

EXHIBIT
RGF-13

Docket Number: TC11-087
Subject Matter: Second Data Request
Request to: Native American Telecom, LLC (NAT)
Request from: South Dakota Public Utilities Commission Staff
Date of Request: March 18, 2013
Responses Due: May 31, 2013

2-1) Have there been any material changes to the information provided in the amended application of January 27, 2012, or the responses to staff's first data request?

ANSWER:

Yes there have been material changes.

NAT's financial position has improved dramatically. Two large public company carriers have evaluated NAT's business practices and services and are now paying for end-office services. These carriers have compensated NAT for all past traffic and are complying with the terms of NAT's federal tariff. NAT operates as a profitable company and no longer relies on loans or the extension of credit from Wide Voice Communications or any other entity.

The Crow Creek Sioux Tribe is adopting a tribal commercial code that will allow for tribally owned companies to be organized under the laws of the Crow Creek Sioux Tribe. NAT is in the process of changing its organizational structure to be a company organized under Crow Creek Sioux tribal laws.

NAT's Joint Venture agreement between the Tribe, Native American Telecom Enterprise, and Wide Voice Communications has been amended, providing the Tribe with control of NAT, and is awaiting ratification.

NAT's marketing agreement with Free Conferencing Corporation has been amended to provide NAT with greater security and a fixed percentage marketing fee, rather than a sliding marketing fee scale.

NAT has adopted a plan to maintain subscriber services, operations and customer support if, and/or when, end-office terminating access fees are no longer a viable revenue source.

2-2) In reference to NAT's application for an interexchange (long distance) Certificate of Authority:

ANSWER:

NAT requests authority to provide interexchange access services and not interexchange *long distance* service because NAT will provide service only on the Crow Creek reservation and the Company has been authorized by the Crow Creek Tribal Utility Authority to provide service to

tribal residents of the Reservation. However, NAT attempts to answer a) – c) to the extent that they apply here.

a) Pursuant to ARSD 20:10:24:02(8), provide a service area map or narrative description indicating with particularity the geographic area proposed to be served long distance service by the applicant.

ANSWER:

NAT desires to serve the area within the exterior boundaries of the Crow Creek Reservation.

b) Pursuant to ARSD 20:10:24:02(10), provide the toll free numbers customers are to use regarding complaints and a description of how the applicant handles customer service matters.

ANSWER:

Gina Howe and Casey Kirkie are on-site customer contacts. NAT also provides the following customer service telephone numbers: (605) 477-0090 is the on-site telephone number, (605) 370-8052 and (605) 360-1581 route directly to service technicians Tom Reiman and Cole Reiman who respond to major customer service issues within 24 hours and minor issues within 72 hours.

c) Pursuant to ARSD 20:10:24:02(16), provide copies of any company brochures that will be used to assist in sale of the long distance services.

ANSWER:

None

2-3) Pursuant to ARSD 20:10:32:03(14), provide copies of any company brochures that will be used to assist in sale of the local services.

ANSWER:

None

2-4) In response to Staff Data Request 1-3, it was indicated that NAT expected to implement the Telecommunications Relay Service (TRS) in 2012. Has this service been implemented?

ANSWER:

NAT connects to the TRS, however, there has been no usage of the service.

2-5) Provide a Balance Sheet and Cash Flow Statement for Year End December 31, 2012.

ANSWER:

See Exhibit C, Attached.

2-6) Referring to the Confidential Income Statement for Year End December 31, 2012:

a) Who are the end users that compose the "End User Fee Income" of \$94,266.75 and how much do each of them contribute to the total amount?

ANSWER:

All of the \$94,266.75 was paid by Free Conferencing Corporation. NAT has had requests for service from four other companies wishing to work with NAT. Because NAT does not wish to offend the SDPUC, NAT has asked these companies to wait until NAT has satisfied the SDPUC's concerns.

b) Is the \$706,702.66 "Marketing Expense" paid entirely to Free Conference Calling? If not, provide the other companies that receive payment and how much they receive.

ANSWER:

The \$706,702.66 was paid entirely to Free Conferencing Corporation. This represents 75% of the gross revenues on Free Conferencing Corporation customers only. NAT keeps 100% of all other revenues. Sprint and Qwest have attempted to "spin" this percentage split as a gross inequity for the Crow Creek Tribe. This simply is not true. NAT keeps 25% of the gross revenue derived from Free Conferencing Corporation calls. NAT has no risk and no liability. Free Conferencing Corporation has marketing agreements with other local exchange carriers where Free Conferencing Corporation receives an even higher revenue share, at least one of which involves an 80% revenue share and is in a Tier One, Metro location. Sprint and Qwest have tried to "spin" the relationship between NAT and Free Conferencing Corporation as not profitable for NAT or for the Tribe, relying on low revenue and high expense numbers of the past in order to substantiate their flawed assertions. Their argument is elementary and circular. If Sprint and Qwest paid for the service that they readily take from NAT, then NAT would be even more profitable. Instead, Sprint and Qwest refuse to pay for service and then say that NAT is not financially viable. This statement is simply not true, with or without remittance from Sprint and Qwest.2-7) Referring to NAT's response to ARSD 20:10:32:03(11), with which telecommunications carriers has NAT established connectivity?

ANSWER:

Midstate Communications and South Dakota Networks.

2-8) For the 2012 calendar year, what was NAT's average mileage for transport charges between remote to host offices?

ANSWER:

There are no remote locations so the average mileage is zero. However, NAT's end-office charges, which include transport, are the lowest in the State of South Dakota, even lower than that of Centurylink/Qwest, who is the incumbent local exchange carrier. NAT's equipment is located in the only place it can be...on the Crow Creek Reservation.

2-9) What is the status of the negotiations between NAT and Qwest regarding the DTT issue?

ANSWER:

NAT has hired a consulting firm that is working with Qwest to resolve disputes. Following Todd Lundy's abrupt departure from Qwest, communications between NAT and Qwest broke down and had to be reestablished.