
STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION OF VENTURE COMMUNICATIONS COOPERATIVE FOR SUSPENSION OR MODIFICATION OF LOCAL DIALING PARITY AND RECIPORCAL COMPENSATION OBLIGATIONS	Docket No. TC06-181 PUC 7-01
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REBUTTAL TESTIMONY OF LARRY THOMPSON
ON BEHALF OF VENTURE COMMUNICATIONS COOPERATIVE
PUBLIC VERSION

August 10, 2007

1 **Q1. Please state your name, employer, business address and telephone**
2 **number.**

3 A1. My name is Larry Thompson. I am the Chief Executive Officer of Vantage
4 Point Solutions (“Vantage Point”). My business address is 1801 North Main
5 Street, Mitchell, South Dakota, 57301 and telephone number is (605) 995-
6 1777.

7 **Q2. Are you the same Larry Thompson that submitted pre-filed direct**
8 **testimony in this proceeding?**

9 A2. Yes.

10 **Q3. What is the purpose of your rebuttal testimony?**

11 A3. To respond to technical and regulatory issues that rose in the direct testimony
12 of Ron Williams on behalf of Alltel Communications Company, Inc.
13 (“Alltel”) in this proceeding.

14 **Q4. Have you read the pre-filed direct testimony of Mr. Williams in this**
15 **proceeding?**

16 A4. Yes.

17 **Q5. Do you agree with Mr. Williams when he states that Venture has not met**
18 **the threshold criteria for a suspension under the Act¹?**

19 A5. No, as will be explained later in this testimony.

20 **Q6. Mr. Williams states that “Simply claiming (and claiming without adequate**
21 **explanation or support) a hypothetical increase in costs or loss of revenue**

¹ 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, Confidential Testimony of Ron Williams on Behalf of Alltel Communications, Inc. (Alltel) on July 23, 2007 (referred to herein as the “Mr. Williams Direct Testimony”), Page 4 Lines 17-18.

1 **is not sufficient grounds for suspension relief under 47 USC § 251(f)(2).”²**

2 **Do you agree with this statement?**

3 A6. No. If Mr. Williams is suggesting that harm must occur before a suspension
4 petition can be granted, I believe he is incorrect because Section 251(f)(2)
5 states that the State commission shall grant such suspension or modification
6 if they find it is necessary “to avoid” adverse economic impact and undue
7 economic burdens. Venture has demonstrated in the exhibits provided with
8 my direct testimony the economic burdens that could be placed on Venture
9 and its subscribers if the Petition³ is not granted or modified as requested.
10 We discuss the significant adverse economic impact to the Venture
11 subscribers later on in this testimony. These situations are very realistic and
12 could be avoided if the Petition is granted.

13 **Q7. Mr. Williams identifies the Alltel telephone numbers that are assigned to**
14 **rate centers that Alltel believes should be called by Venture customers on**
15 **a local basis⁴. Do you know how Venture handles calls from one of their**
16 **customers to an Alltel customer?**

17 A7. Yes. Alltel has NPA-NXXs that are currently assigned to a Venture rate
18 center. In all instances where Alltel has a number block in a Venture

² Mr. Williams Direct Testimony, Page 4 Lines 18-21.

³ 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. Pursuant to Section 251(f)(2) of the Communications Act of 1934, as amended (the Act) and South Dakota Codified Laws SDCL § 49-31-80, Venture Communications Cooperative (Venture or Petitioner) hereby respectfully requests that the Public Utilities Commission of the State of South Dakota (Commission) grant a suspension or modification of Section 251(b)(3) and 251(b)(5) of the Act on October 24, 2006 (referred to herein as the “Petition”).

⁴ Mr. Williams Direct Testimony, Page 6 Lines 8-22.

1 exchange, Alltel also has a Point of Interconnection (POI) with Venture
2 within this exchange's local calling area. When a Venture customer in a
3 local calling area places a call to an Alltel customer with a telephone number
4 assigned to a Venture rate center in the same local calling area, Venture
5 delivers the call to the POI in the local calling area. In other words, Venture
6 "routes" these calls locally. The call must be both rated and routed in a
7 Venture local calling area for Venture landline customers to call an Alltel
8 customer on a local basis. The local calling scopes for calls to Alltel
9 customers that have telephone numbers rated to a Venture exchange are the
10 same as the local calling scope for a call between two Venture customers.⁵

11 **Q8. Mr. Williams stated that "Venture's assumption with respect to local**
12 **dialing parity is simply invalid and Venture's cost projections based upon**
13 **such an assumption is nothing more than idle speculation of worst case**
14 **and unrealistic scenarios."**⁶ **Are Venture's cost projections based on an**
15 **assumption of MTA-wide local calling?**

16 A8. No. The cost analysis is based on the existing Venture landline local calling
17 areas and not on a MTA-wide local calling scope as stated by Mr. Williams.
18 If the analysis had been based on a MTA-wide local calling scope, the impact
19 to Venture would have been significantly worse. Accordingly, Venture's
20 projected cost impact is a conservative estimate.

⁵ The only exception is that there are two instances where Venture customers can call the landline customers in a neighboring company's exchange on a local basis, but not the Alltel customers that have telephone numbers rated in this exchange. This is because that incumbent landline provider has made interconnections arrangements with Venture and Alltel has not.

⁶ Mr. Williams Direct Testimony, Page 7 Lines 4-7.

1 **Q9. Mr. Williams states, "...granting the broad dialing parity relief requested**
2 **by Venture would allow Venture to disregard its local dialing parity**
3 **obligation under any circumstance."**⁷ **Will Venture disregard its current**
4 **dialing parity procedures if this Petition is granted as Mr. Williams**
5 **states?**

6 A9. No. As stated previously, Venture currently provides local dialing parity for
7 its customers when calling an Alltel customer that has telephone numbers
8 rated and routed within the same local calling area. Venture also provides
9 this same local dialing parity to their customers for all wireless carriers that
10 have numbers rated locally and have a POI within the local calling area so
11 that the call can be routed locally. This practice would continue even if the
12 Petition is granted. In other words, Venture's local dialing patterns and
13 procedures would remain "as is" if this Petition is granted.

⁷ Mr. Williams Direct Testimony, Page 7 Lines 8-10.

1 **Q10. Mr. Williams states that “Venture’s cost projections for their transport**
2 **solutions, as put forth by Mr. Thompson in his testimony and attached**
3 **exhibits,” are “based on several false and unrealistic assumptions – No**
4 **carrier has demanded the local dialing parity treatment or points of**
5 **interconnection as assumed by Venture”⁸. Has a carrier made such a**
6 **request or why were the calculations illustrated?**

7 A10. Yes. I believe that the analysis is consistent with what Alltel is requesting
8 with regard to local dialing parity and points of interconnection. In
9 Scenario 1 of Confidential Exhibits LDT-D-10 and LDT-D-11, the local
10 calling scopes remained unchanged from what is done today. As stated
11 earlier, MTA-wide land-to-mobile local calling was not included in the
12 analysis as was stated by Mr. Williams. Scenarios 2 & 3 of Confidential
13 Exhibits LDT-D-10 and LDT-D-11 assume POIs at various locations outside
14 of the Venture service territory. The POI locations in Scenarios 2 & 3 were
15 chosen because many carriers already have POIs or a presence in these
16 locations because they are a major population center, and, therefore, they
17 represent a reasonable assessment of the POI a wireless carrier may select. I
18 also note that these points are not the most distant points that could be
19 selected by a wireless carrier as a POI. Accordingly, by selecting these
20 points, the cost estimates are more conservative than they might be otherwise.

⁸ Mr. Williams Direct Testimony, Page 7 Lines 18-21.

1 **Q11. Mr. Williams states that “Venture’s cost projections for their transport**
2 **solutions, as put forth by Mr. Thompson in his testimony and attached**
3 **exhibits,” are “exaggerated cost estimates – Venture has conveniently**
4 **ignored substantially less expensive and more realistic options for**
5 **transport of traffic”⁹. Is this statement correct?**

6 A11. No. Venture’s cost projections for transport are based on the existing
7 SONET transport network used by Venture to transport traffic to SDN and
8 for other purposes. Venture believes that the price charged by SDN to
9 Venture for use of this network is competitively priced. The only other
10 carrier of which I am aware that may have transport capacity available to
11 connect the Venture territory is Qwest. The possibility of leasing transport
12 facilities from Qwest was also considered. However, we have not yet been
13 able to get a rate quote from Qwest for this circuit and, in fact, their response
14 indicated that they would not provide this service. Moreover, even if Qwest
15 would provide the circuits needed, the cost of transport would be even higher
16 because Qwest’s interstate special access rates are higher than the SDN rates
17 used in the calculations in my testimony and exhibits. The Qwest interstate
18 rates are \$9 per DS1 per mile and there are additional charges for
19 terminations, as compared to the flat \$6 per DS1 per mile for the SDN
20 transport rates, which was used in the exhibits. It should be noted that the
21 Qwest intrastate rates are generally higher than the interstate rates, so if the
22 intrastate access rates are used, the costs estimates would be higher yet. The

⁹ Mr. Williams Direct Testimony, Page 7 Lines 21-22 and Page 8 Line 1.

1 only other option Venture would have to transport traffic between its
2 networks would be to construct a fiber ring between the northeast and central
3 networks. If Venture were to construct a fiber network between their
4 northeast and central networks, it is estimated that the cost of construction
5 would be approximately \$2,000,000. Accordingly, Venture's cost
6 projections are reasonable.

7 **Q12. Mr. Williams claims that Alltel can get a rate from SDN that is much less**
8 **than the SDN rate that was used in the exhibits in your direct testimony¹⁰.**
9 **Do you agree with his claim?**

10 A12. Mr. Williams claims that they can get a rate from SDN that is [Confidential]
11 less than the SDN rate that was used in my calculations. Assuming the DS1
12 circuit costs stated by Alltel are accurate, it could be due to the fact that Alltel
13 leases significantly more capacity from SDN and therefore receives volume
14 discounts from SDN that Venture does not receive with their lower levels of
15 traffic. In any event, there is no evidence that SDN would provide the same
16 rate to Venture.

¹⁰ Mr. Williams Direct Testimony, Page 11 Footnote 6.

1 **Q13. Mr. Williams states that “Venture’s cost projections for their transport**
2 **solutions, as put forth by Mr. Thompson in his testimony and attached**
3 **exhibits,” also “fails to even evaluate or consider other transport options**
4 **and opportunities – Venture has failed to recognize its ability to negotiate**
5 **mutually agreeable interconnection points and transport options”¹¹. Is**
6 **this statement correct?**

7 A13. No. SDN and possibly Qwest are the only carriers that I am aware of that
8 Venture could lease transport from, and both were considered as described
9 above.

10 **Q14. Mr. Williams states, “The methodology used imputes costs for Airline**
11 **Miles that includes mileage over Venture’s existing high-capacity fiber**
12 **network which, however, represent little, if any, additional expense to**
13 **Venture.”¹² Do you agree with this statement?**

14 A14. No. Mr. Williams logic is flawed in two ways. First of all, there are only
15 limited locations where the Venture network can drop or add traffic.
16 Technically, one cannot blindly select locations on a fiber network and
17 assume that traffic can be routed between these two points. The two
18 locations in the central network and northeastern network that were selected
19 to add and drop traffic were the most logical locations based on Venture’s
20 existing switching and transport network. Secondly, Mr. Williams claim that
21 the traffic could be transported on the Venture network with little, if any,

¹¹ Mr. Williams Direct Testimony, Page 8 Lines 1-4.

¹² Mr. Williams Direct Testimony, Page 9 Lines 2-4.

1 additional expense is preposterous. Based on 47 CFR Part 36, Venture must
2 allocate the high-capacity network based on the usage of the network;
3 therefore, any traffic that Venture adds to its network will need to have a cost
4 associated with it. Venture receives cost settlements based on the cost
5 allocation of the high-capacity network. The portion of the high-capacity
6 network that would be utilized by the newly assigned local traffic would get
7 allocated to the local jurisdiction, and Venture does not receive cost
8 settlements for the local jurisdiction. Venture would now be forced to recoup
9 these costs that were assigned to the local jurisdiction from either reciprocal
10 compensation and/or the end users to cover the costs assigned to the local
11 jurisdiction. In other words, Venture, like all other entities, needs
12 compensation for the costs that are associated with any facilities that are
13 dedicated or shared with other entities.

14 **Q15. Mr. Williams refers to the mileage used in Exhibit LDT-D-6 of your direct**
15 **testimony as being inaccurate.¹³ Do you agree that the mileage is flawed in**
16 **this exhibit?**

17 A15. No, I know of no flaws in the mileage used in any of the exhibits. To be
18 clear, I believe that Mr. Williams is referring to Confidential Exhibit LDT-D-
19 10, not Exhibit LDT-D-6 as stated in his direct testimony. Since it is
20 assumed that Alltel will only have one POI in Venture's central network, the
21 land-to-mobile traffic destined for Alltel must be transported from Venture's
22 northeast network to Venture's central network. The land-to-mobile traffic

¹³ Mr. Williams Direct Testimony, Page 9 Lines 5-8.

1 will be coming from the host switches in Venture's northeast network
2 (Britton, Roslyn, and Sisseton) to Highmore where the Alltel POI is assumed
3 to be located. Venture would need to lease facilities from SDN to get the
4 traffic from Venture's northeast network to Venture's central network,
5 therefore SDN would bill Venture for the airline miles from the beginning of
6 the circuit (Britton, for example) to the end of the circuit (Highmore) which
7 is 120 airline miles. It is not accurate to assume the airline miles between the
8 two closest points on the two Venture networks due to the fact that these two
9 points are not existing network entry points.

10 **Q16. Mr. Williams believes that the assumption of five wireless carriers is too**
11 **high¹⁴. Can you explain why the five carriers were utilized in this**
12 **scenario?**

13 A16. Yes. There are many wireless providers who hold licenses within the
14 Venture territory as shown on the attached exhibit LDT-R-1. Three of these
15 wireless providers are actively providing service within the Venture service
16 territory, and it was assumed that at least two additional wireless providers
17 would begin to provide services in the Venture territory if this Petition is not
18 granted. The assumption that there will only be two additional wireless
19 providers is likely conservative, since there are many more that currently
20 have purchased spectrum licenses in the Venture territory. Further, there are
21 additional future FCC spectrum auctions planned which could result in even
22 more wireless providers in the Venture territory.

¹⁴ Mr. Williams Direct Testimony, Page 9 Lines 16-18 and Page 10 Lines 1-2.

1 **Q17. Mr. Williams believes there is a “shortcoming” in the analysis when it**
2 **assumed two new wireless carriers would begin offering services in the**
3 **Venture territory from a distant POI¹⁵. Can you support this scenario?**

4 A17. Yes, if Venture subsidizes competition, then more competitors will be
5 servicing their service territory.

6 **Q18. Mr. Williams states, “There is nothing in the record to even suggest that**
7 **any of those three carriers operating in the area have sought or will seek**
8 **to abandon the use of the previously established direct POIs within**
9 **Venture service territories in favor of a distant POI in Sioux Falls.”¹⁶**

10 **How do you respond to this assertion?**

11 A18. If Alltel has no intentions of abandoning the established direct POIs and
12 requesting a distant POI, then Alltel should not be concerned whether the
13 Petition is granted to Venture. However, I believe Alltel is considering a POI
14 outside of the Venture service territory. On Page 8, Issue 6 of Venture’s
15 Petition for Arbitration¹⁷, it states, “Alltel has included language in Section
16 4.2.1 of the Agreement that will allow it to directly interconnect at any
17 technically feasible point within a Venture service territory, including the
18 option for a single interconnection point per LATA for all traffic destined to
19 any exchange served by Venture. The Parties are responsible for associated

¹⁵ Mr. Williams Direct Testimony, Page 12 Lines 1-4.

¹⁶ Mr. Williams Direct Testimony, Page 10 Lines 7-10.

¹⁷ In the Matter of the Petition of Venture Communications Cooperative for the Arbitration Pursuant to the Telecommunications Act of 1996 to Resolve Issues Relating to an Interconnection Agreement with Alltel Communications, Inc., Docket No. TC06-159, Response of Alltel Communications, Inc. To Petition For Arbitration of Venture Communications Cooperative on October 10, 2006.

1 costs on their respective sides of the POI.” I believe that it is clear from this
2 language used by Alltel that they are considering the option of a distant POI
3 within the LATA which could be in Sioux Falls or even at a more distant
4 location.

5 **Q19. Mr. Williams states that RCC already has a POI in Venture’s Central**
6 **region¹⁸. Do you agree with that statement?**

7 A19. No. RCC does not currently have a POI in the Venture service territory.

8 **Q20. Mr. Williams states that the DS1 line cards Venture claims would be**
9 **abandoned are the same type of cards that Venture would re-purchase¹⁹.**
10 **Could these abandoned cards be re-used by Venture for the scenario**
11 **provided?**

12 A20. No, they are different types of DS1 cards. The cards that would be
13 abandoned could not be used in the scenario where Venture states new cards
14 would need to be purchased. The DS1 cards that would be abandoned are
15 cards for access electronics, and the new DS1 cards that Venture would need
16 to purchase are cards for the transport electronics. These two types of DS1
17 cards are for different types of equipment provided by different vendors, and
18 they are not interchangeable.

19 **Q21. Mr. Williams states, “The reciprocal compensation revenue Venture**
20 **would receive will offset or mitigate some increase in reciprocal**
21 **compensation expenses. For example, if the balance of traffic between**

¹⁸ Mr. Williams Direct Testimony, Page 11 Lines 15-16.

¹⁹ Mr. Williams Direct Testimony, Page 13 Lines 15-17.

1 **mobile originated and landline originated calls is in the neighborhood of**
2 **70/30 – 30% landline originated traffic and 70% mobile originated**
3 **traffic.”²⁰ Mr. Williams applies these percentages to the minutes included**
4 **on Confidential Exhibit LDT-D-13 (which he erroneously refers to as**
5 **Exhibit LDT-D-9). Do you agree that the 70/30 split should be considered**
6 **and the reciprocal compensation revenue to be received by Venture will**
7 **offset some of the increased reciprocal compensation expense to be paid**
8 **by Venture?**

9 A21. No. As an initial matter, there is no support for Mr. Williams’ suggestion
10 that for every 30 intraMTA minutes that Venture would send to Alltel via an
11 IXC, Alltel would deliver 70 intraMTA minutes to Venture via an IXC. On
12 the contrary, due to the fact that the Venture landline local calling areas are
13 small in comparison to the MTA, whereas the Alltel wireless local calling
14 area is already the same as the MTA, it is more likely that the ratio of 70/30%
15 is not representative of the actual traffic being exchanged between Venture
16 and Alltel via an IXC within the MTA. For these reasons, it is more likely
17 that intraMTA land-to-mobile traffic delivered to an IXC exceeds the amount
18 of intraMTA mobile-to-land traffic delivered via an IXC. In any event,
19 Venture’s exhibit is not affected by the ratio of traffic exchanged between
20 Alltel and Venture. Rather, Venture’s exhibit LDT-D-13 is based on the
21 current toll minutes generated by Venture’s customers that Venture would
22 have to pay reciprocal compensation on if the Petition is not granted.

²⁰ Mr. Williams Direct Testimony, Page 16 Lines 8-12.

1 **Q22. Mr. Williams states, “Contrary to Venture’s claims, the impact to Venture**
2 **from reciprocal compensation is a net positive economic impact**
3 **(potentially more than \$1,000,000). The attached Exhibit RW1 is a**
4 **summary of the impact Venture failed to include in its testimony.”²¹ Do**
5 **you agree with Mr. Williams analysis?**

6 A22. No, Mr. Williams’ analysis on Confidential Exhibit RW1 is flawed. The
7 numbers that Mr. Williams uses for Venture are correct; however, the Alltel
8 numbers are not correct as he overstates the minutes by applying the 70/30
9 split to Venture’s minutes. A stimulation factor was applied to Venture’s
10 minutes because Venture customers would now have a wireless number they
11 could call on a local basis rather than a toll basis. In effect, the Venture
12 customer’s local calling scope has been increased to include another carrier in
13 their local calling area. Indeed, by applying this 70/30 split to Venture’s
14 forecasted land-to-mobile minutes, Mr. Williams is grossly overstating the
15 amount of mobile-to-land minutes and grossly overstating the amount of
16 reciprocal compensation revenue to be paid to Venture. I agree that the total
17 forecasted land-to-mobile traffic in the amount of [Confidential] at a rate of
18 \$0.049 would result in [Confidential] of reciprocal compensation that
19 Venture would have to pay the wireless carriers. However, the wireless
20 carriers would only have to pay Venture [Confidential] of reciprocal
21 compensation at the current levels of mobile-to-land traffic (and assuming a
22 compensation rate of \$0.049). There should be no increase in mobile-to-land

²¹ Mr. Williams Direct Testimony, Page 16 Lines 21-24.

1 minutes because no changes were made to the local calling area of the
2 wireless caller. The wireless callers can already call all customers in South
3 Dakota (or possibly a larger geographic area) as a local call (no additional toll
4 charges are incurred). Because of this, one would expect that although there
5 would be an increase in land-to-mobile local minutes there would be no
6 corresponding increase in mobile-to-land local minutes. Accordingly, it is
7 not correct for Mr. Williams to apply the 70/30 reciprocal compensation ratio
8 to Venture's forecasted land-to-mobile minutes. By Mr. Williams applying
9 the 70/30 split, he is grossly overstating the Alltel minutes and grossly
10 overstating the amount of reciprocal compensation that Alltel would pay
11 Venture. When we use the correct minutes, the result is not going to be the
12 overstated net positive like Mr. Williams stated. The exhibits included in the
13 Petition and in my direct testimony are correct as filed.

14 **Q23. Do you believe, as does Mr. Williams, that it would be difficult for Alltel to**
15 **capture 57% of the wireless market share²²?**

16 A23. No. Alltel already accounts for more than half of the total mobile-to-land
17 minutes terminating to Venture customers. In fact, in 2004, [Confidential] of
18 the total mobile-to-land minutes terminated by Venture were originated by
19 Alltel and in 2006, [Confidential] of the total mobile-to-land minutes
20 terminated by Venture were originated by Alltel. Accordingly, Alltel
21 currently has approximately [Confidential] of the wireless market in
22 Venture's service area.

²² Mr. Williams Direct Testimony, Page 17 Line 22.

1 **Q24. Mr. Williams states, “Most of the wireline toll traffic migration to wireless**
2 **phones has already taken place with the advent of expanded local calling**
3 **from a wireless phone.”²³ Do you agree that his migration arguments**
4 **would somehow affect the accuracy of the analysis?**

5 A24. No. Mr. Williams misses the fundamental point, namely, the increased
6 minutes reflected in Venture’s exhibit are a result of the fact that Venture
7 landline callers would be able to make certain calls as local calls which
8 currently are toll calls, which would result in additional land-to-mobile local
9 minutes being handled by the Venture network. To the extent Venture
10 customers already make calls from their wireless phone that would be toll
11 calls if made from their Venture landline telephone, the analysis would be
12 unaffected, since a mobile-to-mobile call is not handled by the Venture
13 network and no reciprocal compensation is paid.

14 **Q25. Mr. Williams states, “His (Mr. Thompson) description fails to recognize**
15 **the separations “freeze” which has been in effect for over 5 years. The**
16 **“freeze” essentially “de-links” the allocation of traffic sensitive costs from**
17 **a relative change in the distribution of traffic minutes of use. Although**
18 **Alltel is unable to duplicate the calculations that Witness Thompson shows**
19 **in his Exhibit 7, he has clearly overstated the financial impact to both**
20 **Venture and the LECA pool.”²⁴ Was the separations freeze issue that Mr.**

²³ Mr. Williams Direct Testimony, Page 18 Lines 12-14.

²⁴ Mr. Williams Direct Testimony, Page 17 Lines 9-15.

1 **Williams references considered in your calculations of the Venture**
2 **financial impacts?**

3 A25. Yes, the sections of the separations freeze that are applicable to Venture were
4 considered in my calculations. The Separations Freeze Order was indeed
5 adopted by the FCC on May 11, 2001. For rate-of-return companies, this
6 order included a mandatory factors freeze and an option to freeze category
7 relationships at the beginning of the freeze. Venture is a rate-of-return
8 company which has complied with the mandatory frozen factors. Venture,
9 however, did not adopt the optional category relationship freeze. The
10 increased costs and reduced access revenues in Confidential Exhibit LDT-D-
11 11 of my direct testimony, erroneously referred to as Exhibit 7 in Mr.
12 Williams direct testimony, is the result of the shift in category relationships,
13 and not a change in traffic factors. The category relationships will change as
14 traffic is added to the facilities. For example, if \$100,000 of cable is being
15 used for toll traffic only today, then the toll category is \$100,000. If that
16 same cable is used for toll and local traffic tomorrow, then the toll category is
17 decreased to \$50,000 and the local category is increased by \$50,000. As
18 traffic is added to the facilities, the category relationships will change and
19 reduce cost settlements.

1 **Q26. Mr. Williams discusses the stimulation factors as being “well over 10 years**
2 **old” and “no longer appropriate”²⁵. Do you agree with this section of his**
3 **direct testimony?**

4 A26. No. For an ILEC, the stimulation factor is often used today and is still
5 representative of the increased traffic one would expect when changing a
6 caller’s calling scope from toll to local. In any event, I note that the
7 stimulation factor to which Mr. Williams objects was only used in
8 Confidential Exhibit LDT-D-12 to de-stimulate the minutes and estimate the
9 amount of lost access revenue for Venture. To stimulate the minutes to
10 determine the increase in traffic when changing a caller’s calling scope from
11 toll to local, I used the average minutes of use of the local calling scopes
12 from a Venture customer to a CMRS customer where local calling is
13 available today and applied these average minutes of use to the existing
14 customers in the Venture local calling areas that do not currently have local
15 calling to CMRS customers today. With this approach, I have stimulated the
16 minutes for all the local calling areas to reflect the average minutes of use in
17 the existing local calling areas.

²⁵ Mr. Williams Direct Testimony, Page 19 Lines 3-10.

1 **Q27. Mr. Williams states “Although Mr. Thompson has provided some inflated**
2 **cost projections, he has not attempted to demonstrate the impact of the**
3 **alleged increased costs or lost revenues²⁶. Do you agree with his**
4 **statement?**

5 A27. No. The Petition and my direct testimony illustrated the economic burden
6 and cost to Venture and has also calculated the estimated impact per access
7 line for the Venture subscribers. The increased costs or revenues that I
8 demonstrated as being lost are illustrated in the Petition Confidential Exhibits
9 1 through 3, Supplemented Confidential Exhibit A, and in my direct
10 testimony as Confidential Exhibits LDT-D-10 through LDT-D-13. Per these
11 confidential exhibits provided, Venture demonstrated that without a grant of
12 this Petition, a request from a carrier(s) of the requirements of the Act would
13 impose a requirement that is unduly economically burdensome to Venture
14 which would be passed on to their subscribers at an estimated minimum of
15 \$1.54 per access line per month and a maximum of \$7.34 per access line per
16 month.

17 **Q28. Does that conclude your rebuttal testimony?**

18 A28. Yes. However, I wish to reserve the opportunity to supplement this
19 testimony in the future, if necessary.

²⁶ Mr. Williams Direct Testimony, Page 20 Lines 10-12.

WIRELESS PROVIDERS

Advanced Wireless Service (AWS) Licenses

- 114B – James Valley Coop Tel. Co. – Economic Area – 20 MHz
- 114C – Held by FCC
- 116B – Spectrum Co LLC (Comcast Time Warner) – Economic Area – 20 MHz
- 116C – Cingular AWS, LLC – Economic Area – 10 MHz

Advanced Wireless Service (AWS) Licenses - CMA

- 10 CMA Licenses – KTC Group – 20 MHz

PCS Licenses

- MTA 12
 - A Licenses
 - New Cingular Wireless, LLC
 - Wirelessco, LP
 - B Licenses
 - T-Mobile License, LLC
 - Wireless Alliance, LLC
 - WWC Holding Co., Inc.
- BTA 1
 - C License – WWC License LLC
 - D License – WWC Holding Co, Inc.
 - E License – New Cingular Wireless PCS LLC
 - F License – James Valley Coop. Tel. Co.
- BTA 199
 - C License – Airwave Wireless LLC
 - D License – WWC Holding Co., Inc.
 - E License – Blue Licenses Holding LLC
 - F License – Redwood Wireless Wisconsin LLC
- BTA 301
 - C License – Airwave Wireless LLC
 - D License – WWC Holding Co., Inc.
 - E License – GW Wireless
 - F License – Redwood Wireless LLC
- BTA 464
 - C License – Midwest Wireless Comm, LLC, RCC Minnesota, Inc.
 - D License – WWC Holding Co Inc.
 - E License – Blue Licenses Holding
 - F License – WWC Holding Co Inc.

BRS Licenses (ITFS Spectrum)

- BTA 1 – Northern Wireless Communications, Inc.
- BTA 199 – Santel Communications Cooperative, Inc.
- BTA 301 – Santel Communications Cooperative, Inc.
- BTA 464 – Data Truck, LLC

700 MHz Licenses

- KTC Group

800 MHz Licenses

- Alltel
- Verizon

850 MHz SMR Licenses

- Nextel