
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Venture
Communications Cooperative, Inc. for
Suspension or Modification of 47 USC
Section 251(b)(2) of the Communications
Act of 1934 as Amended

Docket No. TC08-011

DIRECT PRE-FILED TESTIMONY OF

RANDY HOUDEK

July 15, 2008

1 **Q: What is your name and address?**

2 A. My name is Randy W. Houdek. My business address is 218 Commercial Avenue
3 SE, P.O. Box 157, Highmore, SD, 57345. My business telephone number is 605-
4 852-2224.

5 **Q: By whom are you employed and in what capacity?**

6 A: I am the General Manager of Venture Communications Cooperative (Venture).

7 Venture is a rural independent local exchange carrier that provides local
8 exchange, exchange access and other telecommunications services to 13,006
9 access lines within its service area, including an average of 596 “lifeline” access
10 lines within its service area, which includes the exchanges of Blunt, Bowdle,
11 Britton, North Britton, Gettysburg, Harrold, Highmore, Hitchcock, Hoven,
12 Langford, Lebanon, Onaka, Onida, East Onida, West Onida, Pierpont, Ree
13 Heights, Roscoe, Rosholt, Roslyn, Selby, Seneca, Sisseton, Tolstoy, Tulare,
14 Wessington, Wessington Springs.

15 **Q: Does your company have any direct points of interconnection with any**
16 **wireless carrier?**

17 A: Yes. There are direct connections between Venture and Verizon Wireless in
18 Venture’s Highmore, Gettysburg, and Selby exchanges, and there are direct con-
19 nections between Venture and Alltel in Venture’s Sisseton, Britton, Gettysburg,
20 and Highmore exchanges. There are currently no direct connections between
21 Venture and Sprint, Midwest, or RCC, or any other wireless carrier.

22 **Q: How would you describe the service area and local calling area of your**

1 **exchanges, as compared to those of the wireless carriers operating in your**
2 **area?**

3 A: Our service areas are defined by the boundaries of our exchanges, and where we
4 have physical cable plant. The wire-less carriers, on the other hand, serve areas
5 licensed by the FCC and by the reach of a radio frequency transmission from a
6 tower site, which makes their wireless local calling area much larger than our
7 exchange boundaries. The boundary of our wireline rate centers and the local
8 calling areas of wireless carriers serving in our area vary greatly.

9 **Q: How does Venture route calls from its subscribers' landline phones to**
10 **wireless carrier subscribers?**

11 A: If a wireless number is local to one of Venture's calling areas or EAS areas and
12 the wireless carrier has a direct connection to Venture, the call is routed over the
13 trunks associated with that direct connection. For example, an Alltel wireless
14 number that is local to the Sisseton, Britton, Gettysburg, or Highmore calling
15 areas would be routed over the trunks associated with Alltel's direct connections
16 in those exchanges. The same would be true for Verizon wireless numbers that
17 are local to the Highmore, Gettysburg, and Selby calling areas. In all other cases,
18 when a subscriber located in any other Venture calling areas uses his or her
19 landline phone to call a wireless phone number, the subscriber must dial a ten-
20 digit phone number; the call is routed from the subscriber's landline phone to the
21 Venture central office switch, where it is determined to be a non-local call; and
22 the call is switched to a toll trunk group. The toll trunk carries the call to South
23 Dakota Network's (SDN's) Centralized Equal Access (CEA) tandem, which is

1 located in Sioux Falls, to be routed to the appropriate Point of Interconnection of
2 the wireless carrier.

3 **Q: What is the number of wireless carriers authorized to serve in your**
4 **company's service area?**

5 A: I am aware of at least five wireless carriers that are currently offering service in
6 Venture's local exchange area: Verizon Wireless, Alltel, Midwest Wireless,
7 RCC, and Sprint. However, there are a significant number of other parties who
8 own wireless spectrum covering Venture's exchange area who may offer service
9 in the future.

10 **Q: Have any subscribers requested local number portability (LNP) from your**
11 **company?**

12 A: To my knowledge, not a single Venture subscriber has requested local number
13 portability from Venture.

14 **Q: Have any subscribers ever inquired whether the company could port a**
15 **number to a VoIP provider or have any carriers requested LNP in**
16 **connection with service to a VoIP provider?**

17 A: Not to my knowledge.

18 **Q: Has the lack of LNP had an impact on wireless service?**

19 A: Even during the past few years when Venture has had a suspension of intermodal
20 LNP, the number of people who have wireless service has continued to grow
21 throughout the country and in South Dakota. Therefore, I believe there has been
22 no impact on wireless service or competition.

1 **Q: Mr. DeWitte's testimony addresses the cost of transport associated with**
2 **intermodal and VoIP LNP. Are there other costs?**

3 A: Yes. Venture would have to take a number of actions and incur various costs to
4 be able to port numbers. These are explained in Mr. DeWitte's testimony.

5 **Q: If there is no demand for intermodal LNP and Venture must incur costs to**
6 **implement LNP, including, possibly, transport costs, why didn't you request**
7 **a total suspension of LNP like you did before?**

8 A: For a couple of reasons. First, since the first and second LNP cases, Venture has
9 made some upgrades to some of its switches and other cost elements associated
10 with LNP have been reduced, such that the cost of implementing LNP (other than
11 transport) have fallen. Second, Venture's Petition, in essence, is a compromise to
12 the wireless carriers. Although Venture believes there is no demand for
13 intermodal LNP, some wireless carriers apparently feel it is useful to their
14 business. Rather than ask for a total suspension, Venture will incur the cost of
15 implementing LNP. Venture merely asks that it not be required to pay for
16 transport.

17 **Q: Are there other reasons you filed this Petition?**

18 A: Yes. Even though to my knowledge there are five wireless carriers providing
19 services in Venture's local exchange area, any additional licensed carrier could
20 start operations at any time. As a result of the latest FCC decision, Venture may
21 be required to provide LNP in connection with service to VoIP providers. At this
22 time, Venture does not know who or how many VoIP providers may be involved.

1 Venture has no arrangements in place that would allow for the transport of traffic
2 to numbers ported from Venture to any of these entities. Further, because
3 Venture has no arrangements with these carriers, it cannot transport traffic to
4 numbers ported from Verizon or Alltel to any other of these entities.

5 **Q. Why do you believe it is appropriate for the wireless carriers to pay for the**
6 **cost of transport?**

7 A. Because, in the first instance, it is the wireless carrier who makes the decision
8 whether to pursue direct or indirect connection with the ILEC. It also is the
9 wireless carrier that, in the first instance, either pursues a point of interconnection
10 within the LEC's service territory or not. Further, it appears to be the position of
11 Alltel and Verizon that the point of interconnection and direct versus indirect
12 interconnection is within their discretion, although Venture does not agree with
13 this position. Therefore, whether there will be any cost of transport and what the
14 transport cost will be is largely controlled, at least in the first instance, by the
15 wireless carriers.

16 For example, Mr. DeWitte's exhibits concerning the cost of transport are based
17 on transporting traffic to Sioux Falls. It is my understanding, however, that Sprint
18 and Alltel have said they have the right to require the transport of traffic to any
19 point in the LATA, which is almost any point in South Dakota. If wireless
20 carriers should some day decide that it makes more sense for their traffic to go to
21 some other point in the LATA, the cost of transport could be a lot more than what
22 Mr. DeWitte modeled. And, if they make that decision for their own business
23 purposes, they should be willing to pay for it.

1 **Q. Do you have concerns with this Commission requiring Venture to incur**
2 **transport obligations that extend beyond its current rural service area?**

3 A: Yes. Other than limited EAS facilities, Venture does not have facilities to
4 transport local calls outside of its service area. Generally, I believe that requiring
5 a small rural company such as Venture to incur additional transport costs related
6 to facilities to transport local calls beyond its current local network and its service
7 area would impose a competitive disadvantage on Venture and also make it more
8 difficult in the future to achieve universal service. I believe it must be recognized
9 that Venture, as a small rural carrier with a service area limited to only a portion
10 of South Dakota, does not have telecommunications facilities extending
11 throughout the LATA or MTA. This is in contrast to the larger wireless carriers
12 such as Verizon and Alltel which, with their telecommunications networks, do
13 reach most of this State. I find it hard to understand why Venture should have to
14 incur additional costs associated with transport facilities to transport local calls
15 outside of its rural service area in order to make things more efficient for certain
16 wireless carriers who have much larger networks and many more customers.
17 Moreover, the challenges of maintaining affordable and universal telephone
18 service are already substantial for Venture and shifting additional transport
19 responsibilities to rural carriers and customers for transport services to locations
20 far removed from Venture's existing rural service would be a step in the wrong
21 direction.

22 **Q: Does the recently announced merger between Alltel and Verizon have any**
23 **impact on this proceeding and the transport?**

1 A: Yes. This merger most likely will impact the cost of transport. Verizon and
2 Alltel currently operate as two separate entities in Venture's service area. If one
3 of the operations is sold as a result of the merger, then the new carrier may
4 interconnect with Venture in a different manner or at a different location, which
5 would impact the cost of transport. Also, the newly merged Verizon and Alltel
6 could decide to interconnect differently. As the Verizon/Alltel merger is expected
7 to close by December 31, 2008, it may make sense to continue the total
8 suspension of intermodal LNP until after the merger.

9 **Q: What will be the impact on Venture and its customers if its Petition is not**
10 **granted?**

11 A: Venture is a small rural company with a small customer base. As stated,
12 implementing LNP will impose costs on Venture and its subscribers. The cost of
13 paying for transport will impose an additional burden on Venture and its
14 subscribers. We have few economies of scale; the cost of transport is substantial;
15 and our subscribers have not requested this service. There is little, if any, demand
16 for intermodal or VoIP LNP in our service area. Little or no demand means that
17 the cost of transport imposes a significant adverse economic impact on users and
18 an unduly economically burdensome requirement on the company and
19 subscribers. Further, the vast majority of our customers will have to pay for those
20 few, if any, who decide to port their numbers. It is a very poor bargain for the
21 majority of our customers.

22 **Q: Do you expect the implementation of LNP to result in an increase in**
23 **customer's rates?**

1 A: It is not known at this time whether Venture will impose an LNP surcharge on its
2 subscribers to recover the costs of implementing LNP, other than transport. With
3 respect to the cost of transport, it is my understanding that Venture may not be
4 allowed to recover the costs associated with transport of ported calls through the
5 LNP surcharge. To the extent this is correct, Venture may be forced to increase
6 local rates or curtail services or investment in the network. For example, its
7 investment in broadband or other network improvements and in the services it is
8 able to provide to customers may be delayed or reduced. If the cost of transport is
9 recovered through local rate increases, some segment of subscribers may
10 discontinue service or decrease the number of lines to which they subscribe,
11 which would further increase the per-subscriber cost of transport.

12 **Q: What do you expect the general reaction of your customers to be if there are**
13 **new LNP charges or rate increases associated with LNP and transport costs?**

14 A: I would expect the reaction would be negative. Since the vast majority of our
15 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect
16 protests if they must pay a cost for a service they do not want and for which they
17 receive no benefit. It is not in the Venture members' best interests for the large
18 majority of our members to be required to pay for a mandated service that will
19 benefit few if any of our members. For these reasons, our Board of Directors has
20 been supportive of our efforts to obtain a suspension or modification of the LNP
21 rules.

22 **Q: Does intermodal and VoIP LNP impose any other burdens on the company**
23 **and subscribers?**

1 A: Yes. Wireline to wireless porting under current routing protocols would impose
2 an unduly economically burdensome requirement by making the network less
3 efficient and by confusing customers. Currently, for calls from a subscriber of
4 Venture to a wireless carrier, Venture does not carry local traffic to a point of
5 interconnection beyond Venture's local calling area (or EAS area). Therefore, if
6 intermodal LNP is implemented before the transport issue has been resolved with
7 all wireless carriers, end users who continue to dial a ported number on a seven-
8 digit basis may receive a message that the call cannot be completed as dialed, or a
9 message instructing the party to redial using 1+ the area code. Thus, callers
10 would have to dial twice, with the resulting network use, to place one call. It
11 appears these issues also may be associated with calls to numbers ported to VoIP
12 providers.

13 **Q: As Venture is not LNP capable, can Venture correctly route calls to a**
14 **number ported from one wireless carrier to another?**

15 A: No.

16 **Q: In your Petition, you stated Venture would contact wireless carriers and**
17 **attempt to negotiate a resolution of routing and transport issues. Has**
18 **Venture done so?**

19 A: Yes. Venture has contacted intervening wireless carriers and attempted to
20 negotiate a solution to the transport/routing issues. The parties have not yet been
21 successful in negotiating a settlement, but Venture is committed to continue

1 negotiations with wireless carriers to reach a resolution of these outstanding
2 issues.¹

3 **Q: Does this conclude your direct testimony?**

4 A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct
5 testimony at or before the hearing if I receive additional information pertaining to
6 the issues I presented herein.

7

¹ **BEGIN CONFIDENTIAL** ** END CONFIDENTIAL**

Certificate of Service

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Pre-filed Testimony of Randy Houdek and Pre-filed Testimony and Confidential Exhibits of John De Witte was sent electronically on this 15th day of July, 2008, upon:

Talbot J. Wieczorek
Gunderson, Palmer, Goodsell
& Nelson
P. O. Box 8045
Rapid City, SD 57709
E-mail: tjw@gpgnlaw.com

Richard Coit
SDTA
320 East Capitol Avenue
Pierre, SD 57501
E-mail: richcoit@sdtaonline.com

Rolayne Ailts Wiest
Public Utilities Commission
State of South Dakota
500 East Capitol Avenue
Pierre, SD 57501
E-mail: rolayne.wiest@state.sd.us

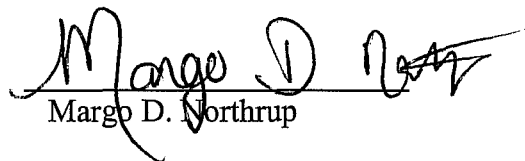
Denny Duncan
Attorney at Law
Zimmer, Duncan and Cole
PO Box 550
Parker SD 57053
Email: dlduncan@zdclaw.com

Harlan Best, Staff Analyst
Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501
E-mail: harlan.best@state.sd.us

Philip Schenkenberg
Attorney at Law
Briggs and Morgan P.A.
80 South Eighth Street
2200 ISD Center
Minneapolis MN 55402
Email: pschenkenberg@briggs.com

Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 E. Capitol
Pierre, SD 57501
E-mail: patty.vangerpen@state.sd.us

Mr. Stephen B. Rowell
Alltel
P. O. Box 2177
Little Rock, AR 72202
E-mail: stephen.b.rowell@alltel.com


Margo D. Northrup