

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION
OF NATIVE AMERICAN TELECOM, LLC
FOR A CERTIFICATE OF AUTHORITY TO
PROVIDE LOCAL EXCHANGE SERVICE
WITHIN THE STUDY AREA OF
MIDSTATE COMMUNICATIONS, INC.

Docket No. TC11-087

**SUPPLEMENTAL DIRECT TESTIMONY OF
GENE DEJORDY
ON BEHALF OF
NATIVE AMERICAN TELECOM, LLC**

February 19, 2014

Q: Please state your name and address.

A: My name is Gene DeJordy. My primary business address is 36 Sasco Hill Terrace, Fairfield, Connecticut 06824.

Q. On whose behalf are you testifying in this Docket?

A. I am testifying on behalf of Native American Telecom, LLC (“NAT”), a company organized under Crow Creek Sioux tribal laws and majority owned by the Crow Creek Sioux Tribe.

Q: Have you previously filed testimony in this docket.

A: Yes. I previously filed testimony in this docket on February 7, 2014.

Q: What is the purpose of this Supplemental Direct Testimony?

A: I am providing rebuttal testimony to the February 14, 2014 testimony of Randy Farrar (“Mr. Farrar”).

Q. What are your general observations about Mr. Farrar’s testimony?

A. Mr. Farrar continues to offer testimony that is devoid of facts and any substantial analysis. Instead, Mr. Farrar takes the approach of “if I

say it enough times, then maybe people will believe me.” For example, Mr. Farrar continues to resort to hyperbole by using the term “pumping” 23 times, even though terminating conferencing traffic has nothing to do with “pumping.” Clearly, Mr. Farrar’s strategy is to ignore facts and instead argue policy based upon a false portrayal of NAT’s business.

Q. You state that Mr. Farrar’s strategy is to ignore facts and instead argue policy based upon a false portrayal of NAT’s business.

Can you provide an example?

A. Yes, Mr. Farrar states on page 4 of his testimony “it is clear that this new business plan still depends on revenue derived from traffic pumping,” referring to the financial model presented in my direct testimony. Mr. Farrar either did not review the financial projection or does not understand it because, in the financial model attached to my direct testimony, I project revenue from local telephone and broadband services and additional roaming services, and NO revenue from conferencing traffic.

Q. You also state that Mr. Farrar continues to offer testimony that is devoid of facts and any substantial analysis. Can you explain?

A. On page 5 of his testimony, Mr. Farrar refers to the financial projections in my direct testimony as “a two and one-third page business plan or financial model,” but does not provide any substantive analysis of the financial projection. As stated above, the financial projection is a 60-month financial model based upon revenue from only certain local services, including roaming services, and does not include any revenue projections from access charges, high capacity local services, and government contracting. Rather than addressing the merits of the financial projections, Mr. Farrar attempts to dismiss the projections with a callous reference to its page length.

Q. Mr. Farrar takes issue with the timing of the HubZone program application and that you did not make any reference to the Buy Indian Act in your direct testimony? How do you respond?

A. Once again, Mr. Farrar does not address the facts, but instead argues superficial issues, like the timing of the filing of the HubZone application and the lack of reference to the Buy Indian Act in my direct testimony. If Mr. Farrar did analyze the facts, he would know that the

Crow Creek Sioux Tribe and its tribally-owned businesses are eligible to participate in unique government contract opportunities, whether these contract opportunities are referred to under the Buy Indian Act, HubZone Program, or the Tribal 8(a) Business Development Program. Regardless of the program, the fact remains that the Crow Creek Sioux Tribe and its tribally-owned businesses have been actively developing and pursuing these government contract opportunities and the filing of the HubZone application was the culmination of a year-long initiative and has since been followed by the filing of a Tribal 8(a) Business Development Program application, all of which position the Crow Creek Sioux Tribe and its tribally-owned businesses to participate in programs under the Buy Indian Act.

Q: Mr. Farrar's testimony continues to assert that NAT's efforts on the Crow Creek reservation are not in the "public interest." Please comment.

A: Sprint is confusing the "public interest" with its own interests. The public interest - whether defined as the Tribe's interest, the interests of tribal members and residents of the Crow Creek Reservation, the broader public interest of making affordable local telephone and broadband service available to South Dakota consumers, or a

combination of these areas of “public interest” – is without question served by approving NAT’s application. There is no “one size fits all” approach to serving rural areas, especially tribal areas plagued by problems that have gone unresolved for years. Carriers without a vested interest in serving tribal areas typically do not serve these areas or, if they do serve tribal areas, they do so as part of a broader service area and do not implement a tailored approach to addressing the unique needs and requirements of tribal lands. This is certainly the case with Sprint, who has held spectrum in tribal areas of South Dakota for years, but has not deployed service. Now, the Crow Creek Sioux Tribe takes an initiative to address its own telecommunications needs by establishing a tribally-owned carrier, and Sprint improperly attempts to define the “public interest” for South Dakota and the Crow Creek Sioux Tribe. It is unconscionable for Sprint to tell South Dakota and the Crow Creek Sioux Tribe what is in its “public interest” without having any knowledge, experience, or connection to South Dakota or the Tribe.

NAT’s provision of affordable telecommunications services on the Crow Creek Reservation and all of the benefits realized by the Crow Creek Sioux Tribe and its members are well-documented in prior testimony and cannot be disputed. NAT’s approach to serving the Crow Creek Reservation is also in furtherance of national telecommunications

policies. The Federal Communications Commission (“FCC”) has indicated that expanding telecommunications access in Indian Country is one of the FCC’s top priorities. Attached, as Exhibit A, is a copy of the FCC’s document entitled “Expanding Telecommunications Access in Indian Country.” Attached, as Exhibit B, is a copy of the FCC’s document entitled “Indian Telecom Initiatives.” Attached, as Exhibit C, is a news release from the FCC entitled “Commissioner Michael J. Copps Applauds the Appointment of Geoffrey Blackwell to Lead New Initiatives for Indian Country.” Attached, as Exhibit D, is a news release from the FCC entitled “FCC Establishes Office of Native Affairs and Policy.”

Q. Mr. Farrar’s testimony continues to assert that the Crow Creek Sioux Tribe’s business relationship with Free Conferencing Corporation is “one-sided” and that the Crow Creek Sioux Tribe’s decision to conduct business with Free Conferencing Corporation demonstrates an apparent lack of business sophistication. Please comment.

A: Mr. Farrar clearly does not understand anything about NAT’s business model or the relationship between the Crow Creek Sioux Tribe and Free Conferencing Corporation. Mr. Farrar’s claims have been rebutted in previous NAT testimony, but let me make clear one very

important point - conducting business in Indian country is not undertaken by many private companies, but Free Conferencing Corporation has not only embraced conducting business on the Crow Creek Reservation, but has stepped forward when others have stepped back. There are many risks and rewards of a business relationship and, without question, the Crow Creek Sioux Tribe has enjoyed many rewards. In fact, Free Conferencing Corporation may have gotten the “short end of the stick” of this business relationship, given that NAT’s access service customers (like Sprint) have refused to pay for lawful services offered by Free Conferencing Corporation governed by lawful tariffs.

The Crow Creek Sioux Tribe is transforming itself from a farming and government economy to a technology and energy economy. Today, the Crow Creek Sioux Tribe’s major economic activity is cattle ranching, farming, and tribal government with employment primarily by the Crow Creek Sioux Tribe, Lode Star Casino, Bureau of Indian Affairs and the Indian Health Service. In 2008, however, the Crow Creek Sioux Tribe adopted a “Telecommunications Plan To Further Business, Economic, Social and Educational Development” (“Telecommunications Plan”) on the Crow Creek Reservation. Attached, as Exhibit E, is this Telecommunications Plan. Under this Telecommunications Plan, the

Crow Creek Sioux Tribe has taken several initiatives to further “tribal self-sufficiency and economic development” on the Crow Creek Reservation by, among other things, deploying an advanced telecommunications infrastructure to (i) attract new businesses necessary to generate economic development, employment opportunities, and revenue, and (ii) address the social and educational needs on the reservation, including the need for greater access to information and services necessary for tribal members. Today, the Crow Creek Sioux Tribe is a sophisticated enterprise with several business initiatives.

Q. Mr. Farrar continues to assert that NAT is not financially viable. How do you respond?

A: Mr. Farrar either does not understand the telecommunications industry or refuses to recognize NAT’s various business initiatives. For example, in addition to the various business initiatives explained in NAT’s direct testimony, the Crow Creek Sioux Tribe has also recently been approved for contracting with the United States government. Attached, as Exhibit F, is a copy of the Crow Creek Sioux Tribe’s System for Award Management (“SAM”) approval notification. In addition, NAT has the opportunity to participate in universal service funding opportunities, like the recently announced Connect America Fund Rural

Broadband Experiment, which includes funding for unserved census blocks on the Crow Creek reservation. Attached, as Exhibit G, is a copy of the FCC Public Notice *Wireline Competition Bureau Identifies Potential High-Cost Areas for Next Generation Network Experiments*, DA 14-154, February 6, 2014.

Q. Mr. Farrar contends that the spectrum purchased by NAT from Sprint has “limit[ed] business opportunities.” Is the correct?

A. Clearly, Mr. Farrar does not share the same vision of Sprint’s business development personnel involved in the transaction, who decided to retain 20 Mhz of the available 30 Mhz of spectrum to enable Sprint’s own pursuit of future business initiatives on the Crow Creek Reservation. Furthermore, Mr. Farrar simply does not understand the business opportunities associated with the use of this spectrum. Rather than analyzing these business opportunities, Mr. Farrar simply points out the low population and lack of highways on the Crow Creek Reservation. Based upon this approach, much of South Dakota and a good portion of the Great Plains would present no business opportunities for Sprint, which is precisely the reason why carriers like NAT play such an important role in serving rural America - because carriers like Sprint have no interest in serving rural areas of South Dakota.

Q: Does NAT have the technical, financial, and managerial qualifications to provide local and interexchange services in South Dakota?

A: Yes, NAT has the technical, financial, and managerial qualifications to provide the telecommunications services as outlined in NAT's revised application filed with the Commission on June 3, 2013. NAT currently provides facilities-based basic local exchange telephone service along with advanced broadband services on the Crow Creek Reservation and, by filing this application, seeks the additional authority, if necessary, to provide intrastate interexchange access service for traffic that originates or terminates off of the Crow Creek Reservation within the state of South Dakota.

Q: Does this conclude your testimony?

A: Yes, it does.

VERIFICATION

I, *Gene DeJordy*, state that I have first-hand knowledge of the matters set forth above and hereby verify that, to the best of my knowledge and belief, the allegations and statements contained herein are true and correct.

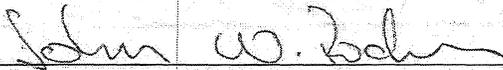
Dated this 19th day of February 2014.



Gene DeJordy

STATE OF CONNECTICUT)
COUNTY OF Fairfield.)

Subscribed and sworn to before me this 19 day of February, 2014.



Notary Public
My Commission Expires: Jan 31, 2017.
(SEAL)

