

Exh 1
June 19, 1997

Mr. William Bullard, Jr.
Public Utilities Commission
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, S.D. 57501-5070

RECEIVED
JUN 17 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

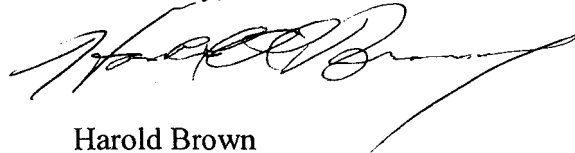
Dear Mr. Bullard:

Western Telephone Company is enclosing a request for designation as an "eligible telecommunications carrier" ("ETC"). Western Telephone Company has assumed universal service obligations for the area it serves and meets the criteria for ETC designation in accordance with federal regulations, except for the requirement for "toll control" service. Western Telephone Company, along with others in the industry, is in the process of examining the "toll control" issue. It is certain that the provision of this service as outlined in the applicable FCC rules will require a better understanding of the FCC's intent relative to "toll control" than exists now. Due to the time needed in studying and providing the "toll control" service, Western Telephone Company is also enclosing herewith a request for a temporary waiver of the "toll control" service requirement.

Please contact me with any questions you may have regarding these requests.

Thank you.

Yours truly,



Harold Brown
Manager

BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF SOUTH DAKOTA

RECEIVED
JUN 17 1997

| | | |
|---------------------------------|---|-----------------|
| IN THE MATTER OF THE REQUEST OF |) | REQUEST FOR ETC |
| WESTERN TELEPHONE COMPANY FOR |) | DESIGNATION |
| DESIGNATION AS AN ELIGIBLE |) | DOCKET TC97- |
| TELECOMMUNICATIONS CARRIER |) | |

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Western Telephone Company ("Western Tel.") pursuant to 47 United States Code ("U.S.C.") Section 214(e) and 47 Code of Federal Regulations ("CFR") Section 54.201 hereby seeks from the Public Utilities Commission ("Commission") designation as an eligible telecommunications carrier ("ETC") within the local exchange areas that constitute its service area in South Dakota. In support of this request, Western Tel. 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 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.

2. Western Tel. is the facilities-based local exchange carrier presently providing local exchange telecommunications services in the following exchanges:

- | | |
|------------------------|-----------|
| Cresbard, South Dakota | (605) 324 |
| Faulkton, South Dakota | (605) 598 |
| Orient, South Dakota | (605) 392 |

Western Tel. to its knowledge is the only carrier today providing local exchange telecommunications services in the above identified exchange areas.

3. Western Tel. in accordance 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 charges under a flat rated local service package;
- 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, Western Tel. 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. Western Tel. 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 Western Tel. 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 Western Tel. is investigating and attempting to determine whether the necessary software has been developed and when it might become available.

Accordingly, Western Tel. 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, Western Tel. 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).

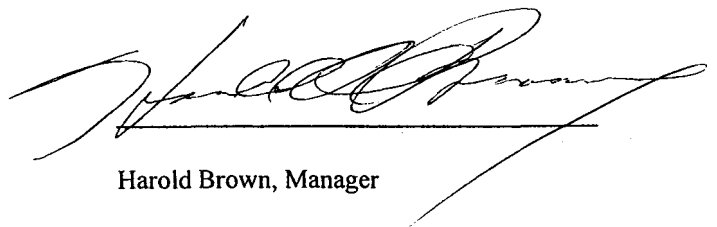
4. Western Tel. has previously and will continue to advertise the availability of its local exchange services in media of general distribution throughout the exchange areas served. Prior to this filing, Western Tel. has not generally advertised the prices charged for all of the above-identified services.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

5. Based on the foregoing, Western Tel. respectfully requests that the Commission:

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

Dated this 16 day of June, 1997.

Western Telephone Company



Harold Brown, Manager

Exh 2



WESTERN TELEPHONE COMPANY

Serving Cresbard, Faulkton, Orient, Polo & Wecota

Harold A. Brown, Manager

PO Box 128, 111 9th Ave. N., Faulkton, SD 57438-0128 — Phone: 605-598-6217 — Fax: 605-598-4100

October 15, 1997

Ms. Karen Cremer
Staff Attorney
Public Utilities Commissions
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RECEIVED
OCT 21 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Eligible Telecommunications Carrier (ETC) Application: TC97-089
Western Telephone Company

Dear Ms. Cremer:

We are responding to your request for additional information regarding our ETC application.

Western Telephone Company offers single party service.

Western Telephone Company currently offers Lifeline and Link Up services in those exchanges recently purchased from U S WEST Communications. In our other exchanges these services are not currently offered, but will be offered beginning January 1, 1998, in accord with FCC rules and any PUC decisions concerning implementation of the expanded programs.

My affidavit as to the validity of the information given in our ETC application and the information contained herein is provided below.

Yours truly,

Harold Brown
General Manager/Secretary & Treasurer

Harold Brown, being first duly sworn, states that he is the general manager/secretary & treasurer for the responding party, that he has read the initial ETC application and the foregoing, and the same are true to his own best knowledge, information and belief.

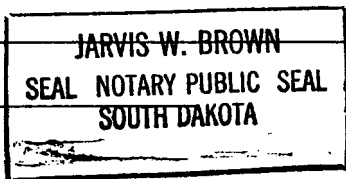
Signed:

Date: Oct 17, 1997

Notary Public Signature: _____

Date: Oct 17, 1997

My term expires _____



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

IN THE MATTER OF THE FILINGS BY THE) ORDER FOR AND NOTICE
FOLLOWING TELECOMMUNICATIONS) OF HEARING
COMPANIES FOR DESIGNATION AS)
ELIGIBLE TELECOMMUNICATIONS)
CARRIERS:)

VIVIAN TELEPHONE COMPANY) TC97-068
)

GOLDEN WEST TELECOMMUNICATIONS) TC97-069
COOPERATIVE, INC.)

VALLEY CABLE & SATELLITE) TC97-070
COMMUNICATIONS, INC.)

VALLEY TELECOMMUNICATIONS) TC97-071
COOPERATIVE ASSOCIATION, INC.)

SIOUX VALLEY TELEPHONE COMPANY) TC97-073
)

MOUNT RUSHMORE TELEPHONE COMPANY) TC97-074
)

FORT RANDALL TELEPHONE COMPANY) TC97-075
)

INTRASTATE TELEPHONE COMPANY) TC97-077
COOPERATIVE, INC.)

INTERSTATE TELECOMMUNICATIONS) TC97-078
COOPERATIVE, INC.)

WEST RIVER COOPERATIVE TELEPHONE) TC97-080
COMPANY)

STATELINE TELECOMMUNICATIONS, INC.) TC97-081
)

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|---|---|----------|
| ACCENT COMMUNICATIONS, INC. |) | TC97-083 |
| |) | |
| JAMES VALLEY COOPERATIVE TELEPHONE COMPANY |) | TC97-084 |
| |) | |
| HEARTLAND COMMUNICATIONS, INC. |) | TC97-085 |
| |) | |
| MIDSTATE TELEPHONE COMPANY, INC. |) | TC97-086 |
| |) | |
| BALTIC TELECOM COOPERATIVE |) | TC97-087 |
| |) | |
| EAST PLAINS TELECOM, INC. |) | TC97-088 |
| |) | |
| WESTERN TELEPHONE COMPANY |) | TC97-089 |
| |) | |
| STOCKHOLM-STRANDBURG TELEPHONE COMPANY |) | TC97-090 |
| |) | |
| KENNEBEC TELEPHONE CO., INC. |) | TC97-092 |
| |) | |
| JEFFERSON TELEPHONE CO., INC. |) | TC97-093 |
| |) | |
| SULLY BUTTES TELEPHONE COOPERATIVE, INC. |) | TC97-094 |
| |) | |
| VENTURE COMMUNICATIONS, INC. |) | TC97-095 |
| |) | |
| SANCOM, INC. |) | TC97-096 |
| |) | |

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|-------------------------------------|---|----------|
| SANBORN TELEPHONE COOPERATIVE |) | TC97-097 |
| |) | |
| BERESFORD MUNICIPAL TELEPHONE CO. |) | TC97-098 |
| |) | |
| ROBERTS COUNTY TELEPHONE |) | TC97-099 |
| COOPERATIVE ASSOCIATION |) | |
| RC COMMUNICATIONS, INC. |) | TC97-100 |
| |) | |
| SPLITROCK PROPERTIES, INC. |) | TC97-101 |
| |) | |
| SPLITROCK TELECOM COOPERATIVE, INC. |) | TC97-102 |
| |) | |
| TRI-COUNTY TELECOM, INC. |) | TC97-105 |
| |) | |
| FAITH MUNICIPAL TELEPHONE COMPANY |) | TC97-108 |
| |) | |
| ARMOUR INDEPENDENT TELEPHONE |) | TC97-113 |
| COMPANY |) | |
| BRIDGEWATER-CANISTOTA INDEPENDENT |) | TC97-114 |
| TELEPHONE COMPANY |) | |
| UNION TELEPHONE COMPANY |) | TC97-115 |
| |) | |
| MCCOOK COOPERATIVE TELEPHONE |) | TC97-117 |
| COMPANY |) | |
| KADOKA TELEPHONE COMPANY |) | TC97-121 |
| |) | |

| | | |
|---|---|-----------------|
| BROOKINGS MUNICIPAL TELEPHONE |) | TC97-125 |
| |) | |
| HANSON COMMUNICATIONS INC. D/B/A |) | TC97-130 |
| HANSON COUNTY TELEPHONE COMPANY |) | |
| HANSON COMMUNICATIONS INC. D/B/A |) | TC97-131 |
| MCCOOK TELECOM |) | |
| WEST RIVER TELECOMMUNICATIONS |) | TC97-154 |
| COOPERATIVE |) | |
| MOBRIDGE TELECOMMUNICATIONS CO. |) | TC97-155 |
| |) | |
| U S WEST COMMUNICATIONS, INC. |) | TC97-163 |
| |) | |
| THREE RIVER TELCO |) | TC97-167 |
| |) | |

The South Dakota Public Utilities Commission (Commission) received requests from the above captioned telecommunications companies requesting designation as eligible telecommunications carriers.

The Commission electronically transmitted notice of the filings and the intervention deadlines to interested individuals and entities. On June 27, 1997, the Commission received a Petition to Intervene from Dakota Telecommunications Systems, Inc. (DTS) and Dakota Telecom, Inc.(DTI) with reference to Fort Randall Telephone Company (Docket TC97-075). On July 15, 1997, at its regularly scheduled meeting, the Commission granted intervention to DTS and DTI in Docket TC97-075. No other Petitions to Intervene were filed.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26 and 49-31, including 1-26-18, 1-26-19, 49-31-3, 49-31-7, 49-31-7.1, 49-31-11, and 47 U.S.C. § 214(e)(1) through (5).

The issues at the hearing shall be as follows: (1) whether the above captioned telecommunications companies should be granted designation as eligible telecommunications carriers, and (2) what service areas shall be established by the Commission.



WESTERN TELEPHONE COMPANY

Serving Cresbard, Faulkton, Orient, Polo & Wecota

Harold A. Brown, Manager

PO Box 128, 111 9th Ave. N., Faulkton, SD 57438-0128 — Phone: 605-598-6217 — Fax: 605-598-4100

November 25, 1997

RECEIVED

NOV 26 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Ms. Karen Cremer
Staff Attorney
Public Utilities Commissions
Capitol Building, 1st Floor
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: Eligible Telecommunications Carrier (ETC) Application: TC97-089
Western Telephone Company

Dear Ms. Cremer:

We are responding to the need for additional clarification regarding our single party service offering. Western Telephone Company offers single party service to **all of its subscribers.**

My affidavit as to the validity of the information contained herein is provided below.

Yours truly,

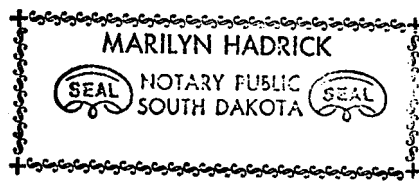
Harold Brown
General Manager/Secretary & Treasurer

Harold Brown, being first duly sworn, states that he is the general manager/secretary & treasurer for the responding party, that he has read the foregoing, and it is true to his own best knowledge, information and belief.

Signed: Harold Brown Date: 11-25-97

Notary Public Signature: Marilyn Hadrack Date: 11-25-97

My term expires My Commission
Expires May 12, 2003





WESTERN TELEPHONE COMPANY

Serving Cresbard, Faulkton, Orient, Polo & Wecota

TC97-089

Harold A. Brown, Manager

PO Box 128, 111 9th Ave. N., Faulkton, SD 57438-0128 – Phone: 605-598-6217 – Fax: 605-598-4100

RECEIVED

DEC 24 1997

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

December 19, 1997

Mr. Bill Bullard
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

Dear Mr. Bullard:

We are enclosing a copy of Western Telephone Company's Lifeline and Link Up Plans which are consistent with the criteria in South Dakota Public Utilities Commission's Docket TC97-150. (also enclosed) and in 47 CFR 54.400 - 54.417.

Please call Loretta Calabro of TELEC Consulting Resources, (402) 398-0062, with any questions you may have on this matter.

Yours truly,

Harold Brown
Manager

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DEC 24 1997

**LIFELINE AND LINK UP PLAN
OF WESTERN TELEPHONE COMPANY**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

The Western Telephone Company submits this plan pursuant to 47 CFR § 54.401(d). Western Telephone Company 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. Western Telephone Company 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, Western Telephone Company, as required by the Final Order and Decision; Notice of Entry of Decision of the SDPUC (Exhibit A), will indicate in it's annual report to the SDPUC the number of subscribers within it's 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 Western Telephone Company

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, Western Telephone Company 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 Western Telephone Company.

7. In accord with the SDPUC's Final Order and Decision; Notice of Entry of Decision, Western Telephone Company 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 Western Telephone Company when they cease participating in the qualifying public assistance program(s).
4. The total monthly Lifeline credit available to qualified consumers is \$5.25. Western Telephone Company 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 Western Telephone Company'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).

5. Western Telephone Company 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 Western Telephone Company 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. Western Telephone Company 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.

Western Telephone Company
P.O. Box 128
Faulkton, SD 57438-0128
(605) 598-6217

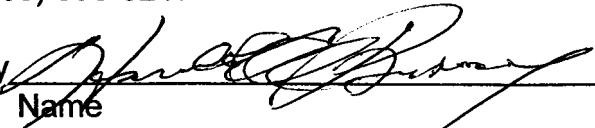
By  _____
Name Position

EXHIBIT "A"

**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

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

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: *Delaine 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