
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

In the Matter of the Petition of Union
Telephone Company for Suspension or
Modification of 47 USC Section 251(b)(2)
of the Communications Act of 1934 as
Amended

Docket No. TC08-018

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 4th Street, P.O.
3 Box 98, Dell Rapids, SD, 57022. My business telephone number is 605-428-
4 5421.

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

6 A: I am the Eastern Regional Manager of Union Telephone Company (Union) d/b/a
7 Golden West Telecommunications. Union is a rural independent local exchange
8 carrier that provides local exchange, exchange access and other
9 telecommunications services to 1757 access lines within its service area,
10 including an average of 20 “lifeline” access lines. Union’s service area includes
11 the exchanges of Hartford and Wall Lake.

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

14 A: No.

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

18 A: We are a small company with only two exchanges. Our service areas are defined
19 by the boundaries of our exchanges, and where we have physical cable plant. The
20 wireless carriers, on the other hand, serve areas licensed by the FCC and by the
21 reach of a radio frequency transmission from a tower site, which makes their
22 wireless local calling area much larger than our exchange boundaries. The

1 boundary of our wireline rate centers and the local calling areas of wireless
2 carriers serving in our area vary greatly.

3 **Q: How does Union route calls from its subscribers' landline phones to wireless**
4 **carrier subscribers?**

5 A: When a Union subscriber uses his/her landline phone to call a wireless phone
6 number, the call is routed from the subscriber's landline phone to the appropriate
7 Union central office switch, where it is determined to be a non-local call and is
8 therefore switched to a toll trunk group. The toll trunk carries the call to South
9 Dakota Network's (SDN's) Centralized Equal Access (CEA) tandem, which is
10 located in Sioux Falls, to be routed to the appropriate Point of Interconnection of
11 the wireless carrier. A Union subscriber cannot call a wireless subscriber as a
12 local call today, as no wireless carriers have direct connections in Union's service
13 area.

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

16 A: I am aware of four wireless carriers that are currently providing service in
17 Union's local exchange area: Verizon Wireless, Alltel, Swiftel PCS, and RCC.
18 However, there are nearly 30 entities that own licensed wireless spectrum that
19 may be used to serve the Union area in the future.

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

22 A: To my knowledge, not a single Union subscriber has requested local number

1 portability from Union.

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

5 A: Not to my knowledge.

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

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

11 **Q: Mr. Davis' testimony addresses the cost of transport associated with**
12 **intermodal and VoIP LNP. Are there other costs?**

13 A: Yes. Union would have to take a number of actions and incur various costs to be
14 able to port numbers. These costs are outlined in Exhibit 2 to Mr. Davis' direct
15 testimony.

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

19 A: For a couple of reasons. First, since the first and second LNP cases, Union has
20 upgraded its switches, and other cost elements associated with LNP have been
21 reduced, such that the cost of implementing LNP (other than transport) have
22 fallen. Second, Union's Petition, in essence, is a compromise to the wireless

1 carriers. Although Union believes there is no demand for intermodal LNP, some
2 wireless carriers apparently feel it is useful to their business. Rather than ask for a
3 total suspension, Union will incur the cost of implementing LNP. Union merely
4 asks that it not be required to pay for transport.

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

6 A: Yes. Even though to my knowledge there are three wireless carriers authorized to
7 serve in Union's service area, any additional licensed carriers could start
8 operations at any time. As a result of the latest FCC decision, Union may be
9 required to provide LNP in connection with service to VoIP providers. At this
10 time, Union does not know who or how many VoIP providers may be involved.
11 Union has no arrangements in place that would allow for the transport of traffic to
12 numbers ported from Union to any of these entities. Further, because Union has
13 no arrangements with these carriers, it cannot transport traffic to numbers ported
14 from Verizon Wireless, Alltel, Swiftel PCS, and RCC to any other of these
15 entities.

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

18 A: Because, in the first instance, it is the wireless carrier who makes the decision
19 whether to pursue direct or indirect connection with the ILEC. It also is the
20 wireless carrier that, in the first instance, either pursues a point of interconnection
21 within the LEC's service territory or not. Further, it appears to be the position of
22 Alltel and Verizon that the point of interconnection and direct versus indirect
23 interconnection is within their discretion, although Union does not agree with this

1 position. Therefore, whether there will be any cost of transport and what the
2 transport cost will be is largely controlled, at least in the first instance, by the
3 wireless carriers.

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

12 **Q: Do you have concerns with this Commission requiring Union to incur**
13 **transport obligations that extend beyond its current rural service area?**

14 A: Yes. Other than limited EAS facilities, Union does not have facilities to transport
15 local calls outside of its service area. Generally, I believe that requiring a small
16 rural company such as Union to incur additional transport costs related to
17 facilities to transport local calls beyond its current local network and its service
18 area would impose a competitive disadvantage on Union and also make it more
19 difficult in the future to achieve universal service. I believe it must be recognized
20 that Union, as a small rural carrier with a service area limited to only a portion of
21 South Dakota, does not have telecommunications facilities extending throughout
22 the LATA or MTA. This is in contrast to the larger wireless carriers such as
23 Verizon and Alltel which, with their telecommunications networks, do reach most

1 of this State. I find it hard to understand why Union should have to incur
2 additional costs associated with transport facilities to transport local calls outside
3 of its rural service area in order to make things more efficient for certain wireless
4 carriers who have much larger networks and many more customers. Moreover,
5 the challenges of maintaining affordable and universal telephone service are
6 already substantial for Union and shifting additional transport responsibilities to
7 rural carriers and customers for transport services to locations far removed from
8 Union's existing rural service would be a step in the wrong direction.

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

11 A: Yes. This merger may impact the cost of transport. Verizon and Alltel currently
12 operate as two separate entities in Union's service area. If one of the operations is
13 sold as a result of the merger, then the new carrier may interconnect with Union in
14 a different manner or at a different location, which would impact the cost of
15 transport. Also, the newly merged Verizon and Alltel could decide to
16 interconnect differently. As the Verizon/Alltel merger is expected to close by
17 December 31, 2008, it may make sense to continue the total suspension of
18 intermodal LNP until after the merger.

19 **Q: What will be the impact on Union and its customers if its Petition is not**
20 **granted?**

21 A: Union is a small rural company with a small customer base. As stated,
22 implementing LNP will impose costs on Union and its subscribers. The cost of
23 paying for transport will impose an additional burden on Union and its

1 subscribers. We have few economies of scale; the cost of transport is substantial;
2 and our subscribers have not requested this service. There is little, if any, demand
3 for intermodal or VoIP LNP in our service area. Little or no demand means that
4 the cost of transport imposes a significant adverse economic impact on users and
5 an unduly economically burdensome requirement on the company and
6 subscribers. Further, the vast majority of our customers will have to pay for those
7 few, if any, who decide to port their numbers. It is a very poor bargain for the
8 majority of our customers.

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

11 A: It is not known at this time whether Union will impose an LNP surcharge on its
12 subscribers to recover the costs of implementing LNP, other than transport. With
13 respect to the cost of transport, it is my understanding that Union may not be
14 allowed to recover the costs associated with transport of ported calls through the
15 LNP surcharge. To the extent this is correct, Union may be forced to increase
16 local rates or curtail services or investment in the network. For example, its
17 investment in broadband or other network improvements and in the services it is
18 able to provide to customers may be delayed or reduced. If the cost of transport is
19 recovered through local rate increases, some segment of subscribers may
20 discontinue service or decrease the number of lines to which they subscribe,
21 which would further increase the per-subscriber cost of transport.

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

1 A: I would expect the reaction to be negative. Since the vast majority of our
2 customers will gain no benefit from intermodal LNP or VoIP LNP, I expect
3 protests if they must pay a cost for a service they do not want and for which they
4 receive no benefit. It is not in Union's or its customers' best interests for the large
5 majority of our customers to be required to pay for a mandated service that will
6 benefit few if any of our customers.

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

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

21 **Q: As Union is not LNP capable, can Union correctly route calls to a number**
22 **ported from one wireless carrier to another?**

23 A: No.

1 **Q: In your Petition, you stated Union would contact wireless carriers and**
2 **attempt to negotiate a resolution of routing and transport issues. Has Union**
3 **done so?**

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

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

9 A: Yes, although I reserve the opportunity to revise or modify this pre-filed direct
10 testimony at or before the hearing if I receive additional information pertaining to
11 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:

Talbot J. Wiczorek
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

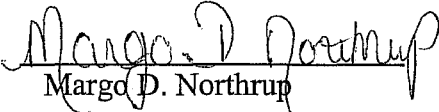
Denny Duncan
Attorney at Law
Zimmer, Duncan and Cole
PO Box 550
Parker SD 57053
Email: dlduncan@zdclaw.com

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