proprietary and confidential information.

21. Explain how funds received for Local Switching Support from the High Cost Fund are used by your company and why they shouldn't be used to offset the cost of local number portability so that your services are "reasonably comparable to those services provided in urban areas. . ."

RESPONSE:

Petitioner objects to this question as calling for information that is not relevant to the current proceedings. Response withheld as proprietary and confidential information.

REQUEST FOR PRODUCTION #3:

Provide any vendor quotes you have obtained for any of the following claimed LNP costs:

- Switch Upgrade Costs
- LNP Query Costs
- LNP Software Features
- Technical Implementation and Testing
- Marketing/Informational Flyer
- Additional Vendor Fees
- Billings/Customer Care Software Upgrades
- SOA Non-Recurring Setup Charge
- SOA Monthly Charge
- Translations
- Service Order Administration
- Additional Software Features
- Feature Activation

RESPONSE: **The documents in response to this request were obtained pursuant to NDAs and therefore Petitioner cannot provide them.** Petitioner will seek permission from the vendors to provide the responsive documents subject to the confidentiality rules of the Commission.

## ARGUMENT

SDCL § 15-6-26(a) permits a party to seek discovery by written interrogatories under SDCL § 15-6-33, and request for production of documents under SDCL § 15-6-34. SDCL § 15-6-26(b) sets the general scope of discovery. “Unless otherwise limited by order of the court,” a party may seek disclosure of, “any matter, not privileged, which is relevant to the subject matter in the pending action,” whether admissible or not. Id.

Moreover, the scope of discovery is to be broadly construed. Kaarup v. St. Paul Fire and Marine Ins. Co., 436 N.W.2d 17, 19 (S.D. 1989). “A broad construction of the discovery rules is necessary to satisfy the three distinct purposes of discovery: (1) narrow the issues; (2) obtain evidence for use at trial; (3) secure information that may lead to admissible evidence at trial.” Id., citing 8 C. Wright and A. Miller, Federal Practice and Procedure, § 2001 (1970).

... the deposition-discovery rules are to be accorded a broad and liberal treatment. No longer can the time-honored cry of “fishing expedition” serve to preclude a party from inquiring into the facts underlying his opponent’s case. Mutual knowledge of all the relevant facts gathered by both parties is essential to proper litigation. To that end, either party may compel the other to disgorge whatever facts he has in his possession. The deposition-discovery procedure simply advances the stage at which the disclosure can be compelled from the time of trial to the period preceding it, thus reducing the possibility of surprise. But discovery, like all matters of procedure, has ultimate and necessary boundaries.

Kaarup, 436 N.W.2d at 20. Under this broad discovery purview, unless privileged, all relevant matters are discoverable. Id. Intervenor Western Wireless, LLC submits that the information requested both through interrogatories and requests for production of documents is properly subject to discovery.

The information requested is directly relevant to the issues pending before the Commission. Petitioners have requested a suspension or modification of the requirements found under 47 U.S.C. §§ 251(f) and 251(c). South Dakota Codified Law § 49-31-80 grants the

Commission the authority to authorize a suspension or modification of any of the requirements of 47 U.S.C. §§ 251(f) and 251(c). It specifically states,

Suspension or modification to carrier with small service area. Consistent with 47 U.S.C. § 251(f)(2) as of January 1, 1998, the commission may grant a suspension or modification of any of the interconnection or other requirements set forth in 47 U.S.C. §§ 251(b) and 251(c), as of January 1, 1998, to any local exchange carrier which serves fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Any such carrier shall petition the commission for the suspension or modification. The commission shall grant the petition to the extent that, and for such duration as, the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

The Eighth Circuit Court of Appeals has succinctly stated that the plain meaning of the aforementioned statutes, "...requires the party making the request to prove that the request meets the three prerequisites...." Iowa Utilities Board v. Federal Communications Commission (Iowa II), 219 F.3d 744, 762 (8th Cir. 2000), *reversed in part on other grounds by*, Verizon Communications, Inc. v. Fed'l Communications Comm'n, 535 U.S. 467 (2002).

As a result, Petitioners bear the burden of demonstrating a significant adverse economic impact or undue economic burden. Id. Petitioners have refused to produce the economic information upon which they relied in support of these claims. *See* above Responses to Information Requests. Petitioners' basis for their production denial has since been cured by Intervenor Western Wireless, LLC's execution of the Confidentiality Agreement. *See* Exhibit 1.

Intervenors are entitled to this information under the broad gambit of the discovery rules governing this matter. Kaarup, 436 N.W.2d at 20. Therefore, Intervenors respectfully request the Commission compel Petitioners production of the information requested.

In the alternative, Intervenors request that should Petitioners fail to product information which supports their claims of significant adverse economic impact or undue economic burden, that the Commission strike Petitioners pre-file testimony regarding costs.

Petitioners bear the burden of demonstrating and establishing the economic basis which would justify a suspension or modification. Iowa 2, 219 F.3d at 762. If Petitioners are allowed to assert economic burdens without demonstrating the information that they have relied upon to establish such burdens, Intervenor is left in a position where it is unable to thoroughly evaluate the basis of the Petitioners' assertions. Allowing Petitioners to assert an economic burden without demonstrating any proof of that burden would allow for their unjust ability of presenting financial information with no credible basis. Without affording Intervenor an opportunity to review and cross-examine regarding the basis for the economic burden assertions, renders Intervenor completely unable to refute the ultimate issue in this matter. Therefore, Intervenor requests that should Petitioners fail to produce the information which supports their claims of economic burdens, of any pre-filed testimony be stricken as speculative without support.

In conclusion, Intervenor respectfully requests this Court compel Petitioners' production of the information which would satisfy the aforementioned interrogatories and requests for production. Production of this information is appropriate because it is directly relevant to the ultimate issue in this matter. In the alternative, should Petitioners fail to produce the requested information, then Intervenor respectfully requests that this Court strike any pre-filed testimony regarding economic burdens as unfounded.

Dated this 21 day of June, 2004.

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP

A handwritten signature in black ink, appearing to read 'Talbot J. Wiczorek', is written over a horizontal line.

Talbot J. Wiczorek  
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Fax: 605-342-0480



## CERTIFICATE OF SERVICE

The undersigned certifies that on the \_\_\_\_ day of June, 2004, I served a true and correct copy of the foregoing **BRIEF IN SUPPORT OF INTERVENOR'S MOTION TO COMPEL DISCOVERY OR IN THE ALTERNATIVE TO STRIKE PETITIONER'S PRE-FILED TESTIMONY REGARDING COSTS** by email and NEXT DAY DELIVERY to:

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Golden West, Vivian Telephone Co and Kadoka  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
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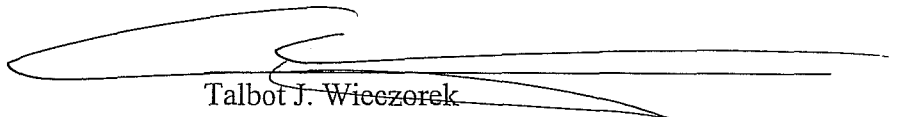
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*Rural roots, global connections*

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**RECEIVED**

**JUN 14 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

June 14, 2004

Ms. Pamela Bonrud, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Ave.  
State Capitol Building  
Pierre, SD 57501

RE: Petitions for Suspension and/or Modification of LNP, Dockets TC04-025, 038, 044, 045, 046, 047, 048, 049, 050, 051, 052, 053, 054, 055, 056, 060, 061, 062, 077, 084, and TC04-085.

Dear Ms. Bonrud:

Enclosed you will find for filing in the above referenced Dockets, the prefiled Rebuttal Testimony of witness Steven E. Watkins. This testimony is filed on behalf of SDTA and also is filed on behalf of each of the below listed rural local exchange carriers, as part of their prefiled testimony.

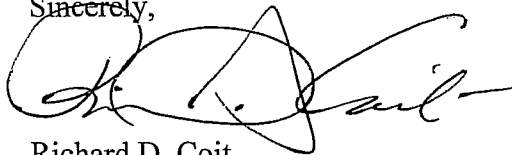
TC04-025 -	Kennebec Telephone Company
TC04-038 -	Santel Communications Cooperative
TC04-044 -	Sioux Valley Telephone Company
TC04-045 -	Golden West Telecommunications Cooperative
	Vivian Telephone Company
	Kadoka Telephone Company
TC04-046 -	Armour Independent Telephone Company
	Bridgewater-Canistota Independent Telephone Company
	Union Telephone Company
TC04-047 -	Brookings Municipal Utilities d/b/a Swiftel Communications
TC04-048 -	Beresford Municipal Telephone Company
TC04-049 -	McCook Cooperative Telephone Company
TC04-050 -	Valley Telecommunications Cooperative Association, Inc.
TC04-051 -	City of Faith Telephone Company
TC04-052 -	Midstate Communications Inc.
TC04-053 -	Western Telephone Company
TC04-054 -	Interstate Telecommunications Cooperative
TC04-055 -	Alliance Communications Cooperative, Inc.
	Splitrock Properties, Inc.

TC04-056 - RC Communications, Inc.  
Roberts County Telephone Cooperative Association  
TC04-060 - Venture Communications Cooperative  
TC04-061 - West River Cooperative Telephone Company  
TC04-062 - Stockholm-Strandburg Telephone Company  
TC04-077 - James Valley Cooperative Telephone Company  
TC04-084 - Tri-County Telcom, Inc.  
TC04-085 - Cheyenne River Sioux Tribe Telephone Authority

You will also find enclosed a certificate of service verifying service of this document on counsel for the other intervening parties.

Thank you for your assistance in filing and distributing these documents.

Sincerely,

A handwritten signature in black ink, appearing to read "R. D. Coit", with a large, stylized flourish extending from the end of the signature.

Richard D. Coit  
Executive Director and General Counsel  
SDTA

## CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of the enclosed document were hand-delivered to the South Dakota PUC on June 14, 2004, directed to the attention of:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

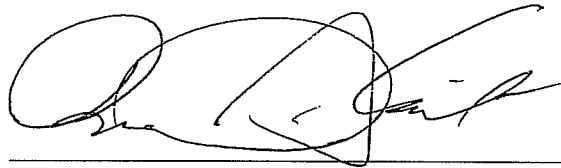
A copy was sent via e-mail and overnight Federal Express to the following individual:

Talbot Wieczorek  
Gunderson Palmer Goodsell & Nelson  
440 Mount Rushmore Road  
Rapid City, SD 57701

A copy was sent via e-mail and US Postal Service First Class mail to the following individual:

David Gerdes  
May Adam Gerdes & Thompson  
503 S. Pierre Street  
Pierre, SD 57501

Dated this 14<sup>th</sup> day of June, 2004.

A handwritten signature in black ink, appearing to read 'Richard D. Coit', is written over a horizontal line.

Richard D. Coit, General Counsel  
South Dakota Telecommunications Association  
PO Box 57 – 320 East Capitol Avenue  
Pierre, SD 57501-0057

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

**RECEIVED**

JUN 14 2004

IN THE MATTER OF THE PETITIONS FOR )  
SUSPENSION OR MODIFICATION OF )  
§ 251(b)(2) OF THE COMMUNICATIONS )  
ACT OF 1934 AS AMENDED )

DOCKETS:

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

TC04-025 – Kennebec Telephone Company  
TC04-038 – Santel Communications Cooperative  
TC04-044 – Sioux Valley Telephone Company  
TC04-045 – Golden West Telecommunications Cooperative  
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TC04-084 - Tri-County Telcom, Inc.  
TC04-085 - Cheyenne River Sioux Tribe Telephone Authority

**REBUTTAL TESTIMONY OF**

**STEVEN E. WATKINS**

Submitted on behalf of above Rural Local Exchange Carriers and  
the South Dakota Telecommunications Association

June 14, 2004

1 Q1: **Please state your name, business address and telephone number.**

2 A: My name is Steven E. Watkins. My business address is 2120 L Street, N.W., Suite 520,  
3 Washington, D.C. 20037. My business telephone number is (202) 296-9054.

4 Q2: **On whose behalf are you testifying?**

5 A: I am testifying on behalf of the rural local exchange carriers that are the petitioning par-  
6 ties in dockets captioned above (to be referred to as the "Petitioners") and the South  
7 Dakota Telecommunications Association.

8 Q3: **Have you previously submitted testimony in these proceedings?**

9 A: Yes. I submitted direct testimony on May 14, 2004 in these dockets (to be referred to as  
10 "Watkins Direct").

11 Q4: **What is the purpose of your Rebuttal Testimony?**

12 A: The primary purpose of this Rebuttal Testimony is to respond to the Direct Testimony  
13 filed by Ron Williams on behalf of Western Wireless.

14 Q5: **Do you have any initial comments relative to these dockets?**

15 A: Yes. Only one wireless carrier filed testimony in these proceedings, even though there  
16 must be other wireless carriers operating in South Dakota.

17 Q6: **To what do you attribute this lack of interest in LNP in South Dakota by wireless**  
18 **carriers other than Western Wireless?**

19 A: The fact that other wireless carriers have decided not to participate in this proceeding and  
20 not to submit testimony is consistent with the general observations and conclusions in my  
21 Direct Testimony that there are few, if any, wireline end users in rural South Dakota that  
22 actually want to abandon, or would abandon, their wireline service and port their wireline  
23 number for use solely in connection with wireless service. There is no real demand for

1 intermodal porting in rural South Dakota and the lack of participation is more evidence of  
2 that fact. As such, the other wireless carriers seem to accept and to understand that de-  
3 mand for intermodal LNP would be non-existent or small in rural South Dakota areas,  
4 and therefore have apparently concluded that spending their time and resources attempt-  
5 ing to force, merely on principle, an unnecessary LNP requirement on rural LECs would  
6 lack a business purpose.

7 Similarly, I would like to add that Western Wireless has also previously con-  
8 cluded in comments filed with the Federal Communications Commission ("FCC") that  
9 "LNP is unnecessary to further competition." Reply Comments of Western Wireless  
10 filed October 21, 2001, in WT Docket No. 01-184 at pp. 2-5 (a proceeding in which Ver-  
11 izon Wireless was seeking partial forbearance of LNP requirements). Western Wireless  
12 noted that, as a provider of conventional cellular and wireless local loop services, "West-  
13 ern is making significant inroads competing against wireline service providers -- without  
14 offering LNP." *Id.* Western Wireless went on to state that "there is no evidence to sug-  
15 gest that the inability of CMRS customers to port their numbers is an impediment to  
16 changing service providers." *Id.* at p. 5.

17 **Q7: Do you have any initial comments about Mr. Williams' direct testimony?**

18 **A:** Yes. Mr. Williams' testimony is simply incorrect on several points and, therefore, his  
19 discussion would be misleading if accepted without review:

20 ■ Mr. Williams confuses a waiver request before the FCC pursuant to the FCC's local  
21 number portability ("LNP") rules in contrast to a suspension proceeding before a state  
22 commission pursuant to the broad protections that Congress provided in Section 251(f)(2)  
23 of the Act for small telephone companies and their rural customers.



1 ■ In reviewing what Mr. Williams considers to be the standards for review pursuant to a  
2 Section 251(f)(2) proceeding, Mr. Williams incorrectly references discussion by the FCC  
3 that the Courts have rendered inapplicable. The Courts have concluded that the conclu-  
4 sions contained in Mr. Williams' discussion are contrary to the protections Congress set  
5 forth in the Act.

6 ■ Mr. Williams questions whether there are LNP routing issues, but then presents incon-  
7 sistent testimony that illustrates the same unresolved issues that I set forth in my direct  
8 testimony regarding some new routing arrangement that would have to be established af-  
9 ter a number is ported. The FCC's confusing statements cannot be reconciled with the  
10 facts that I will explain more fully in this Rebuttal Testimony.

11 ■ Mr. Williams discussion of routing issues is, in reality, merely an attempt to impose  
12 extraordinary and unfair transport obligations on the rural LECs far beyond those that ac-  
13 tually apply. The comments of Western Wireless have more to do with burdening the  
14 rural LECs with transport than with any interest in LNP. This may also explain why  
15 Western Wireless is the sole wireless carrier participating in this proceeding.

16 Q8: **Are there any relevant issues that are missing from Mr. Williams Direct Testimony?**

17 A: Yes. Any discussion of the subject of the adverse economic impact on customers (the  
18 first suspension criterion in Section 251(f)(2) of the Act) in South Dakota is glaringly ab-  
19 sent from his testimony. While Mr. Williams discusses the economic burden on the  
20 Petitioners, he fails to address the adverse economic impact on users of telecommunica-  
21 tions services in rural areas of South Dakota. *See* 47 U.S.C. § 251(f)(2)(A)(I) His  
22 testimony completely disregards the significant adverse economic impact on users in jux-  
23 taposition to the absence of demand or any potential benefit of implementation of LNP in

1 rural areas of South Dakota.

2 Q9: **How have you organized the remainder of your Rebuttal Testimony?**

3 A: For ease of review by the Commission and the parties, the remainder of my Rebuttal Tes-  
4 timony will follow, to the extent that is possible, the order of issues presented in Mr.  
5 Williams' testimony.

6 Q10: **Do you have any comments regarding Mr. Williams' discussion at p. 3 of a "juris-**  
7 **diction issue regarding waivers to LNP Implementation?"**

8 A: Mr. Williams' conclusions are incorrect in his response on p. 3 of his Direct Testimony.  
9 First, Mr. Williams discusses waiver requests before the Federal Communications Com-  
10 mission, not suspension requests before a state commission. (He then cites Section 332  
11 of the Act to suggest some authority, but Section 332 provides authority for the FCC to  
12 establish physical, direct connections with local exchange carriers for wireless carriers,  
13 irrelevant to the issues in this proceeding).

14 With respect to a suspension request, there is no question that this Commission  
15 possesses jurisdiction pursuant to Section 251(f)(2) of the Communications Act of 1934,  
16 as amended ("Act"). Section 251(f)(2) relates to requests to state commissions for sus-  
17 pension or modification of requirements in Section 251(b) and (c) of the Act, including  
18 the LNP requirement. Mr. Williams spends several pages, beginning on p. 6, discussing  
19 the criteria in the Act regarding Section 251(f)(2) proceedings.

20 In contrast, the FCC's narrow waiver request rules are intended only to address  
21 situations where there are circumstances beyond the control of a carrier that require some  
22 delay in implementation of LNP. Those set of waiver considerations are completely  
23 separate and unrelated to the considerations set forth in Section 251(f)(2) of the Act.

1 Pursuant to Section 251(f)(2), the Petitioners seek a suspension or modification,  
2 not an FCC waiver, as is clearly their right under this statutory provision, and such re-  
3 quests are clearly a matter to be filed with and resolved by state commissions, not the  
4 FCC. Moreover, the Petitioners have not sought waiver of any Section 251(b)(2) re-  
5 quirement, so the use of this word by Mr. Williams is both incorrect and misleading.

6 Contrary to Mr. Williams' suggestion that the FCC "asserted jurisdiction," there  
7 is no opportunity for the FCC to assert its jurisdiction in a Section 251(f)(2) matter, and  
8 the FCC has previously and specifically recognized state commissions' authority to grant  
9 suspensions from implementation of LNP. In 1997, the FCC specifically cited, in an  
10 LNP order, Section 251(f)(2) and noted that if state commissions exercise their authority  
11 to suspend, "eligible LECs will have sufficient time to obtain any appropriate Section  
12 251(f)(2) relief as provided by the statute." *In the Matter of Telephone Number Portabil-*  
13 *ity, First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd 7236 (1997)  
14 (*"Number Portability Reconsideration"*) at 7302-03. There has been no reversal of this  
15 state commission authority.

16 **Q11: On pages 4-5 and 10-11 of his Direct Testimony, Mr. Williams notes LNP suspen-**  
17 **sion activity in other states. What comment do you have regarding this activity in**  
18 **other states?**

19 **A:** Based upon information published by Neustar (dated May 20, 2004), there is LNP sus-  
20 pension activity in at least 35 states. The status of that activity in each state is different  
21 and is based on the facts and circumstances of the carriers in those states and the specific  
22 requests of those carriers. In any event, the majority of those states that have pending  
23 suspension requests have granted some relief to the rural LECs seeking suspension.

1 While an exact count is difficult, on May 20, 2004, there appeared to be 28 states in  
2 which requests are still pending or some form of the requests had been granted. Never-  
3 theless, it appears that 18 of the 35 states have granted either a specific suspension or an  
4 interim suspension while the matter is further studied. Far from Mr. Williams attempted  
5 portrayal, the majority of the states have found merit in suspending LNP obligations for  
6 the smaller LECs. And for those states that may have denied the requests, it is not sur-  
7 prising that the state commissions in such states may have been misled by the FCC's less  
8 than adequate handling of its confusing LNP orders or the consequences of the unre-  
9 solved issues.

10 In any event, the activity in other states is based on the specific circumstances of  
11 those states. I would urge the Commission and the parties to focus on the policy, facts,  
12 public interest, and impact on consumers as it relates to LNP suspension in South Dakota.  
13 This Commission is in the best position to review these facts as they relate to the rural  
14 users in South Dakota, and the Commission is in the best position to determine the public  
15 interest with respect to those users.

16 **Q12: On page 4 of his testimony, Mr. Williams notes FCC action regarding North-**  
17 **Eastern Pennsylvania Telephone Company ("NEP"). What relevance does this ac-**  
18 **tion at the FCC have with respect to a state suspension proceeding?**

19 **A:** None. The facts and circumstances of the NEP matter are unrelated to those related to a  
20 suspension request or the issues related to the South Dakota Petitioners. As I already ex-  
21 plained above, an FCC waiver matter is very much different from one that will review the  
22 criteria in the Act under Section 251(f)(2). The NEP matter was a request for temporary  
23 waiver before the FCC; NEP is implementing LNP; NEP needed more time as a result of

1 the failure by its equipment manufacturer to deliver necessary functionalities associated  
2 with new soft switch installations. While the FCC did not grant the waiver request, it  
3 nevertheless gave NEP additional time to get in order the necessary hardware and soft-  
4 ware with its equipment manufacturer. In any event, it was not a suspension request  
5 pursuant to Section 251(f)(2) of the Act.

6 Q13: **On page 10 of his direct testimony, Mr. Williams notes a statement by the Pennsyl-**  
7 **vania Commission. Do you have any comment?**

8 A: Yes. What Mr. Williams fails to point out is that the Pennsylvania Commission, in the  
9 proceedings cited by Mr. Williams, granted suspension of certain Section 251(b) and (c)  
10 interconnection requirements for a large number of small LECs in Pennsylvania contrary  
11 to that which is implied by the testimony of Mr. Williams.

12 Q14: **What is your reaction to Mr. Williams' statement at p. 5 that "all LECs have known**  
13 **since 1996 that they would be required to provide LNP"?**

14 A: Even if this observation were true, it is not relevant to these proceedings because Section  
15 251(f)(2) of the Act gives the Petitioners the right to file suspension petitions and it im-  
16 poses no time constraints on when such suspension petitions must be filed. In any event,  
17 I disagree with the implication. Although the Act contains an LNP provision, there was  
18 no LNP requirement until the FCC developed implementation rules (notwithstanding the  
19 fact that these rules are still incomplete). Further, for carriers outside of the top 100  
20 MSAs, such as the Petitioners, there was no LNP requirement until the Petitioners re-  
21 ceived a specific request for LNP. Thus, Petitioners could not know that they might be  
22 required to implement LNP until they were asked to do so.

23 Even once various wireless carriers like Western Wireless requested LNP, it was

1 not at all clear that the requests complied with the FCC's rules. In fact, it took the FCC  
2 eleven months to "clarify" the meaning of its rules after the wireless carriers admitted un-  
3 certainty. It is difficult to understand how Western Wireless can argue that the  
4 Petitioners should have known in 1996 that they had an obligation to port numbers to  
5 wireless carriers when no wireless carrier had made a request for number portability until  
6 2003 and the FCC needed eleven months to "clarify" the obligation that Western Wire-  
7 less contends is so apparent.

8 Moreover, a factual review of the record before the FCC demonstrates that no one  
9 could have anticipated the FCC would reach the novel conclusions reflected in the *Nov.*  
10 *10 Order*. Many very difficult issues associated with intermodal porting have been iden-  
11 tified and studied by both the FCC and the industry working group selected by the FCC  
12 and, even currently, there has been no proposal or recommendation to resolve these in-  
13 termodal porting issues. Consequently, there could not have been any reasonable  
14 expectation that the FCC would disregard the record and its own announced process and  
15 order intermodal LNP as described in the *Nov. 10 Order*.

16 I will address additional aspects of the *Nov. 10 Order* later in this Rebuttal Testi-  
17 mony and explain why the Order represents a significant departure from the FCC's  
18 previously announced approach to the establishment of new requirements and how some  
19 of the FCC's statements make no sense when compared with the facts. I devote several  
20 pages of my Direct Testimony to the background of the sequence of events and/or lack of  
21 action that led to the *Nov. 10 Order* and explain why no one could have anticipated the  
22 FCC's action. Watkins Direct at pp. 15-35.

23 Q15: On pp. 6-7 of his Direct Testimony, Mr. Williams sets forth his view of the standards

1 Congress intended for a Section 251(f)(2) proceeding and sets forth the FCC's de-  
2 scription of the meaning of "undue economic burden." Are his views correct?

3 A: No. Mr. Williams has misstated applicable law. The FCC attempted to invoke an im-  
4 proper interpretation of what is meant by "undue economic burden," and the Courts have  
5 subsequently vacated the applicable FCC Rule relating to this subject.

6 Mr. Williams at p. 7, lines 1-3 and line 12-19, cites the FCC discussion in its *First*  
7 *Report and Order* of the narrow criteria that the FCC sought to apply with respect to the  
8 evaluation of Section 251(f)(1) exemptions and Section 251(f)(2) suspension and modifi-  
9 cation requests and the FCC's attempt to confine the definition of undue economic  
10 burdens. As the Courts have concluded, the FCC attempted improperly to narrow the ex-  
11 emption, suspension, and modification provisions of Section 251(f) of the Act by  
12 adopting Section 51.405 of its Rules. The FCC's conclusions and Section 51.405 of its  
13 rules were subsequently vacated. The statements of the FCC cited by Mr. Williams are in  
14 the section of the *First Report and Order* that has been completely invalidated by the  
15 Courts.

16 On July 18, 2000, on remand from the United States Supreme Court, the United  
17 States Court of Appeals for the Eighth Circuit issued its opinion in *Iowa Utilities Board*  
18 *v. Federal Communications Commission*, 219 F.3d 744(8<sup>th</sup> Cir. 2000) ("*IUB II*"), which,  
19 *inter alia*, vacated Section 51.405(a), (c) and (d) of the FCC's rules.

20 *IUB II* establishes that the proper standard for determining whether compliance  
21 with Section 251(b) or (c) would result in imposing a requirement that is unduly eco-  
22 nomically burdensome includes "the full economic burden on the ILEC of meeting the  
23 request that must be assessed by the state commission" and not just that which is "beyond

1 the economic burden that is typically associated with efficient competitive entry." 219

2 F.3d at 761 The Court emphasized that "undue economic burden" is just one of three al-

3 ternative bases on which suspension or modification may be granted under § 251(f)(2) --

4 the others being adverse economic impact on users and technical infeasibility.

5 **Q16: How does this Eighth Circuit Court of Appeals decision support the Petitioners' po-**  
6 **sitions with respect to their request for suspension of LNP?**

7 **A:** According to the Court, the FCC attempted unlawfully to limit the interpretation of "un-  
8 duly economically burdensome," and, therefore, the FCC had "impermissibly weakened  
9 the broad protection Congress granted to small and rural telephone companies." 219 F.3d  
10 at 761. In no uncertain terms, the Court concluded that the FCC's interpretation (as re-  
11 flected in the references Mr. Williams has provided) frustrated the policy underlying the  
12 statute and stated "[t]here can be no doubt that it is an economic burden on an ILEC to  
13 provide what Congress has directed it to provide to new competitors in § 251(b) or §  
14 251(c)." *Id.*

15 **Q17: Mr. Williams, at pp. 12-15 of his Direct Testimony, questions the infeasible opera-**  
16 **tional and technical implementation obstacles that would be encountered by the**  
17 **Petitioners. Do you have any comment?**

18 **A:** Yes. I will let the factual record speak for itself because it fully demonstrates the obsta-  
19 cles confronting carriers regarding potential routing of calls to ported numbers where  
20 there is no interconnection or other business arrangement in place.

21 **Q18: On page 14, the testimony of Mr. Williams may suggest that you are confused about**  
22 **the differences between Service Provider Portability and Location Portability, and**  
23 **what the FCC has ordered. Are you confused?**



1 A: No. Although additional issues remain before the FCC and before the Courts regarding  
2 the arbitrary aspects of the FCC's orders related to the FCC's own definition of Service  
3 Provider Portability compared to Location Portability, my testimony has emphasized the  
4 unresolved issues and inconsistencies in the FCC's order related solely to Service Pro-  
5 vider Portability. Even Mr. Williams's words (on p. 14), about what Service Provider  
6 Portability means, further illustrates my point. Mr. Williams concedes that the statutory  
7 and FCC rule definition of Service Provider Portability is the substitution of service using  
8 the same number "at the same location where the customer receives landline service."  
9 Without debating the fact that a number ported to a mobile user of wireless service auto-  
10 matically means that the customer will most certainly not use the same number for  
11 service "at the same location where the customer receives landline service," the "at the  
12 same location" statutory and rule criterion is rendered unreasonably meaningless where  
13 the wireless carrier neither has a presence, nor an interconnection arrangement over  
14 which calls can be routed, in the rate center area that constitutes "at the same location."  
15 My testimony centers on the "at the same location" issue within the original rate center  
16 area. There are many additional issues, beyond this proceeding and the scope of my tes-  
17 timony, regarding what meaning to apply with respect to Location Portability.

18 Q19: **Mr. Williams questions whether there are really routing issue problems. Did the**  
19 **industry workgroup ever discuss problems associated with routing issues?**

20 A: Yes, the industry workgroup acknowledged and listed the same problems that the FCC  
21 has failed to recognize and address in the *Nov. 10 Order*. See also Watkins Direct at p.  
22 15-21.

23 A thorough review of the workgroup reports reveals very interesting observations

1 and conclusions consistent with my Direct Testimony about the fact that intermodal port-  
2 ing would not be feasible if there are no business and network interconnection  
3 arrangements in place with the relevant wireless carrier in the local area that constitutes  
4 “at the same location.” I want to emphasize that the “at the same location” criterion is  
5 part of the statutory requirement and the FCC’s own definition of Service Provider Port-  
6 ability that forms the LNP requirement.

7 In a Report from the North American Number Council (“NANC”) submitted by  
8 its Chairman to the FCC on May 18, 1998 (“1998 NANC Report”), the group reported  
9 and explained unresolved intermodal LNP issues (Section 3 on page 6):<sup>1</sup>

10 SECTION 3 WIRELESS WIRELINE INTEGRATION ISSUES  
11

12 3.1 Rate Center Issue  
13

14 3.1.1 Issue: Differences exist between the local serving areas of  
15 wireless and wireline carriers. These differences impact Service Provider  
16 Portability with respect to porting both to and from the wireline and wire-  
17 less service providers. . . .  
18

19 The 1998 Report concludes (on p. 7) that consensus could not be reached on a so-  
20 lution to the Rate Center Issue. (And subsequent reports in 1999 and 2000 have  
21 concluded the issue is still open.)

22 This 1998 Report also includes, as an Appendix D, a Background Paper that dis-  
23 cusses some of the same issues related to the rate center disparity issue between wireless

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<sup>1</sup> See letter from Alan C Hasselwander, Chair, North American Numbering Council, dated May 18, 1998, to Mr. A. Richard Metzger, Jr., Chief, Common Carrier Bureau, Federal Communications Commission. The various reports and white papers are attached to Mr. Hasselwander’s May 18 letter. All of the NANC reports to be referenced in this rebuttal testimony can be found on the FCC’s website by going to “Search” and then to “Search for Filed Comments.” These NANC reports are attached to the Petition for Declaratory Ruling filed by CTIA on January 23, 2003 in CC Docket No. 95-116 addressing LNP. By entering the docket number

1           and wireline operations. As I concluded in my Direct Testimony, there are technical  
2           infeasibility implications for intermodal porting where there is no presence by the wire-  
3           less

1 carrier in the area that constitutes “at the same location” because there is no network or  
2 business arrangement in place for the routing of calls. Most notably, as far back as 1998,  
3 the NANC realized these same issues and obstacles and reported them to the FCC:

### 4 3.0 Limitations on the Scope of Service Provider Portability

5  
6 Due to the need to ensure proper rating and routing of calls, the NANC  
7 LNPA Architecture Task Force agreed that service provider portability was lim-  
8 ited to moves within an ILEC rate center. Section 7.3 of the NANC LNP  
9 Architecture & Administrative Plan report which has been adopted by the FCC,  
10 states, “portability is technically limited to rate center/rate district boundaries of  
11 the incumbent LEC . . . .

12  
13 1998 NANC Report, Appendix D - Rate Center Issue, Section 3.0, Limitations on the  
14 Scope of Service Provider Portability at p. 34, underlining added.

15 At p. 35 of the Appendix D Background Paper, the report notes four possible sce-  
16 narios -- two for wireline-to-wireless porting and two for wireless-to-wireline porting.  
17 For the first two wireline-to-wireless porting scenarios, the Background Information pa-  
18 per concludes in both cases that:

19 Porting would be permissible as long as the wireless service provider has  
20 established an interconnect agreement for calls to the wireless telephone number

21 . . . .

22 [Underlining added]

23 The Background Paper goes on to explain that some of the scenarios described for wire-  
24 less-to-wireline porting would not be permissible, and this accounts for the competitive  
25 disparity that the FCC’s *Nov. 10 Order* has allowed.

26 Finally, the Background Paper at p. 35 summarizes exactly the same kind of tech-  
27 nical infeasibility issues related to routing that I set forth in my Direct Testimony, namely  
28 that LNP is only possible where there is a business and network interconnection ar-  
29 rangement in place with the relevant wireless carrier within the relevant rate center area:

1 The above examples provide only a small sample of potential porting scenarios.  
2 If all of the potential scenarios were examined, the following patterns would  
3 emerge:  
4

5 Porting from a wireline service provider to a wireless service provider  
6 ["WSP"] is permitted as long as the subscriber's initial rate center is within the  
7 WSP service area and the WSP has established interconnection/business arrange-  
8 ments for calls to wireless numbers in that rate center . . . .  
9

10 Porting from a wireless service provider to a wireline service provider is  
11 *only* allowed when the subscriber's physical location is within the wireline rate  
12 center associated with the wireless NPA-NXX.  
13 [Underlining added]

14 The latter statement above is the realization that porting in the wireless-to-  
15 wireline direction is limited by the rate center disparity issue and this limitation leads to  
16 disparity in competitive opportunities. The former underlined statement above that inter-  
17 connection and business arrangements are prerequisites to permit porting is a conclusion  
18 that the FCC refuses to acknowledge, yet is a fact. In subsequent reports, NANC repeat-  
19 edly stated that there had been no consensus on rate center disparity issues and no  
20 recommendation on a technical or competitively fair approach to remedy the reported ob-  
21 stacles. In the last report that I can identify, the NANC lists the Rate Center Issue as an  
22 "Open Issue" and states that the reader should review the 1998 and 1999 reports for de-  
23 tails about the issue (the same discussion from the 1998 report that I have set forth above)  
24 and that "[n]o resolution of this issue has occurred."

25 Q20: Are these conclusions by the FCC's expert industry work group consistent with  
26 your testimony?

27 A: Yes. Where there is no interconnection/business arrangement with a wireless carrier to  
28 which a number may be ported, the Petitioners have no established network or business  
29 arrangement to route calls; therefore, porting is not "permitted" as the work group prop-

1 erly concluded. Furthermore, the Petitioners have no statutory right or other ability to  
2 force wireless carriers to enter into proper “interconnection/business arrangements.” Ac-  
3 cordingly, contrary to Mr. Williams’ claims, the technical obstacles that I have outlined  
4 in the testimony are real.

5 A wireline LEC that may originate a call to a number of another carrier cannot  
6 unilaterally provision a calling service where there is no interconnection/business ar-  
7 rangement with the other carrier. Just as the introduction of an Extended Area Service  
8 (“EAS”) route between two incumbent LECs involves the establishment of interconnec-  
9 tion facilities and business arrangements between the two carriers, the ability of a LEC to  
10 exchange local exchange service calls with a wireless carrier also necessitates intercon-  
11 nection and the establishment of the necessary terms and conditions under which the  
12 traffic will be exchanged. Interconnection occurs as the result of a request by a carrier  
13 other than an incumbent LEC and is dependent on the mutual development of terms and  
14 conditions between the carriers for such interconnection. These obvious conclusions are  
15 embodied in the conclusion of the NANC work group.

16 **Q21: Mr. Williams at p. 20 and his Exhibit 6 diagrams claim that the Petitioners should**  
17 **provision network and/or create new arrangements for the delivery of local calls to**  
18 **some interconnection point beyond the Petitioners’ networks. Do the local competi-**  
19 **tion interconnection rules, or any other regulation, require the Petitioners to**  
20 **provision local services to distant points beyond their own networks?**

21 **A:** No. Mr. Williams’ statements are misleading and contrary to the interconnection re-  
22 quirements in the Act. Further, as admitted by Western Wireless in response to  
23 Interrogatory 7.b., attached hereto as Exhibit 1, Mr. Williams’ statements are contrary to

1 the interconnection agreements recently negotiated between Western Wireless and Peti-  
2 tioners.

3 For several reasons, the Petitioners are not required to provision services beyond  
4 their own networks, to purchase services from other carriers, or to deliver local exchange  
5 carrier service calls to points of interconnection beyond the Petitioners' own networks:

6 ■ The interconnection obligations established under the Act apply with respect to the  
7 service area of the incumbent LEC, not the service area of some other LEC:

8 For purposes of this section, the term 'incumbent local exchange carrier'  
9 means, with respect to an area, the local exchange carrier that (A) on the date of  
10 enactment of the Telecommunications Act of 1996, provided telephone exchange  
11 service in such area . . . .

12 47 U.S.C. § 251(h), (underlining added)

13 ■ It has long been established that the Act does not require an incumbent LEC to provi-  
14 sion, at the request of another carrier, some form of interconnection arrangement that is  
15 superior or extraordinary to that which the LEC provisions for itself. The LEC's obliga-  
16 tions are only to provide interconnection arrangements that are at least equal to those that  
17 the LEC provides for itself and its own service, not superior. However, the suggestion by  
18 Mr. Williams that a Petitioner could be required to provision local exchange carrier ser-  
19 vices with transport to some distant point, or to purchase services from some other carrier  
20 for transport of traffic beyond the Petitioner's network (*e.g.*, from Qwest to transport traf-  
21 fic to the Qwest tandem), would represent just such extraordinary arrangement not  
22 required of the Petitioners. While an incumbent LEC may, at the incumbent LEC's sole  
23 discretion, voluntarily agree to extraordinary arrangements, the LEC would not do so

1 unless the carrier requesting such extraordinary arrangement is prepared to compensate  
2 the incumbent LEC or be responsible for the extraordinary costs for any such superior ar-  
3 rangement.

4 In the same *IUB II* cited above, the Eighth Circuit Court of Appeals reaffirmed its  
5 earlier conclusion, not affected by the Supreme Court's remand, that the FCC had unlaw-  
6 fully adopted and attempted to impose interconnection requirements on incumbent LECs  
7 that would have resulted in superior arrangements to that which the incumbent LEC pro-  
8 vides for itself. It is now well established that an incumbent LEC is not required to  
9 provision some superior form of interconnection service arrangement at the request of  
10 another carrier, but that is Mr. Williams' suggestion. The Court concluded that "the su-  
11 perior quality rules violate the plain language of the Act." The Court concluded that the  
12 standard of "at least equal in quality" does not mean "superior quality" and "[n]othing in  
13 the statute requires the ILECs to provide superior quality interconnection to its competi-  
14 tors." 219 F.3d at 757-758.

15 It is noteworthy here also to point out that under the invalidated superior quality  
16 rule that the FCC had originally adopted, even the FCC in imposing the unlawful re-  
17 quirement to provide some superior form of interconnection had nevertheless also  
18 concluded that the LEC should be paid for the extraordinary costs associated with the su-  
19 perior interconnection arrangement. Pursuant to Mr. Williams' suggestion, not only  
20 would Western Wireless require a superior quality interconnection from the Petitioners,  
21 he would also do so without compensation for the extraordinary costs.

22 ■ The FCC's own interconnection rules addressing the exchange of traffic subject to the  
23 so-called reciprocal compensation requirements envision only that traffic exchange take



1 place at an “interconnection point” on the network of the incumbent LEC, not at an inter-  
2 connection point on some other carrier’s network. “Incumbent LECs are required to  
3 provide interconnection to CMRS providers who request it for the transmission and rout-  
4 ing of telephone exchange service or exchange access, under the plain language of  
5 section 251(c)(2).” (underlining added) In the Matter of Implementation of the Local  
6 Competition Provisions in the Telecommunications Act of 1996, *First Report and Order*,  
7 11 FCC Rcd. 15499 at para. 1015. *See also, Id.* at paras. 181-185. Moreover, Sections  
8 251(c)(2)(A)-(C) of the Act states:

9 (2) Interconnection.-- The duty to provide, for the facilities and equipment  
10 of any requesting telecommunications carrier, interconnection with the local ex-  
11 change carrier’s network-- (A) for the transmission and routing of telephone  
12 exchange service and exchange access; (B) at any technically feasible point  
13 within the carrier’s network; (C) that is at least equal in quality to that provided  
14 by the local exchange carrier to itself or to any subsidiary, affiliate, or any other  
15 party to which the carrier provides interconnection . . . (underlining added)

16 Therefore, it is Western Wireless’s obligation to provision its own network or ar-  
17 range for the use of some other carrier’s facilities outside of the incumbent LEC’s  
18 network as the means to establish that “interconnection point” on the network of the in-  
19 cumbent LEC.

20 ■ LECs such as the Petitioners generally do not offer or provide any local exchange call-  
21 ing service to their own customers that would involve transport to distant locations as  
22 suggested by Mr. Williams. Calls which involve transport to distant locations beyond the  
23 networks of the Petitioners are provided by interexchange carriers (“IXCs”), and these

1 calling services are not local exchange carrier services. The Act does not require the Pe-  
2 titioners to begin to offer some new and extraordinary form of local calling to their own  
3 customers. The involvement of the Petitioners in such calls is simply the provision of ac-  
4 cess services to IXC's that are the service providers to the end users.

5 Accordingly, there can be no expectation that Petitioners must transport local ex-  
6 change service traffic to some distant point when the Petitioners have no statutory or  
7 regulatory interconnection obligation to do so. Whether Mr. Williams' suggestion to the  
8 contrary (or the presumption embodied in the FCC's confusing statements in its recent  
9 orders) equates to a request that is infeasible because it is premised on the fulfillment of  
10 a network arrangement that does not exist and for which there is no legal requirement, or  
11 a request that imposes undue economic burden on the Petitioners because it would re-  
12 quire some extraordinary superior arrangement, it does not really matter because either  
13 potential outcome is sufficient to warrant suspension under Section 251(f)(2)(A) of the  
14 Act. Either condition is sufficient, on its own, under Section 251(f)(2).

15 **Q22: At page 20 of his Direct Testimony, Mr. Williams questions whether LNP costs**  
16 **would impose an undue economic burden on the Petitioners. What response do you**  
17 **have to his comments?**

18 **A:** With respect to the economic burden on the Petitioners, while some costs associated with  
19 LNP implementation may be recovered through a surcharge imposed on their own cus-  
20 tomers, there will be other costs incurred by the Petitioners beyond those costs that  
21 qualify for the surcharge treatment. And, if an improper form of LNP were imposed on  
22 the Petitioners, one that would impose some extraordinary form of interconnection with a  
23 requirement to incur transport costs to some distant point, there would be additional costs

1 associated with an attempt to comply with the directives and the provisioning of the ex-  
2 traordinary network and other business arrangements. The potential costs to transport  
3 traffic to some distant point are potentially unbounded.

4 Mr. Williams fails to acknowledge the significant adverse economic impact any  
5 of this would impose on the rural subscribers in South Dakota.

6 **Q23: On p. 22 of his Direct Testimony, Mr. Williams notes routing issues, potentially**  
7 **similar to those that you have discussed above, associated with a Notice of Apparent**  
8 **Liability (“NAL”) issued by the Enforcement Bureau of the FCC against Century-**  
9 **Tel of Washington. What is your response?**

10 **A:** I note that the NAL is not a final decision. Further, although all of the facts are not clear  
11 from the NAL, it is clear that CenturyTel had not received a suspension or interim sus-  
12 pension of the LNP requirement from the state commission. For these reasons, it is not  
13 clear to what extent, if any, this case may apply to other LECs, like the Petitioners.  
14 What is clear, however, is that the proper routing of calls, including in the LNP environ-  
15 ment, requires the carriers involved to establish interconnection and business  
16 relationships.

17 As I explained above, the Petitioners have no obligation to provision interconnec-  
18 tion to distant points beyond that at which the Petitioners provision any other local  
19 exchange service calls; the Petitioners have no obligation to put in place some superior  
20 form of interconnection service for the benefit of some other carrier that has not re-  
21 quested interconnection; and the Petitioners, in any event, cannot resolve these routing  
22 issues unilaterally because the Act states that interconnection terms and conditions are es-  
23 tablished by a carrier’s request to an incumbent.

1 Q24: On pp. 22-23, Mr. Williams states that if Petitioners do not implement LNP it will  
2 limit wireless to wireless LNP because wireless carriers use numbers assigned by  
3 LECs. How do you respond?

4 A: Mr. Williams admits in his answer to Interrogatory 19. that Western Wireless is not re-  
5 quired to use numbers assigned by LECs and that it can obtain its own numbers and not  
6 use those assigned by LECs.

7 Q25: On pp. 23-24 Mr. Williams notes that the FCC's Consumer and Governmental Af-  
8 fairs Bureau submitted a letter to NARUC addressing issues associated with  
9 requests for suspension before State commissions. Do you have any comment?

10 A: Yes. A thorough review of the Snowden letter finds that the actual substance is suppor-  
11 tive of the grant of the Petitioners' suspension requests. The letter simply asks the  
12 President of NARUC to remind state commissions to apply the "appropriate standard of  
13 review" to requests under Section 251(f) of the Act. The Petitioners have already dem-  
14 onstrated that grant of their requests is fully consistent with those standards, even beyond  
15 the standards required by the Act and beyond that which the Eighth Circuit Court of Ap-  
16 peals has confirmed and clarified.

17 The Snowden letter limits its suggestions regarding proper review to include only  
18 the "undue economic burden and technical infeasibility" criteria. Just as Mr. Williams  
19 has neglected to address the adverse impact on customers that LNP implementation  
20 would impose, Mr. Snowden also omits these considerations.

21 Q26: On page 24, Mr. Williams suggests that there are likely to be greater numbers of  
22 customers switching to wireless service. Do you have any comment about his state-  
23 ments?

1 A: Yes. First, Mr. Williams references Mr. Thierer's speculative CATO report that was pre-  
2 pared even before implementation of intermodal LNP in the top 100 MSAs had begun.  
3 The evidence that is available since November 24, 2003 indicates that the degree of in-  
4 termodal porting from wireline to wireless, in the more urban areas, is small and less than  
5 expected. And any expected interest in rural areas, such as those served by the Petition-  
6 ers, will even be less than the already nascent level of intermodal porting in urban areas.  
7 See Watkins Direct at pp. 10-15. In a May 21, 2004 News Release, the FCC reports that  
8 since November 2003, "[o]ver 3.5 million numbers have been switched. . . . Approxi-  
9 mately 229,000 involved landline customers taking their landline number to a wireless  
10 carrier." The latter statistic represents the initial six months of intermodal LNP experi-  
11 ence in the Nation's top 100 MSAs. Clearly, the national demand for intermodal LNP in  
12 metropolitan areas has been modest.

13 Q27: **Mr. Williams complains at pp. 24-25 that Western Wireless has had to spend re-**  
14 **sources for LNP. Is this relevant?**

15 A: No. The fact that the FCC mandated that LNP be implemented by CMRS carriers is not  
16 at issue in these proceedings. Congress explicitly established the opportunity for a rural  
17 telephone company to obtain a suspension or modification in Section 251(f)(2) under the  
18 broad protections Congress intended for rural customers and carriers. Nothing in these  
19 requirements includes consideration of actions of other carriers, either voluntarily or in-  
20 voluntarily.

21 Q28: **Mr. Williams complains at p. 25 that it would be "unfair" if the Petitioners are not**  
22 **required to implement LNP because it would limit Western Wireless opportunity to**  
23 **recoup its LNP costs by porting numbers from the Petitioners. How do you re-**

1        **spond?**

2        A:     Mr. Williams statement is not compelling given that LNP in the wireless-to-wireline di-  
3               rection is only required, pursuant to the *Nov. 10 Order*, in the very limited circumstance  
4               where the wireless number resides in the correct LEC rate center. The current circum-  
5               stances are more competitively fair than the disparate version of LNP that would result  
6               under the FCC's approach given the unresolved rate center disparity issues that I have  
7               discussed in my response to Question 19. At least, Western Wireless has some opportu-  
8               nity to port numbers from other wireless providers, whereas most of the Petitioners would  
9               have little or no opportunity to recoup their costs by porting-in numbers. Requiring the  
10              Petitioners to implement LNP would be even more "unfair" than the situation about  
11              which Western Wireless complains.

12      **Q29:    What relevance does Mr. Williams' quote on p. 26 regarding rate centers and rout-**  
13              **ing and rating of calls have here?**

14      A:     None. Mr. Williams apparently believes that the quoted FCC statement at p. 26, lines 13-  
15              16 of his Direct Testimony has a meaning different than the facts would indicate. First,  
16              the rate center associated with a telephone number does not necessarily determine the  
17              service treatment of calls. Second, even if a LEC wanted to use rate center areas as the  
18              means to define local exchange carrier services, as I have already explained above, the  
19              LEC cannot and would not treat calls to a wireless user as a local exchange service call if  
20              the LEC has no interconnection or business arrangement in place with the wireless carrier  
21              because the LEC would have had no requirement to have network trunks in place or es-  
22              tablished terms with other carriers to route such calls. Calls to users of wireless carriers  
23              where there is no established network interconnection or business arrangements in place

1 are necessarily handed off to IXC's who complete such calls to a distant point. Therefore,  
2 "rated in the same fashion" simply means that the calls to the ported number are treated  
3 as IXC calls as any other call is treated for which there is no interconnection or business  
4 arrangement in place with the wireless carrier that would allow for the routing of a call by  
5 the LEC to the wireless carrier as a local call.

6 Q30: **What concluding comments would you offer to the Commission with regard to the**  
7 **pending Requests?**

8 A: For all of the reasons set forth in my Direct Testimony and herein, I respectfully urge the  
9 Commission to grant the suspension requests of the Petitioners. Their requests satisfy the  
10 criteria set forth in Section 251(f)(2) of the Act and are consistent with the preservation  
11 of the public interest:

12 ■ The costs to implement LNP, wireline-wireline and wireline-wireless, would impose  
13 significant adverse economic impacts on the users of telecommunications in rural areas of  
14 South Dakota served by Petitioners.

15 ■ The FCC's *Nov. 10 Order* as well as subsequent orders and statements regarding in-  
16 termodal LNP create more problems than solutions. Intermodal LNP would impose on  
17 the Petitioners either undue economic burdens, requirements that are not technically fea-  
18 sible, or both.

19 ■ Suspension of the implementation of LNP for these Petitioners is consistent with the  
20 public interest, convenience and necessity in that the costs of LNP implementation to  
21 both telecommunications users and the Petitioners are significant and the benefits are  
22 slight as evidenced by the lack of demand for LNP among consumers in the areas served  
23 by the Petitioners in rural South Dakota.

1 Q31: What is the scope of the modification or suspension that the Petitioners seek from  
2 this Commission pursuant to Section 251(f)(2)?

3 A: Specifically, the current suspension of the FCC's LNP requirements should be extended  
4 until conditions may have changed (*i.e.*, a change in the cost related to demand) relevant  
5 to the public interest considerations that form the basis here for the Petitioners' suspen-  
6 sions. This would include suspension until the FCC and the Courts make a full and final  
7 disposition of the outstanding issues, including the porting interval and wireless to wire-  
8 line LNP requirements. Further, the Commission should confirm that the Petitioners  
9 have no obligation to transport calls beyond their service areas for purpose of LNP or any  
10 other purpose. Finally, when the issues are resolved and the public interest circumstances  
11 may have changed, the Petitioners would need sufficient time to acquire and install the  
12 necessary hardware and software and to put in place the necessary administrative proc-  
13 esses.

14 Q32: Does this conclude your Rebuttal Testimony?

15 A: Yes.



## **EXHIBIT 1**

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BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

---

IN THE MATTER OF THE PETITIONS  
FOR SUSPENSION OR MODIFICATION  
OF § 251(b)(2) OF THE  
COMMUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-025; TC04-038; TC04-044  
through TC04-056; TC04-060 through TC04-  
062; TC04-077; TC04-084; and TC04-085

**WWC'S RESPONSES TO  
SUPPLEMENTAL DISCOVERY  
REQUESTS OF PETITIONERS**

WWC License LLC, by and through its undersigned attorney, Talbot J. Wieczorek, of  
Gunderson, Palmer, Goodsell & Nelson, LLP, Rapid City, South Dakota, hereby responds to the  
Supplemental Discovery Requests of the Petitioners in the following dockets:

TC-04-025	Kennebec Telephone Co.
TC04-038	Santel Communications
TC04-044	Sioux Valley Telephone Co.
TC04-045	Golden West, Vivian Telephone Co and Kadoka Tele Co
TC04-046	Armour, Bridgewater-Canistota Tele Co and Union Tele Co
TC04-047	Brookings Municipal Utilities d/b/a Swiftel Communications
TC04-048	Beresford Municipal Telephone Company
TC04-049	McCook Cooperative Telephone Company
TC04-050	Valley Telecommunications Cooperative Association, Inc.
TC04-051	City of Faith Telephone Company
TC04-052	Midstate Communications, Inc.
TC04-053	Western Telephone Company
TC04-054	Interstate Telecommunications Cooperative, Inc.
TC04-055	Alliance Communications Inc. and Splitrock Properties
TC04-056	RC Communications, Inc., and Roberts County Telephone Cooperative Assn.
TC04-060	Venture Communications Cooperative
TC04-061	West River Cooperative Telephone Company
TC04-062	Stockholm-Strandburg Telephone Company
TC04-077	James Valley Cooperative Telephone Company
TC04-084	Tri-County Telcom
TC04-085	Cheyenne Sioux Tribe Telephone Authority

## II. DISCOVERY REQUESTS

### A. INTERROGATORIES

1. At page 10, lines 6-14 of Mr. Williams' testimony, he states that similarly situated LECs are not seeking a delay or suspension of LNP implementation. Identify the similarly situated LECs to which you refer and explain with specificity how they are similar to Petitioners, including information on their respective switch upgrade costs, number of lines in service and type of interconnection with wireless carriers.

**ANSWER:** See Exhibit A for the list of similarly situated LECs that have implemented LNP. Further, numerous LECs throughout the country have not requested waivers of their obligation of porting numbers by May 24, 2004. In fact, some LECs in South Dakota did not apply for a waiver or extension and it was represented by Attorney Rogers that these LECs, planned on providing portability by the deadline and, therefore, were not filing for waivers or extensions. Western Wireless Corporation does not have access to specific switch upgrade costs for LEC's in our service area.

2. At page 10, lines 16-20, and page 11, lines 1-15, you identify other state commissions that have ruled on LEC LNP suspension requests. Identify any other state commissions that have ruled on temporary or permanent LNP suspension requests of which you are aware and indicate how they have ruled.

**ANSWER:** A comprehensive list of regulatory filings and decisions related to Local Number Portability can be found at [www.NECA.org](http://www.NECA.org).

3. At page 12, lines 23-26 and page 13, lines 1-7, you state that "Petitioners have identified only a few technical or feasibility issue in the implementation of local number portability" and list three issues. Identify where each Petitioner identified the alleged issues in its Petition, testimony and discovery responses by page number and where applicable, by line number or question number.

As way of clarification, it does not appear any of the companies claim that LNP would be a requirement that is “technically infeasible” under 47 U.S.C. § 251(f)(2)(A)(iii). However, in response to interrogatory 27 of Western Wireless’ First Set of Interrogatories to the Petitioners, Petitioners either answered that there was no technical infeasibility but that implementing the portability under certain circumstances could be difficult based on the lack of rule makings or be difficult to do so using a local seven digit dialed basis. There exists testimony that has been prefiled by various Petitioners also reiterating these positions. To the extent that this interrogatory requests that every instance of every reference that any of the Petitioners’ 22 witnesses may have made to these three areas must be set forth, the interrogatory is objected to as overly broad and unduly burdensome especially in that it seeks summaries of Petitioners’ own testimony.

4. At page 14, lines 17-22, you state that “the LEC will need to route a call to a ported number to the serving tandem.”
  - a. Identify the serving tandem to which you refer.
  - b. Identify any requirement that LECs must route calls to a ported number to the serving tandem. If you are not aware of any such requirement, indicate so.
  - c. Indicate whether you contend that if the LECs route a call to a number ported to Western Wireless to the serving tandem they would also need to route calls to Western Wireless numbers that are not ported numbers to the serving tandem.

**ANSWER:**

**4.a) The Qwest LATA or local tandem to which the trunk group that delivers wireless terminating traffic is connected.**

**4.b) Pursuant to federal law and regulation, it is the LEC’s requirement to appropriately route the traffic for ported numbers. There is no specific requirement to route to a serving tandem. This is just one of several methods a carrier can use to deliver local traffic to a ported number. Typically, for low traffic volumes, tandem routing, using common or shared trunk groups, is the most cost efficient means of routing such traffic. It appears that Petitioners used the most costly way to route traffic as the basis for their cost analysis rather than considering other ways of routing.**

**4.c) Objection: How calls need to be routed for Western Wireless numbers separate and a part from LNP issues is not relevant in any of these filings and is not likely to lead to the discovery of admissible evidence.**

5. At page 15, footnote 23, you state that the Central Office Code Administration Guidelines published by the Alliance for Telecommunications Industry Solutions “permit a carrier to receive a rate center number assignment and designate a routing point for calls to those numbers that is outside the rate center to which they are assigned.” Do you contend that this requires Petitioners to route calls to a ported number to the serving tandem?

**ANSWER: This reference was provided to indicate that tandem routing practices for local calling are not new to the industry. See also response to Question 4.a.**

6. At page 15, line 6, you state that “[t]his practice is permitted under industry guidelines...”  
To what practice are you referring?

**ANSWER: The practice of identifying separate rating and routing points for NPA-NXXs and properly rating and routing traffic based on those designations.**

7. At page 3, lines 3-7, you state that you have been “actively involved in negotiation of interconnection agreements with most, if not all, of the Petitioners in this case on behalf of Western Wireless” in response to a question as to whether you have any background or familiarity with Western Wireless’ system in South Dakota and any familiarity with the Petitioners’ systems in South Dakota.
- a. Based on your familiarity with the Petitioners’ systems obtained through the interconnection agreement process, do any of the Petitioners route traffic to Western Wireless customers to the serving tandem identified in 4a?
  - b. Does Western Wireless contend that the Petitioners agreed in the interconnection agreements to route traffic to Western Wireless to the serving tandem?
  - c. Does Western Wireless contend that the FCC’s local number portability rules would require parties to an interconnection agreement to route traffic in a manner different from that to which they agreed?

**ANSWER:**

**7.a) Not at this time. Petitioners can, at any time, begin to route traffic to Western Wireless customers to the serving tandem.**

**7.b) No.**

**7.c) No, but nothing prevents Petitioners from amending, by mutual agreement, the interconnection agreements with Western Wireless.**

8. At page 16, lines 9-11, you state that “[t]he facts contained in the Petitions do not meet the standard that would lead one to conclude the economic burden exceeds that ‘typically associated with efficient competitive entry.’” Identify the facts that would meet the standard that would lead one to conclude the economic burden exceeds that typically associated with efficient competitive entry.’”

**ANSWER: One method to establish this burden might include demonstration of costs that are extraordinary in comparison to other similarly situated companies that have implemented LNP. Another method may be to demonstrate that a Petitioners financial wherewithal is insufficient to sustain implementation of LNP. Adoption of any new service to the public usually entails some costs. The fact that adoption and providing of new service to the public entails a cost in and of itself would not logically lead to the conclusion that there has been any type of undue economic burden or adverse economic impact. Otherwise, any service that would add costs could be barred under such a test.**

9. At page 16, lines 12-17, you state that you have experience with SOA and LNP queries in response to a question concerning whether you have experience with the real life costs of LNP implementation.

- a. Indicate whether this means you have experience with the cost of SOA and LNP queries.
- b. If you have such experience, indicate the recurring and non-recurring cost associated with SOA and LNP queries.

**ANSWER:**

**9.a) Yes.**

**9.b) Please see Western Wireless' response to question 12 of the First Discovery Requests.**

10. At page 17, lines 11-13, you state that Petitioners have included fees for SOA non-recurring set up charge or non-recurring Service Order Administration "when estimated port volumes provide no justification for an automated SOA interface."

- a. Identify the specific Petitioners to which you refer.
- b. Indicate for each Petitioner identified in 10.a. whether you contend that the Petitioner's cost estimates for an automated SOA interface are unreasonable or whether you contend that an automated SOA cannot be justified, or both.
- c. Indicate whether Western Wireless utilizes an automated SOA.
- d. Indicate the recurring and non-recurring costs paid by Western Wireless for the SOA interface.

**ANSWER:**

**10.a) All Petitioners**

**10.b) We contend that automated SOA is not justified for the low port volume forecasts made by the Petitioners**

**10.c) Although irrelevant to the proceeding, Western does use an automated SOA interface**

**10.d) Objection, this interrogatory calls for information that is irrelevant and not likely to lead to admissible evidence.**

11. At page 17, lines 14-18, you state that "many of the Petitioners have not provided sufficient information in response to interrogatories to address the validity of switch upgrade cost claims at this time." Identify the Petitioners to which you refer.

**ANSWER: All Petitioners that have not provided actual switch vendor quotations.**

12. At page 18, lines 5-15, you state that Beresford Telephone has overstated SOA costs.

Identify all other Petitioners that you contend have overstated SOA costs.

**ANSWER: See response to 10.a.**

13. At page 18, lines 9-11, you state that Beresford can utilize the Number Portability Administration Center Help Desk to perform the SOA function for 24 ports for a total of \$360.

- a. Explain how you arrived at a cost of \$360.
- b. Is the Number Portability Administration Center Help Desk and automated SOA interface?
- c. Does Western Wireless utilize the Number Portability Administration Center Help Desk?
- d. If Western Wireless does not utilize the Number Portability Administration Center Help Desk, explain why it does not and identify the factors that resulted in Western Wireless selecting a different SOA interface.
- e. How long does it take to complete a port using the Number Portability Administration Center Help Desk?
- f. Identify the annual number of port requests that Western Wireless has projected it will make of each of the Petitioners for the years 2004 through 2010.

**ANSWER:**

**13.a) The \$360 figure was estimated by taking the number of ports and multiplying by the estimated per port line charge for SOA services (\$15).**

**13.b) No.**



13.c) Western Wireless does use the Number Portability Administration Center Help Desk in certain situations.

13.d) N/A

13.e) The transaction time for using the Number Portability Administration Center Help Desk is estimated to take less than 2 minutes.

13.f) Please see Exhibit B.

14. At page 19, lines 1-3, you state that “Western Wireless estimates the cost of routing traffic to these ported numbers to be \$1,120 for the year including non-recurring charges.” Explain with specificity how you derived this amount.

**ANSWER:** The estimate was calculated using these inputs:

- A \$400 estimated non-recurring charge for reconfiguration of existing trunk group to Qwest tandem.
- West River estimate of annual ports – 12
- Qwest toll transit rate - \$.003123
- Estimated local calls originated each day on West River network to each ported number – 6
- Estimated average length of local calls originated on West River network to ported numbers – 3.5 minutes
- Assuming a traffic volume estimate after 2.5 years of port activity
- The monthly recurring cost was calculated using this formula: (Annual Ports\*2.5 years)\*(local calls per day\*length of calls\*days per month)\*transit rate  
Alternatively:  $(12*2.5)*(6*3.5*30)*0.003123 = \$59.02 \text{ per month} \times 12 \text{ months} = \$708$

$$NRC \text{ of } \$400 + 12 \text{ Months of MRC of } 708 = 1^{st} \text{ year costs of } \$1108$$

15. At page 19, lines 1 and 2, you state “[a]ssuming these porting customers to have average incoming call characteristics...”, identify with specificity what are the “average incoming call characteristics” to which you refer.

**ANSWER:** See input assumptions in response 14.

16. At page 19, lines 8-10, you state that you believe the FCC “views that it is the originating carrier’s responsibility to deliver local traffic for termination...”

- a. For each of the Petitioners, identify the calls to Western Wireless numbers by number and routing arrangement, for which Petitioner pays reciprocal compensation to Western Wireless.
- b. Indicate whether you contend that Petitioners would be required to pay reciprocal compensation on calls to numbers ported from the Petitioner to Western Wireless.

**ANSWER:**

**16.a) Objection, the interrogatory is irrelevant and unlikely to lead to admissible evidence and is also overly burdensome and unduly broad in that it seeks information on calling arrangements and number and routing arrangements not related to LNP. Further, each Petitioner would have this information readily available in their existing records.**

**16.b) Yes.**

17. At page 20, lines 5-8, you state that you eliminated switch maintenance cost because LNP does not result in additional increase in this cost. At Addendum D to your Answers to Interrogatories, Local Number Portability Operations Agreement, Section 7.3, states that “[e]ach Party shall monitor and perform effective maintenance through testing and the performance of proactive maintenance activities such as routine testing, development of and adherence to appropriate network trouble isolation processes and periodic review of operational elements for translations, routing and network faults.” Reconcile these two statements.

**ANSWER: Switch maintenance and routing table management should be routine practice that is not altered by Local Number Portability operations.**

18. At page 20, lines 13-15, you state that “[t]he routing methods proposed by the Petitioners are inefficient in that they make little or no utilization of existing equipment and shared facilities currently used to exchange calls with other carriers.” Identify with specificity and for each Petitioner, the “existing equipment and shared facilities currently used to exchange calls with other carriers” to which you refer.

**ANSWER: Trunk groups that currently deliver wireless and other carrier traffic to Petitioners directly from Qwest or any other common/shared trunk group that is connected to the PSTN.**

19. At page 22, lines 18-23 and page 23, lines 1-4, you state that if Petitioners do not implement LNP it will limit wireless to wireless number portability because wireless carriers use numbers assigned to them by LECs.

- a. Are you required to use numbers assigned by LECs? If you contend that you are so required, identify the requirement.
- b. Can Western Wireless obtain its own numbers and not use those assigned by LECs? If you contend that Western Wireless cannot obtain its own numbers, explain why not.

**ANSWER:**

**19.a) No, Western Wireless is not required to use numbers assigned by LECs, however, the Petitioners are required to provide them. Many of Western Wireless’ customers and other wireless customers are currently served by numbers provided by LECs.**

**19.b) Yes, but it would take months and would not resolve porting issues for existing customers.**

20. At page 23, lines 9-11, you state that “Qwest has experienced a substantial loss of customers to competitors since the advent of number portability.”

- a. Identify the basis for this statement.
- b. Identify the number of customers lost by Qwest since the advent of number portability in South Dakota.
- c. Identify the number of customers lost by Western Wireless since the advent of number portability in South Dakota.

**ANSWER:**

**20.a) This statement was based on discussions with CLEC's in South Dakota and on transit billing volume changes for Western Wireless traffic delivered to CLEC CLLIs.**

**20.b) Western Wireless does not have specific customer counts for Qwest line loss in South Dakota.**

**20.c) Objection, this interrogatory calls for information that is irrelevant and not likely to lead to admissible evidence and the question is vague. Without waiving the objection, Western Wireless answers as follows: Western Wireless has experienced people leaving Western Wireless for other wireless providers and people leaving other wireless providers and coming to Western Wireless. Further, Western Wireless has experienced people wishing to leave Western Wireless who have not been able to port their numbers because Petitioners have refused to implement LNP.**

21. At page 25, lines 3-7, you state that "it is unfair that carriers who we compete with, that are similarly obligated, would be exempted from their obligations and thereby limit our ability to recoup the LNP investments we have made by restricting our opportunity to leverage those investments in a competitive marketplace."

- a. Do you believe it would also be unfair if the Petitioners' opportunity to leverage LNP investments was restricted?
- b. Assuming the Petitioners were LNP capable, identify by Petitioner and by rate center all rate centers where Western Wireless would be required to port numbers from Western Wireless to the Petitioner.

**ANSWER:**

**21.a) To the extent that Petitioners have to abide by the same coverage and rate center rules as other carriers, Yes.**

**21.b) Western Wireless would be obligated to port numbers where the Petitioner provides service.**

**22. At Exhibit 5A and 5B of your testimony, you list recurring and non-recurring transport costs for some Petitioners. For each Petitioner, explain how the recurring and non-recurring transport cost was derived. If no transport cost is listed for a Petitioner, explain why not.**

**ANSWER: Non-recurring costs in Exhibit 5A and 5B are, for the most part, those costs provided by the Petitioners. Any modifications made to these costs are explained in my testimony. Recurring costs in Exhibit 5A and 5B were developed as follows:**

**SOA: Ports per year / 12 months x \$15 Neustar (NPAC) help desk fee per port.**

**LNP Query: Cost provided by Petitioners or access lines in service x six originating calls per day x 30 days x .00075 per query**

**If no transport cost is listed for a Petitioner, the Petitioner has indicated they will have no numbers ported from their network.**

**23. At the conference call sponsored by the South Dakota Commission on June 1, 2004, Western Wireless stated that the testimony and exhibits of Ron Williams include "general" and "company specific" portions. Identify by page and line number the parts of Mr. Williams' testimony that are "general" and the parts that "company specific." Also identify the Exhibits or parts thereof that are "general" and the ones that are "company specific." For the testimony and Exhibits that are company specific, identify the company to which they apply.**

**ANSWER: These terms were used in regard to comments made during that meeting that Mr. Watkins constitutes a general expert and the costs experts were considered cost company specific experts. In that regard, all the testimony of Ron Williams replying to the issues raised by Mr. Watkins should be considered general testimony applying to policy**

and other issues raised by Mr. Watkins. Regarding company specific, the cost testimony of Williams is specific for each petitioner in that it replies to the specific cost testimony submitted by each petitioner. To the extent that the cost testimony could be argued to also apply to the public interest, convenience and necessity issues, the cost analysis is presented for that matter. The same would be said for the testimony of technical difficulties in implementing LNP. Namely, the technical testimony is directed at each petitioner specifically but may also be regarded as applying to general testimony regarding implementation issues.

24. Do you contend that imposing the LNP obligations on Petitioners is not unduly economically burdensome? If your answer to the preceding interrogatory is in the affirmative, please state the following with respect to each Petitioner:

- a. State in detail each fact, matter and circumstance upon which you rely to support your answer.
- b. Identify each person having knowledge of the facts that support your answer and state the substance of their knowledge.
- c. Identify all documents upon which you rely which support your answer.

**ANSWER: Yes.**

**24.a) Petitioners have failed in their burden to show undue economic burden in their refusal to provide their cost documents received from vendors. Refusal of the Petitioners to provide such documents makes it impossible to make a conclusion that undue economic burden exists. Further, Petitioners all have the financial ability to pay for LNP. See also responses to interrogatory 8 above.**

**24.b) Petitioners and their witnesses.**

**24.c) Discovery to date and prefiled testimony of Petitioners.**

25. On page 25, lines 1-3 of Mr. Williams' testimony, he states that "We have upgraded our network, implemented new processes, systems, and hired supporting resources to implement LNP in South Dakota. In other words, we have absorbed the costs of implementing LNP

under our FCC obligations.” Please list the cost Western Wireless has incurred for these various items in South Dakota.

**ANSWER: Objection, as this interrogatory calls for information that is not relevant or likely to lead to admissible evidence, unduly burdensome and overly broad and vague. Without waiving said objection, Western Wireless answers as follows: Such costs are not kept by State.**

**B. DOCUMENT PRODUCTION**

1. At page 13, lines 15-21, you cite the testimony of Steven D. Metts. Provide a complete copy of Mr. Metts’ testimony that includes the cited language.

**ANSWER:**

**1) Q. “On Page 2 Line 21, beginning on 20 and 21 you state the purpose of your testimony. Is it your contention that suspension of the FCC requirements is based upon technological incapability for any of your companies?”**

**A. “No.”**

**See attached Exhibit C.**

2. Provide all documents referenced in your responses to Interrogatories 1-25.

**ANSWER: Documents previously provided otherwise. Also, see attached Exhibits A, B and C.**

DATED this \_\_\_\_\_ day of June, 2004.

WWC License, LLC

By \_\_\_\_\_  
Ron Williams

Its \_\_\_\_\_

State of \_\_\_\_\_ )  
County of \_\_\_\_\_ ) ss.

On this, the \_\_\_\_\_ day of \_\_\_\_\_ 2004, before me, the undersigned officer, personally appeared \_\_\_\_\_ as \_\_\_\_\_ of WWC License LLC, known to me or satisfactorily proven to be the person whose name is subscribed to the within instrument, and acknowledged that he/she executed the same for the purposes therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

\_\_\_\_\_  
Notary Public

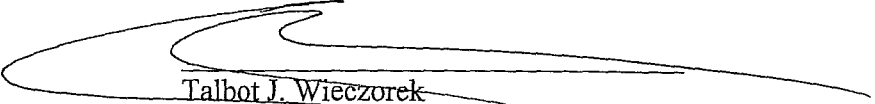
(SEAL)  
My Commission Expires:  
\_\_\_\_\_



Dated this 11 day of June, 2004.

**AS TO OBJECTIONS:**

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP



Talbot J. Wieczorek

Attorneys for WWC License LLC

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Rapid City SD 57709

Phone: 605-342-1078

Fax: 605-342-0480

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**CERTIFICATE OF SERVICE**

The undersigned certifies that on the   /   day of June, 2004, I served a true and correct copy of WWC's Responses to Petitioners Supplemental Discovery Requests in LNP Dockets, by email and Next Day Delivery, postage paid to:

**dprogers@riterlaw.com**

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Riter, Rogers, Wattier & Brown  
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Sioux Valley Telephone Co  
Golden West, Vivian Telephone Co and Kadoka  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
West River Cooperative Telephone Company  
Stockholm-Strandburg Telephone Company  
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Pierre SD 57501-0057

**Attorney for:**

South Dakota Telecommunications Assoc.

A handwritten signature in black ink, appearing to read 'Talbot J. Wiczorek'. The signature is stylized with a large, sweeping loop at the end.

Talbot J. Wiczorek

## EXHIBIT A TO WWC REPLY TO PETITIONERS' SUPPLEMENTAL DISCOVERY REQUEST

**Similarly Situated Carriers***ND LEC's with Similar Profiles to SD Petitioners*

STATE	NAME	STATUS	ICA	Suspension Filed?	LNP DATE	ACCESS LINES	Number of Switches
ND	NORTHWEST COMMUNICATIONS COOPERATIVE	SENT BFR	Y	No	5/24/2004	5,302	15
ND	CONSOLIDATED TELCOM	SENT BFR	Y	No	5/24/2004	8,713	19
ND	DAKOTA CENTRAL TELECOMMUNICATIONS COOP.	SENT BFR	Y	No	5/24/2004	5,228	8
ND	DICKEY RURAL TELEPHONE COOPERATIVE	SENT BFR	Y	No	5/24/2004	5,400	17
ND	GRIGGS COUNTY TELEPHONE CO.	SENT BFR	Y	No	5/24/2004	2,171	4
ND	INTER-COMMUNITY TELEPHONE COMPANY, LLC	SENT BFR	Y	No	5/24/2004	2,626	9
ND	BEK COMMUNICATIONS COOPERATIVE	SENT BFR	Y	No	5/24/2004	7,267	18
ND	MOORE & LIBERTY TELEPHONE CO.	SENT BFR	Y	No	5/24/2004	998	2
ND	POLAR COMMUNICATIONS MUTUAL AID CORP.	SENT BFR	Y	No	5/24/2004	9,233	22
ND	POLAR TELECOMMUNICATIONS, INC.	SENT BFR	Y	No	5/24/2004	1,604	7
ND	RESERVATION TELEPHONE COOPERATIVE	SENT BFR	Y	No	5/24/2004	7,812	20

**EXHIBIT B TO WWC'S RELY TO SUPPLEMENTAL DISCOVERY**  
**Western Wireless Corp.**

LEC	Projected Port Requests (first 5 years of porting)
ALLIANCE/SPLITROCK TOTAL	660
BERESFORD MUNICIPAL TELEPHONE CO.	96
CHEYENNE RIVER SIOUX TRIBAL TELEPHONE AUTH.	230
CITY OF BROOKINGS MUNICIPAL TELEPHONE DEPT.	1117
CITY OF FAITH MUNICIPAL TELEPHONE CO.	0
FORT RANDALL TELEPHONE COMPANY/MT. RUSHMORE	458
GOLDEN WEST COMPANY - KADOKA TELEPHONE CO.	42
GOLDEN WEST COMPANY - UNION TELEPHONE CO.	122
GOLDEN WEST COMPANY-BRDGWATER-CANISTOTA TELEPHONE CO. (Armour)	224
GOLDEN WEST TELEPHONE COOPERATIVE, INC.	1101
INTERSTATE TELECOM. COOP., INC. - SOUTH DAKOTA	1019
JAMES VALLEY COOPERATIVE TELEPHONE COMPANY	284
KENNEBEC TELEPHONE CO.	54
MCCOOK COOPERATIVE TELEPHONE COMPANY	154
MIDSTATE COMMUNICATIONS, INC.	323
RC COMMUNICATIONS, INC./ROBERTS COUNTY	147
SANTEL COMMUNICATIONS COOPERATIVE, INC.-SD	348
SIOUX VALLEY TELEPHONE CO.- GOLDEN WEST COMPANY	397
STOCKHOLM - STRANDBURG TELEPHONE CO.	52
TRI-COUNTY TELCOM, INC.	31
VALLEY TELECOM COOPERATIVE ASSOCIATION, INC.	253
VENTURE COMMUNICATIONS COOPERATIVE	173
VIVIAN TELEPHONE CO.	1279
WEST RIVER COOPERATIVE TELEPHONE COMPANY	272
WEST RIVER TELECOMMUNICATIONS COOP (MOBRIDGE) - SD	181
WESTERN TELEPHONE CO.	77

1 implementation.

2 Q. Do you have any sense or any feel for what  
3 the additional charges incurred by each of these  
4 companies is?

5 A. No. Those companies withdrew before we had  
6 the data request for the costs and did not submit any  
7 costs to me.

8 Q. On Page 2 Line 21, beginning on 20 and 21 you  
9 state the purpose of your testimony.

10 Is it your contention that suspension of  
11 the FCC requirements is based upon technological  
12 incapability for any of your companies?

13 A. No.

14 Q. If you would, turn to Page 5, as well.

15 A. (Witness complies.)

16 Q. When was the FCC Order -- referring to Page  
17 5, when was the FCC Order issued?

18 A. November 10th, 2003.

19 Q. So all of the NMECG members have known since  
20 then that they were going to have to be within  
21 compliance?

22 A. Yes.

23 Q. When did ENMR and ValleyTel apply for a  
24 request of waiver to the FCC?

25 A. I don't know that.

# LARSON AND NIPE

ATTORNEYS AT LAW

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CHRIS A. NIPE  
MITCHELL  
SOUTH DAKOTA 57301

**RECEIVED**

JUN 16 2004

June 15, 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

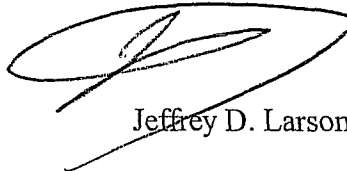
Pam Bonrud, Executive Director  
SD Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

RE: **IN THE MATTER OF THE PETITION FOR LOCAL NUMBER PORTABILITY  
SUSPENSION OR MODIFICATION ON BEHALF OF SANTEL  
COMMUNICATIONS COOPERATIVE, INC.**  
Docket No. TC04-038

Dear Pam:

Enclosed please find for filing an original and ten (10) copies of the **Pre-filed Rebuttal Testimony of John De Witte**. If you should have any questions with regard to the same, please feel free to contact my office.

Sincerely,



Jeffrey D. Larson

JDL/amb  
Enclosures (11)  
cc/enc. Service list

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF SOUTH DAKOTA

RECEIVED

JUN 16 2004

IN THE MATTER OF THE PETITION FOR LOCAL NUMBER )  
PORTABILITY SUSPENSION OR MODIFICATION )  
ON BEHALF OF )

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

BROOKINGS MUNICIPAL UTILITIES )

d/b/a SWIFTEL COMMUNICATIONS )

~~Docket No. TC04-047~~

INTERSTATE TELECOMMUNICATIONS COOPERATIVE, INC. )

~~Docket No. TC04-054~~

JAMES VALLEY COOPERATIVE TELEPHONE COMPANY )

~~Docket No. TC04-077~~

SANTEL COMMUNICATIONS )

Docket No. TC04-038

STOCKHOLM-STRANDBURG TELEPHONE COMPANY )

~~Docket No. TC04-062~~

VENTURE COMMUNICATIONS COOPERATIVE )

~~Docket No. TC04-060~~

WEST RIVER COOPERATIVE TELEPHONE COMPANY )

~~Docket No. TC04-061~~

PRE-FILED REBUTTAL TESTIMONY OF  
JOHN DE WITTE



**I. INTRODUCTION**

**Q: What is your name?**

A: My name is John M. De Witte.

**Q: Are you the same John M. De Witte that filed direct pre-filed testimony in this proceeding?**

A: Yes.

**Q: What is the purpose of your rebuttal testimony?**

A: To discuss some of the cost and technical issues Western Wireless Corporation (WWC) raised in the direct testimony of Mr. Ron Williams and to provide information regarding the impact of some of WWC's proposals.

**Q: Have you read the pre-filed direct testimony of Mr. Williams filed on behalf of WWC in this proceeding?**

A: Yes.

**Q: Do you understand the technical issues that were raised in Mr. Williams' Direct Testimony?**

A: Yes, as I describe in this rebuttal testimony. My staff and I have performed the technical engineering and economic analysis for many of the rural South Dakota ILECs over the past several years. We have been involved with the strategic planning and implementation for many of the broadband networks that are serving rural South Dakota subscribers today. In every instance with which I am familiar, the ILECs have carefully invested their limited funds where technology deployments are feasible and serve the public interest. The South Dakota PUC can

1 be proud of its role in the encouragement and deployment of those services. I  
2 would like to particularly point out that through cooperative ventures undertaken by  
3 the rural ILECs, many operating efficiencies have been realized. As we have  
4 demonstrated in our original petitions, the lack of demand and projected high  
5 implementation costs of Intermodal LNP do not appear to serve the public interest  
6 for the deployment of the service.

7 **Q: Mr. Williams believes that the LNP Implementation Costs are overstated in**  
8 **several categories. Can you provide additional detail to support your cost**  
9 **estimates?**

10 A: Mr. Williams takes issue with the LNP implementation cost estimates for several  
11 categories. Specifically, Mr. Williams raises issues with transport cost estimates,  
12 SOA cost estimates, LNP Testing/Verification/Administrative cost estimates, and  
13 LNP Marketing Flyer Cost Estimates. I will address each of these categories  
14 individually.

15 Transport Cost Estimates

16 The transport cost estimates were derived by provisioning a DS1 to each of the  
17 Petitioner's rate centers for each wireless carrier. The basis for this methodology is  
18 simple. The Telecom Act of 1996 states that the Point of Interconnection (POI) for  
19 connecting carriers should be at "any technically feasible point *within the carrier's*  
20 *network.*<sup>1</sup>" CMRS carriers with a desire to exchange traffic directly with a wireline  
21 carrier typically order a Type 2B (End Office) or Type 2A (Access Tandem) DS1

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<sup>1</sup> 47 U.S.C. § 251 (c) (2) (emphasis added)

1 facility from the wireline carrier. The CMRS carriers have not universally  
2 deployed direct connections to the rural areas served by the Petitioner. In South  
3 Dakota, the CMRS carriers have ordered (and paid for) very few Type 2B  
4 connections into rural ILEC service areas. Most of the South Dakota ILECs which  
5 whom I am familiar, do not have any existing Type 2B connections. Of the South  
6 Dakota ILECs that do have direct Type 2B connections, it is typically a single  
7 connection to a single exchange. The CMRS carriers have not universally deployed  
8 Type 2B connections to all South Dakota ILEC territories and all ILEC exchanges.

9 The CMRS carriers issued BFRs to the Petitioner for LNP services with a  
10 listing of each of the Petitioner's exchanges by Common Language Location  
11 Identifier (CLLI) code. The BFR notifications did not include any provisions for  
12 agreements detailing interconnection, transiting, or reciprocal compensation. In  
13 addition, none of the CMRS providers provided any POI information with their  
14 BFRs to allow the Petitioner to evaluate transport options or costs. In order to  
15 maintain the proper routing for the wireless calls and local rating for calls to  
16 wireless numbers, the Petitioner assumed that direct Type 2B connections would be  
17 deployed in each exchange for each CMRS carrier. If a CMRS carrier had ordered  
18 a Type 2B direct connection to an exchange, it was assumed that this existing  
19 facility would be utilized to carry that CMRS' LNP traffic for that exchange. As  
20 none of the CMRS carriers placed orders for Type 2B or Type 2A direct  
21 interconnection facilities with their BFRs, the Petitioner included these costs as part  
22 of their Implementation Cost estimates.

1           The routing methods reflected in the cost exhibits attached to my direct  
2       testimony are based on the current routing arrangements that the Petitioner has in  
3       place with other toll and EAS connecting carriers. In general, calls that route using  
4       10 digits are considered to be toll calls and calls that route using 7 digits are  
5       considered to be local calls. Calls that use 7 digit dialing either terminate in the  
6       Petitioner's network or utilize a direct connection (referred to as an EAS trunk).  
7       Therefore, if calls to numbers ported to a carrier are to be dialed on a local 7-digit  
8       basis (local call), a direct connection needs to be established between the carriers,  
9       hence the requirement for direct Type 2B connections with the CMRS carrier. This  
10      connectivity is depicted in Rebuttal Testimony Exhibit 1. The Petitioner assumed  
11      that each CMRS provider would require separate facilities since there are no known  
12      Agreements in place that allow the CMRS carriers to share a common connection  
13      with the Petitioner's network. The anticipated cost of the transport facilities from  
14      the Petitioner's exchanges to Sioux Falls, SD was provided by SDN  
15      Communications and attached as Rebuttal Exhibit 2.

16           WWC has agreed to the routing methodology described above, which  
17      requires a dedicated Type 2B connection to each end office, in the Reciprocal  
18      Compensation Agreement negotiated as part of WWC's arbitration proceeding in  
19      South Dakota. Paragraph 3.1.3 of the Agreement states: "Type 2B Interconnection:  
20      Facilities which provide a trunk side connection between the CMRS Provider and  
21      the Telephone Company end office. The CMRS Provider's POI must be located  
22      within the Telephone Company's end office exchange boundary of that Telephone

1 Company end office.” Since none of the CMRS carriers have ordered Type 2B  
2 connections to every end office, the cost estimates for these transport facilities were  
3 included in the Petitioner’s cost exhibits. As a result, the revised cost exhibit  
4 provided by Mr. Williams in his direct testimony<sup>2</sup> does not accurately depict the  
5 transport costs that would be incurred due to the implementation of LNP. The  
6 updated transport figures from Rebuttal Exhibit 1 have been incorporated into the  
7 Petitioner’s revised cost estimates attached as Rebuttal Exhibit 3.

8 While there may be more efficient network trunking configurations that  
9 could be implemented as Mr. Williams asserts in his direct testimony, there are no  
10 Interconnection Agreements or Reciprocal Compensation Agreements in place for  
11 alternative arrangements and the Petitioners cannot require other carriers to agree to  
12 other arrangements. One way to address the impasse over transport costs may be to  
13 allow the Petitioners to investigate alternative transport options and then offer those  
14 alternatives to carriers that wish to port numbers. Carriers like WWC could then  
15 either negotiate direct connections through the interconnection process, chose to use  
16 the alternative transport option, or chose not to port with a particular Petitioner.  
17 This would seem to be a fairer alternative than simply placing the entire burden of  
18 transport on Petitioners and their end user customers.

19 Service Order Administration (SOA) Cost Estimates

20 As detailed in our response to WWC’s Discovery Requests, the SOA cost estimates  
21 were derived by evaluating planning pricing from several vendors that offer

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<sup>2</sup> Testimony of Ron Williams on behalf of Western Wireless, Exhibit 5B – Transport Related Costs

1 automated SOA provisioning services. The actual pricing provided by these  
2 providers was obtained under a NDA with the providers. We have asked for  
3 permission to release the data for this proceeding, but to date, the SOA providers  
4 have not released Vantage Point Solutions from the obligations of the NDA to  
5 provide actual pricing. While the actual pricing for each provider is confidential  
6 information, the cost estimates can be expressed by looking at the range of pricing  
7 for the automated SOA providers. From the pricing that we have received from  
8 these providers, the non-recurring setup fees range from \$1,800 to \$2,000 with  
9 monthly recurring fees ranging from \$500 to \$1,200. The LNP Query charge  
10 ranges from monthly recurring minimums of \$100 to \$150 with query charges  
11 ranging from \$0.0005 to \$0.00075 per query. In his testimony, Mr. Williams  
12 asserts that these costs are overstated since lower cost alternatives are available  
13 based on the number of projected ports.<sup>3</sup> However, in response to interrogatory  
14 10.b., WWC does not contend that the cost amounts for an automated SOA  
15 interface are unreasonable. Therefore, if an automated process is not rejected, the  
16 cost estimates in the Petitioners' cost exhibits should be allowed. The Petitioner  
17 agrees that lower cost SOA alternatives are available; however, the factor for  
18 generating the SOA cost estimates was not the quantity of ports, but the porting  
19 interval. These manual SOA processes will not be sufficient if the CMRS carriers  
20 are successful in their ongoing efforts to reduce the porting interval from its current  
21 duration of four (4) days to the FCC target of 2.5 hours. Assuming that the CMRS

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<sup>3</sup> Testimony of Ron Williams on behalf of Western Wireless, pg 17, lines 9-10

1 carriers are successful in their endeavors to reduce the porting interval, the  
2 Petitioner assumed the use of an automated SOA system for the five (5) year costs  
3 estimates that will be used to generate the anticipated NECA End User charge. If  
4 the Petitioners are not required to comply with a reduced porting interval, the  
5 Petitioners may be able to reduce their SOA cost estimates by planning to  
6 implement a manual, low-tech SOA interface. As a result, the revised cost exhibit  
7 provided by Mr. Williams in his direct testimony<sup>4</sup> (which uses "low tech"  
8 interfaces) does not accurately depict the anticipated SOA costs that would be  
9 incurred due to the implementation of LNP.

10 LNP Testing/Verification/Administrative Cost Estimates

11 In his testimony, Mr. Williams incorrectly asserts that the LNP Testing,  
12 Verification, and Administration cost estimates "appear to be overstated and  
13 redundant".<sup>5</sup> As stated in our response to WWC's First Set of Discovery Questions  
14 4(a)(iii) and 5(a)(xiii), the Petitioner will be required to perform testing and  
15 verification on a recurring and non-recurring basis to ensure that the ported calls are  
16 routing properly. This activity differs from the initial switching translations setup  
17 and testing that will be required after the appropriate software features are  
18 activated. As stated in my direct testimony, the non-recurring initial translations  
19 cost estimates were based on the anticipated fees to data-fill and test basic LNP  
20 functionality in the Petitioner's switching system. This testing includes

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<sup>4</sup> Testimony of Ron Williams on behalf of Western Wireless, Exhibit 5B – NPAC Related Costs

<sup>5</sup> Testimony of Ron Williams on behalf of Western Wireless, pg 18, lines 2-3

1 coordination of testing with the SOA provider, verification of proper LNP dip  
2 activities, verification of billing system interaction, and other translations activities.

3 With the initial software translations in place, additional testing,  
4 verification, and administration activities will be required for each carrier  
5 requesting LNP. The non-recurring technical implementation and testing cost  
6 estimates were based on the anticipated fees to data-fill and test specific LNP  
7 functionality in the Petitioner's switching system. The Petitioner would seek to  
8 ensure that all calls route appropriately for each carrier that has ported one of the  
9 Petitioner's numbers. No carrier has provided a mechanism for alerting the  
10 Petitioners to updates and changes to their dialing plan. As a result, each Petitioner  
11 must research the common industry databases and other sources to ensure that the  
12 traffic destined for carriers is routed properly. These anticipated costs are identified  
13 as the non-recurring testing and implementation costs on each Petitioner's cost  
14 exhibit. Once the routing information is tested and verified for each carrier, the  
15 Petitioner plans to perform tests for each ported number as the port is requested to  
16 ensure that the ported number route correctly flows through the Petitioner's  
17 network. As a result, the revised cost exhibit provided by Mr. Williams in his direct  
18 testimony<sup>6</sup> does not accurately depict the recurring testing, verification, and  
19 administrative costs that would be incurred due to the implementation of LNP.

20 Marketing/Informational Flyer Cost Estimates

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<sup>6</sup> Testimony of Ron Williams on behalf of Western Wireless, Exhibit 5B – Technical/Administrative Costs



1 In his testimony, Mr. Williams incorrectly asserts that the Marketing/Informational  
2 Flyer Costs “are not justified on a recurring basis”.<sup>7</sup> As stated in our response to  
3 WWC’s First Set of Discovery Question 13(d), the Petitioner does not plan to  
4 provide recurring monthly information to customers regarding LNP. The Petitioner  
5 plans to develop a marketing program and provide an explanation of LNP end user  
6 fees to their subscribers on an appropriate periodic basis. The revised cost exhibits  
7 (reference De Witte Rebuttal Exhibit 3) assume a single mailing. In order to arrive  
8 at a monthly estimated cost for the Petitioner’s Cost Exhibit, the annual cost  
9 estimate for the periodic flyer was divided by twelve (12) to show an average  
10 monthly amount.

11 This type of marketing is required to address customer questions concerning  
12 new LNP End User Charges as well as to educate customers about LNP. As a  
13 result, the Petitioner will incur an expense to provide an informational flyer. This  
14 cost estimate is supported by an advertising and marketing firm. When contacted,  
15 this firm estimated that the cost of the development of a marketing program was  
16 typically in the range of \$5,000 to \$10,000 depending upon the requirements for  
17 color scheme, concept, copyright, art direction (minimal photography), and final  
18 production. The costs would increase if additional artwork is required. For printing  
19 costs, single page 8”x10” glossy brochures typically run approximately \$800 per  
20 1,000 pieces and color postcards typically run approximately \$800 per 1,000 pieces.

21 These estimates do not include any radio or television voice work, direction, or

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<sup>7</sup> Testimony of Ron Williams on behalf of Western Wireless, pg 18, lines 3-4

1 production. In addition, these estimates do not include any setup for newsprint  
2 media. If other marketing services (voice services, brochures, etc.) are required,  
3 additional expenses would likely apply. These revisions have been incorporated  
4 into and are supported by the attached marketing company estimate, which is  
5 attached as Rebuttal Exhibit 4.

6 **Q: Do you have any other comments about Mr. William's testimony with respect**  
7 **to SOA costs and transport costs?**

8 A: Yes. Mr. Williams' revised cost estimates are based on the Petitioner's projection  
9 that there will be a low volume of ports. WWC, however, in response to  
10 interrogatory 13.f. estimates a far greater number of ports per year and over a five  
11 year period. If you assume that other wireless carriers will have a similar number  
12 of ports, the total number of ports per year could be greater than what I have  
13 estimated in my testimony. My SOA and transport cost estimates are sensitive to  
14 the number of ported customers for each Petitioner. Therefore, to the extent that the  
15 number of ports is closer to WWC's testimony than mine, my cost estimates could  
16 increase significantly. Further, under WWC's assumptions and formulas, the cost  
17 of LNP will be greater than that reflected in Mr. Williams' cost exhibit.

18 **Q: How does the number of ported customers impact any end user charge for**  
19 **LNP?**

20 A: If WWC's estimate of the number of ports is correct, there will be far fewer  
21 Petitioner subscribers and, therefore, the per subscriber cost of LNP will be much  
22 greater than the per subscriber cost projected by Western Wireless.

1    **Q: Is there a way to try to better estimate how many ports may occur and,**  
2       **therefore, more accurately determine the per subscriber cost of LNP?**

3    A: Yes. A review of the actual number of wireline to wireless ports in other rural areas  
4       over some period of time may provide a better indication of how many of  
5       Petitioner's customers may chose to port their numbers to wireless carriers.

6    **Q: There are several South Dakota ILECs that have Type 1 line side connections**  
7       **to CMRS carriers. How are these connections affected by LNP requirements?**

8    A: For clarification, Type 1 line side numbers reside in an end office of a LEC and are  
9       assigned to a Type 1 interconnection group, which connects the wireless carrier's  
10      switch and the LEC's end office switch. Type 2 directory numbers reside in a  
11      wireless carrier's switch and are assigned to a Type 2 interconnection group, which  
12      connects the wireless carrier's switch and a LEC access tandem switch (Type 2A)  
13      or end office switch (Type 2B). In the November 10, 2003 *Order*, the FCC  
14      acknowledged the inherent difficulties and complexities that would be involved  
15      with mandating LNP with Type 1 connections. The FCC found that no action was  
16      necessary regarding the porting of numbers served by Type 1 interconnection  
17      because carriers are migrating these numbers to switches served by Type 2  
18      interconnection or are otherwise developing alternative solutions.<sup>8</sup> In his direct  
19      testimony, Mr. Williams incorrectly asserts that wireless to wireless portability will  
20      be hampered in South Dakota due to these Type 1 connections<sup>9</sup>. However, in

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<sup>8</sup> FCC CC Docket 95-116 dated November 10, 2003 §19

<sup>9</sup> Testimony of Ron Williams on behalf of Western Wireless, pg 22, lines 20-21

1 response to interrogatory 19, WWC admits that it is not required to use numbers  
2 assigned by LECs and that it can obtain its own numbers.

3 **Q: In his Direct Testimony, Mr. Williams asserts that the risk for implementing**  
4 **LNP immediately is low.<sup>10</sup> What do you see as the risks for immediate**  
5 **implementation of LNP?**

6 A: It appears that Mr. Williams is looking at the risk for implementing LNP from  
7 WWC's viewpoint, not the viewpoint of the Petitioner or its customer that will pay  
8 for the LNP implementation through End User charges. WWC's risk for immediate  
9 implementation of LNP is very a low risk because WWC appears to have the  
10 opinion that they should not have to compensate the Petitioner for transport,  
11 transiting, or any other LNP related costs. WWC expects the Petitioner or its  
12 customers to pay for all of these costs. At the same time, they are arguing that the  
13 LNP transport costs are minimal, even if direct connections do not exist. Based on  
14 the Discovery Responses provided by WWC, their solution appears to rely on the  
15 use of Qwest as a traffic aggregator for the LNP-related traffic and the conversion  
16 of the Petitioner's existing connections with Qwest from one-way toll trunks to 2-  
17 way toll trunks. The Petitioners currently do not use Qwest as a traffic aggregator  
18 and, as admitted by WWC, there is no requirement that they do so. Further, the use  
19 of Qwest as an aggregator has not been acceptable to the Petitioners for a number of  
20 reasons such as the ongoing disagreements with Qwest on the issue of "Phantom  
21 Traffic" on the Qwest terminating facilities and other service issues. The use of

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<sup>10</sup> Testimony of Ron Williams on behalf of Western Wireless, pg 21, lines 19-20

1       these Qwest facilities for LNP traffic could exacerbate the "Phantom Traffic" and  
2       other ongoing service issues with Qwest. In addition, transit traffic rates and terms  
3       and conditions are not governed by the interconnection rules and regulations. As a  
4       result, there is no basis to accept the transport scenario reflected in WWC's cost  
5       exhibit as a valid reflection of transport costs.

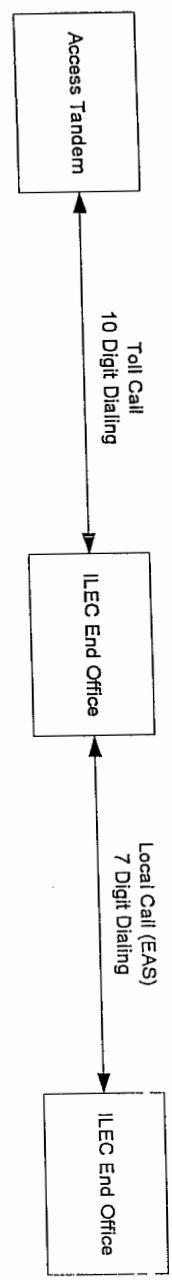
6             In addition, in the absence of Interconnection or Reciprocal Compensation  
7       Agreements, all of the costs (and associated risk) for implementation of LNP are  
8       borne by the Petitioner. The largest cost component of these anticipated  
9       implementation costs is the cost of transport. In addition, the FCC *Order* required  
10      only wireline to wireless Intermodal porting, not wireless to wireline Intermodal  
11      porting. Clearly, these issues must be resolved prior to requiring the Petitioner to  
12      implement LNP as directed in the November 10, 2004 FCC *Order*.

13   **Q: Does this conclude your rebuttal testimony?**

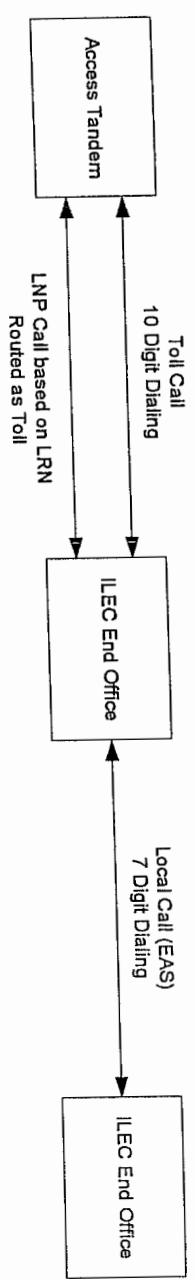
14   A: Yes. I reserve the opportunity to revise or modify this pre-filed rebuttal testimony  
15      at or before the hearing if I receive additional information pertaining to the issues I  
16      presented herein.

# Local and Toll Call Dialing Plans

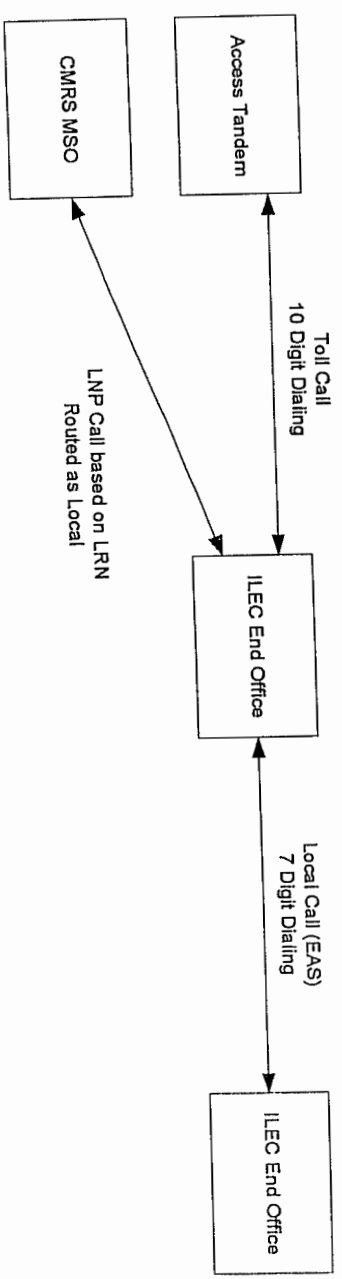
## Today - Non LNP Routing



## LNP Routing without Direct Connections



## LNP Routing with Direct Connections



[illegible]

Revised LEC Cost Estimates  
- Confidential -Total LNP Ports  
Based on Original Petitions

	Swiftel		Interstate		James Valley		Santel		Stockholm		Venture		West River	
	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring
<b>Switch-Related Investment Costs:</b>														
LNP Hardware Requirements	\$ -		\$ -		\$ -		\$ -		\$ 35,000		\$ -		\$ -	
LNP Software Features	\$ 187,000		\$ 76,264		\$ -		\$ 20,560		\$ 3,200		\$ 68,700		\$ 18,800	
Additional Software Features	\$ -		\$ 4,000		\$ -		\$ 5,000		\$ 15,000		\$ 4,000		\$ -	
Additional Vendor Fees	\$ -		\$ 5,000		\$ -		\$ -		\$ 5,000		\$ 5,000		\$ 5,000	
Translations	\$ 25,000		\$ 27,000		\$ -		\$ 10,000		\$ 10,000		\$ 30,000		\$ 10,000	
Technical Implementation and Testing	\$ 20,000		\$ 17,400		\$ 20,000		\$ 10,000		\$ 10,000		\$ 20,000		\$ 10,000	
Subtotal	\$ 232,000		\$ 129,664		\$ 20,000		\$ 45,560		\$ 78,200		\$ 127,700		\$ 43,800	
<b>NPAC-Related Costs:</b>														
Service Order Administration	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ -	\$ -	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500
LNP Queries	\$ 1,000	\$ 1,898	\$ 500	\$ 1,961	\$ 500	\$ 540	\$ 500	\$ 652	\$ 500	\$ 96	\$ -	\$ 1,845	\$ 500	\$ 508
Connection Costs w/LNP Database	\$ 600	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150	\$ -	\$ 2,400	\$ -	\$ 150	\$ -
Subtotals	\$ 3,600	\$ 2,398	\$ 3,400	\$ 2,461	\$ 500	\$ 540	\$ 2,650	\$ 1,152	\$ 2,650	\$ 596	\$ 4,400	\$ 2,345	\$ 2,650	\$ 1,008
<b>Technical/Administrative Costs:</b>														
Testing/Verification of Each Ported Dial Number	\$ -	\$ 200	\$ -	\$ 90	\$ -	\$ 48	\$ -	\$ 3	\$ -	\$ 3	\$ -	\$ 39	\$ -	\$ 3
Translations	\$ -	\$ 80	\$ -	\$ 90	\$ -	\$ 46	\$ -	\$ 4	\$ -	\$ 4	\$ -	\$ 100	\$ -	\$ 4
Administrative	\$ 10,000	\$ 100	\$ 8,000	\$ 200	\$ -	\$ 103	\$ 10,000	\$ 4	\$ 5,000	\$ 2	\$ 8,000	\$ 210	\$ 10,000	\$ 2
Regulatory	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -
Customer Care	\$ 10,000	\$ 80	\$ 5,000	\$ 80	\$ -	\$ 41	\$ 10,000	\$ 2	\$ 10,000	\$ 2	\$ 5,000	\$ 50	\$ 10,000	\$ 2
Marketing/Informational Flyer	\$ 15,000	\$ 1,000	\$ 15,000	\$ 1,000	\$ 15,000	\$ 267	\$ 15,000	\$ 333	\$ 15,000	\$ 57	\$ 15,000	\$ 935	\$ 15,000	\$ 267
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing/Customer Care Software Upgrades	\$ 6,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -
Subtotals	\$ 56,000	\$ 1,460	\$ 48,000	\$ 1,460	\$ 30,000	\$ 503	\$ 55,000	\$ 346	\$ 50,000	\$ 78	\$ 48,000	\$ 1,385	\$ 55,000	\$ 278
<b>Transport-Related Costs:</b>														
Wireless Carriers Point of Interconnection (POI)	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
Mobile Telephone Switching Office POI Connection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dip (Minimum)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 311,600</b>	<b>\$ 7,050</b>	<b>\$ 901,064</b>	<b>\$ 161,364</b>	<b>\$ 375,500</b>	<b>\$ 113,447</b>	<b>\$ 303,210</b>	<b>\$ 46,019</b>	<b>\$ 205,850</b>	<b>\$ 20,617</b>	<b>\$ 805,100</b>	<b>\$ 224,039</b>	<b>\$ 261,450</b>	<b>\$ 109,010</b>
<b>Monthly Cost Calculations per line</b>														
Total Nonrecurring cost per month excluding transport amortized over 5 years	\$ 6,377		\$ 3,959		\$ 1,104		\$ 2,257		\$ 2,861		\$ 3,938		\$ 2,218	
Total Nonrecurring cost per month including transport amortized over 5 years	\$ 6,814		\$ 19,704		\$ 8,211		\$ 6,630		\$ 4,501		\$ 17,605		\$ 5,717	
Total cost per month excluding transport	\$ 10,234		\$ 7,881		\$ 2,147		\$ 3,755		\$ 3,535		\$ 7,669		\$ 3,504	
Total cost per month including transport	\$ 13,864		\$ 181,068		\$ 121,658		\$ 52,650		\$ 25,118		\$ 241,644		\$ 114,727	
<b>Access Lines - Total 2003</b>	<b>14,057</b>	<b>14,057</b>	<b>14,529</b>	<b>14,529</b>	<b>3,992</b>	<b>3,992</b>	<b>4,827</b>	<b>4,827</b>	<b>714</b>	<b>714</b>	<b>13,666</b>	<b>13,666</b>	<b>3,763</b>	<b>3,763</b>
Access Lines - Lifeline														
Surchargeable Access Lines (Less Total Estimated Ports)	13,817	13,817	14,409	14,409	3,932	3,932	4,822	4,822	709	709	13,546	13,546	3,758	3,758
<b>Total Estimated Costs Per Access Line</b>	<b>\$ 22.55</b>	<b>\$ 0.51</b>	<b>\$ 62.63</b>	<b>\$ 11.20</b>	<b>\$ 95.50</b>	<b>\$ 28.85</b>	<b>\$ 62.88</b>	<b>\$ 9.54</b>	<b>\$ 290.34</b>	<b>\$ 29.08</b>	<b>\$ 59.43</b>	<b>\$ 16.54</b>	<b>\$ 69.57</b>	<b>\$ 29.01</b>
LNP cost per line per month excluding transport	\$ 0.74	\$ 0.83	\$ 0.55	\$ 0.61	\$ 0.55	\$ 0.61	\$ 0.78	\$ 0.87	\$ 4.99	\$ 5.58	\$ 0.57	\$ 0.63	\$ 0.93	\$ 1.04
LNP cost per line per month including transport	\$ 1.00	\$ 1.12	\$ 12.57	\$ 14.07	\$ 30.94	\$ 34.65	\$ 10.92	\$ 12.23	\$ 35.43	\$ 39.68	\$ 17.84	\$ 19.98	\$ 30.53	\$ 34.19
Annual Discount Rate	11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%	
Monthly Discount Rate	0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%	
Total Ports (5 Year Estimate)	240		120		60		5		5		120		5	
Ports Per Year	48		24		12		1		1		24		1	

Note: Highlighted cells denote changes from LEC Petition Exhibit Inputs by Ron Williams (WWC)

Note: Highlighted cells denote changes made to Ron Williams (WWC) Exhibit Figures



	Swiftel		Interstate		James Valley		Santel		Stockholm		Venture		West River	
	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring
<b>Switch-Related Investment Costs:</b>														
LNP Hardware Requirements	\$ -		\$ -		\$ -		\$ -		\$ 35,000		\$ -		\$ -	
LNP Software Features	\$ 187,000		\$ 76,264		\$ -		\$ 20,560		\$ 3,200		\$ 68,700		\$ 18,800	
Additional Software Features	\$ -		\$ 4,000		\$ -		\$ 5,000		\$ 15,000		\$ 4,000		\$ -	
Additional Vendor Fees	\$ -		\$ 5,000		\$ -		\$ -		\$ 5,000		\$ 5,000		\$ 5,000	
Translations	\$ 25,000		\$ 27,000		\$ -		\$ 10,000		\$ 10,000		\$ 30,000		\$ 10,000	
Technical Implementation and Testing	\$ 20,000		\$ 17,400		\$ 20,000		\$ 10,000		\$ 10,000		\$ 20,000		\$ 10,000	
Subtotal	\$ 232,000		\$ 129,664		\$ 20,000		\$ 45,560		\$ 78,200		\$ 127,700		\$ 43,800	
<b>NPAC-Related Costs:</b>														
Service Order Administration	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ -	\$ -	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500
LNP Queries	\$ 1,000	\$ 1,898	\$ 500	\$ 1,961	\$ 500	\$ 540	\$ 500	\$ 652	\$ 500	\$ 96	\$ -	\$ 1,845	\$ 500	\$ 508
Connection Costs w/LNP Database	\$ 600	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150	\$ -	\$ 2,400	\$ -	\$ 150	\$ -
Subtotals	\$ 3,600	\$ 2,398	\$ 3,400	\$ 2,461	\$ 500	\$ 540	\$ 2,650	\$ 1,152	\$ 2,650	\$ 596	\$ 4,400	\$ 2,345	\$ 2,650	\$ 1,008
<b>Technical/Administrative Costs:</b>														
Testing/Verification of Each Ported Dial Number	\$ -	\$ 950	\$ -	\$ 785	\$ -	\$ 230	\$ -	\$ 248	\$ -	\$ 36	\$ -	\$ 138	\$ -	\$ 180
Translations	\$ -	\$ 390	\$ -	\$ 755	\$ -	\$ 216	\$ -	\$ 288	\$ -	\$ 48	\$ -	\$ 150	\$ -	\$ 240
Administrative	\$ 10,000	\$ 475	\$ 8,000	\$ 1,700	\$ -	\$ 718	\$ 10,000	\$ 288	\$ 5,000	\$ 24	\$ 8,000	\$ 216	\$ 10,000	\$ 120
Regulatory	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -
Customer Care	\$ 10,000	\$ 380	\$ 5,000	\$ 680	\$ -	\$ 205	\$ 10,000	\$ 144	\$ 10,000	\$ 24	\$ 5,000	\$ 75	\$ 10,000	\$ 120
Marketing/Informational Flyer	\$ 15,000	\$ 1,000	\$ 15,000	\$ 1,000	\$ 15,000	\$ 267	\$ 15,000	\$ 333	\$ 15,000	\$ 67	\$ 15,000	\$ 933	\$ 15,000	\$ 267
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing/Customer Care Software Upgrades	\$ 6,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -
Subtotals	\$ 56,000	\$ 3,165	\$ 48,000	\$ 4,910	\$ 30,000	\$ 1,447	\$ 55,000	\$ 1,269	\$ 50,000	\$ 199	\$ 48,000	\$ 1,611	\$ 55,000	\$ 927
<b>Transport-Related Costs:</b>														
Wireless Carriers Point of Interconnection (POI)	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
Mobile Telephone Switching Office POI Connection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dip (Minimum)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 311,600</b>	<b>\$ 8,775</b>	<b>\$ 901,084</b>	<b>\$ 164,814</b>	<b>\$ 375,500</b>	<b>\$ 114,391</b>	<b>\$ 303,210</b>	<b>\$ 46,942</b>	<b>\$ 205,850</b>	<b>\$ 20,738</b>	<b>\$ 805,100</b>	<b>\$ 224,265</b>	<b>\$ 261,450</b>	<b>\$ 109,659</b>
<b>Monthly Cost Calculations per Line</b>														
Total Nonrecurring cost per month excluding transport amortized over 5 years	\$ 6,377		\$ 3,959		\$ 1,104		\$ 2,257		\$ 2,861		\$ 3,938		\$ 2,218	
Total Nonrecurring cost per month including transport amortized over 5 years	\$ 6,814		\$ 19,704		\$ 8,211		\$ 6,630		\$ 4,501		\$ 17,605		\$ 5,717	
Total cost per month excluding transport	\$ 11,959		\$ 11,331		\$ 3,091		\$ 4,678		\$ 3,656		\$ 7,895		\$ 4,153	
Total cost per month including transport	\$ 15,589		\$ 184,518		\$ 122,602		\$ 53,573		\$ 25,239		\$ 241,870		\$ 115,376	
Access Lines - Total 2003	14,057	14,057	14,529	14,529	3,992	3,992	4,827	4,827	714	714	13,666	13,666	3,763	3,763
Access Lines - Lifeline	12,940	12,940	13,510	13,510	3,708	3,708	4,479	4,479	662	662	13,493	13,493	3,491	3,491
Surchargeable Access Lines														
Total Estimated Costs Per Access Line	\$ 24.08	\$ 0.68	\$ 66.70	\$ 12.20	\$ 101.27	\$ 30.85	\$ 67.70	\$ 10.48	\$ 310.95	\$ 31.33	\$ 59.67	\$ 16.62	\$ 74.89	\$ 31.41
LNP cost per line per month excluding transport	\$ 0.92	\$ 1.04	\$ 0.84	\$ 0.94	\$ 0.83	\$ 0.93	\$ 1.04	\$ 1.17	\$ 5.52	\$ 6.19	\$ 0.59	\$ 0.66	\$ 1.19	\$ 1.33
LNP cost per line per month including transport	\$ 1.20	\$ 1.35	\$ 13.66	\$ 15.30	\$ 33.06	\$ 37.03	\$ 11.86	\$ 13.40	\$ 38.13	\$ 42.70	\$ 17.93	\$ 20.08	\$ 33.05	\$ 37.02
Annual Discount Rate	11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%	
Monthly Discount Rate	0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%	
Ports Per Year (From Original Petition)	48		24		12		1		1		24		1	
Ports Per Month (From Original Petition)	4		2		1		0.0833		0.0833		2		0.0833	
Estimated WWC Ports (5 Year Total from WWC Discovery)	1,117		1,019		284		348		52		173		272	
Estimated WWC Ports (Monthly Total from WWC Discovery)	19		17		5		6		1		3		5	
Tech/Admin Monthly Recurring Expense Multiplier Factor	4.75		8.50		5.00		72.00		12.00		1.50		60.00	

Note: Highlighted cells denote changes from LEC Petition Exhibit Inputs by Ron Williams (WWC)

Note: Highlighted cells denote changes made to Ron Williams (WWC) Exhibit Figures

	Swift		Interstate		James Valley		Santel		Stockholm		Venture		West River	
	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring	Non-Recurring	Monthly Recurring
<b>Switch-Related Investment Costs:</b>														
LNP Hardware Requirements	\$ -		\$ -		\$ -		\$ -		\$ 35,000		\$ -		\$ -	
LNP Software Features	\$ 187,000		\$ 76,264		\$ -		\$ 20,560		\$ 3,200		\$ 68,700		\$ 18,800	
Additional Software Features	\$ -		\$ 4,000		\$ -		\$ 5,000		\$ 15,000		\$ 4,000		\$ -	
Additional Vendor Fees	\$ -		\$ 5,000		\$ -		\$ -		\$ 5,000		\$ 5,000		\$ 5,000	
Translations	\$ 25,000		\$ 27,000		\$ -		\$ 10,000		\$ 10,000		\$ 30,000		\$ 10,000	
Technical Implementation and Testing	\$ 20,000		\$ 17,400		\$ 20,000		\$ 10,000		\$ 10,000		\$ 20,000		\$ 10,000	
Subtotal	\$ 232,000		\$ 129,664		\$ 20,000		\$ 45,560		\$ 78,200		\$ 127,700		\$ 43,800	
<b>NPAC-Related Costs:</b>														
Service Order Administration	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ -	\$ -	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500	\$ 2,000	\$ 500
LNP Queries	\$ 1,000	\$ 1,898	\$ 500	\$ 1,961	\$ 500	\$ 540	\$ 500	\$ 652	\$ 500	\$ 98	\$ -	\$ 1,845	\$ 500	\$ 508
Connection Costs w/LNP Database	\$ 600	\$ -	\$ 900	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ 150	\$ -	\$ 2,400	\$ -	\$ 150	\$ -
Subtotals	\$ 3,600	\$ 2,398	\$ 3,400	\$ 2,461	\$ 500	\$ 540	\$ 2,650	\$ 1,152	\$ 2,650	\$ 596	\$ 4,400	\$ 2,345	\$ 2,650	\$ 1,008
<b>Technical/Administrative Costs:</b>														
Testing/Verification of Each Ported Dial Number	\$ -	\$ 3,750	\$ -	\$ 4,890	\$ -	\$ 1,104	\$ -	\$ 864	\$ -	\$ 180	\$ -	\$ 690	\$ -	\$ 684
Translations	\$ -	\$ 1,500	\$ -	\$ 1,580	\$ -	\$ 1,104	\$ -	\$ 1,152	\$ -	\$ 240	\$ -	\$ 750	\$ -	\$ 912
Administrative	\$ 10,000	\$ 1,872	\$ 8,000	\$ 10,200	\$ -	\$ 2,472	\$ 10,000	\$ 1,162	\$ 5,000	\$ 120	\$ 8,000	\$ 1,576	\$ 10,000	\$ 456
Regulatory	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -	\$ 15,000	\$ -
Customer Care	\$ 10,000	\$ 1,500	\$ 5,000	\$ 4,080	\$ -	\$ 984	\$ 10,000	\$ 576	\$ 10,000	\$ 120	\$ 5,000	\$ 375	\$ 10,000	\$ 456
Marketing/Informational Flyer	\$ 15,000	\$ 1,000	\$ 15,000	\$ 1,000	\$ 15,000	\$ 267	\$ 15,000	\$ 333	\$ 15,000	\$ 67	\$ 15,000	\$ 333	\$ 15,000	\$ 267
Maintenance	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Billing/Customer Care Software Upgrades	\$ 6,000	\$ -	\$ 5,000	\$ -	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -	\$ 5,000	\$ -
Subtotals	\$ 56,000	\$ 9,625	\$ 48,000	\$ 24,460	\$ 30,000	\$ 5,931	\$ 55,000	\$ 4,077	\$ 50,000	\$ 727	\$ 48,000	\$ 4,323	\$ 55,000	\$ 2,775
<b>Transport-Related Costs:</b>														
Wireless Carriers Point of Interconnection (POI)	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
Mobile Telephone Switching Office POI Connection	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Dip (Minimum)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Subtotals	\$ 20,000	\$ 3,193	\$ 720,000	\$ 157,442	\$ 325,000	\$ 112,404	\$ 200,000	\$ 44,521	\$ 75,000	\$ 19,943	\$ 625,000	\$ 220,309	\$ 160,000	\$ 107,724
<b>Total Estimated Costs Associated with LNP Implementation</b>	<b>\$ 311,600</b>	<b>\$ 15,215</b>	<b>\$ 901,064</b>	<b>\$ 184,364</b>	<b>\$ 375,500</b>	<b>\$ 118,875</b>	<b>\$ 303,210</b>	<b>\$ 49,750</b>	<b>\$ 205,850</b>	<b>\$ 21,266</b>	<b>\$ 805,100</b>	<b>\$ 226,977</b>	<b>\$ 281,450</b>	<b>\$ 111,507</b>
<b>Monthly Cost Calculations per Line</b>														
Total Nonrecurring cost per month excluding transport amortized over 5 years	\$ 6,377		\$ 3,959		\$ 1,104		\$ 2,257		\$ 2,861		\$ 3,938		\$ 2,218	
Total Nonrecurring cost per month including transport amortized over 5 years	\$ 6,814		\$ 19,704		\$ 8,211		\$ 6,630		\$ 4,501		\$ 17,605		\$ 5,717	
Total cost per month excluding transport	\$ 18,389		\$ 30,861		\$ 7,575		\$ 7,486		\$ 4,184		\$ 10,607		\$ 6,001	
Total cost per month including transport	\$ 22,029		\$ 204,068		\$ 127,086		\$ 56,381		\$ 25,767		\$ 244,582		\$ 117,224	
<b>Access Lines - Total 2003</b>	<b>14,057</b>	<b>14,057</b>	<b>14,529</b>	<b>14,529</b>	<b>3,992</b>	<b>3,992</b>	<b>4,827</b>	<b>4,827</b>	<b>714</b>	<b>714</b>	<b>13,666</b>	<b>13,666</b>	<b>3,763</b>	<b>3,763</b>
Access Lines - Lifeline														
Surchargeable Access Lines	9,589	9,589	8,415	8,415	2,572	2,572	3,435	3,435	454	454	12,801	12,801	2,675	2,675
<b>Total Estimated Costs Per Access Line</b>	<b>\$ 32.50</b>	<b>\$ 1.59</b>	<b>\$ 107.08</b>	<b>\$ 21.91</b>	<b>\$ 146.00</b>	<b>\$ 46.22</b>	<b>\$ 88.27</b>	<b>\$ 14.48</b>	<b>\$ 453.41</b>	<b>\$ 46.84</b>	<b>\$ 62.89</b>	<b>\$ 17.73</b>	<b>\$ 97.74</b>	<b>\$ 41.88</b>
LNP cost per line per month excluding transport	\$ 1.92	\$ 2.15	\$ 3.67	\$ 4.11	\$ 2.95	\$ 3.30	\$ 2.18	\$ 2.44	\$ 9.22	\$ 10.32	\$ 0.83	\$ 0.93	\$ 2.24	\$ 2.51
LNP cost per line per month including transport	\$ 2.30	\$ 2.57	\$ 24.25	\$ 27.16	\$ 49.41	\$ 55.34	\$ 16.41	\$ 18.38	\$ 56.76	\$ 63.57	\$ 19.11	\$ 21.40	\$ 43.82	\$ 49.08
Annual Discount Rate	11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%		11.2500%	
Monthly Discount Rate	0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%		0.9375%	
Ports Per Year (From Original Petition)	48		24		12		1		1		24		1	
Ports Per Month (From Original Petition)	4		2		1		0.0833		0.0833		2		0.0833	
Number of CMRS Carriers (From Original Petition)	4		6		5		4		5		5		4	
Estimated CMRS Ports (Based on 5 Year Total from WWC Discovery)	4,468		6,114		1,420		1,392		260		865		1,088	
Estimated CMRS Ports (Based on Number of CMRS Carriers)	75		102		24		24		5		15		19	
Tech/Admin Monthly Recurring Expense Multiplier Factor	18.75		51.00		24.00		288.00		60.00		7.50		228.00	

Note: Highlighted cells denote changes from LEC Petition Exhibit Inputs by Ron Williams (WWC)

Note: Highlighted cells denote changes made to Ron Williams (WWC) Exhibit Figures

**John De Witte**      Exhibit 4

---

**From:** Tom Helland [tom.helland@l-s.com]  
**Sent:** Wednesday, June 02, 2004 9:51 AM  
**To:** John De Witte  
**Subject:** Re: Marketing Program Development Costs

John,  
Yes, those "ballpark" figures are accurate. Some of the variables would include: the amount of copywriting, photography needs, and how extensive revisions to the original work would be. I hope this is helpful.

Thanks,  
Tom Helland

John De Witte wrote:

Hi Tom,

It was great to speak with you this afternoon. I wanted to verify the numbers that we discussed this afternoon concerning the development of a marketing program that a rural Independent Local Exchange Carrier (ILEC) would utilize to explain the end user fees for Local Number Portability (LNP). While I understand that L-S has no position (for or against) this issue, if a marketing campaign were to be developed to explain any similar issue, the costs to develop a marketing campaign would likely be similar. I was wondering if you could verify that these estimated costs are in the ballpark for the development of a marketing campaign:

Development of the marketing program, including color scheme, concept, copyright, art direction (minimal photography), and final production  
Range: \$5,000 - \$10,000 depending upon art requirements

**Printing Costs**

8x11 Color Glossy – approximately \$800/1000 pieces

Color Postcard – approximately \$800/1000 pieces

There may be applicable discounts for higher volumes of printed media.

These estimates do not include any radio or television voice work, direction, or production. In addition, these estimates do not include any setup for newsprint media. If other marketing services (voice services, brochures, etc.) are required, additional expenses would likely apply.

Please verify that these Marketing Program Development accosts are reasonable. Thanks,

**John M. De Witte, PE**  
**Vice President of Engineering**  
**Vantage Point Solutions, Inc.**

1801 N. Main Street  
Mitchell, SD 57310  
(605) 995-1742 - Direct  
(605) 995-1778 - Fax  
(605) 999-9943 - Cell  
[www.vantagepnt.com](http://www.vantagepnt.com)

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that he served a an original a ten (10) copies of the foregoing **Pre-filed Rebuttal Testimony of John De Witte** upon the person herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Woonsocket, South Dakota, postage prepaid, in an envelope addressed to said addressee, to wit:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot J. Wieczorek  
Gunderson, Palmer, Goodsell & Nelson, LLP  
P.O. Box 8045  
Rapid City, SD 57709-8045

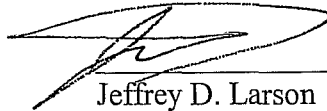
Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P.O. Box 280  
Pierre, SD 57501

James Cremer  
P.O. Box 970  
Aberdeen, SD 57402-0970

Richard Helsper  
100 22<sup>nd</sup> Avenue, Suite 200  
Brookings, SD 57006

Richard D. Coit  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P.O. Box 57  
Pierre, SD 57501

Dated this 15 day of June, 2004



Jeffrey D. Larson  
Attorney for Santel Communications  
Cooperative, Inc.  
P.O. Box 277  
Woonsocket, SD 57385-0277  
Telephone: 605-796-4245  
Fax: 605-796-4227

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE LOCAL NUMBER</b>	)	<b>SUPPLEMENTAL ORDER</b>
<b>PORTABILITY SUSPENSION DOCKETS</b>	)	<b>FOR AND NOTICE OF</b>
	)	<b>HEARING</b>
	)	<b>TC04-025, TC04-038, TC04-</b>
	)	<b>044-056, TC04-060-062,</b>
	)	<b>TC04-077, TC04-084-085</b>

On May 4, 2004, the Commission issued an Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice (Order) in this matter. The procedural history of this docket and statement of jurisdiction is set forth in the Order. The Order provided *inter alia*:

To the extent that the issues and the witnesses and documentary evidence are materially identical in more than one LNP suspension docket, the parties are encouraged to present such common evidence in a consolidated manner that will minimize repetition and opposing parties are encouraged to reasonably stipulate to such consolidated presentation of evidence. The hearing will commence on June 21, with consideration of MidContinent Communications' Motion to Compel, Docket No. TC03-192. Following the hearing on this related docket, the remaining dockets will be heard in docket number order except to the extent that the parties otherwise agree or the Commission shall otherwise order, either prior to or during the hearing. Petition of Santel Communications Cooperative, Inc., Docket No. TC04-038, will be heard on July 1, 2004.

On June 1, 2004 at 1:30 p.m., a pre-hearing scheduling conference was held by teleconference to consider further refinements to the hearing schedule following the filing of pre-filed testimony. The conference was attended by attorneys representing all parties, including commission staff. The purpose of this Order is to expand on and clarify the Order to more specifically schedule the order for consideration of case-specific evidence in the various LNP suspension dockets in order to accommodate, insofar as possible, the schedules of attorneys and witnesses, many of whom will present evidence pertaining to multiple dockets, and to conclude the hearings in time to permit the Commission to render decisions within the time period prescribed by 47 U.S.C. Section 251(f)(2) and ARSD 20:10:32:39 while yet affording a reasonable period for post-hearing briefs.

The parties having conferred through their counsel and having agreed upon a schedule to most efficiently manage the numerous LNP suspension hearings within the limited time available by law for decision, it is therefore

ORDERED, that the hearings in the LNP suspension petition dockets and Docket No. TC03-192 will be conducted in the following order except as the Commission shall otherwise order either prior to or during the hearings (all dates 2004):

June 21, 10:00 a.m.	TC03-192, Midcontinent's Motion to Compel, including any evidence common to this docket and TC04-054	
June 21 following TC03-192	TC04-054, ITC	
June 22, 10:30 a.m.	TC04-047, Brookings Municipal Utilities	

Dated at Pierre, South Dakota, this 16th day of June, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Alaine Kalbs

Date: 6/17/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner

JAMES A. BURG, Commissioner

# Bantz, Gosch & Cremer, L.L.C.

♦Attorneys at Law ♦

Douglas W. Bantz (1909-1983)  
Kennith L. Gosch  
James M. Cremer  
Rory King  
Greg L. Peterson\*  
Richard A. Sommers  
Ronald A. Wager  
Melissa E. Neville  
\*Also Licensed in North Dakota



305 SIXTH AVENUE, S.E.  
P.O. BOX 970  
ABERDEEN, SD 57402-0970

Telephone (605) 225-2232  
Fax (605) 225-2497

www.bantzlaw.com  
Writer's E-mail: jcremer@bantzlaw.com

June 17, 2004

08416-009  
Ms. Pamela Bonrud  
Executive Director  
S.D. Public Utilities Commission  
500 E. Capitol Ave.  
Pierre, SD 57501

RECEIVED

JUN 18 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

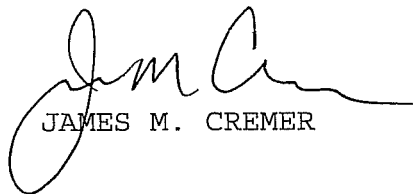
Re: In the Matter of the Petitions for Suspension or Modification  
of § 251(b)(2) of the Communications Act of 1934 as Amended

Docket No. TC04-025; TC04-038; TC04-044 through TC04-056;  
TC04-060 through TC04-062; TC04-077; TC04-084; and TC04-085

Dear Ms. Bonrud:

Enclosed is the original and ten copies of Petitioners' Response in Opposition to Intervenor's Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs. By copy of this letter, I am serving the other parties in this matter. If you have questions, please contact me.

Sincerely,



JAMES M. CREMER

JMC:mvs  
\\JVT\LNP Waiver\Bonrud10

Enclosures

pc James Groft  
Talbot J. Wiczorek  
Richard D. Coit  
David A. Gerdes  
Darla Pollman Rogers  
Richard J. Helsper  
Jeffrey D. Larson



RECEIVED

JUN 18 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE ) Docket No. TC04-025; TC04-038; TC04-044  
PETITIONS FOR SUSPENSION OR ) through TC04-056; TC04-060 through TC04-062;  
MODIFICATION OF § 251(b)(2) ) TC04-077; TC04-084; and TC04-085  
OF THE COMMUNICATIONS )  
ACT OF 1934 AS AMENDED ) PETITIONERS' RESPONSE IN OPPOSITION  
 ) TO INTERVENOR'S MOTION TO COMPEL  
 ) DISCOVERY OR IN THE ALTERNATIVE  
 ) TO STRIKE PETITIONERS' PRE-FILED  
 ) TESTIMONY REGARDING COSTS

COMES now Petitioners by and through their undersigned attorneys, and submit this response to Intervenor's Motion To Compel Discovery Or In The Alternative To Strike Petitioners' Pre-Filed Testimony Regarding Costs ("Motion To Compel"). Petitioners submit that the Motion To Compel should be denied in its entirety. As grounds for such denial, the Petitioners will show that the Motion itself is factually flawed, as it misrepresents discovery answers provided by certain of the Petitioners. Moreover, the principal focus of the Motion seeks the production of cost numbers and documents, all of which concern pricing for Service Order Administration ("SOA") functions with which Western Wireless has no quarrel. And, even if Western Wireless were to change its position regarding the relevancy of this information to its case, Western Wireless has not complied with the terms of the Confidentiality and Protective Agreement ("Agreement") regarding document production from non-parties.

These points will be discussed in order.

The Motion Confuses The Facts

As previously discussed, the Motion To Compel mistates the discovery responses for some Petitioners. For instance, Western Wireless' Brief in Support of its Motion To Compel

purports to represent the response of “All Petitioners” to Question 4a(i) and (ii) (Brief, p. 2). Such is not the case. The Cheyenne River Sioux Tribe, which is subject to the Motion To Compel, did not supply the response attributed to them. Additionally, the answers to interrogatory no. 5 purport to apply to all of the Petitioners. This is not correct. For instance, the answers supplied by the City of Brookings/SWIFTEL and the Cheyenne River Sioux Tribe are at variance with the answers attributed to them in Western Wireless’ Brief. Questions 13, 16, 18, 19 and 21 suffer from more egregious error, in that Western Wireless did not even propound this question to all Petitioners. For example, question 13 only was addressed to the City of Brookings, Interstate Telecommunications Cooperative, Santel and a few others. And questions 18, 19 and 21 were only addressed to the Joint Petition filed by Armour, Union and Bridgewater-Canistota.

#### The Requested Proprietary Information Is Not In Dispute

Notwithstanding the factual errors discussed above, the Motion’s principal focus concerns proprietary data (held by non-parties) about which there is no dispute. In this respect, Western Wireless’ interrogatory questions number 4, 5, 13 and 16, and Production of Documents number 3, all sought SOA pricing information and documents. These items are all the subject of its Motion To Compel and Brief In Support. In Responses to Supplemental Discovery Requests of Petitioners (“Supplemental Responses”) dated June 11, 2004, Western Wireless made clear that it was not challenging SOA pricing, rather, it challenged whether port volumes justified the use of automated SOA. See Interrogatory 10.b. and answer of Western Wireless.

Against this background, the Motion To Compel appears to be a fishing expedition. The Brief In Support is heavily freighted with the notion that the cost information sought by Western

Wireless is so important that Petitioners' cost testimony should be stricken if it is not produced. Yet plainly, this is not an issue with Western Wireless, except in the Motion To Compel itself. This is an unwarranted use of the parties' and Commission's time, and the Motion should be denied as to these SOA cost items and documents.

Western Wireless Has Not Followed The Confidentiality Agreement

Paragraph 10 of the Agreement contemplates that a "non-party" will supply documents "pursuant to process issued by the Commission." All of the SOA cost information and documents sought in the Motion To Compel are the subject of non-disclosure agreements (NDA's) between the Petitioners and third-party SOA vendors. All of these vendors have now been contacted by Petitioners, or their representatives, for permission to supply the SOA information. The vendors have refused to release such information and no process has been requested by Western Wireless from the Commission, as contemplated by the Agreement. The third party SOA vendors have the right to claim a privilege and prevent other persons from disclosing trade secrets owned by them, and if disclosure is required the order shall take such protective measures as is in the interest of the holder of the privilege and the interest of justice required. SDCL 19-13-20. Under these circumstances, particularly in view of the fact that Western Wireless has no quarrel with the SOA costs themselves, the Motion should be denied.

Interrogatory Numbers 18 and 19 Directed to Armour, Union and Bridgewater-Canistota Will Be Supplied Pursuant To The Confidentiality Agreement

Interrogatories 18 and 19 requested certain switch investment information for Armour, Union and Bridgewater-Canistota. Objections were filed based on the confidential nature of the data. Such data has now been developed and will be produced, subject to the Confidentiality Agreement. Interrogatory 21 sought an explanation as to why local switching support resources

should not be used to offset LNP implementation costs. A relevancy objection was made, because there is no connection between the universal service support and LNP rate structure regimes, and Western Wireless' Motion To Compel attempts no explanation as to this interrogatory. The only argument Western Wireless does make concerned the parties' entry into the Confidentiality Agreement, but such Agreement clearly does not erase the discovery standard, which is not met here. Accordingly, the Motion To Compel should be denied in its entirety.

Dated this 17th day of June, 2004.

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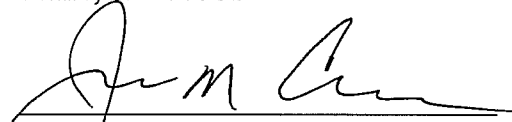
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**CERTIFICATE OF MAILING**

The undersigned hereby certifies that on the 17th day of June, 2004, a true and correct copy of the foregoing **PETITIONERS' RESPONSE IN OPPOSITION TO INTERVENOR'S MOTION TO COMPEL DISCOVERY OR IN THE ALTERNATIVE TO STRIKE PETITIONERS' PRE-FILED TESTIMONY REGARDING COSTS** was mailed electronically and by first class mail, postage prepaid, to:

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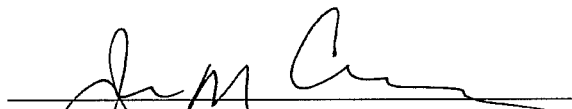
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June 17, 2004

RECEIVED

JUN 18 2004

Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 E Capitol Avenue  
Pierre SD 57501

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RE: Western Wireless License LLC Petition for Suspension or Modification of Local  
Number Portability Docket Nos. TC 04-025; TC04-038; TC04-044 through  
TC04-056; TC04-060 through TC04-062; TC04-077; TC04-084 and TC04-085

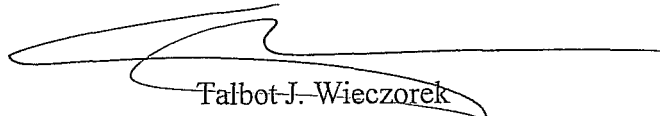
Dear Ms. Bonrud:

Pursuant to SDCL §16-8-2.2, please find an original and ten copies of the Certification of Dean of Law School to permit Paul A. Lewis, a summer intern with Gunderson, Palmer, Goodsell & Nelson, LLP, to attend and participate in Western Wireless License LLC's upcoming hearings regarding local number portability. I checked with the Clerk of Court in Hughes County and Chris informed me I did not need to file this document with the Court.

Western Wireless License, LLC has approved Mr. Lewis' attendance and participation in the hearings.

If you need anything further at this time, please let me know.

Sincerely,



Talbot J. Wiczorek

TJW:klw

Enclosures

c: Darla Rogers  
Rich Coit  
James Cremer  
Rich Helsper  
Ben Dickens  
Jeff Larson  
David Gerdes

**UNITED STATES DISTRICT COURT**  
**DISTRICT OF SOUTH DAKOTA**



**RECEIVED**

**JUN 18 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**IN THE MATTER OF THE  
CERTIFICATION OF LAW STUDENT AS LEGAL INTERN**

**Certificate of Admission**

I, Joseph Haas, Clerk of the District Court of the United States for the District of South Dakota, do hereby certify that

**Paul A. Lewis**

has been duly admitted and qualified as a law student intern of this Court pursuant to the provisions of Rule 2, Section 9.2 and Section 9.3 of the Rules of Practice of this Court.

This Certificate shall terminate August 13, 2004.

IN TESTIMONY WHEREOF, I hereunto set my hand and affix the seal of this court at my office in Sioux Falls in the District of South Dakota, this 26th day of May, 2004.

Joseph Haas, Clerk

BY: *Sharon J. [Signature]*  
Deputy Clerk

**IN THE  
UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF SOUTH DAKOTA**

**IN THE MATTER OF THE  
CERTIFICATION OF LAW STUDENT  
AS LEGAL INTERN**

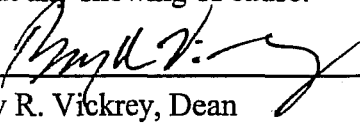
**Court File No. \_\_\_\_\_  
CERTIFICATION OF DEAN  
AND LAW STUDENT, ET AL.**

**TO THE CLERK OF THE ABOVE ENTITLED COURT:**

**CERTIFICATION OF DEAN OF LAW SCHOOL**

Pursuant to the provisions of Local Rule 83.2(I)(2) of the Rules of Practice of this Court, I do hereby certify to the Court that **Paul A. Lewis** is according to my best knowledge, information, and belief, of good moral character, was a student in good standing from the University of South Dakota School of Law (a law school approved by the American Bar Association), will complete legal studies amounting to four semesters on **May 7, 2004**, and is qualified to serve as a Legal Intern. This certificate is valid until **August 13, 2004**, or until termination at any time by a judge of this Court without notice or hearing and without any showing of cause.

Dated April 16, 2004

  
\_\_\_\_\_  
Barry R. Vickrey, Dean  
University of South Dakota School of Law  
414 E. Clark St.  
Vermillion, SD 57069-2390  
Telephone (605) 677-5443

**CERTIFICATION OF LAW STUDENT**

Pursuant to the provisions of Local Rule 83.2(I)(2)(c)(ii) of the Rules of Practice of this Court, I do hereby certify that I have read and agree to abide by the rules of the Court, and all applicable codes of professional responsibility and other relevant federal practice rules.

Dated 04/20/04

  
\_\_\_\_\_  
Legal Intern



**IN THE  
SUPREME COURT OF  
THE STATE OF SOUTH DAKOTA**

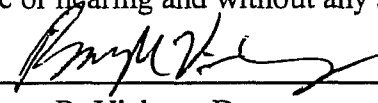
**IN THE MATTER OF THE  
CERTIFICATION OF LAW STUDENT  
AS LEGAL INTERN**

**Court File No. \_\_\_\_\_  
CERTIFICATION OF DEAN  
AND LAW STUDENT, ET AL.**

**TO THE CLERK OF THE ABOVE ENTITLED COURT:  
CERTIFICATION OF DEAN OF LAW SCHOOL**

Pursuant to the provisions of SDCL 16-18-2.2, I do hereby certify to the Court that **Paul A. Lewis** is duly enrolled at the University of South Dakota School of Law, will have completed legal studies amounting to at least four semesters, or the equivalent, on May 07, 2004, and that said individual, according to my best knowledge, information, and belief, is of good moral character and competent legal ability and is adequately trained to perform as a Legal Intern. This certificate is valid until **August 13, 2004**, and shall not remain in effect in excess of eighteen months after it has been filed. Pursuant to SDCL 16-18-2.3, this certification may be terminated by the above entitled Court at any time without notice or hearing and without any showing of cause.

Dated April 16, 2004

  
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**CERTIFICATION OF LAW STUDENT**

Pursuant to the provisions of SDCL 16-18-2.2(6), I do hereby certify that I have read and am familiar with the South Dakota Rules of Professional Conduct of the State Bar of South Dakota, the provisions of SDCL Title 16, and the provisions of SDCL 19-13-2 to 19-13-5, inclusive, and I agree to govern my conduct accordingly as a Legal Intern.

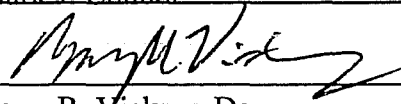
Dated 04/20/04

  
\_\_\_\_\_  
Legal Intern

**DEAN'S APPROVAL OF SUPERVISING LAWYER PURSUANT TO SDCL 16-18-2.9:**

Name of Supervising Lawyer: Mark I. Connot

Dated April 16, 2004

  
\_\_\_\_\_  
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Telephone (605) 677-5443

LNP TRANSCRIPTS OF  
HEARINGS HELD JUNE 21, 2004  
TO JULY 1, 2004 ARE IN  
DOCKET TC04-025

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE LOCAL	)	ORDER ESTABLISHING BRIEFING
NUMBER PORTABILITY SUSPENSION	)	AND DECISION SCHEDULE
DOCKETS	)	TC04-025, TC04-038, TC04-044-
	)	056, TC04-060-062, TC04-077,
	)	TC04-084-085

At the conclusion of the hearing in the dockets requesting suspension of local number portability (LNP) obligations on July 1, 2004, the issue of the briefing and decision meeting schedule was left open due to the absence of counsel for many of the parties. Also not decided was whether oral argument was desired. Following the hearing, counsel for the Commission engaged in an exchange of email with counsel for the parties and discussed with the Commissioners their desire to hear oral argument. Counsel for the parties agreed that there should be oral argument if the Commissioners desired to hear it. Having considered the comments and requests of the parties regarding the schedule and of the Commissioners regarding oral argument, it is

ORDERED, that the schedule for filing and service of briefs and for the decision hearing by the Commission in the above-referenced dockets will be as follows (all dates 2004):

July 7	Transcripts received
Aug 5	Petitioners' and SDTA's briefs due
Aug 20	Intervenors' and Staff's briefs due
Aug 27	Petitioners' and SDTA's reply briefs due
Aug 31	Decision hearing (at least one Commissioner has requested oral argument)
Sep 7	Decisions issued in at least Kennebec, Santel, Sioux Valley, Golden West, and Armour/Bridgewater-Canistota/Union; and it is further

ORDERED, that because of the abbreviated schedule in these cases, all briefs will be served by email or by fax on all counsel for the parties to the applicable docket(s) on or before the above due dates in addition to the ordinary means of service on counsel; and it is further

ORDERED, that counsel may incorporate their argument pertaining to multiple or all of the LNP dockets in one brief; and it is further

ORDERED, that a decision hearing will be held on August 31, 2004, at 1:30 P.M. CDT in Room 412 of the State Capitol Building, 500 East Capitol Avenue, Pierre, SD, at which time the Commission will render decisions on at least Kennebec, Santel, Sioux Valley, Golden West, and Armour/Bridgewater-Canistota/Union. The parties may present oral argument at this hearing if they desire.

Dated at Pierre, South Dakota, this 13th day of July, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kelsch

Date: 7/13/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman *sk*

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner

IN THE MATTER OF THE PETITION OF	)	ORDER TEMPORARILY
SANTEL COMMUNICATIONS COOPERATIVE,	)	SUSPENDING LOCAL
INC. FOR SUSPENSION OF INTERMODAL	)	NUMBER PORTABILITY
LOCAL NUMBER PORTABILITY	)	OBLIGATIONS
OBLIGATIONS	)	TC04-038

Dated at Pierre, South Dakota, this 15<sup>th</sup> day of July, 2004.


The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

Date:

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman *RS*

  
GARY HANSON, Commissioner

  
JAMES A. BURG, Commissioner

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JOHN L. BROWN  

---

MARGO D. NORTHRUP, Associate

August 5, 2004

RECEIVED

AUG 05 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Ms. Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 East Capitol Ave.  
Pierre, South Dakota 57501

Re: LNP Suspension Dockets  
Post-Hearing Brief of Petitioners and SDTA

Dear Ms. Bonrud:

Enclosed herein are the original and ten copies of the Post-Hearing Brief of Petitioners and SDTA in the LNP Dockets.

Sincerely,



Margo D. Northrup  
Attorney at Law

MDN/ph

Enclosures

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**RECEIVED**

AUG 05 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITIONS  
FOR SUSPENSION OR MODIFICATION  
OF §251(b)(2) OF THE COMMUNICA-  
TIONS ACT OF 1934 AS AMENDED

DOCKET NUMBERS:

TC04-025 Kennebec Telephone Co.  
TC04-038 Santel Communications  
TC04-044 Sioux Valley Telephone Co.  
TC04-045 Golden West, Vivian Telephone Co and Kadoka Tele Co  
TC04-046 Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
TC04-047 Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 Beresford Municipal Telephone Company  
TC04-049 McCook Cooperative Telephone Company  
TC04-050 Valley Telecommunications Cooperative Association, Inc.  
TC04-051 City of Faith Telephone Company  
TC04-052 Midstate Communications, Inc.  
TC04-053 Western Telephone Company  
TC04-054 Interstate Telecommunications Cooperative, Inc.  
TC04-055 Alliance Communications Inc. and Splitrock Properties  
TC04-056 RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
TC04-060 Venture Communications Cooperative  
TC04-061 West River Cooperative Telephone Company  
TC04-062 Stockholm-Strandburg Telephone Company  
TC04-084 Tri-County Telcom  
TC04-085 Cheyenne River Sioux Tribe Authority

**POST-HEARING BRIEF OF PETITIONERS AND SDTA**

Submitted on behalf of the above-named Rural Local Exchange Carriers and  
the South Dakota Telecommunications Association

August 5, 2004

## INTRODUCTION

Pending before the Public Utilities Commission of the State of South Dakota (“Commission”) are 20 Petitions<sup>1</sup> filed by rural telephone companies pursuant to 47 U.S.C. §251(f)(2) seeking suspension or modification of the requirements of 47 U.S.C. §251(b)(2) concerning number portability, including suspension or modification of the requirements set forth In the Matter of Telephone Number Portability, CC Docket 95-116, Memorandum Opinion and Order and the Further Notice of Proposed Rulemaking, FCC 03-284 (released November 10, 2003) (“*November 10 Order*”), insofar as the Order requires these Petitioners to implement local number portability (“LNP”).

The *November 10 Order* obligates local exchange carriers located outside the top 100 metropolitan statistical areas (MSAs) to provide LNP and to port numbers to wireless carriers when certain conditions have been met. Such obligation commenced on May 24, 2004, or commences within six months of the date that the wireline carrier receives a bona fide request for LNP from a commercial radio service (“CMRS”) provider. (*November 10 Order* at ¶29.)

In §251(f)(2) of the Act, Congress granted state commissions jurisdiction to suspend or modify the application of a requirement of §251(b) or (c) for “two percent rural carriers,” which includes a suspension of the requirement to provide LNP.<sup>2</sup> Each of the Petitioners in this case is seeking suspension or modification of the requirement to implement LNP. Thus, the fundamental question presented in this proceeding is whether the Commission should suspend or modify

---

<sup>1</sup> Initially, 21 companies filed Petitions with the Commission requesting suspension or modification of LNP requirements. Subsequently, two Petitioners (CRST and James Valley) entered into settlement stipulations with Western Wireless. CRST’s settlement position is that the Commission’s ultimate disposition of transport issues may affect third parties, other than Western Wireless, which has its own transport arrangement with CRST. For this reason only, CRST’s docket number is included in the caption of this brief.

<sup>2</sup> It is undisputed that each of the Petitioners in the pending applications constitute carriers with less than 2% of the nation’s subscriber lines, nationwide.



the Petitioners' requirements to implement LNP, both wireline to wireline and wireline to wireless.

The Petitioners represent that when the Commission considers the initial and ongoing costs of implementing LNP, the Commission will conclude that such costs create a significant adverse economic impact on users of telecommunications services generally and, to the extent that any costs are not recovered by an end user LNP surcharge, on the individual Petitioners themselves. Specifically, each company estimated the increase in a subscriber's monthly local service cost that would result from the implementation of LNP. Additionally, each company estimated the total increase in a subscriber's local service cost if the company is required to absorb the cost of transporting calls to ported numbers outside of Petitioner's local service area. While recognizing that the Federal Communications Commission ("FCC") has determined that local exchange carriers ("LECs") must implement LNP to wireless providers, each Petitioner contends that the *November 10 Order* does not address issues relating to the routing of calls to ported numbers in those cases in which no direct connection exists between carriers. Further, the Petitioners assert that in light of current routing arrangements, it is technically infeasible to complete calls on a local basis to telephone numbers ported to a wireless provider. Finally, Petitioners demonstrated through evidence that there is little or no public demand for LNP. As a result, the Petitioners believe it is not consistent with the public interest, convenience and necessity to expend the significant investment necessary to deploy LNP.

All of the remaining Petitioners and Intervenor SDTA hereby submit this Post-Hearing Brief in support of their request that the Commission suspend or modify the LNP requirement in Section 251(b)(2) of the Act. Based on the evidence presented at the hearing in this matter, each Petitioner has demonstrated that it satisfies the requirements of Section 251(f)(2) and SDCL 49-

31-80. Accordingly, the Commission should grant continued suspension or modification of the requirement of Petitioners to provide LNP.

#### PROCEDURAL HISTORY

By twenty separate Petitions filed by rural telephone companies, beginning with Kennebec Telephone Company (“Kennebec”) on February 12, 2004, and most recently, Tri-County Telcom, Inc. (“Tri-County”) on April 23, 2004, said carriers are seeking suspension or modification of the FCC’s requirement to implement LNP. Notice of the filing of each of the Petitions was electronically transmitted by the Commission in accordance with this Commission’s Administrative Rules. Petitions for intervention were filed by WWC License, LLC (“WWC” or “Western Wireless”) in each docket; by South Dakota Telecommunications Association (“SDTA”) in each docket; and by Midcontinent Communications (“Midcontinent”) in eight of the dockets. Intervention was granted to each party petitioning for intervention.

Each of the Petitioners requested the Commission to (1) issue an interim order that suspends any obligation that may exist for Petitioner to provide LNP until six months after entry of a final order; (2) issue a final order that grants a permanent suspension or modification of Petitioner’s obligation to implement LNP until conditions are met as described in the Petition; and (3) grant Petitioner such other and further relief that may be proper. At a regularly scheduled meeting on April 6, 2004, the Commission heard arguments from Petitioners, WWC, and SDTA regarding the Petitioners’ requests for an order granting interim suspension. Pursuant to 47 U.S.C. §251(f)(2) and SDCL 49-31-80, the Commission granted the requests for an interim suspension order pending final decision.

By Orders dated May 4, 2004, and June 16, 2004, the Commission implemented a Procedural Schedule in each of the dockets that established a timeline for discovery, a schedule for the

presentation of prefiled testimony and exhibits of all the parties, and dates for administrative hearings in the dockets. On June 21, 2004, through July 2, 2004, pursuant to that schedule, hearings were held before the Commission in each docket. Petitioners presented testimony through the following witnesses: Steven E. Watkins, a telecommunications consultant specializing in LNP issues, affiliated with the law firm of Kraskin, Mormon and Cosson in Washington, D.C. (SDTA Exhibits 1, 2; Tr. 495-526); John DeWitte, Vice President of Engineering for Vantage Point Solutions, Mitchell, South Dakota, who presented cost evidence on behalf of Interstate Telecommunications Cooperative, Inc. ("ITC"), Stockholm-Strandburg Telephone Company ("Stockholm"), Venture Communications Cooperative ("Venture"), West River Cooperative Telephone Company ("West River"), and Swiftel Communications ("Swiftel") (Brookings Ex. 3, Stockholm Ex. 3, Venture Ex. 3, West River Ex. 3, ITC Exs. 4(A) and 4(B); Tr. 135-290; 454-492; 1085-1089; 1121-1125); Tom Bullock and Dan Davis, both consultants with TELECOM Consulting Resources, Omaha, Nebraska, office, who presented cost evidence on behalf of the remaining Petitioners (except CRST) (Valley Ex. 3, Faith Ex. 3, Golden West Ex. 3, Armour Ex. 3, Sioux Valley Ex. 3, Bullock Exs. 1, 2, 3, Alliance Ex. 3, Tri-County Ex. 1, Western Ex. 1, Davis Exs. 1 and 2, Midstate Ex. 3, Beresford Ex. 3, Kennebec Ex. 3, Roberts County Ex. 3; Tr. 83-917; Tr. 989-1015; 1037; 1054-1056). In addition, the general managers of most of the petitioning companies presented testimony throughout the course of the hearings. WWC presented its case through the testimony of Ron Williams (WWC Ex. 1; Tr. 529-591; 600-713; 925-940; 1019-1035; 1058-1059; and 1129-1134).

Thereafter, on July 13, 2004, the Commission entered an Order Establishing Briefing and Decision Schedule in all of the remaining LNP dockets. On July 15, 2004, the Commission extended Petitioner Kennebec's suspension of obligation to implement LNP, pursuant to 47 U.S.C.

§251(f)(2) and ARSD 10:10:32:39, until September 7, 2004, which is the date for final Commission order in all dockets.

## I.

### **THE SOUTH DAKOTA PUBLIC UTILITY COMMISSION HAS JURISDICTION TO SUSPEND LOCAL NUMBER PORTABILITY OBLIGATIONS PURSUANT TO DEFINED FEDERAL STANDARDS**

As set forth in Petitioners' pleadings initiating these consolidated proceedings, the FCC has set forth requirements for the implementation of LNP, pursuant to 47 U.S.C. § 251(b)(2), applicable to the Petitioners. See e.g. Petition of Interstate Telecommunications Cooperative, Inc. (ITC), p. 2. Specifically, the FCC has set forth rules concerning the implementation of LNP by wireline carriers in sections 52.23-52.29 and 52.32-52.33 of its rules. 47 C.F.R. §§52.23-52.29 and 52.32-52.33. Further, pursuant to the *November 10 Order*, the FCC has required that local exchange carriers outside the largest 100 Metropolitan Statistical Areas (MSAs) provide LNP and port numbers to wireless carriers beginning May 24, 2004, or within six months of the date upon which a bona fide request has been received by such carrier. The *November 10 Order* is currently before the U.S. Court of Appeals for the District of Columbia Circuit, in United States Telecom Association v. FCC, case nos. 03-1414 and 03-1443. The Order has not been stayed by the FCC itself, nor the D.C. Circuit.

The requirements of this Order went far beyond existing rules for LNP between wireline carriers, which rules limited portability between such carriers to the LEC rate center. Specifically, the *November 10 Order* found that LECs must implement LNP to allow porting to wireless carriers, even where the wireless carrier does not have a point of interconnection or telephone numbers in a particular LEC's rate center. Moreover, the Order applied this new requirement in a discriminatory way. It did not require wireless carriers to allow porting back to wireline carri-

ers where a “mismatch” exists – a frequent occurrence – between wireline and wireless rate centers. Rather, the FCC only instituted a rulemaking to consider this issue, while requiring wireline LECs nevertheless to proceed with such one-sided porting.

The Petitioners are all eligible to request suspension of the FCC’s LNP requirements from this Commission, and this Commission has jurisdiction to grant the suspension request. Section 251 (f)(2) frames both this Commission’s jurisdiction, and the standards to be met for the suspension of the LNP requirements. As to jurisdiction, this section reads in pertinent part, that “a local exchange carrier with fewer than two percent of the nation’s subscriber lines installed in the aggregate nationwide may petition a state Commission for modification” of the number portability requirements.

The Petitioners all easily fall below this “two percent” threshold; indeed their eligibility to request suspension based on the two percent size threshold is undisputed on the record.

Western Wireless witness Ron Williams attempted a sophistical attack on this Commission’s jurisdiction by suggesting, apparently, that the LNP suspension requests were waiver requests over which the FCC exercised jurisdiction. (Tr. 565). He later admitted that the FCC document he relied upon in fact recognized state commission jurisdiction under Section 251(f) and further that FCC Chairman Powell had, shortly before the hearing, issued a letter to the President of NARUC. In that letter, Chairman Powell urged close consideration of rural LEC LNP “waiver” requests (technically known as suspension or modification requests under the statute) filed with state commissions by rural LECs. (Tr. 565-68; Venture Ex. 4). Ultimately, when questioned by Vice-Chairman Hanson on the question of jurisdiction, Mr. Williams conceded “this is a good forum to resolve this.” (Tr. 659). That the petitioning LECs here are eligible to seek suspension of the FCC’s LNP requirements, and that this Commission has jurisdic-

tion to grant the suspension requests under Section 251(f)(2), are clear both as a matter of record and law.

The statutory standards that govern state commission-ordered suspensions or modifications are equally straightforward. Pursuant to Section 251(f)(2), the Commission shall grant a petition for suspension or modification to the extent that, and for such duration as, the Commission determines that such suspension or modification:

(A) Is necessary:

- i. to avoid a significant adverse economic impact on users of telecommunications services generally;
- ii. to avoid imposing a requirement that is unduly economically burdensome; or to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience and necessity.

47 U.S.C. § 251(f)(2).

The correct application of the foregoing statutory standard was described by the United States Court of Appeals for The Eighth Circuit in Iowa Utilities Board v. Federal Communications Commission, 219 F.3d 744 (8<sup>th</sup> Cir. 2000)(IUB II) in a proceeding on remand from the United States Supreme Court. There, the Court construed the language of “undue economic burden” found in Section 251(f)(2)(A). In finding that the FCC had gone too far in its construction of the meaning of “undue economic burden,” the Court noted that such undue economic burden is just one of three bases upon which suspension or modification may be granted under Section 251(f)(2)(A). 219 F.3d at 761. *See also*, Order Granting Suspension, Nebraska Public Service Commission (*Nebraska Order*); Application Nos. C-3096 et seq., p.6 (“Applicants required to establish at least one of the criteria listed in Section 251(f)(2)(A) and that suspension is consistent with public interest, convenience and necessity”).

When the record of this proceeding is examined against the statutory framework discussed above, it is abundantly clear that suspension and modification of the LNP requirements are warranted. Demand for LNP is virtually non-existent in Petitioners' customer base, due in no small part to the sorry state of wireless coverage in rural South Dakota. Against this complete lack of demand, as almost every manager testified and as is recounted in detail later in this brief, are very real costs for implementing LNP. Whether these costs turn up as monthly LNP surcharges or as general rate increases, they still constitute "adverse economic impact" and "undue economic burden" within Section 251(f)(2)(A) of the statute, particularly given the very questionable "benefit" that LNP will bring to rural customers.

The balance of this brief focuses on the very real costs of LNP, (including the issue of transport responsibility and its broad implications for the industry), and the public interest consequences of LNP implementation devoid of any tangible benefits. And while the Commission considers this calculus, it should bear in mind the apparent cynicism of LNP's advocate in chief, Western Wireless. In this respect, Mr. Williams admitted that the company projected zero ports for the city of Faith, despite requesting LNP from it. (Tr. 586-87). He further admitted that until recently, Western Wireless was in fact opposed to LNP. (Tr. 574-75). South Dakota's consumers deserve better use of the PUC's regulatory machinery, and its grant of the requested suspensions clearly will serve that purpose.

## II.

### **PETITIONERS HAVE MET THE REQUIREMENTS OF SECTION 251(F)(2)(A).**

Pursuant to Sections 251(f)(2)(A)(i) and (ii), Petitioners have demonstrated that a suspension or modification of the LNP requirement is necessary "to avoid a significant adverse economic impact on users of telecommunications services generally" and "to avoid imposing a re-

quirement that is unduly economically burdensome.” As discussed below, each Petitioner has presented detailed information concerning the costs that will be incurred to implement LNP, including switch software and hardware costs, LNP service order and query costs, and the technical and administrative costs associated with implementing LNP. There is no dispute that Petitioners will incur such costs to implement LNP. The Petitioners also have presented information concerning the transport issue and its related cost. The transport issue and the costs associated with transport are much in dispute and will be addressed separately in this brief.

A.

PETITIONERS HAVE DEMONSTRATED THAT A SUSPENSION OR  
MODIFICATION OF THE LNP REQUIREMENT IS NECESSARY “TO AVOID  
A SIGNIFICANT ADVERSE ECONOMIC IMPACT ON USERS OF TELECOMMUNICA-  
TIONS SERVICES GENERALLY”

Petitioners’ cost exhibits and testimony present the known cost elements and amounts that will be incurred if Petitioners are required to implement LNP. Petitioners did not limit their cost showing only to the costs that will be included in the federal LNP surcharge. This was to reflect the full cost burden of LNP that will impact consumers and the Petitioners.

Most of the costs shown by Petitioners are not disputed by Intervenors and where certain costs are disputed, the arguments are not valid. Western Wireless disputes certain costs identified by some Petitioners, such as switch costs, because it alleges the particular cost cannot be recovered through the federal LNP surcharge. This criticism, however, is misplaced and improperly seeks to limit the expansive review that is to be undertaken by state commissions pursuant to section 251(f)(2). Rather, the duty of this Commission is to consider all economic impacts—even those that may not be easily identifiable on end-user telephone bills through the federal LNP surcharge.



In other cases, Western Wireless disputes an element of Petitioner's cost exhibit because it contends that Petitioner should have used a more cost efficient methodology. For example, Western Wireless generally disputes the method used by Petitioners to provide transport, however it does not dispute the cost amount projected by Petitioners for their method. Similarly, Western Wireless disputes including costs for an automated Service Order Administration (SOA) process because it argues that an automated process cannot be justified in light of the small number of projected ports. Western Wireless, however, does not dispute what an automated SOA service would cost.

The Commission should not be tempted by Western Wireless' false arguments to simply reject certain costs projected by Petitioners because there may be a "cheaper" alternative. There is no requirement that Petitioners implement LNP in the cheapest way possible. And, as demonstrated in the record, there are valid business reasons why a company may not select the least cost alternative. For example, a company may choose to implement an automated SOA process to be able to process ports in a shorter time-frame. The real fallacy of Western Wireless' argument, however, is that the costs Western Wireless urges this Commission to reject will impact consumers, to their detriment. Therefore, the Commission must consider all costs identified by Petitioners to make an accurate determination of the impact of LNP.

In any event, the most striking aspect of the evidence on the cost issue is that, other than the dispute over the cost of transport, Western Wireless' estimates for the cost of LNP, in many cases, are fairly close to the Petitioners' estimates and, in the remaining cases, even Western Wireless' cost estimates are significant. Thus, even though Western Wireless has disputed some aspects of the costs presented by Petitioners, by Western Wireless' own estimates the cost of LNP, even without transport, would have "a significant adverse economic impact on us-

ers of telecommunications services generally” and would impose “a requirement that is unduly economically burdensome.”

A company specific discussion of the costs elements in dispute follows:

Companies represented by John De Witte

1. Swiftel (TC04-047)

Swiftel’s projected cost of LNP, excluding transport, ranges from \$0.74 per line per month in the first year after implementation to \$0.83 per line per month in the fifth year after implementation. (ITC Ex. 4B) Western Wireless projects the cost at \$0.68 to \$0.76. (WWC Ex. 9)

Western Wireless disputes the use of an automated SOA process by Swiftel and, instead, argues that the cost exhibit should only reflect the cost of a manual SOA process. As alleged by Western Wireless, this would reduce the SOA non-recurring cost by \$1,000 and it would reduce the monthly recurring cost by \$100. Western Wireless’ revised cost estimate should be rejected because there are valid business reasons to use an automated SOA mechanism. An automated mechanism will be necessary if the porting interval is reduced (ITC Ex. 4 at 6); and it reduces the need for additional personnel for LNP. In addition, once the LNP surcharge is established, carriers are allowed to change the surcharge only in special circumstances. (Tr. 484). Therefore, even if current circumstances, such as porting volumes and porting interval, may not require an automated process, a carrier must implement LNP in anticipation of changed circumstances in order to ensure that its LNP mechanisms and its cost recovery is appropriate for the long term.

Western Wireless also alleges that the monthly recurring marketing cost projected by Swiftel of \$1,000 is not justified. As explained by Mr. De Witte, however, this cost estimate assumes a single annual mailing of an informational flyer to customers to explain LNP. The recurring cost is based on a price quote from a marketing firm that the printing cost of an informa-

tional flyer would be approximately \$800 per 1,000 copies. In 2003, Swiftel had approximately 14,057 access lines. Assuming each access line would receive the informational flyer with their bill, the annual cost to print the flyer would be approximately \$12,000. This cost, represented as a monthly recurring cost, is \$1,000 per month. (ITC Ex. 4 at 8).

Accordingly, Swiftel's projected cost should be accepted.

## 2. ITC (TC04-054)

ITC's projected cost of LNP, excluding transport, ranges from \$0.54 per line per month in the first year after implementation to \$0.61 per line per month in the fifth year after implementation. (ITC Ex. 4B) Western Wireless projects the cost at \$0.55 to \$0.62. (WWC Ex. 9).

Western Wireless disputes the use of an automated SOA process and, instead argues that the cost exhibit should only reflect the cost of a manual SOA process. As alleged by Western Wireless, this would reduce the non-recurring SOA cost by \$1,000 and the recurring cost by \$100 per month. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Western Wireless argues that the entire recurring cost for testing, translations and administrative functions, totaling \$380 per month, should be eliminated because it is overstated and redundant. As demonstrated by Mr. De Witte, however, this expenditure is necessary "to perform tests for each ported number as the port is requested to ensure that the ported number route correctly flows through the Petitioner's network." (ITC Ex. 4 at 8). This cost was derived based on Petitioner's estimate that Translations activities for each port will require approximately one hour at a loaded hourly rate of \$46 per hour. This equates to approximately \$90 per month. Further, the Petitioner estimates that Testing and Verification activities for each port will require approximately one hour at a loaded hourly rate of \$46 per hour. This equates to approximately

\$90 per month. For the administrative functions, the Petitioner estimates that this function will require for each consumer approximately 2.5 hours at \$41 per hour. This equates to approximately \$200 per month at a rate of 2 ports per month. Accordingly, these costs are justified and should be included.

Western Wireless disputes the monthly recurring marketing cost projected by ITC of \$1,000. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

ITC's projected cost of providing LNP in the Webster exchange as requested by Midcontinent is over \$2.00 per line per month for five years and approximately \$1.47 per line per month thereafter. Midcontinent provides no evidence to dispute any of the costs presented by ITC in connection with the provision of LNP in the Webster exchange. Midcontinent questioned the estimated per line charge, however, and argued that the cost of LNP associated with the Webster exchange should have been spread over ITC's entire customer base. (Tr. 211-214) Midcontinent is simply wrong on this point as the FCC's rules only allow carriers to assess a federal LNP surcharge to customers for whom LNP is available. If ITC is directed to implement LNP as requested by Midcontinent, LNP will be available only in the Webster exchange and ITC would be allowed to assess a federal LNP surcharge only to its customers served by the Webster exchange. Moreover, this is the only fair allocation method. ITC's method of calculating the per line charge, therefore, is correct.

Accordingly, ITC's projected costs for providing LNP company-wide and for providing LNP to Midcontinent in the Webster exchange only should be accepted.

### 3. Stockholm (TC04-062)

Stockholm's projected cost of LNP, excluding transport, ranges from \$4.99 per line per month in the first year after implementation to \$5.58 per line per month in the fifth year after implementation. (ITC Ex. 4B) Western Wireless projects the cost at \$2.62 to \$2.93. (WWC Ex. 9).

The majority of the difference in these estimates results because Western Wireless removes \$35,000 in non-recurring switch hardware requirements and \$15,000 in additional non-recurring software features. These upgrades are required to support the addition of AMA recording capabilities that will be required to allow the Petitioner to record and bill traffic (including LNP traffic). Western Wireless provides no explanation for this change.

Western Wireless disputes the use of an automated SOA process and, instead argues that the cost exhibit should only reflect the cost of a manual SOA process. As alleged by Western Wireless, this would reduce the non-recurring SOA cost by \$2,000 and the recurring cost by \$500 per month. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Western Wireless disputes the monthly recurring marketing cost projected by Stockholm of \$67. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Western Wireless reduces the non-recurring customer care cost from \$10,000 to \$5,000. This is the estimated cost for a 5 day on-site training session for the customer care system. Western Wireless offers no explanation for its reduction. Therefore, the reduction should be rejected.

4. Venture (TC04-060)

Venture's projected cost of LNP, excluding transport, ranges from \$0.55 per line per month in the first year after implementation to \$0.61 per line per month in the fifth year after implementation. (ITC Ex. 4B) Western Wireless projects the cost at \$0.53 to \$0.59. (WWC Ex. 9).

Western Wireless argues that the non-recurring SOA cost should be reduced by \$200 and provides no support for this position. Therefore, it should be rejected.

Western Wireless disputes the monthly recurring marketing cost projected by Swiftel of \$933. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Accordingly, Venture's projected cost should be accepted.

5. West River (TC04-061)

West River's projected cost of LNP, excluding transport, ranges from \$0.93 per line per month in the first year after implementation to \$1.04 per line per month in the fifth year after implementation. (ITC Ex. 4B) Western Wireless projects the cost at \$1.17 to \$1.31. (WWC Ex. 9)

Western Wireless disputes the use of an automated SOA process and, instead argues that the cost exhibit should only reflect the cost of a manual SOA process. As alleged by Western Wireless, this would reduce the non-recurring SOA cost by \$2,000 and the recurring cost by \$223 per month. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Western Wireless disputes the monthly recurring marketing cost projected by West River of \$267. For the same reasons as discussed for Swiftel, Western Wireless' cost revision on this point should be rejected.

Accordingly, West River's projected cost should be accepted.

6. Santel (TC04-038)

Santel's projected cost of LNP, excluding transport, ranges from \$0.78 per line per month in the first year after implementation to \$0.87 per line per month in the fifth year after implementation. (ITC Ex. 4B). Western Wireless projects the cost at \$0.61 to \$0.69. (WWC Ex. 9).

Western Wireless disputes Santel's cost amounts for SOA service; recurring testing, translations and administrative cost; and recurring marketing cost. For the same reasons as discussed previously, Western Wireless' cost revisions on these points should be rejected.

Accordingly, Santel's projected cost should be accepted.

Companies represented by Tom Bullock

7. Alliance and Splitrock (TC04-055)

In the case of Alliance, Mr. Bullock estimated the total LNP non-recurring costs (excluding transport) at \$158,353.00, and total recurring monthly costs (excluding transport) at \$3,668.00. WWC disputed only three aspects of Alliance's cost figures, aside from transport. In the category of "Switch Upgrade Costs," Alliance's estimated cost was \$94,308.00, compared with WWC's estimated cost of \$62,743.00 (Bullock Ex. 3; WWC Exhibit 15). The basic difference between these two figures results from "equipped line" counts. Petitioner's estimate is the correct one, as it is based upon actual counts of equipped lines in the DMS-10 switches for Alliance and Splitrock. (Tr. 836).<sup>3</sup> These numbers were based upon actual contact with the vendor, as opposed to a speculative calculation based upon a formula that Mr. Williams apparently concocted for Alliance. (Tr. 930-931).

The second category with which WWC differed in the Alliance case is "Other Internal Costs," wherein Mr. Bullock's cost estimate was \$33,532.00, and Mr. Williams' was

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<sup>3</sup> Mr. Bullock submitted a corrected Exhibit 3 to the Commission after the hearing to reflect the corrected counts of equipped lines. (Bullock Ex. 3)

\$15,000.00. In fact, Mr. Williams arbitrarily inserted \$15,000.00 as “Other Internal Costs” for all Petitioners, based upon his unsubstantiated “nonarithmetic mean” for Petitioners, apparently derived by utilizing the services of SDTA to negotiate contracts. (Tr. 934). By contrast, Alliance (and all other Petitioners) based its “Other Internal Cost” estimate upon Alliance’s past experience of negotiating contracts with Western Wireless and other carriers. “Negotiating as a group” was also taken into consideration in Alliance’s final cost in the “Other Internal Costs” category. (Tr. 851).

The final dispute between WWC’s cost estimates for Alliance and Mr. Bullock’s is contained in the category entitled “Other Monthly Costs”, \$2,068.00 in Mr. Bullock’s Exhibit 3 versus \$488.00 in Exhibit 15. Once again, Mr. Williams arbitrarily reduced this figure based upon his estimates of how long it would take each company to port a number. (Tr. 935). Mr. Bullock’s calculation is based upon evidence that there will be very little demand for porting, thus no one will become very proficient with the porting process, which will result in more time to port numbers. (Tr. 854). As shown, the evidence substantiates Mr. Bullock’s cost calculations.

8. Armour, Bridgewater-Canistota, and Union (TC 04-046)

For this group of Petitioners, Mr. Bullock’s final cost estimates (excluding transport) do not differ significantly from WWC’s estimates. Petitioner estimated total non-recurring costs for LNP implementation at \$121,276.00, and total monthly recurring costs at \$1,591.00. The differences are found in the “Other Internal Costs” (\$35,152 versus \$15,000); “SOA Monthly Charge” (\$225.00 versus \$165.00); and “LNP Query Costs per Month” (\$750.00 vs. \$412.00). In addition, WWC estimated more ports for this group of companies than did Mr. Bullock. The explanation for the differences in the first two categories is the same as for Alliance.



Petitioner's estimate for the LNP query costs per month is based upon actual quotes received from a query service provider (Tr. 852). Mr. Williams, on the other hand, provided no explanation or justification for his lower estimate. Mr. Williams conceded, however, that the cost estimate differences (excluding transport) for this Petitioner were not significant. (Tr. 933). Therefore, Petitioner's costs estimates are basically uncontested.

9. Faith (TC04-051)

By any cost consultant's calculations, the cost of LNP implementation in the case of Petitioner Faith, even excluding transport, is very high. Non-recurring LNP costs were estimated by Mr. Bullock at \$42,565.00, and recurring monthly costs at \$285.00. This translates to LNP cost per line per month, excluding transport, of \$3.10. (Bullock Ex. 2, Ex. R-1-TB; WWC Exhibit 15). While WWC had very minor cost disagreements with Mr. Bullock's estimates, the conclusion reached by both cost consultants was the same: "Faith is one of the companies that would have significant costs," and Faith's application for suspension of the requirement to implement LNP should be granted. (Tr. 933).

10. Golden West, Vivian, and Kadoka (TC04-045)

For this group of Petitioners, Mr. Bullock estimated the total non-recurring monthly costs (excluding transport) at \$233,468.00, and total recurring monthly costs (excluding transport) at \$5,400.00. (Bullock Ex. 3)<sup>4</sup> The most significant difference between WWC's cost estimates for Golden West, et al and Mr. Bullock's estimates is reflected in the "Switch Upgrade Costs" category. Mr. Bullock revised his switch upgrade cost based upon a price quote from Nortel (Bullock Ex. 3, WWC Exhibit 15). Without any justification other than it was a lower figure and the first one provided by Mr. Bullock in original Exhibit 1, Mr. Williams used Mr. Bullock's origi-

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<sup>4</sup> Mr. Bullock submitted a corrected Exhibit 3 to the Commission after the hearing to reflect several changes in information (Tr. 842), including corrected switch costs (Tr. 933). (Bullock Ex. 3)

nal switch upgrade cost estimate. (Tr. 934). Mr. Williams' estimate for LNP Query costs per month was actually higher than Mr. Bullock's figure, undoubtedly because Mr. Williams estimated 1076 ports per year, while Mr. Bullock estimated 240. Other differences were consistent with the other Petitioners, but overall, the cost differences, excluding transport, were not significant. (Tr. 934). Accordingly, the Commission should accept the cost estimates of Petitioner.

11. McCook (TC04-049)

For Petitioner McCook, Mr. Bullock estimated total non-recurring costs to implement LNP (excluding transport) at \$88,103.00, and total recurring monthly costs of \$1,502.00. This calculates to a per-line cost per month, excluding transport, of \$1.66. (Bullock Ex. 2, Ex. R-TB-1).

The most significant differences between Mr. Bullock's calculations of LNP costs for McCook and those of Mr. Williams are in the "Switch Upgrade Costs" category (\$26,400.00 versus \$17,152.00); and in the "Other Internal Costs" category (\$41,316.00 versus \$15,000.00). As noted previously, Mr. Bullock's calculation of Other Internal Costs for each company is based upon the "number of man hours that we estimate would be required in order to analyze and fill out the forms that companies receive from wireless carriers as part of the arrangement that must be established between companies in order to facilitate porting." (Tr. 851). Mr. Williams' figure of \$15,000.00, by contrast, is a "more or less nonarithmetic mean" arbitrarily "picked" by Mr. Williams. (Tr. 934). With regard to the Switch Upgrade Costs, Mr. Bullock's estimate is based upon an investigation of "the pricing policies of the individual switch manufacturers" utilized by McCook, i.e. Nortel. (Tr. 849). Mr. Williams merely adopted the Switch Upgrade Costs provided in Exhibit 1 attached to McCook's original Petition, without further verification. (Tr. 934). The balance of the cost differences, which are insignificant in amount, are the same as re-

flected in the preceding analyses. Petitioner's cost estimates are legitimate and clearly supported by the evidence.

12. Sioux Valley (TC04-044)

Mr. Bullock's calculation of the total non-recurring costs to implement LNP in Petitioner Sioux Valley's service areas is \$103,671.00, excluding transport. (Bullock Ex. 2, Ex. R-TB-1), while the total recurring monthly costs is \$1,933.00. Mr. Williams' estimates did not vary significantly in any cost category. Mr. Bullock included \$1,000.00 as the cost for SOA non-recurring set-up charge (Mr. Williams estimated 0 (WWC Exhibit 15)). The amount included by Mr. Bullock is based upon the registration fee charged for "SOA Option B," as explained in Bullock Ex. 1, page 19), and is certainly a justifiable cost. (Tr. 835; 895-898).

13. Tri-County (TC04-084)

Costs of implementation of LNP, even excluding transport costs, are very significant for this company. Mr. Bullock's estimates show total non-recurring costs of \$40,354.00, and total recurring monthly costs of \$429.00. (Bullock Ex. 2, Ex. R-TB-1). This calculates to a cost per line per month, excluding transport, of \$3.03. Even this, however, does not paint the entire cost picture for Tri-County which would have to replace its outdated DMS-10 switches to implement LNP. According to Mr. Bullock, the \$10,640 in switch upgrade costs reflected in the cost exhibit does not include the cost to replace the switches. Therefore, the actual cost associated with LNP would be much greater than that set forth in the cost exhibit. (Tr. 912-913)

Further testimony by Mr. Bullock emphasized the potential impact on Tri-County if the company is required to provide LNP:

Q. (By Ms. Ailts Wiest) For Tri-County you stated they needed a new switch . . . . .

A. . . . . I wanted to provide [that information] here so the Commission

so the Commission would have an understanding that in at least one case the cost of implementing LNP can go far beyond the costs of providing LNP as defined by the FCC's regulations in terms of cost recovery through the end-user charge.

It's not our position that this huge switch replacement cost is eligible to be included in an LNP end-user charge, but if Tri-County does not receive a suspension of the LNP requirements and Tri-County proceeds to implement LNP, they have to replace their switches, and it will cost them a lot of money to do that. (Tr. 917)

Mr. Williams' disputes of Tri-County's cost data pale to mere shadows in comparison to the costs facing Tri-County should the Commission not continue a suspension of Tri-County's requirement to implement LNP. The costs as estimated by Mr. Bullock and attributable just to LNP costs are very high, but the costs not even included on Mr. Bullock's estimate and not recoverable through any type of surcharge would be devastating to this small company, with only 447 access lines.

14. Valley (TC04-050)

Mr. Bullock submitted a revised cost exhibit for Valley after the hearing, because he learned during Mr. Oleson's testimony that there was a third wireless carrier in Valley's service area. (Tr. 835). According to the revised exhibit, Valley's total non-recurring costs (excluding transport) to provide LNP would be \$69,844.00, and total recurring monthly costs would be \$797.00. (Bullock Exhibit 3). Mr. Williams had very few disputes with Mr. Bullock's figures, and in fact estimated SOA monthly charges and LNP Query costs per month higher than did Mr. Bullock. Valley's estimated costs to implement LNP were basically not contested by WWC. (See WWC Exhibit 15).

Companies Represented by Dan Davis

Mr. Dan Davis of Telec Consulting Resources presented cost testimony on behalf of Kennebec Telephone Company (TC04-025); Midstate Communications, Inc. (TC04-052); Beres-

ford Municipal Telephone Company (TC04-048); Western Telephone Company (TC04-053), and RC Communications, Inc. and Roberts County Telephone Cooperative Association (TC04-056). (Tr. 989). Mr. Davis' summary of the cost calculations for the companies he represented states:

Each unique individual RLEC estimate reflects the cost of local number portability as calculated for each company. If the RLECs are not responsible for transport costs, which we contend that they are not, the estimate - or the estimated costs for local number portability range from a per-line per-month cost of \$1.15 for Midstate Communications to \$4.56 per line per month for Western Telephone Company.

If for some reason the RLECs would be financially responsible for transporting calls using DS-1 direct connections, the estimated costs range from a low of \$3.04 per line per month for Midstate Communications to \$11.58 per line per month for Kennebec Telephone Company.

The estimates are organized between one-time nonrecurring costs to implement local number portability and monthly recurring local number portability costs. (Tr. 992).

The overall non-recurring costs of deploying LNP for the Petitioners (excluding transport) is not really a point of significant controversy between Petitioners and WWC. As shown by Mr. Davis, for the companies for which he prepared the cost estimates, the overall nonrecurring cost for LNP is approximately \$519,000. In comparison, the estimated costs prepared by Mr. Williams for Western Wireless was approximately \$469,000. (Tr. 993).

15. Beresford (TC04-048)

For Beresford, Mr. Davis estimated non-recurring costs (excluding transport) of \$55,905.00, and total recurring monthly costs of \$578.00. (Davis Ex. 2, Ex. R-1). This calculates to an LNP cost per line per month (excluding transport) of \$1.27, compared to WWC's estimate of \$1.22. (WWC Exhibit 18). The only significant difference between these figures is found in the "Other Internal Costs" category. This point has already been addressed in this Brief

previously, but Mr. Davis further clarified the justification for his estimated company-specific costs of negotiating porting agreements with cellular providers, intercarrier porting forms and trading partner profiles. In response to questioning about economies of scale if companies “went together” on negotiations, Mr. Davis noted that his cost estimates in this regard did take into account economies of scale. “Three days per contract I assumed was fairly efficient.” (Tr. 1007). Mr. Williams conceded that his across-the-board \$15,000.00 figure was not “developed from Beresford’s internal structure.” (Tr. 1022). Mr. Williams’ small downward adjustment to monthly recurring costs results in calculations of how long it would take Beresford to port a number. Mr. Davis’s estimate is based on low demand and less proficiency with the porting process by Beresford’s employee(s).

16. Kennebec (TC04-025)

This small company of less than 800 access lines is another one that would experience dramatic economic consequences if ordered to implement LNP. Mr. Davis estimated total non-recurring costs of \$98,569.00, and total recurring costs of \$381.00. This translates to a per line per month cost of \$3.45, excluding transport. (Davis Exhibit 2, Exhibit R-1).

WWC disputed the switching costs for Kennebec, but the evidence clearly supported inclusion of these costs. Kennebec would not purchase the switch upgrade except to implement LNP, and LNP could not be implemented without purchase of a generic software upgrade. WWC Exhibit 16 is a letter from a switch vendor to Kennebec setting forth switch upgrade costs. In response to cross-examination by WWC’s attorney, Mr. Davis clearly articulated the necessity of the switch upgrade costs included in his cost estimates. (Tr. 999-1000).

Mr. Williams did not dispute that the switch software generic may need to be upgraded to support LNP. Nor did he dispute that in order to implement LNP, Kennebec would have to ex-

pend \$47,979 to get their generics up to a level to support LNP software. (Tr. 1025). Accordingly, the evidence clearly supports the cost estimates presented by Mr. Davis on behalf of Kennebec.

17. Midstate (TC04-052)

Mr. Davis's estimate of non-recurring costs for LNP implementation for Midstate was \$113,394.00, and \$2,288.00 for recurring monthly costs. (Davis Exhibit 2, Exhibit R-1). Again, the most controversial issue was in the Switch Upgrade Costs category. Mr. Williams' \$25,000.00 switching cost was based upon the mistaken assumption that switch translation costs were included in the per-line cost quote from Nortel. (Tr. 1026-1028). Mr. Davis corrected that mistaken assumption on redirect:

- A. (by Mr. Davis) \$29,000.00 . . . . . is what Nortel would charge Midstate on a per-equipped-line basis for the LNP software.

There was an additional charge . . . . . for switch translations. . . . . Switch translations is a function that is separate and apart from the Nortel pricing on the per-equipped-line basis and that is actually a price that Martin Group would charge Midstate on a per-switch basis for switch translations. It's not part of that activation fee that is waived. (Tr. 1038-1039).

Mr. Davis then concluded that the correct amount for Midstate's switching cost is approximately \$65,000.00. Mr. Davis also provided justification for his estimated costs in the non-recurring "Other Internal Costs" category. (Tr. 1039-1040).

The evidence clearly supports Mr. Davis's cost calculations for Midstate, as clarified at the hearing.

18. Western (TC04-053)

Of all the Petitioners requesting suspension of the requirement to provide LNP, Western's per-line costs are among the highest. Mr. Davis estimated total non-recurring costs (ex-

cluding transport) of \$176,780.00, and recurring monthly costs of \$419.00. (Davis Ex. 2, Ex. R-1). This calculates to a per-line per-month LNP cost, excluding transport, of \$3.97.

Western's situation is similar to that of Kennebec. Mr. Davis testified that "in order (for Western) to have the LNP functionality, they'd have to upgrade their switch." (Tr. 1005). The costs of the switch upgrade came from Western's engineering consultant. (Tr. 1005). While Mr. Williams included only \$45,987.00 for switch upgrade costs, he conceded that it would cost Western \$145,987.00 in switch upgrades to be LNP capable.

Q. You're not contending that they could provide LNP to their customers if ordered to do so by this Commission for \$45,987.00, are you?

A. No. Western's situation is similar to the Kennebec situation that we discussed . . . . . I would not disagree that they would need to get their switch generics upgraded to support LNP implementation.

Q. And that would be a cost to Western Telephone Company; is that correct?

A. That's correct. (Tr. 1028)

Based on this undisputed and overwhelming cost evidence, Western Telephone Company's request for suspension of implementation of LNP should be granted.

19. Roberts County/RC Communications (TC04-056)

Mr. Davis estimated non-recurring costs for LNP for Roberts County/RC at \$74,199.00, and recurring monthly costs at \$880.00, excluding transport. (Davis Ex. 2, Ex. R-1). This calculates to an LNP cost per line per month (excluding transport) of \$1.23. WWC's per line per month LNP cost for Roberts County/RC is \$1.05, which indicates very little difference between the parties' cost estimates. The most significant dispute is in the "Other Internal Costs" category. (Davis at \$22,319.00, Williams at \$15,000.00), and that difference has been discussed at



length above. All other costs are nearly identical. Accordingly, this Commission should accept Petitioner's cost estimates for Roberts County/RC as presented by Mr. Davis.

**B.**

PETITIONERS HAVE DEMONSTRATED THAT A SUSPENSION OR MODIFICATION OF THE LNP REQUIREMENT IS NECESSARY "TO AVOID IMPOSING A REQUIREMENT THAT IS UNDULY ECONOMICALLY BURDENSOME."

As shown, LNP implementation would result in the assessment of a new LNP surcharge on end users and could increase local rates. These actions would make Petitioners' service offerings less competitive with the services provided by wireless and other competitive carriers. In addition, if the total cost of LNP is assigned to Petitioners' subscribers through a surcharge and local rate increases, some segment of their subscribers may discontinue service or decrease the number of lines to which they subscribe. The resulting reduction in line count would increase further the per-subscriber cost of LNP, which, in turn, could lead to more rate increases followed by additional losses in lines. Ultimately, Petitioners may not be able to recover the costs of LNP from their subscribers, which would reduce the Petitioners' operating cash flow and profit margins.

It also is unduly economically burdensome to require Petitioners to implement LNP when a number of implementation issues are not resolved. It would be more efficient and less costly to implement LNP only once, after the LNP parameters are more certain, rather than require carriers to implement LNP when important issues are unresolved (such as whether a trunk connection will be required), or could be changed (such as whether the porting interval will be reduced).

Wireline to wireless porting under current routing protocols also would impose an unduly economically burdensome requirement by making the network less efficient and by confusing consumers which could result in reduced calling. If direct connections are not established, calls

to ported numbers will be routed to an interexchange carrier and the calling customer will incur a toll charge. The local exchange network also will be less efficient as a result of porting because end users who continue to dial a ported number on a seven-digit basis will likely receive a message that the call cannot be completed as dialed, or a message instructing the party to redial using 1+ the area code. Thus, callers would have to dial twice, with the resulting network use, to place one call.

### C.

#### PETITIONERS HAVE DEMONSTRATED THAT THE RESOLUTION OF OUTSTANDING ISSUES COULD INCREASE THE COST OF LNP.

In addition to the known costs of LNP, the Petitioners also presented evidence that there are a number of outstanding issues that could make the adverse economic impact of LNP on users of telecommunications services even greater and could make LNP even more unduly economically burdensome. For example, an industry advisory group recently recommended that the FCC reduce the porting interval to 2 days, and in a pending rulemaking proceeding the FCC is examining whether the current four-day porting interval for wireline carriers should be shortened, perhaps to match the wireless porting interval of 2.5 hours. A shorter porting interval will significantly increase the cost of LNP because more systems would have to be automated and more personnel would have to be hired to take and implement porting requests. (Davis Ex. 1 pp. 18, 19; ITC Ex. 3 p. 18; Brookings Ex. 3 pp. 18, 19; Stockholm Ex. 3 p. 19; Venture Ex. 3 pp. 18, 19; West River Ex. 3 p. 18; SDTA Ex. 1 pp. 15, 36; Tr. pp. 897, 898).

The Petitioners' cost exhibits also do not include the cost of implementing wireless to wireline porting, which is under consideration by the FCC. In this regard, the FCC has asked for comment on whether wireline carriers should be required to absorb the cost of providing a customer with a ported wireless number with the same local calling area as the customer received

from the wireless carrier and whether LECs should be required to provide LNP through foreign exchange (FX) and virtual FX service.<sup>5</sup> These proposals also would increase the cost of LNP, however, it is not clear to what extent.

Changes to the LNP requirements that would impose new LNP costs after Petitioners are required to implement LNP also will impose a requirement that is “unduly economically burdensome” because it is very likely that Petitioners would be unable to recover these costs. Under the current FCC rules pertaining to the establishment of a “monthly number-portability charge” the charge is to be “levelized” over five years, or in other words must remain constant over that period. There are no provisions in the FCC rule relating to LNP cost recovery (47 C.F.R. § 52.33) that permit revision to the established monthly number portability charge, should actual LNP related costs change over the 5 year period that the charge is to be in effect. Accordingly, the only means through which a revision to the charge can be obtained is to seek a waiver of the LNP cost recovery rule from the FCC, pursuant to the FCC’s general waiver authority found in 47 C.F.R. § 1.3. Under this rule provision, a waiver can only be obtained based on a showing of “good cause” and it requires a separate petition and a separate FCC process, outside of the FCC’s tariff filing procedures. With respect to obtaining waivers of the established LNP cost recovery rule provisions, the FCC recently commented on the issue in a decision addressing a request for declaratory ruling and/or waiver filed by BellSouth Corporation.<sup>6</sup> In that case, the BellSouth was granted a waiver to increase its end-user LNP charge, so that it could include in such charge the additional costs of implementing “intermodal” LNP. In granting this waiver, however, the FCC

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<sup>5</sup> It is not clear what “virtual FX” service would entail as the FCC did not define it and the Petitioners offer no such service.

<sup>6</sup> In the Matter of Telephone Number Portability, BellSouth Corporation Petition for Declaratory Ruling and/or Waiver, CC Docket No. 95-116, *Order*, FCC 04-91, released April 13, 2004.

signaled that it was not likely in the future that it would view such requests in a favorable manner. In its decision, the FCC stated:

. . . we expect that carriers implementing LNP in the future will include intermodal capability and there will be no need for staggered end-user charges. Thus, any incumbent LECs that have not filed tariffs for LNP cost recovery as of the release date of this order must comply with the five-year rule. In other words, once they have implemented number portability, these carriers should include the initial implementation costs of both wireline and intermodal LNP costs in any future tariff filing and recover costs over five years. Further, carriers who already have included intermodal costs in filed tariffs will not be eligible for additional recovery under a separate intermodal charge. . . .

In the Cost Recovery Order, the Commission discouraged carriers from attempting to raise their end-user charge. *Emphasis added.*

#### D.

#### THE UNRESOLVED ISSUE OF TRANSPORT RESPONSIBILITY FURTHER SUPPORTS MODIFICATION AND /OR SUSPENSION

The matter of transport responsibility is perhaps the most insidious aspect of LNP implementation before the Commission. The FCC's *November 10 Order* indicates that LNP implementation does not depend on the FCC's long-delayed resolution of this issue, but in a real-world sense, it is difficult to ignore when examining LNP costs.

The Petitioners' submit that the possible imposition of transport responsibility on them does nothing but further support their suspension and/or modification requests. It drives up costs, both to customers and/or the companies themselves (an issue left hanging by the FCC) and threatens to unravel an intercarrier compensation mechanism that has helped rural South Dakota to the forefront of modern telecommunications facilities and service.

Petitioners are confident that as this Commission considers the transport issue it will conclude as the Nebraska Commission recently has, that indirect connections are technically infeasible.

ble presently, and that the resulting costs “...would either be an additional significant adverse economic impact on end users or would be an economic burden on the local exchange carriers...” *Nebraska Order* at 7, 10-11.

The Petitioners’ cost exhibits contain estimates for the recurring and non-recurring cost of transport, which essentially is the cost of installing facilities to enable calls to ported numbers to be routed as local calls. It is undisputed that under current network configurations, a call originating on one of the Petitioner’s networks and terminating to a wireless carrier’s customer is routed to an interexchange carrier and is billed to the originating customer as a toll call, unless the wireless carrier has a direct connection with the Petitioner or it is part of an extended area service arrangement. It also is undisputed that there are very few direct connections between the Petitioners and the wireless carriers operating in their service areas, including Western Wireless. Thus, if no new transport facilities are installed, in many cases the only facilities currently available to route a call to a number ported to a wireless carrier will be interexchange facilities.

Further, Petitioners contend that they have no legal obligation to transport traffic to points beyond their service territories, whether the traffic is associated with a ported number or not. Under the provisions of 47 U.S.C. §251(c)(2)(B), incumbent LECs are required to provide interconnection only at a “technically feasible point within the carrier’s network.”

Western Wireless contends that, pursuant to the FCC’s *November 10 Order*, Petitioners have an obligation to transport traffic to a number ported to a wireless carrier as a local call even if the wireless carrier’s point of interconnection is located outside of a particular Petitioner’s service territory. In essence, Western Wireless argues that the FCC’s Order established a new routing obligation on rural incumbent LECs in connection with traffic to ported numbers.

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<sup>7</sup> *Id.* at pars. 16 and 17.

Western Wireless' argument clearly fails by the plain language of the *November 10 Order*. In its Order, the FCC acknowledged that LNP raised certain routing issues for rural carriers where no direct connection exists. The FCC, however, specifically found that these issues did not need to be resolved in the LNP proceeding. Rather, the FCC indicated that they would be addressed in a pending Petition for Declaratory Ruling filed by Sprint Corporation.<sup>8</sup> Therefore, it is clear that the question of whether Petitioners have an obligation to transport traffic to a wireless carrier as a local call, even if the wireless carrier's point of interconnection is located outside of a particular Petitioner's service territory, including traffic to a ported number, is pending at the FCC.

In addition, there is no language in the FCC's Order directing rural LECs to install new facilities to transport local calls. Rather, the FCC seems to assume, incorrectly, that existing facilities are sufficient. As testified to by Mr. Watkins:

the Nov. 10<sup>th</sup> Order does not automatically create service arrangements between the Petitioners and wireless carriers . . . [and further] does not clearly answer questions about the manner in which calls to ported numbers of mobile users will be treated from a service definition basis, how such calls will be transported to locations beyond the ILECs' service territories, and over what facilities these calls will be routed. (SDTA Ex. 1 p. 16).

Mr. Watkins further explained:

No LEC, including the Petitioners, has network arrangements for the delivery of local exchange service calls to, and the exchange of telecommunications with, carriers that operate at distant locations beyond the LEC's actual service area in which local exchange service calls originate, and there is no requirement for LECs to establish such extraordinary arrangements. LECs have no obligation to provide at the request of a wireless carrier, at additional costs and expense to the LEC, some extraordinary form of local exchange service calling beyond that which the LEC provides for any other local exchange service call." (*Id.*, p. 17).

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<sup>8</sup> In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of traffic by ILECs, CC-Docket 01-92, Petition of Sprint, May 9, 2002 (*Sprint Petition*).

The *Nov. 10<sup>th</sup> Order* neglects to address specific operational and network characteristics of the smaller LECs such as the Petitioners. . . . What the FCC fails to understand . . . is that calls routed outside of the Petitioners' local exchanges are routed to interexchange carriers (IXCs). Therefore they are routed and billed correctly as interexchange calls. The Petitioners do not have any obligation to provision local exchange carrier services that involve transport responsibility or network functions beyond their incumbent LEC service areas. . . . Furthermore, it is well settled that LECs interconnection obligations only pertain to their own networks, not to carriers' networks or to networks in areas beyond their own RLEC service areas. While the FCC has generally acknowledged a limitation on a Bell company to route calls no further than to a LATA boundary, the FCC's 10<sup>th</sup> Order apparently failed also to recognize that the Petitioners are physically and technically limited to transporting traffic to points of interconnection on their existing network that are no further than their existing service territory boundaries. . . . [T]elecommunications services provided to end users that involve transport responsibility to interconnection points with other carriers' networks at points beyond Petitioner's limited service area and network are generally provided by IXCs, not by the Petitioner LECs. (Tr. pp. 17, 18).<sup>9</sup>

Thus, it is clear that the arrangements necessary to route calls to ported numbers as local calls are not in place currently. Further, the record shows that there are a number of options that could be considered to address this issue. The methods contained in the record are briefly outlined below.

#### Petitioners' Methodologies

Based on the existing network configuration for the wireless carriers, the Petitioners (represented by cost consultant John De Witte) assumed a dedicated facility from each of Petitioners' rate centers to each wireless carrier, where the wireless carrier does not have a point of interconnection or numbers in the LEC's rate centers. This method is driven by the fact that to enable

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<sup>9</sup> Dan Davis, a witness for numerous Petitioners, in addressing the transport issues, expressed similar concerns, noting that "RLECs do not route local traffic to a point of interconnection outside of its local exchange or service area. Requiring RLECs to route traffic to a point of interconnection outside of its exchange or service area would

intermodal LNP on a level playing field (wireline to wireless and wireless to wireline), without separate transiting agreements in place, each CMRS carrier must obtain an NPA-NXX in each wireline rate center to accommodate proper rating and routing of calls. Thus, the cost exhibits for these Petitioners shows the estimated recurring and non-recurring cost of providing a DS-1 for Type 2B interconnection from each of Petitioners' rate centers to each of the wireless carriers. The record indicates that this methodology is, in fact, the current configuration used by the Parties. Thus, currently, calls to wireless carriers are routed as local calls when the wireless carrier establishes and pays for a direct connection to the Petitioner's switch. This configuration complies with the Interconnection Agreements recently entered into between Petitioners and Western Wireless. The transport facility pricing was based on firm, market-driven pricing from SDN Communications (SDN) for DS-1 circuits. Further, the record establishes that this configuration will work and will require no additional negotiated interconnection, transport or transiting agreements between the parties.

The methodology utilized by Mr. Davis and Mr. Bullock is similar in principle to that proposed by Mr. De Witte, however the actual implementation is slightly different. Messrs. Davis and Bullock calculated transport costs using a DS-1 direct connection from each host office location and from each stand-alone end office switch location to each wireless provider's point of interconnection. The traffic that originates from a remote switch was assumed to be transported on the same DS-1 as used by its host switch. The point of interconnection was assumed to be located at the nearest rate center in which a tandem was located. The calls to the ported numbers would then be carried over these DS-1s to a POI located within a Petitioner's service area or exchange, and the Petitioner would then connect with the wireless provider, who

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add the responsibility of a LEC from providing local exchange service and exchange access to providing interexchange service as well." (Tr. p. 994).



would then transport the calls back to its switch. For the group of companies represented by Mr. Davis, the assumption was made that there were only two wireless carriers. For Mr. Bullock's companies, the estimated number of wireless carriers varied from company to company.

This routing arrangement also is consistent with the Interconnection Agreements entered into between Western Wireless and the Petitioners. The cost is reliable because it is based on tariffed rates for T-1 circuits. Further, this configuration will work and it will allow the porting of numbers from wireless carriers to the Petitioners.

The transport costs estimated by Petitioners range from approximately \$0.20 to \$30.00 per line per month. Most of the Petitioners would see a per line increase of more than \$1.00 per month solely related to transport. Accordingly, it is clear that this issue could have a tremendous adverse impact on end-users and Petitioners.

#### Western Wireless' Methodology

Western Wireless criticized the transport proposals presented by Petitioners as inefficient. In the alternative, Western Wireless states that Petitioners should route calls to ported numbers to the Qwest tandem and, that Petitioners should pay for the network facilities and per call charges associated with this option. Although he admitted that this routing could require the Petitioners to route traffic outside their local exchange boundary or certificated area (Tr. p. 576), Mr. Williams stated that "local companies, since they are the originating carrier of a call to a ported number, do have an obligation to route that traffic to the designated routing location within the LATA." (Tr. p. 576). He was unwilling to accept that there should be any exceptions from such obligation, even for a company like Kennebec whose service area is located approximately 180 miles from the Qwest tandem in Sioux Falls. (Tr. pp. 576, 577).<sup>10</sup>

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<sup>10</sup> It would appear that Western Wireless' transport proposal, given the company's insistence on imposing the transport costs on Petitioners, is contrary to existing FCC and court decisions. The FCC and the courts have stated that

There are a number of problems with the Western Wireless proposal. First, Western Wireless assumed that existing one-way facilities with Qwest could be converted to two-way facilities; that Qwest would agree to convert the facilities at a specified cost; and that Qwest would charge a specified cost for transiting traffic. However, Qwest is not a party to this proceeding and there is no evidence that it would agree to these terms.

Second, Western Wireless completely ignores the numerous regulatory, policy and business issues that would arise with a “Qwest tandem” option as well as the very real impacts that landline LECs will experience if the transport issues are not resolved in a fair manner. Some of these issues were summarized by Mr. Bullock during the hearing when he described the advantages of not using a tandem option as follows:

The first one is if you don’t go through a tandem switch, whether it’s Qwest or SDN or somebody else, you’re eliminating a potential point of failure. If you direct connect – if you connect directly to the wireless carrier’s switch, you’re going to establish an operationally more reliable connection. (Tr. 857-858)

Mr. Bullock further stated that:

circuits that come into the ILEC network – I should say trunk links that are established to the ILEC network directly from the individual wireless carriers can be more easily monitored for call detail and billing purposes. Whether you’re billing one way or the other way, you know who your trunk link is connected to, as opposed to going through a tandem there’s a possibility that you might lose

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a LEC is free to treat as interexchange service any call to a point of interconnection that is beyond the local calling area of the originating LEC end user. *See e.g. Memorandum Opinion and Order. In the Matter of TSR Wireless, L.L.C., et al. v. US West Communications, Inc. et al*, released June 21, 2000, in File Nos. E-98-13, E-98-15, E-98-16, E-98-17, E-98-18 at para. 31, *affirmed Qwest Corporation vs. FCC*, 252 F. 3<sup>rd</sup> 462 (D.C. Cir. 2001); *See also Mountain Communications, Inc. v. Qwest Communications, FCC 02-220, Order on Review*, July 25, 2002, para. 6, vacated in part and remanded, *Mountain Communications v. FCC*, 355 F. 3<sup>rd</sup> 644, 647 (D.C. Cir. 2004) wherein the Court of Appeals recognized that LECs may treat as toll calls any call to a mobile user that must be delivered to an interconnection point beyond the normal local calling area.

Toll calls are transported by interexchange carriers, toll calls are interexchange service. Petitioners, as rural LECs, hand off toll calls to competing interexchange carriers consistent with the equal access requirements. There is no requirement for a LEC to deliver local exchange service calls to some distant point or to the “terminating carrier’s switch” when that switch is beyond the local calling area and beyond the point that a LEC transports any other local exchange service call.

some information that reveals the identity of where the traffic is coming from. (Tr. 857-858).

Third, contrary to the perception that Western Wireless wants to create, the transport issue is not a simple one and depending on how it is resolved the financial impact on rural LEC operations could be very substantial. Randy Houdek, general manager of Venture Communications Cooperative, offered considerable testimony concerning the transport issues and how they may affect his cooperative. He indicated that the transport issue is a “huge” issue for Venture, and explained that Western Wireless’ proposal for transport would not only make his company responsible for the costs of transport to the Qwest access tandem, but that it would also, by allowing for a bypass of the existing toll network, affect his company’s access and toll revenues. (Tr. pp. 385, 391, 425, 399, 400, 405, 406, 413, 414, 422). This would be in addition to the increase in Venture’s local service rates caused by the direct costs of LNP. According to Mr. Houdek, “the downstream effects of what it will do to access, what it will do to my toll revenues, the impact it will have on my local service it will be in excess of \$3 million.” (Tr. pp. 424). If rural carriers, with their limited service areas, are ultimately forced to bear the burden of transporting landline calls to ported wireless numbers to a serving LATA tandem and are forced to exchange these calls with Western Wireless and all other wireless carriers as local calls, the impacts will be “huge” for all of the Petitioners. (Tr. pp. 204, 478).

The testimony of John DeWitte, on behalf of a number of the Petitioners, confirms that many items must be considered in addressing the transport issues. In referencing the Western Wireless proposal, he noted that utilizing the existing Qwest facilities for traffic destined to ported numbers is not that “simple.” Rather, “an extremely complex analysis . . . would have to be done to determine whether it’s even a viable solution.” (Tr. 266, 267). As part of that analysis, the fact that incumbent LECs are not obligated to transport outside of their service area

would have to be taken into account. (Tr. pp. 269, 279, 269) And also, impacts on “settlements” or separations, toll revenues, other revenues, and toll billing practices would have to be considered. (Tr. pp. 266, 272-274, 482).

Western Wireless attempts to downplay the impacts of its transport proposal, but it would have far reaching impacts on all landline LECs. Not only would there be additional direct costs associated with LNP implementation, there also would be impacts on other LEC revenues. If the traffic to ported numbers is considered local the LEC minutes flowing through the separations process utilized to establish federal and state access rates will be affected. There would be a resulting increase in local traffic and this increase would translate into a greater shift of cost recovery to the intrastate jurisdictions. This in turn would require higher local exchange service rates and/or intrastate access rates. In addition, if the traffic is considered local and not subject to access charges, customers would be encouraged to bypass to an even greater extent the current landline toll network. This increased bypass would lead to fewer access minutes and higher intrastate access charges. The business of landline toll carriers competing also would be impacted. If landline to landline calls moving from one landline local calling area to another landline are considered toll, but landline to wireless calls are not, landline long distance companies are tremendously disadvantaged. There undoubtedly would be a negative impact on landline carriers’ toll revenues.

Western Wireless suggested at the hearing that the impact of its transport proposal would be small because of the small number of expected calls to ported numbers. However, while the number of calls to ported numbers (served by wireless carriers) is expected to be small given the lack of demand for intermodal LNP, this is a fraction of the total traffic that is at stake. Thus, any decision imposing transport responsibilities on rural LECs beyond their existing network

would impact all traffic—including calls to wireless users who do not have a ported number, calls to CLECs, and calls to Qwest customers. Mr. Bullock commented on this particular concern in his testimony. He stated:

I think it is particularly important, at this time [and] I think it's safe to say that nobody can predict the volume of traffic that we're going to see between wireless carriers and rural ILECs. We were talking about the example here of LNP generated traffic. It's quite conceivable that there could be more. If we use this thing as kind of a precedent, there's no telling what could happen. And so assuming that the only traffic that we're talking about that might be [exchanged] between wireless and wireline carriers on a local basis where there's no interexchange carrier, assuming that that level of traffic is going to only the level of traffic attributable to delivering calls to ported numbers is a faulty assumption. *Emphasis added.* (Tr. pp. 857, 858).<sup>11</sup>

#### Other Methodologies

A number of other transport options also were discussed at the hearing. For example, Western Wireless is negotiating settlement agreements with James Valley and CRST in which Western Wireless will pay most, if not all, of the cost of new transport facilities and the LECs will not be required to transport calls to ported numbers beyond their service territory. Also on record there was some discussion as to whether SDN could be a tandem provider for traffic to ported numbers instead of Qwest. This proposal suffers from some of the same problems as the Qwest proposal, however, in that SDN is not a party to this proceeding; it is not known if SDN would be interested in acting as a tandem provider; and it is not known what rate SDN would charge.

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<sup>11</sup> As indicated by the testimony of Mr. Watkins, Petitioners believe that Western Wireless in these LNP proceedings may be primarily interested in burdening the rural LECs with "extraordinary and unfair transport obligations . . . beyond those that actually apply." (SDTA Ex. 2 p. 4). "It appears even that the wireless carriers' interest in these issues may have more to do with transferring that responsibility of transporting local calls beyond the small and

### Study Group Proposal

At the hearing, the Commission asked the parties if they would participate in a study group to examine the transport issue and possible alternatives. Given the complexity of the issue; the number of possible options; and the huge potential impact of the issue, Petitioners agree that a study group would be an appropriate mechanism to consider this issue. Accordingly, Petitioners urge the Commission to grant Petitioners a suspension of LNP until a study group can be convened and its findings on the transport issue reviewed.

E.

### GRANT OF THE REQUESTED SUSPENSIONS/MODIFICATIONS IS CONSISTENT WITH THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY

In addition to meeting at least one of the criteria listed in 47 U.S.C. § 251(f)(2)(A) relating to adverse economic impacts or technical infeasibility, in order for any request for LNP suspension and/or modification to be granted, it must be “consistent with the public interest, convenience and necessity.” 47 U.S.C. § 251(f)(2)(B). As testified to by Petitioners’ and SDTA’s witness, Steven E. Watkins, a determination of the public interest inherently involves a cost/benefit analysis. The determination of the public interest “should involve an evaluation of the cost of LNP implementation and operation compared to the benefits that LNP implementation would present for consumers.” (SDTA Ex. 1 p. 8, Tr. pp. 497-505).<sup>12</sup>

Petitioners believe that the evidence presented in this matter leaves no doubt that the public interest will be served by granting the requested LNP suspensions. Fundamental to any analysis of LNP benefit is an assessment of demand for the service. It is clear from the record in

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rural LECs’ service areas, more to do with that than LNP.” (Tr. p. 501; See also Mr. Houdek testimony, Tr. pp. 405, 406).

<sup>12</sup> It appears that the necessity to weigh cost vs. benefit as part of the public interest analysis is not challenged by Western Wireless. Mr. Williams expressly referenced in his testimony that the public interest standard is about

this matter that there is little, if any, demand for intermodal LNP from Petitioners' end-user subscribers. In addition, in evaluating the costs of LNP, it is strikingly apparent from the record that there are a number of substantial issues related to the provisioning of LNP that have not yet been resolved by the FCC and that the resolution of these issues will impact LNP implementation costs. Given these unresolved issues, the Commission cannot quantify at this time the total costs of LNP implementation nor, in turn, either reasonably or reliably fully evaluate end-user and/or rural carrier impacts.

Under these circumstances, given the almost complete lack of demand for intermodal LNP in the Petitioners' service areas, and taking into account the significant unresolved issues relating to LNP that will affect LNP implementation costs, Petitioners believe there is no other justifiable result than to grant the LNP suspension petitions. As testified to by Mr. Watkins, "the Commission should extend the current interim suspension of the LNP requirements for the Petitioners until the conditions confronting the Petitioners . . . have changed such that the per-line cost of LNP is more reasonable compared to whatever demand, if any, may exist. . . [And] any consideration under the criteria of Section 251(b)(2) cannot occur until after the issues pending before the Courts and the FCC related to the apparent directives contained in the FCC's November 10, 2003 Order on LNP (*November 10 Order*) are fully resolved, including any further and final disposition of the remaining rulemaking issues and the resolution of the routing issues that the FCC explicitly has left to be resolved later." (SDTA Ex. 1, p. 6).

There is overwhelming evidence in the record to support an affirmative public interest finding with respect to each of the LNP suspension petitions. A finding that the suspensions are in the public interest is supported by the following:

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"cost" and "benefit" and that it's also about "from a company perspective, revenue and financial wherewithal." (Tr. 562).

# 1. THERE IS A LACK OF CONSUMER DEMAND FOR LNP

Central to the evaluation of whether consumers will benefit from the implementation of LNP is the level of demand for LNP in Petitioners' service areas. (SDTA Ex. 1 p. 10). Regarding demand for LNP, substantial evidence was presented by Petitioners' witnesses that shows that demand for the service is almost non-existent. Mr. Watkins supplied evidence regarding the demand for intermodal number portability in those areas where intermodal LNP has already been implemented, and indicated that there appears to be very little demand from wireline customers to port their numbers to wireless carriers. According to Mr. Watkins, "the vast majority of wireless ports appear to be from one wireless carrier to another. . . . the demand for wireline-to-wireless porting for the non-rural, large local exchange carriers has been small." (SDTA Ex. 1 p. 10). Mr. Watkins presented information from recent FCC press releases, "Communications Daily" and from various other telecommunications industry publications supporting the conclusion that, at the present time, end-user customers do not have much interest in porting their wireline number to a wireless phone. He noted that this lack of interest in wireline-to-wireless porting is probably due to the fact that wireline and wireless services are viewed more as "complementary" and not "substitute" or "replacement" type services. (SDTA Ex. 1 pp. 12-15). He also explained that the interest in rural areas for wireline-to-wireless porting is likely to be even less than in the more urban, top 100 MSAs, because of the fact that wireless service is "less ubiquitous in rural areas, and landline users would be more reluctant to abandon dependable wireline service for a wireless service of less certainty." (SDTA Ex. 1 p. 11; Tr. 499, 500).

The testimony provided by the Petitioners' general managers confirms that there is no demand for LNP. (Tr. 43, 294, 344, 360, 414, 429, 446, 770-772, 806, 814, 822, 825, 949, 957, 969, 982, 1044, 1045; Santel Ex. 1, p. 3). Among the general managers testifying, only three,



Jerry Heiberger, James Adkins, and Steve Oleson, indicated that their company had received a customer inquiry and/or request regarding LNP as a service. Mr. Heiberger and Mr. Oleson indicated that their company had received only one inquiry and/or request, and Mr. Adkins indicated that Brookings Municipal Telephone had, to date, received only two requests or inquiries. (Tr. 43, 106, 294, and 748). Rod Bowar, testifying as general manager for Kennebec Telephone Company, presented more specific information on the issue of consumer demand for LNP, noting that his company had conducted a survey of its local exchange service subscribers. (Tr. 949). He referenced that survey and indicated that the results overwhelmingly indicate that a majority of customers in his service area “do not want to pay for LNP at any price.” He indicated that his survey showed that 73 percent of the survey respondents had a wireless phone, but only 2.6% of the total survey respondents would be willing to pay a surcharge of \$2.00 for the LNP service. (Tr. 957). If the LNP surcharge were established at \$3.00, only 1.6% of the responding customers indicated they would want the service. (Kennebec Ex. 1 p. 3). He further noted that the age of Kennebec’s subscribers is older than the nationwide average, that the average income is lower than the nationwide average and that requiring LNP “would make . . . older customers on fixed incomes pay for a service that they will not use and are not requesting.” According to Mr. Bowar, the “[b]ottom line [is], LNP implementation would have an extreme adverse impact with little or no benefit.” (Tr. 949).

On the other hand, Midcontinent did not present any evidence concerning demand for wireline LNP and Western Wireless’ witness, Ron Williams, did not present any empirical data indicating that there is any present demand for the deployment of intermodal LNP in the rural service areas in South Dakota. Western Wireless introduced a document captioned “Survey of Rural Consumers- Western Wireless Markets,” but that exhibit includes no information specific

to the demand for LNP. (Western Wireless Ex. 11). For instance, although information is presented as to the number of consumers within the surveyed group that would be willing to substitute their landline service with wireless service, there is nothing in the document bearing upon LNP. (Tr. 645). The document is also based on a survey of 1,000 customers throughout Western Wireless' service area covering 19 states but is not specific to the Petitioners' rural service areas. (Tr. 545). Western Wireless also submitted its Exhibit No. 13, a "2004 Rural Youth Telecommunications Survey" conducted by the National Telecommunications Cooperative Association (NTCA) and the Foundation for Rural Service. (Tr. 691). This document is similarly deficient. It is a nationwide survey and, as admitted by Mr. Williams, is not specific to LNP. It speaks merely to general technology concerns of rural telephone companies as those concerns relate to the youth market. (Tr. 730).

As part of its evaluation of Petitioners' LNP costs, in particular recurring costs, Western Wireless included certain port projections. The record shows, however, that these port projections are purely speculative and that they are not relevant to actually determining what level of demand (if any) exists for the LNP service. Mr. Williams indicated that the port volumes used by Western Wireless were developed internally by the company -- that they were based on internal "forecasts" or "projections" (Tr. 606, 608, 644, 645, 690, 691, 929, 1023). He indicated that they are only "estimates," and explained that the port volume numbers were arrived at by taking an "estimate based on Western's belief of the volume of port activity it would see from these companies, and then [by dividing] . . . that number by what we believe our market share to be to get a total intermodal porting estimate." (Tr. 1023, 1024).<sup>13</sup>

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<sup>13</sup> In regard to these port projections, Mr. Williams testified that most of them come in around a "3 percent per year range which is similar to the . . . line loss experience that we've seen in competitive markets when LNP has been implemented on a wireline to wireline basis." (Tr. 645). Further, with respect to the Faith Municipal Telephone Company, the cost exhibit and related testimony provided by Mr. Williams projects, as previously discussed, the

The evidence presented thus clearly establishes a lack of demand in rural areas for LNP. Accordingly, and as SDTA witness Watkins testified, there is “no policy balance between the substantial costs that would be imposed on the public and the potential benefits of LNP in the rural areas of South Dakota.” (SDTA Ex. 1, p. 6). Further, “the cost to implement LNP in the rural exchanges of the Petitioners is significant and would lead to explicit surcharges and other potential rate increases to the rural users beyond that which would be balanced with any benefit to be derived by the small number, if any, of users that may actually seek to port their wireline service telephone numbers. Accordingly, suspension of the LNP requirements would avoid these burdens consistent with the public interest, convenience, and necessity.” (*Id.*, p. 5).

2. GIVEN THE LACK OF CONSUMER DEMAND, RURAL LEC RESOURCES SHOULD NOT BE DIVERTED TO LNP IMPLEMENTATION.

As expressed by Mr. Watkins, “it is not in the public interest for society, and particularly the rural subscribers of Petitioners, to incur the cost of implementing LNP and to divert the limited resources of Petitioners which are already challenged by their service to sparsely populated areas and relatively lower income customers, for such small, if any, demand and such a speculative and abstract objective.” (SDTA Ex. 1, p. 15). Many general managers expressed similar concerns. Specifically, they indicated opposition to being forced to commit human resources and company dollars towards LNP, and away from other company projects, such as the continued deployment of broadband services. (Tr. 349, 357, 360, 1098, 1099, 1107, 1108, 1109, 1111). This concern arises from their understanding that there is little customer interest in LNP, but significant interest in broadband services.

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number of ports for the company (over the next five years) at zero. This information presented by Western Wireless provides further evidence supporting Petitioners’ claims that there is little, if any, current demand for the LNP service by consumers.

Testimony also was provided concerning the demographics of the rural service areas of Petitioners. In general, the Petitioners provide service to an aging population and, in many cases, to consumers falling on the lower end of the income scale. Because of the older than average age of consumers in the rural areas, many of the consumers are on fixed incomes. (Kennebec Ex. 1 p. 5; Tr.. 1110, 1111).

It is important to keep these demographics in mind in reviewing LNP implementation under the public interest standard. As indicated by Gene Kroell, Santel's general manager, customers in his area are concerned about additional surcharges on their telephone bills. He indicated that his company had received hundreds of telephone calls from these customers when the "end user charge was raised to \$6.50 about a year ago."<sup>14</sup> He also indicated that the population of Sanborn County is ranked fourth in the state on the poverty scale and that Hanson County is ranked third. (Tr.. 1111). Further, he pointed out that Hutchinson County, served by Santel, has more people per capita that are 85 years and older than any other county in the State. (Tr.. 1111).

These demographics indicate that subscribers will have a difficult time paying higher telephone bills and, consequently, it is essential that this Commission recognize the present lack of demand for LNP. All of the Petitioners are rural LECs and all of them face similar challenges in providing state-of-the-art, affordable telecommunications services throughout their service areas. Substantial evidence was presented indicating that broadband services such as DSL are of much greater importance to end-users in the Petitioners' rural service areas than intermodal LNP. (Tr.. 349, 357, 360, 1098, 1099, 1107, 1108, 1109, 1111; Santel Ex. 1, p. 3). All of the Petition-

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<sup>14</sup> This reference relates to the increase in the "subscriber line charge" (SLC) from \$6.00 to \$6.50 on July 1, 2003, pursuant to the FCC's *Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256*, In the Matter of the Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers.

ers are involved in upgrade plans to expand broadband availability within their service areas and very clearly “any amount of capital investment that is diverted to the implementation of LNP will reduce needed capital from broadband investments.” (Santel Ex. 1, p. 3).

Considerable evidence was presented indicating that broadband deployments would be impacted if the requested LNP suspensions are not granted. These impacts provide further good reason for finding that granting the requests would be in the public interest consistent with 47 U.S.C. § 215(f)(2)(B). Petitioners should not be forced to incur substantial costs and to redirect their limited resources into the provisioning of an unwanted, and unnecessary, service.

3. GIVEN THE CURRENT LACK OF DEMAND, THE ASSESSMENT OF A LNP SURCHARGE ON REMAINING LANDLINE CUSTOMERS IS ALSO CONTRARY TO THE PUBLIC INTEREST.

As pointed out by a number of witnesses during the hearing, there are also concerns with LNP implementation because of the current method prescribed for the recovery of carrier-specific costs directly related to providing LNP. (Tr. 297, 324, 444, 445; SDTA Ex. 1, p. 9). Pursuant to the FCC’s rules, incumbent local exchange carriers implementing LNP are directed to recover “specific costs directly related to providing long-term number portability” by establishing a “monthly number-portability charge” that is charged to its end-users on a per-line basis (excluding lines provided to customers on Lifeline Assistance). 47 C.F.R. § 52.33. Under present day circumstances, where there is little, if any, demand for intermodal LNP, this prescribed cost recovery method gives rise to other public interest related concerns. As Mr. Watkins testified, the surcharges and potential basic rate increases that would be necessary for Petitioners to recover the costs of LNP implementation are not consistent with “cost causer principles”. This presents an extreme irony: “The very few customers that may want to port their wireline number from Petitioners to another carrier’s service, such as a wireless carrier’s service, will no longer be customers of the Petitioners. The vast majority of Petitioners’ end users that remain will

shoulder the charges and costs to the benefit of only a handful of users that are no longer customers of the LEC. The vast majority of customers that do not want to port will be forced to foot the bill for the very few that do.” (SDTA Ex. 1, p. 9).

This method of cost recovery is especially unfair if the demand for the service is almost non-existent, as with intermodal LNP. Why should all customers be forced to pay for a service that will only bring benefit to a few individuals? Arguably, there may be justification for socializing the cost recovery method and recouping costs from most, if not all telecommunications end users, where demand for the service is prevalent. But, if this is not in fact the case, the assessment of charges on customers who do not use and thus do not benefit from the service is particularly unfair. It is plainly contrary to the “public interest.”

Moreover, it should be remembered that the FCC departed from the cost-causer method of cost recovery in the case of LNP because, theoretically, all carriers and customers would be able to benefit from LNP. Therefore, the FCC reasoned, each carrier should be responsible for its own implementation costs. This is not the case with intermodal LNP for Petitioners, however. As previously discussed, wireless to wireline porting will not be available because, in most cases, the rate centers of wireless carriers do not match the rate centers of Petitioners. Thus, the mutual benefit upon which the FCC relied to justify departure from cost causer principles does not exist for Petitioners.

#### 4. GENERAL CLAIMS THAT IMPLEMENTING LNP WILL PROMOTE GREATER COMPETITION AND CONSUMER CHOICE ARE INSUFFICIENT.

Both Western Wireless and Midcontinent contend that implementing LNP is necessary to promote further competition in the Petitioners’ rural service areas and to bring consumers greater choice. (Midcontinent Ex. 1, pp. 3, 4; Western Wireless Ex. 1, pp. 23, 25, 26). Such general claims of competitive benefits are not sufficient to override the intended purposes of Section

251(f)(2). Although one purpose of the Telecommunications Act of 1996 was to promote competition for local exchange services, a second primary purpose was to protect universal service and the provisions of Section 251(f)(2) were clearly put into the Act for that reason. State Commissions are specifically given authority under Section 251(f)(2) to suspend and/or modify any of the requirements contained in §§ 251(b) and 251(c) of the Act (including interconnection and other service requirements that were specifically imposed for the purpose of promoting local service competition). Indeed, the very purpose of the suspension and modification provisions contained in Section 251(f)(2) is to allow state commissions to override, in effect, rules related to competition. This being the case, it is obviously insufficient, for purposes of addressing Section 251(f)(2)'s public interest standard, to claim that the implementation of LNP is necessary to promote competition.

There is also no reason to conclude that benefits would result in bringing consumers greater choice, because as noted above, there currently is no consumer demand for the LNP service. Simply put, diverting carrier resources in order to bring consumers a choice they do not want does not benefit consumers.<sup>15</sup>

Furthermore, even though claims are made by Western Wireless that the provisioning of LNP by the rural carriers is necessary to enhance competition, there is other evidence to the contrary. The record reflects, for instance, that Western Wireless is already competing in the Petitioners' service areas without LNP. (Tr. 568, 640, 641, 644) And, as indicated by the testimony

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<sup>15</sup> The previously referenced decision of the Nebraska Public Service Commission, which granted a LNP suspension until January 20, 2006 to many of Nebraska's rural local exchange carriers, includes findings addressing the claims made by Western Wireless that LNP is necessary to provide greater choice. In that decision, the Nebraska PSC noted that "Mr. Williams testified that public interest means consumer choice and that LNP is about elimination of a barrier for consumer choice." In response, the Nebraska PSC concluded: "While the Commission acknowledges that introduction of competition into telecommunications markets is a key policy of the 1996 Telecommunications Act, without any evidence that demand for intermodal LNP exists and thus, that consumer choice is being thwarted, this Commission must assign greater weight to another Congressional policy of the Act." See, *Nebraska Order*, page 14.

of Mr. Adkins of Swiftel, Western Wireless is competing successfully. He indicated that Swiftel already has seen a significant migration of customers from wireline to wireless. (Tr. 311). Over the last three years, as a result of college students moving from wireline to wireless, the company's access line count has gone down approximately 1,200 phone lines. This illustrates, as pointed out by Mr. Adkins, "that what we have is pretty fair competition without local number portability." (Tr. p. 312). With respect to the claimed advantages of LNP, as further commented on by Mr. Adkins, "in an environment where competition is being served, the customers are, in fact, migrating as they desire from wireline to wireless . . . to say that they would be advantaged when you look at the cost to provide that small advantage, it certainly doesn't seem to . . . it certainly doesn't seem to pass muster on the benefit ratio." (Tr. 312).

It is also clear, and as has been noted previously, that Western Wireless itself is a new and, perhaps, disingenuous, advocate of the position that LNP is necessary to promote competition between wireless and wireline providers. As Mr. Watkins testified, "Western Wireless has also previously concluded in comments filed with the Federal Communications Commission (FCC) that 'LNP is unnecessary to further competition.' Reply Comments of Western Wireless filed October 21, 2001, in WT Docket No. 01-184 at pp. 2-5 . . . Western Wireless noted that, as a provider of conventional cellular and wireless local loop services, 'Western is making significant inroads competing against wireline service providers – without offering LNP.'" Western Wireless went on to state that "there is no evidence to suggest that the inability of CMRS customers to port their numbers is an impediment to changing service providers."

Thus, contrary to the general claims made by both Midcontinent and Western Wireless, there is absolutely no evidence on the record that any measurable public benefit will be facilitated by LNP implementation. There is no consumer demand for the service



and, as a result, forced implementation of LNP would only result in substantial additional costs and charges without any corresponding consumer benefit.<sup>16</sup>

5. IF THE FCC SHORTENS THE “PORTING INTERVAL” THIS WILL ALSO INCREASE LNP IMPLEMENTATION COSTS.

Along with its *Nov. 10<sup>th</sup> Order*, the FCC issued a Further Notice of Proposed Rulemaking on a number of issues including the issue of whether the current established “porting interval” should be reduced and also issues related to the porting of telephone numbers from wireless-to-wireline.<sup>17</sup> Specifically, regarding the porting interval, the FNPR seeks comment on whether the FCC should “reduce the current wireline four business day porting interval for intermodal porting.”<sup>18</sup> In seeking these comments, reference was made in the FNPR to the intention of wireless carriers to complete their “intramodal wireless ports” within two and one-half hours, which raises concerns among landline LECs that the current four day porting interval could be shortened considerably.

As testified to by a number of Petitioners’ witnesses, if the FCC proceeds under its pending FNPR to reduce the porting interval from the current four day interval there will be an impact on LNP implementation costs, and in many cases this impact would be substantial. (Davis Ex. 1 pp. 18, 19; ITC Ex. 3 p. 18; Brookings Ex. 3 pp. 18, 19; Stockholm Ex. 3 p. 19; Venture Ex. 3 pp. 18, 19; West River Ex. 3 p. 18; SDTA Ex. 1 pp. 15, 36; Tr. pp. 897, 898). Thus, the costs differences are significant between the costs that are necessary to implement a “manual” vs. “automated” service order administration (“SOA”) process. Moreover, the prospect of some future decision by the FCC causes Petitioners to be concerned, because under the current FCC

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<sup>16</sup> Mr. Williams also claimed that the absence of LNP also affects wireless-to-wireless ports, specifically alleging that the benefits of wireless-to-wireless porting may be lessened if LNP is not ordered. (Tr. 562). In later questioning regarding these alleged impacts, however, Mr. Williams indicated that the particular problem (associated with routing calls from landline to wireless customers who have a ported number) was already being addressed by Western Wireless through its provisioning of a “default query service.” (Tr. 599).

rules pertaining to the establishment of a “monthly number-portability charge” the charge is to be “levelized” over five years, or in other words must remain constant over that period. As previously discussed, there are no provisions in the FCC rule relating to LNP cost recovery (47 C.F.R. § 52.33) that permit revision to the established monthly number portability charge, should actual LNP related costs change over the 5 year period that the charge is to be in effect and the FCC has indicated that waivers will not be forthcoming easily.

It is obvious from the foregoing that revising end-user LNP surcharges after they have been established would be problematic; it is also very possible that the FCC will reduce the current porting interval; and that this will affect costs to be incurred by Petitioners in their provisioning of the LNP service. This additional uncertainty related to the pending “porting interval” issue also supports and affirmative public interest finding pursuant to 47 U.S.C. § 251(f)(2).

6. THE FCC’S FAILURE TO ADDRESS WIRELESS-TO-WIRELINE PORTING ISSUES IN CONJUNCTION WITH ORDERING WIRELINE-TO-WIRELESS PORTING SHOULD ALSO BE CONSIDERED.

In addition to not addressing the pending porting interval issue in its *November 10 Order*, the FCC also left to another day issues needing to be resolved in order to implement wireless-to-wireline porting capabilities. Like the porting interval issue, various issues related to wireless-to-wireline porting were noticed for comment as part of the FNPR issued along with the *November 10 Order*. In implementing intermodal LNP, wireline-to-wireless, but not at the same time requiring under similar circumstances the porting of numbers from wireless-to-wireline, the FCC has established what amounts to a “one-way” porting environment.

As testified to by Mr. Watkins:

The manner in which the FCC put in place intermodal porting, inconsistent with the reports of the industry workgroup that had been

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<sup>17</sup> *Nov. 10<sup>th</sup> Order*, FCC 03-284, at pars. 41 thru 51.

<sup>18</sup> *Id.* at par. 49.

charged with examining the intermodal issues, means that there is an extreme disparity between wireline-to-wireless opportunities to port versus wireless-to-wireline. Therefore, for the most part, Petitioners will be able to lose customers if LNP is implemented, but will not be able to get them back. The necessary methods and rules to allow wireless-to wireline porting that would be competitively fair are the subject of a further rulemaking proceeding before the FCC with no apparent resolution of the geographic disparity issues that are at the root of the issues. . . . In the meantime, a competitively unfair version of intermodal LNP is in place. (SDTA Ex. 1 pp. 9, 10)

Petitioners strongly urge this Commission to keep the above described competitive unfairness in mind in reviewing the requested LNP suspensions. Under the version of intermodal LNP ordered by the FCC, there is absolutely no upside for the rural LECs. The Petitioners are faced with losing local service customers and must expend substantial additional dollars to facilitate this loss. Such a result can only have negative impacts and will only serve to increase local service rates for most rural consumers and harm universal service efforts. (Tr. pp. 297, 303, 304, 364, 365, 378, 399, 400, 445, 503, 511, 514).

#### IV.

#### CONCLUSION AND SUMMARY OF REQUESTED RELIEF

As this brief and the record demonstrate, LNP deployment in South Dakota is an expensive solution in search of a problem. Western Wireless has defined the “problem” as the need to better compete in the local exchange market. Yet, the record clearly demonstrates (e.g., testimony of Brookings’ witness, Mr. Adkins) that wireless companies are winning customers away from rural ILECs without LNP. And, for the vast majority of rural customers, whose telephone company managers testified at the hearing, LNP is a service they simply do not want. As this brief has discussed earlier, wireless services in South Dakota complement, rather than replace, wireline service and logically so, given the poor coverage afforded by wireless carriers.

Against such modest advantages of LNP are arrayed its considerable costs. The costs of implementation alone, setting aside the transport issue, constitute a “significant adverse economic impact” and ‘undue economic burden’ on both the companies and their customers. The recently issued *Nebraska Order*, discussed earlier, finds that a range of end user surcharges between \$0.64 and \$12.23 per month, including surcharges and taxes, would impose a “significant adverse economic impact on users of telecommunications generally.” *Id.*, p. 11. The prospect of additional costs being imposed on Nebraska’s rural carriers, by virtue of FCC determinations, likewise justified suspensions as “unduly economically burdensome”, according to the Nebraska Commission. *Id.*, p. 12. The evidence in this case proves the likelihood that similar costs and cost uncertainties attend the imposition of LNP.

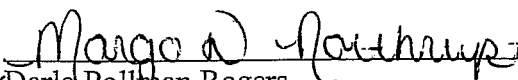
All of this, of course, does not contemplate the havoc that could be wreaked upon South Dakota’s intercarrier compensation regime of access charges, reciprocal transport and termination charges and potential transit charges charged by third parties, such as Qwest, if rural carriers are forced to carry traffic to locations distant from their exchanges.

In light of these costs, and the technical infeasibility of transporting LNP traffic without any intercarrier arrangements, the imposition of LNP by the rural carriers clearly is not in the public interest. The Petitioners accordingly request the following relief, consistent with the recommendations of SDTA’s witness, Mr. Watkins (Tr. 504-05):

- 1). The current suspension of the FCC’s LNP requirements should be extended until cost and demand are better balanced from a public interest perspective;
- 2). Such suspension should continue and evaluations take place, no earlier until such time that the courts and the FCC resolve outstanding LNP issues, including currently pending LNP rulemakings;

- 3). The Commission should meanwhile confirm that under no circumstances do the Petitioners have the responsibility to transport local calls to some distant location, and ;
- 4). If and when the issues are resolved, and public interest circumstances have changed to warrant LNP implementation, some period of time should be allowed to facilitate Petitioners' provisioning of the necessary hardware and software, and to implement necessary administrative processes.

DATED this fifth day of August, 2004

  
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CERTIFICATE OF SERVICE

The undersigned hereby certifies that he served the original and ten copies of the foregoing POST-HEARING BRIEF OF PETITIONERS AND SDTA upon:

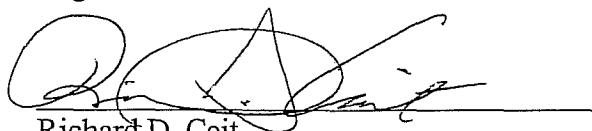
Ms. Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 East Capitol Ave.  
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and a copy upon the persons herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Pierre, South Dakota, postage prepaid, in an envelope addressed to each said addressee, to-wit:

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David A. Gerdes  
MAY, ADAM, GERDES & THOMPSON  
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Pierre, South Dakota 57501

Dated this fifth day of August, 2004.

A handwritten signature in black ink, appearing to read 'Richard D. Coit', written over a horizontal line.

Richard D. Coit  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P. O. Box 57  
Pierre, South Dakota 57501



Bob Sahr, Chair  
Gary Hanson, Vice-Chair  
Jim Burg, Commissioner  
August 20, 2004

## SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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Re: Local Number Portability Suspension or Modification  
Dockets TC04-025, TC04-038, TC04-044-056, TC04-060-062 and TC04-084

Dear Folks:

Enclosed each of you will find a copy of Staff's Brief with reference to the above captioned matters. This is intended as service upon you by mail.

Very truly yours,

*Rolayne Alts Wiest*  
Rolayne Alts Wiest  
Staff Attorney

RAW:dk  
Enc.



**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE PETITIONS FOR )</b>	<b>STAFF'S BRIEF</b>
<b>SUSPENSION OR MODIFICATION OF 47 )</b>	
<b>U.S.C. § 251(b)(2) OF THE COMMUNICATIONS )</b>	
<b>ACT OF 1934 AS AMENDED )</b>	<b>DOCKET NUMBERS:</b>

TC04-025	Kennebec Telephone Company
TC04-038	Santel Communications Cooperative, Inc.
TC04-044	Sioux Valley Telephone Company
TC04-045	Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company
TC04-046	Armour Independent Telephone Company, Bridgewater- Canistota Independent Telephone Company and Union Telephone Company
TC04-047	Brookings Municipal Utilities d/b/a Swiftel Communications
TC04-048	Beresford Municipal Telephone Company
TC04-049	McCook Cooperative Telephone Company
TC04-050	Valley Telecommunications Cooperative Association, Inc.
TC04-051	City of Faith Telephone Company
TC04-052	Midstate Communications, Inc.
TC04-053	Western Telephone Company
TC04-054	Interstate Telecommunications Cooperative, Inc.
TC04-055	Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc.
TC04-056	RC Communications, Inc. and Roberts County Telephone Cooperative Association
TC04-060	Venture Communications Cooperative
TC04-061	West River Cooperative Telephone Company
TC04-062	Stockholm-Strandburg Telephone Company
TC04-084	Tri-County Telcom, Inc.

**PROCEDURAL HISTORY**

In 2004, a number of rural local exchange telephone companies filed petitions pursuant to section 251(f)(2) of the federal Communications Act of 1934 as amended, (the Act) and SDCL 49-31-80 seeking suspension or modification of their requirement to implement local number portability (LNP) under section 251(b)(2) of the Act. The

Petitioners are as follows: Kennebec Telephone Company (Kennebec); Santel Communications Cooperative, Inc. (Santel); Sioux Valley Telephone Company (Sioux Valley); Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company, and Kadoka Telephone Company (Golden West/Vivian/Kadoka); Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company, and Union Telephone Company (Armour/Bridgewater/Union); Brookings Municipal Utilities d/b/a Swiftel Communications (Brookings); Beresford Municipal Telephone Company (Beresford); McCook Cooperative Telephone Company (McCook); Valley Telecommunications Cooperative Association, Inc. (Valley); City of Faith Telephone Company (Faith); Midstate Communications, Inc. (Midstate); Western Telephone Company (Western); Interstate Telecommunications Cooperative, Inc. (ITC); Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc. (Alliance/Splitrock); RC Communications, Inc. and Roberts County Telephone Cooperative Association (Roberts County/RC); Venture Communications Cooperative (Venture); West River Cooperative Telephone Company (West River); Stockholm-Strandburg Telephone Company (Stockholm-Strandburg); James Valley Cooperative Telephone Company (James Valley); Tri-County Telcom, Inc. (Tri-County); and Cheyenne River Sioux Tribe Telephone Authority (CRST).

Intervention was granted to WWC License LLC d/b/a CellularOne (WWC) and the South Dakota Telecommunications Association (SDTA) in all of the dockets and intervention was granted to Midcontinent Communications (Midcontinent) in Santel, Sioux Valley, Valley, Faith, ITC, Alliance/Splitrock, Roberts County/RC, Venture, West River and

James Valley. Midcontinent later withdrew its interventions in Roberts County/RC and West River. Prior to the hearings on the petitions, the Commission issued an order granting the Petitioners' requests for interim suspension of their obligations to implement LNP pending final decision as allowed by section 251(f)(2) and SDCL 49-31-80.

The hearings were held on these dockets beginning on July 21, 2004. A related docket, TC03-192, was also included as part of the hearings. This docket concerned a motion by Midcontinent to compel local number portability or good faith negotiations with ITC. During the course of the hearing, James Valley and CRST went on record as stating that they had entered into settlement agreements and, thus, no hearings were held on those two dockets. In addition, Midcontinent and ITC entered into a Settlement Agreement concerning Docket TC03-192. At its July 20, 2004, meeting, the Commission approved that Settlement Agreement. At its August 17, 2004, meeting, the Commission approved the Stipulation for James Valley (Docket TC04-077) and the Stipulation for CRST (Docket TC04-085).

### **JURISDICTIONAL STATEMENT**

The Commission has jurisdiction over this matter pursuant to section 251(b)(2) of the federal Act and SDCL 49-31-80. Although Western Wireless attempted to cast doubts on the Commission's jurisdiction to consider suspensions, the FCC has recognized the jurisdiction of the state commissions to grant or deny petitions to suspend the implementation of LNP.<sup>1</sup>

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<sup>1</sup> TR. at 565-68. Staff notes that the chairman of the FCC is urging "State Commissions to consider the burdens on small businesses in addressing those waiver requests and to grant the requested relief if the State Commissions deem it appropriate." Venture Exhibit 4.

## LEGAL STANDARDS

The federal Act requires local exchange carriers "to provide, to the extent technically feasible, number portability in accordance with the requirements prescribed by the [Federal Communications] Commission." 47 U.S.C. § 251(b)(2). In its November 10, 2003 order, the Federal Communications Commission (FCC) required local exchange carriers that are located outside of the top 100 metropolitan statistical areas to provide LNP and to port numbers to wireless carriers.<sup>2</sup> Pursuant to this order, local exchange carriers were required to provide LNP by May 24, 2004, or within six months of the date that the local exchange carrier receives a bona fide request.

State commissions are given the authority under the Act to grant a suspension or modification of local number portability requirements if the local carrier has fewer than two percent of subscriber lines nationwide.<sup>3</sup> The applicable South Dakota statute is based on the federal statute. SDCL 49-31-80 provides as follows:

Consistent with 47 U.S.C. § 251(f)(2) as of January 1, 1998, the commission may grant a suspension or modification of any of the interconnection or other requirements set forth in 47 U.S.C. §§ 251(b) and 251(c), as of January 1, 1998, to any local exchange carrier which serves fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Any such carrier shall petition the commission for the suspension or modification. The commission shall grant the petition to the extent that, and for such duration as, the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;

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<sup>2</sup> *In the Matter of Telephone Number Portability*, CC Docket 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 03-284 (rel. November 10, 2003).

<sup>3</sup> 47 U.S.C. § 251(f)(2). All of the Petitioners meet the "less than two percent" requirement.

- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

Thus, based on both state and federal law, the Commission must evaluate the three standards as outlined in the statutes and determine whether a suspension or modification is necessary and is also consistent with the public interest, convenience, and necessity. If the Commission grants a suspension or modification, the Commission must also determine how long any such suspension or modification should last.

The first two standards focus on economic impacts. The first standard is centered on the customer - is suspension or modification necessary to avoid significant adverse economic impact on customers. The difficulty in applying this standard lies in deciding at what point the economic impact becomes significantly adverse.

The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. Although at first Staff thought that this standard could be evaluated by looking at the impact on the company, it seems to make more sense that this standard should be applied to both the consumer and the company, especially given the uncertainties surrounding how the costs of LNP will be distributed between the company and the consumers. For instance, it is difficult, at this point, to actually determine a fairly definite number that would be used by

the company to impose a surcharge on their customers.<sup>4</sup> Second, even if a surcharge could be stated with a relatively certain degree of accuracy, any costs not recovered in the surcharge could still be recovered from the customers through an increase in local rates. Third, an LNP surcharge is not mandatory and a company could choose not to implement one. Thus, Staff will evaluate this standard by considering the possible effects on both consumers and company.

With respect to the two economic standards, Staff notes that even without transport costs, the costs to implement LNP are considerable.<sup>5</sup> Predictably, the smaller the number of access lines, the greater the economic impact is on the consumer and the company. In addition, for some companies there are economic impacts beyond those that perhaps could reasonably have been expected. For example, in some cases, the implementation of LNP would require a company to acquire a new switch or invest a considerable amount of money to upgrade a switch that may need to be replaced in the next couple of years.

The third standard requires the Commission to determine whether the imposition of local number portability is technically infeasible. Staff will discuss this standard further below.

The final standard is one that this Commission is certainly familiar with -- is the request for suspension consistent with the public interest, convenience, and necessity. One of the main benefits of local number portability is that it is a tool for fostering

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<sup>4</sup> The FCC has authorized the companies to place a surcharge on their customers for LNP costs.

<sup>5</sup> When evaluating the individual companies, Staff has not included transport costs. This is based on Staff's position, discussed in more detail below, that the Petitioners are not responsible for the cost to transport calls outside of their exchange areas.

competition. In addition, Staff would expect that the demand for LNP will continue to grow, especially in areas where wireless coverage is good or where wireline competition exists. On the other hand, there are significant costs associated with the implementation of LNP and there are unresolved issues that could further impact those costs. Staff believes that the Commission needs to conduct a cost versus demand analysis when considering the public interest. Or, in other words, the lower the demand and the higher the costs, the greater the likelihood becomes that the imposition of LNP is not in the public interest. Conversely, higher demand coupled with lower costs tilts the balance in favor of requiring implementation of LNP. When making its recommendations, Staff has attempted to conduct this balancing test for each of the companies.

## **ISSUES**

Staff will first discuss some of the major areas of disagreement among the parties. Following that discussion, Staff will evaluate the particular facts for each company and make recommendations.

### *1. Transport*

Transport costs comprised a significant portion of the costs to implement LNP as estimated by the Petitioners. Transport costs as estimated by WWC were considerably smaller. The highest transport costs were set forth by the companies who used John DeWitte as their cost witness. DeWitte's high transport costs were due to the method that he chose to provide transport. Under DeWitte's method, each wireless carrier would directly connect with a DS-1 to each end office or host office. DeWitte estimated the cost of each direct connection at either \$4,000 or \$5,000, depending on the company. TR. at 216-17. In addition, DeWitte did not limit the number of wireless carriers to wireless

carriers who were currently serving each exchange, but also included wireless carriers that were authorized to serve and that were considered, by the Petitioners, to be likely to serve in the next few years. TR. at 218.

The transport method proposed by the Petitioners who used Dan Davis and Tom Bullock, the TELEC cost witnesses, was somewhat similar to the method proposed by DeWitte. The TELEC cost witnesses proposed using a T-1 circuit installed between each host or stand-alone switch that is not subtended from a local tandem to each wireless carrier that is currently providing service in the RLEC's territory that does not already have a direct trunk into the RLEC's network. TR. at 868. This methodology also resulted in significant transport cost although the costs were less than the costs derived using DeWitte's method.

By contrast WWC's routing method was based on converting existing one-way trunks to the Qwest tandem to two-way trunks and using Qwest as the transit provider. This routing method resulted in significantly lower costs.<sup>6</sup> For example, under DeWitte's routing method, ITC's non-recurring transport costs would be \$576,000 with a monthly recurring cost of \$153,069. ITC Revised Exhibit 4B. Contrast those numbers with WWC's routing method which resulted in non-recurring costs of \$1,200 and monthly recurring costs of \$2,228. WWC Exhibit 9. For Alliance/Splitrock, the TELEC witness' routing methodology resulted in non-recurring transport costs of \$11,789 and recurring transport

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<sup>6</sup> Staff notes that WWC stated at the hearing that WWC would pay for transport on an interim basis, until the final FCC decision on transport, provided the Qwest tandem based routing method was used. TR. at 939.



costs of \$15,502. Alliance Exhibit 3. For the same company, WWC estimated non-recurring costs of \$564 and recurring transport costs of \$1,441. WWC Exhibit 15.

The main basis for the routing methodology as proposed by the Petitioners' cost witnesses appeared to be that the Petitioners' current interconnection agreement requires direct connections. TR. at 175. However, the Petitioners' routing methods are not the most efficient methods to route or, obviously, the least costly methods. *Id.*

Staff's position is that the Commission does not need to dictate any particular transport route. Staff believes that the question that the Commission *does* need to answer is whether the Petitioners are responsible for the costs of transporting LNP traffic outside of their exchange areas.<sup>7</sup> Staff's position is that the Commission should find that an RLEC is *not* responsible for the cost of transporting LNP traffic outside of its exchange area. A local exchange company should not be required to transport local exchange calls beyond its local exchange area.

If the Commission finds that an RLEC is not responsible for transporting LNP traffic outside of its area, the next question that needs to be answered is how should the traffic be routed. Staff believes that the Commission should not require that a requesting carrier directly connect with the RLEC in each exchange. It will then be up to the RLEC and requesting carrier to negotiate the most efficient and reliable transport method. Thus, the RLEC and the requesting carrier will negotiate the method of transport, knowing that if the routing method requires transport of the call outside of the RLEC's area, the requesting

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<sup>7</sup> Apparently the FCC is considering this issue in a pending docket. See *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs*, CC-Docket 01-92, Petition of Sprint, May 9, 2002.

carrier would be responsible for those transport costs. The routing method would then be based on how each carrier's current network is configured for that particular service area. Staff believes that the settlement agreements in James Valley and CRST demonstrate that the parties are in the best position to determine how to route LNP traffic.

## *2. Porting Estimates*

A critical element in the analysis of whether LNP requirements should be suspended is whether the costs of LNP can be justified given the demand for the service. Unfortunately, it would appear that accurately estimating LNP demand, especially for wireline to wireless ports, is fairly difficult. Based on the evidence presented, Staff does not have much confidence in the porting estimates presented by any of the parties.

WWC's witness, Williams, stated that WWC's porting estimates were "based on what we thought we would be able to obtain as a result of both our coverage and our view of what their demographics represented." TR. at 1031. His estimates for ports, based on each company's number of access lines, ranged from a low of 2.743% for Golden West to a high of 3.528% for Brookings. WWC Exhibits 9, 15, 18, 19. Williams further stated that, for most of the companies, the numbers are close to what WWC would expect in WWC's rural areas, which is approximately 15 percent intermodal porting over a five year period. TR. at 1031. He assumed that WWC would have about 45% of the total estimated ports. TR. at 690. Williams stated that there has not yet been any experience in intermodal porting in rural service areas so far. *Id.* He went on to state that there is a track record for wireline to wireline portability and that has resulted in an annual migration of 3.5% to 4.5%. *Id.* at 1033. He also stated that he would not expect wireline to wireless migration to be that high. *Id.*

Regarding the issue of demand, Steven Watkins, a witness for the Petitioners, stated that NeuStar reported that "95% of wireless ports have been from one wireless carrier to another and only 5% of wireless ports were between wireline and wireless carriers." SDTA Exhibit 1 at 11. He noted that these numbers were based on wireless to wireline reporting in more urban areas and expected that interest in rural areas would be even less. *Id.* He stated that in rural areas "the public does not recognize wireless service as an absolute substitute for wireline service" due to reliability and that "demand for wireless service is more for its mobile capability[.]" *Id.* at 12. He further stated that even for customers who decide to give up their wireline service for wireless generally will try wireless service first and then drop their wireline service. *Id.* Thus, there would not be a need to port numbers in that case. *Id.*

DeWitte, the cost witness for Brookings, ITC, Stockholm-Strandburg, Venture, West River, and Santel, also referenced the NeuStar report. Santel Exhibit 2 at 18. DeWitte believed that the porting percentage would be small for rural areas because of the "lack of ubiquitous quality and incomplete coverage of the Petitioner's existing service area by the existing wireless carriers." *Id.* DeWitte's estimated number of ports were quite low and ranged from 0.021% to 0.341% of a company's access lines per year.

Bullock, the cost witness for Alliance/Splitrock, Armour/Bridgewater/Union, Faith, Golden West/Vivian/Kadoka, McCook, Sioux Valley, Tri-County, and Valley, stated that he assumed that if LNP were required, the wireless companies would begin an aggressive marketing campaign which may generate some porting activity. TR. at 890. He also assumed that some of the customers would port back to the wireline carrier. *Id.* He stated

that he did not do a scientific analysis since there is no track record for number porting in rural areas. *Id.* He also stated that his porting estimates were not based on the number of wireless carriers operating in any particular area. *Id.* at 891. Bullock's estimated number of ports were higher than DeWitte's and ranged from 0.694% to 3.061% of a company's access lines per year.

Davis, the cost witness for Beresford, Kennebec, Midstate, Roberts County/RC, and Western, also used porting estimates when he calculated the cost to implement LNP. However, at the hearing, he stated that his porting numbers should not be taken as "any sort of estimate for demand" and that he did not do any type of empirical analysis. TR. at 1009-10. He just picked a number to "show a relationship between a specific demand level and what the resulting costs would be." TR. at 1009.

Only one company, Kennebec, attempted to forecast demand through a survey to its customers. The survey showed that 2.6 of the survey respondents were willing to pay a surcharge of \$2.00 per month for LNP. TR. at 957. If the surcharge were a \$1.00 a month, the demand increased to 12%. TR. at 964-65.

After reviewing the evidence presented, it appears to Staff that, as might be expected, the demand for porting will likely fall somewhere in between the numbers as forecasted by the Petitioners and those set forth by WWC. Staff believes that Williams numbers are too high based on a number of factors. First, according to Williams own testimony *wireline to wireline* portability has only resulted in porting percentages of 3.5% to 4.5%. TR. at 1033. Moreover, a survey regarding *wireless porting* showed that only 5% of wireless ports were *between wireline and wireless carriers*. SDTA Exhibit 1 at 11. On

the other hand, DeWitte's estimates that averaged less than two tenths of one percent appear to be somewhat low. For example, in Kennebec, 12% of the survey respondents would be willing to pay a dollar a month in order to have the ability to port their wireline numbers to their wireless carrier. TR. at 965. In addition, one of the cost witnesses, Bullock, used estimates that ranged from 0.694% to 3.061%.

Based on all of the evidence presented at the hearing, Staff asserts that a more realistic number might be around one and one half percent for the more densely populated areas that have adequate cellular coverage. Staff would expect the percentage to be lower in less densely populated areas with less than adequate cellular coverage.

### *3. Non-Transport Costs*

With respect to non-transport related costs, the Petitioners and WWC disagreed on some categories of costs. Staff will address the major disagreements, to the extent they are relevant to Staff's recommendation, when Staff makes its recommendation for each company.

### *4. Technical Infeasibility*

In their brief, the Petitioners contend that "in light of current routing arrangements, it is technically infeasible to complete calls on a local basis to telephone numbers ported to a wireless provider." Post-Hearing Brief of Petitioners and SDTA at 3. The Petitioners' brief also refers to "the technical infeasibility of transporting LNP traffic without any intercarrier arrangements." *Id.* at 54. To the extent the Petitioners are claiming that this meets the standard of "technical infeasibility," Staff asserts that the Petitioners' definition is incredibly broad and serves to render the standard almost meaningless. An analysis of whether LNP is technically infeasible should not be based on whether, using the current

routing methods, LNP can be implemented. Using this type of analysis, the Petitioners could just as well argue that LNP is technically infeasible because their switches do not currently have any LNP capability.

According to some of the Petitioners' own witnesses, LNP is technically feasible. Bryan Roth, manager for McCook, agreed that LNP was technically feasible. TR. at 829. Pamela Harrington, general manager of Roberts County and RC, stated that LNP is technically feasible with the proper upgrades. TR. at 1049. Davis, one of the cost witnesses, stated that under his proposed routing method, LNP is technically feasible. TR. at 997. Dennis Law, Golden West's manager, stated that his companies are technically able to connect to the Qwest tandem. TR. at 791-792.

It is Staff's position that it is technically feasible for each of the Petitioners to implement LNP. It will obviously cost money to implement LNP, but it can be implemented. Therefore, Staff will evaluate each company in light of the two economic standards and the public interest standard.

### **RECOMMENDATIONS BY COMPANY**

Based on the evidence presented at the hearing, Staff has three different recommendations. Staff recommends that some of the very high cost companies should be granted a two year LNP suspension, which would be until May 24, 2006. For the companies in this group, Staff submits that the high costs, coupled with the small number of access lines which will result in a very low number of monthly ports, demonstrate that these companies meet the statutory standards.

For the second group of companies, Staff recommends that these companies be granted an one year LNP suspension, which would be until May 24, 2005. For these companies, the costs are still considerable. Staff believes that these companies also meet the statutory standards.

Given the projected costs and demand, Staff submits that these companies would benefit from additional certainty in the process which would result when the FCC acts on issues such as porting intervals and transport routing issues. Staff would hope that the FCC decisions will be made by late this year or early next year. After the FCC decisions are issued, the companies should have a clearer picture of what costs must be incurred to implement LNP. The decisions may result in lower projected costs or higher projected costs, but either way, there should be more certainty. Further, the additional time should result in the ability to more accurately predict demand based on what has occurred in other rural areas. Depending on the demand that is experienced in other rural areas where LNP has been implemented, it is possible that these companies could justify a further suspension. On the other hand, if the demand is closer to Western Wireless' estimates of 3% per year or 15% over five years, then the Commission may decide to not allow any further suspensions.

Staff believes that these suspensions should be reviewed sooner than the first group given that the estimated costs per line are lower and the number of monthly ports will likely be higher given the larger number of access lines when compared with the first group. Or, in other words, because these companies present a closer question as to whether a suspension is necessary, Staff recommends a one year suspension as opposed to a two year suspension.

For the third group of companies, Staff recommends that the Commission deny any further suspension beyond what is needed to immediately begin implementation of LNP. Given the lower costs and higher expected demand, Staff does not believe that these companies meet the public interest standard. In each case, the companies estimated costs are below a dollar, in some cases considerably below a dollar a month, and their number of access lines are greater which will result in a higher number of ports each month. For each company Staff attempted to balance the economic impact on the consumers and company with the benefits of LNP. For these companies, where the estimated costs are lower and the estimated demand is higher, Staff believes that the cost versus demand balancing test is tilted in favor of implementing LNP.

***Companies that should be granted a suspension until May 24, 2006.***

***Faith***

Faith's cost witness projected an LNP cost of \$3.10 per line per month. WWC projected \$2.42 cost per line per month. WWC Exhibit 15. Both projected only 12 ports per year, one per month. *Id.* In addition, Faith will lose support for its Mitel switch at the end of 2007. TR. at 762. Faith did not know whether it would need to buy a new switch or upgrade the switch at that time. TR. at 762. WWC's witness stated that it would be appropriate for the Commission to give Faith a suspension until March 31, 2005 and allow Faith the opportunity to request a further suspension depending on its projected cost and estimated demand at that time. TR. at 622.

It is Staff's position that given the high per line costs (whether one relies on WWC's or Faith's cost testimony) and the projected low demand by both Faith and WWC, that



Faith should be granted a suspension until May 24, 2006. At that point, Staff anticipates that there will also be much better numbers regarding demand for LNP based on numbers from other rural areas where LNP has been implemented. Staff further expects that the issues that are currently pending at the FCC will be decided.<sup>8</sup> The Commission can then evaluate whether any further suspension should be granted.

Another reason why Staff believes that Faith should be granted a suspension until May 24, 2006 is that Staff would expect that by 2006, Faith should know what it intends to do regarding its switch. It makes little sense to require a company to put in significant dollars to upgrade a switch that may be replaced in a couple years. If Faith intends to replace the switch, Staff assumes the new switch will be LNP compliant.

Given the high costs, low porting estimates, and switch situation, Staff believes that Faith has shown that it meets the statutory standards for suspension.

In order to evaluate any future request for suspension, Staff recommends that Faith be required to keep track of all LNP inquiries or requests from its customers. Staff also recommends that the wireless carriers serving Faith also keep track of inquiries or requests.

### ***Tri-County***

Tri-County's cost witness projected an LNP cost of \$3.03 per line per month. WWC projected a cost of \$1.83 per line per month. WWC Exhibit 15. Tri-County estimated 12 ports per year while WWC projected only 13 ports per year. *Id.* At the hearing, Tri-

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<sup>8</sup> In addition, depending on what decisions are made at the FCC, it is conceivable that an RLEC may request suspension or modification of any FCC requirements.

County's cost witness stated that he had learned that Tri-County would actually require a new switch to implement LNP. Bullock stated that "Tri-County has some ancient DMS-10s and to actually provide LNP they would have to replace both of their switches." TR. at 912. He stated that he did not include the costs of new switches because it was not Tri-County's position "that this huge switch replacement cost is eligible to be included in an LNP end-user charge, but if Tri-County does not receive a suspension of the LNP requirements and Tri-County proceeds to implement LNP, they have to replace their switches, and it will cost them a lot of money to do that." TR. at 917. As with Faith, WWC's witness stated that it would be appropriate for the Commission to give Tri-County a suspension until March 31, 2005. TR. at 623.

Based on the high costs and estimated low demand plus the need for Tri-County to replace its switches to implement LNP, Staff makes the same recommendation as its recommendation for Faith.

### ***Stockholm-Strandburg***

Stockholm-Strandburg's cost witness projected an LNP cost of \$4.99 to \$5.58 per line per month. ITC Revised Exhibit 4B. WWC projected \$2.62 to \$2.93 cost per line per month. WWC Exhibit 9. Stockholm-Strandburg estimated one port per year while WWC projected 23 ports per year. ITC Revised Exhibit 4B; WWC Exhibit 9. Even at 23 ports per year, Staff believes that Western Wireless' estimate is too high. As with Faith, WWC's witness stated that it would be appropriate for the Commission to give Stockholm-Strandburg a suspension until March 31, 2005. TR. at 623.

Once again, it is Staff's position that given the high per line costs (whether one relies on WWC's or Stockholm-Strandburg's cost testimony) and the projected low demand

by both Stockholm-Strandburg and WWC, that Stockholm-Strandburg should be granted a suspension until May 24, 2006.

### ***Kennebec***

Kennebec's cost witness projected an LNP cost of \$3.45 per line per month. WWC projected \$1.84 cost per line per month. WWC Exhibit 18. One of the major reasons for the differences in projected per line costs concerned switch-related investment costs. The issue was whether generic upgrades should be included as a cost. Williams excluded the costs for the generic upgrade to the switch in the amount of \$31,400 for Kennebec. TR at 1024. Williams agreed that Kennebec could not actually implement LNP without the generic upgrade but stated that the upgrade is "part of ongoing switch operations, maintenance investments, and includes other features and capability sets unrelated to LNP and, therefore, shouldn't be included when one's trying to estimate the cost of what LNP costs for a company." TR. at 1024-25.

Davis, Kennebec's cost witness, did not check with Kennebec as to whether it had planned to upgrade the host at any time in the future. TR. at 1006. Davis further stated that with respect to Kennebec, he did not know what other benefits would be derived from the generic upgrade or if it provides extra services. TR. at 999 to 1000.

Staff believes that under the statutory standards, the costs for the generic upgrades can be considered. It is not disputed that the generic upgrade will need to be done before LNP can be implemented. Whether the costs can be included in an LNP customer surcharge is not relevant when considering whether the costs of LNP meet the statutory standards for suspension -- these costs can still be recovered from the customer through

an increase in local rates. Thus, Staff believes that the per line costs will be closer to Kennebec's estimate than to Western Wireless' estimate. However, if the Commission grants Kennebec a suspension and Kennebec later asks for a further suspension, Kennebec should provide more information regarding when it plans to do a generic upgrade.

Regarding the estimation of ports, both Kennebec and WWC estimated 24 ports per year. WWC Exhibit 18. Staff believes that even this low estimate is too high. As with Faith, WWC's witness stated that it would be appropriate for the Commission to give Kennebec a suspension until March 31, 2005. TR. at 661-62.

Based on the high costs and estimated low demand, Staff makes the same recommendation as its recommendation for Faith.

### ***Western***

Western's cost witness projected an LNP cost per line of \$3.97, compared to \$1.80 as projected by WWC. WWC Exhibit 18. As with Kennebec, the major reason for the difference was whether generic upgrades should be included as an LNP cost. Williams, Western Wireless' witness, excluded the costs for the generic upgrade to the switch in the amount of \$93,000, stating that the costs are not directly related to LNP. TR. at 1021. Again, Davis, Western's cost witness, did not check with Western as to whether it had planned to upgrade the switch at any time in the future. TR. at 1006.

As with Kennebec, Staff believes that the costs for the generic upgrades can be considered. Thus, Staff believes that the per line costs will be closer to Western's estimate than to Western Wireless' estimate. However, if the Commission grants Western

a suspension and Western later asks for a further suspension, Western should provide more information regarding when it plans to do a generic upgrade.

Regarding the estimation of ports, both Western and WWC estimated 36 ports per year. WWC Exhibit 18. Staff believes that these estimates, although low, are still overly optimistic.

Based on the high costs and estimated low demand, Staff makes the same recommendation as its recommendation for Faith.

***Companies that should be granted a suspension until May 24, 2005.***

***Armour/Bridgewater/Union***

Armour/Bridgewater/Union's cost witness projected an LNP cost of \$1.44 per line per month. WWC projected \$1.15 cost per line per month. WWC Exhibit 15 Armour/Bridgewater/Union projected 60 ports per year and WWC estimated 88 ports per year. *Id.* Armour/Bridgewater/Union has a Mitel switch that will lose support in 2007. TR. at 771.

Staff believes that Armour/Bridgewater/Union meets the statutory standards. First, given Armour/Bridgewater/Union's relatively low number of access lines, the number of estimated ports per month is quite low. The parties' estimates for ports range from five to seven ports per month. Staff would be very surprised if the number of actual ports per month will approach the 3% (seven ports per month) level. Second, the cost per line, although less than the previous cases, is still considerable. Third, Staff notes that Armour/Bridgewater/Union has a Mitel switch that will lose support in 2007. Any additional time will allow Armour/Bridgewater/Union to determine what it intends to do regarding its

switch. If Armour/Bridgewater/Union intends to replace the switch, Staff believes that it makes little sense to require Armour/Bridgewater/Union to spend over \$76,000 to upgrade a switch that will be replaced in the near future. As stated earlier, Staff anticipates that by next year there will also be much better numbers regarding demand for LNP based on numbers from other rural areas where LNP has been implemented. In addition, Staff hopes that the outstanding issues will be resolved by the FCC by next year. Therefore, based on all of the factors just listed, Staff recommends that Armour/Bridgewater/Union be granted a suspension until May 24, 2005.

As with the first group of companies, Staff recommends that the companies listed in this second group be required to keep track of all LNP inquiries or requests from its customers. Staff also recommends that the wireless carriers serving these companies also keep track of inquiries or requests.

### ***Roberts County/RC***

Roberts County/RC's cost witness projected an LNP cost of \$1.23 per line per month. WWC projected \$1.05 cost per line per month. WWC at Exhibit 18. Roberts County/RC projected 48 ports per year and WWC estimated 65 ports per year. *Id.*

As with Armour/Bridgewater/Union, this company also has a relatively low number of access lines and the number of estimated ports per month is quite low. The parties' estimates for ports range from four to five and one half ports per month. Again, Staff does not believe that these numbers are realistic. Second, the cost per line, although less than the previous cases, is still considerable. Thus, based on the evidence presented in this case, it is Staff's opinion that Roberts County/RC be granted a suspension until May 24, 2005.

### ***Beresford***

WWC's and Beresford's cost witnesses projected very similar LNP costs with Beresford estimating an LNP cost of \$1.27 per line per month and WWC coming in at \$1.22. WWC Exhibit 18. Beresford projected 36 ports per year and WWC estimated 43 ports per year. *Id.*

Once again, an examination of the facts presented in this case leads Staff to recommend that Beresford be granted a suspension until May 24, 2005. Porting estimates range from three to a mere three and one half per month and per line costs are still considerable.

### ***McCook***

McCook's cost witness projected an LNP cost of \$1.66 per line per month. WWC projected \$0.84 cost per line per month. WWC Exhibit 15. McCook projected 48 ports per year and WWC estimated 70 ports per year. *Id.*

Unlike the previous case, this case has a significant cost difference between the parties' estimated per line costs. The most significant difference in estimates concerns "other internal costs." McCook estimated \$41,316, while WWC estimated \$15,000. Williams' estimate of \$15,000 was used for each company. TR. at 934. He stated that this cost was based on his involvement with the process of establishing LNP. TR. at 935-36. Bullock's calculation was based on his estimation of the number of hours required to analyze and fill out forms to facilitate porting to wireless carriers. TR. at 851. Since Bullock's calculations appear to be more company specific, Staff would expect that these costs will probably fall closer to Bullock's estimates.

Another significant cost difference concerned switch upgrade costs. McCook used \$26,400 and Western Wireless estimated \$17,152. Western Wireless' estimate was based on McCook's original estimate. TR. at 934. Bullock's revised estimate was based on "the pricing policies of the individual switch manufacturers that the telephone companies utilize in their networks" and information from the companies. TR. at 849. Staff finds that Bullock's numbers are more reliable since the numbers are based on the company's actual switches. Thus, Staff believes that the per line number would be closer to McCook's number of \$1.66 per line.

Once again, an examination of the facts presented in this case leads Staff to recommend that McCook be granted a suspension until May 24, 2005. Porting estimates range from four per month to almost five per month. Staff believes that the per line costs and the low ports (which Staff believes are probably overstated) allows the Commission to grant the suspension.

### ***West River***

West River's cost witness projected an LNP cost of \$0.93 to \$1.04 per line per month. ITC Exhibit 4B. WWC projected costs of \$1.17 to \$1.31 per line per month. WWC Exhibit 9. West River projected one port per year and WWC estimated 121 ports per year. ITC Exhibit 4B; WWC Exhibit 9.

WWC is estimating 10 ports per month. Staff believes that WWC's estimate of over 3.2% of access lines porting per year is too high. A more realistic number would be 54 ports per year, or 4.5 per month. Thus, for the same reasons as the previous cases, Staff recommends that West River be granted a suspension until May 24, 2005.



## **Valley**

Valley's cost witness projected an LNP cost of \$0.67 per line per month. Valley Exhibit 3. WWC projected costs of \$0.63 per line per month. WWC Exhibit 15. Valley projected 60 ports per year and WWC estimated 112 ports per year. Valley Exhibit 3; WWC Exhibit 15. Although the cost witnesses differed on some costs, as can be seen, the cost differences did not amount to much.

Since the estimated per line costs were almost the same, Staff will look at the porting estimates. Steve Olesen, Valley's manager, testified that Valley currently has 25% or less cellular coverage. TR. at 740-41. Olesen also testified that his customers had complained about the lack of cellular coverage and he had no indication from the cellular companies that service would improve in the near future. TR. at 752. As stated earlier, WWC's witness, Williams, stated that WWC's porting estimates were "based on what we thought we would be able to obtain as a result of both *our coverage* and our view of what their demographic represented." TR. at 1031 (emphasis added).

However, despite the lack of coverage for Valley, Williams *still* estimated that a little over 3% of Valley's access lines would be ported each year. Staff finds it hard to believe that porting demand will exceed three percent in an area with this type of cellular coverage. Thus, although the costs for implementing LNP are less than the previous cases we have analyzed thus far, Staff believes requiring implementation of LNP in an area that has 25% or less cellular coverage is not in the public interest and recommends a suspension until May 24, 2005.<sup>9</sup>

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<sup>9</sup> Staff notes that although Midcontinent intervened in this case, Midcontinent is not providing service in Valley's service area.

### ***Midstate***

Midstate's cost witness projected an LNP cost of \$1.00 per line per month. WWC projected costs of \$0.54 per line per month. WWC Exhibit 18. Midstate projected zero ports per year and WWC estimated 143 ports per year. *Id.*

With respect to projected costs, one of the major differences concerned switch upgrade costs. At the hearing Midstate's cost witness changed the switch upgrade cost to \$65,000, which lowered the per line cost to \$0.92. Western Wireless asserted that \$25,000 was the appropriate cost. WWC Exhibit 18. Staff believes that WWC's lower estimate is based on a misunderstanding of a per-line cost quote from Nortel. TR. at 1038-1039. Staff believes that Midstate's projected cost for the switch upgrade is more accurate.

Porting estimates ranged from zero to almost 12 per month. Again, Staff finds that using 3% of access lines (12 per month) as an estimate for demand is too high.

Staff recognizes that this case, along with the next cases, pose a closer question on whether LNP suspension should be granted. Staff is recommending suspension for these cases because Staff believes that given the low number of ports expected and the costs, it is not in the public interest to require immediate implementation of LNP. As stated previously, a suspension until May 24, 2005, should help to clarify costs, routing responsibilities, and will allow the Commission to more accurately determine the actual demand for porting. Thus, Staff recommends that Midstate be granted a suspension until May 24, 2005.

### ***Sioux Valley***

Sioux Valley's cost witness projected an LNP cost of \$0.71 per line per month. WWC projected costs of \$0.62 per line per month. WWC Exhibit 15. Sioux Valley projected 120 ports per year and WWC estimated 177 ports per year. *Id.* Given the less than ten cents difference in the parties' cost estimates, Staff will not attempt to analyze the slight cost differences.

Staff would estimate that ports per month might be closer to seven per month or lower. Based on the same rationale as the previous case, Staff recommends granting Sioux Valley's request for suspension until May 24, 2005.

### ***Santel***

Santel's cost witness projected an LNP cost of \$0.78 to \$0.87 per line per month. ITC Exhibit 4B. WWC projected costs of \$0.73 to \$0.82 per line per month. WWC Exhibit 19. Santel projected one port per year and WWC estimated 155 ports per year. ITC Exhibit 4B; WWC Exhibit 19. Staff would just note that one of the differences in costs concerns service order administration costs. Santel's cost witness used the more costly automated SOA based on the uncertainty regarding whether the porting interval will be shortened. TR. at 222-23. Staff believes that this is an example of why allowing for a suspension may result in more accurate cost estimates. If the FCC were to decide the porting interval question, then the company will be better able to evaluate what type of service order administration is necessary.

Porting estimates ranged from one to over 12 per month. Again, Staff believes that Western Wireless' estimate is too high given that it is based on 3.2% of Santel's access lines. Staff believes that it would be more reasonable to expect six per month or even

lower. Based on the same rationale as the previous case, Staff recommends granting Santel's request for suspension until May 24, 2005.

***Companies that should be denied a suspension.***

***Brookings***

Brookings' cost witness projected an LNP cost of \$0.74 to \$0.83 per line per month. ITC Exhibit 4B. WWC projected costs of \$0.68 to \$0.76 per line per month. WWC Exhibit 9. Brookings projected 48 ports per year and WWC estimated 496 ports per year. ITC Exhibit 4B; WWC Exhibit 9. Given the relatively small difference in the cost estimates, Staff will not explore these costs any further.

Staff finds that it is in the public interest to deny suspension when the costs are balanced along with a higher expected level of demand than the other cases. Brookings is a significantly larger company than the other companies that have been discussed thus far. Staff does not believe that demand for porting will reach 3%, especially in the first few years. However, cutting that number in half and using 1.5% of Brookings' access lines as an estimate of demand would result in over 210 ports per year, or over 17 ports per month. In addition, Staff notes that Brookings' wireless company is LNP capable. Therefore, Staff believes that it is in the public interest to deny Brookings request for suspension.

***ITC***

ITC's cost witness projected an LNP cost of \$0.54 to \$0.61 per line per month. ITC Exhibit 4B. WWC projected costs of \$0.55 to \$0.62 per line per month. WWC Exhibit 9. ITC projected 24 ports per year and WWC estimated 453 ports per year. Given the nearly identical cost estimates, Staff will not attempt to analyze any of the cost differences.

As with Brookings, Staff finds it is in the public interest to deny suspension when these costs are reviewed in conjunction with a higher level of estimated demand. Using a 1.5% estimate for demand, ITC could expect to port around 218 numbers per year, or over 18 per month. And, in ITC's case, the demand could certainly be higher given Midcontinent's entry into parts of ITC's service area. Thus, Staff believes that it is in the public interest to deny ITC's request for suspension.

### ***Venture***

Venture's cost witness projected an LNP cost of \$0.55 to \$0.61 per line per month. ITC Exhibit 4B. WWC projected costs of \$0.53 to \$0.59 per line per month. WWC Exhibit 9. Venture projected 24 ports per year and WWC estimated 409 ports per year. ITC Exhibit 4B; WWC Exhibit 9. Again, since there is not much difference in the parties' cost estimates, Staff will not attempt to analyze these minimal cost differences.

As with Brookings and ITC, Staff finds that it is in the public interest to deny suspension when the costs are around \$0.60 and there is a higher expected level of demand. Using 1.5% estimate for demand, Venture could expect to port up to 204 numbers per year, or around 17 per month. Therefore, Staff believes that it is in the public interest to deny Venture's request for suspension.

### ***Golden West/Vivian/Kadoka***

Golden West/Vivian/Kadoka's cost witness projected an LNP cost of \$0.32 per line per month. Golden West Exhibit 3. WWC projected costs of \$0.35 per line per month. WWC Exhibit 15. Golden West/Vivian/Kadoka projected 240 ports per year and WWC estimated 1076 ports per year. WWC Exhibit 15.

By choosing to combine the three companies, the monthly costs are the lowest of all the Petitioners and the expected porting demand is the highest. Staff finds that it is not in the public interest to grant a suspension when the costs are this low and there is a higher expected level of demand. Using 1.5% estimate for demand, Golden West/Vivian/Kadoka could expect to port up to 588 numbers per year, or around 49 per month. Staff believes that it is in the public interest to deny Golden West/Vivian/Kadoka's request for suspension.

### ***Alliance/Splitrock***

Alliance/Splitrock's cost witness projected an LNP cost of \$0.79 per line per month, which was reduced at the hearing to around \$0.73. Alliance Exhibit 3. WWC projected costs of \$0.47 per line per month. WWC Exhibit 15. Alliance/Splitrock projected 180 ports per year and WWC estimated 293 ports per year. WWC Exhibit 15.

One of the major cost differences concerned switch upgrade costs. It is Staff's position that the switch upgrade costs as set forth by Alliance/Splitrock at the hearings are more accurate than Western Wireless. Alliance/Splitrock's estimate is based on the actual number of equipped lines in the DMS-10 switches for Alliance and Splitrock. TR. at 836.

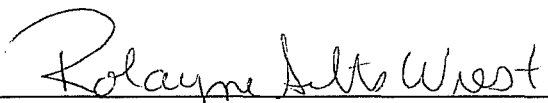
Staff finds that this case poses a closer question of whether a suspension should be granted. However, using 1.5% estimate for demand, Alliance/Splitrock could expect to port up to 147 numbers per year, or over 12 per month. Thus, Staff believes that it is in the public interest to deny Alliance/Splitrock's request for suspension.

### **CONCLUSION**

Staff has attempted to conduct a company specific analysis in order to arrive at reasonable recommendations that are consistent with the facts of each case and the legal

standards. Admittedly, some of the cases presented a much clearer picture as to whether a suspension should be granted than other cases. However, Staff hopes that its analysis will give the Commission some guidance in making its decisions for these cases.

Dated at Pierre, South Dakota, this 20<sup>th</sup> day of August, 2004.

  
\_\_\_\_\_  
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#### CERTIFICATE OF SERVICE

I hereby certify that copies of Staff's Brief were served on the following by mailing the same to them by United States Post Office First Class Mail, postage thereon prepaid, at the addresses shown below on this the 20<sup>th</sup> day of August, 2004.

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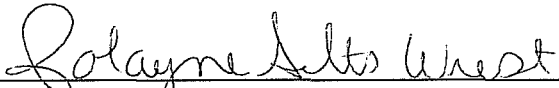
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AUG 20 2004

RE: LNP DOCKETS, Docket TC04-054, AND OTHERS  
Our file: 0053

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Dear Pam:

Enclosed are original and ten copies of Midcontinent's Post Hearing Brief, which please file.

With a copy of this letter, I am sending by mail a copy of this brief to the service list.

Additionally, I have this date transmitted a copy of the brief by e-mail to the service list.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP

BY: 

DAG:mw

Enclosures

cc/enc: Service List

J. G. Harrington

Mary Lohnes

Tom Simmons

Nancy Vogel

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

**RECEIVED**

AUG 28 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION	)	DOCKET TC04-054
OF INTERSTATE TELECOMMUNICATIONS	)	
COOPERATIVE, INC. FOR SUSPENSION	)	
OF MODIFICATION OF 47 U.S.C.	)	<b>MIDCONTINENT'S</b>
SECTION 251(b)(2) OF THE	)	<b>POST HEARING BRIEF</b>
COMMUNICATIONS ACT OF 1934 AMENDED	)	

INTRODUCTION

In addition to the captioned docket, Midcontinent has also intervened in these dockets: TC04-038, Santel Communications Cooperative; TC04-044, Sioux Valley Telephone Company; TC04-050, Valley Telecommunications Cooperative; TC04-051, Faith Municipal Telephone Company; TC04-055, Alliance Communications Cooperative and Splitrock Properties; TC04-056, RC Communications, Inc., and Roberts County Telephone Cooperative; TC04-060, Venture Communications Cooperative; TC04-061, West River Cooperative Telephone Company (from which Midcontinent has withdrawn); and TC04-077, James Valley Cooperative Telephone Company (which was settled by agreement dated July 30, 2004, and approved by the Commission on August 17, 2004). These interventions represent approximately half of the LNP dockets which were heard by the Commission. Midcontinent's interventions were governed by those

exchanges in which Midcontinent either does business or anticipates interconnection with the Company as an ILEC or CLEC.

Midcontinent's primary focus in these dockets deals with wireline to wireline, or intramodal, local number portability as a CLEC. Midcontinent is not in the wireless business and does not anticipate seeking local number portability as a wireless carrier from ILECs or CLECs. Clearly, the testimony in these dockets exhibited that there are substantial differences in cost and character of intermodal LNP as compared to intramodal LNP. Midcontinent's comments will almost exclusively deal with intramodal LNP, although both intramodal LNP and intermodal LNP are mandated by the 1996 Telecommunications Act and are therefore comparable in some ways.

Midcontinent believes that all ILECs should offer intramodal LNP. The hearing testimony revealed that, from the petitioners' perspective, the biggest problem with intermodal LNP is the lack of a point of interconnection in the ILEC's rate center, and the resultant costs of transport. This problem is nonexistent in any intramodal LNP transaction involving Midcontinent, or most other wireline companies. Because of the current nature of its business, Midcontinent's comments will primarily focus on interconnection issues with Interstate Telecommunications

Cooperative (ITC), but Midcontinent believes that the law is clear, and intramodal LNP should be ubiquitous.

#### SUMMARY OF ARGUMENT

The FCC has entered two main orders dealing with intermodal LNP, while it has made no substantive effort to modify the original status of intramodal LNP. This speaks as loudly as anything else for the proposition that the competitive goal of the 1996 Act remains the unequivocal standard for wireline to wireline connectivity. The evidence clearly shows that the cost of providing intramodal LNP is not such that it represents an adverse economic impact on users of telecommunications services generally, imposes a requirement that is unduly economically burdensome or imposes a technically infeasible requirement. Given the overarching goal of the 1996 Act of inducing competition into the local loop, it is clear that under such circumstances intramodal LNP is in the public interest, convenience and necessity.

#### ARGUMENT AND AUTHORITIES

The 1996 Act is clear that every local exchange carrier has, among other things, the duty to provide local number portability, to the extent technically feasible, consistent with the requirements of the FCC. 47 U.S.C. 251(b)(2). For all practical purposes, this obligation is without qualification, because there

is no question that technical feasibility presently exists, and the FCC has entered no orders modifying this obligation in the realm of intramodal LNP. Nonetheless, the petitioners have applied for suspensions and modifications as to both intermodal and intramodal for rural carriers under 47 U.S.C. 251(f)(2). To obtain suspension or modification, a rural carrier can receive relief only to the extent that its state commission determines that a suspension or modification is necessary (1) to avoid significant adverse economic impact on customers, (2) to avoid an unduly economically burdensome requirement or (3) to avoid imposing a technically infeasible requirement. Coupled with this, the Commission must find that the suspension or modification is consistent with the public interest, convenience and necessity. This is a heavy burden. It is submitted that this burden is particularly heavy as it relates to intramodal LNP, and it is petitioners who have ". . . the burden of going forward as well as the burden of persuasion . . ." in this proceeding. Gourley vs. Board of Trustees of SD Retirement System, 289 NW2d 251, 253 (SD 1980).

Two FCC orders govern intermodal LNP.<sup>1</sup> On the other hand, the FCC has left the area of intramodal LNP unqualified and unmodified.

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<sup>1</sup>These orders are the November Intermodal Order, CC Docket No. 95-116, Memorandum Opinion and Order and further Notice of Proposed Rulemaking, released November 10, 2003, and the January Order, CC Docket No. 95-116, Order, released

Thus, petitioners must show by a preponderance of the evidence<sup>2</sup> "significant adverse economic impact," an unduly economic burdensome requirement or a technically infeasible requirement. 47 U.S.C. 251(f)(2). It is submitted that, as to intramodal LNP, the petitioners have not done so in these dockets.

In addition to the burdens just mentioned, the same statute additionally requires that suspensions and modifications must be consistent with the public interest, convenience and necessity. Rhetorically, one must ask how it is that suspensions and modifications are beneficial to the public interest where they would only serve to enhance the competitive advantage of an incumbent carrier competing with a CLEC to provide high speed internet and cable, but withholding local number portability because the incumbent carrier sees it as being more advantageous to spend all its funds developing internet and cable. Given the clear mandate of the 1996 Act that competition be injected into the local loop, it is hard to imagine that tipping the playing field to competitively favor the incumbent is in the public interest.

---

January 16, 2004. The November order gave carriers outside the top 100 MSAs until May 24 to comply with the wireless number portability requirement (largely on the ground that wireless providers were not obligated to implement portability in those markets until that date). The January order gave small carriers operating inside the top 100 MSAs the same extension.

<sup>2</sup>Generally, the burden of proof in administrative proceedings is a preponderance of the evidence. Matter of Zar, 434 NW2d 598 (SD 1989).

The foregoing is precisely what is going on in the ITC Webster and Waubay exchanges. Jerry Heiberger's testimony clearly shows that ITC wishes to spend its money on services that will compete directly with Midcontinent, yet ITC withholds an essential portion of the package which Midcontinent would seek to offer prospective customers. Mr. Heiberger testified on page 4 of his direct prefiled testimony, dated May 14, 2004, as follows:

Q: Are there any existing capital investments for broadband that will be diverted if your company must deploy LNP?

A: Yes. DSL and broadband services are of utmost importance to our customers. Of all our new services, our customers are most interested in broadband. We are upgrading our networks to provide broadband services. Any amount of capital investment that is diverted to the implementation of LNP will reduce needed capital from broadband investments. ITC is a rural company and has limited resources to fund network investments in rural areas. We would prefer to serve the real demands of our customers rather than provide a service that has been mandated by the FCC that has very limited demand.

Under cross-examination, beginning at page 96 of the transcript, Mr. Heiberger testified as follows:

Q: It's correct, is it not, Midcontinent contends in order to compete effectively it has to have local number portability?

A: Yes. That's correct.

\* \* \*

Q: Are you aware of the purpose of . . . what was the announced purpose of . . . what was the announced purpose of local number portability in the 96 Act?

A: I don't know.

Q: You don't know why they required incumbent local exchange carriers to provide local number portability to connecting local exchange carriers?

A: Not specifically what they wanted us to do with it.

Q: Mr. Heiberger, you have a newsletter that you publish on the internet; is that correct?

A: Correct.

Q: I'm going to show you what has been marked as Exhibit 2, and I'll ask you if it is copy of your column in your newsletter that appeared in your April newsletter?

\* \* \*

A: Yes. This is a copy of my article.

Q: Would you look at the second paragraph, please, and read it?

A: Starting with the "Federal Communications Commission"?

Q: Right.

A: "Has issued an order on November 10, 2003. This order basically states if a wireline company such as your cooperative ITC, is requested by a wireless company to provide LNP, the wireline company must comply and provide the service within six months of the initial request. The LNP service essentially provides customers the ability to port or transfer



his or her wireline phone number to a wireless phone, thus eliminating the need for a wireless phone number or existing wireline service."

Q: Would you read the first part of the next paragraph.

A: "Since the FCC issued the order ITC has received numerous requests from wireless companies to provide the service." [Sic; the quotation includes the next sentence] Incidentally, we have also received a similar request from a competing wireline company within our service territory.

Q: And who might that competing wireline company be that you received as similar request from?

A: It would be Midco.

Q: Okay. It's true, is it not, that Midco gave you that request because they feel that they need local number portability in order to compete with ITC in that exchange?

\* \* \*

A: I don't know if that was why you filed.

Q: Have you read Midcontinent's motion to compel in the 192 docket?

A: Yes.

Q: I will show you a copy of the motion to compel in the 192 docket and direct your attention to paragraph 4 of that motion, the last sentence. Would you read that, please.

A: "Logically avoiding competition can be the only reason an incumbent LEC would wish to discriminate between wireless to wireline porting and wireline to wireline porting."

\* \* \*

Q: Okay. Have you ever understood that Midcontinent wanted local number portability so that it could compete fairly with ITC in Webster?

A: Based on previous filed testimony, yeah, you know, Ms. Lohnes stated it there, that she thought it was needed so they could successfully compete.

Q: Okay. Thank you. And so going back to your prefiled testimony on page 4, what you're in essence saying is that you prefer to spend money on your broadband investments in order to compete with Midcontinent rather than spending money on local number portability, which would permit Midcontinent to compete with ITC in the telecommunications area.

A: No. Basically, the crux of that statement is that we've had greater demand for broadband services than we've had for LNP services, and I can't envision why we would want to go spend the amount of money that would be required for LNP but rather invest it in services that my customers are asking for.

Q: Do you agree that not offering LNP to Midcontinent puts Midcontinent at a competitive disadvantage?

A: I don't know that.

Q: How about if you were in Midcontinent's shoes would you rather have LNP, or would you rather be able to use your own NXX when those people want to keep their numbers in Webster?

A: I am not in LNP's [Sic; Midcontinent's] shoes. I guess I don't know. I really haven't thought about it.

Q: You heard Mary Lohnes's testimony to the effect that she had received numerous . . . or quite a

number of requests for LNP? You heard that testimony, did you not?

A: I think she said she had her technicians contact her in regards to when we were going to get LNP services in Webster is what I think I recall.

Q: You don't recall her saying that they had customers making those inquiries?

A: I think she stated she had some customers requesting it and then she also elaborated on other technicians.

Q: Would you expect customers to want to have local number portability if they were switching carriers?

A: I guess I'm not a customer. I guess I can't answer for them.

Notwithstanding argument to the contrary by ITC in its brief, the evidence shows that Midcontinent has received requests for local number portability which it cannot fulfill. As testified by Mary Lohnes, many customers will only go with Midcontinent if they can retain, as a matter of convenience, their current telephone numbers. This only stands to reason, and is why Congress mandated local number portability in the Act in the first place. In her direct prefiled testimony dated June 25, 2004, Exhibit 8, page 4, Mary Lohnes testified as follows:

Q: Why is LNP important to Midcontinent in the Webster Exchange?

A: Midcontinent cannot effectively compete against ITC without LNP. Customers tend to want to keep their

telephone numbers. We have found that in other markets about 50% of the time customers request to keep their phone number in order to make the switch to a new carrier. Many of those are senior citizens who don't want to have to try and remember a new phone number and get it out to their family and friends. Midcontinent has received a number of requests from Webster customers for number portability. Remember, Midcontinent's entry into the Webster exchange is a competitive entry. ITC is offering cable service in competition to Midcontinent's long standing presence in the market, since 1974. Midcontinent believes ITC, as the incumbent carrier, is clearly violating both the spirit and the letter of the 1996 Act in impeding competition in this manner.

John Dewitt's testimony shows there to be a "substantial difference" between the implementation of intramodal LNP and intermodal LNP, intramodal LNP being about 7.5 percent of the cost of implementing intermodal LNP. (John Dewitt, page 215). If the cost of implementing intermodal LNP is substantially greater<sup>3</sup>, how can it be said that intramodal LNP will impose an "unduly economically burdensome" requirement or have a "significant adverse economic impact on users?" The answer is simple, intramodal LNP is a very small part of the cost, and it can easily be addressed through federal cost recovery mechanisms.

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<sup>3</sup>Setting aside for the moment Western Wireless's evidence that petitioners' cost evidence is greatly overstated; but even accepting WWC's evidence, the cost difference remains substantial.

## CONCLUSION

The contrast between intramodal LNP and intermodal LNP may or may not be as striking as depicted by petitioners. Nonetheless, certain things are clear from the evidence produced in these dockets. The 1996 Act mandates competition. To work, competition must take place on a level playing field. The FCC has not seen fit to modify the clear mandate for intramodal LNP found in the 1996 Act. Petitioners have not, and cannot, sustain their burden to prove the significant adverse economic impact necessary to warrant suspensions or modifications relating to wireline to wireline local number portability. As to intramodal LNP, the petitions for suspension or modification should be denied.

Dated this 20<sup>th</sup> day of August, 2004.

MAY, ADAM, GERDES & THOMPSON LLP

BY: 

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## CERTIFICATE OF SERVICE

David A. Gerdes of May, Adam, Gerdes & Thompson LLP hereby certifies that on the 20<sup>th</sup> day of August, 2004, he mailed by United States mail, first class postage thereon prepaid, a true and

correct copy of the foregoing in the above-captioned action to the following at their last known addresses, to-wit:

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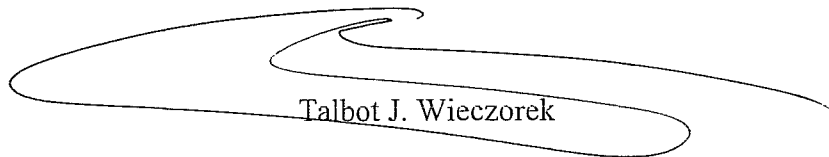
RE: WWC License LLC – Local Number Portability Post-Hearing Brief  
GPGN File No. 5924.040157

Dear Mr. Bonrud:

Enclosed for filing, please find the original and ten copies of Western Wireless's Post-Hearing Brief.

If you have any questions, please call me.

Sincerely,



Talbot J. Wieczorek

TJW:klw

Enclosures

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITIONS FOR ) WWC LICENSE LLC's POST-  
SUSPENSION OR MODIFICATION OF 47 ) HEARING BRIEF  
U.S.C. § 251(b)(2) OF THE )  
COMMUNICATIONS ACT OF 1934 AS )  
AMENDED

**DOCKET NUMBERS:**

TC04-025 Kennebec Telephone Company  
TC04-038 Santel Communications Cooperative, Inc.  
TC04-044 Sioux Valley Telephone Company  
TC04-045 Golden West Telecommunications Cooperative, Inc.,  
Vivian Telephone Company and Kadoka Telephone  
Company  
TC04-046 Armour Independent Telephone Company, Bridgewater-  
Canistota Independent Telephone Company and Union  
Telephone Company  
TC04-047 Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 Beresford Municipal Telephone Company  
TC04-049 McCook Cooperative Telephone Company  
TC04-050 Valley Telecommunications Cooperative Association, Inc.  
TC04-051 City of Faith Telephone Company  
TC04-052 Midstate Communications, Inc.  
TC04-053 Western Telephone Company  
TC04-054 Interstate Telecommunications Cooperative, Inc.  
TC04-055 Alliance Communications Cooperative, Inc. and  
Splitrock Properties, Inc.  
TC04-056 RC Communications, Inc. and Roberts County Telephone  
Cooperative Association  
TC04-060 Venture Communications Cooperative  
TC04-061 West River Cooperative Telephone Company  
TC04-062 Stockholm-Strandburg Telephone Company  
TC04-084 Tri-County Telcom, Inc.

Intervenor, WWC License LLC, by and through its attorney, Talbot J. Wieczorek, of  
Gunderson, Palmer, Goodsell & Nelson, LLP, hereby submits this post-hearing brief.

## STATEMENT OF THE ISSUE

Whether the South Dakota consumers living within the areas served by petitioning local exchange carriers (hereinafter “LEC”s) will receive the right to port their numbers as the remaining South Dakota citizens are allowed to do today.

## PROCEDURAL HISTORY

In 1996, Congress enacted the Telecommunications Act of 1996 (hereinafter the “Act”). This Act was intended to effectuate comprehensive changes to the 1934 Telecommunications Act. Pub.L. 104-104, 110 Stat. 56 (codified as amended in sections of Title 47, United States Code). The 1996 Act’s primary purpose, “...was to reduce regulation and encourage the rapid deployment of new telecommunications technology.” Reno v. American Civil Liberties Union, 521 U.S. 844, 857-58 (1997). Moreover, the Court noted that many of the provisions found in the Act were intended to, “promote competition in the local telephone service market, the multi-channel video market, and the market for over-the-air broadcasting.” Id.; *See Also* Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, first Report and Order, 11 F.C.C.R. 15499, FCC 96-325 (1996).

The provision of the Act that is relevant to this matter is Intermodal Portability, Section 251(b) of the 1934 Telecommunications Act as amended by the 1996 Act. 47 U.S.C. § 251(b). Section 251(b), “... requires LECs to provide local number portability (LNP), to the extent technically feasible, in accordance with the requirements prescribed by the Commission.” 47 U.S.C. § 251 (b)(2); In the Matter of Telephone Number Portability, CC Docket No. 96-98, Order, 19 F.C.C.R. 875 (2004). Congress required LNP because it determined LNP was necessary to enhance competition between wireless and wireline carriers. Id. at 876.

The Federal Communications Commission (“FCC”) initially designated November 24, 2003 as the date when carriers in the top 100 metropolitan statistical areas (“MSA”s) must be

capable of LNP. Id. The FCC extended this requirement for LECs that operate in an area with less than two percent of the nation's subscriber lines until the later of May 24, 2004 or six months after receiving a request for LNP. Id.

In addition, the 1996 Act also provides rural carriers with fewer than two percent of the nation's subscriber lines the ability to petition the State commission for a suspension or modification of the LNP requirements. 47 U.S.C.A. § 251 (f)(2). It is undisputed that the Petitioning parties constitute "rural carriers" under § 251 (f)(2).

On February 12, 2004, Kennebec Telephone Company petitioned the Public Utilities Commission of the State of South Dakota (hereinafter "Commission") for suspension or modification of the § 251 (b)(2) LNP requirements. Santel Communications Cooperative, Inc. petitioned on February 23, 2004. On March 9, 2004, Armour Independent Telephone Company, Bridewater-Canistota Independent Telephone Company and Union Telephone Company jointly petitioned, Sioux Valley Telephone Company individually petitioned, and Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company jointly petitioned. During March 10-17, 2004, the following companies filed individual petitions: Brookings Municipal Utilities d/b/a Swiftel Communication, Beresford Municipal Telephone Company, McCook Cooperative Telephone Company, The City of Faith Telephone Company, Midstate Communications, Inc., Interstate Telecommunications Cooperative, Inc., Valley Telecom Coop. Assoc., Venture Communications Coop., Western Telephone Company, and West River Coop. Telephone. On March 15, 2004, Alliance Communications Inc. and Splitrock Properties Inc. jointly petitioned, RC Communications, Inc. and Roberts County Telephone Cooperative Assn. jointly petitioned, and Stockholm-Strandburg Telephone Company individually petitioned.

On March 29, 2004, WWC License LLC, doing business as CellularOne (hereinafter “Western Wireless”) petitioned to intervene in the above referenced actions. After Western Wireless filed its petition to intervene, James Valley Cooperative Telephone Company, Tri-County Telecom and Cheyenne River Sioux Tribe Telephone Authority individually petitioned on April 13, 2004 and April 23, 2004 respectively. Western Wireless subsequently filed similar petitions to intervene in those actions and the Commission allowed intervention.

On April 19, 2004, the Commission issued an Order Granting Interim Suspension Pending Final Decision and an Order Granting Intervention. The hearing for all previously referenced Petitioners commenced on June 21, 2004. During this hearing, the burden of proof was appropriately placed upon each rural carrier to demonstrate it is entitled to a suspension or modification of the LNP requirements.<sup>1</sup> See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, first Report and Order, 11 F.C.C.R. 15499, 15518, FCC 96-325 (1996).

During the course of the hearing, James Valley Telephone reached a stipulated settlement agreement with Western Wireless. Cheyenne River Sioux Tribe Telephone Authority also reached a settlement agreement with Western Wireless but remains part of the action to the extent that the decision may impact future transport obligations.

### **FACTUAL BACKGROUND**

Throughout this brief, cites to the transcripts will be cited as “TR, Page \_\_\_, Lines \_\_\_.” Cites to prefiled testimony will be given setting forth the name of the witness, whether the citation is to direct or rebuttal prefiled testimony and a page number.

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<sup>1</sup> The 8<sup>th</sup> Circuit Court of Appeals has considered which party burden is appropriately placed upon under § 251(f) and it concluded that burden is appropriately placed upon the petitioning party. Iowa Utilities Board v. Federal Communications Commission, 219 F.3d 744, 761 (8th Cir. 2000), *reversed in part on other grounds by Verizon Communications Inc. v. Fed’l Communications Comm’n*, 535 U.S. 467 (2002).

Mr. Williams, testifying on behalf of Western Wireless, explained that Petitioners had two obligations related to LNP. One was to perform updates to their switches to be able to port out numbers from their customers. The second was to update their networks to permit customers to call ported numbers. TR, Page 555, Lines 12-16. The second obligation is not an obligation that can be suspended or modified by the Commission. The first obligation does fall within the jurisdiction of the Commission. Id.

The obligation of LNP is not a new requirement. Rather, it is a long-term plan under the federal law. Mr. Williams testified that the FCC clarified issues and deadlines for implementing LNP in its November Order of 2003. TR, Page 556, Lines 1-11.

In presenting the factual evidence that Petitioners claimed would support modification or suspension of their obligations to provide LNP, the Petitioners for the most part followed a standard format. Each Petitioner presented cost testimony through one of four cost experts. Most Petitioners then also had a company representative testify. The following delineates the various evidence introduced, and the issues surrounding that evidence.

#### **I. Consumer Demand.**

With the exception of Kennebec Telephone Company, no Petitioner did any survey of their customer base as to whether they desired LNP or what they were willing to pay for LNP. Additionally, while company representatives may have generally testified concerning their customer base, no Petitioner presented any documentary evidence or any testimonial evidence actually providing such things as the average household income or any other demographic information regarding their customer base.

In the case of Kennebec, the Kennebec manager did testify that he had commissioned a survey. Mailings were sent to their customers who were asked to fill the survey out and mail it back. Bowar Direct, Page 1. Even using this unscientific poll, approximately twelve percent of

the customer base was willing to pay over \$1.00 per month to have the opportunity to port their landline number to wireless. Bowar Direct, Page 3.

Ron Williams, of Western Wireless, also talked about the desire for local number portability. In response to Commissioner's questions, he explained how people identify and are "invested in their land line phone number." TR, Page 619, Lines 8-14. Further, he explained how Congress intended LNP to be a universal feature available throughout the country. As a universal feature, it eliminates any "costs causer" argument because a person moving from one provider to another pays for LNP at his/her new carrier. TR, Page 621, Lines 5-6.

Mr. Williams provided two surveys showing the interest in the ability to use a cellular phone as a primary phone. *See* Western Wireless Hearing Exhibits 11 and 14. The survey done by Western Wireless covers rural areas that it serves, including South Dakota. *See* Western Wireless Exhibit 11. That exhibit showed 16 percent of people eventually replacing their land line phone and 25 percent unsure whether they would replace their land line phone. *Id.* Mr. Williams explained in response to Commissioner Berg's questions that wireline to wireless migration facilitated by local number portability has been predicted anywhere from three percent to as high as 50 percent. TR, Page 645, Lines 7-14. However, Western Wireless' experience has been approximately three percent per year migration. TR, Page 645, Lines 15-19.

## **II. Cost Analysis.**

In regard to the cost of LNP, on behalf of the Petitioners, four cost experts testified. These cost experts were John DeWitte, Tom Bullock, Dan Davis and Douglas Neff.<sup>2</sup> They presented three different ways to provide LNP. Intervenor, Western Wireless, presented a witness, Ron Williams, to provide cost analysis testimony. Although, Mr. Williams questioned

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<sup>2</sup> Mr. Neff's cost analysis was only done on behalf of Cheyenne River Sioux Tribe Telephone Authority. He predicted LNP cost per access line at \$.70 monthly without transport and \$2.46 per month with transport costs. Because Cheyenne River Sioux Tribe Telephone Authority agreed to begin providing LNP pursuant to a stipulated settlement, Mr. Neff's analysis will not be addressed further in this brief.

the legitimacy of some of the numbers Petitioners presented, he still used those numbers in his cost analysis.

In regard to economic burden, none of the Petitioners have taken the position that they could not afford to implement LNP, even at the costs submitted by the Petitioners' experts. TR, Page 558, Lines 5-14. Rather, Petitioners acknowledged that they have the ability to pay for LNP and to recover their investment in LNP through the LNP surcharge. TR, Page 558, Lines 15-18; TR Pages 89, 92, 313, 346, 378-379, 438-439, 742, 784-785, 816, 829, 953-954, 973, 984, 1047 and 1101. Further, a number of the Petitioners' company representatives acknowledged that these LNP surcharges would also, to the extent allowable, be included in submissions for USAC funding. Id.

While Petitioners' cost witnesses differed on how to provide LNP, all Petitioners' cost experts agreed that they only considered one way to provide LNP. They restricted their review on how to provide LNP to methods already contained within existing interconnection agreements. *See* TR, Pages 857, 997. They did this even though they acknowledged that the FCC has specifically stated that transport agreements are not required to provide LNP. *See* DeWitte ITC Direct Prefiled Testimony, Page 6, Lines 19-21; TR, Page 857, Lines 1-3. On the other hand, Williams submitted a lower cost alternative which was not restricted to existing interconnection agreements.

Because the Petitioners' cost experts required that their structure for providing LNP be subject to existing interconnection agreements, they as a whole, without analysis, rejected Western Wireless' proposed method for facilitating LNP. TR, Page 177; Page 997, Lines 13-15. Still, it was pointed out during the hearing that in Minnesota, rural LECs had jointly petitioned the Minnesota Public Utilities Commission proposing the same method being proposed by Western Wireless for facilitating LNP. The Minnesota rural LECs stated that LNP, "can be

accomplished efficiently and cost effectively,” under such a method. Hearing Exhibit 6, Page 5. Further, the rural LECs of Minnesota referred to such method of providing LNP as an “eminently reasonable solution of making use of the very same facilities used by the CMRS providers to deliver traffic to [rural LECs].” *Id.* at page 10. Regardless, Petitioners continued to reject Western Wireless’ proposal.

**A. Cost testimony proffered by Mr. DeWitte.**

The first cost expert to testify was Mr. DeWitte. Mr. DeWitte is employed by Vantage Point Solutions, Inc. He testified on behalf of Swiftel Communications, Interstate Telecommunications Cooperative, James Valley Cooperative Telephone Company, Santel Communications, Stockholm-Strandburg Telephone Company, Venture Communications Cooperative and West River Cooperative Telephone Company. Notably, Mr. DeWitte’s analysis on the costs changed every time he submitted testimony. His final cost analysis is contained in ITC Hearing Exhibit 4B.

Mr. DeWitte told the Commission the way to provide LNP is to provide a DS1 connection between every wireless carrier to every end and host office, essentially every exchange, of each Petitioner. Mr. DeWitte’s plan for Interstate is graphically illustrated by Western Wireless Exhibit 5. Based on this proposal, Mr. DeWitte assumed six CMRS carriers or wireless carriers would require DS1 lines to all twenty-four Interstate Telecom end or host offices. He then priced each DS1 line at \$4,000. *See* DeWitte Prefiled Direct, Page 13, Lines 7-23. After accounting for any pre-existing Points of Interconnection (“POI”), his one-time nonrecurring transport cost for Interstate is \$560,000. *See* ITC Exhibit 4B.

Although Mr. DeWitte admitted the traffic over these POIs would be minimal, he testified minimum monthly recurring charges for each line would be \$1,150 per month. *See*



DeWitte Prefiled Direct, Page 13, Line 21. This resulted in a final monthly reoccurring transport cost of \$153,069. *See* ITC Exhibit 4B.

Mr. DeWitte further admitted that when coming up with these calculations, he projected future wireless carriers coming into the market, and included those costs. *See* TR, Page 218, Lines 11-17. He even admitted that in the case of some companies, he included POIs for wireless carriers currently doing business in part of the LECs territory, but not having a license to do business in the remaining parts. TR, Page 217, Lines 18-24. Thus, even though no license existed in some cases, he included POIs to exchanges even where carriers were not licensed. His rationale was that some day more wireless carriers *may* come into the area. TR, Page 217, Lines 18-24.

With respect to Interstate, Interstate's corporate representative, acknowledged Interstate was a named party in a proceeding in front of the Minnesota Public Utilities Commission. TR, Page 56. In that proceeding, an entity similar to South Dakota Telecommunications Association ("SDTA"), Minnesota Independent Coalition ("MIC"), had petitioned on behalf of its members for an extension of the time to provide LNP to allow agreements to be reached with Qwest to transport ported numbers. *See* Hearing Exhibit WW6 ("MIC Petition"). Mr. DeWitte admitted that he did not investigate in any way this alternative avenue to provide LNP services. TR, Page 165. Rather, he reiterated that he simply confined his analysis to an approach where interconnection agreements already exist regarding traffic. TR, Page 178, Lines 14-22. Although Mr. DeWitte did admit that the Qwest hardware to make the trunk group two way, as being requested in the Minnesota MIC filing, exists here in South Dakota. TR, Page 163.

Mr. DeWitte contended that he needed to stay with his plan even though his plan was more expensive than that proposed by Western Wireless. In discussions about the monthly

recurring costs dealing with Interstate, he was questioned regarding the large variance between the proposed plans.

Question:     Alright. 1,825. And rather than absorbing that cost what Interstate is proposing to do is spend monthly recurring \$157,000 to provide porting; correct?

Answer:       Based on the information in the ruling and, you know, all the rules that were in place, yes.

Question:     And essentially we could do that same mathematical model for each one of the companies you are testifying for?

Answer:       Yes.

TR, Page 283, Lines 10-17. Regarding the installation costs, Vice Chair Hansen inquired of Mr. DeWitte's plan versus how James Valley had solved the transport issue.

Vice Chair Hansen:   Thank you. Is it realistic for us to believe that when looking at the \$4,000 option and the \$576,000 option that notwithstanding the recurring costs, etc., it is realistic for us to believe that there are considerably less expensive ways of skinning this cat than the methodology that was shown on 3A?

Mr. DeWitte:        I believe there are other options that could be explored.

TR, Page 239, Lines 1-9

As to Mr. DeWitte's other categories of cost beyond transport, such as switch related costs and technical and administrative costs, Mr. DeWitte admitted that he had not calculated in any economies of scale. He assumed each of his clients would bring in their own trainers and not pursue cost sharing arrangements. He did not account for any of the Petitioners working together. TR, Page 154, Lines 1-4, although SDTA has done some of that for their members previously.

As a cost, he assumed such things as a subscriber flyer, costing \$2 per subscriber nonrecurring, and then an additional one dollar per year per subscriber in the future. He based this on printing and mailing costs. *See*, for example, DeWitte Direct Prefiled Testimony in

Interstate, Page 12, Lines 3 – 18. He obtained this information from a third party contact and not the actual companies he represented. He did not consider that the information could be placed in a regular flyer already produced by some of the companies he represented, at a lower cost. For example, one of Interstate's flyers was marked as an exhibit for the hearing. *See* Midcontinent Hearing Exhibit 2. That flyer is sent out by Interstate on a regular basis. The actual publishing cost for that flyer is twenty-five cents, as noted on the flyer, and not the one dollar a piece estimated by Mr. DeWitte. Id.

Additionally, for the flyers, he estimated \$15,000 to come up with the first informational flyer. He assumed that all seven of the Petitioners he was testifying on behalf would pay the \$15,000 to come up with this additional flyer for a total of \$105,000 to be expended by these companies. TR, Page 153, Lines 1-9. He did not make any assumption that these companies could get together to do one informational flyer explaining LNP and spread the cost between them. He assumed all the companies would have to work on their own to do everything. TR, Page 153, Lines 14-24.

**B. Cost Testimony proffered by Mr. Bullock and Mr. Davis.**

Cost experts Bullock and Davis are both employed by TELECOM Consulting Resources, Inc., in Nebraska. *See* Davis Prefiled Direct Testimony, Page 1; Bullock Prefiled Direct Testimony, Page 1. Mr. Bullock testified extensively on how the TELECOM experts had calculated costs.

Mr. Bullock testified that the TELECOM routing provision assumed a necessary T1 circuit be installed between each host or stand alone switch and each wireless carrier currently providing service in an ILECs territory. He further indicated a T1 switch would not be necessary between a host switch and a subtended local tandem switch. TR, Page 868, Lines 15-22. *See* also TR Pages 993-994 (Davis Testimony).

In coming up with his calculations for required T1 lines and monthly recurring transport costs, TELEC simply asked each Petitioner what wireless carriers *might* be doing business in *any* part of their territory. For example, with respect to Golden West, TELEC received the response that five (5) wireless companies provided service somewhere in its area. From there, TELEC made the assumption that these wireless carriers operated throughout the service area, and T1 lines would be needed for every exchange to every wireless carrier. TR, Page 873, Lines 10-14. The companies doing business somewhere in the Golden West area are Verizon, Western, Viaero, Qwest and AT&T. TR, Page 875, Lines 11-13. Based on this, TELEC created a cost analysis assuming the necessity of five (5) T1s for every Golden West exchange, less any already existing POIs. Mr. Bullock admitted TELEC did not investigate or even ask whether any of these wireless companies simply resold services or roamed off of someone else's facilities. TR, Page 875, Line 16. Rather, since Golden West reported five (5) wireless companies doing business somewhere in their area, TELEC assumed five (5) T1s necessary for such sights as Philip, Wall, Pine Ridge and every other Golden West exchange. Bullock did agree that while TELEC had no independent knowledge of any of these wireless carriers or what exchanges they actually operated in, if they were roaming, roaming would not be a direct charge and therefore, there would be no need for a T1. TR, Page 877, Lines 15 – 25; TR, Page 874, Lines 5 – 25.

Moreover, TELEC did not consider any other traffic mechanisms, such as the Western Wireless proposal, because one of TELEC's criteria in coming up with its traffic proposal was that the proposal would be "consistent with existing interconnection agreements." TR, Page 857, Lines 1-3. Additionally, Mr. Bullock took the position that it would be inappropriate to transport through Qwest, although he admitted it would be cheaper, because it would shift the responsibility of transportation outside the local calling area of the LEC. He did agree, in response to a question by Vice Chairman Hansen, that if the wireless company is going to be

responsible for paying the transport costs, the wireless company should be able to choose such a mode of transportation. TR, Page 919, Lines 4-20.

Mr. Davis then testified on behalf of the remaining companies TELECOM was hired to represent including: Beresford Municipal Telephone, Kennebec Telephone, Midstate Communications, RC Communications/Roberts County Telephone and Western Telephone. He stated that exhibit R1 attached to his prefiled rebuttal testimony was the most accurate numbers that he was presenting to the Commission. These numbers range from a low of \$.55, Midstate's LNP cost per line per month excluding transport, to a high of \$3.76, Western's LNP cost per month including transport. Exhibit R1 of Davis Rebuttal.

During cross examination at the hearing, Mr. Davis confirmed that LNP was technically feasible. TR, Page 997, Lines 6-10. He only contended that the Western Wireless proposal was technically infeasible because it did not follow the existing interconnection agreements. TR Page 997, Lines 11-15.

In addition to estimating standard costs related to LNP, with respect to in at least two of the companies, Mr. Davis also included significant switch upgrades. On behalf of Kennebec, he included a switch upgrade to a platform that could then support LNP. TR, Page 999. He acknowledged that companies regularly upgrade switches, (TR, Page 1000), but that he did not bother to ask Kennebec when it had this switch scheduled for an upgrade. Id. As to Kennebec alone upgrade cost was estimated to be \$37,400. This amount is continued in Mr. Davis' switch upgrade costs under Kennebec. He did not bother to ask Kennebec what other services it would derive from the upgrade or how it impacted their need to upgrade the switch anytime in the future. TR, Page 999, Lines 24-25 and Page 1000, Lines 16-18.

He also included a similar non LNP upgrade for Western Telephone. The upgrade to the host switch was \$76,795 of his projected costs for Western Telephone's switch upgrade costs.

As with Kennebec, he did not ask Western Telephone if it obtained any other services based on this upgrade. TR, Page 1009, Lines 3-6. Further, Mr. Davis did not ask Western Telephone whether it already had this upgrade planned. Id. at Lines 7-9.

Like Mr. Bullock, Mr. Davis acknowledged that TELECOM did not assume any economics of scale that would occur if the companies they were testifying on behalf jointly negotiated agreements, or provide training with other companies. TR, Page 1007, Lines 12-20.

**C. Cost Testimony proffered by Mr. Williams.**

Ron Williams, testifying on behalf of Western Wireless, addressed the costs submitted by Petitioners and the subsequent public policy issues. Western Wireless Hearing Exhibits 9 and 19 present its cost analysis regarding Mr. DeWitte's companies. Western Wireless Hearing Exhibit 15 presents its costs information for the companies Mr. Bullock provided testimony. Western Wireless Hearing Exhibit 18 provides the cost information regarding the companies Mr. Davis testified.

Regarding the mechanism recommended by the Petitioners' cost experts to provide LNP service, Mr. Williams made it clear that the existing facilities should be maximized to save the Petitioners' money. Mr. Williams noted it was unnecessary and unreasonable to build an entire specialized infrastructure for LNP service when existing facilities could handle the service. TR, Pages 579 and 734. Mr. Williams presented a cost analysis using a reasonable and efficient mechanism. TR, Page 579. Id. See also Western Wireless Exhibits 9, 15, 18 and 19. While Mr. Williams used some of the estimates made by Petitioners cost experts, he questioned a number of them as being too high. Williams has experience in providing LNP and has noted that even beyond transport costs, Petitioners' costs seemed excessive. TR, Page 560.

The proposal by Western Wireless to use the Qwest tandem is low cost and can be quickly accomplished. Williams noted that in the MIC petition, Qwest had filed comments in

Minnesota wherein it said it could provide such a service within three weeks. TR, Page 631, Lines 22-25; TR, Page 699, Lines 1-9. *See* Western Wireless Hearing Exhibit 14, Page 2 of comments. Additionally, Qwest stated its desire to provide a transit service similar to the rural LECs in Minnesota. *Id.* The entire debate in Minnesota between the MIC RLECs and Qwest was whether Qwest would charge \$.0089 per minute or, the charge MIC RLECs wanted \$.00164 per minute use. *See* Western Wireless Exhibit 6, Page 6 of petition

Under examination by the Commission, Mr. Williams stated Western Wireless' LNP monthly surcharge is approximately \$.85 to its users. TR, Page 679, Lines 17-20.

The Commission expressed concerns about whether this is a situation where the cost causer was not paying the expense for the service. In response, Williams explained that when the FCC established the mechanism for providing LNP it envisioned every company charging for LNP use. TR, Page 561, Lines 1-8; TR, Page 621, Lines 2-20. Because of this, someone porting from a rural LECs may be causing costs to the rural LEC but the individual would pay the cost to the new provider. Thus, the cost becomes "socialized" over all companies with all users paying for LNP. *Id.*

### **III. Joint Filings.**

Mr. Bullock did not provide individual cost testimony for each Petitioner he represented. Rather, Mr. Bullock provided combined financial information for various companies. Specifically, Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company and Union Telephone Company applied for suspension or modification in one petition. Bullock then provided the financial information in one document incorporating all three companies together. *See* Bullock Prefiled Rebuttal Testimony, Exhibit R-1-TB. Similarly, Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company filed a joint petition. Bullock merged all of their financial information

together and provided one set of numbers. Id. No breakdown for these individual companies was provided at the hearing nor does it appear in the record.

Commission staff inquired why the companies did not file separate studies as required by the Commission at its April 6, 2004 meeting. TR, Page 791, Lines 2-5. In response to staff's question, the corporate representative merely acknowledged that nothing in the record shows separate costs for any of these companies. TR, Page 792, Lines 17-19.

It was noted that there was no evidence presented by any of the Petitioners that any of the policy issues being represented were unique to these Petitioners. Rather, the policy arguments appear to be a general argument against LNP. TR, Page 557, Lines 1-7.

#### **IV. Public Policy.**

Petitioners submitted the testimony of Steven Watkins to address public policy. Mr. Watkins testified under cross examination at the hearing that his opinions were all general in nature and thereby not specific to any Petitioner. Further, he did not perform an independent evaluation of any of the Petitioners. Consequently, he offered no differentiation amongst any of the Petitioners, nor had he investigated any of the Petitioners' clientele. TR, Page 509, Lines 1-10.

Primarily, Mr. Watkins' testimony centered on his complaint that the FCC had not provided enough guidance or rules regarding how LNP should be implemented. TR, Pages 500-502. Additionally, he argued that there was no evidence of a demand for LNP. It appears he based this on the fact that he saw no "anecdotal experience" of LNP demand. TR, Page 499, Lines 2-3.

As to public policy concerns, Williams pointed out that these types of services are being demanded in rural America. TR, Page 693, Lines 19; TR, Page 692, Line 21. *See also* Western Wireless Hearing Exhibit 11 and 13. Further, the people of rural America are asking for the



same types of services that are being offered in metropolitan areas. Id. Regarding the actual migration given LNP, Williams pointed out that some forecasts had ranged from three to as much as 50 percent. TR, Page 645, Lines 13-14. Western Wireless had been experiencing approximately three percent migration per year in competitive markets where LNP had been implemented. TR, Page 624, Lines 15-19. This would amount to a 15 percent migration over a five year period.

Williams did concede some that of the Petitioners who will incur low numbers of envisioned ports and higher costs should be given additional time to become LNP compliant. To that end, he agreed that Kennebec, City of Faith, Western, Stockholm and Tri-County, all being approximately \$2 or over under Western Wireless' projections, should be granted more time to transition into LNP. He therefore acknowledged suspension for these entities until the end of March, 2005, would be appropriate. TR, Page 622, Lines 19-25; TR, Page 661.

## ARGUMENT

- I. **Each Petitioner Bears the Burden of Proving that it is entitled to a suspension or modification of LNP by either proving (1) that such a suspension or modification is necessary to avoid a significant adverse economic impact, avoid imposing an unduly economical burden, or avoid imposing a requirement that is technically infeasible; and, (2) proving that as to the Petitioner, providing this LNP is not consistent with the public interest, convenience and necessity.**

Section 251(b)(2) requires all local exchange carriers provide LNP, to the extent technically feasible, in accordance with the requirements of the Commission. 47 U.S.C. § 251(b)(2). Section 251(f)(2) provides local exchange carriers with fewer than two percent of the Nation's subscriber lines the ability to petition the State Commission for a suspension or modification of the LNP requirements found in § 251(b). It states,

A local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) of this section to telephone exchange service facilities specified in such petition. The State commission shall grant such petition to the

extent that, and for such duration as, the State commission determines that such suspension or modification –

(A) is necessary –

- (i) to avoid a significant adverse economic impact on users of telecommunications services generally;
- (ii) to avoid imposing a requirement that is unduly economically burdensome; or
- (iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.

The State commission shall act upon any petition filed under this paragraph within 180 days after receiving such petition. Pending such action, the State commission may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.

47 U.S.C. § 251(f)(2). In 1998, South Dakota promulgated S.D.C.L. § 49-31-80, which adopted the requirements set forth in 47 U.S.C. § 251(f)(2). Under both, the party filing the petition bears the burden of establishing the above required factors. Iowa Utilities Board, 219 F.3d at 761.

The statute clearly requires the finding of two elements. First, the Commission must find that it is necessary to grant a modification or suspension to avoid one of the three factors enumerated under 47 U.S.C. § 251(f)(2)(A). In addition then, the Commission must find that such a suspension or modification is also consistent with the public interest, convenience, and necessity. It must be noted that the Commission's power is limited to only granting a suspension or modification to the extent "necessary" to avoid one of the enumerated three factors.

Moreover, the Commission is under no obligation to grant a suspension or modification under § 251(f)(2) at all. The Commission should not grant each individual Petitioner's request for suspension or modification unless that Petitioner demonstrates suspension or modification is necessary due to the existence of one of the above factors, and that such suspension or modification is consistent with the public interest. 47 U.S.C. § 251(f)(2). "In seeking an extension of the LNP deployment deadline, a carrier must provide substantial, credible evidence to support its contention that it is unable to comply with the deployment schedule." In the Matter

of Telephone Number Portability Petition of the North-Eastern Pennsylvania Telephone Company for Temporary Waiver of its Porting Obligations, Order, 2004 WL 1066289, CC Docket No. 95-116, DA 04-1312 (*citing* 47 C.F.R. §§ 52.23(e) and 52.31(d)). “All of these determinations require an affirmative act and technical findings by the State commission before a decision may be reached.” Indiana Bell Telephone Company Incorporated v. Smithville Telephone Company, Inc., 31 F.Supp.2d 628, 632 (S.D.Ind. 1998) (*citing* 47 U.S.C. § 251(f)). Denial is the appropriate course of action if the requirements set forth in § 251(f)(2) are not satisfied. 47 U.S.C. § 251(f)(2).

Congress granted the states the authority to determine what is necessary to demonstrate the existence of the requirements of § 251(f)(2). To do so, the Commission must ensure its’ interpretation is consistent Congress’ intent supporting the promulgation of the statute. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 636-37 (*citing* Ingersoll-Rand Co. v. McClendon, 498 U.S. 133, 138 (1990)). In discerning intent, it is proper to consider the statutory framework as a whole and the objectives of the statute. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 637 (*citing* Crandon v. U.S., 494 U.S. 152, 158 (1990)). It is further proper for the Commission to rely upon guidance promulgated by the FCC, the agency tasked with implementation of the Act. Iowa Utilities Board, 219 F.3d at 748 (*citing* Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 842-43 (1984)).

In determining whether a petitioner has met its burden of establishing the need for a waiver of modification under 47 U.S.C. § 251(f)(2), the Commission must examine each Petitioners case individually. The text of § 251(f)(2) refers to, “A local exchange carrier....” Thus, the plain meaning of the statute requires that each individual Petitioner demonstrate the existence of the above factors before a suspension or modification can be granted under § 251(f)(2).

In conformance with the plain meaning of the statute, the North Carolina Utilities Commission has rejected joint submissions. In the Matter of Petition by the Alliance of North Carolina Independent Telephone Companies for Limited Modification of the Requirement to Provide Number Portability, Docket No. P-100, Sub 133r, State of North Carolina Utilities Commission Raleigh, (2003). It held,

While the Commission knows of no problem with the Alliance bringing these claims on behalf of its members, it would appear necessary for each *individual company* in the Alliance which wishes to benefit from this exemption to provide data showing that in fact the exemption is necessary for it to avoid significant adverse economic impact on users generally, to avoid imposing a requirement that is unduly economically burdensome, or to avoid imposing a requirement that is technically infeasible. Unfortunately, the Alliance's Petition contained no such individual data; instead the Alliance appears to argue that *any* imposition of what it believes to be a wrongful obligation *ipso facto* meets those tests. The Commission believes that Section 251(f)(2) requires more than this, especially since the proceeding must be concluded within 180 days of receiving the Petition.

Id. (*emphasis in original*). Consequently, under the plain meaning of § 251(f)(2), the Commission should reject all joint petitions that fail to delineate company specific data.

**A. 47 U.S.C. §251(f)(2)(A) requires that each Petitioner prove that action of the Commission is "necessary."**

Under 47 U.S.C. §251(f)(2)(A), the burden is upon the Petitioner to prove the existence of one of three factors which would justify a suspension or modification. The statute only authorizes the Commission's action if the action is necessary to avoid one of these three events. The term "necessary" needs to be read in context with the statute. Cellular Telecommunications and Internet Association v. Federal Communications Commission, 330 F.3d, 502, 510 (US App. D.C. 2003). *See also* AT&T Corporation v. Iowa Utilities Board, 525 U.S. 366, 388-89 (199).

The Eighth Circuit has already interpreted the term necessary under § 251. Iowa Utilities Board, 291 F.3d at 761. It indicated a formal interpretation of the term was intended. Id. In the context of this statute, "necessary" clearly should be read to require the Commission's action only if Petitioners cannot avoid one of the circumstances. Because the Commission action has to

be necessary, logically, the Commission must only order a suspension of the minimum length or the minimum modification to resolve the issue. Obviously, if a Petitioner purposely arranges for one of these three events to occur, it is not necessary for the Commission to act to avoid one of these events because Petitioner has brought the event upon itself. A Petitioner cannot be allowed to bring upon its own harm and then argue that action of the Commission becomes necessary.

**B. Significant adverse economic impact to telecommunications users.**

The first factor under § 251(f)(2) is significant adverse economic impact. 47 U.S.C. § 251(f)(2)(A)(i). The FCC has not promulgated definitional guidance regarding significant adverse economic impact. As a result, it is proper to consider the common meaning of the terms. Significant is defined as, "...having or likely to have influence or effect; important; of a noticeably or measurably large amount...." Webster's Ninth New Collegiate Dictionary, Merriam Webster Inc., 1096 (1991). Adverse is defined to be, "...opposed to one's interests...." *Id.* at 59. Economic is defined as, "...of or relating to a household or its management...." *Id.* at 395. Lastly, impact is defined to be, "...an impelling or compelling effect...." *Id.* at 603. As a result, Petitioners claims of significant adverse economic impact fail unless each Petitioner provides substantial credible evidence of a significant financial impact upon its users that is likely to be contrary to his/her financial interests. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 632 (*citing* 47 U.S.C. § 251(f)).

Several state PUCs have considered the impact of monthly costs upon their consumers. Although the resultant decisions are not binding upon the Commission, they do provide some guidance as to what has been deemed to be a "significant adverse economic impact." The Arizona Corporation Commission has found an end user direct cost of two dollars and ninety-three cents insufficient to be a significant adverse economic impact. In the Matter of the

Emergency Petition of Arizona Telephone Company for Suspension of the LNP Obligations of Section 251(b), Arizona Corporation Commission, Docket No. T-02063A-04-0010 (2004).

Moreover, the NY PUC has found failure to introduce concrete evidence of actual impact upon a LECs users fatal to a claim of adverse economic impact. It flatly rejected petitioners' claims of adverse economic impact upon users when those petitioners failed to produce any impact evidence. *See* Order Denying Petition, State of New York Public Service Commission, Case 03-C-1508 (2004). It stated,

FCC number portability orders permit incumbent local telephone companies to recover certain costs of providing number portability by charging their customers a monthly fee for a period of five years. Petitioners provided individual estimates of the cost of number portability to support their contention that intermodal portability is unduly economically burdensome. *However no company provided a detailed analysis of the impact on their respective customers in the petitions.* Using the company submissions, the Commission does not find a basis to conclude that there would be 'significant adverse economic impact.'

Id. (*emphasis added*). Failure to produce a detailed analysis of impact upon users should likewise be fatal to Petitioners' claims of significant adverse economic impact upon users in this case.

**C. Unduly economically burdensome requirement.**

The second circumstance is for the avoidance of an unduly economically burdensome requirement. 47 U.S.C. § 251(f)(2)(A)(ii). The Commission has been provided some guidance on what constitutes unduly economically burdensome as required in the tests found under both § 251(f)(1) and (2). *See In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996*, CC Docket No. 96-98, Order, FCC 96-483 (1996). In that decision, the FCC has stated that in order to justify a suspension or modification, the proof must be sufficient to establish, "...burden beyond the economic burden that is typically associated with efficient competitive entry." Id.

The Eighth Circuit Court of Appeals has further fleshed out the unduly economically burdensome standard. The court has indicated a Commission must look to the whole of the burden, and not just a discrete part. Iowa Utilities Board, 219 F.3d at 761. In addition, the court noted that a Commission should also consider the fact that the LECs will, "...be paid for the cost of meeting the request and may also receive a reasonable profit pursuant to § 252(d)." Id. at 762.

Failure to introduce specific and supported information of economic harm is fatal to a claim of the existence of this element. Speculation and unsupported allegations of economic harm have been deemed insufficient to establish undue economic burden. *See* Clarification Order, Pennsylvania Public Utility Commission, 33 Pa.B. 1904, Doc. No. P-00971177 (2003). Speculation and unsupported allegations are insufficient because a finding of undue economic burden is not proper unless the PUC reaches sufficient technical findings. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 632 (*citing* 47 U.S.C. § 251(f)).

#### **D. Technical feasibility.**

The remaining basis to meet the first part of the test for a suspension or modification is technical infeasibility. 47 U.S.C. § 251(f)(2)(A)(iii). The FCC has defined the term technically feasible as it is intended to apply with respect to interconnections considerations under § 251(f). *See* 47 C.F.R. § 51.5. Specifically, § 51.5 states,

Technically feasible. Interconnection, access to unbundled network elements, collocation, and other methods of achieving interconnection or access to unbundled network elements at a point in the network shall be deemed technically feasible absent technical or operational concerns that prevent the fulfillment of a request by a telecommunications carrier for such interconnection, access, or methods. *A determination of technical feasibility does not include consideration of economic, accounting, billing, space, or site concerns, except that space and site concerns may be considered in circumstances where there is no possibility of expanding the space available.* The fact that an incumbent LEC must modify its facilities or equipment to respond to such request does not determine whether satisfying such request is technically feasible. An incumbent LEC that claims that it cannot satisfy such request because of adverse network reliability impacts must prove to the state commission by *clear and convincing evidence* that such

interconnection, access, or methods would result in specific and significant adverse network reliability impacts.

47 C.F.R. § 51.5 (*emphasis added*). Under the above regulation, the clear and convincing evidence standard applies. *Id.* “The ‘clear and convincing’ standard lies somewhere between ‘the rule in ordinary civil cases and requirements of our criminal procedure, that is, it must be beyond a reasonable doubt.’” In the Matter of the Medical License of Dr. Setliff, M.D., 2002 SD 58, ¶ 13, 645 N.W.2d 601, 604 (*citing* Kent v. Lyon, 1996 SD 131, ¶ 15, 555 N.W.2d 106, 111). Under this standard, Petitioners must introduce clear and convincing evidence of technical feasibility before this element can be satisfied.

The Commission should find the implementation of LNP technically feasible if Petitioners fail to demonstrate LNP is technically infeasible under a similar analysis as the above guidance. In addition, the Commission should disregard, “unsupported statements” regarding “unspecified existing technical limitations” as unpersuasive. *See* Order Denying Petition, State of New York Public Service Commission, Case 03-C-1508 (2004). Rather, the Commission must reach sufficient technical findings of technical infeasibility before this factor can be deemed established. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 632 (*citing* 47 U.S.C. § 251(f)). Without such findings, Petitioners technical infeasibility claims fail.

**E. If a Petitioner shows that Commission action is necessary because of technically infeasibility, significant adverse economic impact on its consumers or because an unduly economic burden will result to Petitioner, before acting the Commission must determine whether its actions are consistent with public interest, convenience and necessity.**

A suspension or modification is not properly granted under § 251(f)(2) unless the Petitioners establish that such a suspension or modification is consistent with the public interest, convenience and necessity. 47 U.S.C. § 251(f)(2)(B). Consistency with public interest alone is not enough to warrant a suspension or modification under § 251(f)(2). Petitioners must still establish the existence of a factor required under § 251(f)(2)(A). Should the PUC find



Petitioners fail to establish the three criteria necessary for suspension or modification, then consideration of public interest is not necessary. Id.

In making a determination of whether LNP is inconsistent with the public interest, convenience and necessity of a LEC service area, the Commission needs to look at the basis in a historical context of why LNP end service has been promulgated. In 1996, the FCC noted promotion of competition was one of the objectives of the 1996 Act. See Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, First Report and Order, 11 FCCR 15499, Fcc 96-325 (1996). Congress recognized that LNP was critical to fostering competition. Id. The United States Supreme Court has also indicated that a purpose of the Telecommunications Act was to promote competition in local telephone markets. Reno, 521 U.S. at 857-58. The FCC continues to maintain the position that LNP is in the public interest. It has stated, “Implementations of LNP for CMRS providers has promoted, and will continue to promote, competition by allowing consumers to move to carriers that would better serve consumers’ needs without having to make the difficult choice to give up their number.” See In the Matter of Telephone Number Portability, Order, CC Docket No. 95-116 (May 7, 2004). As a result, the FCC has concluded that unnecessarily delaying implementation would improperly delay benefits to the public. Id.

In addition, state PUCs continue to recognize LNP to be, “...clearly in the public interest in a competitive telecommunications environment.” Order Denying Petition, State of New York Public Service Commission, Case 03-C-1508 (2004)(noting, “...number portability has consistently and repeatedly been found to be in the public interest at both the state and federal levels.”). The Michigan PUC has likewise denied a request to suspend or modify the requirements because it concluded that such action would be, “anti-competitive” and “anti-consumer.” See In the Matter of Waldron Telephone Company and Ogden Telephone Company

for Temporary Suspension of Wireline to Wireless Number Portability Obligations Pursuant to § 251 (f)(2) of the Federal Telecommunications Act of 1996, as Amended, Michigan Public Service Commission, Opinion and Order, Case Nos. U-13956 and U-13958 (February 12, 2004).

When making a determination of whether Commission's actions would be consistent with the public interest, convenience and necessity, the Commission should only look to the individual Petitioner's area. It would be inconsistent with the Act and statutory scheme to somehow construe this test to be an analysis of LNP as a whole or LNP in rural areas as a whole. Rather, state Commissions need to look at the petitioning LECs area and the public interest, convenience and necessity within that area. To look beyond a petitioner's area, would be inconsistent with the language of 47 U.S.C. § 251(f)(2) where the evaluation concerns "a local exchange carrier."

**II. The Commission must deny any requests for suspension or modification from Golden West, Vivian Telephone Company, Kadoka Telephone Company, Armour, Bridgewater-Canistota Telephone Company and Union Telephone Company because the companies failed to provide individual company specifics upon which the Commission could base a decision under 47 U.S.C. § 251(f)(2)(A).**

Docket Number TC-045 is a joint petition filed by Golden West, Vivian Telephone Company and Kadoka Telephone Company. Docket Number TC-046 is a joint petition filed by Armour, Bridgewater-Canistota Telephone Company and Union Telephone Company. The corporate witness for all these companies testified that the Petitioners did not provide individual information on these companies. TR, Page 792, Lines 1-19. To meet the burden to prove the necessity for waiver or exemption, the statute clearly requires that "a local exchange carrier" must file with the state Commission. 47 U.S.C. § 251(f)(2). The State of North Carolina Utilities Commission has already recognized that failure to do so obligates the Commission to reject the petition. See In the Matter of Petition by the Alliance of North Carolina Independent Telephone Companies for Limited Modification of Their Requirement to Provide Number

Portability, Docket No. P-100, SUB 133R, State of North Carolina Utilities Commission, Raleigh, 2003. Furthermore, noted by staff counsel during the hearing, prior to the hearing, the Commission requested such individual information be provided. TR, Page 72, Lines 1-4.

The reason this information must be provided by each LEC becomes obvious when one reviews the standards that the Commission must judge the request for modification or suspension. The need to avoid a significant and adverse economic impact on telecommunications users must center on the LECs' customers. One cannot argue that the Commission must make this judgment on some broader scale. Clearly, the FCC and Congress have allowed LNP to go forth in a large portion of the United States. The only logical reading of the statute is to require the Commission to do an analysis of each LEC area for impact.

The same also applies in regard to imposing a requirement that is unduly and economically burdensome. It would be inappropriate for the LEC to somehow argue costs and economic burdens associated with LNP requirements in other areas somehow justify a modification or suspension for that particular LEC.

Further, the testimony of Mr. Law, the corporate representative on behalf of these various companies, illustrates the need to reject these joint petitions. When asked whether he was representing to the Commission that all these companies have the same demographic make-up, he clearly stated "No I am not." TR, Page 777, Lines 20-24. Even with the information submitted, one has to conclude there are significant differences between these companies.

Armour, which is geographically separated from the other companies that its financial information is commingled with, has only 583 access lines and has 33 lifeline customers. TR, Page 783, Lines 3-8. This equates to 5.66 percent of their access lines being lifeline customers. Union Telephone Company has 1600 access lines and only 38 lifeline companies. Making less than 2.5 percent of its customers lifelines customers. TR, Page 777, Lines 1-10.

Golden West, Kadoka Telephone and Vivian Telephone, may be located in contiguous areas but, there is no way for this Commission to ascertain whether LNP implementation in Kadoka is an extremely low cost because of limited numbered exchanges or an extremely high cost because of an older switches. The Commission's inability to make these determinations is a result of these companies failing to properly file their information individually. The plain language of the statute requires the Commission to consider each of these Petitioners individually. Petitioners have failed to provide information under which the Commission can make an individual determination. Therefore, under 47 U.S.C. § 251(f)(2)(A), these two petitions must be rejected outright.

**III. None of the Petitioners have met their burden to prove they are entitled to a suspension or modification under 47 U.S.C. § 251(f)(2) as the Petitioners have failed to submit the necessary evidence to support such action.<sup>3</sup>**

Petitioners' cost estimates should be rejected. The cost estimates are fundamentally flawed because they assume that LNP must be provided pursuant to an interconnection agreement. Because the costs of providing LNP service ripple throughout the standards that Petitioners have to prove under 47 U.S.C. § 251(f)(2), it is appropriate to address Petitioners' cost analysis as a threshold issue. All three costs experts presented by Petitioners conditioned their proposed LNP transportation system to meet in existing interconnection agreements.<sup>4</sup> Mr. Davis went as far to claim that Western Wireless' proposal was technically infeasible because Western Wireless' its interconnection agreement with Petitioners did not allow for traffic over the Qwest tandems. TR, Page 997. Lines 6-15.

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<sup>3</sup> While Western Wireless is contending that no Petitioner has actually met its burden in this filing, Western Wireless is not disputing that it stipulated in the record to a continuing suspension until May 31, 2005 for the City of Faith, Stockholm, Tri-County and Kennebec. See TR, Page 622 – 623, 661.

<sup>4</sup> A fourth cost expert was presented on behalf of Cheyenne River Sioux Tribe Telephone Authority. Since that matter has been settled, his analysis is not independently reviewed in this brief.

It is inappropriate for Petitioners' cost experts to condition LNP delivery on the existence of an interconnect agreement. The FCC has already determined interconnection agreements are not necessary to provide local number portability. See In the Matter of Telephone Number Portability, CC Docket No. 96-98, Order, 19 F.C.C.R. 875 (2004) at paragraph 1. In rejecting the need for an interconnection agreement to provide for local number portability, the FCC concluded

...that wireline carriers should be required to port numbers to wireless carriers without necessarily entering into an interconnection agreement because this obligation can be discharged with a minimal exchange of information. We thus find that wireline carriers may not unilaterally require interconnection agreements prior to intermodal porting.”

Id. at paragraph 34. In complete disregard to the FCC, Petitioners' cost experts require interconnection agreements. Consequently, they have come up with proposals that drive costs extraordinarily high in an attempt to convince this Commission that a significant adverse economic impact will occur on the users or that the requirement for LNP becomes unduly economically burdensome<sup>5</sup> and Petitioners meeting their LNP obligation is contrary to public policy.

As illustrated by the MIC petition in front of the Minnesota Public Utilities Commission, Petitioners could have taken the approach of providing this service at a low cost as MIC did in Minnesota. Some of the Petitioners, specifically Sioux Valley Telephone and Interstate Telecommunications, are members of MIC and were part of this original petition in front of the Minnesota Public Utilities Commission. While these individual Petitioners may have withdrawn from the Minnesota action after the hearing started in front of this Commission, it does not

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<sup>5</sup> It appears that Western Wireless is being penalized because they have an interconnection agreement with Petitioners. Because of this, defendants' experts claim you have to route LNP traffic pursuant to the existing interconnection agreement. Since the FCC does not require interconnection agreements, it would appear a wireless carrier who does not have an interconnection agreement with Petitioner would be treated better. It is incongruent to the total purpose of the Act to penalize people for entering into interconnection agreements.

diminish the fact that they could have taken the same approach to reduce the cost of providing LNP. See ITC Exhibit 9, Letter of June 23, 2004 to Minnesota Public Utilities Commission

Petitioners spend a large section of their brief dealing with the unresolved issue of transport. See Petitioners' Brief, Pages 30-40. The issue of transport runs throughout Petitioners' analysis. It has implications of whether there is a significant adverse economic impact, whether there is a resulting unduly economic burden and whether Petitioner' avoidance of their LNP obligation is in the public interest.

The difficulty with the analysis presented by Petitioners arises out of their all or nothing approach. For instance, Petitioners continually assail the Western Wireless suggestion to use existing tandem trunks, whether it be SDN or Qwest, rather than requiring hundreds of additional DS1s be installed. They complain that they are not "obligated" to route traffic over SDN or Qwest tandem trunks. At the same time, Petitioners wail about the install costs and monthly reoccurring costs associated with all the DS1s that they insist they must use to be conducive with their interconnection agreements.

It does not appear that Petitioners contest they have an obligation to route ported calls under the LNP constructs. Simply, they do not want to be obligated to deliver those calls by sending them over a tandem trunk out of their service area.

Providing LNP should not be examined as an all or nothing approach. The opportunity, not the obligation, exists to route ported traffic over existing facilities. The opportunity to use existing facilities reduces the monthly line item charge by as much as 90 percent as illustrated between calculations of Petitioners' experts and Western Wireless' expert.<sup>6</sup>

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<sup>6</sup> See for example, ITC Exhibit 4B, Interstate's LNP costs per line per month including transport is \$13.46 while under the Western Wireless transport analysis (See Western Wireless Hearing Exhibit 9) the LNP monthly per line cost including transport is \$.80.

Moreover, testimony was clear that a number of the Petitioners already have existing points of interconnect with wireless carriers. As Mr. Williams correctly pointed out, the same type of resolution used by James Valley could be available to these Petitioners, for example Interstate, since Western Wireless already has existing POIs.

Instead of finding a low cost effective way to provide for LNP traffic,<sup>7</sup> Petitioners' cost experts proposed creating new facilities and dedicating them to LNP. For example, a proposed remedy for Venture entailed the installation of well over 100 new type 2B DS1s. *See* DeWitte Prefiled Direct for Venture, Page 13. Mr. DeWitte's resulting cost numbers for Venture entailed \$486,000 for nonrecurring transport related costs and recurring monthly transport related costs of \$218,546. *See* ITC Exhibit 4B.<sup>8</sup> Under these numbers, in the first year alone for transport, Venture is trying to convince this Commission it would rather spend \$3,118,552 (\$496,000 plus 12 times \$218,546) than transport the traffic as recommended by Western Wireless.

Mr. Houdek contends this is necessary to maintain the integrity of his system and because under Western Wireless' proposal he would then have to potentially carry his competitors traffic for free. TR, Page 383, Line 22 through Page 385, Line 19. When Mr. Houdek complains that he might have to pay for transportation for Western Wireless under the MIC approach endorsed by Western Wireless in this filing, he wants this Commission to accept the premise that Venture should spend over 3.1 million dollars the first year to provide LNP rather than the \$25,000 in transport costs Venture would incur following the Western Wireless proposal. *See* Exhibit 9 (\$800 nonrecurring plus 12 times \$2,012 monthly recurring). Mr. Houdek's complaint that

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<sup>7</sup> In the MIC petition, it was presented to the Minnesota PUC that routing LNP traffic "can be accomplished efficiently and cost effectively, if such calls were routed via the same facilities used by the CMRS providers to deliver their traffic to the companies." Hearing Exhibit 6, Petition Page 5. Further, such a method of routing ported numbers was "technically sound, efficient and not unduly economically burdensome." *Id.* Petition, Page 9.

<sup>8</sup> Mr. DeWitte's original numbers showed a requirement of \$625,000 in initial costs and \$220,000 in recurring costs. After several errors in his calculations were pointed out to him, Mr. DeWitte's final numbers are reflected on ITC Exhibit 4B.

Venture would have to pay for the transport of LNP under Western Wireless' approach falls flat. Under his own experts' cost analysis, he is paying 3.1 million dollars in the first year to provide LNP call transport. Western Wireless over the Qwest tandem lines currently pays three tenths of one cent per minute. TR, Page 588, Lines 21-25. Even if one were to accept Mr. Houdek's argument that he might have to pay as much as \$.20 per minute to transport LNP calls, in the first year Venture would have to transport 15,592,760 minutes of LNP calls before it spent the same amount they are proposing to spend under Mr. DeWitte's proposal. This is the equivalent of 10,829.3 days of phone usage.

This same analysis applies to all Petitioners' cost estimates. Every Petitioner and every cost expert ratcheted up their transport costs as high as possible and refused to look at any alternatives.

In addition, every cost expert testified that he did not consider any economics of scale. Instead, they all assumed such things contractual negotiations to be required by all Petitioners with all wireless companies, whether the wireless companies were actually doing business in their territory or not.

A readily available example of this overstatement is how Mr. DeWitte treated the marketing flyer. He not only assumed that it would cost a dollar per line user per year to provide this marketing flyer, although Interstate's own documents show that they produced a monthly flyer at a quarter a piece, he assumed that all seven of his clients would each spend \$15,000 designing this flyer. He did not assume that one flyer explaining LNP could be designed for all his clients or even potentially all the Petitioners. TR, Page 153, Lines 1-25. Because the cost analysis presented by the Petitioners were clearly overstated, they should be disregarded by this Commission.



The waiver and modification statute, 47 U.S.C. § 251(f)(2)(A) requires a finding that Commission action must be necessary to avoid a significant adverse economic impact or unduly economically burdensome imposition. Commission action is not necessary in these petitions. Rather, the Petitioners hold in their hands the power to avoid causing a significant adverse economic impact on their own customers or imposing any kind of economic burden upon themselves.

- A. Each Petitioner has failed to show the Commission that its action is necessary to avoid a significant adverse economic impact on users of telecommunications services wherein none of the Petitioners provided any demographic information from their customer base and, with the exception of Kennebec, failed to provide any information on their customers' desires for LNP.**

In Mr. Bowar's prefiled direct testimony, he provided some information regarding a survey they had conducted on Kennebec's customer base. In that survey, Kennebec mailed out surveys to their customer base. It was left to the recipient's discretion to return the completed survey.<sup>9</sup> Bower Direct Page 2, Lines 12-15. Of the surveys mailed back, over one-fifth of Kennebec's customers said they would be willing to pay a surcharge of \$.50 per month to have an option for LNP. At \$1.00 per month, the demand was just short of twelve percent. No feedback was solicited regarding a rate of \$1.50. However, even at a surcharge of \$3 there were still 1.6 percent of the responding customers willing to pay for a LNP service. Bower Direct, Page 3, Lines 6-12.

As to the demographic information, Mr. Bowers testified that one in five residents of Kennebec and Presho are 65 years of age or older according to the 2000 U.S. Census. He compared this to one in eight or 12.4 percent of the United States. Bower Prefiled Direct, Page 5, Lines 3-6. The Kennebec interest is gauged at a lower income demographic in South Dakota.

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<sup>9</sup> Western Wireless would assert that people who do not want to pay extra fees generally will respond to these surveys as opposed to people who do not object extra fees and thus, people who want LNP are likely unrepresented in such a survey.

It is logical that if 12 percent of the customer base is willing to pay \$1 per month in a community such as Kennebec, then Petitioners with higher demographics and those closer to metropolitan areas would have increased interests and increased tolerance for these rate increases.

As unscientific as they are, these numbers support LNP implementation. Western Wireless predicts that they will see ports of three percent a year from wireline customers. A rate Western Wireless has observed in other areas. TR, Page 645, Lines 13-19. Over the five year projected cost analysis done by Western Wireless, it was predicted that approximately 15 percent would move over five years. As the testimony of Mr. Williams reflected, the desire for these types of services is growing in rural communities. TR, Page 693, Lines 19; TR, Page 694, Lines 21, *See also* Western Wireless Hearing Exhibits 11 and 13.

By Western Wireless' estimates, excluding transport, Alliance and Splitrock, Golden West, Vivian and Kadoka all have costs below \$.50. Mid-State's cost is only \$.54. *See* Western Wireless Exhibit 18. In this range, over 20 percent of the people in Kennebec wanted to pay for this option. As a comparison, Western Wireless customers pay \$.85 per month for LNP. TR, Page 679, Lines 17-20.

Several companies fell into a range of less than \$1 but more than \$.50. Brookings is only \$.76, excluding transport. *See* Western Wireless Exhibit 9. Interstate is only \$.62; Venture is only \$.59; McCook Telephone is \$.89; Sioux Valley is \$.62; and Valley Telephone is \$.63, excluding transport. *See* Western Wireless Exhibit 15. Santel is only \$.82. *See* Western Wireless Hearing Exhibit 19. None of these companies provided any type of polling or research on what their customers were willing to pay. Areas such as Brookings have a younger population than areas Kennebec and likely a higher household income. Based on these demographics, demand for LNP will be higher. *See* Exhibit 13.

All Petitioners except Kennebec relied on simply anecdotal, self-serving reports reported by company representatives suggesting that no one has bothered to ask them for portability. If 20 percent of the people in Kennebec and Presho are interested in paying for number portability at \$.50 and twelve percent in those same communities are interested at \$1 per month, there is a substantial interest in number portability in this state.

Obviously, from the testimony submitted at the time of the hearing and from the briefs, Petitioners do not want to provide LNP. Petitioners know there is demand for LNP. Kennebec's survey demonstrated demand. *See Bowar Direct*, Page 3. Western Wireless' survey of its customers showed 16 percent were willing to switch land line service to wireless and 25 percent were unsure if they would make the switch. If individuals could take their land line number with them, common sense tells you a number of these people would chose to make that transition. *See Hearing Exhibit 11*. As noted by the FCC, "the focus of the porting rules is on promoting competition, rather than protecting individual competitors" In the Matter of Telephone Number Portability, CC Docket No. 96-98, Order, 19 F.C.C.R. 875 (2004) at paragraph 27. This Commission should disregard the cost proposals submitted by all the Petitioners in this case because they were created with an intent to avoid competition and avoid obligations of LNP. The cost studies were done in such a way to artificially create an impression that LNP was extraordinary expensive.

The company witnesses as a whole testified that they did an extensive investigation as to the economically feasibility of LNP. Yet, none of them contacted Western Wireless or any other cellular providers about how they could provide this service at low cost and only came up with one cost analysis. *See TR*, Pages 47-49, 315, 345, 376-377, 430-431, 433, 742, 782, 816, 829, 913, 984, 1046 and 1098. None of them asked wireless companies how they could lower transport costs or what might be an effective method to provide this service at a low cost. These

actions coupled with the over-the-top mechanisms suggested by the cost experts clearly imply that the Petitioners simply want to avoid providing LNP.

The Petitioners must show under this element that it is the Commissions actions are necessary to avoid a “significant adverse economic impact on the users of telecommunication services generally.” Any increase in fees arguably causes some economic impact. However, increase in competition actually nullifies some of the increase in fees by lowering costs to the public generally and providing better services. TR, Page 560, Lines 12-18. Petitioners have not demonstrated at what level an increase in fees creates an adverse economic impact. Therefore, Petitioners had not demonstrated the existence of this element.

**B. None of the Petitioners have shown how this Commission’s action is necessary for any Petitioner to avoid an undue economic burden where all the Petitioners have testified that they can pay for LNP.**

None of the Petitioners have taken the position that they cannot pay for implementation of LNP. Petitioners all freely admit that they believe they could cover at least the majority of their costs through an end user surcharge. TR, Page 558, Lines 15-18; TR Pages 89, 92, 313, 346, 378-379, 438-439, 742, 784-785, 816, 829, 953-954, 973, 984, 1047 and 1101.

As detailed above, Petitioners’ experts greatly overstated the costs of implementing LNP. Yet, Petitioners do not take the position they could not pay for it even at these exaggerated estimates. Some of the Petitioners complain that if they have to provide LNP it may slow down their rollout of other services, such as DSL. This is irrelevant to this analysis of undue economic burden. The test is not whether Petitioners would prefer to rollout a service where they had no competitors rather than provide LNP where they could lose some customer base. The standard is whether the Commission’s action is necessary to prevent the imposition of an unduly economically burdensome requirement. 47 U.S.C. 251(f)(2)(A)(ii).

The mere fact that these Petitioners do not want to provide LNP does not justify an undue economic burden. Similarly situated LECs have agreed to provide LNP services. Both James Valley and Cheyenne River Sioux Tribe Telephone Authority, during the pendency of these proceedings, agreed to provide LNP. Further, at least three LECs located in the State of South Dakota did not even apply for suspension or modifications. In all, Petitioners did not cite to anything that distinguished any one of them from other LECs that are providing this service, or from the other Petitioners in these filings that resulted in individual economic burden. Because of this, the Commission cannot find that any of the Petitioners met the standards required under the statute.

**C. Providing LNP for all Petitioners is technically feasible as all their cost experts have agreed that there are technically feasible ways in which to implement the service.**

In the absence of clear and convincing evidence of technical infeasibility, the PUC should reject Petitioners claims of the existence of the third prong delineated under § 251(f)(2). *See* Post-Hearing Brief of Petitioners and SDTA, pp. 3, 54; 47 C.F.R. § 51.5. Notably, Commission proffered a pre-hearing opinion that LNP is technically feasible.

Ms. Wiest: Thank you. Commission staff has not yet taken a position on any of the LNP Dockets. However, based on our valuation of the prefiled testimony we have arrived at some initial thoughts with respect to the standards that the Commission has to apply in these cases. One of the questions is whether the suspension is necessary to avoid imposing a requirement that is technically infeasible. Based upon our evaluation of the prefiled testimony, it's staff's belief that, no, it is not technically infeasible for any of the Petitioners to implement LNP. There are certainly costs associated with implementation and there appear to be routing and who pays issues that are not necessarily easy to resolve but it does appear that LNP can be implemented.

*See* Hearing Transcript, p. 38. Based upon the Commission's pre-hearing findings, it is apparent that Petitioners offered no clear and convincing evidence of technical infeasibility in their pre-file testimony.

Petitioners further failed to introduce any evidence of technical infeasibility in the hearing. Rather, all of Petitioners' witnesses testified that LNP is technically feasible.

Attorney Wieczorek: And when we talk about the technical cost issues you'd agree with me that, you know, LNP is technically feasible – can be technically done, it's all a matter of how much it costs.

Mr. DeWitte: That's correct. In no – I'm not going to tell you that it technically can't be done, at least for any of the clients that we're representing as part of these proceedings. And I think that you can take a look at anything, and the fact is if you throw enough money at it, yeah, you can make it work from a technical perspective.

*See* Hearing Transcript, p. 157.

Attorney Wieczorek: Yeah. But that's trunk groups. And I don't want to get into any confusion here but what you have proposed, your method, that's technically feasible today; correct?

Mr. Davis: That is correct, yes.

*See* Hearing Transcript, p. 997. Based upon the above excerpts, it is evident that the Petitioners' evidence supports feasibility. In fact, Petitioners introduced no evidence to indicate LNP is technically infeasible. Therefore, Petitioners repeated inferences of technical feasibility in their post-hearing brief should be categorically rejected as unsupported.

**IV. Even if a Petitioner demonstrates Commission action is necessary to avoid significant adverse impact, or imposition of an unduly economically burdensome requirement, or technical feasibility all the Petitioners failed to show how the Petitioner having to provide local number portability within its service area would be inconsistent with public interest, convenience and necessity.**

Under 47 U.S.C § 251(f)(2), a Petitioner must show how Commission action is necessary to avoid significant adverse economic impact or to avoid the imposition of an unduly economic burden, or technical infeasibility, before the Commission need even address whether providing the LNP is somehow inconsistent with public interest, convenience and necessity.<sup>10</sup> No where within the Petitioners' submitted testimony did they show how providing LNP services within

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<sup>10</sup> As all the Petitioners' cost experts admitted that LNP is technically feasible, it is not addressed in this section.

their service area would be inconsistent with the public interest, convenience and necessity.

Rather, Petitioners relied upon broad complaints against LNP.

Mr. Watkins freely admitted that he did no independent evaluation of any of the Petitioners. In fact, he contended that all of his opinions applied “evenly” to every Petitioner. TR, Page 509, Lines 1-4. He also freely admitted that nowhere in his testimony did he single out any specific Petitioner and talk about how LNP could impact it specifically in any certain way. TR, Page 509, Lines 5-9. He then went on to state no amount of cost would be reasonable because he did not believe there was any demand for LNP. TR, Page 511, Line 21 through Page 513, Line 3.

Mr. Watkins makes no distinction between the Petitioners where wireless service might be ubiquitous throughout their service areas and those where there might be parts of their service area with no wireless service. He makes no distinction on demographic information. He makes no distinction on whether the Petitioner serves a South Dakota urban community, such as Brookings, or a more rural area. Rather, he essentially simply complains that the FCC is not requiring interconnection agreements and that some of the issues are yet unresolved. TR, Page 502. And, thus, LNP should not be allowed.

Moreover, he claims there is no evidence of demand for LNP. He relies solely upon anecdotal experience in urban areas. TR, Page 499, Lines 1-3. He disregards the Kennebec survey results. He ignores the surveys submitted by Western Wireless showing the customer demand for portability. *See* Western Wireless Hearing Exhibit 11 and 13.

Basically, Mr. Watkins’ testimony is so broad and general it should be rejected. His opinions are not derived from any kind of review of these Petitioners’ situations or even the State of South Dakota. By his own admissions, his opinions supposedly apply evenly to a consumer who is in the suburbs of Sioux Falls and a consumer who is in a remote area of western South

Dakota. Mr. Watkins wants this Commission to believe that demand for LNP is the same in Faith as it is in Brookings, South Dakota. Yet, he has done no surveys. He cites no studies out of South Dakota. He cites no particularities as to why LNP would be inconsistent with public interest for any Petitioner. He simply does not think LNP should be allowed in South Dakota, or for that matter, anywhere else.

When looking at whether LNP is consistent with public interest, convenience and necessity, the Commission is not looking at this issue for the whole nation. 47 U.S.C. § 251(f)(2). It does not provide this Commission with the ability to redraft the Telecommunications Act of 1996. While Mr. Watkins would like to revisit LNP under the Act, this Commission's focus is that LNP impact on these Petitioners and the South Dakota consumers who these Petitioners serve.

One need only to look as far as Kennebec's own survey to see a desire for LNP portability as a service. In Kennebec evidence exists of a significant demand. Mr. Watkins ignores Kennebec's own survey and only talks about anecdotal experience. In doing so, his analysis becomes incomplete and irrelevant.

More appropriately, one needs to look at the fact that the competition created by local number portability will improve services to all users. As Mr. Williams testified, the ability to take that phone number that someone feels identified with to another carrier strengthens customer choice immensely. TR, Page 619, Lines 11-25. By strengthening consumer choice, one encourages businesses to satisfy the consumer. What is the demand for LNP in Brookings or in those areas outside of Sioux Falls or Aberdeen or Mitchell? Petitioners did not choose to provide that information. Rather, the remaining Petitioners simply offer this Commission generic complaints about LNP. None of the complaints deal with the facts that the public in



South Dakota is extremely mobile and, according to all the actual hard numbers provided to this Commission, interested in LNP services.

Furthermore, Petitioners are not currently providing LNP. There has not been any marketing to individuals promoting the competition. Education through marketing will increase the demand for LNP. That education cannot occur until Petitioners begin to provide the required service.

**V. Should the Commission determine a suspension or modification is warranted, the Commission should not grant any suspension or modification beyond 60 days from the date of the decision to become compliant with LNP.**

Western Wireless stipulated to the propriety of granting an extension until March 31, 2005 to Kennebec, City of Faith, Western, Stockholm and Tri-County as they all have implementation costs at approximately at \$2 or over based on Western Wireless' projections. James Valley Telephone and Cheyenne River Sioux Tribal Telephone Authority agreed to implement LNP in 90 days. In James Valley's situation, even though DeWitte had estimated in his prefiled testimony for James Valley that it would take several months to implement LNP, James Valley agreed it could become LNP compliant within 90 days.

Of the remaining Petitioners, none have provided a valid showing of why modification or suspension should be granted. Company representatives took the position that they fully investigated LNP before coming to this Commission with these Petitions. During the hearing, it became evident that most of the companies approach to the investigation was simply on how not to implement LNP. No substantial steps had been made to become LNP compliant.

Nonetheless, Petitioners have requested at least six months from any decision to implement LNP.

As Mr. Williams testified at the hearing, on most Nortel switches, which most Petitioners have, LNP software only needs to be activated. The software does not need to be installed. TR, Page 632, Lines 5-10. The Petitioners should not be rewarded for their attempts at trying to

build up reasons for this Commission to take action. Petitioners could have adopted a much more prudent, cost effective approach. For example, under Mr. DeWitte's plan, it was allegedly necessary for James Valley to provide LNP services to Western Wireless to have thirteen DS1s installed. Presently, James Valley is going to provide that service to Western Wireless using one DS1.

The Petitioners have the ability to avail themselves to the existing facilities in South Dakota, which are low costs alternatives, just like the RLECs have done in the MIC petition filed before the Minnesota Public Utilities Commission. In addition to the tandem solution, are the existing POIs. As Mr. DeWitte testified to in response to Commission questions, the way James Valley resolved its LNP obligations "merits evaluation by other carriers." TR, Page 238, Lines 4-5.

Rather than look to these alternatives, the Petitioners wholesale ask this Commission to simply give an open-ended extension of these suspensions. These suspensions are not tied to any dates certain but rather a six-month window after the rules are "finalized." However, no one could define for the Commission what "finalized" means.

When judging whether the Petitioners have met their burdens under 47 U.S.C. § 251(f)(2) in regards to the Petitioners use of available existing infrastructure, the tandems of SDN and Qwest and existing POIs with wireless carriers, the Commission should find the failure to meet their LNP obligations using these viable, low cost alternatives means Petitioners have not sustained their burden.

To reward other Petitioners who have held on to unreasonable proposals by granting them more that 60 days would only encourage such activities in the future. An Order by this Commission saying it will take no action for 60 days from the Order for noncompliance gives the

remaining Petitioners enough time to implement LNP in a low cost, efficient, and effective manner.

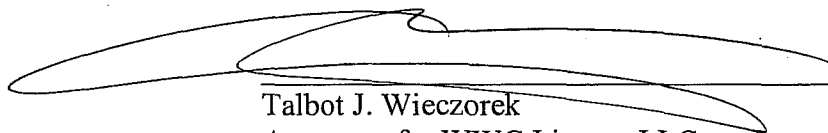
### CONCLUSION

For the reasons set forth above and the hearings in this matter, this Commission should grant to Kennebec, City of Faith, Western, Stockholm and Tri-County a suspension of their LNP requirements until March 31, 2005. As to the remaining Petitioners, the Commission should deny these petitions and enter an order setting forth it will take no action for 60 days but at the conclusion of 60 days, all Petitioners need to be compliant and provide LPN for their customers' benefit.

LNP is required under the Telecommunications Act of 1996. The fact that Petitioners may disagree with LNP implementation by Congress and the FCC does not reopen that issue in front of a state Commission.

Dated this 20 day of August, 2004.

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## CERTIFICATE OF SERVICE

The undersigned certifies that on the 22 day of August, 2004, I served a true and correct copy of the foregoing **WESTERN WIRELESS, LLC's POST-HEARING BRIEF** by email and NEXT DAY DELIVERY to:

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City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
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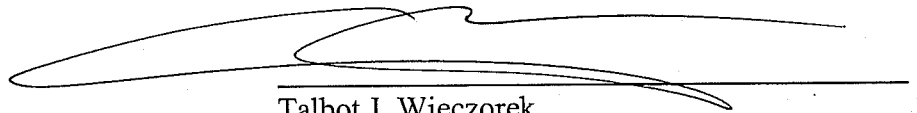
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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITIONS  
FOR SUSPENSION OR MODIFICATION  
OF §251(b)(2) OF THE COMMUNICA-  
TIONS ACT OF 1934 AS AMENDED

DOCKET NUMBERS:

TC04-025 Kennebec Telephone Co.  
TC04-038 Santel Communications  
TC04-044 Sioux Valley Telephone Co.  
TC04-045 Golden West, Vivian Telephone Co and Kadoka Tele Co  
TC04-046 Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
TC04-047 Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 Beresford Municipal Telephone Company  
TC04-049 McCook Cooperative Telephone Company  
TC04-050 Valley Telecommunications Cooperative Association, Inc.  
TC04-051 City of Faith Telephone Company  
TC04-052 Midstate Communications, Inc.  
TC04-053 Western Telephone Company  
TC04-054 Interstate Telecommunications Cooperative, Inc.  
TC04-055 Alliance Communications Inc. and Splitrock Properties  
TC04-056 RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
TC04-060 Venture Communications Cooperative  
TC04-061 West River Cooperative Telephone Company  
TC04-062 Stockholm-Strandburg Telephone Company  
TC04-084 Tri-County Telecom

**RECEIVED**

**AUG 27 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**REPLY BRIEF OF PETITIONERS AND SDTA**

Submitted on behalf of the above-named Rural Local Exchange Carriers and  
the South Dakota Telecommunications Association

August 27, 2004

## **PETITIONERS HAVE CORRECTLY STATED THE LEGAL STANDARD**

Petitioners' initial brief contains a detailed discussion of this Commission's jurisdiction to adjudicate the suspension/modification petitions that are now before it (Id. pp. 6-8). Western Wireless' brief does not challenge the Commission's jurisdiction to grant or deny the petitions, as its witness, Mr. Williams, conceded this point at the hearing. (Tr. 659).

Once having crossed that bridge, however, Western Wireless draws in a number of state and federal decisions in an apparent attempt to fashion a slightly different statutory framework that fits its version of the facts. As is demonstrated below, Western Wireless' Brief on this score is largely irrelevant. It is a classic "strawman" argument, constructed for no other purpose than to distract.

Western Wireless begins its statutory argument with a lengthy recitation of the language of section 251(f)(2) itself (the suspension statute), as it notes that the party filing the modification/suspension petition bears the burden of proof, and then recites FCC and federal court decisions that have precious little to do with the matters before this agency (Western Wireless brief, pp. 17-20). The brief then concludes on this score that: "Consequently, under the plain meaning of § 251(f)(2), the Commission should reject all joint petitions that fail to delineate company specific data" citing In the Matter of Petition by the Alliance of North Carolina Independent Telephone Companies for Limited Modification of the Requirement to Provide Number Portability, Docket No. P-100, Sub 133r, State of North Carolina Utilities Commission Raleigh, 2003. (Id.) This reliance upon a decision by the state of North Carolina appears designed to fit Western Wireless' later argument that a joint submission on behalf of Golden West and certain affiliates should be rejected, and, indeed, the North Carolina decision is cited again in that portion of Western Wireless' brief (Id., pp. 26-27).

This reply brief later reveals the disingenuousness of Western Wireless' argument on the joint submission of affiliates; the assertion that the North Carolina decision is at all relevant merits some discussion here, however.

A review of the decision illustrates its irrelevancy. The petition covered by the North Carolina Order concerned a legal question as to whether North Carolina's independent telephone companies (The Alliance of North Carolina Independent Telephone Companies ("Alliance")) were required to implement LNP – particularly for wireless carriers – where no showing was made by the requesting carrier that the ported number would only be used within the rate center from which it was ported. It appears that no data, collective or otherwise, was filed, in sharp contrast to the instant record, to permit any sort of economic or public interest analysis. Of course, this context was not disclosed by Western Wireless when it plucked the language upon which it relies from the North Carolina Order. The first three sentences of the quoted paragraph, omitted by Western Wireless, further expose this misuse of the case: "Whether landline-to-wireless number portability of the type described is a valid requirement is a separate question from whether a rival company should receive an exemption from number portability requirements pursuant to Section 251(f)(2) of the Telecommunications Act. Section 251(f)(2) allows for an exemption for a rival company from even a lawful obligation. In this regard, the Commission does not believe that the Alliance made a threshold showing under the exemption provision of Section 251(f)(2) of the Telecommunications Act that it is entitled to such exemption." In short, the North Carolina decision involved a legal issue, rather than the factual showings made in this case. Hence, as a legal standard, it is a strawman and irrelevant.

Western Wireless' brief next launches into a discussion of the meaning of the word "necessary" found in section 251(f)(2)(a). (Western Wireless brief, pp. 20-21). The import of this



discussion in the context of legal standards appears to be Western Wireless' contention that: "A Petitioner cannot be allowed to bring upon its own harm and then argue that action of the Commission becomes necessary." (Id., p. 21.)

This argument is a bizarre eyewash intended to cloud the issue. Nowhere in the rest of Western Wireless' brief does it contend that Petitioners have arranged to bring economic harm on themselves, or their subscribers, so that they could then file and prosecute their suspension/modification petitions. That would necessarily be the case, since Western Wireless made no such claim during the hearing.

Western Wireless' advocacy of what the "significant adverse impact" standard means in section 251(f)(2)(A)(i) fares no better. (Western Wireless brief, pp. 21-22). In this respect, Western Wireless resorts to Webster's Dictionary to define "significant adverse economic impact" and concludes from its less than objective dictionary survey<sup>1</sup>: "As a result, Petitioners claims of significant adverse economic impact fail unless each Petitioner provides substantial credible evidence of a significant financial impact upon its users that is likely to be contrary to his/her financial interests" citing Indiana Bell Telephone Company Incorporated v. Smithville Telephone Company, Inc., 31 F.Supp.2d 628, 632 (S.D. Ind. 1998) (Id.).

This argument suffers from serious defects, chief among which is the citation to Indiana Bell. Petitioners have examined that case, and it does not stand for the proposition cited, or anywhere close to it. The case dealt with EAS arrangements between Ameritech and Indiana independents, and simply does not contain the proposition attributed to it by Western Wireless.

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<sup>1</sup> As an example, Western Wireless defines "impact" to be "...an impelling or compelling effect..." Western Wireless brief, p. 21. An additional definition of "impact" found in Webster's is "to impinge upon", which certainly differs from "compelling."

And, while Petitioners do not believe that Webster's Dictionary is an unreasonable source of authority to define words, we question the need to so carefully meter the meaning of "significant adverse impact" when the Commission's expertise will serve that very purpose. If Webster's is deemed necessary, Petitioners urge the Commission to take a more balanced view, as earlier discussed.

Western Wireless' brief next discusses its highly incorrect understanding of the "unduly economically burdensome" statutory modification/suspension element found in section 251(f)(2)(A)(ii). It states that the FCC's Local Competition Order defined this element to require proof of a "burden beyond the economic burden that is typically associated with competitive entry." The brief goes on to assert that the Eighth Circuit "fleshed out" this standard. (Western Wireless brief, pp. 22-23). This characterization is, to say the least, incomplete. In Iowa Utilities Board v. Federal Communications Commission, 219 F.3d 744 (8<sup>th</sup> Cir. 2000), the Court vacated FCC Rule 51.405(d) (47 C.F.R. § 405(d)). This section contained the proof requirement Western Wireless urges upon this Commission. This was not changed in the Supreme Court's review of that decision and the further decision on remand by the Eighth Circuit court. Iowa Utilities Board v. Federal Communications Commission, 301 F.3d 957 (8<sup>th</sup> Cir. 2002). Thus, the higher proof standard urged by Western Wireless has no lawful basis. Western Wireless again invokes Indiana Bell as instructive as to the meaning of "undue economic burden." (Western Wireless brief, p. 23). As previously discussed, however, the value of this precedent is nil given the passing reference made by the court to section 251(f)(2). In any event, the rule against "speculation and unsupported allegations" that Western Wireless attributes to this case is unremarkable.

The remaining standard discussed by Western Wireless under section 251(f)(2)(A) concerns the showing of technical infeasibility (47 U.S.C. § 251(f)(2)(A)(iii)). Western Wireless urges a novel standard of “clear and convincing” proof as to technical feasibility, which it then translates, based on South Dakota judicial precedent, as “beyond a reasonable doubt,” citing In the Matter of Medical License of Dr. Settliff, M.D., 2002 S.D. 58, 645 N.W. 2d 601, 604 (further citation omitted) (Western Wireless brief, pp. 23-24).

As Western Wireless has relied upon a demonstrably incorrect FCC Rule, the rest of its syllogism fails. As is evident from the text quoted by its brief, FCC Rule section 51.5 concerns the definition of “technically feasible.” That section defines the term by reference to “access to unbundled network elements” as the first sentence demonstrates.

As the Commission is no doubt aware, however, access to unbundled elements is an unbundling obligation contained in section 251(c), while the duty to provide Local Number Portability is contained in section 251(b) of the Communications Act of 1934, as amended. As such, the standard urged upon this Commission by Western Wireless is patently flawed, and should be rejected.

Relatedly, Western Wireless relies upon a New York Public Service Commission Order Denying Petition because the suspension and/or modification requests were “unsupported” as to technical infeasibility. (Western Wireless brief, p. 24). As Western Wireless has earlier recognized, however, those state decisions are not binding upon the Commission, but do provide some “guidance” as to the findings of other commissions. (Western Wireless brief, p. 21). In this vein, the Nebraska Public Service Commission’s Order Granting Suspension, Application Nos. C-3096 et seq. is at least as persuasive as a decision from a more urbanized state like New York. In Nebraska, the Commission found that, absent direct connects, intermodal LNP between a

CMRS provider and a local exchange carrier "...is technically infeasible at this time..." *Id.*, p. 7.<sup>2</sup>

In sum, the legal standard urged upon the Commission by Western Wireless is flatly unlawful. The Commission may easily find that LNP implementation is technically infeasible, just as have Nebraska *supra*, and the Mississippi Public Service Commission. See, Order, *Petition of Mississippi Incumbent Rural Telephone Companies for Suspension of Wireline to Wireless Number Portability Obligations Pursuant to Section 251(f)(2) of the Communications Act of 1934, as amended*; 03-UA-918.

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<sup>2</sup> Indeed, the value of other state decisions is probably best appreciated as a whole. For instance, Western Wireless' brief earlier points to an Arizona decision for the proposition that an end user cost of \$2.93/month was insufficient to constitute a significant adverse economic impact. Western Wireless brief, pp. 21-22. On the other hand, the Nebraska Order, referred to above, found surcharges ranging from \$0.64 to \$12.23, monthly, to all be excessive. *Id.*, p. 11. The Commission may review a more complete record of state activity, including a state-by-state survey of LNP suspension activity and decisions in the states, compiled by NeuStar and the National Association of Regulatory Utility Commissioners ("NARUC"), updated as of June 22, 2004. While an exact count is difficult, and the reader can draw his or her own conclusions, the summary report indicates that approximately 250 LNP suspension requests have been submitted in 38 states on behalf of approximately 786 LECs. It also appears that as of June 22, 2004, approximately 150 companies have been granted LNP suspensions for various periods of time; approximately 53 LECs were denied suspension requests; approximately 446 LECs were granted temporary suspensions while the overall merits of their applications are being considered; approximately 62 companies have LNP suspensions pending but have not been granted temporary relief during the interim period; and 75 LECs have withdrawn their petitions prior to final state commission action.

Of course, the status of that activity in each state is different and is based on the facts and circumstances of the carriers in those states, the specific suspension requests of those carriers, and the specific judgements made by the individual state commissions. Regardless of how one might tabulate the activity based on a review of survey, the majority of those states that have pending suspension requests have granted some relief to the rural LECs. And for the minority of the states that have denied the LNP suspension requests, it is not surprising that the state commissions have struggled with their decisions as a result of the FCC's less than adequate handling of its confusing LNP orders, the obfuscation of the wireless carriers, and the uncertainty surrounding the consequences of the unresolved issues.

Western Wireless' final argument on the subject of statutory standards concerns the public interest standard. This argument is addressed later in this Reply Brief.

**PETITIONERS HAVE MET THE REQUIREMENTS  
OF SECTION 251(F)(2)(A)(1).**

Pursuant to Section 251(f)(2)(A)(1), Petitioners have demonstrated that a suspension or modification of the LNP requirement is necessary "to avoid a significant adverse economic impact on users of telecommunications services generally." As demonstrated in the Post-Hearing Brief (Brief) of Petitioners and supported by the cost exhibits and testimony filed by each Petitioner, each Petitioner has presented detailed information concerning the known costs that will be incurred to implement LNP, including switch software and hardware costs, LNP service order and query costs, and the technical and administrative costs associated with implementing LNP. As indicated by Staff in its Brief, "even without transport costs, the costs to implement LNP are considerable."<sup>3</sup> Moreover, as stated by Staff and demonstrated by Petitioners, these costs will impact users of telecommunications services because they will be recovered either through the federal LNP surcharge on such users or increases in local rates.

Staff's Brief confirms Petitioners' argument that the only party to dispute the Petitioners' cost showings was Western Wireless and that Western Wireless only disputed a few cost elements. Even where Western Wireless did dispute certain cost elements, Staff confirms that Western Wireless' estimates of the cost of LNP, in many cases, are fairly close to the Petitioners' estimates.

Further, in its Brief, Staff supports the Petitioners' cost estimates disputed by Western Wireless.<sup>4</sup> Staff also supports the per-line, per-month impact of LNP as presented by the Peti-

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<sup>3</sup> Staff's Brief at 7.

<sup>4</sup> Id. at 17-31.

tioners.<sup>5</sup> Accordingly, Petitioners ask the Commission to find that the Petitioners' estimates of the known cost of providing LNP are reasonable and accurate. Further, the Petitioners ask the Commission to find that the estimated known per-line, per-month impact of LNP is as follows for each Petitioner (Petitioners have grouped the companies following the method used by Staff in its Brief):

GROUP 1

Faith \$3.10

Tri-County \$3.03

Stockholm-Strandburg \$4.99 to \$5.58

Kennebec \$3.45

Western \$3.97

GROUP 2

Armour/Bridgewater/Union \$1.44

Roberts County/RC \$1.23

Beresford \$1.27

McCook \$1.66

West River \$0.93 to \$1.04

Valley \$0.67

Midstate \$1.00

Sioux Valley \$0.71

Santel \$0.78 to \$0.87

GROUP 3

Brookings \$0.74 to \$0.83

ITC \$0.54 to \$0.61

Venture \$0.55 to \$0.61

Golden West/Vivian/Kadoka \$0.32

Alliance/Splitrock \$0.73

In their Brief, Petitioners argue that they meet the requirement of Section 251 251(f)(2)(A)(1) because the known per-line, per-month impact of LNP as reflected above would impose "a significant adverse economic impact on users of telecommunications services generally." Although Staff has grouped the Petitioners' into three groups depending on its evaluation of the cost of LNP versus demand, it appears that Staff supports the conclusion that all of the Pe-

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<sup>5</sup> Id.

titioners, even those whom Staff recommends should be required to implement LNP, have met this requirement. Thus, for Group 1, Staff states that the Petitioners' costs are "high."<sup>6</sup> Similarly, for Group 2, Staff states that the costs "are still considerable."<sup>7</sup> For Group 3, Staff states that "[g]iven the lower costs and higher expected demand, Staff does not believe that these companies meet the public interest standard." (emphasis added).<sup>8</sup> Thus, even for the Petitioners in Group 3, it appears that Staff found that the implementation of LNP should not be suspended because the Petitioners do not meet the public interest requirement in Section 251(f)(2)(B) and not because they do not meet the requirements of Section 251(f)(2)(A)(1) and (2).

In addition to the known costs of LNP, the Petitioners also presented evidence that there are a number of outstanding issues that could make the adverse economic impact of LNP on users of telecommunications services even greater. For example, the FCC is considering whether to shorten the porting interval for wireline carriers, which would significantly increase the cost of LNP. (Davis Ex. 1 pp. 18, 19; ITC Ex. 3 p. 18; Brookings Ex. 3 pp. 18, 19; Stockholm Ex. 3 p. 19; Venture Ex. 3 pp. 18, 19; West River Ex. 3 p. 18; SDTA Ex. 1 pp. 15, 36; Tr. pp. 897, 898) The FCC also is considering options to require wireless to wireline porting, which also would increase the cost of LNP.

In its Brief, Staff acknowledges that issues such as these could further impact the cost of LNP. As stated by Staff, "there are significant costs associated with the implementation of LNP and there are unresolved issues that could further impact those costs."<sup>9</sup> Staff also states that the Petitioners in Group 2 "would benefit from additional certainty in the process which would result

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<sup>6</sup> Staff's Brief at 16.

<sup>7</sup> Id.

<sup>8</sup> Staff's Brief at 17.

<sup>9</sup> Staff's Brief at 8.

when the FCC acts on issues such as porting intervals and transport routing issues.”<sup>10</sup> While Staff is correct with respect to Group 2, all Petitioners, including those in Group 3, would benefit from more certainty. Thus, even if the known per-line, per-month cost of LNP for certain Petitioners as stated above was not sufficient to meet the standard of Section 251(f)(1)(A)(1), the known cost plus the additional adverse economic impact that would be imposed by the outstanding issues supports a finding that the standard has been met.

The arguments of Western Wireless and Midcontinent in opposition to the evidence presented by Petitioners are wrong and should be rejected. In addition to the few cost elements challenged by Western Wireless, Western Wireless argues that the Commission should reject the cost studies of all Petitioners that filed a combined study for more than one company. According to Western Wireless, a combined study does not meet the requirement of Section 251(f)(2)(A) and, therefore, such companies have not met their burden. Western Wireless is simply wrong. The plain language of Section 251(f)(2)(A) does not require separate filings or impose a “penalty” when separate filings are not made. Rather, this Commission has the expertise to evaluate the merits of the information presented by each Petitioner for the purposes offered. Further, the Petitioners that filed consolidated cost studies did so because of the consolidated nature of the companies’ operations. Therefore, a consolidated filing more accurately reflects the costs that the individual companies will incur, and the resulting impact on their end users. Petitioners note the irony of Western Wireless’ argument in that elsewhere, Western Wireless argues that the Petitioners’ cost studies are flawed because unrelated Petitioners did not assume economies of scale by consolidating certain functions with other Petitioners. Yet, when affiliated entities with common operations prepare cost studies to reflect those common operations, Western Wireless argues that the studies should be rejected.

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<sup>10</sup> Staff’s Brief at 16.



Midcontinent's position also is wrong and should be rejected. Midcontinent argues that the cost of transport, which primarily involves intermodal LNP, is significant and possibly even greater than the other costs associated with LNP. Therefore, Midcontinent incorrectly concludes that "the cost of providing intramodal LNP is not such that it represents an adverse economic impact on users of telecommunications services generally, [or] imposes a requirement that is unduly economically burdensome..."<sup>11</sup> Midcontinent reaches this faulty conclusion by simply ignoring the Petitioners' cost studies and brief which clearly show that the cost of LNP is significant even when the cost of transport is not included and that the non-transport LNP costs would impose "a significant adverse economic impact on users of telecommunications services generally." As demonstrated earlier in this reply brief, it appears that Staff supports Petitioners on this point.

Furthermore, Midcontinent has ignored the cost exhibit presented by ITC which shows that the per-line cost of providing LNP for Midcontinent in the Webster exchange is even greater than the cost of company-wide LNP. This is so primarily because most, if not all, of the non-transport costs of LNP would have to be incurred to provide LNP in only one exchange. Those costs, however, only could be assessed to the lines in the Webster exchange and not all ITC lines. Accordingly, contrary to Midcontinent's position, the cost of providing intramodal LNP as requested by Midcontinent imposes an even greater adverse economic impact on users of telecommunications services generally.

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<sup>11</sup> Midcontinent's Post Hearing Brief at 3.

Thus, Petitioners ask that the Commission find that each Petitioner has met the requirement of Section 251(f)(2)(A)(1) and that a suspension of the LNP requirement is necessary “to avoid a significant adverse economic impact on users of telecommunications services generally.”

**PETITIONERS HAVE MET THE REQUIREMENTS OF SECTION 251(F)(2)(A)(2).**

Petitioners also have met their burden under Section 251(f)(2)(A)(2) and demonstrated that a suspension of the LNP requirement is necessary “to avoid imposing a requirement that is unduly economically burdensome.” It is unduly economically burdensome to require Petitioners to implement LNP when a number of implementation issues are not resolved. It would be more efficient and less costly to implement LNP only once, after the LNP parameters are more certain, rather than require carriers to implement LNP when important issues are unresolved (such as the requirements of wireless to wireline porting), or could be changed (such as whether the porting interval will be reduced).

Changes to the LNP requirements that would impose new LNP costs after Petitioners are required to implement LNP also will impose a requirement that is “unduly economically burdensome” because it is very likely that Petitioners would be unable to recover these costs through the authorized federal LNP surcharge. Under the current FCC rules pertaining to the establishment of a “monthly number-portability charge” the charge is to be “levelized” over five years, or in other words must remain constant over that period. There are no provisions in the FCC rule relating to LNP cost recovery (47 C.F.R. § 52.33) that permit revision to the established monthly number portability charge, should actual LNP related costs change over the 5 year period that the charge is to be in effect and the FCC has indicated that requests to change the surcharge will not be granted readily.

As shown, LNP implementation also would result in the assessment of a new LNP surcharge on end users and could increase local rates. These actions would make Petitioners' service offerings less competitive with the services provided by wireless and other competitive carriers. In addition, if the total cost of LNP is assigned to Petitioners' subscribers through a surcharge and local rate increases, some segment of their subscribers may discontinue service or decrease the number of lines to which they subscribe. The resulting reduction in line count would increase further the per-subscriber cost of LNP, which, in turn, could lead to more rate increases followed by additional losses in lines. Ultimately, Petitioners may not be able to recover the costs of LNP from their subscribers, which would reduce the Petitioners' operating cash flow and profit margins.

Finally, if the appropriate transport arrangements are not implemented, wireline to wireless porting under current routing protocols would impose an unduly economically burdensome requirement by making the network less efficient and by confusing consumers which could result in reduced calling. If direct connections are not established, calls to ported numbers will be routed to an interexchange carrier and the calling customer will incur a toll charge. The local exchange network also will be less efficient as a result of porting because end users who continue to dial a ported number on a seven-digit basis will likely receive a message that the call cannot be completed as dialed, or a message instructing the party to redial using 1+ the area code. Thus, callers would have to dial twice, with the resulting network use, to place one call.

Thus, Petitioners ask that the Commission find that each Petitioner has met the requirement of Section 251(f)(2)(A)(2) and that a suspension of the LNP requirement is necessary "to avoid imposing a requirement that is unduly economically burdensome."

**PETITIONERS SHOULD NOT BE REQUIRED TO TRANSPORT  
CALLS BEYOND THE LOCAL SERVICE AREA.**

Petitioners have demonstrated that they have no legal obligation to transport traffic to points beyond their service territories, whether the traffic is associated with a ported number or not. Thus, under the provisions of 47 U.S.C. §251(c)(2)(B), incumbent LECs are required to provide interconnection only at a “technically feasible point within the carrier’s network.” The Petitioners’ position also is supported by the plain language of the *November 10 Order*.<sup>12</sup> In its Order, the FCC acknowledged that LNP raised certain routing issues for rural carriers where no direct connection exists and that these issues would be addressed in a pending Petition for Declaratory Ruling filed by Sprint Corporation.<sup>13</sup>

In its Brief, Staff states that “the Commission should find that an RLEC is *not* responsible for the cost of transporting LNP traffic outside of its exchange area” and that “[a] local exchange company should not be required to transport local exchange calls beyond its local exchange area.”<sup>14</sup> Petitioners wholeheartedly agree with and support this aspect of Staff’s recommendation. Accordingly, Petitioners urge the Commission to modify their LNP obligation pursuant to Section 251 of the Act to clearly state that each Petitioner is not required to transport calls beyond its local exchange area.

Staff further states, however, that the Commission should not require direct connections, nor should it require any specific routing method. Rather, “the RLEC and the requesting carrier will negotiate the method of transport, knowing that if the routing method requires transport of the call outside of the RLEC’s area, the requesting carrier would be responsible for those trans-

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<sup>12</sup> *In the Matter of Telephone Number Portability*, CC Docket 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 03-284 (released Nov. 10, 2003) (November 10 Order).

<sup>13</sup> In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of traffic by ILECs, CC-Docket 01-92, Petition of Sprint, May 9, 2002 (*Sprint Petition*).

<sup>14</sup> Staff’s Brief at 10.

port costs.”<sup>15</sup> Staff states that it believes “that the settlement agreements in James Valley and CRST demonstrate that the parties are in the best position to determine how to route LNP traffic.”<sup>16</sup>

In connection with this aspect of Staff’s recommendation, Petitioners make the following comments. First, it must be remembered that in the James Valley and CRST settlements, Western Wireless either had or agreed to establish a direct connection with the LEC. For example, the Stipulation between CRST and Western Wireless, and approved by the Commission, states that “[t]he Parties agree that CRST shall deliver calls to numbers ported to a wireless carrier as local calls only when the wireless carrier establishes a direct connection with CRST.”<sup>17</sup> Further, the Stipulation states that CRST will offer the same terms and conditions to other wireless carriers requesting LNP. If a wireless carrier rejects the terms and conditions, i.e., refuses to establish a direct connection, then the parties can petition the Commission for modification of the Order entered pursuant to the Stipulation.

Second, although there are other potential transport options, such as Western Wireless’ proposal, none has been fully examined by the Parties to establish that they are feasible. Therefore, if a direct connection is not required, it is not clear that negotiation of this issue will be achieved easily or quickly. In other words, for any carriers that are required to implement LNP, it is not a foregone conclusion that a successful negotiation of the transport issue will be achieved. This could result in a LEC spending thousands of dollars to implement LNP before calls to ported numbers can be transported as local calls. And, as established by Petitioners, if

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<sup>15</sup> Id. at 11.

<sup>16</sup> Id.

<sup>17</sup> Stipulation, Docket No. TC04-085, at 1.

such transport is not established, calls to ported numbers will be routed to interexchange carriers and assessed a toll charge. Petitioners believe that such a result is not in the public interest.

Therefore, Petitioners request that the Commission modify the Petitioners obligation to only require the implementation of intermodal LNP if the wireless carrier establishes a direct connection and after the Parties have successfully negotiated transport. In the alternative, a study group could be convened to examine the proposed transport options that wireless carriers request to determine the feasibility of such options. If a study group is convened, Petitioners request that the Commission suspend the LNP requirement until an acceptable transport option, or options, is determined through the study group process.

If the Commission does not accept Staff's recommendation, then as demonstrated by Petitioners' in their Brief, cost exhibits and testimony, the possible imposition of transport responsibility on them does nothing but further support their suspension and/or modification requests because it drives up costs, both to customers and/or the companies themselves.

The Petitioners' cost exhibits contain estimates for the recurring and non-recurring cost of transport, which essentially is the cost of installing facilities to enable calls to ported numbers to be routed as local calls. Western Wireless, and to some extent Staff, criticize the way the Petitioners assumed transport facilities would be implemented, and the resulting cost of those facilities. Western Wireless also argues that the Petitioners' cost exhibits should be rejected because they are based on the interconnection agreements and such agreements are not required.

Petitioners maintain that the criticisms are unfounded. As demonstrated, Petitioners based their transport methodologies on current network configurations and relationships and, therefore, they are reasonable. Contrary to the argument of Western Wireless, Petitioners do not maintain that interconnection agreements are required for LNP. Nor do they argue that current

interconnection agreements could not be modified (although Petitioners note that Western Wireless has not requested modification of any of the agreements it signed with Petitioners). However, the fact remains that Petitioners cannot unilaterally change the current agreements that they have with Western Wireless and other wireless carriers. Therefore, any transport scenario, such as the one proposed by Western Wireless, that does not conform to current arrangements between carriers and its associated costs, are pure speculation and cannot be the basis for a reasoned and rational decision.

Staff also comments on the number of wireless carriers for which Petitioners calculated transport costs. This is a factor in the cost of transport because every wireless carrier that requests LNP will require transport facilities and, therefore, the more wireless carriers the greater the cost of transport. What must be remembered when considering this issue, is that once a LEC is required to provide LNP, it is required to provide it to all requesting carriers (unless, of course, the Commission otherwise has modified the LEC's requirement). Therefore, the Petitioners were conservative in their estimates of transport to the extent that they were limited to wireless carriers currently operating in the LECs service area when in fact the Petitioners could face transport costs for all wireless licensees in their service area.<sup>18</sup>

Staff notes that Western Wireless' projected cost of transport is less than Petitioners. In addition to the other objections to Western Wireless' transport proposal (namely, Western Wireless' routing methodology does not currently exist; it involves an entity not a party to this proceeding; and it has not been shown to be feasible), Western Wireless' projected cost of the proposal does not consider the additional financial impacts that would be imposed on rural LEC op-

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<sup>18</sup> There is a potential of eleven (11) or more CMRS providers in each geographical area consisting of 2 Cellular, 6 PCS, and 2 700 MHz, and at least 1 SMR. The Petitioner's analysis only included transport costs for carriers (like WWC, Verizon, Sprint, Nextel, and others) that have announced intentions of entering the market in the next five (5) years.

erations. Specifically, Western Wireless' proposal for transport not only would make Petitioners responsible for the costs of transport to the Qwest access tandem, but, by allowing for a bypass of the existing toll network, it also would affect Petitioners' access and toll revenues.<sup>19</sup>

Western Wireless suggested at the hearing that the impact of its transport proposal would be small because of the small number of expected calls to ported numbers. However, while the number of calls to ported numbers (served by wireless carriers) is expected to be small given the lack of demand for intermodal LNP, this is a fraction of the total traffic that is at stake. Thus, any decision imposing transport responsibilities on rural LECs beyond their existing network would impact all traffic—including calls to wireless users who do not have a ported number, calls to CLECs, and calls to Qwest customers.

Thus, it is clear that the transport issue not only would increase the cost of LNP, it would have a tremendous adverse impact on end-users and Petitioners. Accordingly, Petitioners request that this Commission conclude, as the Nebraska Commission recently has, that indirect connections are technically infeasible presently, and that the resulting costs "...would either be an additional significant adverse economic impact on end users or would be an economic burden on the local exchange carriers..." *Nebraska Order* at 7, 10-11.

**GRANT OF THE REQUESTED SUSPENSIONS/MODIFICATIONS IS CONSISTENT WITH THE PUBLIC INTEREST, CONVENIENCE AND NECESSITY**

As noted in Petitioners' Brief, in addition to meeting at least one of the criteria listed in 47 U.S.C. § 251(f)(2)(A) relating to adverse economic impacts or technical infeasibility, in order for any request for suspensions and/or modification to be granted, it must be "consistent with the public interest, convenience and necessity." (47 U.S.C. § 251(f)(2)(B)). As testified to by Petitioners' and SDTA's witness, Steven E. Watkins, a determination of the public interest relating

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<sup>19</sup> Brief at 38-39, (see Tr. pp. 385, 391, 425, 399, 400, 405, 406, 413, 414, 422). (Tr. pp. 424) (Tr. pp. 204, 478). (Tr.



to the LNP suspension petitions that have been filed inherently involves a cost versus benefit analysis. (SDTA EXH 1 p. 8, TR pp. 497-505). Commission Staff in its Brief indicates agreement with this type of analysis, stating that “the Commission needs to conduct a cost versus demand analysis when considering the public interest.” (Staff’s Brief p. 7). With regard to the additional “public interest” criteria that must be applied, Petitioners believe that the evidence presented in this matter leaves no doubt that the public interest is, in fact, best served by granting each of the requested LNP suspensions.

Western Wireless contends in its brief that “no where within Petitioners’ submitted testimony” was it shown “how providing LNP services within their service area would be inconsistent with the public interest, convenience and necessity.” Petitioners find this statement incredible. There is overwhelming evidence in the record before this Commission to support an affirmative public interest finding with respect to each of the LNP suspension petitions that has been filed.

As all parties seem to agree, fundamental to any analysis of the benefits of LNP is a review of evidence relating to demand for the service. It is clear from the record in this matter that there presently is little, if any, demand for intermodal LNP within any of the Petitioners’ service areas. Petitioners presented evidence from the national administrator of LNP, NeuStar, that confirms little demand for intermodal LNP even in non-rural areas. Petitioners also presented evidence that demand in rural areas is likely to be less because of the poor wireless service quality in rural areas. Petitioners also presented company specific evidence that few or no customers have requested or inquired about LNP even though it was widely reported in the press. Petitioners note that even though Western Wireless has implemented LNP, it presented no evidence concerning the number of ports it has experienced for wireless to wireless porting or for intermodal

porting. Further, even though Western Wireless operates in all of the Petitioners' service areas, it presented no evidence to indicate that any of its customers or potential customers have requested LNP in those service areas. Petitioners believe that the Commission can consider Western Wireless' failure to present contrary evidence as further proof in support of Petitioners' claims on this issue.

In addition, Petitioners presented evidence that the costs of LNP are significant and, it is apparent from the record in this matter, at the present time there are a number of substantial issues related to the provisioning of LNP that have not yet been resolved by the FCC, which will impact further LNP implementation costs. Given these unresolved issues, it is obvious that the Commission cannot at the present time even quantify the full cost of LNP implementation and, consequently, cannot evaluate what would be the full end-user and/or rural carrier impacts.

Under these circumstances, given the almost complete lack of demand for intermodal LNP in the Petitioners' service areas and taking into account the significant cost of LNP and the unresolved issues relating to LNP that will affect LNP implementation costs further, Petitioners cannot understand how this Commission could reasonably determine that granting the requested suspensions is not in the public interest. For all of the reasons set forth in Petitioners' Brief, there is good reason to conclude that granting each of the LNP suspension petitions would be consistent with the public interest standard established under the federal law.

In its brief, Western Wireless continues to suggest that this Commission in its review of the public interest must give primary emphasis to the promotion of competition. As pointed out in Petitioners Brief, although one purpose of the Telecommunications Act of 1996 was to promote competition for local exchange services, a second primary purpose was to protect universal service. Further, Congress realized that competition, as promoted by the FCC, may not be the

best course in rural areas and the provisions of Section 251(f)(2) were clearly put into the Act for this reason. State Commissions are specifically given authority under Section 251(f)(2) to suspend and/or modify any of the requirements contained in §§ 251(b) and 251(c) of the Act (including interconnection and other service requirements that were specifically imposed for the purpose of promoting local service competition). Indeed, the very purpose of the suspension and modification provisions contained in Section 251(f)(2) is to allow state commissions to override, in effect, rules related to competition. This being the case, it is obviously insufficient, for purposes of addressing Section 251(f)(2)'s public interest standard, to claim that the implementation of LNP is necessary to promote competition.

Furthermore, the claims of competitive benefits made by Western Wireless are simply not substantiated by the evidentiary record because it is clear that there is little, if any, demand for LNP in the Petitioners' service areas. If there is no demand for the service, how can it reasonably be determined that consumers would benefit by making the service available? How does diverting carrier resources in order to bring consumers a choice they do not want provide a consumer benefit?

The Nebraska Public Service Commission, in recently granting a suspension until January 20, 2006, to many of the rural local exchange carriers in that state, specifically addressed claims made by Western Wireless that LNP is necessary to provide greater consumer choice. Order Granting Suspension, Nebraska Public Service Commission (*Nebraska Order*) dated July 20, 2004, Application Nos. C-3096 *et. Seq.* The Nebraska PSC concluded, "[w]hile the Commission acknowledges that introduction of competition into telecommunications markets is a key policy of the 1996 Telecommunications Act, without any evidence that demand for intermodal

LNP exists and thus, that consumer choice is being thwarted, this Commission must assign greater weight to another Congressional policy of the Act.” See, *Nebraska Order*, page 14.

In addition, the claims of Western Wireless that this Commission, in conducting its public interest analysis, must give emphasis to the competitive benefits of LNP are inconsistent with the recent letter issued by FCC Chairman Michael Powell which speaks to the state review of LNP waiver request under the provisions of 47 U.S.C. § 251(f)(2). (Venture Exh. No. 4). In that letter, directed to the Honorable Stan Wise, President National Association of Regulatory Utility Commissioners, Chairman Powell specifically referenced concerns about the possible economic burden that intermodal number porting may place on LECs that are small businesses, particularly those in rural areas; and it further urged state commissions in their review under Section 251(f)(2) to “consider the burdens on small businesses in addressing those waiver requests.” Very clearly, this letter confirms that the analysis required under Section 251(f)(2) must go beyond simply considering the competitive benefits and must also focus on costs/burdens associated with providing the telecommunications service.

To support its argument that granting the requested suspensions would not be in the public interest, Western Wireless also selectively cites to decisions of the New York Public Service Commission and Michigan PUC indicating that those states have denied requested LNP suspensions on public interest grounds. As testified to by Mr. Watkins, there is LNP suspension activity in many states throughout the United States and, contrary to the perception that Western Wireless attempts to create, the majority of states have found merit in suspending LNP obligations for the smaller LECs. (SDTA Exh. No. 2, pp. 6, 7). Western Wireless conveniently fails to mention the recent Nebraska Order, where our neighboring Nebraska PSC determined that each LNP suspension applicant had met its burden of proof and shown that “suspension of the re-

quirements of the Intermodal Order is consistent with the public interest, convenience, and necessity.”<sup>20</sup> Similarly, there is no mention of the “Finding and Order” of the Ohio Public Utilities Commission that granted a temporary waiver to the applicant rural LECs in that state “until the LNP obligations of the small, rural local telephone companies and the role of the state commissions is clarified” by the FCC. In the Matter of the Application of the Following Companies for Suspension or Modification of the Federal Communications Commission’s Requirement to Implement Wireline-Wireless Number Portability Pursuant to 47 U.S.C. § 251(f)(2): Minford Telephone Company, et. al., Case Nos. 04-428-TP-UNC, et. Seq. (Ohio Order). The Ohio Commission, in considering the public interest, specifically commented on all of the uncertainties presently surrounding intermodal LNP implementation, concluding that “without completing [its] financial review and without knowing whether wireline-to-wireless LNP is something which applicant’s customers would find beneficial, it is hard for the Commission to judge at this point whether the benefits to be gained by applicant’s customers with intermodal LNP, outweigh the potential increased rates applicants’ customers will have to pay.”<sup>21</sup> Contrary to the picture portrayed by Western Wireless, many states have already granted a waiver or suspension of the LNP requirements to rural carrier applicants operating within their jurisdictions. The NeuStar report, referenced herein, confirms this fact.

Western Wireless in its brief criticizes the testimony of Mr. Watkins as being too “broad and general.” It is alleged that the testimony is “not derived from any kind of review of these Petitioners’ situations or even the State of South Dakota” and argued that the testimony should be rejected by this Commission. These statements challenging the foundation and/or value of Mr. Watkins are ridiculous. First, Petitioners would note that the argument is surprising because it

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<sup>20</sup> *Nebraska Order* at 14.

<sup>21</sup> *Ohio Order* at p. 16.

appears that Western Wireless is now attempting to make some foundational argument related to Mr. Watkins' testimony, yet at the hearing prior to the admission of Mr. Watkins' testimony no similar argument was presented. Western Wireless' counsel did not object to the admission of Mr. Watkins' prefiled testimony. More importantly, however, these statements simply are a misrepresentation of the record insofar as they attempt to portray Mr. Watkins as being unfamiliar with the South Dakota Petitioners' circumstances and unable to testify as to the actual impact that LNP implementation issues will have on each of their operations.

Substantial information is presented on the record as to Mr. Watkins' background as an individual whose entire career has been devoted to serving smaller telecommunications firms which provide service to small-town and rural areas. (SDTA EXH 1, Attachment A, pp. 1, 2). He has since 1996 been self employed as a consultant assisting specifically smaller, rural, independent local exchange carriers and competitive local exchange carriers in their analysis of regulatory and industry issues, including issues related to universal service mechanisms, interconnection requirements, and cost recovery. Prior to that time he was employed by the National Telecommunications Cooperative Association (NTCA) for 12 years working as Senior Industry Specialist. NTCA is a national trade association representing approximately 500 small, locally owned and operated rural telecommunications providers. Before his employment began with NTCA, Mr. Watkins worked for the consulting firm of John Staurulakis, Inc.. which also specializes in providing regulatory assistance to small local exchange carriers. Mr. Watkins' background information indicates that he has 28 years of experience in the telecommunications industry, all focused on assisting small and rural LECs. To argue as Western Wireless has that Mr. Watkins' testimony and the information and conclusions provided therein are not based sufficiently on the circumstances faced by the Petitioners in this case, ignores Mr. Watkins' extensive

experience in the rural telecommunications industry, and his familiarity gained through that experience with South Dakota's rural carriers.

In claiming that Mr. Watkins' testimony is not specific to any Petitioner, Western Wireless also claims that Mr. Watkins did no "independent evaluation" of any of the Petitioners. Apparently, Western Wireless counsel reaches this broad conclusion from the following question and answer occurring during Western Wireless' cross-examination of Mr. Watkins during the hearing:

Q. Okay. And as I have read your testimony, nowhere in your testimony do you single out a specific Petitioner and talk about how LPN may impact it specifically financially.

A. No. (TR p. 509.)

Petitioners strongly object to the claims by Western Wireless suggesting that Mr. Watkins did no evaluation, at all, concerning the South Dakota Petitioners. Western Wireless has obviously exaggerated the above cited answer given by Mr. Watkins, and has completely ignored the fact that Mr. Watkins' testimony was provided in conjunction with the testimony of other Petitioners, and that Mr. Watkins' testimony concerning specifically the costs of LNP for rural carriers in South Dakota, the consumer demand for LNP in South Dakota's rural areas, and the transport and routing issues is based on the information provided by the testimony of other Petitioner witnesses. A review of Mr. Watkins' testimony indicates very clearly that this is the case. SDTA EXH pp. 9, 10, 14, 15, 19, 20, 36, 37; TR p. 512, 518. Mr. Watkins reached his conclusions that support a finding that each LNP suspension request meets the federal standards, including the public interest standard, based not only on his general knowledge as an expert working for rural carriers across the United States, but also based on carrier-specific information provided by the other Petitioner witnesses in these proceedings. It is simply wrong for Western

Wireless to suggest that Mr. Watkins' testimony is non-specific and not based on the actual circumstances faced by the Petitioner LECs.

With regard to Staff's analysis of the public interest, convenience, and necessity standard, which is designated by Staff as the "final standard" under 47 U.S.C. §251(f)(2)(B) (Staff Brief at 6), Petitioners concur in part with Staff's analysis and disagree in part with Staff's analysis. Further, as discussed below, Petitioners concur in part with Staff's application of the public interest test, but Petitioners disagree with Staff's conclusion that some companies should not receive a suspension.

#### A. Cost/Benefit Analysis

Petitioners concur that this Commission must determine that a suspension or modification is consistent with the public interest, convenience, and necessity. Petitioners also concur that the public interest analysis involves a cost/benefit analysis:

The Commission believes that its determination of the public interest in these cases inherently involves a cost versus benefit analysis. Nebraska Public Service Commission Order Granting Suspension, Page 13. (July 20, 2004) ("Nebraska Order").

The Commission must consider the overall public interest in determining whether the requested relief should be granted . . . it is hard for the Commission to judge . . . whether the benefits to be gained by applicants' customers with intermodal LNP, outweigh the potential increased rates applicants' customers will have to pay. Public Utilities Commission of Ohio, Case Nos. 04-428-TP-UNC through 04-449-TP UNC, Finding and Order, Page 16 (July 20, 2004) ("Ohio Order").

#### 1. Lack of Demand

Petitioners further concur with Staff that "[a] critical element in the analysis of whether LNP requirements should be suspended is whether the costs of LNP can be justified given the demand for the service." (Staff Brief at 10). "An analysis of the benefits of such implementa-



tion turns on whether there is a demand for intermodal LNP among the telecommunications users served by the applicants.” (Nebraska Order at 13).

Petitioners would point out that the overwhelming evidence presented through prefiled testimony and at the hearing was that, in most cases, there is no demand for LNP.

Stockholm-Strandburg:

Q. And have you had any demand for LNP from your customers?

A. (By Ms. Nowick) No, we have not. (TR 344).

Venture:

Q. . . . have you had very much demand for LNP?

A. (By Mr. Houdek) To my knowledge, no customers have asked for wireline-to-wireless LNP. (TR 414).

West River:

A. (By Mr. Reisenauer) Being a cooperative or a member-owned organization, our goal is to provide those services that benefit our members. And after reviewing the LNP issues with our board of directors, we determined that the lack of request for porting of wireline number to wireless carrier, the excessive costs associated with implementing local number portability and the obvious lack of benefit to our members it was in our best interest to request a waiver . . . (TR 429).

Q. Do you believe that LNP would be beneficial to your consumers at this point, your customers?

A. I don’t believe there’s a demand for LNP and I don’t believe it’s beneficial at this point, no. (TR 446).

Golden West et al.:

A. (By Mr. Law) . . . we feel that the local number portability issue in this Docket is a high-cost, low-demand avenue . . . (TR 770).

Armour et al.:

A. (By Mr. Law) . . . Armour, Union and Bridgewater-Canistota feel that the economic burden of implementing local number portability greatly

outweighs any demand or consumer benefit for these areas . . . (TR 771).

Sioux Valley:

- A. (By Mr. Law) . . . the implementation of local number portability would be an undue economic burden on the company and its consumers for virtually a minimum benefit. (TR 772).

Golden West, Armour, and Sioux Valley:

- Q. What has been your experience with regard to demand by your customers for LNP?
- A. (By Mr. Law) . . . I have received no requests from any customers from the affected companies for local number portability (TR 806).

Alliance – Splitrock:

- A. (By Mr. Snyders) . . . we feel that because of the low customer demand and high cost of LNP we are not interested at this time in implementing LNP. (TR 814).
- Q. If there were demand from your customers for LNP, you would hear about it or know about it, would you not?
- A. That would be correct. (TR 822).

McCook:

- A. (By Mr. Roth) I feel in the absence of customer requests for LNP, the high cost and the low demand of it, McCook Cooperative Telephone should not be required to provide intercompany LNP. (TR 825).

Kennebec:

- A. (By Mr. Bowar) . . . We have conducted a survey and the results overwhelmingly indicate that a majority of my customers do not want to pay for LNP at any price . . . Bottom line, LNP implementation would have an extreme adverse impact with little or no benefit. (TR 949).
- Q. (By Ms. Wiest) What do you think is the main reason for the lack of demand?
- A. The coverage is not good. There's lack of coverage and lack of demand. My customers see no need for this. (TR 947).

Midstate:

- A. (By Mr. Benton) I do not believe implementing wireline-to-wireless LNP is in the public interest based on the fact that Midstate has not received requests to date. The demographics of our area do not support implementation and internally we struggle with justifying the cost versus the benefit of implementing LNP to our members. (TR 969).
- Q. (By Mr. Wieczorek) Do you understand that Mr. Davis has projected 60 ports a year for your company for the first five years of LNP?
- A. I think he had to populate it with something. I think zero would have raised a red flag. (TR 973).

Beresford:

- A. (By Mr. Hansen) Since we have received no customer requests for LNP it would seem that there is little interest, necessity or customer demand for the convenience of LNP. As such, it would seem to be in conflict with the public interest to require the implementation of LNP at this time because of the kind of costs that would be involved. (TR 982).
- Q. (By Mr. Lewis) . . . you said that basically there's no customer interest for LNP, correct?
- A. To the best of my knowledge, no. (TR 985).

Roberts County:

- A. (By Ms. Harrington) . . . we have had no requests or demand for local number portability in our areas, and the cost of implementing it is significant and we feel that would be a detriment to our customers. (TR 1044-45).

See also Santel Ex. 1, Page 3. The managers for ITC, Swiftel, and Valley indicated their respective companies had received one or two inquiries regarding wireline to wireless LNP. (TR 43, 294, 748).

While Petitioners appreciate Staff's point that "accurately estimating LNP demand, especially for wireline to wireless ports, is fairly difficult," (Staff Brief at 13), the overwhelming evi-

dence presented at the hearing by the managers who are in daily contact with their customers is that there is virtually no demand for LNP. Evidence of demand was also uncontroverted by Intervenors. WWC did not supply any company-specific empirical evidence on the issue of demand, and Midcontinent presented no evidence whatsoever on the issue.

Staff appears to ignore this plain, unrefuted evidence of clear lack of demand for LNP, which is paramount to a determination of public interest. “An analysis of the benefits of (LNP) implementation turns on whether there is a demand for intermodal LNP among the telecommunications users . . . ” (Nebraska Order at Page 13, emphasis added). Thus, Staff’s arrival at “a more realistic number” that “might be around one and one-half percent for the more densely populated areas that have adequate cellular coverage,” is not consistent with the evidence presented at the hearing, which indicates no or minimal demand. (Staff Brief at 13, emphasis added).

## 2. Other Factors Affecting Public Interest

While demand for LNP by end users is paramount, other factors can affect that demand, which ultimately has an impact on application of the public interest test.

### (a) Density of population in an exchange.

Petitioners concur with Staff’s acknowledgment that the density of population in an exchange can affect the cost/benefit analysis of implementation of LNP (Staff Brief at Page 13). Despite this acknowledgment, however, Staff fails to consider density of population in its application of the public interest benefit. As will be discussed more fully below, the number of access lines a company has does not mean that the density per line is greater. Golden West, for example, has a high number of access lines, but very low density per line. (Golden West Ex. 1 and 2).

### (b) Adequacy of cellular coverage.

Another factor that clearly impacts demand for LNP is the adequacy of cellular coverage, which Staff also acknowledges at one point in its Brief (Staff Brief at 13). In addition to the Commission's personal knowledge of the quality of cellular service in rural, low-density areas of South Dakota, there was evidence submitted at the hearing and in prefiled testimony of lack of cellular service in some of the areas and its effect on demand for LNP. For example, Marjorie Nowick from Stockholm-Strandburg testified to people making cellular calls into her service area because of "better call service" in bigger cities, while landline service is "better quality" within her service area. (TR 361). Rod Bowar from Kennebec cited lack of coverage as a reason for no demand by his customers for LNP.

Q. (By Ms. Wiest) What do you think is the main reason for the lack of demand?

A. (By Rod Bowar) The coverage is not good. There's lack of coverage and lack of demand. My customers see no need for this. (TR 947).

Additional evidence of lack of cellular coverage came from Valley's manager, Steve Oleson: "Valley's service area has approximately 25 percent or less cellular coverage . . ." (TR 740-741).

(c) Unresolved FCC issues.

It is uncontested that there are issues relating to LNP and provisioning of LNP that have not yet been resolved at the FCC level. The unresolved issues clearly impact the cost/benefits analysis. This has been recognized by other State Commissions when dealing with suspension or modification requests.

In balancing the costs and benefits at stake in this case . . . we believe that the Applicants continue to face the technical obstacles observed by the FCC in its January 16, 2004, Order . . . by granting the suspension requested, the carriers may avoid wasting resources while the clarification necessary to effectively and efficiently implement wireline to wireless number portability is undertaken on the federal level. Nebraska

Order, Pages 13-14.

[T]he Commission finds that the economic burden to the Independents and their respective end users is not justified until further issues resolution is forthcoming from the FCC and the courts with respect to the Independents' intermodal porting obligations. The *November 10 Intermodal Order* and the *2% Order* do not displace the need for this underlying policy consideration. Instead, the issuance of these decisions underscore the need for the Commission to determine whether the economic burden and the potential adverse economic ramifications for rural telecommunications users are outweighed by any speculative competitive public interest benefits. Mississippi Public Service Commission, 03-UA 918, Order, at ¶15 (May 24, 2004).

Clearly, the impact of future FCC decisions affects the public test, and that applies to all Petitioners.

#### B. Application of Public Interest Test

As noted above, Petitioners concur with some portions of Staff's Application of the public interest test, but disagree with other portions of its application of the public interest test.

Staff's analysis of demand does not take into account the clear and uncontroverted evidence presented by the managers. Instead, Staff appears to review the evidence of cost consultants and arrive at its own "guesstimate" of demand:

A more realistic number might be around one and one-half percent for the more densely populated areas that have adequate cellular coverage. Staff would expect the percentage to be lower in less densely populated areas with less than adequate cellular coverage. (Staff Brief at 13, emphasis added).

Staff's use of the words "might be around" to describe possible number of ports clearly is speculative at best, and fails to acknowledge actual evidence presented of lack of demand.

Further, despite Staff's reference to more densely populated areas and lack of coverage, Staff appears to apply the one and one-half percentage in a straight multiplication of the number of a company's access lines. The illogical result of this methodology is that for all large compa-

nies, Staff recommends denial of suspension, for medium-sized Staff recommends shorter suspension, and for small companies, Staff recommends a longer suspension. That methodology is not a valid comparison. Spreading the costs over a larger number of subscribers is not an accurate application of the cost versus benefit analysis. Furthermore, Staff, for the most part, failed to recognize the other factors it acknowledged affected demand, such as density of population and quality of service. Finally, Staff failed to uniformly apply the unresolved FCC issues to all Petitioners, even though resolution of the issues by the FCC will affect every Petitioner.

Petitioners would submit that Staff failed to apply the public interest test uniformly and consistently to each “group” (arbitrarily assigned) of companies. All carriers clearly established lack of demand. There was no evidence presented that a continued suspension would adversely impact consumers. All carriers demonstrated that LNP is costly. The fact that carriers with larger numbers of subscribers have the ability to spread the costs to more people begs the public interest question. What is the benefit to the consumer? Whether the cost to each consumer in a small exchange computes to more and the cost to each consumer in a larger company may be less because it is spread over a larger group, the fact remains that each consumer ends up paying for a service for which the evidence in the record establishes no demand exists. As stated by one of the managers, “Some of our lower income or elderly people that don’t have a cell phone, don’t ever care to have a cell phone, certainly don’t care to port numbers. You know, you put 25 cents on their bill, that’s too much.” (TR 395).

Further, Petitioners note that Staff proposes a different recommendation for companies for which LNP will impose the same per-line cost and for which Staff estimates demand at the same percentage level (i.e., Brookings and Alliance/Splitrock and Santel and Sioux Valley).

Staff also failed to acknowledge that unresolved FCC issues affect all Petitioners, including the larger carriers for whom Staff recommends no suspension. Petitioners submit that it is in the public interest for all Petitioners to be granted a suspension of the requirement to implement LNP until the FCC clarifies outstanding issues. Such action would be consistent with the Orders from other State Commissions.

[T]he Commission finds that the economic burden to the Independents and their respective end users is not justified until further issues resolution is forthcoming from the FCC and the courts with respect to the Independents' intermodal-porting obligations. (Mississippi Order, ¶15).

[I]n light of the current uncertainty relative to the economic burden of small, rural, local exchange companies, the Commission believe that it is appropriate to grant a temporary waiver in the pending applications until the LNP obligations of the small, rural, local telephone companies and the role of the state commissions is clarified. (Ohio Order, ¶10).

All of the Petitions pending before this Commission are from "small, rural, local telephone companies." Some are smaller than others, but the "potential economic burden on [South Dakota] companies and their customers" must cause this Commission great concern. Coupled with the lack of evidence of adverse impact to customers, and evidence of lack of demand for LNP, this Commission should grant a suspension to all Petitioners.

**IMPLEMENTATION TIMEFRAMES IF ANY IMPLEMENTATION  
OF LNP IS ORDERED AT ALL**

In Petitioners' initial brief and in this reply brief, it has been demonstrated that LNP is not justified. And in their initial brief, Petitioners requested that the current suspensions remain until cost and demand are better balanced from a public interest perspective. Further, suspensions should remain until a time no earlier than the courts and the FCC resolve outstanding LNP issues, including rulemakings, and that some period of time be allowed to provision hardware and software, and administrative processes. (Petitioners also seek confirmation that, under no



circumstances will they be required to transport calls outside their local calling areas.) (Petitioners initial brief, pp. 54-55).

Both the Staff brief, and the Western Wireless brief, contain different positions as to when LNP implementations should occur – both different from Petitioners’ position and different from each other. Foregoing sections of this brief support the Petitioners’ suspension/modification requests. This section concerns their positions vis-à-vis the timing of any LNP implementations, should any occur at all.

In this respect, Western Wireless urges that all companies, except for three non-settling companies, be required to implement LNP within 60 days from any Order requiring LNP implementation. It says, without any elaboration, that a grant of more than 60 days would “reward” other Petitioners “who have held on to unreasonable proposals.” (Western Wireless brief, p. 42). That Western Wireless’ proposed 60 day rule is purely arbitrary can be seen by its inconsistent agreement, with James Valley and the Cheyenne River Sioux Tribal Authority, to LNP suspension for 90 days. (Id., p. 41) The 60 day proposal of Western Wireless thus should be rejected as having no basis in either law or fact.

In any event, Petitioners note that James Valley and CRST could implement LNP in approximately 90 days because they already had started the implementation process. For example, James Valley already had completed the necessary software upgrades to the switching equipment to provide LNP for their CLEC operations. Thus, it is clear that 90 days would not be sufficient for carriers, such as Petitioners, that have not begun the implementation process.

The staff brief takes a more logical approach than Western Wireless, assuming arguendo that any LNP implementation should be required before the events described in Petitioners’ initial brief, and alluded to earlier. Specifically, staff recommends that three implementation

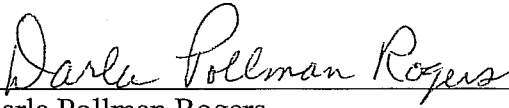
schedules obtain. For one group of companies, the implementation schedule would begin almost immediately. For another group of companies, implementation would begin May 24, 2005 -- a one year extension from the original implementation date. For the third group of companies, implementation would begin May 24, 2006. (Staff brief, pp. 15-17).

The substantive reasons for continuing the suspension of all companies, as originally requested, are discussed elsewhere in this reply brief, and are not repeated here. Assuming any implementation were to occur at all as a result of this proceeding, however, Petitioners respectfully suggest that May 24, 2006, be used as that date. This request is grounded upon the practical consequences of what is likely to happen if May 24, 2005, is used as the earliest implementation date for companies obtaining further suspensions. Assuming a written Commission decision issues in this matter during the month of September, 2004, there only will be nine months to assess whether circumstances have changed to warrant further action by the Commission. This period of time can easily be filled with assimilating the continuing fall-out from the FCC's pending rulemakings on porting intervals and wireless to wireline porting, not to mention the tasks needed to track hardware and software costs, and the further softening (or firming-up) of consumer demand for intermodal LNP. In short, the parties and the Commission are likely to become engaged in the time and resource consuming process of re-evaluation of LNP almost as soon as the ink is dry on any Commission Order. Petitioners respectfully submit that, if any implementation is ordered at all, such not occur until May 24, 2006, at the earliest, so that at least 1-1/2 years' worth of experience can be gained before this matter is re-evaluated.

### **CONCLUSION**

For all of the foregoing reasons, Petitioners respectfully request this Commission to suspend and modify each Petitioner's obligation to implement local number portability.

RESPECTFULLY SUBMITTED this twenty-seventh day of August, 2004.



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CERTIFICATE OF SERVICE

The undersigned hereby certifies that she served the original and ten copies of the foregoing REPLY BRIEF OF PETITIONERS AND SDTA upon:

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and a copy upon the persons herein next designated, on the date below shown, via e-mail, and by depositing a copy thereof in the United States mail at Pierre, South Dakota, postage prepaid, in an envelope addressed to each said addressee, to-wit:

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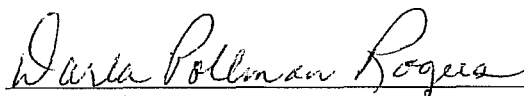
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Dated this twenty-seventh day of August, 2004.

  
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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE LOCAL</b>	)	<b>ORDER TEMPORARILY</b>
<b>NUMBER PORTABILITY</b>	)	<b>SUSPENDING LOCAL NUMBER</b>
<b>SUSPENSION DOCKETS</b>	)	<b>PORTABILITY OBLIGATIONS</b>
	)	
	)	<b>TC04-025, TC04-038, TC04-044-</b>
	)	<b>056, TC04-060-062, TC04-084</b>

Between February 12, 2004 and April 23, 2004, petitions in the above-numbered dockets were filed by the rural local exchange carrier petitioners (Petitioners) pursuant to 47 U.S.C. Section 251(f)(2) and SDCL 49-31-80 seeking suspension or modification of their requirement to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. The Commission issued orders granting intervention to WWC License LLC d/b/a CellularOne and the South Dakota Telecommunications Association in all of the above dockets and to Midcontinent Communications (Midco) in dockets TC04-038, TC04-044, TC04-050-051, TC04-054-056, and TC04-060-061. Midco subsequently withdrew from dockets TC04-056 and TC04-061. The Commission issued orders granting Petitioners' requests for interim suspension of their obligation to implement LNP pending final decision pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80. On June 21-July 1, 2004, a hearing was held on these matters and dockets TC04-077 and TC04-085, which have been settled, in which rural LECs seek to suspend their obligations to implement LNP. On July 15, 2004, the Commission issued orders temporarily suspending the LNP obligations of Kennebec Telephone Company and Santel Communications Cooperative, Inc. until September 7, 2004, in order to accommodate the briefing and decision schedule. On August 31, 2004, the Commission voted unanimously to grant Petitioners' requests for suspension of intermodal LNP obligations until December 31, 2005, and deferred decision with respect to intramodal number portability. Commissioner Burg dissented from that part of the decision establishing a definite date for termination of the suspension.

The Commission has jurisdiction in this matter pursuant to SDCL 49-31-80, Section 251(f)(2) of the Telecommunications Act of 1996, 47 U.S.C. § 251(f)(2) and ARSD 20:10:32:39.

Pursuant to 47 U.S.C. § 251(f)(2) and SDCL 49-31-80, the Commission is required to render its decision in this matter within 180 days after the filing of the petition. The Commission has determined that it is in the public interest to grant a temporary suspension of LNP requirements to Petitioners until September 30, 2004, to enable the Commission to consider and decide the deferred issue of intramodal number portability and to provide adequate time for the writing of the numerous final decisions in these dockets. It is therefore

ORDERED, that Petitioners' obligations to implement local number portability is temporarily suspended, pursuant to 47 U.S.C. § 251(f)(2) and ARSD 20:10:32:39, until September 30, 2004, by which date the Commission will issue a final decision in these dockets.

Dated at Pierre, South Dakota, this 4th day of September, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kolbo

Date: 9/7/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

SEP 10 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF TC04-025  
KENNEBEC TELEPHONE COMPANY FOR  
SUSPENSION OR MODIFICATION OF 47 U.S.C.  
SECTION 251(B)(2) OF THE COMMUNICATIONS  
ACT OF 1934 AS AMENDED

IN THE MATTER OF THE PETITION OF SANTEL TC04-038  
COMMUNICATIONS COOPERATIVE, INC. FOR  
SUSPENSION OF INTERMODAL LOCAL NUMBER  
PORTABILITY OBLIGATIONS

IN THE MATTER OF THE PETITION OF SIOUX TC04-044  
VALLEY TELEPHONE COMPANY FOR SUSPENSION  
OR MODIFICATION OF 47 U.S.C. SECTION  
251(B)(2) OF THE COMMUNICATIONS ACT OF  
1934 AS AMENDED

IN THE MATTER OF THE PETITION OF GOLDEN TC04-045  
WEST TELECOMMUNICATIONS COOPERATIVE,  
INC., VIVIAN TELEPHONE COMPANY AND  
KADOKA TELEPHONE COMPANY FOR SUSPENSION  
OR MODIFICATION OF THE 47 U.S.C.  
SECTION 251(B)(2) OF THE COMMUNICATIONS  
ACT OF 1934 AS AMENDED

IN THE MATTER OF THE PETITION OF ARMOUR TC04-046  
INDEPENDENT TELEPHONE COMPANY,  
BRIDGEWATER-CANISTOTA INDEPENDENT  
TELEPHONE COMPANY AND UNION TELEPHONE  
COMPANY FOR SUSPENSION OR MODIFICATION  
OF 47 U.S.C. SECTION 251(B)(2) OF THE  
COMMUNICATIONS ACT OF 1934 AS AMENDED

IN THE MATTER OF THE PETITION OF TC04-047  
BROOKINGS MUNICIPAL UTILITIES D/B/A  
SWIFTEL COMMUNICATIONS FOR SUSPENSION  
OR MODIFICATION OF 47 U.S.C. SECTION  
251(B)(2) OF THE COMMUNICATIONS ACT  
OF 1934 AS AMENDED

ORIGINAL

1	IN THE MATTER OF THE PETITION OF	TC04-048
2	BERESFORD MUNICIPAL TELEPHONE COMPANY	
3	FOR SUSPENSION OR MODIFICATION OF	
4	47 U.S.C. SECTION 251(B)(2) OF THE	
5	COMMUNICATIONS ACT OF 1934 AS AMENDED	
6		
7	IN THE MATTER OF THE PETITION OF MCCOOK	TC04-049
8	COOPERATIVE TELEPHONE COMPANY FOR	
9	SUSPENSION OR MODIFICATION OF 47 U.S.C.	
10	SECTION 251(B)(2) OF THE COMMUNICATIONS	
11	ACT OF 1934 AS AMENDED	
12		
13	IN THE MATTER OF THE PETITION OF VALLEY	TC04-050
14	TELECOMMUNICATIONS COOPERATIVE	
15	ASSOCIATION, INC. FOR SUSPENSION OR	
16	MODIFICATION OF 47 U.S.C. SECTION	
17	251(B)(2) OF THE COMMUNICATIONS ACT OF	
18	1934 AS AMENDED	
19		
20	IN THE MATTER OF THE PETITION OF CITY	TC04-051
21	OF FAITH TELEPHONE COMPANY FOR	
22	SUSPENSION OR MODIFICATION OF 47 U.S.C.	
23	SECTION 251(B)(2) OF THE COMMUNICATIONS	
24	ACT OF 1934 AS AMENDED	
25		
26	IN THE MATTER OF THE PETITION OF	TC04-052
27	MIDSTATE COMMUNICATIONS, INC. FOR	
28	SUSPENSION OR MODIFICATION OF 47 U.S.C.	
29	SECTION 251(B)(2) OF THE COMMUNICATIONS	
30	ACT OF 1934 AS AMENDED	
31		
32	IN THE MATTER OF THE PETITION OF	TC04-053
33	WESTERN TELEPHONE COMPANY FOR	
34	SUSPENSION OR MODIFICATION OF 47 U.S.C.	
35	SECTION 251(B)(2) OF THE COMMUNICATIONS	
36	ACT OF 1934 AS AMENDED	
37		
38	IN THE MATTER OF THE PETITION OF	TC04-054
39	INTERSTATE TELECOMMUNICATIONS	
40	COOPERATIVE, INC. FOR SUSPENSION OR	
41	MODIFICATION OF 47 U.S.C. SECTION	
42	521(B)(2) OF THE COMMUNICATIONS ACT OF	
43	1934 AS AMENDED	
44		
45	IN THE MATTER OF THE PETITION OF	TC04-055
46	ALLIANCE COMMUNICATIONS COOPERATIVE,	
47	INC. AND SPLITROCK PROPERTIES, INC. FOR	
48	SUSPENSION OR MODIFICATION OF 47 U.S.C.	
49	SECTION 251(B)(2) OF THE COMMUNICATIONS	
50	ACT OF 1934 AS AMENDED	



1	IN THE MATTER OF THE PETITION OF	TC04-056
2	RC COMMUNICATIONS, INC. AND ROBERTS	
3	COUNTY TELEPHONE COOPERATIVE ASSOCIATION	
4	FOR SUSPENSION OR MODIFICATION OF	
5	47 U.S.C. SECTION 251(B)(2) OF THE	
6	COMMUNICATIONS ACT OF 1934 AS AMENDED	
7		
8	IN THE MATTER OF THE PETITION OF	TC04-060
9	VENTURE COMMUNICATIONS COOPERATIVE	
10	FOR SUSPENSION OR MODIFICATION OF	
11	47 U.S.C. SECTION 251(B)(2) OF THE	
12	COMMUNICATIONS ACT OF 1934 AS AMENDED	
13		
14	IN THE MATTER OF THE PETITION OF	TC04-061
15	WEST RIVER COOPERATIVE TELEPHONE	
16	COMPANY FOR SUSPENSION OR MODIFICATION	
17	OF 47 U.S.C. SECTION 251(B)(2) OF THE	
18	COMMUNICATIONS ACT OF 1934 AS AMENDED	
19		
20	IN THE MATTER OF THE PETITION OF	TC04-062
21	STOCKHOLM-STRANDBURG TELEPHONE COMPANY	
22	FOR SUSPENSION OR MODIFICATION OF 47	
23	U.S.C. SECTION 251(B)(2) OF THE	
24	COMMUNICATIONS ACT OF 1934 AS AMENDED	
25		
	IN THE MATTER OF THE PETITION OF JAMES	TC04-077
	VALLEY COOPERATIVE TELEPHONE COMPANY	
	FOR SUSPENSION OF INTERMODAL LOCAL	
	NUMBER PORTABILITY OBLIGATIONS	
	IN THE MATTER OF THE PETITION OF	TC04-084
	TRI-COUNTY TELCOM, INC. FOR SUSPENSION	
	OR MODIFICATION OF 47 U.S.C. SECTION	
	251(B)(2) OF THE COMMUNICATIONS ACT OF	
	1934 AS AMENDED	
	IN THE MATTER OF THE PETITION OF	TC04-085
	CHEYENNE RIVER SIOUX TRIBE TELEPHONE	
	AUTHORITY SUSPENSION OR MODIFICATION OF	
	47 U.S.C. SECTION 251(B)(2) OF THE	
	COMMUNICATIONS ACT OF 1934 AS AMENDED	

HEARD BEFORE THE PUBLIC UTILITIES COMMISSION

PROCEEDINGS: August 31, 2004  
1:30 P.M.  
Room 412, Capitol Building  
Pierre, South Dakota

PUC COMMISSION: Robert Sahr, Chairman  
Gary Hanson, Vice-Chairman  
Jim Burg, Commissioner

COMMISSION STAFF: John Smith  
Rolayne Ailts Wiest  
Gregory Rislov  
Pam Bonrud

REPORTED BY: Lori J. Grode, RPR/RMR

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Union, Bridgewater-Canistota, Beresford,  
CRST, Faith, Golden West, Vivian and Kadoka,  
Interstate, Kennebec, McCook, Midstate,  
Roberts County and RC, Sioux Valley,  
Stockholm-Strandburg, Tri-County, Valley,  
West River, and Western;

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8 Bridgewater-Canistota, Beresford, CRST,  
9 Faith, Golden West, Vivian and Kadoka,  
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11 Roberts County and RC, Sioux Valley,  
12 Stockholm-Strandburg, Tri-County, Valley,  
13 West River, Western, and Brookings;

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25 MARY LOHNES, Midcontinent  
JIM ATKINS, Swiftel  
RON WILLIAMS, Western Wireless  
DOUG EIDAH, Vantage Point

P R O C E E D I N G S

CHAIRMAN SAHR: Good afternoon. This is the time and place for the closing oral arguments in the LNP dockets.

We're here in Room 412, in Pierre, at the State Capitol. It is approximately 1:30 p.m. on August 31st, 2004. With me here in Pierre is Commissioner Jim Burg, and joining us on the phone line is Vice Chairman Gary Hanson. And I am Chairman Bob Sahr of the South Dakota Public Utilities Commission.

The first thing I'll do is ask the people who are on the phone line to please state your name and who you are affiliated with.

MR. DICKENS: Chairman Sahr, this is Ben Dickens and Mary Sisak. We're appearing with Darla Rogers today, and we're also appearing separately for the City of Brookings.

CHAIRMAN SAHR: Thank you.

MR. LARSON: Chairman Sahr, this is Jeff Larson, appearing on behalf of Santel.

CHAIRMAN SAHR: Thank you. Is there anyone else other than Commissioner Hanson on the phone line?

MR. WILLIAMS: Chairman Sahr, this is Ron

1 Williams with Western Wireless.

2 CHAIRMAN SAHR: Okay.

3 MS. LOHNES: Chairman, this is Mary Lohnes.

4 MR. EIDAH: Doug Eidahl, Vantage Point.

5 CHAIRMAN SAHR: And was this Mary from  
6 Midcontinent?

7 MS. LOHNES: Yes.

8 CHAIRMAN SAHR: Thank you. This is Jim  
9 Atkins from the City of Brookings, Swiftel  
10 Communications.

11 CHAIRMAN SAHR: Is there anybody else?

12 All right. Let's -- we can stay on the  
13 record, but let's try to figure out what order  
14 we're going to go in. John has informed me,  
15 Darla, you're going to go first and then Ben?

16 MR. DICKENS: Yes, or Jeff Larson.

17 CHAIRMAN SAHR: Okay. Rich? Tal?

18 MR. WIECZOREK: Sure.

19 CHAIRMAN SAHR: Dave and then staff.

20 MS. WIEST: Sure.

21 CHAIRMAN SAHR: Does that work?

22 MS. WIEST: Works for me.

23 CHAIRMAN SAHR: Is there anyone else that I  
24 missed who's going to be making oral argument?  
25 If not, the floor is yours, Darla.

1 MS. ROGERS: Thank you very much. My name  
2 is Darla Pollman Rogers, and I represent all of  
3 the petitioners in this case, with the exception  
4 of Santel Communications, which is Docket TC  
5 04-038, and Brookings Municipal Utilities, doing  
6 business as Swiftel Communications, which is  
7 Docket TC 04-047.

8 Members of the Commission: In my opening  
9 statement, given what seems like light years ago  
10 now, I refer to this entire LNP suspension  
11 modification process as "our LNP journey." Here  
12 we are a few months later, the pleadings have all  
13 been filed, the discovery has been completed,  
14 there have been a -- there has been a long series  
15 of hearings conducted, exhibits and corrected  
16 exhibits have been introduced, and the issues  
17 have been thoroughly briefed by all of the  
18 parties and by staff.

19 So we come to the end of this phase of the  
20 journey. And on behalf of all of the petitioners  
21 that I represent, I want to thank you for your  
22 time and your attention throughout this process  
23 that was at times arduous. There is little more,  
24 in my opinion, to be said, so I'm going to keep  
25 my comments to you today very brief.

1           In preparation for these closing arguments  
2           today, I went back and reviewed my notes of my  
3           opening statement, as well as the notes of  
4           staff's opening statement. And at the outset of  
5           these dockets, we, as petitioners, asked you to  
6           do several things:

7           We, first of all, pointed out your  
8           jurisdiction and your authority and your  
9           responsibility to suspend and/or modify LNP  
10          obligations under 47 USC 251(f)(2) and also  
11          pursuant to SDCL 49-31-80.. And your authority to  
12          do so has basically not been disputed throughout  
13          this process.

14          We also tried to point out for you, as did  
15          the commission staff in its opening statement,  
16          some of the key issues that we would request you  
17          to focus on. The first one was the costs of LNP.  
18          And we pointed out to you that we would  
19          establish, as petitioners, that there are  
20          significant adverse economic impact -- or this is  
21          a significant adverse economic impact on  
22          subscribers.

23          We would also show that provisioning of LNP  
24          would be unduly economically burdensome to the  
25          companies.

1           The second issue we asked you to focus on  
2           was the transport and routing issues associated  
3           with LNP.

4           The third thing we pointed out to you was  
5           unresolved issues at the federal level.

6           And, finally, we asked you to look at the  
7           public interest, including a cost benefit  
8           analysis.

9           I'm not going to replot that ground. And I  
10          trust that you have focused on all of those  
11          factors throughout the hearing. I would,  
12          however, like to direct your attention to the  
13          three points today. The first one is the  
14          transport routing issues associated with LNP.  
15          And I would like to bring these up again and  
16          review them because of their significance to our  
17          petitioners.

18          The petitioners have maintained throughout  
19          this process that they have no legal obligation  
20          to transport traffic to points beyond their  
21          service territories whether the traffic is  
22          associated with ported numbers or not.

23          Under the provisions of 47 USC Section  
24          251(c)(2)(b), incumbent LEC's are required to  
25          provide interconnection only at a "technically



1 feasible point within the carrier's network."

2 Staff apparently reached the same conclusion  
3 with regard to the responsibility for transport.  
4 Quoting from staff's brief, staff stated:  
5 Staff's position is that the Commission should  
6 find that an RLEC is not responsible for the cost  
7 of transporting LNP traffic outside of its  
8 exchange area and that a local exchange company  
9 shouldn't be required to transport local exchange  
10 calls beyond its local exchange area.

11 Petitioners concur with and support this  
12 aspect of staff's recommendation, and we would  
13 urge the Commission to modify petitioners' LNP  
14 obligations pursuant to Section 251 of the Act to  
15 clearly state that each petitioner is not  
16 required to transport calls beyond its local  
17 exchange area.

18 Having said that, however, I would point out  
19 that that does not resolve all of the transport  
20 and routing issues. Uncertainties still exist.

21 First of all, at the FCC level, the FCC has  
22 yet to address the transport and routing issues.  
23 What we have referred to as the Sprint petition  
24 is currently pending, and there are other appeals  
25 wherein the FCC may address these issues, but

1           that has not transpired to date.

2           There is Western Wireless' position. They  
3           have said that it's petitioners' responsibility  
4           for transport, and they proposed Qwest as a  
5           transiting possibility without further evidence  
6           of whether or not that is a viable option.

7           The staff said do not require direct  
8           connections or any specific routing methods. The  
9           RLEC and the requesting carrier can negotiate the  
10          method of transport. And, of course, the  
11          petitioners' position has been that direct  
12          connections are necessary either within each  
13          exchange or within each host and stand-alone  
14          switch exchange area.

15          So what is the answer? I'm not sure I can  
16          tell you the exact answer. But what I can  
17          suggest to you is that you follow the example of  
18          the Nebraska Commission in its recent ruling and  
19          conclude as the Nebraska Commission has that  
20          indirect connections are technically infeasible  
21          presently and that resulting transport costs  
22          "would indeed be a part of the costs associated  
23          with implementation of LNP and that such costs  
24          would either be an additional significant adverse  
25          economic impact on end users, or would be an

1 undue economic burden on the local exchange  
2 carriers." And that's from the Nebraska Order at  
3 pages seven and pages ten through eleven.

4 The second point I would like to make to you  
5 today is that we're at a different point in the  
6 LNP history, so to speak, than we were at the  
7 beginning of these proceedings. You, as a  
8 Commission, now have other input to consider than  
9 you had at the start of this process.

10 FCC Chairman Powell wrote a letter to the  
11 president of NARUC, dated June 18th of 2004. And  
12 in that letter he stated -- and I would also  
13 point out that letter is part of the record in  
14 this case -- "I urge state commissions to  
15 consider the burdens on small businesses in  
16 addressing those waiver requests and to grant the  
17 requested relief if the state commissions deem it  
18 appropriate."

19 In addition, there have been other decisions  
20 of the state commissions. We provided a summary  
21 of those decisions in our Reply Brief.

22 Approximately 250 LNP suspension requests have  
23 been filed or submitted in 38 states on behalf of  
24 approximately 786 local exchange carriers, and  
25 this is as of June 2004.

1           The vast majority of states have granted  
2 relief of one form or another, either temporary  
3 or permanent suspension to rural LEC's. So I  
4 would submit to you that you are not plowing new  
5 ground here, so to speak. And I would also urge  
6 you as a Commission to look at what the majority  
7 of what other state commissions have done and  
8 grant the relief requested by the petitioners  
9 herein.

10           The third point that I would make to you  
11 concerns the public interest. Are the  
12 suspensions and modifications requested herein  
13 consistent with public interest, convenience, and  
14 necessity? And I would submit to you that the  
15 overwhelming evidence is that they are.

16           A determination of the public interest  
17 relating to the LNP suspension petitions involves  
18 a cost versus benefit analysis. The costs were  
19 thoroughly analyzed throughout the proceedings.  
20 Petitioners have clearly demonstrated the  
21 significant adverse impact on users and the undue  
22 economic burden on carriers. The staff  
23 apparently concurs that all petitioners have met  
24 one or both of these cost tests.

25           The Nebraska Commission recently stated that

1 an analysis of the benefits of such  
2 implementation turns on whether there is a demand  
3 for LNP among the telecommunications users served  
4 by petitioners.

5 The record clearly establishes that little  
6 or no demand exists. All but three of the  
7 managers who testified on behalf of the  
8 petitioners presented direct testimony that they  
9 have had no demand for LNP. Think about that.  
10 Not one request in their areas for LNP. This  
11 included some of the larger carriers as well,  
12 including Golden West, Alliance, and Venture.

13 Petitioners disagree with staff's conclusion  
14 that the public interest test is not met for all  
15 petitioners. There is no evidence of higher  
16 demand in the grouped three exchanges. Even  
17 assuming a 1.5 percent porting rate, which was  
18 estimated by staff and was concededly a guess,  
19 that is a very small percentage of customers  
20 sustaining a very costly luxury of LNP for only a  
21 few subscribers.

22 The per line impact on customers has been  
23 demonstrated to be significant for all South  
24 Dakota consumers regardless of whether their  
25 carrier is large or small even though even among

1 the larger companies there is no evidence of  
2 higher demand. And, in fact, the evidence  
3 establishes that some of the largest companies  
4 have the lowest densities, which even staff  
5 concedes density has an effect on demand.

6 The cost does not get any better for  
7 consumers of larger companies. As we pointed out  
8 in our brief, the bottom line is this: The  
9 benefit picture does not improve for customers of  
10 a large company. I would also point out to you,  
11 as was considered by the Nebraska Commission,  
12 that there was no evidence submitted that a  
13 suspension would adversely impact consumers  
14 because there hasn't been any demand.

15 How many more surcharges are we going to add  
16 to customers' bills for services they don't want  
17 and will never use? I would submit to you that  
18 any cost is too high for customers that -- for a  
19 service that customers do not want.

20 I ended my opening statement with a picture  
21 for you and that was a public interest scale.  
22 And I said it was like the Scales of Justice, or  
23 a teeter-totter, whichever you prefer to look at.  
24 Actually, the Nebraska Commission did essentially  
25 the same thing in its final analysis of the

1 public interest.

2 So if you picture our Scales of Justice --  
3 and remember we said that the public interest  
4 element or test involves weighing the cost versus  
5 benefit analysis. And on the cost side what do  
6 we have? We have the actual costs.

7 Implementation of LNP and those costs, even if  
8 you set aside transport for a moment -- which, of  
9 course, you can't do -- are considerable.

10 Number two, we have the economic obstacles  
11 that still exist.

12 Number three, we have the unresolved issues,  
13 including porting interval.

14 And, number four, and that spills over into  
15 number three, is the transport routing issues  
16 that are unresolved yet.

17 All of those are on the cost side. Now,  
18 what's on the benefit side? Lack of demand.  
19 That's what the evidence showed. Clearly, then,  
20 the scale, the balance of the scale, tips in  
21 favor of granting the suspensions requested.

22 Based on the evidence and the record before  
23 this Commission, we urge you to find, as the  
24 Nebraska Commission did, that the petitioners  
25 have sustained their burden of proof pursuant to

1           47 USC Section 251(f)(2)(b) that suspension and  
2           modification of the requirements of local number  
3           portability and the November 10th order of the  
4           FCC is consistent with the public interest,  
5           convenience, and necessity.

6           Finally, we would add, as requested in our  
7           Reply Brief, that if any implementation is  
8           ordered at all, it shouldn't occur until May 24th  
9           of 2006 at the earliest so that at least  
10          18 months of experience can be gained before this  
11          matter is re-evaluated.

12          Thank you again for your attention.

13          CHAIRMAN SAHR: Thank you. Mr. Dickens.

14          MR. DICKENS: Thank you, Mr. Chairman. I'll  
15          be very, very brief.

16          We would concur in the remarks by  
17          Ms. Rogers. The only thing I would add is that I  
18          know your schedule here for Midco here today on  
19          intermodal LNP. We've covered that topic in our  
20          brief. We do not believe that intermodal LNP is  
21          justified from a cost benefit analysis. We  
22          discussed that, for instance, on page 12 of our  
23          Reply Brief. And we would rest on that brief,  
24          and that concludes my remarks.

25          CHAIRMAN SAHR: Thank you very much.



1           Mr. Larson.

2           MR. LARSON: Thank you. Also I am not going  
3           to add a great deal to what Darla has presented  
4           to the Commission.

5           My client's situation is obviously similar  
6           to everyone else's. I would like to point out  
7           just two very brief things: In the discussion  
8           about costs and the argument that intervenors  
9           have used showing substantially lesser costs in  
10          certain situations, I would like to point out  
11          that it has been the history of these petitioners  
12          and our desire at this time to always provide  
13          quality service.

14          And that I don't think we want to provide a  
15          situation or buy into a situation where we would  
16          be giving any kind of service unachieved, which  
17          suggests that the costs presented in evidence by  
18          the petitioners are the costs that need to be  
19          considered and why they therefore meet the  
20          statutory requirement.

21          And, lastly, that none of us -- I don't mean  
22          to be demeaning. I suggest this to myself and I  
23          advise clients, the court, or commission, we  
24          don't check our common sense at the door. There  
25          is no -- it's almost uncontroverted there is no

1 demand for this service. And I would suggest to  
2 you, as Darla alluded, that this is not going to  
3 change by next spring; and that therefore if  
4 anything would be granted, we would certainly ask  
5 that it be at least spring of 2006. And that's  
6 all I'd have. Thank you very much.

7 CHAIRMAN SAHR: Thank you very much.  
8 Mr. Coit.

9 MR. COIT: Thank you. I would also like to  
10 thank you, the Commission, for all of the time  
11 spent during the hearings process. And I would  
12 also like to thank you for the opportunity for  
13 these arguments today.

14 I also concur in Ms. Rogers' comments. SDTA  
15 presented testimony through one witness in this  
16 case, Mr. Steven Watkins.. And Mr. Watkins  
17 commented on the various standards and the  
18 evidence as weighed up against those standards  
19 for judging these LNP suspensions, but his  
20 primary emphasis was on the public interest  
21 analysis. And in argument today, I would just  
22 like to focus in on, I think, a couple of the  
23 more important considerations within that  
24 analysis.

25 In our initial brief before the Commission,

1 we had set forth, I think it's pages 41 through  
2 53, a list of the various reasons why we don't  
3 believe it is in the public -- or we do believe  
4 it is in the public interest to grant all of  
5 their requested suspensions. Staff is suggesting  
6 -- or is recommending that certain companies not  
7 receive a suspension.

8 We don't agree that the public interest  
9 factors or the public interest analysis is any  
10 different really in terms of the result, what the  
11 result should be. We believe that all of the  
12 companies, if you look at it, look at the  
13 standards that are there, and looking at the  
14 public interest in particular, deserve a  
15 suspension.

16 First -- and Ms. Rogers discussed this at  
17 length here, that the lack of demand --  
18 Mr. Watkins, in his testimony, discussed the lack  
19 of demand and explained that at least in his  
20 opinion, you know, the reasons that you don't  
21 have any real demand for this particular  
22 service -- and speaking specifically to  
23 intermodal portability -- is the fact that the  
24 services today, anyway, are not really viewed as  
25 substitutes, but are viewed as complimentary

1 services.

2 So you just don't have much consumer  
3 interest in taking the same telephone number and  
4 moving it to the completely different service.  
5 That's not to say that doesn't happen. But  
6 there's just not that many customers that are  
7 interested in doing that. And that's borne out  
8 with respect to, you know, the nationwide numbers  
9 that were presented in some of the testimony.

10 And then, in addition to that, the demand, I  
11 think you can assume, is pretty minimal, very  
12 minimal because of the poor wireless coverage in  
13 South Dakota.

14 There are probably other reasons why there  
15 isn't much demand, but it's very clear from the  
16 record in this case that today there really  
17 isn't. There's little, if any, demand. And  
18 that, to me, is the most significant thing that  
19 sticks out in the public interest analysis.

20 The other thing that is an issue or a factor  
21 that I think equally has to be considered for all  
22 of the companies are the unresolved issues at the  
23 federal level. Right now we have at the federal  
24 level a number -- I know of at least two  
25 proceedings that are pending that will impact

1 these LNP obligations and the cost of those  
2 obligations.

3 You've got the FCC further notice of  
4 proposed rule making. We don't exactly know what  
5 the timeline is on that, but we know that it's  
6 there. We know that there's a rush to try to  
7 resolve some of these issues. We've got the  
8 Sprint petition proceeding that is to address the  
9 transport obligation issues.

10 We also have a pending appeal in the U.S.  
11 Court of Appeals that was brought by USTA, NTCA,  
12 and some other national telephone organizations.  
13 And I, as of today, don't know exactly what the  
14 timeline is for -- none of us know exactly what  
15 the timeline is for the decision in that case,  
16 but that appeal is pending.

17 And to the extent that certain companies are  
18 not granted a suspension, effectively they're  
19 going to be stripped of those appellate rights.  
20 You're not going to give that -- you're not going  
21 to give them a chance to wait for that decision  
22 and see exactly, you know, what their obligations  
23 are. And, clearly, that case, as well as the FCC  
24 cases that are pending, will impact INP costs.

25 Staff is recommending, and we agree, that

1 rural LEC's are not responsible to carry traffic  
2 outside of their service areas. We don't know  
3 today, though, what the FCC's decision is going  
4 to be on the transport. And, very clearly, those  
5 decisions could impact LNP costs.

6 If you look at the other state decisions,  
7 Western Wireless, in its brief, had referenced a  
8 decision in New York and a decision in Michigan.  
9 There are a lot of decisions out there. As  
10 Ms. Rogers pointed out, the majority of those  
11 decisions are in favor of granting suspensions  
12 or modifications for some period of time.

13 I think I quoted -- we quoted in the --  
14 mentioned in the Reply Brief that as of the end  
15 of June there were 18 states out of the 35 states  
16 that had suspensions pending or before them that  
17 18 states already have granted some relief to  
18 rural LEC's. -

19 I would, in particular, like to refer the  
20 Commission to the decision of the Ohio  
21 Commission, the Nebraska Commission, and the  
22 Mississippi Commission, all of whom gave weight  
23 to the fact that there were issues unresolved at  
24 the federal level. Specifically noted, that  
25 those decisions will impact LNP costs, and for

1           that specific reason -- or along with other  
2           reasons decided that the suspensions should be  
3           granted that were requested, or at least some  
4           level of suspension should be granted.

5           I think the other thing to remember is that  
6           there is an LNP surcharge that has to be  
7           established. And to the extent that the costs  
8           aren't known at the time that that LNP surcharge  
9           has to be established, companies are in the  
10          position of having to change that down the road.  
11          And if they have to change that, they actually  
12          have to get a waiver of the FCC rules to change  
13          that surcharge.

14          And from the research that we've done, it  
15          doesn't appear in looking at past FCC decisions  
16          that that sort of a waiver is going to be very  
17          kindly at all. That being the case viewed, you  
18          know, it really puts the companies in the  
19          position of having to determine what their LNP  
20          costs are and put it in a charge before the  
21          decisions are made at the federal level that will  
22          definitely impact those costs.

23          The last thing that I would like to spend a  
24          little bit of time commenting on is the transport  
25          option issue.

1           We spent a lot of time at the hearing  
2           discussing various transport options.

3           In Western Wireless, throughout the hearing,  
4           tried to portray that transport issue as being a  
5           pretty simple one. And they suggested on  
6           numerous occasions during the hearing that their  
7           proposal would be more efficient and less  
8           expensive to implement than the direct connection  
9           proposals forwarded by petitioners.

10           These Western Wireless claims, in our view,  
11           only look at the transport issue from Western  
12           Wireless' perspective, and they really give  
13           absolutely no consideration to the actual  
14           financial impact on the rural LEC's.

15           As reflected in the testimony of Mr. Houdek,  
16           Mr. DeWitt, and others, Mr. Bullock, if rural  
17           carriers with their limited service areas are  
18           ultimately forced to bear the burden of  
19           transporting landline calls to ported wireless  
20           numbers, all the way to a serving LATA tandem,  
21           and are forced to exchange these calls with  
22           Western Wireless and all other wireless carriers  
23           as local calls, the impacts will be "huge" for  
24           all the petitioners.

25           We commented on this in our Reply Brief, and



1 I'm -- just to give you an idea, I'm guessing, of  
2 the impacts. If landline carriers must consider  
3 landline calls for a ported number served by a  
4 wireless carrier as local and are also required  
5 to take on the responsibility to transport that  
6 traffic to a location outside of their existing  
7 local calling areas or service areas, there are a  
8 number of financial impacts.

9 Not only will there be additional direct  
10 costs associated with LNP implementation, there  
11 will be impacts on other LEC revenues. If the  
12 traffic to ported numbers is considered local,  
13 the LEC minutes flowing through the separations  
14 process that is utilized to establish federal and  
15 state access rates will be affected.

16 There will be a resulting increase in local  
17 traffic, and this increase will translate into a  
18 greater shift of cost recovery to the intrastate  
19 jurisdiction. This, in turn, will require higher  
20 local exchange service rates and/or intrastate  
21 access rates.

22 In addition, if the traffic is considered  
23 local and not subject to access charges,  
24 customers will be encouraged to bypass to an even  
25 greater extent the current landline total

1 networks. Increased bypass will lead to fewer  
2 access minutes and higher intraaccess state  
3 charges. The business of landline toll carriers  
4 competing will also be impacted. If landline to  
5 landline calls moving from one landline local  
6 calling area to another landline calling area are  
7 considered toll, but landline to wireless calls  
8 are not, landline long distance companies are  
9 tremendously disadvantaged, and this would  
10 undoubtedly be a negative impact on landline  
11 carriers' toll revenues.

12 So when you look at the transport issue,  
13 there's much more to consider than just the cost  
14 of those facilities that are established between  
15 the ILEC's and the Qwest. There's much more to  
16 it than that. There are a lot of impacts  
17 associated with the transport option.

18 Lastly, I would just like to comment on the  
19 last item that we had referenced in talking about  
20 the public interest. And that is the fact that  
21 we really are dealing today with a situation  
22 where it is effectively one-way porting.

23 Looking at that from the ILEC perspective,  
24 we have nothing to gain from this from a  
25 competitive perspective. It certainly doesn't

1 create a level playing field given the different  
2 calling scopes that exist between wireless and  
3 wireline companies. And I think that is  
4 something that should be kept in mind in this  
5 process.

6 If the FCC would have done it right, it  
7 would have gone ahead and they would have  
8 addressed the local calling scope differences,  
9 the rate center issues, before they ever ordered  
10 intramodal LNP. We can all speculate as to why  
11 they did it. I'm not sure why they did it. It  
12 has created a mess throughout the entire  
13 industry, which is illustrated by the fact that  
14 we have 250 some suspensions that are pending.

15 If the FCC would have done it in an  
16 appropriate way and addressed the real regulatory  
17 problems that are presented before they ordered  
18 it, I don't think we would have all of this  
19 litigation. And I think just the number of  
20 suspensions that are out there give you a pretty  
21 good indication that there are a lot of problems  
22 that need to be resolved.

23 We believe that the Commission should give  
24 the FCC a chance to resolve those issues, to give  
25 the courts a chance to revolve those issues

1 before requiring ILEC's to implement LNP. Thank  
2 you.

3 CHAIRMAN SAHR: Thank you very much.  
4 Mr. Wieczorek.

5 MR. WIECZOREK: Thank you, Chairman Sahr.  
6 Thank you, Commissioners, for your patience  
7 through all this, the two-week hearing and now  
8 granting us this chance to come in and wrap this  
9 up with some oral arguments.

10 I'm not going to repeat everything that was  
11 in the briefs. I think the briefs are -- our  
12 brief outlined our position fairly well. But  
13 there are some highlights that I'd like to  
14 address and then like to address some things that  
15 were contained in the Reply Brief.

16 First of which is, you know, it's obvious  
17 that the petitioners don't want to provide LNP,  
18 period. They see it as allowing other companies  
19 to come in and get some of their customers.

20 But the statutory test is fairly clear. And  
21 there are words in that test that set out that  
22 have to have meaning when you look at this and  
23 the petitioners have to pay attention to. First  
24 of all of which is that to meet the first  
25 requirement they have to show that your action is

1           necessary, that's necessary to avoid a  
2           technically infeasible situation.

3           Now, at the time of the hearing all three  
4           petitioners' cost experts said, well, this is  
5           technically feasible. It's really a cost issue.  
6           We now hear it is technically infeasible. Now  
7           the argument seems to be it's technically  
8           infeasible because it becomes technically  
9           infeasible unless you require point of  
10          interconnect.

11          But that totally ignores what's happened in  
12          Minnesota that was talked about at the time of  
13          the hearing. The MIC petition did not -- follows  
14          the procedure for transport that was set up and  
15          recommended by Western Wireless in this  
16          situation. To now take the position that it  
17          works in Minnesota but technically it's  
18          infeasible here makes absolutely no sense. And,  
19          frankly, they didn't provide any testimony that  
20          makes that technically infeasible.

21          The cost issues: Let's take transport right  
22          out of the box. That's a huge cost issue. Now,  
23          one of the issues in our brief and one of the  
24          issues I have with the way this has been  
25          presented by petitioners is they've had -- their

1 obligation under the statute is to show you  
2 Commissioners why your action is necessary to  
3 avoid an unduly economic requirement that's  
4 unduly economically burdensome.

5 However, rather than out of the box when  
6 this obligation came on and when Western Wireless  
7 contacted every one of these petitioners and said  
8 we would like to start working on porting  
9 numbers. Do you have any questions? Contact us.  
10 They sent out their cost experts. Their cost  
11 experts did one analysis, and they restricted it  
12 to interconnection agreement routing  
13 arrangements.

14 There's no contact with Western Wireless.  
15 And this -- in their brief -- in their Reply  
16 Brief they take the position, well, you could  
17 change those interconnection agreements, but  
18 Western Wireless has never asked us to do that.

19 I say that that is a misrepresentation,  
20 clearly. Ron Williams sat here and said, look,  
21 we tried to put that language in those  
22 interconnection agreements to begin with. It was  
23 taken out, not by us, but by them. And he was  
24 clearly -- there was clearly testimony that every  
25 one of these petitioners received a notice from

1 Western Wireless seeking some kind of dialogue.

2 And now to come to this Commission and say  
3 they could have provided, but they haven't  
4 bothered to ask. And to put the burden back on  
5 us is inappropriate, and it's, like I said, a  
6 misrepresentation of the facts that has been in  
7 front of the Commission and the truth.

8 The obligation sits on the petitioners.

9 Western Wireless has come to this table to try to  
10 make things work. Throughout these -- throughout  
11 these proceedings Western Wireless has stepped up  
12 to try to make this work. The proceeding --

13 Western Wireless told this Commission, to  
14 try to eliminate some of the uncertainty, that  
15 Western Wireless would pick up the transport  
16 issues and yet until the FCC decides that final.  
17 And yet transport continues to come up saying  
18 -it's in these arguments saying it can't be done.

19 Yet Mr. Bullock, a cost expert here, in  
20 response to Vice Chair Hanson's question says,  
21 you know, if Western Wireless is going to pay the  
22 way -- I think his phrase was, if you're going to  
23 pay the freight, you get to pick the railroad,  
24 meaning that if Western Wireless is going to pick  
25 the freight, they can make -- they can have this

1 delivered over the Qwest lines, they can go these  
2 routes.

3 So to come in and try to jack up the  
4 transport costs to legitimize and make necessary  
5 this Commission's actions is inappropriate, and I  
6 believe the facts bear out that your actions are  
7 unnecessarily unduly economically burdensome.

8 Really the only thing that they can prove  
9 under the first element, or arguably prove, is  
10 there are significant adverse economic impacts.  
11 And as our brief pointed out, they haven't proven  
12 it. There has been no testimony, with the  
13 exception of Kennebec, as to what the customers  
14 are willing to pay for LNP.

15 It is interesting to note that in our brief  
16 we discuss the Kennebec survey wherein one out of  
17 five people in Kennebec saved up 50 cents a month  
18 to have this opportunity, and 12 percent of the  
19 customers in Kennebec that responded to a survey,  
20 a mailed survey to them that they turned around  
21 and responded to would be willing to pay a dollar  
22 to have this option.

23 No other petitioners provided this  
24 information. And they didn't respond to it in  
25 the Reply Brief. The reason they -- that the



1 petitioners don't respond to it in their Reply  
2 Brief is because that supports the demand for LNP  
3 and the desire of rural customers to have LNP.

4 I submit if one in five people in Kennebec  
5 are willing to pay 50 cents for at least one  
6 company here, or two companies, one under 50  
7 cents and one that hovers around 50 cents, one  
8 out of five is a significant portion of the  
9 people. To say that that now creates a  
10 significant adverse impact, economic impact on  
11 the individuals, the evidence does not exist. It  
12 isn't there. That's a very high demand for LNP.

13 And those areas that are even closer than  
14 Kennebec to the more urban areas of South Dakota  
15 outside of Sioux Falls, those areas with a higher  
16 demographic makeup are obviously and more mobile  
17 bedroom communities into Sioux Falls, I think the  
18 common sense -- as counsel for Santel said if you  
19 don't leave that at the door -- common sense  
20 tells you those people likely have a higher  
21 demand for LNP as they go about their business  
22 and live in one community, but work in another.

23 So as our brief clearly sets forth, we do  
24 not believe any of the petitioners have met their  
25 burden under the first part of the test. You

1           only go to the public interest if they've met one  
2           of those three factors under the first part of  
3           the test.

4           Public interest, they point back to  
5           Mr. Watkins. Mr. Watkins makes some very general  
6           statements. He doesn't like LNP. He doesn't  
7           like the way the FCC set it up. However, he  
8           doesn't look at any of the petitioners and say  
9           this petitioner has the following factors and  
10          that's why I don't believe it fits with their  
11          customer base.

12          He makes references -- and Mr. Coit repeated  
13          it -- that there's -- in some areas there's poor  
14          cellular service. And I believe the corporate  
15          representative from Valley talked about that.  
16          And that's one of the reasons staff's brief set  
17          forth that they should be one of the not  
18          immediate people to provide LNP.

19          However, most of the corporate  
20          representatives complain about cellular service,  
21          yet Mr. Watkins would have you believe if  
22          cellular is ubiquitous throughout the service  
23          area of one of these LEC's, the demand for LNP is  
24          equivalent to that of value. And his general  
25          testimony cannot stand for showing public

1 interest to grant LNP.

2 A couple issues on a staff's brief I'd like  
3 to address and that is some -- the first is out  
4 of their categories, why we disagree that LNP is  
5 necessary -- or suspension of LNP is necessary  
6 under the test provided under the statute.

7 If one were to accept the staff -- the way  
8 the staff has broken out the petitioners by  
9 category, two of the petitioners, I believe,  
10 would be -- should be moved out what they term  
11 the category two, which is an extension to May of  
12 next year and down into providing LNP  
13 immediately. Specifically, Sioux Valley, which  
14 has a low cost per line, in alliance with some of  
15 the other petitioners that staff feels should  
16 provide LNP immediately.

17 And staff's projections, which I can contend  
18 are low, of 84 ports a year, or seven ports a  
19 month. Sioux Valley's is located not far out of  
20 the Sioux Falls area and is probably an area that  
21 will see more active porting.

22 The other company that they have placed in  
23 the tier two that I believe should be moved down  
24 and providing immediately LNP based on their  
25 analysis is Santel. Santel's costs, again, are

1 within that range that the staff felt was  
2 acceptable and also their ports, though staff's  
3 are lower at 72.

4 One of the other factors out there that was  
5 testified to was affiliated or a subsidiary  
6 company of Santel is moving into as a competitive  
7 LEC into the Mitchell area so that would also  
8 provide them with additional expertise since in  
9 that competitive LEC area they're going to have  
10 to be LNP compliant.

11 One of the issues of the Reply Brief I have  
12 an issue with the way they try to interpret the  
13 staff's brief and there's -- it was alluded to in  
14 arguments by petitioners' counsel, and that is in  
15 their brief they have taken the position that  
16 staff's brief means for anybody who gets a  
17 suspension to May of 2005 or 2006, that they  
18 don't have to start implementing until that time  
19 period comes.

20 I don't read staff's brief that way. I read  
21 staff's brief -- and I'll let staff speak to it.  
22 But if staff's brief's intent was that would they  
23 have an extension to 2000 -- May of 2005 and only  
24 then do they have to start the exercising --  
25 implementing, I would say that that would be an

1 inappropriate additional extension.

2 The petitioners -- even though petitioners  
3 who receive an extension, should the Commission  
4 grant it, can work on the preliminary work,  
5 provide LNP, and it should be a date certain for  
6 it to be LNP compliant. It makes no sense to set  
7 a date and then say, okay, now you have to start  
8 working on implementing and leave the date that  
9 they actually have to become compliant wide open  
10 to them saying, we're just starting on it, we're  
11 going to start our training program now, we're  
12 going to go through all these things, we're going  
13 to start talking to the cell companies. So I  
14 think a date certain to be LNP compliant is  
15 necessary.

16 The Reply Brief of petitioners talks about  
17 modifying the staff's requirement in dealing with  
18 transport to require point of interconnection, or  
19 POI's, and successfully negotiate transport. Yet  
20 their brief says we're not asking for an  
21 interconnection agreement, but we're asking for  
22 them to successfully negotiate transport.

23 I believe this is a red herring where they  
24 can just delay implementation of LNP. I believe  
25 for those companies that this Commission order --

1 and, again, Western Wireless would say except for  
2 the five that we've stipulated to should get to  
3 March 31st of next year -- should be all of them,  
4 that there shouldn't be a requirement to reach  
5 some kind of contractual agreement for transport.  
6 We, as Western Wireless, will be motivated to  
7 provide transportation in the most cost-effective  
8 manner possible.

9 We should not be restricted to try to come  
10 up with something short of an interconnection  
11 agreement, but come up with some contractual  
12 agreement to arrange for transport.

13 The other -- one of the other troubling  
14 aspects I have is how the petitioners have  
15 approached this. They group all petitioners  
16 together and they talk about needing points of  
17 interconnect and how this can't be done. Yet  
18 they make no distinctions for those companies  
19 that Western Wireless already has point of  
20 interconnect with.

21 Western Wireless already has point of  
22 interconnection with Golden West, Vivian,  
23 Venture, West River and Interstate. Yet  
24 petitioners would have you accept that that makes  
25 no difference at this point. They just need to

1 be lumped in and receive the same extension.

2 It's -- their argument is duplicitous in  
3 that they try to group all these petitioners  
4 together saying that points of interconnect are  
5 needed and then ignore the existing points of  
6 interconnection.

7 Finally, I would ask the Commission look  
8 behind the actions -- or look at the actions of  
9 the petitioners. There is a generally-accepted  
10 legal analysis which is sometimes called the  
11 clean hands doctrine. And that generally means  
12 that if you're going to ask for exceptions, if  
13 you're going to ask to fit within a rule, if  
14 you're going to ask for extensions, that you come  
15 to the tribunal or commission that you're  
16 requesting that to with clean hands to say we  
17 have attempted to resolve this in earnest. We  
18 cannot resolve this. There are things that we  
19 cannot resolve. Please give us this extension.  
20 Why we are working on the solution.

21 Commissioners, I submit that with the  
22 exception of James Valley and Cheyenne River  
23 Sioux Tribe, none of the petitioners come to you  
24 with clean hands. And they shouldn't be rewarded  
25 for attempting to make you act by increasing

1           their costs and by not attempting to resolve  
2           these issues either before they came to this  
3           Commission or during the pendency of this action.

4           There was -- there is an attack on Western  
5           Wireless' position when we say these people  
6           should -- these petitioners should implement LNP  
7           within 60 days. James Valley came to you and  
8           said they could do it within ninety. I will  
9           submit that James Valley had already had their  
10          software for LNP activated.

11          However, the testimony is, though, all the  
12          Nortel switches that come with that software only  
13          needs to be activated. James Valley hit the  
14          ground running and said we can do this in  
15          90 days. To award more than 90 days -- and even  
16          to award 90 days awards the remaining petitioners  
17          for coming to this Commission without those clean  
18          hands. Thank you.

19                 CHAIRMAN SAHR: Thank you. Mr. Gerdes.

20                 MR. GERDES: Mr. Chairman, members of the  
21                 Commission: I'll be brief. Midcontinent has  
22                 been something like a mouse in the corner in this  
23                 proceeding. I found it interesting that my good  
24                 friend, Mr. Dickens, pointed out their arguments  
25                 in their brief -- as nearly as I can tell, he



1 pointed out page 12, and as nearly as I can tell,  
2 that's the only page in a 37-page brief that  
3 Midcontinent was mentioned, which I would submit  
4 to you is about consistent or equal to the amount  
5 of attention that the petitioners have paid to  
6 the subject of intramodal LNP.

7 I calculate one page out of a 37-page brief  
8 to be about 2.6 percent. And I would suggest  
9 that that was about the amount of time that the  
10 petitioners paid to intramodal LNP in this  
11 proceeding, which I think proves our point.

12 And our point is that the law as passed in  
13 1996 requires local number portability. The '96  
14 Act also requires that there be competition in  
15 the local loop. There really is very little  
16 question that local number portability is  
17 necessary to inject competition into the local  
18 loop.

19 Given the minimal additional cost that is  
20 associated with intramodal LNP, it is our  
21 position that the petitioners have not sustained  
22 their burden of proof.

23 I'd like to also just give you a short  
24 analysis of the way I see the law on this. The  
25 petitioners have the burden of proof. We all

1           agree to that. And I think most of the briefs  
2           have covered the actual legal principle itself.

3           And so I would suggest to you that what  
4           251(f)(2) says as to suspensions or  
5           modifications, that in order to override what is  
6           the statutory public interest, as embraced by the  
7           '96 Act, the petitioners have the burden of, in  
8           effect, turning the public interest around  
9           180 degrees.

10          In other words, turning public interest onto  
11          its ear. Because, remember, the overarching  
12          reason for passing the '96 Act was to inject  
13          competition into the local loop. That was the  
14          reason. Competition is the alternative for  
15          regulation. That was why the '96 Act was passed.

16          So if you look at the structure of  
17          251(f)(2), it says that in order for the  
18          petitioners to receive suspensions or  
19          modifications, they must show that there is no --  
20          in order to receive the suspensions and  
21          modifications, they must show that it is  
22          necessary to avoid a significant adverse economic  
23          impact on customers, they must show that it is  
24          necessary to avoid an unduly economically  
25          burdensome requirement, or to avoid imposing a

1           technically infeasible requirement.

2           And coupled with this, there must also be  
3           finding that these suspensions and modifications  
4           are consistent with the public interest.

5           So what has to be done is they have to go  
6           through -- they have to turn the ladder  
7           upside-down in order to get to the point they  
8           want to get to, and that's a big burden of proof.

9           Now, I'm not going to comment on the  
10          wireline to wireless LNP. But I would submit to  
11          you that if you look at the evidence in this  
12          proceeding, there's absolutely no question that  
13          they have not proven that the mandate of the '96  
14          Act should be set aside.

15          Let's not forget the FCC has had ample  
16          opportunity to modify the requirements of the  
17          Act, and they simply haven't done it. They have  
18          done it with respect to wireless LNP, but not  
19          local number portability, intramodal local number  
20          portability.

21          So we would submit that clearly there's no  
22          reason to delay and that local number portability  
23          should be ordered in the intramodal situation.

24          One last comment: The two things that the  
25          petitioners argue about the most, the lack of a

1 point of interconnection in the rate center and  
2 the cost of transport, are simply not present in  
3 wireline to wireline LNP.

4 Thank you very much for indulging the  
5 parties to this case in a very interesting  
6 two-week hearing and in the briefing process. As  
7 always, these proceedings are educational for all  
8 of us. Thank you.

9 CHAIRMAN SAHR: Thank you. Staff.

10 MS. WIEST: In staff's brief what we tried  
11 to do was evaluate each company and try to come  
12 up with what in staff's opinion was a reasonable  
13 recommendation.

14 And I think with respect to that first  
15 group, Kennebec, Faith, Tri-County,  
16 Stockholm-Strandburg and Western, I really don't  
17 think there's too much of an argument as to  
18 whether those companies should be granted some  
19 sort of a suspension. There was a question of  
20 how long it is.

21 Staff has, of course, proposed a two-year  
22 suspension due to those significant per line  
23 costs in those cases. We believe even with an  
24 FCC decision deciding some of the issues, that  
25 the significant adverse impact standards could

1 still be met.

2 Going to our second group of companies from  
3 for which staff recommends a one-year suspension,  
4 these do have some floor costs. In the first  
5 group we believe, in all likelihood, they will  
6 have a higher number of ports; and we believe  
7 they would benefit from a one-year suspension.  
8 Again, hopefully the FCC will inject some  
9 certainty into the proceedings.

10 Also some of the companies have some  
11 individual issues. For example, Armour,  
12 Bridgewater, Union has a mitel switch that will  
13 most likely need to be replaced at some point in  
14 the next couple years or the next -- or at least  
15 they have to make a decision. And Valley  
16 testified it only had 25 percent wireless  
17 coverage.

18 With respect to the third set of companies,  
19 I guess staff believes that at some point when  
20 you do have the cost versus demand balancing  
21 test, there is a point at which it can be in the  
22 public interest to implement LNP for these  
23 companies.

24 For example, when you have Golden, Qwest,  
25 Vivian, Kadoka, you have costs down to around 30

1 cents. And for ITC it costs around 55 cents  
2 higher access line numbers. Plus, in that case  
3 you have Midcontinent's entry into parts of ITC  
4 service area which certainly increased the  
5 porting demand.

6 Staff would be -- will admit that the line  
7 between the second and the third group is not  
8 nearly as clear-cut as the line between the first  
9 and the second group. And I think that ends up  
10 being a judgment call for the Commissioners to  
11 make if they choose to follow this type of  
12 situation.

13 Going on to the one issue about technically  
14 infeasible, I do not -- I still do not think that  
15 any of the companies can qualify under the  
16 technically infeasible standard. Based on the  
17 evidence, including evidence from the  
18 petitioners, I think it clearly showed that it is  
19 technically feasible to implement LNP.

20 And that brings me to my next point is how  
21 should it be implemented. As we state in our  
22 brief, we don't think the RLEC's are responsible  
23 for the costs of transporting LNP traffic outside  
24 of their exchange.

25 But, on the other hand, we don't think that

1 the Commission should go and mandate how LNP  
2 traffic should be transported in each case. I  
3 think you just to have look at James Valley and  
4 Cheyenne River to see that if you look at a  
5 company-by-company basis. And it depends. Is  
6 there direct connection in there? If there is  
7 not, I think the companies are certainly in the  
8 best position to figure out which is the most  
9 efficient and which is the most reliable method  
10 for transport.

11 Also, we did note in our brief if the  
12 Commission does grant suspensions for some of or  
13 all of the companies, we think the sub companies  
14 should be required to keep track of requests for  
15 LNP. We would encourage wireless companies to  
16 keep track.

17 And I think for some of the companies that  
18 have to do generic upgrades or switch  
19 replacements, the Commission would need more  
20 information as to those timelines that they would  
21 request additional suspensions.

22 But in the end, it's staff's opinion the  
23 demand for LNP will increase over time. And  
24 that's certainly a factor to be considered in the  
25 public interest balancing test.

1           And just going to the question of whether  
2           there was shown little demand for LNP, I think  
3           based on the evidence, it's more accurate to say  
4           that the demand is uncertain. I mean even  
5           Mr. Bullock had put in numbers that range from  
6           like six-tenths to 3 percent demand.

7           And Mr. Wieczorek also mentioned the  
8           Kennebec survey. But I do think that there will  
9           be some demand for LNP, but at this point I would  
10          agree that the demand is uncertain.

11          And with respect to Mr. Wieczorek's comment  
12          about what our suspensions or timelines mean,  
13          when we talk about a one-year suspension, we do  
14          mean that by one year that the Commission -- that  
15          they would have to have it implemented by then  
16          unless they would ask for further suspension  
17          before that time. Thank you.

18          CHAIRMAN SAHR: Thank you. At this point in  
19          time I will move that the Commission go into  
20          executive session to discuss the case.

21          COMMISSIONER BURG: Can we ask questions?  
22          Is that appropriate, I guess, is what I'm asking?

23          CHAIRMAN SAHR: Let's go off the record for  
24          a second.

25          (A DISCUSSION WAS HELD OFF THE RECORD.)



1           COMMISSIONER BURG: I guess I have basically  
2 just one anyway.

3           CHAIRMAN SAHR: First of all, let's go back  
4 on the record. At this point in time we'll see  
5 if there are questions from the Commissioners or  
6 the advisors for the Commissioners.

7           Commissioner Burg.

8           COMMISSIONER BURG: The question I have --  
9 and I'll ask it first of Ms. Rogers and then of  
10 Mr. Wieczorek. The fact that transport -- if  
11 transport were transferred to the wireless  
12 requesting company to provide, does that make the  
13 cost of transport in any way disappear?

14          MS. ROGERS: No, sir.

15          COMMISSIONER BURG: Would it just shift it  
16 to a different group of consumers? Would that be  
17 accurate?

18          MS. ROGERS: I believe that what we've tried  
19 to portray is that while you can consider the  
20 actual costs of the implementation of LNP with  
21 switch upgrades and all of those types of  
22 elements, and you can consider transport, you  
23 can't ignore transport. The transport costs are  
24 not going to go away.

25               So one way or another they're going to have

1 to be borne by someone. So I think your  
2 statement is accurate.

3 COMMISSIONER BURG: What would be your  
4 analysis of the impact on LNP requests if that  
5 transport costs was shifted to the requesting  
6 party?

7 MS. ROGERS: At this point, and in  
8 accordance with the evidence as it came in in  
9 this hearing, I'm not sure that it would have --  
10 or make a great difference. I mean we are just  
11 not seeing a demand or request for LNP.

12 I mean we're saying that in our -- in the  
13 exchanges that are represented here, they have  
14 not had customers that have come in and said "we  
15 want to port our numbers to a wireless carrier."  
16 And they have not been privy to these proceedings  
17 to know the costs involved. There is just not a  
18 demand for it.

19 COMMISSIONER BURG: I'll give you a chance  
20 to answer the same questions, Mr. Wieczorek.  
21 Does the cost merely go to a different party, the  
22 transport costs, or do some of them actually just  
23 go away in any way?

24 MR. WIECZOREK: What Western Wireless has  
25 proposed is pending the final decision of the

1 FCC, we would pay the transport costs. So to the  
2 extent, sure, there's still costs there, but  
3 they're not borne by the petitioners or the  
4 petitioners' customers.

5 COMMISSIONER BURG: How would you recover  
6 that transport cost?

7 MR. WIECZOREK: It would be part of the  
8 regular bill.

9 COMMISSIONER BURG: Would your marketing of  
10 LNP change if you had that additional cost?

11 MR. WIECZOREK: I'm not in the marketing  
12 Department of Western Wireless. I would -- so to  
13 the extent I believe it would not because they  
14 would just pick that cost up and it would be part  
15 of their internal cost structure.

16 To the extent that Western Wireless has  
17 available points of interconnect already, they  
18 would use those. Otherwise, they would use the  
19 existing infrastructure either through SDTA or  
20 Qwest, as discussed by Mr. Williams. And those  
21 costs would just be part of the costs that they  
22 would pay if it's a cellular customer calling in  
23 that area.

24 COMMISSIONER BURG: Because my concern is  
25 that we have right now, of course, there's no

1 reason not to promote and advertise and try to  
2 get LNP customers because there's actually no  
3 cost to the requesting wireless party.

4 And my concern is that where we already  
5 have, from the evidence in the record at least,  
6 very low take on local number portability, if  
7 there were additional costs to be added to the  
8 person asking to port their number through their  
9 wireless company, that that desirability, both on  
10 the part of the wireless company and the consumer  
11 to pay the extra costs for the purpose of LNP  
12 might even reduce that more. That's kind of  
13 where I'm coming from.

14 MR. WIECZOREK: I do not envision that  
15 Western -- it would cause Western Wireless to  
16 stop any marketing. They would plan on doing an  
17 LNP if the Commission would make the petitioners  
18 become LNP. And I do not envision -- and, of  
19 course, I'm the attorney, not the engineer, but I  
20 do not envision that it would increase the  
21 baseline costs of what Western Wireless would  
22 charge its customer base.

23 CHAIRMAN SAHR: Off the record.

24 (A DISCUSSION WAS HELD OFF THE RECORD.).

25 CHAIRMAN SAHR: I do have a couple questions

1           since we're taking the time for that.

2           One of the things that came up is the --  
3           from staff is the request that if waivers are  
4           granted, then the LNP request be tracked.  
5           Ms. Rogers, do you know if that's something  
6           that's acceptable to your clients?

7           MS. ROGERS: To my knowledge, yes, that  
8           would be acceptable to my clients.

9           CHAIRMAN SAHR: And if a waiver were to be  
10          granted, one of the issues would be is this  
11          something that would be open-ended, or would  
12          there be a date certain? And I think implicit  
13          with that date certain would be the thought that  
14          obviously the Act does have a preference for LNP  
15          with state oversight.

16          What would you say to the argument of  
17          setting dates as opposed to being open-ended when  
18          it comes to the issue of making sure that all  
19          involved are moving towards taking appropriate  
20          steps to put in new technology that it makes it  
21          easier to do LNP and more cost effective and that  
22          negotiations continue on in good faith going  
23          forward?

24          How would you deal with the issue of whether  
25          or not to leave this open-ended or set a date

1           certain? Because I think the idea of the date  
2           certain is that it will give impetus to people to  
3           try to move towards LNP even if it currently is  
4           something that they feel is costly.

5           MS. ROGERS: I believe in the materials that  
6           we've presented to the Commission and also in the  
7           -- in some of the other decisions that we have  
8           referenced and, in particular, Nebraska, Nebraska  
9           did set basically the date of January of 2006,  
10          which is like an 18-month period, to kind of see  
11          what the resolution is going to be of some of the  
12          unresolved issues, whether our costs are going to  
13          be greater, because they could be depending on  
14          what happens at the FCC level, and also where the  
15          demand goes as time progresses.

16          And so that's why in our Reply Brief we had  
17          also suggested instead of, you know, instead of  
18          January 1st of 2006, instead, you know, January  
19          -- June 26th of 2006.

20          I'm not -- I think that it depends on the  
21          circumstances of some of the companies. And I  
22          think that we would not have -- we would not be  
23          adverse to a date certain such as Nebraska has  
24          implemented as long as there is still enough  
25          flexibility so that if there are circumstances

1 within an individual company that would put them  
2 in a position where they would need to apply for  
3 an additional extension or an extension of that  
4 time, that there would be enough flexibility and  
5 ability for that particular company or whichever  
6 ones it might be, to come back before this  
7 Commission and request an extension of that date.

8 CHAIRMAN SAHR: And then a question that  
9 relates to the ITC and Midco situation -- and  
10 this would be for either you or Mr. Coit --  
11 Midco has made the argument that when we look at  
12 intramodal LNP, that we have more certainty and  
13 that -- although I don't know if Mr. Gerdes made  
14 the argument here, I certainly think there might  
15 be some feelings that perhaps ITC opened the door  
16 for some competition by offering cable services  
17 -- there have been some questions about who would  
18 bear the cost of LNP in those situations.

19 I think, Mr. Coit, you or maybe it was  
20 Ms. Rogers in the brief had made the point that  
21 you felt it would be the Webster and Waubay  
22 consumers that would bear that. And I guess I  
23 would imagine Midcontinent's response would be,  
24 well, you opened the door.

25 How would you have the Commission deal with

1           that situation, which, I mean, I think is  
2           significantly different than the -- than the  
3           intermodal LNP.

4           MS. ROGERS: If I could, Commission, I would  
5           like to defer that question to Ben Dickens. I  
6           think he was a little bit more involved in that  
7           other docket than I was. So I would like to  
8           defer that to him if you would allow me to do so.

9           CHAIRMAN SAHR: That would be fine.  
10          Mr. Dickens.

11          MR. DICKENS: Well, Ms. Sisak is with me,  
12          and she's going to speak to that.

13          CHAIRMAN SAHR: You guys are running out of  
14          attorneys.

15          MR. DICKENS: I won't defer to anybody else.

16          MS. SISAK: I'm prepared to answer. I think  
17          part of the problem with the Midcontinent  
18          example, you are correct that the unresolved  
19          issues are not -- maybe not of concern, or maybe  
20          not as great a concern for intramodal LNP. For  
21          example, transport shouldn't be a significant  
22          issue and, obviously, wireless to wireline  
23          porting is not an issue.

24                 The problem is the way Midcontinent has  
25                 requested LNP, which is on an exchange-by-



1 exchange basis. Now, for ITC it's two exchanges.  
2 And so when you look at what ITC would have to do  
3 to become LNP capable for those two exchanges,  
4 they would, in essence, have to incur almost all  
5 of the costs of LNP other than the transport  
6 costs that are in their cost exhibit. But they'd  
7 only be able to spread that over the few  
8 customers in those two exchanges.

9 And so on the one hand I do not disagree  
10 that some of the issues on intramodal porting are  
11 fewer, but on the other hand the way Midcontinent  
12 has requested LNP makes the costs really  
13 significant.

14 CHAIRMAN SAHR: Thank you. And I'll ask the  
15 follow-up question you're probably already  
16 anticipating. If that is the situation, didn't  
17 ITC open up the door for that result when it went  
18 into the cable business?

19 MS. SISAK: Well, I'm going to have to say I  
20 don't know if ITC only offers cable service in a  
21 couple of exchanges. So I guess I can't fully  
22 answer the question. I don't think they've  
23 opened the door.

24 I think the situation may be quite different  
25 if Midcontinent, for example, came in and

1 requested LNP for all ITC exchanges. The cost  
2 analysis would be different.

3 MS. SMITH: Ms. Sisak, this is John Smith.  
4 When you say the costs in those two exchanges can  
5 only be spread over those two exchanges, do you  
6 mean that any surcharge the company imposed could  
7 only be imposed in those two exchanges? Or are  
8 you just stating that costs that have a  
9 company-wide level of cost incurrences are only  
10 going to benefit those two exchanges, but those  
11 surcharges would be borne by all of the customers  
12 in the company?

13 MS. SISAK: The answer is it's our  
14 understanding of the FCC rules that the federal  
15 surcharge could only be applied to the customers  
16 in those two exchanges. And the second part of  
17 your question, though, is also true. Only the  
18 customers in those two exchanges could benefit  
19 from LNP. That's all of the other ITC customers  
20 for LNP would be inequitable from that standpoint  
21 as well.

22 COMMISSIONER BURG: Can I ask a follow-up  
23 question? The question I'd have to Ms. Sisak  
24 would even all the people in those exchanges be  
25 able to benefit, or are they only going to offer

1           it into the urban area where they have cable, or  
2           do they offer cable in the entire exchange?

3           I mean we even narrow it down to even fewer  
4           people because we're asking all the people in  
5           those exchanges to pay for services that can only  
6           benefit that metropolitan area, I'm guessing.

7           MR. SMITH: They're only certified in the  
8           towns.

9           COMMISSIONER BURG: Yeah. So then even if  
10          we tie it to those two exchanges, we're having a  
11          lot of people pay for it that aren't -- it isn't  
12          even available to, is the only challenge that I  
13          see.

14          CHAIRMAN SAHR: Although the provider that  
15          made the conscious decision to open themselves up  
16          to this form of competition could also bear the  
17          cost and they don't have to pass on to the  
18          consumer. And it's a little bit different than  
19          the people who are operating their businesses and  
20          have somebody else come into the market without  
21          the converse of that happening.

22          I would give Mr. Gerdes a chance to add  
23          anything he wants to.

24          MR. GERDES: First thing I'd observe,  
25          Commissioners, is we're getting pretty far

1 outside the evidentiary record of the proceeding.  
2 And so I hesitate to go where I need to go to  
3 answer one question.

4 Our evidence is that ITC is building out  
5 their cable and it's not in all of the exchanges  
6 at this point. They're in the process of  
7 building it out. That's what we understand from  
8 their web site.

9 As far as the rest of it is concerned, our  
10 point is as stated, and that is that this is a  
11 competitive entry. I mean, I don't --  
12 Midcontinent has to come in -- has to compete.  
13 And if ITC is going to go into Midcontinent's  
14 business, then Midcontinent has the ability to go  
15 into ITC's business, we would submit, so we can  
16 offer the same packages. I mean, it's a  
17 competitive situation.

18 As far as spreading the costs are concerned,  
19 I'd agree with what Chairman Sahr suggested would  
20 be one of our arguments and that is, well, they  
21 should have thought of that before they went into  
22 the business.

23 But the other part of it is regardless of  
24 what the FCC requirements are, if in fact, the  
25 cable business gets spread out all through the

1 ITC exchanges, eventually then you will end up  
2 having those costs all spread through the ITC  
3 exchanges. So it's a gradual thing rather than  
4 an instantaneous thing.

5 But, again, it's simply a matter of leveling  
6 the playing field in a competitive situation.  
7 And it gets a little bit far away from the  
8 philosophical aspect of local number portability,  
9 quite frankly, because, quite frankly, again, we  
10 would submit that there is no comparison between  
11 intramodal and intermodal LNP.

12 And that if you look at the law on  
13 intramodal LNP, there is -- there isn't any  
14 qualification to the obligation of a carrier to  
15 provide it as in the law. There's none. And so  
16 they have to. I mean, that's the bottom line.  
17 Now, and I guess that's the end of what I have to  
18 say.

19 CHAIRMAN SAHR: Well, and there certainly is  
20 a case that could be made saying when you're  
21 dealing with intramodal LNP, that there's much --  
22 well, there's -- there may more likely be a cost  
23 benefit in lower rates to consumers when you're  
24 dealing with services that are a direct  
25 substitute for one another as opposed to -- we

1 don't need to re-argue this whether or not you  
2 consider cellular service a substitute or  
3 compliment to wireline. I think you more than  
4 likely in those exchanges, if, at least in  
5 theory, it should work that you would get lower  
6 rates, so an additional cost might be made up for  
7 in the competition between the two parties all  
8 offering substitute services.

9 MR. GERDES: Because you are doing, in fact,  
10 what the '96 Act contemplates and that is putting  
11 true competition into the loop. I mean that's  
12 what that does. So, theoretically, it will keep  
13 prices as low as they can go.

14 MR. SMITH: Can I ask a follow-up for maybe  
15 Sisak and Dave? Is under the cable exemption,  
16 you know, when you give up your exemption when  
17 you get into cable business, does the Commission  
18 yet retain after that its authority under  
19 251(F)(2) to suspend? Is that still in existence  
20 after that?

21 MS. SISAK: Excuse me?

22 MR. SMITH: Do we still even have the  
23 ability to suspend once they've lost their rural  
24 exemption through the cable -- entering the cable  
25 business?

1 MS. SISAK: Yes, you do. Two different  
2 sections and two different exemptions.

3 MR. GERDES: I think that's right.

4 MS. SISAK: You specifically retain that  
5 authority. And I would further point out that  
6 although this might seem a little bit unfair to  
7 the cable competitors and even the CLEC  
8 competitors, the reality is Congress only thought  
9 to give some form of protection to ILEC's when it  
10 implemented 251.

11 MR. SMITH: Follow-up question maybe for  
12 Mr. Wieczorek on that. Let me ask you this with  
13 ITC then: If we were to not grant the suspension  
14 because of the issue with respect to the  
15 intramodal porting, effectively, is there any --  
16 what are the additional cost considerations,  
17 then, with respect to going to wireless?

18 MR. WIECZOREK: The only additional cost  
19 considerations that I would see would be the need  
20 to activate LNP for those switches that were not  
21 part of the exchange that they already have with  
22 Midco. They do have some of their switches --  
23 already have the software activated, but they do  
24 have some switches, and I'm not sure the switches  
25 they would have. That would be in Midco's area.

1 But, I mean, that's what I envision being an  
2 additional cost.

3 MR. SMITH: I mean there would be additional  
4 cost. It would not be de minimis.

5 MR. WIECZOREK: Well, I would guess I would  
6 argue what the definition of de minimis might be.  
7 But there would be additional cost to become LNP  
8 compliant beyond the Midco because I think it's a  
9 fair statement that they have switches outside of  
10 Midco that aren't LNP compliant yet.

11 MR. COIT: If I could comment on that  
12 briefly. I agree there would be additional  
13 costs. Obviously, you have the transport issue  
14 that is involved with the intermodal that you  
15 don't have, as we all know; and that can generate  
16 additional cost depending exactly how that is  
17 ultimately distributed in terms of the burden.

18 The other thing that I think to keep in mind  
19 with respect to intermodal portability is not  
20 just the direct cost of implementing the LNP. As  
21 I had mentioned earlier, there are significant  
22 other financial impacts associated with  
23 intermodal LNP as a result of the difference  
24 between the calling scopes between wireless and  
25 wireline.



1           So I would just encourage the -- or urge the  
2           Commission to not -- when you're looking at  
3           intramodal LNP, just don't think about the direct  
4           cost of providing the LNP service. There are  
5           other financial impacts that I think the LEC is  
6           going to experience as a result.

7           MR. SMITH: I just have one last thing, Mr.  
8           Wieczorek. You mentioned some of the exchanges  
9           on this list that already had direct connections,  
10          and I didn't catch all those companies as you  
11          were breezing through that.

12          MR. WIECZOREK: We have existing POI's with  
13          Golden West, Vivian --

14          MR. SMITH: Hang on a second.

15          MR. WIECZOREK: Vivian, Venture, West River,  
16          and Interstate. And I believe and for some of  
17          those we have more than one existing POI due to  
18          their system. I know for sure that's true with  
19          Interstate. I believe that's true for Venture.  
20          And the others I couldn't say for certain.

21          MR. SMITH: You don't with Brookings,  
22          though, huh?

23          MR. WIECZOREK: They're not on my list.

24          MR. COIT: And I think the West River you  
25          mentioned would be the West River out of Hazen,

1 North Dakota? Is it West River Telephone Co-op  
2 or West River Telephone Communications  
3 Cooperative?

4 MR. WIECZOREK: I believe it is the Mobridge  
5 branch.

6 MR. SMITH: They're not requesting the  
7 waiver.

8 MR. SMITH: Cross them out.

9 MS. SISAK: And I would like to just offer  
10 one reminder. Although Western Wireless has  
11 direct connect with the companies mentioned, the  
12 other wireless carriers operating in the area do  
13 not or may not. I'm not positive, but that is --  
14 I think we need to remember that there are other  
15 wireless carriers that will impact the cost of  
16 LNP and will be impacted by these decisions.

17 CHAIRMAN SAHR: Thank you. Any other  
18 questions from Commissioners or advisors? Seeing  
19 none, I move that we go into executive session.

20 Why don't we do this: And this can be back  
21 on the record. It's about 3:00 o'clock right  
22 now. So that we can give everybody here in  
23 Pierre and on line a little bit of certainty, we  
24 will shoot for 3:30 to come back upstairs. And  
25 at least that gives you the minimum amount of

1           time that you have or perhaps if you look at it  
2           the other way, the maximum, but it at least gives  
3           us a target. And realize the Commission may end  
4           up having to take longer, but everyone knows they  
5           have half an hour to check their messages and do  
6           whatever else they need to do.

7           (COMMISSION IN EXECUTIVE SESSION, AND HEARING  
8           RECONVENED AT 4:00 PM.)

9           CHAIRMAN SAHR: Let's go back on the record.

10          We are -- we've come out of executive  
11          session, and we're prepared to make a couple of  
12          motions.

13          I'd like to say at the outset that LNP  
14          clearly comes with a cost associated with that.  
15          And I think the Act contemplates the commissions  
16          reviewing that and looking at not only those  
17          costs, but also the public interest test. And  
18          that's what we attempted to do here.

19          Under these circumstances, that cost, when  
20          coupled with the uncertain demand, makes it  
21          extremely difficult to ask our state's consumers  
22          to bear the cost of intermodal LNP at this time.

23          And certainly another factor that I think  
24          all the Commissioners felt was out there is a  
25          current uncertainty. We have pending FCC

1 proceedings. We have pending court cases. And  
2 it really would be prudent to see how these cases  
3 proceed so we have more certainty as to the  
4 effect of requiring LNP. We also may have the  
5 ability to look and see what happens in other  
6 cases as well and see how those LNP matters  
7 proceed.

8 With that in mind, I'm going to make the  
9 first motion, which will be relating to  
10 intermodal LNP, or wireline to wireless LNP.

11 And I would move that we grant the request  
12 for suspensions until December 31, 2005.

13 COMMISSIONER HANSON: Second.

14 CHAIRMAN SAHR: And we have a second from  
15 Hanson. And I have an additional comment, but I  
16 will go ahead and let --

17 COMMISSIONER BURG: One comment first.

18 CHAIRMAN SAHR: The one thing I would say is  
19 we will work out some of the details on how the  
20 December 31st, 2005, time frame will be -- how  
21 that particular date will work as far as the  
22 procedures for how it will be -- how people can  
23 file to continue suspensions, or to have that  
24 reviewed if they feel it's necessary.

25 So although the suspension is granted until

1 December 31st, 2005, it doesn't limit the ability  
2 of the Commission to grant a further suspension  
3 from 2005, from the December 31st, 2005, on. I  
4 think that's something we'll look at in the  
5 future to see if the carriers affected would file  
6 for suspension, additional suspension.

7 One of the things I would add is I think we  
8 saw that during the hearing we had some very good  
9 negotiations take place, and I would urge people  
10 to continue looking into that and urge the  
11 parties to continue to take steps to try to move  
12 towards LNP.

13 Because no matter what the feelings of this  
14 Commission may be one way or the other, there's  
15 certainly a chance there may be ultimately an LNP  
16 obligation, and there is without a doubt some  
17 consumer benefit to LNP.

18 So I would strongly urge everyone to  
19 continue to work on these issues and to see if  
20 you can't come up with a mutually-acceptable  
21 solution without having the PUC being involved.

22 And then I think the final thing I would add  
23 is just thank you, the PUC staff. They did a  
24 great job. And I think the brief and the  
25 analysis supplied by PUC staff were excellent.

1 And although we did not follow their  
2 recommendations to a T, we certainly appreciated  
3 the analysis; and it gave us a really, I think,  
4 balanced view of the issues.

5 COMMISSIONER BURG: Gary, did you have any  
6 comments you wanted to make, Gary, before I make  
7 mine?

8 COMMISSIONER HANSON: Go ahead, Jim.

9 COMMISSIONER BURG: I will concur in part  
10 and dissent in part with that motion. I concur  
11 that we grant suspension to all petitioners. I  
12 feel they met the requirement approving the  
13 necessity of suspension -- they met the  
14 requirement of proving the necessity of  
15 suspension to avoid significant adverse economic  
16 impact on users of telecommunications generally.

17 I also feel they met the burden to avoid  
18 imposing a requirement that is unduly  
19 economically burdensome. I don't think the key  
20 is to what it costs per customer. I think the  
21 key is what the total cost is. Because the only  
22 way that you get lower per customer is by having  
23 a lot of customers, not that it's any cheaper to  
24 provide that service.

25 And I think -- and later on I'll mention

1           that I think it can be used to better use. I  
2           believe all parties accepted the fact that LNP  
3           could be technically feasible. I don't think  
4           that was an issue. I don't believe the LNP is  
5           right for application in rural areas at this  
6           time.

7                       Several discussions -- decisions, several  
8           decisions need to be made by the FCC and numerous  
9           states have granted suspended waivers because of  
10          that and other reasons, and I agree with those.

11                   My threshold for significant economic impact  
12          and undue economic burden is quite low. I do not  
13          see public benefit due to the low estimated LNP  
14          interest and the unavailability of LNP at all in  
15          vast areas of the state. So why should those  
16          consumers bear any additional cost to provide LNP  
17          to others when very few people are going to  
18          benefit?

19                   I would further argue that the per line cost  
20          is not the proper indicator, but the total cost  
21          when you consider adverse economic impact. Total  
22          cost is a public interest economic impact. This  
23          is money not available for higher telephone  
24          communications usage, both by wireline and  
25          wireless companies.

1           The fact that transport could be paid by the  
2 wireless companies does not make those costs  
3 disappear. The money spent for transport by  
4 wireless providers is money, I feel, could better  
5 be spent for better and wider wireless services.  
6 If I had my preference -- and I believe a mistake  
7 was made in requiring wireline to wireless  
8 portability at all. I don't think -- I think  
9 it's proven to not be that desirable.

10           And so now I concurred in that part of the  
11 motion. I dissent in the part of the setting a  
12 date specific. I think it just puts us through  
13 this exercise again. I think that even the  
14 desire for LNP is actually going to wane, not  
15 grow. However, my preference would be that a  
16 review is granted on suspension based on evidence  
17 of requests for LNP as a percentage of the  
18 customers in an exchange.

19           If we took that approach and showed that the  
20 actual desirability is out there, that's what I  
21 think should trigger whether we do additional  
22 review or not, rather than just a date certain  
23 down the road on a product that I don't think is  
24 going to be taken and I think is expensive in  
25 general.



1           So with that, that's where I stand on that  
2           motion.

3           CHAIRMAN SAHR: Okay. So that resolved the  
4           issue of the intermodal LNP. We still have the  
5           issue of the LNP for intramodal purposes, which  
6           would be the ITC request for suspension; is that  
7           correct?

8           MR. SMITH: That's right.

9           CHAIRMAN SAHR: And I would move that we  
10          take that under advisement. I think all along we  
11          acknowledged that while there are similarities in  
12          these cases, that the ITC and Midco case involved  
13          some dynamics that aren't in the other cases.  
14          And I think it's appropriate at this time to take  
15          them under advisement and issue an opinion at a  
16          later date.

17          COMMISSIONER BURG: I would second that.

18          COMMISSIONER HANSON: Hanson concurs.

19          COMMISSIONER BURG: And I'd just like to add  
20          I think that there are some reasons to look at  
21          that request for intramodal LNP; however, at this  
22          point it's not nearly clear enough to me as to  
23          how those costs would be distributed. And I  
24          can't imagine that entire cost on those two  
25          counts and not finding a better way to mitigate

1           that. I think with we need to take it under  
2           advisement and investigate that a little bit  
3           farther.

4           CHAIRMAN SAHR: With that, the hearing will  
5           be concluded. And I do want to thank all  
6           involved for their professionalism and input. It  
7           was a long process, but I think it was something  
8           that was a great learning process for everyone.  
9           Thank you.

10           (The hearing concluded at 4:10 p.m.)  
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1 STATE OF SOUTH DAKOTA ) IN CIRCUIT COURT  
2 ) :SS  
3 COUNTY OF STANLEY ) SIXTH JUDICIAL CIRCUIT


4 I, Lori J. Grode, Registered Merit Reporter and  
5 Registered Professional Reporter and Notary Public in  
6 and for the State of South Dakota:

7 DO HEREBY CERTIFY that the above hearing pages 1  
8 through 73, inclusive, was recorded stenographically by  
9 me and reduced to typewriting.

10 I FURTHER CERTIFY that the foregoing transcript of  
11 the said hearing is a true and correct transcript of the  
12 stenographic notes at the time and place specified  
13 hereinbefore.

14 I FURTHER CERTIFY that I am not a relative or  
15 employee or attorney or counsel of any of the parties,  
16 nor a relative or employee of such attorney or counsel,  
17 or financially interested directly or indirectly in this  
18 action.

19 IN WITNESS WHEREOF, I have hereunto set my hand and  
20 seal of office at Ft. Pierre, South Dakota, this 2nd day  
21 of September, 2004.

22   
23 \_\_\_\_\_  
24 Lori J. Grode RMR/RPR  
25 Notary Public  
My Commission Expires 08-01-07

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE PETITION OF</b>	)	<b>FINAL DECISION AND</b>
<b>SANTEL COMMUNICATIONS COOPERATIVE,</b>	)	<b>ORDER; NOTICE OF ENTRY</b>
<b>INC. FOR SUSPENSION OF INTERMODAL</b>	)	
<b>LOCAL NUMBER PORTABILITY</b>	)	<b>TC04-038</b>
<b>OBLIGATIONS</b>	)	

**PROCEDURAL HISTORY**

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel or Petitioner) filed a petition (Petition) pursuant to 47 U.S.C. Section 251(f)(2) and SDCL 49-31-80 seeking suspension or modification of its requirement to implement intermodal local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. From February 12 to April 23, 2004, twenty other rural local exchange carriers filed similar petitions seeking the same relief (two of these later-filed petitions, TC04-077 and TC04-085, were subsequently settled) (excluding settling petitioners, collectively, Petitioners). On April 5, 2004, the Commission issued an order granting intervention to WWC License LLC d/b/a CellularOne (WWC), Midcontinent Communications (Midcontinent) and the South Dakota Telecommunications Association (SDTA). On April 19, 2004, the Commission issued an order granting Santel's request for interim suspension of its obligation to implement LNP pending final decision pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80.

On May 4, 2004, the Commission issued an Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice. On June 16, 2004, the Commission issued a Supplemental Order for and Notice of Hearing establishing the schedule for presentation of general and company-specific testimony in this and the other LNP dockets. On June 21-July 1, 2004, a hearing was held on this matter and the other dockets in which Petitioners seek to suspend their obligations to implement LNP. The company-specific hearing on this matter was held on July 1, 2004. On July 13, 2004, the Commission issued an Order Establishing Briefing and Decision Schedule setting this matter for oral argument and decision on August 31, 2004. On July 15, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 7, 2004, in order to accommodate the briefing and decision schedule in the case. On August 31, 2004, the Commission heard oral arguments from the parties in this and the other LNP dockets. Following oral argument, the Commission voted unanimously to suspend Petitioners' obligations to implement intermodal local number portability pursuant to 47 U.S.C. §251(b)(2) and SDCL 49-31-81. A majority of the Commission voted to suspend Petitioners' intermodal LNP obligations until December 31, 2005. Commissioner Burg dissented from this portion of the decision, indicating that he supported an indefinite suspension of intermodal LNP obligations for all Petitioners requesting suspension of LNP obligations. The Commission voted unanimously to defer decision regarding intramodal number portability requirements without specifying whether the deferral applied to all LNP dockets or just those in which Midcontinent Communications had intervened and objected to suspending intramodal LNP requirements. On September 4, 2004, the Commission issued an order temporarily suspending all LNP requirements for all petitioners until September 30, 2004, in order to provide sufficient time for the finalization of the findings of fact and conclusions of law and to render a final decision regarding intramodal LNP. On September 22, 2004, the Commission voted unanimously to suspend intramodal LNP obligations for all Petitioners until December 31, 2005, with special conditions for those dockets in which Midcontinent remains an intervening party.

Having considered the evidence of record and applicable law, the Commission makes the following Findings of Fact, Conclusions of Law and Final Decision and Order:

### FINDINGS OF FACT

"TR" refers to the Transcript of Proceedings of the hearing held on June 21-July 1, 2004, in this docket and the other LNP suspension dockets. References will be to TR and page number(s). "Ex" refers to exhibit.

1. Santel filed the Petition on February 25, 2004. On February 26, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of March 12, 2004, to interested individuals and entities. WWC filed to intervene on March 8, 2004. Midcontinent and SDTA filed to intervene on March 11, 2004. On April 5, 2004, the Commission issued an order granting intervention to WWC, Midcontinent and SDTA.

2. By its May 4, 2004 Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice and June 16, 2004 Supplemental Order for and Notice of Hearing, this matter was duly noticed for hearing on June 21-July 1, 2004 with the company-specific hearing on this matter to be held on July 1, 2004. The hearing was held as scheduled.

3. The parties to this docket agreed that a temporary suspension of LNP obligations until September 7, 2004, should be granted to Santel to enable a reasonable briefing and decision schedule in this and the other LNP suspension dockets. On July 15, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 7, 2004, in order to accommodate the briefing and decision schedule in the case. No objection was filed to this order. On September 4, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 30, 2004, in order to provide sufficient time for the finalization of the findings of fact and conclusions of law and to render a final decision regarding intramodal LNP.

4. The Federal Communications Act of 1934 as amended by the Telecommunications Act of 1996, 47 U.S.C. chapter 5 (the "Act") requires local exchange carriers "to provide, to the extent technically feasible, number portability in accordance with the requirements prescribed by the [Federal Communications] Commission." 47 U.S.C. § 251(b)(2). In *Matter of Telephone Number Portability*, CC Docket 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 03-284 (November 10, 2003) (the "*Intermodal Order*"), the Federal Communications Commission (FCC) required local exchange carriers that are located outside of the top 100 metropolitan statistical areas to provide LNP and to port numbers to wireless carriers. Pursuant to this order, local exchange carriers were required to provide LNP by the later of May 24, 2004, or six months after the date that the local exchange carrier received a bona fide request.

5. 47 U.S.C. §153(30) defines "number portability" as follows:

The term "number portability" means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

In the *Intramodal Order*, ¶¶ 25 and 28, the FCC addressed the question of "at the same location" as follows:

[W]e find that . . . LECs must port numbers to wireless carriers where the requesting carrier's coverage area overlaps the geographic location of the rate center to which the number is assigned. . . . We conclude that porting from a wireline to a wireless carrier that does not have a point of interconnection or numbering resources in the same rate center does not, in and of itself, constitute location portability, because the rating of calls to the ported number stays the same.

The term "intramodal number portability" as it applies to the Petition refers to the ability to port a number from a wireline carrier, such as Petitioner, to another wireline carrier. The term "intermodal number portability" as it applies to the Petition refers to the ability to port a number from a wireline carrier, such as Petitioner, to a wireless carrier. The Petition seeks suspension of intermodal number portability obligations.

6. The determinations that the Commission must make before suspending or modifying an RLEC's obligation to provide LNP to requesting carriers are set forth in SDCL 49-31-80 which reads as follows:

Consistent with 47 U.S.C. § 251(f)(2) as of January 1, 1998, the commission may grant a suspension or modification of any of the interconnection or other requirements set forth in 47 U.S.C. §§ 251(b) and 251(c), as of January 1, 1998, to any local exchange carrier which serves fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Any such carrier shall petition the commission for the suspension or modification. The commission shall grant the petition to the extent that, and for such duration as, the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

The language and substance of SDCL 49-31-80 and 47 U.S.C. § 251(f)(2) are essentially the same.

7. By its Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice issued on May 4, 2004, the Commission gave the following notice of intent to take judicial notice:

The Commission hereby gives notice pursuant to SDCL 1-26-19(3) that it intends to take judicial notice of the fact that Petitioner is a local exchange carrier with fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Any party objecting to this taking of judicial notice shall serve notice of such objection on the Commission and the parties prior to the hearing.

No party to the docket served notice of objection or otherwise noted any objection to this taking of judicial notice. Accordingly, the Commission takes judicial notice of the fact and finds that Santel is a local exchange carrier with fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide pursuant to SDCL 49-31-80 and 47 U.S.C. §251(f)(2).

8. Santel is a rural local exchange carrier (RLEC) that provides local exchange and exchange access services to 4,827 access lines. Santel Ex 1; 47 U.S.C. §153(37).

9. WWC has made a bona fide request for LNP from Santel. Santel Ex 1. No wireline carrier has made a bona fide request for LNP.

10. Under SDCL 49-31-80, the Commission is required to determine the extent to which the requested suspension or modification is consistent with the public interest, convenience and necessity and whether the suspension or modification is necessary to avoid at least one of the three adverse effects set forth in subdivisions (1), (2) and (3) of the statute.

11. There was essentially no disagreement by any of the experts who testified on behalf of Petitioners that LNP is technically feasible. TR 175, 997. The testimony of Petitioners' witnesses to the effect that LNP was not technically feasible was based upon the present absence of the necessary switch upgrades and direct trunk connections with requesting carriers conforming to existing interconnection agreements. We find that this does not establish technical infeasibility, although the Commission recognizes that Petitioner would require a period of time to install and implement the necessary technology. The switch upgrade and interconnection facilities assumed by Petitioners' witnesses to establish their transport costs demonstrate that LNP is technically feasible. According to several of the Petitioners' manager witnesses, LNP is technically feasible. Bryan Roth, manager for McCook, agreed that LNP was technically feasible. TR. at 829. Pamela Harrington, general manager of Roberts County and RC, stated that LNP is technically feasible with the proper upgrades. TR. at 1049. Dennis Law, Golden West's manager, stated that his companies are technically able to connect to the Qwest tandem. TR. at 791-792. It is technically feasible for each of the Petitioners to implement LNP. It would take action on Petitioners' parts and would cost Petitioners money in varying levels to implement LNP, but the technology and network facilities exist for it to be implemented. The decisions in each of Petitioners' cases must therefore turn upon the two economic standards and the public interest determination.

12. The Commission finds that granting a suspension of Santel's intermodal local number portability obligations under 47 U.S.C. §251(b)(2) until December 31, 2005, is consistent with the public interest, convenience and necessity. The Commission further finds that at the present time, granting a suspension to Santel is necessary to avoid a significant adverse economic impact on Santel's users of telecommunications services generally and to avoid imposing a requirement that is unduly economically burdensome on Santel. These findings are based upon the specific findings set forth below.

13. In a June 18 letter to the President of the National Association of Regulatory Utility Commissioners (NARUC), the Chairman of the FCC, Michael Powell, recognized the potential burden of LNP implementation on small businesses, particularly rural local exchange carriers, and encouraged state commissions to exercise their authority under 47 U.S.C. §251(f)(2) to grant the requested relief if the State Commissions deem it appropriate. TR 566-568; Venture Ex 4. Chairman Powell directed "State Commissions to consider the burdens on small businesses in addressing those waiver requests and to grant the requested relief if the State Commissions deem it appropriate." Venture Ex 4.

14. At least part of the determination of whether a suspension of a Petitioner's LNP requirements is consistent with the public interest, convenience and necessity involves weighing the costs to the LEC and/or its users against the benefits to be derived from the incurrence of such costs. *Order Granting Suspension, Applications Nos. C-3096, et seq.*, Nebraska Public Service Commission (July 20, 2004). As discussed in detail below, the Commission finds that at this time, the benefits to consumers from LNP in the rural areas served by Petitioners simply have not been sufficiently demonstrated to outweigh the burden that imposing LNP implementation at this time will place on Petitioners and the rural citizens who rely on Petitioners for essential, provider-of-last-resort telephone service.

15. Another factor that we find is highly relevant to our determination of whether the granting of the requested suspension at this time is in the public interest involves the significant level of uncertainty that currently exists concerning (i) the appropriate technical solution for transport of calls to ported numbers in rural areas, (ii) the respective responsibilities, and attendant costs, of providing transport for calls to ported numbers outside the local calling area of Petitioners, (iii) the routing and rating of calls to ported numbers, (iv) the porting interval, (v) the demand for number porting, particularly in the areas where signal coverage is spotty or non-existent and (vi) the extent to which the presence of LNP is a marginal factor in the consumer's purchasing decision for alternative services such as wireless service. Suspending Petitioners' LNP obligations until December 31, 2005, will enable the unresolved issues concerning transport, routing and rating and porting interval to be addressed in the proceedings pending before the FCC, and will provide a period of time for (vii) the Petitioners and intervenors to continue to investigate, negotiate and hopefully resolve many of the interconnection, transport and routing and rating issues between them, (viii) wireless carriers to continue their build-outs of facilities to provide more extensive and reliable signal coverage throughout Petitioners' service territories and (ix) for the accumulation of data concerning the deployment of LNP in other areas and concerning the benefits of LNP -- particularly whether demand for LNP in fact materializes and is in fact demonstrated to be of material significance in the consumer's purchasing decision for alternative services.

16. A final factor that we believe is appropriate to consider in any public interest decision involving rural local exchange carriers is reflected in one of the central policy objectives of the Act and SDCL Chapter 49-31 - the duty to provide and preserve universal service. 47 U.S.C. §§ 214(e) and 254; SDCL 49-31-76 and 49-31-78 through 49-31-81. Petitioners, all of whom are the incumbent local exchange carriers and eligible telecommunications carriers under the Act, shoulder the responsibility for providing essential telecommunications to all persons within their service territories as carriers of last resort.

17. The record amply demonstrates that the costs to Santel to implement number portability will be significant. These costs fall into three general categories: switch upgrade, transport and recurring operational costs. The evidence addressing Santel's costs of implementing LNP was conflicting. Santel's cost witness projected the non-recurring cost for Santel to implement LNP to be \$103,210 excluding transport and \$304,210 including transport. He estimated the recurring monthly costs for Santel to be \$2,313 excluding transport and \$34,613 including transport. Santel's cost witness projected that these costs would translate into an LNP cost of \$1.06 per line per month excluding transport and \$9.57 including transport. WWC Ex 19. WWC's witness projected a non-recurring cost of \$101,210 excluding transport and \$101,610 including transport. WWC Ex 19. WWC's cost witness projected recurring monthly cost for Santel at \$1,156 excluding transport and \$1,918 including transport. WWC Ex 19. WWC projected these costs would translate into an LNP cost of \$0.82 cost per line per month excluding transport and \$1.01 including transport. WWC Ex 19.



18. The major area of disagreement regarding the costs of implementing LNP for Santel and the other Petitioners was transport. Transport costs comprised a significant portion of the costs to implement LNP as estimated by all Petitioners including Santel. Transport costs as estimated by WWC were considerably smaller. Santel proposed a transport method using a DS1 (T1) circuit installed between each Santel exchange to each wireless carrier that is currently providing service in Santel's territory that does not already have a direct trunk into Santel's network. TR. at 1126.

19. By contrast, WWC's routing method was based on converting the existing one-way, incoming trunk from the Qwest tandem, used to deliver Qwest traffic to Santel's customers via Santel's host switch, into a two-way trunk and using Qwest as a transit carrier. According to WWC's witness, this routing method would result in a significantly lower estimated initial non-recurring cost outlay - \$201,000 as calculated by Santel's witness vs. \$400 as estimated by WWC's witness and a significantly lower estimated monthly recurring cost for transport for Santel - \$32,300 per month as calculated by Santel's witness vs. \$762 per month as calculated by WWC's witness.

20. The basis for the routing methodology proposed by DeWitte, Santel's cost witness was:

In order to maintain the proper routing for the wireless calls and local rating for calls to wireless numbers, the Petitioner assumed that direct Type 2B connections would be deployed in each exchange for each CMRS carrier. ITC Ex 4, p. 3.

While there may be more efficient network trunking configurations that could be implemented as Mr. Williams asserts in his direct testimony, there are no Interconnection Agreements. ITC Ex 4, p. 5; TR 175.

21. In the *Intramodal Order*, the FCC stated in ¶ 1:

[W]e clarify that nothing in the Commission's rules limits porting between wireline and wireless carriers to require the wireless carrier to have a physical point of interconnection or numbering resources in the rate center where the number is assigned. . . . In addition, . . . we clarify that wireline carriers may not require wireless carriers to enter into interconnection agreements as a precondition to porting between the carriers.

22. The FCC left open the unanswered questions presented by this holding with respect to how carriers are to handle routing and transport of calls to ported numbers in the absence of points of interconnection between the LEC and the wireless carrier. The FCC stated as follows with respect to this issue in Footnote 75 at ¶ 28 and in ¶ 40 of the *Intramodal Order*:

<sup>75</sup>As noted in paras. 39-40 below, there is a dispute as to which carrier is responsible for transport costs when the routing point for the wireless carrier's switch is located outside the wireline local calling area in which the number is rated. See Sprint Petition for Declaratory Ruling. The existence of this dispute over transport costs does not, however, provide a reason to delay or limit the availability of porting from wireline to wireless carriers.

We make no determination, however, with respect to the routing of ported numbers, because the requirements of our LNP rules do not vary depending on how calls to the number will be routed after the port occurs. Moreover, as CTIA notes, the rating and routing issues raised by the rural wireline carriers have been raised in the context of

non-ported numbers and are before the Commission in other proceedings. Therefore, without prejudging the outcome of any other proceeding, we decline to address these issues at this time as they relate to intermodal LNP.

The FCC is considering this issue in a pending docket. See *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs*, CC-Docket 01-92, Petition of Sprint, May 9, 2002.

23. WWC produced evidence through its cost witness, Mr. Williams, that its suggested transport method of adding a bi-directional capability to the trunk currently carrying Qwest traffic into Santel's switch from the Qwest tandem in Sioux Falls was technically feasible and was proposed as a transport mechanism, subject to resolution of transport rate issues with Qwest, by certain ILEC members of the Minnesota Independent Coalition before the Minnesota PUC in *Matter of the Petition by the Minnesota Independent Coalition for Suspension or Modification of Local Number Portability Obligations Pursuant to 47 U.S.C. §251(f)(2)*, Docket No. P-et al/M-04-707. TR 579-582, 587-589; WWC Ex 6. A temporary suspension of LNP obligations was ultimately granted by the Minnesota PUC in this docket on July 8, 2004. As of the decision date, however, the transport pricing issues between the petitioning MIC members and Qwest had still not been resolved, and in its Order Granting Suspension, the MPUC was required to provide a 90 day period for negotiation after which the matter would come back to the commission for arbitration.

24. Mr. Williams's belief that the Minnesota Qwest tandem solution was available to Petitioners was based upon his prior experience with Qwest's provisioning of services, his review of Qwest's Statement of Generally Available Terms and Conditions (SGAT) and tariffs. TR 552. Mr. Williams further testified:

"There are Interconnection Agreements available today in South Dakota that can be opted into within a matter of days, and Western Wireless has such an agreement. That agreement calls for transit at three-tenths of a cent, and there's nothing to prevent any carrier from opting into that agreement. TR 734.

Based upon this, Mr. Williams testified that he estimated the cost to Petitioners of transport provided by Qwest to be .3 cents per minute. TR 552, 734.

25. WWC's witness also testified, however, that he had not in fact discussed this proposal with Qwest. TR 932. Furthermore, WWC did not make reference to the specific tariff or SGAT provisions or rate schedules upon which he based these conclusions, and the Commission has been unable to determine from a review of the Qwest tariffs and SGAT alone whether WWC's proposed transport mechanism would in fact be available to Santel for the purpose of transporting calls to ported numbers outside the local exchange area as local calls or, if so, what the actual pricing and terms of such service would be.

26. With respect to the existing Type 2 Wireless Interconnection Agreement between U S West Communications, Inc. and WWC License, L.L.C. for the State of South Dakota, it is not obvious that Santel would be able to opt into the agreement. The agreement is a comprehensive wireless to wireline interconnection agreement specifically designed for the situation where one party is a wireless carrier. In *Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-338, Second Report and Order, FCC04-164 (rel. July 13, 2004), the FCC took away the right of carriers to opt into only selected terms of Section 251 interconnection agreements, stating in ¶ 1:

In this Order, we adopt a different rule in place of the current pick-and-choose rule. Specifically, we adopt an "all-or-nothing rule" that requires a requesting carrier seeking to avail itself of terms in an interconnection agreement to adopt the agreement in its entirety, taking all rates, terms, and conditions from the adopted agreement.

We accordingly do not find that Santel could necessarily simply opt into WWC's interconnection agreement with Qwest either in its entirety or as to only one particular provision.

27. WWC stated at the hearing that WWC would pay for transport on an interim basis, until the final FCC decision on transport, provided the Qwest tandem-based routing method was used. TR. at 939. The Commission finds, however, that this temporary commitment could leave Santel with the burden of paying the costs of transport outside of its service area in the future, that there is no certainty at this time as to what those costs would be and that Santel would then have been compelled to incur the substantial switch upgrade and other non-transport costs of LNP implementation.

28. Lastly, as to this issue of transport, we note the testimony of Mr. Bullock, cost witness for several of Petitioners, who stated:

In telephone toll traffic there's a considerable track record of interexchange carriers providing toll service, and I think it's safe to assume that the bugs have been worked out of the interfaces that are required between local exchange access service providers such as the local exchange companies we're talking about here today and interexchange carriers such as AT&T and Sprint that reliably pass information back and forth to enable the proper routing and rating of calls and the proper rating and identity of the calling party.

In terms of the exchange of local traffic through an intermediate tandem service provider, I'm not so sure that's a safe assumption to make. TR 879-880.

29. Other factors that influenced the differences between Santel's and WWC's estimates of the cost of LNP implementation primarily involved the ability of Santel to reduce administrative mobilization costs through sharing with other RLECs.

30. Although there was evidence in the record that at least some of the Petitioners', including Santel, could include at least some costs of implementing LNP in the Petitioners' applications for universal service support funds from the Universal Service Administration Company, TR 954, the FCC, in two recent orders and the Federal-State Joint Board on Universal Service have recently recognized the increasing cost of providing universal service support in a competitive environment and recognized the propriety of both the FCC and state commissions considering the impact on the universal service fund in their public interest determinations. *Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier for the State of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, FCC 03-338, ¶ 4 (rel. Jan. 22, 2004) ("*Virginia Cellular Order*"); *Federal-State Joint Board on Universal Service, Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, FCC 04-37, ¶ 4 (rel. April 12, 2004); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 04J-1 (re. February 27, 2004).

31. We find that implementing LNP at this time could cost Santel or its users as much as from \$0.82 to \$1.06 per line per month excluding transport and that the costs of transport, if ultimately held to be Santel's responsibility, could raise that monthly cost substantially higher.

32. The areas served by Santel are older and have lower incomes than the nation as a whole. TR 1111.

33. All Petitioners, WWC and SDTA presented evidence of demand for LNP or the lack thereof. Demand for LNP has relevance both to the costs to be incurred by Petitioners to provide LNP and to the benefit side of a cost-benefit analysis for both the public interest and adverse economic effect analyses. In the case of many of the Petitioners, differences in estimated ports produced differences in recurring costs, but in Santel's case, both Santel's and WWC's cost witnesses used the same estimated porting number to derive estimated costs.

34. Davis, the cost witness for Beresford, Kennebec, Midstate, Roberts County/RC, and Western, used porting estimates when he calculated the cost to implement LNP. However, at the hearing, he stated that his porting numbers should not be taken as "any sort of estimate for demand" and that he did not do any type of empirical analysis. TR. at 1009-10. He just picked a number to "show a relationship between a specific demand level and what the resulting costs would be." TR. at 1009.

35. Santel's manager testified that Santel had received no requests for LNP from its customers. Santel Ex 1. Santel did not conduct a formal customer survey.

36. Steven Watkins, a witness for the Petitioners, stated that NeuStar reported that "95% of wireless ports have been from one wireless carrier to another and only 5% of wireless ports were between wireline and wireless carriers." SDTA Exhibit 1 at 11. He noted that these numbers were based on wireless to wireline reporting in more urban areas and expected that interest in rural areas would be even less. Id. He stated that in rural areas "the public does not recognize wireless service as an absolute substitute for wireline service" due to reliability and that "demand for wireless service is more for its mobile capability[.]" Id. at 12. He further stated that even for customers who decide to give up their wireline service for wireless generally will try wireless service first and then drop their wireline service. Id. Thus, there would not be a need to port numbers in that case. Id.

37. Bullock, the cost witness for Alliance/Splitrock, Armour/Bridgewater/Union, Faith, Golden West/Vivian/Kadoka, McCook, Sioux Valley, Tri-County, and Valley, stated that he assumed that if LNP were required, the wireless companies would begin an aggressive marketing campaign which may generate some porting activity. TR. at 890. He also assumed that some of the customers would port back to the wireline carrier. Id. He stated that he did not do a scientific analysis since there is no track record for number porting in rural areas. Id. He also stated that his porting estimates were not based on the number of wireless carriers operating in any particular area. Id. at 891. Bullock's estimated number of ports were higher than DeWitte's and ranged from 0.694% to 3.061% of a company's access lines per year.

38. WWC's witness, Williams, stated that WWC's porting estimates were "based on what we thought we would be able to obtain as a result of both our coverage and our view of what their demographics represented." TR. at 1031. His estimates for ports, based on each company's number of access lines, ranged from a low of 2.743% for Golden West to a high of 3.528% for Brookings. WWC Ex 9, 15, 18, 19. Williams further stated that, for most of the companies, the numbers are close to what WWC would expect in WWC's rural areas, which is approximately 15 percent intermodal porting over a five year period. TR. at 1031. He assumed that WWC would have about 45% of the total estimated ports. TR. at 690. Williams stated that there has not yet been any

experience in intermodal porting in rural service areas so far. Id. He went on to state that there is a track record for wireline to wireline portability and that has resulted in an annual migration of 3.5% to 4.5%. Id. at 1033. He also stated that he would not expect wireline to wireless migration to be that high. Id.

39. The demand for porting will likely fall somewhere in between the numbers as forecasted by the Petitioners and those set forth by WWC. WWC's estimates are probably too high based on a number of factors. First, according to Williams' own testimony, wireline to wireline portability on a national basis has only resulted in porting percentages of 3.5% to 4.5%. TR. at 1033. Moreover, a survey regarding wireless porting showed that only 5% of wireless ports nationwide were between wireline and wireless carriers. SDTA Ex 1 at 11. On the other hand, DeWitte's estimates that averaged less than two tenths of one percent appear to be somewhat low. For example, in Kennebec, 12% of the survey respondents stated they would be willing to pay a dollar a month in order to have the ability to port their wireline numbers to their wireless carrier. TR. at 965. In addition, one of the cost witnesses, Bullock, used estimates that ranged from 0.694% to 3.061%.

40. The "benefit" to be derived from LNP for a given company's customers is in part dependent on demand. The uncertainty concerning the number of ports to be expected does intersect an additional element of uncertainty into the recurring costs for Petitioners to provide LNP. To the extent that the number of ports increases, however, and thereby increases the costs of providing LNP, this increase in costs due to greater demand could be argued to be balanced, in terms of cost-benefit analysis by the greater benefit to be received by Petitioners' customers.

41. In *Matter of Telephone Number Portability*, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352, ¶ 29 (1996) (*First Report and Order*), the FCC found that local number portability was a significant factor limiting a customer's decision to switch telecommunications service providers. In the *Intramodal Order*, the FCC extended this reasoning to intermodal portability. However, the FCC in *Virginia Cellular* and again in *Highland Cellular* recently emphasized that competition *per se* is not a sufficient basis upon which Commissions should base public interest decisions involving rural, high cost service areas. Although WWC presented evidence as to the number of ports it expected to obtain, TR 1033, no empirical evidence was introduced to demonstrate that LNP would materially increase the number of customers subscribing to wireless service within Petitioners' service areas or, stated conversely, that the inability to port landline phone numbers to a wireless phone within Petitioners' service areas is a significant negative factor influencing potential customers for wireless service to forego purchasing WWC's service. Petitioners provided evidence that WWC is successfully competing for customers within Petitioners' service territories without intermodal LNP. TR 312. WWC itself introduced a survey that demonstrated that wireless market penetration would be significant. The survey results were not dependent on LNP. TR 645-646. WWC Ex 11. Brookings's Manager testified that as a result of migration of customers, primarily college students, from landline to totally wireless, Brookings had lost 1,200 access lines over the past 3 years. TR 311. He further testified, "[W]e have pretty fair competition without local number portability. . . . [I]n an environment where competition is being served, the customers are, in fact, migrating as they desire from wireline to wireless." TR 312. Midstate's manager testified that in its CLEC operation in Chamberlain/Oacoma LNP had not been a significant competitive driver in the intramodal arena. Out of Midstate's 787 customers, only 8 were ported numbers. TR 976.

42. There are presently at least three sources of significant uncertainty concerning the obligations and resulting costs to Petitioners and their customers to implement LNP in their rural service areas. These three sources of significant uncertainty are: (i) the pending appeal of the

*Intramodal LNP Order in United States Telecom Assn. v. FCC*, Cases No. 03-1414 and 03-1443 (D.C. Cir.); (ii) the unresolved apportionment of interconnection and transport obligations of the RLEC and the requesting wireless carrier; and (iii) the porting interval that the RLEC must meet. The latter two of these uncertainties arise from the language in paragraph 1 of the *Intermodal Order* in which the FCC stated:

[W]e clarify that nothing in the Commission's rules limits porting between wireline and wireless carriers to require that wireless carrier to have a physical point of interconnection or numbering resources in the rate center where the number is assigned. . . . In addition, . . . we clarify that wireline carriers may not require wireless carriers to enter into interconnection agreements as a precondition to porting between the carriers. We also decline to adopt a mandatory porting interval for wireline-to-wireless ports at the present time, but we seek comment on the issue as noted below.

Proceedings are currently pending before the FCC to address these unresolved issues.

43. Given the projected significant costs of providing LNP, the limited demonstrated present demand for LNP, the older and poorer demographic characteristics of Santel's population base and the uncertainties currently attending LNP implementation and provision in Petitioners' territories, the Commission finds that the cost-benefit equation weighs in favor of suspending Santel's LNP obligations for a period of time within which some of the uncertainties might be resolved. Santel would benefit from additional certainty which will result from the FCC's acting on issues such as porting intervals and transport and routing issues. After the FCC decisions are issued, Petitioners and the Commission should have a clearer picture of what costs must be incurred to implement LNP. The decisions may result in lower projected costs or higher projected costs, but either way, there should be more certainty. Further, the additional time should result in the ability to more accurately predict demand based on what has occurred in other rural areas. Depending on the demand that is experienced in other rural areas where LNP has been implemented and the more certain cost inputs, it is possible that a further suspension might be justified. On the other hand, if substantial demand or other demonstration of marginal benefit is demonstrated, then the Commission may decide to deny further suspension requests.

44. The Commission accordingly finds that it is consistent with the public interest convenience and necessity to suspend Santel's obligations under 47 U.S.C. §251(b)(2) and SDCL 49-31-81 to provide local number portability to requesting carriers until December 31, 2005.

45. With respect to the additional standards set forth in SDCL 49-31-80 and 47 U.S.C. §251(f)(2), the Commission finds that the first two standards, subdivisions (1) and (2), focus on economic impacts. The first standard is centered on users, i.e. customers. This requires the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact "significant." The judgment of whether an impact is significant is in turn influenced by what benefits flow to the customers from imposition of the impact.

46. The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. The statutory language does not specify as to whom the level of burdensomeness is to be assessed. The Commission concludes that this standard should be applied to assess the burdensomeness of the requirement on both the consumer and the company. Since the company is the petitioner, it seems probable that in the absence of language to the contrary, the language refers to the petitioner. Other reasons for treating

this criterion as applicable to both company and customers include the uncertainties surrounding how the costs of LNP will be distributed between the company and its consumers and the difficulty, at this point, of determining with any degree of certainty the surcharge amount that could be charged by the company to its customers.

47. Given the significant costs of implementing and providing LNP services in the Santel area, the current absence of customer requests for LNP, the apparent low demand for the availability of LNP, the absence of any alternative wireline service in the Santel area and the presence of significant coverage gaps in wireless service in Santel's territory at this time, the Commission finds that suspending Santel's LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Santel's telecommunications services generally.

48. Based upon the same findings, the Commission further finds that suspending Santel's LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Santel.

### **CONCLUSIONS OF LAW**

1. The Commission has jurisdiction, pursuant to SDCL 49-31-80, 47 U.S.C. § 251(f)(2) and ARSD 20:10:32:39, to hear and decide the Petition and to issue an order suspending or modifying Santel's obligations to implement local number portability pursuant to 47 U.S.C. §251(b)(2) and SDCL 49-31-81. The Commission had authority pursuant to SDCL 49-31-80 and 47 U.S.C. §251(f)(2) to issue a suspension of Santel's LNP obligations pending final action on Santel's requested suspension and to issue a temporary suspension to September 30, 2004.

2. SDCL 49-31-80 and 47 U.S.C. §§251(f)(2) give the Commission authority to grant a suspension or modification of local number portability obligations if the local exchange carrier has fewer than two percent of subscriber lines nationwide and the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

3. In *Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, 11 FCC Rcd 15499 (1996), the FCC adopted the rule codified at 47 U.S.C. §51.405(d), which reads as follows:

(d) In order to justify a suspension or modification under section 251(f)(2) of the Act, a LEC must offer evidence that the application of section 251(b) or section 251(c) of the Act would be likely to cause undue economic burden beyond the economic burden that is typically associated with efficient competitive entry.

This rule was vacated by the Eighth Circuit Court of Appeals in *Iowa Utils. Bd. v. F.C.C.*, 219 F.3d 744 (8th Cir. 2000). The Commission accordingly concludes that this standard and rule does not bind the Commission's discretion in this case.

4. Santel is a local exchange carrier serving fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Santel is accordingly entitled to petition for suspension of its obligations to provide local number portability.

5. The first two standards, subdivisions (1) and (2), focus on economic impacts. The first standard is centered on users, i.e. customers. This requires the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact "significant." The judgment of whether an impact is significant is in turn influenced by what benefits flow to the customers from imposition of the impact.

6. The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. The statutory language does not specify as to whom the level of burdensomeness is to be assessed. The Commission concludes that this standard should be applied to assess the burdensomeness of the requirement on both the consumer and the company.

7. Granting a suspension to Santel of the requirements to provide intermodal local number portability imposed by 47 U.S.C. §251(b)(2), SDCL 49-31-81 and the rules and orders of the FCC is in the public interest.

8. Granting a suspension of Santel's intermodal LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Santel's telecommunications services generally.

9. Granting a suspension of Santel's intermodal LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Santel.

10. The suspension granted herein does not relieve Santel of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

It is therefore

ORDERED, that Santel's obligation to implement intermodal local number portability imposed by 47 U.S.C. §251(b)(2), SDCL 49-31-81 and the rules and orders of the FCC is hereby suspended pursuant to 47 U.S.C. § 251(f)(2), SDCL 49-31-80 and ARSD 20:10:32:39, until December 30, 2005; and it is further

ORDERED, that should Santel desire to continue the suspension following December 31, 2005, the company shall file its petition for suspension on or before October 1, 2005; and it is further

ORDERED, that the suspension granted herein does not relieve Santel of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

#### NOTICE OF ENTRY OF ORDER

PLEASE TAKE NOTICE that this Order was duly entered on the 30th day of September, 2004. Pursuant to SDCL 1-26-32, this Order will take effect 10 days after the date of receipt or failure to accept delivery of the decision by the parties.



Dated at Pierre, South Dakota, this 30th day of September, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: \_\_\_\_\_

*Melaine Kaelo*

Date: \_\_\_\_\_

*9/30/04*

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

*Robert K. Sahr*

ROBERT K. SAHR, Chairman

*Gary Hanson*

GARY HANSON, Commissioner

*James A. Burg*

JAMES A. BURG, Commissioner

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October 29, 2004

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NOV 01 2004

### NEXT DAY DELIVERY

And via fax at: 605-773-3809

Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 E Capitol Avenue  
Pierre SD 57501

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**FAX Received** OCT 29 2004

RE: WWC's Petitions to Reconsider Final Decision and Order and Brief in  
Support of Petitions to Reconsider Final Decision and Order (LNPs)  
GPGN File. No. 5925.040157

Dear Ms. Bonrud:

Enclosed for filing please find the original and ten copies of WWC's Petitions for  
Reconsideration of Final Decision and Order and Brief in Support of Petitions to Reconsider in  
the following local number portability dockets:

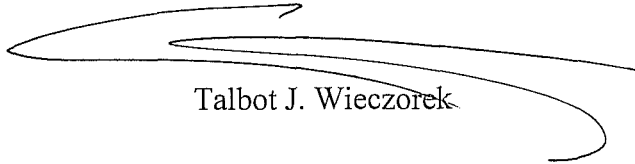
TC04-038	Santel Communications Cooperative, Inc.
TC04-044	Sioux Valley Telephone Company
TC04-045	Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company
TC04-046	Armour Independent Telephone Company, Bridgewater- Canistota Independent Telephone Company and Union Telephone Company
TC04-047	Brookings Municipal Utilities d/b/a Swiftel Communications
TC04-048	Beresford Municipal Telephone Company
TC04-049	McCook Cooperative Telephone Company
TC04-050	Valley Telecommunications Cooperative Association, Inc.
TC04-052	Midstate Communications, Inc.
TC04-054	Interstate Telecommunications Cooperative, Inc.
TC04-055	Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc.
TC04-056	RC Communications, Inc. and Roberts County Telephone Cooperative Association
TC04-060	Venture Communications Cooperative
TC04-061	West River Cooperative Telephone Company

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

Pam Bonrud  
October 29, 2004  
Page 2

If you have any questions, please call me.

Sincerely,



Talbot J. Wieczorek

TJW:klw

Enclosures

c: Western Wireless, Inc.  
Richard Coit  
Darla Pollman Rogers  
Jeff Larson  
David Gerdes  
Richard Helsper  
Ben Dickens

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NOV 01 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION )  
OF SANTEL COMMUNICATIONS )  
COOPERATIVE, INC. FOR )  
SUSPENSION OR MODIFICATION OF )  
47 U.S.C. § 251(b)(2) OF THE )  
COMMUNICATIONS ACT OF 1934 AS )  
AMENDED )

Docket No. TC04-038

FAX Received OCT 29 2004

PETITION FOR RECONSIDERATION  
BY WWC LICENSE, LLC

Intervenor, WWC License LLC, by and through its attorney, Talbot J. Wieczorek, of Gunderson, Palmer, Goodsell & Nelson, LLP, hereby submits this Petition for Reconsideration of Final Decision and Order; Notice of Entry.

On September 30, 2004, the Public Utilities Commission of the State of South Dakota ("Commission") entered its "Final Decision and Order; Notice of Entry" concerning Santel Communications Cooperative, Inc. Petitioner WWC License, LLC, ("Western Wireless") seeks reconsideration of the Final Decision and Order pursuant to S.D. Admin. R. 20:10:01:29. A Brief in Support of Petition for Reconsideration setting forth arguments and authorities is incorporated herein by this reference.

Reconsideration of the Commission's Final Decision is appropriate for several reasons:

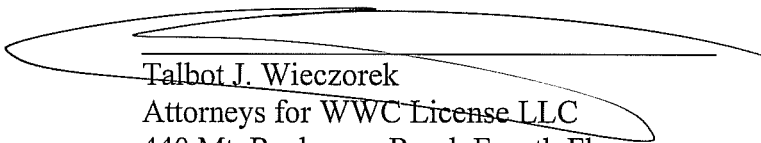
- 1) the Commission inappropriately interpreted 47 USC § 251(f)(2) in a manner which is inconsistent with the statutory construction and congressional intent by improperly blending the public interest prong with the economic elements of the necessity prong and by failing to perform the analysis it deemed appropriate to support a finding of adverse economic impact and undue economic burden;

- 2) the Commission's analysis improperly assessed the burden upon each individual petitioner by effectively considering all petitioners as one collective group and placing a burden upon a non-petitioning party to demonstrate demand;
- 3) the Commission made erroneous findings regarding transport costs; and
- 4) the Public Interest Analysis performed by the Commission is not consistent with the facts before and findings made by the Commission.

For the above reasons, Western Wireless challenges the following Findings of Fact: Paragraphs 12, 14, 15, 17-28, 31, 33, 34, 36, 39, 41-48, and any other findings relying on those findings. Western Wireless further challenges the following Conclusions: Paragraphs 5, 6, 7, 8 and 9. Western Wireless reserves the right to challenge any additional Findings or Conclusions related to the arguments and authorities set forth in the brief in support of the Petition to Reconsider the Final Decision and Order. Western Wireless requests the Commission reconsider its final order and decision and order immediate implementation of LNP. This petition also relies on the joint brief submitted in support of Petitions for Reconsideration, which is incorporated herein by this reference, and the record in the above matter.

Dated this 29<sup>th</sup> day of October, 2004.

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP



Talbot J. Wiczorek  
Attorneys for WWC License LLC  
440 Mt. Rushmore Road, Fourth Floor  
PO Box 8045  
Rapid City SD 57709  
605-342-1078  
Fax: 605-342-0480

## CERTIFICATE OF SERVICE

The undersigned certifies that on the 29<sup>th</sup> day of October, 2004, I served a true and correct copy of the foregoing **PETITION FOR RECONSIDERATION BY WWC LICENSE, LLC** by NEXT DAY DELIVERY to:

Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
319 South Coteau Street  
PO Box 280  
Pierre, SD 57501

**Attorney for:**

Kennebec Telephone Co.  
Sioux Valley Telephone Co  
Golden West, Vivian Telephone Co and  
Kadoka Armour, Bridgewater-Canistota Tele Co  
and Union Tele Company  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
City of Faith Telephone Company  
Midstate Communications, Inc.  
Western Telephone Company  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
Venture Communications Cooperative  
West River Cooperative Telephone Company  
Stockholm-Strandburg Telephone Company  
Tri-County Telcom, Cheyenne Sioux Tribe

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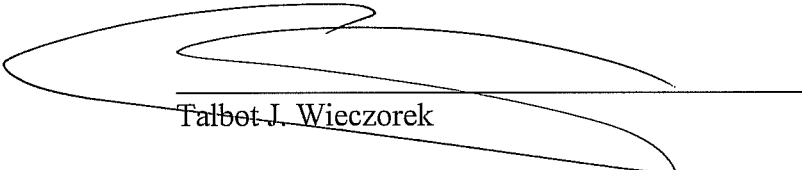
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South Dakota Telecommunications Assoc.



Talbot J. Wiczorek

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

**RECEIVED**

NOV 01 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**IN THE MATTER OF THE PETITIONS FOR )  
SUSPENSION OR MODIFICATION OF 47 )  
U.S.C. § 251(b)(2) OF THE )  
COMMUNICATIONS ACT OF 1934 AS )  
AMENDED )**

**WWC LICENSEE'S )  
BRIEF IN SUPPORT OF )  
PETITIONS TO )  
RECONSIDER FINAL )  
DECISION AND ORDER**

**DOCKET NUMBERS:**

**FAX Received OCT 29 2004**

TC04-038 Santel Communications Cooperative, Inc.  
TC04-044 Sioux Valley Telephone Company  
TC04-045 Golden West Telecommunications Cooperative, Inc.,  
Vivian Telephone Company and Kadoka Telephone  
Company  
TC04-046 Armour Independent Telephone Company, Bridgewater-  
Canistota Independent Telephone Company and Union  
Telephone Company  
TC04-047 Brookings Municipal Utilities d/b/a Swiftel Communications  
TC04-048 Beresford Municipal Telephone Company  
TC04-049 McCook Cooperative Telephone Company  
TC04-050 Valley Telecommunications Cooperative Association, Inc.  
TC04-052 Midstate Communications, Inc.  
TC04-054 Interstate Telecommunications Cooperative, Inc.  
TC04-055 Alliance Communications Cooperative, Inc. and  
Splitrock Properties, Inc.  
TC04-056 RC Communications, Inc. and Roberts County Telephone  
Cooperative Association  
TC04-060 Venture Communications Cooperative  
TC04-061 West River Cooperative Telephone Company

Intervenor, WWC License LLC ("Western Wireless"), by and through its attorney, Talbot J. Wieczorek, of Gunderson, Palmer, Goodsell & Nelson, LLP, hereby submits this brief in support of the Petitions to Reconsider Final Decision and Order.

**INTRODUCTION**

Reconsideration of the Commission's final order is appropriate for several reasons. First, the Commission's interpretation of 47 U.S.C. § 251(f)(2) is inconsistent with the statutory



construction and congressional intent. It is inconsistent because it fails to maintain the separate and distinct nature of the economic elements contained in the necessity prong, found under 47 U.S.C. § 251(f)(2)(A) from the public interest prong, 47 U.S.C. § 251(f)(2)(B). This faulty interpretation resulted in a failure to properly analyze adverse economic impact upon users and undue economic burden. Second, the Commission inappropriately placed burden under § 251(f)(2) upon a non-petitioning party and upon all petitioners as a whole instead of upon each individual petitioner. The Commission's unified consideration is readily apparent by the fact that the Commission ordered the exact same suspension date for every Petitioner. In addition, the Commission failed to properly address transport costs under the burden imported by § 251(f)(2). Lastly, the public interest analysis performed by the Commission and the conclusion is inconsistent with the facts before the Commission.

The substance of this brief should not be interpreted as a waiver of any arguments Western Wireless raised in its hearing brief. For clarification purposes, Western Wireless is not requesting reconsideration of the Commission's findings regarding technical feasibility. Therefore, this brief in support of the petitions for reconsideration concerns only the two economic elements of the necessity prong and the public interest prong contained in § 251(f)(2).

For discussion purposes, due to the similarity in the final orders issued for each individual petitioner, the order for Sioux Valley Telephone Company is utilized below for discussion purposes. Any reference made to a finding in the Sioux Valley Telephone Company Order is paralleled in the orders issued for all other petitioners.

## **ARGUMENT**

- I. Reconsideration Is Appropriate Because The Commission Inappropriately Interpreted 47 U.S.C. § 251(f)(2) In A Manner Inconsistent With The Statutory Construction And Congressional Intent By Improperly Blending The Public Interest Prong With The Economic Elements Of The Necessity Prong.**

The Commission must not interpret 47 U.S.C. § 251(f)(2) in a manner which is inconsistent with Congress' intent supporting the promulgation of the statute. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 636-37 (*citing* Ingersoll-Rand Co. v. McClendon, 498 U.S. 133, 138 (1990)). In discerning intent, it is proper to consider the statutory framework as a whole and the objectives of the statute. Indiana Bell Telephone Company Incorporated, 31 F.Supp.2d at 637 (*citing* Crandon v. U.S., 494 U.S. 152, 158 (1990)). Both the statutory framework and objectives indicate that the two prongs, and the individual elements contained in the necessity prong, are intended to be separate and distinct factors.

The statutory framework demonstrates Congress explicitly created a two-part test which governs the consideration of a RLEC's petition for suspension or modification. Section 251(f)(2) provides local exchange carriers with fewer than two percent of the Nation's subscriber lines the ability to petition the State Commission for a suspension or modification of the LNP requirements found in § 251(b). It states,

A local exchange carrier with fewer than 2 percent of the Nation's subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) of this section to telephone exchange service facilities specified in such petition. The State commission shall grant such petition to the extent that, and for such duration as, the State commission determines that such suspension or modification –

(A) is necessary –

- (i) to avoid a significant adverse economic impact on users of telecommunications services generally;
- (ii) to avoid imposing a requirement that is unduly economically burdensome; or
- (iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.

The State commission shall act upon any petition filed under this paragraph within 180 days after receiving such petition. Pending such action, the State

commission may suspend enforcement of the requirement or requirements to which the petition applies with respect to the petitioning carrier or carriers.

47 U.S.C. § 251(f)(2); *See Also* S.D.C.L. § 49-31-80. Under the aforementioned test, suspension or modification is inappropriate unless the PUC finds the individual Petitioner met its burden of establishing (1) at least one of the elements delineated under the necessity prong; and (2) the public interest prong. Iowa Utilities Board v. Federal Communications Commission, 219 F.3d 744, 761 (8th Cir. 2000), *reversed in part on other grounds by*, Verizon Communications Inc. v. Fed'l Communications Comm'n, 535 U.S. 467 (2002); Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, first Report and Order, 11 F.C.C.R. 15499, 15518, FCC 96-325 (1996).

The statute plainly requires the finding of both the necessity prong and the public interest prong. First, the Commission must find that it is necessary to grant a modification or suspension to avoid one of the three factors enumerated under 47 U.S.C. § 251(f)(2)(A). Necessity can be established by demonstrating any one of the three individual factors delineated under the necessity prong. 47 U.S.C. § 251(f)(2)(A). As the three factors were listed separately, a logical reading of the statute indicates each factor is to be considered separate and distinct from the two alternate factors. Moreover, the statute was drafted with public interest as a completely separate prong of the test. 47 U.S.C. § 251(f)(2)(B). Any interpretation of the statute which acts to blend individual elements or prongs is inconsistent with the statutory framework and therefore inappropriate.

Had Congress intended that the factors or prongs be considered jointly, it certainly could have drafted statutory language which combined the factors. It didn't. Instead, Congress explicitly drafted statutory language that provides three separate basis that could individually support a finding of the necessity element. Likewise, it drafted a public interest prong separate

and distinct from the necessity prong and only considered if the necessity prong was first met. Suspension or modification is not appropriate unless the individual Petitioner has established both necessity and consistency with public interest. 47 U.S.C. § 251(f)(2); *See Also* Final Decision and Order; Notice of Entry for Sioux Valley Telephone Company, TC04-044, ¶ 10, p. 4 (September 30, 2004) (acknowledging both prongs must be found to justify a suspension or modification); all other petitioning parties ¶ 10, p. 4, with the exception of Interstate Telecommunications Cooperative, Inc., TC04-054, ¶ 19, p. 5. As the aforementioned concerns distinct elements of the statute, a statutory interpretation blurring the distinct nature of the elements is inconsistent with the statutory framework and, therefore, improper.

**a. The Commission inappropriately adopted an interpretation of § 251(f)(2) which rendered the two-part multi-faceted test Congress envisioned into a single one-part test.**

The Commission arguably properly performed a cost-benefit analysis in consideration of the public interest prong of the § 251(f)(2) test. Specifically, it stated,

Given the projected significant costs of providing LNP, the limited demonstrated present demand for LNP, the poorly developed wireless coverage in Sioux Valley's territory and the uncertainties currently attending LNP implementation and provision in petitioners' territories, the *Commission finds that the cost-benefit equation weighs in favor of suspending* Sioux Valley's LNP obligations for a period of time within which some of the uncertainties might be resolved. ...

*See* Final Decision and Order; Notice of Entry for Sioux Valley Telephone Company, TC04-044, ¶ 42, p. 11(*emphasis added*); Santel, TC04-038, ¶ 43, p. 11; Golden West/Vivian/Kadoka, TC04-045, ¶ 42, p. 11; Armour/Bridgewater-Canistota/Union, TC04-046, ¶ 43, p. 11; Brookings, TC04-047, ¶ 42, p. 11; Beresford, TC04-048, ¶ 41, p. 11; McCook, TC04-049, ¶ 42, p. 11; Valley, TC04-50, ¶ 44, p.11; Midstate, TC04-052, ¶ 44, pp. 11-12; ITC, TC04-054, ¶ 51, p. 13; Alliance/Splitrock, TC04-55, ¶ 43, p. 11; RC/Roberts County, TC04-056, ¶ 42, p. 11; Venture, TC04-060, ¶ 42, p. 11; and West River, TC04-061, ¶ 46, p. 11. The above language reflects the

findings the Commission felt were relevant to the cost-benefit analysis it performed. Id. In each final order, the Commission concluded that based upon findings identical to the above, all Petitioners met their burden of establishing suspension is consistent with public interest. Id. at ¶ 44. Based on these findings, the Commission discerned the public interest prong of the test to have been met by all Petitioners. Id.

With respect to the necessity prong, the Commission applied an improper analysis of the elements contained in the statute. It effectively combined the elements of the necessity prong and the public interest prong into a single test. It inappropriately interjected the same cost-benefit analysis it utilized to determine public interest into its consideration of the two economic elements delineated under the necessity prong. With respect to the significant adverse economic impact upon user consideration, the Commission concluded the following,

With respect to the additional standards set forth in SDCL 49-31-80 and 47 U.S.C. § 251(f)(2), the Commission finds that the first two standards, subdivision (1) and (2), focus on economic impacts. The first standard is centered on users, i.e. customers. This requires the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact “significant.” *The judgment of whether an impact is significant is in turn influenced by what benefits flow to the customers from imposition of the impact.*

*See* Final Decision and Order; Notice of Entry for Sioux Valley Telephone Company, TC04-044, ¶ 44, p. 11 (*emphasis added*); Santel, TC04-038, ¶ 45, p. 11; Golden West/Vivian/Kadoka, TC04-045, ¶ 44, p. 12; Armour /Bridgewater/Union, TC04-046, ¶ 45, p. 12; Brookings, TC04-047, ¶ 44, p. 11; Beresford, TC04-048, ¶ 43, p. 11; McCook, TC04-049, ¶ 44, p. 11; Valley, TC04-50, ¶ 46, p. 11; Midstate, TC04-052, ¶ 48, p. 12; ITC, TC04-054, ¶ 53, p. 13; Alliance/Splitrock, TC04-55, ¶ 45, pp. 11-12; RC/Roberts County, TC04-056, ¶ 44, p. 11; Venture, TC04-060, ¶ 44, p. 11; and West River, TC04-061, ¶ 48, p. 12.

The emphasized text indicates the Commission's intent to base any finding of this element upon a cost-benefit analysis. As further illustration, the Commission continued with,

Given the significant costs of implementing and providing LNP services in the Sioux Valley area, the current absence of customer requests for LNP, the apparent low demand for the availability of LNP, the poor wireless coverage and the absence of any alternative wireline service in the Sioux Valley area at this time, the Commission finds that suspending Sioux Valley's LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Sioux Valley's telecommunications services generally.

Id. at ¶ 46, p. 12. The findings upon which the Commission relies to determine adverse economic impact mirror the cost-benefit analysis the Commission relied upon to find suspension consistent with public interest. The Commission improperly blended the adverse economic impact element with the public interest prong, or, simply used a public interest analysis to reach a finding of economic impact.

Not only did the Commission improperly commingle the adverse economic impact element with the public interest prong, it performed the exact same analysis for the undue economic burden element. Specifically, it found,

Based upon the same findings, the Commission further finds that suspending Sioux Valley's LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Sioux Valley.

Id. at ¶ 47, p. 12. The exact same cost-benefit analysis was performed for the public interest prong, the adverse economic impact upon users element, and the undue economic burden element. Because the exact same analysis was performed, the Commission's interpretation effectively combines the intended multi-prong, multi-faceted test into to a single one part test.

Congress intended consistency with public interest to be a separate and distinct prong of the test found in § 251(f)(2). The Commission's interpretation of the statute completely negates the existence of differing elements and prongs. If the Commission's interpretation is correct, it

effectively suggests that if a cost-benefit analysis weighs in favor of a suspension or modification, such suspension or modification should be granted. Such an interpretation is not consistent with congressional intent. Congress required both necessity to avoid an economic harm and consistency with public interest before a suspension or modification could be granted. 47 U.S.C. § 251(f)(2). Adherence to the Commission's interpretation of the statute is in direct conflict with the construction of the statutory language and is therefore inappropriate.

**b. The Commission's improper interpretation of § 251(f)(2) resulted in an erroneous finding of adverse economic impact upon users.**

The Commission's finding of adverse economic impact is erroneous because the Commission failed to make any findings regarding what constitutes "significant." The first element under the test allows the Petitioner to establish necessity if it demonstrates suspension or modification is necessary, "...to avoid a significant adverse economic impact on users of telecommunications services generally;...." *See* § 251(f)(2)(A)(i). Under its analysis of adverse economic impact, the Commission specifically stated, "This *requires* the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact "significant." *See* Final Decision and Order; Notice of Entry for Sioux Valley Telecommunications Cooperative Association, Inc., TC04-044, ¶ 44, p. 11 (*emphasis added*); Santel, TC04-038, ¶ 45, p. 11; Golden West/Vivian/Kadoka, TC04-045, ¶ 44, p. 12; Armour /Bridgewater/Union, TC04-046, ¶ 45, p. 12; Brookings, TC04-047, ¶ 44, p. 11; Beresford, TC04-048, ¶ 43, p. 11; McCook, TC04-049, ¶ 44, p. 11; Valley, TC04-50, ¶ 46, p. 11; Midstate, TC04-052, ¶ 48, p. 12; ITC, TC04-054, ¶ 53, p. 13; Alliance/Splitrock, TC04-55, ¶ 45, pp. 11-12; RC/Roberts County, TC04-056, ¶ 44, p. 11; Venture, TC04-060, ¶ 44, p. 11; and West River, TC04-061, ¶ 48, p. 12. Notably, the Commission never made such a finding.

Although the Commission indicated it was required to determine at what level the economic impact becomes significant, it failed to do so. The Commission was presented varying consumer costs for LNP. It made a specific finding of the user LNP implementation cost for each Petitioner except Venture and ITC. *See Id.* at ¶ 31, p. 9. After finding the cost to users, the Commission then failed to complete the analysis of this element. It never determined the level at which the economic impact becomes significant. Rather, it flatly disregarded the Congressional mandate and justified a finding of adverse economic impact upon the same cost-benefit analysis it performed under the public interest prong. Consequently, any findings or conclusions the Commission made regarding adverse economic impact are clearly erroneous. *See Id.* at ¶¶ 12, 48, pp. 4, 12.

**c. The Commission's improper interpretation of § 251(f)(2) resulted in an erroneous finding of undue economic burden.**

Similarly, the Commission failed to properly perform a complete analysis for the undue economic burden element. The second element under the test allows the Petitioner to establish necessity if it demonstrates suspension or modification is necessary, "...to avoid imposing a requirement that is unduly economically burdensome;..." § 251(f)(2)(A)(ii). The Commission indicated the following for the undue economic burden element,

The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. The statutory language does not specify as to whom the level of burdensomeness is to be assessed. The Commission concludes that this standard should be applied to assess the burdensomeness of the requirement on both the consumer and the company. Since the company is the petitioner, it seems probable that in the absence of language to the contrary, the language refers to the petitioner. Other reasons for treating this criterion as applicable to both company and customers include the uncertainties surrounding how the costs of LNP will be distributed between the company and its consumers and the difficulty, at this point, of determining with any degree of certainty the surcharge amount that could be charged by the company to its customers.



*See* Final Decision and Order; Notice of Entry for Sioux Valley Telephone Company, TC04-044, ¶ 45, p. 12, Santel, TC04-038, ¶ 46, pp. 11-12; Golden West/Vivian/Kadoka, TC04-045, ¶ 45, p. 12; Armour /Bridgewater/Union, TC04-046, ¶ 46, p. 12; Brookings, TC04-047, ¶ 45, pp. 11-12; Beresford, TC04-048, ¶ 44, p. 11; McCook, TC04-049, ¶ 45, p. 12; Valley, TC04-50, ¶ 47, p. 12; Midstate, TC04-052, ¶ 49, p. 12; ITC, TC04-054, ¶ 54, p. 13; Alliance/Splitrock, TC04-55, ¶ 46, p. 12; RC/Roberts County, TC04-056, ¶ 45, p. 11; Venture, TC04-060, ¶ 45, p. 11; and West River, TC04-061, ¶ 49, p. 12. The element found under 47 U.S.C. § 251(f)(2)(A)(ii) is properly considered with respect to the Petitioner only. Otherwise, elements one and two simply run into one test.

Even under the Commission's analysis, it neglected to perform a proper determination under this element. It never delineated a threshold for determining what constitutes undue economic burden. It found all Petitioners will incur undue economic burden by implementation of LNP, regardless of the actual financial impact each individual Petitioner will experience. It noted that it was *required* to determine that costs would create an undue economic burden. *Id.* The Commission then disregarded its own mandate. Rather, it shifted and improperly justified a finding of undue economic burden upon the same cost benefit analysis it performed under the public interest prong and the adverse economic impact element. *See* Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 47, p. 12; Santel, TC04-038, ¶ 48, p. 12; Golden West/Vivian/Kadoka, TC04-045, ¶ 47, p. 12; Armour/Bridgewater/Union, TC04-046, ¶ 48, p. 12; Brookings, TC04-047, ¶ 47, p. 12; Beresford, TC04-048, ¶ 46, p. 12; McCook, TC04-049, ¶ 47, p. 12; Valley, TC04-50, ¶ 49, p. 12; Midstate, TC04-52, ¶ 51, p. 12; ITC, TC04-054, ¶ 56, p. 14; Alliance/Splitrock, TC04-55, ¶ 48, p. 12; RC/Roberts County, TC04-056, ¶ 47, p. 11; Venture, TC04-060, ¶ 47, p. 12; and West River, TC04-061, ¶ 51, p. 12.

Moreover, after the Commission suggests this element applies to both users and the petitioners, it fails to make any finding regarding the users. It finds suspension is necessary, “...to avoid imposing a requirement that is unduly economically burdensome *on Sioux Valley*.” *Id.* at ¶¶ 12, 49 (*emphasis added*). A similar finding was never made regarding the users. Therefore, even under the Commission’s interpretation regarding what is required to satisfy this element, it failed to adhere to its own mandate. As a result, any finding made by the Commission regarding undue economic burden is erroneous. *See Id.* at ¶¶ 12, 17, 49, pp. 4, 12.

**II. Reconsideration Is Proper Because The Commission’s Analysis Improperly Assessed The Burden Upon Each Individual Petitioner By Effectively Considering All Petitioners As One Collective Group, Accepting Joint Filings As Sufficient Evidence To Meet The Requisite Burden, and Placing A Burden Upon A Non-petitioning Party To Demonstrate Demand.**

Failure to assess the burden upon each individual petitioner is inconsistent with the statutory framework of 47 U.S.C. § 251(f)(2). In determining whether a petitioner has met its burden of establishing the need for a suspension or modification under 47 U.S.C. § 251(f)(2), the Commission must examine each Petitioner’s case individually. The text of § 251(f)(2) refers to, “A local exchange carrier...” Thus, the plain meaning of the statute requires that each individual Petitioner demonstrate the existence of the above factors before a suspension or modification can be granted under § 251(f)(2).

**a. The Commission improperly grouped all petitioning entities as one collective group in contravention of the statutory requirements.**

Review of all the final orders demonstrates the Commission failed to properly assess the requisite burden upon each individual petitioner. A review of each of the final orders demonstrates the Commission made, for the most part, exactly the same findings with each individual petitioner. Not only were the findings the same, the Commission granted every single petitioning entity an identical suspension until December 30, 2005. *See* Final Decision and

Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 47, p. 12; Santel, TC04-038, ¶ 48, p. 12; Golden West/Vivian/Kadoka, TC04-045, ¶ 47, p. 12; Armour /Bridgewater/Union Telephone Company, TC04-046, ¶ 48, p. 12; Brookings, TC04-047, ¶ 47, p. 12; Beresford, TC04-048, ¶ 46, p. 12; McCook, TC04-049, ¶ 47, p. 12; Valley, TC04-50, ¶ 49, p. 12; Midstate, TC04-052, ¶ 51, p. 12; ITC, TC04-054, ¶ 56, p. 14; Alliance/Splitrock, TC04-55, ¶ 48, p. 12; RC/Roberts County, TC04-056, ¶ 47, p. 11; Venture, TC04-060, ¶ 47, p. 12; and West River, TC04-061, ¶ 51, p. 12. Such a result is wholly inconsistent with the varying testimony provided by each Petitioner.

On the other hand, Staff recommended individualized findings to the extent that it grouped the petitioners into three categories. *See* Staff's Brief, p. 14-30, (August 20, 2004). In the first category, Staff recommended that for some of the very high cost companies a two year suspension through May 24, 2006. *Id.* at p. 14. For the companies which experience what the Staff classified as considerable costs, it recommended a one year suspension until May 24, 2005. *Id.* at p. 15. Staff justified the two classifications by noting that the second grouping has estimated costs that are lower and a higher number of monthly ports. *Id.* Finally, with the third grouping, Staff recommended denial of the suspension. *Id.* at 16. It concluded denial was appropriate because the petitioners in this group failed to meet the public interest standard. *Id.*

In its analysis, Staff did determine threshold costs for impact upon users. It determined high adverse economic impact to be experienced in a range of \$3.03 to \$5.58 per line per month. *Id.* at 16-21. Adverse economic impact sufficient to warrant a one-year suspension was found by Staff to be in the range of \$0.66 to \$1.66 per line per month. *Id.* at 21-28. Based upon a higher level of demand, Staff found Brookings (\$0.83 per line per month); ITC (\$0.61 per line per month); Venture (\$0.61 per line per month); Golden West/Vivian/Kadoka (\$0.32 per line per

month); and Alliance/Splitrock (\$0.79 per line per month) failed to demonstrate suspension as consistent with public interest. Id. at 28-30.

Conversely, the Commission made no parallel finding regarding the threshold at which the economic impact becomes significant. Nor did it vary its findings regarding the cost benefit analysis. Instead, the Commission issued a blanket order with similar findings and a joint extension deadline of December 30, 2005 for all Petitioners. It is readily apparent that the Commission failed to consider each Petitioner individually. The resultant collective order should be reconsidered because such joint consideration is contrary to congressional intent.

**b. The Commission inappropriately accepted joint filings as sufficient evidence for each individual petitioner.**

In conformance with the plain meaning of the § 251(f)(2), the North Carolina Utilities Commission has indicated joint submissions may be insufficient. In the Matter of Petition by the Alliance of North Carolina Independent Telephone Companies for Limited Modification of the Requirement to Provide Number Portability, Docket No. P-100, Sub 133r, State of North Carolina Utilities Commission Raleigh, (2003). It noted,

While the Commission knows of no problem with the Alliance bringing these claims on behalf of its members, it would appear necessary for each *individual company* in the Alliance which wishes to benefit from this exemption to provide data showing that in fact the exemption is necessary for it to avoid significant adverse economic impact on users generally, to avoid imposing a requirement that is unduly economically burdensome, or to avoid imposing a requirement that is technically infeasible. Unfortunately, the Alliance's Petition contained no such individual data; instead the Alliance appears to argue that *any* imposition of what it believes to be a wrongful obligation *ipso facto* meets those tests. The Commission believes that Section 251(f)(2) requires more than this, especially since the proceeding must be concluded within 180 days of receiving the Petition.

Id. (*emphasis in original*). Consequently, under the plain meaning of § 251(f)(2), the Commission should analyze all joint petitions while keeping in mind that each individual Petitioner bears the burden of demonstrating suspension or modification in appropriate.

In contravention of individualized consideration, the Commission considered general testimony in its evaluation of each individual Petitioner. It noted,

All Petitioners, WWC and SDTA presented evidence of demand for LNP or the lack thereof. Demand for LNP has relevance both to the costs to be incurred by Petitioners to provide LNP and to the benefit side of a cost-benefit analysis for both the public interest and adverse economic effect analyses. In the case of many of the Petitioners, differences in estimated ports produced differences in recurring costs.

*See* Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 32, p. 9; Santel, TC04-038, ¶ 33, p. 9; Golden West/Vivian/Kadoka, TC04-045, ¶ 32, p. 9; Armour/Bridgewater/Union, TC04-046, ¶ 33, p. 12; Brookings, TC04-047, ¶ 32 p. 9; Beresford, TC04-048, ¶ 31, p. 9; McCook, TC04-049, ¶ 32, p. 9; Valley, TC04-50, ¶ 33, p. 9; Midstate, TC04-052, ¶ 35, p. 9; ITC, TC04-054, ¶ 41, pp. 10-11; Alliance/Splitrock s, TC04-55, ¶ 33, p. 9; RC/Roberts, TC04-056, ¶ 32, p. 8; Venture, TC04-060, ¶ 32, p. 9; and West River, TC04-061, ¶ 35, p. 9. It then acknowledged the testimony provided by Davis, witness for Beresford, Kennebec, Midstate, Roberts County/RC, and Western in its analysis of Sioux Valley. *Id.* at ¶ 33. The Commission concludes, “*The demand for porting will likely fall somewhere in between the numbers forecasted by the Petitioners and those set forth by WWC.*” *Id.* at ¶ 38 (*emphasis added*). The Commission found a general demand for all petitioning parties, and thereby failed to consider demand for each individual company. Such a collective finding of demand is inconsistent with the statute and consequently erroneous.

Testimony considered by the Commission was similarly introduced in a joint manner. For example, Mr. Bullock did not provide individual cost testimony for each Petitioner he represented. Rather, Mr. Bullock provided combined financial information for various companies. Specifically, Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company and Union Telephone Company applied for suspension or

modification in one petition.<sup>1</sup> Bullock then provided the financial information in one document incorporating all three companies together. *See* Bullock Prefiled Rebuttal Testimony, Exhibit R-1-TB. Bullock merged all of their financial information together and provided one set of numbers. *Id.* No breakdown for these individual companies was provided at the hearing nor does it appear in the record. Similarly, Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company filed a joint petition and only one set of numbers.<sup>2</sup>

Commission staff inquired why the companies did not file separate studies as required by the Commission at its April 6, 2004 meeting. TR, Page 791, Lines 2-5. In response to staff's question, the corporate representative acknowledged that nothing in the record shows separate costs for any of these companies. TR, Page 792, Lines 17-19. Further, no evidence presented by any of the Petitioners that any of the policy testimony being presented by Petitioners was unique to any Petitioners. Rather, the policy arguments are a general argument against LNP. TR, Page 557, Lines 1-7.

The Commission did not appear to have the same concerns as the Staff regarding joint filings. Rather, the Commission utilized testimony provided by alternate Petitioners in its analysis of each individual Petitioner. Such a joint consideration is contrary to the burden set forth in § 251(f)(2). Therefore, the Petitioners testimony that originates from joint filings should properly be considered bearing in mind the individual burden placed upon each Petitioner. Had the Commission performed such an analysis, the joint Petitioners would have failed to meet the burden of establishing necessity of a suspension to avoid an economic burden based on these Petitioners' failure to provide any individual evidence.

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<sup>1</sup> USAC public filings show Armour and Union have different study area numbers.

<sup>2</sup> USAC public records show all three companies have different study area numbers, Golden West – 391659, Vivian – 391686 and Kennebec – 391668.

**c. The Commission failed to appropriately place the burden on the petitioning party by placing the burden upon a non-petitioning party to establish demand and increased competition.**

Placing the burden of proof regarding demand upon a non-petitioning party is inconsistent with the burden requirements applicable under § 251(f)(2). Under § 251(f)(2), each individual Petitioner bears the burden of establishing (1) at least one of the elements delineated under the necessity prong; and (2) the public interest prong. Iowa Utilities Board, 219 F.3d at 761, *reversed in part on other grounds by*, Verizon Communications Inc., 535 U.S. 467 (2002); Implementation of the Local Competition Provisions of the Telecommunications Act of 1996, CC Docket No. 96-98, first Report and Order, 11 F.C.C.R. 15499, 15518, FCC 96-325 (1996). Any assessment of burden upon a non-petitioning party is inconsistent with the existing legal precedent regarding burden.

The Commission appears to have placed the burden for establishing demand upon the non-petitioning party. It stated,

... As discussed in detail below, the Commission finds that at this time, the benefits to consumers from LNP in the rural areas served by Petitioners *simply have not be sufficiently demonstrated to outweigh the burden* that imposing LNP implementation at this time will place on Petitioners and the rural citizens who rely on Petitioners for essential, provider-of-last-resort telephone service.

*See* Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 14, pp. 4-5 (*emphasis added*); Santel, TC04-038, ¶ 14, p. 5; Golden West/Vivian/Kadoka, TC04-045, ¶ 14, p. 5; Armour/Bridgewater/Union, TC04-046, ¶ 14, p. 5; Brookings, TC04-047, ¶ 14, pp. 4-5; Beresford, TC04-048, ¶ 14, pp. 4-5; McCook, TC04-049, ¶ 14, p. 4-5; Valley, TC04-50, ¶ 14, p. 4; Midstate, TC04-052, ¶ 14, pp. 4-5; ITC, TC04-054, ¶ 24, p. 6; Alliance/Splitrock, TC04-55, ¶ 14, pp. 4-5; RC/Roberts County, TC04-056, ¶ 14, pp. 4-5; Venture, TC04-060, ¶ 14, pp. 4-5; and West River, TC04-061, ¶ 14, pp. 4-5. However, there is no authority to support such a

burden shifting exercise. Rather, the burden is upon the petitioning party to establish that suspension or modification is consistent with public interest. Subsequently, such a burden shift is an incorrect reflection of law. Furthermore, any finding made consistent with such a shift is erroneous.

Placing a burden of proof regarding potential increase in competition upon a non-petitioning party is likewise inconsistent with the burden requirements applicable under § 251(f)(2). The petitioning party bears the burden of establishing suspension or modification is consistent with public interest. However, the Commission seems to have placed a burden upon Western Wireless to establish that LNP would increase competition. It stated,

...Although WWC presented evidence as to the number of ports it expected to obtain, TR 103, no empirical evidence was introduced to demonstrate that LNP would materially increase the number of customers subscribing to wireless service within Petitioners' service areas or, stated conversely, that the inability to port landline phone numbers to a wireless phone within Petitioners' service areas is a significant negative factor influencing potential customers for wireless service to forego purchasing WWC's service. Petitioners provided evidence that WWC is successfully competing for customers within Petitioners' service areas without intermodal LNP. TR 312. ...

*See* Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 40, p. 10; Santel, TC04-038, ¶ 41, p. 10; Golden West/Vivian/Kadoka, TC04-045, ¶ 40, pp. 10-11; Armour/Bridgewater/Union, TC04-046, ¶ 41, pp. 10-11; Brookings, TC04-047, ¶ 40, p. 10; Beresford, TC04-048, ¶ 39, p. 10; McCook, TC04-049, ¶ 40, pp. 10-11; Valley, TC04-50, ¶ 41, p. 10; Midstate, TC04-052, ¶ 43, p. 10-11; ITC, TC04-054, ¶ 49, p. 12; Alliance/Splitrock, TC04-55, ¶ 41, pp. 10-11; RC/Roberts County, TC04-056, ¶ 40, p. 10; Venture, TC04-060, ¶ 40, p. 10; and West River, TC04-061, ¶ 43, pp. 10-11.

There exists no authority placing a burden upon Western Wireless to prove that LNP would increase competition. The Commission's application of such a burden is a misstatement



of the applicable law. Hence, any findings or rulings made consistent with this misstatement of law are erroneous.

### **III. Transport cost.**

A considerable amount of the Commission's final order addressed transport cost. *See* Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶¶ 15, 17-28, pp. 5-8; Santel, TC04-038, ¶¶ 15, 17-28, pp. 5-8; Golden West/Vivian/Kadoka, TC04-045, ¶¶ 15, 17-28, pp. 5-9; Armour/Bridgewater/Union, TC04-046, ¶¶ 15, 17-28, pp. 5-8; Brookings, TC04-047, ¶¶ 15, 17-28, pp. 5-8; Beresford, TC04-048, ¶¶ 15, 17-27, pp. 5-8; McCook, TC04-049, ¶¶ 15, 17-28, pp. 5-8; Valley, TC04-50, ¶¶ 15, 17-28, pp. 5-8; Midstate, TC04-052, ¶¶ 15, 17-29, pp. 5-8; ITC, TC04-054, ¶¶ 25, 27-37, pp. 7-10; Alliance/Splitrock, TC04-55, ¶¶ 15, 17-29, pp. 5-8; RC/Roberts County, TC04-056, ¶¶ 15, 17-29, pp. 5-8; Venture, TC04-060, ¶¶ 15, 17-28, pp. 5-8; and West River, TC04-061, ¶¶ 15, 17-28, pp. 5-8. The issue of transport cost is a proverbial red-herring with respect to the issues properly before the Commission. None of the Petitioners provided a single valid reason why they can not transport under a similar framework as that which has been implemented in Minnesota. Petitioner bears the burden under § 251(f)(2). Rather, they simply never bothered to investigate this option. Blanket assertions regarding perceived inabilities should be analyzed with the requisite burden that it is the Petitioners' obligation to prove economic harm in mind.

While the Petitioners did not bother to do an analysis of transport costs under the mechanism that the Minnesota Independent Coalition has adopted for providing for LNP, Western Wireless did perform such a task. Western Wireless' undisputed analysis shows a transport cost under a mechanism such as the Minnesota RLECs have adopted would only

increase costs by pennies per month per line. This minor amount does not constitute an economic burden on the Petitioners or consumers.

**IV. The Public Interest Analysis Performed By The Commission Is Not Consistent With The Facts Before And Findings Made By The Commission.**

Western Wireless does not challenge the appropriateness of performing a cost-benefit analysis to ascertain consistency with public interest. However, rather than doing a thorough cost benefit analysis for each company, the Commission performed a single generalized approach. It then applied this general cost benefit analysis to all Petitioners rather than performing a specific cost benefit cost analysis by company. The Commission did this even though the testimony for each company varies greatly. Specifically, in the Orders the Commission notes,

...Brookings' Manager testified that as a result of migration of customers, primarily college students, from landline to totally wireless, Brookings had lost 1,200 access lines over the past 3 years. TR 311. He further testified, "[W]e have pretty fair competition without local number portability.... In an environment where competition is being served, the customers are, in fact, migrating as they desire from wireline to wireless." TR 312. Midstate's manager testified that in its CLEC operation in Chamberlain/Oacoma LNP had not been a significant competitive driver in the intramodal area. Out of Midstate's 787 customers, only 8 were ported numbers.

*See, for example*, Final Decision and Order; Notice of Entry for Sioux Valley, TC04-044, ¶ 40, p. 10; Santel, TC04-038, ¶ 41, p. 10; Golden West/Vivian/Kadoka, TC04-045, ¶ 40, pp. 10-11; Armour/Bridgewater/Union, TC04-046, ¶ 41, pp. 10-11; Brookings, TC04-047, ¶ 40, p. 10; Beresford, TC04-048, ¶ 39, p. 10; McCook, TC04-049, ¶ 40, pp. 10-11; Valley, TC04-50, ¶ 41, p. 10; Midstate, TC04-052, ¶ 43, p. 10-11; ITC, TC04-054, ¶ 49, p. 12; Alliance/Splitrock, TC04-55, ¶ 41, pp. 10-11; RC/Roberts County, TC04-056, ¶ 40, p. 10; Venture, TC04-060, ¶ 40, p. 10; and West River, TC04-061, ¶ 43, pp. 10-11.

In addition, in Mr. Bowar's prefiled direct testimony, he provided some information regarding a survey they had conducted on Kennebec's customer base. In that survey, Kennebec mailed out surveys to their customer base. It was left to the recipient's discretion to return the completed survey. Bower Direct Page 2, Lines 12-15. Of the surveys mailed back, over one-fifth of Kennebec's customers said they would be willing to pay a surcharge of \$.50 per month to have an option for LNP. At \$1.00 per month, the demand was just short of twelve percent. No feedback was solicited regarding a rate of \$1.50. However, even at a surcharge of \$3 there were still 1.6 percent of the responding customers willing to pay for a LNP service. Bower Direct, Page 3, Lines 6-12.

As to the demographic information, Mr. Bowers testified that one in five residents of Kennebec and Presho are 65 years of age or older according to the 2000 U.S. Census. He compared this to one in eight or 12.4 percent of the United States. Bower Prefiled Direct, Page 5, Lines 3-6. The Kennebec interest is gauged at a lower income demographic in South Dakota. It is logical that if 12 percent of the customer base is willing to pay \$1 per month in a community such as Kennebec, then Petitioners with higher demographics and those closer to metropolitan areas would have increased interests and increased tolerance for these rate increases.

No demographic information was provided by most Petitioners. Hence, the Commission had no demographic information to perform a cost benefit analysis for each Petitioner. Obviously, the benefit to consumers in Sioux Valley, an RLEC located in bedroom communities outside of Sioux Falls, versus Kennebec, are extremely different. In those cases, Petitioners failed to provide this type of information. Instead, they simply generally testified there was not enough benefit. The failure to provide this information renders the Commission's cost benefit analysis erroneous.

## CONCLUSION

Reconsideration of the final order is appropriate. The order is based upon a statutory interpretation and a burden shifting exercise that is wholly inconsistent with congressional intent. The subject inconsistent interpretation resulted in multiple erroneous findings. In addition, as is evidenced by the unilateral suspension date granted to all Petitioners, it is apparent the Commission improperly considered the Petitioners jointly as one entity. Such a consideration is in direct contradiction with the statutory burden requirements placed upon each individual petitioner. The joint considerations likewise resulted in numerous erroneous findings.

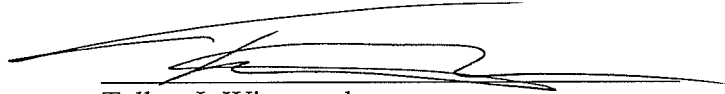
The South Dakota Public Utilities Commission's staff recommended that Brookings, ITC, Venture, Golden West/Vivian/Kadoka and Alliance/Splitrock be denied suspension. While Western Wireless believes all Petitioners failed to meet their standards, Western Wireless agrees with staff's position that these companies should clearly be denied based on a proper review of the evidence regarding these companies and the tests set forth under the statute.

Staff recommended that the companies Armour/Bridgewater/Union, Roberts County/RC, Beresford, McCook, West River, Valley, Midstate, Sioux Valley and Santel be granted a suspension until May 24, 2005. While Western Wireless believes that these companies should not be allowed a suspension, the Staff's position at a minimum should be adopted for these companies.

Based upon the above arguments and authorities, Western Wireless respectfully requests the Commission reconsider the final decision and order issued with respect to all Petitioners reflected in the caption of this petition.

Dated this 29 day of October, 2004.

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP

A handwritten signature in black ink, appearing to read 'Talbot J. Wieczorek', is written over a horizontal line.

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## CERTIFICATE OF SERVICE

The undersigned certifies that on the 29 day of October, 2004, I served a true and correct copy of the foregoing **WESTERN WIRELESS, LLC's BRIEF IN SUPPORT OF PETITIONS TO RECONSIDER FINAL DECISION AND ORDER** by NEXT DAY DELIVERY to:

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Golden West, Vivian Telephone Co and Kadoka  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
Midstate Communications, Inc.  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
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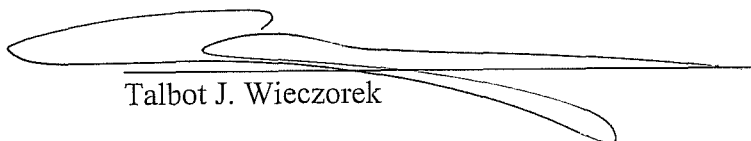
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**Attorney for:**

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Talbot J. Wieczorek

# LARSON AND NIPE

ATTORNEYS AT LAW

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CHRIS A. NIPE  
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November 19, 2004

Pam Bonrud, Executive Director  
SD Public Utilities Commission  
Capitol Bldg. 1<sup>st</sup> Floor  
500 E. Capitol  
Pierre, SD 57501-5070

RECEIVED  
NOV 22 2004  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RE: Santel Communications Cooperative, Inc. - TC04-038  
ANSWER TO PETITION FOR RECONSIDERATION

Dear Pam:

Enclosed please find the original and ten (10) copies of the Answer To Petition For Reconsideration by Santel Communications Cooperative, Inc. If you should have any questions with regard to the same please feel free to contact my office.

Sincerely,



Jeffrey D. Larson

JDL/amb

Enclosures (11)

cc/enc: David A. Gerdes  
Talbot J. Wiczorek  
Richard Coit  
Darla Pollman Rogers  
Richard Helsper  
Ben Dickens



RECEIVED

NOV 22 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION ) Docket No. TC04-038  
SANTEL COMMUNICATIONS COOPERATIVE, INC. )  
FOR SUSPENSION OF INTERMODAL )  
LOCAL NUMBER PORTABILITY OBLIGATIONS )

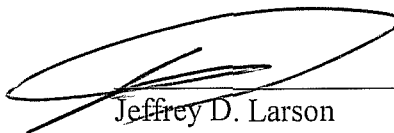
ANSWER TO PETITION FOR RECONSIDERATION

Petitioner, Santel Communications Cooperative, Inc., by and through its attorney, Jeffrey D. Larson of Larson and Nipe, hereby answers the Petition for Reconsideration filed by the Intervenor WWC License, LLC.

After the Public Utilities Commission of South Dakota's entry of its Final Decision and Order dated September 30, 2004 the Intervenor WWC License, LLC filed a Petition for Reconsideration. Your Petitioner hereby respectfully requests that this matter not be reconsidered that the authority and arguments presented by the intervenor for reconsideration are inadequate and without evidence or foundation in the record. It would be neither appropriate or in the public interest for the commission to reconsider its Final Decision after having taken extensive evidence and testimony with regard to the matter; and therefore your Petitioner respectfully requests that the Intervenor's Petition for Reconsideration be denied.

Dated this 19<sup>th</sup> day of November, 2004.

LARSON AND NIPE



Jeffrey D. Larson  
Attorney for Santel Communications  
Cooperative, Inc.  
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## CERTIFICATE OF SERVICE

The undersigned certifies that on the 19 day of November, 2004, I mailed a true and correct copy of the foregoing **ANSWER TO PETITION FOR RECONSIDERATION** by United States First Class mail at Woonsocket, South Dakota, postage prepaid, in an envelope addressed to said addressees, to wit:

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Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
McCook Cooperative Telephone Company  
Valley Telecommunications Cooperative Association, Inc.  
Midstate Communications, Inc.  
Interstate Telecommunications Cooperative, Inc.  
Alliance Communications Inc. and Splitrock Properties  
RC Communications, Inc., and Roberts County Telephone Cooperative Assn.  
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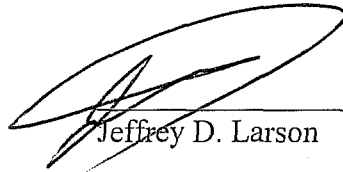
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**Attorney for:**

South Dakota Telecommunications Assoc.



---

Jeffrey D. Larson

## CERTIFICATE OF SERVICE

I hereby certify that an original and ten (10) copies of the forgoing document were sent by first class mail on November 19, 2004 with postage prepaid to:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, SD 57501

Copies were sent by First Class mail via the U.S. Postal Service to:

Talbot Wieczorek  
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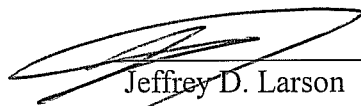
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Benjamin Dickens  
2120 L. Street, NW #300  
Washington, DC 20037

Dated this 19<sup>th</sup> day of November, 2004



Jeffrey D. Larson

Larson and Nipe

P.O. Box 277

Woonsocket, SD 57385-0277

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

---

IN THE MATTER OF THE PETITIONS FOR  
SUSPENSION OR MODIFICATION OF 47  
U.S.C. §251(b)(2) OF THE COMMUNICA-  
TIONS ACT OF 1934 AS AMENDED

**RECEIVED**  
**NOV 22 2004**  
**SOUTH DAKOTA PUBLIC**  
**UTILITIES COMMISSION**

TC04-038 SANTEL  
TC04-044 SIOUX VALLEY  
TC04-045 GOLDEN WEST ET AL  
TC04-046 ARMOUR ET AL  
TC04-047 SWIFTEL  
TC04-048 BERESFORD MUNICIPAL  
TC04-049 McCOOK COOPERATIVE  
TC04-050 VALLEY TELECOM  
TC04-052 MIDSTATE  
TC04-054 INTERSTATE  
TC04-055 ALLIANCE; SPLITROCK  
TC04-056 ROBERTS COUNTY  
TC04-060 VENTURE  
TC04-061 WEST RIVER COOP.

BRIEF OF PETITIONERS IN SUPPORT OF OPPOSITIONS TO THE  
PETITION FOR RECONSIDERATION BY WWC LICENSE, LLC

The Petitioners in the above-captioned cases and the South Dakota Telecommunications Association (SDTA) (hereafter jointly referred to as "Petitioners"), by and through their attorneys, hereby submit this Brief in support of the Answer filed by Santel and the Oppositions to the Petitions to Reconsider Final Decision and Order filed by all other Petitioners, all in opposition to the Petitions to Reconsider Final Decision and Order ("Petitions for Reconsideration") filed by WWC License LLC ("Western Wireless").

INTRODUCTION

In the Petitions for Reconsideration, Western Wireless alleges that the Commission's Final Decisions in the above-captioned cases must be reconsidered because the Commission: 1) inappropriately interpreted 47 USC § 251(f)(2) by improperly blending the public interest prong with the economic elements of the necessity prong and by failing to perform the analysis it

deemed appropriate to support a finding of adverse economic impact and undue economic burden; 2) improperly assessed the burden upon each petitioner by considering all petitioners as one collective group and placing a burden upon a non-petitioning party to demonstrate demand; 3) made erroneous findings regarding transport costs; and 4) performed a public interest analysis that is not consistent with the facts before and findings made by the Commission. For certain Petitioners, Western Wireless also alleges that the Commission improperly considered joint filings made by Petitioners. As demonstrated below, Western Wireless' allegations are not supported by the facts or the law and are without merit. Accordingly, Petitioners urge the Commission to reject Western Wireless' Petitions for Reconsideration in all respects.

## ARGUMENT

### **I. The Commission's Orders Comply with Section 251 of the Act.**

Western Wireless alleges that the Commission inappropriately interpreted section 251(f)(2) in a manner inconsistent with the statutory construction and congressional intent by blending the public interest prong with the economic elements of the necessity prong. Western Wireless argues that "the statutory framework and objectives indicate that the two prongs, and the individual elements contained in the necessity prong, are intended to be separate and distinct factors."<sup>1</sup> Western Wireless argues that the Commission applied "the same cost-benefit analysis it utilized to determine public interest into its consideration of the two economic elements delineated under the necessity prong."<sup>2</sup> Therefore, Western Wireless concludes that the Commission did not do a separate analysis of the various elements of Section 251 as required by the Act.

Western Wireless' assessment is incorrect. First, the statute does not require the Commission to perform any specific analysis in assessing whether the elements of Section 251 have

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<sup>1</sup> Western Wireless Brief at 3.

<sup>2</sup> Id. at 6.

been met. The Commission, accordingly, has broad latitude in analyzing whether the elements have been met based on the facts before it and its expertise.<sup>3</sup>

Second, the Orders show that the Commission clearly did consider each element of Section 251 separately and reached a conclusion as to whether each element was met based on the facts and its expertise. With respect to the first element of the Section 251 necessity test, namely, whether LNP would impose a significant adverse economic impact on users of telecommunications services generally, the Commission analyzed the cost information presented by each Petitioner and Western Wireless. The Commission then found the range of LNP cost for each Petitioner, with the exception of Venture and ITC.<sup>4</sup> (To remedy this oversight, the Commission should clarify that the cost of LNP for Venture or its users is between approximately \$0.59 and \$0.63 per month per line, excluding transport, and that the cost of transport could raise that monthly cost to \$0.76 or up to approximately \$20.00. The Commission should clarify that the cost of LNP for ITC or its users could be as much as \$0.62 per month per line, excluding transport, and that the cost of transport could raise that monthly cost to \$0.80 or up to approximately \$14.00.) Based on this cost, the Commission found that the cost of implementing and providing LNP services for each Petitioner is significant.<sup>5</sup> This finding is sufficient for the Commission to conclude that LNP would impose a significant adverse economic impact on users of telecommunications services generally.

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<sup>3</sup> See 64 AmJur 2d, Public Utilities §201 (“A public utilities commission’s construction of its own rules, regulations, and orders and of the statutes regulating utilities is entitled to great weight or deference . . .”); Application of Svoboda, 54 NW 2d 325 (SD 1952) (“A court, in judicial review of Public Utilities Commission’s action, cannot supplant Commission’s discretionary authority. . .”).

<sup>4</sup> See Brookings, Santel, Sioux Valley, Golden West, McCook, Valley, Midstate, Roberts County/RC, and West River Orders, Finding of Fact §31; Armour and Alliance/Splitrock Orders, Finding of Fact §32; and Beresford Order, Finding of Fact §30.

<sup>5</sup> See Brookings, Venture, Sioux Valley, Golden West, McCook, Midstate, and Roberts County/RC Orders, Findings of Fact §§17 and 42; Santel, Armour, Alliance/Splitrock, and West River Orders, Findings of Fact §§17 and 43; Beresford Order, Findings of Fact §§17 and 41; Valley Order, Findings of Fact §§17 and 44; ITC Order, Findings of Fact §§27 and 55.

The Commission, however, considered an additional factor, demand, in its analysis. The Commission found that a suspension of the Petitioners' LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of the Petitioners' telecommunications services generally, given the significant costs of implementing and providing LNP services in the Petitioners' areas, and "the current absence of customer requests for LNP, the apparent low demand for the availability of LNP and the absence of any alternative wireline service" in the Petitioners' areas.<sup>6</sup> Thus, the Commission's analysis and "test" is more stringent than that which the statute requires. Moreover, in light of the Commission's findings on the issue of demand, namely, that there is an absence of demand, it appears that the Commission's consideration of demand in these cases does not change the conclusion that LNP would impose a significant adverse impact on users of telecommunications services generally.

Third, although the Commission considered demand in its analysis of Section 251(f)(A) and (B), its cost-benefit analysis performed in connection with Section 251(f)(B) included more than an analysis of demand to determine the benefit of LNP. For example, to determine the benefit of LNP, the Commission considered the uncertainties concerning the obligations and cost to implement LNP, such as the porting interval. The Commission also found that the duty to provide and preserve universal service is appropriate to consider in any public interest decision involving rural local exchange carriers. Therefore, the Commission did not apply the same test in its findings with respect Section 251(f)(A) and (B), as alleged by Western Wireless.

Western Wireless alleges that the Commission's findings of adverse economic impact were erroneous because the Commission failed to make a finding regarding what constitutes "significant" under the statute. This simply is not true, as discussed above, as the Commission

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<sup>6</sup> See Brookings, Venture, Sioux Valley, Golden West, McCook, Midstate, and Roberts County/RC Orders, Finding of Fact §46; Santel, Armour, Alliance/Splitrock, and West River Orders, Finding of Fact §47; Beresford Order,



clearly found that the implementation of LNP would impose a significant adverse economic impact on the users of telecommunications services generally.<sup>7</sup>

Western Wireless alleges that the Commission failed to satisfy its own standard for the second element of the necessity test, namely, that a suspension is necessary to avoid imposing a requirement that is unduly economically burdensome. According to Western Wireless, the Commission found that this element applies to both customers and the company, however the Orders only find an economic burden for the companies.

This assertion is not true. According to the Commission's Orders, the second element should be treated as applicable to both company and customers because: 1) the statute does not specify as to whom the level of burdensomeness is to be assessed; 2) the uncertainties surrounding how the costs of LNP will be distributed between the company and its customers; and 3) the difficulty at this point of determining the surcharge amount that could be charged by the company to its customers. The Commission concludes that this element is met based upon its finding that implementing and providing LNP will require "significant costs"; the absence of customer requests for LNP; the apparent low demand for the availability of LNP; and the absence of any alternative wireline service.<sup>8</sup> The whole of the Commission's Orders makes clear that LNP is unduly economically burdensome to the companies and customers. However, to remove any doubt, the Commission could clarify its Orders by stating that it finds that suspending the Peti-

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Finding of Fact §45; Valley Order, Finding of Fact §48; and ITC Order, Finding of Fact §55.

<sup>7</sup> See Brookings, Venture, Sioux Valley, Golden West, McCook, Midstate, and Roberts County/RC Orders, Findings of Fact §§44 and 46; Santel, Armour, Alliance/Splitrock, and West River Orders, Findings of Fact §§45 and 47; Beresford Order, Findings of Fact §§43 and 45; Valley Order, Findings of Fact §§46 and 48; and ITC Order, Findings of Fact §§53 and 55.

<sup>8</sup> See Brookings, Venture, Sioux Valley, Golden West, McCook, Midstate, and Roberts County/RC Orders, Finding of Fact §47; Santel, Armour, Alliance/Splitrock, and West River Orders, Finding of Fact §48; Beresford Order, Finding of Fact §46; Valley Order, Finding of Fact §49; and ITC Order, Finding of Fact §56.

tioners' LNP obligations until December 31, 2005 is necessary to avoid imposing a requirement that is unduly economically burdensome on Petitioners and their customers.

## **II. The Commission considered each Petitioner's case separately.**

### **A. No Improper Grouping of Petitioning Entities by Commission.**

Western Wireless alleges that the Commission did not consider each Petition separately because it made the same findings for each and granted an identical suspension for all Petitioners. This is plainly contradicted by the separate analysis and Order rendered for each Petitioner based on the evidence presented by each Petitioner. Although the evidence demonstrated that there are similarities in the cost elements that all Petitioners would incur in the provision of LNP and that all Petitioners face the same unresolved issues, the fact remains that each Petitioner made a separate showing concerning the cost of and demand for LNP. Further, the fact that the Commission applied its analysis consistently among Petitioners based on the facts is not evidence that the Commission did not consider each Petition separately. On the contrary, it would be arbitrary and capricious for the Commission to treat similarly situated Petitioners differently without factual distinctions that would support different treatment.<sup>9</sup>

Western Wireless' allegation that the Commission improperly shifted the burden of proof to Western Wireless concerning the demand for LNP also is wholly without merit and contradicted by the plain language of the Orders. Contrary to Western Wireless' allegation, the Petitioners made the initial showing concerning demand by presenting specific evidence on whether any inquiries or requests for LNP were made by their respective customers and by providing evidence concerning the demand for LNP nationwide. The Petitioners also presented estimates of demand in their cost exhibits. Western Wireless presented information concerning its projec-

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<sup>9</sup> See SDCL 1-26-36 and Matter of Northern States Power Co., 489 NW 2d 365 (SD 1992).

tions for demand. Based on the evidence presented by both parties, the Commission found that the Petitioners' estimates were likely too low and that Western Wireless' estimates were likely too high.<sup>10</sup> In fact, the Commission found that Western Wireless' estimates were contradicted by other information submitted by Western Wireless on the record. Therefore, the Commission found that demand would be in between the estimates of Petitioners and Western Wireless.<sup>11</sup> Thus, the Commission clearly did not improperly shift the burden of proof to Western Wireless concerning demand.

#### B. Joint Filings by Some Petitioners Properly Accepted by Commission

As a subpart of Western Wireless' argument that the Commission failed to assess the burden of proof upon each petitioner by considering all petitions as one collective group, Western Wireless argues that the Commission improperly accepted joint filings as sufficient evidence for each individual petitioner. In particular, Western Wireless suggests that the petitions of Armour, Union, and Bridgewater-Canistota (Docket TC04-046) and Golden West, Vivian and Kadena (Docket TC04-045) should be reconsidered because one set of financial information was provided in each of these two dockets at the hearing.<sup>12</sup>

As possible support for its position, Western Wireless directs the Commission's attention to the North Carolina Utilities Commission, which has indicated that "joint submissions may be insufficient."<sup>13</sup> The North Carolina filing for modification of LNP requirements is clearly distin-

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<sup>10</sup> See Brookings, Venture, Sioux Valley, Golden West, McCook, Midstate, and Roberts County/RC Orders, Finding of Fact §38; Santel, Armour, Valley, Alliance/Splitrock, and West River Orders, Finding of Fact §39; Beresford Order, Finding of Fact §37; and ITC Order, Finding of Fact §47.

<sup>11</sup> Id.

<sup>12</sup> Interestingly enough, there were two other dockets where subsidiary companies filed one petition (Alliance/Splitrock, TC04-055; and Roberts County/RC Communications, TC04-056), but for some reason known only to Western Wireless, it does not appear that Western Wireless objects to other joint filings. In addition, the record clearly indicates that in the Armour et al docket and in the Golden West et al docket, financial breakdowns for each individual company were provided pursuant to request in the discovery process. (TR 792).

<sup>13</sup> Western Wireless Brief at 13, emphasis added.

guishable. In North Carolina, a trade association of independent telephone companies (“Alliance”) petitioned for modification, but none of the companies filed cost data. The fact that there was no cost evidence to support the petition and that the Alliance argued that any imposition of a wrongful obligation *ipso facto* met the requirement for suspension imposed by §251(f)(2) of the Act were the issues that the North Carolina Commission found troublesome. In the current dockets, each petitioner provided supporting cost data to meet the economic tests of §251(f)(2). Therefore, the North Carolina LNP proceeding does not support Western Wireless’ argument for reconsideration on the issue of joint submissions.

Nothing in §251(f)(2) precludes petitions that include more than one exchange:

A local exchange carrier with fewer than 2 percent of the Nation’s subscriber lines installed in the aggregate nationwide may petition a State commission for a suspension or modification of the application of a requirement or requirements of subsection (b) or (c) to telephone exchange service facilities specified in such petition. (§251 (f)(2), emphasis added).

Clearly, one petition can encompass more than one telephone exchange service facility. The petitions of Armour, Bridgewater-Canistota, and Union and of Golden West, Vivian and Kadoka specifically and concisely established the criteria for filing: each of the local exchange carriers in those petitions was petitioning the Commission for suspension, and each local exchange carrier has fewer than 2 percent of the Nation’s subscriber lines installed in the aggregate nationwide.

A careful review of §251(f)(2) also shows that there is no requirement of a separate set of cost figures for each company. Thus, the Commission was clearly acting within the guidelines of §251(f)(2) and SDCL 49-31-81 when it considered the cost data as submitted in the petitions, whether presented on behalf of one company or two or more companies and/or subsidiaries.

Evidence at the hearing supported the Commission's consideration and Orders with regard to the jointly filed petitions. The evidence showed that for the petitions filed on behalf of more than one telephone exchange, this was the way LNP would be provisioned, so the cost data submitted more accurately reflected what LNP would cost than would cost data for each individual company within the joint filings.

Q. (by Ms. Wiest): And why were the companies consolidated for LNP cost purposes? Could you explain the economics of scale that you believe are involved?

A. (by Mr. Law): Sure. The companies are grouped together in a variety of methods, both involving switching technologies and platforms. For example, in the Golden West Vivian Kadoka environment all of those companies use Nortel DMS switches.

Another reason those were grouped together was from a – outside of the common platform, the geographic scope, the customer service areas, all of those reasons, but primarily from a switching platform they were lumped together. And in addition it actually drove our costs to provide LNP down probably. From a cost perspective in the software that we purchased from our vendor they allowed us to lump those companies together for the purchase at one time. That would be for Golden West Vivian and Kadoka.

In terms of Union, Armour, Bridgewater-Canistota, it's somewhat similar. Those three companies use the same switching platform, which is the Mytel Switches, which has some separate issues all of their own. But it uses the Mytel switches. At the same time, customer service, currently all of the customer service for the Union, Armour, and Bridgewater-Canistota operating companies all occur out of the Hartford office. So it just made sense to consolidate all of those together.

Probably finally in terms of Union, Armour, and Bridgewater-Canistota hypothetically one domino tips it over, which is if the Commission were to hypothetically order Armour Independent Telephone Company to implement local number portability, it would require all three of those companies due to their switching architecture today to purchase the hardware and software necessary to provide LNP, even if hypothetically Union and Bridgewater-Canistota were not ordered to provide it. (TR 792-794).

This evidence shows that the joint filings reflect the reality of implementation of LNP in those areas, and Western Wireless can point to nothing in state statute or the Act that precludes presentation of cost data in such a manner.

In its final Order, the Commission made specific findings of fact and conclusions of law with regard to the Golden West, Vivian and Kadoka Petition, all of which are supported by the evidence:

Golden West Companies is a local exchange carrier serving fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Golden West Companies is accordingly entitled to petition for suspension of its obligations to provide local number portability.<sup>14</sup>

The record amply demonstrates that the costs to Golden West Companies to implement number portability will be significant.<sup>15</sup>

Granting a suspension of Golden West Companies' intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Golden West Companies' telecommunications services generally.<sup>16</sup>

Granting a suspension of Golden West Companies' intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Golden West Companies.<sup>17</sup>

Granting a suspension to Golden West Companies of the requirement to provide local number portability, both intramodal and intermodal, imposed by 47 U.S.C. §251(b)(2), SDCL 49-31-81 and the rules and orders of the FCC is in the public interest.<sup>18</sup>

Similar findings were made in the Armour, Bridgewater-Canistota, and Union docket.<sup>19</sup>

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<sup>14</sup> Golden West Order at Conclusion of Law §4.

<sup>15</sup> *Id.* at Finding of Fact §17.

<sup>16</sup> *Id.* at Conclusion of Law §8.

<sup>17</sup> *Id.* at §9.

<sup>18</sup> *Id.* at §7.

<sup>19</sup> The corresponding Findings and Conclusions in the Armour, Bridgewater-Canistota, and Union Order are as follows: Conclusion of Law §4, Finding of Fact §17, Conclusions of Law §8, §9, and §7.

The Commission correctly considered the petitions as filed, and the Orders of Suspension in each docket are supported by the evidence.

### **III. The Commission did not make erroneous findings regarding transport costs.**

Western Wireless alleges that the Commission made erroneous findings concerning transport costs because the minor amount of transport costs as calculated by Western Wireless based on the framework used in Minnesota does not constitute an economic burden on the Petitioners or consumers. As an initial matter, Western Wireless' projected cost of transport only reflects the alleged direct cost of using the Qwest tandem and it does not consider the additional financial impacts that would be imposed on rural LEC operations, such as reduced access and toll revenues. In any event, Western Wireless' allegation misconstrues the Commission's Orders. The range of LNP costs found by the Commission to be significant is based on the cost of LNP without transport as calculated by Petitioners and Western Wireless. And, when the cost of transport is included, the Commission has found that the cost of LNP could be substantially higher.<sup>20</sup> Moreover, contrary to Western Wireless' assertion, its analysis on transport was disputed by each of the Petitioners and, more importantly, the Commission has found that Western Wireless' analysis is flawed for a number of reasons.<sup>21</sup> Accordingly, Western Wireless' characterization of the Orders on this point is simply not true and should be rejected.

### **IV. The public interest finding is consistent with the facts and findings of the Commission.**

Western Wireless alleges that the public interest finding is not consistent with the facts and findings made by the Commission and that the Commission's cost-benefit analysis is a general analysis. Western Wireless also complains that the Petitioners did not provide demographic

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<sup>20</sup> Id.

<sup>21</sup> See Brookings, Venture, Santel, Sioux Valley, Golden West, Armour, McCook, Valley, Midstate, Roberts County/RC, and West River Orders, Findings of Fact §§23-26; Beresford Order, Findings of Fact §22-25; Alliance/Splitrock Order, Findings of Fact §§24-27; and ITC Order, Findings of Fact §§32-35.

information necessary to perform a cost-benefit analysis and, therefore, the Commission's analysis is erroneous.

It is clear that Western Wireless' criticism of the Orders is misguided as the Commission performed a thorough public interest analysis based on the evidence presented on the record which included 1) a thorough analysis of the LNP cost information presented by all Parties; and 2) a thorough analysis of the demand information presented by all Parties. The Commission also analyzed other factors that should be considered in assessing the "benefits" of LNP. For example, the Commission found no evidence to demonstrate that LNP would increase the number of wireless customers and the Commission found that the Petitioners and Western Wireless presented evidence demonstrating that Western Wireless is able to compete for customers even without LNP. In conclusion, the Commission found that given the significant costs of LNP, the limited demand, and the uncertainties still outstanding concerning the provision of LNP, the cost-benefit analysis weighs in favor of suspending the LNP requirement of Petitioners.

The only specific criticism made by Western Wireless with respect to the public interest analysis is that the Petitioners did not provide demographic information that, according to Western Wireless, is necessary to perform a cost-benefit analysis. On this point, however, Western Wireless simply is incorrect, as the plain language of section 251 does not require a demographic analysis when considering the public interest. Accordingly, the Commission's public interest conclusions are both consistent with the facts and findings made by the Commission and its cost-benefit analysis is specific as to each Petitioner.

### CONCLUSION

Based on the foregoing, Petitioners request that the Commission deny the Petitions for Reconsideration filed by Western Wireless.



Respectfully submitted this twenty-second day of November, 2004.

A handwritten signature in cursive script, reading "Darla Pollman Rogers", is positioned above a horizontal line.

Darla Pollman Rogers

Riter, Rogers, Wattier & Brown, LLP

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Pierre, South Dakota 57501

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## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the BRIEF OF PETITIONERS IN SUPPORT OF OPPOSITINS TO THE PETITION FOR RECONSIDERATION BY WWC LICENSE, LLC was served via the method(s) indicated below, on the twenty-second day of November, 2004, addressed to:

Talbot J. Wieczorek	( X )	First Class Mail
Gunderson, Palmer, Goodsell & Nelson, LLP	( )	Hand Delivery
P. O. Box 8045	( )	Facsimile
Rapid City, South Dakota 57709	( )	Overnight Delivery
	( X )	E-Mail

Richard J. Helsper	( X )	First Class Mail
Glover, Helsper and Rasmussen, P.C.	( )	Hand Delivery
100 Twenty-Second Avenue, Suite 200	( )	Facsimile
Brookings, South Dakota 57006	( )	Overnight Delivery
	( )	E-Mail


Richard D. Coit, Executive Director	( X )	First Class Mail
South Dakota Telecommunications Ass'n	( )	Hand Delivery
P. O. Box 57	( )	Facsimile
Pierre, South Dakota 57501	( )	Overnight Delivery
	( X )	E-Mail

Mary J. Sisak	( X )	First Class Mail
Benjamin H. Dickens, Jr.	( )	Hand Delivery
Blooston, Mordkofsky, Dickens, Duffy & Prendergast	( )	Facsimile
2120 L. Street NW #300	( )	Overnight Delivery
Washington, DC 20037	( )	E-Mail

David A. Gerdes	( X )	First Class Mail
May, Adam, Gerdes & Thompson	( )	Hand Delivery
503 S. Pierre Street	( )	Facsimile
P. O. Box 160	( )	Overnight Delivery
Pierre, South Dakota 57501	( )	E-Mail

Jeffrey D. Larson	( X )	First Class Mail
Larson and Nipe	( )	Hand Delivery
P. O. Box 277	( )	Facsimile
Woonsocket, South Dakota 57385-0277	( )	Overnight Delivery
	( )	E-Mail

Dated this twenty-second day of November, 2004.

  
Darla Pollman Rogers

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

<b>IN THE MATTER OF THE PETITION OF )</b>	<b>ORDER DENYING PETITION</b>
<b>SANTEL COMMUNICATIONS COOPERATIVE, )</b>	<b>FOR RECONSIDERATION</b>
<b>INC. FOR SUSPENSION OF INTERMODAL )</b>	
<b>LOCAL NUMBER PORTABILITY )</b>	<b>TC04-038</b>
<b>OBLIGATIONS )</b>	

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel or Petitioner) filed a petition (Petition) pursuant to 47 U.S.C. Section 251(f)(2) and SDCL 49-31-80 seeking suspension or modification of its requirement to implement intermodal local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. From February 12 to April 23, 2004, twenty other rural local exchange carriers filed similar petitions seeking the same relief (two of these later-filed petitions, TC04-077 and TC04-085, were subsequently settled) (excluding settling petitioners, collectively, Petitioners). On April 5, 2004, the Commission issued an order granting intervention to WWC License LLC d/b/a CellularOne (WWC), Midcontinent Communications (Midcontinent) and the South Dakota Telecommunications Association (SDTA). On April 19, 2004, the Commission issued an order granting Santel's request for interim suspension of its obligation to implement LNP pending final decision pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80.

On May 4, 2004, the Commission issued an Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice. On June 16, 2004, the Commission issued a Supplemental Order for and Notice of Hearing establishing the schedule for presentation of general and company-specific testimony in this and the other LNP dockets. On June 21-July 1, 2004, a hearing was held on this matter and the other dockets in which Petitioners seek to suspend their obligations to implement LNP. The company-specific hearing on this matter was held on July 1, 2004. On July 13, 2004, the Commission issued an Order Establishing Briefing and Decision Schedule setting this matter for oral argument and decision on August 31, 2004. On July 15, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 7, 2004, in order to accommodate the briefing and decision schedule in the case. On August 31, 2004, the Commission heard oral arguments from the parties in this and the other LNP dockets. Following oral argument, the Commission voted unanimously to suspend Petitioners' obligations to implement intermodal local number portability pursuant to 47 U.S.C. §251(b)(2) and SDCL 49-31-81. A majority of the Commission voted to suspend Petitioners' intermodal LNP obligations until December 31, 2005. Commissioner Burg dissented from this portion of the decision, indicating that he supported an indefinite suspension of intermodal LNP obligations for all Petitioners requesting suspension of LNP obligations. The Commission voted unanimously to defer decision regarding intramodal number portability requirements without specifying whether the deferral applied to all LNP dockets or just those in which Midcontinent Communications had intervened and objected to suspending intramodal LNP requirements. On September 4, 2004, the Commission issued an order temporarily suspending all LNP requirements for all petitioners until September 30, 2004, in order to provide sufficient time for the finalization of the findings of fact and conclusions of law and to render a final decision regarding intramodal LNP. On September 22, 2004, the Commission voted unanimously to suspend intramodal LNP obligations for all Petitioners until December 31, 2005, with special conditions for those dockets in which Midcontinent remains an intervening party.

On September 30, 2004, the Commission issued its Final Decision and Order; Notice of Entry of Order.

On October 29, 2004, the Commission received a Petition for Reconsideration by WWC License, LLC and Brief in Support of Petitions to Reconsider Final Decision and Order. On November 22, 2004, the Commission received an Answer to Petition for Reconsideration from Santel, and a Brief of Petitioners in Support of Opposition to the Petition for Reconsideration by WWC License, LLC.

The Commission has jurisdiction in this matter pursuant to SDCL 49-31-80, Section 251(f)(2) of the Telecommunications Act of 1996, 47 U.S.C. Section 251(f)(2), and ARSD 20:10:32:39.

At its December 28, 2004, meeting, the Commission considered this matter. The Commission voted unanimously to deny the Petition for Reconsideration, except for amendments to clarify the Commission's findings and conclusions relative to SDCL 49-31-80(2), which are set forth in a separate Amended Final Decision and Order; Notice of Entry. It is therefore

ORDERED, that the Petition for Reconsideration is hereby denied, except for amendments to clarify the Commission's findings and conclusions relative to SDCL 49-31-80(2), which are set forth in a separate Amended Final Decision and Order; Notice of Entry.

Dated at Pierre, South Dakota, this 30<sup>th</sup> day of December, 2004.

**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kolbo

Date: 12/30/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner

# BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITION OF )	<u>AMENDED</u> FINAL DECISION
SANTEL COMMUNICATIONS COOPERATIVE, )	AND ORDER; NOTICE OF
INC. FOR SUSPENSION OF INTERMODAL )	ENTRY
LOCAL NUMBER PORTABILITY )	
OBLIGATIONS )	TC04-038

## PROCEDURAL HISTORY

On February 25, 2004, Santel Communications Cooperative, Inc. (Santel or Petitioner) filed a petition (Petition) pursuant to 47 U.S.C. Section 251(f)(2) and SDCL 49-31-80 seeking suspension or modification of its requirement to implement intermodal local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. From February 12 to April 23, 2004, twenty other rural local exchange carriers filed similar petitions seeking the same relief (two of these later-filed petitions, TC04-077 and TC04-085, were subsequently settled) (excluding settling petitioners, collectively, Petitioners). On April 5, 2004, the Commission issued an order granting intervention to WWC License LLC d/b/a CellularOne (WWC), Midcontinent Communications (Midcontinent) and the South Dakota Telecommunications Association (SDTA). On April 19, 2004, the Commission issued an order granting Santel's request for interim suspension of its obligation to implement LNP pending final decision pursuant to 47 U.S.C. Section 251(f)(2) of the Telecommunications Act of 1996 and SDCL 49-31-80.

On May 4, 2004, the Commission issued an Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice. On June 16, 2004, the Commission issued a Supplemental Order for and Notice of Hearing establishing the schedule for presentation of general and company-specific testimony in this and the other LNP dockets. On June 21-July 1, 2004, a hearing was held on this matter and the other dockets in which Petitioners seek to suspend their obligations to implement LNP. The company-specific hearing on this matter was held on July 1, 2004. On July 13, 2004, the Commission issued an Order Establishing Briefing and Decision Schedule setting this matter for oral argument and decision on August 31, 2004. On July 15, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 7, 2004, in order to accommodate the briefing and decision schedule in the case. On August 31, 2004, the Commission heard oral arguments from the parties in this and the other LNP dockets. Following oral argument, the Commission voted unanimously to suspend Petitioners' obligations to implement intermodal local number portability pursuant to 47 U.S.C. §251(b)(2) and SDCL 49-31-81. A majority of the Commission voted to suspend Petitioners' intermodal LNP obligations until December 31, 2005. Commissioner Burg dissented from this portion of the decision, indicating that he supported an indefinite suspension of intermodal LNP obligations for all Petitioners requesting suspension of LNP obligations. The Commission voted unanimously to defer decision regarding intramodal number portability requirements without specifying whether the deferral applied to all LNP dockets or just those in which Midcontinent Communications had intervened and objected to suspending intramodal LNP requirements. On September 4, 2004, the Commission issued an order temporarily suspending all LNP requirements for all petitioners until September 30, 2004, in order to provide sufficient time for the finalization of the findings of fact and conclusions of law and to render a final decision regarding intramodal LNP. On September 22, 2004, the Commission voted unanimously to suspend intramodal LNP obligations for all Petitioners until December 31, 2005, with special conditions for those dockets in which Midcontinent remains an intervening party.

Having considered the evidence of record and applicable law, the Commission makes the following Findings of Fact, Conclusions of Law and Final Decision and Order:

### FINDINGS OF FACT

"TR" refers to the Transcript of Proceedings of the hearing held on June 21-July 1, 2004, in this docket and the other LNP suspension dockets. References will be to TR and page number(s). "Ex" refers to exhibit.

1. Santel filed the Petition on February 25, 2004. On February 26, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of March 12, 2004, to interested individuals and entities. WWC filed to intervene on March 8, 2004. Midcontinent and SDTA filed to intervene on March 11, 2004. On April 5, 2004, the Commission issued an order granting intervention to WWC, Midcontinent and SDTA.

2. By its May 4, 2004 Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice and June 16, 2004 Supplemental Order for and Notice of Hearing, this matter was duly noticed for hearing on June 21-July 1, 2004 with the company-specific hearing on this matter to be held on July 1, 2004. The hearing was held as scheduled.

3. The parties to this docket agreed that a temporary suspension of LNP obligations until September 7, 2004, should be granted to Santel to enable a reasonable briefing and decision schedule in this and the other LNP suspension dockets. On July 15, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 7, 2004, in order to accommodate the briefing and decision schedule in the case. No objection was filed to this order. On September 4, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Santel's LNP obligations until September 30, 2004, in order to provide sufficient time for the finalization of the findings of fact and conclusions of law and to render a final decision regarding intramodal LNP.

4. The Federal Communications Act of 1934 as amended by the Telecommunications Act of 1996, 47 U.S.C. chapter 5 (the "Act") requires local exchange carriers "to provide, to the extent technically feasible, number portability in accordance with the requirements prescribed by the [Federal Communications] Commission." 47 U.S.C. § 251(b)(2). In *Matter of Telephone Number Portability*, CC Docket 95-116, Memorandum Opinion and Order and Further Notice of Proposed Rulemaking, FCC 03-284 (November 10, 2003) (the "*Intermodal Order*"), the Federal Communications Commission (FCC) required local exchange carriers that are located outside of the top 100 metropolitan statistical areas to provide LNP and to port numbers to wireless carriers. Pursuant to this order, local exchange carriers were required to provide LNP by the later of May 24, 2004, or six months after the date that the local exchange carrier received a bona fide request.

5. 47 U.S.C. §153(30) defines "number portability" as follows:

The term "number portability" means the ability of users of telecommunications services to retain, at the same location, existing telecommunications numbers without impairment of quality, reliability, or convenience when switching from one telecommunications carrier to another.

In the *Intramodal Order*, ¶¶ 25 and 28, the FCC addressed the question of "at the same location" as follows:

[W]e find that . . . LECs must port numbers to wireless carriers where the requesting carrier's coverage area overlaps the geographic location of the rate center to which the number is assigned. . . . We conclude that porting from a wireline to a wireless carrier that does not have a point of interconnection or numbering resources in the same rate center does not, in and of itself, constitute location portability, because the rating of calls to the ported number stays the same.

The term "intramodal number portability" as it applies to the Petition refers to the ability to port a number from a wireline carrier, such as Petitioner, to another wireline carrier. The term "intermodal number portability" as it applies to the Petition refers to the ability to port a number from a wireline carrier, such as Petitioner, to a wireless carrier. The Petition seeks suspension of intermodal number portability obligations.

6. The determinations that the Commission must make before suspending or modifying an RLEC's obligation to provide LNP to requesting carriers are set forth in SDCL 49-31-80 which reads as follows:

Consistent with 47 U.S.C. § 251(f)(2) as of January 1, 1998, the commission may grant a suspension or modification of any of the interconnection or other requirements set forth in 47 U.S.C. §§ 251(b) and 251(c), as of January 1, 1998, to any local exchange carrier which serves fewer than two percent of the nation's subscriber lines installed in the aggregate nationwide. Any such carrier shall petition the commission for the suspension or modification. The commission shall grant the petition to the extent that, and for such duration as, the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

The language and substance of SDCL 49-31-80 and 47 U.S.C. § 251(f)(2) are essentially the same.

7. By its Order for and Notice of Procedural Schedule and Hearing and of Intent to Take Judicial Notice issued on May 4, 2004, the Commission gave the following notice of intent to take judicial notice:

The Commission hereby gives notice pursuant to SDCL 1-26-19(3) that it intends to take judicial notice of the fact that Petitioner is a local exchange carrier with fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Any party objecting to this taking of judicial notice shall serve notice of such objection on the Commission and the parties prior to the hearing.

No party to the docket served notice of objection or otherwise noted any objection to this taking of judicial notice. Accordingly, the Commission takes judicial notice of the fact and finds that Santel is a local exchange carrier with fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide pursuant to SDCL 49-31-80 and 47 U.S.C. §251(f)(2).

8. Santel is a rural local exchange carrier (RLEC) that provides local exchange and exchange access services to 4,827 access lines. Santel Ex 1; 47 U.S.C. §153(37).

9. WWC has made a bona fide request for LNP from Santel. Santel Ex 1. No wireline carrier has made a bona fide request for LNP.

10. Under SDCL 49-31-80, the Commission is required to determine the extent to which the requested suspension or modification is consistent with the public interest, convenience and necessity and whether the suspension or modification is necessary to avoid at least one of the three adverse effects set forth in subdivisions (1), (2) and (3) of the statute.

11. There was essentially no disagreement by any of the experts who testified on behalf of Petitioners that LNP is technically feasible. TR 175, 997. The testimony of Petitioners' witnesses to the effect that LNP was not technically feasible was based upon the present absence of the necessary switch upgrades and direct trunk connections with requesting carriers conforming to existing interconnection agreements. We find that this does not establish technical infeasibility, although the Commission recognizes that Petitioner would require a period of time to install and implement the necessary technology. The switch upgrade and interconnection facilities assumed by Petitioners' witnesses to establish their transport costs demonstrate that LNP is technically feasible. According to several of the Petitioners' manager witnesses, LNP is technically feasible. Bryan Roth, manager for McCook, agreed that LNP was technically feasible. TR. at 829. Pamela Harrington, general manager of Roberts County and RC, stated that LNP is technically feasible with the proper upgrades. TR. at 1049. Dennis Law, Golden West's manager, stated that his companies are technically able to connect to the Qwest tandem. TR. at 791-792. It is technically feasible for each of the Petitioners to implement LNP. It would take action on Petitioners' parts and would cost Petitioners money in varying levels to implement LNP, but the technology and network facilities exist for it to be implemented. The decisions in each of Petitioners' cases must therefore turn upon the two economic standards and the public interest determination.

12. The Commission finds that granting a suspension of Santel's intermodal local number portability obligations under 47 U.S.C. §251(b)(2) until December 31, 2005, is consistent with the public interest, convenience and necessity. The Commission further finds that at the present time, granting a suspension to Santel is necessary to avoid a significant adverse economic impact on Santel's users of telecommunications services generally and to avoid imposing a requirement that is unduly economically burdensome on Santel. These findings are based upon the specific findings set forth below.

13. In a June 18 letter to the President of the National Association of Regulatory Utility Commissioners (NARUC), the Chairman of the FCC, Michael Powell, recognized the potential burden of LNP implementation on small businesses, particularly rural local exchange carriers, and encouraged state commissions to exercise their authority under 47 U.S.C. §251(f)(2) to grant the requested relief if the State Commissions deem it appropriate. TR 566-568; Venture Ex 4. Chairman Powell directed "State Commissions to consider the burdens on small businesses in addressing those waiver requests and to grant the requested relief if the State Commissions deem it appropriate." Venture Ex 4.



14. At least part of the determination of whether a suspension of a Petitioner's LNP requirements is consistent with the public interest, convenience and necessity involves weighing the costs to the LEC and/or its users against the benefits to be derived from the incurrence of such costs. *Order Granting Suspension, Applications Nos. C-3096, et seq.*, Nebraska Public Service Commission (July 20, 2004). As discussed in detail below, the Commission finds that at this time, the benefits to consumers from LNP in the rural areas served by Petitioners simply have not been sufficiently demonstrated to outweigh the burden that imposing LNP implementation at this time will place on Petitioners and the rural citizens who rely on Petitioners for essential, provider-of-last-resort telephone service.

15. Another factor that we find is highly relevant to our determination of whether the granting of the requested suspension at this time is in the public interest involves the significant level of uncertainty that currently exists concerning (i) the appropriate technical solution for transport of calls to ported numbers in rural areas, (ii) the respective responsibilities, and attendant costs, of providing transport for calls to ported numbers outside the local calling area of Petitioners, (iii) the routing and rating of calls to ported numbers, (iv) the porting interval, (v) the demand for number porting, particularly in the areas where signal coverage is spotty or non-existent and (vi) the extent to which the presence of LNP is a marginal factor in the consumer's purchasing decision for alternative services such as wireless service. Suspending Petitioners' LNP obligations until December 31, 2005, will enable the unresolved issues concerning transport, routing and rating and porting interval to be addressed in the proceedings pending before the FCC, and will provide a period of time for (vii) the Petitioners and intervenors to continue to investigate, negotiate and hopefully resolve many of the interconnection, transport and routing and rating issues between them, (viii) wireless carriers to continue their build-outs of facilities to provide more extensive and reliable signal coverage throughout Petitioners' service territories and (ix) for the accumulation of data concerning the deployment of LNP in other areas and concerning the benefits of LNP -- particularly whether demand for LNP in fact materializes and is in fact demonstrated to be of material significance in the consumer's purchasing decision for alternative services.

16. A final factor that we believe is appropriate to consider in any public interest decision involving rural local exchange carriers is reflected in one of the central policy objectives of the Act and SDCL Chapter 49-31 - the duty to provide and preserve universal service. 47 U.S.C. §§ 214(e) and 254; SDCL 49-31-76 and 49-31-78 through 49-31-81. Petitioners, all of whom are the incumbent local exchange carriers and eligible telecommunications carriers under the Act, shoulder the responsibility for providing essential telecommunications to all persons within their service territories as carriers of last resort.

17. The record amply demonstrates that the costs to Santel to implement number portability will be significant. These costs fall into three general categories: switch upgrade, transport and recurring operational costs. The evidence addressing Santel's costs of implementing LNP was conflicting. Santel's cost witness projected the non-recurring cost for Santel to implement LNP to be \$103,210 excluding transport and \$304,210 including transport. He estimated the recurring monthly costs for Santel to be \$2,313 excluding transport and \$34,613 including transport. Santel's cost witness projected that these costs would translate into an LNP cost of \$1.06 per line per month excluding transport and \$9.57 including transport. WWC Ex 19. WWC's witness projected a non-recurring cost of \$101,210 excluding transport and \$101,610 including transport. WWC Ex 19. WWC's cost witness projected recurring monthly cost for Santel at \$1,156 excluding transport and \$1,918 including transport. WWC Ex 19. WWC projected these costs would translate into an LNP cost of \$0.82 cost per line per month excluding transport and \$1.01 including transport. WWC Ex 19.

18. The major area of disagreement regarding the costs of implementing LNP for Santel and the other Petitioners was transport. Transport costs comprised a significant portion of the costs to implement LNP as estimated by all Petitioners including Santel. Transport costs as estimated by WWC were considerably smaller. Santel proposed a transport method using a DS1 (T1) circuit installed between each Santel exchange to each wireless carrier that is currently providing service in Santel's territory that does not already have a direct trunk into Santel's network. TR. at 1126.

19. By contrast, WWC's routing method was based on converting the existing one-way, incoming trunk from the Qwest tandem, used to deliver Qwest traffic to Santel's customers via Santel's host switch, into a two-way trunk and using Qwest as a transit carrier. According to WWC's witness, this routing method would result in a significantly lower estimated initial non-recurring cost outlay - \$201,000 as calculated by Santel's witness vs. \$400 as estimated by WWC's witness and a significantly lower estimated monthly recurring cost for transport for Santel - \$32,300 per month as calculated by Santel's witness vs. \$762 per month as calculated by WWC's witness.

20. The basis for the routing methodology proposed by DeWitte, Santel's cost witness was:

In order to maintain the proper routing for the wireless calls and local rating for calls to wireless numbers, the Petitioner assumed that direct Type 2B connections would be deployed in each exchange for each CMRS carrier. ITC Ex 4, p. 3.

While there may be more efficient network trunking configurations that could be implemented as Mr. Williams asserts in his direct testimony, there are no Interconnection Agreements. ITC Ex 4, p. 5; TR 175.

21. In the *Intramodal Order*, the FCC stated in ¶ 1:

[W]e clarify that nothing in the Commission's rules limits porting between wireline and wireless carriers to require the wireless carrier to have a physical point of interconnection or numbering resources in the rate center where the number is assigned. . . . In addition, . . . we clarify that wireline carriers may not require wireless carriers to enter into interconnection agreements as a precondition to porting between the carriers.

22. The FCC left open the unanswered questions presented by this holding with respect to how carriers are to handle routing and transport of calls to ported numbers in the absence of points of interconnection between the LEC and the wireless carrier. The FCC stated as follows with respect to this issue in Footnote 75 at ¶ 28 and in ¶ 40 of the *Intramodal Order*.

<sup>75</sup>As noted in paras. 39-40 below, there is a dispute as to which carrier is responsible for transport costs when the routing point for the wireless carrier's switch is located outside the wireline local calling area in which the number is rated. See Sprint Petition for Declaratory Ruling. The existence of this dispute over transport costs does not, however, provide a reason to delay or limit the availability of porting from wireline to wireless carriers.

We make no determination, however, with respect to the routing of ported numbers, because the requirements of our LNP rules do not vary depending on how calls to the number will be routed after the port occurs. Moreover, as CTIA notes, the rating and routing issues raised by the rural wireline carriers have been raised in the context of

non-ported numbers and are before the Commission in other proceedings. Therefore, without prejudging the outcome of any other proceeding, we decline to address these issues at this time as they relate to intermodal LNP.

The FCC is considering this issue in a pending docket. See *In the Matter of Sprint Corp. Petition for Declaratory Ruling Regarding the Routing and Rating of Traffic by ILECs*, CC-Docket 01-92, Petition of Sprint, May 9, 2002.

23. WWC produced evidence through its cost witness, Mr. Williams, that its suggested transport method of adding a bi-directional capability to the trunk currently carrying Qwest traffic into Santel's switch from the Qwest tandem in Sioux Falls was technically feasible and was proposed as a transport mechanism, subject to resolution of transport rate issues with Qwest, by certain ILEC members of the Minnesota Independent Coalition before the Minnesota PUC in *Matter of the Petition by the Minnesota Independent Coalition for Suspension or Modification of Local Number Portability Obligations Pursuant to 47 U.S.C. §251(f)(2)*, Docket No. P-et al/M-04-707. TR 579-582, 587-589; WWC Ex 6. A temporary suspension of LNP obligations was ultimately granted by the Minnesota PUC in this docket on July 8, 2004. As of the decision date, however, the transport pricing issues between the petitioning MIC members and Qwest had still not been resolved, and in its Order Granting Suspension, the MPUC was required to provide a 90 day period for negotiation after which the matter would come back to the commission for arbitration.

24. Mr. Williams's belief that the Minnesota Qwest tandem solution was available to Petitioners was based upon his prior experience with Qwest's provisioning of services, his review of Qwest's Statement of Generally Available Terms and Conditions (SGAT) and tariffs. TR 552. Mr. Williams further testified:

"There are Interconnection Agreements available today in South Dakota that can be opted into within a matter of days, and Western Wireless has such an agreement. That agreement calls for transit at three-tenths of a cent, and there's nothing to prevent any carrier from opting into that agreement. TR 734.

Based upon this, Mr. Williams testified that he estimated the cost to Petitioners of transport provided by Qwest to be .3 cents per minute. TR 552, 734.

25. WWC's witness also testified, however, that he had not in fact discussed this proposal with Qwest. TR 932. Furthermore, WWC did not make reference to the specific tariff or SGAT provisions or rate schedules upon which he based these conclusions, and the Commission has been unable to determine from a review of the Qwest tariffs and SGAT alone whether WWC's proposed transport mechanism would in fact be available to Santel for the purpose of transporting calls to ported numbers outside the local exchange area as local calls or, if so, what the actual pricing and terms of such service would be.

26. With respect to the existing Type 2 Wireless Interconnection Agreement between U S West Communications, Inc. and WWC License, L.L.C. for the State of South Dakota, it is not obvious that Santel would be able to opt into the agreement. The agreement is a comprehensive wireless to wireline interconnection agreement specifically designed for the situation where one party is a wireless carrier. In *Matter of Review of the Section 251 Unbundling Obligations of Incumbent Local Exchange Carriers*, CC Docket No. 01-338, Second Report and Order, FCC04-164 (rel. July 13, 2004), the FCC took away the right of carriers to opt into only selected terms of Section 251 interconnection agreements, stating in ¶ 1:

In this Order, we adopt a different rule in place of the current pick-and-choose rule. Specifically, we adopt an "all-or-nothing rule" that requires a requesting carrier seeking to avail itself of terms in an interconnection agreement to adopt the agreement in its entirety, taking all rates, terms, and conditions from the adopted agreement.

We accordingly do not find that Santel could necessarily simply opt into WWC's interconnection agreement with Qwest either in its entirety or as to only one particular provision.

27. WWC stated at the hearing that WWC would pay for transport on an interim basis, until the final FCC decision on transport, provided the Qwest tandem-based routing method was used. TR. at 939. The Commission finds, however, that this temporary commitment could leave Santel with the burden of paying the costs of transport outside of its service area in the future, that there is no certainty at this time as to what those costs would be and that Santel would then have been compelled to incur the substantial switch upgrade and other non-transport costs of LNP implementation.

28. Lastly, as to this issue of transport, we note the testimony of Mr. Bullock, cost witness for several of Petitioners, who stated:

In telephone toll traffic there's a considerable track record of interexchange carriers providing toll service, and I think it's safe to assume that the bugs have been worked out of the interfaces that are required between local exchange access service providers such as the local exchange companies we're talking about here today and interexchange carriers such as AT&T and Sprint that reliably pass information back and forth to enable the proper routing and rating of calls and the proper rating and identity of the calling party.

In terms of the exchange of local traffic through an intermediate tandem service provider, I'm not so sure that's a safe assumption to make. TR 879-880.

29. Other factors that influenced the differences between Santel's and WWC's estimates of the cost of LNP implementation primarily involved the ability of Santel to reduce administrative mobilization costs through sharing with other RLECs.

30. Although there was evidence in the record that at least some of the Petitioners', including Santel, could include at least some costs of implementing LNP in the Petitioners' applications for universal service support funds from the Universal Service Administration Company, TR 954, the FCC, in two recent orders and the Federal-State Joint Board on Universal Service have recently recognized the increasing cost of providing universal service support in a competitive environment and recognized the propriety of both the FCC and state commissions considering the impact on the universal service fund in their public interest determinations. *Federal-State Joint Board on Universal Service, Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier for the State of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, FCC 03-338, ¶ 4 (rel. Jan. 22, 2004) ("*Virginia Cellular Order*"); *Federal-State Joint Board on Universal Service, Highland Cellular, Inc. Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, FCC 04-37, ¶ 4 (rel. April 12, 2004); *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, FCC 04J-1 (re. February 27, 2004).

31. We find that implementing LNP at this time could cost Santel or its users as much as from \$0.82 to \$1.06 per line per month excluding transport and that the costs of transport, if ultimately held to be Santel's responsibility, could raise that monthly cost substantially higher.

32. The areas served by Santel are older and have lower incomes than the nation as a whole. TR 1111.

33. All Petitioners, WWC and SDTA presented evidence of demand for LNP or the lack thereof. Demand for LNP has relevance both to the costs to be incurred by Petitioners to provide LNP and to the benefit side of a cost-benefit analysis for both the public interest and adverse economic effect analyses. In the case of many of the Petitioners, differences in estimated ports produced differences in recurring costs, but in Santel's case, both Santel's and WWC's cost witnesses used the same estimated porting number to derive estimated costs.

34. Davis, the cost witness for Beresford, Kennebec, Midstate, Roberts County/RC, and Western, used porting estimates when he calculated the cost to implement LNP. However, at the hearing, he stated that his porting numbers should not be taken as "any sort of estimate for demand" and that he did not do any type of empirical analysis. TR. at 1009-10. He just picked a number to "show a relationship between a specific demand level and what the resulting costs would be." TR. at 1009.

35. Santel's manager testified that Santel had received no requests for LNP from its customers. Santel Ex 1. Santel did not conduct a formal customer survey.

36. Steven Watkins, a witness for the Petitioners, stated that NeuStar reported that "95% of wireless ports have been from one wireless carrier to another and only 5% of wireless ports were between wireline and wireless carriers." SDTA Exhibit 1 at 11. He noted that these numbers were based on wireless to wireline reporting in more urban areas and expected that interest in rural areas would be even less. Id. He stated that in rural areas "the public does not recognize wireless service as an absolute substitute for wireline service" due to reliability and that "demand for wireless service is more for its mobile capability[.]" Id. at 12. He further stated that even for customers who decide to give up their wireline service for wireless generally will try wireless service first and then drop their wireline service. Id. Thus, there would not be a need to port numbers in that case. Id.

37. Bullock, the cost witness for Alliance/Splitrock, Armour/Bridgewater/Union, Faith, Golden West/Vivian/Kadoka, McCook, Sioux Valley, Tri-County, and Valley, stated that he assumed that if LNP were required, the wireless companies would begin an aggressive marketing campaign which may generate some porting activity. TR. at 890. He also assumed that some of the customers would port back to the wireline carrier. Id. He stated that he did not do a scientific analysis since there is no track record for number porting in rural areas. Id. He also stated that his porting estimates were not based on the number of wireless carriers operating in any particular area. Id. at 891. Bullock's estimated number of ports were higher than DeWitte's and ranged from 0.694% to 3.061% of a company's access lines per year.

38. WWC's witness, Williams, stated that WWC's porting estimates were "based on what we thought we would be able to obtain as a result of both our coverage and our view of what their demographics represented." TR. at 1031. His estimates for ports, based on each company's number of access lines, ranged from a low of 2.743% for Golden West to a high of 3.528% for Brookings. WWC Ex 9, 15, 18, 19. Williams further stated that, for most of the companies, the numbers are close to what WWC would expect in WWC's rural areas, which is approximately 15 percent intermodal porting over a five year period. TR. at 1031. He assumed that WWC would have about 45% of the total estimated ports. TR. at 690. Williams stated that there has not yet been any

experience in intermodal porting in rural service areas so far. Id. He went on to state that there is a track record for wireline to wireline portability and that has resulted in an annual migration of 3.5% to 4.5%. Id. at 1033. He also stated that he would not expect wireline to wireless migration to be that high. Id.

39. The demand for porting will likely fall somewhere in between the numbers as forecasted by the Petitioners and those set forth by WWC. WWC's estimates are probably too high based on a number of factors. First, according to Williams' own testimony, wireline to wireline portability on a national basis has only resulted in porting percentages of 3.5% to 4.5%. TR. at 1033. Moreover, a survey regarding wireless porting showed that only 5% of wireless ports nationwide were between wireline and wireless carriers. SDTA Ex 1 at 11. On the other hand, DeWitte's estimates that averaged less than two tenths of one percent appear to be somewhat low. For example, in Kennebec, 12% of the survey respondents stated they would be willing to pay a dollar a month in order to have the ability to port their wireline numbers to their wireless carrier. TR. at 965. In addition, one of the cost witnesses, Bullock, used estimates that ranged from 0.694% to 3.061%.

40. The "benefit" to be derived from LNP for a given company's customers is in part dependent on demand. The uncertainty concerning the number of ports to be expected does intersect an additional element of uncertainty into the recurring costs for Petitioners to provide LNP. To the extent that the number of ports increases, however, and thereby increases the costs of providing LNP, this increase in costs due to greater demand could be argued to be balanced, in terms of cost-benefit analysis by the greater benefit to be received by Petitioners' customers.

41. In *Matter of Telephone Number Portability*, CC Docket No. 95-116, First Report and Order and Further Notice of Proposed Rulemaking, 11 FCC Rcd 8352, ¶ 29 (1996) (*First Report and Order*), the FCC found that local number portability was a significant factor limiting a customer's decision to switch telecommunications service providers. In the *Intramodal Order*, the FCC extended this reasoning to intermodal portability. However, the FCC in *Virginia Cellular* and again in *Highland Cellular* recently emphasized that competition *per se* is not a sufficient basis upon which Commissions should base public interest decisions involving rural, high cost service areas. Although WWC presented evidence as to the number of ports it expected to obtain, TR 1033, no empirical evidence was introduced to demonstrate that LNP would materially increase the number of customers subscribing to wireless service within Petitioners' service areas or, stated conversely, that the inability to port landline phone numbers to a wireless phone within Petitioners' service areas is a significant negative factor influencing potential customers for wireless service to forego purchasing WWC's service. Petitioners provided evidence that WWC is successfully competing for customers within Petitioners' service territories without intermodal LNP. TR 312. WWC itself introduced a survey that demonstrated that wireless market penetration would be significant. The survey results were not dependent on LNP. TR 645-646. WWC Ex 11. Brookings's Manager testified that as a result of migration of customers, primarily college students, from landline to totally wireless, Brookings had lost 1,200 access lines over the past 3 years. TR 311. He further testified, "[W]e have pretty fair competition without local number portability. . . . [I]n an environment where competition is being served, the customers are, in fact, migrating as they desire from wireline to wireless." TR 312. Midstate's manager testified that in its CLEC operation in Chamberlain/Oacoma LNP had not been a significant competitive driver in the intramodal arena. Out of Midstate's 787 customers, only 8 were ported numbers. TR 976.

42. There are presently at least three sources of significant uncertainty concerning the obligations and resulting costs to Petitioners and their customers to implement LNP in their rural service areas. These three sources of significant uncertainty are: (i) the pending appeal of the

*Intramodal LNP Order in United States Telecom Assn. v. FCC*, Cases No. 03-1414 and 03-1443 (D.C. Cir.); (ii) the unresolved apportionment of interconnection and transport obligations of the RLEC and the requesting wireless carrier; and (iii) the porting interval that the RLEC must meet. The latter two of these uncertainties arise from the language in paragraph 1 of the *Intermodal Order* in which the FCC stated:

[W]e clarify that nothing in the Commission's rules limits porting between wireline and wireless carriers to require that wireless carrier to have a physical point of interconnection or numbering resources in the rate center where the number is assigned. . . . In addition, . . . we clarify that wireline carriers may not require wireless carriers to enter into interconnection agreements as a precondition to porting between the carriers. We also decline to adopt a mandatory porting interval for wireline-to-wireless ports at the present time, but we seek comment on the issue as noted below.

Proceedings are currently pending before the FCC to address these unresolved issues.

43. Given the projected significant costs of providing LNP, the limited demonstrated present demand for LNP, the older and poorer demographic characteristics of Santel's population base and the uncertainties currently attending LNP implementation and provision in Petitioners' territories, the Commission finds that the cost-benefit equation weighs in favor of suspending Santel's LNP obligations for a period of time within which some of the uncertainties might be resolved. Santel would benefit from additional certainty which will result from the FCC's acting on issues such as porting intervals and transport and routing issues. After the FCC decisions are issued, Petitioners and the Commission should have a clearer picture of what costs must be incurred to implement LNP. The decisions may result in lower projected costs or higher projected costs, but either way, there should be more certainty. Further, the additional time should result in the ability to more accurately predict demand based on what has occurred in other rural areas. Depending on the demand that is experienced in other rural areas where LNP has been implemented and the more certain cost inputs, it is possible that a further suspension might be justified. On the other hand, if substantial demand or other demonstration of marginal benefit is demonstrated, then the Commission may decide to deny further suspension requests.

44. The Commission accordingly finds that it is consistent with the public interest convenience and necessity to suspend Santel's obligations under 47 U.S.C. §251(b)(2) and SDCL 49-31-81 to provide local number portability to requesting carriers until December 31, 2005.

45. With respect to the additional standards set forth in SDCL 49-31-80 and 47 U.S.C. §251(f)(2), the Commission finds that the first two standards, subdivisions (1) and (2), focus on economic impacts. The first standard is centered on users, i.e. customers. This requires the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact "significant." The judgment of whether an impact is significant is in turn influenced by what benefits flow to the customers from imposition of the impact.

46. The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. The statutory language does not specify as to whom the level of burdensomeness is to be assessed. The Commission concludes that this standard should be applied to assess the burdensomeness of the requirement on both the consumer and the company. Since the company is the petitioner, it seems probable that in the absence of language to the contrary, the language refers to the petitioner. Other reasons for treating

this criterion as applicable to both company and customers include the uncertainties surrounding how the costs of LNP will be distributed between the company and its consumers and the difficulty, at this point, of determining with any degree of certainty the surcharge amount that could be charged by the company to its customers.

47. Given the significant costs of implementing and providing LNP services in the Santel area, the current absence of customer requests for LNP, the apparent low demand for the availability of LNP, the absence of any alternative wireline service in the Santel area and the presence of significant coverage gaps in wireless service in Santel's territory at this time, the Commission finds that suspending Santel's LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Santel's telecommunications services generally.

48. Based upon the same findings, the Commission further finds that suspending Santel's LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Santel and its/their customers.

### **CONCLUSIONS OF LAW**

1. The Commission has jurisdiction, pursuant to SDCL 49-31-80, 47 U.S.C. § 251(f)(2) and ARSD 20:10:32:39, to hear and decide the Petition and to issue an order suspending or modifying Santel's obligations to implement local number portability pursuant to 47 U.S.C. §251(b)(2) and SDCL 49-31-81. The Commission had authority pursuant to SDCL 49-31-80 and 47 U.S.C. §251(f)(2) to issue a suspension of Santel's LNP obligations pending final action on Santel's requested suspension and to issue a temporary suspension to September 30, 2004.

2. SDCL 49-31-80 and 47 U.S.C. §§251(f)(2) give the Commission authority to grant a suspension or modification of local number portability obligations if the local exchange carrier has fewer than two percent of subscriber lines nationwide and the commission determines that the requested suspension or modification is consistent with the public interest, convenience, and necessity and is necessary:

- (1) To avoid a significant adverse economic impact on users of telecommunications services generally;
- (2) To avoid imposing a requirement that is unduly economically burdensome; or
- (3) To avoid imposing a requirement that is technically infeasible.

The commission may suspend enforcement of the requirement or requirements identified in the petition pending final action on the requested suspension or modification.

3. In *Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket No. 96-98, FCC 96-325, 11 FCC Rcd 15499 (1996), the FCC adopted the rule codified at 47 U.S.C. §51.405(d), which reads as follows:

(d) In order to justify a suspension or modification under section 251(f)(2) of the Act, a LEC must offer evidence that the application of section 251(b) or section 251(c) of the Act would be likely to cause undue economic burden beyond the economic burden that is typically associated with efficient competitive entry.



This rule was vacated by the Eighth Circuit Court of Appeals in *Iowa Utils. Bd. v. F.C.C.*, 219 F.3d 744 (8th Cir. 2000). The Commission accordingly concludes that this standard and rule does not bind the Commission's discretion in this case.

4. Santel is a local exchange carrier serving fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Santel is accordingly entitled to petition for suspension of its obligations to provide local number portability.

5. The first two standards, subdivisions (1) and (2), focus on economic impacts. The first standard is centered on users, i.e. customers. This requires the Commission to make a judgment as to what level of adverse economic impact on customers renders the impact "significant." The judgment of whether an impact is significant is in turn influenced by what benefits flow to the customers from imposition of the impact.

6. The second standard requires the Commission to look at whether implementation of LNP would impose a requirement that is unduly economically burdensome. The statutory language does not specify as to whom the level of burdensomeness is to be assessed. The Commission concludes that this standard should be applied to assess the burdensomeness of the requirement on both the consumer and the company.

7. Granting a suspension to Santel of the requirements to provide intermodal local number portability imposed by 47 U.S.C. §251(b)(2), SDCL 49-31-81 and the rules and orders of the FCC is in the public interest.

8. Granting a suspension of Santel's intermodal LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Santel's telecommunications services generally.

9. Granting a suspension of Santel's intermodal LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Santel and its/their customers.

10. The suspension granted herein does not relieve Santel of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

It is therefore

ORDERED, that Santel's obligation to implement intermodal local number portability imposed by 47 U.S.C. §251(b)(2), SDCL 49-31-81 and the rules and orders of the FCC is hereby suspended pursuant to 47 U.S.C. § 251(f)(2), SDCL 49-31-80 and ARSD 20:10:32:39, until December 30, 2005; and it is further

ORDERED, that should Santel desire to continue the suspension following December 31, 2005, the company shall file its petition for suspension on or before October 1, 2005; and it is further

ORDERED, that the suspension granted herein does not relieve Santel of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

NOTICE OF ENTRY OF ORDER

PLEASE TAKE NOTICE that this Order was duly entered on the 3rd day of January, 2005. Pursuant to SDCL 1-26-32, this Order will take effect 10 days after the date of receipt or failure to accept delivery of the decision by the parties.

Dated at Pierre, South Dakota, this 3rd day of January, 2005.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By:

Melaine Kalbo

Date:

1/5/05

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner