BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Golden West Telecommunications for Suspension or Modification of 47 USC Section 251(b)(2) of the Communications Act of 1934 as Amended

DIRECT PRE-FILED TESTIMONY OF
DENNY LAW

July 15, 2008
Q: What is your name and address?
A: My name is Denny Law. My business address is 525 E. Fourth Street, P.O. Box 98, Dell Rapids, SD, 57022. My business telephone number is 605-428-5421.

Q: By whom are you employed and in what capacity?
A: I am the Eastern Regional Manager of Golden West Telecommunications Cooperative (Golden West). Golden West is a rural independent local exchange carrier that provides local exchange, exchange access and other telecommunications services to 14,668 access lines nationwide, including an average of 1458 “lifeline” access lines within its South Dakota service area, which includes the exchanges of Ardmore, Belvidere, Buffalo Gap, Creighton, Edgemont, Enning, Faith Rural, Hayes, Hot Springs, Interior, Kyle, Long Valley, Martin, Maurine, Midland, Milesville, New Underwood, Oelrichs, Oral, Philip, Pine Ridge, Quinn, Wall, Wasta, White River, Wicksville, Wood, and White Clay, Nebraska.

Q: Does your company have any direct points of interconnection with any wireless carrier?
A: Yes. There is a direct connection between Golden West and Alltel in the Martin exchange, and direct connections between Golden West and Verizon in the Hot Springs and Wall exchanges.

Q: How would you describe the service area and local calling area of your exchanges, as compared to those of the wireless carriers operating in your area?
A: Our service areas are defined by the boundaries of our exchanges, and where we have physical cable plant. The wireless carriers, on the other hand, serve areas licensed by the FCC and by the reach of a radio frequency transmission from a tower site, which makes their wireless local calling area much larger than our exchange boundaries. The boundaries of our wireline rate centers and the local calling areas of wireless carriers serving in our area vary greatly.

Q: How does Golden West route calls from its subscribers' landline phones to wireless carrier subscribers?

A: If a wireless number is local to one of Golden West's calling areas or EAS area and the wireless carrier has a direct connection to Golden West, the call is routed over the trunks associated with that direct connection. For example, an Alltel wireless number that is local to the Martin calling area would be routed over the trunks associated with Alltel’s direct connection at Martin. The same would be true for Verizon wireless numbers that are local to the Hot Springs and Wall calling areas. In all other cases, when a subscriber located in any other Golden West calling areas uses his or her landline phone to call a wireless phone number, the subscriber must dial a ten-digit phone number; the call is routed from the subscriber’s landline phone to the Golden West central office switch, where it is determined to be a non-local call; and the call is switched to a toll trunk group. The toll trunk carries the call to SDN Communication’s Centralized Equal Access (CEA) tandem, which is located in Sioux Falls, to be routed to the appropriate Point of Interconnection of the wireless carrier.
Q: What is the number of wireless carriers authorized to serve in your company's service area?

A: I am aware of at least two (2) wireless carriers that are currently offering service in Golden West's local exchange area: Verizon Wireless and Alltel. However, there are nearly 30 entities that own licensed wireless spectrum that may be used to serve the Golden West area in the future.

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

A: To my knowledge, not a single Golden West subscriber has requested local number portability from Golden West.

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

A: Not to my knowledge.

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

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

Q: Golden West's Petition addresses the cost of transport associated with intermodal and VoIP LNP. Are there other costs?
A: Yes. Golden West would have to take a number of actions and incur various costs to be able to port numbers. These costs are outlined in Exhibit 2 to Mr. Davis’ direct testimony.

Q: If there is no demand for intermodal LNP and Golden West must incur costs to implement LNP, including, possibly, transport costs, why didn’t you request a total suspension of LNP like you did before?

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

Q: Are there other reasons you filed this Petition?

A: Yes. Although there are approximately thirty (30) wireless carriers authorized to serve in Golden West’s service area, it appears that not all of these carriers are active. Golden West, however, does not know this for certain, and in any event, any licensed carrier could start operations at any time. Further, as a result of the latest FCC decision, Golden West may be required to provide LNP in connection with service to VoIP providers. At this time, Golden West does not know who or how many VoIP providers may be involved. Golden West has no arrangements in
place that would allow for the transport of traffic to numbers ported from Golden West to any of these entities. Further, because Golden West has no arrangements with these carriers, it cannot transport traffic to numbers ported from Verizon or Alltel to any of these other entities.

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

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

For example, Mr. Davis' exhibit concerning the cost of transport (attached to his Direct Testimony) bases the costs on transporting traffic to Sioux Falls. It is my understanding, however, that Sprint and Alltel have said they have the right to require the transport of traffic to any point in the LATA, which is almost any point in South Dakota. If wireless carriers should some day decide that it makes more sense for their traffic to go to some other point in the LATA, the cost of transport could be a lot more than what Mr. Davis modeled. And, if they make that decision for their own business purposes, they should be willing to pay for it.
Q: Do you have concerns with this Commission requiring Golden West to incur transport obligations that extend beyond its current rural service area?

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

Q: Does the recently announced merger between Alltel and Verizon have any impact on this proceeding and the cost of transport?
A: Yes, it is possible. This merger may impact the cost of transport. Verizon and Alltel currently operate as two separate entities in Golden West’s service area. If one of the operations is sold as a result of the merger, then the new carrier may interconnect with Golden West in a different manner or at a different location, which would impact the cost of transport. Also, the newly merged Verizon and Alltel could decide to interconnect differently. As the Verizon/Alltel merger is expected to close by December 31, 2008, it may make sense to continue the total suspension of intermodal LNP until after the merger.

Q: What will be the impact on Golden West and its customers if its Petition is not granted?

A: As stated, implementing LNP will impose costs on Golden West and its subscribers. The cost of paying for transport will impose an additional burden on Golden West and its subscribers. Depending on the point of interconnection, the cost of transport may be substantial; and our subscribers have not requested this service. There is little, if any, demand for intermodal or VoIP LNP in our service area. Little or no demand means that the cost of transport imposes a significant adverse economic impact on users and an unduly economically burdensome requirement on the company and subscribers. Further, the vast majority of our customers will have to pay for those few, if any, who decide to port their numbers. It is a very poor bargain for the majority of our customers.

Q: Do you expect the implementation of LNP to result in an increase in customer’s rates?
It is not known at this time whether Golden West will impose an LNP surcharge on its subscribers to recover the costs of implementing LNP, other than transport.

With respect to the cost of transport, it is my understanding that Golden West may not be allowed to recover the costs associated with transport of ported calls through the LNP surcharge. To the extent this is correct, Golden West may be forced to increase local rates or curtail services or investment in the network. For example, its investment in broadband or other network improvements and in the services it is able to provide to customers may be delayed or reduced. If the cost of transport is recovered through local rate increases, some segment of subscribers may discontinue service or decrease the number of lines to which they subscribe, which would further increase the per-subscriber cost of transport.

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

I would expect the reaction would be negative. Since the vast majority of our customers will gain no benefit from intermodal LNP or VoIP LNP, I expect protests if they must pay a cost for a service they do not want and for which they receive no benefit. It is not in the Golden West subscribers' best interests for the large majority of our members to be required to pay for a mandated service that will benefit, few if any, of our members.

Does intermodal and VoIP LNP impose any other burdens on the company and subscribers?

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

Q: As Golden West is not LNP capable, can Golden West correctly route calls to
a number ported from one wireless carrier to another?

A: No.

Q: In your Petition, you stated Golden West would contact wireless carriers and
attempt to negotiate a resolution of routing and transport issues. Has Golden
West done so?

A: Yes. Golden West has contacted intervening wireless carriers and attempted to
negotiate a solution to the transport/routing issues. The parties have not yet been
successful in negotiating a settlement, but Golden West is committed to continue
negotiations with wireless carriers to reach a resolution of these outstanding
issues.

Q: Does this conclude your direct testimony?
A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct testimony at or before the hearing if I receive additional information pertaining to the issues I presented herein.
Certificate of Service

The undersigned, attorney for Petitioner hereby certifies that a true and correct copy of Prefiled Testimony of Denny Law and Pre-filed Testimony and Confidential Exhibits of Dan Davis was sent electronically on this 15th day of July, 2008, upon:

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