
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

Docket No. TC08-014

DIRECT PRE-FILED TESTIMONY OF

DENNY LAW

July 15, 2008

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

2 A: My name is Denny Law. My business address is 525 E. Fourth Street, P.O. Box
3 98, Dell Rapids, SD, 57022. My business telephone number is 605-428-5421.

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

5 A: I am the Eastern Regional Manager of Golden West Telecommunications
6 Cooperative (Golden West). Golden West is a rural independent local exchange
7 carrier that provides local exchange, exchange access and other
8 telecommunications services to 14,668 access lines nationwide, including an
9 average of 1458 "lifeline" access lines within its South Dakota service area,
10 which includes the exchanges of Ardmore, Belvidere, Buffalo Gap, Creighton,
11 Edgemont, Enning, Faith Rural, Hayes, Hot Springs, Interior, Kyle, Long Valley,
12 Martin, Maurine, Midland, Milesville, New Underwood, Oelrichs, Oral, Philip,
13 Pine Ridge, Quinn, Wall, Wasta, White River, Wicksville, Wood, and White
14 Clay, Nebraska.

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

17 A: Yes. There is a direct connection between Golden West and Alltel in the Martin
18 exchange, and direct connections between Golden West and Verizon in the Hot
19 Springs and Wall exchanges.

20 **Q: How would you describe the service area and local calling area of your**
21 **exchanges, as compared to those of the wireless carriers operating in your**
22 **area?**

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

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

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

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

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

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

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

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

14 A: Not to my knowledge.

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

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

20 **Q: Golden West's Petition addresses the cost of transport associated with**
21 **intermodal and VoIP LNP. Are there other costs?**

1 A: Yes. Golden West would have to take a number of actions and incur various costs
2 to be able to port numbers. These costs are outlined in Exhibit 2 to Mr. Davis'
3 direct testimony.

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

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

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

17 A: Yes. Although there are approximately thirty (30) wireless carriers authorized to
18 serve in Golden West's service area, it appears that not all of these carriers are
19 active. Golden West, however, does not know this for certain, and in any event,
20 any licensed carrier could start operations at any time. Further, as a result of the
21 latest FCC decision, Golden West may be required to provide LNP in connection
22 with service to VoIP providers. At this time, Golden West does not know who or
23 how many VoIP providers may be involved. Golden West has no arrangements in

1 place that would allow for the transport of traffic to numbers ported from Golden
2 West to any of these entities. Further, because Golden West has no arrangements
3 with these carriers, it cannot transport traffic to numbers ported from Verizon or
4 Alltel to any of these other 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 Golden West does not agree
13 with this position. Therefore, whether there will be any cost of transport and what
14 the transport cost will be is largely controlled, at least in the first instance, by the
15 wireless carriers.

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

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

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

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

1 A: Yes, it is possible. This merger may impact the cost of transport. Verizon and
2 Alltel currently operate as two separate entities in Golden West's service area. If
3 one of the operations is sold as a result of the merger, then the new carrier may
4 interconnect with Golden West in a different manner or at a different location,
5 which would impact the cost of transport. Also, the newly merged Verizon and
6 Alltel could decide to interconnect differently. As the Verizon/Alltel merger is
7 expected 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 Golden West and its customers if its Petition is**
10 **not granted?**

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

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

1 A: It is not known at this time whether Golden West will impose an LNP surcharge
2 on its subscribers to recover the costs of implementing LNP, other than transport.
3 With respect to the cost of transport, it is my understanding that Golden West may
4 not be allowed to recover the costs associated with transport of ported calls
5 through the LNP surcharge. To the extent this is correct, Golden West may be
6 forced to increase local rates or curtail services or investment in the network. For
7 example, its investment in broadband or other network improvements and in the
8 services it is able to provide to customers may be delayed or reduced. If the cost
9 of transport is recovered through local rate increases, some segment of subscribers
10 may 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 Golden West subscribers' best interests for the
18 large majority of our members to be required to pay for a mandated service that
19 will benefit, few if any, of our members.

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

22 A: Yes. Wireline to wireless porting under current routing protocols would impose
23 an unduly economically burdensome requirement by making the network less

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

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

13 A: No.

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

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

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

1 A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct
2 testimony at or before the hearing if I receive additional information pertaining to
3 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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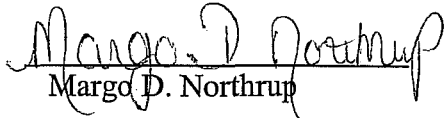
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