
BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Alliance Communications Cooperative, Inc., Splitrock Properties, Inc. and Hills Telephone Company, Inc. for Suspension or Modification of 47 USC Section 251(b)(2) of the Communications Act of 1934 as Amended	Docket No. TC08-006
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DIRECT PRE-FILED TESTIMONY OF

DON SNYDERS

July 15, 2008

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

2 A: My name is Don Snyders. My business address is 612 3rd Street, PO Box 349,
3 Garretson, SD 57030. My business phone if 605-594-3411.

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

5 A: I am the General Manager of Alliance Communications Cooperative, Inc.
6 (Alliance), Splitrock Properties, Inc. (Splitrock), and Hills Telephone Company
7 (Hills) (sometimes collectively referred to as Alliance). Alliance is rural
8 independent local exchange carrier that provides local exchange access and other
9 telecommunications service to 8552 access lines within its South Dakota service
10 area, which includes the exchanges of Garretson, Brandon, Baltic, Crooks,
11 Alcester, and Hudson. Splitrock is rural independent local exchange carrier that
12 provides local exchange access and other telecommunications service to 1476
13 access lines within its South Dakota service area, which includes the exchanges of
14 Howard and Oldham/Ramona. Hills is rural independent local exchange carrier
15 that provides local exchange access and other telecommunications service to 451
16 access lines within its South Dakota service area, which includes the exchange of
17 Valley Spring.

18 **Q: Does your company have any direct points of interconnection with any**
19 **wireless carrier?**

20 A: Yes. There is a direct connection between Alliance and Alltel in the Howard
21 Exchange.

22 **Q: How would you describe the service area and local calling area of your**

1 **exchanges, as compared to those of the wireless carriers operating in your**
2 **area?**

3 A: Our service areas are defined by the boundaries of our exchanges, and where we
4 have physical cable plant. The wireless carriers, on the other hand, serve areas
5 licensed by the FCC and by the reach of a radio frequency transmission from a
6 tower site, which makes their wireless local calling area much larger than our
7 exchange boundaries. The boundaries of our wireline rate centers and the local
8 calling areas of wireless carriers serving in our area vary greatly.

9 **Q: How does Alliance route calls from its subscribers' landline phones to**
10 **wireless carrier subscribers?**

11 A: If a wireless number is local to one of Alliance's calling areas or EAS areas and
12 the wireless carrier has a direct connection to Alliance, the call is routed over the
13 trunks associated with that direct connection. For example, an Alltel wireless
14 number that is local to the Howard calling area would be routed over the trunks
15 associated with Alltel's direct connection at Howard. In all other cases, when a
16 subscriber located in any other Alliance calling areas uses his or her landline
17 phone to call a wireless phone number, the subscriber must dial a ten-digit phone
18 number; the call is routed from the subscriber's landline phone to the Alliance
19 central office switch, where it is determined to be a non-local call; and the call is
20 switched to a toll trunk group. The toll trunk carries the call to South Dakota
21 Network's (SDN's) Centralized Equal Access (CEA) tandem, which is located in
22 Sioux Falls, to be routed to the appropriate Point of Interconnection of the
23 wireless carrier.

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

3 A: To my knowledge, five wireless carriers provide service in Alliance's local
4 exchange area: Alltel, Verizon Wireless, Midwest Wireless, RCC, and Sprint.

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

7 A: To my knowledge, not a single Alliance subscriber has requested local number
8 portability from Alliance.

9 **Q: Have any subscribers ever inquired whether the company could port a**
10 **number to a VoIP provider or have any carriers requested LNP in**
11 **connection with service to a VoIP provider?**

12 A: Not to my knowledge.

13 **Q: Has the lack of LNP had an impact on wireless service?**

14 A: Even during the past few years when Alliance has had a suspension of intermodal
15 LNP, the number of people who have wireless service has continued to grow
16 throughout the country and in South Dakota. Therefore, I believe there has been
17 no impact on wireless service or competition.

18 **Q: Alliance's Petition addresses the cost of transport associated with intermodal**
19 **and VoIP LNP. Are there other costs?**

1 A: Yes. Alliance would have to take a number of actions and incur various costs,
2 other than transport costs, to port numbers. These costs are outlined in Exhibit 2
3 to Mr. Davis' direct testimony.

4 **Q: If there is no demand for intermodal LNP and Alliance must incur costs to**
5 **implement LNP, including, possibly, transport costs, why didn't you request**
6 **a total suspension of LNP like you did before?**

7 A: For a couple of reasons. First, since the first and second LNP cases, Alliance has
8 upgraded one of its switches, and other cost elements associated with LNP have
9 been reduced, such that the cost of implementing LNP (other than transport) have
10 fallen. Second, Alliance's Petition, in essence, is a compromise to the wireless
11 carriers. Although Alliance believes there is no demand for intermodal LNP,
12 some wireless carriers apparently feel it is useful to their business. Rather than
13 ask for a total suspension, Alliance will incur the cost of implementing LNP.
14 Alliance merely asks that it not be required to pay for transport.

15 **Q: Are there other reasons you filed this Petition?**

16 A: Yes. There are at least five wireless carriers providing service in Alliance's
17 service area, but any licensed carrier could start operations at any time. Further,
18 as a result of the latest FCC decision, Alliance may be required to provide LNP in
19 connection with service to VoIP providers. At this time, Alliance does not know
20 who or how many VoIP providers may be involved. Alliance has no
21 arrangements in place that would allow for the transport of traffic to numbers
22 ported from Alliance to any of these entities. Further, because Alliance has no

1 arrangements with these carriers, it cannot transport traffic to numbers ported
2 from Verizon or Alltel to any of these other entities.

3 **Q. Why do you believe it is appropriate for the wireless carriers to pay for the**
4 **cost of transport?**

5 A. Because, in the first instance, it is the wireless carrier who makes the decision
6 whether to pursue direct or indirect connection with the LEC. It also is the
7 wireless carrier that, in the first instance, either pursues a point of interconnection
8 within the LEC's service territory or not. Further, it appears to be the position of
9 Alltel and Verizon that the point of interconnection and direct versus indirect
10 interconnection is within their discretion, although Alliance does not agree with
11 this position. Therefore, whether there will be any cost of transport and what the
12 transport cost will be is largely controlled, at least in the first instance, by the
13 wireless carriers.

14 For example, Mr. Davis' Exhibit (attached to his direct testimony) concerning the
15 costs of transport are based on transporting traffic to Sioux Falls. It is my
16 understanding, however, that Sprint and Alltel have said they have the right to
17 require the transport of traffic to any point in the LATA, which is almost any
18 point in South Dakota. If wireless carriers should some day decide that it makes
19 more sense for their traffic to go to some other point in the LATA, the cost of
20 transport could be a lot more than what Mr. Davis modeled. And, if they make
21 that decision for their own business purposes, they should be willing to pay for it.

22 **Q: Do you have concerns with this Commission requiring Alliance to incur**
23 **transport obligations that extend beyond its current rural service area?**

1 A: Yes. Other than limited EAS facilities, Alliance does not have facilities to
2 transport local calls outside of its service area. Generally, I believe that requiring
3 a small rural company such as Alliance to incur additional transport costs related
4 to facilities to transport local calls beyond its current local network and its service
5 area would impose a competitive disadvantage on Alliance and also make it more
6 difficult in the future to achieve universal service. I believe it must be recognized
7 that Alliance, as a small rural carrier with a service area limited to only a portion
8 of South Dakota, does not have telecommunications facilities extending
9 throughout the LATA or MTA. This is in contrast to the larger wireless carriers
10 such as Verizon and Alltel which, with their telecommunications networks, do
11 reach most of this State. I find it hard to understand why Alliance should have to
12 incur additional costs associated with transport facilities to transport local calls
13 outside of its rural service area in order to make things more efficient for certain
14 wireless carriers who have much larger networks and many more customers.
15 Moreover, the challenges of maintaining affordable and universal telephone
16 service are already substantial for Alliance and shifting additional transport
17 responsibilities to rural carriers and customers for transport services to locations
18 far removed from Alliance's existing rural service would be a step in the wrong
19 direction.

20 **Q: Does the recently announced merger between Alltel and Verizon have any**
21 **impact on this proceeding and the cost of transport?**

22 A: Yes. This merger most likely will impact the cost of transport. Verizon and
23 Alltel currently operate as two separate entities in Alliance's service area. If one

1 of the operations is sold as a result of the merger, then the new carrier may
2 interconnect with Alliance in a different manner or at a different location, which
3 would impact the cost of transport. Also, the newly merged Verizon and Alltel
4 could decide to interconnect differently. As the Verizon/Alltel merger is expected
5 to close by December 31, 2008, it may make sense to continue the total
6 suspension of intermodal LNP until after the merger.

7 **Q: What will be the impact on Alliance and its customers if its Petition is not**
8 **granted?**

9 A: As stated, implementing LNP will impose costs on Alliance and its subscribers.
10 The cost of paying for transport will impose an additional burden on Alliance and
11 its subscribers. Depending on the point of interconnection, the cost of transport
12 may be substantial; and our subscribers have not requested this service. There is
13 little, if any, demand for intermodal or VoIP LNP in our service area. Little or no
14 demand means that the cost of transport imposes a significant adverse economic
15 impact on users and an unduly economically burdensome requirement on the
16 company and subscribers. Further, the vast majority of our customers will have to
17 pay for those few, if any, who decide to port their numbers. It is a very poor
18 bargain for the majority of our customers.

19 **Q: Do you expect the implementation of LNP to result in an increase in**
20 **customer's rates?**

21 A: It is not known at this time whether Alliance will impose an LNP surcharge on its
22 subscribers to recover the costs of implementing LNP, other than transport. With
23 respect to the cost of transport, it is my understanding that Alliance may not be

1 allowed to recover the costs associated with transport of ported calls through the
2 LNP surcharge. To the extent this is correct, Alliance may be forced to increase
3 local rates or curtail services or investment in the network. For example, its
4 investment in broadband or other network improvements and in the services it is
5 able to provide to customers may be delayed or reduced. If the cost of transport is
6 recovered through local rate increases, some segment of subscribers may
7 discontinue service or decrease the number of lines to which they subscribe,
8 which would further increase the per-subscriber cost of transport.

9 **Q: What do you expect the general reaction of your customers to be if there are**
10 **new LNP charges or rate increases associated with LNP and transport costs?**

11 A: I would expect the reaction would be negative. Since the vast majority of our
12 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect
13 protests if they must pay a cost for a service they do not want and for which they
14 receive no benefit. It is not in the Alliance members' best interests for the large
15 majority of our members to be required to pay for a mandated service that will
16 benefit few if any of our members. For these reasons, our Board of Directors has
17 been supportive of our efforts to obtain a suspension or modification of the LNP
18 rules.

19 **Q: Does intermodal and VoIP LNP impose any other burdens on the company**
20 **and subscribers?**

21 A: Yes. Wireline to wireless porting under current routing protocols would impose
22 an unduly economically burdensome requirement by making the network less
23 efficient and by confusing customers. Currently, for calls from a subscriber of

1 Alliance to a wireless carrier, Alliance does not carry local traffic to a point of
2 interconnection beyond Alliance's local calling area (or EAS area). Therefore, if
3 intermodal LNP is implemented before the transport issue has been resolved with
4 all wireless carriers, end users who continue to dial a ported number on a seven-
5 digit basis may receive a message that the call cannot be completed as dialed, or a
6 message instructing the party to redial using 1+ the area code. Thus, callers
7 would have to dial twice, with the resulting network use, to place one call. It
8 appears these issues also may be associated with calls to numbers ported to VoIP
9 providers.

10 **Q: As Alliance is not LNP capable, can Alliance correctly route calls to a**
11 **number ported from one wireless carrier to another?**

12 **A:** No.

13 **Q: In your Petition, you stated Alliance would contact wireless carriers and**
14 **attempt to negotiate a resolution of routing and transport issues. Has**
15 **Alliance done so?**

16 **A:** Yes. Alliance has contacted intervening wireless carriers and attempted to
17 negotiate a solution to the transport/routing issues. The parties have not yet been
18 successful in negotiating a settlement, but Alliance is committed to continue
19 negotiations with wireless carriers to reach a resolution of these outstanding
20 issues.

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

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