

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**IN THE MATTER OF THE PETITION)
OF VERIZON NORTHWEST INC. FOR)
WAIVER OF WAC 480-120-071(2)(a)) **DOCKET NO. UT-011439****

**REPLY TESTIMONY OF
CARL R. DANNER
ON BEHALF OF
VERIZON NORTHWEST INC.**

July 5, 2002

1 Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

2 A. My name is Carl R. Danner. I am a Director at Wilk & Associates/LECG, LLC, 100
3 Bush Street, Suite 1650, San Francisco, CA 94104.

4

5 Q. ARE YOU THE SAME CARL R. DANNER WHO FILED DIRECT TESTIMONY
6 AND REPLY TESTIMONY IN THIS PROCEEDING?

7 A. Yes.

8

9 Q. WHAT IS THE PURPOSE OF YOUR REPLY TESTIMONY?

10 A. I am responding to the testimony of Robert B. Shirley filed on June 20, 2002, on behalf
11 of the Commission Staff.

12

13 Q. PLEASE SUMMARIZE YOUR RESPONSE TO MR. SHIRLEY'S JUNE 20, 2002
14 TESTIMONY.

15 A. In his testimony Mr. Shirley stated that the Commission should consider "any factor" it
16 believes will assist it to determine what is in the public interest with respect to choosing a
17 carrier that should be obligated to provide service in this case (Shirley testimony, page 5,
18 lines 20-23). Leaving aside for the moment the fundamental issue I have raised – which
19 is that the service is simply too costly to provide given what it will cost Verizon to do so
20 – in his most recent testimony Mr. Shirley does not mention the recent action by the
21 Commission in designating an additional eligible telecommunications carrier ("ETC") in
22 the Bridgeport Exchange, which covers the applicants. On June 14, 2002, the
23 Commission granted the petition of RCC Minnesota, Inc. ("RCC") for designation as an

1 ETC in Washington. While I understand that Mr. Shirley endorsed granting this petition,
2 its impact is not addressed in his June 20, 2002 testimony.

3

4 Q. WHY DO YOU CONSIDER THE DESIGNATION OF RCC AS AN ETC TO BE A
5 FACTOR THE COMMISSION SHOULD CONSIDER IN THIS CASE?

6 A. By seeking and obtaining designation as an ETC (and associated Federal support funds
7 that may follow), it would appear that RCC has voluntarily assumed an obligation to
8 serve customers such as Kay Taylor and the applicants at the Timm Ranch. Therefore,
9 to address the fundamental questions in this case, the Commission should also consider
10 the potential of RCC to provide this service.

11

12 Q. DO YOU THINK THAT RCC SHOULD PROVIDE SERVICE TO THE TAYLOR
13 AND TIMM RANCH LOCATIONS?

14 A. I have already established in prior testimony that the costs for Verizon to bring wired
15 service to these applicants are too high to justify its provision, so that the Commission
16 should grant Verizon's requested waiver. However, RCC may have significantly lower
17 costs to provide the requested service. If the cost to RCC would be low enough, then the
18 service could make sense to provide. In that case, as a certified ETC RCC would be in
19 the appropriate position to move ahead with service to the Taylor and Timm Ranch
20 locations.

21

1 Q. WHAT IS YOUR UNDERSTANDING OF RCC'S ABILITY TO PROVIDE
2 WIRELESS SERVICE TO MS. TAYLOR AND THE TIMM RANCH?

3 A. I have reviewed RCC's petition, and Mr. Shirley's memo in support of it. I have also
4 reviewed the transcript of the June 14, 2002 Open Meeting, at which RCC's
5 representatives spoke of "the importance of reaching some un-served areas in rural
6 markets," of RCC's hope to serve ubiquitously in its designated service area in
7 Washington, and that with subsidy support RCC's timetable for building out
8 infrastructure to "...unpopulated areas would be significantly advanced." (June 14, 2002
9 Open Meeting Minutes, pages 26-27). Based upon this review, it seems that RCC has
10 represented that it does or will plan to serve the entire Bridgeport Exchange, which I
11 understand to encompass these applicants.

12
13 Q. SHOULD A WIRELESS CARRIER THAT HAS BEEN GRANTED ETC STATUS
14 SERVE GEOGRAPHICALLY ISOLATED AREAS LIKE THE TIMM RANCH?

15 A. Yes, if the costs of doing so are not excessive and the wireless carrier voluntarily agrees
16 to take on this burden in exchange for receiving federal universal service support (such as
17 RCC appears to have chosen by becoming an ETC).

18
19 Q. WOULD SERVICE FROM RCC BENEFIT CUSTOMERS?

20 A. Yes. As Mr. Shirley noted in his memo supporting RCC's petition, such a wireless
21 provider may offer several benefits, including (but not limited to) providing a "potential
22 solution to health and safety risks associated with geographic isolation." (See page 4 of
23 the Staff memo that is attached to my testimony). By this designation, the Commission

1 has found wireless providers to be viable alternatives to wireline local exchange service
2 or it would not have designated RCC as an additional ETC. Therefore, there is no reason
3 for the Commission not to consider RCC as a viable alternative to Verizon's (or Qwest's)
4 landline service in this instance.

5
6 Q. DOES THE DESIGNATION OF RCC AS AN ETC RAISE AN ADDITIONAL
7 CONSIDERATION FOR THE COMMISSION TO CONSIDER?

8 A. Yes. In earlier testimony I have noted how wireless service is already in use at both
9 locations in question, so that the potential provision of wired service would only be an
10 upgrade to what is already in place. The Commission has now determined that wireless
11 service is an acceptable way to provide universal telephone service in Washington.
12 Before potentially ordering any carrier to extend service to a remote location at great
13 expense to the public, the Commission should first determine, in effect, whether
14 acceptable service already exists at that location.

15
16 Q. WHAT IF THE APPLICANTS HAVE A PREFERENCE FOR EITHER WIRED OR
17 WIRELESS SERVICE?

18 A. The Commission has now found both wired and wireless service to be adequate options
19 for satisfying universal service goals. The customer's preference should be a factor only
20 if the two alternatives are close in cost.

21

1 Q. DO YOU HAVE A RECOMMENDATION FOR THE COMMISSION AT THIS TIME
2 IN LIGHT OF THE ENTRY OF RCC AS AN ADDITIONAL ETC IN THE
3 BRIDGEPORT EXCHANGE?

4 A. From a regulatory standpoint, I don't see how the Commission can resolve the issues in
5 this case without consideration of RCC's costs and characteristics, because RCC has
6 stated it can serve requesting customers in these areas, and the Commission has certified
7 RCC to do so.

8
9 Q. IN LIGHT OF THE ABSENCE OF RCC FROM MR. SHIRLEY'S TESTIMONY,
10 DOES THE COMMISSION STAFF'S "RESPONSE IN OPPOSITION TO QWEST'S
11 MOTION TO JOIN RCC MINNESOTA, INC. AS A PARTY" (JULY 3, 2002)
12 HIGHLIGHT AN IMPORTANT CONCERN FOR THE COMMISSION WITH
13 RESPECT TO THESE ISSUES?

14 A. Yes, the Staff's Opposition does combine with Mr. Shirley's testimony to highlight an
15 important concern. At page 5, the Staff states the following:

16
17 "Ms. Taylor and Mr. Nelson have requested wireline service. RCC does not offer
18 wireline service, but Qwest and Verizon do. Ms. Taylor and Mr. Nelson have
19 requested cellular service from other companies, but not RCC."

20
21 What's interesting about this statement is Staff's apparent view that there are two types of
22 "service," each of which carriers should be obliged to provide under the Line Extension
23 Rule seemingly regardless of whether the customer is already using the other type of

1 service. Yet, my understanding of the Rule is that it is intended to help provide service
2 only to those who lack it, and that the Rule contemplates at least some circumstances
3 under which a carrier may use wireless telephony for that purpose. Staff's statement
4 combines with lack of mention of RCC in Mr. Shirley's testimony to again raise a
5 fundamental question in this proceeding – why (as in the case of Mr. Nelson and Ms.
6 Taylor) the public should be obligated to spend an enormous sum of money to extend
7 service to people who already have it.

8

9 Q. HAVE YOU ALSO REVIEWED “RCC MINNESOTA, INC.’S RESPONSE TO
10 QWEST CORPORATION’S MOTION TO JOIN RCC AS A PARTY” (JULY 2, 2002)?

11 A. Yes, I have. What is interesting about this statement with respect to Mr. Shirley's
12 testimony is the apparent offer by RCC to consider providing wireless service to the
13 applicants, under agreement with an ILEC, as a means of providing service under the
14 Rule (RCC Response, page 3). This suggests that RCC wireless service would be a
15 viable option, and reinforces the reasons I noted above for including that option in this
16 proceeding notwithstanding RCC's stated objections.

17

18 Q. DOES THIS COMPLETE YOUR REPLY TESTIMONY?

19 A. Yes.