
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITION OF
VENTURE COMMUNICATIONS
COOPERATIVE FOR SUSPENSION OR
MODIFICATION OF LOCAL DIALING
PARITY AND RECIPROCAL
COMPENSATION OBLIGATIONS

Docket No. TC06-181
PUC 07-01

Rebuttal Testimony of Jo Shotwell
On Behalf of Venture Communications Cooperative

August 10, 2007

1 **Q1. Please state your name and address.**

2 A My name is Jo Shotwell. My business address is 5929 Balcones Drive, Suite 200,
3 Austin, Texas 78731

4 **Q2. Did you file direct testimony in this docket?**

5 A Yes, I filed Direct Testimony on behalf of Venture Communications Cooperative
6 (“Venture”).

7 **Q3. Please state the purpose of your rebuttal testimony.**

8 A My rebuttal testimony addresses misleading statements made by Alltel
9 Communications’ witness, Mr. Ron Williams, in his Direct Testimony filed on
10 July 23, 2007 in this docket.

11 **Q4. Mr. Williams states on page 3, lines 10–17, that Venture’s petition for relief is**
12 **“nothing more than an effort to undermine the competitive balance**
13 **established under sections 251 and 252...” and “such action would result in a**
14 **reversal of the way Venture and its competitors have interacted in the decade**
15 **since the Act....set back competition and adversely impact wireless and**
16 **wireline customers....” Do you agree with Mr. Williams’ statements?**

17 A No, I do not. Mr. Williams does not support his allegations that granting the
18 Venture petition would “set back” competition and adversely impact wireless and
19 wireline customers. There is no evidence presented in this proceeding or in Mr.
20 Williams’ testimony that demonstrates Venture’s request would result in a
21 “reversal” of practices currently used by Venture to interconnect and compensate
22 wireless carriers. As stated in my Direct Testimony in response to Questions 25
23 and 32, approval of Venture’s request simply preserves the current regime of

1 dialing parity and reciprocal compensation between Venture and wireless carriers,
2 including Alltel. In addition, Venture has not proposed any changes to its
3 interconnection obligations that would impede wireless carriers from offering
4 services within Venture's service area.

5 **Q5. On page 3, lines 19–22, Mr. Williams states that no carrier is currently**
6 **demanding rating and routing treatment as described by Venture. Is this**
7 **correct?**

8 A Alltel did request through its draft interconnection agreement the ability to rate
9 and route traffic to a point of interconnect in a distant exchange outside Venture's
10 service area. It seems Mr. Williams' testimony now indicates Alltel did not make
11 such a request and Alltel does not plan to implement this network arrangement. If
12 Alltel does not plan to reconfigure its network arrangements as stated on page 10,
13 lines 7 – 10, Alltel should withdraw its request and amend its response in the
14 Arbitration Docket (currently pending before the Hearing Office).

15 **Q6. At page 4, lines 17-22 and page 5, lines 1-6, Mr. Williams argues that Venture**
16 **has not met the standard for suspension under the Act. Specifically, Mr.**
17 **Williams alleges that Venture has not demonstrated a “significant” adverse**
18 **economic impact on users or an “unduly economically burdensome”**
19 **requirement on Venture. How do you respond?**

20 A. First, I note that Mr. Williams has cited no precedent to support his position.
21 Second, I note that the Public Utilities Commission of the State of South Dakota,
22 in TC04-060, has outlined the standard for granting a suspension petition. A
23 review of that Order demonstrates that Venture has met the standard with respect

1 to the public interest and with respect to Section 251(f)(2), subdivisions (1) and
2 (2). With respect to subdivisions (1) and (2), the Commission found that
3 “whether an impact is significant is in turn influenced by what benefits flow to the
4 customers from imposition of the impact.” (Order at ¶ 44.) As to the second
5 standard, the Commission found that “this standard should be applied to assess
6 the burdensomeness of the requirement on both the consumer and the company.”
7 (Order at ¶ 45.) According to the Commission, “[g]iven the significant costs of
8 implementing and providing LNP services in the Venture area, the current
9 absence of customer requests for LNP, the apparent low demand for the
10 availability of LNP and the absence of any alternative wireline service in the
11 Venture area at this time, the Commission finds that suspending Venture’s LNP
12 obligations until December 31, 2005, is necessary to avoid a significant adverse
13 economic impact on the users of Venture’s telecommunications services
14 generally.” (Order at ¶ 46.) Further, the Commission stated, “[b]ased upon the
15 same findings, the Commission further finds that suspending Venture’s LNP
16 obligations ... is necessary to avoid imposing a requirement that is unduly
17 economically burdensome on Venture and its/their customers.” (Order at ¶ 47,
18 emphasis omitted.)

19 **Q7. You state that the Commission considered the benefits to customers in**
20 **determining whether the economic impact is “significant.” How does that**
21 **relate to this case?**

22 A. As I discussed in my direct testimony, there will be no benefit to customers in
23 connection with the reciprocal compensation issues in this proceeding. As for

1 dialing parity, the potential benefit is that some customers would be able to make
2 certain calls on a toll-free basis. Weighing against this potential benefit, however,
3 is that all customers will experience an increase in local rates. In addition, I note
4 that for any customer for which the ability to make all calls as local is a priority,
5 such customer can switch to wireless service to achieve this result. As stated by
6 Mr. Williams, “[w]ireless companies implemented local calling scopes that far
7 exceed those of wireline companies many years ago. Therefore, customers have
8 already benefited by use of wireless phones rather than wireline telephones to
9 replace toll calling. Substantial stimulation will not occur by implementation of
10 the obligations that Venture seeks to avoid.” (Williams at page 18, lines 17-19
11 and page 20, lines 1-2.) Accordingly, Mr. Williams concedes that the potential
12 benefit of local calling already is available to customers, without requiring
13 Venture and its subscribers to incur the significant costs of expanding local
14 dialing parity.

15 **Q8. Mr. Williams states at page 7, lines 7–10, and in other statements throughout**
16 **his testimony, that granting Venture’s request would allow Venture to**
17 **disregard its local dialing parity obligations under any circumstance. Are**
18 **Mr. Williams’ assertions correct?**

19 A No, Mr. Williams is not correct. Mr. Williams inaccurately makes statements
20 throughout his testimony that Venture is requesting this Commission to take
21 action that would prevent Alltel and other wireless carriers from obtaining local
22 dialing parity. Venture has exchanged certain traffic on a local basis with Alltel
23 under an interconnection agreement that is now expired and continues to

1 exchange certain traffic as local today. If the Petition is granted, certain calls
2 from Venture customers to customers of wireless carriers will continue to be local
3 calls. Grant of the Petition simply will not change the wireline and wireless
4 customers' local calling scopes.

5 **Q9. Mr. Williams states at page 15 of his testimony that Venture has a duty to**
6 **provide indirect interconnection and the exchange of the traffic under**
7 **Section 251(a)(1) and Venture is trying to obtain a suspension of this**
8 **obligation, which is not allowed. Do you agree?**

9 A No. As stated in my testimony in response to Question 10, Section 251(a)(1) is a
10 general duty of all carriers to interconnect. However, this duty is a broad
11 requirement and does not obligate Venture to transport and terminate another
12 carrier's traffic nor does it require carriers to exchange traffic. Mr. Williams is
13 incorrect when he implies Section 251(a) requires routing, transport and the
14 exchange of traffic.

15 **Q10. Mr. Williams cites two cases as support for the proposition that Venture may**
16 **not require direct connectivity in order to provide dialing parity. Do you**
17 **agree?**

18 A No. Alltel is trying to confuse the issue. The difference in this case and the cases
19 cited is that this case involves Venture's request for suspension and modifications
20 of various sections of the Act pursuant to Section 251(f). The 8th Circuit Court's
21 ruling at pages 15 and 20 makes clear that Section 251(f) was not before the
22 Court. Rather, the Court interpreted the plain language of Section 251(b)(3) and
23 found that even though local dialing parity for wireless carriers would impose

1 transport cost on the ILECs, the FCC has not “expressly defined the relevant area
2 for a local exchange carrier’s provision of local dialing parity to a wireless
3 competitor.” The Court also indicated that once the FCC issued its opinion in the
4 Sprint Petition, the Court “may be required to revisit this issue.”

5 **Q11. At page 7, Mr. Williams criticizes assumptions used in Venture’s direct**
6 **testimony related to other carriers demanding MTA-wide local calling if the**
7 **petition for suspension is not granted. At page 12 of Mr. Williams’**
8 **testimony, he speculates that wireless carriers will continue to use existing**
9 **POIs within Venture’s service territory. Why should Venture be concerned**
10 **about other wireless carriers if the petition is not granted?**

11 A Mr. Williams fails to point out that any interconnection agreement between
12 Venture and Alltel has to be filed at the Commission for final approval. Once
13 approved by the Commission, any other wireless carrier can opt-in to an approved
14 wireless interconnection agreement. Mr. Williams has ignored the fact that other
15 carriers have the ability to use any valid wireless agreement. Therefore, Venture
16 has the potential financial risk as explained in Mr. Thompson’s testimony.

17 **Q12. In your direct testimony, you point out the public interest standards for**
18 **granting the petition filed by Venture. Has Alltel’s testimony brought any**
19 **other issues forward that should be addressed?**

20 A Yes. Alltel seems to argue that monies used to upgrade Venture’s network
21 should be available to off-set the additional cost of transporting wireless traffic to
22 a distant exchange and excessive reciprocal compensation payments to Alltel and
23 other wireless carriers. A better use of these monies can be made by investing in

1 broadband facilities which will benefit Venture's end users. Further, it is contrary
2 to public policy that a small business entity and its end users be required to
3 subsidize a business decision made by a competing carrier.

4 Venture's request simply preserves the current local dialing parity regime and
5 does not impose additional costs on their end users. The modifications requested
6 by Venture are within the public interest and ensure that all competitors are
7 treated equally. Approving the modifications requested by Venture does not
8 impede the provision of wireless services or harm wireless customers and,
9 therefore, is within the public interest.

10 **Q13. How do you respond to Mr. Williams' suggestion that Federal Universal**
11 **Service support is available to offset the increased cost of local dialing parity**
12 **and reciprocal compensation?**

13 A. In Docket TC04-060, the Commission considered this issue. According to the
14 Commission, "[a]lthough there was evidence in the record that Petitioners could
15 include at least some costs of implementing LNP in the Petitioners' applications
16 for universal service support funds from the Universal Service Administration
17 Company, ..., the FCC, in two recent orders and the Federal-State Joint Board on
18 Universal Service have recently recognized the increasing cost of providing
19 universal service support in a competitive environment and recognized the
20 propriety of both the FCC and state commissions considering the impact on the
21 universal service fund in their public interest determinations." (Order at ¶ 30.)
22 Alltel's suggestion is contrary to the goal of universal service and the public
23 interest. Accordingly, Mr. Williams' argument should be rejected.

1 **Q14. Does this conclude your rebuttal testimony at this time?**

2 A Yes it does.