
BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

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

Docket No. TC08-009

DIRECT PRE-FILED TESTIMONY OF

ALDEN BROWN

July 15, 2008

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

2 A. My name is Alden Brown. My business address is 111 9th Avenue, P.O. Box 128,
3 Faulkton, SD, 57438. My business telephone number is 605-598-6217.

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

5 A: I am the General Manager of Western Telephone Company (Western). Western
6 is a rural independent local exchange carrier that provides local exchange,
7 exchange access and other telecommunications services to 1063 access lines
8 within its service area, which includes the exchanges of Cresbard, Faulkton and
9 Orient.

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

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

1 **Q: How does Western route calls from its subscribers' landline phones to**
2 **wireless carrier subscribers?**

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

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

14 A: I am aware of three wireless carriers that provide service in Western's local
15 service area: Verizon Wireless, Alltel, and RCC.

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

18 A: To my knowledge, not a single Western subscriber has requested local number
19 portability from Western.

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

1 A: Not to my knowledge.

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

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

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

9A: A: Yes. Western would have to take a number of actions and incur various costs,
10 other than transport costs, to port numbers. These costs are outlined in Exhibit 2
11 to Mr. Davis' direct testimony.

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

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

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

2 A: Yes. Even though to my knowledge there are three wireless carriers providing
3 service in Western's service area, any licensed carrier could start operations at
4 any time. As a result of the latest FCC decision, Western may be required to
5 provide LNP in connection with service to VoIP providers. At this time, Western
6 does not know who or how many VoIP providers may be involved. Western has
7 no arrangements in place that would allow for the transport of traffic to numbers
8 ported from Western to any of these entities. Further, because Western has no
9 arrangements with these carriers, it cannot transport traffic to numbers ported
10 from Verizon Wireless and Alltel to any other of these entities.

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

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

22 For example, Mr. Davis' exhibit concerning the cost of transport bases the costs
23 on transporting traffic to Sioux Falls. It is my understanding, however, that

1 Sprint and Alltel have said they have the right to require the transport of traffic to
2 any point in the LATA, which is almost any point in South Dakota. If wireless
3 carriers should some day decide that it makes more sense for their traffic to go to
4 some other point in the LATA, the cost of transport could be a lot more than what
5 Mr. Davis modeled. And, if they make that decision for their own business
6 purposes, they should be willing to pay for it.

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

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

1 service are already substantial for Western and shifting additional transport
2 responsibilities to rural carriers and customers for transport services to locations
3 far removed from Western's existing rural service would be a step in the wrong
4 direction.

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

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

15 **Q: What will be the impact on Western and its customers if its Petition is not**
16 **granted?**

17 A: Western is a small rural company with a small customer base. As stated,
18 implementing LNP will impose costs on Western and its subscribers. The cost of
19 paying for transport will impose an additional burden on Western and its
20 subscribers. We have few economies of scale; the cost of transport is substantial;
21 and our subscribers have not requested this service. There is little, if any, demand
22 for intermodal or VoIP LNP in our service area. Little or no demand means that
23 the cost of transport imposes a significant adverse economic impact on users and

1 an unduly economically burdensome requirement on the company and
2 subscribers. Further, the vast majority of our customers will have to pay for those
3 few, if any, who decide to port their numbers. It is a very poor bargain for the
4 majority of our customers.

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

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

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

20 A: I expect the reaction to be very negative. Since the vast majority of our customers
21 will gain no benefit from intermodal LNP or VoIP LNP, I expect strong protests if
22 they must pay a cost for a service they do not want and for which they receive no
23 benefit. I feel strongly that it is not in Western's and its customers' best interests

1 for the large majority of our members to be required to pay for a mandated service
2 that will benefit few, if any, of our members.

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

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

17 **Q: As Western is not LNP capable, can Western correctly route calls to a**
18 **number ported from one wireless carrier to another?**

19 A: No.

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

1 A: Yes. Western has contacted intervening wireless carriers and attempted to
2 negotiate a solution to the transport/routing issues. The parties have not yet been
3 successful in negotiating a settlement, but Western is committed to continue
4 negotiations with wireless carriers to reach a resolution of these outstanding
5 issues.

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

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

Certificate of Service

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Pre-filed Testimony of Alden Brown 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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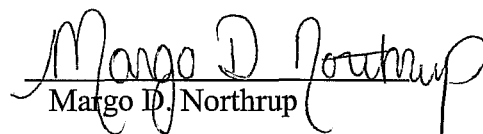
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