
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Bridgewater-
Canistota Independent Telephone Company
For Suspension or Modification of 47 USC
Section 251(b)(2) of the Communications
Act of 1934 as Amended

Docket No. TC08-021

DIRECT PRE-FILED TESTIMONY OF

DENNY LAW

July 15, 2008

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

2 A: My name is Denny Law. My business address is 525 E 4th Street, P.O.
3 Box 98, Dell Rapids, SD, 57022. My business telephone number is 605-428-
4 5421.

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

6 A: I am the Eastern Regional Manager of Bridgewater-Canistota Independent
7 Telephone (Bridgewater-Canistota) d/b/a Golden West Telecommunications.
8 Bridgewater-Canistota is a rural independent local exchange carrier that provides
9 local exchange, exchange access and other telecommunications services to 935
10 access lines within its South Dakota service area, including an average of 37
11 “lifeline” access lines within its South Dakota service area, which includes the
12 exchanges of Bridgewater and Canistota.

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

15 A: No.

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

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

1 boundary of our wireline rate centers and the local calling areas of wireless
2 carriers serving in our area vary greatly.

3 **Q: How does Bridgewater-Canistota route calls from its subscribers' landline**
4 **phones to wireless carrier subscribers?**

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

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

16 A: I am aware of three wireless carriers that are providing service in Bridgewater-
17 Canistota's local exchange area: Verizon Wireless, Alltel, and RCC. However,
18 there are nearly 30 entities that own licensed wireless spectrum that may be used
19 to serve the Bridgewater-Canistota area in the future.

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

1 A: To my knowledge, not a single Bridgewater-Canistota subscriber has requested
2 local number portability from Bridgewater-Canistota.

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

6 A: Not to my knowledge.

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

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

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

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

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

20 A: For a couple of reasons. First, since the first and second LNP cases, Bridgewater-
21 Canistota is in the process of upgrading its switching network, and other cost
22 elements associated with LNP have been reduced, such that the cost of

1 implementing LNP (other than transport) have fallen. Second, Bridgewater-
2 Canistota's Petition, in essence, is a compromise to the wireless carriers.
3 Although Bridgewater-Canistota believes there is no demand for intermodal LNP,
4 some wireless carriers apparently feel it is useful to their business. Rather than
5 ask for a total suspension, Bridgewater-Canistota will incur the cost of
6 implementing LNP. Bridgewater-Canistota merely asks that it not be required to
7 pay for transport.

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

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

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

22 A: Because, in the first instance, it is the wireless carrier who makes the decision
23 whether to pursue direct or indirect connection with the ILEC. It also is the

1 wireless carrier that, in the first instance, either pursues a point of interconnection
2 within the LEC's service territory or not. Further, it appears to be the position of
3 Alltel and Verizon that the point of interconnection and direct versus indirect
4 interconnection is within their discretion, although Bridgewater-Canistota does
5 not agree with this position. Therefore, whether there will be any cost of transport
6 and what the transport cost will be is largely controlled, at least in the first
7 instance, by the wireless carriers.

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

16 **Q: Do you have concerns with this Commission requiring Bridgewater-**
17 **Canistota to incur transport obligations that extend beyond its current rural**
18 **service area?**

19 **A:** Yes. Other than limited EAS facilities, Bridgewater-Canistota does not have
20 facilities to transport local calls outside of its service area. Generally, I believe
21 that requiring a small rural company such as Bridgewater-Canistota to incur
22 additional transport costs related to facilities to transport local calls beyond its
23 current local network and its service area would impose a competitive

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

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

18 **A:** Yes. This merger may impact the cost of transport. Verizon and Alltel currently
19 operate as two separate entities in Bridgewater-Canistota's service area. If one of
20 the operations is sold as a result of the merger, then the new carrier may
21 interconnect with Bridgewater-Canistota in a different manner or at a different
22 location, which would impact the cost of transport. Also, the newly merged
23 Verizon and Alltel could decide to interconnect differently. As the Verizon/Alltel

1 merger is expected to close by December 31, 2008, it may make sense to continue
2 the total suspension of intermodal LNP until after the merger.

3 **Q: What will be the impact on Bridgewater-Canistota and its customers if its**
4 **Petition is not granted?**

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

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

18 A: It is not known at this time whether Bridgewater-Canistota will impose an LNP
19 surcharge on its subscribers to recover the costs of implementing LNP, other than
20 transport. With respect to the cost of transport, it is my understanding that
21 Bridgewater-Canistota may not be allowed to recover the costs associated with
22 transport of ported calls through the LNP surcharge. To the extent this is correct,
23 Bridgewater-Canistota may be forced to increase local rates or curtail services or

1 investment in the network. For example, its investment in broadband or other
2 network improvements and in the services it is able to provide to customers may
3 be delayed or reduced. If the cost of transport is recovered through local rate
4 increases, some segment of subscribers may discontinue service or decrease the
5 number of lines to which they subscribe, which would further increase the per-
6 subscriber cost of transport.

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

9 A: I would expect the reaction to be negative. Since the vast majority of our
10 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect
11 protests if they must pay a cost for a service they do not want and for which they
12 receive no benefit. It is not in Bridgewater-Canistota's or its customers' best
13 interests for the large majority of our customers to be required to pay for a
14 mandated service that will benefit few if any of our customers.

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

17 A: Yes. Wireline to wireless porting under current routing protocols would impose
18 an unduly economically burdensome requirement by making the network less
19 efficient and by confusing customers. Currently, for calls from a subscriber of
20 Bridgewater-Canistota to a wireless carrier, Bridgewater-Canistota does not carry
21 local traffic to a point of interconnection beyond Bridgewater-Canistota's local
22 calling area (or EAS area). Therefore, if intermodal LNP is implemented before
23 the transport issue has been resolved with all wireless carriers, end users who

1 continue to dial a ported number on a seven-digit basis may receive a message
2 that the call cannot be completed as dialed, or a message instructing the party to
3 redial using 1+ the area code. Thus, callers would have to dial twice, with the
4 resulting network use, to place one call. It appears these issues also may be
5 associated with calls to numbers ported to VoIP providers.

6 **Q: As Bridgewater-Canistota is not LNP capable, can Bridgewater-Canistota**
7 **correctly route calls to a number ported from one wireless carrier to**
8 **another?**

9 A: No.

10 **Q: In your Petition, you stated Bridgewater-Canistota would contact wireless**
11 **carriers and attempt to negotiate a resolution of routing and transport issues.**
12 **Has Bridgewater-Canistota done so?**

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

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

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

Certificate of Service

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Prefiled Testimony of Denny Law 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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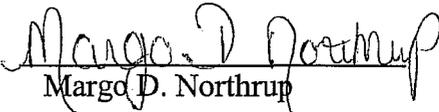
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