

TC97-071



Valley Telco

102 South Main
P. O. Box 7
Herreid, South Dakota 57632
(605) 437-2615 Fax (605) 437-2220

June 9, 1997

RECEIVED

JUN 10 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. Harlan Best
South Dakota Public Utilities Commission
500 East Capital
Pierre, SD 57501-5070

Dear Mr. Best:

Valley Telecommunications Cooperative Association, Inc. is requesting to obtain from the Public Utilities Commission a designation as an Eligible Telecommunications Carrier ("ETC"). I am submitting herewith, one original and ten(10) copies of our request for your approval.

I can be reached at (605) 437-2615 should additional information be necessary to accomplish this request.

Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Dianna J. Quaschnick".

Dianna J. Quaschnick,
General Manager

Encl.

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TC97-071

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED

JUN 10 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF)	REQUEST FOR ETC
VALLEY TELECOMMUNICATIONS)	DESIGNATION
COOPERATIVE ASSOCIATION, INC)	DOCKET TC97-
FOR DESIGNATION AS AN ELIGIBLE)	
TELECOMMUNICATIONS CARRIER)	

VALLEY TELECOMMUNICATIONS COOPERATIVE ASSOCIATION, INC. ("Valley Telecommunications Coop") pursuant to 47 United States Code section 214(e) and 47 Code of Federal Regulations Section 54.201 hereby seeks from the Public Utilities Commission ("Commission") designation as an "eligible telecommunications carrier" within the local exchange areas that constitute its service area in South Dakota. In support of this request, Valley Telecommunications Coop offers the following:

1. Pursuant to 47 U.S.C. § 214(e) it is the Commission's responsibility to designate local exchange carriers ("LECs") as "eligible telecommunications carriers" ("ETCs"), or in other words, to determine which LECs have assumed universal service obligations consistent with the federal law and should be deemed eligible to receive federal universal service support. At least one eligible telecommunications carrier is to be designated by the Commission for each service area in the State. However, in the case of areas served by "rural telephone companies", the Commission may not designate more than one LEC as an ETC without first finding that such additional designation would be in the public interest. Under 47 CFR § 54.201, beginning January 1, 1998, only telecommunications carriers that have received designation from the Commission to serve as an eligible telecommunications carrier within their service area will be eligible to receive federal universal service support.



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2. Valley Telecommunications Coop is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges in South Dakota:

(283) HOSMER; (437) HERREID; (439) LEOLA; (577) LONG LAKE;
(762) GLENHAM; (889) POLLOCK; (955) MOUND CITY

Valley Telecommunications Coop to its knowledge is the only carrier today providing local exchange telecommunications services in the above identified exchange areas.

3. Valley Telecommunications Coop in accord with 47 CFR § 54.101 offers the following local exchange telecommunications services to all consumers throughout its service area:

- Voice grade access to the public switched network;
- Local exchange service including an amount of local usage free of per minute charge under a flat rated local service package and as part of a measured local service offering;
- Dual tone multi-frequency signaling;
- Access to emergency services such as 911 or enhanced 911 public services;
- Access to operator services;
- Access to interexchange service;
- Access to directory assistance; and
- Toll blocking service to qualified low-income consumers.

As noted above, Valley Telecommunications Coop does provide toll limitation service in the form of toll blocking to qualifying consumers, however, the additional toll limitation service of "toll control" as defined in the new FCC universal service rules (47 CFR § 54.400(3)) is not provided. Valley Telecommunications Coop is not aware that any local exchange carrier in South Dakota has a current capability to provide such service. The FCC gave no indication prior to the release of its universal service order (FCC 97-157) that toll control would be imposed as an ETC service requirement and, to our information and belief, as a result, LECs nationwide are not positioned to make the service immediately available. In order for Valley Telecommunications Coop to provide the service, additional usage tracking and storage capabilities will have to be installed in its local switching equipment. At minimum, the service requires a switching software upgrade and at this time

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Valley Telecommunications Coop is investigating and attempting to determine whether the necessary software has been developed and when it might become available.

Accordingly, Valley Telecommunications Coop is faced with exceptional circumstances concerning its ability to make the toll control service available as set forth in the FCC's universal service rules and must request a waiver from the requirement to provide such service. At this time, a waiver for a period of one year is requested. Prior to the end of the one year period, Valley Telecommunications Coop will report back to the Commission with specific information indicating when the necessary network upgrades can be made and the service can be made available to assist low income customers. The Commission may properly grant a waiver from the "toll control" requirement pursuant to 47 CFR 54.101(c).

4. Valley Telecommunications Coop has previously and will continue to advertise the availability of its local exchange services in media of general distribution throughout the exchange areas served. Prior to this filing, Valley Telecommunications Coop has not generally advertised the prices charged for all of the above-identified services. It will do so going forward in accord with any specific advertising standards that the Commission may develop.

5. Based on the foregoing, Valley Telecommunications Coop respectfully request that the Commission:

- (a) grant a temporary waiver of the requirement to provide "toll control" service; and
- b) grant an ETC designation to Valley Telecommunications Coop covering all of the local exchange areas that constitute its present service area in the State.

Dated this 27th day of June, 1997.

Valley Telecommunications Cooperative
Association, Inc.



Dianna J. Quaschnick, General Manager



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■ TELECOMMUNICATIONS
 ■ LONG DISTANCE
 ■ CABLE & SATELLITE
 COMMUNICATIONS, INC.

Mr. Camron Hoseck
 SD Public Utilities Commission
 State Capital Building
 500 East Capital Ave.
 Pierre, SD 57501-5070

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OCT 09 1997

SOUTH DAKOTA PUBLIC
 UTILITIES COMMISSION

RE: Eligible Telecommunications Carrier Application, TC97-071
 Valley Telecommunications Cooperative Association, Inc.

Dear Mr. Hoseck:

The following is the additional information requested in your letter dated October 1, 1997.

1. Pursuant to 47 C.F.R. 54.101(a)(4), single-party service or its functional equivalent must be made available by an Eligible Telecommunications Carrier (ETC) to receive universal service support mechanisms. Does the above-referenced company have this service? Yes, we offer single-party service to both business and residence customers.
2. Pursuant to 47 C.F.R. 54.405 and 54.411, lifeline and link up services must be make available by an ETC to qualifying low-income consumers. Does the applicant company, as referenced above, make these services available to qualifying consumers?

"Valley Telecommunications Cooperative Assn., Inc. is not currently offering Lifeline and Link Up services within its exchanges, but will as required by the FCC rules, 47CFR 54.400 - 54.417, make the established discount programs available to its qualifying low income customers beginning January 1, 1998. It is our understanding that while providing the Lifeline and Link Up services is a requirement imposed on ETCs pursuant to 47CFR 54.405 and 54.411, it is not actually a precondition which must be met before ETC status can properly be granted by the Commission. 47 CFR 54.101 which lists the service obligations that must be met before a carrier can receive federal universal service support does not specifically reference Lifeline and Link Up services."

3. Verification by an authorized officer:

"Dianna J. Quaschnick, being first duly sworn, states that she is the General Manager for the responding party, that she has read the initial ETC application and the foregoing, and the same is true to her own best knowledge, information and belief."

Dated this 7th day of October 1997

Signature Dianna J. Quaschnick

Title General Manager

Subscribed and sworn to before me this 7 day of October 1997

Notary Public Bob Schuff

Commission expires 1/30/04





- TC97-071
- TELECOMMUNICATIONS
 - LONG DISTANCE
 - CABLE & SATELLITE COMMUNICATIONS, INC.

December 16, 1997

Universal Service Administration Company
100 South Jefferson Road
Whippany, NJ 07981

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DEC 17 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

COPY

Gentlemen:

Pursuant to the FCC's Lifeline and Link Up rules, specifically, 47 CFR Section 54.401(d), we are herewith filing the Lifeline and Link Plan for both our parent company Valley Telecommunications Cooperative Association, Inc. and our subsidiary company Valley Cable & Satellite Communications, Inc.

Exhibit "A" South Dakota Public Utilities Commission Final Order and Decision; Notice of Entry of Decision TC97-150, is also attached for your review.

If you have any questions, please feel free to call me at (605) 437-2615.

Sincerely,

Dianna J. Quaschnick

Dianna J. Quaschnick,
General Manager

cc: Sheryl Todd
Federal Communications Commission

Office of the Secretary
Federal Communications Commission

✓ Bill Bullard
South Dakota Public Utilities Commission

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**LIFELINE AND LINK UP PLAN OF
VALLEY TELECOMMUNICATIONS COOPERATIVE
ASSOCIATION, INC.**

The Valley Telecommunications Cooperative Association Inc. submits this plan pursuant to 47 CFR § 54.401(d). Valley Telecommunications Cooperative Association, Inc. has been designated as an eligible telecommunications carrier by the South Dakota Public Utilities Commission ("SDPUC") and, as such, must make Lifeline and Link Up service available to qualifying low-income consumers as set forth in the Commission's *Final Order and Decision: Notice of Entry of Decision* dated November 18, 1997, issued in Docket TC97-150 (In the Matter of the Investigation into the Lifeline and Link Up Programs), which is attached as Exhibit A, and consistent with the criteria established under 47 CFR §§ 54.400 to 54.417, inclusive.

A. General

1. The Lifeline and Link Up programs assist qualified low-income consumers by providing for reduced monthly charges and reduced connection charges for local telephone service. The assistance applies to a single telephone line at a qualified consumer's principal place of residence.
2. A qualified low-income consumer is a telephone subscriber who participates in at least one of the following public assistance programs:
 - a. Medicaid
 - b. Food Stamps
 - c. Supplemental Security Income (SSI)
 - d. Federal Public Housing Assistance
 - e. Low-Income Home Energy Assistance Program (LHEAP)
3. A qualified low-income consumer is eligible to receive either or both Lifeline and Link Up assistance.
4. Valley Telecommunications Cooperative Association, Inc. will advertise the availability of Lifeline and Link Up services and the charges therefore using media of general distribution and in accord with any rules that may be developed by the SDPUC for application to eligible telecommunications carriers.
5. In addition, Valley Telecommunications Cooperative Association, Inc., as required by the *Final Order and Decision: Notice of Entry of Decision* of the SDPUC (Exhibit A), will indicate in its annual report to the SDPUC the number of subscribers within its service area receiving Lifeline and/or Link Up assistance. In addition, this information will be provided to the Universal Service Administrative Company ("USAC").
6. Information as to the number of consumers qualifying for Lifeline and/or Link Up assistance cannot currently be provided by Valley Telecommunications Cooperative Association, Inc. because it has no access to the government information necessary to determine how many of its telephone subscribers are participating in the above referenced public assistance programs. Without this information, Valley Telecommunications

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Cooperative Association, Inc. cannot provide, at this time, even a reasonable estimate of the number of its subscribers who, after January 1, 1998, will be receiving Lifeline and/or Link Up service. Information as to the number of its low-income subscribers qualifying for Lifeline and/or Link Up can be provided after applications for Lifeline and Link Up assistance have been received by Valley Telecommunications Cooperative Association, Inc.

7. In accord with the SDPUC's *Final Order and Decision, Notice of Entry of Decision*, Valley Telecommunications Cooperative Association, Inc. will make application forms available to all of its existing residential customers, to all new customers when they apply for residential local telephone service, and to other persons or entities upon their request.

B. Lifeline

1. Lifeline service means a retail local service offering for which qualified low-income consumers pay reduced charges.
2. Lifeline service includes voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance, and toll limitation.
3. Qualified low-income subscribers are required to submit an application form in order to receive Lifeline service. In applying for Lifeline assistance, the subscriber must certify under penalty of perjury that they are currently participating in at least one of the qualifying public assistance programs listed in Section A.2, above. In addition, the subscriber must agree to notify Valley Telecommunications Cooperative Association, Inc. when they cease participating in the qualifying public assistance program(s).
4. The total monthly Lifeline credit available to qualified consumers is \$5.25. Valley Telecommunications Cooperative Association, Inc. shall provide the credit to qualified consumers by applying the federal baseline support amount of \$3.50 to waive the consumer's federal End-User Common Line charge and applying the additional authorized federal support amount of \$1.75 as a credit to the consumer's intrastate local service rate. The federal baseline support amount and additional support available, totaling \$5.25, shall reduce Valley Telecommunications Cooperative Association, Inc.'s lowest tariffed (or otherwise generally available) residential rate for the services listed above in Section B.3. Per the attached SDPUC *Final Order and Decision, Notice of Entry of Decision*, the SDPUC has authorized intrastate rate reductions for eligible telecommunications carriers making the additional federal support amount of \$1.75 available. The SDPUC did not establish a state Lifeline program to fund any further rate reductions. (Exhibit A, Findings of Fact VII and VIII; and Conclusions of Law II and III).

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5. Valley Telecommunications Cooperative Association, Inc. will not disconnect subscribers from their Lifeline service for non-payment of toll charges unless the SDPUC, pursuant to 47 CFR § 54.401(b)(1), has granted the company a waiver from the non-disconnect requirement.

6. Except to the extent that Valley Telecommunications Cooperative Association, Inc. has obtained a waiver from the SDPUC pursuant to 47 CFR § 54.101(c), the company shall offer toll limitation to all qualifying low-income consumers when they subscribe to Lifeline service. If the subscriber elects to receive toll limitation, that service shall become part of that subscriber's Lifeline service.

7. Valley Telecommunications Cooperative Association, Inc. will not collect a service deposit in order to initiate Lifeline service if the qualifying low-income consumer voluntarily elects toll blocking on their telephone line. However, one month's local service charges may be required as an advance payment.

C. Link Up

1. Link Up means:

(a) A reduction in the customary charge for commencing telecommunications service for a single telecommunications connection at a consumer's principal place of residence. The reductions shall be 50 percent of the customary charge or \$30.00, whichever is less; and

(b) A deferred schedule for payment of the charges assessed for commencing service, for which the consumer does not pay interest. The interest charges not assessed to the consumer shall be for connection charges of up to \$200.00 that are deferred to a period not to exceed one year.

2. Charges assessed for commencing service include any charges that are customarily assessed for connecting subscribers to the network. These charges do not include any permissible security deposit requirements.

3. The Link Up program shall allow a consumer to receive the benefit of the Link Up program for a second or subsequent time only for a principal place of residence with an address different from the residence address at which the Link Up assistance was provided previously.

Valley Telecommunications Cooperative Association, Inc.
PO Box 7
Herreid, SD 57632
605-437-2615

By Sierra J. Quachuck
Name

General Manager
Position

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

IN THE MATTER OF THE INVESTIGATION)	FINAL ORDER AND
INTO THE LIFELINE AND LINK UP)	DECISION; NOTICE OF
PROGRAMS)	ENTRY OF DECISION
)	TC97-150

At its August 18, 1997, regularly scheduled meeting, the Public Utilities Commission (Commission) voted to open a docket concerning the Federal Communications Commission's (FCC's) Report and Order on Universal Service regarding the Lifeline and Link Up programs. In its Report and Order, the FCC decided that it would provide for additional federal support in the amount of \$1.75, above the current \$3.50 level. However, in order for a state's Lifeline consumers to receive the additional \$1.75 in federal support, the state commission must approve that reduction in the portion of the intrastate rate paid by the end user 47 C.F.R. § 54.403(a). Additional federal support may also be received in an amount equal to one-half of any support generated from the intrastate jurisdiction, up to a maximum of \$7.00 in federal support. 47 C.F.R. § 54.403(a). A state commission must file or require the carrier to file information with the administrator of the federal universal service fund demonstrating that the carrier's Lifeline plan meets the criteria set forth in 47 C.F.R. § 54.401.

By order dated August 28, 1997, the Commission allowed interested persons and entities to submit written comments concerning how the Commission should implement the FCC's rules on the Lifeline and Link Up programs. In their written comments, interested persons and entities commented on the following questions:

1. Whether the Commission should approve intrastate rate reductions to allow consumers eligible for Lifeline support to receive the additional \$1.75 in federal support?
2. Whether the Commission should set up a state Lifeline Program to fund further reductions in the intrastate rate paid by the end user?
3. Whether the Commission should modify the existing Lifeline or Link Up Programs?
4. Shall the Commission file or require the carrier to file information with the administrator of the federal universal service fund demonstrating that the carrier's Lifeline plan meets the criteria set forth in 47 C.F.R. § 54.401(d)?

By order dated October 16, 1997, the Commission set public hearings to receive public comment on the questions listed above. The hearings were held at the following times and places:

RAPID CITY: Monday, October 27, 1997, 1:00 p.m., Canyon Lake Senior Citizens Center, 2900 Canyon Lake Drive, Rapid City, SD

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PIERRE: Tuesday, October 28, 1997, 1:30 p.m., State Capitol Building, Room 412, 500 East Capitol Avenue, Pierre, SD

SIoux FALLS: Wednesday, October 29, 1997, 9:00 a.m., Center for Active Generations, 2300 West 46th, Sioux Falls, SD

At its November 7, 1997, meeting, the Commission ruled as follows: On the first issue, the Commission authorized intrastate rate reductions to allow eligible consumers to receive the additional \$1.75 in federal support. With respect to the second issue, the Commission decided to not set up a state Lifeline program to fund further reductions at this time. On the third issue, the Commission eliminated the existing TAP program that requires U S WEST and carriers that have purchased U S WEST exchanges to fund a \$3.50 reduction of local rates to low income customers age 60 and over. The Commission further ruled that the South Dakota Link Up program follow the FCC rules. In addition, the Commission ordered that staff, in consultation with the carriers, develop a standard form for self-certification; that these forms be sent to all of their customers prior to January 1, 1998, and thereafter, to all new customers; and that the carriers make the forms available to any person or entity upon request. On the fourth issue, the Commission ruled that the carrier be required to file with the FCC the information demonstrating that the carrier's plan meets the applicable FCC criteria and that the carrier send an informational copy to the Commission. Further, that the carriers include in their annual report to the Commission the number of subscribers who receive Lifeline and Link Up support.

Based on the written comments and evidence and testimony received at the hearings, the Commission makes the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

I

The current state Lifeline program is referred to as the Telephone Assistance Plan (TAP). The current state Link Up program is referred to as the Link Up America program. The Commission implemented these programs in the U S WEST exchanges pursuant to its Decision and Order dated February 17, 1988, issued in Docket F-3703, In the Matter of the Investigation into Implementation of a Telephone Assistance Plan for South Dakota Customers. Exhibit 1 at page 1. Subsequent buyers of U S WEST exchanges were required to also offer the TAP and Link Up America programs. Id. at pages 1-2.

II

The amount of TAP assistance is \$7.00, \$3.50 of which is federally funded, with the remaining \$3.50 funded by the local telecommunications carrier. Id. at page 3. Although U S WEST was originally allowed to charge a surcharge to fund the program, U S WEST subsequently gave up that right in Docket F-3647-8, In the Matter of the Public Utilities Commission Investigation into the Effects of the 1986 Tax Reform Act on South Dakota Utilities. Exhibit 5. In order to receive the TAP assistance, a member of the household

must be 60 years of age or older and participate in either the food stamp or the low-income energy assistance program. Exhibit 1 at page 2.

III

The Link Up America program provides assistance in an amount equal to one-half of the qualifying subscriber's telephone service connection charges up to a maximum of \$30.00. *Id.* at page 3. In order to receive Link Up assistance, a customer must be receiving either food stamps or low-income energy assistance, must not presently have local telephone service and must not have been provided telephone service at his or her residence within the previous three months, and must not be a dependent for federal income tax purposes (dependency criteria does not apply to those 60 years of age or older). *Id.* The Link Up program is funded entirely out of federal funds. *Id.*

IV

The FCC revised the current Lifeline and Link Up programs in CC Docket No. 96-45, In the Matter of Federal-State Joint Board on Universal Service, adopted May 7, 1997. Beginning January 1, 1998, the FCC found that the federal baseline Lifeline support will be \$3.50 per qualifying low-income consumer with an additional \$1.75 in federal support if the state commission approves a corresponding reduction in intrastate local rates. 47 C.F.R. § 54.403(a). Additional federal Lifeline support in an amount equal to one-half the amount of any state Lifeline support (not to exceed \$7.00) is also available. *Id.*

V

The FCC further found that the federal support for Link Up will continue to be a reduction in the telecommunications carrier's service connection charges equal to one half of the carrier's customer connection charge or \$30.00, whichever is less. 47 C.F.R. § 54.413(b).

VI

Pursuant to the FCC's rules, if there is no state Lifeline or Link Up program, a consumer is eligible for support if the consumer participates in one of the following programs: Medicaid; food stamps; Supplemental Security Income; federal public housing assistance; or the Low-Income Home Energy Assistance Program. 47 C.F.R. §§ 54.409(b) and 54.415(b). In addition, if there is no state Lifeline or Link Up program, a customer must certify under penalty of perjury that the customer is receiving benefits from one of the programs listed above and agrees to notify the carrier if the customer ceases to participate in such program or programs. *Id.*

VII

The first issue is whether the Commission should approve intrastate rate reductions to allow consumers eligible for Lifeline support to receive the additional \$1.75 in federal

support. The Commission finds that it shall authorize intrastate rate reductions for eligible telecommunications companies providing local exchange service to allow eligible consumers to receive the additional \$1.75 in federal support. Thus, the total amount of federal support is \$5.25 per eligible customer.

VIII

The second issue is whether the Commission should set up a state Lifeline program to fund further reductions in the intrastate rate paid by the end user. The Commission finds it will not set up a state Lifeline program to fund further reductions at this time.

IX

The third issue is whether to modify or eliminate the existing Lifeline program or Link Up program. With respect to the existing Lifeline program, the Commission finds that it shall eliminate the existing TAP program that requires U S WEST and carriers that have purchased U S WEST exchanges to fund a \$3.50 reduction of local rates to low income customers age 60 and over. The Commission further finds that the South Dakota Lifeline and Link Up programs shall follow the FCC rules. See 47 U.S.C. §§ 54.400 to 54.417. The effect of following the FCC rules and not instituting further state funded reductions is that the FCC eligibility requirements and self-certification requirements will apply to the South Dakota Lifeline and Link Up programs. In addition, the Commission orders that the Commission staff, in consultation with the carriers, develop a standard form for self-certification. The carriers shall send these forms to each customer prior to January 1, 1998. The carriers shall also send a form to each of their new customers. Finally, the carriers shall make the forms available to any person or entity upon request.

X

The fourth issue is whether the Commission should file, or in the alternative, require the carrier to file information with the fund administrator. See 47 C.F.R. § 54.401(d). The Commission finds the carriers shall be required to file that information demonstrating that the carrier's plan meets the applicable FCC rules and that the carrier send an informational copy to the Commission. The carriers shall also be required to include in their annual report to the Commission the number of subscribers who receive Lifeline and Link Up support.

CONCLUSIONS OF LAW

I

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-1.1, 49-31-3, 49-31-7, 49-31-7.1, 49-31-11, 49-31-12.1, 49-31-12.2 and 12.4, and 47 C.F.R. §§ 54.400 to 54.417.

II

Pursuant to 47 C.F.R. § 54.403(a), the Commission authorizes intrastate rate reductions for eligible telecommunications companies providing local exchange service to allow eligible consumers to receive the additional \$1.75 in federal support.

III

The Commission declines to institute a state Lifeline program to fund further reductions at this time. The existing South Dakota Lifeline and Link Up programs shall be modified to follow the FCC rules found at 47 U.S.C. §§ 54.400 to 54.417, inclusive, on January 1, 1998. The Commission staff, in consultation with the carriers, shall develop a standard form for self-certification. The carriers shall send these forms to each customer prior to January 1, 1998. The carriers shall also send a form to each of their new customers. Finally, the carriers shall make the forms available to any person or entity upon request.

IV

Pursuant to 47 C.F.R. § 54.401(d), the Commission finds the carriers shall be required to file that information demonstrating that the carrier's plan meets the applicable FCC rules and that the carrier send an informational copy to the Commission. The carriers shall also be required to include in their annual report to the Commission the number of subscribers who receive Lifeline and Link Up support.

It is therefore

ORDERED, that the Commission authorizes intrastate rate reductions for eligible telecommunications companies providing local exchange service to allow eligible consumers to receive the additional \$1.75 in federal support; and it is

FURTHER ORDERED, that the Commission will not set up a state Lifeline program to fund further reductions at this time, and it is

FURTHER ORDERED, that the Commission shall eliminate the existing TAP program; that the South Dakota Lifeline and Link Up programs follow the FCC rules; that the Commission staff, in consultation with the carriers, develop a standard form for self-certification; that the carriers shall send these forms to all of their customers prior to January 1, 1998; that the carriers shall also send a form to each of their new customers; and that the carriers make the forms available to any person or entity upon request; and it is

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FURTHER ORDERED, that the carrier shall file with the FCC the information demonstrating that the carrier's plan meets the applicable FCC rules and that the carrier send an informational copy to the Commission. The carriers shall also include in their annual report to the Commission the number of subscribers who receive Lifeline and Link Up support.

Dated at Pierre, South Dakota, this 18th day of November, 1997.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By *Aldene Kalbs*

Date 11/18/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY VALLEY) FINDINGS OF FACT,
TELECOMMUNICATIONS COOPERATIVE) CONCLUSIONS OF LAW,
ASSOCIATION, INC. FOR DESIGNATION AS) ORDER AND NOTICE OF
AN ELIGIBLE TELECOMMUNICATIONS) ENTRY OF ORDER
CARRIER) TC97-071

On June 10, 1997, the Public Utilities Commission (Commission) received a request for designation as an eligible telecommunications carrier (ETC) from Valley Telecommunications Cooperative Association, Inc. (Valley Telecommunications Cooperative). Valley Telecommunications Cooperative requested designation as an eligible telecommunications carrier within the local exchange areas that constitute its service area.

The Commission electronically transmitted notice of the filing and the intervention deadline to interested individuals and entities. No person or entity filed to intervene. By order dated November 7, 1997, the Commission set the hearing for this matter for 1:30 p.m. on November 19, 1997, in Room 412, State Capitol, Pierre, South Dakota.

The hearing was held as scheduled. At the hearing, the Commission granted Valley Telecommunications Cooperative a one year waiver of the requirement to provide toll control service within its service area. At its December 11, 1997, meeting, the Commission granted ETC designation to Valley Telecommunications Cooperative and designated its study area as its service area.

Based on the evidence of record, the Commission enters the following Findings of Fact and Conclusions of Law.

FINDINGS OF FACT

I

On June 10, 1997, the Commission received a request for designation as an ETC from Valley Telecommunications Cooperative. Valley Telecommunications Cooperative requested designation as an ETC within the local exchange areas that constitute its service area. Valley Telecommunications Cooperative serves the following exchanges: Hosmer (283); Herreid (437); Leola (439); Long Lake (577); Glenham (762); Pollock (889); and Mound City (955). Exhibit 1.

II

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission.

III

Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the services that are supported by federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

IV

The Federal Communications Commission (FCC) has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equal; (4) single party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

V

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405; 47 C.F.R. § 54.411.

VI

Valley Telecommunications Cooperative offers voice grade access to the public switched network to all consumers throughout its service area. Exhibit 1.

VII

Valley Telecommunications Cooperative offers local exchange service including an amount of local usage free of per minute charges to all consumers throughout its service area. Id.

VIII

Valley Telecommunications Cooperative offers dual tone multi-frequency signaling to all consumers throughout its service area. Id.

IX

Valley Telecommunications Cooperative offers single party service to all consumers throughout its service area. Exhibit 2.

X

Valley Telecommunications Cooperative offers access to emergency services to all consumers throughout its service area. Exhibit 1.

XI

Valley Telecommunications Cooperative offers access to operator services to all consumers throughout its service area. Id.

XII

Valley Telecommunications Cooperative offers access to interexchange services to all consumers throughout its service area. Id.

XIII

Valley Telecommunications Cooperative offers access to directory assistance to all consumers throughout its service area. Id.

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XIV

One of the services required to be provided by an ETC to qualifying low-income consumers is toll limitation. 47 C.F.R. § 54.101(a)(9). Toll limitation consists of both toll blocking and toll control. 47 C.F.R. § 54.400(d). Toll control is a service that allows consumers to specify a certain amount of toll usage that may be incurred per month or per billing cycle. 47 C.F.R. § 54.400(c). Toll blocking is a service that lets consumers elect not to allow the completion of outgoing toll calls. 47 C.F.R. § 54.400(b).

XV

Valley Telecommunications Cooperative offers toll blocking to all consumers throughout its service area. Exhibit 1.

XVI

Valley Telecommunications Cooperative does not currently offer toll control. Id. In order for Valley Telecommunications Cooperative to provide toll control, additional usage tracking and storage capabilities will have to be installed in its local switching equipment. Valley Telecommunications Cooperative is attempting to determine whether the necessary software has been developed and when it might become available. Id.

XVII

Valley Telecommunications Cooperative stated that it is faced with exceptional circumstances concerning its ability to make toll control service available and requested a one year waiver from the requirement to provide such service. Id. Prior to the end of the one year period, Valley Telecommunications Cooperative will report back to the Commission with specific information indicating when the network upgrades can be made in order to provide toll control. Id.

XVIII

With respect to the obligation to advertise the availability of services supported by the federal universal service support mechanism and the charges for those services using media of general distribution, Valley Telecommunications Cooperative stated that it advertises the availability of its local exchange services in media of general distribution throughout its service area. However, Valley Telecommunications Cooperative has not generally advertised the prices for these services. Id. Valley Telecommunications Cooperative stated its intention to comply with any advertising standards developed by the Commission. Id.

XIX

Valley Telecommunications Cooperative does not currently offer Lifeline and Link Up service discounts in its exchanges. Exhibit 2. Valley Telecommunications Cooperative will offer the Lifeline and Link Up service discounts in all of its service area beginning January 1, 1998, in accordance with 47 C.F.R. §§ 54.400 to 54.417, inclusive, and any Commission imposed requirements. Exhibit 2.

XX

The Commission finds that Valley Telecommunications Cooperative currently provides and will continue to provide the following services or functionalities throughout its service area: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll blocking for qualifying low-income consumers.

XXI

The Commission finds that pursuant to 47 C.F.R. § 54.101(c) it will grant Valley Telecommunications Cooperative a waiver of the requirement to offer toll control services until December 31, 1998. The Commission finds that exceptional circumstances prevent Valley Telecommunications Cooperative from providing toll control at this time due to the difficulty in obtaining the necessary software upgrades to provide the service.

XXII

The Commission finds that Valley Telecommunications Cooperative intends to provide Lifeline and Link Up programs to qualifying customers throughout its service area consistent with state and federal rules and orders.

XXIII

The Commission finds that Valley Telecommunications Cooperative shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor throughout its service area using media of general distribution once each year. The Commission further finds that if the rate for any of the services supported by the federal universal service support mechanism changes, the new rate must be advertised using media of general distribution.

XXIV

Pursuant to 47 U.S.C. § 214(e)(5), the Commission designates Valley Telecommunications Cooperative's current study area as its service area.

CONCLUSIONS OF LAW

I

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 214.

II

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission.

III

Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the services that are supported by federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

IV

The FCC has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equal; (4) single

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party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

V

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405; 47 C.F.R. § 54.411.

VI

Valley Telecommunications Cooperative has met the requirements of 47 C.F.R. § 54.101(a) with the exception of the ability to offer toll control. Pursuant to 47 C.F.R. § 54.101(c), the Commission concludes that Valley Telecommunications Cooperative has demonstrated exceptional circumstances that justify granting it a waiver of the requirement to offer toll control until December 31, 1998.

VII

Valley Telecommunications Cooperative shall provide Lifeline and Link Up programs to qualifying customers throughout its service area consistent with state and federal rules and orders.

VIII

Valley Telecommunications Cooperative shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor using media of general distribution once each year. If the rate for any of the services supported by the federal universal service support mechanism changes, the new rate shall be advertised using media of general distribution.

IX

Pursuant to 47 U.S.C. § 214(e)(5), the Commission designates Valley Telecommunications Cooperative's current study area as its service area.

X

The Commission designates Valley Telecommunications Cooperative as an eligible telecommunications carrier for its service area.

It is therefore

ORDERED, that Valley Telecommunications Cooperative's current study area is designated as its service area; and it is

FURTHER ORDERED, that Valley Telecommunications Cooperative shall be granted a waiver of the requirement to offer toll control services until December 31, 1998; and it is

FURTHER ORDERED, that Valley Telecommunications Cooperative shall follow the advertising requirements as listed above; and it is

FURTHER ORDERED, that Valley Telecommunications Cooperative is designated as an eligible telecommunications carrier for its service area.

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NOTICE OF ENTRY OF ORDER

PLEASE TAKE NOTICE that this Order was duly entered on the 17th day of December, 1997. Pursuant to SDCL 1-26-32, this Order will take effect 10 days after the date of receipt or failure to accept delivery of the decision by the parties.

Dated at Pierre, South Dakota, this 17th day of December, 1997.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By *William Kalbo*

Date 12/18/97

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner