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STATE OF SOUTH DAKOTA

PUBLIC UTILITIES COMMISSION

In the Matter of the Petitions of Armour Independent Telephone Company, Bridgewater-Canistota Telephone Company, Golden West Telecommunications Cooperative, Inc., Kadoka Telephone Company, Sioux Valley Telephone Company, Union Telephone Company, and Vivian Telephone Company (collectively the "Golden West Companies") for Arbitration Pursuant to the Telecommunications Act of 1996 to Resolve Issues Relating to Interconnection Agreements with WWC License L.L.C. ("Western Wireless").	Docket Nos. TC06-036 TC06-037 TC06-038 TC06-039 TC06-040 TC06-041 TC06-042

DIRECT TESTIMONY

OF

BILLY H. PRUITT

SECTION I - INTRODUCTION

Q. Please state your name, title and business address.

A. My name is Billy H. Pruitt. I am President and Principal Consultant for Pruitt Telecommunications Consulting Resources, Inc. My business address is 59 Lincord Drive, St. Louis, MO 63128-1209.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of Alltel Communications and its wholly owned subsidiary WWC License, L.L.C. ("WWC") .

Q. Please outline your educational and business experience.

A. I joined Southwestern Bell Telephone Company in 1968 as a Teletype and Data Repair Technician, and then served as a Central Office Repair technician until 1970. Between 1970 and 1972 I served in the Army. Upon my return to Southwestern Bell in 1972, I was assigned as a Switching Technician and, over

time, served in many different outside plant and central office technical positions.

I obtained a Bachelor of Arts in Political Science degree from St. Louis University in 1981. In 1983, I was appointed a Manager in the Access Services group where I performed detailed costs studies and developed rates for multiple switching technologies required to provide switched access services. In 1986, I obtained a Master of Business Administration degree from Webster University. I was also promoted to the position of Area Manager Rates and Cost Studies in 1986 and managed a work group responsible for switched access cost studies, rate development and the associated filings with state and federal regulatory bodies. In 1990, I was appointed Area Manager Regional Sales where I developed and presented competitive proposals for complex network services and served as the Division's regulatory liaison. I retired from Southwestern Bell in December, 1998.

In September, 1999, I accepted a position as a Senior Engineer in the Carrier and Wholesale Interconnection Management group at Sprint PCS. In this assignment I was a lead negotiator responsible for negotiating interconnection agreements between Sprint PCS and other telecommunications carriers. I was also responsible for providing expert witness testimony on behalf of Sprint PCS in regulatory proceedings such as this Docket.

In March, 2003, I was assigned to Sprint's Access Management organization where I provided regulatory policy and contract expertise in support of Sprint long distance, wireless, and local service initiatives. Due to Sprint reorganization, I was assigned to the Sprint Business Solutions organization where I provided general enterprise support to various Sprint organizations involved in the development and delivery of products and services to Sprint's

wholesale customers. I also negotiated contracts with local exchange carriers ("LECs") and alternate access vendors for services and facilities required in the Sprint network. In addition, I provided general negotiation and contract support to the various negotiation teams at Sprint that negotiated interconnection agreements with incumbent LECs ("ILECs") and other carriers, and continued to provide expert witness testimony when required.

In the performance of my responsibilities at Sprint I was required to understand and implement on a day-to-day basis Sprint PCS' rights and obligations arising under i) the Communications Act of 1934 as amended by the Telecommunications Act of 1996 ("the Act"), ii) the Federal Communications Commission ("FCC") rules implementing the Act, and iii) federal and state authorities regarding the Act and FCC rules.

In December 2004, after 5 years of employment with Sprint, I accepted a voluntary buyout and opened a telecommunications consulting practice providing interconnection support services to telecommunications providers. I have been involved in that consulting practice since that time.

Q. Before what state regulatory Commissions have you previously provided testimony?

A. I have provided testimony regarding interconnection and issues similar to the issues in this case before the Florida Public Service Commission, the Iowa Public Utility Board, the Louisiana Public Service Commission, the Missouri Public Service Commission, the Mississippi Public Service Commission, the Nebraska Public Service Commission, the Oklahoma Corporation Commission, and the Tennessee Regulatory Authority.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to address certain issues identified in Alltel's response to the Petitions of the Golden West Companies for resolution of issues relating to negotiation of an interconnection agreement under the terms of the Telecommunications Act of 1996. The issues include the three issues raised by the Golden West Companies in their Petitions and the additional unresolved issues identified by Alltel in its response where agreement has not been reached.

GOLDEN WEST IDENTIFIED ISSUES

Issue 1: Are the Golden West Companies' proposed reciprocal compensation rates appropriate pursuant to 47 U.S.C. § 252(d)(2)?

Q. Could you define what is meant by "reciprocal compensation"?

A. Yes. The FCC defines a reciprocal compensation arrangement as 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".[1] 'Bill and keep' is one form of reciprocal compensation where compensation is provided in the form of mutual termination of traffic. Non-zero rates can also be established for reciprocal compensation using pertinent FCC rules.

Q. Could you please explain the concept of symmetrical rates?

A. Yes. The FCC rules define symmetrical rates as "rates that a carrier other than an incumbent LEC charges for transport and termination of telecommunications traffic equal to those that the incumbent LEC assesses upon the other carrier for

[1] 47 C.F.R. § 51.701(e).

the same services."[2] In other words, it simply means that each carrier charges the other carrier using the same rate(s).

Q. Is an incumbent LEC required to offer a transport and termination rate that is reciprocal and symmetrical?

A. Yes. The applicable statutes and rules require that a LEC's transport and termination rates be reciprocal and symmetrical.[3] In addition, 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 condition 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.[4] (Emphasis added.)

47 C.F.R §20.11(b) also requires that local exchange carriers and commercial radio service providers "comply with principles of mutual compensation." Therefore, the Golden West Companies are required to exchange traffic with Alltel utilizing reciprocal and symmetrical rates.

Q. Do you believe that the Golden West Companies' proposed reciprocal compensation rates are appropriate pursuant to 47 U.S.C. § 252(d)(2)?

A. No. Alltel's position is that the compensation between the parties should be bill and keep, and in the event it is necessary for the parties to bill a reciprocal compensation rate, then the Golden West Companies proposed reciprocal compensation rates are not appropriate and not compliant with applicable law.

Q. How must the rate for the transport and termination of telecommunications traffic be set?

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[2] 47 C.F.R. §51.711(a)(1).
[3] 47 C.F.R. § 51.505(e).
[4] 47 U.S.C. § 252(d)(2)(A).

A. 47 C.F.R. § 51.705 also provides that an incumbent LEC's rates for transport and termination of telecommunications traffic be established, at the election of the state commission, on the basis of:

> 1) The forward-looking economic costs of such offerings, using a cost study pursuant to §§ 51.505 and 51.511;
> 2) Default proxies, as provided in § 51.707; or
> 3) A bill-and-keep arrangement as provided in § 51.713.

Pursuant to 47 C.F.R § 51.503(b)(1), if the compensation will not be bill and keep or default proxies, then an incumbent LEC's rates for the transport and termination of telecommunications traffic must be set based on the forward looking economic cost-based methodology set forth in §§ 51.505 and 51.511.

Q. What is the appropriate method of reciprocal compensation for the traffic to be exchanged between the Golden West Companies and Alltel?

A. Under the circumstances of this arbitration, the appropriate method of reciprocal compensation is bill-and-keep. Bill-and-keep arrangements are those in which neither of the two interconnecting carriers charges the other for the termination of telecommunications traffic that originates on the other carrier's network.[5]

Q. Why does Alltel believe that bill-and-keep is the appropriate method of reciprocal compensation?

A. The FCC has determined that bill-and-keep is appropriate with respect to all 47 C.F.R. §251(b)(5) traffic to the extent that a local exchange carrier is not billed or does not pay, (i.e., has a bill-and-keep relationship), with respect to internet service provider ("ISP") traffic that originates on its network. The FCC requires parity for 251(b)(5) traffic. Therefore, in the event Petitioners are using bill-and-keep or paying a rate lower than its offered reciprocal compensation rates with respect to ISP traffic (i.e., they are paying the FCC prescribed $0.0007 per Minute Of Use 'ISP rate') then it is also necessary to use that same rate for all

251(b)(5) traffic, including Alltel CMRS traffic, terminated by the Golden West Companies.[6]

Q. Have the Golden West Companies indicated that they have ISP traffic traversing their network?

A. Yes. In their responses to Interrogatories 19, 20, and 21 the Golden West Companies indicate that dial-up ISP traffic transits between their switches. To the extent that the ISP traffic is exchanged on a bill-and-keep basis by the Golden West Companies with the terminating ISP carrier, Alltel's 251(b)(5) traffic should also be exchanged on a bill-and-keep basis.

Further, the Golden West Companies have acknowledged that their own ISP affiliate receives dial-up ISP traffic from the Golden West Companies[7] and, since Golden West did not produce any compensation agreement in response to Alltel's Interrogatory 10 ("Identify any Affiliate of any Golden West Company, and explain the terms and conditions on which you exchange traffic with that affiliated entity."), the appropriate conclusion is that Golden West exchanges ISP traffic with its own affiliate on a bill and keep basis.

Q. If the Commission should determine that the ISP bill-and-keep or the ISP rate parity requirements do not apply, how should the reciprocal compensation rate be determined?

A. The reciprocal compensation rate under this scenario must be developed pursuant to the FCC rules. The FCC cost study requirements state that "[a]n incumbent LEC must prove to the state commission that the rates for each element it offers do not exceed the forward-looking economic cost per unit of providing the element, using a cost study that complies with the methodology set forth in this

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[5] 47 C.F.R. 51.713.

[6] *In the Matter of Implementation of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-Bound Traffic*, CC Docket Nos. 96-98, 99-68, Order on Remand and Report and Order, Release Number: FCC 01-131 (Released: April 27, 2001, ¶ 89.)

section and §51.511".[8] Alltel witness Craig Conwell addresses the development of compliant rates for reciprocal compensation.

Issue 2: What is the appropriate interMTA use factor to be applied to interMTA traffic exchanged between the Parties?

Q. What is an MTA?

A. MTA refers to a Major Trading Area which the FCC has established as a means of demarcation of local calling scope for the purpose of interconnection and interconnection compensation and reciprocal compensation between LECs and wireless carriers. The MTAs are based on the Rand McNally 1992 Commercial Atlas & Marketing Guide.

Q. Why are the Golden West companies raising the interMTA factor as an issue in this proceeding?

A. When an interMTA call originated by an Alltel customer is terminated to a Golden West company network it is terminated by that Golden West Company in exactly the same manner as an intraMTA call. However, the Golden West companies want to receive a higher rate of compensation for this interMTA call even though Golden West is not incurring any additional costs to terminate the call. The Golden West companies are raising the interMTA factor issue in an attempt to receive additional revenue for interMTA calls even though they are terminated by Golden West in the same manner as intraMTA calls.

Q. Should the Parties establish a factor to delineate what percentage of traffic is interMTA and thereby subject to access rates? If so, how should the factor be determined and what should the factor be?

A. Yes, if interMTA is going to be compensated differently than intraMTA traffic then the Parties need to establish a factor to determine how much interMTA

[7] See response to Interrogatory 26

traffic is exchanged each month for billing purposes. A factor is required because no practical methodology has been developed that can accurately determine on a monthly basis whether a call is an intraMTA call or an interMTA call. It is also my understanding that no telecommunications industry standards have been developed that would facilitate the accurate determination of interMTA versus intraMTA calls. The determination is further complicated by the very nature of wireless calls. Wireless calls are mobile and unlike the ILEC customer's calls, it is not easily determined where a wireless call is originated or terminated. Because of this situation, carriers have negotiated factors or portions of total terminated traffic that the parties have agreed are representative of interMTA traffic. The interconnection agreements between CMRS Providers and ILECs have therefore traditionally included an "interMTA factor" delineating the percentage of total traffic exchanged between the Parties that, at the beginning of the call, originates in one MTA but terminates in another. Absent valid and current traffic data, however, Alltel submits that interMTA traffic should be deemed in balance and exchanged on a bill and keep basis (without billing between the carriers).

Q. Have the Golden West Companies proposed a factor to determine the volume of interMTA traffic?

A. Yes. In their Petition the Golden West Companies proposed an interMTA factor of 13.8%. The Golden West Companies based this figure on very limited October 2005 traffic data, and a method that was acknowledged by them to be flawed and purported to examine only interMTA traffic sent from Alltel's network to each of the Golden West Companies networks but ignored all traffic from the Golden West Companies to Alltel customers. The utilization of a factor

[8] 47 C.F.R. § 51.505(e).

developed in this manner would be inappropriate and very misrepresentative of reality.

Q. Can you explain how a study that examined only mobile to land traffic would be inappropriate?

A. To my knowledge the Golden West Companies have not attempted to study or account for the level of interMTA traffic that is sent from the Golden West Companies networks to the Alltel network. If such a study were properly conducted and, for example, showed that an equivalent amount of interMTA traffic is sent from Golden West to Alltel, the appropriate net interMTA factor should be zero. In fact, in a 2003 arbitration case the South Dakota RLEC witness, Larry Thompson, submitted surrebutal testimony reflecting his opinion that RLEC originated interMTA traffic was between 10 and 58% of traffic sent to Alltel phone numbers.[9] Obviously, if the volume of land to mobile traffic exceeded mobile to land traffic then Alltel would be owed net compensation. The Golden West Companies proposed factor does not recognize any land to mobile traffic even though simple logic indicates that it exists. Clearly the Golden West logic and study is fatally flawed.

Q. Are there different methods that can be used to estimate InterMTA traffic?

A. Yes. Carriers have attempted to estimate interMTA traffic using different study methods and then extrapolating those study methods to fit a specific situation. The study methods vary in accuracy and in the expense required to perform the study. In my experience interMTA factors are usually negotiated between parties without the use of a formal study.

Q. Does the Golden West Company proposed interconnection agreement

[9] Pre-filed Supplemental Rebuttal Testimony of Larry Thompson, In the Matter of the Petition for Arbitration on Behalf of WWC License LLC with Certain Independent Local Exchange Companies, Docket TC02-176

provide that Alltel be paid compensation for the termination of interMTA traffic originated by Petitioners that terminates on and uses Alltel's network?

A. No. As described above, they do not. However, the agreement should provide that Alltel be paid for this traffic. The Golden West Companies are utilizing Alltel's network in the same manner that Alltel uses the Golden West network to terminate traffic when their customers originate traffic to the other carrier's customers. Alltel is entitled to compensation for services rendered just as the Golden West Companies are entitled to compensation for services rendered.

Q. What rates should the Parties utilize for the compensation rate for interMTA traffic?

A. The Golden West Companies have proposed that the rate for non-local traffic be their individual company applicable access tariff rate for the transport mileage between their end office and the meet point with Alltel plus the local switching element. While Alltel agrees that the interstate access tariff rate elements could be appropriate for this rating, the Golden West Companies' intrastate access tariffed rates are not appropriate. Intrastate access rates and tariffs are not appropriate because they have not been developed utilizing the methodologies prescribed by the federal rules and contain subsidies that are inappropriate for cost based services and are substantially higher than interstate rates for the same services. Section 6.2 of the Alltel proposed interconnection agreement contains language that would establish the right of both parties to be compensated for interMTA traffic and provides for a mutual and reciprocal interMTA traffic rate and an interMTA factor to determine the amount of total traffic exchanged between the parties that would be considered interMTA.

Issue 3: What is the appropriate manner by which the minutes of use of intraMTA traffic should be calculated and billed?

Q. What is the Golden West Companies' position on this issue?

A. The Golden West Petition asserts on Page 7 that the "Telco proposes that each party measures the Local Traffic minutes of use terminated by the other party on its network and that the party on whose network the Local Traffic is terminated bill the other party based upon the rate established in Section 5.1.2 and Appendix A."

Q. Do you agree with the Golden West conclusion that measurement of actual minutes of use on the terminating network is the most appropriate measurement?

A. No, such measurement is not feasible. Most wireless carriers do not have systems that bill for or identify all calls that terminate on their wireless networks. For this reason, it is a common practice in the industry to utilize net billing scenarios. The interconnection agreement should follow industry standard and allow for a "net billing" based on use of factors. In Section 7.8 of its proposed interconnection agreement Alltel has proposed language supporting the utilization of alternate billing approaches. These alternate methods are necessary to support reciprocal compensation billing by Alltel should reciprocal compensation rates rather than bill and keep be appropriate. Again, just as with respect to interMTA traffic, wireless carriers do not have monthly detailed records that allow them to determine how much traffic they receive from ILECs. Therefore, again it is necessary to develop or negotiate factors between the parties which are applied to the volume of total mobile to land traffic to approximate the volume of land to mobile traffic. Alltel's proposal is that rather than each party bill the other, that the parties simply determine who is the net payer each month and that party cut a check. If Alltel is the net payer because it terminates more traffic per the factor application than it receives, then Alltel cuts

a check for the net difference to Golden West Companies rather than paying them a larger amount and billing them.

ADDITIONAL UNRESOLVED ISSUES RAISED BY ALLTEL

Issue 4: What traffic should be subject to reciprocal compensation in accordance with applicable FCC Rules?

Q. What is the Alltel position with respect to Issue No. 4?

A. Alltel's position is that the FCC rules must be followed. FCC rules specify that reciprocal compensation shall be paid for all intraMTA traffic that is exchanged between a LEC and a wireless carrier. Alltel has proposed language in Section 6.1 of its proposed agreement that applies the FCC's reciprocal compensation requirements consistent with the FCC Rules. The Alltel language states:

> "IntraMTA Traffic. Except to the extent that a bill and keep compensation mechanism has been determined by the Commission to be required by FCC rules, the Parties shall reciprocally and symmetrically compensate one another for IntraMTA Traffic at the lesser of (i) the rates set forth in Attachment A Sections 1 and 2 or (ii) the rate (including a zero rate) that Golden West compensates for the termination of ISP traffic that originated on its network."

Alltel's proposed language does nothing more than state each party's obligation to pay reasonable reciprocal compensation for the termination of traffic it originates and sends for termination on the other party's network.

Q. Does the Act include any compensation rules regarding the exchange of traffic between a LEC and a CMRS provider such as Alltel.

A. Yes. 47 U.S.C. § 251(b)(5) imposed the duty upon a LEC "to establish reciprocal compensation arrangements for the transport and termination of telecommunications." The FCC has codified the LECs' interconnection obligations and the applicable reciprocal compensation rules at 47 C.F.R. Part 51 – Interconnection and at 47 C.F.R. §20.11 – Interconnection to facilities of local exchange carriers. At 47 C.F.R. § 51.701(b)(2) the FCC has defined the scope of

traffic exchanged between a LEC and a CMRS provider that is subject to the FCC's reciprocal compensation rules to be:

> "(2) 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."

Q. Are CMRS providers responsible for paying compensation to a LEC that terminates a call originated by that CMRS Provider's customer?

A. Yes. CMRS providers are responsible for paying the terminating Rural LEC the appropriate terminating reciprocal compensation charges for all IntraMTA traffic pursuant to a valid, approved interconnection agreement. Likewise, it is the rural LEC's obligation to compensate the CMRS provider for all IntraMTA traffic that originated on the Rural LEC's network and is terminated by the CMRS provider.

Q. Do the reciprocal compensation requirements of 47 U.S.C. § 251(b)(5) apply to landline-originated IntraMTA traffic that is delivered to a CMRS Provider via an IXC?

A. Yes. The FCC rules expressly provide for the payment of reciprocal compensation on all intraMTA traffic without regard to how it may be delivered. There is no exemption in FCC rules for calls that a LEC originates but first sends to an intermediary carrier. Reciprocal compensation obligations apply to all intraMTA traffic regardless of whether the traffic is completed directly or indirectly. Moreover, the reciprocal compensation obligation is not affected by the type of intermediary carrier, be it another local exchange carrier or an interexchange carrier (IXC). In this regard the FCC determined in the Local Competition Order that all traffic to or from a CMRS network that originates and terminates in the same MTA is subject to transport and termination rates under section 251(b)(5) rather than interstate and intrastate access charges.[10] Thus for a call originated by a Rural LEC customer that is carried by an IXC and terminates

[10] *Local Competition Order ¶ 1043.)*

to Alltel within the same MTA under the existing FCC rules, the Rural LEC is obligated to pay reciprocal compensation charges to Alltel. The federal courts have confirmed that these rules require a LEC to pay compensation for "all calls originated by [a LEC] and terminated by [a wireless carrier] within the same MTA, *regardless of whether the calls are delivered via an intermediate carrier*...." [11] The matter is well-settled. All intraMTA traffic exchanged between the parties, including Golden West Company traffic handed off to an IXC for termination to Alltel, is subject to reciprocal compensation.

Issue 5: What should be the effective date of the Interconnection Agreement?

Q. Have the Golden West Companies proposed an effective date for these arbitrated agreements?

A. Yes. The Golden West Companies have proposed an effective date of January 1, 2006.

Issue 6: What is the appropriate term of the Interconnection Agreement?

Q. What have the Golden West Companies proposed as a term for the interconnection agreement?

A. The Golden West Companies have proposed a three-year term for the interconnection agreements.

Q. Does Alltel concur with the proposed three year term?

A. No. Alltel believes a two year term is acceptable and the longest term that should be incorporated into the agreement as a result of certain dramatic changes expected in the rules and law with respect to intercarrier compensation. In

[11] *WWC License, L.L.C.* v. *Anne C. Boyle, et al.*, No. 4:03CV3393, Memorandum Opinion, Slip op. at 6 (emphasis added). *See also Atlas Telephone,* 309 F. Supp. 2d at 1309-10 ("[T]he mandate expressed in these [FCC rule] provisions is clear, unambiguous, and on its face admits of no exceptions. . . . Nothing in the text of these provisions provides support for the RTC's contention

Section 10.1 of its proposed interconnection agreement Alltel proposed a one-year term and provided for automatic renewal of the agreement for additional "one (1) month terms until replaced by another agreement or terminated by either party upon (ninety days written notice to the other Party prior to the termination of the initial term or renewed term". Due to oversight, the proposed interconnection agreement was not adjusted to reflect the two year term proposal which Alltel describes on Page 13 of its Response to the arbitration petition.

Q. Why does Alltel propose no greater than a two year term?

A. The three year term proposed by the Golden West Companies is too long in light of the myriad of activities related to intercarrier compensation, interconnection methods, and local competition currently underway at the FCC, in Congress and within the industry. It is likely that these activities will result in significant changes to the present intercarrier compensation regimes and the associated FCC rules and industry guidelines. It is clear that a three year term in this environment could prove to be much too long a period to deal with change and could limit the Parties ability to effectively manage and deal with the forthcoming changes.

Issue 7: What method of dispute resolution should be incorporated into the interconnection agreement?

Q. Did the Golden West Companies proposed interconnection agreement contain any dispute resolution language that would provide guidance to the Parties related to resolution of formal disputes?

A. No. The Golden West Companies proposed agreement, section 7.2.6, simply indicated that "[t]he Parties shall diligently work toward resolution of all billing issues". Section 10.0 simply proposed prohibiting disputes older than twenty-

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that reciprocal compensation requirements do not apply when traffic is transported on an IXC network.").

four months. However, there was no other detail that would provide for expeditious settlement of disputes.

Q. Has Alltel proposed a method of dispute resolution in its proposed interconnection agreement?

A. Yes. Section 34 of the proposed Alltel interconnection agreement 1) details the methodology for informal resolution of disputes, 2) details the mechanism for moving from an informal to a formal dispute, 3) provides for continuous service to each other during the pendency of the dispute, and 4) provides specific guidelines for sharing in the costs associated with disputes. Because the Alltel proposed language provides clarity to the dispute resolution process, the Commission should rule that the Alltel dispute resolution language be adopted.

Issue 8: How should interconnection facilities be priced, and how should charges be shared by the Parties?

Q. How do the Golden West Companies propose that interconnection facilities be priced?

A. In Section 3.3.1of their proposed interconnection agreement the Golden West Companies propose that the rate for interconnection facilities would be those rates "specified in the Telephone Company's applicable tariff, pricing catalog or as established under separate agreement."

Q. Is the pricing for interconnection facilities proposed by the Golden West Companies appropriate?

A. No. Pursuant to 47 C.F.R. § 51.503(b)(1) an incumbent LEC's rates should be established at the election of the state commission "[p]ursuant to the forward-looking economic cost –based pricing methodology set forth in §§ 51.505 and 51.511. The standard outlined in 47 C.F.R. §51.505 is known as the total element long-run incremental cost ("TELRIC") cost standard. 47 C.F.R. 51.501(a) indicates that the pricing rules "apply to the pricing of network elements, **interconnection**, and methods of obtaining access to unbundled

elements, including physical collocation and virtual collocation." (Emphasis added.) Clearly, the FCC rules dictate that interconnection facilities be priced pursuant to the FCC's TELRIC guidelines.

Q. Must the Golden West Companies price their interconnection facilities for CMRS providers at the lowest rates that are economically reasonable?

A. Yes. 47 C.F.R. § 51.503 requires that an incumbent LEC provide services to requesting telecommunications carriers "at rates, terms, and conditions that are just, reasonable, and nondiscriminatory". The Golden West Company proposal would price interconnection facilities "based upon the applicable provisions of Telephone Company's tariff, pricing catalog or as established under separate agreement."

Q. Are there any circumstances under which Alltel would accept the Golden West Companies interconnection facility pricing proposal?

A. Yes, on an interim basis subject to true up. Alltel would accept the Golden West Companies proposed language if the facility rates are interim and subject to change to forward looking cost based rates in one year. One year should be sufficient time for the Golden West Companies to perform forward looking cost studies to support a rate for interconnection facilities and to either establish a tariff based on those rates or to simply modify the interconnection agreement to incorporate those rates. This concept is reflected in Section 6.3 of the Alltel proposed agreement.

Q. Are there any other reasonable alternatives for interconnection facility pricing that would be acceptable to Alltel?

A. Yes. Alltel would agree to the interconnection facility pricing language contained in the previous contract between Alltel and Golden West which utilized the lowest rate found in the Golden West companies published tariffs or price lists: "...based upon the lowest Telephone Company interstate or intrastate

rate published in the Telephone Company's tariff or pricing catalog." Interstate rates could also be used as surrogate pricing for these interconnection facilities.

Q. How should the charges for interconnection facilities be shared by the parties?

A. 47 C.F.R. § 51.507(c) requires "[t]hat the costs of shared facilities be recovered in a manner that efficiently apportions costs among users. Costs of shared facilities may be apportioned either through usage-sensitive charges or capacity-based flat-rated charges, if the state commission finds that such rates reasonably reflect the costs imposed by the various users." Consistent with this rule, Alltel has proposed Section 4.2.2 which provides language that calls for sharing of interconnection facility costs based on a proportional use basis as specified in Attachment A, Section 4.0, of the Alltel proposed agreement.

Issue 9: Whether Dialing Parity obligations should be specified in the agreement?

Q. What is Dialing Parity and why is it important?

A. Section 251(b)(3) of the Act and 47 C.F.R. § 51.207 of the FCC's rules require ILECs to permit their local exchange customers to dial the same number of digits to complete local telephone calls irrespective of the called party's telecommunications services provider. This requirement is commonly referred to as dialing parity. Absent dialing parity, an ILEC customer would be forced to dial additional digits that would require payment of long distance charges in order to reach customers of other telecommunications carriers for what otherwise would be a local call.

Q. Should the interconnection agreement with the Golden West Companies include language outlining the Parties dialing parity obligations?

A. Yes. It is my understanding that the parties currently have disputes with respect to these requirements and therefore it is essential that the agreement reflect the

legal obligations of the parties in order to resolve these disputes. Alltel has proposed language, Section 5.4, requiring the Golden West Companies to provide Alltel local dialing parity.

Q. Why must the Golden West Companies provide dialing parity and charge its end users the same rates for calls to an Alltel NPA/NXX as calls to a landline NPA/NXX in the same rate center?

A. The FCC rules expressly require dialing parity regardless of the called party's provider and other state commissions and basic principles of fairness and non-discrimination requires the Golden West Companies to charge the same end user rates. It would be anti-competitive to deny dialing parity.

While I am not an attorney, it is apparent that under existing law the Golden West Companies are clearly required to provide dialing parity to CMRS Providers. 47 C.F.R. § 51.207 provides that 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.*"[12] This code section on its face precludes dialing distinctions based on the identity of the telecommunications service provider. Further, the FCC has specifically rejected LEC claims that they do not have to provide dialing parity to CMRS Providers.[13]

Application of the dialing parity rule in this case means that when a Golden West Company enables its end-users to dial NPA-NXXs associated with a distant LEC's rate center on a seven or ten digit basis, then the ICO must also

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[12] Emphasis added. *See also* 47 U.S.C. §251(b)(3).

[13] *See In the Matter of Implementation of the Local Competition Provisions of the Telecommunications Act of 1996; Interconnection Between Local Exchange Carriers and Commercial Mobile Radio Service Providers; Area Code Relief Plan for Dallas and Houston.* CC Docket Nos. 96-98, 95-185, 92-237, Second Report and Order and Memorandum Opinion and Order, Release Number: FCC 96-333, 1996 FCC Lexis 4311 (Released: August 8, 1996) at ¶ 68.

program its switches to permit its end-users to likewise dial the same number of digits to call an Alltel NPA-NXX associated with the distant LEC's same rate center. For example, traffic exchanged on a Golden West Company EAS route between two wireline end users should be dialed and rated no differently whether the end user is a wireline or wireless customer. Section 5.4 of the Alltel proposed interconnection agreement contains the language establishing the dialing parity requirements.

Issue 10: Whether 'N-1 Carrier' requirements should be specified?

Q. Should the interconnection agreement with the Golden West Companies include language that specifies the Parties N-1 Carrier obligations?

A. Yes, again it is my understanding that the parties currently have ongoing disputes with respect to this issue. Alltel has proposed language, Section 5.4, which requires that both parties fulfill their N-1 carrier routing obligations for traffic terminating to ported numbers on the other party's network.

Q. Could you define and explain N-1 Carrier?

A. Yes. In simple terms, the N-1 carrier on a local/EAS call is the originating carrier. In other words, the carrier whose customer initiates the call is the N-1 Carrier. The N-1 Carrier routing obligations stem from the North American Numbering Council rules adopted as a result of the implementation of local number portability. It is the N-1 Carrier's responsibility to access or 'dip' the industry data base which enables a carrier originating a call from their network to know where to route the call. This is essential in the case of a call to a customer that has changed carriers and has taken (ported) his telephone number with him to his new carrier. A charge is levied each time a carrier accesses or 'dips' the data base in order to route traffic. If the N-1 (originating carrier) does not 'dip'

("We reject USTA's argument that the section 251(b)(3) dialing parity requirements do not

the data base then the terminating carrier must 'dip' the data base to determine where to route the ported number and the terminating carrier then incurs the data base charge plus additional costs to route and deliver the call to the appropriate terminating carrier. Therefore, when the N-1 Carrier fails or refuses to 'dip' the data base it shifts its responsibility and costs to the carrier receiving the 'undipped' call.

Q. Do the Golden West Companies have an obligation to 'dip' the data base and *to properly route their originated traffic to the ported numbers* of other carriers?

A. Yes, they do. The Golden West Companies have not been relieved of the obligation to properly route originated traffic to the ported numbers of other carriers. When the Golden West Company customer originates a call to another carrier's ported number, the Golden West Company 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. Again, when the N-1 carrier does not perform the data base 'dip' 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.

Q. Is it appropriate to require the terminating carrier to perform data base dips in lieu of the N-1 carrier?

A. No. The Local Number Portability Administration Working Group's (LNPA WG's) Report to the North American Numbering Council on January 19, 2005 provided clear guidelines on N-1 carrier responsibility as follows:[14]

> Local Calls: The originating carrier is the N-1 carrier and is responsible for performing the query in its network or entering into an agreement with another entity to perform the queries on its behalf.

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include an obligation to provide dialing parity to CMRS Providers.")

[14] There are additional call scenarios defined, but they are not relevant to this proceeding.

On intraLATA calls to EAS codes, the originating carrier is the N-1 carrier and is responsible for the query on calls to portable EAS codes.

Consistent with these industry guidelines, Alltel proposes language that would require the originating carrier to perform the data base dip for its originated traffic.

Issue 11: Recognition of Alltel NPA-NXXs with Separate Rating and Routing Points.

Q. Would you please explain what an "NPA-NXX" is and generally discuss the "rate center" concept?

A. Yes. A customer telephone number consists of ten digits or numbers. The first three numbers, the "Numbering Plan Area" or "NPA", represent the area code. The next three numbers represent the "NXX" and are the prefix or exchange number. The last four numbers identify the individual customer.

The FCC has established rules governing the circumstances when a carrier may obtain telephone numbering resources – whether an NXX code for non-pooling carriers or a thousands-block for pooling carriers.[15] The FCC rules also specifically permit carriers to obtain telephone numbers associated with a particular "rate center".[16] ILECs have established rate centers in order to determine whether their customer's calls should be rated as local or toll.[17] Generally, an ILEC rates a landline call originating and terminating in the same rate center as local, while a call between rate centers is treated as a toll call. Competitive carriers such as Alltel need access to telephone numbers in ILEC

[15] *See* 47 C.F.R. § 52.15(g).
[16] *See* id at § 52.15(g)(3).
[17] *See Second NRO Order,* 16fcc Rcd 306, 366 ¶ 144 (2000)("The rate center system was established in the 1940s primarily to facilitate the routing and billing of telephone calls. Carriers typically need numbering resources in multiple rate centers to establish a foot print in a particular geographic area.").

rate centers so they can offer a local calling area comparable to that provided by ILECs to their own customers.

Q. Are telecommunications carriers required to designate specific rating points and routing points for their NPA-NXXs?

A. Yes. The North American Numbering Plan Administrator ("NANPA") requires applicants for an NXX to designate the rate center to which the new code/block will be associated. The application form also requires the applicant to designate relevant routing information so other carriers will know how to route calls destined to customers with telephone numbers containing the new NXX code or thousands block. This routing information includes the identity of the applicant's serving switch and the LATA tandem switch serving the applicants end office switch or mobile switching center ("MSC"). The LATA tandem switch is important because few carriers interconnect directly with each other. If there is no direct connection with the destination carrier, the originating carrier will route a call via the designated LATA tandem switch. The tandem switch then forwards the call to the subtending switch operated by the destination carrier so the call can be forwarded to the person being called. Industry guidelines recognize that the rating and routing points may not be the same (e.g., a call may be routed to a switch physically located in one rate center but rated in another rate center).[18].

Q. Would you please explain why some carriers would establish separate rating and routing points for their NPA/NXXs?

A. Generally speaking, wireless carriers establish their rating and routing points based on the wireless network design required to meet customer requirements in a given service area and to produce traffic routing that meets their engineering efficiency objectives. In order to route its traffic in the most efficient manner

possible a wireless carrier may be required to establish separate rating and routing points.

Q. Does Alltel have a need to establish separate and distinct rating and routing points?

A. Yes. Alltel has mobile switching centers that support service in a large geographic area (which may encompass dozens of ILEC rate centers and even several states). Alltel will generally interconnect its MSC directly with the LATA tandem switch, and most incoming traffic destined to Alltel is routed through this tandem switch. Although the routing point for most land to mobile traffic is the LATA tandem, Alltel will often have multiple NXX codes rated in different rate centers to support local calling similar to that available with landline calls.[19] A landline caller wanting to make a toll free call to an Alltel customer needs to be able to call a number within its same rate center in order to receive toll free treatment. While Alltel will want its routing point to remain at the LATA tandem, it will assign NPA-NXXs to the rate centers of its business and residential customers in order for the calls to be treated as local by the ILEC.

Q. What is the Golden West Companies position regarding the ability of its landline customers to dial Alltel's NPA-NXXs on a local basis?

A. Section 4.2.2 of the Golden West Company proposed agreement requires that a direct interconnection be established before it will allow its customers to dial Alltel's NPA/NXXs on a local basis. However, having this direct connection requirement creates inefficiencies when direct connections are required to each

[18] *See* Central Office Code (NXX) Assignment Guidelines, INC 95-0407=008, at 6.2.2 (Jan. 7, 2002)("Each switching center, each rate center, and each POI may have unique V&H coordinates.")

[19] As the FCC has noted, "to enable the rating of incoming wireline calls as local, wireless carriers typically associate NXXs with wireline rate centers that cover either the business or residence of users." *NRO NPRM,* 14 FCC Rcd 10322, 10371 n. 174(1999).

and every end office and the usage terminating to each of those end offices can not justify the cost of the facility to that end office.

Q. What does Alltel want to offer to customers in South Dakota?

A. Alltel wants to offer consumers in South Dakota access to phone numbers that can be dialed by Golden West Company customers on a local, toll-free basis. Such an arrangement does not require Alltel to establish a direct connection to every exchange in which Alltel wants to provide competitive service.

Q. How does Alltel plan to accomplish this goal?

A. To provide the greatest consumer benefit, Alltel plans to obtain NPA/NXXs that would be rated as local to each Golden West Company end office and establish a "routing Point" for those numbers at a designated tandem switch without establishing a direct connection. This would simply require each Golden West Company to program its switch to recognize the calls as local intraMTA calls subject to reciprocal compensation charges rather than as toll calls and to route this traffic to the Alltel POI at the designated tandem switch. By establishing these local numbers, calls from a Golden West Company customer to an Alltel customer would be efficiently routed, and the Golden West Company customers would not incur any unnecessary toll usage charges. Section 5.4 of the Alltel proposed interconnection agreement includes language that reflects the Alltel position that Golden West should route all land-to-mobile traffic to Alltel as local traffic for all NPA/NXXs assigned to the same rate center.

Issue 12: Location of the Point of Interconnection (POI) for Direct Connection Facilities.

Q. What have the Golden West Companies proposed with regard to the location of the point of interconnection ("POI")

A. The Golden West Companies have proposed that if Alltel maintains existing or establishes a new direct connection, the POI must be at a Golden west Company end office switch even though the Golden West Companies operate a ubiquitously interconnected network within the LATA.

Q. Do you concur with the Golden West Companies position on the location of the POI?

A. No. 47 C.F.R. § 51.305(a)(2) and 47 U.S.C. 251(c)(2) clearly provide for interconnection with a local exchange carrier's network at any technically feasible point within the carrier' network. In addition, the FCC has determined that a single interconnection point per LATA is all that is required to deliver traffic destined for termination to any exchange within a LATA. Section 4.2.1 of Alltel's proposed language is consistent with the Act and the FCC's guidelines.

Issue 13: Is Alltel entitled to a tandem compensation rate on all calls that pass through its mobile switching center?

Q. Is Alltel entitled to a tandem compensation rate on all calls that pass through its mobile switching center?

A. Yes. Pursuant to 47 C.F.R. § 51.711(a)(3) "[w]here the switch of a carrier other than an incumbent LEC serves a geographic area comparable to the area served by the incumbent LEC's tandem switch, the appropriate rate for the carrier other than an incumbent LEC is the incumbent LEC's tandem interconnection rate." Alltel's mobile switching center ("MSC") serving area meets this test. If the Golden West Companies establish a tandem switching rate element, Alltel would bill this tandem switching rate element on a reciprocal and symmetrical basis as well as all other applicable rate elements to the Golden West Company intraMTA traffic that is terminated on Alltel's network. Attachment A of the Alltel

proposed interconnection agreement contains language acknowledging the right to bill the tandem switching charge.

Issue 15: Whether Petitioners should allow Alltel to connect to any selective routers of Petitioner for the purpose of implementation of E911?

Q. Should the Golden West Companies allow Alltel to connect to their selective routers in order to implement E911?

A. Yes. Alltel is required to implement E911 within certain FCC imposed deadlines and as requested by the various Public Safety Answering Points ("PSAPs") in South Dakota. To the extent that the Golden West Companies have selective routers that connect the carriers to the carriers to the PSAPs, Alltel will require access to those selective routers. Attachment D of Alltel's proposed interconnection agreement contains the detailed language Alltel that would facilitate the implementation of any required connections to any Golden West Company selective routers.

Q. Does this conclude your testimony?

A. Yes, it does. Thank you.