

**IN THE MATTER OF THE PETITION OF
VENTURE COMMUNICATIONS
COOPERATIVE FOR SUSPENSION OR
MODIFICATION OF LOCAL DILAING
PARITYAND RECIPROCAL
COMPENSATION OBLIGATIONS**

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TESTIMONY

OF

RON WILLIAMS

**ON BEHALF OF ALLTEL COMMUNICATIONS, INC.
(ALLTEL)**

PUBLIC TESTIMONY

September 5, 2007

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2 A. My name is Ron Williams. I am the Vice President – Interconnection for Alltel
3 Communications, Inc.. My business address is 3650 131st Avenue South East,
4 Bellevue, Washington 98006.

5 **Q. FOR WHOM ARE YOU TESTIFYING IN THIS PROCEEDING?**

6 A. I am testifying on behalf of Alltel Communications, Inc.

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. The purpose of my testimony is to identify and explain the impact of Alltel's
9 decision, as evidenced by its filing of an amended answer to the arbitration
10 petition in case number TC06-159, a copy of which is attached hereto, to
11 support two (2) direct points of interconnection (POI) on Venture's existing
12 network – one direct POI in the Central Region and one direct POI in the
13 Northeast region. This decision by Alltel to utilize two direct points of
14 interconnection, rather than demanding its legal right to indirect interconnection
15 and right to a single POI anywhere in the MTA per the Eighth Circuit's
16 decision, eliminates any and all increased costs of transport related to the use of
17 distant POIs by Alltel in Venture cost Scenarios 1, 2 and 3, as discussed by Mr.
18 Thompson.

19 The result of two direct POIs between Alltel and Venture also renders the
20 remainder of Venture's cost projections in Scenarios 1, 2 and 3 entirely
21 speculative, as no other carrier has demanded or otherwise sought the dialing
22 parity or routing scenarios projected by Venture. The absence of any demand
23 for distant POIs by Alltel means that Venture's position in this proceeding is
24 entirely speculative and hypothetical. Venture has no basis to assume that other

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1 wireless carriers will abandon their existing direct POIs or in the future demand
2 the traffic routing arrangements and network configurations that are the basis of
3 the cost projections by Venture in its Scenarios 2 and 3. Even if not mere
4 speculation, as Mr. Keeger testifies, the manner in which Venture modeled the
5 single distant POI scenarios is not realistic as it assumed that these single POIs
6 would utilize unrealistic, inefficient and unnecessary network design and
7 routing.

8 I will also comment on Venture's claim that eliminating indirect connection
9 obligations, which Alltel is now agreeable to, will simply maintain the status
10 quo and that granting the suspension relief in order to preserve the status quo
11 will not harm Alltel. To the contrary, granting Venture's relief and preserving
12 the status quo as advanced by Venture will further harm Alltel despite its
13 willingness to support the direct POIs.

14 Finally, Alltel's agreement to support direct POIs eliminates a vast majority, if
15 not all, of Venture cost projections and also demonstrates that any remaining
16 costs are entirely speculative and unrealistic. However, even assuming such
17 cost projections somehow reflect reality, Venture continues to fall short of
18 meeting its statutory burden of proof for suspension relief. 47 U.S.C. §
19 251(f)(2) requires Venture to affirmatively demonstrate that suspension relief is
20 necessary to (i) avoid a **significant** adverse economic impact on end-users; or
21 (ii) avoid imposing a requirement that is **unduly economically burdensome**.

22 In addition, Venture must also demonstrate that such relief is within the overall

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1 public interest. Venture has yet to satisfy its heavy burden of proof – simply
2 identifying speculative and heavily inflated costs of doing business in a
3 competitive market is not enough. The Act anticipates, acknowledges and
4 accepts a level of increased costs of doing business in a competitive market¹.
5 Venture, on the other hand, simply wants to avoid all costs of competition in
6 order to ensure that it continues to unfairly leverage its incumbent position,
7 continue to impose costs on competitors and perform financially at pre-
8 competitive monopolistic levels.

9 Even a cursory look at Venture's overall financial picture demonstrates that it
10 will not be forced to endure undue financial burden by continuing to comply
11 with its current statutory obligations under the Act.

12 Ms. Shotwell's Reply Testimony provides the best illustration of Venture's true
13 motive: "A better use of these monies can be made by investing in broadband
14 facilities which will benefit Venture's end-users." Put another way, Venture
15 would rather use its excess cash and operating budget for other things rather
16 than abide by federally mandated interconnect rules. Of course, it would be
17 hard to imagine any carrier who would not prefer to make investment decisions
18 unencumbered from any other considerations – like complying with individual
19 legal obligations. Suspension relief is not legally justified in this instance –
20 Venture's claim that its costs will rise (although Alltel seriously disputes any

¹ *In the Matter of Implementation of the Local Competitive Provisions in the Telecommunications Act of 1996*, First Report and Order, FCC 96-325, ¶¶ 1, 4 (1996)

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1 increase in costs in light of Alltel's agreement to support direct POIs) and
2 therefore it will be unable to pay-out significant returns to cooperative members
3 or invest in other profit-making activities is woefully inadequate justification.
4 The Act requires more than just a showing of lost opportunities or increases in
5 costs- it requires real and significant financial harm – which Venture cannot
6 demonstrate even assuming its cost projections are real and accurate.

7 **Q: WHAT IS THE EFFECT OF ALLTEL'S DECISION TO SUPPORT 2 DIRECT POIS ON**
8 **VENTURE'S COSTS PROJECTIONS AS EVIDENCED BY ITS AMENDED RESPONSE**
9 **TO THE ARBITRATION PETITION?**

10
11 **A:** With respect to Venture Scenario 1, all projected costs are eliminated. Scenario
12 1 is Venture's attempt to project cost of transport if Alltel implemented only 1
13 direct POI in Venture's Central Region. Alltel's decision to support 2 direct
14 POIs – one in the Venture Central Region and one in the Northeast Region,
15 however eliminates the entire projected cost of \$37,365 in Scenario 1.
16 Venture Scenario 2 purports to estimate the cost of transport for Venture
17 originated calls to a POI in Sioux Falls, SD for 5 wireless carriers, including
18 Alltel, Verizon and RCC. Again, Alltel's decision to support direct POIs on
19 Venture's network, rather than one in Sioux Falls, eliminates any projected
20 costs in Scenario 2 for Venture originated traffic to Alltel. (Based on Venture's
21 assessment that Alltel has and will continue to have a 55% wireless market
22 share², Alltel decision to support 2 direct POIs will by itself eliminate over half
23 of the projected costs in Scenarios 2 and 3). In addition, RCC is the subject of

² See Thompson Direct Testimony, Confidential Version, A23.

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1 an acquisition by Verizon Wireless, therefore any costs projections related to
2 RCC should also be eliminated in order to conform to the reality of the
3 industry³. The remaining costs in Scenario 2 are truly speculative as Verizon
4 Wireless (“Verizon”) currently maintains direct POIs with Venture and there is
5 no claim or evidence that Verizon is demanding a POI in Sioux Falls, justifying
6 any cost projections attributable to Verizon. The projected costs in Scenario 2
7 with respect to other national wireless carriers is equally suspect as, again there
8 is no evidence that any other carrier is demanding or is implementing distant
9 POIs that would justify the remaining costs projections in Scenario 2.

10 Regardless, however, the likelihood of any carrier demanding the traffic routing
11 and network configurations depicted in Venture Scenarios 2 and 3 are extremely
12 low for reasons discussed by Mr. Keeger.

13 Venture Scenario 3 is more of the same, as it estimates the cost of transporting
14 Venture originated traffic to Sioux Falls for the benefit of Alltel and Verizon
15 and then on to another distant POI located within the MTA for the benefit of
16 RCC and 2 other unknown wireless carriers. Again, any cost associated with
17 Alltel must be completely eliminated due to its decision to support direct POIs.
18 Any cost attributed to RCC should also be eliminated in order to reflect the
19 reality of the impending acquisition of RCC by Verizon. Any cost attributed to
20 Verizon must also be eliminated as it currently maintains direct POIs and there

³ Typically an acquisition of another wireless carrier’s network in the same geographic proximity as the acquiring entities network will result in integration of these networks to eliminate redundancies and ease operations.

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1 is no evidence Verizon is demanding a distant POI in Sioux Falls. The
2 remaining costs attributed to two unknown wireless carriers should also be
3 eliminated as pure speculation and highly unlikely given the reality of the
4 industry as discussed by Mr. Keeger.

5 **Q. VENTURE WITNESSES MAKE STATEMENTS THAT GRANTING THEIR PETITION**
6 **WILL ONLY PRESERVE THE STATUS QUO. DO YOU AGREE WITH THOSE**
7 **STATEMENTS?**

8 A. No, I do not. Maintaining the status quo has been mischaracterized and
9 trivialized by Venture witnesses as merely keeping existing points of
10 interconnection (Alltel has now agreed to support 2 direct POIs) and
11 maintaining existing dialing patterns. However, the status quo is far short of
12 what is needed by customers and has other negative impacts on competitors like
13 Alltel. The status quo ignores the customer benefits that are available if dialing
14 parity is properly implemented by Venture within its local calling areas. The
15 status quo, as advocated by Venture, ignores unserved and unsatisfied
16 customers who should be able to, but currently cannot, make a local call to a
17 wireless phone within an area where they can call a land line phone locally.
18 Granting Venture's petition significantly compromises the ability of wireless
19 carriers to provide service in Venture's operating area on the same terms as
20 Venture provides.

21 **Q. DOES PRESERVING THE STATUS QUO AS ENVISIONED BY**
22 **VENTURE HARM ALLTEL?**

23 A. Yes, Venture's claim that it is currently providing local calling to all of Alltel's
24 locally rated numbers within the scope of Venture's defined local calling area is

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1 simply not true, Granting it suspension relief as requested will simply continue
2 an already unfair situation and continue to deny customers the dialing parity to
3 which they are entitled by law. There are at least three instances in which
4 customers are deprived as a result of Venture's refusal to comply with its
5 dialing parity obligations, an issue that is central to the Alltel renegotiation of its
6 interconnection relationship with Venture. Today, Venture refuses to recognize
7 Alltel 605-230 numbers rated out of Mobridge⁴ as local calls. Mobridge is
8 within the local calling area of Venture's Selby exchange. Similarly, Venture
9 refuses to recognize Alltel 605-265 numbers rated out of Webster⁵ as local calls.
10 Webster is within the local calling area of Venture's Pierpont and Roslyn
11 exchanges. Granting Venture's petition would insure the continued disparate
12 treatment between landline and wireless numbers in these rate centers. Venture
13 allows it customers to call its numbers locally without toll but forces those same
14 customers to incur toll charges to reach wireless numbers rated local to the same
15 area. Status quo ignores the reality of consumer demand and therefore is not in
16 the public interest

17 **Q. IS THERE ANOTHER ACUTE ISSUE WITH RESPECT TO THE STATUS QUO FOR**
18 **WHICH ALLTEL HAS SOUGHT RELIEF AND WHICH VENTURE SEEKS TO DENY**
19 **WITH THIS PETITION?**

⁴ Venture does allow local calling to Alltel's 605-845 numbers in Mobridge apparently because Venture is not capable of distinguishing them from the landline carriers numbers with the same 605-845 prefix.

⁵ Both circumstances are referenced in Venture's discovery response exhibit Q8.

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1 A. Yes. The status quo would require Alltel to continue to incur excessive costs
2 for the direct interconnection arrangements. Again, one of the motivations for
3 Alltel to renegotiate its interconnection relationship with Venture was to
4 implement efficient interconnection supported by symmetrical financial
5 responsibilities, as contemplated under the Act.

6 **Q. IS ALLTEL ALSO CONCERNED ABOUT A SUSPENSION IMPACTING ITS ABILITY TO**
7 **PROVIDE SERVICE WHERE LOCAL LANDLINE CALLING TO ALLTEL CUSTOMERS**
8 **IS NOT AVAILABLE TODAY?**

9 A. The status quo would leave many Venture customers without the ability make
10 local calls to Alltel numbers or the numbers of other wireless carriers. Alltel
11 seeks to remedy that situation. However, granting Venture's petition will make
12 it cost prohibitive for Alltel to do so. The outcome of Venture's suspension
13 relief requires Alltel and any other carriers to install inefficient forms of
14 interconnection. Such a requirement by an incumbent carrier is barred by the
15 Telecom Act.⁶ Granting Venture's suspension request would effectively disable
16 that portion of the Act. Telecommunications is a dynamic industry with rapidly
17 changing profiles of how customers use their service coupled with rapidly
18 changing technology. Status quo ignores the reality of consumer demand and
19 therefore is not in the public interest.

20 **Q. ASSUMING FOR THE SAKE OF ARGUMENT THAT ALLTEL'S USE OF DIRECT**
21 **POINTS OF INTERCONNECTION DOES NOT ELIMINATE THE PROJECTED COSTS**
22 **PROFFERED BY VENTURE – ARE SUCH COSTS APPROPRIATE AND ACCURATE?**

⁶ 47 C.F.R. § 20.11(a)

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1 A. No, in addition to those issues highlighted in my direct testimony, there are
2 significant flaws in Venture's estimated financial impact even if one assumed
3 their worst case routing scenario was at all likely.

- 4 • Venture has claimed excessive transport mileage in Scenario 1
5 and has imputed excessive embedded 'book' costs in lieu of
6 additional out-of-pocket costs to inflate their impact claims.
- 7 • Venture has claimed excessive transport costs in Scenario 2⁷ by
 - 8 ○ Over-pricing leased transport facilities
 - 9 ○ Failing to make efficient use of transport capacity
 - 10 ○ Failing to consider alternative routing options
- 11 • Venture has claimed excessive transport costs in Scenario 3⁸ by
 - 12 ○ Over-pricing leased transport facilities
 - 13 ○ Failing to make efficient use of transport capacity
 - 14 ○ Failing to consider alternative routing options
- 15 • Venture has claimed excessive impact as a result of reciprocal
16 compensation by
 - 17 ○ Failing to account for offsetting reciprocal compensation
18 revenue
 - 19 ○ Failing to take advantage of lower reciprocal
20 compensation rates

⁷ See Reply Testimony of Bob Keeger, pages -4 and 6-7

⁸ Ibid, pages 5-7

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- 1 • Venture has claimed excessive impact due to lost access revenue
- 2 by overstating the amount of toll lost due to expanded mobile-to-
- 3 land calling by
- 4 ○ Overestimating traffic stimulation effect
- 5 ○ Including a loss on inflated and theoretical toll volumes
- 6 that don't exist today. In other words they have over-
- 7 estimated traffic stimulation and then based their toll loss
- 8 on stimulated traffic volumes that don't exist today and
- 9 would not exist if toll revenue was being generated

10 All of these impacts are summarized in the attached Exhibit RW2.

11 **Q. MR. HOUDEK HAS CLAIMED THAT VENTURE'S ADHERENCE TO ITS**
12 **OBLIGATIONS UNDER THE TELECOM ACT WILL SOMEHOW IMPINGE**
13 **VENTURE'S ABILITY TO EXPAND AND MAINTAIN ITS NETWORK. DO YOU**
14 **AGREE?**

15 A. Not at all. Venture has been operating without a suspension of the Telecom Act
16 (except for intermodal LNP) since 1996. During that time Venture has
17 successfully negotiated direct interconnection arrangements with Alltel and
18 Verizon Wireless thereby eliminating any third-party transport costs it now
19 projects. Additionally, during that time Venture has invested heavily in its
20 network infrastructure. In fact, in just the last few years Venture has deployed
21 broadband services throughout its network, avoiding any apparent burden
22 caused by operating under the terms of the Act. Mr. Houdek also implies that
23 Venture's cash reserves are barely adequate to meet network investment
24 demands. In the four years for which Alltel has been able to obtain records,

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Venture's cash balances average more than 3 times the amount of capital investment made by the company. Even if Venture's extreme and unlikely impact claims were to come to fruition, Venture's cash reserves would not be materially impacted and, all other things being equal, would remain extraordinarily high.

Q. DOES MR. HOUDEK DENY THAT VENTURE IS FINANCIALLY HEALTHY AND WOULD CONTINUE TO BE SO IF IT DOES NOT RECEIVE ITS REQUESTED SUSPENSION?

A. Mr. Houdek certainly does not deny Venture's robust financial health nor does he claim that denying Venture's suspension will materially impact Venture's financial health. As you can see from the graph below, Venture, in spite of relatively flat revenues and expenses is swimming in equity growth.

[CONFIDENTIAL GRAPH]

And all these positive historical trends don't include the full and favorable impact of Venture's 2006 addition of [CONFIDENTIAL] broadband subscribers.

Mr. Houdek also believes that as a rate-of return ILEC Venture is guaranteed a certain earnings level. Rate of return regulation merely establishes the allowed return and provides the opportunity to earn the return but not a guarantee. A specified earnings level is not an entitlement by any definition nor does it relieve a carrier from its legal obligations to interconnect.

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1 **Q. VENTURE WITNESSES CONTINUE TO CLAIM THAT ALLTEL'S REQUEST CREATES**
2 **AN UNDUE ECONOMIC BURDEN AND THAT THERE ARE NO COST RECOVERY**
3 **MECHANISMS IN PLACE. PLEASE PROVIDE YOUR ASSESSMENT OF VENTURE'S**
4 **COST RECOVERY OPPORTUNITIES.**

5 A. Whether one believes Venture's grossly inflated cost estimates or not, Venture
6 can continues to enjoy favorable financial results and protection provided by the
7 pooling process as well as the separations process. Venture will continue to
8 recover its jurisdictional costs from the LECA (and the NECA pools for that
9 matter) regardless of access revenues it reports. While there are obvious
10 implications for the LECA (or NECA pool) there is no evidence that the pool
11 will experience a significant earnings problem absent Venture's "doom and
12 gloom" prognostications of toll loss. Revenue requirement recovery is
13 completely divorced from revenues in a pooling environment. In addition, Mr.
14 Thompson ignores the imprecision in the separations process. In his direct
15 testimony Witness Thompson applies an annual carrying charge to the DS-1s
16 allegedly required to carry the "new" local wireless MOUs. In his rebuttal
17 testimony he explains that Venture did not adopt a categorization "freeze"
18 although Venture did comply with the required traffic "freeze". His reply
19 testimony is not consistent with his direct testimony (Q/A. 79) where he
20 discusses the impact of MOU shifts on cost settlements.

21 Regardless of Witness Thompson's inconsistent understanding of the
22 separations and settlement process there is no settlement impact resulting from a
23 decrease in access revenues. Furthermore, while Alltel cannot calculate the
24 separations impact of a any increased costs the separations process treats these

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1 costs on an allocated basis not a direct assignment basis and there are no dollar-
2 for-dollar reductions in jurisdictional revenue requirement resulting from an
3 increase in transport costs as reflected in Exhibit LDT-D-11.

4 **Q. VENTURE WITNESSES CLAIM THAT VENTURE IS UNABLE TO UTILIZE SELF-**
5 **HELP TO OBTAIN A BETTER ECONOMIC RESULT THAN THEY HAVE PROPOSED.**
6 **CAN YOU PROVIDE AN EXAMPLE OF HOW A VENTURE COULD MITIGATE ITS**
7 **WORST CASE SCENARIO**

8 A. Yes. A clear example is what Venture has claimed it will cost them to deliver
9 traffic to Alltel (and other wireless carriers) in Sioux Falls. Venture claims that
10 6,017,854 minutes were delivered via direct connections to wireless carriers in
11 2006 and most of those minutes were destined for Alltel. Alltel is interested in
12 reducing its cost of direct interconnections with Venture and is willing to
13 establish one or two cost efficient direct interconnections with Venture on
14 Venture's network⁹. Yet Venture's cost scenarios assume that all traffic going
15 to Alltel now and in the future will be routed to Sioux Falls. Since Venture has
16 proved that negotiating a direct connection with Alltel at a POI on Venture's
17 network is far more efficient for Venture than hauling traffic to Sioux Falls, one
18 would assume Venture would be interested in mitigating their worst case costs.
19 Instead, Venture has decided to arbitrate this issue claiming that not only do
20 they want Alltel to directly connect at multiple points on their network, they
21 want Alltel to pay the highest possible facility charge to do so.¹⁰

⁹ Venture concedes this in its Petition for Arbitration TC06-159, Para 22-27.

¹⁰ See Response of Alltel Communications, Inc. to Petition for Arbitration of Venture Communications Cooperative, South Dakota PUC TC06-159 Issue 12, Page 14-15

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2 **Q. THOMPSON’S TESTIMONY ALLEGES THAT IF VENTURE IS UNABLE TO GAIN A**
3 **SUSPENSION OF ITS OBLIGATIONS UNDER THE TELECOM ACT THREE**
4 **ADDITIONAL WIRELESS CARRIERS WILL ENTER VENTURE’S MARKET TO**
5 **PROVIDE SERVICE. DO YOU HAVE A COMMENT ON THAT SCENARIO?**

6 A. Mr. Thompson’s assessment of competition is correct, adding three additional
7 competitors in a market would typically be considered a blessing for consumers
8 and definitely in the public interest. Of course, the corollary is that granting
9 Venture’s suspension would inhibit the entry of additional competition and,
10 therefore, not be in the public interest.

11 **Q. IN LIGHT OF YOUR TESTIMONY ABOVE WOULD GRANTING SUSPENSION RELIEF**
12 **BE NECESSARY IN YOUR OPINION TO AVOID AN ADVERSE IMPACT ON END**
13 **USERS?**

14 A. Venture’s testimony as well as information gleaned from discovery tells us four
15 things about the impact on users if Venture’s petition was denied:

- 16 • Venture customers (who are also customers of wireless carriers) would
17 retain and potentially expand their ability to make local calls to wireless
18 customers,
- 19 • Venture customers want to dial wireless customers without paying toll,
- 20 • Venture customers may save money by using less long distance services,
21 and

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- 1 • Venture customers would continue to pay substantially less than most
2 South Dakotans for their local telephone service with or without a
3 suspension¹¹.

4 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

5 A. Yes. However, I reserve the opportunity to supplement this testimony in the
6 event additional information is made available by the Petitioners or other
7 intervenors in this proceeding.

8

¹¹ Since Venture is a Cooperative, customers are awarded a return or rebate based on services purchased. Venture already has a low rate for residential telephone line of \$14.01. If the value of retired capital credits in 2006 were divided by the lines in service, each line in service would have received a rebate of \$6.70. The net effect of such a rebate would reduce the customer cost of a residential line to a net monthly cost of \$8.73. Or, only about 53% of what a customer in Sioux Falls or Pierre would pay for their local service.

STATE OF SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

In the Matter of the Petition of Venture)	
Communications Cooperative for the Arbitration)	
Pursuant to the Telecommunications Act of 1996 to)	Docket No. TC06-159
Resolve Issues Relating to an Interconnection)	
Agreement with Alltel Communications, Inc.)	
)	

**AMENDED RESPONSE OF ALLTEL COMMUNICATIONS, INC. TO PETITION FOR
ARBITRATION OF VENTURE COMMUNICATIONS COOPERATIVE**

Alltel Communications, Inc. ("Alltel") hereby files this Amended Response to the Petition of Venture Communications Cooperative ("Venture" or "Petitioner") for resolution of issues relating to negotiation of an interconnection agreement under the terms of the Telecommunications Act of 1996.

1. On September 14, 2006, Venture filed a Petition with the South Dakota Public Utilities Commission ("Commission") to arbitrate issues that were unresolved through negotiations with Alltel. This filing was made pursuant to Section 252 of the Telecommunications Act of 1996, Pub. L. No. 104-104, 110 Stat. 56 (1996) (codified at 47 U.S.C. § 151 *et seq.*) ("Act"). Statements in the Petitions not expressly admitted herein are denied.

2. Alltel is a commercial mobile radio service ("CMRS") provider serving South Dakota. Alltel holds licenses to provide cellular telecommunications service in SD1, SD2, SD3, SD4, SD5, SD6, SD7, SD8, and SD9 Rural Service Areas ("RSAs") as well as the Rapid City and Sioux Falls Metropolitan Service Areas ("MSAs") within the state of South Dakota.

3. Alltel is filing this Response to Venture's Petition pursuant to 47 U.S.C. § 252(b)(3). In this Response, Alltel will clarify its position on the issues identified by the Petition and identify additional open issues not included in the Petition.

JURISDICTION

4. Alltel agrees that the Commission has jurisdiction to consider this petition for arbitration pursuant to the Act, to resolve disputed issues related to arbitration, and to approve an interconnection agreement between Alltel and Venture in accordance with 47 U.S.C. § 252(c). Under the Act, the Commission is a deputized federal regulator in accordance with the role and the standards identified by Congress and the FCC. *Pacific Bell v. Pac West Telecom, Inc.*, 325 F.3d 1114, 1126 fn.10 (9th Cir. 2003). The Commission's authority is and must be carried out in accordance with the Act and the FCC rules adopted pursuant to the Act.

5. The Act and the Federal Communications Commission's ("FCC") rules impose interconnection and compensation obligations on local exchange carriers ("LECs") and CMRS providers, and establish standards to apply to interconnection arbitration proceedings. Among others, the following sections of the Act and FCC rules govern interconnection arrangements between Venture and Alltel:

- Section 251(a) of the Act requires all telecommunications carriers, including both CMRS carriers and local exchange companies, "to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers."
- Section 251(b)(5) of the Act imposes on all local exchange companies the "duty to establish reciprocal compensation arrangements for the transport and termination of telecommunications."
- Section 252(d)(2)(A) of the Act provides that "for the purposes of compliance by incumbent local exchange carriers with section 251(b)(5), a State commission shall not consider the terms and conditions for reciprocal compensation to be just and reasonable unless (i) such terms and conditions provide for the mutual and reciprocal recovery by each carrier of costs associated with the transport and termination on each carrier's network facilities of calls that originate on the network facilities of the other carrier, and (ii) such terms and conditions

determine such costs on the basis of a reasonable approximation of the additional costs of terminating such calls."

- FCC Rule 20.11(a) provides that "a local exchange carrier must provide the type of interconnection reasonably requested by a mobile service licensee or carrier, within a reasonable time after the request, unless such interconnection is not technically feasible or economically reasonable."
- FCC Rule 20.11(b)(1) requires that "a local exchange carrier shall pay reasonable compensation to a commercial mobile radio service provider in connection with terminating traffic that originates on facilities of the local exchange carrier."
- FCC Rule 51.701(e) defines the reciprocal compensation required by the Act to mean an arrangement "in which each of the two carriers receives compensation from the other carrier for the transport and termination on each carrier's network facilities of telecommunications traffic that originates on the network facilities of the other carrier."
- FCC Rule 51.701(b) imposes reciprocal compensation obligations on "telecommunications traffic between a LEC and a CMRS provider that, at the beginning of the call, originates and terminates within the same Major Trading Area, as defined in § 24.202(a) of this chapter."
- FCC Rule 51.703(a) states that "each LEC shall establish reciprocal compensation arrangements for transport and termination of telecommunications traffic with any requesting telecommunications carrier."
- FCC Rule 51.703(b) provides that "a LEC may not assess charges on any other telecommunications carrier for telecommunications traffic that originates on the LEC's network."
- The FCC has forbidden the imposition of access charges as compensation for the transport and termination of telecommunications traffic subject to reciprocal compensation: "We reiterate that traffic between an incumbent LEC and a CMRS network that originates and terminates within the same MTA (defined based on the parties' locations at the beginning of the call) is subject to transport and termination rates under section 251(b)(5), rather than interstate or intrastate access charges." *Implementation of the Local Competition Provisions of the Telecommunications Act of 1996*, CC Docket 96-98, First Report and Order, FCC 96-325, 11 FCC 15499, ¶ 1043 (1996) ("*First Report and Order*").
- FCC Rule 51.711(a) provides:

Rates for transport and termination of telecommunications traffic shall be symmetrical, except as provided in paragraphs (b) and (c) of this section.

- (1) For purposes of this subpart, symmetrical rates are rates that a carrier other than an incumbent LEC assesses upon an incumbent LEC for transport and termination of telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for the same services.

- FCC Rule 51.207 provides:

A LEC shall permit telephone exchange service customers within a local calling area to dial the same number of digits to make a local telephone call notwithstanding the identity of the customer's or the called party's telecommunications service provider.

6. While Alltel does not have sufficient information to confirm or deny the allegations of paragraph 1 of the Petition, Alltel does not contest them. As to the remainder of the paragraphs, unless specifically agree to herein, the paragraphs are denied.

7. Alltel confirms that Exhibit 1 attached to the Petition represents terms and conditions which the Parties discussed including terms that the Parties have reached agreement on and terms that are in dispute. Alltel does not concur that the document submitted by Petitioners fully represents its positions. Attachment A to the interconnection agreement incorrectly implies terms are in agreement. All terms of Attachment A of the interconnection agreement are in dispute.

8. The allegations of paragraphs 3 and 5 are admitted.

9. In addition to the Alltel representative identified in paragraph 4, Alltel identifies undersigned counsels as its representatives in this matter.

10. Alltel denies the Petitioner's characterization in paragraph 6 that this arbitration is a process to determine "... whether Venture's customers will be required to subsidize Alltel and its customers". The Petitioners business is already heavily subsidized by competing carriers,

including Alltel, and by customers of other carriers. The extent of this existing subsidization may be addressed within this arbitration.

11. Alltel further disagrees with that portion of Petition's paragraph number 6 wherein Venture asserts it does not have to meet the requirements of 47 USC 251(b) or arbitrate certain issues under 47 USC 252 because it may seek a suspension of issues in a possible subsequent filing. Having filed the arbitration Venture can not limit the scope of the arbitration by threatening to later file a processing that would involve numerous other parties. Rather, Venture is legally bound to arbitrate all issues with Alltel within the legal timelines prescribed by 47 USC 252.

ARBITRATION ISSUES RAISED BY PETITIONER

12. The sixteen unresolved issues identified in the Petition, while, in some cases improperly characterized by Petitioner, are generally consistent with how Alltel would categorize certain aspects of those disputed issues. The following further clarifies the sixteen issues raised by the Petitioner.

Issue 1: Definition of InterMTA Traffic.

13. Petitioner's language limits the definition of InterMTA traffic beyond what is necessary. There is no industry standard prescribed for the treatment of interMTA traffic in interconnection agreements. Further, there is neither prescription nor consensus on how to measure interMTA traffic. For these reasons, Alltel believes a broader definition of what constitutes 'InterMTA traffic' is appropriate. The real effect of this definitional issue will be resolved in conjunction with Issue 16(d).

Issue 2: How should the interconnection agreement identify traffic that is subject to reciprocal compensation? This includes the definition of Local Traffic, Telecommunications Traffic, and Third Party Provider

14. Petitioners seek to define traffic in a manner inconsistent with the Act and FCC rules implementing the Act. Local Traffic is not a term defined by the FCC and could easily be substituted with the term 'intraMTA' traffic which is consistent with how the FCC has defined traffic subject to reciprocal compensation and is consistent with Alltel's proposed definition. Telecommunications Traffic is defined by the FCC. FCC Rule 51.701(b)(2) defines the term "telecommunications traffic" to mean "traffic exchanged between a LEC and a CMRS provider that, at the beginning of the call, originates and terminates within the same Major Trading Area."¹ Alltel's proposed definition is consistent with the FCC definition and Petitioner's proposed definition is not. Petitioner's objection to Alltel's proposed language for Third Party Provider is another attempt to limit Petitioner obligations by excluding certain traffic they send to Alltel that is compensable under reciprocal compensation rules.

Issue 3: Definition of Wireline Local Calling Area

15. Petitioner's proposal to add a definition of Wireline Local Calling Area that, in its proposed use within the agreement, limits Petitioner obligations by excluding certain traffic they send to Alltel that is compensable under reciprocal compensation rules. Alltel opposes this definition to the extent that its use results in a limitation of Alltel rights under the Act and FCC rules.

Issue 4: Should the Agreement include reference to the FCC's Order on ISP Bound Traffic

16. To the extent that Venture exchanges ISP-bound traffic with other carriers and does not compensate those carriers or compensates those carriers at FCC prescribed ISP rates,

¹ 51 C.F.R. § 701(b)(2).

Alltel is entitled to similar compensation rates on the 252(b)(5) 'reciprocal compensation' traffic exchanged between Venture and Alltel. The FCC has found that

It would be unwise as a policy matter, and patently unfair, to allow incumbent LECs to benefit from reduced intercarrier compensation rates for ISP-bound traffic, with respect to which they are net payers, while permitting them to exchange traffic at state reciprocal compensation rates, which are much higher than the caps we adopt here, when the traffic imbalance is reversed. ... we will not allow them to "pick and choose" intercarrier compensation regimes depending on the nature of the traffic... if an ILEC wishes to continue to exchange ISP-bound traffic on a bill and keep basis in a state that has ordered bill and keep, it must offer to exchange all section 251(b)(5) traffic on a bill and keep basis.²

Alltel believes that Venture is, today, terminating ISP traffic to other carriers and is not compensating those carriers. Even if Venture is not terminating ISP traffic today at lower rates, Alltel seeks inclusion of this language so that there is no doubt between the parties that Alltel is entitled to similar compensation terms in the event that Venture exchanges ISP traffic with any carrier during the term of this agreement.

Issue 5: Resale of Service

17. Venture has conceded, in its Petition, its obligation as an incumbent LEC to resell telecommunications services to Alltel. Alltel proposes that its Attachment B, copy attached as exhibit 1, to the Interconnection Agreement be adopted with the following language substitution in Section 5.3.1 of the Attachment:

The Avoided Cost Discount of 0% shall apply to all resold retail services except those services listed in Section 2.2 herein.

² In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996, CC Docket No. 96-98 and Intercarrier Compensation for ISP-Bound Traffic, CC Docket No. 99-68, Order on Remand and Report and Order, Paragraph 89 (April 27, 2001)(the FCC ISP Order)

Issue 6: What is the appropriate designation for Point(s) of Direct Interconnection (POI).

18. Alltel has included language in Section 4.2.1 of the Agreement that will allow it to directly interconnect at any technically feasible point within a Venture service territory. The Parties are responsible for associated costs on their respective sides of the POI.

Interconnection with a LEC's network (whether by direct or indirect interconnection) is governed by Section 251(a), which provides:

Each telecommunications carrier has the duty (1) to interconnect directly or indirectly with the facilities and equipment of other telecommunications carriers.³

Notably, with indirect interconnection, where the originating and terminating carriers do not share a common POI, interconnection necessarily is outside of a rural LEC's network.

19. The FCC, in interpreting Section 251(a), has held that it is competitive carriers – and not the incumbent – that have the right to choose whether to interconnect directly or indirectly, “based upon their most efficient technical and economic choices.”⁴ A wireless carrier's right to choose its preferred method of interconnection – direct or indirect – is also expressly allowed by 47 C.F.R. § 20.11(a): “A local exchange carrier must provide the type of interconnection reasonably requested by a mobile service licensee or carrier.” In short, an incumbent LEC cannot require a wireless carrier to connect directly to its network.⁵

20. Despite its clear legal right to demand and maintain indirect interconnection between the parties, Alltel, for a variety of reasons, has agreed to support two (2) direct points of

³ 47 U.S.C. § 251(a)(1).

⁴ *Local Competition Order*, 11 FCC Rcd at 15991 ¶ 997.

⁵ *See, e.g., Virginia Arbitration Order*, 17 FCC Rcd 27039, 27085 ¶ 88 (2002) (FCC rejects incumbent's proposal to require competitive carriers to interconnect directly).

interconnection on the Venture network. One in the Central Region of Venture's network and one in the Northeast Region of Venture's network..

21. It is unclear what Venture is proposing with respect to Section 4.2.2. It appears Venture has included language that already appears in 4.2.4 under this Section titled "Interconnection Facility Charges. Alltel addresses interconnection facility charges under Issue 12.

22. With respect to the language in 4.2.3 concerning Interconnection Facility Cost Sharing, Alltel is submitting its comments under Issue 16(c).

Issue 7: What requirements should be imposed regarding the transmission of SS7 signaling parameters?

23. This issue concerns the population of fields within the construct of SS7 signaling. Alltel has proposed language that each party will be responsible for using industry standards. Venture's language references a set of industry 'guidelines' and several specific record fields which are either incorrect, non-standardized, are not useful as applied to CMRS traffic. In the interest of meeting Petitioners' objections that Alltel has not specified which industry standards would be applicable, Alltel recommends that the Parties agree to transmit only those SS7 parameters that are within the industry standard GR-317-CORE regardless of how the call is routed, directly or indirectly.

Issue 8: Land-to-Mobile Traffic Direct Interconnection

24. Section 5.3 of the Agreement provides the conditions associated with Venture's routing of traffic to a direct interconnection between the Venture and Alltel networks. Utilization of a direct connection is an option available to Venture but is not mandated. Venture may use indirect interconnection methods to send traffic to Alltel's network. Venture's

interpretation of the purpose of this section is entirely different and is in conflict with FCC rules and recent Federal Circuit Court of Appeals decisions⁶.

Issue 9(a): Is Venture required to provide Dialing Parity to Alltel?

25. Alltel has proposed a provision, Section 5.4, requiring the Petitioner to provide Alltel local dialing parity. Dialing parity means that Petitioner is required to allow their end users to call Alltel assigned numbers on the same basis as they are able to call their own numbers. Dialing parity means that the Petitioner's end users are not required to dial additional digits to reach Alltel end user numbers or to pay additional charges for calls to Alltel telephone numbers as calls to a landline telephone number assigned to the same rate center. For example, traffic exchanged on a Petitioner's EAS route between two wireline end users should be dialed and rated no differently whether the end user is a wireline or wireless customer. FCC rules require Petitioners to provide dialing parity.

26. Section 251(b)(3) of the Act imposes on Petitioner the "duty to provide dialing parity to competing providers of telephone exchange service." The FCC's implementing local dialing parity rule provides:

A LEC shall permit a telephone exchange service customer within a local calling area to dial the same number of digits to make a local telephone call notwithstanding the identity of the customer's or the called party's telecommunications service provider.⁷

27. The FCC has made clear that Petitioner's duty to provide local dialing parity extends to the CMRS Providers:

We reject USTA's argument that the section 251(b)(3) dialing parity requirements do not include an obligation to provide dialing parity to CMRS providers.⁸

⁶ See *WWC License L.L.C. v. Boyle*, 459 F.3d 880 (8th Circuit 2006); *Atlas Telephone Co. v. Oklahoma Corporation Commission*, 400 F.3d 1256 (10th Cir. 2005).

⁷ 47 C.F.R. § 51.207.

⁸ *Second Local Competition Order*, 11 FCC Rcd 19391, 19429 ¶ 168 (1996).

28. Petitioner's obligation under federal law is clear. If wireless customers are assigned numbers rated in Petitioner's local or EAS calling scope, then Petitioner must allow its end users to dial those local numbers to reach wireless customers – whether Petitioner is interconnected directly or indirectly with the wireless carrier.

29. FCC rules do not require a wireless carrier to interconnect directly with the incumbent LEC as a further condition to using local numbers. Guidelines established under the auspices of the North American Numbering Council (“NANC”), a Federal Advisory Committee,⁹ carriers may use local numbers *even if they use indirect interconnection*. Specifically, the Central Office Code administration guidelines state that “[e]ach switching center, each rate center and each POI may have unique V&H coordinates.”¹⁰ In other words, it is not necessary that local numbers assigned to wireless carriers, or to any other type carrier, be routed through Petitioner's wire center(s). Local numbers assigned to a wireless carrier can be routed through a third-party's tandem (*i.e.*, indirect interconnection).

30. This issue was recently decided by the Eighth Circuit Court of Appeals. The Court noted that the RLEC's argument was exactly the same as made by Petitioner:

Great Plains's [the rural incumbent carrier] argument, in essence, is that the duty to provide local dialing parity under 47 U.S.C. § 251(b)(3) is dependent on the existence of a direct point of interconnection such that the duty to provide local dialing parity stops at the physical edges of the local exchange networks. As a practical matter, Great Plains argues this position because providing local dialing parity through tandem routing would impose various costs on Great Plains including transport costs and costs related to equipment and/or software changes.¹¹

⁹ See 47 C.F.R. § 52.11.

¹⁰ Central Office Code (NXX) Assignment Guidelines, ATIS-0300051, at § 6.2.2 (Jan. 13, 2006).

¹¹ *WWC License, L.L.C. v. Boyle*, 459 F.3d 880 (8th Cir. 2006).

The court rejected this argument, holding that the rural incumbent carrier was required to provide dialing parity in cases of indirect interconnection (what the court referred to as “tandem routing”). The court’s rationale was based, in part, upon its reading of the section of the Act requiring dialing parity, 251(b)(3), and the FCC’s implementing dialing parity rule, 47 C.F.R. § 51.207, both of which are quoted above:

While the regulation speaks in terms of “customers within a local calling area” it does not specifically deal with issues of routing or interconnection, it does not define the term local calling area, and it does not suggest on its face that the phrase “local telephone call” has a meaning in this context different from the meaning assigned in other contexts. Accordingly, we do not find it appropriate to adopt the inference urged by Great Plains. We do, however, find several factors that aid in our interpretation of the local dialing parity provisions. First, all else being equal, if a provision of the Act is vague we are inclined to interpret the provision in a manner that promotes competition. . . . Such guidance suggests that we should be wary of interpretations that simultaneously expand costs for competitors (such as a requirement for direct connections) and limit burdens on incumbents (such as a limitation of dialing parity to local exchange boundaries). If a cost is imposed on a competitor, it becomes a barrier to entry and rewards the company who previously benefited from monopoly protection. Because Congress passed the Act with a clear intent to foster competition, we are more inclined to interpret a vague provision in a manner that reduces barriers to entry.¹²

Petitioner is required by federal law to provide dialing parity for all traffic exchanged with the CMRS Providers, whether such traffic is exchange through direct or indirect interconnection.

31. Despite its clear legal right to demand and maintain indirect interconnection between the parties, Alltel, for a variety of reasons, has agreed to support two (2) direct points of interconnection on the Venture network, Alltel maintains it is entitled to the dialing parity treatment as identified and explained above.

Issue 9(b) N-1 Carrier Obligations

32. Alltel proposes that language be included in the final interconnection agreement which requires the parties to fulfill their ‘N-1 Carrier’ routing obligations for traffic terminating

¹² *Id.*

to ported numbers on the other party's network. "N-1 Carrier" routing obligations stem from the North American Numbering Council rules adopted as a result of the implementation of local number portability. While the Petitioners have thus far avoided LNP implementation and, therefore, do not have to port their own numbers to other carriers, they have not been relieved of the obligation to properly route their originated traffic to other carriers. When the Petitioners' customer originates a call to another carrier's ported number, the Petitioner is the N-1 Carrier, and it is necessary for it to dip the LNP data base in order to determine if the called number is ported and to what carrier the call should be delivered. When the N-1 Carrier does not dip the data base itself, it forces the terminating carrier to do the dip in order to receive the call. The terminating carrier then incurs the data base dip charge as well as costs associated with transporting and terminating the call to the appropriate carrier. Section 5.4 of the attached Alltel Proposed Agreement includes language that would require the originating carrier to perform the data base dip for its originated traffic. The Petitioner has failed to implement appropriate 'N-1 Carrier' routing and has not proposed language to address this obligation. Alltel's proposed language should be adopted.

Issue 10: Should Compensation for the Transport and Termination of IntraMTA Traffic be symmetrical and reciprocal?

33. Venture proposes asymmetrical compensation in direct contravention of the Telecom Act and their language cannot be accepted by the Commission. The applicable statutes and rules require that a LEC's transport and termination rate be reciprocal and symmetrical.¹³

Issue 11: What rate, if any, should be applied to the exchange of InterMTA Traffic?

34. Venture proposes that the rate for interMTA traffic be derived from their tariff access charge rates. While Alltel has negotiated agreements that utilize an access rate as a proxy rate

¹³ 47 C.F.R. § 51.711

for interMTA traffic, Alltel disagrees that there is any FCC rule or Telecom Act prescription that mandates that access rate elements be used for rating interMTA traffic. Nevertheless, Alltel stands by its offer to utilize the appropriate transport and terminating rate elements from Venture's Interstate Access Tariff as the basis for the rating of interMTA traffic.

Issue 12: How should Venture provide direct interconnection facilities be priced?

35. Alltel is unclear of Venture's characterization of the language proposed in Section 6.3 of the agreement. Alltel's reading is that the differences between the Parties relate to the pricing of direct interconnection facilities that are provided by Venture to Alltel to enable Alltel to reach a point of interconnection. Alltel proposes such facilities, if any, be priced from Venture's Interstate Access Service Tariff and Venture proposes pricing from their Intrastate Access Service Tariff. The use of and payment for such facilities is neither contingent upon nor subsumed in Issue 6.

36. Venture did propose, in its discussion on Issue 6, interconnection facilities be priced in accordance with their local service rates based on the nature of the traffic carried on such facilities¹⁴. Venture's basis for using their local pricing guide is wrongly applied. An incumbent LEC is required to price interconnection facilities for CMRS providers at the lowest rates that are economically reasonable. Any charges for interconnection facilities should be based on the forward looking cost of the facilities. Venture should perform a forward looking cost study to justify any rate it assesses on interconnection facilities. In the alternative, Alltel is willing to accept one of the following options to resolve this matter:

- Adopt the language that addressed interconnection facility pricing in the prior interconnection agreement: "... such facilities will made available and the price will be based upon the lowest Telephone Company interstate or intrastate rate published in the Telephone Company's tariff or pricing catalog."

¹⁴ See Petition Paragraph 23

- Adopt the FCC default rates as per 47 C.F.R. § 51.513(c)(3) “Dedicated transmission links. The proxy-based rates for dedicated transmission links shall be not greater than the incumbent LEC’s tariffed interstate charges for comparable entrance facilities or direct-trunked transport offerings as described in §§ 69.110 and 69.112 of this chapter.”

Issue 13: Bill and Keep Terms for Balanced Traffic

37. Alltel has proposed a threshold at which the Parties would agree that traffic exchange is roughly in balance. When this threshold is reached both Parties would receive the benefit of avoiding the often substantial administrative burden of measuring, billing, and paying each other for compensation to no net avail. Alltel’s proposed language is symmetrical so that both parties receive the same benefit from this traffic balance threshold.

Issue 14: Should a factor based Billing Method be permitted under the Agreement?

38. Alltel’s position is that the interconnection agreement should follow industry standard and allow for a ‘net billing’ approach or a ‘factor billing’ method. Agreement language that sets out this method is provided in Section 7.8 of the attached Alltel Proposed Agreement. This method is necessary to support reciprocal compensation billing by Alltel.

Issue 15: Regulatory Approval

39. Since the results of this arbitration will dictate the terms and conditions to which the interconnection agreement must be conformed and the Commission will order the parties to file such a conformed agreement, Alltel agrees that the language disputed by the Petitioner is no longer relevant.

Issue 16: Rates and Factors

40. Attachment A to the Interconnection and Reciprocal Compensation Agreement would contain the primary rates and factors that will dictate compensation between the parties for usage-based services. Since each of the rates or factors cited in Attachment A is a significant issue, Alltel has subdivided Issue 16 to focus the discussion on each of these key terms.

Issue 16(a) What is the appropriate rate for the Transport and Termination of 251(b)(5) Traffic (aka Reciprocal Compensation Rate)?

41. FCC rules require that an incumbent LEC “must prove to the state commission that the rates [for call termination] do not exceed the forward-looking economic cost per unit of providing [call termination] using a cost study that complies with the [FCC’s TELRIC] methodology.”¹⁵

42. Alltel has not had the opportunity to conduct discovery on Petitioner’s latest cost study. Therefore, a detailed assessment and response with respect to the Petitioners’ proposed rates is not possible. However, even a cursory review of the Petitioner proposed rate, reveals that the rate substantially exceeds the cost justifications presented in an arbitration conducted in 2002/2003.¹⁶ In that arbitration, Alltel, after review of cost data provided by the Petitioner at that time, determined that a reciprocal compensation rate derived in a manner consistent with the Act¹⁷ would be no more than \$.003289 per minute of use¹⁸.

43. It is clear that the rates now proposed by the Petitioner cannot be justified under a forward-looking methodology. In fact, Petitioner is proposing forward looking costs in this proceeding that are 220% higher than were put forth in Petitioner’s testimony in an arbitration more than three years ago¹⁹ and are seeking reciprocal compensation rates that exceed those which they voluntarily negotiated more than three years ago. Petitioner has not satisfied their

¹⁵ 47 C.F.R. § 51.505(e)

¹⁶ See docket TC 02-176

¹⁷ 47 U.S.C. § 252(d)(2)

¹⁸ See Prefiled Rebuttal Testimony of Brian F. Pitkin, p.57, Docket No. TC02-176

¹⁹ In an arbitration proceeding in 2003, Petitioner expert cost witness recommended a transport and termination cost for Venture of \$.021907. See Prefiled Surrebuttal Testimony of Douglas Meredith, p. 49, Docket No. TC02-176

burden to prove that the costs put forth in their petition comply with the FCC rules imposed on ILEC transport and termination costs.

Issue 16(b) Traffic Factor: In the event Alltel does not measure intercarrier traffic for reciprocal compensation billing purposes, what intraMTA Traffic Factor should apply?

44. A traffic factor should be determined in the absence of measurement to facilitate reciprocal compensation due Alltel. The Petitioner's have proposed a 30% Land to Mobile traffic factor without offering any support for their proposal. In the absence of evidence to the contrary, this factor should be set at 50% Land to Mobile and 50% Mobile to Land consistent with the FCC's guidance that there is a presumption of balanced traffic. Venture has not provided evidence to rebut the presumption of balanced.

Issue 16(c) Shared Facility Factor

45. Shared facility factors are often used to apportion costs of interconnection facilities when one Party uses the dedicated interconnect facilities of the other Party. Such a factor should be determined based on the actual usage that crosses the shared facility. Alltel language supports this concept. Petitioner proposed factors wrongly presume that direct interconnection facility usage would be the same as overall traffic exchange between the Parties. This is simply not the case. In addition to any traffic that is exchanged over direct interconnection facilities, both Parties in this proceeding exchange traffic indirectly at proportions that are unrelated to how the direct facilities are used. For this reason, a shared facility factor must be established that is unique to the use of each such facility.

Issue 16(d) InterMTA Factor

46. InterMTA factors are often used to designate an amount of traffic exchanged between two carriers that is estimated to originate and terminate in different MTAs. Venture proposes an interMTA factor of 9% without offering any support for their proposal. Petitioners'

proposed factor is not appropriate. It is Alltel's position that, to the extent an interMTA factor is included at all, that factor should reflect the net amount of interMTA traffic exchanged between the Parties. A net interMTA factor provides for each Party to realize compensation for termination of interMTA traffic originated by the other Party. In other words, Petitioner should be required to compensate Alltel with respect to their originated interMTA traffic just as Alltel would compensate Petitioner for Alltel's originated interMTA traffic.

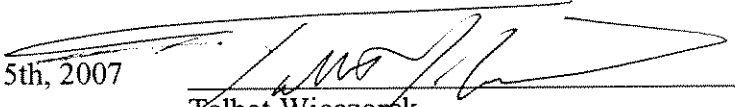
REQUEST FOR RELIEF

Alltel respectfully requests that the Commission:

1. Arbitrate the unresolved issues between Alltel and Venture;
2. At the conclusion of this proceeding, issue an Order approving an Interconnection Agreement between Alltel and Venture, to be effective upon approval, and reflecting Alltel's position with respect to the unresolved issues as described above; and
3. Issue such other orders as are just and proper.

Respectfully submitted,

Dated: September 5th, 2007



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