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OF COUNSEL:
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June 6, 2007

Ms. Patricia Van Gerpen
SD Public Utilities Commission
500 E. Capitol
Pierre, SD 57501

Re: In the Matter of the Petition of Brookings/Swiftel for Suspension
Or Modification
Docket TC 07-007

Dear Patty:

Attached please find SDN's initial Prefiled Testimony of Dan Caldwell in the above entitled matter. By copy of this letter, counsel for the various parties have been served by email.

If you have any questions, please contact me.

Sincerely yours,

RITER, ROGERS, WATTIER & BROWN, LLP

By: *Darla Pollman Rogers*
Darla Pollman Rogers

DPR-wb

Enclosure

Cc: Rich Helsper/Mary Sisak/Ben Dickens
Karen Cremer/Harlan Best
David Gerdes
Brett Koenecke
Rich Coit
Talbot J. Wiczorek
Stephen Rowell/Sean Simpson
Monica Barone

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I. Background

Q1. Please state your name, employer and business address.

A. My name is Dan Caldwell. I am employed with Consortia Consulting, Inc. (“Consortia”). My business address is 9300 Underwood Avenue; Suite 310; Omaha, Nebraska 68114.

Q2. On whose behalf are you testifying?

A. I am testifying on behalf of South Dakota Network, LLC (“SDN”). SDN is a limited liability company located at 2900 West 10th Street; Sioux Falls, South Dakota 57104. SDN provides telecommunications services, including, but not limited to, centralized equal access (“CEA”) services and it leases facilities to interexchange carriers.

Q3. What is your current position?

A. I am the President of Consortia Consulting, Inc. (“Consortia”). Consortia is a telecommunications consulting firm headquartered in Omaha, Nebraska that provides regulatory and financial management services to SDN.

Q4. What are your duties at Consortia?

A. My duties at Consortia include overall management and administration of the firm. I am also routinely involved in the oversight of our client relationships and, as such, provide advice and counsel on regulatory, financial and managerial matters of importance to our clients.

Q5. What was your professional experience prior to your current position?

1 A. I have been employed in the telecommunications industry for 25 years. I was
2 employed with Lincoln Telecommunications (a/k/a Aliant Communications) and
3 its subsidiaries for 19 years and worked for ALLTEL for approximately one year
4 following its acquisition of Aliant Communications. My work experiences in the
5 industry include a variety of accounting, financial planning and managerial
6 positions. Immediately before joining Consortia five years ago, I was Vice
7 President of Finance for ALLTEL's Southeast Region of the United States. My
8 industry experiences have included management assignments in the wireline,
9 wireless, IXC and interconnection divisions of my employers.

10 **Q6. What is your educational background?**

11 A. I have a Bachelor's Degree in Accounting from the University of Nebraska.
12

13 **II. Purpose of Testimony**

14
15 **Q7. Please generally describe the purpose of your testimony.**

16 A. In addition to supporting Swiftel Communications' (Swiftel) Petition for
17 Suspension or Modification filed pursuant to Section 251(f)(2)(B) of the
18 Telecommunications Act of 1934 as amended (the "Act"), the primary focus of
19 my testimony will be on the issues related to toll dialing parity in this proceeding.
20 As stated in SDN's Petition to Intervene, Sprint, with its interconnection request
21 to Swiftel, seeks interconnection arrangements that would remove access traffic
22 from SDN's centralized equal access network and could require Swiftel to
23 provide end office equal access services.

1 Swiftel, therefore, requests a modification of the toll dialing parity requirement
2 as necessary to ensure that Swiftel is not required to provide equal access at its
3 end office or be forced to establish switched access transport facilities other than
4 the common trunks to SDN currently in use.

5 The toll dialing parity issues addressed in the Swiftel Petition related to usage or
6 non-usage of the SDN network are of critical importance to Swiftel, SDN and all
7 rural telephone companies in South Dakota. Accordingly, SDN supports the
8 Swiftel Petition and strongly believes the modifications requested by Swiftel
9 should be granted.

10
11
12 **III. Justification in Support of the requested Toll Dialing Parity Suspension or**
13 **Modification**

14 **Q8. What justification does your testimony offer in support of the requested**
15 **suspension or modification related to toll dialing parity?**

16 **A.** There are four separate pieces of historical documentation that support the
17 requested suspension or modification, they include:

- 18 1. The Federal Communications Commission (FCC) authorization of SDN as
19 the interstate services centralized equal access provider in South Dakota.
- 20 2. The South Dakota Public Utilities Commission (SDPUC) authorization of
21 SDN as the intrastate services centralized equal access provider in South
22 Dakota.

1 3. The National Exchange Carrier Association (NECA) FCC Tariff No. 5
2 (NECA Tariff 5) that specifically excludes direct trunk transport services for
3 local exchanges behind a centralized equal access arrangement.

4 4. The Local Exchange Carrier Association (LECA) Tariff 1 that specifically
5 excludes direct trunk transport services for local exchanges behind a
6 centralized equal access arrangement.

7
8 **Q9. Will you further explain each piece of documentation?**

9
10 **A. 1. FCC Memorandum Opinion, Order and Certificate (File No. W-P-C-
11 6486)**

12 On November 9, 1990, the FCC issued a memorandum opinion, order and
13 certificate regarding the application of SDCEA, Inc. (SDCEA), the wholly-
14 owned subsidiary of SDN, to provide CEA services to South Dakota. In
15 paragraph 24, the FCC concluded that the application of SDCEA was in the
16 public interest. Further, the FCC specifically rejected an argument by
17 Northwestern Bell (currently Qwest) that it should be able to compete with
18 SDCEA for the traffic terminating at SDCEA's participating telephone company
19 exchanges. There have been no changes made to the direct authority granted to
20 SDCEA by the FCC since that ruling.

21 **2. SDPUC Grant of Construction Permit and Approval of Tariff (F-3860)**

22 On December 28, 1990, the SDPUC found that the SDN-SDCEA, Inc.,
23 application filed on October 16, 1989, was in the public interest. Later, on
24 February 14, 1994, the SDPUC approved an amended order to allow construction
25 of the necessary facilities and approved the tariff for the provision of centralized

1 equal access services. Among the ordering clauses in the SDPUC order are
2 clauses that state “. . . SDN-SDCEA shall have a monopoly over all switched
3 access service originating in the SDN member exchanges. . .” and “. . . all
4 interexchange carriers shall connect at SDN’s tandem switch at or near Sioux
5 Falls to gain access to the SDN member exchanges for purposes of receiving
6 switched access telecommunications traffic originating from SDN owner local
7 exchanges. . . ” As with the FCC grant, there have been no changes to the
8 SDPUC authority granted to SDN for originating traffic since that time.¹

9 3. NECA Tariff 5, Section 5.2.1 Direct Trunked Transport

10 NECA Tariff 5 contains language which supports the requested suspension or
11 modification. Section 5.2.1, Access Ordering Requirements, reads, “Direct
12 Trunked Transport is not available: (1) from end offices that provide equal access
13 through a Centralized Equal Access arrangement, or (2) from end offices that
14 lack recording or measurement capability.” This language was clearly intended
15 to prevent precisely what is being requested by Sprint in this matter; i.e., a
16 circumvention of the established centralized equal access network.

17 4. LECA Tariff 1, Section 6.8.3 Direct Trunked Transport

18 LECA Tariff 1 gives the decision-making power relative to first switching to the
19 local telephone company when the access requested is in a location served by a
20 centralized equal access arrangement. In the situation under review in this
21 docket, the local telephone company is Swiftel. The LECA Tariff 1, Section
22 6.8.3, Feature Group D – Design and Traffic Routing, states, “The Telephone

¹ In August 1993 the South Dakota Supreme Court issued a decision reversing certain aspects of the SDPUC’s decision on intrastate terminating traffic.

1 Company will designate the first point(s) of switching and routing to be used
2 where equal access is provided through a centralized equal access arrangement.”
3

4 **Q10. How do the aforementioned documents support the request for suspension
5 or modification of the toll dialing parity request of Sprint?**

6 **A.** Based on the decisions and resulting regulations articulated in these documents,
7 it is my opinion that access traffic in the Swiftel exchanges should continue to be
8 transported over the common trunks to SDN’s centralized equal access tandem as
9 ordered by the FCC and SDPUC. The request by Sprint for a multi-use facility is
10 an attempt to circumvent both the applicable interstate and intrastate access
11 tariffs and bypass the CEA network. As observed in Swiftel’s Petition for
12 Suspension or Modification, the requested interconnection arrangement would
13 have a detrimental financial impact not only on Swiftel², but also on SDN.³
14 Further, such an arrangement could open the door to further bypass of the CEA
15 network, ultimately destroying the very economic benefits for customers that
16 SDN has created. It is my belief that the FCC and SDPUC found the current
17 network design that has access traffic traversing SDN’s CEA network to be in the
18 public interest for good reason. South Dakota is a sparsely-populated state with
19 resultant high network costs per customer. The SDN CEA network makes
20 efficient use of network investment dollars and, therefore, benefits the citizens of

² Swiftel Petition for Suspension or Modification, pg 17-18.

³ Swiftel Petition for Suspension or Modification, pg 19-20, which states that, “SDN’s annual revenues would decrease by \$131,000 if Sprint’s access traffic associated with Swiftel subscribers is removed from the SDN network.”

1 South Dakota by providing competitive choice in long distance carriers while
2 keeping network costs down.

3
4 **Q11. How should the Commission dispose of this issue?**

5
6 **A.** The Commission should deny Sprint's request and require Sprint to continue to
7 order Exchange Access services from the appropriate Intrastate and Interstate
8 Access tariffs.

9 **Q11. Does this conclude your testimony?**

10 **A.** Yes, it does.