

In the Matter of IN THE MATTER OF THE PETITION OF  
MIDSTATE COMMUNICATIONS, INC.  
FOR SUSPENSION OR MODIFICATION  
OF 47 U.S.C. § 251(b)(2) OF THE  
COMMUNICATIONS ACT OF 1934 AS  
AMENDED

## Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
3/12 04	Filed and Docketed;
3/18 04	Weekly Filings;
3/30 04	Petition to Intervene by WWC License LLC;
3/31 04	Petition to Intervene (SDTA);
4/19 04	Order Granting Interim Suspension Pending Final Decision and Order Granting Intervention;
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. Hathers;
5/17 04	Direct Testimony of Don Davis on behalf of Midstate regarding Company-specific Cost Data.
5/17 04	Direct Pre-Filed Testimony of Mark Benton;
5/17 04	Direct Testimony of Don Davis on behalf of the above-named Companies;
6/1 04	Testimony of Dan Williams on behalf of WWC License LLC.
6/11 04	Intervenor's Motion to Compel Discovery as in the Alternative to Struck Petitioner's
6/11 04	Brief in Support of Intervenor's Motion to Compel Discovery as in the Alternative to Struck
6/14 04	Rebuttal Testimony of Steven E. Hathers;
6/15 04	Rebuttal Testimony of Don Davis;
6/15 04	Rebuttal Testimony of Mark Benton on behalf of Midstate;
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	Petitioner's Response in Opposition to Intervenor's Motion to Compel Discovery as in the Alternative
6/18 04	Certificate of Admission (Paul A. Lewis, Intern);
6/23 04	Order (Admitting Benjamin H. Dickens, Jr. and Mary J. Sisak);
7/7 04	LPR Transcripts in Docket TC04-025;
7/13 04	Order Establishing Briefing and Decision Schedule;

8/5/04 Post-Hearing Brief of Petitioners and SOTA;  
8/26/04 Staff's Brief;  
8/23/04 WWC's Post-Hearing Brief;  
8/27/04 Reply Brief of Petitioners and SOTA;  
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 Racket Closed.  
10/29/04 Petition for Reconsideration by WWC.  
10/29/04 WWC's Brief in Support of Petitioners to Reconsider Final Decision and Order;  
11/22/04 Brief of Petitioners in Support of Opposition to the Petition for Reconsideration by WWC;  
11/23/04 Opposition to the Petition to Reconsider Final Decision and Order;  
12/30/04 Order Denying Petition for Reconsideration;  
1/3/05 Amended Final Decision and Order; Notice of Entry;  
1/3/05 Racket Closed.

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March 12, 2004

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MAR 12 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

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

Re: IN THE MATTER OF THE PETITION OF FAITH MUNICIPAL TELEPHONE COMPANY FOR SUSPENSION OR MODIFICATION OF § 251(b)(2) OF THE COMMUNICATIONS ACT OF 1934 AS AMENDED;

IN THE MATTER OF THE PETITION OF MIDSTATE COMMUNICATIONS, INC. FOR SUSPENSION OR MODIFICATION OF § 251(b)(2) OF THE COMMUNICATIONS ACT OF 1934 AS AMENDED; and

IN THE MATTER OF THE PETITION OF WESTERN TELEPHONE COMPANY FOR SUSPENSION OR MODIFICATION OF § 251(b)(2) OF THE COMMUNICATIONS ACT OF 1934 AS AMENDED

Dear Pam:

Enclosed herein for filing are the original and ten copies of each of the above Petitions.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

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MAR 12 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION  
OF MIDSTATE COMMUNICATIONS,  
INC. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

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

PETITION

**I. INTRODUCTION**

Pursuant to Section 251(f)(2) of the Communications Act of 1934, as amended (“the Act”), 47 U.S.C. § 251(f)(2), South Dakota Codified Laws § 49-31-80, and ARSD § 20:10:32:39, Midstate Communications, Inc. (“Midstate”) hereby respectfully petitions the South Dakota Public Utilities Commission (the “Commission”) for a suspension or modification of the number portability requirement in Section 251(b)(2) of the Act. Midstate also requests an immediate suspension of Section 251(b)(2) pending this Commission’s consideration of the suspension request until six (6) months following the Commission’s decision.

Section 251(b)(2) states that all local exchange carriers (“LECs”) have “[t]he duty to provide, to the extent technically feasible, number portability in accordance with requirements prescribed by the [Federal Communications] Commission.”<sup>1</sup> The Federal Communications Commission (“FCC”) established rules to implement local number

<sup>1</sup> 47 U.S.C. §251(b)(2).



portability (LNP) by wireline carriers.<sup>2</sup> Pursuant to those rules, portability between wireline carriers was limited to the LEC rate center. In a Memorandum Opinion and Order and Further Notice of Proposed Rulemaking released on November 10, 2003,<sup>3</sup> the FCC clarified the LECs' obligations to provide LNP to wireless carriers and found that LECs must implement LNP to allow porting to wireless carriers, even when the wireless carrier does not have a point of interconnection or telephone numbers in the LEC's affected rate center. The FCC did not require porting from a wireless carrier to a wireline carrier, however, when there is a "mismatch" in rate centers. Rather, the FCC instituted a rulemaking to examine how such porting can be accomplished.

## **II. ARSD § 20:10:32:39 REQUIREMENTS**

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

(1) The applicant is Midstate Communications, Inc. ("Midstate"), 120 East First Street, Kimball, South Dakota 57355, (605) 778-6221. The designated contacts are:

Mark D. Benton, General Manager of Midstate, telephone (605) 778-6221, and

Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown, LLP  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889

(2) As of 2003, Midstate had 4,586 subscriber lines nationwide.

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<sup>2</sup> 47 C.F.R. § 52.20 - § 52.33.

<sup>3</sup> Telephone Number Portability, *Memorandum Opinion and Order and Further Notice of Proposed Rulemaking*, CC Docket No. 95-116, FCC 03-284 (rel. November 10, 2003) ("Order" or "FNPRM").

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

(4) Midstate 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, Midstate 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>4</sup> and the porting interval and wireless-to-wireline porting in its pending FNPRM, at which time Midstate may need to seek further Section 251(f)(2) relief based upon the economic impact of these decisions.

Midstate 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) Midstate requests that the suspension of Section 251(b)(2) be effective no later than May 24, 2004. Midstate requests that the temporary suspension of Section 251(b)(2) be effective immediately and in any event, no later than March 23, 2004.

(6) The information supporting this petition is contained on pages 4 through 15 of this Petition.

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

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<sup>4</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*").

### **III. BACKGROUND**

In support of this petition for suspension or modification of the Order, Midstate respectfully submits that:

1. Midstate is a South Dakota corporation with its principal office located at 120 East First Street, Kimball, South Dakota 57355. Midstate is engaged in the provision of general telecommunications services in the State of South Dakota subject to the jurisdiction of this Commission. Midstate currently provides basic local exchange service in ten exchanges and, as of December 1, 2003, had 4,586 access lines in service. A list of Midstate's switches for which a suspension of LNP is requested is attached as Exhibit 1A.

2. Midstate has received requests to deploy LNP from Cellco Partnership (dba Verizon Wireless) and Western Wireless Corporation (dba CellularOne).

3. Midstate is a rural telephone company as defined in 47 U.S.C. § 153(37) and provides telephone exchange service, including exchange access, to fewer than 50,000 access lines, and serves a study area of fewer than 100,000 access lines. Section 251(f)(2) of the Act allows a rural local exchange carrier with fewer than two percent (2%) of the subscriber lines installed in the aggregate nationwide (as of December 2002, approximately 188 million local telephone lines)<sup>5</sup> to petition a state commission for a suspension or modification of the application of a requirement provided by 47 U.S.C. § 251(b) and (c).

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<sup>5</sup> See "Federal Communications Commission Releases Study on Telephone Trends", FCC News Release (rel. Aug. 7, 2003).

4. According to the provisions of 47 U.S.C. § 251(f)(2) and SDCL § 49-31-80, 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
- (iii) to avoid imposing a requirement that is technically infeasible; and

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

5. Pursuant to the above, the Commission must grant a petition for suspension or modification if the Commission finds that any one 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.

6. Section 251(f)(2) of the Act requires the Commission to take final action on this Petition within 180 days after receipt. Pending such action, pursuant to both federal and state law, the Commission is given express authorization to “suspend or stay 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) and SDCL 49-31-80. The provisions of ARSD § 20:10:32:39 reference the Commission’s authority under state statute and specifically contemplate that the Commission may grant a “temporary stay” of the “obligations the carrier seeks to suspend or modify” while its proceedings are pending.<sup>6</sup>

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<sup>6</sup> The Nebraska Public Service Commission granted a Motion for Interim Relief *In the Matter of the Application of Great Plains Communications, Inc., Blair, for Suspension or Modification of the Federal Com-*

Suspension of enforcement while the petition is pending allows for rational public policy decision-making. In addition, future FCC Orders regarding wireless-to-wireline LNP addressing issues described in the FNPRM will allow the Commission and Midstate to assess the full impact (economic and technical) of implementing LNP.

7. When the Commission considers the initial and ongoing costs of LNP, Midstate believes the Commission will determine that such costs create an adverse economic impact on telecommunications users and a requirement that is unduly economically burdensome. The economic impact may be even more detrimental to Midstate or its end users if the FCC shortens the porting interval and/or forces LECs to absorb additional network costs as contemplated by the FCC in its FNPRM. Absent full consideration of the aforementioned issues, Midstate contends that it is not consistent with the public interest, convenience and necessity to expend the significant investment necessary to deploy LNP. Grant of this petition will permit the Commission to ensure that the public interest, convenience and necessity are not undermined as a result of unanswered implementation issues associated with the provision of LNP.

#### **IV. ARGUMENT**

##### **A. LNP Will Cause Significant Adverse Economic Impact on Users of Midstate's Telecommunications Services.**

8. Section 251(f)(2) of the Act provides this Commission with the authority to ensure that the uncertain state of federal law, with respect to LNP, does not have a sig-

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*munications Commission Requirement to Implement Wireline-Wireless Number Portability Pursuant to 47 U.S.C. § 251(f)(2)*, Docket C-3096. The Hearing Officer found that "the 180-day timeframe in which the Commission must render its decision, and because of the number of applications filed with the Commission seeking suspension under 47 U.S.C. § 251(f)(2), it would be difficult for the Commission to hold an evidentiary hearing and make its ruling on this and every application for suspension or modification of the

nificant adverse economic impact on users of telecommunications services in the State of South Dakota. The Act vests this Commission with authority to balance the requests for LNP with the potential economic harm to telecommunication users. It is the Commission's responsibility to determine whether implementation of LNP by Midstate would impose a significant adverse economic impact on telecommunication users in the Midstate service area.

9. Midstate requests suspension of the LNP requirement in Section 251(b)(2) of the Act because, as shown in Exhibit 1, implementation of LNP would impose a significant adverse economic impact on users of telecommunications services generally. FCC rules allow recovery of certain LNP costs from end users through a monthly surcharge imposed over a five-year recovery period.<sup>7</sup> Certain costs associated with LNP cannot be recovered through the end user LNP surcharge. These costs must be recovered, if at all, through the LEC's general rates and charges.

10. Midstate estimates that in order to implement LNP it will have recurring and non-recurring costs as set forth in Exhibit 1 attached hereto and incorporated herein by reference. Based on the projected implementation costs, Midstate estimates that the increase in a subscriber's local service cost that would result from LNP implementation would equal \$1.14 per month for five years,<sup>8</sup> an increase of 8% based upon the current city residential rate of \$13.95 per line per month and an increase of 7.5% based upon the

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dentiary hearing and make its ruling on this and every application for suspension or modification of the LNP requirement filed with the Commission prior to the May 24, 2004, deadline."

<sup>7</sup> 47.C.F.R. § 52.33.

<sup>8</sup> The Applicant is reviewing these cost estimates and reserves the right to amend these estimates in the future.

current rural residential rate of \$14.95 per line per month in all other exchanges. This estimated increase in the local service cost does not include any cost associated with the provision of transporting calls to ported numbers outside of Midstate's local service areas. 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.<sup>9</sup>

Midstate estimates that transport to wireless carriers whose point of interconnection is located somewhere outside of Midstate's service area would cost \$3.03 per month for five years.<sup>10</sup> This would equal an increase in local rates for Midstate subscribers of 21% over the current monthly city residential rates of \$13.95 per line per month and an increase of 20% over the current residential rate of \$14.95 per line per month. In addition, there will be significant recurring costs after the five-year period. An increase in cost of this magnitude would have a significant adverse economic impact on users of telecommunications service in Midstate's service area.

11. The transport issue must be resolved to determine the full cost of LNP and the full adverse economic impact on users of telecommunications in terms of unexpected toll charges. As stated, the FCC has indicated that it will address this issue when it con-

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<sup>9</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>10</sup> The FCC stated in footnote 75 of the Order, that 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 does not provide a reason to delay porting from wireline-to-wireless carriers.

siders the routing of calls between wireline and wireless carriers in the *Sprint Petition* proceeding. Therefore, at a minimum, Midstate should not be required to provide LNP until six months after the FCC releases its decision on the *Sprint Petition*. This would allow Midstate to assess the cost impact of LNP in light of the FCC's decision and either implement LNP or petition this Commission for a further suspension or modification of the LNP requirement.

12. Additional unknown costs of LNP could increase the financial burden. The costs as set forth in Exhibit 1 do not include any cost associated with reducing the porting interval as contemplated by the FCC in its FNPRM. Such reductions of the porting interval may require Midstate to make significant changes to its operations, thereby increasing the cost to provide LNP.<sup>11</sup> The costs as set forth in Exhibit 1 do not include other costs that may be imposed on Midstate as a result of other rulings by the FCC in its FNPRM. The FCC has sought 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.<sup>12</sup> The FCC sought 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 has with the wireless service provider. The FCC further sought comment on whether LECs should be required to provide LNP through foreign

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<sup>11</sup> FNPRM, para 45.

<sup>12</sup> Id at para 42.



exchange (“FX”) and “virtual FX” service.<sup>13</sup> These proposals also would increase the cost of LNP, however, it is not clear to what extent.

13. Thus, until the FCC has released a final Order regarding the issues in its FNPRM, Midstate is unable to make a determination of its total costs to implement and to provide LNP and is unable to determine the total economic impact on the users of telecommunications service in its service area.

#### **B. LNP Would Be Unduly Economically Burdensome for Midstate**

14. Implementation of wireline-to-wireless LNP, under the current guidance provided by the FCC, will be unduly economically burdensome for Midstate. Any cost not recovered through the end-user LNP charge or carrier charge may have to be borne by Midstate. Granting Midstate a suspension of the requirements of 47 U.S.C. § 251(b)(2) pursuant to Section 251(f)(2) of the Act will avoid the imposition of a requirement upon Midstate that is unduly economically burdensome.

15. The estimated costs of LNP, set forth in Exhibit 1, are presented on a per line basis. However, there is no certainty that LNP costs will be paid by current Midstate subscribers. For example, there are potential issues concerning which costs will be borne directly by the customer and which costs will be borne by Midstate. Further, based upon the substantial increase in the cost per line per month caused by LNP, there is no guarantee that all such costs would ultimately be passed on to the end-user in the form of a rate increase. The potential costs that may be incurred by Midstate would be unduly economically burdensome.

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<sup>13</sup> It is not clear what “virtual FX” service would entail as the FCC did not define it and Midstate offers no such service.

16. As shown, LNP implementation could result in the assessment of a new LNP surcharge on Midstate's telephone subscribers and could increase local rates. These actions would make Midstate's service offering less competitive with the services provided by wireless carriers. Wireless carriers already enjoy a number of competitive advantages over wireline carriers. For example, because of their FCC licensed service areas, wireless carriers have larger local calling areas, larger service territories, and more potential customers to absorb the cost of LNP. By increasing the cost of service, LNP would make wireline service even less competitive with wireless service.

17. If the costs were assigned completely to the Midstate subscribers, the large size of the surcharge may cause a segment of the Midstate customers to discontinue service. The reduction in line count would not allow for the full recovery of LNP costs, causing a negative impact on Midstate's revenue and laying the foundation for an ever-escalating burden on the remaining network users to fund common network costs.

18. Pursuant to the FCC's Order, although wireline carriers have been ordered to port numbers to wireless carriers when the wireless carrier has no point of interconnection or numbers in the LEC's rate centers, the FCC does not require wireless carriers to port numbers under the same circumstances to wireline carriers. Thus the current porting requirement is a one-way requirement – Midstate can lose customers through porting to the wireless carriers, but it cannot gain customers from them.

19. Although the FCC stated in the Order that it found no persuasive evidence in the record indicating that significant technical difficulties exist that would prohibit a wireline carrier from porting a number to a wireless carrier that does not have a point of

interconnection in the same rate center as the ported number, the FCC delayed its decision regarding the routing of calls to ported numbers where no direct connections existed until its decision in the *Sprint Petition*.<sup>14</sup> The FCC recognized that issues exist with respect to call routing in those instances of porting numbers from a wireline carrier to a wireless carrier where no direct connection exists between the carriers. The FCC however, made no determination as to the proper routing of such calls.<sup>15</sup>

20. In light of these implementation costs and the unresolved issues still pending before the FCC, the Commission's suspension of the requirement on Midstate to provide wireline-to-wireless LNP is consistent with Section 251(f)(2)(A)(ii) of the Act.

**C. Suspension of the Requirement to Implement LNP Is Consistent With The Public Interest, Convenience, and Necessity.**

21. The standard of public interest, convenience, and necessity consists of an evaluation of the benefit that consumers will receive from LNP compared to the costs of implementation and use. Central to this evaluation is the level of demand that exists for LNP in Midstate's service area and the costs of implementation and use.

22. Midstate believes that the current demand for LNP is very small or non-existent. As of the date of this filing, no Midstate customer has ever made an inquiry to Midstate regarding LNP or a request for LNP. Nationwide, to date, the demand for wireless porting has been far less than expected, and most ports have been from one wireless carrier to another.<sup>16</sup> Wireline-to-wireless porting appears to be a small fraction of wire-

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<sup>14</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>15</sup> Order, para. 40.

<sup>16</sup> See, BellSouth Deliberate on VoIP; LNP Demand Called 'Anemic', *Telecommunications Reports*, Volume 70, No. 2, p. 35-36 (Jan. 15, 2004). The article quotes Ronald Dykes, BellSouth's chief financial of-

less porting in general.<sup>17</sup> No public benefit will be derived from LNP absent demand for such service in Midstate's service area. Even if some level of LNP demand develops in the future, Midstate contends the costs that would be incurred by all subscribers and Midstate to implement and maintain LNP would not be consistent with the public interest, convenience and necessity. Midstate should not expend its available resources on an investment that has few, if any, benefits.

23. In light of the costs of LNP implementation and the absence of demand for such service, grant of the requested suspension is consistent with the public interest, convenience and necessity.

24. In its FNPRM, the FCC sought comment on whether the benefits associated with offering wireless-to-wireline porting would outweigh the costs associated with making the necessary upgrades. The FCC also sought comment on the expected demand for wireless-to-wireline porting. The FCC did not seek comment on whether the benefits associated with offering wireline-to-wireless porting would outweigh the costs nor did it seek comment on the expected level of demand. The Commission, pursuant to Section 251(f)(2)(B) may make such determination. Midstate requests that the Commission, after reviewing the costs associated with making the necessary upgrades along with the expected level of demand, conclude that suspending the requirement to implement wireline-to-wireless LNP is consistent with the public interest, convenience, and necessity.

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ficer, as saying "We put a lot of resources into that effort [LNP], in retrospect perhaps even more than might have been needed given the anemic outcome of number porting."

<sup>17</sup> For example, the FCC reports that less than 10% of all wireless LNP complaints involve wireline-to-wireless porting. Wireless Portability Complaints: 5852 Consumer Complaints Since Porting Began on Nov. 24, FCC News Release, Feb. 26, 2004.

## **V. IMMEDIATE TEMPORARY SUSPENSION REQUESTED**

25. Pursuant to section 251(f)(2) and SDCL 49-31-80, Midstate requests immediate temporary suspension of the 251(b)(2) requirement pending this Commission's consideration of this suspension request until six (6) months following the Commission's final decision. An immediate temporary suspension is necessary so that Midstate does not have to continue incurring LNP implementation costs until after the Commission acts on the petition. Without immediate suspension pending this proceeding, Midstate must start ordering switch upgrades and other LNP arrangements in March 2004, in order to meet a May 24, 2004 implementation date.

## **VI. CONCLUSION**

26. As demonstrated, Midstate has met the criteria set forth in 47 U.S.C. § 251(f)(2)(A), and the suspension requested in this proceeding is consistent with the public interest, convenience and necessity requirement set forth in 47 U.S.C. § 251(f)(2)(B). Accordingly, the Commission must grant the petition for suspension or modification.

27. Midstate 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, suspension should be granted until six months following the FCC's full and final disposition of the issues in the FNPRM, such as the porting interval, wireless-to-wireline porting, and in the *Sprint Petition* concerning the routing of calls between wireline and wireless providers, at which time Midstate may need to seek further § 251(f)(2) relief based upon the economic impact of these decisions.

28. Midstate also requests immediate suspension of the § 251 (b)(2) requirement pending the Commission's consideration of this request until six months following this Commission's decision. Immediate suspension is necessary so that Midstate does not have to start incurring LNP implementation costs until after the Commission acts on this Petition.

WHEREFORE, Midstate respectfully requests the Commission to:

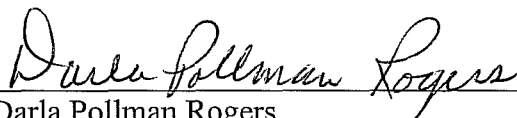
(A) Issue an interim order that suspends any obligation that may exist for Midstate to provide LNP until six months after entry of a final order herein;

(B) Issue a final order that grants a permanent suspension for Midstate's obligation to implement LNP until conditions are met as described herein; and

(C) Grant Midstate such other and further relief that may be proper.

Dated this twelfth day of March, 2004.

MIDSTATE COMMUNICATIONS, Petitioner:

By:   
Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889  
Attorneys for Petitioner

## Exhibit 1A

**Midstate switches for which suspension of LNP  
requirements is requested**

**Exhibit 1A**

**Midstate Communications, Inc.**

Kimball	KMBLSDXADS1
Gann Valley	GNVYSDXADS1
Ft. Thompson	FTTHSDXADS1
Academy	ACDMSDXADS1
Platte	PLTTSDXADS1
New Holland	NHLDSDXADS1
Stickney	STKNSDXADS1
White Lake	WHLKSDXADS1
Delmont	DLMTSDXADS1



# Exhibit 1

## Midstate Communications, Inc.

## Total Estimated LNP Non-recurring and Recurring Costs

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 68,160	
Internal Business Procedure Changes (1)	\$ 3,229	
Intercarrier Testing	\$ 4,247	
Other Internal Costs (2)	\$ 19,474	
LNP Query set up	\$ 190	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 1,094	
Total Non-recurring Costs excluding transport	\$ 96,394	
Non recurring transport charges (4)	\$ 3,870	
Total Non-recurring Costs including transport	\$ 100,264	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ -	
LNP Query Costs per month	\$ 1,500	
Other Recurring Costs	\$ 1,114	
Total Recurring Monthly Costs excluding Transport	\$ 2,614	
Transport	\$ 7,749	
Total Recurring Monthly Costs including Transport	\$ 10,363	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 2,108	
Total Nonrecurring cost per month including transport amortized over five years	\$ 2,193	
Total cost per month excluding transport	\$ 4,722	
Total cost per month including transport	\$ 12,556	
Access Lines excluding Lifeline	4,762	
LNP cost per line per month excluding transport (5)	\$ 0.99	\$ 1.14
LNP cost per line per month including transport (5)	\$ 2.64	\$ 3.03

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Local Trunking between sutending end-offices and Midstate's tandem location

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
**For the Period of March 11, 2004 through March 17, 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**

**TC04-047      In the Matter of the Petition of 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.**

On March 11, 2004, Brookings Municipal Utilities d/b/a Swiftel Communications (Swiftel) 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 Swiftel, it has received requests to deploy LNP from Verizon Wireless and Western Wireless. Swiftel 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) Swiftel may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Swiftel "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Swiftel to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Swiftel's obligation to implement LNP until conditions are met as described herein; and (3) grant Swiftel such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/11/04  
Intervention Deadline: 04/02/04

**TC04-048      In the Matter of the Petition of Beresford Municipal 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 11, 2004, Beresford Municipal Telephone Company (Beresford) 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 Beresford, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless and Western Wireless Corporation d/b/a CellularOne. Beresford 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) Beresford may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Beresford "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Beresford to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Beresford's obligation to implement LNP until conditions are met as described herein; and (3) grant Beresford such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/11/04  
Intervention Deadline: 04/02/04

**TC04-049      In the Matter of the Petition of McCook Cooperative 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 11, 2004, McCook Cooperative Telephone Company (McCook) 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 McCook, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless and Western Wireless Corporation d/b/a CellularOne. McCook 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) McCook may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. McCook "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for McCook to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for McCook's obligation to implement LNP until conditions are met as described herein; and (3) grant McCook such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/11/04  
Intervention Deadline: 04/02/04

**TC04-050      In the Matter of the Petition of Valley Telecommunications Cooperative Association, Inc. for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 as Amended.**

On March 11, 2004, Valley Telecommunications Cooperative Association, Inc. (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 Valley, it has received requests to deploy LNP from Western Wireless Corporation d/b/a CellularOne. 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) Valley may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Valley "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for 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 Valley's obligation to implement LNP until conditions are met as described herein; and (3) grant Valley such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/11/04  
Intervention Deadline: 04/02/04

**TC04-051      In the Matter of the Petition of Faith Municipal Telephone Company for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 Amended.**

On March 12, 2004, City of Faith Telephone Company (Faith) 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 Faith, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless. Faith 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) Faith may petition the Commission

for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Faith "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Faith to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Faith's obligation to implement LNP until conditions are met as described herein; and (3) grant Faith such other and further relief that may be proper."

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

**TC04-052 - In the Matter of the Petition of Midstate Communications, Inc. for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 Amended.**

On March 12, 2004, Midstate Communications, Inc. (Midstate) 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 Midstate, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless and Western Wireless Corporation d/b/a CellularOne. Midstate 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) Midstate may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Midstate "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Midstate to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Midstate's obligation to implement LNP until conditions are met as described herein; and (3) grant Midstate such other and further relief that may be proper."

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

**TC04-053     In the Matter of the Petition of Western Telephone Company for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 Amended. (KC/HB)**

On March 12, 2004, Western Telephone Company (Western) 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 Western, it has received requests to deploy LNP from Cellco Partnership d/b/a Verizon Wireless. Western 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) Western may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Western "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Western to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Western's obligation to implement LNP until conditions are met as described herein; and (3) grant Western such other and further relief that may be proper."

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

**TC04-054      In the Matter of the Petition of Interstate Telecommunications Cooperative, Inc. for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 Amended.**

On March 15, 2004, Interstate Telecommunications Cooperative (ITC) 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 ITC, it has received requests to deploy LNP from Midcontinent Communications and Western Wireless Corporation d/b/a CellularOne. ITC 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) ITC may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. ITC "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for ITC to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for ITC's obligation to implement LNP until conditions are met as described herein; and (3) grant ITC such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/15/04  
Intervention Deadline: 04/02/04

**TC04-055      In the Matter of the Petition of Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc. for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 as Amended.**

On March 15, 2004, Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc. (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, Western Wireless Corporation d/b/a CellularOne and Midwest Wireless Holdings L.L.C. d/b/a Midwest Wireless. 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 E. Cremer  
Date Filed: 03/15/04  
Intervention Deadline: 04/02/04

**TC04-056      In the Matter of the Petition of RC Communications, Inc. and Roberts County Telephone Cooperative Association for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 as Amended.**

On March 15, 2004, RC Communications, Inc. and Roberts County Telephone Cooperative Assn. (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 E. Cremer  
Date Filed: 03/15/04  
Intervention Deadline: 04/02/04

**TC04-057      In the Matter of the Filing by Brookings Municipal Utilities d/b/a Swiftel Communications for Approval of its Revised Service Territory as a Result of Annexation.**

As a result of a recent annexation to the City of Brookings, the Commission received a filing from the City of Brookings Telephone d/b/a Swiftel Communications for approval to include property recently annexed in its exclusive franchise territory. The service territory change includes the West 1600 feet of the South Half of the North West Quarter Section 1, T109N, R50W; the South Half of the South East Quarter of Section 18, T110N, R50W except the platted areas thereof and except the East 720 feet thereof all in Brookings County, South Dakota.

Staff Analyst: Michele Farris  
Staff Attorney: Karen Cremer  
Date Filed: 03/16/04  
Intervention Deadline: 04/02/04

**TC04-058      In the Matter of the Filing for Approval of Statement of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation and ACN Communication Services, Inc. (Fourth Revision).**

On March 17, 2004, the Commission received a Filing for Approval of Statement of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation (Qwest) and ACN Communication Services, Inc. (Fourth Revision) (ACN). According to the parties, the Agreement is a negotiated agreement which sets forth the terms, conditions and prices under which Qwest will provide services for resale to ACN for the provision of local exchange services. 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 April 6, 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: 03/17/04  
Initial Comments Due: 04/06/04

**TC04-059      In the Matter of the Filing for Approval of Agreement for Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation and IDT America, Corp.**

On March 17, 2004, the Commission received a Filing for Approval of Agreement for Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation (Qwest) and IDT America, Corp (IDT). According to the parties, the Agreement is a negotiated agreement which sets forth the terms, conditions and prices under which Qwest will provide services for resale to IDT for the provision of local exchange services. 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 April 6, 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: 03/17/04

Initial Comments Due: 04/06/04

**TC04-060      In the Matter of the Petition of Venture Communications Cooperative for Suspension or Modification of 47 U.S.C. Section 251(b)(2) of the Communications Act of 1934 as Amended.**

On March 17, 2004, Venture Communications Cooperative, Inc. (Venture) 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 Venture, it has received requests to deploy LNP from Verizon Wireless and Western Wireless. Venture 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) Venture may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Venture "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Venture to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Venture's obligation to implement LNP until conditions are met as described herein; and (3) grant Venture such other and further relief that may be proper."

Staff Analyst: Harlan Best

Staff Attorney: Karen E. Cremer

Date Filed: 03/17/04

Intervention Deadline: 04/02/04

**TC04-061      In the Matter of the Petition of West River Cooperative 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 17, 2004, West River Cooperative Telephone Company (West River) 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 West River, it has received requests to deploy LNP from Verizon Wireless. West River 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) West River may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. West River "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for West River to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for West River's obligation to implement LNP until conditions are met as described herein; and (3) grant West River such other and further relief that may be proper."

Staff Analyst: Harlan Best

Staff Attorney: Karen E. Cremer

Date Filed: 03/17/04



Intervention Deadline: 04/02/04

**TC04-062      In the Matter of the Petition of Stockholm-Strandburg 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 17, 2004, Stockholm-Strandburg Telephone Company (Stockholm-Strandburg) 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 Stockholm-Strandburg, it has received requests to deploy LNP from Western Wireless Corp. Stockholm-Strandburg 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) Stockholm-Strandburg may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Stockholm-Strandburg "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Stockholm-Strandburg to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Stockholm-Strandburg's obligation to implement LNP until conditions are met as described herein; and (3) grant Stockholm-Strandburg such other and further relief that may be proper."

Staff Analyst: Harlan Best  
Staff Attorney: Karen E. Cremer  
Date Filed: 03/17/04  
Intervention Deadline: 04/02/04

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# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

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Writer's Email Address:  
[tjw@gpgnlaw.com](mailto:tjw@gpgnlaw.com)

March 29, 2004

BY UPS NEXT DAY AIR

Ms. Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, First Floor  
500 East Capitol Avenue  
Pierre, SD 57501

**RECEIVED**

**MAR 30 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Re: Our File No. 040176  
WWC License LLC – Local Number Portability

Dear Ms. Bonrud:

Enclosed for filing please find the original and ten copies of the following Petitions to Intervene for Western Wireless:


1. TC04-047 Brookings Municipal Utilities d/b/a Swiftel Communications.
2. TC04-048 Beresford Municipal Telephone Company;
3. TC04-049 McCook Cooperative Telephone Company;
4. TC04-050 Valley Telecommunications Cooperative Association, Inc.;
5. TC04-051 City of Faith Telephone Company;
6. TC04-052 Midstate Communications, Inc.;
7. TC04-053 Western Telephone Company;
8. TC04-054 Interstate Telecommunications Cooperative, Inc.;
9. TC04-055 Alliance Communications Inc. and Splitrock Properties'
10. TC04-056 RC Communications, Inc., and Roberts County Telephone Cooperative Association;
11. TC04-060 Venture Communications Cooperative;
12. TC04-061 West River Cooperative Telephone Company;
13. TC04-062 Stockholm-Strandburg Telephone Company.

GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

Ms. Pam Bonrud  
Page 2  
March 29, 2004

If you have any questions, please call me.

Sincerely,



Talbot J. Wieczorek

TJW:drp

Enclosures

c w/encs: Clients

RECEIVED

MAR 30 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

In the Matter of the Petition of Midstate Communications, Inc. for Suspension or Modification of 47 U.S.C. Section 251 (b)(2) of the Communication Act of 1934 as Amended	Docket No. TC 04-052  <b>PETITION TO INTERVENE BY WWC LICENSE LLC</b>
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Pursuant to ARSD 20:10:01:15.02, WWC License LLC, doing business as CellularOne, (hereinafter "Western Wireless"), petitions to intervene in Docket TC 04-052 for the following reasons:

1. Western Wireless is a cellular service provider in areas served by Midstate Communications, Inc. (hereinafter "Midstate"), who has requested suspension on its local number portability obligations at issue in this proceeding. Western Wireless sent Midstate a bonafide request ("BFR") to implement local number portability on November 18, 2003 and Midstate responded on December 12, 2003, implicitly acknowledging its obligation to implement local number portability by the deadline. 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 Midstate is feasible and appropriate and no suspension of providing LNP should be allowed.

3. To suspend the obligations of Midstate to deploy local number portability would be against public interest.

4. Western Wireless also contests Midstate'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 Midstate'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, because, as noted even in the Midstate's filing, Western Wireless has requested Midstate deploy local number portability.

WHEREFORE, Western Wireless respectfully requests:

1. That its Petition to Intervene be granted;
2. That Midstate's request for immediate suspension be denied; and
3. That Midstate's request to suspend deploying LNP be denied.

Dated this 29<sup>th</sup> day of March 2004.

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP

By 

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

## **CERTIFICATE OF SERVICE**

I hereby certify that on the 29<sup>th</sup> day of March 2004, I sent by first-class mail, postage prepaid, a true and correct copy of Petition to Intervene by WWC License LLC to:

Ms. Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P.O. Box 280  
Pierre, SD 57501

Mr. Richard Coit  
South Dakota Independent Telephone Coalition, Inc.  
P.O. Box 57  
Pierre, SD 57501-0057

GUNDERSON, PALMER, GOODSSELL  
& NELSON, LLP

By 

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



*Rural roots, global connections*

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

April 1, 2004

RECEIVED

MAR 31 2004

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 TC04-052, Midstate Communications, Inc. Petition for  
Suspension or Modification of 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 Midstate Communications, Inc..

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

Sincerely,

Richard D. Coit  
Executive Director and General Counsel  
SDTA

RECEIVED

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

MAR 31 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF )  
MIDSTATE COMMUNICATIONS, INC. FOR )  
SUSPENSION OR MODIFICATION OF § )  
251(b)(2) OF THE COMMUNICATIONS ACT )  
OF 1934, AS AMENDED )  
)

DOCKET TC04-052  
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. On or about March 11, 2004, Midstate Communications, Inc. (Midstate) filed with this Commission pursuant to 47 U.S.C. § 251(f)(2) and SDCL § 49-31-80 a petition seeking a suspension or modification of the requirement to implement the "Local Number Portability ("LNP")" obligations established by the FCC under 47 U.S.C. §251(b)(2).

2. As noted in the Midstate petition filed with the Commission, Midstate is a rural telephone company as defined in 47 U.S.C. § 153(37) and, as of December 1, 2003, was providing its local exchange services to 4,586 subscriber lines. 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. Its membership includes not only Midstate, 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 Midstate, as the petitioning party in this proceeding, and also based on the likelihood that determinations made by the Commission in this matter will impact other similar proceedings initiated by other SDTA member companies. Accordingly, SDTA has an interest in this proceeding and seeks intervention herein.

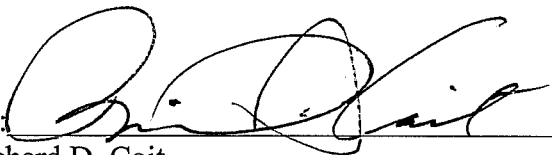
7. SDTA supports the Midstate request for suspension or modification of the federal LNP requirements for all those reasons set forth in their petition filed in this matter, and strongly urges the Commission to grant the relief requested.

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

Dated this 1<sup>st</sup> day of April.

Respectfully submitted:

THE SOUTH DAKOTA  
TELECOMMUNICATIONS ASSOCIATION

By: 

Richard D. Coit  
Executive Director and General Counsel

## **CERTIFICATE OF SERVICE**

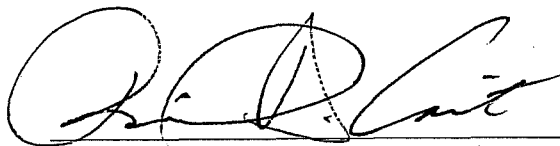
I hereby certify that an original and ten (10) copies of the foregoing document were hand-delivered on April 1, 2004 to:

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:

Darla Rogers  
Riter Rogers Wattier & Brown  
PO Box 280  
Pierre, SD 57501-0280

Dated this 1<sup>st</sup> day of April, 2004.

A handwritten signature in black ink, appearing to read "R. 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**

<b>IN THE MATTER OF THE PETITION OF</b>	)	<b>ORDER GRANTING INTERIM</b>
<b>MIDSTATE COMMUNICATIONS, INC. FOR</b>	)	<b>SUSPENSION PENDING</b>
<b>SUSPENSION OR MODIFICATION OF 47</b>	)	<b>FINAL DECISION AND</b>
<b>U.S.C. § 251(B)(2) OF THE COMMUNICATIONS</b>	)	<b>ORDER GRANTING</b>
<b>ACT OF 1934 AS AMENDED</b>	)	<b>INTERVENTION</b>
	)	<b>TC04-052</b>

On March 12, 2004, Midstate Communications, Inc. (Midstate) 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 Midstate, it has received requests to deploy LNP from Celco Partnership d/b/a Verizon Wireless and Western Wireless Corporation d/b/a CellularOne. Midstate 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) Midstate may petition the Commission for suspension or modification of its obligation to implement LNP within six months of a request to deploy LNP. Midstate "requests the Commission to (1) issue an interim order that suspends any obligation that may exist for Midstate to provide LNP until six months after entry of a final order herein; (2) issue a final order that grants a permanent suspension for Midstate's obligation to implement LNP until conditions are met as described herein; and (3) grant Midstate such other and further relief that may be proper."

On March 18, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of April 2, 2004, to interested individuals and entities. WWC License LLC d/b/a CellularOne (Western Wireless) filed to intervene on March 30, 2004, and the South Dakota Telecommunications Association (SDTA) filed to intervene on March 31, 2004.

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 April 6, 2004, the Commission heard arguments from Midstate, Western Wireless and SDTA regarding Midstate'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. The Commission found that the Petitions to Intervene were timely filed and demonstrated good cause to grant intervention. It is therefore

ORDERED, that the request for an interim suspension order pending final decision is hereby granted; and it is further

ORDERED, that the Petitions to Intervene of Western Wireless and SDTA are 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: Helaine 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
MIDSTATE COMMUNICATIONS, INC. FOR )	OF PROCEDURAL
SUSPENSION OR MODIFICATION OF 47 )	SCHEDULE AND HEARING
U.S.C. § 251(B)(2) OF THE COMMUNICATIONS )	AND OF INTENT TO TAKE
ACT OF 1934 AS AMENDED )	JUDICIAL NOTICE
)	TC04-052

On March 12, 2004, Midstate Communications, Inc. (Midstate or Petitioner) filed a 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 local number portability (LNP) pursuant to Section 251(b)(2) of the Telecommunications Act of 1996. The petition requests the Commission to (1) issue a final order that grants a permanent suspension for Midstate's obligation to implement LNP until conditions are met as described in the petition; and (2) grant Midstate such other and further relief that may be proper. On April 19, 2004, the Commission issued an order granting intervention to WWC License LLC d/b/a CellularOne and the South Dakota Telecommunications Association and granting Midstate'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 beginning at 10:00 A.M. on June 21, 2004, and continuing at 9:00 A.M. on June 22 - 25 and on June 28 - July 2, 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, on this matter and the other pending dockets in which the petitioners have requested suspensions of LNP requirements. 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.

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 and whether other relief should be granted.

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 4<sup>th</sup> 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 Kolbo

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.

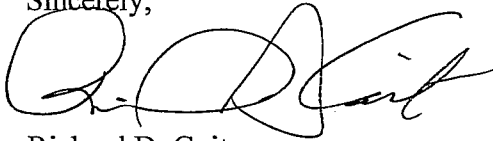
TC04-025 - Kennebec Telephone Company  
TC04-038 - Santel Communications Cooperative  
TC04-044 - Sioux Valley Telephone Company  
TC04-045 - Golden West Telecommunications Cooperative  
Vivian Telephone Company  
Kadoka Telephone Company  
TC04-046 - Armour Independent Telephone Company  
Bridgewater-Canistota 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 horizontal line.

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.

A handwritten signature in black ink, appearing to read "R. 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**

**MAY 14 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

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

**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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TC04-052 – Midstate Communications Inc.  
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                  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**

**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.

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MAY 17 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

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May 14, 2004

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

Re: Docket Number TC04-052 (Midstate)

Dear Pam:

Enclosed herein are the original and ten copies of the PRE-FILED DIRECT TESTIMONY OF DAN DAVIS and the PRE-FILED TESTIMONY OF MARK BENTON which are filed on behalf of Midstate Communications, Inc.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

CC: Dan Davis (letter only)  
CC: Talbot Wiczorek  
CC: Mark Benton

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BEFORE THE PUBLIC UTILITIES COMMISSION

MAY 17 2004

OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION  
OF MIDSTATE COMMUNICATIONS,  
INC. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-052

**DIRECT TESTIMONY OF DAN DAVIS  
ON BEHALF OF MIDSTATE COMMUNICATIONS, INC.  
REGARDING COMPANY-SPECIFIC COST DATA**

**May 14, 2004**

**DIRECT TESTIMONY OF DAN DAVIS  
ON BEHALF OF MIDSTATE COMMUNICATIONS, INC.  
REGARDING COMPANY-SPECIFIC COST DATA**

**Q1. Please State your name, Employer, Business Address and Telephone Number.**

A. My name is Dan Davis. I am employed with TELEC Consulting Resources Inc.  
My business address is 233 South 13<sup>th</sup> Street, Suite 1225, Lincoln Nebraska,  
68508.

**Q2. On whose behalf are you testifying?**

A. I am testifying on behalf of the Company identified in the caption of the docket  
set out above. I will refer to this Company as the "RLEC".

**Q3. Have you provided your background information and an explanation of your  
role in this Docket in the "companion" testimony that has been offered in this  
Docket?**

A. Yes, I have.

**Q4. Did you prepare Exhibit 1 to the Petition of the RLEC filed in this Docket?**

A. Yes, in conjunction with members of the professional staff of TELEC, I was responsible for the preparation of Exhibit 1 as was attached to the Petition and I was also responsible for the preparation of supporting information prepared in connection with the responses to the discovery requests of Western Wireless. I was also responsible for the preparation of Exhibit 2 that is attached to this testimony.

**Q5. In your "companion" testimony you have explained the line items that comprise Exhibit 2 and the process used to compile the data that was used to develop the cost as shown on Exhibit 2. Please discuss where in your "companion" testimony you describe this process.**

1 A. The process that was used to compile and develop the cost per line in Exhibit 2 is  
2 described on pages four through six in my “companion” testimony.

3 **Q6. What was the source of the data?**

4 A. The data was derived from the books, financial records and managers of the  
5 RLEC. Data was also obtained from switch vendors, engineering consultants, tar-  
6 iffs, service order administration service bureaus, the number portability admini-  
7 stration center, a number portability database provider, and my professional ex-  
8 perience.

9 **Q7. What was the purpose of obtaining that particular data?**

10 A. To assist me in preparing an estimate of the costs to implement LNP for the  
11 RLEC.

12 **Q8. Is this the type of data that experts in your field would ordinarily review in**  
13 **formulating an opinion concerning the costs of LNP?**

14 A. Yes.

15 **Q9. What use did you make of the data after you received it from the RLEC?**

16 A. I have explained the use of the data on page six of my “companion” testimony.

17 **Q10. Have you reached an opinion with a reasonable degree of professional cer-**  
18 **tainty as to the total non-recurring costs, excluding transport, to implement**  
19 **LNP that you have calculated for the RLEC that will be recovered over a 5-**  
20 **year recovery period through an end user surcharge?**

21 A. Yes. My opinion is that the total non-recurring costs, excluding transport, is  
22 \$113,394.00. Such costs were amortized over a recovery period of 60 months us-

ing a rate of return of 11.25%. The total nonrecurring costs per month, excluding transport, amortized over five years is \$2,480.00.

**Q11. Have you reached an opinion with a reasonable degree of professional certainty as to the total recurring costs, excluding transport, to implement LNP that you have calculated for the RLEC and that will be recovered from end users on an ongoing monthly charge basis?**

A. Yes. The amount is shown on Exhibit 2, and is calculated to be \$2,288.00 per month.

**Q12. Have you reached an opinion with a reasonable degree of professional certainty as to the total cost, excluding transport, per line per month that would be charged to end-users if LNP were to be implemented by the RLEC?**

A. Yes, The amount is shown on Exhibit 2. This amount was calculated by adding the total nonrecurring costs per month amortized over five years to the total recurring costs per month, both amounts excluding transport costs, and dividing this sum by the RLEC's total access lines. Surcharge and taxes were then applied to this quotient. The resulting cost per line per month was calculated to be \$1.15.

**Q13. Have you reached an opinion with a reasonable degree of professional certainty as to the total LNP costs and the monthly amount recovered from each end-user if the FCC determines that transport costs should be included in the LNP costs recovered from end-users?**

A. Yes, These amounts are shown on Exhibit 2. The total nonrecurring and recurring costs, including transport costs, were calculated to be \$12,601.00 per month. The



1 resulting LNP cost per line, per month, including transport, surcharges and taxes,  
2 was calculated to be \$3.04.

3 **Q14. If FCC determines that transport costs should not be included in the end-**  
4 **user surcharge, will the transport cost still be incurred and who will pay**  
5 **these costs?**

6 A. Transport costs will have to be incurred to transport calls outside of the RLEC's  
7 service area. If the cost is not recovered through an end-user surcharge, and if  
8 these costs are not recovered from the wireless carrier, then the only party to pay  
9 these costs would be the RLEC.

10 **Q15. Is it your opinion that the calculations that you have just described fairly and**  
11 **reasonably describe the non-recurring and recurring costs for the RLEC to**  
12 **implement LNP and the end user charges to recover such costs?**

13 A. Yes.

14 **Q16. Does this conclude your testimony?**

15 A. Yes, it does.

16

## Midstate Communications, Inc.

## Total Estimated LNP Non-recurring and Recurring Costs

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 82,110	
Internal Business Procedure Changes (1)	\$ 3,229	
Inter-carrier Testing	\$ 4,247	
Other Internal Costs (2)	\$ 19,474	
LNP Query set up	\$ 1,900	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 2,434	
Total Non-recurring Costs excluding transport	\$ 113,394	
Non recurring transport charges (4)	\$ 3,870	
Total Non-recurring Costs including transport	\$ 117,264	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ -	
LNP Query Costs per month	\$ 1,500	
Other Recurring Costs	\$ 788	
Total Recurring Monthly Costs excluding Transport	\$ 2,288	
Transport	\$ 7,749	
Total Recurring Monthly Costs including Transport	\$ 10,037	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 2,480	
Total Nonrecurring cost per month including transport amortized over five years	\$ 2,564	
Total cost per month excluding transport	\$ 4,768	
Total cost per month including transport	\$ 12,601	
Access Lines excluding Lifeline	4,762	
LNP cost per line per month excluding transport (5)	\$ 1.00	\$ 1.15
LNP cost per line per month including transport (5)	\$ 2.65	\$ 3.04

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Local Trunking between sutending end-offices and Midstate's tandem location

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED  
MAY 17 2004  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION  
OF MIDSTATE COMMUNICATIONS,  
INC. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-052

**DIRECT PRE-FILED TESTIMONY OF**  
**MARK BENTON**

**May 14, 2004**

**Q: Please state your business name and address?**

A: My name is Mark D. Benton, General Manager of Midstate Communications, Inc.  
My business address is 120 East First, Kimball, SD 54355. My business telephone number is 605-778-6221.

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

A: I am the General Manager of Midstate Communications, Inc. (Midstate). Midstate is a rural independent local exchange carrier that provides local exchange, exchange access and other telecommunications services to 4896 access lines, of which 307 have lifeline service. Midstate's service area includes the exchanges of Academy, Delmont, Fort Thompson, Gann Valley, Geddes, Kimball, New Holland, Platte, Pukwana, Stickney, and White Lake.

**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: Yes.

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

A: Midstate has points of interconnection (POI) with SDN and Quest. The SDN connection is for toll completion and toll termination for InterLATA and Intra LATA traffic. The Qwest POI is a terminating trunk, only for Qwest IntraLATA traffic.

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

A: To the best of my knowledge, no subscribers have requested LNP.

**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 requested LNP?**

A: Yes.

**Q. How much time would be required for your company to provide LNP, if ordered by the Commission?**

A We have not completed a specific implementation time line yet, but implementation will take a considerable amount of time.

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

A. Yes.

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

A. I would expect the reaction to be very negative.

**Q: Is the public interest, convenience, and necessity served by requiring your company to implement LNP at this time?**

A, No. The current demand for LNP appears to be non-existent, as no customers have requested LNP and the cost of LNP is significant.

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

A: Yes.

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

MAY 17 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION  
OF MIDSTATE COMMUNICATIONS,  
INC. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-052

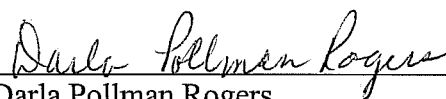
**CERTIFICATE OF SERVICE**

The undersigned hereby certifies that she served a copy of the **DIRECT PRE-FILED TESTIMONY OF DAN DAVIS** and the **DIRECT PRE-FILED TESTIMONY OF MARK BENTON** 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, post-age prepaid, in an envelope addressed to each said addressee, to-wit:

Richard D. Coit  
[richcoit@sdtaonline.com](mailto:richcoit@sdtaonline.com)  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P. O. Box 57  
Pierre, South Dakota 57501

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

Dated this fourteenth day of May, 2004.

  
\_\_\_\_\_  
Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P. O. Box 280  
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May 14, 2004

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

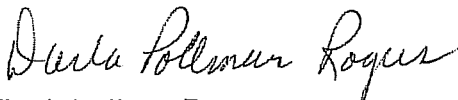
**RECEIVED**  
**MAY 17 2004**  
**SOUTH DAKOTA PUBLIC**  
**UTILITIES COMMISSION**

Re:     Docket Number TC04-055 (Alliance Communications, Inc.)  
         Docket Number TC04-046 (Armour, Union, Bridgewater-Canistota)  
         Docket Number TC04-048 (Beresford)  
         Docket Number TC04-051 (Faith)  
         Docket Number TC04-045 (Golden West, Vivian, Kadoka)  
         Docket Number TC04-025 (Kennebec)  
         Docket Number TC04-049 (McCook)  
         Docket Number TC04-052 (Midstate)  
         Docket Number TC04-056 (Roberts County and RC Communications)  
         Docket Number TC04-044 (Sioux Valley)  
         Docket Number TC04-084 (Tri-County)  
         Docket Number TC04-050 (Valley)  
         Docket Number TC04-053 (Western)

Dear Pam:

Enclosed herein are the original and ten copies of the PRE-FILED DIRECT TESTIMONY OF TOM BULLOCK, and the PRE-FILED DIRECT TESTIMONY OF DAN DAVIS, which is filed on behalf of all of the above-listed companies. The majority of the Exhibits in support of this testimony will be filed under separate cover. Because of some proprietary issues that need to be resolved between the parties, these Exhibits will be filed next week.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

CC: Tom Bullock (letter only)

CC: Dan Davis (letter only)

CC: Talbot Wieczorek

CC: David Gerdes



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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

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IN THE MATTER OF THE PETITION  
OF KENNEBEC TELEPHONE COM-  
PANY, BERESFORD MUNICIPAL  
TELEPHONE COMPANY, MIDSTATE  
COMMUNICATIONS, INC., WESTERN  
TELEPHONE COMPANY, RC COM-  
MUNICATIONS, INC., AND ROBERTS  
COUNTY TELEPHONE COOPERATIVE  
ASSN. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-025  
Docket No. TC04-048  
Docket No. TC04-052  
Docket No. TC04-053  
Docket No. TC04-056

**RECEIVED**

MAY 17 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

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**DIRECT TESTIMONY OF DAN DAVIS  
ON BEHALF OF THE ABOVE-NAMED COMPANIES**

**May 14, 2004**

## Introduction

### A. Witness Background

A. My name is Dan Davis. I am employed with TELEC Consulting Resources Inc. My business address is 233 South 13<sup>th</sup> Street, Suite 1225, Lincoln, Nebraska, 68508.

**Q. On whose behalf are you testifying?**

A. I am testifying on behalf of the Companies identified in the caption above which I will refer to as the “RLECs”. Each of the RLECs provides local telephone exchange service and exchange access services in rural areas of South Dakota. Each of the RLECs is engaged in the provision of general telecommunications services in the State of South Dakota.

**Q. What is your current position?**

A. I am a senior consultant at TELEC Consulting.

**Q. What are your duties and responsibilities at TELEC Consulting Resources?**

A. I am responsible for consulting with clients regarding regulatory, financial and interconnection issues.

**Q. What was your professional experience prior to your current position?**

A. I have worked in the telecommunications industry for 19 years. Prior to my position with TELEC, I worked at Aliant Communications (later merged with ALLTEL) as the Regulatory/Financial manager of its Nebraska CLEC operation. Prior

1 to that I worked for Aliant Communications in the areas of Regulatory Policy and  
2 Separations and Access.

3 Q. **What is your educational background?**

4  
5 A. I have a Master's degree in Finance and a Bachelor's degree in Business from the  
6 University of Nebraska.

7 Q. **What is the purpose of your testimony?**

8  
9 A. The purpose of my testimony is to support the applications filed pursuant to Sec-  
10 tion 251(f)(2) of the Telecommunications Act of 1934 as amended ("the Act")  
11 and South Dakota Codified Laws SDCL § 49-31-80, by each of the RLECs. Spe-  
12 cifically, I will address the costs developed by each of the RLECs' personnel and  
13 TELECOM that were identified as costs that would be incurred for the provision of  
14 LNP. These costs serve as support for each of the RLECs' contention that a sus-  
15 pension or modification of the FCC's wireline-to-wireless LNP requirement is  
16 necessary pursuant to Section 251(f)(2)(A)(i) of the Act, to avoid a significant  
17 adverse economic impact on telecommunications users generally, or pursuant to  
18 Section 251(f)(2)(A)(ii) to avoid imposing a requirement that is unduly economi-  
19 cally burdensome.

20 Q. **Will you please explain your professional experience that was used in assist-**  
21 **ing the RLECs to develop their costs?**

22  
23 A. Yes, I will. As I stated earlier, I previously held the position of CLEC Regula-  
24 tory/Finance Manager for Aliant Communications' start-up CLEC operation. As  
25 the CLEC Regulatory/Finance Manager, I was involved in many of the CLEC's  
26 implementation activities, including LNP. Although I was not directly responsi-

1 ble for the implementation of LNP, I was responsible for interfacing with the  
2 Qwest Wholesale Management team on issues relating to LNP. In addition, I had  
3 the responsibility of tracking the costs of the CLEC's customer support operations  
4 and network management, where the direct responsibility for LNP implementa-  
5 tion resided.

6 As part of the CLEC implementation team, I attended a Qwest training session on  
7 LNP. As part of the training session, I toured the Qwest service facilities where  
8 local service request forms ("LSRs") and firm order confirmation forms ("FOCs")  
9 were processed. At that time, the Qwest automated IMA system was in develop-  
10 ment, thus Qwest was processing many LSRs and FOCs through their systems  
11 manually. Many of the RLECs would process LSRs and FOCs through their sys-  
12 tems manually if LNP were required to be implemented.

13 As the regulatory manager and as a consultant, I have negotiated many intercon-  
14 nection agreements and have completed documentation required by service order  
15 administrators ("SOAs") and Neustar. In addition, I have compiled data neces-  
16 sary to file tariffs at both the state and federal levels.

17 Q. **Will you please explain the process used to compile and develop the cost per**  
18 **line in Exhibit 2 as compiled for each of the RLECs?**

19 A. Yes, I will. After the FCC released its November 10, 2003 Order on wireline to  
20 wireless LNP, personnel representing each of the RLECs and TELEC Consulting  
21 personnel began an in-depth analysis of new processes which would be required  
22 for RLEC's to implement LNP and costs that would have to be incurred to im-  
23 plement LNP. We specifically discussed and analyzed administrative require-  
24

1       ments such as registering with the Number Portability Administration Center  
2       ("NPAC"), SOAs and service bureau options, technical interfaces with the service  
3       bureau, provisioning processes, switch upgrades, query services, cost recovery  
4       and LNP end user charges and tariff filing requirements. In addition, we analyzed  
5       other requirements necessary to implement wireline to wireless LNP based upon  
6       the FCC's November 10, 2003 Order.

7       Q.     **Will you please explain the information that TELECOM requested the RLECs to**  
8       **review, analyze, and compile regarding the implementation of LNP?**

9  
10      A.     Yes, I will. TELECOM specifically requested for each RLEC to obtain a price quote  
11      from its switch vendor for LNP capability (including installation) in each switch.  
12      Estimated costs of implementing LNP, such as switch translation changes and ad-  
13      ditional signaling links, were requested. In addition, TELECOM requested that each  
14      RLEC analyze in detail the modifications to its internal processes that would be  
15      required as a result of LNP implementation and the costs of those modifications.  
16      Specifically, each RLEC was to analyze the requirements necessary to develop in-  
17      ternal provisioning processes that would allow the company to process an order  
18      for LEC-to-wireless LNP interfaces. TELECOM provided each RLEC with an initial  
19      list of issues and types of costs to consider. TELECOM also requested for each com-  
20      pany to estimate how many hours executive and general management would  
21      spend in reviewing the November 10, 2003 Order, researching the implications of  
22      LNP, and attending seminars and conference calls that specifically addressed or  
23      would address LNP. TELECOM requested that each company also estimate the costs  
24      that would be incurred to notify customers of any LNP end-user surcharge. Fi-

1 nally, TELEC requested that each RLEC develop the cost that would be required  
2 to transport calls to each wireless provider's point of interconnection within the  
3 LATA in which each end-office is located. I will address each of these compo-  
4 nents in my explanation of Exhibit 2.

5 Q. **Will you please identify the processes for which TELEC analyzed and devel-**  
6 **oped costs on behalf of the RLECs?**

7  
8 A. Yes, I will. TELEC reviewed SOA service bureau options and the cost incurred  
9 for connectivity to the service bureau and the estimated monthly costs for each in-  
10 terface option. TELEC determined the pricing for LNP query service including  
11 the one-time implementation fee and the per query charge based upon pricing  
12 provided by a query service provider. TELEC provided input on the number of  
13 hours required for negotiating and establishing inter-company porting agreements,  
14 completing trading partner profile requests, establishing and finalizing contracts  
15 with a SOA and with the NPAC, and the time and cost to file tariffs with the FCC.  
16 TELEC also estimated the time and costs for inter-carrier testing, the monthly  
17 costs of processing porting requests, and customer notification cost if it was not  
18 provided by the company. I will explain each of these components in my expla-  
19 nation of Exhibit 2.

20 Q. **Will you please explain what was done with the information that was com-**  
21 **plied?**

22  
23 A. Yes, I will. After all of the data was compiled, the costs that were developed  
24 were entered onto an Excel spreadsheet under specific non-recurring and recur-  
25 ring cost categories. The total non-recurring costs and the total recurring costs

1 were calculated which were then used to calculate a total cost per access line.  
2 This information formed the basis for Exhibit 1 that was filed with each of the  
3 RLEC's Petitions. Since that time, I have performed a more thorough analysis of  
4 these costs, taking into account, additional data that I received from the RLECs  
5 and from providers of LNP services. This further analysis is reflected in the re-  
6 sults shown on Exhibit 2.

7 Q. **Will you please explain what costs are represented by the line item entitled**  
8 **"Switch Upgrade Costs" on the page titled "Exhibit 2" attached to each of**  
9 **the RLECs' applications?**

10  
11 A. Yes. In general, switch upgrade costs are those that are incurred that allow a  
12 switch to launch a query to the number portability database over the SS7 network  
13 to determine whether a telephone number has been ported and the Location Rout-  
14 ing Number ("LRN") for the switch that serves the ported number. Switch up-  
15 grade costs also include any costs that are required to update switch translation  
16 tables that will associate the LRN of the new service provider's switch or Point of  
17 Interconnection ("POI") with the trunk group number for outgoing traffic to that  
18 service provider. When the response comes back from the database query with  
19 the LRN, the routing table will cause the call to be routed down the appropriate  
20 trunk group for call completion.

21 Q. **Will you please explain what costs are represented on the line item on Ex-**  
22 **hibit 2 entitled "Internal Business Procedure Changes"?**

23  
24 A. Yes, I will. These are costs associated with modifying the internal processes that  
25 the RLECs, use to enable the processing of a request for porting a number. The  
26 nine slides, obtained from Neustar and EasyPorting.com and attached to this tes-

1 timony as Exhibit A, are useful to review to obtain an understanding of LNP op-  
2 erations flows. Once an understanding of the LNP operations flows had been ac-  
3 quired by the RLECs, each was able to review their current operations flows and  
4 determine the modifications that would be required for LNP.

5 Page N1 shows the main process flow commencing with an end-user contacting  
6 the new service provider. The new service provider contacts the old service pro-  
7 vider by sending an LSR. The old service provider validates the information on  
8 the LSR. The old service provider communicates with the new service provider  
9 by sending an FOC. Both the old service provider and the new service provider  
10 contact their SOA. The old service provider enters data obtained from the LSR  
11 onto a web interface with the SOA. Assuming there are no conflicts or that the  
12 end user does not change his or her mind, on the due date, the Number Portability  
13 Administration Center or "NPAC" downloads all of the information into the  
14 number portability databases and the order should then complete. These obvi-  
15 ously are very complicated processes, particularly for rural companies that have  
16 limited resources.

17 Page N2 shows the detailed LNP flow that most carriers must take into considera-  
18 tion in planning modifications to internal processes. Page N3, which is a subpart  
19 of Page N1, shows the exchange of the LSR and FOC between the wireline and  
20 wireless provider. Page N4, which is a subpart of Page N1, shows the exchange  
21 of information between the wireline provider and wireless provider with the SOA  
22 or with the NPAC. Page N5 demonstrates how a port is activated without the un-



1 conditional 10 digit trigger. Page N6 demonstrates how a port is activated with  
2 the unconditional 10 digit trigger. Page N7 demonstrates the process flow if there  
3 is a conflict between the old service provider and the new service provider. This  
4 conflict may be caused by incomplete or incorrect data entered on the LSR or it  
5 may be caused by inconsistent data provided to the NPAC by either the new or  
6 old service provider. Page N8 demonstrates the process when an end-user  
7 changes his or her mind and requests that the porting order be cancelled. Page N9  
8 is a continuation of Page N8 . This page also demonstrates the process flow when  
9 the order has been cancelled but in this case, a cancellation notification message  
10 was not provided to the NPAC from the new service provider. Both the new ser-  
11 vice provider and the old service provider must take the appropriate actions re-  
12 lated to internal work orders in order in to resolve the conflict and cancel the or-  
13 der.

14 LNP requires the creation or modification of internal business processes or proce-  
15 dures. The costs included on the line entitled "Internal Business Procedure  
16 Changes" captures the cost to create a process to enable the RLEC to process an  
17 LSR and FOC. Additional activities and costs included on this line of Exhibit 2  
18 are costs involved in researching the changes that need to occur to communicate  
19 with the SOA's service bureau and/or the NPAC and the cost of the actual modi-  
20 fications. Additional costs in this category include training customer service per-  
21 sonnel, researching and complying with industry LSR and FOC standards, chang-  
22 ing and adding service order screens, changing and adding plant management sys-

1        tems for disconnects based upon LSR information, and researching methods to  
2        inventory ported numbers. The costs also include those associated with research-  
3        ing possible communications changes to PSAPs, reviewing different porting ap-  
4        plications between simple and complex ports, researching interfaces with regional  
5        databases, establishing reports that may be required by the Commission or FCC,  
6        and costs of putting the end-user charge on the monthly bill. These are other  
7        types of activities and costs that are included in the category.

8        Q.     **Will you please explain what costs are represented on the line item on Ex-**  
9        **hibit 2 entitled "Intercarrier Testing"?**

10  
11      A.     Yes, I will. The costs included with this subcategory are those costs incurred to  
12        test all of the porting processes prior to processing the first porting request and to  
13        trouble shoot any problems that may occur during the initial phases of LNP im-  
14        plementation. As previously demonstrated, LNP involves many new and compli-  
15        cated processes which must be tested prior to implementation to ensure that orders  
16        for porting will be completed either successfully or with a minimal amount of  
17        failures. All of the process flows described in pages N1 through N10 of Exhibit B  
18        must be tested, including canceled orders and orders when the end-user returns to  
19        the original service provider. The West Coast NPAC Region OPI Testing Sub-  
20        committee identified seven key elements associated with inter-company testing  
21        that commence after carriers have developed and tested their internal processes.

22        The key elements identified are :

- 23        1.    Contact Test Partner, 60 days prior to test.
- 24        2.    Logical Test Planning, 60 days prior to test start.

- 1           3. Physical Test Planning, 45 days prior to test start.
- 2           4. Final test preparation.
- 3           5. Begin testing by exchanging LSR and FOC information.
- 4           6. Evaluate test results.
- 5           7. Commence commercial porting.

6           These process flows have caused problems for even the larger wireless carriers in  
7           implementing wireless-to-wireless LNP. For example, in a letter to the FCC re-  
8           garding LNP implementation<sup>1</sup>, AT&T Wireless stated that “while AWS con-  
9           ducted intercarrier testing, including bilateral and round robin systems testing, the  
10          other carrier’s clearinghouse vendor implemented its systems based on a differing  
11          interpretation of industry guidelines and suffered periodic outages during the  
12          critical last weeks of testing that hampered adequate testing.” AT&T further  
13          stated in the same letter that “Despite all of these efforts to implement and prepare  
14          for a smooth transition to LNP, the implementation of LNP has not been without  
15          problems for AWS as well as the wireless industry as a whole. LNP is a major  
16          undertaking of great complexity that affects nearly every aspect of carriers’ sys-  
17          tems; this complexity is compounded by the fact that various carriers’ systems  
18          need to interface and communicate with each other seamlessly during a com-  
19          pressed period of time for porting to work smoothly.” I believe AT&T’s experi-  
20          ence demonstrates the complexities of LNP and the need for adequate testing

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<sup>1</sup> Letter from Douglas I. Brandon, Vice President, External Affairs & Law, AT&T Wireless, addressed to John B. Muleta, Chief, Wireless Telecommunications Bureau, Federal Communications Commission, December 10, 2003.

1 weeks prior to the first porting possibility. It should also be noted that given the  
2 size of each of the RLECs, testing and its related costs would be a significant bur-  
3 den.

4 Q. **Will you please explain what costs are represented on the line item on Ex-**  
5 **hibit 2 entitled “Other Internal Costs”?**

6  
7 A. Yes. The costs that are included in this subcategory are regulatory, consulting,  
8 and legal costs. These are costs that are incurred to negotiate and establish  
9 agreements with NPAC and the SOA, query service entities and service providers  
10 requesting LNP. Also included in this sub-category are costs associated with  
11 completing intercarrier porting forms and trading partner profile forms; establish-  
12 ing, writing and filing a tariff with the FCC for the end-user charge; and compa-  
13 nies’ management on LNP implementation.

14 Q. **Will you please explain what costs are represented on the line entitled “LNP**  
15 **Query set up”?**

16  
17 A. Yes, I will. This is a one time charge that a third party data base provider assesses  
18 on a per point code basis in order to obtain connection with the number portability  
19 databases.

20 Q. **Will you please explain what costs are represented on the line item on Ex-**  
21 **hibit 2 entitled “SOA Non-recurring set-up charge”?**

22  
23 A. Yes, I will. This is a charge that is assessed by the SOA service bureau as a one-  
24 time charge that allows the RLEC to set-up and access the SOA service bureau’s  
25 web interface. An RLEC would enter data received from a wireless carrier onto a  
26 screen accessed through the web. The information entered will ultimately be used  
27 to update the master database with information on the ported number. Once the

1 RLEC receives an LSR from a wireless carrier, the RLEC would enter data from  
2 the LSR, such as the customer's name, address, and due date onto the screen. If  
3 all of the data is correct on the LSR and the data has been entered onto the screen  
4 correctly and assuming the customer does not change his or her mind and cancel  
5 the order, the SOA service bureau will send an "activate" message to the NPAC  
6 on the due date, and the master database is updated with the new record.

7 Although TELECOM used the low cost provider in calculating the cost on Exhibit 2,  
8 it is important to note that there could be legitimate business reasons why a com-  
9 pany may choose to use a full-scale service bureau.

10 Q. **Will you please explain the costs that are represented by the line item on Ex-**  
11 **hibit 2 entitled "Customer Notification Costs"?**

12  
13 A. Yes. These are costs that will be incurred to notify and educate customers of the  
14 end-user surcharge that will be assessed on their monthly bill as well as any other  
15 line item on the bill that may increase as the result of LNP implementation.

16 Q. **Will you please explain what costs are represented on the line item on Ex-**  
17 **hibit 2 entitled "Non-recurring transport charges"?**

18  
19 A. Yes, I will. These are the non-recurring costs associated with establishing DS1  
20 trunk groups to each wireless provider's POI in each LATA. If a wireless carrier  
21 has not established a direct connection within an RLEC exchange in which it re-  
22 quests LNP the facilities would need to be provisioned to ensure that the proper  
23 routing and completion of calls to ported numbers occur.

24 Q. **Why are these costs included in the cost analysis?**  
25

1 A. Costs to transport ported calls to a wireless carrier's POI have been included in  
2 our analyses to demonstrate the potential impact that transport costs would have  
3 on the RLECs' end-users if the RLEC must arrange for the transport to accom-  
4 modate LNP.

5 Q. **Will you please explain the costs that are represented on the line item on Ex-**  
6 **hibit 2 entitled "Transport"?**

7  
8 A. Yes. This is the monthly cost of DS1s that would be incurred to provision trans-  
9 port facilities to wireless service providers if the RLECs must provide transport  
10 services outside of their exchange areas. DS1 services have previously been de-  
11 scribed under the line item entitled "Non-recurring transport charges".

12 Q. **Will you please explain the costs that are represented on the line item on Ex-**  
13 **hibit 2 entitled "SOA Monthly Charge"?**

14  
15 A. Yes, I will. This is the monthly cost assessed by a SOA service bureau for access-  
16 ing the SOA's web interface to enter the porting information received from a  
17 wireless carrier on an LSR. SOA services were previously described under the  
18 description entitled "SOA non-recurring set-up charge".

19 Q. **Will you please explain the costs that are represented on the line item on Ex-**  
20 **hibit 2 entitled "LNP Query Costs per month"?**

21  
22 A. Yes, I will. This is the cost that would be assessed by a third party database pro-  
23 vider for the RLEC to query its database to determine if the number has been  
24 ported and, if so, the appropriate LRN to which the call should be routed. This  
25 cost is assessed either on a per-query basis, or in a flat monthly amount if the  
26 number of queries does not reach a minimum level each month.

1 Q. **Will you please explain the costs that are represented on the line item on Ex-**  
2 **hibit 2 entitled “Other Recurring Costs”?**

3  
4 A. Yes, I will. These are the costs that are associated with RLEC personnel process-  
5 ing an LNP order and disconnecting the end-user.

6 Q. **Will you please explain how the “Monthly Cost calculations per line”**  
7 **amounts were calculated?**

8  
9 A. Yes I will. There are four lines of cost derived under the heading “Monthly Cost  
10 Calculations per line”. The first line involves the calculation of the total nonrecur-  
11 ring cost per line per month excluding the cost of transport. The cost on this line  
12 is calculated by amortizing the amount on the line titled “Total Non-recurring  
13 Costs excluding transport” over a 60-month period at the current rate of return of  
14 11.25% as prescribed pursuant to Part 65 of the FCC rules.

15 The second line involves the calculation of the total nonrecurring cost per line per  
16 month including the cost of transport. The cost on this line is calculated by amor-  
17 tizing the amount on the line titled “Total Non-recurring Costs including trans-  
18 port” over a 60-month period at the current rate of return of 11.25% as prescribed  
19 pursuant to Part 65 of the FCC rules.

20 The third line involves the calculation of the total cost per line excluding trans-  
21 port. The cost on this line is calculated by adding the amount as shown on the  
22 “Total Nonrecurring cost per month excluding transport” line with the amount as  
23 shown on the “Total Recurring Monthly Cost excluding Transport” line.

24 The fourth line involves the calculation of the total cost per line including trans-  
25 port. The cost on this line is calculated by adding the amount as shown on the

1 “Total Nonrecurring cost per month including transport” line with the amount as  
2 shown on the “Total Recurring Monthly Cost including Transport” line.

3 Q. **Will you please explain how the LNP cost per line per month is calculated?**

4 A. Yes, I will. The total cost per month excluding transport is divided by the access  
5 lines to derive the LNP cost per line per month excluding transport amount. The  
6 total cost per month including transport is divided by the access lines to derive the  
7 LNP cost per line per month including transport amount.

8 Q. **Has the FCC created a mechanism for carriers to recover carrier-specific**  
9 **costs directly related to providing LNP from end-users?**

10  
11 A. Yes, it has. The FCC in its Third Report and Order on LNP allowed, but did not  
12 require, incumbent LECs to recover their carrier-specific costs directly related to  
13 providing number portability through a federal charge on end-users.<sup>2</sup> The FCC  
14 determined that incumbent LECs should pro rate the monthly LNP charge over  
15 five years by setting a rate at which the present value of the revenue recovered by  
16 the charge equals the present value of the cost being recovered.<sup>3</sup> The FCC found  
17 that carriers should use a discount rate equal to the rate of return on investment  
18 that the FCC has authorized for regulated interstate access services pursuant to  
19 Part 65 of the FCC rules. Any remaining costs must be recovered through existing  
20 mechanisms available for recovery of general costs.<sup>4</sup>

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<sup>2</sup> *In the Matter of Telephone Number Portability*, CC Docket 95-116, RM 8535, *Third Report and Order*, Released May 12, 1998, at paragraph 135.

<sup>3</sup> *Id.* at paragraph 143.

<sup>4</sup> *Ibid.*



1 In addition, the FCC found that after a carrier establishes its level end-user charge  
2 in the tariff review process, the FCC would not anticipate that the carrier could  
3 raise the charge during the five-year period unless it could show that the end-user  
4 charge was not reasonable based upon the information available at the time it was  
5 initially set.<sup>5</sup>

6 Q. **If carrier is restricted in its ability to change the LNP tariff charge during 5**  
7 **year period, does this impact how carrier implements LNP?**

8  
9 A. Yes, it does. A carrier can not recover any increase in cost it incurs in the future  
10 through the LNP surcharge once the charge has been approved by the FCC. If a  
11 carrier tries to minimize its cost to implement LNP, it risks exposure to any future  
12 increase in cost. Thus, in order to reduce its exposure to this risk, a carrier may  
13 implement LNP using service providers or systems that may not, in all cases, be  
14 the low cost provider or product.

15 Q. **Has the FCC created a standard that carriers must follow in demonstrating**  
16 **that costs are eligible for recovery through the federal charges recovery**  
17 **mechanism?**

18  
19 A. Yes, it has. In a Memorandum Opinion and Order, the FCC's Common Carrier  
20 Bureau adopted a "but for" test used to identify carrier-specific costs directly re-  
21 lated to LNP. Under this test, costs are eligible for recovery in the FCC LNP end-  
22 user surcharge if they satisfy the following two requirements: (1) the costs would

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<sup>5</sup> Id. at paragraph 144.

1 not have been incurred by the carrier “but for” the implementation of LNP; and  
2 (2) the costs were incurred “for the provision of” LNP.<sup>6</sup>

3 Q. **Do you believe that all of the costs on Exhibit 2, other than transport costs,**  
4 **are recoverable from the FCC’s LNP end-user charge based upon the stan-**  
5 **dard created by the FCC?**

6  
7 A. I believe that all of the costs as represented on Exhibit 2, with the exception of  
8 surcharges and taxes, meet the standard created by the FCC.

9 Q. **Why is the cost of transport included on Exhibit 2 and does the cost for**  
10 **transport meet the standard created by the FCC?**

11  
12 A. Each of the RLECs has included transport costs to provide full accounting of  
13 costs that may be incurred to implement LNP. It is not clear if the transport cost  
14 can be recovered from end-users through the LNP surcharge, pursuant to the  
15 FCC’s rules.

16 Q. **If some of the costs that are incurred as a consequence of LNP but not recov-**  
17 **ered from the FCC’s end-user surcharge, is it reasonable to include any such**  
18 **costs as part of the total cost on Exhibit 2?**

19  
20 A. Yes. In order to determine the economic impact on end-users, all of the potential  
21 increases in cost that may ultimately be passed on to users must be determined.  
22 These potential costs may be passed through to the users in forms that are in addi-  
23 tion to the FCC’s LNP end-user surcharge.

24 Q. **If the total costs are not allowed to be recovered through the FCC’s end user**  
25 **surcharge, how would the costs excluded from the FCC’s end user surcharge**  
26 **be recovered?**  
27

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<sup>6</sup> *Telephone Number Portability Cost Classification Proceeding*, CC Docket No. 95-116, RM 8535, *Memo-randum Opinion and Order*, 13 FCC Rcd, 24495, 24500, Adopted December 14, 1998, at paragraph 10.

1 A. Those costs incurred but excluded from the FCC's end-user surcharge would have  
2 to be passed on to end-users, most likely as an increase in the monthly local rate.  
3 If the costs could not be passed onto the end-user, the RLEC would be forced to  
4 absorb these costs.

5 Q. **The FCC has issued a FNPRM seeking comment on whether it should reduce**  
6 **the current four business day porting interval for intermodal porting. What**  
7 **would happen to the costs on Exhibit 2 if the FCC ultimately rules that the**  
8 **porting interval should be shortened?**  
9

10 A. Although none of the RLECs have quantified the costs to shorten the porting in-  
11 terval, there is consensus within the LEC industry that reducing the porting inter-  
12 val for intermodal porting would significantly increase the costs associated with  
13 implementing wireless number portability. USTA informed the FCC that a reduc-  
14 tion in the porting interval for LECs would require LECs to reconfigure their net-  
15 works at a substantial cost. According to USTA, significant changes to ILECs'  
16 operational support systems and other systems would be required at a substantial  
17 cost.<sup>7</sup> According to Qwest, material changes to the current four-day porting inter-  
18 val would require substantial investment, costs and resources, both system and  
19 human, which would ultimately be recovered from consumers.<sup>8</sup> BellSouth con-  
20 tends that shortening the porting timeframe for intermodal porting would increase  
21 the costs associated with implementing number portability. Requiring carriers of

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<sup>7</sup> *In the Matter of Telephone Number Portability*, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Comments of the United States Telecom Association, CC-Docket No. 95-116, January 20, 2004, at page 6.

<sup>8</sup> *In the Matter of Telephone Number Portability*, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Comments of Qwest Corporation, CC-Docket No. 95-116, January 20, 2004, at pages 7-8.

1 different sizes and utilizing different systems to undergo extensive modifications  
2 to shorten the porting interval would be a significant financial commitment, which  
3 would necessitate appropriate cost recovery

4 Q. **Why is it important for the Commission to take the cost of a shortened port-**  
5 **ing interval into account?**

6  
7 A. The RLECs contend that the cost that would be incurred to reduce the porting in-  
8 terval could be significant. According to the Office of Advocacy, U.S. Small  
9 Business Administration, large wireline carriers estimate that the costs of recon-  
10 figuration could exceed \$100 million and the Office of Advocacy presumes the  
11 costs for small wireline carriers would be proportional.<sup>9</sup> The Commission cannot  
12 assess the potential total economic impact of LNP on end users without knowing  
13 whether the FCC will shorten the porting interval and if it does, what it may cost  
14 for the RLECs to meet the requirements.

15 Q. **Do you believe that the costs as determined in Exhibit 2 will create a signifi-**  
16 **cant adverse economic impact on users of telecommunication services if LNP**  
17 **is implemented?**

18  
19 A. Yes, it would be a very significant impact on customers. I contend that when the  
20 Commission considers the initial and on-going costs of LNP, the Commission will  
21 determine that such costs create a significant adverse economic impact on users of  
22 telecommunications services. FCC rules allow recovery of certain LNP costs  
23 from carriers or from end users through a monthly surcharge imposed over a five-

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<sup>9</sup> *In the Matter of Telephone Number Portability*, CTIA Petitions for Declaratory Ruling on Wireline-Wireless Porting Issues, Reply Comments of the Office of Advocacy, U.S. Small Business Administration on the Further Notice of Proposed Rulemaking and Initial Regulatory Flexibility Analysis, CC Docket No. 95-116, February 4, 2004, at page 9.

1 year recovery period.<sup>10</sup> Certain costs associated with LNP cannot be recovered  
2 through the end user LNP surcharge or carrier charges. These costs must be re-  
3 covered, if at all, through the LEC's general rates and charges.

4 These costs will be imposed on end-users who have not requested LNP, but not  
5 on the cost causer. This estimated increase in the local service cost do not include  
6 any cost associated with the provision of transporting calls to ported numbers out-  
7 side of RLEC's local service areas. This cost recovery will have a significant ad-  
8 verse economic impact on users of telecommunications service in the RLEC's  
9 service area.

10 Additional unknown costs of LNP could increase the financial burden. The costs  
11 as set forth in Exhibit 2 do not include any cost associated with reducing the port-  
12 ing interval as contemplated by the FCC in its FNPRM. Such reductions of the  
13 porting interval may require the RLECs to make significant changes to its opera-  
14 tions thereby increasing the cost to provide LNP.<sup>11</sup>

15 Q. **Could the implementation of LNP be unduly economically burdensome for**  
16 **the RLECs?**

17  
18 A. Yes, implementation of LNP will be unduly economically burdensome for the  
19 RLECs. Any costs not recovered through the end-user LNP charge or carrier  
20 charge may have to be borne by the RLECs.

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<sup>10</sup> 47.C.F.R. § 52.33.

<sup>11</sup> FNPRM, para 45.

1 The estimated costs of LNP, set forth in Exhibit 2, are presented on a per-line ba-  
2 sis. However, there is no certainty that all of the LNP costs will be paid by cur-  
3 rent subscribers of each of the RLECs. As discussed previously in my testimony,  
4 there are potential issues concerning which costs will be borne directly by the cus-  
5 tomer and which costs will be borne by the RLECs. Further, based upon the sub-  
6 stantial increase in the cost per line per month caused by LNP, there is no guaran-  
7 tee that all such costs would ultimately be passed on to the end-user in the form of  
8 a rate increase. The potential costs that may be incurred by the RLECs would be  
9 unduly economically burdensome.

10 As shown, LNP implementation could result in the assessment of a new LNP sur-  
11 charge on the RLECs' telephone subscribers and could increase local rates. These  
12 actions would make the RLECs' service offering less competitive with the ser-  
13 vices provided by wireless carriers. Wireless carriers already enjoy a number of  
14 competitive advantages over wireline carriers. For example, because of their FCC  
15 licensed service areas, wireless carriers have larger local calling areas, larger ser-  
16 vice territories, and more potential customers to absorb the cost of LNP. By in-  
17 creasing the cost of service, LNP would make wireline service less competitive  
18 with wireless service.

19 If all of the LNP costs were assigned completely to the RLECs' subscribers, in-  
20 cluding the cost of transport and the cost of systems upgrades to reduce the port-  
21 ing interval, the large size of the surcharge may cause a segment of the RLECs'  
22 customers to discontinue service. The reduction in line count would not allow for

1           the full recovery of LNP costs, causing a negative impact on the RLECs' revenue,  
2           and would lay the foundation for an ever-escalating burden on the remaining  
3           RLEC subscribers to fund common network costs.

4    Q.    **Does this conclude your testimony?**

5    A.    Yes, it does.

**Kennebec Telephone Company**  
**Total Estimated LNP Non-recurring and Recurring Costs**

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 47,979	
Internal Business Procedure Changes (1)	\$ 20,426	
Intercarrier Testing	\$ 4,088	
Other Internal Costs (2)	\$ 25,061	
LNP Query set up	\$ 190	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 825	
Total Non-recurring Costs excluding transport	\$ 98,569	
Non recurring transport charges (4)	\$ 1,401	
Total Non-recurring Costs including transport	\$ 99,970	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ 90	
LNP Query Costs per month	\$ 150	
Other Recurring Costs	\$ 141	
Total Recurring Monthly Costs excluding Transport	\$ 381	
Transport	\$ 4,837	
Total Recurring Monthly Costs including Transport	\$ 5,218	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 2,155	
Total Nonrecurring cost per month including transport amortized over five years	\$ 2,186	
Total cost per month excluding transport	\$ 2,536	
Total cost per month including transport	\$ 7,404	
Access Lines excluding Lifeline		735
LNP cost per line per month excluding transport (5)	\$ 3.45	\$ 3.97
LNP cost per line per month including transport (5)	\$ 10.07	\$ 11.58

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Transport costs will be incurred if the FCC requires LECs to install and absorb the cost of facilities to wireless carriers in order to route calls to ported numbers on a seven-digit dialed basis.

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.



**Beresford Municipal Telephone Company**  
**Total Estimated LNP Non-recurring and Recurring Costs**

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$	16,612
Internal Business Procedure Changes (1)	\$	11,962
Inter-carrier Testing	\$	5,299
Other Internal Costs (2)	\$	20,723
LNP Query set up	\$	190
SOA Non-recurring set up charge (3)	\$	-
Customer Notification Costs	\$	1,119
Total Non-recurring Costs excluding transport	\$	55,905
Non recurring transport charges (4)	\$	1,401
Total Non-recurring Costs including transport	\$	57,306
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$	135
LNP Query Costs per month	\$	150
Other Recurring Costs	\$	293
Total Recurring Monthly Costs excluding Transport	\$	578
Transport	\$	1,926
Total Recurring Monthly Costs including Transport	\$	2,504
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$	1,222
Total Nonrecurring cost per month including transport amortized over five years	\$	1,253
Total cost per month excluding transport	\$	1,800
Total cost per month including transport	\$	3,757
Access Lines excluding Lifeline		1,418
LNP cost per line per month excluding transport (5)	\$	1.27
LNP cost per line per month including transport (5)	\$	2.65

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Transport costs will be incurred if the FCC requires LECs to install and absorb the cost of facilities to wireless carriers in order to route calls to ported numbers on a seven-digit dialed basis.

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

**Midstate Communications, Inc.****Total Estimated LNP Non-recurring and Recurring Costs**

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 82,110	
Internal Business Procedure Changes (1)	\$ 3,229	
Inter-carrier Testing	\$ 4,247	
Other Internal Costs (2)	\$ 19,474	
LNP Query set up	\$ 1,900	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 2,434	
Total Non-recurring Costs excluding transport	\$ 113,394	
Non recurring transport charges (4)	\$ 3,870	
Total Non-recurring Costs including transport	\$ 117,264	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ -	
LNP Query Costs per month	\$ 1,500	
Other Recurring Costs	\$ 788	
Total Recurring Monthly Costs excluding Transport	\$ 2,288	
Transport	\$ 7,749	
Total Recurring Monthly Costs including Transport	\$ 10,037	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 2,480	
Total Nonrecurring cost per month including transport amortized over five years	\$ 2,564	
Total cost per month excluding transport	\$ 4,768	
Total cost per month including transport	\$ 12,601	
Access Lines excluding Lifeline	4,762	
LNP cost per line per month excluding transport (5)	\$ 1.00	\$ 1.15
LNP cost per line per month including transport (5)	\$ 2.65	\$ 3.04

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Local Trunking between sutending end-offices and Midstate's tandem location

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

**Western Telephone Company**  
**Total Estimated LNP Non-recurring and Recurring Costs**

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 145,987	
Internal Business Procedure Changes (1)	\$ 8,589	
Intercarrier Testing	\$ 1,970	
Other Internal Costs (2)	\$ 19,062	
LNP Query set up	\$ 190	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 982	
Total Non-recurring Costs excluding transport	\$ 176,780	
Non recurring transport charges (4)	\$ 1,401	
Total Non-recurring Costs including transport	\$ 178,181	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ 135	
LNP Query Costs per month	\$ 150	
Other Recurring Costs	\$ 134	
Total Recurring Monthly Costs excluding Transport	\$ 419	
Transport	\$ 4,996	
Total Recurring Monthly Costs including Transport	\$ 5,415	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 3,866	
Total Nonrecurring cost per month including transport amortized over five years	\$ 3,896	
Total cost per month excluding transport	\$ 4,285	
Total cost per month including transport	\$ 9,311	
Access Lines excluding Lifeline	1,080	
LNP cost per line per month excluding transport (5)	\$ 3.97	\$ 4.56
LNP cost per line per month including transport (5)	\$ 8.62	\$ 9.91

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Transport costs will be incurred if the FCC requires LECs to install and absorb the cost of facilities to wireless carriers in order to route calls to ported numbers on a seven-digit dialed basis.

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

**RC Communications Inc./Roberts County Telephone**  
**Total Estimated LNP Non-recurring and Recurring Costs**

		With Surcharges/ Taxes
<b>LNP Non-recurring Costs</b>		
Switch Upgrade Costs	\$ 29,900	
Internal Business Procedure Changes (1)	\$ 15,318	
Intercarrier Testing	\$ 4,915	
Other Internal Costs (2)	\$ 22,319	
LNP Query set up	\$ 380	
SOA Non-recurring set up charge (3)	\$ -	
Customer Notification Costs	\$ 1,367	
Total Non-recurring Costs excluding transport	\$ 74,199	
Non recurring transport charges (4)	\$ 2,801	
Total Non-recurring Costs including transport	\$ 77,000	
<b>LNP Monthly Recurring Costs</b>		
SOA Monthly Charge	\$ 180	
LNP Query Costs per month	\$ 300	
Other Recurring Costs	\$ 400	
Total Recurring Monthly Costs excluding Transport	\$ 880	
Transport	\$ 9,967	
Total Recurring Monthly Costs including Transport	\$ 10,847	
<b>Monthly Cost Calculations per line</b>		
Total Nonrecurring cost per month excluding transport amortized over five years	\$ 1,623	
Total Nonrecurring cost per month including transport amortized over five years	\$ 1,684	
Total cost per month excluding transport	\$ 2,503	
Total cost per month including transport	\$ 12,531	
Access Lines excluding Lifeline	2,037	
LNP cost per line per month excluding transport (5)	\$ 1.23	\$ 1.41
LNP cost per line per month including transport (5)	\$ 6.15	\$ 7.07

(1) Cost required to analyze and modify existing processes and systems in order to receive and process a request for porting.

(2) Other internal costs include reviewing porting agreements with wireless carriers, completing trading partner profile requests from wireless carriers, completing contracts with the SOA and NPAC, and developing and filing tariffs and documentation for the LNP end-user surcharge and local rate increases.

(3) Service Order Administration (SOA) provides the functionality to interface the LEC's order and provisioning systems in order to update the Number Portability Administration Center (NPAC) for access by all other carriers. Through the use of a SOA, a company is able to submit porting information to the NPAC.

(4) Transport costs will be incurred if the FCC requires LECs to install and absorb the cost of facilities to wireless carriers in order to route calls to ported numbers on a seven-digit dialed basis.

(5) Total costs do not include system changes required to shorten the porting interval or expanding a LEC's local calling area as contemplated by the FCC in its FNPRM.

LAW OFFICES  
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ROBERT C. RITER, Jr.  
DARLA POLLMAN ROGERS  
JERRY L. WATTIER  
JOHN L. BROWN

**RECEIVED**

**MAY 17 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

OF COUNSEL:  
Robert D. Hofer  
E. D. Mayer  
TELEPHONE  
605-224-5825  
FAX  
605-224-7102

May 17, 2004

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

Re: Docket Number TC04-048 (Beresford)  
Docket Number TC04-025 (Kennebec)  
Docket Number TC04-052 (Midstate)  
Docket Number TC04-056 (Roberts County and RC)  
Docket Number TC04-053 (Western Telephone)

Dear Pam:

Enclosed are the Exhibits referenced in my enclosure letter on Friday, May 14, that are to be attached to Dan Davis's Direct Pre-Filed Testimony pertaining to the above-named dockets.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

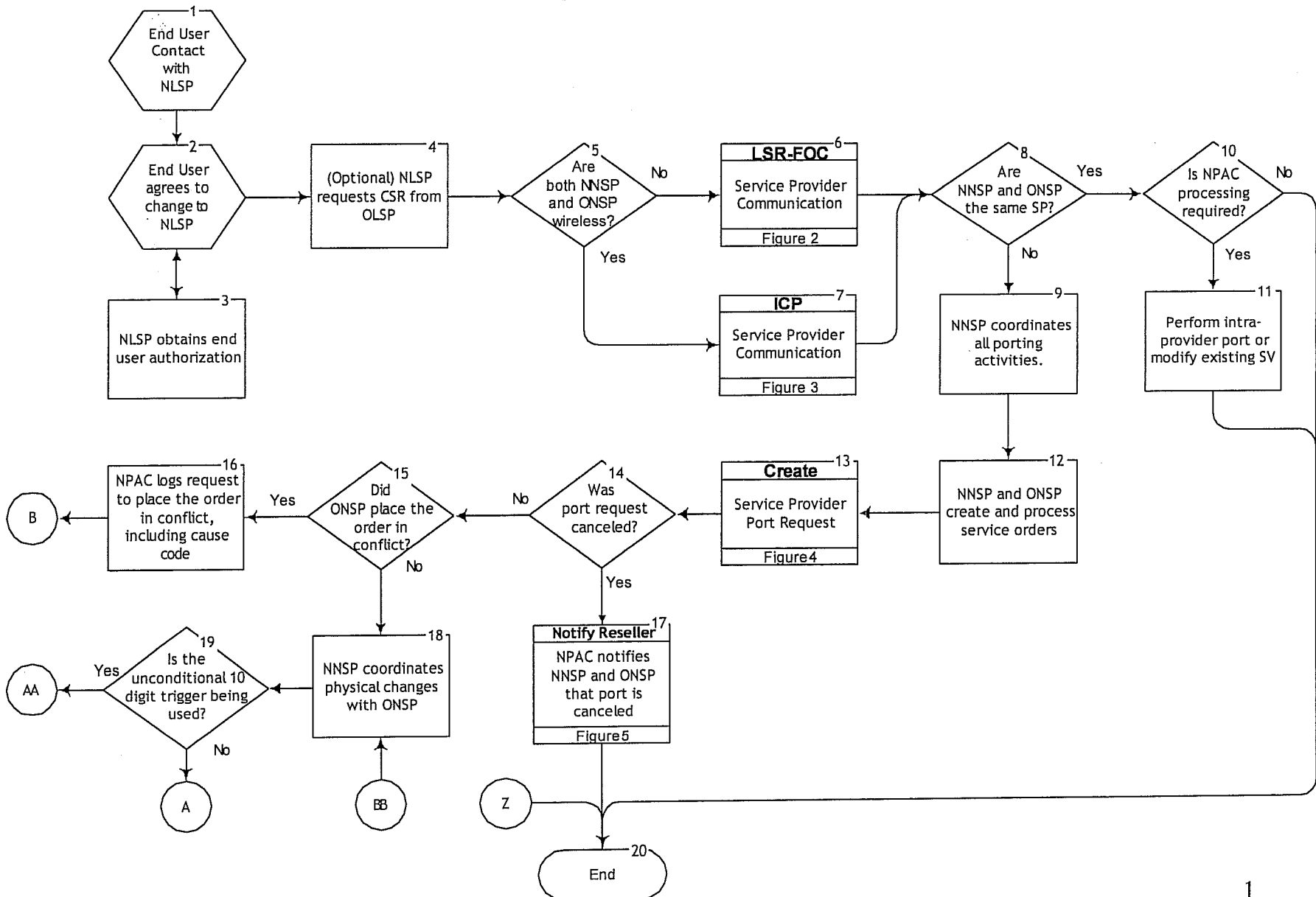
CC: Dan Davis  
Rich Coit (with enclosure)  
Talbot J. Wieczorek (with enclosure)  
Dave Gerdes (with enclosure)

## Exhibit A

# Inter-Service Provider LNP Operations Flows

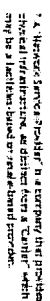
## - Main Flow -

N1



## N2

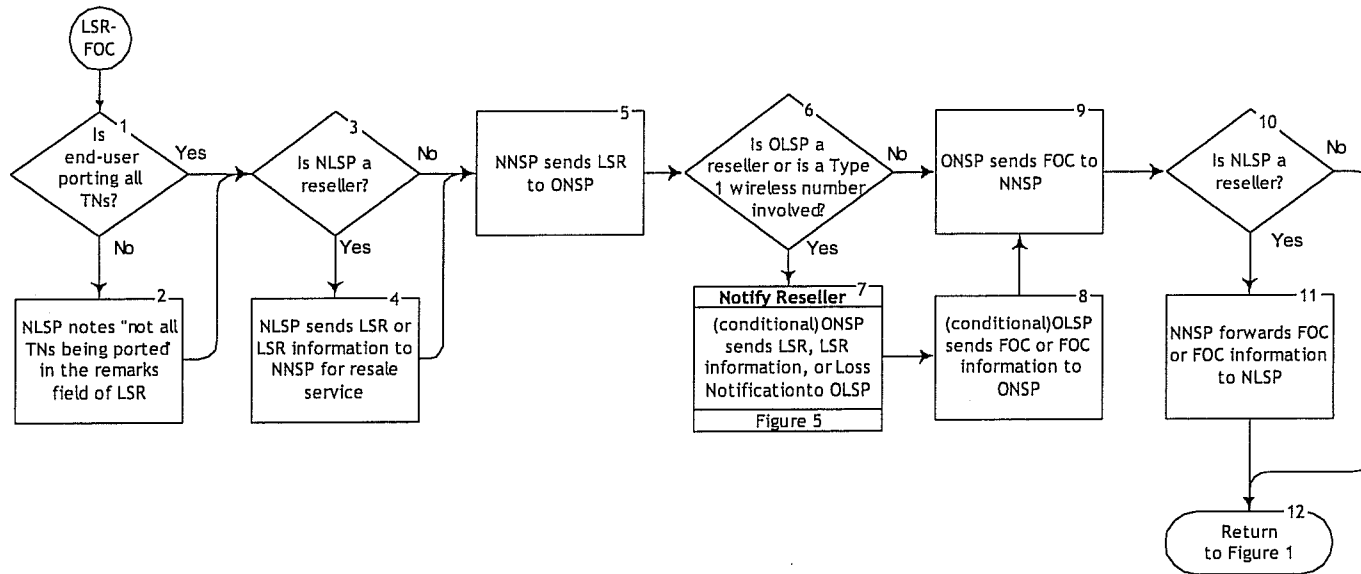
## N2





## Inter-Service Provider LNP Operations Flows

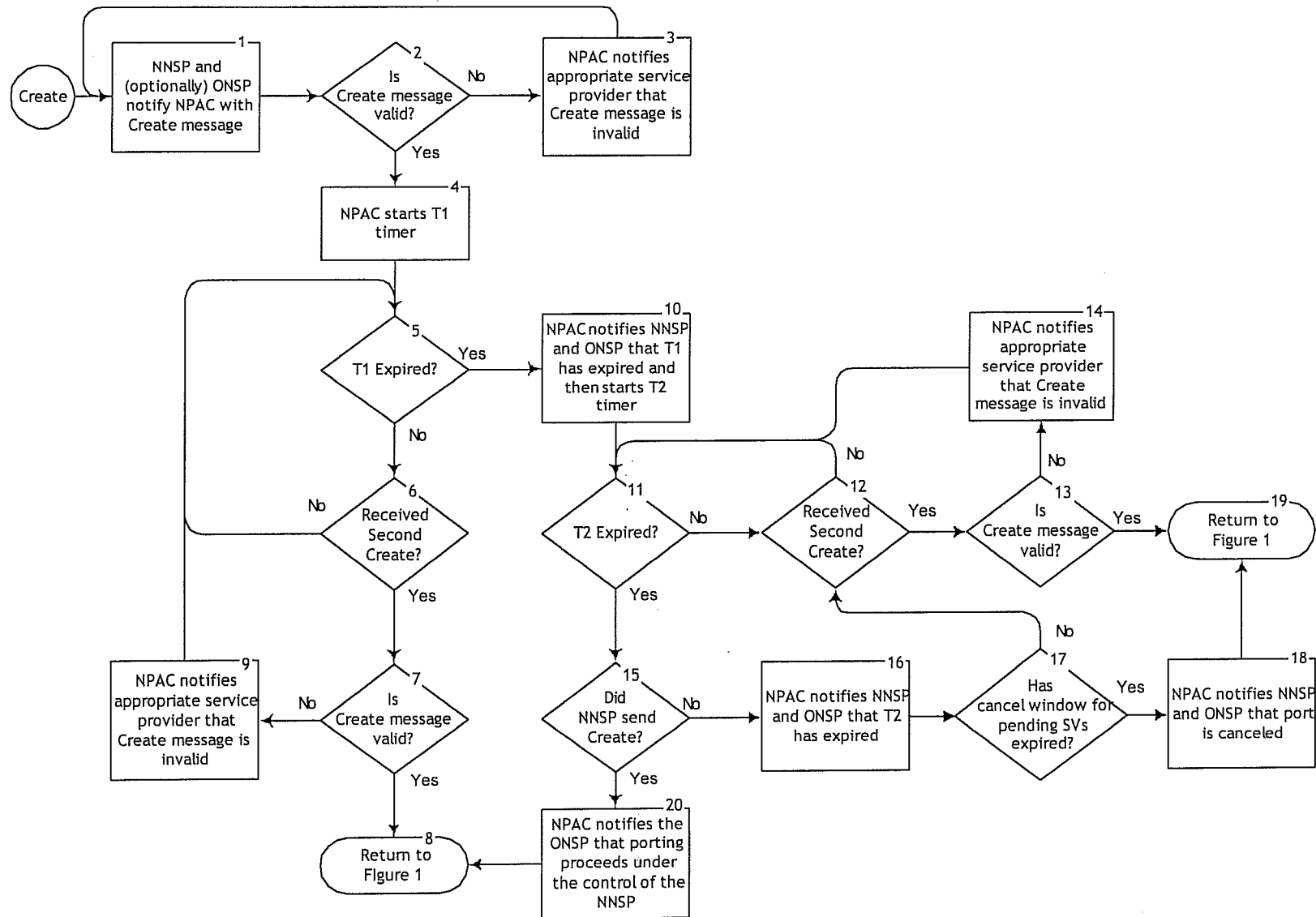
### - Wireline LSR/FOC Process -



# Inter-Service Provider LNP Operations Flows

## - Subscription Version Create Flow -

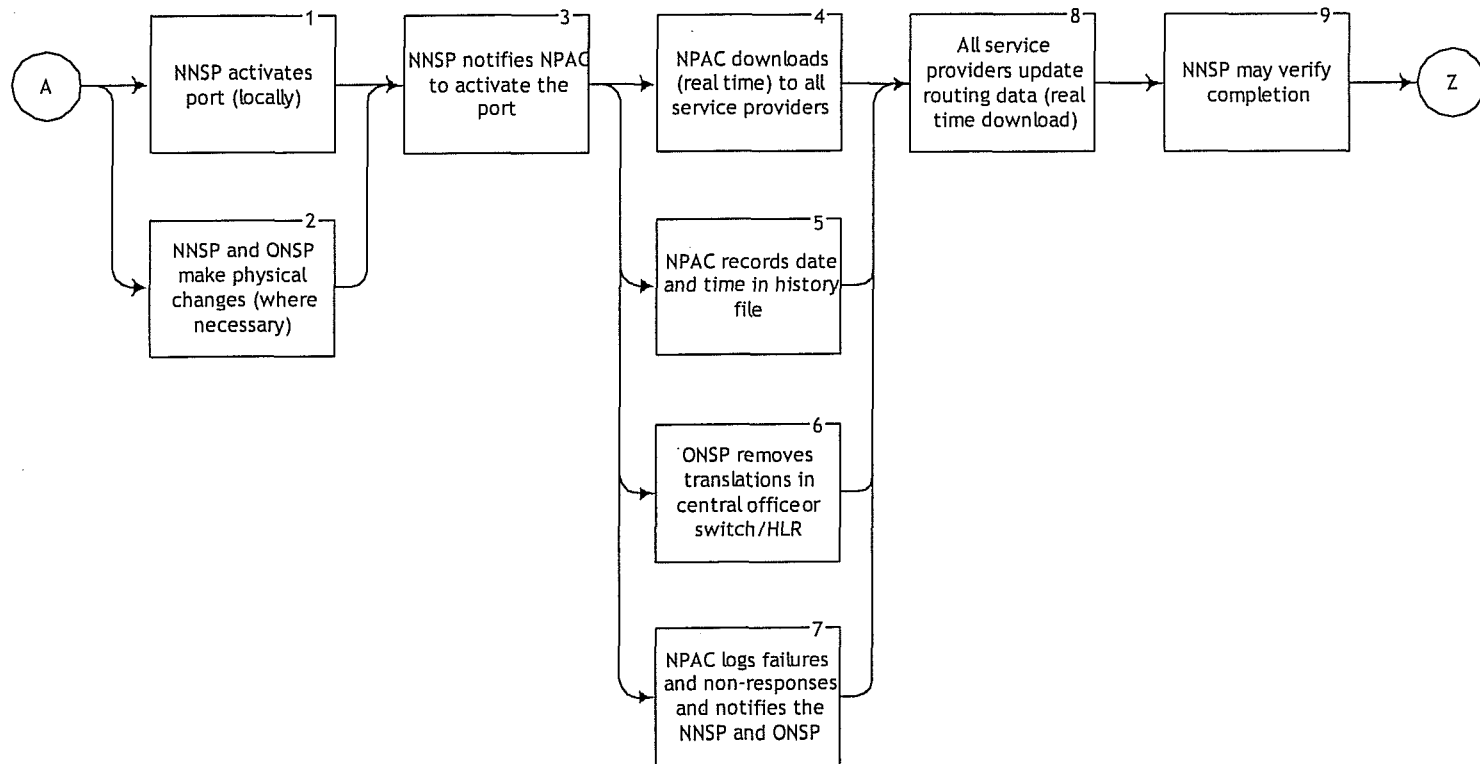
N4



# Inter-Service Provider LNP Operations Flows

## - Provisioning Without Unconditional 10-Digit Trigger -

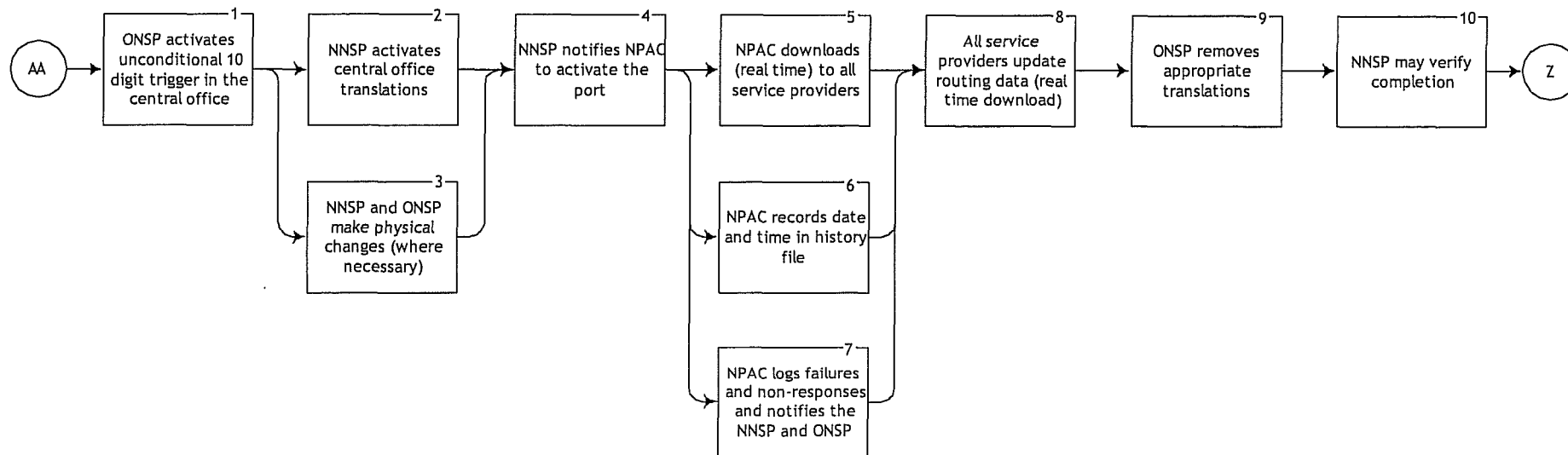
N5



# Inter-Service Provider LNP Operations Flows

## - Provisioning With Unconditional 10-Digit Trigger -

N6



Approved by LNPAWG: 7/9/03

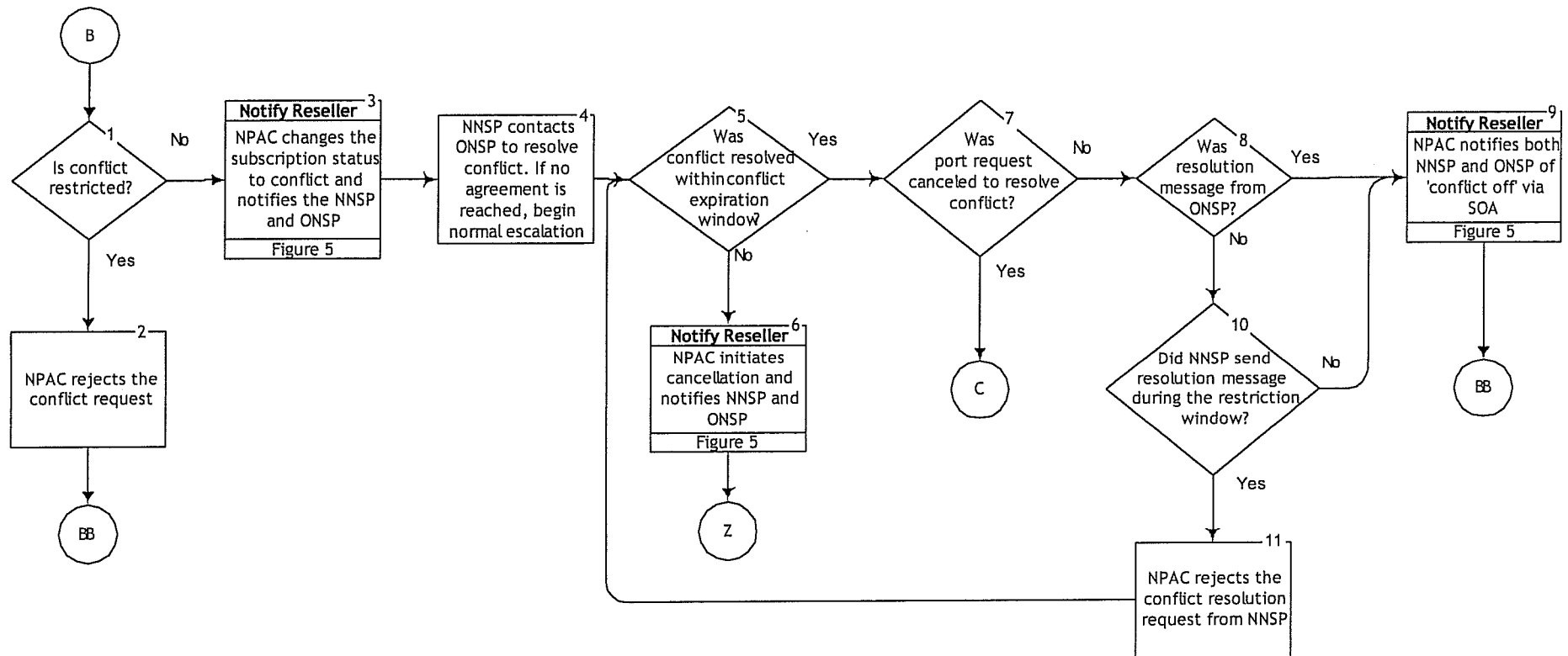
Figure 7

Version 2.0  
6

# Inter-Service Provider LNP Operations Flows

## - Conflict Flow For The Service Creation Provisioning Process -

N7



# Inter-Service Provider LNP Operations Flows

## - Cancellation Flow For Provisioning Process -

N8

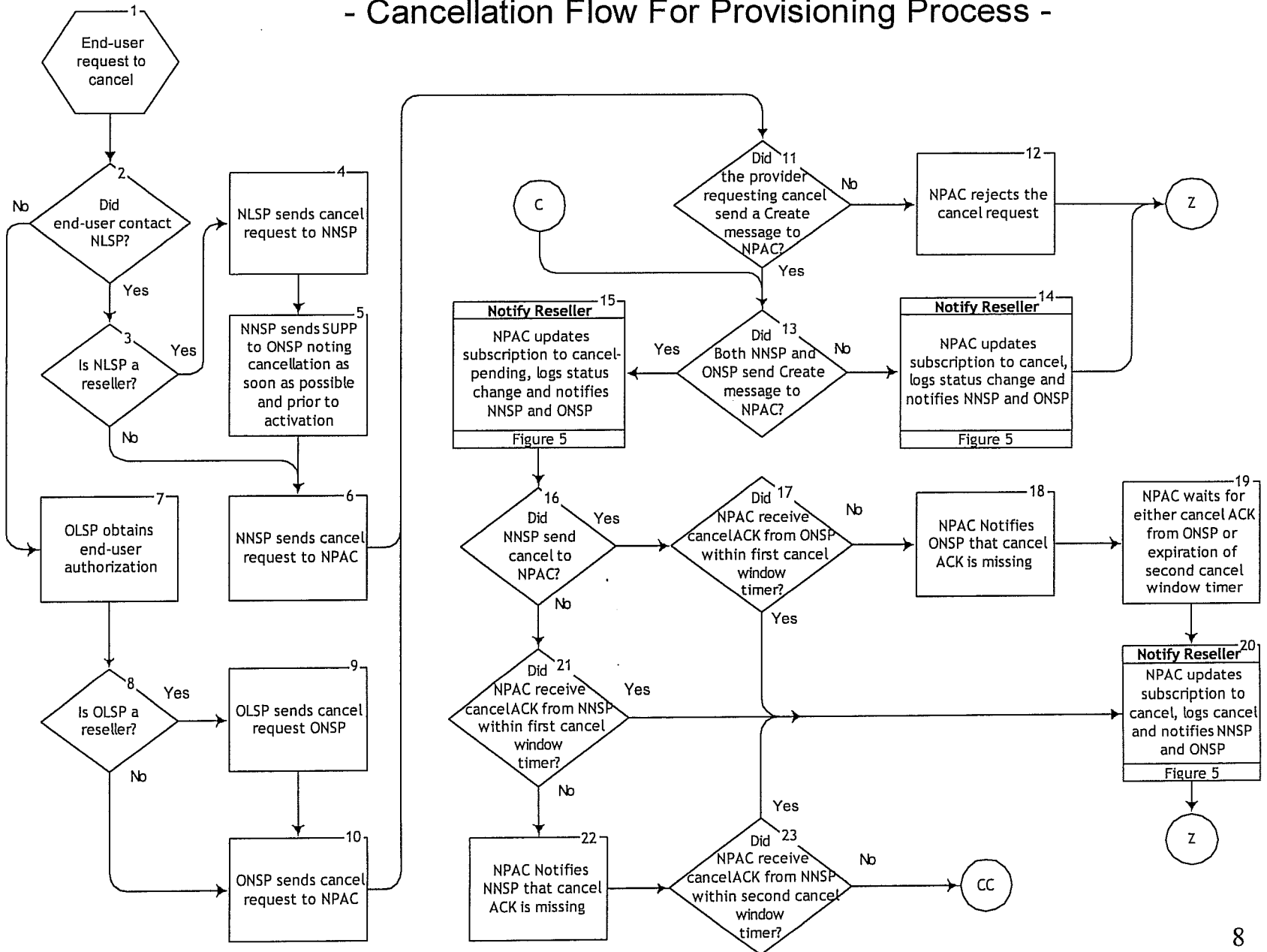


Figure 9

# Inter-Service Provider LNP Operations Flows

N9

- Cancellation Ack Missing from New Provider Provisioning Process -

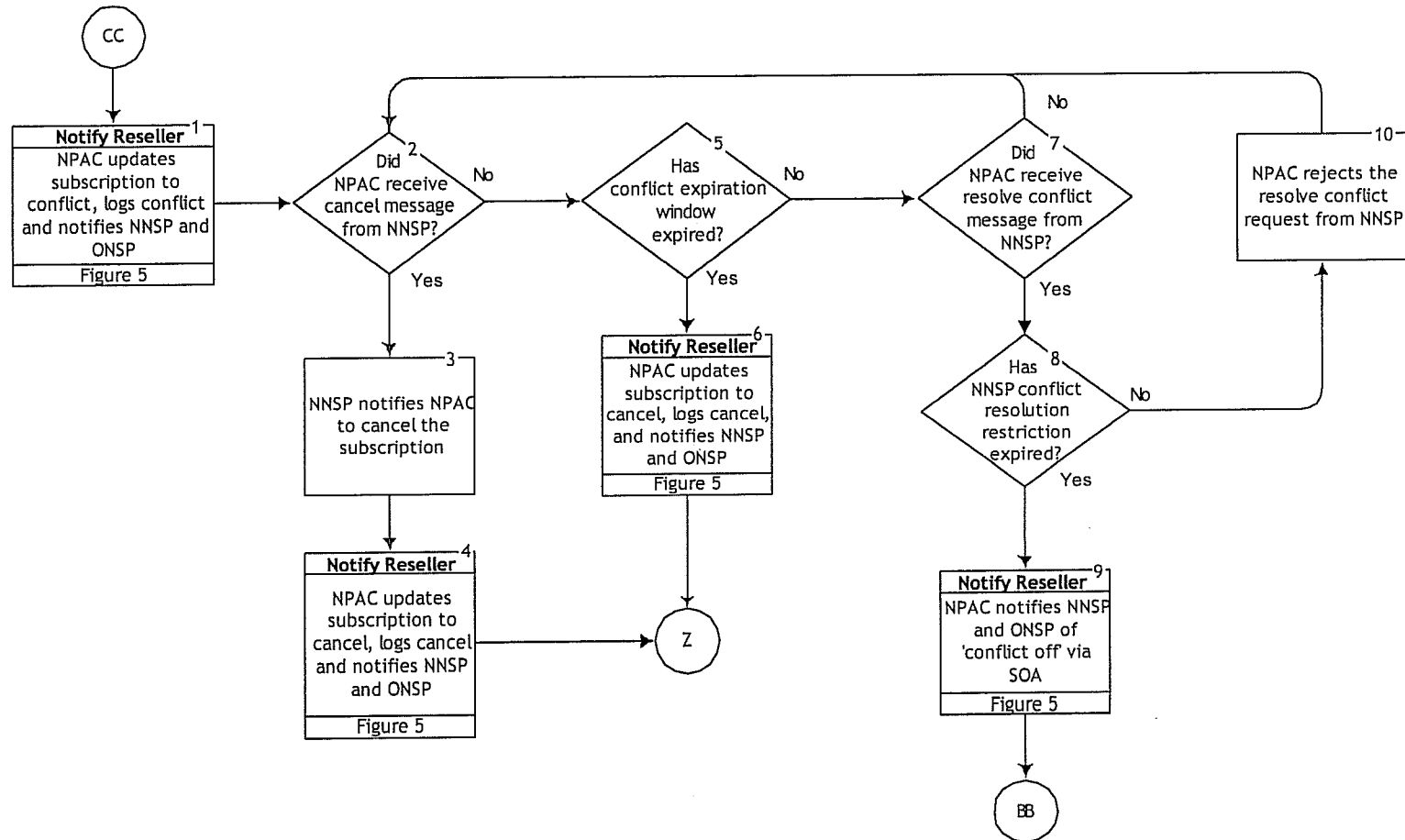


Figure 10

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

MAY 17 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 Number TC04-055  
Docket Number TC04-046  
Docket Number TC04-051  
Docket Number TC04-045  
Docket Number TC04-049

CERTIFICATE OF SERVICE

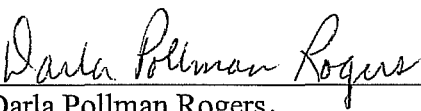
The undersigned hereby certifies that she served a copy of the **EXHIBITS** to be attached to the **DIRECT PRE-FILED TESTIMONY OF Dan Davis** in the above-named dockets, upon the persons herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Pierre, South Dakota, postage prepaid, in an envelope addressed to each said addressee, to-wit:

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

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

David A. Gerdes  
MAY, ADAM, GERDES & THOMPSON  
P. O. Box 160  
Pierre, South Dakota 57501

Dated this seventeenth day of May, 2004.



Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889



TC04-052

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MAY 24 2004

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

**OF COUNSEL:**  
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ROBERT C. RITER, Jr.  
DARLA POLLMAN ROGERS  
JERRY L. WATTIER  
JOHN L. BROWN  

---

MARGO D. NORTHRUP, Associate

May 21, 2004

Ms. Linda Godfrey  
VERIZON WIRELESS  
2785 Mitchell Drive  
Building 7-1, 7111G  
Walnut Creek, California 94598

Via Fed Ex and Fax Number 925-279-6621

Re: Midstate Communications, Inc.

Dear Ms. Godfrey:

Please be advised that I represent Midstate Communications, Inc. (Midstate). By Order dated April 19, 2004, the Public Utilities Commission of the State of South Dakota granted an interim suspension to Midstate of its obligation to implement local number portability (LNP) pursuant to Section 251(b)(2) of the Communications Act of 1934, as amended. Accordingly, Midstate will not be LNP capable on May 24, 2004, nor will it have the capability to perform an LNP database query.

In light of the above, Midstate will continue to route calls to your NPA NXXs in our common rate center(s) via our direct connection(s), even if the number has been ported from you to a different carrier. It has come to our attention that some wireless carriers do not perform an LNP query in such circumstances and, instead, provide a recording to the caller that the number is not in working order, which would result in a "dropped" call.

In order to ensure that such calls are not dropped and that the consumer's call can be completed, Midstate asks you to indicate whether you intend to perform the LNP query on calls to a ported number that are transmitted to you by Midstate and which have not been queried. If you do not intend to perform LNP queries in these cases, Midstate requests that you provide the LNP query. We note that the Federal Communications Commission has stated that carriers that are not LNP-capable are "permitted to arrange for the default wireless carrier that originally serviced the ported telephone number to perform the query." *In the Matter of CenturyTel, Inc. et al., Notice of Apparent Liability for Forfeiture*, File No. EB-04-IH-0012, DA 04-1304. Midstate believes that the FCC's LNP rules do not apply to us in light of the suspension granted by the South Dakota Commission. In the interest of ensuring reliable communications service to the citizens of South Dakota, we are willing to work with you to ensure that the query has been performed, until such time as the legal and practical implementation issues can be resolved.

In light of the impending May 24, 2004, wireless LNP implementation date, please indicate by May 21, 2004, your agreement to perform LNP queries in the circumstances described herein.

Thank you for your prompt attention to this matter.

Sincerely yours,

A handwritten signature in cursive script, reading "Darla Pollman Rogers".

Darla Pollman Rogers  
Attorney at Law

DPR/ph

cc: Chairman Robert K. Sahr  
Commissioner Gary Hanson  
Commissioner James A. Burg  
John Smith  
Rolayne Wiest  
Mark Benton, Midstate

# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

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AMY K. SCHULTZ  
JASON M. SMILEY

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

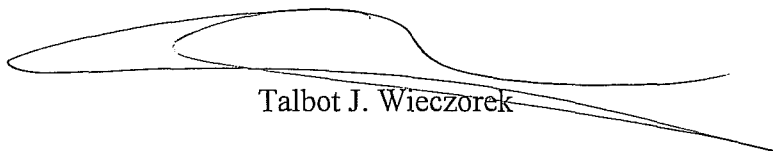
RE: In the Matter of Local Number Portability Obligations Docket No. TC 04-025;  
TC04-038; TC04-044 through TC04-056; TC04-060 through TC04-062;  
TC04-077; TC04-084 and TC04-085

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**

	)	
	)	Dockets: TC04-025 TC04-038
	)	TC04-044 TC04-045
	)	TC04-046 TC04-047
IN THE MATTER OF THE PETITIONS FOR	)	TC04-048 TC04-049
SUSPENSION OR MODIFICATION OF	)	TC04-050 TC04-051
§251(b)(2) OF THE COMMUNICATIONS	)	TC04-052 TC04-053
ACT OF 1934 AS AMENDED	)	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?**

---

<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

---

<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).



**DOCKET TC04-025 et al**

**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

---

<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

---

<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

---

<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).

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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)

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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).

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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.)

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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.



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- 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

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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.

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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.

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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, integrating 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.

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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

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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

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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

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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.



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**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

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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.

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**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

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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.

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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)

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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.

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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)

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**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>

8 **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 2 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:

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City of Faith Telephone Company  
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Western Telephone Company  
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Alliance Communications Inc. and Splitrock Properties  
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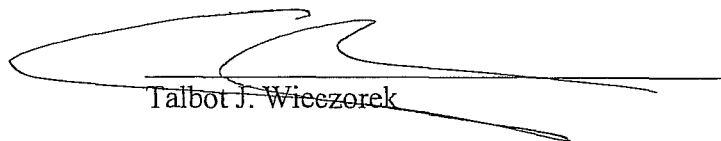
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Talbot J. Wiecezorek

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

<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)

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<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

WILLIAMS DIRECT

Before the  
Federal Communications Commission  
Washington, D.C. 20554

In the Matter of  
Telephone Number Portability

CTIA Petitions for Declaratory Ruling on  
Wireline-Wireless Porting Issues

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CC Docket No. 95-116

**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.

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## 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

<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>

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<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://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

<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.

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<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 Intercarrier 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/wtb>.

#### **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.

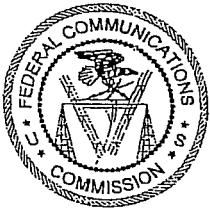
I remain concerned, however, that today's clarification of our LNP rules and obligations will exacerbate the so-called "rating and routing" problem for wireless calls that are rated local, but are in fact carried outside of wireline rate centers. While I appreciate the language in the Order that clarifies 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.

CONFIDENTIAL

#/

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Federal Communications Commission  
Consumer & Governmental Affairs Bureau  
Office of The Bureau Chief



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



# Washington Watch

A Publication of the NECA D.C. Office  
Washington Watch

Edited by Deborah Long

**March 18, 2004**

Past Issues

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](#)

## 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.

## 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

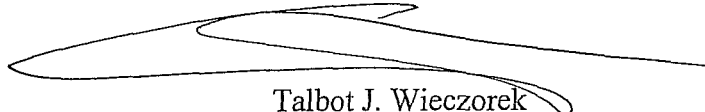
RE: In the Matter of Local Number Portability Obligations Docket No. TC 04-025;  
TC04-038; TC04-044 through TC04-056; TC04-060 through TC04-062;  
TC04-077; TC04-084 and TC04-085

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. Wieczorek 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. Wieczorek 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. Wieczorek  
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**

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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  
Tri-County Telcom  
Cheyenne Sioux Tribe

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**Attorneys for:**

Brookings Municipal Utilities d/b/a Swiftel Communications

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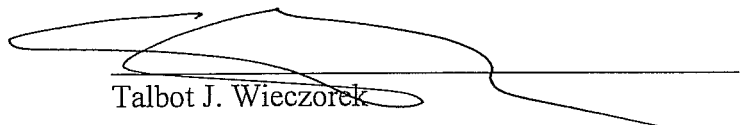
Midcontinent

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**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  
ObligationsDocket 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. Wiczorek, 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**

tabler

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. Wieczorek, Attorney for Western Wireless Corporation

Date: 5/18/07

**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  
Armour, Bridgewater-Canistota Tele Co and Union Tele Co  
Beresford Municipal Telephone Company  
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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 Telecom  
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 Telecom  
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

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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.

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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.

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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. **Stöckholm(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.

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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.

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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. Wiczorek

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 DAKOTASOUTH 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 see 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 large, stylized handwritten signature in black ink, appearing to read 'Talbot J. Wieczorek', is written over a horizontal line.

Talbot J. Wieczorek  
Attorneys for WWC License LLC  
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PO Box 8045  
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## 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  
West River Cooperative Telephone Company  
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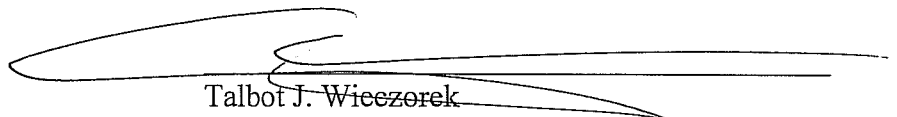
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*Rural roots, global connections*

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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.

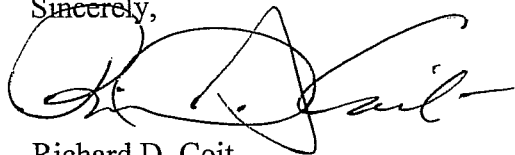
TC04-025 –	Kennebec Telephone Company
TC04-038 –	Santel Communications Cooperative
TC04-044 –	Sioux Valley Telephone Company
TC04-045 –	Golden West Telecommunications Cooperative
	Vivian Telephone Company
	Kadoka Telephone Company
TC04-046 –	Armour Independent Telephone Company
	Bridgewater-Canistota 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 loop at the end.

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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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 3.1 Rate Center Issue

12 3.1.1 Issue: Differences exist between the local serving areas of  
13 wireless and wireline carriers. These differences impact Service Provider  
14 Portability with respect to porting both to and from the wireline and wire-  
15 less service providers. . . .

16 The 1998 Report concludes (on p. 7) that consensus could not be reached on a so-  
17 lution to the Rate Center Issue. (And subsequent reports in 1999 and 2000 have  
18 concluded the issue is still open.)

19 This 1998 Report also includes, as an Appendix D, a Background Paper that dis-  
20 cusses some of the same issues related to the rate center disparity issue between wireless  
21

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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 IXCs 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 technically 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

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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)

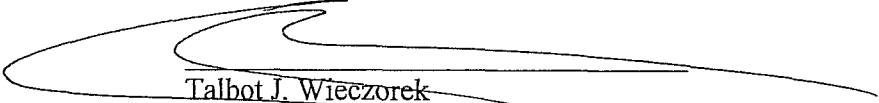
My Commission Expires:

\_\_\_\_\_

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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P.O. Box 8045

Rapid City SD 57709

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Fax: 605-342-0480



BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

**CERTIFICATE OF SERVICE**

The undersigned certifies that on the 11 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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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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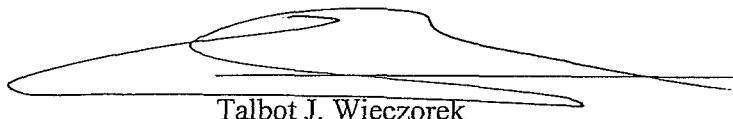
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South Dakota Telecommunications Assoc.



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.

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JOHN L. BROWN

MARGO D. NORTHRUP, Associate

June 15, 2004

**RECEIVED**

JUN 15 2004

**OF COUNSEL:**  
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Ms. Pamela Bonrud  
Executive Director  
SD Public Utilities Commission  
500 East Capitol Ave.  
Pierre, South Dakota 57501

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

Re:      Docket Number TC04-056  
         Docket Number TC04-045  
         Docket Number TC04-061  
         Docket Number TC04-050  
         Docket Number TC04-052  
         Docket Number TC04-085  
         Docket Number TC04-062  
         Docket Number TC04-025  
         Docket Number TC04-051  
         Docket Number TC04-055  
         TC04-025, 48, 52, 53, 56

Roberts County and RC  
Golden West, Vivian, Kadoka  
West River  
Valley  
Midstate  
CRST  
Stockholm-Strandburg  
Kennebec  
Faith  
Alliance

Dear Pam:

Enclosed are the original and ten copies of REBUTTAL TESTIMONY on behalf of the above-named companies for filing in the above dockets.

By copy of this letter, I am also serving those persons named on the Certificate of Service.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

**RECEIVED**

BEFORE THE PUBLIC UTILITIES COMMISSION

JUN 15 2004

OF THE STATE OF SOUTH DAKOTA

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION  
OF MIDSTATE COMMUNICATIONS,  
INC. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-052

REBUTTAL TESTIMONY OF

MARK BENTON

**REBUTTAL TESTIMONY OF**

**MARK BENTON**

**ON BEHALF OF**

**MIDSTATE COMMUNICATIONS, INC.**

**June 14, 2004**

1 Q. Please state your name, business name and address.

2 A. **My name is Mark Benton. I am the General Manager of Midstate Communications,**  
3 **Inc. (“Midstate”), of 120 East 1<sup>st</sup> Street, Kimball, South Dakota 57355.**

4 Q. What is the purpose of your testimony?

5 A. **I will provide rebuttal testimony to various statements made by Ron Williams in his**  
6 **testimony filed on May 28, 2004, on behalf of WWC License L.L.C. (Western Wire-**  
7 **less).**

8 Q. At page 6, lines 8-10, Mr. Williams alleges that the Petitioners “waited 4 months to seek  
9 a suspension of their LNP obligations, hopeful that this tactic would result in delay of  
10 their legal obligations.” How do you respond?

11 A. **I dispute Mr. Williams’ characterization of events as baseless and inflammatory.**  
12 **Once the FCC made it clear that wireline carriers would be required to port num-**  
13 **bers to wireless carriers in areas outside the top 100 MSAs by May 24, 2004, Mid-**  
14 **state took immediate steps to investigate the cost and the processes involved with**  
15 **LNP and to explore its legal options. Because Midstate had no experience with**  
16 **LNP, it took time to gather the pertinent information and to make the decision to**  
17 **seek a suspension of the requirement from the Commission. Further, the suspension**  
18 **petition itself took time and effort to prepare because Midstate wanted to present as**  
19 **complete a petition as possible, accompanied by cost information as complete as**  
20 **possible.**

21 Q. Do you agree with Mr. Williams’ statement at page 14, lines 19-22, in which he states  
22 that “LECs will need to route a call to a ported number to the serving tandem” and to Mr.



Williams' statement at page 15, lines 1-4 when he discusses the routing of allegedly "local calls?"

**A. In its answer to Interrogatory 4., Western Wireless identifies the "serving tandem" as the Qwest LATA or local tandem, which is outside of Midstate's service territory. (See Western Wireless Response to Interrogatory 4., attached to the Rebuttal Testimony of Steven E. Watkins). Therefore, Mr. Williams' statement is not consistent with Midstate's current call routing practices, because it would require Midstate to route calls to a point outside of its service territory (other than via an EAS arrangement) as local. I note that in its answer to Interrogatory 7., Western Wireless admits that there is no requirement for Midstate to route calls to the Qwest tandem. (See Western Wireless Response to Interrogatory 7 attached to the Rebuttal Testimony of Steven E. Watkins.) Rather, calls that terminate outside Midstate's service territory, including calls to Western Wireless within the Midstate exchanges where Western Wireless does not have a direct connection, are routed to interexchange carriers for termination. Only traffic routed to Western Wireless via a direct connection within a Midstate exchange is routed as "local traffic." Therefore, it appears that Western Wireless' argument really is a bad faith attempt to change the agreement between the parties.**

**Q. At page 19, lines 8-10, Mr. Williams states that it is his belief that "the FCC views that it is the originating carrier's responsibility to deliver local traffic for termination and that the costs associated with fulfilling that responsibility are not a number portability cost." What is your response to this statement?**

1   **A.   Mr. Williams’ statements are inconsistent and should be rejected. First he argues**  
2       **that Midstate should be required to install new facilities to deliver ported calls to**  
3       **Western Wireless and then he argues that the cost of those facilities are not number**  
4       **portability costs.**

5   **Q.   At page 20, lines 13-16, Mr. Williams states that “[t]he routing methods proposed by the**  
6       **Petitioners are inefficient in that they make little or no utilization of existing equipment**  
7       **and shared facilities currently used to exchange calls with other carriers.” How do you**  
8       **respond?**

9   **A.   The routing methods reflected in the cost exhibit attached to Midstate’s Petition are**  
10       **based on the current routing arrangements that Midstate has in place with other**  
11       **carriers, namely, calls that are dialed on a local 7-digit basis are routed via direct**  
12       **connections. For example, where there is a direct connection between Midstate and**  
13       **Western Wireless, customers in that exchange can call a Western Wireless customer**  
14       **on a local 7-digit basis. Therefore, if calls to numbers ported to a carrier are to be**  
15       **dialed on a local 7-digit basis, a direct connection needs to be established between**  
16       **the carriers.**

17   **Q.   Would Western Wireless’ routing proposal have impacts to Midstate beyond LNP?**

18   **A.   Yes. It is my understanding that Western Wireless’ proposal would increase Mid-**  
19       **state’s costs. First, Western Wireless’ proposal would require Midstate to pay for**  
20       **new facilities to the tandem provider that it does not need for any purpose other**  
21       **than to route calls to ported numbers to wireless carriers. Second, Midstate would**  
22       **most likely have to pay transit traffic charges to the tandem provider for transport-**  
23       **ing the traffic to the wireless carriers. Third, in response to Interrogatory 16.b.,**

1       **Western Wireless indicates that Midstate would be required to pay reciprocal com-**  
2       **penetration on calls to ported numbers, even if Midstate does not pay compensation**  
3       **on such calls today. (See Western Wireless Response to Interrogatory 16.b. at-**  
4       **tached to the Rebuttal Testimony of Steven E. Watkins.)**

5    Q.    Is there any other impact?

6    A.    **Yes. It appears that Western Wireless' proposal would create a regulatory arbi-**  
7       **trage scenario that could lead to the loss of access revenues. Today, certain calls to**  
8       **wireless carriers are routed to interexchange carriers. For example, if Midstate**  
9       **Customer A calls Western Wireless Customer B in an exchange where there is no**  
10       **direct connection and no EAS arrangement, Midstate Customer A incurs a toll**  
11       **charge. However, under Western Wireless' proposal, it is my understanding that if**  
12       **Midstate Customer A calls Western Wireless Customer B, who now has a number**  
13       **ported from Midstate, Midstate Customer A would be charged for a local call. Cus-**  
14       **tomers may be encouraged to "give up" their existing wireless numbers and obtain**  
15       **wireline numbers for the sole purpose of porting that number to avoid toll charges.**  
16       **This is not only a bad public policy result, but also simply a bad faith attempt to**  
17       **avoid an important contract provision upon which Western Wireless has already**  
18       **agreed with our company.**

19   Q.    Does this conclude your rebuttal testimony?

20   A.    **Yes.**

CERTIFICATE OF SERVICE


The undersigned hereby certifies that she served a copy of the foregoing **REBUTTAL TESTIMONY** 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:

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

Talbot J. Wiczorek  
Gunderson, Palmer, Goodsell & Nelson, LLP  
P. O. Box 8045  
Rapid City, South Dakota 57709-8045

David A. Gerdes  
MAY, ADAM, GERDES & THOMPSON  
P. O. Box 160  
Pierre, South Dakota 57501

Dated this fifteenth day of June, 2004.

  
\_\_\_\_\_  
Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889

**RECEIVED**

BEFORE THE PUBLIC UTILITIES COMMISSION

JUN 15 2004

OF THE STATE OF SOUTH DAKOTA

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

IN THE MATTER OF THE PETITION  
OF KENNEBEC TELEPHONE COM-  
PANY, BERESFORD MUNICIPAL  
TELEPHONE COMPANY, MIDSTATE  
COMMUNICATIONS, INC., WESTERN  
TELEPHONE COMPANY, RC COM-  
MUNICATIONS, INC., AND ROBERTS  
COUNTY TELEPHONE COOPERATIVE  
ASSN. FOR SUSPENSION OR MODIFI-  
CATION OF § 251(b)(2) OF THE COM-  
MUNICATIONS ACT OF 1934 AS  
AMENDED

Docket No. TC04-025  
Docket No. TC04-048  
Docket No. TC04-052  
Docket No. TC04-053  
Docket No. TC04-056

**REBUTTAL TESTIMONY OF DAN DAVIS**

**ON BEHALF OF THE ABOVE-NAMED COMPANIES**

**June 14, 2004**

**REBUTTAL TESTIMONY OF DAN DAVIS**

1  
2  
3 Q. **Please State your name, Employer, Business Address and Telephone Num-**  
4 **ber.**

5  
6 A. My name is Dan Davis. I am employed with TELEC Consulting Resources Inc.  
7 My business address is 233 South 13<sup>th</sup> Street, Suite 1225, Lincoln Nebraska,  
8 68508. My Telephone number is (402) 441-4315.

9 Q. **Did you file Direct Testimony in the Applications listed above in this**  
10 **proceeding?**

11  
12 A. Yes. I filed direct testimony on behalf of the companies listed above (to be re-  
13 ferred to as the "RLECs") on May 14, 2004.

14 Q. **Have you read the direct testimony of Mr. Ron Williams on behalf of West-**  
15 **ern Wireless Corporation?**

16  
17 A. Yes, I have.  
18

19 Q. **What is the purpose of your rebuttal testimony?**  
20

21 A. The primary purpose of my rebuttal testimony is to respond to the testimony of  
22 Mr. Williams in regard to cost issues that he discussed in his testimony.

23 Q. **Mr. Williams claims that the Petitioners grossly overstate the implementa-**  
24 **tion and operational costs of LNP. (p.16:20-21;p.17;1-2) Has Mr. Williams**  
25 **provided evidence to support his claim?**  
26

27 A. No, he has not. Mr. Williams' claim is not backed by any supporting evidence or  
28 documentation. Review of Exhibit 5A attached to Mr. Williams testimony re-  
29 veals that he adjusted non-recurring cost items relating to "Other Internal Costs",  
30 "SOA Non-recurring set up charge," and "Non-recurring transport charges" as  
31 well as all of the monthly recurring cost categories. Mr. Williams' proposed  
32 changes to non-recurring and recurring costs have been arbitrarily reduced with-  
33 out any basis in facts.

1 I have attached Exhibit R1 to my rebuttal testimony that summarizes and com-  
2 pares the RLECs' cost exhibits that were filed with my May 14, 2004 testimony  
3 with the cost estimates that were filed by Mr. Williams on May 28, 2004.

4 Q. **Mr. Williams claims that the costs included in the category "Other Internal**  
5 **Costs" are overstated. (p.17:5-11) Do you agree with Mr. Williams?**

6  
7 A. No, I do not. Mr. Williams claims that the costs in this category are overstated  
8 because "the Petitioners have included costs to deal with 'Contracts for Porting'  
9 and costs related to the development of 'Intercarrier Porting Forms'." The  
10 RLECs have included costs for porting contracts because wireless carriers, includ-  
11 ing Western Wireless, have sent Local Number Portability Operations Agree-  
12 ments to the RLECs to govern the porting of telephone numbers between the  
13 wireline and wireless networks. I have attached copies of porting agreements sent  
14 to RLECs to this rebuttal testimony marked as Exhibit R2. Thus, these costs are  
15 undeniable.

16 Mr. Williams also claims that the costs related to the development of "Intercarrier  
17 Porting Forms" are also grossly overstated since porting forms are available to  
18 any carrier for a nominal fee. However, the costs included in this subcategory are  
19 not the costs associated with obtaining a porting form. The costs included in this  
20 subcategory are associated with obtaining the data to complete the form, complet-  
21 ing the form itself, and interacting with the wireless provider to confirm an under-  
22 standing and agreement with the information as compiled on the form. Based  
23 upon the information necessary to complete the Trading Partner Profile and port-  
24 ing questionnaires, an average of ten man-hours per Trading Partner Profile is a  
25 reasonable estimation of time required for this process. I have attached examples

1 of Trading Partner Profile forms and porting questionnaires to this rebuttal testi-  
2 mony marked as Exhibit R3.

3 Q. Mr. Williams' states that some Petitioners have included non-recurring costs  
4 for an automated SOA interface (p. 17:11-13). What amount of costs did the  
5 RLECs use on Exhibit 2 on the line entitled "SOA Non-recurrring set up  
6 charge" that was attached to Direct Testimony?

7  
8 A. The RLECs did not include any non-recurring costs on the line entitled "SOA  
9 Non-recurring set-up charge" on Exhibit 2 that was attached to my direct testi-  
10 mony.

11 Q. Mr. Williams states that Beresford has claimed a nonrecurring charge of  
12 \$1,800 and a monthly recurring charge of \$1,200 for Service Order Admini-  
13 stration. Do you believe Mr. Williams has reviewed Exhibit 2 that was at-  
14 tached to your direct testimony?

15  
16 A. No, I do not. It appears that Mr. Williams' review of the RLECs cost analysis  
17 was using Exhibit 1 attached to discovery. The non-recurring cost as shown on  
18 Exhibit 2 for Beresford is zero. The recurring costs as shown on Exhibit 2 for  
19 Beresford were \$135 per month. In order to show a causal relationship between  
20 demand and costs, Beresford assumed three ports per month at an average cost of  
21 \$45 per port.

22 The RLECs, including Beresford, calculated the average cost per port assuming  
23 each port would require three contacts with the service bureau. Given the low  
24 level of demand and the resulting lack of learning plateau, communications with  
25 the service bureau can be expected to be more cumbersome than in an environ-  
26 ment where routine processing of ports occurs.

27 Q. Mr. Williams has eliminated all costs from the line entitled "Other Recurring  
28 Costs." Will you please identify what costs are represented on the line item  
29 on Exhibit 2 entitled "Other Recurring Costs"?  
30



1 A. Yes. These are the costs associated with the RLEC personnel processing a port-  
2 ing order through multiple internal and external processes and systems. These  
3 costs would include receiving the LSR forms and reviewing the LSR for accuracy  
4 against the RLECs internal records and verifying that the LSRS are filled out in  
5 compliance with the Ordering and Billing Forum standards. If the LSRs are de-  
6 termined to be accurate and there are no conflicts for which the RLEC needs to  
7 contact the wireless provider on, the RLEC personnel can then send the new ser-  
8 vice provider a Firm Order Confirmation. Once the FOC has been sent to the new  
9 service provider, the RLEC will contact the SOA service bureau, the time that is  
10 included in the category. Internal work orders will be initiated, processed and fi-  
11 nalized in order to activate the unconditional ten digit trigger on the correct date,  
12 to test and verify calls are being properly routed to the ported number, to discon-  
13 nect the end-user and ported number from the switch, to verify that the number  
14 can not be reassigned on the switch and in the customer service records, update  
15 billing records, and complete performance measurement analysis.  
16 Based upon the multiple manual processes involved, the RLECs estimated five  
17 hours per port.

18 Q. **Do you have any other comments with regarding Mr. Williams' cost esti-**  
19 **mates?**

20  
21 A. Yes. In its reply to supplemental discovery, Western Wireless projected that each  
22 RLEC would experience porting demand. Yet, in Mr. Williams' cost exhibits, he  
23 fails to include, with the exception of Beresford, any monthly recurring costs as-  
24 sociated with porting activity. I have included porting related costs on the lines  
25 entitled "SOA Monthly Charge" and "Other Recurring Costs." In addition, if

1 Western Wireless' estimates of ports are correct as shown in Response to Inter-  
2 rogatory 13.f., there will be fewer RLEC access lines than are shown on the cost  
3 exhibits, resulting in a higher cost per line per month. (Western Wireless' Re-  
4 sponses to Interrogatories are attached to the Rebuttal Testimony of Steven E.  
5 Watkins.)

6 **Q. Will you please explain the RLECs' rationale for using DS1 direct connec-**  
7 **tions in the cost analysis?**

8  
9 **A.** Yes, I will. Currently, RLECs do not route local traffic outside of their exchange  
10 boundaries. With intermodal LNP, a call to a number ported to a wireless carrier  
11 will terminate, in most cases, at a point of interconnection or switch located out-  
12 side of an RLEC exchange. If an RLEC routes a call to such a ported number  
13 over current equal access Feature Group D facilities, the customer would receive  
14 a recording instructing the customer to redial the number using one plus the NPA-  
15 NXX. To route the call as a local call would require the use of direct connections  
16 to each wireless provider.

17 In addition, the specified means provided in interconnection agreements between  
18 the RLECs and Western Wireless to route local traffic between the RLECs and  
19 Western Wireless is through the use of direct connections.

20 **Q. Mr. Williams states that it is unclear that any of the costs included in this line**  
21 **item concerning transport costs are recoverable under the FCC's rules per-**  
22 **taining to recovery via a line item surcharge on telecommunications custom-**  
23 **ers. (p. 19: 6-8) Have you addressed this issue in your direct testimony filed**  
24 **on May 14, 2004?**

25  
26 **A.** Yes, I have addressed transport cost recovery on pages 17 and 18 of my direct tes-  
27 timony.

1 Q. **Did Mr. Williams address whether or not the Commission should grant a**  
2 **suspension or modification of the LNP requirement as implemented by the**  
3 **FCC pursuant to Section 251(f)(2)(A)(i) (significant adverse economic impact**  
4 **on telecommunications users generally) of the Act?**

5  
6 A. No, he did not. This omission from Mr. Williams' testimony is particularly tell-  
7 ing because the costs that are associated with LNP implementation, that would be  
8 passed on to end users in the form of an FCC end user surcharge or an increase in  
9 local rates, would create a significant adverse economic impact on users, and the  
10 public interest, convenience and necessity would not be served by the implemen-  
11 tation of LNP in rural areas of South Dakota.

12 Q. **In Mr. Williams' Testimony (p. 21: 5-7), there is a claim that little or no in-**  
13 **vestment would be avoided by delaying the implementation of number port-**  
14 **ability. Do you agree?**

15  
16 A. No. LNP investment requirements may change based on the outstanding issues  
17 pending at the FCC. For example, the FCC, in its November 10, 2003 "Further  
18 Notice of Proposed Rulemaking," sought input from the North America Number-  
19 ing Council ("NANC") on reducing the porting interval for intermodal porting.  
20 The FCC also requested NANC to provide any recommendations on an appropri-  
21 ate transition period. The Intermodal Porting Interval Issue Management Group  
22 ("IMG") was formed to address these issues for the FCC. Based upon IMG's  
23 analysis, it determined that shortening the porting interval to approximately two  
24 days was the best interval based from a cost/benefit analysis. The IMG also esti-  
25 mated that the industry would need approximately 24 months to implement this  
26 proposal.<sup>1</sup>

---

<sup>1</sup> *NANC Report & Recommendation on Intermodal Porting Intervals*, Prepared for the NANC by the Inter-  
modal Porting Interval Issue Management Group, May 3, 2004, at p. 4.

1 The IMG, in addressing rural telephone company impacts, stated that in order to  
2 support a shorter porting interval, service providers will need to change internal  
3 operating software and business practices and to implement mechanized systems  
4 and automated interfaces with other carriers. Based upon the IMG proposal, the  
5 exchange and approval of information on the local service request forms and the  
6 firm order confirmation forms would need to occur within a five-hour window in-  
7 stead of the current 24-hour window. Forms and processes used to exchange in-  
8 formation between carriers requiring manual intervention would need to be  
9 mechanized and automated to assure the five-hour standard could be met. I note  
10 that the IMG states that the FCC should recognize that this may cause economic  
11 impacts on rural telephone companies that may not be justified considering the  
12 size of the customer base and customer density.<sup>2</sup>

13 Thus, if the RLECs implement LNP before the porting interval and other ques-  
14 tions are resolved, they may utilize systems and interfaces that would have to be  
15 replaced once issues, like the porting interval, are addressed. This would, in ef-  
16 fect, result in a “double” LNP investment.

17 A suspension of the LNP requirement until after the FCC has decided the porting  
18 interval and other issues would allow RLECs to avoid the investment required to  
19 implement and modify systems and processes required under the current industry  
20 porting standard.

21 Q. What would be the timeframe required for the RLECs to fully implement,  
22 test, and place LNP into commercial service, if required to do so?  
23

---

<sup>2</sup> Id. at p. 25.

1    A.     Based upon my analysis of LNP implementation, it would take the RLECs three  
2           to six months to implement LNP depending on the number of switches, whether  
3           additional hardware and/or software needs to be installed, and the availability of  
4           support personnel.

5    Q.     **Does this conclude your testimony?**

6  
7    A.     Yes, it does.

CERTIFICATE OF SERVICE

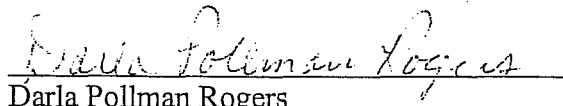
The undersigned hereby certifies that she served a copy of the foregoing **REBUTTAL TESTIMONY** upon the persons herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Pierre, South Dakota, postage prepaid, in an envelope addressed to each said addressee, to-wit:

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

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

David A. Gerdes  
MAY, ADAM, GERDES & THOMPSON  
P. O. Box 160  
Pierre, South Dakota 57501

Dated this fifteenth day of June, 2004.

  
\_\_\_\_\_  
Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889

## Exhibit R1

Cost Comparison  
RLECs Exhibit 2 to WWC 5A

LNP Exhibit 2 SD Companies  
Total Estimated LNP Non-recurring and Recurring Costs

LNP Non-recurring Costs

Switch Upgrade Costs  
Internal Business Procedure Changes  
Inter-carrier Testing  
Other Internal Costs  
LNP Query set up  
SOA Non-recurring set up charge  
Customer Notification Costs  
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  
Other Recurring Costs  
Total Recurring Monthly Costs excluding Transport

Transport

Total Recurring Monthly Costs including Transport

Monthly Cost Calculations per line

Total Nonrecurring cost per month excluding transport amortized over five years  
Total Nonrecurring cost per month including transport amortized over five years

Total cost per month excluding transport  
Total cost per month including transport

Access Lines excluding Lifeline

LNP cost per line per month excluding transport  
LNP cost per line per month including transport  
LNP cost per line per month excluding transport with Surcharges and Taxes  
LNP cost per line per month including transport with Surcharges and Taxes

Exhibit 2 filed 5-14-04	WWC 5A filed 5-28-04	Exhibit 2 filed 5-14-04	WWC 5A filed 5-28-04	Exhibit 2 filed 5-14-04	WWC 5A filed 5-28-04	Exhibit 2 filed 5-14-04	WWC 5A filed 5-28-04	Exhibit 2 filed 5-14-04	WWC 5A filed 5-28-04
Beresford	Beresford	Kennebec	Kennebec	Midstate	Midstate	RC/Roberts	RC/Roberts	Western Tel	Western Tel
\$ 16,612	\$ 16,612	\$ 47,979	\$ 47,979	\$ 82,110	\$ 68,160	\$ 29,900	\$ 29,360	\$ 145,987	\$ 145,987
\$ 11,962	\$ 11,962	\$ 20,426	\$ 20,426	\$ 3,229	\$ 3,229	\$ 15,318	\$ 15,318	\$ 8,589	\$ 8,589
\$ 5,299	\$ 5,299	\$ 4,088	\$ 3,000	\$ 4,247	\$ 4,247	\$ 4,915	\$ 4,915	\$ 1,970	\$ 2,652
\$ 20,723	\$ 15,000	\$ 25,061	\$ 15,000	\$ 19,474	\$ 15,000	\$ 22,319	\$ 15,000	\$ 19,062	\$ 15,000
\$ 190	\$ 190	\$ 190	\$ -	\$ 1,900	\$ 190	\$ 380	\$ 190	\$ 190	\$ 190
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,119	\$ 1,062	\$ 825	\$ 825	\$ 2,434	\$ 1,094	\$ 1,367	\$ 1,299	\$ 982	\$ 933
\$ 55,905	\$ 50,125	\$ 98,569	\$ 87,230	\$ 113,394	\$ 91,920	\$ 74,199	\$ 66,082	\$ 176,780	\$ 173,351
\$ 1,401	\$ 400	\$ 1,401	\$ -	\$ 3,870	\$ 400	\$ 2,801	\$ 800	\$ 1,401	\$ 400
\$ 57,306	\$ 50,525	\$ 99,970	\$ 87,230	\$ 117,264	\$ 92,320	\$ 77,000	\$ 66,882	\$ 178,181	\$ 173,751
\$ 135	\$ 30	\$ 90	\$ -	\$ -	\$ -	\$ 180	\$ -	\$ 135	\$ -
\$ 150	\$ 197	\$ 150	\$ -	\$ 1,500	\$ 619	\$ 300	\$ 292	\$ 150	\$ 148
\$ 293	\$ -	\$ 141	\$ -	\$ 788	\$ -	\$ 400	\$ -	\$ 134	\$ -
\$ 578	\$ 227	\$ 381	\$ -	\$ 2,288	\$ 619	\$ 880	\$ 292	\$ 419	\$ 148
\$ 1,926	\$ 118	\$ 4,837	\$ -	\$ 7,749	\$ 295	\$ 9,967	\$ 177	\$ 4,996	\$ 118
\$ 2,504	\$ 345	\$ 5,218	\$ -	\$ 10,037	\$ 914	\$ 10,847	\$ 469	\$ 5,415	\$ 266
\$ 1,222	\$ 1,096	\$ 2,155	\$ 1,907	\$ 2,480	\$ 2,010	\$ 1,623	\$ 1,445	\$ 3,866	\$ 3,791
\$ 1,253	\$ 1,105	\$ 2,186	\$ 1,907	\$ 2,564	\$ 2,019	\$ 1,684	\$ 1,463	\$ 3,896	\$ 3,799
\$ 1,800	\$ 1,323	\$ 2,536	\$ 1,907	\$ 4,768	\$ 2,629	\$ 2,503	\$ 1,737	\$ 4,285	\$ 3,939
\$ 3,757	\$ 1,450	\$ 7,404	\$ 1,907	\$ 12,601	\$ 2,933	\$ 12,531	\$ 1,932	\$ 9,311	\$ 4,065
1,418	1,418	735	735	4,762	4,762	2,037	2,037	1,080	1,080
\$ 1.27	\$ 0.93	\$ 3.45	\$ 2.60	\$ 1.00	\$ 0.55	\$ 1.23	\$ 0.85	\$ 3.97	\$ 3.65
\$ 2.65	\$ 1.02	\$ 10.07	\$ 2.60	\$ 2.65	\$ 0.62	\$ 6.15	\$ 0.95	\$ 8.62	\$ 3.76
\$ 1.46		\$ 3.97		\$ 1.15		\$ 1.41		\$ 4.56	
\$ 3.05		\$ 11.58		\$ 3.04		\$ 7.07		\$ 9.91	



## Exhibit R2

**AGREEMENT**  
**WIRELESS-WIRELINE NUMBER PORTABILITY**

by and between

**Verizon Wireless**

and

**Beresford Municipal Telephone Company**

THIS WIRELESS-WIRELINE NUMBER PORTABILITY SERVICE AGREEMENT ("Agreement") by and between Cellco Partnership d/b/a Verizon Wireless (a Delaware general partnership) and the Verizon Wireless Entities (collectively "Verizon Wireless"), each having an office and principal place of business at 180 Washington Valley Road, Bedminster, New Jersey 07921, and **Beresford Municipal Telephone Company**, on behalf of itself and its Affiliates (collectively "Carrier"), with offices located at 101 North 3 Rd Street, Beresford, SD 57004-1796. Verizon Wireless and Carrier may be collectively referred to as the "Parties" and individually as a "Party."

WHEREAS, the above named Parties wish to enter into an Agreement with each other and to be in compliance with the applicable rules and regulations of the Federal Communications Commission ("FCC Rules and Regulations").

WHEREAS, the Parties wish to enter into an Agreement to facilitate the ability of Customers to retain existing telephone numbers without impairment of quality, reliability, or convenience when switching from one of the Parties to this Agreement to the other Party to this Agreement through Local Number Portability.

WHEREAS, the Parties wish to enter into an Agreement to establish practices and procedures to ensure that Customer requests to port numbers are achieved efficiently, with minimal delays, except as required to validate a port request.

THEREFORE, the Parties wish to enter into this Agreement on the following terms and conditions:

**1. TERM**

This Agreement shall become effective in accordance with Section 34 ("Effective Date") and, except as otherwise provided in this Agreement, shall continue in full force and effect until either Party terminates the Agreement by providing notice of termination in writing to the other Party at least thirty (30) days in advance of such termination pursuant to the Notice provisions set forth in Section 18 of this Agreement. Upon termination, the Parties shall continue to provide Local Number Portability as may be required by Applicable Law.

**2. CIRCUMSTANCES OF DEFAULT**

A Party shall be in default under this Agreement if such Party:

- 2.1 Becomes insolvent, liquidates, is adjudicated as bankrupt, makes an assignment for the benefit of creditors, invokes any provision of law for the relief of debtors, or initiates any proceeding seeking protection from its creditors; and/or

- 2.2 Violates any applicable laws, statutes, or other legal requirements with respect to this Agreement; and/or
- 2.3 Fails to perform any material term, condition, or covenant of this Agreement and such Party fails to cure such nonperformance within thirty (30) calendar days of receipt of written notice of such default from the non-defaulting Party ("Cure Period"). Upon expiration of said Cure Period, the non-defaulting Party shall have the right to seek applicable remedies under this Agreement. When a default cannot be reasonably cured within the Cure Period, the time for cure may be extended by agreement of the Parties for such period of time as may be reasonably necessary to complete such cure, provided the defaulting Party shall have proceeded promptly to cure such default and shall continue to prosecute such curing with due diligence.
- 2.4 Notices hereunder shall be given to the Notice address set forth in Section 18.

### **3. REMEDIES AND TERMINATION**

- 3.1 In the event of default under this Agreement (and with respect to a default under Section 2.3, the Cure Period stated therein), the non-defaulting Party shall have the right, at its option, to suspend performance under this Agreement or to terminate this Agreement without further liability upon providing written notice of such termination to the defaulting party pursuant to the Notice provisions set forth in Section 18.
- 3.2 This Agreement may be affected by changes, modifications, orders, and rulings of regulatory bodies, including the FCC, to the extent competent jurisdiction otherwise exists. Each Party shall promptly notify the other Party in writing of any governmental action that limits, suspends, cancels, withdraws, or otherwise materially affects the notifying Party's ability to perform its obligations under this Agreement. In the event a material modification is made to the obligations of a Party set forth in this Agreement, which materially affects the obligations of a Party hereunder, then either Party may terminate this Agreement pursuant to Section 1 of this Agreement. If neither Party exercises such a right of termination, and any legislative, regulatory, judicial or other governmental decision, order, determination or action, or any change in applicable law, materially affects any material provision of this Agreement, the rights or obligations of a Party hereunder, or the ability of a Party to perform any material provision of this Agreement, the Parties shall promptly renegotiate in good faith and amend in writing this Agreement in order to make such mutually acceptable revisions to this Agreement as may be required in order to conform the Agreement to Applicable Law.
- 3.3 The rights set forth in Sections 2 and 3 of this Agreement are in addition to, and not in limitation of, any other right or remedy that a non-defaulting party may have at law or in equity.
- 3.4 Notices hereunder shall conform to the Notice provisions set forth in Section 18.

### **4. DEFINITIONS**

Unless the context clearly indicates otherwise, when a term listed in these Definitions is used in the Agreement, the term shall have the meaning stated in these Definitions. A defined term intended to convey the meaning stated in these Definitions is capitalized

when used. Other terms that are capitalized, and not defined in these Definitions or elsewhere in the Agreement, shall have the meaning stated in the Act.

- 4.1 Act: The Communications Act of 1934 (47 U.S.C. 151 et. seq.), as amended.
- 4.2 Affiliate: Shall have the meaning set forth in the Act.
- 4.3 Agreement: This Agreement including all appendices attached hereto, orders by a Party that have been accepted by the other Party, future amendments, modifications and supplements made in accordance herewith.
- 4.4 Applicable Law: All effective laws, government regulations and government orders, applicable to each Party's performance of its obligations under this Agreement.
- 4.5 Assigned Telephone Number: A telephone number that is assigned to a Customer that can originate and terminate telephone calls through the Public Switched Telephone Network. An Assigned Telephone Number may be a suspended telephone number unless that telephone number was suspended for fraud but, for avoidance of doubt, will not include a telephone number that has been disconnected.
- 4.6 Commercial Mobile Radio Service ("CMRS"): Shall be as defined by the FCC.
- 4.7 Customer Proprietary Network Information ("CPNI"): Shall have the meaning set forth in Section 222 of the Act, 47 U.S.C. Section 222.
- 4.8 Customer: An end user and subscriber to the services provided by either of the Parties.
- 4.9 Customer Information: CPNI of a Customer and any other non-public, individually identifiable information about a Customer or, if applicable, the purchase by a Customer of the services or products of a Party.
- 4.10 Customer Service Records ("CSR"): The records that contain the identity, service address, rate plan or plans, and other information on the Customer.
- 4.11 Electronic Data Interface ("EDI"): A data interface for exchange of information between providers.
- 4.12 End Office: A switching entity used in performing, originating and terminating functions for calls to or from Customers. As used in this Agreement, the term End Office shall be used in reference to End Office Switches used by Carrier and other wireline carriers.
- 4.13 Inter-carrier Communications Process ("ICP"): The communication process between the OSP and the NSP, which validates the Customer information and initiates and completes the port request. The ICP includes the exchange of the LSR/LR.
- 4.14 Local Number Portability ("LNP"): Shall have the meaning set forth in the Act.
- 4.15 Local Service Request ("LSR"): Forms containing information about a Customer who desires to port a telephone number to the NSP. A sample LSR and

descriptions of the fields therein can be found in the Local Service Ordering Guidelines ("LSOG").

- 4.16 Location Routing Number ("LRN"): Ten-digit number assigned to a switch or point of interconnection used for routing calls.
- 4.17 Metropolitan Statistical Areas ("MSA"): An MSA denotes a large urban population market as designated by the U.S. government.
- 4.18 Mobile Switching Center ("MSC"): A CMRS carrier's switching entity used to perform originating, transit and terminating functions for calls to and from end users, also referred to as Mobile Telecommunications Switching Office or "MTSO."
- 4.19 New Service Provider ("NSP"): The new provider that will provide service to the Customer and to whom the Customer ports its Assigned Telephone Number.
- 4.20 Number Portability Administration Center ("NPAC"): A neutral third party center that processes porting information from and disseminates that information to telecommunication carriers. The NPAC processes the NSP subscriber port request and downloads the LRN associated with the subscriber ported telephone number to local number portability databases.
- 4.21 Old Service Provider ("OSP"): The provider providing service to the Customer at the time the Customer requests porting of the Assigned Telephone Number.
- 4.22 Verizon Wireless Entities: Any FCC-licensed entity doing business as Verizon Wireless and/or directly or indirectly controlled by Cellco Partnership.

## 5. INFORMATION

The Parties acknowledge that Customer Information may be exchanged between the Parties and may be subject to legal restrictions on its use or disclosure, including without limitation laws relating to CPNI. The Parties may only obtain and use such restricted Customer Information in accordance with applicable laws and the restrictions contained in this Agreement. Prior to initiating a port request with the OSP, the NSP shall obtain consent from the Customer that permits the OSP to release to and/or to confirm with the NSP the information about the Customer that was sought by the NSP in the port request process. The NSP shall indemnify, defend, and hold harmless the OSP from and against any liabilities, claims, or demands, including costs, and expenses (including reasonable attorneys' fees) arising from or relating to any failure on the part of the NSP to obtain from the Customer consent for the OSP to release/confirm information about the Customer that was or is sought by the NSP in the port request process.

## 6. NUMBER PORTABILITY

### 6.1 Scope

The Parties shall provide LNP on a reciprocal basis pursuant to this Agreement in accordance with FCC Rules and Regulations as may be prescribed from time to time. "Delay" or "denial" of ports between Parties shall only occur in the event a Party is unable to complete the validation of those validation elements expressly set forth in Appendix A.

### 6.2 Procedures for Providing LNP

The Parties will follow the porting intervals applicable to wireline-wireline porting more specifically described in the North American Numbering Council's Local Number Portability Administration Selection Working Group, dated April 25, 1997, Appendix E, Section 7.1, Figure 1 until such time as the FCC adopts an LNP provisioning process flow and porting intervals for Inter-Service Provider LNP applicable between wireline and wireless carriers, at which time the Parties will follow LNP provisioning process flow and porting intervals established by the FCC. In addition, the Parties agree to follow the LNP ordering procedures established at the OBF for porting of Assigned Telephone Numbers.

- 6.2.1 For purposes of this Section 6, "Party A" refers to a Party whose Customer elects to become a Customer of the other Party ("Party B") and to utilize the original telephone number(s) corresponding to the service(s) it previously received from Party A, in conjunction with the service(s) it will now receive from Party B. Upon Party B receiving authorization from the Customer in accordance with Applicable Law and sending an LNP order to Party A, Parties A and B will work together to port the Customer's telephone number(s) from Party A's network to Party B's network.
- 6.2.2 When a telephone number is ported out of the Carrier network, Carrier will remove all line-based features and calling card(s) associated with the ported number(s) from its Line Information Database ("LIDB"). Reactivation of the line-based calling card in another LIDB, if applicable, is the responsibility of Verizon Wireless or the Customer.
- 6.2.3 When a Customer's number is ported between the Parties, Carrier will follow the 911 Guidelines recommended by the National Emergency Number Association ("NENA") with regard to emergency services databases.
- 6.2.4 When Party A ports telephone numbers of its Customer to Party B and the Customer has previously secured a reservation of line numbers from Party A for possible activation at a future point, these reserved but inactive numbers may be ported along with the active numbers to be ported provided the numbers have been reserved for the Customer. Party B may request that Party A port all reserved numbers assigned to the Customer or that Party A port only those numbers listed by Party B. As long as Party B maintains reserved but inactive numbers ported for the Customer, Party A shall not reassign those numbers. Party B shall not reassign the reserved numbers to another Customer.
- 6.2.5 NXX codes shall be portable in accordance with FCC Rules and Regulations except those permitted to be designated non-portable by the same FCC Rules and Regulations. The Parties, moreover, shall ensure that all switches, whether currently owned or hereafter acquired, are upgraded to facilitate LNP to the extent required by FCC Rules and Regulations.
- 6.2.6 Numbers can be ported to and from carriers whose licensed areas overlap and where the receiving carrier has the ability to provide service, as applicable. Porting numbers under these circumstances does not require modification and/or changes to current transport agreements.

### 6.3 LNP Ordering Procedures

### 6.3.1 Numbers to be ported from Carrier to Verizon Wireless

6.3.1.1 Orders for LNP shall be submitted by VZW to Carrier using an LSR either via web GUI, FAX or EDI. Verizon Wireless shall submit LSRs to port numbers only on behalf of itself and entities for which it has authority to act.

6.3.1.2 Instructions for submitting an LSR to Carrier are available via [TBD – identify where instructions are found].

### 6.3.2 Numbers to be ported from Verizon Wireless to Carrier

6.3.2.1 Orders for LNP shall be submitted by Carrier to Verizon Wireless utilizing validation information as required by Verizon Wireless and as applied to all other wireline carriers.

6.3.2.2 Instructions for submitting a validation request to Verizon Wireless will be provided via the Verizon Wireless process agreed to by the Parties.

## 6.4 Procedures for Providing LNP Through Full NXX Code Migration

When a Party has activated an entire NXX code for a single Customer and such Customer chooses to receive service from the other Party, the Parties shall follow the procedures set forth in the Industry Number Committee ("INC") Guideline 95-0407-0008 Central Office Code (NXX) Assignment Guidelines Section 7.

## 6.5 Procedures for Providing LNP Using Type 1 Numbers

Upon request of Verizon Wireless, the Parties will work together to migrate telephone numbers assigned to Type 1 trunks to the Verizon Wireless switch.

## 6.6 Procedures for Requesting LNP Capability

Either Party may submit a written request that the other Party upgrade any of its End Offices/MSCs to become LNP capable.

6.6.1 If either Party desires to have LNP capability deployed in an End Office/MSOC of the other Party that is not currently capable, the requesting Party shall issue an LNP request to the other Party. The Party receiving such request will respond to the requesting Party within ten (10) calendar days of receipt of the request with a date for which LNP will be available in the requested End Office/MSOC. The Party receiving the request shall proceed to provide for LNP in compliance with the procedures and timelines set forth in FCC Rules and Regulations.

6.6.2 The Parties will each be responsible for updating the LERG to reflect the LNP capabilities of their respective End Offices/MSOCs.

6.7 The Parties acknowledge and agree that telecommunications system interruptions or service outages may occur which may delay the processing of port requests. The Parties shall use best reasonable efforts to avoid such interruptions or outages and with respect to scheduled outages or maintenance

activities shall work with each other to schedule them so as to minimize disruptions to subscribers. Scheduled interruptions/maintenance should adhere to standard industry agreed upon maintenance windows for the NPAC.

## **7. TROUBLE, MAINTENANCE AND REPAIR**

- 7.1 Both Parties agree to work expeditiously to resolve any issues associated with porting a Customer between the two Parties. Before either Party reports a trouble condition, that Party must first use commercially reasonable efforts to isolate the trouble to the other Party's actions or facilities. In order to facilitate trouble reporting and resolution, the Parties shall provide the trouble reporting contact information, per Section 22 of this Agreement. It is the responsibility of each Party to maintain the accuracy of its contact information and to notify the other Party of changes and modifications.
- 7.2 As part of the commitments set forth in Section 7.1 of this Agreement, each 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.

## **8. DIRECTORY LISTINGS**

This Agreement does not govern or authorize the inclusion of listings in directories that may be published by a Party. Verizon Wireless shall not indicate on an LSR to be submitted to Carrier that it seeks for a ported number to be listed in a Carrier directory. Any listings shall be subject to separate agreement.

## **9. FRAUD**

The Parties agree to cooperate in good faith with each other to investigate, minimize, and take corrective action in cases of fraud related to number portability. Each Party assumes responsibility for all fraud related to number portability associated with its Customers and accounts. Neither Party shall bear responsibility for, and shall have no obligation to investigate or make adjustments to, the accounts of the other Party in cases of fraud by the other Party's Customers or other third parties.

## **10. COSTS**

The Parties to this Agreement will be responsible for their own costs incurred in implementing this Agreement.

## **11. USE OF TRADEMARKS**

The Parties agree that they will not use the name, service marks or trademarks of the other Party or any of its affiliated companies in any manner whatsoever without such Party's specific written consent, which consent the other Party may grant or withhold in its sole discretion. Neither Party is licensed hereunder to conduct business under any logo, trademark, service or trade name (or any derivative thereof) of the other Party. Neither Party shall issue any press release or other publicity concerning this Agreement without the prior written consent of the other Party, which consent the other Party may grant or withhold in its sole discretion. Neither Party may imply any direct or indirect affiliation with or sponsorship or endorsement of it or its services or products by the other Party. Any violation of this Section 11 shall be considered a material breach of this Agreement.



**12. COMPLIANCE WITH LAWS**

The Parties shall comply with all federal, state and local laws applicable to their performance hereunder. Neither Party shall be liable for any delay or failure in performance by it that results from requirements of Applicable Law, or acts or failures to act of any governmental entity or official.

**13. FORCE MAJEURE**

Neither Party shall be responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay or failure results from causes beyond its reasonable control ("Conditions"), whether or not foreseeable by such Party. Such Conditions include, but are not limited to, acts of God, wars, revolution, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing or boycotts. If any such Condition occurs, the Party delayed or unable to perform ("Delayed Party"), upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis during the continuance of such Condition (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis during the same period); provided, however, that the Party so affected shall use commercially reasonable efforts to avoid or remove such Condition and both Parties shall proceed immediately with the performance of their obligations under this Agreement whenever such causes are removed or cease. Nothing in this Agreement shall require the non-performing Party to settle any labor dispute except as the non-performing Party, in its sole discretion, determines appropriate.

**14. ASSIGNMENT**

This Agreement or any right or interest under this Agreement may not be assigned or transferred nor may any obligation under this Agreement be delegated without the prior written consent of the other Party, which consent may not be unreasonably withheld. Any attempted assignment or delegation in violation of this Section 14 shall be void and ineffective and constitute default of this Agreement.

**15. BINDING EFFECT**

This Agreement shall inure to the benefit of, and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

**16. INDEMNIFICATION**

16.1 Each Party ("Indemnifying Party") shall indemnify, defend, and hold harmless the other Party ("Indemnified Party"), the Indemnified Party's Affiliates, (for purposes of this Section 16, Affiliates shall include Verizon Wireless Entities) and the directors, officers and employees of the Indemnified Party and the Indemnified Party's Affiliates, from and against any and all liabilities, claims, demands, suits, actions, settlements, judgments, fines, penalties, injuries, damages, or losses including costs (including court costs) and expenses (including reasonable attorneys' fees) ("Claims") that arise out of bodily injury to or death of any person, or damage to, or destruction or loss of, tangible real and/or personal property of any person to the extent such injury, death, damage, destruction or loss, was proximately caused by the grossly negligent or intentionally wrongful acts or omissions of the Indemnifying Party, the Indemnifying Party's Affiliates, or the directors, officers, employees, agents, or contractors (excluding the Indemnified Party) of the Indemnifying Party or the Indemnifying Party's Affiliates, in relation

to a port request under this Agreement, including a Claim where there is (a) a claim, demand, suit or action by a person who is not a Party, (b) a settlement with, judgment by, or liability to, a person who is not a Party, or (c) a fine or penalty imposed by a person who is not a Party (collectively referred to as a "Third Party Claim").

16.2 A Party seeking to be indemnified hereunder shall follow, and the Indemnifying Party's obligations under Section 16.1 shall be conditioned on following, the Indemnification Process set forth in this Section 16.2.

16.2.1 The Indemnified Party: (a) shall provide the Indemnifying Party with prompt, written notice of any Claim after becoming aware thereof (including a statement of facts known to the Indemnified Party related to the Claim and an estimate of the amount thereof); (b) prior to taking any material action with respect to a Third Party Claim, shall consult with the Indemnifying Party as to the procedure to be followed in defending, settling, or compromising the Claim; (c) shall not consent to any settlement or compromise of a Third Party Claim without the written consent of the Indemnifying Party; (d) shall permit the Indemnifying Party to assume the defense of a Third Party Claim (including, except as provided below, the compromise or settlement thereof) at the Indemnifying Party's own cost and expense, provided, however, that the Indemnified Party shall have the right to approve the Indemnifying Party's choice of legal counsel.

16.2.2 If the Indemnified Party fails to comply with Section 16.2.1 with respect to a Claim, to the extent such failure shall have a material adverse effect upon the Indemnifying Party, the Indemnifying Party shall be relieved of its obligation to indemnify, defend and hold harmless the Indemnified Party with respect to such Claim under this Agreement.

16.2.3 Subject to 16.2.4 and 16.2.5, below, the Indemnifying Party shall have the authority to defend and settle any Third Party Claim.

16.2.4 With respect to any Third Party Claim, the Indemnified Party shall be entitled to participate with the Indemnifying Party in the defense of the Claim if the Claim requests equitable relief or other relief that could affect the rights of the Indemnified Party. In so participating, the Indemnified Party shall be entitled to employ separate counsel for the defense at the Indemnified Party's expense. The Indemnified Party shall also be entitled to participate, at its own expense, in the defense of any Claim, as to any portion of the Claim as to which it is not entitled to be indemnified, defended and held harmless by the Indemnifying Party.

16.2.5 In no event shall the Indemnifying Party settle a Third Party Claim or consent to any judgment with regard to a Third Party Claim without the prior written consent of the Indemnified Party, which shall not be unreasonably withheld, conditioned or delayed. In the event the settlement or judgment requires a contribution from or affects the rights of an Indemnified Party, the Indemnified Party shall have the right to refuse such settlement or judgment with respect to itself and, at its own cost and expense, take over the defense against the Third Party Claim, provided that in such event the Indemnifying Party shall not be responsible for, nor shall it be obligated to indemnify or hold harmless the Indemnified Party against, the Third Party Claim for any amount in excess of such refused settlement or judgment.

16.2.6 The Indemnified Party shall, in all cases, assert any and all provisions in applicable Tariffs and Customer contracts that limit liability to third persons as a bar to, or limitation on, any recovery by a third-person claimant.

16.2.7 The Indemnifying Party and the Indemnified Party shall offer each other all reasonable cooperation and assistance in the defense of any Third Party Claim.

16.3 Each Party agrees that it will not impede or bring any action against the other Party, the other Party's Affiliates, or any of the directors, officers or employees of the other Party or the other Party's Affiliates, based on any claim by any person for personal injury or death that occurs in the course or scope of employment of such person by the other Party or the other Party's Affiliate and that arises out of performance of this Agreement.

16.4 Each Party's obligations under this Section 16 shall survive expiration, cancellation or termination of this Agreement.

## 17. RELATIONSHIP OF THE PARTIES

17.1 Neither Party undertakes by this Agreement or otherwise to perform or discharge any liability or obligation of the other Party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other Party. The relationship of the Parties under this Agreement shall be that of independent contractors and is a non-exclusive relationship. Nothing contained in this Agreement is intended to give rise to an employment relationship, partnership or joint venture between the Parties or to impose upon the Parties any of the duties or responsibilities of employers, partners or joint venturers.

17.2 Except for provisions herein expressly authorizing a Party to act for another Party, nothing in this Agreement shall constitute a Party as a legal representative or agent of the other Party, nor shall a Party have the right or authority to assume, create or incur any liability or any obligation of any kind, express or implied, against, in the name or on behalf of the other Party unless otherwise expressly permitted by such other Party in writing, which permission may be granted or withheld by the other Party in its sole discretion.

17.3 Each Party shall have sole authority and responsibility to hire, fire, compensate, supervise, and otherwise control its employees, agents and contractors. Each Party shall be solely responsible for payment of any Social Security or other taxes that it is required by Applicable Law to pay in conjunction with its employees, agents and contractors, and for withholding and remitting to the applicable taxing authorities any taxes that it is required by Applicable Law to collect from its employees.

17.4 A Party may use a contractor of the Party (including, but not limited to, an Affiliate of the Party) to perform the Party's obligations under this Agreement, provided that a Party's use of a contractor shall not release the Party from any duty or liability to fulfill the Party's obligations under this Agreement.

## 18. NOTICES

Unless otherwise specified in this Agreement, all notices required under this Agreement shall be given in writing. All notices shall be given by personal delivery, express delivery service with next Business Day delivery, confirmed facsimile (with copy delivered by personal delivery, express delivery service with next Business Day delivery or certified mail, return receipt requested) or certified mail, return receipt requested to the person(s) specified below or to such other addresses as a Party may designate by written notice to the other Party. If sent by the United States Postal Service mail, such notices shall be deemed received on the earlier of actual receipt or five (5) business days following deposit. For the other forms of notice, notice will be deemed given as of (a) where there is personal delivery of the notice, the date of actual receipt, (b) where the notice is sent via express delivery service for next Business Day delivery, the next Business Day after the notice is sent, and (c) where the notice is sent via facsimile telecopy, if the notice is sent on a Business Day and before 5 PM in the time zone where it is received, on the date set forth on the telecopy confirmation, or if the notice is sent on a non-Business Day or if the notice is sent after 5 PM in the time zone where it is received, the next Business Day after the date set forth on the telecopy confirmation.

Notices shall be sent to:

To Verizon Wireless: Verizon Wireless  
Port Center  
300 River Rock Blvd  
Murfreesboro, TN 37128  
Attn: Port Center Director  
Fax: 1-615-372-2425

With a copy to: Verizon Wireless  
180 Washington Valley Road  
Bedminster, New Jersey 07921  
Attention: Assistant General Counsel – Procurement &  
Technology  
Fax: (908) 306-7766

If to Carrier: [provide carrier notice information]

#### 19. WAIVER

The delay or failure of either Party to enforce any of the provisions of this Agreement, or exercise in any respect any right or remedy provided for in this Agreement or at law or in equity, or to require performance of any of the provisions of this Agreement, or to exercise any option which is provided under this Agreement shall not be deemed a waiver of any such provisions, rights, remedies or options under this Agreement.

#### 20. SEVERABILITY

If any of the provisions of this Agreement shall be invalid or unenforceable, then such invalidity or unenforceability shall not invalidate or render unenforceable the entire Agreement. The entire Agreement shall be construed as if not containing the particular invalid or unenforceable provision or provisions, and the rights and obligations of the Parties shall be construed and enforced accordingly; provided, that if the invalid or unenforceable provision is a material provision of this Agreement, or the invalidity or unenforceability materially affects the rights or obligations of a Party hereunder or the ability of a Party to perform any material provision of this Agreement, the Parties shall promptly renegotiate in good faith and amend in writing this Agreement in order to make such mutually acceptable revisions to this Agreement as may be required in order to conform the Agreement to Applicable Law.

## **21. LIMITATION OF LIABILITY**

Except as otherwise provided in this Agreement, neither Party shall be liable to the other Party, the other Party's Customers or to any other person in connection with the performance or nonperformance under this Agreement, including but not limited to, any claims for any indirect, incidental, consequential, special damages, including (without limitation) damages for lost profits, regardless of the form of action, whether in contract, indemnity, warranty, strict liability, or tort.

## **22. ESCALATION PROCEDURES**

The Parties agree to provide each other with trouble reporting contacts and procedures via their respective web sites or other means agreed to by the Parties. In addition, the Parties agree to provide each other with escalation contacts and procedures via their respective web sites or other means agreed to by the Parties. Should a Party encounter any problems with respect to compliance with this Agreement that cannot be resolved through the trouble reporting contacts and procedures, then a Party may utilize the escalation contacts set forth in Appendix B ("Trouble Reporting General Contact Information") and the procedures set forth in Appendix C ("Carrier Escalation Procedures") and Appendix D ("Carrier Trouble Ticket Detail"). However, this Section 22 shall not operate in limitation or derogation of Sections 2 or 3 of this Agreement or the notice requirements set forth therein. In the event either Party fails to provide contact and procedures for trouble reporting and escalation, the Parties may utilize the Notice provisions set forth in Section 18.

In addition to the escalation procedures set forth in this Section 22, either Party may seek resolution of a dispute arising under this Agreement by pursuing any remedies available to it under this Agreement, at law, in equity, or otherwise, including, but not limited to, instituting an appropriate proceeding before the FCC or other regulatory body, or a court of competent jurisdiction; provided, however, that a Party pursuing any such remedy shall first notify the other Party of the dispute in writing through the Notice provisions set forth in Section 18 of this Agreement.

## **23. ARTICLE HEADINGS**

The headings of the Articles are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

## **24. CHOICE OF LAW**

The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of New York without regard to any conflicts of law principles that would require the application of the laws of any other jurisdiction.

## **25. AMENDMENTS, MODIFICATIONS AND SUPPLEMENTS**

Amendments, modifications and supplements to this Agreement are allowed, provided that (a) all such amendments, modifications and supplements shall be in writing signed by authorized representatives of both Parties; and (b) all such amendments, modifications and supplements shall by reference incorporate this Agreement in its entirety and identify the specific sections or paragraphs contained herein which are amended, modified or supplemented; and (c) all such amendments, modifications and supplements shall not be construed to adversely affect vested rights or causes of action

which have accrued prior to the effective date of such amendment, modification or supplement.

**26. ENTIRE AGREEMENT**

This Agreement together with its appendices constitutes the entire agreement between the Parties and cancels all contemporaneous or prior agreements, whether written or oral, with respect to the subject matter of this Agreement.

**27. RESERVATION OF RIGHTS**

Notwithstanding anything to the contrary in this Agreement, neither Party waives, and each Party hereby expressly reserves, its rights to (a) challenge the lawfulness of this Agreement and any provision of this Agreement; (b) seek changes in this Agreement (including, but not limited to, changes in rates, charges and the porting services that must be offered) through changes in Applicable Law; and (c) challenge the lawfulness and propriety of, and to seek to change, any Applicable Law, including, but not limited to any rule, regulation, order or decision of the FCC, other regulatory body or a court of applicable jurisdiction. Nothing in this Agreement shall be deemed to limit or prejudice any position a Party has taken or may take before the FCC, any other state or federal regulatory or legislative bodies, courts of applicable jurisdiction, or industry fora. The provisions of this Section 27 shall survive the expiration, cancellation or termination of this Agreement.

**28. SURVIVAL**

The rights, liabilities and obligations of a Party for acts or omissions occurring prior to the expiration, cancellation or termination of this Agreement, the rights, liabilities and obligations of a Party under any provision of this Agreement regarding confidential information, indemnification or defense, or limitation or exclusion of liability, and the rights, liabilities and obligations of a Party under any provision of this Agreement which by its terms or nature is intended to continue beyond or to be performed after the expiration, cancellation or termination of this Agreement, shall survive the expiration, cancellation or termination of this Agreement.

**29. TERRITORY**

Verizon Wireless shall include a list of states in which its affiliates or other related entities operate and in which Verizon Wireless seeks to port Assigned Telephone Numbers with Carrier. With respect to Carrier this Agreement shall apply only to the territories in the states listed in Appendix E that are served by the Carrier affiliates listed in Appendix F. The foregoing shall not be construed to require that the porting between the Parties which is contemplated by this Agreement be memorialized by, or otherwise reduced to, an agreement under 47 U.S.C. §251 or otherwise construed to confer jurisdiction on states, including their regulatory agencies, over such porting unless otherwise conferred by Applicable Law.

**30. THIRD PARTY BENEFICIARIES**

Except as expressly set forth in this Agreement, this Agreement is for the sole benefit of the Parties and their permitted assigns, and nothing herein shall create or be construed to provide any third persons (including, but not limited to, Customers or contractors of a Party) with any rights (including, but not limited to, any third-party beneficiary rights) hereunder. Except as expressly set forth in this Agreement, a Party shall have no liability under this Agreement to the Customers of the other Party or to any other third person.

### 31. WARRANTIES

EXCEPT AS EXPRESSLY STATED IN THIS AGREEMENT, NEITHER PARTY MAKES OR RECEIVES ANY WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO THE SERVICES PROVIDED, OR TO BE PROVIDED, UNDER THIS AGREEMENT AND THE PARTIES DISCLAIM ANY OTHER WARRANTIES, INCLUDING BUT NOT LIMITED TO, WARRANTIES OF MERCHANTABILITY, WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE WARRANTIES AGAINST INFRINGEMENT, AND WARRANTIES ARISING BY TRADE CUSTOM, TRADE USAGE, COURSE OF DEALING OR PERFORMANCE, OR OTHERWISE.

### 32. INTELLECTUAL PROPERTY

- 32.1 Except as expressly stated in this Agreement, this Agreement shall not be construed as granting a license with respect to any patent, copyright, trade name, trademark, service mark, trade secret or any other intellectual property, now or hereafter owned, controlled or licensable by either Party. Except as expressly stated in this Agreement, neither Party may use any patent, copyrightable materials, trademark, trade name, trade secret or other intellectual property right, of the other Party except in accordance with the terms of a separate license agreement between the Parties granting such rights.
- 32.2 Except as stated in Section 32.4, neither Party shall have any obligation to defend, indemnify or hold harmless, or acquire any license or right for the benefit of, or owe any other obligation or have any liability to, the other Party or its Affiliates (for purposes of this Section 32.4, Affiliates shall include Verizon Wireless Entities) or Customers based on or arising from any Third Party Claim alleging or asserting that the provision or use of any service, facility, arrangement, or software by either Party under this Agreement, or the performance of any service or method, either alone or in combination with the other Party, constitutes direct, vicarious or contributory infringement or inducement to infringe, or misuse or misappropriation of any patent, copyright, trademark, trade secret, or any other proprietary or intellectual property right of any Party or third person. Each Party, however, shall offer to the other reasonable cooperation and assistance in the defense of any such claim.
- 32.3 NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, THE PARTIES AGREE THAT NEITHER PARTY HAS MADE, AND THAT THERE DOES NOT EXIST, ANY WARRANTY, EXPRESS OR IMPLIED, THAT THE USE BY EACH PARTY OF THE OTHER'S SERVICES PROVIDED UNDER THIS AGREEMENT SHALL NOT GIVE RISE TO A CLAIM OF INFRINGEMENT, MISUSE, OR MISAPPROPRIATION OF ANY INTELLECTUAL PROPERTY RIGHT.
- 32.4 The Parties agree that the services provided hereunder shall be subject to the terms, conditions and restrictions contained in any applicable agreements (including, but not limited to software or other intellectual property license agreements) between the Parties and their respective vendors. The Parties agree to advise each other, directly or through a third party, of any such terms, conditions or restrictions that may limit a Party's use of a service provided by the other Party that is otherwise permitted by this Agreement. Upon written request of a Party, to the extent required by Applicable Law, the Party receiving such request will use its best efforts, as commercially practicable, to obtain intellectual property rights from its vendor to allow the requesting Party to use the service in the same manner as the Party receiving such request that are coextensive with its intellectual property rights, on terms and conditions that are equal in quality to

the terms and conditions under which it has obtained its intellectual property rights. The Party making such request shall reimburse the other Party for the cost of obtaining such rights.

### 33. CONFIDENTIALITY

33.1 As used in this Section 33, "Confidential Information" means the following information that is disclosed by one Party ("Disclosing Party") to the other Party ("Receiving Party") in connection with, or anticipation of, this Agreement:

33.1.1 books, records, documents and other information disclosed pursuant to this Agreement;

33.1.2 any forecasting information provided pursuant to this Agreement;

33.1.3 Customer Information (except to the extent that (a) the Customer information is published in a directory, (b) the Customer information is disclosed through or in the course of furnishing a Telecommunications Service, such as a Directory Assistance Service, Operator Service, Caller ID or similar service, or LIDB service where such disclosure is otherwise authorized by applicable agreements or law, or (c) the Customer to whom the Customer Information is related has authorized the Receiving Party to use and/or disclose the Customer Information);

33.1.4 information related to specific facilities or equipment (including, but not limited to, cable and pair information);

33.1.5 any information that is in written, graphic, electromagnetic, or other tangible form, and marked at the time of disclosure as "Confidential" or "Proprietary"; and

33.1.6 any information that is communicated orally or visually and declared to the Receiving Party at the time of disclosure, and by written notice with a statement of the information given to the Receiving Party within ten (10) days after disclosure, to be "Confidential or "Proprietary."

Notwithstanding any other provision of this Agreement, a Party shall have the right to refuse to accept receipt of information that the other Party has identified as Confidential Information pursuant to Sections 33.1.5 and 33.1.6.

33.2 Except as otherwise provided in this Agreement, the Receiving Party shall:

33.2.1 use the Confidential Information received from the Disclosing Party only in performance of this Agreement; and

33.2.2 using the same degree of care that it uses with similar confidential information of its own (but in no case a degree of care that is less than commercially reasonable), hold Confidential Information received from the Disclosing Party in confidence and restrict disclosure of the Confidential Information solely to those of the Receiving Party's Affiliates (for purposes of this Section 33, Affiliates shall include Verizon Wireless Entities) and the directors, officers, employees, agents and contractors of the Receiving Party and the Receiving Party's Affiliates, that have a need to receive such Confidential Information in order to perform the Receiving Party's obligations under this Agreement. The Receiving



Party's Affiliates and the directors, officers, employees, agents and contractors of the Receiving Party and the Receiving Party's Affiliates, shall be required by the Receiving Party to comply with the provisions of this Section 33 in the same manner as the Receiving Party. The Receiving Party shall be liable for any failure of the Receiving Party's Affiliates or the directors, officers, employees, agents or contractors of the Receiving Party or the Receiving Party's Affiliates, to comply with the provisions of this Section 33.

- 33.3 The Receiving Party shall return or destroy all Confidential Information received from the Disclosing Party, including any copies made by the Receiving Party, within thirty (30) days after a written request by the Disclosing Party is delivered to the Receiving Party, except for (a) Confidential Information that the Receiving Party reasonably requires to perform its obligations under this Agreement, and (b) one copy for archival purposes only.
- 33.4 Unless otherwise agreed, the obligations of Sections 33.2 do not apply to information that:
- 33.4.1 was, at the time of receipt, already in the possession of or known to the Receiving Party free of any obligation of confidentiality and restriction on use;
  - 33.4.2 is or becomes publicly available or known through no wrongful act of the Receiving Party, the Receiving Party's Affiliates, or the directors, officers, employees, agents or contractors of the Receiving Party or the Receiving Party's Affiliates;
  - 33.4.3 is rightfully received from a third person having no direct or indirect obligation of confidentiality or restriction on use to the Disclosing Party with respect to such information;
  - 33.4.4 is independently developed by the Receiving Party;
  - 33.4.5 is approved for disclosure or use by written authorization of the Disclosing Party (including, but not limited to, in this Agreement); or
  - 33.4.6 is required to be disclosed by the Receiving Party pursuant to Applicable Law, provided that the Receiving Party shall have made commercially reasonable efforts to give adequate notice of the requirement to the Disclosing Party in order to enable the Disclosing Party to seek protective arrangements.
- 33.5 Notwithstanding the provisions of Sections 33.1 through 33.4, the Receiving Party may use and disclose Confidential Information received from the Disclosing Party to the extent necessary to enforce the Receiving Party's rights under this Agreement or Applicable Law. In making any such disclosure, the Receiving Party shall make reasonable efforts to preserve the confidentiality and restrict the use of the Confidential Information while it is in the possession of any person to whom it is disclosed, including, but not limited to, by requesting any governmental entity to whom the Confidential Information is disclosed to treat it as confidential and restrict its use to purposes related to the proceeding pending before it.

- 33.6 The Disclosing Party shall retain all of the Disclosing Party's right, title and interest in any Confidential Information disclosed by the Disclosing Party to the Receiving Party. Except as otherwise expressly provided in this Agreement, no license is granted by this Agreement with respect to any Confidential Information (including, but not limited to, under any patent, trademark or copyright), nor is any such license to be implied solely by virtue of the disclosure of Confidential Information.
- 33.7 The provisions of this Section 33 shall be in addition to and not in derogation of any provisions of Applicable Law, including, but not limited to, 47 U.S.C. § 222, and are not intended to constitute a waiver by a Party of any right with regard to the use, or protection of the confidentiality of, CPNI provided by Applicable Law.
- 33.8 Each Party's obligations under this Section 33 shall survive expiration, cancellation or termination of this Agreement.

#### 34. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement through their authorized representatives on the date or dates below to be effective when executed by both Parties.

CARRIER

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

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

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

VERIZON WIRELESS  
(Continued on next page)

Allentown SMSA Limited Partnership d/b/a Verizon Wireless  
     By Bell Atlantic Mobile Systems of Allentown, Inc., Its General Partner  
 Anderson CellTelCo d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Athens Cellular, Inc. d/b/a Verizon Wireless  
 Badlands Cellular of North Dakota Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Bell Atlantic Mobile of Asheville, Inc. d/b/a Verizon Wireless  
 Bell Atlantic Mobile of Rochester, LP d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
         By Cellco Partnership, Its General Partner  
 Binghamton MSA Limited Partnership d/b/a Verizon Wireless  
     By NYNEX Mobile of New York Limited Partnership, Its General Partner  
         By Upstate Cellular Network, Its General Partner  
             By Cellco Partnership, Its General Partner  
 Bismarck MSA Limited Partnership d/b/a Verizon Wireless  
     By Cellular Inc. Network Corporation, Its General Partner  
 Boise City MSA Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 California RSA No. 4 Limited Partnership d/b/a Verizon Wireless  
     By Pinnacles Cellular, Inc., Its General Partner  
 Cellco Partnership d/b/a Verizon Wireless  
 Cellular Inc. Network Corporation d/b/a Verizon Wireless  
 Chicago 10 MHz LLC d/b/a Verizon Wireless  
     By Cellco Partnership, Its Sole Member  
 Chicago SMSA LP d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Colorado 7 – Saguache Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Colorado RSA No. 3 Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 CommNet Cellular License Holding LLC d/b/a Verizon Wireless  
     By Cellular Inc. Financial Corporation, Its Sole Member  
 CyberTel Cellular Telephone Company d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Dallas MTA, LP d/b/a Verizon Wireless  
     By Verizon Wireless Texas, LLC, Its General Partner  
 Danville Cellular Telephone Company Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Des Moines MSA General Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 Dubuque MSA Limited Partnership d/b/a Verizon Wireless  
     By Southwestco Wireless, LP, Its General Partner  
         By Southwestco Wireless, Inc., Its General Partner  
 Duluth MSA Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Minnesota, LLC, Its General Partner  
         By Cellco Partnership, Its Sole Member  
 Eastern South Dakota Cellular, Inc. d/b/a Verizon Wireless  
 Fayetteville Cellular Telephone Company Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Fresno MSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Gadsden CellTelCo Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Gila River Cellular General Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its Managing General Partner

Gold Creek Cellular of Montana Limited Partnership d/b/a Verizon Wireless  
 By Cellular Inc. Network Corporation, Its General Partner

Grays Harbor-Mason Cellular Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW), LLC, Its General Partner

GTE Mobilnet of California Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

GTE Mobilnet of Florence, Alabama Incorporated d/b/a Verizon Wireless

GTE Mobilnet of Fort Wayne Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

GTE Mobilnet of Indiana Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

GTE Mobilnet of Indiana RSA #3 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

GTE Mobilnet of Indiana RSA #6 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

GTE Mobilnet of Santa Barbara Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

GTE Mobilnet of South Texas Limited Partnership d/b/a Verizon Wireless  
 By San Antonio MTA LP, Its General Partner  
 By Verizon Wireless Texas, LLC, Its General Partner

GTE Mobilnet of Terre Haute Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

GTE Mobilnet of Texas RSA #17 Limited Partnership d/b/a Verizon Wireless  
 By San Antonio MTA LP, Its General Partner  
 By Verizon Wireless Texas, LLC, Its General Partner

GTE Mobilnet of Texas RSA #21 Limited Partnership d/b/a Verizon Wireless  
 By San Antonio MTA LP, Its General Partner  
 By Verizon Wireless Texas, LLC, Its General Partner

GTE Mobilnet of the Southwest LLC d/b/a Verizon Wireless  
 By Cellco Partnership, Its Sole Member

GTE Wireless of the Midwest Incorporated d/b/a Verizon Wireless

Hamilton Cellular Telephone Company d/b/a Verizon Wireless  
 By New Par, Its General Partner  
 By Verizon Wireless (VAW) LLC, Its General Partner

Idaho 6 – Clark Limited Partnership d/b/a Verizon Wireless  
 By: CommNet Cellular Inc., Its Managing Agent

Idaho RSA No. 1 Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

Idaho RSA No. 2 Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

Idaho RSA 3 Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

Illinois RSA 1 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Illinois RSA 6 and 7 Limited Partnership d/b/a Verizon Wireless  
 By Illinois SMSA Limited Partnership, Its General Partner  
 By Cellco Partnership, Its General Partner

Illinois SMSA Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Indiana RSA #1 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Indiana RSA 2 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Iowa 8 – Monona Limited Partnership d/b/a Verizon Wireless  
 By CommNet Cellular Inc., Its Managing Agent

Iowa RSA 5 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Iowa RSA 10 General Partnership  
 By Cellco Partnership d/b/a Verizon Wireless, Its Manager

Iowa RSA No. 4 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Kentucky RSA No. 1 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Los Angeles SMSA Limited Partnership d/b/a Verizon Wireless  
 By AirTouch Cellular, Its General Partner

Missouri Valley Cellular, Inc. d/b/a Verizon Wireless  
 By CommNet Cellular, Inc., Its Managing Agent

Modoc RSA Limited Partnership d/b/a Verizon Wireless  
 By AirTouch Cellular, Its General Partner

Muskegon Cellular Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

NC-2 LLC d/b/a Verizon Wireless

New Hampshire RSA 2 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

New Mexico RSA 3 Limited Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, its Sole Member

New Mexico RSA 6-I Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, Its Sole Member

New Mexico RSA No. 5 Limited Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, Its Sole Member

New Par d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

New York RSA 2 Cellular Partnership d/b/a Verizon Wireless  
 By Upstate Cellular Network, Its General Partner  
 By Cellco Partnership, Its General Partner

New York RSA No. 3 Cellular Partnership d/b/a Verizon Wireless  
 By Upstate Cellular Network, Its General Partner  
 By Cellco Partnership, Its General Partner

New York SMSA Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

North Central RSA 2 of North Dakota Limited Partnership d/b/a Verizon Wireless  
 By CommNet Cellular Inc., Its Managing Agent

North Dakota 5 - Kidder Limited Partnership d/b/a Verizon Wireless  
 By CommNet Cellular Inc., Its Managing Agent

North Dakota RSA No. 3 Limited Partnership d/b/a Verizon Wireless  
 By AirTouch North Dakota, LLC, Its General Partner

Northeast Pennsylvania SMSA Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Northern New Mexico Limited Partnership d/b/a Verizon Wireless  
 By Cellular Inc. Network Corporation, Its General Partner

Northwest Dakota Cellular of North Dakota Limited Partnership d/b/a Verizon Wireless  
 By CommNet Cellular Inc., Its Managing Agent

NYNEX Mobile Limited Partnership 1 d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

NYNEX Mobile Limited Partnership 2 d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

NYNEX Mobile of New York, LP d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
     By Cellco Partnership, Its General Partner  
 Olympia Cellular Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 Omaha Cellular Telephone Company d/b/a Verizon Wireless  
     By AirTouch Nebraska, LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Orange County-Poughkeepsie Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless of the East LP, Its General Partner  
     By Verizon Wireless of Georgia LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Oxnard-Ventura-Simi Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Cellular, Its General Partner  
 Pennsylvania 3 Sector 2 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania 4 Sector 2 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA 1 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA No. 6 (I) Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA No. 6 (II) Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pittsburgh SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pittsfield Cellular Telephone Company d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Platte River Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Portland Cellular Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pueblo Cellular, Inc. d/b/a Verizon Wireless  
 Redding MSA Limited Partnership d/b/a Verizon Wireless  
     By Sacramento Valley Limited Partnership, Its General Partner  
     By AirTouch Cellular, Its General Partner  
 Rockford MSA Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 RSA 7 Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Iowa RSA 7, LLC, Its Managing Partner  
     By Cellco Partnership, Its Sole Member  
 Sacramento Valley Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Cellular, Its General Partner  
 San Antonio MTA, L.P. d/b/a Verizon Wireless  
     By Verizon Wireless Texas, LLC, Its General Partner  
 San Isabel Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Sanborn Cellular, Inc. d/b/a Verizon Wireless  
     By CommNet Cellular, Inc., Its Managing Agent  
 Sangre De Cristo Cellular, Inc. d/b/a Verizon Wireless  
     By CommNet Cellular, Inc., Its Managing Agent  
 Seattle SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Sioux City MSA Limited Partnership d/b/a Verizon Wireless  
     By Cellular Inc. Network Corporation, Its General Partner

Smoky Hill Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 Southern & Central Wireless, LLC d/b/a Verizon Wireless  
     By Cellco Partnership, Its Sole Member  
 Southern Indiana RSA Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 Southwestco Wireless LP d/b/a Verizon Wireless  
     By Southwestco Wireless Inc., Its Managing Partner  
 Spokane MSA Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 Springfield Cellular Telephone Company d/b/a Verizon Wireless  
     By New Par, Its General Partner  
         By Verizon Wireless (VAW) LLC, Its General Partner  
 St. Joseph CellTelCo d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 St. Lawrence Seaway RSA Cellular Partnership d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
         By Cellco Partnership, Its General Partner  
 Syracuse SMSA Limited Partnership d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
         By Cellco Partnership, Its General Partner  
 The Great Salt Flats Partnership d/b/a Verizon Wireless  
     By AirTouch Utah, LLC, Its General Partner  
         By Cellco Partnership, Its Sole Member  
 Topeka Cellular Telephone Company, Inc. d/b/a Verizon Wireless  
 Tuscaloosa Cellular Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Upstate Cellular Network d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Utah RSA 6 Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 Verizon Wireless (VAW) LLC d/b/a Verizon Wireless  
 Verizon Wireless of the East LP d/b/a Verizon Wireless  
     By Verizon Wireless of Georgia LLC, Its General Partner  
         By Cellco Partnership, Its Sole Member  
 Verizon Wireless Personal Communications LP d/b/a Verizon Wireless  
 Verizon Wireless Tennessee Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Vermont RSA Limited Partnership d/b/a Verizon Wireless  
     By NYNEX Mobile Limited Partnership 1, Its General Partner  
         By Cellco Partnership, Its General Partner  
 Virginia RSA 5 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Virginia 10 RSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Wasatch Utah RSA No. 2 Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Utah, LLC, Its General Partner  
         By Cellco Partnership, Its Sole Member  
 Washington, DC SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Waterloo MSA Limited Partnership d/b/a Verizon Wireless  
     By Southwestco Wireless LP, Its General Partner  
         By Southwestco Wireless Inc., Its General Partner

Wyoming 1 – Park Limited Partnership d/b/a Verizon Wireless  
By CommNet Cellular Inc., Its Managing Agent

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

Printed: \_\_\_\_\_

Title: \_\_\_\_\_

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



## LOCAL NUMBER PORTABILITY OPERATIONS AGREEMENT

This Local Number Portability Operations Agreement ("Agreement") is entered into by and between Western Wireless Corporation ("Western") and \_\_\_\_\_ ("\_\_\_\_\_"). Western and \_\_\_\_\_ are each individually a "Party" and are together the "Parties" to this Agreement.

WHEREAS, the above named Parties wish to enter into an Agreement with each other in compliance with applicable laws and regulations.

WHEREAS, the Parties wish to enter into an Agreement to facilitate the ability of Customers to retain existing telephone numbers without impairment of quality, reliability, or convenience when switching from one of the Parties to this Agreement to the other Party to this Agreement through Local Number Portability.

WHEREAS, the Parties wish to enter into an Agreement to establish practices and procedures to ensure that Customer requests to port numbers are achieved efficiently and with minimal delays.

THEREFORE, the Parties wish to enter into this Agreement on the following terms and conditions:

### 1. DEFINITIONS

Any term not specifically defined here shall be given the meaning provided for in FCC Orders governing LNP.

- 1.1. Act: Means the Communications Act of 1934 (47 U.S.C. 151 et. seq.), as amended and interpreted in the rules and regulations of the FCC.
- 1.2. Affiliate: Means any entity, directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with a Party hereto.
- 1.3. Agreement: Means this Local Number Portability Operations Agreement, including all appendices attached hereto, future amendments, modifications and supplements made in accordance herewith.
- 1.4. CORBA is an acronym for: Common Object Request Broker Architecture.
- 1.5. Competitive Local Exchange Carrier ("CLEC") is defined in the Act.
- 1.6. Commercial Mobile Radio Service ("CMRS") is as defined in the Act.
- 1.7. Customer: An active end user and subscriber of the OSP who desires to receive service from the NSP using the same telephone number that is associated with the service(s) the subscriber receives from the OSP.
- 1.8. Customer Service Records ("CSR") are the records that contain the identity, service address, rate plan or plans, and other information on the Customer.

- 1.9. Electronic Data Interface ("EDI") is a data interface for exchange of information between providers.
- 1.10. Federal Communications Commission ("FCC"): Means the regulatory, governing body directing the activities associated with this Agreement.
- 1.11. Inter-carrier Communications Process ("ICP"): The communication process between the OSP and the NSP, which validates the customer information and initiates and completes the port request. The ICP includes the exchange of the LSR/LR.
- 1.12. Local Exchange Routing Guide ("LERG") is a Traffic and Routing Administration maintained industry table identifying switches with their assigned telephone numbers.
- 1.13. Local Number Portability ("LNP"): The ability of a Customer to retain existing telephone numbers without impairment of quality, reliability, or convenience when switching from one of the Parties to this Agreement to the other Party to this Agreement pursuant to FCC Rules.
- 1.14. Local Response ("LR"): A form for responding to an LSR. A sample LR and descriptions of the fields therein can be found in the Local Service Ordering Guidelines ("LSOG") of the Ordering and Billing Forum..
- 1.15. Local Service Request ("LSR"): Forms containing information about a Customer who desires to port a telephone number to the NSP. A sample LSR and descriptions of the fields therein can be found in the Local Service Ordering Guidelines ("LSOG") of the Ordering and Billing Forum.
- 1.16. Location Routing Number ("LRN"): Ten-digit number assigned to a switch or point of interconnection used for routing calls.
- 1.17. Metropolitan Statistical Areas ("MSA"): An MSA denotes a large urban population market as designated by the U.S. government.
- 1.18. New Service Provider ("NSP"): The new provider that will provide service to Customer and to whom Customer ports its telephone number.
- 1.19. Number Portability Administration Center ("NPAC"): A neutral third party center that processes porting information from and disseminates that information to telecommunications carriers. The NPAC processes the NSP subscriber port request and downloads the LRN associated with the subscriber ported telephone number to local number portability databases.
- 1.20. Old Service Provider ("OSP"): The provider providing service to the customer at the time the customer requests porting of the MDN.
- 1.21. Rate Center: Geographic areas that utilize a common geographical point of reference for distance measurements, called a rating-point, which is defined by Vertical and Horizontal Coordinates.

- 1.22. Working Telephone Number: A telephone number that is assigned to a Customer that can originate and terminate telephone calls through the Public Switched Telephone Network.

## 2. PURPOSE OF AGREEMENT

The parties desire to enter into this Agreement consistent with all applicable FCC rules and regulations.

## 3. TERM

This Agreement shall become effective May 24, 2004 and, except as otherwise provided in this Agreement, shall continue in full force and effect until either Party terminates the Agreement by providing notice of termination in writing to the other Party at least sixty (60) in advance of such termination pursuant to the Notice provisions set forth in Section 19 of this Agreement. Upon termination, the Parties shall continue to provide LNP if required by applicable laws and regulations.

## 4. NUMBER PORTING

### 4.1. Scope

The Parties shall provide LNP and port Working Telephone Numbers on a reciprocal basis pursuant to this Agreement. The Parties will open all switches and associated NPA-NXXs to support number portability in the serving areas identified in Appendix A.

NXX codes shall be portable in accordance with FCC Rules and Regulations except those permitted to be designated non-portable by the same FCC Rules and Regulations.

### 4.2. Procedures for Providing LNP

- 4.2.1. The Parties shall ensure that all switches, whether currently owned or hereafter acquired, are upgraded to facilitate LNP to the extent required by FCC Rules and Regulations. The Parties shall, as required by FCC orders, disclose upon request any technical limitations that would prevent LNP in any connecting office.
- 4.2.2. The Parties will follow the LNP provisioning process flow and porting intervals recommended by the North American Numbering Council (NANC) for Inter-Service Provider LNP between wireline and wireless carriers. This includes the recommendations of the Local Number Portability Administration Work Group to adopt the Inter-Service Provider LNP Operations Flows and the same porting intervals until the FCC provides further confirmation or modification of these processes.
- 4.2.3. The Parties will follow the LNP ordering procedures established at the OBF for porting of Assigned Telephone numbers.
- 4.2.4. When a telephone number is ported out of the OSP's network, the OSP will, if applicable, remove all line based features and calling card(s) associated with the ported number(s) from its Line Information Database (LIDB). Reactivation of the line-based calling card in another LIDB, if applicable, is the responsibility of the NSP or the Customer.

- 4.2.5. When a telephone number is ported out of the OSP's network, the OSP will follow the 911 Guidelines recommended by the National Emergency Number Association ("NENA") with regard to emergency services databases.
- 4.2.6. When an OSP ports Customer telephone number(s) to the NSP, the OSP shall implement the ten-digit trigger feature where it is available. When the OSP receives the port request, the unconditional trigger shall be applied to the Customer's telephone number prior to the due date and time identified in the port request. When the unconditional trigger is not available, the Parties shall use standard NPAC concurrence procedures.
- 4.2.7. LNP Software is required to be in place and tested prior to any order submission.
- 4.2.8. Reserved numbers may be ported if there is at least one Working Telephone Number in the group.

## 5. LIMITATIONS OF SERVICE

A telephone number can only be ported to a NSP if the Rate Center associated with the NPA-NXX is within the NSP's license area or authorized service area. A telephone number can be ported from a wireline to CMRS Party if the Rate Center associated with the NPA-NXX is within the CMRS provider's license area. A telephone number can be ported from a CMRS to a wireline Party if the Rate Center associated with the NPA-NXX is within the wireline service provider's authorized service area. The Parties recognize that certain NXXs may be non-portable, including those NXXs assigned for internal testing and official use, and any NXXs required to be designated as non-portable by the rules and regulations of the FCC.

## 6. SERVICE DESCRIPTION

Ordering: Both Parties agree to follow the provisions set forth in Appendix D for the exchange of information required to port a customer and the processing of LNP orders.

- 6.1 Pre-order: The Parties agree that a NSP must obtain the affirmative consent of a Customer to authorize the porting of any Working Telephone Number(s) and the disclosure of such Customer's information between the Parties as necessary to facilitate LNP processing.
- 6.2 After receiving a request from a Customer to port telephone number(s), the New Service Provider may request the CSR of the Customer from the Old Service Provider.
- 6.3 Order: The Parties agree that a NSP must submit an order for LNP to the OSP using a 'Local Service Request' (LSR).
- 6.4 All numbers on a LSR that are requested to be ported must reside within the same LRN within an NPAC region. If a customer is requesting to port numbers from multiple LRNs within an NPAC region, a separate LSR must be submitted for all numbers in each LRN within an NPAC region.
- 6.5 Type 1 Number Porting: The Parties agree to migrate all telephone numbers assigned to Type 1 trunks to the Western Wireless mobile switching center utilizing the LNP process. The entire

block(s) of numbers associated with each Type 1 trunk will be incorporated as part of a single LSR. The Parties will work together to accomplish the Type 1 number porting within 15 days of the issuance date of the LSR.

#### Port Processing:

- 6.6 After the NSP sends a LSR to the OSP, the OSP shall determine whether Customer's information in the LSR is correct and whether the port can be completed by the requested date and time. The minimum due date and time (DD/T) intervals for all submitted LSRs is identified in Appendix D. The OSP shall, respond within the Port Request Processing intervals identified in Appendix D and shall send a response to the NSP notifying the NSP whether it can or cannot complete the port by the time requested by the NSP. If the information in the LSR is inaccurate or the port cannot be completed in the requested time, the OSP's response message shall notify the NSP that it denies the request and provide the appropriate reason codes from those listed in the Wireless Intercarrier Communications Interface Specification for Number Portability ("WICIS"), Version 2.0. All reason codes and reason code details should be associated with the respective telephone numbers in error, as applicable. The OSP should conduct a full review of each request, identifying all telephone numbers with suspected errors prior to returning an invalid response. Both parties agree to work expeditiously to resolve incorrect or conflicting information. The NSP can then make the necessary changes and send the LSR back to the OSP for verification. This process shall continue until the OSP accepts the port request and sends a confirmation to the NSP or until the OSP determines that it is incapable of completing the port request and populates the remarks field in the port request indicating this determination to the NSP. If the OSP determines that it is incapable of completing the port or if the OSP fails to respond to the WPR sent by the NSP, the NSP may contact the OSP's Porting Administration Group or Trouble Reporting Contact to ascertain the problem and determine if a remedy is possible and/or whether the NPAC process can begin.
- 6.7 The NSP shall not generate a Subscription Version Create (SV-Create) until it receives a Confirmation from the OSP indicating that the porting process may continue.
- 6.8 NPAC Process: After the OSP has confirmed that it can complete a requested port, the OSP and the NSP shall send an SV-Create regarding the port to the regional NPAC covering the Rate Center associated with the ported number's NPA-NXX. Under no circumstances is the SV-Create to be sent to the NPAC prior to receipt of a valid confirmation response unless otherwise agreed to by the Parties to this Agreement. The SV-Create must be sent for all telephone numbers on the WPR and the date and time must match the Due Date and Time on the LSR sent by the OSP. The Parties shall also update translations in their Central Office(s) from which a telephone number has been ported prior to the date on which the LERG changes become effective so that calls to the ported telephone number may be redirected to the switch of the NSP via route indexing. Mutual NPAC concurrence is required prior to completion of the service request.

After the OSP has confirmed that it can complete a requested port, the Parties shall make all reasonable efforts to complete a request within the time specified in Appendix D, or by the NSP's requested date, whichever is later. Request due date and time should be set to allow for at least the minimum processing time allowed under the guidelines. If the OSP fails to complete a

port by the time specified herein, the NSP may place the telephone number in Conflict with NPAC. If the port has not been completed during the Conflict timer parameter, the NSP can take the port out of Conflict and Activate the telephone number(s).

#### Deactivation:

- 6.9 Deactivation: With respect to all services and features related to the Customer ported telephone number, the OSP shall deactivate them within its Network and Billing Systems by or on the requested due date specified in the associated port request.

#### Return of Numbers:

- 6.10 All Working Telephone Numbers that have been ported will be released when the NSP ceases providing service to those ported numbers. Release of telephone numbers will be based on the procedures set forth in the FRS and IIS of the Number Portability Administration Center. Each telephone number will be released only after the number has been aged by the NSP for 90 days from the day that service to the telephone number was terminated. An aging interval includes any announcement treatment period, as well as blank telephone number intercept period. For disconnected numbers, the NSP will comply with the NPAC disconnect and snapback process as described in applicable publications of the North American Numbering Council.

## 7. TROUBLE, MAINTENANCE, AND REPAIR

- 7.1 Operation Support Systems: Both Parties agree to work expeditiously to resolve any issues associated with porting a customer between the two Parties. Before either Party reports a trouble condition, that Party must first use reasonable efforts to isolate the trouble to the other Party's actions or facilities. In order to facilitate trouble reporting and resolution, the Parties shall provide the trouble reporting contact information, per Appendix C. It is the responsibility of each Party to maintain the accuracy of their contact information and to notify the other Party of changes or modifications.
- 7.2 Trouble: Both Parties shall use commercially reasonable efforts to resolve and/or isolate trouble within 24 hours for single customer affecting issues. Both Parties shall use commercially reasonable efforts to resolve and/or isolate trouble within 6 hours for multiple customer affecting issues.
- 7.3 Network Maintenance: Each 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.
- 7.4 Modifications: Each Party will proactively test their new switch features and service offerings to ensure there are no problems.

**9. PRICING/COSTS**

The Parties to this Agreement are responsible for their own costs associated with this Agreement or the porting process, unless otherwise specified in this Agreement.

**10. TESTING**

- 10.1 Each Party shall designate a single point of contact (SPOC) to schedule and perform required tests. These tests shall be performed during a mutually agreed time frame and must conform to industry portability testing and implementation criteria in force in the NPAC region.
- 10.2 Both Parties shall be certified by the regional NPAC prior to scheduling inter-company testing of LNP.
- 10.3 Both Parties shall exchange information identified in Appendix B prior to the commencement of testing.

**11. FRAUD**

The Parties agree to cooperate in good faith with each other to investigate, minimize, and take corrective action in cases of fraud related to number portability.

**12. USE OF TRADEMARKS**

The Parties agree that they will not use the name, service marks or trademarks of the other Party or any of its affiliated companies in any manner whatsoever, without such Party's specific written consent. Neither Party is licensed hereunder to conduct business under any logo, trademark, service or trade name (or any derivative thereof) of the other Party. Neither Party shall issue any press release or other publicity concerning this Agreement without the prior consent of the other Party.

**13. COMPLIANCE WITH LAWS**

The Parties shall comply with all federal, state and local laws applicable to their performance hereunder.

**14. FORCE MAJEURE**

Neither Party shall be responsible for any delay or failure in performance of any part of this Agreement to the extent that such delay is caused by reason of acts of God, wars, revolution, civil commotion, acts of public enemy, embargo, acts of government in its sovereign capacity, labor difficulties, including without limitation, strikes, slowdowns, picketing or boycotts, or any other circumstances beyond the reasonable control and not involving any fault or negligence of the Delayed Party ("Condition"). If any such Condition occurs, the Party delayed or unable to perform ("Delayed Party"), upon giving prompt notice to the other Party, shall be excused from such performance on a day-to-day basis during the continuance of such Condition (and the other Party shall likewise be excused from performance of its obligations on a day-to-day basis during the same period); provided, however, that the Party so affected

shall use its best reasonable efforts to avoid or remove such Condition and both Parties shall proceed immediately with the performance of their obligations under this Agreement whenever such causes are removed or cease.

**15. ASSIGNMENT**

This Agreement may not be assigned or transferred without the prior written consent of the other Party, which consent may not be unreasonably withheld. Notwithstanding the prior sentence, no prior written consent shall be required for a Party to assign or transfer this Agreement to any subsidiary, Affiliate, parent or successor in interest, or to any entity which acquires all or substantially all of its assets and agrees to be bound by the terms and conditions of this Agreement, provided however, that the assigning Party shall notify the other Party of such assignment or transfer as soon as reasonably practical.

**16. BINDING EFFECT**

This Agreement shall inure to the benefit of, and shall be binding upon the Parties hereto and their respective successors and permitted assigns.

**17. INDEMNIFICATION**

17.1 Each Party shall indemnify and hold harmless the other from any liabilities, claims, or demands, including costs, expenses and reasonable attorney's fees ("Claims") made by third parties resulting from the negligence and/or willful misconduct of a Party, its employees and agents in the performance of this Agreement.

17.2 A Party seeking to be indemnified hereunder will provide the other Party with prompt, written notice of any Claim covered by this indemnification and will cooperate appropriately with the indemnifying Party in the defense thereof. The indemnifying Party shall not settle or compromise any such Claim or consent to the entry of any judgment without the prior written consent of each indemnified Party, such consent not to be unreasonably withheld or delayed.

**18. RELATIONSHIP OF THE PARTIES**

Neither Party undertakes by this Agreement or otherwise to perform or discharge any liability or obligation of the other Party, whether regulatory or contractual, or to assume any responsibility whatsoever for the conduct of the business or operations of the other Party. Nothing contained in this Agreement is intended to give rise to an employment relationship, partnership or joint venture between the Parties or to impose upon the Parties any of the duties or responsibilities of employers, partners or joint venturers.

**19. NOTICES**

Unless otherwise specified in this Agreement, all notices required under this Agreement shall be given in writing. All notices shall be given by personal delivery, overnight courier, confirmed facsimile or



certified mail, return receipt requested to the person(s) specified below or to such other addresses as a Party may designate by written notice to the other Party. If sent by overnight courier or by the United States Postal Service mail, such notices shall be deemed received on the earlier of actual receipt or five (5) business days following deposit.

Notices shall be sent to:

For Western Wireless Corporation:

Regulatory Department  
3650 131<sup>st</sup> Avenue, S.E., Suite 400  
Bellevue, Washington 98006

Email: [Regulatory@wwireless.com](mailto:Regulatory@wwireless.com)

Fax: 425-586-8118

For Carrier B:

(Insert Name & Address)

Email:

Fax:

## 20. WAIVER

The waiver or failure of either Party to exercise in any respect any right provided for in this Agreement shall not be deemed a waiver of any further right under this Agreement.

## 21. SEVERABILITY

This Agreement shall be subject to all applicable federal, state and local laws, court orders, agency orders, rules and regulations of all governmental agencies and authorities. In the event this Agreement, any of the provisions of this Agreement, or any of the activities under this Agreement, are determined to be inconsistent with or contrary to any applicable federal, state or local laws, court orders, agency orders, rules, or regulations, the latter shall control and any inconsistent term or condition of this Agreement shall terminate without any additional liability attaching to either Party. If the Agreement lawfully can be continued, it is commercially practicable to do so, and the intent of the Parties can be effectuated without the stricken provision, then the Agreement shall continue as amended and the Parties agree to negotiate any such necessary amendments. If the Agreement lawfully can be continued, it is commercially practicable to do so, and the intent of the Parties can be effectuated, but only by further modification of the Agreement, the Parties may so modify the Agreement by executing an appropriate amendment to this Agreement; if the Parties choose not to so modify this Agreement, then this Agreement shall terminate without any additional liability attaching to either Party and further performance shall be excused.

## 22. Limitation of Liability

Neither Party shall be liable to the other in connection with the provision or use of services offered under this Agreement for indirect, incidental, consequential, special damages, including (without

limitation) damages for lost profits, regardless of the form of action, whether in contract, indemnity, warranty, strict liability, or tort.

## **23. ESCALATION PROCEDURES**

The Parties shall agree to a single point of contact in each company who shall be notified in the event a Party encounters a post-porting issue(s) or a case of suspected breach of this agreement. This action should precede actions by a Party under Section 24 Dispute Resolution. Once a Party institutes Escalation Procedures under this Section, all Parties shall refrain for three (3) days from taking any action under Section 24. The points of contact for each Party are as follows:

For Carrier A:

(Insert Name & Address)

For Carrier B:

(Insert Name & Address)

## **24. DISPUTE RESOLUTION**

### **24.1 General Provisions**

- a. Without limitation of the Parties' right to bring a dispute otherwise within the jurisdiction of a regulatory agency before such agency or unless otherwise required by law, the Parties desire to resolve disputes arising out of this Agreement without litigation. Accordingly, in the event of a dispute, claim or controversy arising under this Agreement ("Dispute"), the affected Party shall resolve the Dispute as provided herein.
- b. At the written request of a Party to invoke the procedures hereunder, each Party shall appoint within five (5) days of the request a knowledgeable, responsible representative to meet and negotiate in good faith to resolve a Dispute. Parties may be represented by counsel to assist in and/or conduct such negotiations. The discussions shall be left to the discretion of the representatives. Upon agreement, the representatives may utilize other alternative dispute resolution procedures such as mediation to assist in the negotiations. Discussions and correspondence among the representatives for purposes of these negotiations shall be treated as confidential information developed for purposes of settlement, exempt from discovery and production, which shall not be admissible in the arbitration described below or in any lawsuit without the concurrence of all Parties. Documents identified in or provided with such communications, which are not prepared for purposes of the negotiations, are not so exempted and may, if otherwise admissible, be admitted in evidence in the arbitration or lawsuit.
- c. If the foregoing negotiations do not resolve the Dispute within sixty (60) days of the initial written request, either Party may serve upon the other Party by certified mail a written demand that the Dispute be arbitrated, specifying in reasonable detail the nature of the Dispute to be submitted to arbitration in accordance with Section 23.2, below. The demand, effective upon receipt, shall be made within a reasonable time after the Dispute, has arisen. In no event shall

the demand for arbitration be made more than one year after the underlying cause of action arises.

- d. The arbitration hearing shall commence within forty-five days after the demand for arbitration. The arbitrator shall rule on the dispute by issuing a written opinion within thirty (30) days after the close of hearings.
- e. Notwithstanding the Dispute Resolution provisions set forth in Section 23, the provisions in this Agreement addressing Severability as set forth in Section 21 and the provisions allowing for termination as set forth in Section 1.2 take precedence. If the Agreement is terminated any initial negotiations or arbitration in progress shall cease and become moot.

#### 24.2 ARBITRATION.

- a. Agreement to Arbitrate Disputes. Except as set forth in Section 23.1 above, the Parties agree that in the event of any Dispute, such Dispute shall be resolved exclusively by arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. The Federal Arbitration Act, 9 U.S.C. Secs. 1-15, not state law, shall govern the arbitrability of all Disputes.
- b. Selection of Arbitrator. The Parties further agree that they will ask the American Arbitration Association administrator in the area in which LNP is being provided, to provide to each Party to the Dispute a list of five (5) proposed arbitrators qualified to decide the controversy and who are experienced in telecommunications law. Within seven (7) days of receipt of this list, each Party to the Dispute will cross off names of proposed arbitrators the Party does not wish to use, leaving at least two candidates on the list, will number the remaining names in the order of preference, and will return the annotated list to the administrator. The administrator will select an arbitrator from the modified lists of preferences. The Parties will accept the administrator's selection of the Arbitrator.
- c. Discovery. Discovery shall not be permitted in such arbitration except as allowed by the rules of AAA or such other arbitration agency selected by the Parties pursuant to Section 23.2(a), or as otherwise agreed to by the Parties.
- d. Arbitration Award or Decision. The Parties agree that the arbitrator shall have no power or authority to make awards or issue orders of any kind except as permitted by this Agreement and substantive law, and in no event shall the arbitrator have the authority to make any award that provides for punitive or exemplary damages. The arbitrator's decision shall follow the plain meaning of this Agreement and the relevant documents. The arbitrator's award shall be final and binding and may be enforced in any court of competent jurisdiction. Each Party shall bear its own costs and attorneys' fees, and shall share equally in the fees and expenses of the arbitrator.

#### 25. ARTICLE HEADINGS

The headings of the Articles are inserted for convenience of reference only and are not intended to be part of or to affect the meaning or interpretation of this Agreement.

26. CHOICE OF LAW AND JURISDICTION

The construction, interpretation and performance of this Agreement shall be governed by and construed in accordance with the laws of the state in which LNP is being provided, without regard to any conflicts of law principles that would require the application of the laws of any other jurisdiction.

27. AMENDMENTS

Amendments, modifications and supplements to this Agreement are allowed provided: (a) all such amendments, modifications and supplements shall be in writing signed by authorized representatives of both Parties, and (b) all such amendments, modifications and supplements shall by reference incorporate this Agreement in its entirety and identify the specific sections or paragraphs contained herein which are amended, modified or supplemented, and (c) all such amendments, modifications and supplements shall not be construed to adversely affect vested rights or causes of action which have accrued prior to the Effective Date of such amendment, modification or supplement.

28. ENTIRE AGREEMENT

This Agreement together with its exhibits constitutes the entire agreement between the Parties and cancels all contemporaneous or prior agreements, whether written or oral, with respect to the subject matter of this Agreement. No modifications shall be made to this Agreement unless in writing and signed by authorized representatives of the Parties.

29. SIGNATURES

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement through their authorized representatives.

WESTERN WIRELESS CORPORATION      CARRIER B

\_\_\_\_\_  
(Signature of Officer or Authorized Agent)

\_\_\_\_\_  
(Signature of Officer or Authorized Agent)

\_\_\_\_\_  
(Printed Name of Officer or Authorized Agent)

\_\_\_\_\_  
(Printed Name of Officer or Authorized Agent)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Date)

\_\_\_\_\_  
(Date)

## Appendix A - Agreement Serving Areas

## Exhibit R3

# Trading Partner Profile for Porting between Sprint and <Trading Partner>

C O N T A C T	Item	Sprint	<Trading Partner>
	Effective Date		
	Primary contact name	Porting Center	
	Contact description	Porting Center	
	Phone number #1	Tbd	
	Phone number #2		
	FAX number	813-273-3403 (will change 3Q03)	
	Email address		
	Other		
	Note: The primary contact is also assumed to be the first point of contact for profile changes.		
	Secondary contact name	Network Operations Center	
	Contact description	Network Operations Center	
	Phone number #1	800-892-2888	
	Phone number #2	813-273-3440	
	FAX number	813-273-3570	
	Email address	Netops@tsiconnections.com	
	Other	Hotline@tsiconnections.com	

O P E R A T I O N S	Item	Sprint	<Trading Partner>
	... Common ...		
	Operating Company No. (OCN)	See following list of OCNs	
	Administrative OCN	6664	
	Wireless or Wireline	Wireless or Wireline	
	Holiday Days (mm/dd/yy)	Standard NPAC holiday schedule	
	Holiday time begin (hh:mm)	17:00 EST on business day before	
	Holiday time end (hh:mm)	8:00 EST on business day after	
	... for Test ...		
	Service Provider ID (SPID)	Primary: 9990, Secondary: 7778	
	LSMS SPID	7777	
	LSR Version ID	Industry supported, prefer LSOG 5	
	FOC Version ID	Industry supported, prefer LSOG 5	
	WICIS Version ID	2.0	
	Time Zone (PST, MST, CST, EST)	CST	
	Business days (Sun, Mon, etc.)	Monday through Friday	
	Business day begin (hh:mm)	7:00 CST	
	Business day end (hh:mm)	16:00 CST	
	... for Production ...		
	Service Provider ID (SPID)	6664	
	LSMS SPID	0661	
	LSR Version ID	Industry supported, prefer LSOG 5	
	FOC Version ID	Industry supported, prefer LSOG 5	
	WICIS Version ID	2.0	
	Time Zone (PST, MST, CST, EST)	CST	
	Business days (Sun, Mon, etc.)	24x7 except NPAC maintenance	
	Business day begin (hh:mm)	hours	
	Business day end (hh:mm)		

C O R B A	Item	Sprint	<Trading Partner>
	... for Test ...		
	Porting Method: Primary, Secondary, N/A	Current, Telcordia SMG 4.0 & 4.1, Future = SMG 4.2 (~Sep, 2003)	
	ICP Package/Application ("send to")	SMG 4.0/4.2: 205.174.182.182 SMG 4.1: 205.174.188.227	
	ICP Physical Server ("receive from")	SMG 4.0/4.2: 205.174.182.180 SMG 4.1: 205.174.188.229	
	Failover ICP Server	SMG 4.0/4.2: 205.174.182.178 SMG 4.1: 205.174.188.228	
	SOA Application	SMG 4.0/4.2: 205.174.182.181 SMG 4.1: 205.174.188.226	
	SOA Server	SMG 4.0/4.2: 205.174.182.178 SMG 4.1: 205.174.188.228	
	Failover SOA Server	SMG 4.0/4.2: 205.174.182.180 SMG 4.1: 205.174.188.229	
	Application Port Information	29990 (setup as "2" + SPID)	
	Naming Service / IOR	Static IP (or N/A)	
	DLCI	N/A	
	LDAP Provider	N/A	
	Security Requirements	N/A	
	Firewall Requirements	Allow TCP and UDP traffic	
	SSL Requirements	N/A	
	Proprietary Requirements	N/A	
	Service IDL version	N/A (Currently at 2.0 ??)	
	Implementation OMG standard compliant?	Yes	
	... for Test OMG CORBA Standards Supported ...		
	Vendor	Product Name/Version	OMG CORBA Version
	Borland	CORBA	IOP Version
	... for Production ...		
	Porting Method: Primary, Secondary, N/A	Current, Production = SMG 4.0 Future = SMG 4.1 (mid-July) SMG 4.2 (~October, 2003)	
	ICP Package/Application ("send to")	SMG 4.0: 205.174.185.139	
	ICP Physical Server ("receive from")	SMG 4.0: 205.174.185.237	
	Failover ICP Server	SMG 4.0: 205.174.185.236	
	SOA Application	SMG 4.0: 205.174.185.138	
	SOA Server	SMG 4.0: 205.174.185.236	
	Failover SOA Server	SMG 4.0: 205.174.185.237	
	Application Port Information	29990 (setup as "2" + SPID)	
	Naming Service / IOR	Static IP (or N/A)	
	DLCI	N/A	
	LDAP Provider	N/A	
	Security Requirements	N/A	
	Security Requirements	N/A	
	Firewall Requirements	Allow TCP and UDP traffic	



	SSI Requirements	N/A	
	Proprietary Requirements	N/A	
	Service IDL version	N/A (Currently at 2.0 ??)	
	Implementation OMG standard compliant?	Yes	
	... for Test OMG CORBA Standards Supported ...		
	Vendor	Product Name/Version	OMG CORBA Version
	Borland	CORBA	IIOP Version

F A X	Item	Sprint	<Trading Partner>
	... for Test ...		
	Porting Method: Primary, Secondary, N/A		
	FAX number	813-273-3403	
	Backup FAX number	Tbd	
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		
	FAX number	Tbd	
	Backup FAX number	Tbd	

E D I	Item	Sprint	<Trading Partner>
	... for Test ...		
	Porting Method: Primary, Secondary, N/A		
	Specific EDI Requirements	Tbd or ExchangeLink ???	
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		
	Specific EDI Requirements	Tbd or ExchangeLink ???	

O T H E R	Item	Sprint	<Trading Partner>
	... for Test ...		
	Porting Method: Primary, Secondary, N/A		
	Other Communication Requirements	IBM MQ Websphere 5.2/5/3 Exchange Queue Name, Queue Manager, and a channel	
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		

Other Communication Requirements	IBM MQ Websphere 5.2/5/3 Exchange Que Name, Que Manager, and a channel	
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The parties agree that information contained in the Trading Partner Profile is operational in nature and subject to change. The parties agree to make every effort to give the other party 30 days notice of any changes to its information.

### Sprint OCNs

OCN:	OCN:	OCN:	OCN:	OCN:	OCN:	OCN:	OCN:
4058	4060	4061	4064	4065	4066	4098	4099
6032	6664	6982	8440	8441	8442	8443	8444
8445	8446	8447	8448	8449	8450	8451	8452
8453	8454	8455	8456	8457	8458	8459	8460
8461	8462	8463	8564	8566	8567	8568	8570
8571	8572	8574	8575				

## Information Required for Logging Trouble Tickets

### Sprint PCS:

- Customer name and organization.
- Full description of the issue and expected results.
- Steps to reproduce the issue and relevant data.
- All applicable issue, log, and system files.
- Any special circumstances surrounding the discovery of the issue (e.g., first occurrence or occurred after what specific event).
- Customer's business impact of problem and suggested priority for resolution.

### Trading Partner:

- Customer name and organization.
- Full description of the issue and expected results.
- Steps to reproduce the issue and relevant data.
- All applicable issue, log, and system files.
- Any special circumstances surrounding the discovery of the issue (e.g., first occurrence or occurred after what specific event).
- Customer's business impact of problem and suggested priority for resolution.

## Porting Validation Standards

### Information Required for Port Validation:

#### Sprint PCS:

Last Name or Business Name

Zip Code

SSN or Tax ID or Acct. No.

MDN

If corporate liable - a password or pin number.

#### Trading Partner:

## Porting Business Rules Exhibit E

### Sprint PCS:

- Complex Ports – Sprint PCS will accept only single line ports. Multiline ports must be submitted as multiple single line ports.
- Resellers – Sprint PCS will accept port requests on behalf of our resellers, however all validation is based on the resellers' processes.

### Trading Partner:

- TBD

## **WIRELINE TRADING PARTNER PROFILE**

### **Table of Contents**

**Part A –Trading Partner Profile**

**Part B – General Contact Information and Trouble Reporting Contact Information**

**Part C – Trouble Ticket Detail**

**Part D – Porting Validation Standards**

**Part E – Affiliate Lists**

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**Part A**  
**Trading Partner Profile**

**For Verizon Wireless:**

Company Name – Verizon Wireless (Verizon Wireless Affiliates are identified in Part E hereto)  
Administrative OCN – G056

**OCN LIST FOR VERIZON  
WIRELESS**

STATE	OCN	STATE	OCN
AL	6804	MT	6564
AR	6805	NE	5807
AZ	6572	NC	6324
CA	6006	ND	6568
CO	6567	NH	6386
CT	6388	NV	6458
DC	6402	NJ	6391
DE	6393	NY	6959
FL	6502	NM	6573
GA	6540	OH	6025
HI	6516	OK	5813
IA	6570	OR	6523
ID	6565	PA	6392
IL	6333	RI	6389
IN	6725	SC	6398
KS	6532	SD	6569
KY	6500	TN	6673
LA	6505	TX	6506
ME	6386	UT	6571
MA	6387	VA	6827
MD	6395	VT	6390
MS	6396	WV	6394
MO	5814	WA	6246
MN	5816	WI	6508
MI	6003	WY	6566

Verizon Wireless Service Order Activation System SPID – 6006  
 Verizon Wireless Local Service Management System SPID – 0572, 6827

Address – Port Center  
 300 River Rock Blvd.  
 Murfreesboro, TN 37128  
 Country – USA

**For Wireline Carrier B:**

Company Name: Wireline Carrier B to provide list of Affiliates on Part 63

Wireline Carrier B to insert OCNs with associated states here and to complete items on the table below

Address: [insert address]  
 [insert address]  
 Country: USA

CONTACT	Item	Verizon Wireless	Wireline Carrier B
	Effective Date		
	Note: The above contact is also assumed to be the first point of contact for profile changes.		
	Contact name for Wireline Carrier	Verizon Wireless Port Center	
	Contact description	Port Center - General Information	
	Phone number	1-800-488-2000 (not available until 11/24/03)	

OPERATIONAL	Item	Verizon Wireless	Wireline Carrier B
	... Common information for testing and production environments ...		
	Administrative OCN	G056	
	Administrative Authorized Exchange Carrier Name (if applicable)	EBAW	
	Holiday Days (List Days)	N/A	
	Holiday time begin (hh:mm)	N/A	
	Holiday time end (hh:mm)	N/A	
... for Testing ...			

Service Provider SOA ID (SPID)	6006	
LSMS SPID	0572, 6827	
WPR / LSR Version ID	Preference to latest industry-supported version. WPR is for WLS-WLN porting, LSR is for WLN-WLS.	
WPRR / FOC Version ID	Preference to latest industry-supported version.	
Time Zone (PST, MST, CST, EST)	Coordinated per Time Zone, per contact information in Part B.	
Business days (Sun, Mon, etc.)	Testing to be coordinated per contact information in Part B	
Business day begin (hh:mm)	Testing to be coordinated per contact information in Part B	
Business day end (hh:mm)	Testing to be coordinated per contact information in Part B	
... for Production ...		
Service Provider SOA ID (Verizon Wireless SPID)	6006	
LSMS SPID	0572, 6827	
WPR / LSR Version ID	LSOG (most current version) WPR is for WLS-WLN porting, LSR is for WLN-WLS.	
WPRR / FOC Version ID	LSOG (most current version)	
Time Zone (PST, MST, CST, EST)	24x7x365	
Business days (Sun, Mon, etc.)	24x7x365	
Business day begin (hh:mm)		
Business day end (hh:mm)		

C	Item	Verizon Wireless	Wireline Carrier B
O	... for Testing ...		
R	Porting Method: Primary,	Current, Test Env = Telcordia	
B	Secondary, N/A	SMG 4.2.0.50 (WICIS 2.x)	
A	ICP Package/Application ("send to")	SMG 4.2: 205.174.188.227	
	ICP Physical Server ("receive from")	SMG 4.2: 205.174.188.229	
	Failover ICP Server	SMG 4.2: 205.174.188.228	
	SOA Application	SMG 4.2: 205.174.188.226	

SOA Server	SMG 4.2: 205.174.188.229	
Failover SOA Server	SMG 4.2: 205.174.188.229	
Application Port Information	Test Env 2 = 26233	
Naming Service / IOR	Static IP (or N/A)	
DL CI (Frame Relay usage)	N/A	
LDAP Provider	N/A	
Security Requirements	N/A	
Firewall Requirements	Allow TCP and UDP traffic	
SSL Requirements	N/A	
Proprietary Requirements	N/A	
Service IDL version	N/A	
Implementation OMG standard compliant?	Yes	
... for Testing OMG CORBA Standards Supported ...		
Verizon Wireless		Wireline Carrier B
Vendor	Borland	Vendor
Verizon Wireless Product Name/Version	CORBA	Wireline Product Name/Version
OMG CORBA Version	Corba IDL 2.1	OMG CORBA Version
IIOP Version ... for Production ...		
Porting Method: Primary, Secondary, N/A	Current Production = SMG 4.2	
ICP Package/Application ("send to")	SMG 4.2: 205.140.9.27 205.140.9.29	
ICP Physical Server ("receive from")	SMG 4.2: 205.140.9.17 205.140.9.19	
Failover ICP Server	SMG 4.2: 205.140.9.16 205.140.9.18	
SOA Application	SMG 4.2: 205.140.9.26 205.140.9.28	
SOA Server	SMG 4.2: 205.140.9.16 205.140.9.18	
Failover SOA Server	SMG 4.2: 205.140.9.17 205.140.9.19	
Application Port Information	26232 (setup as "2" + SPID)	
Naming Service / IOR	Static IP (or N/A)	
DL CI (Frame Relay usage)	N/A	
LDAP Provider	N/A	
Security Requirements	N/A	
Security Requirements	N/A	



Firewall Requirements	Allow TCP and UDP traffic	
SSL Requirements	N/A	
Proprietary Requirements	N/A	
Service IDL version	N/A	
Implementation OMG standard compliant?	Yes	
... for Production OMG CORBA Standards Supported ...		
Verizon Wireless		Wireline Carrier B
Vendor	Borland	Vendor
Verizon Wireless		Wireline
Product Name/Version	CORBA	Product Name/Version
OMG CORBA Version	Corba IDL 2.1	OMG CORBA Version

F A X	Item	Verizon Wireless	Wireline Carrier B
	... for Testing ...		
	Porting Method: Primary, Secondary, Low Tech Interface, LTI		
	Fax number (machine printed forms)	1-813-209-5983	
	Fax number (hand printed forms)	1-813-209-5982	
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		
	Fax number (machine printed forms)	1-813-749-5201	
	Fax number (hand printed forms)	1-813-749-5202	
	NOTE: When responding to our support issues, please respond to the E-mail, Fax Number, or the 1-800-441-1111.		

E D I	Item	Verizon Wireless	Wireline Carrier B
	... for Testing ...		
	Porting Method: Primary, Secondary, Low Tech Interface (LTI)		
	Specific EDI Requirements	N/A	
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		
	Specific EDI Requirements	N/A	

O T H E R	Item	Verizon Wireless	Wireline Carrier B
	... for Testing ...		
	Porting Method: Primary, Secondary, N/A		
	Other Communication Requirements		
	... for Production ...		
	Porting Method: Primary, Secondary, N/A		
	Other Communication Requirements		

The carriers agree that information contained in this Part A is operational in nature and subject to change.

The carriers agree to make every effort to give the other carrier thirty (30) days' notice of any changes to its information pursuant to the General Contact Information set forth in Part A.

The carriers' contact information contained in this Trading Partner Profile is for the sole purpose of carrier-to-carrier communication and not for distribution to customers and/or end users.

**Part B – General Contact Information and  
Trouble Reporting Contact Information**

**For Verizon Wireless:**

**General Contact Information**

**Wireless-Wireline Porting:**

**Verizon Wireless Porting Center**

Hours of Operation: 24 x 7 x 365 (open all holiday's, no exceptions)  
Address: 300 River Rock Blvd.  
Murfreesboro, TN 37128  
Phone: 1-800-488-2002

**Porting Center Carrier Relations**

Contact: Associate Director of Inter-Carrier Relations  
Phone: 1-800-711-9300  
Fax: 1-615-372-2411  
Hours: 8:00am to 5:00pm (Central Time)  
E-mail: [PortCenterICR@GL.VerizonWireless.com](mailto:PortCenterICR@GL.VerizonWireless.com)

**Pre-Launch (Pre-11/24/03) Inter-Carrier Test Scheduling**

Contact: Wireline Inter-Carrier Test Coordinator  
Phone: 1-248-915-3430  
Fax: 1-248-915-3799  
E-mail: [Marie.Moore@VerizonWireless.com](mailto:Marie.Moore@VerizonWireless.com)

**Post-Launch (Post-11/24/03) Inter-Carrier Test Scheduling**

Contact: Inter-Carrier Relations  
Phone: 1-800-711-9300  
Fax: 1-615-372-2411  
E-mail: [PortCenterICR@GL.VerizonWireless.com](mailto:PortCenterICR@GL.VerizonWireless.com)

**Trouble Reporting Contact Information**

Process: The Verizon Wireless Porting Center is the initial interface for all trouble resolution activity associated with porting numbers. The Porting Center will refer issues to the appropriate internal Network or provisioning group for resolution within Verizon Wireless.

**Trouble Area:**

ICP/General Trouble Reporting

Phone: 1-800-711-9300  
Fax: 1-615-372-2425  
E-mail: VZWLNPGeneral@GL.VerizonWireless.com

Disaster Recovery

Contact: Porting Center Resource Manager  
Phone: 1-800-711-9300  
Fax: 1-615-372-2425  
E-mail: PCLNPTNC@GL.VerizonWireless.com

CORBA:

Contact: TSI Hotline  
Phone: 1-800-892-2888  
Fax: 1-813-273-3164  
E-mail: Hotline@tsiconnections.com; Subject: Customer#: WLNP

**For Wireline Carrier B:**

**General Contact Information**

[contact]

Hours of Operation:

Address:

[contact]

Phone: .

Fax:

**Trouble Reporting Contact Information**

**Trouble Area:**

ICP/General Trouble Reporting

Phone:

Fax:

E-mail:

Disaster Recovery

Contact:

Phone:

Fax:

E-mail:

CORBA:

Contact:

Phone:

Fax:

E-mail:

Note: Each carrier shall make available a Porting Administration Group or Trouble Reporting contact on a 24x7x365 basis.

The Trouble Reporting Contacts may be amended from time to time by a carrier upon providing thirty (30) days' written notice to the other at the General Contact Information set forth in this Part A.

**The carriers' contact information contained in this Trading Partner Profile is for the sole purpose of carrier-to-carrier communication and not for distribution to customers and/or end users.**

## **Part C – Trouble Ticket Detail**

### **For Verizon Wireless:**

#### **Information Required For Logging Trouble Tickets\***

The following may be required for trouble reports:

- Carrier Name;
- Reporting Carrier organization;
- SPID and associated OCN(s);
- Point of Contact Name;
- Point of Contact Number;
- Porting Telephone Number/MDN;
- LRN;
- Time and Date of Port;
- Associated Error Codes;
- Description of Problem; and
- Other relevant data.

### **For Wireline Carrier B:**

#### **Information Required For Logging Trouble Tickets\***

The following is proposed information for trouble reports:

- Carrier Name;
- Reporting Carrier organization;
- SPID and associated OCN(s);
- Point of Contact Name;
- Point of Contact Number;
- Porting Telephone Number/MDN;
- LRN;
- Time and Date of Port;
- Associated Error Codes;
- Description of Problem; and
- Other relevant data.

\*Each carrier shall make available a Porting Administration Group or Trouble Reporting contact on a 24x7x365 basis.

**The carriers contact information contained in this Trading Partner Profile is for the sole purpose of carrier-to-carrier communication and not for distribution to customers and/or end users.**

## **Part D – Porting Validation Standards**

### **For Verizon Wireless:**

#### **Information Required For Post-Paid Port Validation:**

1. Billing Last Name
2. Business Name if no information for Billing Name
3. Five Digit Zip Code
4. SSN/Tax ID Number
5. Account Number if no SSN or Tax ID
6. Porting Telephone Number

#### **Information Required for Pre-Paid Port Validation:**

1. Porting Telephone Number
2. Password/PIN

### **For Wireline Carrier B:**

#### **Information Required For Post-Paid Port Validation:**

#### **Information Required for Pre-Paid Port Validation:**

Note: Other than those mandatory data items set forth in Section 3.3.1 of the WICIS, the above shall be the only information which may be utilized by a carrier to this Trading Partner Profile to validate a port request for post-paid numbers. "Delay" or "denial" of ports between the carriers shall occur only in the event a carrier is unable to complete the validation of those validation elements expressly set forth above. Once validated, the Carriers shall be obligated to complete the porting transaction. Any variations or proposed changes in the agreed data fields noted above shall be communicated to the other carrier at the information provided in Part B.

## Part E – Affiliate Lists

### For Verizon Wireless:

Allentown SMSA Limited Partnership d/b/a Verizon Wireless  
By Bell Atlantic Mobile Systems of Allentown, Inc., Its General Partner

Anderson CellTelCo d/b/a Verizon Wireless  
By Cellco Partnership, Its General Partner

Athens Cellular, Inc. d/b/a Verizon Wireless

Badlands Cellular of North Dakota Limited Partnership d/b/a Verizon Wireless  
By: CommNet Cellular Inc., Its Managing Agent

Bell Atlantic Mobile of Asheville, Inc. d/b/a Verizon Wireless

Bell Atlantic Mobile of Rochester, LP d/b/a Verizon Wireless  
By Upstate Cellular Network, Its General Partner  
By Cellco Partnership, Its General Partner

Binghamton MSA Limited Partnership d/b/a Verizon Wireless  
By NYNEX Mobile of New York Limited Partnership, Its General Partner  
By Upstate Cellular Network, Its General Partner  
By Cellco Partnership, Its General Partner

Bismarck MSA Limited Partnership d/b/a Verizon Wireless  
By Cellular Inc. Network Corporation, Its General Partner

Boise City MSA Limited Partnership d/b/a Verizon Wireless  
By Verizon Wireless (VAW) LLC, Its General Partner

California RSA No. 4 Limited Partnership d/b/a Verizon Wireless  
By Pinnacles Cellular, Inc., Its General Partner

Cellco Partnership d/b/a Verizon Wireless

Cellular Inc. Network Corporation d/b/a Verizon Wireless

Chicago 10 MHz LLC d/b/a Verizon Wireless  
By Cellco Partnership, Its Sole Member

Chicago SMSA LP d/b/a Verizon Wireless  
By Cellco Partnership, Its General Partner

Colorado 7 – Saguache Limited Partnership d/b/a Verizon Wireless  
By: CommNet Cellular Inc., Its Managing Agent

Colorado RSA No. 3 Limited Partnership d/b/a Verizon Wireless  
By Verizon Wireless (VAW) LLC, Its General Partner

CommNet Cellular License Holding LLC d/b/a Verizon Wireless  
By Cellular Inc. Financial Corporation, Its Sole Member

CyberTel Cellular Telephone Company d/b/a Verizon Wireless  
By Cellco Partnership, Its General Partner

Dallas MTA, LP d/b/a Verizon Wireless  
By Verizon Wireless Texas, LLC, Its General Partner

Danville Cellular Telephone Company Limited Partnership d/b/a Verizon Wireless  
By Cellco Partnership, Its General Partner

Des Moines MSA General Partnership d/b/a Verizon Wireless  
By Verizon Wireless (VAW) LLC, Its General Partner

Dubuque MSA Limited Partnership d/b/a Verizon Wireless  
By Southwestco Wireless, LP, Its General Partner  
By Southwestco Wireless, Inc., Its General Partner



Duluth MSA Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Minnesota, LLC, Its General Partner  
         By Cellco Partnership, Its Sole Member  
 Eastern South Dakota Cellular, Inc. d/b/a Verizon Wireless  
 Fayetteville Cellular Telephone Company Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Fresno MSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Gadsden CellTelCo Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Gila River Cellular General Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its Managing General Partner  
 Gold Creek Cellular of Montana Limited Partnership d/b/a Verizon Wireless  
     By Cellular Inc. Network Corporation, Its General Partner  
 Grays Harbor-Mason Cellular Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 GTE Mobilnet of California Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 GTE Mobilnet of Florence, Alabama Incorporated d/b/a Verizon Wireless  
 GTE Mobilnet of Fort Wayne Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 GTE Mobilnet of Indiana Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 GTE Mobilnet of Indiana RSA #3 Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 GTE Mobilnet of Indiana RSA #6 Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 GTE Mobilnet of Santa Barbara Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 GTE Mobilnet of South Texas Limited Partnership d/b/a Verizon Wireless  
     By San Antonio MTA LP, Its General Partner  
         By Verizon Wireless Texas, LLC, Its General Partner  
 GTE Mobilnet of Terre Haute Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 GTE Mobilnet of Texas RSA #17 Limited Partnership d/b/a Verizon Wireless  
     By San Antonio MTA LP, Its General Partner  
         By Verizon Wireless Texas, LLC, Its General Partner  
 GTE Mobilnet of Texas RSA #21 Limited Partnership d/b/a Verizon Wireless  
     By San Antonio MTA LP, Its General Partner  
         By Verizon Wireless Texas, LLC, Its General Partner  
 GTE Mobilnet of the Southwest LLC d/b/a Verizon Wireless  
     By Cellco Partnership, Its Sole Member  
 GTE Wireless of the Midwest Incorporated d/b/a Verizon Wireless  
 Hamilton Cellular Telephone Company d/b/a Verizon Wireless  
     By New Par, Its General Partner  
         By Verizon Wireless (VAW) LLC, Its General Partner  
 Idaho 6 – Clark Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Idaho RSA No. 1 Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner

Idaho RSA No. 2 Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

Idaho RSA 3 Limited Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

Illinois RSA 1 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Illinois RSA 6 and 7 Limited Partnership d/b/a Verizon Wireless  
 By Illinois SMSA Limited Partnership, Its General Partner  
 By Cellco Partnership, Its General Partner

Illinois SMSA Limited Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Indiana RSA #1 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Indiana RSA 2 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Iowa 8 – Monona Limited Partnership d/b/a Verizon Wireless  
 By CommNet Cellular Inc., Its Managing Agent

Iowa RSA 5 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Iowa RSA 10 General Partnership  
 By Cellco Partnership d/b/a Verizon Wireless, Its Manager

Iowa RSA No. 4 Limited Partnership d/b/a Verizon Wireless  
 By GTE Wireless of the Midwest Incorporated, Its General Partner

Kentucky RSA No. 1 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

Los Angeles SMSA Limited Partnership d/b/a Verizon Wireless  
 By AirTouch Cellular, Its General Partner

Missouri Valley Cellular, Inc. d/b/a Verizon Wireless  
 By CommNet Cellular, Inc., Its Managing Agent

Modoc RSA Limited Partnership d/b/a Verizon Wireless  
 By AirTouch Cellular, Its General Partner

Muskegon Cellular Partnership d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

NC-2 LLC d/b/a Verizon Wireless

New Hampshire RSA 2 Partnership d/b/a Verizon Wireless  
 By Cellco Partnership, Its General Partner

New Mexico RSA 3 Limited Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, its Sole Member

New Mexico RSA 6-I Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, Its Sole Member

New Mexico RSA No. 5 Limited Partnership d/b/a Verizon Wireless  
 By GTE Mobilnet of the Southwest LLC, Its General Partner  
 By Cellco Partnership, Its Sole Member

New Par d/b/a Verizon Wireless  
 By Verizon Wireless (VAW) LLC, Its General Partner

New York RSA 2 Cellular Partnership d/b/a Verizon Wireless  
 By Upstate Cellular Network, Its General Partner  
 By Cellco Partnership, Its General Partner

New York RSA No. 3 Cellular Partnership d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
     By Cellco Partnership, Its General Partner  
 New York SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 North Central RSA 2 of North Dakota Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 North Dakota 5 - Kidder Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 North Dakota RSA No. 3 Limited Partnership d/b/a Verizon Wireless  
     By AirTouch North Dakota, LLC, Its General Partner  
 Northeast Pennsylvania SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Northern New Mexico Limited Partnership d/b/a Verizon Wireless  
     By Cellular Inc. Network Corporation, Its General Partner  
 Northwest Dakota Cellular of North Dakota Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 NYNEX Mobile Limited Partnership 1 d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 NYNEX Mobile Limited Partnership 2 d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 NYNEX Mobile of New York, LP d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
     By Cellco Partnership, Its General Partner  
 Olympia Cellular Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 Omaha Cellular Telephone Company d/b/a Verizon Wireless  
     By AirTouch Nebraska, LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Orange County-Poughkeepsie Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless of the East LP, Its General Partner  
     By Verizon Wireless of Georgia LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Oxnard-Ventura-Simi Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Cellular, Its General Partner  
 Pennsylvania 3 Sector 2 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania 4 Sector 2 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA 1 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA No. 6 (I) Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pennsylvania RSA No. 6 (II) Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pittsburgh SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pittsfield Cellular Telephone Company d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Platte River Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent

Portland Cellular Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Pueblo Cellular, Inc. d/b/a Verizon Wireless  
 Redding MSA Limited Partnership d/b/a Verizon Wireless  
     By Sacramento Valley Limited Partnership, Its General Partner  
     By AirTouch Cellular, Its General Partner  
 Rockford MSA Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 RSA 7 Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Iowa RSA 7, LLC, Its Managing Partner  
     By Cellco Partnership, Its Sole Member  
 Sacramento Valley Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Cellular, Its General Partner  
 San Antonio MTA, L.P. d/b/a Verizon Wireless  
     By Verizon Wireless Texas, LLC, Its General Partner  
 San Isabel Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By: CommNet Cellular Inc., Its Managing Agent  
 Sanborn Cellular, Inc. d/b/a Verizon Wireless  
     By CommNet Cellular, Inc., Its Managing Agent  
 Sangre De Cristo Cellular, Inc. d/b/a Verizon Wireless  
     By CommNet Cellular, Inc., Its Managing Agent  
 Seattle SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Sioux City MSA Limited Partnership d/b/a Verizon Wireless  
     By Cellular Inc. Network Corporation, Its General Partner  
 Smoky Hill Cellular of Colorado Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 Southern & Central Wireless, LLC d/b/a Verizon Wireless  
     By Cellco Partnership, Its Sole Member  
 Southern Indiana RSA Limited Partnership d/b/a Verizon Wireless  
     By GTE Wireless of the Midwest Incorporated, Its General Partner  
 Southwestco Wireless LP d/b/a Verizon Wireless  
     By Southwestco Wireless Inc., Its Managing Partner  
 Spokane MSA Limited Partnership d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 Springfield Cellular Telephone Company d/b/a Verizon Wireless  
     By New Par, Its General Partner  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 St. Joseph CellTelCo d/b/a Verizon Wireless  
     By Verizon Wireless (VAW) LLC, Its General Partner  
 St. Lawrence Seaway RSA Cellular Partnership d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
     By Cellco Partnership, Its General Partner  
 Syracuse SMSA Limited Partnership d/b/a Verizon Wireless  
     By Upstate Cellular Network, Its General Partner  
     By Cellco Partnership, Its General Partner  
 The Great Salt Flats Partnership d/b/a Verizon Wireless  
     By AirTouch Utah, LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Topeka Cellular Telephone Company, Inc. d/b/a Verizon Wireless

Tuscaloosa Cellular Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Upstate Cellular Network d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Utah RSA 6 Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent  
 Verizon Wireless (VAW) LLC d/b/a Verizon Wireless  
 Verizon Wireless of the East LP d/b/a Verizon Wireless  
     By Verizon Wireless of Georgia LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Verizon Wireless Personal Communications LP d/b/a Verizon Wireless  
 Verizon Wireless Tennessee Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Vermont RSA Limited Partnership d/b/a Verizon Wireless  
     By NYNEX Mobile Limited Partnership 1, Its General Partner  
     By Cellco Partnership, Its General Partner  
 Virginia RSA 5 Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Virginia 10 RSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Wasatch Utah RSA No. 2 Limited Partnership d/b/a Verizon Wireless  
     By AirTouch Utah, LLC, Its General Partner  
     By Cellco Partnership, Its Sole Member  
 Washington, DC SMSA Limited Partnership d/b/a Verizon Wireless  
     By Cellco Partnership, Its General Partner  
 Waterloo MSA Limited Partnership d/b/a Verizon Wireless  
     By Southwestco Wireless LP, Its General Partner  
     By Southwestco Wireless Inc., Its General Partner  
 Wyoming 1 – Park Limited Partnership d/b/a Verizon Wireless  
     By CommNet Cellular Inc., Its Managing Agent

**For Wireline Carrier B:**

**[Wireline Carrier B to insert its affiliates list here]**

## Porting Questionnaire with Verizon Wireless

Carrier Name:

Completed by:

Date:

1. Name of point of contact (within your company)
  - a. Phone number
  - b. Fax number
  - c. E mail address
2. Name of back up or secondary contact (within your company)
  - a. Phone number
  - b. Fax number
  - c. E mail address
3. Hours of operation
4. Observed holidays
5. Mailing address
6. Please provide the SPID(s) associated with you company.
7. Is your company associated with or a subsidiary of any other companies? If so, which companies and SPIDS
8. How should Verizon Wireless submit a port request or LSR to your company?  
Fax? Email?
9. What is your turnaround for port requests (3,4 or 5 days)?

10. If fax, does the company utilize TSP?
- If not, please provide the fax number
  - If multiple SPID's are involved, do the requests go to the same fax or different numbers?
  - If multiple fax numbers, please provide a list with SPID and corresponding fax number.
  - Are different areas (or regions) covered by different SPIDs (i.e. Northeast US covered by SPID 1234, Southeast US covered by SPID 5678, etc)?
11. If E Mail, please provide e-mail address(es).
- If multiple SPID's are involved, do the requests go to the same e-mail address or different addresses?
  - If multiple addresses, please provide a list with SPID and corresponding e-mail addresses.
  - Are different areas (or regions) covered by different SPIDs (i.e. Northeast US covered by SPID 1234, Southeast US covered by SPID 5678, etc)?
12. If requests are to be sent by any other method, please provide instructions in detail.
13. What LSOG (LSR) version does the company use?
14. Does the company have a template of the LSR, EUI and NP forms showing your required fields and format?
- If yes, can the company provide a copy?
  - If not, can someone go thru a form, line by line, with us to verify properly prepared forms are submitted?
15. Does your company resell numbers to other carriers (type one)?
- If yes:

What companies?

What are their SPIDs?

Any specific NPA-NXX?

Do you have any contact information for these companies?

- b. Does your company or has your company purchased numbers from other carriers?

16. Is the company willing to test with Verizon Wireless?

Any additional comments:

Please return completed form and any attachments to me via fax at 615-372-2382 or via e-mail at [Nilda.Penn@verizonwireless.com](mailto:Nilda.Penn@verizonwireless.com)



LSOG 6 - Revised 6/14/03

Number Portability  
Service Request

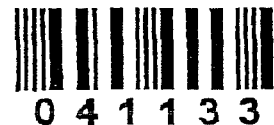
## Administrative Section

PON  VER  ATN  PG  OF 

## Service Detail Section

LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG LNUM  LNA  PORTED NBR NPT  RTI  NPTG

LSOG 6 - Revised 6/14/03

Local Service  
Request (LSR)**Administrative Section**

PON

VER

LSR NO  ATN  SC  PG  OF D/TSENT  DDD  APPTIME DDDO  NOR  DEDT  DEDTO PROJECT  CHC  REQTYT  ACT SUP  EXP  EXP RSN  RTR  CC RVER  NNSP  ONSP  ALRR  AGAUTH ACTL  SACTL  LST  TOS SPEC  NC  NCI  SECNCI RPON  RORD NENA/ECC  NPDI  SLI QRYNER  SCD AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL AFA ☐ ACCOUNT FEATURE ACCOUNT FEATURE DETAIL

LSOG 6 - Revised 6/14/03

Local Service  
Request (LSR)**Administrative Section**PON  VER  ATN  PG  OF **Bill Section**BAN1 BAN2 EBP VTA **Contact Section**INIT TELNO FAX NO IMPCON TELNO (IMPCON) DSGCON DRC TELNO (DSGCON) FAX NO (DSGCON) ATR **Remarks**

LSOG 6 - Revised 6/14/03

End User  
Service Request

038225

**Administrative Section**PON  VER  ATN  PG  OF **Disconnect Information**DNUM  DISC NBR  TERS TC OPT  TC TO PRI  TC TO SEC TC PER TCID  TC NAME TCID  TC NAME TC TO SEC TCID  TC NAME TCID  TC NAME TC TO SEC TCID  TC NAME TCID  TC NAME DNUM  DISC NBR  TERS TC OPT  TC TO PRI  TC TO SEC TC PER TCID  TC NAME TCID  TC NAME TC TO SEC TCID  TC NAME TCID  TC NAME TC TO SEC TCID  TC NAME TCID  TC NAME

LSOG 6 - Revised 6/14/03

End User  
Service Request

038126

**Administrative Section**PON  VER  ATN  PG  OF **Location and Access Section**LOCNUM NAME  NCON  AFT SAPR  SANO  SASF  SASD SASN SATH  SASS  LD1  LV1 LD2  LV2  LD3  LV3 AAI CITY STATE  ZIP CODE ICON  TELNO ACC WBOP  CPE MFR CPE MOD  ELT  B**Bill Section**EATN

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

IN THE MATTER OF THE LOCAL NUMBER )  
PORTABILITY SUSPENSION DOCKETS )  
 )  
 ) SUPPLEMENTAL ORDER  
 ) FOR AND NOTICE OF  
 ) HEARING  
 ) TC04-025, TC04-038, TC04-  
 ) 044-056, TC04-060-062,  
 ) TC04-077, TC04-084-085

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

June 23, 8:30 a.m.	TC04-062, Stockholm-Strandburg Telephone Company; TC04-060, Venture Communications Cooperative; TC04-061, West River Cooperative Telephone Company; TC04-077, James Valley Cooperative Telephone Company
June 23, p.m.	Testimony of Steven E. Watkins pertaining to all LNP suspension dockets
June 24, 8:30 a.m.	TC04-050, Valley Telecommunications Cooperative Association, Inc.; TC04-051, Faith Municipal Telephone Company; TC04-045, Golden West Telecommunications Cooperative, Inc.; TC04-044, Sioux Valley Telephone Company; TC04-046, Armour Independent Telephone Company, Bridgewater-Canistota Independent Telephone Company and Union Telephone Company
June 25, 8:30 a.m.	TC04-055, Alliance Communications Cooperative, Inc. and Splitrock Properties, Inc.; TC04-084, Tri-County Telecom, Inc.; TC04-049, McCook Cooperative Telephone Company
June 29, 8:30 a.m.	TC04-025, Kennebec Telephone Company; TC04-052, Midstate Communications, Inc.; TC04-048, Beresford Municipal Telephone Company; TC04-053, Western Telephone Company
June 30, 8:30 a.m.	TC04-085, Cheyenne River Sioux Tribe Telephone Authority; TC04-056, RC Communications, Inc. and Roberts County Telephone Cooperative Association
July 1, 8:30 a.m.	TC04--038, Santel Communications Cooperative, Inc.

Although the Commission will attempt to keep the proceedings within the above schedule, scheduling adjustments may be necessary in the event that proceedings are unable to be completed on the scheduled date or for other good cause. The Commission has scheduled Monday, June 28 as an open hearing date in the event that additional time is needed.

In order to accommodate the testimony common to several dockets and to avoid needless repetition of evidence, the transcript and hearing record for all of the LNP suspension dockets will be recorded as a single transcript and hearing record. A separate transcript and hearing record will be recorded for TC03-192.

It is therefore

ORDERED, that the schedule for the hearing in the LNP suspension dockets and in Docket No. TC03-192 shall be as set forth above; and it is further

ORDERED, that the transcript and hearing record for the LNP suspension dockets and Docket No. TC03-192 shall be recorded as set forth above.

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: Rebecca Kalles

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



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

**IN THE MATTER OF THE LOCAL  
NUMBER PORTABILITY SUSPENSION  
DOCKETS**

) **ORDER FOR AND NOTICE OF**  
) **HEARING ON MOTION TO COMPEL**  
) **TC04-025, TC04-038, TC04-044-056,**  
) **TC04-060-062, TC04-077, TC04-084-**  
) **085**

On June 14, 2004, Western Wireless, LLC (WWC) filed an Intervenor's Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs (Motion). On June 18, 2004, Petitioners electronically transmitted Petitioners' Response in Opposition to Intervenor's Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs. Commission counsel transmitted an email to attorneys for all parties in these proceedings and attempted to schedule a hearing on the Motion for June 18, 2004. Several of the parties have not responded and a quorum of Commissioners cannot be obtained for a hearing on this date. Accordingly, the hearing on WWC's Motion will be held at 11:00 a.m. on June 21, 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. The hearing in TC03-192 will be recessed during the hearing on the Motion. It is therefore

ORDERED, that a hearing on WWC's Motion to Compel Discovery or in the Alternative to Strike Petitioners' Pre-Filed Testimony Regarding Costs will be held at the above time and place and the hearing in TC03-192 will be recessed to accommodate such hearing.

Dated at Pierre, South Dakota, this 18th day of June, 2004.

<b>CERTIFICATE OF SERVICE</b>
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: <u><i>Lira Douglas</i></u>
Date: <u>6-18-04</u>
(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

# 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



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Telephone (605) 225-2232  
Fax (605) 225-2497

www.bantzlzaw.com  
Writer's E-mail: jcremer@bantzlzaw.com

June 17, 2004

08416-009

Ms. Pamela Bonrud  
Executive Director  
S.D. Public Utilities Commission  
500 E. Capitol Ave.  
Pierre, SD 57501

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JUN 18 2004

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

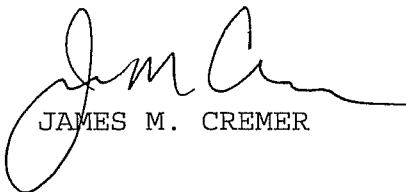
Re: In the Matter of the Petitions for Suspension or Modification  
of § 251(b)(2) of the Communications Act of 1934 as Amended

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. Wiecezorek  
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.

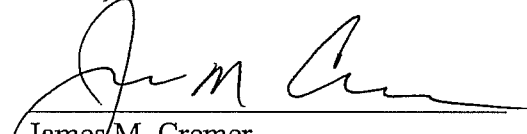
Dated this 17th day of June, 2004.

ATTORNEYS FOR PETITIONERS:

/s/ Jeffrey D. Larson  
Jeffrey D. Larson  
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P.O. Box 277  
Woonsocket, SD 57385-0277

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James M. Cremer  
Bantz, Gosch & Cremer, L.L.C.  
P.O. Box 970  
Aberdeen, SD 57402-0970

**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:

Talbot J. Wiczorek  
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P.O. Box 8045  
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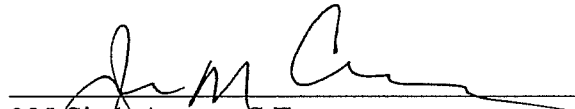
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# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

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PAMELA SNYDER-VARNS  
SARA FRANKENSTEIN  
AMY K. SCHULTZ  
JASON M. SMILEY

June 17, 2004

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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

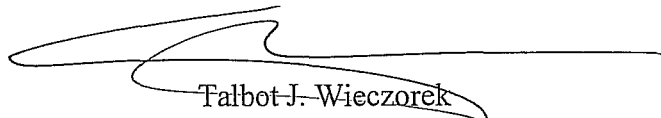
Dear Ms. Bonrud:

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

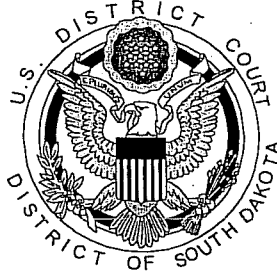
TJW:klw

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. Jurek*  
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**

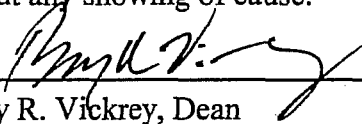
**Court File No. \_\_\_\_\_  
CERTIFICATION OF DEAN  
AND LAW STUDENT, ET AL.**

**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.

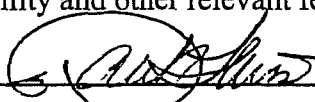
Dated April 16, 2004

  
\_\_\_\_\_  
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**

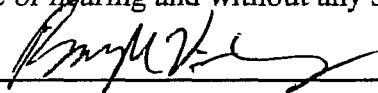
**IN THE MATTER OF THE  
CERTIFICATION OF LAW STUDENT  
AS LEGAL INTERN**

**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

  
\_\_\_\_\_  
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 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.

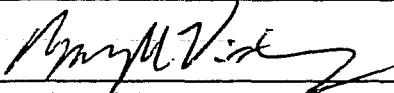
Dated 04/20/04

  
\_\_\_\_\_  
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

  
\_\_\_\_\_  
Barry R. Vickrey, Dean  
University of South Dakota School of Law  
414 E. Clark St.  
Vermillion, SD 57069-2390  
Telephone (605) 677-5443

RECEIVED

JUN 22 2004

STATE OF SOUTH DAKOTA )  
 )SS  
COUNTY OF HUGHES )

IN CIRCUIT COURT, SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
SIXTH JUDICIAL CIRCUIT

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Brookings ) Docket Nos. TC04-047; TC04-192;  
Municipal Utilities d/b/a Swiftel ) TC04-025; TC04-044 through TC04-046;  
Communications for Suspension or ) TC04-048 through TC04-056; TC04-060  
Modification of 47 U.S.C. Section 251 (b)(2)) through TC04-062; TC04-084; and  
Of the Communication Act of 1934 as ) TC04-085  
Amended )  
 )  
 )

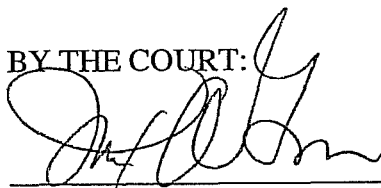
ORDER

The above referenced matter having come before the Honorable Judge Gors, Circuit Court Judge and the Court having reviewed the Motion Requesting Admission of a Nonresident Attorney that was filed in accordance with SDCL 16-18-2 and the Court being in all things duly advised; it is hereby,

ORDERED that the Motion Requesting Admission of a Nonresident Attorney is granted and that Benjamin H. Dickens, Jr., the nonresident attorney, may appear before the South Dakota Public Utilities Commission in Docket No. TC04-047, along with all the other above referenced Docket Nos.

Dated this 16 day of June, 2004.

BY THE COURT:



Circuit Court Judge

ATTEST:

Christal L. Espeland  
Clerk of Court

State of South Dakota } ss  
County of Hughes }  
I hereby certify that the foregoing  
instrument is a true and correct  
copy of the original on file in my  
office.

Dated this 21 day of June, 2004.  
CHRISTAL L. ESPELAND, Clerk of Courts  
By Christal L. Espeland  
Clerk of Courts/Deputy

STATE OF SOUTH DAKOTA  
CIRCUIT COURT, HUGHES CO.

FILED

JUN 16 2004

Christal L. Espeland Clerk

By \_\_\_\_\_ Deputy

JUN 22 2004

IN CIRCUIT COURT FOR THE  
SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
SIXTH JUDICIAL CIRCUIT

In the Matter of the Petition of Brookings  
Municipal Utilities d/b/a Swiftel  
Communications for Suspension or  
Modification of 47 U.S.C. Section 251 (b)(2))  
Of the Communication Act of 1934 as  
Amended


) Docket Nos. TC04-047; TC04<sup>3</sup>-192;  
) TC04-025; TC04-044 through TC04-046;  
) TC04-048 through TC04-056; TC04-060  
) through TC04-062; TC04-084; and  
TC04-085

)  
)  
)

**ORDER**

ORDERED that the Motion Requesting Admission of a Nonresident Attorney is granted and that Mary J. Sisak, the nonresident attorney, may appear before the South Dakota Public Utilities Commission in Docket No. TC04-047, along with all the other above referenced Docket Nos.

BY THE COURT:



\_\_\_\_\_  
Circuit Court Judge

Christal Espeland  
Clerk of Court

State of South Dakota } ss  
County of Hughes }  
I hereby certify that the foregoing  
instrument is a true and correct  
copy of the original on file in my  
office.  
Dated this 01 day of June, 2004.  
CHRISTAL L. ESPELAND, Clerk of Courts  
By Christal L. Espeland  
Clerk of Courts/Deputy

STATE OF SOUTH DAKOTA  
CIRCUIT COURT, HUGHES CO.  
FILED

JUN 20 2004

Christal L. Espeland Clerk

By \_\_\_\_\_ Deputy

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 Kaelo

Date: 7/13/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr  
ROBERT K. SAHR, Chairman *dk*

Gary Hanson  
GARY HANSON, Commissioner

James A. Burg  
JAMES A. BURG, Commissioner



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ROBERT C. RITER, Jr.  
DARLA POLLMAN ROGERS  
JERRY L. WATTIER  
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.*<sup>1</sup>

#### 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 Wire- less 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.

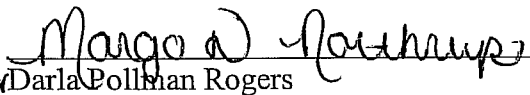
All of this, of course, does not contemplate the havoc that could be wreaked upon South Dakota’s intercarrier compensation regime of access charges, reciprocal transport and termination charges and potential transit charges charged by third parties, such as Qwest, if rural carriers are forced to carry 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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Kennebec Telephone Company  
McCook Cooperative Telephone Co.  
Midstate Communications, Inc.  
RC Communications and Roberts County  
Sioux Valley Telephone  
Stockholm-Strandburg Telephone  
Tri-County Telcom  
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Venture Communications Cooperative  
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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:

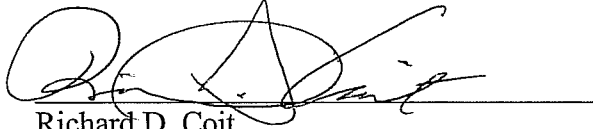
Ms. Pamela Bonrud  
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and a copy upon the persons herein next designated, on the date below shown, by depositing a copy thereof in the United States mail at Pierre, South Dakota, postage prepaid, in an envelope addressed to each said addressee, to-wit:

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Dated this fifth day of August, 2004.

A handwritten signature in black ink, appearing to read 'Richard D. Coit', is written over a horizontal line.

Richard D. Coit  
Director of Industry Affairs  
South Dakota Telecommunications Association  
P. O. Box 57  
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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  
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 TELECOM cost witnesses, was somewhat similar to the method proposed by DeWitte. The TELECOM 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 TELECOM 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 manger 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.

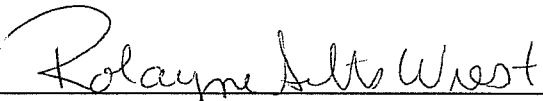
Staff finds that this case poses a closer question of whether a suspension should be granted. However, using 1.5% estimate for demand, Alliance/Splitrock could expect to port up to 147 numbers per year, or over 12 per month. Thus, Staff believes that it is in the public interest to deny Alliance/Splitrock's 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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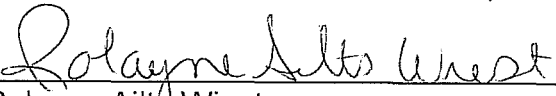
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SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

August 20, 2004

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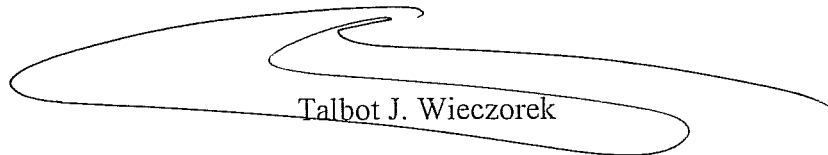
RE: WWC License LLC – Local Number Portability Post-Hearing Brief  
GPGN File No. 5924.040157

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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**AUG 23 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 47 )  
U.S.C. § 251(b)(2) OF THE )  
COMMUNICATIONS ACT OF 1934 AS )  
AMENDED**

**WWC LICENSE LLC's POST-  
HEARING BRIEF**

**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. Wiczorek, 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 TELEC 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 TELEC experts had calculated costs.

Mr. Bullock testified that the TELEC 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 TELEC 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's 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 Presheo 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.

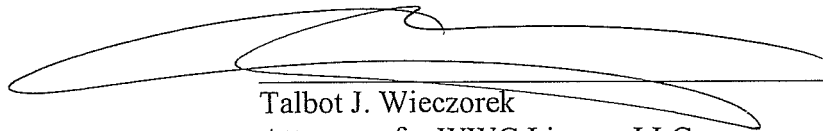
### CONCLUSION

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 28 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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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.  
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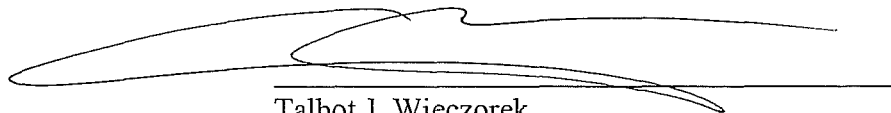
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A handwritten signature in black ink, appearing to read 'Talbot J. Wiczorek', is written over a horizontal line.

Talbot J. Wiczorek

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 Telcom

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**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. Settloff, 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.

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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.

tioners, 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 wire-line-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 inquires 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 Intervenor. 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

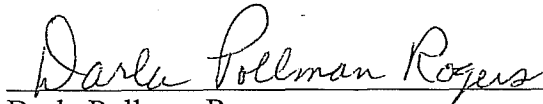
schedules obtain. For one group of companies, the implementation schedule would begin almost immediately. For another group of companies, implementation would begin May 24, 2005 -- a one year extension from the original implementation date. For the third group of companies, implementation would begin 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:

Ms. Pamela Bonrud  
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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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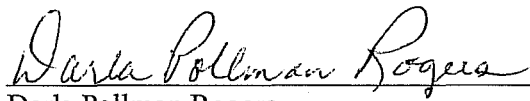
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Dated this twenty-seventh day of August, 2004.

  
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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: Helaine Kalbs

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

RECEIVED

SEP 10 2004

OF THE STATE OF SOUTH DAKOTA

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 IN THE MATTER OF THE PETITION OF TC04-060  
8 VENTURE COMMUNICATIONS COOPERATIVE  
9 FOR SUSPENSION OR MODIFICATION OF  
10 47 U.S.C. SECTION 251(B)(2) OF THE  
11 COMMUNICATIONS ACT OF 1934 AS AMENDED

12 IN THE MATTER OF THE PETITION OF TC04-061  
13 WEST RIVER COOPERATIVE TELEPHONE  
14 COMPANY FOR SUSPENSION OR MODIFICATION  
15 OF 47 U.S.C. SECTION 251(B)(2) OF THE  
16 COMMUNICATIONS ACT OF 1934 AS AMENDED

17 IN THE MATTER OF THE PETITION OF TC04-062  
18 STOCKHOLM-STRANDBURG TELEPHONE COMPANY  
19 FOR SUSPENSION OR MODIFICATION OF 47  
20 U.S.C. SECTION 251(B)(2) OF THE  
21 COMMUNICATIONS ACT OF 1934 AS AMENDED

22 IN THE MATTER OF THE PETITION OF JAMES TC04-077  
23 VALLEY COOPERATIVE TELEPHONE COMPANY  
24 FOR SUSPENSION OF INTERMODAL LOCAL  
25 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

PUC COMMISSION: Robert Sahr, Chairman  
Gary Hanson, Vice-Chairman  
Jim Burg, Commissioner

REPORTED BY: Lori J. Grode, RPR/RMR

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8 Bridgewater-Canistota, Beresford, CRST,  
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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 LNP 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.)

1 STATE OF SOUTH DAKOTA ) IN CIRCUIT COURT  
2 ) :SS  
3 COUNTY OF STANLEY ) SIXTH JUDICIAL CIRCUIT

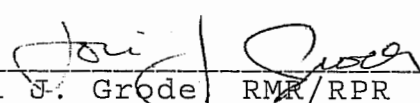
4 I, Lori J. Grode, Registered Merit Reporter and  
5 Registered Professional Reporter and Notary Public in  
6 and for the State of South Dakota:

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>MIDSTATE COMMUNICATIONS, INC. FOR )</b>	<b>ORDER; NOTICE OF ENTRY</b>
<b>SUSPENSION OR MODIFICATION OF 47 )</b>	
<b>U.S.C. § 251(B)(2) OF THE COMMUNICATIONS )</b>	<b>TC04-052</b>
<b>ACT OF 1934 AS AMENDED )</b>	

**PROCEDURAL HISTORY**

On March 12, 2004, Midstate Communications, Inc. (Midstate 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 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 19, 2004, the Commission issued an order granting Midstate'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 and granting intervention to WWC License LLC d/b/a CellularOne (WWC) and the South Dakota Telecommunications Association (SDTA).

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 June 29, 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 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).

1. Midstate filed the Petition on March 12, 2004. On March 18, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of April 2, 2004, to interested individuals and entities. WWC filed to intervene on March 30, 2004. SDTA filed to intervene on March 31, 2004. On April 19, 2004, the Commission issued an order granting intervention to WWC and SDTA.

2. By its May 4, 2004 Order for and Notice of Procedural Schedule and Notice 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 June 29, 2004. The hearing was held as scheduled.

3. On September 4, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Midstate'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 both intermodal and intramodal number portability obligations. No wireline carrier other than Petitioner is a party to this docket.

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 Midstate 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. Midstate is a rural local exchange carrier (RLEC) that provides local exchange and exchange access services to 4,896 access lines of which 307 are Lifeline service. Midstate Ex 1 at 2; 47 U.S.C. §153(37).

9. At least one wireless carrier has made a bona fide request for LNP from Midstate. TR 974; Midstate Ex 1 at 1. No wireline carrier has made a bona fide request for LNP. Midstate Ex 1 at 2.

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 manger of Roberts County and RC, stated that LNP is technically feasible with the proper upgrades. TR. at 1049. Dennis Law, Midstate and 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 Midstate's 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 Midstate is necessary to avoid a significant adverse economic impact on Midstate's users of telecommunications services generally and to avoid imposing a requirement that is unduly economically burdensome on Midstate. 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 demonstrates that the costs to Midstate to implement number portability will be significant. These costs fall into three general categories: switch upgrade, transport and recurring operational costs. The evidence addressing Midstate's costs of implementing LNP was both conflicting and the numbers contained in the cost exhibits were apparently amended by both cost witnesses at the hearing. TR 1026-1028, 1039. Midstate's cost witness originally projected the non-recurring cost for Midstate to implement LNP to be \$113,394 excluding transport and \$117,264 including transport. He estimated the recurring monthly costs for Midstate to be \$2,288 excluding transport and \$10,037 including transport. Midstate's cost witness projected that these costs would translate into an LNP cost of \$1.00 per line per month excluding transport and \$2.65 including transport. WWC Ex 18. At the hearing, however, Mr. Davis testified that based upon his review of a document shown to him at the hearing, the actual cost of switch upgrade would be reduced from \$82,110 to approximately \$65,000. TR 1038-39, 1041. The per line estimates would correspondingly have to be reduced to account for the reduction in switch upgrade cost, but no evidence was presented as to what effect that adjustment would have. A comparison, however, of the two columns on WWC Ex 18 labelled Petitioner Original Estimates and Petitioner Revised

Estimates, which contain a \$17,000 difference in Total Non-Recurring Costs, indicate that the reduction due to Mr. Davis change of \$17,110 would reduce the monthly per line cost by \$0.01, i.e. from \$1.00 to \$0.99 and from \$2.65 to \$2.64 for without and with transport scenarios, respectively. WWC's witness projected a non-recurring cost of \$93,260 excluding transport and \$93,660 including transport. WWC Ex 18. At the hearing, however, Mr. Williams reduced his cost of switch upgrade down by \$43,160. TR 1027; WWC Ex 18. WWC's cost witness projected recurring monthly cost for Midstate at \$1,477 excluding transport and \$2,180 including transport. WWC Ex 18. WWC projected these costs would translate into an LNP cost of \$0.54 cost per line per month excluding transport and \$0.54 including transport. WWC Ex 18.

18. The major areas of disagreement regarding the costs of implementing LNP for Midstate were switch upgrade costs and transport. The Commission believes that with Mr. Davis's change reducing switch upgrade costs, the Midstate number more probably reflects the switch upgrade cost. Transport costs comprised a significant portion of the costs to implement LNP as estimated by all Petitioners including Midstate. Transport costs as estimated by WWC were considerably lower. Midstate proposed a transport method using a DS1 (T1) circuit installed between each Midstate host switch or stand alone switch that is not subtended from a local tandem to each wireless carrier that is currently providing service in the Midstate's territory that does not already have a direct trunk into Midstate's network. TR. at 868.

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 Midstate's customers via Midstate'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 somewhat lower estimated initial non-recurring cost outlay - \$3,870 as calculated by Midstate's witness vs. \$0.00 as estimated by WWC's witness and a significantly lower estimated monthly recurring cost for transport for Midstate - \$7,749 per month as calculated by Midstate's witness vs. \$0.00 per month as calculated by WWC's witness. WWC Ex 18.

20. The basis for the routing methodology proposed by Midstate's cost witness was:

. . . First, routing of local calls to a point of interconnection located within the RLEC exchange is consistent with the terms of the Interconnection Agreement entered into between Western Wireless and RLECs.

Second, 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 add the responsibility of a LEC from providing local exchange service and exchange access to providing interexchange service as well. TR 994.

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 Midstate'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 Midstate 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 Midstate 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 Midstate 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 Midstate 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 Midstate 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 Midstate's and WWC's estimates of the cost of LNP implementation primarily involved the ability of Midstate to reduce administrative mobilization costs through sharing with other RLECs, etc.

30. Although there was evidence in the record that Petitioners 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 Midstate or its users as much as \$0.99 per line per month excluding transport and that the costs of transport, if ultimately held to be Midstate's responsibility, could raise that monthly cost substantially higher. WWC Ex 18.

32. 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.

33. Midstate's manager testified that Midstate had received no requests for LNP from its customers. Midstate Ex 1 at 2. Midstate did not conduct a formal survey.

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. 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 Ex 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.



36. 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.

37. 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.

38. 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%.

39. 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 interject 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.

40. 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.

41. 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.

42. Given the projected significant costs of providing LNP, the limited demonstrated present demand for LNP 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 Midstate's LNP obligations for a period of time within which some of the uncertainties might be resolved. Midstate 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.

43. The Commission accordingly finds that it is consistent with the public interest convenience and necessity to suspend Midstate'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.

44. 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.

45. 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.

46. Given the significant costs of implementing and providing LNP services in the Midstate area, 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 Midstate area at this time, the Commission finds that suspending Midstate's LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Midstate's telecommunications services generally.

47. Based upon the same findings, the Commission further finds that suspending Midstate's LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Midstate.

### **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 Midstate'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 Midstate's LNP obligations pending final action on Midstate'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. Midstate is a local exchange carrier serving fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Midstate 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 Midstate of the requirements 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.

8. Granting a suspension of Midstate's intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Midstate's telecommunications services generally.

9. Granting a suspension of Midstate's intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Midstate.

10. The suspension granted herein does not relieve Midstate of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

It is therefore

ORDERED, that Midstate's obligation to implement 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 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 Midstate 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 Midstate 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: Melanie Kalbo

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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### NEXT DAY DELIVERY

And via fax at: 605-773-3809

Pamela Bonrud  
Executive Director  
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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:

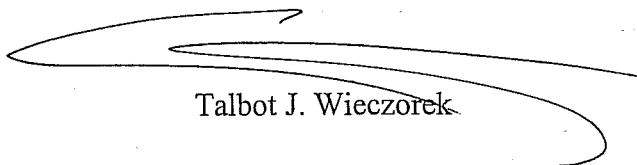
TC04-038	Santel Communications Cooperative, Inc.
TC04-044	Sioux Valley Telephone Company
TC04-045	Golden West Telecommunications Cooperative, Inc., Vivian Telephone Company and Kadoka Telephone Company
TC04-046	Armour Independent Telephone Company, Bridgewater- Canistota Independent Telephone Company 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,

A handwritten signature in dark ink, appearing to read 'Talbot J. Wieczorek'. The signature is fluid and cursive, with a long horizontal stroke extending to the right and a large loop at the end.

Talbot J. Wieczorek

TJW:klw  
Enclosures

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

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 PETITION )  
OF MIDSTATE COMMUNICATIONS, )  
INC. FOR SUSPENSION OR )  
MODIFICATION OF 47 U.S.C. § )  
251(b)(2) OF THE COMMUNICATIONS )  
ACT OF 1934 AS AMENDED )

Docket No. TC04-052

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 Midstate Communications, 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;

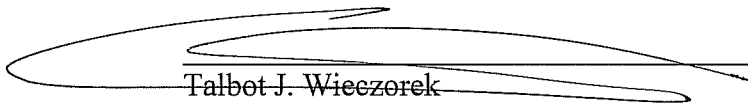


- 2) the Commission's analysis improperly assessed the burden upon each individual petitioner by effectively considering all petitioners as one collective group and placing a burden upon a non-petitioning party to demonstrate demand;
- 3) the Commission made erroneous findings regarding transport costs; 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, 17-29, 34, 35, 37, 38, 41, 43, 46-51, 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, GOODSELL  
& NELSON, LLP



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## 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:

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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  
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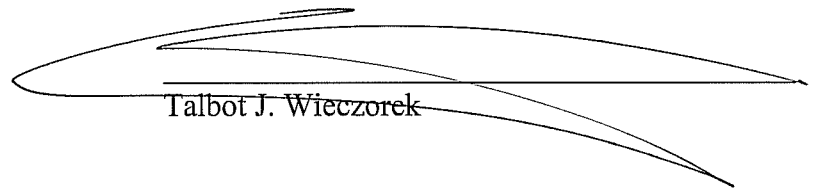
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Talbot J. Wiczorek

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 )  
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. Wiczorek, 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' serve 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.

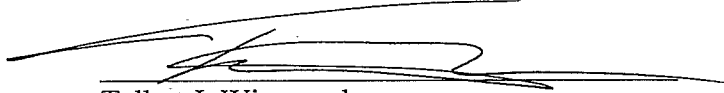
Staff recommended that the companies Armour/Bridgewater/Union, Roberts County/RC, Beresford, McCook, West River, Valley, Midstate, Sioux Valley and Santel be granted a suspension until May 24, 2005. While Western Wireless believes that these companies should not be allowed a suspension, the Staff's position 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



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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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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.  
Venture Communications Cooperative  
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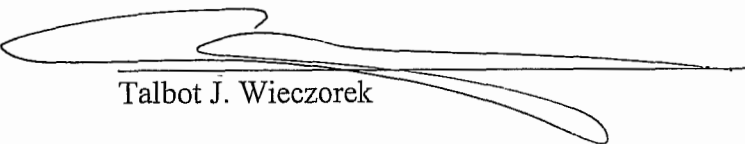
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November 22, 2004

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

Re: LNP Dockets

Dear Pam:

Please find enclosed herein for filing original and ten copies of the following documents:

OPPOSITION TO THE PETITION TO RECONSIDER  
FINAL DECISION AND ORDER

(Midstate, West River and RC/Roberts County)

The balance of the Oppositions will be served under separate cover.

Sincerely yours,



Darla Pollman Rogers  
Attorney at Law

DPR/ph

Enclosures

**RECEIVED**

**NOV 23 2004**

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

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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 Kadoka (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.

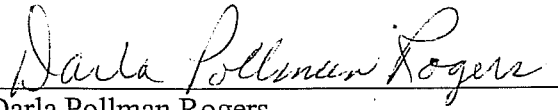
The only specific criticism made by Western Wireless with respect to the public interest analysis is that the Petitioners did not provide demographic information that, according to Western Wireless, is necessary to perform a cost-benefit analysis. On this point, however, Western Wireless simply is incorrect, 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 written over a horizontal line.

Darla Pollman Rogers

Riter, Rogers, Wattier & Brown, LLP

P. O. Box 280

Pierre, South Dakota 57501

Telephone (605) 224-7889

Fax (605) 224-7102

# 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

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NOV 23 2004

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF  
MIDSTATE COMMUNICATIONS, INC.  
FOR SUSPENSION OR MODIFICATION OF  
47 U.S.C. §251(b)(2) OF THE COMMUNI-  
CATIONS ACT OF 1934 AS AMENDED

DOCKET NUMBER TC04-052

OPPOSITION TO THE PETITION  
TO RECONSIDER FINAL  
DECISION AND ORDER

MIDSTATE COMMUNICATIONS, INC. (Petitioner), by its attorney, hereby opposes the Petition for Reconsideration of Final Decision and Order and Notice of Entry filed by WWC License, LLC (Western Wireless) in the above-captioned proceeding. A Joint Brief in support of this Opposition, filed simultaneously herewith, is incorporated herein by this reference.

Western Wireless seeks reconsideration of the Commission's Final Decision arguing that:

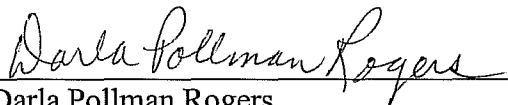
- 1) the Commission inappropriately interpreted 47 USC § 251(f)(2) in a manner that is inconsistent with the statutory construction and congressional intent by improperly blending the public interest prong with the economic elements of the necessity prong and by failing to perform the analysis it deemed 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.

Western Wireless Petition at 1-2.

Accordingly, Western Wireless argues that the Findings of Fact in various paragraphs of the Order are incorrect. Western Wireless also argues that the Conclusions of Law in various paragraphs of the Order are incorrect. Western Wireless requests that the Commission reconsider its Order and require the immediate implementation of LNP.

Petitioner opposes Western Wireless' Petition because all of its allegations are incorrect. Specifically, the Commission's Order complies with Section 251 of the Act; the Commission considered each Petitioner's case separately; the Commission did not make erroneous findings regarding transport costs; and the public interest finding is consistent with the facts and findings of the Commission. The Joint Brief, submitted simultaneously herewith, supports each of Petitioner's contentions.

Dated this twenty-second day of November, 2004.



Darla Pollman Rogers  
Riter, Rogers, Wattier & Brown, LLP  
P. O. Box 280  
Pierre, South Dakota 57501  
Telephone (605) 224-7889  
Fax (605) 224-7102

#### CERTIFICATE OF SERVICE

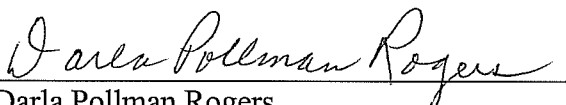
I hereby certify that a true and correct copy of the OPPOSITION TO THE PETITION TO RECONSIDER FINAL DECISION AND ORDER was served via the method(s) indicated below, on the twenty-second day of November, 2004, addressed to:

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

( X )	First Class Mail
(   )	Hand Delivery
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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>MIDSTATE COMMUNICATIONS, INC. FOR )</b>	<b>FOR RECONSIDERATION</b>
<b>SUSPENSION OR MODIFICATION OF 47 )</b>	
<b>U.S.C. § 251(B)(2) OF THE COMMUNICATIONS )</b>	<b>TC04-052</b>
<b>ACT OF 1934 AS AMENDED )</b>	

On March 12, 2004, Midstate Communications, Inc. (Midstate 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 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 19, 2004, the Commission issued an order granting Midstate'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 and granting intervention to WWC License LLC d/b/a CellularOne (WWC) and the South Dakota Telecommunications Association (SDTA).

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 June 29, 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 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 a Brief of Petitioners in Support of Opposition to the

Petition for Reconsideration by WWC License, LLC. On November 23, 2004, the Commission received an Opposition to the Petition to Reconsider Final Decision and Order from Petitioner.

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:	<u>Rebecca Kolbo</u>
Date:	<u>12/30/04</u>
(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 FINAL DECISION</u>
MIDSTATE COMMUNICATIONS, INC. FOR )	AND ORDER; NOTICE OF
SUSPENSION OR MODIFICATION OF 47 )	ENTRY
U.S.C. § 251(B)(2) OF THE COMMUNICATIONS )	
ACT OF 1934 AS AMENDED )	TC04-052

## PROCEDURAL HISTORY

On March 12, 2004, Midstate Communications, Inc. (Midstate 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 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 19, 2004, the Commission issued an order granting Midstate'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 and granting intervention to WWC License LLC d/b/a CellularOne (WWC) and the South Dakota Telecommunications Association (SDTA).

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 June 29, 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 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).

1. Midstate filed the Petition on March 12, 2004. On March 18, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of April 2, 2004, to interested individuals and entities. WWC filed to intervene on March 30, 2004. SDTA filed to intervene on March 31, 2004. On April 19, 2004, the Commission issued an order granting intervention to WWC and SDTA.

2. By its May 4, 2004 Order for and Notice of Procedural Schedule and Notice 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 June 29, 2004. The hearing was held as scheduled.

3. On September 4, 2004, the Commission issued an Order Temporarily Suspending Local Number Portability Obligations suspending Midstate'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 both intermodal and intramodal number portability obligations. No wireline carrier other than Petitioner is a party to this docket.

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 Midstate 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. Midstate is a rural local exchange carrier (RLEC) that provides local exchange and exchange access services to 4,896 access lines of which 307 are Lifeline service. Midstate Ex 1 at 2; 47 U.S.C. §153(37).

9. At least one wireless carrier has made a bona fide request for LNP from Midstate. TR 974; Midstate Ex 1 at 1. No wireline carrier has made a bona fide request for LNP. Midstate Ex 1 at 2.

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 manger of Roberts County and RC, stated that LNP is technically feasible with the proper upgrades. TR. at 1049. Dennis Law, Midstate and 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 Midstate's 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 Midstate is necessary to avoid a significant adverse economic impact on Midstate's users of telecommunications services generally and to avoid imposing a requirement that is unduly economically burdensome on Midstate. 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 demonstrates that the costs to Midstate to implement number portability will be significant. These costs fall into three general categories: switch upgrade, transport and recurring operational costs. The evidence addressing Midstate's costs of implementing LNP was both conflicting and the numbers contained in the cost exhibits were apparently amended by both cost witnesses at the hearing. TR 1026-1028, 1039. Midstate's cost witness originally projected the non-recurring cost for Midstate to implement LNP to be \$113,394 excluding transport and \$117,264 including transport. He estimated the recurring monthly costs for Midstate to be \$2,288 excluding transport and \$10,037 including transport. Midstate's cost witness projected that these costs would translate into an LNP cost of \$1.00 per line per month excluding transport and \$2.65 including transport. WWC Ex 18. At the hearing, however, Mr. Davis testified that based upon his review of a document shown to him at the hearing, the actual cost of switch upgrade would be reduced from \$82,110 to approximately \$65,000. TR 1038-39, 1041. The per line estimates would correspondingly have to be reduced to account for the reduction in switch upgrade cost, but no evidence was presented as to what effect that adjustment would have. A comparison, however, of the two columns on WWC Ex 18 labelled Petitioner Original Estimates and Petitioner Revised

Estimates, which contain a \$17,000 difference in Total Non-Recurring Costs, indicate that the reduction due to Mr. Davis change of \$17,110 would reduce the monthly per line cost by \$0.01; i.e. from \$1.00 to \$0.99 and from \$2.65 to \$2.64 for without and with transport scenarios, respectively. WWC's witness projected a non-recurring cost of \$93,260 excluding transport and \$93,660 including transport. WWC Ex 18. At the hearing, however, Mr. Williams reduced his cost of switch upgrade down by \$43,160. TR 1027; WWC Ex 18. WWC's cost witness projected recurring monthly cost for Midstate at \$1,477 excluding transport and \$2,180 including transport. WWC Ex 18. WWC projected these costs would translate into an LNP cost of \$0.54 cost per line per month excluding transport and \$0.54 including transport. WWC Ex 18.

18. The major areas of disagreement regarding the costs of implementing LNP for Midstate were switch upgrade costs and transport. The Commission believes that with Mr. Davis's change reducing switch upgrade costs, the Midstate number more probably reflects the switch upgrade cost. Transport costs comprised a significant portion of the costs to implement LNP as estimated by all Petitioners including Midstate. Transport costs as estimated by WWC were considerably lower. Midstate proposed a transport method using a DS1 (T1) circuit installed between each Midstate host switch or stand alone switch that is not subtended from a local tandem to each wireless carrier that is currently providing service in the Midstate's territory that does not already have a direct trunk into Midstate's network. TR. at 868.

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 Midstate's customers via Midstate'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 somewhat lower estimated initial non-recurring cost outlay - \$3,870 as calculated by Midstate's witness vs. \$0.00 as estimated by WWC's witness and a significantly lower estimated monthly recurring cost for transport for Midstate - \$7,749 per month as calculated by Midstate's witness vs. \$0.00 per month as calculated by WWC's witness. WWC Ex 18.

20. The basis for the routing methodology proposed by Midstate's cost witness was:

. . . First, routing of local calls to a point of interconnection located within the RLEC exchange is consistent with the terms of the Interconnection Agreement entered into between Western Wireless and RLECs.

Second, 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 add the responsibility of a LEC from providing local exchange service and exchange access to providing interexchange service as well. TR 994.

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 Midstate'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 Midstate 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 Midstate 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 Midstate 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 Midstate 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 Midstate 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 Midstate's and WWC's estimates of the cost of LNP implementation primarily involved the ability of Midstate to reduce administrative mobilization costs through sharing with other RLECs, etc.

30. Although there was evidence in the record that Petitioners 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 Midstate or its users as much as \$0.99 per line per month excluding transport and that the costs of transport, if ultimately held to be Midstate's responsibility, could raise that monthly cost substantially higher. WWC Ex 18.

32. 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.

33. Midstate's manager testified that Midstate had received no requests for LNP from its customers. Midstate Ex 1 at 2. Midstate did not conduct a formal survey.

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. 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 Ex 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.



36. 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.

37. 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.

38. 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%.

39. 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 interject 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.

40. 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.

41. 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.

42. Given the projected significant costs of providing LNP, the limited demonstrated present demand for LNP 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 Midstate's LNP obligations for a period of time within which some of the uncertainties might be resolved. Midstate 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.

43. The Commission accordingly finds that it is consistent with the public interest convenience and necessity to suspend Midstate'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.

44. 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.

45. 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.

46. Given the significant costs of implementing and providing LNP services in the Midstate area, 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 Midstate area at this time, the Commission finds that suspending Midstate's LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Midstate's telecommunications services generally.

47. Based upon the same findings, the Commission further finds that suspending Midstate's LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Midstate 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 Midstate'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 Midstate's LNP obligations pending final action on Midstate'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. Midstate is a local exchange carrier serving fewer than 2 percent of the nation's subscriber lines installed in the aggregate nationwide. Midstate 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 Midstate of the requirements 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.

8. Granting a suspension of Midstate's intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid a significant adverse economic impact on the users of Midstate's telecommunications services generally.

9. Granting a suspension of Midstate's intramodal and intermodal LNP obligations until December 31, 2005, is necessary to avoid imposing a requirement that is unduly economically burdensome on Midstate and its/their customers.

10. The suspension granted herein does not relieve Midstate of its obligation to properly route calls to numbers ported between other carriers, including wireless carriers.

It is therefore

ORDERED, that Midstate's obligation to implement 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 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 Midstate 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 Midstate 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:	<u>Relaine Kolbo</u>
Date:	<u>1/5/05</u>
(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