

# GUNDERSON, PALMER, GOODSSELL & NELSON, LLP

## ATTORNEYS AT LAW

J. CRISMAN PALMER  
G. VERNE GOODSSELL  
JAMES S. NELSON  
DANIEL E. ASHMORE  
TERENCE R. QUINN  
DONALD P. KNUDSEN  
PATRICK G. GOETZINGER  
TALBOT J. WIECZOREK  
JENNIFER K. TRUCANO  
DAVID E. LUST  
THOMAS E. SIMMONS

ASSURANT BUILDING  
440 MT. RUSHMORE ROAD  
POST OFFICE BOX 8045  
RAPID CITY, SOUTH DAKOTA 57709-8045  
TELEPHONE (605) 342-1078 • FAX (605) 342-0480  
[www.gundersonpalmer.com](http://www.gundersonpalmer.com)  
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WYNN A. GUNDERSON  
*Of Counsel*

June 6, 2007

### E-FILING

Patricia Van Gerpen  
South Dakota Public Utilities Commission  
Capitol Building, 1<sup>st</sup> Floor  
500 East Capitol Avenue  
Pierre SD 57501-5070

RE: In the Matter of the Petition of Brookings/Swiftel for Suspension or Modification  
– Docket TC07-007  
GPGN File No. 5925.070110 (ALLTEL)

Dear Ms. Van Gerpen:

Attached please find Alltel's initial Prefiled Testimony of Ron Williams in the above-entitled matter. By copy of same, counsel for the various parties have been served by e-mail.

If you have any questions, please contact me.

Sincerely,

*/s/ Talbot J. Wieczorek*

Talbot J. Wieczorek

TJW:klw

Enclosures

c: Rich Helsper/Mary Sisak/Ben Dickens via e-mail  
Karen Cremer/Harlan Best via e-mail  
David Gerdes via e-mail  
Brett Koenecke via e-mail  
Rich Coit via e-mail  
Darla Rogers via e-mail  
Stephen Rowell/Sean Simpson via e-mail  
Monica Barone via e-mail



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

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

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

5 A. I am employed as Vice President – Interconnection and Compliance for Alltel  
6 Communications, Inc. (“Alltel”). My duties and responsibilities include developing  
7 effective and economic interconnection, reciprocal compensation and operational  
8 relationships with other telecommunications carriers, including the establishment of  
9 interconnection and reciprocal compensation agreements. I work with other  
10 departments and coordinate activities within Alltel to assess company interconnection  
11 needs and interface with carriers to ensure arrangements are in place to meet the  
12 operational objectives of the company.

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

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

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

17 A. I am testifying on behalf of Alltel Communications, Inc., which provides commercial  
18 mobile radio services ("CMRS") within the State of South Dakota.

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

21 A. I have nineteen years experience in various aspects of the telecommunications  
22 industry. My telecom background includes ten years experience working for GTE,  
23 including six years in their LEC operations and business development, and four years  
24 in wireless operations. I also have four years experience in start-up CLEC operations  
25 with FairPoint Communications and Western Wireless. In August of 1999, I began

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1 working for Western Wireless, first as Director of CLEC operations and, then as  
2 Director of Carrier Relations. Western Wireless was later acquired by Alltel in  
3 August 2005, and since that time I have worked in my present capacity as Vice  
4 President – Interconnection and Compliance, with primary responsibility for  
5 interconnection, carrier relations and E911 matters.

6 **Q. HAVE YOU PREVIOUSLY TESTIFIED BEFORE IN SOUTH DAKOTA OR OTHER**  
7 **JURISDICTIONS?**

8 A. Yes, I have testified as the Company' witness in the South Dakota LNP suspension  
9 proceedings in 2004 – Docket Nos. TC04-025, et al and I testified in a complaint  
10 proceeding in 2006 – Docket No. CT05-001. I have also prefiled testimony in South  
11 Dakota interconnect agreement arbitrations that were ultimately settled prior to  
12 hearings. I have also testified in matters before the public service commissions in  
13 New Mexico, Michigan, North Carolina, Georgia, Nebraska, Oklahoma and Missouri.

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

15 A. The purpose of my testimony is to challenge the Petitioners' request for suspension or  
16 modification of federally mandated dialing parity and reciprocal compensation  
17 obligations. Essentially, Swiftel makes seven very broad requests for  
18 suspension/modification relief under 47 U.S.C. § 251(f)(2):

- 19       ▪ **No requirement to provide wireline local number portability (LNP) until**  
20       **4 months after a competitive LEC is certificated to provide service in**  
21       **Swiftel's service area.**
- 22       ▪ **No requirement to pay for the transport of ported numbers beyond its**  
23       **service territory.**
- 24       ▪ **No requirement to allow its customers to provide local dialing parity to**  
25       **competitors.**

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- 1           ▪ **No requirement to transport calls beyond the Swiftel local calling area.**
- 2           ▪ **No requirement to perform an equal access function at the end office or**  
3           **establish access traffic transport facilities other than the common trunks**  
4           **to South Dakota Network (SDN).**
- 5           ▪ **No restriction on Swiftel’s ability to collect access charges for traffic it**  
6           **unilaterally characterizes as toll traffic.**
- 7           ▪ **No requirement to pay reciprocal compensation on traffic terminating to**  
8           **a wireless carrier within the MTA that is handed off to an IXC in**  
9           **accordance with Swiftel’s local calling area**

10           Swiftel’s petition for relief is nothing more than an effort to undermine the  
11           competitive balance established under Section 251 and 252 of the 1996  
12           Telecommunications Act. Granting any such relief would serve to undermine the  
13           level playing field that the 1996 Act attempted to establish for the exchange of traffic  
14           between two competing carriers. Such action would eviscerate key elements of  
15           competing carriers’ position in present and future negotiations.

16           In support of its broad claims for relief, Swiftel relies upon assumptions and demands  
17           that are not present. For example, Alltel and Swiftel exchange local  
18           telecommunications traffic today under the terms and conditions of a negotiated  
19           Interconnection Agreement (ICA) approved by this Commission. That agreement  
20           was negotiated under the full scope of Section 251/252 of the Act as was a  
21           predecessor agreement first negotiated eight years ago. For Swiftel to now claim that  
22           the rules that govern the balancing of interests in such negotiations need to be tossed  
23           aside is, at best, untimely and at worst a callous effort to get this Commission to grant  
24           competitive advantage to a municipal government entity which operates both wireline  
25           and wireless networks in direct competition with Alltel and other carriers.

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1 Further, Alltel is not presently seeking to expand or otherwise deviate from the parties  
2 mutually agreed upon contractual obligations imposed under that agreement nor is  
3 there any indication from Swiftel of Swiftel's intent to terminate or otherwise deviate  
4 from the terms of the existing interconnection agreement. Furthermore, Swiftel has  
5 not indicated that any other wireless carrier is demanding any interconnection that  
6 necessitates it being provided the relief it requests. In fact, the only carrier, according  
7 to the Swiftel testimony that appears to be currently in interconnection negotiations or  
8 arbitration with Swiftel is Sprint and only with respect to its wireline CLEC business.  
9 The very broad, very expansive relief sought by Swiftel therefore seems to be a gross  
10 over reaction to its inability to settle with one carrier. However, granting the relief  
11 currently requested by Swiftel would provide it the ability to significantly modify or  
12 disregard its current obligations under the ICA with Alltel and all other carriers.

13 **Q. DOES SWIFTEL'S PETITION SUGGEST THAT ITS LENGTHY HISTORY OF NEGOTIATING**  
14 **INTERCONNECTION AGREEMENTS AND OPERATING UNDER THE TERMS OF THOSE**  
15 **AGREEMENTS RESULTS IN ECONOMIC HARDSHIP?**

16  
17 A. No, Swiftel has successfully negotiated agreements with Alltel and other competitive  
18 carriers in multiple instances over a period of at least eight years. Those negotiations  
19 represent a balancing of interest between the parties and have resulted in at least three  
20 interconnection agreements Swiftel has in place today. Swiftel's Petition and  
21 corresponding testimony fails to affirmatively demonstrate that upholding its current  
22 statutory obligations will result in significant economic hardship suffered by it or its  
23 end users. Simply claiming (and claiming without adequate explanation or support) a  
24 hypothetical increase in costs or loss of revenue is not sufficient grounds for

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1 suspension relief under 47 USC § 251(f)(2). The Act, specifically 47 USC §  
2 251(f)(2), acknowledges and accepts a level of increased cost and lost revenues by the  
3 ILEC as a result of competition that is fostered by the Act. Finally, Swiftel’s  
4 economic projections do not reflect reality, nor do they demonstrate anything more  
5 than Swiftel’s desire to avoid competition within its local exchange area – a desire to  
6 preserve and enhance monopolistic practices that cannot be fulfilled under the Act.

7 **Q. ARE YOU FAMILIAR WITH THE SWIFTEL PETITION AS WELL AS THE DIRECT**  
8 **TESTIMONY OF PETER C. RASMUSSEN, JO SHOTWELL AND DAVID ATKINS.**

9 A. Yes. I reviewed and am familiar with those filings as well as the negotiated and  
10 approved ICA under which Alltel and Swiftel are currently exchanging traffic.  
11 Attached is a copy of the ICA as Exhibit 1 to my testimony.

12 **Q. DOES SWIFTEL, AS AN INCUMBENT LOCAL EXCHANGE CARRIER, HAVE A DUTY TO**  
13 **PROVIDE DIALING PARITY TO COMPETITORS?**

14 A. Yes. The Communications Act of 1934, as amended, (the “Act”) requires local  
15 exchange carriers to provide dialing parity. Specifically, 47 U.S.C. § 251(b)(3)  
16 provides that “Each local exchange carrier has...[t]he duty to provide dialing parity to  
17 competing carriers of telephone exchange service and telephone toll service, and the  
18 duty to permit all such providers to have nondiscriminatory access to telephone  
19 numbers, operator services, and directory assistance, with no unreasonable dialing  
20 delays.” The FCC has clarified this requirement in its regulations stating that “A  
21 local exchange carrier (LEC) shall provide local and toll dialing parity to competing  
22 providers of telephone exchange service, with no unreasonable dialing delays.  
23 Dialing parity shall be provided for all originating telecommunications services that  
24 require dialing to route a call.” 47 C.F.R. § 51.205 (Dialing Parity: General). In

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1 addition, with respect to local services, the FCC specifically clarified the dialing  
2 parity requirement in stating that “A LEC shall permit telephone exchange service  
3 customers within a local calling area to dial the same number of digits to make a local  
4 call notwithstanding the identity of the customer’s or the called party’s  
5 telecommunications service provider.” 47 C.F.R. § 51.207 (Local Dialing Parity).  
6 Dialing parity is a concept and requirement that simply allows a customer within a  
7 local calling area to reach telephone numbers assigned to customers within that local  
8 calling area using the same dialing pattern without incurring toll or long-distance  
9 charges, regardless of the called party’s service provider.

10 **Q. DOES SWIFTEL CURRENTLY PROVIDE DIALING PARITY/LOCAL DIALING TO**  
11 **CERTAIN OF ALLTEL’S WIRELESS NUMBERS IN SOUTH DAKOTA?**

12 A. Yes, to the best of my knowledge, Swiftel currently provides local dialing to certain  
13 Alltel numbers (NPA-NXX) on a local and on an EAS basis under the terms of the  
14 parties’ mutually agreed upon ICA. Alltel numbers rated to the Brookings rate center  
15 are recognized as local by Swiftel as are Alltel’s Type 1 numbers rated to the  
16 Brookings Rural rate center (a rate center in Interstate Telephone’s service area)  
17 which is within Swiftel’s EAS calling scope. Alltel and Swiftel networks are  
18 currently exchanging traffic indirectly. Alltel is sending traffic to Swiftel via the  
19 Qwest Sioux Falls tandem and Swiftel is sending traffic to Alltel via Interstate  
20 Telephone or via the Qwest Sioux Falls tandem. Because these numbers are being  
21 recognized as local by Swiftel, Swiftel’s end users are able to call the Alltel numbers  
22 on a local basis, without toll charges.



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1 **Q. HAS ALLTEL DEMANDED THAT ALL OF ITS WIRELESS NUMBERS RATED WITHIN**  
2 **THE MTA BE TREATED AS LOCALLY DIALED CALLS AS CLAIMED IN THE SWIFTEL**  
3 **PETITION AND IN THE TESTIMONY OF JAMES ADKINS AND JO SHOTWELL?**

4 A. No. The ICA between Alltel and Swiftel specifically defines “Local Traffic” and  
5 outlines the parties’ obligations with respect to the exchange and treatment of Local  
6 Traffic. *See ICA, Section 4.* To-date, neither Alltel or Swiftel has sought to deviate  
7 from or enlarge the parties’ obligations under the ICA. Accordingly, Swiftel’s  
8 assumption or claim that wireless carriers are or will demand MTA-wide local calling  
9 is pure conjecture and not justification for suspension relief as posed by Ms. Shotwell  
10 and Mr. Rasmusson. Their assumption is simply invalid. However, contrary to their  
11 assertion that they are attempting to preserve the status quo, granting the broad  
12 dialing parity relief requested by Swiftel could allow Swiftel to disregard its current  
13 agreed-upon dialing parity/local calling obligations under the ICA.

14 **Q. IS ALLTEL REQUIRING SWIFTEL TO TRANSPORT ITS CUSTOMERS’ TRAFFIC**  
15 **BEYOND ITS SERVICE TERRITORY OR INCUR THE COST OF SUCH TRANSPORT IN**  
16 **ORDER TO DELIVER ITS TRAFFIC TO ALLTEL?**

17 I. No. Contrary to the assumptions, assertions and cost projections by Mr.  
18 Rasmusson and Ms. Shotwell, under the terms of the parties’ ICA Alltel is  
19 responsible for delivering and incurring the cost to transport its customer’s traffic to  
20 Swiftel. Swiftel is not required to incur any cost in relation to Alltel originated  
21 traffic. Each provider has the choice of how to deliver traffic originated by its own  
22 end-users. Alltel does not dictate how Swiftel delivers its originated traffic to Alltel –  
23 it is Swiftel’s sole discretion on how it will deliver traffic originated by its own  
24 customers. Accordingly, to the extent Mr. Rasmusson’s cost projections, specifically  
25 Exhibit 3, include transport costs attributable to “wireless carriers”, like Alltel, the

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1 cost projection is simply wrong, Alltel assumes full responsibility for the routing and  
2 delivery of its originated traffic just as Swiftel must assume responsibility for routing  
3 and delivery of traffic originated by its own customers.

4 **Q. DO YOU AGREE WITH MS. SHOTWELL'S CLAIM THAT SWIFTEL'S OBLIGATION TO**  
5 **TRANSPORT CALLS ORIGINATED FROM ITS NETWORK IS TRANSFERRING THE COST**  
6 **OF SERVICE FROM ONE CARRIER TO ANOTHER?**

7 A. No. Ms. Shotwell's claim on Page 12 of her direct testimony states that a competitive  
8 carrier is transferring its costs to Swiftel because Swiftel has to deliver the calls its  
9 customers dial to a competitive carrier. This is absurd and reflects a legacy  
10 monopolistic view of the world that is not consistent with the Telecom Act or the  
11 long prevailing regulatory scheme in the United States that the calling party's  
12 network pays to transport and deliver traffic. In Ms. Shotwell's view, because Alltel  
13 is not an incumbent LEC, Alltel would be responsible for transporting calls made by  
14 our own customers and for transporting calls made by Swiftel customers. Swiftel  
15 would not be responsible for transporting any call. The reality of Swiftel's position  
16 is exactly the opposite of Ms. Shotwell's claim. The granting of Swiftel's petition  
17 would transfer Swiftel's responsibility for delivering calls its customers initiate to the  
18 carrier terminating the call.

19 **Q. DO YOU AGREE WITH MS. SHOTWELL'S INTERPRETATION OF 'COST CAUSER' AS IT**  
20 **APPLIES TO TRAFFIC EXCHANGED BETWEEN SWIFTEL AND COMPETITIVE**  
21 **CARRIERS?**

22 A. No I do not. On Page 12 her Direct Testimony Ms. Shotwell makes the amazing  
23 claim that when one of Swiftel's customers calls a competing carrier it is the  
24 competing carrier that has caused the cost to be incurred. In other words, a  
25 competitor by its mere existence is a cost causer because without a competitor there

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1 would be no need to transport a local call to another carrier's network. This is the  
2 kind of entrenched monopolist argument that was made by incumbent local exchange  
3 carriers before the Telecom Act of 1996. In a competitive market, it is understood  
4 that a carrier is responsible for the calls made by its customers, i.e., the customer that  
5 makes the call is the 'cost causer' not the person (or network) that receives the call.

6 **Q. HAVE YOU REVIEWED THE INCREASED COST CLAIMS ASSERTED IN THE PETITION**  
7 **AND MR. RASMUSSEN'S TESTIMONY?**

8 A. Yes. Do the lack of details provided by Swiftel in both the Petition and testimony  
9 and because discovery has not been completed, I am not able to conduct a  
10 comprehensive analysis of Mr. Rasmusson's testimony and cost claims. However,  
11 clearly Swiftel's cost projections, as put forth by Mr. Rasmusson in his testimony and  
12 attached exhibits, are based on several false premises, including the following: (i)  
13 their prediction that the "sky is falling"; (ii) exaggerated costs estimates; and (iii) they  
14 are guaranteed full indemnity and protection from competition and the impact of  
15 competition. Rather than deal with competition by reshaping its costs structure, its  
16 network and becoming competitive, Swiftel's proposed solution to deal with their  
17 dubious "sky is falling" premise is to return itself and its customers to the same old  
18 regulatory methods that were developed when it was a monopoly.

19 **Q. DO YOU AGREE WITH MR. RASMUSSEN'S COSTS ESTIMATES IN EXHIBIT 3**  
20 **RELATING TO DIALING PARITY TRANSPORT COSTS?**

21 A. No. Again the overstated costs projections are based upon dialing parity demands  
22 that are pure speculation. Additionally, the costs of transport used by Mr. Rasmusson  
23 are greatly overstated. Analysis of this and rebuttal of these estimates will not be  
24 possible, however, until all discovery is completed

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1 **Q. DO YOU HAVE EXAMPLES OF THE FLAWS YOU THUS FAR DETECTED IN THE**  
2 **PETITIONER’S REPRESENTATION OF ECONOMIC BURDEN?**

3  
4 A. Yes. There are several common sense short-comings in the Petitioner costs claims set  
5 forth in Mr. Rasmusson’s testimony:

- 6                   • Overstated transport pricing as a result of using NECA rates  
7                   • Overstated need for transport as a result of the assumption that a direct  
8                   connect build-out to each competitor would be required by Swiftel

9 **Q. PLEASE EXPLAIN HOW MR. RASMUSSON’S ASSUMPTION TO USE NECA RATES AS THE BASIS FOR**  
10 **TRANSPORT PRICING WOULD OVERSTATE SWIFTEL’S ECONOMIC BURDEN CLAIMS.**

11 A. The use of NECA rates is inappropriate for determining the actual cost a carrier  
12 would incur to deploy a circuit between Swiftel’s service area and, for example,  
13 Sioux Falls. First, NECA tariff rates are extracted from a set of pooled costs  
14 assembled from hundreds of rural telephone companies and are not reflective of  
15 Swiftel’s actual costs. Second, for a carrier leasing transport between Brookings and  
16 Sioux Falls, it is unlikely that such a route would actually be provisioned by a carrier  
17 subscribing to the NECA tariff. Other carriers provide transport solutions between  
18 Brookings and Sioux Falls at rates that are far less than those used by Mr. Rasmusson  
19 due to his extrapolation from the NECA tariff. In fact, Swiftel has an interconnection  
20 agreement with one such provider (Qwest) and is part owner of another carrier that  
21 can provide facilities for the route (SDN).

22 **Q. PLEASE EXPLAIN HOW MR. RASMUSSON’S ASSUMPTION TO ESTABLISH DIRECT**  
23 **CONNECTIONS WITH EVERY IXC AND WIRELESS CARRIER OVERSTATES**  
24 **SWIFTEL’S ECONOMIC BURDEN CLAIM.**

25 A. Rasmusson’s assumption that Swiftel would establish direct connections with every  
26 IXC and wireless carrier is not at all realistic and stands in stark contrast to what

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1 efficient network operators would due to exchange traffic with other carriers for the  
2 volumes that Swiftel exchanges with most of these carriers. Mr. Rasmusson's  
3 assumptions include the establishment of direct connections with 15 different wireless  
4 carriers. He has not disclosed the actual current volume of traffic exchange with  
5 those carriers that would become exchanged via such direct facilities; however, when  
6 those volumes are examined it should be obvious that many or most of his  
7 hypothetical direct facilities would be grossly under-utilized and other means of  
8 transport, like the indirect method currently utilized by Alltel, would be more  
9 economic (see Rasmusson Exhibit 3). The same would be demonstrated with respect  
10 to his hypothetical establishment of direct trunks to all interexchange carriers (see  
11 Rasmusson Exhibit 7). This direct trunking proposal flies in the face of efficient  
12 traffic routing and is a gross mischaracterization of what costs Swiftel would likely  
13 incur. These phantom scenarios, are nothing more than a desperate attempt to prove  
14 an economic burden which does not and will not exist.

15 Another obvious example of Rasmusson's overstated assumptions is the total  
16 disregard for network interconnections that are in place today. The three wireless  
17 carriers that likely comprise more than 80% of the wireless traffic exchange with  
18 Swiftel already have established direct connections with Swiftel in Swiftel's own  
19 operating area<sup>1</sup> or have nearby indirect interconnection. Further, Swiftel has a direct

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<sup>1</sup> Alltel receives traffic from Swiftel via connections with Interstate telephone in the Brookings Rural exchange. It is assumed that Swiftel's wireline and wireless operations have a direct connection since their switches are collocated. It is also assumed that Verizon Wireless has established a direct connection with Swiftel.

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1 connection with Qwest's Sioux Falls tandem which could be used to transport traffic  
2 to and from the public switched telephone network. More definition of the traffic and  
3 costs associated with Rasmusson's assumptions should be available in the Petitioner's  
4 responses to discovery submitted by Alltel and other parties.

5 **Q. DO YOU AGREE WITH MR. RASMUSSON'S TESTIMONY AND EXHIBIT 4 AS THEY**  
6 **RELATE TO THE LOSS OF ACCESS REVENUE AS A RESULT OF DIALING PARITY?**

7 A. No. With respect to Alltel, one of the group in Mr. Rasmusson's "All Wireless  
8 Providers" category, if Swiftel simply abides by the terms of the ICA there is no  
9 corresponding loss of access revenue as the parties will continue to exchange and  
10 compensate each other for traffic as they have historically done under the ICA.  
11 However, if Swiftel is granted the blanket relief as requested of "no requirement to  
12 provide local dialing parity" then Swiftel may choose to treat all calls that were  
13 previously local under the parties' mutually agreed-upon ICA as toll, thereby actually  
14 gaining a windfall in access revenue.

15 **Q. DO YOU AGREE THAT SEEKING THE RELIEF OF "NO REQUIREMENT TO TRANSPORT**  
16 **CALLS OUTSIDE THE SWIFTEL SERVICE TERRITORY" IS PROPERLY**  
17 **CHARACTERIZED AS A SUSPENSION OF A DIALING PARITY OBLIGATION?**

18 No. Swiftel has undoubtedly sought a suspension of its entire dialing parity  
19 obligation under 47 U.S.C. § 251(b)(3) by seeking the relief of "no requirement to  
20 provide local dialing parity." *See Petition, p. 5.* However, despite this very clear, but  
21 broad, request for dialing parity relief, Swiftel also seeks, under the guise of dialing  
22 parity, to relieve itself of any requirement to transport traffic beyond its service  
23 territory. What Swiftel is really seeking to do is avoid its obligation to interconnect  
24 and exchange traffic indirectly. Swiftel is seeking to force a competitor to establish a

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1 direct connection with Swiftel in order to obtain dialing parity. Although there are  
2 circumstances where a direct connection between two carriers is more appropriate,  
3 there is no basis for compelling a carrier to deliver traffic via a direct connection.  
4 Further, there is no basis for compelling a wireless carrier to establish a direct  
5 connection at the whim of incumbent local exchange carrier (ILEC) in order to  
6 receive traffic at a location in an ILEC service area.

7 There are basically two ways for competitors to exchange traffic – directly or  
8 indirectly. A direct connection is an actual linking of the two parties’ networks and  
9 the parties exchange traffic via that link – sort of like two cans and a string, the cans  
10 are the networks and the direct connection through which all traffic flows is the  
11 string. However, under the Act the parties may also interconnect and exchange traffic  
12 indirectly. “Each telecommunications carrier has the duty...to interconnect directly  
13 or indirectly with the facilities and equipment of other telecommunications carriers.”

14 47 U.S.C. § 251(a)(1). Indirect interconnection involves the use of a third-party,  
15 Qwest, for the exchange of traffic. Indirect connection is sometimes a more efficient  
16 and cost effective way to exchange traffic when, among other reasons, the volume of  
17 traffic between the parties is relatively low. In seeking to avoid the cost of transport  
18 under the guise of a dialing parity suspension, Swiftel is seeking to force direct  
19 connectivity. However, the obligation to provide for indirect interconnection and  
20 exchange of traffic is mandated by an entirely different section under the Act – 47  
21 U.S.C. § 251(a)(1). The two obligations (indirect interconnection and dialing parity)  
22 are separate obligations required by different sections of the Act and the

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1 direct/indirect interconnection obligation is not subject to suspension under Section  
2 251(f)(2) of the Act. Both the 8<sup>th</sup> and 10<sup>th</sup> Circuit Court of Appeals have provided that  
3 the two obligations are entirely separate under the Act and a ILEC like Swiftel may  
4 not require direct connectivity in order to provide dialing parity. *See Atlas Tel.Co. v.*  
5 *Oklahoma Corp. Comm'n*, 400 F.3d 1256(10<sup>th</sup> Cir. 2005); *WWC License, L.L.C. v.*  
6 *Boyle*, 459 F.3d 880 (8<sup>th</sup> Cir. 2006). Swiftel’s motivation to mandate direct  
7 connectivity in connection with an attempt to suspend its dialing parity obligation is  
8 due to the fact that indirect interconnection under 47 U.S.C. 251(a)(1) is not within  
9 the scope of relief afforded under a suspension petition under 47 U.S.C. § 251(f)(2).

10 **Q. DOES SWIFTEL HAVE AN OBLIGATION TO EXCHANGE RECIPROCAL**  
11 **COMPENSATION FOR LOCAL TRAFFIC EXCHANGED WITH WIRELESS PROVIDERS?**

12 A. Yes. Each local exchange carrier has a “duty to establish reciprocal compensation  
13 arrangements for the transport and termination of telecommunications.” 47 U.S.C. §  
14 251(b)(5). Additionally, FCC rules provide that reciprocal compensation applies to  
15 traffic exchanged between an ILEC and wireless provider that “at the beginning of  
16 the call, originates and terminates within the same Major Trading Area (MTA)...”  
17 47 C.F.R. § 51.701(b)(2). In the case of Alltel and Swiftel, the mutually agreed-upon  
18 ICA clearly identifies the terms, conditions and rates that apply to the traffic  
19 exchanged between the parties. The established reciprocal compensation rate is  
20 \$.007.

21 **Q. DO YOU AGREE WITH MR. RASMUSSEN’S TESTIMONY AND ECONOMIC ANALYSIS IN**  
22 **EXHIBIT 5 RELATED TO THE INCREASE IN RECIPROCAL COMPENSATION EXPENSE?**  
23



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1 A. No. Alltel and Swiftel have already clearly defined the scope of traffic subject to  
2 reciprocal compensation under the ICA. Accordingly, Mr. Rasmusson's calculation  
3 of increased reciprocal compensation for "All Wireless Providers" in Exhibit 5 of his  
4 testimony is inaccurate to the extent it includes an increase of costs due to Alltel's  
5 presence. And as discussed earlier, Swiftel has not indicated that any other wireless  
6 carrier is demanding any change that would increase Swiftel's reciprocal  
7 compensation expense and therefore any testimony that assumes such is pure  
8 conjecture and unrealistic. Finally, if Swiftel is truly concerned about an increase in  
9 reciprocal compensation expense it could just as easily seek a lower reciprocal  
10 compensation rate from competitors or advocate a "bill and keep" reciprocal  
11 compensation arrangement. Either of these will reduce its reciprocal compensation  
12 expenses.

13 **Q. DO YOU BELIEVE THERE ARE ANY OTHER ISSUES WITH RASMUSSON'S TESTIMONY**  
14 **AND EXHIBITS?**

15 A. Yes, Rasmusson's testimony and exhibits include assumptions about a) the costs of  
16 implementing Local Number Portability (LNP) that are not properly supported or  
17 explained, b) transport related costs for calls to ported numbers but without any traffic  
18 volume detail, c) no correlation was established to support the extrapolations made  
19 between Swiftel's traffic exchange with Sprint and that of wireless carriers and , d)  
20 no justification was provided for using Swiftel's proposed reciprocal compensation  
21 rate of \$.013 instead of its actual reciprocal compensation with Alltel of \$.007 per  
22 minute. A complete and adequate analysis of these and other issues can not occur  
23 unless and until Swiftel's fully responds to Alltel's discovery in this proceeding.

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1 **Q. IN YOUR OPINION HAS SWIFTEL DEMONSTRATED A SIGNIFICANT ADVERSE**  
2 **ECONOMIC IMPACT OR BURDEN AS REQUIRED UNDER 47 U.S.C. § 251(F)(2)?**

3 No. Suspension/modification relief under 47 U.S.C. § 251(f)(2) is only appropriate  
4 when it is necessary to (i) avoid a significant adverse economic impact on users of  
5 telecommunications services generally; (ii) avoid imposing a requirement that is  
6 unduly economically burdensome; or (iii) to avoid imposing a requirement that is  
7 technically infeasible; and is consistent with the public interest, convenience and  
8 necessity. Contrary to Swiftel's proffered financial projections, the statutory  
9 threshold for suspension relief requires more than a simple showing of increased cost  
10 or lost revenue – there must be an appreciable and significant impact that follows.  
11 The Act contemplates and allows for some increased economic burden resulting from  
12 competition, i.e. anything short of significant adverse and unduly economic  
13 burdensome is not enough. Relief is only appropriate in extraordinary circumstances  
14 – this is not one of those circumstances. Although Mr. Rasmusson has provided some  
15 cost projections, it is not possible to determine based on the petition and his  
16 testimony, the source of the ultimate numbers or how they were figured or the  
17 reasonableness of all of his many assumptions. Swiftel has not attempted to  
18 demonstrate the impact of the alleged costs or lost revenues. Swiftel attempted to  
19 analyze only one part of the necessary calculation and has not met the standard of the  
20 Act. Again, 47 U.S.C. § 251(f)(2) requires more than a simple showing of increased  
21 costs or loss of revenues. In order to understand and evaluate an economic impact of  
22 such costs or revenue changes it is necessary to demonstrate and analyze the current  
23 overall financial condition of Swiftel and then demonstrate the impact of a loss of

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1 revenues or increased expense on the overall financial condition and even then the  
2 impact must rise to the extreme level or standard of the Act before suspension of  
3 requirements may be granted. Obviously some level of increased costs or loss of  
4 revenues can and must be absorbed by the ILEC or replaced through other means  
5 before the impact becomes “significant”. Proper analysis of any impact(s) must also  
6 include an evaluation of any inefficiency of Swiftel’s operations, network or practices  
7 – an increased cost, loss of revenues and increased competition present an  
8 opportunity and requirement that the ILEC become more efficient and competitive to  
9 alleviate the actual impact. The information provided to date by Swiftel doesn’t  
10 provide or enable any meaningful analysis and evaluation of impact. Put another  
11 way, Swiftel has not met its burden and is not entitled to the extraordinary relief  
12 requested.

13 **Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?**

14 **A. Yes, it does.**