

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

**IN THE MATTER OF THE APPLICATION OF LTD BROADBAND, LLC
FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS
CARRIER FOR PURPOSES OF RECEIVING FEDERAL UNIVERSAL
SERVICE SUPPORT**

TC21-001

**PREFILED REBUTTAL TESTIMONY OF LARRY THOMPSON
ON BEHALF THE SOUTH DAKOTA TELECOMMUNICATIONS
ASSOCIATION
NOVEMBER 5, 2021**

1 **Q. Please state your name.**

2 A. My name is Larry Thompson.

3 **Q. Did you provide Direct Testimony in this case?**

4 A. Yes.

5 **Q. Did you review the Direct Testimony filed by Corey Hauer on behalf of LTD**
6 **Broadband (“LTD”)?**

7 A. Yes.

8 **Q. On page 3 of his testimony, Mr. Hauer testified that LTD is overbuilding much of its**
9 **existing fixed wireless footprint with 5G millimeter wave fixed wireless equipment to enable**
10 **gigabit download speeds. How will this help LTD’s RDOF obligations in South Dakota?**

11 A. It won’t. LTD has committed to serving all the customers in South Dakota within the
12 RDOF areas where they are the apparent winner with fiber to the home (FTTH) technologies, not
13 wireless technologies. Furthermore, 5G millimeter wave technologies are more appropriate for
14 high-density urban areas, not the very rural areas where LTD was the apparent RDOF Phase I
15 Auction winner in South Dakota.

16 **Q. On page 3 of his testimony, Mr. Hauer testifies that LTD is ahead of schedule**
17 **regarding its CAF Phase II buildout. Do you believe LTD’s CAF Phase II buildout progress**
18 **is a predictor of how successful LTD will be with their RDOF buildout?**

19 A. No. LTD’s CAF Phase II buildout obligations are not at all comparable to LTD’s RDOF
20 buildout obligations. It is not appropriate to draw any similarities between the two. In its CAF
21 Phase II areas, LTD must provide service to only 1,407 locations in 5 states and is only obligated
22 to provide 25/3 Mbps service. LTD’s claimed accomplishment of being able to meet their 80%

1 CAF Phase II buildout obligation in Iowa¹ means that it has served at least 27 of its 33 CAF Phase
2 II customers in the state. This is in stark contrast to its obligation to serve 528,088 locations
3 because of its RDOF “win” in 15 states. The RDOF Auction obligates LTD to serve 375 times
4 more than what it is obligated to serve in in CAF Phase II. In addition, LTD participated in the
5 RDOF I Auction at the gigabit tier and must provide that level of service in its South Dakota
6 RDOF areas, which is 40 times faster than its obligation in CAF Phase II. Quite simply, LTD’s
7 participation and/or performance in the CAF Phase II proceeding is irrelevant for purposes of
8 predicting its ability to mee the RDOF Phase I Auction obligations.

9 **Q. In his testimony, Mr. Hauer outlined the Telecommunications Act.² Given your**
10 **experience with ETC filings in South Dakota, do you have any concerns regarding his**
11 **description of the Act?**

12 A. Based upon my review of Mr. Hauer’s testimony, I do not believe LTD can show that
13 granting it Eligible Telecommunications Carrier (ETC) status is in the public interest, which is a
14 requirement for ETC designation at both the State and Federal levels. The South Dakota
15 Administrative Rule (ARSD) 20:10:32:43.07 states the South Dakota Public Utilities
16 Commission (SDPUC) is obligated to make an affirmative finding that an ETC designation is in
17 the public interest. LTD has not demonstrated through its filing, data requests or testimony that
18 it can achieve successful deployment of services in South Dakota. An unsuccessful attempt to
19 serve South Dakota residents will result in large portions of South Dakota being left behind
20 regarding broadband coverage. It is likely that LTD’s success, or lack thereof, will not be
21 apparent for years when they fail financially or are unable to fulfil their FCC buildout or

¹ Direct Testimony of Corey Hauer, In The Matter Of The Application Of LTD Broadband LLC for Designation As An Eligible Telecommunications Carrier For Purposes Of Receiving Federal Universal Service Support, Docket No. TC21-001, Page 3.

² Ibid., Page 12.

1 performance obligations. During this time, the LTD awarded areas in South Dakota will likely
2 not be eligible for other federal broadband grant programs including future rounds of RDOF, so
3 these South Dakota citizens will be left trapped in a broadband desert for many years to come.
4 Given the information in the file, LTD has not met its burden and should not be granted ETC
5 status. LTD has not provided sufficient technical, managerial, nor financial information to
6 explain how it can possibly fulfill its obligation to serve as an ETC.

7 **Q. What do you believe should be considered when evaluating “the public interest?”**

8 A. Neither Congress nor the State Legislature established specific criteria to be applied under
9 the public interest analysis. Certainly, technology, policy and public need cause the public interest
10 analysis to evolve. However, on a very basic level, an ETC applicant must make the commitment
11 to serve and have the *ability* to provide the required services. Financial stability, planning and
12 the overall business plan will influence, and in this case I argue it will dictate, LTD’s ability to
13 ultimately provide service. As I set forth in my direct testimony and expert report, LTD has
14 grossly underestimated the cost to provide services to the areas where it was the apparent winner
15 in the RDOF Phase I Auction. I cannot see a way forward for LTD to successfully provide the
16 required broadband services according to its current business plan. Its business plan is inadequate
17 and demonstrates the company’s inability to provide services. Successfully navigating and
18 “winning” during the RDOF reverse auction process does not have any relationship to a
19 company’s ultimate ability to provide services. An RDOF Auction “win” simply indicates the
20 bidder was willing to bid down all other potential providers. In this case, I submit that LTD bid
21 down all other potential providers without any real understanding as to the cost to serve these
22 customers.

1 It is imperative for this Commission assess the public interest in a manner that is consistent
2 with the purpose of the Telecommunications Act. That is, an ETC designation must advance the
3 fundamental goal of preserving and advancing universal service. Given my conclusions from
4 reviewing LTD’s business plan, designation of LTD as an ETC will not ensure availability of
5 quality telecommunication services and will not promote the deployment of advanced
6 telecommunications and information services. If LTD is granted ETC status, it will render large
7 areas of South Dakota ineligible for other support or funds for broadband infrastructure
8 construction and deployment. To black-out areas of South Dakota from such eligibility by a
9 company that does not have a viable business plan will not promote the deployment of advanced
10 telecommunication and information services and does not further the goals of Universal Service.

11 The SDPUC understands South Dakota’s unique rural needs and unique rural challenges
12 best. The FCC preserved the State ETC process, within the RDOF proceeding, to allow the state
13 commissions to act in their citizens’ best interest. I appreciate and understand that FCC staff are
14 engaged in RDOF evaluation process and reviewing long forms. However, the FCC chose not to
15 disturb the state process. The SDPUC commissioners are best situated to understand the
16 challenges of serving the areas that LTD won in the RDOF Auction. SDPUC commissioners are
17 in the best position to understand the needs of the citizens in that area and the opportunity that the
18 various federal grant programs can offer. The SDPUC commissioners are in the best position to
19 understand how devastating it will be if South Dakota misses the opportunity to build out our
20 unserved and underserved areas. Our Commission is also best situated to appreciate the difficulty
21 that will result if areas of South Dakota must cope with a failing broadband provider.

1 **Q. Mr. Hauer testified to the experience of his management team.³ Despite that**
2 **testimony, do you have concerns regarding LTD's ability to manage the large growth it**
3 **must undertake if it is granted ETC status?**

4 A. Yes. I compared the list of management on page 5 of his testimony with those he listed
5 in the company's Certificate of Authority (COA) filing with the SDPUC. In order, Mr. Hauer
6 listed the following individuals in his direct testimony.

7 Ira Levy: Mr. Levy is not mentioned in the LTD COA. He is, however, listed on LinkedIn
8 as LTD's chief financial officer. He has experience in financing wireless networks. It does not
9 appear he has any experience with rural fiber networks. I question whether Mr. Levy has the
10 relevant experience to appreciate the cost of rural, remote South Dakota fiber construction.

11 Rebecca Severtson: Ms. Severtson is listed in the COA application as the company's
12 office manager. It appears from her resume that her formal education did not extend beyond high
13 school and she has no telecommunication experience outside of the last 8 years at LTD
14 Broadband. There is no indication that Ms. Severtson has the requisite experience to manage the
15 massive growth that LTD must undertake to successfully advance universal service in South
16 Dakota.

17 Chad Peterson: Mr. Peterson has 5 years of installation and repair experience with LTD,
18 specifically in wireless installations. LTD will not, however, utilize wireless technology to serve
19 RDOF locations. Mr. Peterson does not have any relevant experience to lead LTD's massive
20 fiber expansion.

21 Justin Hanson: Mr. Hanson is listed as a tower tech manager with 8 years of experience.
22 It does not appear that Mr. Hanson completed his college education and has no formal technical

³ Ibid., Page 5-6.

1 training. He started working for LTD in 2011 as a tower technician and is now the tower
2 department manager. Again, in my opinion Mr. Hanson does not have the requisite experience
3 or training to lead a massive nationwide fiber construction effort.

4 Frank Glaszner: Mr. Glaszner is not mentioned in the company's COA. I am unsure what
5 his role will be. Mr. Hauer does not provide any detail in his testimony. He only lists Mr.
6 Glaszner's name.

7 Haley Tollefson: Ms. Tollefson is listed as the company's marketing director in its COA.
8 Her only experience is with LTD Broadband where she started in 2014. She has no experience
9 in working with an ETC or a fiber-based company.

10 Dallas Weitzel: Mr. Weitzel was listed in the COA but not in the ETC filing. He was
11 listed as a Network Engineer. However, based upon Mr. Hauer's testimony, it appears Mr.
12 Weitzel is no longer on the management team.

13 The listed LTD management team is simply not qualified to lead the company through the
14 type of growth necessary to build a fiber network of the scope and scale of what LTD successfully
15 "won" in the RDOF Auction and then successfully serve over 500,000 locations. In 2018 I wrote
16 a report titled, "Deploying a Broadband Network – From Start to Finish (and Beyond)." The
17 report is attached as Exhibit LT-R1.⁴ The report provides information and context regarding the
18 broadband network deployment process. Based upon LTD's application and discovery responses,
19 LTD has not adequately designed its network, planned for construction cost, nor put any systems
20 in place to assure customers receive quality service.

⁴ Deploying a Broadband Network – From Start to Finish (and Beyond), January 2018,
(<https://ecfsapi.fcc.gov/file/1052598259628/USF%20Budget%20NPRM%20Comments%20FINAL.pdf> –
Attachment 1)

1 Once again, Mr. Hauer relies upon its CAF performance as “evidence” of its abilities
2 regarding RDOF. However, the two proceedings are not comparable in any way. The fact that
3 Mr. Hauer makes the comparison and does not appreciate the massive undertaking and huge
4 responsibility that comes with his RDOF low bidding is concerning. His inadequate management
5 plans simply exacerbate my concern.

6 **Q. What will likely happen to the customers in South Dakota where LTD was the**
7 **apparent RDOF winner if the SDPUC were to deny LTD ETC designation in the state?**

8 A. Barring any successful appeal to the FCC (which is unlikely), these areas would not be
9 awarded in RDOF Phase I Auction. Because of this, these areas would become eligible for
10 broadband funding from a variety of federal and state support mechanisms over the next couple
11 of years. This would include the recently announced \$1.15B Rural Utilities Service (RUS)
12 ReConnect program and the \$65B that is committed to broadband in the Infrastructure Investment
13 and Jobs Act (“Infrastructure Act”).⁵ These programs have the ability to provide adequate funding
14 for these areas to allow an established provider to successfully deploy and operate a FTTH
15 network.

16 **Q. Does that conclude your testimony?**

17 A. Yes, but I reserve to right to modify this testimony if new information becomes available.

⁵ The Infrastructure Investment and Jobs Act (“Infrastructure Act”), H.R. 3684, Section 60102 (a) (1) (C).
<https://www.congress.gov/bill/117th-congress/house-bill/3684/text>