
BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

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

Docket No. TC08-023

DIRECT PRE-FILED TESTIMONY OF

MARK BENTON

July 15, 2008

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

2 A: My name is Mark D. Benton. My business address is 120 East First, Kimball, SD 54355.
3 My business telephone number is 605-778-6221.

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

5 A: I am the General Manager of Midstate Communications, Inc. (Midstate). Midstate is a
6 rural independent local exchange carrier that provides local exchange, exchange access
7 and other telecommunications services to 4,732 access lines, of which 297 have lifeline
8 service. Midstate's service area includes the exchanges of Academy, Delmont, Fort
9 Thompson, Gann Valley, Kimball, New Holland, Platte, Pukwana, Stickney, and White
10 Lake.

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

13 A: Yes. There is a direct connection between Midstate and Alltel in the Platte exchange, and
14 a direct connection between Midstate and Verizon in the Kimball exchange.

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

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

1 **Q: How does Midstate route calls from its subscribers' landline phones to wireless**
2 **carrier subscribers?**

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

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

18 A: To my knowledge, two wireless carriers are currently providing service in Midstate's
19 local exchange area. However, there are a significant number of other parties who own
20 wireless spectrum covering the Midstate exchange area who may offer service in the
21 future.

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

3 A: To my knowledge, not a single Midstate subscriber has formally requested local number
4 portability from Midstate. Midstate knows of one instance when a subscriber verbally
5 asked about the availability of LNP.

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

9 A: Not to my knowledge.

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

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

15 **Q: Midstate's Petition and Mr. Davis' testimony address the cost of transport**
16 **associated with intermodal and VoIP LNP. Are there other costs?**

17 A: Yes. Midstate would have to take a number of actions and incur various costs, other than
18 transport costs, to port numbers. These costs are outlined in Exhibit 2 to Mr. Davis'
19 direct testimony.

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

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

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

13 A: Yes. There are two wireless carriers currently providing service in Midstate's local
14 exchange area, and any additional licensed carrier could start operations at any time.
15 Further, as a result of the latest FCC decision, Midstate may be required to provide LNP
16 in connection with service to VoIP providers. At this time, Midstate does not know who
17 or how many VoIP providers may be involved. Midstate has no arrangements in place
18 that would allow for the transport of traffic to numbers ported from Midstate to any of
19 these entities. Further, because Midstate has no arrangements with these carriers, it
20 cannot transport traffic to numbers ported from Verizon or Alltel to any of these other
21 entities.

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

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

11 For example, Mr. Davis' Exhibit 1 (attached to his Direct Testimony) concerning the cost
12 of transport bases the costs on transporting traffic to Sioux Falls. It is my understanding,
13 however, that Sprint and Alltel have said they have the right to require the transport of
14 traffic to any point in the LATA, which is almost any point in South Dakota. If wireless
15 carriers should some day decide that it makes more sense for their traffic to go to some
16 other point in the LATA, the cost of transport could be a lot more than what Mr. Davis
17 modeled. And, if they make that decision for their own business purposes, they should be
18 willing to pay for it.

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

21 A: Yes. Currently, Midstate does not have facilities to transport local calls outside of its
22 service area. Generally, I believe that requiring a small rural company such as Midstate

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

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

18 A: Yes. This merger most likely will impact the cost of transport. Verizon and Alltel
19 currently operate as two separate entities in Midstate's service area. If one of the
20 operations is sold as a result of the merger, then the new carrier may interconnect with
21 Midstate in a different manner or at a different location, which would impact the cost of
22 transport. Also, the newly merged Verizon and Alltel could decide to interconnect

1 differently. As the Verizon/Alltel merger is expected to close by December 31, 2008, it
2 may make sense to continue the total suspension of intermodal LNP until after the merger.

3 **Q: What will be the impact on Midstate and its customers if its Petition is not granted?**

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

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

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

1 of subscribers may discontinue service or decrease the number of lines to which they
2 subscribe, which would further increase the per-subscriber cost of transport.

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

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

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

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

1 use, to place one call. It appears these issues also may be associated with calls to
2 numbers ported to VoIP providers.

3 **Q: As Midstate is not LNP capable, can Midstate correctly route calls to a number**
4 **ported from one wireless carrier to another?**

5 A: No.

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

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

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

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

Certificate of Service

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

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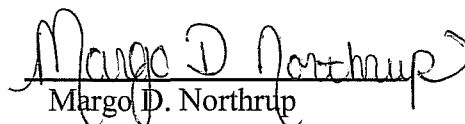
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