
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	TC06-181
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ADDITIONAL TESTIMONY OF LARRY THOMPSON
ON BEHALF OF VENTURE COMMUNICATIONS COOPERATIVE

September 25, 2007

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

2 A1. My name is Larry Thompson. I am the Chief Executive Officer of Vantage Point
3 Solutions (“Vantage Point”). My business address is 1801 North Main Street,
4 Mitchell, South Dakota 57301.

5 **Q2. On whose behalf are you testifying?**

6 A2. I am testifying on behalf of Venture Communications Cooperative (“Venture”).

7 **Q3. What is the purpose of your testimony?**

8 A3. Alltel amended its response in the arbitration docket, TC06-159, and submitted
9 additional prefiled testimony in this docket that sets forth Alltel’s position on how
10 its amended response affects the suspension docket. The purpose of my testimony
11 is to explain the cost impacts of Alltel’s amended response on Venture and its
12 customers, and to respond to the unstricken portions of the additional prefiled
13 testimony of Ron Williams filed on September 5, 2007.

14 **Q4. In its Amended Response in the arbitration docket, TC06-159, Alltel states that**
15 **it will establish two direct points of interconnection (POIs) on the Venture**
16 **network, “[o]ne in the Central Region of Venture’s network and one in the**
17 **Northeast Region of Venture’s network.” Amended Response at page 9. If**
18 **Alltel establishes two direct POIs as indicated, would that affect the cost**
19 **exhibits filed in this proceeding?**

20 A4. Yes. I have revised the cost exhibits identified as Confidential Exhibits LDT-D-10
21 and 11 filed with my direct testimony to reflect two points of direct interconnection
22 for Alltel’s traffic. The revised cost exhibits are attached hereto as Confidential
23 Exhibits LDT-D-10A and 11A. I have assumed that the POI with Alltel in the

1 Central network will be the current POI in the Highmore exchange and that the POI
2 with Alltel in the Northeast network will be the current POI in the Sisseton
3 exchange. Further, the revised cost exhibits are based on the assumption that all
4 traffic originating from a Venture customer in the Northeast network and
5 terminating to an Alltel customer with a telephone number rated to an exchange in
6 the same Venture landline local calling area will be routed to the POI in Sisseton
7 and that all traffic originating from an Alltel customer and terminating to a Venture
8 customer in the same Venture landline local calling area will be routed to the POI in
9 Sisseton. Similarly, the revised cost exhibits are based on the assumption that all
10 traffic originating from a Venture customer in the Central network and terminating
11 to an Alltel customer with a telephone number rated to an exchange in the same
12 Venture landline local calling area will be routed to the POI in Highmore and that
13 all traffic originating from an Alltel customer and terminating to a Venture
14 customer in the same Venture landline local calling area will be routed to the POI in
15 Highmore.

16 **Q5. If traffic is routed as described in Q4., will all calls from Venture customers to**
17 **Alltel customers with telephone numbers rated to Venture rate centers be local**
18 **calls?**

19 A5. No. The revised exhibits assume that even if a call originates and terminates in the
20 Central network, for example, if it originates in one Venture landline local calling
21 area and terminates in another Venture landline local calling area, the call will be
22 sent to the calling party's interexchange carrier for transport. Thus, a call from a
23 Venture customer in Blunt to an Alltel customer with a telephone number rated to

1 Blunt would be a local call. However, a call from a Venture customer in Blunt to
2 an Alltel customer with a number rated to Highmore would be a toll call because
3 Blunt and Highmore are in two different Venture landline local calling areas.

4 **Q6. Under current practices, would a call from a Venture customer in Blunt to an**
5 **Alltel customer with a telephone number rated to Blunt be a local call?**

6 A6. No. Because Alltel does not have a POI in Blunt, Venture would route the call to
7 the calling customer's interexchange carrier. If Venture is required to route a call to
8 the POI in Highmore, when the call is rated to Blunt, this would be an example of
9 virtual NXX or split rating and routing. Venture's request for a suspension or
10 modification of the dialing parity requirement includes a request that the
11 Commission not allow virtual NXX.

12 **Q7. If all calls from Venture customers to Alltel customers with telephone numbers**
13 **rated to Venture rate centers are local calls, how would that affect the cost**
14 **impact on Venture and its subscribers?**

15 A7. The cost impact would be greater than the impact shown in Confidential Exhibit
16 LDT-D-11A.

17 **Q8. Can you explain the revisions made to Confidential Exhibit LDT-D-10?**

18 A8. Yes. The following revisions were made to Confidential Exhibit LDT-D-10, which
19 are reflected in Confidential Exhibit LDT-D-10A. In Scenario 1, the cost of
20 transporting Alltel traffic between Venture's two networks via SDN was removed.
21 In Confidential Exhibit LDT-D-10, it was assumed that the Alltel POI would be in
22 Highmore only, and that Venture would be required to transport the Alltel traffic
23 between Venture's two networks over a total of four (4) DS1 facilities. The number

1 of DS1s needed was based on Alltel's minutes of use. These transport facilities will
2 not be necessary if Alltel has a POI in the Central and Northeast networks as
3 indicated in Q4 and if traffic is routed as indicated in Q4.

4 In Scenario 2, the cost of the DS1s required to transport Alltel traffic to
5 Sioux Falls was removed. In Confidential Exhibit LDT-D-10, it was assumed that
6 Venture would need to transport traffic for 5 carriers to the POIs for each carrier in
7 Sioux Falls and that each carrier's traffic would be transported on separate DS1s.
8 The DS1s that were assumed for Alltel were removed in the revised exhibit. The
9 DS1s for Alltel are reflected in the line entitled "Major Wireless Providers." For
10 traffic from Highmore to SDN, two (2) DS1s were removed. For traffic from
11 Britton to SDN, one (1) DS1 was removed. For traffic from Roslyn to SDN, one
12 (1) DS1 was removed. For traffic from Sisseton to SDN, one (1) DS1 was
13 removed.

14 Scenario 2 also shows the change in the aggregated land originated
15 minutes of use to wireless carriers. This is reflected in the lines entitled "Highmore
16 to SDN all Trunks Combined," "Britton to SDN all Trunks Combined," "Roslyn to
17 SDN all Trunks Combined," and "Sisseton to SDN all Trunks Combined." If it
18 were possible to aggregate all minutes of use, the number of DS1s needed to
19 transport the traffic to SDN could be reduced. However, because the wireless
20 carriers all have different terminating points, separate DS1s are required to each
21 wireless carrier.

22 In Scenario 3, the above changes described in Scenario 2 apply. There
23 were no other changes to Scenario 3.

1 **Q9. At page 4 of his testimony submitted on September 5, 2007, Mr. Williams**
2 **argues that if Alltel has two POIs, “all projected costs are eliminated” with**
3 **respect to Scenario 1. Mr. Williams further argues that the \$37,368 cost of**
4 **transport between the Venture Northeast and Central networks is eliminated.**
5 **Do you agree?**

6 A9. I agree that the \$37,368 cost of transport between the Northeast and Central
7 networks would be eliminated as it applies to Alltel if Alltel maintains a POI in the
8 Northeast and Central networks. However, all costs associated with Scenario 1
9 would not be eliminated. Specifically, the cost associated with separations changes
10 shown in Confidential Exhibit LDT-D-11A and the increased cost of reciprocal
11 compensation shown in Confidential Exhibit LDT-D-12 will be imposed on
12 Venture even if Alltel maintains a POI in the Northeast and Central networks.

13 **Q10. Can you explain the revisions made to Confidential Exhibit LDT-D-11?**

14 A10. Yes. The following revisions were made to Confidential Exhibit LDT-D-11, which
15 are reflected in Confidential Exhibit LDT-D-11A. In Scenario 1, the DS0s needed
16 to transport the Alltel traffic from the Northeast network to the Central network
17 were removed and the DS0s that will be needed to transport Alltel traffic from
18 Britton and Roslyn to the Alltel POI in Sisseton were added. In total, the number of
19 DS0s in the category entitled “Circuit & Circuit Miles, Exchange Trunk” declined
20 by forty (40). The circuit miles and total circuit miles also decreased as shown in
21 Confidential Exhibit LDT-D-11A.

22 These changes in DS0s and circuit miles have the effect of reducing the
23 amount of additional cost that would have to be recovered from the local

1 jurisdiction, which is reflected in the line identified as “Total Interstate Cost Study
2 Settlements.” The calculation of the reduction is based on the FCC’s rules.
3 Accordingly, for Scenario 1, the financial impact to Venture due to jurisdictional
4 cost shifts would decrease from \$0.68 per access line per month to \$0.60.

5 In Scenario 2, the DS0s needed to transport the Alltel traffic from
6 Highmore, Britton, Roslyn and Sisseton to Sioux Falls were removed. However,
7 the DS0s that will be needed to transport Alltel traffic from Britton and Roslyn to
8 the Alltel POI in Sisseton were added. In total, the number of DS0s in the category
9 entitled “Circuit & Circuit Miles, Exchange Trunk” declined by fifty-nine (59).
10 The circuit miles and total circuit miles also decreased as shown in Confidential
11 Exhibit LDT-D-11A.

12 These changes in DS0s and circuit miles have the effect of reducing the
13 amount of additional cost that would have to be recovered from the local
14 jurisdiction, which is reflected in the line identified as “Total Interstate Cost Study
15 Settlements.” The calculation of the reduction is based on the FCC’s rules.
16 Accordingly, for Scenario 2, the financial impact to Venture due to jurisdictional
17 cost shifts would decrease from \$0.86 per access line per month to \$0.75 per access
18 line per month.

19 In Scenario 3, the above changes described in Scenario 2 apply. There
20 were no other changes to Scenario 3.

1 **Q11. If Alltel establishes a POI in the Northeast and Central networks, but not in**
2 **Highmore and Sisseton, or if traffic is not routed as described in Q4., would**
3 **that impact the cost exhibits?**

4 A11. Yes. If the assumptions are changed, the cost impact to Venture would be greater
5 than the impact shown in the exhibits. For example, in the Northeast network,
6 Alltel currently has a direct POI in Sisseton and Britton. If Alltel maintains the POI
7 in Britton (and not Sisseton, as assumed), then all of the calls originated in Sisseton
8 would have to be transported to the POI in Britton. Because more minutes of use
9 are originated in Sisseton than in Britton, there would be a greater jurisdictional
10 shift in cost to the local jurisdiction.

11 Also, as described in Q5., even with two POIs, not all traffic to Alltel in
12 the Northeast network will be routed as a local call if the suspension petition is
13 granted.

14 **Q12. Is it possible that Alltel would establish a POI in the Northeast and Central**
15 **networks, but not in Highmore and Sisseton, or would not route traffic as**
16 **described in Q4.?**

17 A12. We must assume it is possible because Alltel's amended response in the
18 interconnection proceeding does not specify where the two points of
19 interconnection will be or how Alltel will route traffic.

1 **Q13. If all wireless carriers established two (2) points of interconnection and traffic**
2 **is routed as described in Q4., how would that effect the cost exhibits?**

3 A13. Confidential Exhibits LDT-D-10B and 11B show how the cost impact to Venture
4 would change if all wireless carriers established a point of direct interconnection in
5 Highmore and Sisseton for traffic exchanged in the Central and Northeast networks,
6 respectively.

7 **Q14. If Alltel has agreed to a POI in the Northeast and Central networks in the**
8 **arbitration docket, why do you still show the cost impact to Venture if all**
9 **wireless carriers only have one POI?**

10 A14. The term of the interconnection agreement as agreed to by the parties in the
11 arbitration docket is one (1) year. Accordingly, even though Alltel has amended its
12 response in the arbitration docket to accept two (2) points of interconnection, its
13 commitment to do so is only for a one (1) year period. After the one (1) year period
14 of the agreement, Alltel would be free to again argue in a new interconnection
15 agreement that it is entitled to one point of interconnection.

16 **Q15. You have attached a revised Confidential Exhibit LDT-D-12. Can you explain**
17 **this revision?**

18 A15. Yes. I have revised Confidential Exhibit LDT-D-12 to correct a mistake made in
19 my original testimony. As a result of my review of the cost exhibits in light of
20 Alltel's amended response in the arbitration docket, I discovered that the original
21 claim of stranded investment was overstated because Venture assesses a special
22 construction charge for the establishment of direct interconnections that covers

1 most of the initial non-recurring costs. Accordingly, I have revised Confidential
2 Exhibit LDT-D-12 to remove the cost of stranded investment.

3 **Q16. Can you provide a summary of the cost impact to Venture based on the**
4 **various changes discussed herein?**

5 A16. Yes. Confidential Exhibit LDT-D-14 summarizes the per line per month impact to
6 Venture and its customers if wireless carriers are allowed to have one POI; if Alltel
7 has a POI in Highmore and Sisseton and the other wireless carriers have one POI;
8 and if all wireless carriers have a POI in Highmore and Sisseton.

9 **Q17. Does this conclude your testimony?**

10 A17. Yes. However, I wish to reserve the opportunity to amend this testimony in the
11 future, if necessary.