
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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

Docket No. TC08-025

DIRECT PRE-FILED TESTIMONY OF
JERRY REISENAUER

July 15, 2008

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

2 A: My name is Jerry Reisenauer. My business address is 801 Coleman Avenue, P.O.
3 Box 39, Bison, SD, 57620-0039. My business telephone number is 605-244-
4 5216.

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

6 A: I am the General Manager of West River Cooperative Telephone Company
7 (West River). West River is a rural independent local exchange carrier that
8 provides local exchange, exchange access and other telecommunications services
9 to 3,676 access lines within its South Dakota service area, including an average of
10 168 "lifeline" access lines within its South Dakota service area, which includes
11 the exchanges of Bison, Buffalo, Camp Crook, Lemmon, Meadow, Newell,
12 Nisland, and Sorum.

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

1 The 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 West River route calls from its subscribers' landline phones to**
4 **wireless carrier subscribers?**

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

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

20 A: To my knowledge, not a single West River subscriber has requested local number
21 portability from West River.

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 West River 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. DeWitte's testimony addresses the cost of transport associated with**
11 **intermodal and VoIP LNP. Are there other costs?**

12 A: Yes. West River is not LNP capable and West River would have to take a
13 number of actions and incur various costs to be able to port numbers. These are
14 explained in Mr. DeWitte's testimony.

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

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

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

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

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

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

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

1 with this position. Therefore, whether there will be any cost of transport and what
2 the transport cost will be is largely controlled, at least in the first instance, by the
3 wireless carriers.

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

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

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

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

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

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

20 **Q: What will be the impact on West River and its customers if its Petition is not**
21 **granted?**

22 A: West River is a small rural company with a small customer base. As stated,
23 implementing LNP will impose costs on West River and its subscribers. The cost

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

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

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

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

3 A: In general, customers have expressed concern over rate increases on their bills in
4 recent years. Since the vast majority of our customers will gain no benefit from
5 intermodal LNP or VoIP LNP, I expect strong protests if they must pay a cost for
6 a service they do not want and for which they receive no benefit. Many of our
7 customers are elderly and will be especially hard hit, and some will simply
8 discontinue service, which concerns me greatly when you review the geographic
9 area we serve, with the nearest hospital 45 to 100 miles away and the nearest
10 neighbor sometimes several miles away. There could be times when lack of local
11 service could be a serious and possibly even a life or death issue. I feel strongly
12 that it is not in the West River members' best interests for the large majority of
13 our members to be required to pay for a mandated service that will benefit few, if
14 any, of our members. For all of these reasons, our Board of Directors has been
15 very supportive of our efforts to obtain a suspension or modification of the LNP
16 rules.

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

19 A: Yes. Wireline to wireless porting under current routing protocols would impose
20 an unduly economically burdensome requirement by making the network less
21 efficient and by confusing customers. Currently, for calls from a subscriber of
22 West River to a wireless carrier, West River does not carry local traffic to a point
23 of interconnection beyond West River's local calling area (or EAS area).

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

8 **Q: As West River is not LNP capable, can West River correctly route calls to a**
9 **number ported from one wireless carrier to another?**

10 **A: No.**

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

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

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

20 **A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct**
21 **testimony at or before the hearing if I receive additional information pertaining to**
22 **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 Jerry Reisenauer and Pre-filed Testimony and Confidential Exhibits of John De Witte was sent electronically on this 15th day of July, 2008, upon:

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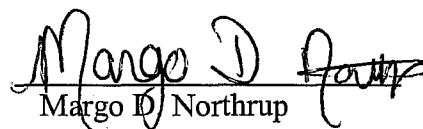
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