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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 Company for Suspension or  
Modification of 47 USC Section 251(b)(2)  
of the Communications Act of 1934 as  
Amended

Docket No. TC08-007

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DIRECT PRE-FILED TESTIMONY OF

ROD BOWAR

July 15, 2008

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

2 A. My name is Rod Bowar, and my business address is P.O. Box 158, 220 South Main,  
3 Kennebec, SD 57544. My business telephone number is (605) 869-2220.

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

5 A: I am the General Manager of Kennebec Telephone Company ("Kennebec"). Kennebec is  
6 a rural independent local exchange carrier that provides local exchange, exchange access  
7 and other telecommunications services to subscribers within its South Dakota service  
8 area, which includes the exchanges of Kennebec and Presho. Kennebec provides service  
9 to 733 total access lines, 24 of which receive Lifeline service.

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

12 A: No.

13 **Q: How would you describe the service area and local calling area of your  
14 exchanges, as compared to those of the wireless carriers operating in your area?**

15 A: We are a small company with only two exchanges. Our service areas are defined by the  
16 boundaries of our exchanges, and where we have physical cable plant. The wireless  
17 carriers, on the other hand, serve areas licensed by the FCC and by the reach of a radio  
18 frequency transmission from a tower site, which makes their wireless local calling area  
19 much larger than our exchange boundaries. The boundary of our wireline rate centers  
20 and the local calling areas of wireless carriers serving in our area vary greatly.

21 **Q: How does Kennebec route calls from its subscribers' landline phones to wireless  
22 carrier subscribers?**

1 A: When a Kennebec subscriber uses his/her landline phone to call a wireless phone number,  
2 the call is routed from the subscriber's landline phone to the appropriate Kennebec  
3 central office switch, where it is determined to be a non-local call and is therefore  
4 switched to a toll trunk group. The toll trunk carries the call to South Dakota Network's  
5 (SDN's) Centralized Equal Access (CEA) tandem, which is located in Sioux Falls, to be  
6 routed to the appropriate Point of Interconnection of the wireless carrier. A Kennebec  
7 subscriber cannot call a wireless subscriber as a local call today, as no wireless carriers  
8 have direct connections in Kennebec's service area.

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

11 A: I am aware of two wireless carriers that provide services in Kennebec's local exchange  
12 area.

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

15 A: To my knowledge, not a single Kennebec subscriber has requested local number  
16 portability from Kennebec.

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

20 A: Not to my knowledge.

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

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

5 **Q: Mr. Davis's testimony addresses the cost of transport associated with intermodal  
6 and VoIP LNP. Are there other costs?**

7 A: Yes. Kennebec would have to take a number of actions and incur various costs to be able  
8 to port numbers. These costs are outlined in Exhibit 2 to Mr. Davis' direct testimony.

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

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

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

21 A: Yes. Even though to my knowledge there are two wireless carriers providing service in  
22 Kennebec's local exchange area, any licensed carrier could start operations at any time.

1 As a result of the latest FCC decision, Kennebec may be required to provide LNP in  
2 connection with service to VoIP providers. At this time, Kennebec does not know who  
3 or how many VoIP providers may be involved. Kennebec has no arrangements in place  
4 that would allow for the transport of traffic to numbers ported from Kennebec to any of  
5 these entities. Further, because Kennebec has no arrangements with these carriers, it  
6 cannot transport traffic to numbers ported from Verizon Wireless and Alltel to any other  
7 of these entities.

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

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

18 For example, Mr. Davis' exhibit (attached to his direct testimony) concerning the cost of  
19 transport bases the costs on transporting traffic to Sioux Falls. It is my understanding,  
20 however, that Sprint and Alltel have said they have the right to require the transport of  
21 traffic to any point in the LATA, which is almost any point in South Dakota. If wireless  
22 carriers should some day decide that it makes more sense for their traffic to go to some

1 other point in the LATA, the cost of transport could be a lot more than what Mr. Davis  
2 modeled. And, if they make that decision for their own business purposes, they should be  
3 willing to pay for it.

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

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

1 **Q: Does the recently announced merger between Alltel and Verizon have any impact on**  
2 **this proceeding and the transport?**

3 A: Yes. This merger most likely will impact the cost of transport. Verizon and Alltel  
4 currently operate as two separate entities in Kennebec's service area. If one of the  
5 operations is sold as a result of the merger, then the new carrier may interconnect with  
6 Kennebec in a different manner or at a different location, which would impact the cost of  
7 transport. Also, the newly merged Verizon and Alltel could decide to interconnect  
8 differently. As the Verizon/Alltel merger is expected to close by December 31, 2008, it  
9 may make sense to continue the total suspension of intermodal LNP until after the  
10 merger.

11 **Q: What will be the impact on Kennebec and its customers if its Petition is not**  
12 **granted?**

13 A: Kennebec is a small rural company with a small customer base. As stated, implementing  
14 LNP will impose costs on Kennebec and its subscribers. The cost of paying for transport  
15 will impose an additional burden on Kennebec and its subscribers. We have few  
16 economies of scale; the cost of transport is substantial; and our subscribers have not  
17 requested this service. There is little, if any, demand for intermodal or VoIP LNP in our  
18 service area. Little or no demand means that the cost of transport imposes a significant  
19 adverse economic impact on users and an unduly economically burdensome requirement  
20 on the company and subscribers. Further, the vast majority of our customers will have to  
21 pay for those few, if any, who decide to port their numbers. It is a very poor bargain for  
22 the majority of our customers.

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

3 A: It is not known at this time whether Kennebec will impose an LNP surcharge on its  
4 subscribers to recover the costs of implementing LNP, other than transport. With respect  
5 to the cost of transport, it is my understanding that Kennebec may not be allowed to  
6 recover the costs associated with transport of ported calls through the LNP surcharge. To  
7 the extent this is correct, Kennebec may be forced to increase local rates or curtail  
8 services or investment in the network. For example, its investment in broadband or other  
9 network improvements and in the services it is able to provide to customers may be  
10 delayed or reduced. If the cost of transport is recovered through local rate increases,  
11 some segment of subscribers may discontinue service or decrease the number of lines to  
12 which they subscribe, which would further increase the per-subscriber cost of transport.

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

15 A: I expect a very negative reaction. Since the vast majority of our customers will gain no  
16 benefit from intermodal LNP or VoIP LNP, I expect strong protests if they must pay a  
17 cost for a service they do not want and for which they receive no benefit. Kennebec  
18 serves more elderly and low-income customers than the nationwide average, and would  
19 expect a very negative reaction from these customers in particular. I do not believe it is  
20 in Kennebec's or its customers' best interest to be required to pay for a mandated service  
21 that will benefit few if any of our members.

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

3 A: Yes. Wireline to wireless porting under current routing protocols would impose an  
4 unduly economically burdensome requirement by making the network less efficient and  
5 by confusing customers. Currently, for calls from a subscriber of Kennebec to a wireless  
6 carrier, Kennebec does not carry local traffic to a point of interconnection beyond  
7 Kennebec's local calling area (or EAS area). Therefore, if intermodal LNP is  
8 implemented before the transport issue has been resolved with all wireless carriers, end  
9 users who continue to dial a ported number on a seven-digit basis may receive a message  
10 that the call cannot be completed as dialed, or a message instructing the party to redial  
11 using 1+ the area code. Thus, callers would have to dial twice, with the resulting network  
12 use, to place one call. It appears these issues also may be associated with calls to  
13 numbers ported to VoIP providers.

14 **Q: As Kennebec is not LNP capable, can Kennebec correctly route calls to a number**  
15 **ported from one wireless carrier to another?**

16 A: No.

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

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

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

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

Certificate of Service

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Pre-filed Testimony of Rod Bower and Pre-filed Testimony and Confidential Exhibits of Dan Davis was sent electronically on this 15th day of July, 2008, upon:

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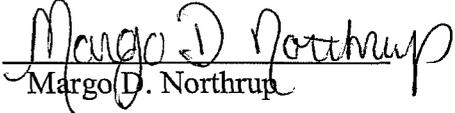
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