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**E-FILED**

Patricia Van Gerpen  
Executive Director  
Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501

RE: MIDCONTINENT COMMUNICATIONS; SWIFTEL COMMUNICATIONS  
DOCKET TC07-007  
Our file: 0053

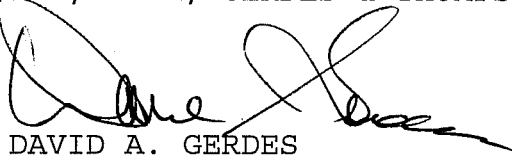
Dear Patty:

Attached for filing is the Prefiled Direct Testimony of Scott C. Lundquist on Behalf of Midcontinent Communications with Certificate of Service in the above-referenced docket. Please file the same. There are no attachments.

With a copy of this letter service by e-mail and regular mail are made upon the service list who are not PUC staff.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP



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Enclosure

cc/enc: Service List  
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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

In the Matter of the Petition of Brookings  
Municipal Utilities d/b/a Swiftel  
Communications for Suspension or  
Modification of Dialing Parity, Number  
Portability, and Reciprocal Compensation  
Obligations

Case No. TC07-007

Pre-Filed Direct Testimony  
of  
Scott C. Lundquist

On Behalf of  
Midcontinent Communications

June 6, 2007

**I. Introduction of Witness**

**Q. Please state your name and business address.**

A. My name is Scott C. Lundquist. My business address is QSI Consulting, 53 Cottage St., Natick, Massachusetts 01760.

**Q. What is QSI Consulting, Inc. and what is your position with the firm?**

A. QSI Consulting, Inc. ("QSI") is a consulting firm specializing in traditional and non-traditional utility industries, econometric analysis and computer-aided modeling. I have recently been engaged as a Consultant to QSI.

**Q. Please describe your professional experience and education.**

A. I have prepared a summary of my professional experience and education, which is provided in Exhibit SCL-1 to this testimony.

**Q. Have you previously served as an expert witness in telecommunications regulatory proceedings?**

A. Yes, I have offered testimony on telecommunications regulation and policy matters on over thirty occasions over the past fourteen years, on behalf of state regulatory commission staff, competitive service providers, and consumer advocate agencies. Many of these cases have involved interconnection matters of the type addressed in this proceeding.

1  
2 **Q. Have you previously testified before the South Dakota Public Utilities**  
3 **Commission (“Commission”)?**

4 A. No, this is my first appearance before the Commission.  
5

6 **Q. On whose behalf are you filing this testimony?**

7 A. I am submitting this testimony on behalf of Midcontinent Communications  
8 (“Midcontinent”).  
9

10 **II. Purpose of Testimony**

11 **Q. What is the purpose of your testimony?**

12 A. I have been asked by Midcontinent to review and comment on the January 30,  
13 2007 Petition<sup>1</sup> and subsequent Testimony filed by Brookings Municipal Utilities  
14 d/b/a/ Swiftel (“Swiftel” or “the Company”) in this proceeding. Specifically, I  
15 will provide an opinion and recommendation concerning the relief sought by  
16 Swiftel. I will also respond to some of the claims and evidence presented in the  
17 pre-filed Direct Testimony submitted on May 23, 2007 in this proceeding by  
18 Swiftel’s witnesses Peter C. Rasmusson and Jo Shotwell.  
19  
20

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<sup>1</sup> See “Petition for Suspension or Modification of Dialing Parity, Number Portability and Reciprocal Compensation Obligations,” Brookings Municipal Utilities d/b/a/ Swiftel, dated January 30, 2007 (“Petition”).

1                                   **III.     Summary of Testimony and Recommendations**

2       **Q.     Please summarize your testimony and recommendations.**

3       A.     My testimony begins by describing the specific relief that Swiftel is requesting  
4             from its statutory obligations to provide number portability, dialing parity, and  
5             reciprocal compensation and explains Midcontinent's concerns with that request.  
6             I explain Midcontinent's interests in this proceeding, and focus on its primary  
7             interest, namely Swiftel's proposal to effect a further delay in its implementation  
8             of local number portability ("LNP").

9  
10            I describe the importance of LNP capabilities to competitive entry by alternative  
11            providers of wireline local telephone service, and explain how an incumbent  
12            LEC's actions to withhold or delay LNP can serve as a barrier to entry to  
13            competing local service providers. I then recount the extreme delays that  
14            Midcontinent experienced when seeking to obtain LNP from the Interstate  
15            Telecommunications Cooperative, Inc. ("ITC"), at the time that Midcontinent was  
16            seeking to establish itself as a competitive local service provider in ITC's Webster  
17            and Waubay exchanges. In that context, I demonstrate that Swiftel is also seeking  
18            an unreasonable delay in meeting its obligations to provide LNP pursuant to  
19            Section 251(b) of the Telecommunications Act of 1996 ("Telecom Act" or  
20            "Act")<sup>2</sup> and the applicable FCC rules governing LNP deployment. Finally, I  
21            explain why Swiftel has failed to demonstrate that the costs of LNP deployment

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<sup>2</sup> Public Law No. 104-104, 101 Stat. 56 (1996). ("Telecom Act" or "Act")

1 meet the criteria for a suspension of those obligations as set forth in Section  
2 251(f)(2) of the Act. Accordingly, I recommend that the Commission reject  
3 Swiftel's request for relief from its Section 251(b) obligation to deploy LNP.  
4

5 **IV. LEC Obligations to Provide Number Portability, Dialing Parity, and**  
6 **Reciprocal Compensation**  
7

8 **Q. What relief is Swiftel seeking from the Commission in this proceeding?**

9 A. In its Petition, Swiftel has asked the Commission to suspend and/or modify  
10 certain key obligations under the Act, that were established for all local exchange  
11 carriers in order to promote the development of competitive telecommunications  
12 markets. In particular, Swiftel seeks to be relieved of its statutory obligations to  
13 provide number portability, dialing parity, and reciprocal compensation<sup>3</sup> in the  
14 manner required by the FCC's implementing rules. It asks the Commission to  
15 grant the requested relief via the mechanism established by Section 251(f)(2) of  
16 the 1996 Act, which permits a state regulatory commission to suspend or modify  
17 application of those requirements to a rural carrier if the commission determines  
18 that to be necessary, as a result of certain conditions<sup>4</sup> (which I will enumerate  
19 later in my testimony), and also "consistent with the public interest, convenience,  
20 and necessity."<sup>5</sup>  
21

---

<sup>3</sup> 47 U.S.C. §251(b)(2), §251(b)(3), and §251(b)(5), respectively.

<sup>4</sup> 47 U.S.C. §251(f)(2)(A).

<sup>5</sup> 47 U.S.C. §251(f)(2)(B).

Swiftel seeks numerous specific modifications to the number portability, dialing parity, and reciprocal compensation requirements it faces, which are detailed in its Petition.<sup>6</sup> Some of the most important are as follows:

- **Number Portability:** Swiftel requests the ability to delay implementation of wireline local number portability (“LNP”) until four months after a CLEC is certificated to provide local service in Swiftel’s service territory.<sup>7</sup> Swiftel also requests that it not be obligated to transport ported numbers to a point outside of its service territory.<sup>8</sup>
- **Dialing Parity:** Swiftel requests clarification that the dialing parity requirements, including FCC’s implementing rule 47 C.F.R. §51.207, do not obligate Swiftel to transport local calls to any point outside of its service territory. Swiftel also seeks to be relieved of any toll dialing parity obligation that it provide equal access functions at its end office, or transport access traffic by any other means than its common trunks to the South Dakota Network (“SDN”), given its existing arrangements with SDN (which performs equal access functions on behalf of Swiftel and other small rural LECs at its tandem switch).<sup>9</sup>

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<sup>6</sup> See, e.g., Petition at pages 2-4.

<sup>7</sup> Petition at page 2.

<sup>8</sup> *Id.*

<sup>9</sup> Petition, at page 3.

- **Reciprocal Compensation:** Swiftel seeks to modify the reciprocal compensation rules so that it is not obligated to pay reciprocal compensation on Swiftel-originating calls that are destined to terminate to a wireless subscriber located within the Major Trading Area (“MTA”), but beyond Swiftel’s local calling area.<sup>10</sup>

**Q. What is Midcontinent’s general concern with Swiftel’s Petition for relief, as you have just described it?**

A. Midcontinent’s primary concern in this proceeding is with Swiftel’s proposal to further delay fulfillment of its obligation to implement wireline-to-wireline number portability in its service territory. As I shall explain later in my testimony, Midcontinent has experienced substantial difficulties in the past when it sought fully-functioning LNP from other rural LECs. Swiftel’s proposed modification of its LNP requirement should be rejected, both because it fails to meet the standards set forth in Section 251(f)(2), and because it would set an inappropriate precedent for other rural LECs to follow.

In other respects, the relief sought by Swiftel does not appear to have a significant direct bearing on the routine business operations of Midcontinent, given the type and scope of Midcontinent’s service offerings in South Dakota, and the type and

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<sup>10</sup> Id.



1 level of traffic Midcontinent exchanges with Swiftel. For example, Midcontinent is  
2 not a wireless carrier and thus has no direct stake in the Commission's resolution of  
3 Swiftel's requests relating to potential treatment of Swiftel-originated traffic  
4 destined to a wireless subscriber outside of Swiftel's defined local calling area, but  
5 inside the MTA. Nevertheless, Midcontinent is concerned by the potential for  
6 incidental, "spillover" impacts that may be adverse to its business operations and/or  
7 interests, to the extent that the Commission grants Swiftel relief in a manner that  
8 ends up impacting Swiftel's relationships with wireline carriers including  
9 Midcontinent. For example, there is the possibility that a Commission modification  
10 to the reciprocal compensation rules applied to Swiftel, while intending to only  
11 address the circumstances surrounding termination of wireless calls, could have an  
12 unintended adverse impact on Midcontinent's existing reciprocal compensation  
13 agreement with Swiftel. For that reason, Midcontinent recommends that the  
14 Commission tailor any particular relief that it may grant in this proceeding as  
15 narrowly as possible, so that such unintended adverse impacts would be avoided.

16  
17 **Q. Why did Congress establish the LEC obligations to provide local number**  
18 **portability, dialing parity, and reciprocal compensation in the first place?**

19 **A.** At the time that the Act was being formulated, Congress understood that these  
20 three functions would play a critical role in the potential success of competitive  
21 local exchange carriers ("CLECs") in attempting to enter the incumbent LECs'

1 local service markets. The FCC has summarized this point well relative to  
2 number portability in one of its original LNP implementation orders, as follows:

3 The Telecommunications Act of 1996, which became law on February  
4 8, 1996, was designed in large part to open local exchange markets to  
5 competition by removing existing statutory, regulatory, and operational  
6 barriers that have thwarted the ability of new entrants to provide  
7 competitive local telecommunications services. *One of the most*  
8 *significant steps that Congress took to effectuate this goal was to require*  
9 *all LECs, both incumbents and new entrants, to provide number*  
10 *portability in accordance with requirements prescribed by the*  
11 *Commission. The 1996 Act defines "number portability" as "the ability*  
12 *of users of telecommunications services to retain, at the same location,*  
13 *existing telecommunications numbers without impairment of quality,*  
14 *reliability, or convenience when switching from one telecommunications*  
15 *carrier to another." Number portability is essential to meaningful*  
16 *facilities-based competition in the provision of local exchange service*  
17 *because survey data show that customers are reluctant to switch*  
18 *carriers if they must change telephone numbers. In practical terms, the*  
19 *benefits of competition will not be realized if new facilities-based*  
20 *entrants are unable to win customers from incumbent providers as a*  
21 *result of economic or operational barriers.*<sup>11</sup>  
22

23 **Q. Can incumbent LEC actions to withhold or delay the availability of local**  
24 **number portability serve as a barrier to entry to CLECs?**

25 **A. Yes. At the time that the FCC initially established its LNP rules back in 1996, it**  
26 **concluded that:**

27 The record demonstrates that a lack of number portability likely would  
28 deter entry by competitive providers of local service because of the  
29 value customers place on retaining their telephone numbers. Business  
30 customers, in particular, may be reluctant to incur the administrative,  
31 marketing, and goodwill costs associated with changing telephone  
32 numbers. As indicated above, several studies show that customers are  
33 reluctant to switch carriers if they are required to change telephone  
34 numbers. To the extent that customers are reluctant to change service

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<sup>11</sup> *In the Matter of Telephone Number Portability*, CC Docket 95-116, *Second Report and Order*, FCC 97-289, August 18, 1997, at para. 4 (emphasis supplied).

1 providers due to the absence of number portability, demand for services  
2 provided by new entrants will be depressed. This could well discourage  
3 entry by new service providers and thereby frustrate the pro-competitive  
4 goals of the 1996 Act.<sup>12</sup>  
5

6 Given that LNP capabilities continue to be crucial to the ability of CLECs to  
7 attract customers, it follows that when an incumbent LEC manages to withhold or  
8 delay the advent of LNP functionality, that also creates a barrier to competitive  
9 entry. The lack of LNP capabilities will deter CLECs from entering the  
10 incumbent LEC's service territory, as well as diminish the quality of the  
11 competitive services that can be provided by CLECs who do enter that market.  
12

13 **Q. Has Midcontinent experienced such delays elsewhere in South Dakota?**

14 A. Yes. As the Commission is aware, Midcontinent experienced extreme delays in  
15 the implementation of LNP by ITC, at the time that Midcontinent was seeking to  
16 establish itself as a competitive local service provider in ITC's Webster and  
17 Waubay exchanges. Midcontinent began discussions with ITC concerning  
18 number portability at the companies' initial meeting on May 1, 2003, engaged in  
19 further technical discussions on August 21, 2003, and pursued LNP further in a  
20 negotiations meeting with ITC on September 8, 2003.<sup>13</sup> Due to slow progress in

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<sup>12</sup> *In the Matter of Telephone Number Portability*, CC Docket 95-116, *First Report and Order and Proposed Further Notice of Rulemaking*, FCC 96-286, July 2, 1996, at para. 31. In para. 29, *infra*, the FCC took note of a nationwide Gallup survey finding cited by MCI that "83 percent of business customers and 80 percent of residential customers would be unlikely to change local service providers if they had to change their telephone numbers."

<sup>13</sup> SD PUC Docket No. TC05-137, Midcontinent's Response to Staff's Data Requests, September 29, 2005, Response No. 7.

1 those talks, however, on March 10, 2004, Midcontinent filed a Motion to Compel  
2 Local Number Porting or Good Faith Negotiation. This Motion sought to have  
3 wireline-to-wireline porting in place not later than May 24, 2004 -- i.e., some  
4 twelve months after the onset of discussions.

5  
6 Midcontinent continued to negotiate with ITC on the issue, however, and the  
7 parties reached a settlement on July 8, 2004. In accordance with the Settlement,  
8 ITC was to provide interim number portability ("INP") capabilities to  
9 Midcontinent by August 1, 2004. This deadline was not met, however, and on  
10 December 17, 2004, the Commission approved the Interconnection Agreement  
11 between ITC and Midcontinent for Waubay which contained the language for  
12 number porting.<sup>14</sup> ITC continued to work on developing the interim  
13 arrangements in 2005, but Midcontinent had several concerns with the quality of  
14 the number porting it provided. For example, the interim porting mechanism  
15 would not deliver the correct telephone number to Caller ID services, which could  
16 jeopardize emergency services responses because of incorrect address  
17 information.<sup>15</sup> Midcontinent's concerns were not resolved even some nine  
18 months later, in September 2005.<sup>16</sup> At that time, Midcontinent expressed a lack of

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<sup>14</sup> SD PUC Docket No. TC05-137, Midcontinent's Response to Staff's Data Requests, September 29, 2005, Response No. 1. The full set of responses is provided in Exhibit SCL-2 attached to my testimony.

<sup>15</sup> Id.

<sup>16</sup> Id.

1 confidence that “INP will work properly long term”<sup>17</sup> and concluded that it could  
2 not accept use of those INP arrangements.<sup>18</sup> Ultimately, the two companies went  
3 back to a permanent LNP solution, which ITC finally managed to implement for  
4 the Webster and Waubay exchanges in April 2006<sup>19</sup> – a span of *sixteen months*  
5 from the December 2004 approval of the Midcontinent-ITC interconnection  
6 agreement, and nearly *three full years* after Midcontinent initially notified ITC  
7 that it desired LNP for those exchanges.  
8

9 **Q. Did these LNP deployment delays significantly impact Midcontinent’s**  
10 **provision of its competitive local service offerings in ITC’s territory?**

11 A. Yes. These delays appear to have had a significant negative impact on  
12 Midcontinent’s ability to attract customers to its local service offerings in ITC’s  
13 territory. Midcontinent has found that “in other markets when Midcontinent has  
14 full local number portability in place, our products have been well received and  
15 the take rate for phone service has varied from 23% to 43% of home [sic] passed.  
16 In Webster and Waubay, this number is less than 5%.”<sup>20</sup> Moreover, because LNP  
17 is primarily intended to be for the convenience of end users, by allowing them to  
18 retain their local telephone numbers to effect a more seamless transition to a new

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<sup>17</sup> *Id.*, Response No. 3.

<sup>18</sup> *Id.*, Response No. 1.

<sup>19</sup> “LNP Implementation” e-mail from Mike Donahue, ITC to Pete Skorczewski, Midcontinent, dated April 28, 2006.

<sup>20</sup> SD PUC Docket No. TC05-137, Midcontinent’s Response to Staff’s Data Requests, September 29, 2005, Response No. 3.

1 service provider, the adverse impacts of those LNP delays also extended to those  
2 consumers who were attempting to subscribe to Midcontinent's new offerings.  
3

4 **Q. What are the FCC rules that govern when Swiftel must make LNP available**  
5 **in its service territory, absent relief from the Commission?**

6 A. The FCC's rules governing LNP deployment make a distinction between  
7 deployment within the 100 largest Metropolitan Statistical Areas ("MSAs"),<sup>21</sup>  
8 which was to occur first, and subsequent deployments in other areas, such as  
9 Swiftel's service territory (i.e., within the municipal boundaries of the City of  
10 Brookings). The latter rule, 47 C.F.R. §52.23(c), states that "Beginning January  
11 1, 1999, all LECs must make a long-term database method for number portability  
12 available within six months after a specific request by another  
13 telecommunications carrier in areas in which that telecommunications carrier is  
14 operating or plans to operate."<sup>22</sup> Although I am not offering a legal opinion, my  
15 lay person understanding is that the latter rule applied to Swiftel at the time that  
16 Sprint made a bona fide request to Swiftel for LNP, which occurred on March 16,  
17 2006, and still applies today.<sup>23</sup>

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<sup>21</sup> 47 C.F.R. §52.23(b)(1).

<sup>22</sup> 47 C.F.R. §52.23(c).

<sup>23</sup> SD PUC Docket No. TC07-007, Sprint Communications Company, L.P.'s Petition to Intervene, February 12, 2007, at page 3. While the Commission had previously suspended the LNP deployment obligations of Swiftel and other rural LECs until December 31, 2005 (in Docket Nos. TC04-047 et al), its subsequent extension applied only to intermodal LNP, so that Swiftel's obligations to wireline carriers were no longer suspended after that date. See SD PUC Docket No. TC05-137, Order Granting Joint Petition for Extension of Suspension Date and the Date to File Further Suspension Request, January 4, 2006, at pages 2 and 4.

1  
2 **Q. What impact would a Commission grant of Swiftel's proposed LNP relief**  
3 **have upon the timing of LNP deployment in Swiftel's service territory?**

4 A. If Swiftel had complied with the applicable FCC rule that I just described, it  
5 should have deployed intramodal LNP in its service territory by September 2006  
6 (i.e., six months after Sprint's March 2006 request). In contrast, Swiftel is  
7 proposing that it be allowed to wait to deploy LNP until four months after a  
8 CLEC is certificated to provide local service in Swiftel's service territory. Even if  
9 such certification occurred tomorrow, Swiftel's proposal would afford it at least  
10 thirteen months of delay,<sup>24</sup> relative to the September 2006 deadline it faced under  
11 the FCC rule. And of course, the additional time spent in conducting this  
12 proceeding and reaching a Commission decision will only add to that lengthy  
13 delay.

14  
15 **Q. How does Swiftel attempt to justify its proposed departure from the FCC**  
16 **rule governing LNP deployment?**

17 A. Swiftel attempts to show that it meets the conditions set forth by Section 251(f)(2)  
18 of the Act, which permits a state regulatory commission to suspend or modify a  
19 rural LEC's Section 251(b) and Section 251(c) obligations after making certain  
20 findings. Under Section 251(f)(2), the Commission must find that the suspension  
21 or modification:

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<sup>24</sup> That is, the nine months from September 2006 to June 2007, plus an additional four months beyond the date of certification.

(A) is necessary-- (i) to avoid a significant adverse economic impact on users of telecommunications services generally; (ii) to avoid imposing a requirement that is unduly economically burdensome; or (iii) to avoid imposing a requirement that is technically infeasible; and

(B) is consistent with the public interest, convenience, and necessity.

Accordingly, Swiftel witness Mr. Rasmusson presents estimated costs for LNP deployment<sup>25</sup> and opines that those costs meet the “unduly economically burdensome” and “significant adverse impact” criteria set forth in Section 251(f)(2)(A), so that avoiding that deployment would meet Section 251(f)(2)(B), i.e. would be “consistent with the public interest, convenience, and necessity.”<sup>26</sup> In addition, Swiftel witness Ms. Shotwell relies on those cost results to conclude that “subscribers of Swiftel would be shouldering significant rate increases to recover these costs,”<sup>27</sup> and also opines that Swiftel’s requested delay of LNP deployment consequently meets the Section 251(f)(2) criteria.<sup>28</sup>

**Q. Mr. Lundquist, do you agree with Swiftel’s witnesses that its proposal to further delay LNP deployment meets the Section 251(f)(2) criteria?**

**A.** No. Swiftel’s witnesses are taking an exceedingly short-range view of the economic consequences of LNP deployment, that considers only the immediate costs of deployment without taking into account the longer-term benefits to end

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<sup>25</sup> Rasmusson Direct Testimony at pages 2-9 and Exhibits 1A and 1B.

<sup>26</sup> *Id.*, at pages 2-3.

<sup>27</sup> Shotwell Direct Testimony, at page 9.

<sup>28</sup> *Id.*, at page 10.



1 users of the local competition that such deployment would make possible. This is  
2 particularly well revealed by Ms. Shotwell's statement that consumers will not  
3 benefit from Swiftel's deployment of LNP "at this time" because currently there  
4 is no carrier other than Swiftel authorized to provide local service in Swiftel's  
5 territory.<sup>29</sup> Ms. Shotwell's position is akin to a parachutist in free-fall concluding  
6 that, because she hasn't hit the ground yet, there is no good reason to pull the  
7 ripcord. In reality, of course, both the parachutist and this Commission would be  
8 ill-served by taking such a myopic view.

9  
10 Without considering the accuracy of Swiftel's LNP cost estimates, about which I  
11 am not offering an opinion at this time,<sup>30</sup> the potential economic burdens and  
12 adverse impacts of LNP deployment must be weighed against the economic  
13 benefits from the local competition that it makes possible, thus necessitating a  
14 longer-term view. Clearly, Congress and the FCC took this approach when the  
15 decisions were made to require the establishment of LNP on a nationwide basis,  
16 because they were aware that this effort would require substantial expenditures,  
17 but they determined that the benefits ultimately accruing to consumers and the  
18 economy from expanded local competition would greatly outweigh those costs.  
19 In contrast, Swiftel has failed to provide any assessment of those countervailing  
20 benefits in its witnesses' testimony, and thus has not shown that its proposal to

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<sup>29</sup> *Id.*, at page 9.

<sup>30</sup> Midcontinent has several outstanding data requests seeking additional information regarding the data sources and calculations underlying Mr. Rasmusson's LNP cost estimates.

1 further delay LNP deployment meets the Section 251(f)(2) criteria. Accordingly,  
2 I recommend that the Commission reject Swiftel's request for relief from its  
3 Section 251(b) obligation to deploy LNP at this time.  
4

5 **Q. In Exhibit 1B to his testimony, Mr. Rasmusson includes as a cost of LNP**  
6 **deployment the costs of transporting Swiftel-originated local calls to a point**  
7 **of interconnection outside of Swiftel's defined local calling area. Is that**  
8 **appropriate?**

9 A. No. The costs of transporting local calls to a point of interconnection ("POI")  
10 beyond Swiftel's defined local calling area should not be considered a cost of  
11 LNP deployment. To the extent they would be incurred, those transport costs  
12 would be driven by the CLEC's choice of a POI location, not by whether the call  
13 is terminated to a LNP-ported number or a number assigned by the CLEC. By  
14 inappropriately defining those transport costs as a potential cost of LNP  
15 deployment, Swiftel is overstating its claimed LNP costs. Thus, the Commission  
16 should disregard Exhibit 1B when evaluating the costs of LNP deployment by  
17 Swiftel.  
18

19 **Q. Does this conclude your testimony at this time?**

20 A. Yes.  
21

Exhibit SCL-1

Statement of Qualifications – Scott C. Lundquist

SCOTT C. LUNDQUIST

Mr. Lundquist is a Consultant to QSI Consulting, where he performs strategic and regulatory analysis, project management, and client support services for consulting projects in telecommunications regulation and economics. Mr. Lundquist has worked as an independent consultant since January 2005, prior to which he was a Vice President and Partner at Economics and Technology, Inc. (ETI), a Boston, Massachusetts research and consulting firm specializing in telecommunications economics, regulation and public policy matters. Over the course of his twenty year career in the field, Mr. Lundquist has developed a specialized expertise in the key areas of modern telecommunications regulation and policy, including service costs and pricing, network interconnection and unbundling, implementation of competition policies, incentive regulation, network modernization and productivity, and tariff design. Mr. Lundquist frequently serves as an expert witness on these issues before state public utility commissions and contributes to studies and comment filings submitted to the FCC. He has also advised regulatory agencies and ministries in developing nations on modern regulatory practices, and has developed and undertaken on-site training programs for their regulatory staff. Mr. Lundquist regularly serves as the lead consultant and manager for these projects.

Mr. Lundquist has provided expert witness testimony on over thirty occasions over the past fourteen years, on behalf of state regulatory commission staff, competitive service providers, and consumer advocate agencies. He has worked extensively with computerized cost models for telecommunications networks and services, including many of the major cost models introduced in state regulatory proceedings (including the Hatfield Model, Benchmark Cost Model, ICM, FCC's Synthesis Model, and Bell Operating Company proprietary models). Mr. Lundquist has frequently testified concerning the appropriate costs and rates for interconnection and unbundled network elements, and his recommendations have been adopted by state public utility commissions. He also has conducted seminars and training sessions for both U.S. and international clients on these topics. Mr. Lundquist has co-authored a comprehensive report on inter-carrier compensation arrangements for interconnecting local telephone companies in a competitive environment, titled *"Efficient Inter-Carrier Compensation Mechanisms for the Emerging Competitive Environment."*

Mr. Lundquist has participated in the development of "price caps" and other incentive regulation frameworks applied to U.S. telecommunications carriers since their advent in 1989, when he contributed to comments filed in the first price caps investigations conducted by the FCC. Mr. Lundquist possesses in-depth knowledge of all aspects of incentive regulation, including measurement of carrier productivity gains and the specification of productivity offsets, monitoring of service quality, indexing and pricing rules, and impacts on investment and innovation. He has testified before U.S. state regulatory commissions on these matters on several occasions and has co-authored two major reports in this area: *"A Study of Total Factor Productivity in the Wisconsin Local Exchange Carrier Industry,"* and *"Price Cap Plan for USWC: Establishing Appropriate Price and Service Quality Incentives in Utah."* Mr. Lundquist also has extensive knowledge of tariff policies and mechanisms, grounded in several years of direct analysis of tariff changes, and subsequent participation in numerous regulatory proceedings and consulting assignments addressing tariff design, cost of service, tariff rebalancing, and tariff flexibility.

Mr. Lundquist has substantial experience in assisting telecommunications officials in foreign governments to improve their regulatory practices. In 1994, Mr. Lundquist spent nine

*Statement of Qualifications – Scott C. Lundquist*

weeks in Beijing working closely with officials of the Ministry of Posts and Telecommunications (“MPT”) of the People’s Republic of China, as part of a technical assistance project sponsored by the Asian Development Bank. Mr. Lundquist developed and conducted several seminars for senior MPT officials on interconnection, tariffing and rate design for non-basic services, and regulatory restructuring issues. Mr. Lundquist was also the Project Manager for ETI’s 1993-1994 engagement by the National Telecommunications Commission (“NTC”) of the Philippines (overseen by the World Bank). Mr. Lundquist spent six months on-site in Manila conducting institutional strengthening activities, including a review and assessment of existing regulatory procedures, staff training in modern regulatory methods and computerized tools, and assistance in implementing new competition and interconnection policies.

Following are lists of Mr. Lundquist’s expert witness appearances before state public utility commissions and publications:

*Expert Witness Testimony Before State PUCs:*

**Washington Utilities and Transportation Commission, Re:** In the Matter of the Review of: Unbundled Loop and Switching Rates; the Deaveraged Zone Rate Structure; and Unbundled Network Elements, Transport, and Termination (Recurring Costs), Docket No. UT-023003, on behalf of AT&T Communications of the Pacific Northwest, Inc., Responsive Testimony filed April 20, 200, cross-examination May 28, 2004.

**Vermont Public Service Board, in Re:** Investigation Into The Acquisition and Use of Central Office Codes by Local Exchange Carriers in Vermont, Docket No 6209, filed on behalf of Global NAPs, Inc., Affidavit filed October 17, 2002.

**District of Columbia Public Service Commission, in Re:** In the Matter of Review by the Commission Into Verizon DC’s Compliance with the Conditions of 47 U.S.C. §271(c), Formal Case No. 1011, on behalf of the Office of People’s Counsel of the District of Columbia, Affidavit filed September 30, 2002, cross-examination waived.

**Delaware Public Service Commission, in Re:** Global NAPs, Inc. Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon Delaware Inc. f/k/a Bell Atlantic-Delaware, Inc., Docket No. 02-235, on behalf of Global NAPs, Inc., Direct Testimony filed on September 18, 2002, Rebuttal Testimony filed October 2, 2002, cross-examination November 4, 2002.

**Vermont Public Service Board, in Re:** Global NAPs, Inc. Petition For Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon New England, Inc. d/b/a Verizon Vermont, Inc. f/k/a New England Telephone & Telegraph Co. d/b/a Bell Atlantic - Vermont, Docket No. 6742 on behalf of Global NAPs, Inc., Direct Testimony filed September 11, 2002, Rebuttal Testimony filed October 7, 2002, cross-examination October 25, 2002.

**Rhode Island and Providence Plantations Public Utilities Commission, in Re:** Global NAPs, Inc. Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish and Interconnection Agreement with Verizon New England, Inc. d/b/a Verizon Rhode Island, Inc. f/k/a New England

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Telephone & Telegraph Co. d/b/a Bell Atlantic - Rhode Island, Docket No. 3437 on behalf of Global NAPs, Inc., Direct Testimony filed August 28, 2002, Rebuttal Testimony filed September 6, 2002, cross-examination September 26, 2002.

**Minnesota Public Utilities Commission, Office of Administrative Hearings**, in Re: In the Matter of a Commission Investigation into Qwest's Compliance with Section 271(c)(2)(B) of the Telecommunications Act of 1996: Checklist Items 1, 2, 4, 5, 6, 11, 13, and 14, PUC Docket No. P-421/CI-01-1371, on behalf of the Minnesota Department of Commerce, Affidavit filed June 10, 2002, cross-examination September 9, 2002.

**Wisconsin Public Service Commission**, in Re: Application of CenturyTel of Central Wisconsin, LLC, as a Telecommunications Utility, for Authority to Establish Permanent Telephone Rates, Docket No. 2055-TR-102; Application of Telephone USA of Wisconsin, LLC, as a Telecommunications Utility, for Authority to Establish Permanent Telephone Rates, Docket No. 5846-TR-102, on behalf of AT&T Communications of Wisconsin, L.P., Direct Testimony filed May 31, 2002, Rebuttal Testimony filed June 21, 2002, cross-examination June 26, 2002.

**Ohio Public Utilities Commission**, in Re: In the Matter of Global NAPs, Inc. Petition for Arbitration Pursuant to 47 U.S.C. §252(b) of Interconnection Rates, Terms and Conditions with Verizon North Inc. f/k/a GTE North, Case No. 02-876-TP-ARB, Direct Testimony filed May 30, 2002, cross-examination June 6, 2002.

**Illinois Commerce Commission**, in Re: Global NAPs Illinois, Inc. Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon North Inc. f/ka/ GTE North Incorporated and Verizon South Inc. f/k/a GTE South Incorporated, Docket No. 02-0253, on behalf of Global NAPs, Inc., Direct Testimony filed May 16, 2002, Rebuttal Testimony filed June 4, 2002, cross-examination June 11, 2002.

**North Carolina Utilities Commission**, in Re: Global NAPs North Carolina, Inc. Petition for Arbitration Pursuant to Section 252(b) of the Telecommunications Act of 1996 to Establish an Interconnection Agreement with Verizon South, Inc. f/ka/ GTE South Incorporated, Docket No. P-1141 Sub1, on behalf of Global NAPs, Inc., Direct Testimony filed April 19, 2002, Rebuttal filed May 24, 2002, cross-examination July 23, 2002.

**Ohio Public Utilities Commission**, in Re: Global NAPs, Inc. Petition for Arbitration Pursuant to 47 U.S.C. § 252(b) of Interconnection Rates, Terms and Conditions with Ohio Bell Telephone Company d/b/a Ameritech Ohio, Case No. 01-3096-TP-ARB; Global NAPs, Inc. Petition for Arbitration Pursuant to 47 U.S.C. § 252(b) of Interconnection Rates, Terms and Conditions with United Telephone Company of Ohio d/b/a Sprint, Case No. 01-2811-TP-ARB, on behalf of Global NAPs, Inc., Direct Testimony filed February 12, 2002, cross-examination February 19, 2002.

**Minnesota State Office of Administrative Hearings for the Minnesota Public Utilities Commission**, in Re: Commission Investigation into Qwest's Compliance with Section 271(c)(2)(B) of the Telecommunications Act of 1996: Checklist Items 3, 7, 8, 9, 10 and 12, PUC Docket No. P-421/CI-01-1370, OAH Docket No. X-2500-14485-2, on

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behalf of the Minnesota Department of Commerce, Affidavit filed January 28, 2002, cross-examination March 6, 2002.

**Illinois Commerce Commission**, in Re: Petition of Global NAPs, Inc. for Arbitration Pursuant to Section 252(b) of The Telecommunications Act of 1996 to Establish an Interconnection Agreement with Illinois Bell Telephone Company d/b/a Ameritech Illinois, Docket No. 01-0786, on behalf of Global NAPs, Inc., Direct Testimony filed December 28, 2001, cross-examination waived.

**California Public Utilities Commission** in Re: Global NAPs, Inc. Petition for Arbitration of an Interconnection Agreement with Verizon California Inc. F/K/A GTE California, Inc. (U-6449-C) Pursuant to Section 252(b) of the Telecommunications Act of 1996, Application 01-12-026, on behalf of Global NAPs, Inc., Direct Testimony filed December 20, 2001, cross-examination, February 11, 2002.

**Nevada Public Utilities Commission**, in Re: Petition of Global NAPs, Inc. for the Arbitration of an Interconnection Agreement with Central Telephone Company - Nevada, d/b/a Sprint of Nevada, Pursuant to Section 252 of the Telecommunications Act of 1996, Docket No. 01-10018, on behalf of Global NAPs, Inc., Direct Testimony filed December 4, 2001, cross-examination waived.

**California Public Utilities Commission** in Re: Petition by GNAPS, Inc. for Arbitration of an Interconnection Agreement with Pacific Bell Telephone Company Pursuant to Section 252(b) of the Telecommunications Act of 1996, Application 01-11-045, on behalf of Global NAPs, Inc., Direct Testimony filed November 30, 2001, cross-examination February 11, 2002.

**Massachusetts Department of Telecommunications and Energy**, in Re: Complaint of Fiber Technologies Networks, LLC Pursuant to G.L.c.166 § 45.00 et seq. Regarding access to poles owned or controlled by Shrewsbury's Electric Light Plant, DTE 01-70, on behalf of Fiber Technologies Networks, LLC, Direct Testimony filed November 9, 2001, no cross-examination conducted.

**Maryland Public Service Commission**, in Re: Investigation into Rates for Unbundled Network Elements Pursuant to the Telecommunications Act of 1996, Case No. 8879, on behalf of the Maryland Office of People's Counsel, Rebuttal Testimony filed September 5, 2001, Surrebuttal Testimony filed October 15, 2001, cross-examination December 7, 2001.

**Wisconsin Public Service Commission**, in Re: Application of CenturyTel of the Midwest-Kendall, Inc. for Rate Increase and Petition for Emergency Order for Rate Increase, Docket No. 2815-TR-103, on behalf of AT&T Communications of Wisconsin, L.P., Direct Testimony filed June 19, 2001, Rebuttal Testimony filed July 3, 2001, cross-examination waived.

**New Jersey Board of Public Utilities**, in Re: Review of Unbundled Network Elements Rates, Terms and Conditions of Bell Atlantic-New Jersey, Inc., Docket No. TO00060356, on behalf of the State of New Jersey, Division of the Ratepayer Advocate, Direct Testimony filed October 12, 2000, cross-examination January 26, 2001.

**New Jersey Board of Public Utilities**, in Re: Application of Bell Atlantic-New Jersey, Inc. for Approval of a Modified Plan for an Alternative Form of Regulation and to Reclassify All Rate Regulated Services as Competitive Services, Docket No. TO99120934, on behalf of the State of New Jersey, Division of the Ratepayer Advocate, Direct Testimony filed September 8, 2000, cross-examination waived.

**Alabama Public Service Commission**, in Re: Generic Proceeding: Costs and Rates of BellSouth's Operations Support System (OSS), Docket No. 27178, on behalf of National ALEC Association/Prepaid Communications Association, Direct Testimony filed May 20, 2000, cross-examination June 13, 2000.

**California Public Utilities Commission**, in Re: Petition by Pacific Bell (U 1001 C) for Arbitration of an Interconnection Agreement with Pac-West Telecom, Inc. (U 5266 C) Pursuant to Section 252(b) of the Telecommunications Act of 1996, Docket No. 98-11-024, on behalf of Pac West Telecom, Inc., Direct Testimony filed February 8, 1999, cross-examination February 24, 1999.



**Texas Public Utilities Commission**, in Re: Public Utility Commission, Application of Southwestern Bell Telephone Company for Rate Group Re-Classification Pursuant to Section 58.058 of the Texas Utility Code, Docket No. 18509, on behalf of the Office of Public Utility Counsel, Direct Testimony filed August 18, 1998, cross-examination September 9, 1998.

**Hawaii Public Utilities Commission**, in Re: Instituting a Proceeding on Communications, Including an Investigation of the Communications Infrastructure of the State of Hawaii, Docket No. 7702, on behalf of AT&T Communications of Hawaii, Inc., Rebuttal Testimony filed August 28, 1997, cross-examination October 17, 1997.

**Nevada Public Service Commission**, in Re: A Petition by the Regulatory Operations Staff to Open an Investigation into the Procedures and Methodologies that Should Be Used to Develop Costs for Bundled or Unbundled Telephone Services or Service Elements in the State of Nevada, Docket No. 96-9035, on behalf of AT&T Communications of Nevada, Direct Testimony filed May 9, 1997, Rebuttal Testimony filed May 23, 1997, cross-examination June 11, 1997.

**Ohio Public Utilities Commission**, in Re: Review of Ameritech Ohio's Economic Costs for Interconnection, Unbundled Network Elements, and Reciprocal Compensation for Transport and Termination of Local Telecommunications Traffic, Docket No. 96-922-TP-UNC, on behalf of the Ohio Consumers' Counsel, Direct Testimony filed January 17, 1997.

**California Public Utilities Commission**, in Re: Petition of AT&T Communications of California, Inc. for Arbitration Pursuant to Section 252 of the Federal Telecommunications Act of 1996 to Establish an Interconnection Agreement with GTE California, Inc., Docket No. A.96-08-41, on behalf of AT&T of California, Inc., Oral testimony presented October 3, 1996.

**Connecticut Public Utilities Commission**, in Re: Application of SNET for Approval to Offer Unbundled Loops, Ports, and the Associated Interconnection Arrangements and Application of SNET for Approval to Offer Wholesale Local Basic Service and Certain Related Features and to Implement a Universal Service Fund, Docket No. 95-06-17, on behalf of New England Cable Television Association, Inc., Direct Testimony filed September 8, 1995.

**Washington Utilities and Transportation Commission**, in Re: In the Matter of the Request of US West Communications, Inc. for the Increase in its Rates and Charges, Docket No. UT-950200, on behalf of Washington Utilities and Transportation Commission Staff, Direct Testimony filed August 11, 1995, cross-examination January 15, 1996.

**Washington Utilities and Transportation Commission**, in Re: WUTC, Complainant vs. US West, Respondent; TGC Seattle and Digital Direct of Seattle, Inc., Complaint vs. US West, Respondent; TCG Seattle, Complainant v. GTE Northwest, Inc., Respondent;

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GTE Northwest, Inc., Third Party Complainant v. US West, Third Party Respondent; Electric Lightwave, Inc., Complaint v. GTE Northwest, Inc., Respondent, Docket No. UT-941464, et al, on behalf of Staff of the Washington Utilities and Transportation Commission, Direct Testimony filed April 17, 1995.

**Washington Utilities and Transportation Commission**, in Re: Washington Utilities and Transportation Commission, Complainant vs. US WEST Communications, Inc., Respondent; Application of US WEST Communications, Inc., for an Alternative Form of Regulation, Docket Nos. U-89-2698-F, U-89-3245-P, on behalf of TRACER, Direct Testimony filed June 23, 1993, cross-examination July 1, 1993.

*Publications:*

“Lost in Translation: How Rate of Return Regulation Transformed the Universal Service Fund for Consumers into Corporate Welfare for the RLECs” (with Susan M. Gately), February 2004. Prepared for Western Wireless Corporation.

“A Study of Total Factor Productivity in the Wisconsin Local Exchange Carrier Industry” (with Lee L. Selwyn, Sarah C. Bosley), January 2003. Prepared for the Public Service Commission of Wisconsin.

“Efficient Inter-Carrier Compensation Mechanisms for the Emerging Competitive Environment” (with Lee L. Selwyn), August 2001. Prepared for Pac-West Telecomm, Inc., Focal Communications Corp., and US LEC Corp.

“Price Cap Plan for USWC: Establishing Appropriate Price and Service Quality Incentives in Utah” (with Patricia D. Kravtin and Susan M. Baldwin). Prepared for the Utah Division of Public Utilities, March 2000.

“Bringing Broadband to Rural America: Investment and Innovation in the Wake of the Telecom Act” (with Lee L. Selwyn and Scott A. Coleman). Prepared for AT&T, September 1999.

“Promises and Realities: An Examination of the Post-Merger Performance of the SBC/Pacific Telesis and Bell Atlantic/NYNEX Companies” (with Scott A. Coleman). Prepared for the AARP Public Policy Institute, July 1999.

“Manual of Procedures for the Rates Regulation Division” (with Paul S. Keller). Prepared for the Philippines National Telecommunications Commission, August 1994.

“Review of Annual Reporting Requirements for Telecommunications Common Carriers.” Prepared for the Philippines National Telecommunications Commission, October 1993.

“The Infrastructure Dilemma: Matching Market Realities and Policy Goals” (with W.P. Montgomery). Prepared for the International Communications Association, January 1993.

*Statement of Qualifications – Scott C. Lundquist*

“A Roadmap to the Information Age: Defining a Rational Telecommunications Plan for Connecticut” (with Susan M. Baldwin et al). Prepared for the Connecticut Office of Consumer Counsel, October 1992.

“New Connections for the 1990s: Managing the Changing Relationship Between Corporate Telecommunications Needs and the Local Telephone Company” (with W. Page Montgomery). Prepared for the International Communications Association, April 1990.

“Adapting Telecom Regulation to Industry Change” (with Dr. Lee L. Selwyn). Prepared for the International Communications Association and published in IEEE Communications Magazine, January 1989.

“A Study of Rate of Return Regulation and Alternatives - An Examination of Applicability to regulation of Telephone Companies by the Canadian Radio-Television and Telecommunications Commission” (with W. Page Montgomery and Lee L. Selwyn). Prepared for the Canadian Radio-Television and Telecommunications Commission, March 1989.

“Telecommunications Competition in Michigan and Regulatory Alternatives: Market Structure and Competition in the Michigan Telecommunications Industry” (with Lee L. Selwyn, David N. Townsend, Patricia D. Kravtin). Prepared for the Michigan Divestiture Research Fund Board, April 1988.

Mr. Lundquist received his Bachelor of Arts degree in Psychology and Social Relations from Harvard College, Cambridge, Massachusetts, in 1985.

Exhibit SCL-2

Midcontinent's Response to Staff's Data Requests, September 29, 2005 (TC05-137)

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November 8, 2005

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HAND DELIVERED

Pam Bonrud  
Executive Secretary  
Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501

RE: MIDCONTINENT COMMUNICATIONS  
Docket TC05-137  
Our file: 0053

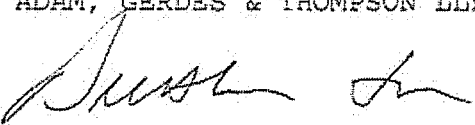
Dear Pam:

Enclosed are original and 10 copies of Midcontinent's Response to Staff's Data Requests, which please file.

With a copy of this letter service by mailing is made upon the service list. If you or any member of the Commission staff has questions, please contact me. Thank you very much.

Yours truly,

MAY, ADAM, GERDES & THOMPSON LLP

  
DAVID A. GERDES  
DAG:mw  
Enclosures  
cc/enc: Service List  
Mary Lohnes

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE  
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE JOINT                    )  
PETITION FOR EXTENSION OF                    )  
SUSPENSION DATE AND THE DATE TO            )  
FILE FURTHER SUSPENSION REQUEST            )

DOCKET TC05-137

MIDCONTINENT'S RESPONSE TO STAFF'S DATA REQUESTS

Answering Commission staff's data requests dated September 29, 2005, Midcontinent Communications ("Midcontinent") states as follows:

REQUESTS FOR INFORMATION

1. In its Petition to Intervene, Midcontinent states that the Interim Intramodal LNP "has yet to be effectively implemented" in the Webster and Waubay exchanges. State the problems that the companies have had in implementing interim intramodal LNP. State whether and when any of these problems were resolved.

RESPONSE. A Settlement Agreement was reached July 8, 2004. In accordance with the Settlement, ITC was to provide INP to Midcontinent by August 1, 2004. On December 17, 2004, the Commission approved the Interconnection Agreement between ITC and Midcontinent for Waubay which contained the language for number porting. On December 17, 2004, the Commission approved an amendment to the Webster Interconnection Agreement to incorporate the number porting language from the Waubay agreement to the Webster agreement. Several meetings were held internally at Midcontinent during this time to determine how we could make interim number portability work, but unanswered questions remained. These questions were primarily focused around outbound caller ID display, 911, directory listings, feature functionality, efficient use of numbers and switch resources as well as the billing systems ability to support INP.

It was Midcontinent's intention to work cooperatively with ITC on INP and possibly put some workarounds in place until full number portability could be achieved. On June 24, 2005, Midcontinent contacted ITC expressing concerns with INP and a desire to reopen discussions about number porting. The concerns were the effects of remote call forwarding the end user's number and how the number appeared in caller ID (showing the Midcontinent, not ITC, number), specifically how it may impact emergency services because of erroneous address information. We also could see that there could be some billing issues with Interim Number Portability ("INP"). INP also uses up two phone numbers which are an added expense and concern when the FCC has an initiative to conserve numbers. In addition, there were concerns about carrier access billing.

On July 7, 2005, the companies met to discuss concerns with INP and how we could possibly work around those issues. Midcontinent's technician suggested a double remote call forward where the end user's number would have final termination from the ITC switch and caller ID would reflect the ITC number. Test calls showed this would work. However, outstanding legal issues remain. Midcontinent shared those issues with ITC on September 30, 2005, and we are waiting for ITC's response. Attached as Exhibit A is a copy of the relevant email exchange. Among our concerns with the above described activities is that the process is very labor intensive for both companies and is outside of the "normal" process flow which may lead to errors and possible service interruption.

Midcontinent has not been able to use INP because of the labor intense workarounds, the poor service it would create to the end user customer, and the question of legality.

2. How many numbers have been ported to Midcontinent in Webster and Waubay exchanges?

RESPONSE. None because of Midcontinent's concerns with INP.

3. How many customers have switched service from ITC to Midcontinent in the Webster and Waubay exchanges?

RESPONSE. The number of customers is proprietary information and, in the absence of number portability there is no good way to determine whether a customer has changed carriers or simply purchased new service from Midcontinent. However, in other markets

when Midcontinent has full local number portability in place, our products have been well received and the take rate for phone service has varied from 23% to 43% of home passed. In Webster and Waubay, this number is less than 5 percent.

Midcontinent maintains that INP is meant to be temporary. INP does not meet the FCC performance criteria established for long-term number portability.

4. What are Midcontinent's costs to implement interim intramodal LNP in Webster and Waubay exchanges?

RESPONSE. Midcontinent has requested that ITC provide LNP to Midcontinent in Webster and Waubay. It is up to ITC to make it work for the good of the consumers.

However, Midcontinent incurs significant expenses as a consequence of the use of INP. For instance, Midcontinent must use two channels for every customer that we port. There are 24 channels in a T1, and the cost of a T1 is approximately \$1,620, so the costs can become very high as Midcontinent adds customers. The most significant costs relate to the back office workaround that needs to take place. These costs are difficult to estimate. Every phone number that is ported under interim number portability becomes a unique situation for both our processing group and our carrier access service bureau to handle. Rather than have the ITC numbers flow in with all the other ported numbers used by Midcontinent customers, Midcontinent must track every address change, every name change, every feature change separately from the systems already in place to handle other ported numbers. Midcontinent must do this because we will have to report these separately to ITC to get them to work in the systems that support the numbers because Midcontinent does not really "own" the number. After the information is sent to ITC, we will not have systems in place to verify that changes actually occurred.

In addition, carrier access billing will have to be uniquely handled by the Martin Group. Midcontinent & ITC both use the Martin Group for their processing. Martin will have to extract all of the Midcontinent numbers out of the ITC switching information and transfer them over to Midcontinent's account. Again, this creates a unique tracking situation for bill validation and dispute requests will have to be worked on with ITC.



As Midcontinent moves into new markets, having unique systems for each carrier providing interim number portability vs. full local number portability will become a logistical tracking nightmare.

5. Has Midcontinent conducted a cost analysis regarding the implementation of long term intramodal LNP in Webster, Waubay, or Wolsey exchanges? If so, what are the estimated costs?

RESPONSE. No, Midcontinent has not conducted a cost analysis.

However, the costs to ITC to implement LNP mostly relate to any costs of upgrading the software in its switch to support LNP. These costs will depend on the extent to which the necessary software was included in other upgrades ITC has purchased. It is Midcontinent's belief that ITC likely has obtained at least some of the software upgrades necessary to support LNP because those upgrades are necessary to route calls appropriately for customers who have ported numbers between wireless carriers.

Midcontinent's experience shows that ITC has to have spent several million dollars to overbuild the systems in Waubay and Webster to supply video services and should provide full LNP in order to allow us to fully compete on an equal playing field like all other carriers have to do. In addition, the FCC reaffirmed in the Second Memorandum Opinion and Order on Reconsideration released October 20, 1998, that INP methods 'do not meet the performance criteria established for long term portability' and are not in the 'public interest'. Pursuing interim number portability is only a very short term solution to the real goal necessary to provide full service to consumers.

6. State whether ITC and Midcontinent are currently in negotiations regarding the implementation of local number portability on a long term basis in Webster and Waubay exchanges consistent with Finding of Fact 21 in the Commission's Amended Final Decision and Order in Docket TC04-054.

RESPONSE. There are no discussions between Midcontinent and ITC for long term number portability because ITC is unwilling to implement long term portability. Specifically, ITC has informed Midcontinent, at the July 7th meeting that ITC has no plan to turn up permanent number portability in its switch.

7. List all exchanges for which Midcontinent has requested intramodal LNP with any of the Petitioners and the dates of the requests.

RESPONSE. ITC for Webster - LNP first discussed at initial meeting on May 1, 2003, and again in conversation between our company's technicians on August 21, 2003, and it was discussed again in a negotiations meeting on September 8, 2003. On September 9, 2003, Dave Gerdes sent ITC and their attorney suggested LNP language to be added in our interconnection agreement.

ITC for Waubay - LNP was part of the interconnection agreement negotiations which began with my e-mail to Jerry Heiberger on May 19, 2004 and was signed November 2004.

8. State whether Santel has entered into or is currently negotiating an interconnection agreement with Midcontinent regarding the Wolsey exchange.

RESPONSE. Midcontinent and Santel are not negotiating an interconnection agreement. While Midcontinent has requested a meeting more than once, Santel refuses to talk until the Commission has made a decision on Midcontinent's Amendment of COA to include Wolsey. However, should Midcontinent seek a facilities interconnection agreement, local number portability will be necessary. Midcontinent looks at interim number portability as only a very short term solution. Separate INP workarounds for each carrier will be difficult to implement and maintain.

#### REQUEST FOR PRODUCTION OF DOCUMENTS

1. If Midcontinent has requested intramodal LNP from any of the Petitioners, provide a copy of the requests and all documents responding to the requests.

RESPONSE. No other requests for LNP have been made to any of these Petitioners.

2. Provide copies of any cost studies completed by any of the Petitioners regarding the implementation of intramodal LNP which were done following the hearings held in 2004 on LNP suspensions.

RESPONSE. Midcontinent is unaware of any progress or cost studies completed by the Petitioners since the 2004 LNP suspensions.

Dated this 7<sup>th</sup> day of November, 2005.

MIDCONTINENT COMMUNICATIONS

BY: Mary Lohnes  
Mary Lohnes, Manager  
Regulatory Affairs

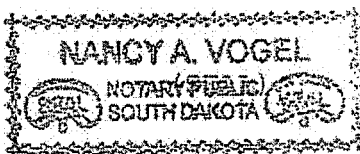
State of South Dakota     )  
                                      ) ss  
County of Minnehaha     )

Mary Lohnes, who acknowledged himself to be the Manager, Regulatory Affairs of Midcontinent Communications, a corporation, being duly sworn on oath, deposes and says that she is the party above-named; that she has read the within instrument and knows the contents thereof, that the same is true of her own knowledge, and that she as such Manager, Regulatory Affairs, being authorized so to do, executed the foregoing name of the corporation by herself as Manager, Regulatory Affairs.

Mary Lohnes  
Mary Lohnes

IN WITNESS WHEREOF I hereunto set my hand and official seal this 7 day of November, 2005.

Nancy A. Vogel  
Notary Public



Notary Print Name: NANCY A. VOGEL  
My Commission Expires: January 24, 2010

CERTIFICATE OF SERVICE

David A. Gerdes  
David A. Gerdes of May, Adam, Gerdes & Thompson LLP hereby certifies that on the 8 day of November, 2005, he mailed by United States mail, first class postage thereon prepaid, a true and

correct copy of the foregoing in the above-captioned action to the following at their last known addresses, to-wit:

Harlan Best, Staff Analyst  
Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

Rolayne Ailts Wiest, Staff Attorney  
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Pierre, SD 57501

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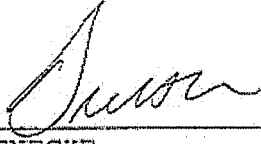
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Jeffrey D. Larson  
Larson & Nipe  
P.O. Box 277  
Woonsocket, SD 57385

Dated this 8 day of November, 2005.

MAY, ADAM, GERDES & THOMPSON LLP

BY:   
BRETT KOENECKE  
Attorneys for Midcontinent  
503 South Pierre Street  
P.O. Box 160  
Pierre, South Dakota 57501-0160  
Telephone: (605)224-8803  
Telefax: (605)224-6289

Mary Lohnes

---

From: Mary Lohnes  
Sent: Friday, September 30, 2005 3:28 PM  
To: 'Darla Rogers'; jerryhei@itctel.com  
Cc: dag@magt.com; Nancy Vogel  
Subject: RE: INP

Darla,

From our discussions with Intrado, we have been advised that if Midcontinent is not able to formally port a number to Midcontinent, we should not touch it. While it is technically feasible to make a number appear to belong to one carrier rather than another, such a practice is outside the recommended NENA policy and industry practices and Intrado is uncomfortable with doing this. In addition, it sounded like it was a database issue for them. In other words, if the prefix is not marked as portable, their database cannot handle it.

From our discussions with Neustar, our CARE vendor, we were advised that there are legal issues with making an NXX appear as portable in the LERG and not in the switch.

From our discussions with our FCC attorney, the double number porting should only be a short-term / temporary process. He believe that using this as a permanent fix would be against FCC regulations.

-----Original Message-----

From: Darla Rogers [mailto:dprogers@riterlaw.com]  
Sent: Wednesday, September 21, 2005 2:27 PM  
To: Mary Lohnes; jerryhei@itctel.com  
Cc: dag@magt.com  
Subject: Re: INP

Dear Mary:

In response to your message of September 13, we have explored whether implementing interim intramodal LNP via double call forwarding would raise E-911 issues with In-trado, and we have concluded that Intrado should not be affected by this process. Under the current system, each local carrier is responsible for providing 911 addressing information to Intrado for its customers. For example, ITC would provide 911 addressing information to Intrado on its customers with 345 numbers. If an ITC customer ports a 345 number to Midcontinent, Midco would have the responsibility to report any change in 911 addressing for that customer to Intrado, as Midco is now the customer's local carrier. ITC would have the same obligation for any numbers ported from Midco to ITC.

Please advise if this process is agreeable to Midco.

Darla Rogers

----- Original Message -----

From: "Mary Lohnes" <mary\_lohnes@mmi.net>  
To: <jerryhei@itctel.com>  
Cc: <dprogers@riterlaw.com>; <dag@magt.com>  
Sent: Tuesday, September 13, 2005 9:40 AM  
Subject: INP

> Good Morning Jerry,  
>  
> We last had a meeting on August 31st to discuss number portability.  
> It  
was

> determined that we could technically make the double remote call  
> forward work, my notes indicate that your office was going to look  
> into any legal issues that would prevent us from doing this process.  
> Do you have any updates for us?  
>  
> Thanks!  
> Mary  
>

CERTIFICATE OF SERVICE

David A. Gerdes of May, Adam, Gerdes & Thompson LLP hereby certifies that on the 11<sup>th</sup> day of June, 2007, he mailed by United States mail, first class postage thereon prepaid, and sent electronically, a true and correct copy of the foregoing in the above-captioned action to the following at their last known addresses, to-wit:

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Dated this 11<sup>th</sup> day of June, 2007.

MAY, ADAM, GERDES & THOMPSON LLP

BY 

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