

**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

EXHIBIT G



PUBLIC NOTICE

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WIRELINE COMPETITION BUREAU IDENTIFIES POTENTIAL HIGH-COST AREAS FOR NEXT GENERATION NETWORK EXPERIMENTS

WC Docket No. 10-90

On January 31, 2014, the Commission released the *Technology Transitions Order*, which, among other things, adopted targeted experiments to help learn more about the impact of technology transitions on rural America. The Commission invited expressions of interest by March 7, 2014 from entities willing to deploy robust, scalable broadband to high-cost areas with additional Connect America funding.¹

The Wireline Competition Bureau (Bureau) now is releasing a list of census tracts in price cap areas potentially suitable for such experiments with associated potential support amounts, based on the most recent version of the Connect America Cost Model (CAM v4.0).² This report is available at <http://www.fcc.gov/encyclopedia/rural-broadband-experiments>. The list will enable interested parties to focus on potential geographic areas for experiments by the March 7th deadline.³

The Commission concluded that proposals in price cap territories will be entertained at the census tract level, with funding only provided for locations in eligible census blocks within that

¹ See *Technology Transitions et al.*, GN Docket No. 13-5 et al., Order, Report and Order and Further Notice of Proposed Rulemaking, Report and Order, Order and Further Notice of Proposed Rulemaking, Proposal for Ongoing Data Initiative, FCC 14-5 (rel. Jan. 31, 2014) (*Technology Transitions Order*).

² The Commission recognized that the current version of the forward looking cost model that the Bureau is developing for the offer of Phase II support to price cap carriers could help parties identify high-cost areas suitable for such experiments. *Id.* at para. 111 n.186; see *Wireline Competition Bureau Announces Availability of Version 4.0 of the Connect America Fund Phase II Cost Model and Seeks Comment on Adopting Current Default Inputs in Final Version of Model*, WC Docket No. 10-90, Public Notice, 28 FCC Rcd 16339 (Wireline Comp. Bur. 2013).

The Bureau ran CAM v4.0 and determined support at an illustrative funding threshold of \$50 and an illustrative extremely high cost threshold of \$183,532. To determine the list of experiment-eligible locations and potential support available for each census block in price cap areas, the Bureau utilized the same general methodology it has used for prior publication of illustrative results, but rounded costs to the nearest penny and dropped from the count of locations those already served by an incumbent price cap carrier. Finally, the Bureau rolled these results up to the tract level using the state in which the census blocks reside, rather than the state of the incumbent price cap carrier service area, and removed any tracts where there were no experiment-eligible locations (i.e., where the incumbent price cap carrier is offering 3 Mbps downstream/768 kbps upstream).

³ The report focuses on areas where the incumbent provider is a price cap carrier. The Commission welcomed expressions of interest to serve similar geographic areas where the incumbent provider is a rate-of-return carrier. See *Technology Transitions Order* at para. 130. It encouraged interested parties to focus on high-cost areas similar to those identified for price cap carriers. *Id.* at para. 208.

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census tract.⁴ The eligible locations include only those in census blocks that are unserved by *any* provider of 3 Mbps downstream/768 kbps upstream.⁵ It further concluded that for purposes of the experiment, any unserved census blocks where the average cost per location equals or exceeds the likely funding threshold would be eligible for the experiments.⁶

The list released today can be easily searched by state, by county, and by census tract, with the associated number of potentially eligible locations.⁷

For simplicity, the Bureau used a funding threshold of \$50 to generate the list of potential high-cost areas in price cap territories.⁸ As the Commission has previously noted, these illustrative results do not prejudge the final funding threshold and extremely high cost thresholds for purposes of the offer of model-based support to price cap carriers.⁹

For additional information, contact Ian Forbes (Ian.Forbes@fcc.gov) of the Wireline Competition Bureau, Telecommunications Access Policy Division, (202) 418-7400.

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⁴ In the FNPRM portion of the *Technology Transitions Order* pertaining to WC Docket No. 10-90, the Commission sought comment on whether to limit the amount of support available for a census tract, where the average cost per location is higher than the preliminary extremely high cost threshold, to the amount per location equal to that preliminary extremely high cost threshold. *See id.* at para. 220. The figures in the list assume the amount of support available for locations in census blocks above the extremely high cost threshold is zero.

⁵ *Id.* at paras. 93, 113.

⁶ *See id.* at para. 111.

⁷ The “Eligible High Cost Locations” column of the report includes both unserved locations above the selected funding threshold and below the extremely high cost threshold, as well as unserved locations above the extremely high cost threshold. The “Extremely High Cost Locations” column of the report breaks out the number of unserved locations above the extremely high cost threshold. Thus, the “Extremely High Cost Locations” column represents a subset of the “Eligible High Cost Locations” column. The “Annual Support” column specifies the potential maximum amount of support that could be provided for the entire census tract, based on the number of eligible high cost locations.

⁸ The Bureau selected a funding threshold of \$50 in order to create a single list, rather than two lists for the \$48 and the \$52 illustrative funding thresholds previously published for CAM v4.0, to avoid potential confusion on the part of parties interested in these rural broadband experiments as to which list to consult. *See Connect America Fund et al.*, WC Docket No. 10-90 et al., Report and Order and Further Notice of Proposed Rulemaking, 26 FCC Rcd 17663, 17728-29, paras. 167-69 (2011) (*USF/ICC Transformation Order*), *pets. for review pending sub nom. In re: FCC, No. 11-9900* (10th Cir. argued Nov. 19, 2013).

⁹ *Technology Transitions Order* at para. 111 n.186.