
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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

Docket No. TC08-013

DIRECT PRE-FILED TESTIMONY OF

TODD HANSEN

July 15, 2008

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

2 A. My name is Todd Hansen. My business address is 101 North 3rd Street,
3 Beresford, SD, 57004. My business telephone number is 605-763-2500.

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

5 A: I am the General Manager of Beresford Municipal Telephone Company
6 (Beresford). Beresford is a municipal independent local exchange carrier that
7 provides local exchange, exchange access and other telecommunications services
8 to 1,463 access lines within its service area, including an average of 36 “lifeline”
9 access lines, including the exchange of Beresford.

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

12 A: Yes, with Sprint, but none with Verizon or Alltel.

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: Beresford has only one exchange. Our service area is defined by the city limits of
17 the City of Beresford. The wireless carriers, on the other hand, serve areas
18 licensed by the FCC and by the reach of a radio frequency transmission from a
19 tower site, which makes their wireless local calling area much larger than our
20 exchange boundaries. The boundary of our wireline rate centers and the local
21 calling areas of wireless carriers serving in our area vary greatly.

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

1 A: If a wireless number is local to our calling area and the wireless carrier has a
2 direct connection to Beresford (i.e. Sprint), the call is routed over the trunks
3 associated with that direct connection. If a wireless number carrier has an indirect
4 interconnection to Beresford through an EAS arrangement and its numbers are
5 local to the EAS area, the call is routed over the EAS trunks. In all other cases,
6 when a Beresford subscriber uses his/her landline phone to call a wireless phone
7 number, the call is routed from the subscriber's landline phone to the Beresford
8 central office switch, where it is determined to be a non-local call and is therefore
9 switched to a toll trunk group. The toll trunk carries the call to South Dakota
10 Network's (SDN's) Centralized Equal Access (CEA) tandem, which is located in
11 Sioux Falls, to be routed to the appropriate Point of Interconnection of the
12 wireless carrier.

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

15 A: I am aware of five wireless carriers that provide service in Beresford's local
16 exchange area: Verizon Wireless, Alltel, Sprint, Midwest Wireless, and RCC.

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

19 A: To my knowledge, not a single Beresford subscriber has formally requested local
20 number portability from Beresford. Beresford knows of two or three customers
21 who asked about LNP in the context of a survey sent out to customers.

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

4 A: Not to my knowledge.

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

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

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

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

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

18 A: For a couple of reasons. First, since the first and second LNP cases, Beresford
19 has made upgrades to its switch, and other cost elements associated with LNP
20 have been reduced, such that the cost of implementing LNP (other than transport)
21 have fallen. Second, Beresford's Petition, in essence, is a compromise to the
22 wireless carriers. Although Beresford believes there is no demand for intermodal

1 LNP, some wireless carriers apparently feel it is useful to their business. Rather
2 than ask for a total suspension, Beresford will incur the cost of implementing
3 LNP. Beresford merely asks that it not be required to pay for transport.

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

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

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

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

1 transport cost will be is largely controlled, at least in the first instance, by the
2 wireless carriers.

3 For example, in Mr. Davis' exhibit concerning the cost of transport (attached to
4 his Direct Testimony), the costs are based on transporting traffic to Sioux Falls. It
5 is my understanding, however, that Sprint and Alltel have said they have the right
6 to require the transport of traffic to any point in the LATA, which is almost any
7 point in South Dakota. If wireless carriers should some day decide that it makes
8 more sense for their traffic to go to some other point in the LATA, the cost of
9 transport could be a lot more than what Mr. Davis modeled. And, if they make
10 that decision for their own business purposes, they should be willing to pay for it.

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

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

1 should have to incur additional costs associated with transport facilities to
2 transport local calls outside of its rural service area in order to make things more
3 efficient for certain wireless carriers who have much larger networks and many
4 more customers. Moreover, the challenges of maintaining affordable and
5 universal telephone service are already substantial for Beresford and shifting
6 additional transport responsibilities to rural carriers and customers for transport
7 services to locations far removed from Beresford's existing rural service would be
8 a step in the wrong direction.

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

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

19 **Q: What will be the impact on Beresford and its customers if its Petition is not**
20 **granted?**

21 A: Beresford is a small municipal company with a small customer base. As stated,
22 implementing LNP will impose costs on Beresford and its subscribers. The cost
23 of paying for transport will impose an additional burden on Beresford and its

1 subscribers. We have few economies of scale; the cost of transport is substantial;
2 and our subscribers have not requested this service. There is little, if any, demand
3 for intermodal or VoIP LNP in our service area. Little or no demand means that
4 the cost of transport imposes a significant adverse economic impact on users and
5 an unduly economically burdensome requirement on the company and
6 subscribers. Further, the vast majority of our customers will have to pay for those
7 few, if any, who decide to port their numbers. It is a very poor bargain for the
8 majority of our customers.

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

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

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

1 A: I would expect the reaction to be very negative. Since the vast majority of our
2 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect
3 protests if they must pay a cost for a service they do not want and for which they
4 receive no benefit. It is not in Beresford's or its customers' best interests for the
5 large majority of our customers to be required to pay for a mandated service that
6 will benefit few, if any, of our customers. For these reasons, the City Council has
7 been supportive of our efforts to obtain a suspension or modification of the LNP
8 rules.

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

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

1 **Q: As Beresford is not LNP capable, can Beresford correctly route calls to a**
2 **number ported from one wireless carrier to another?**

3 A: No.

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

7 A: Yes. Beresford has contacted intervening wireless carriers and attempted to
8 negotiate a solution to the transport/routing issues. The parties have not yet been
9 successful in negotiating a settlement, but Beresford is committed to continue
10 negotiations with wireless carriers to reach a resolution of these outstanding
11 issues.

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

13 A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct
14 testimony at or before the hearing if I receive additional information pertaining to
15 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 Todd Hansen 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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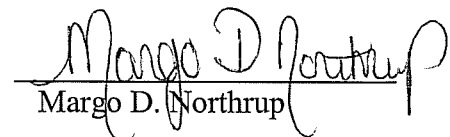
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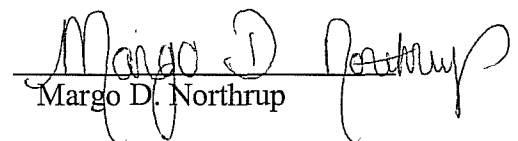
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