

AUG 27 2001

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSIONSOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF
HEARTLAND TELECOMMUNICATIONS COMPANY
OF IOWA dba HICKORYTECH FOR CERTIFICATION
REGARDING ITS USE OF FEDERAL UNIVERSAL
SERVICE SUPPORT

DOCKET NO. ___

REQUEST FOR CERTIFICATION

Heartland Telecommunications Company of Iowa dba HickoryTech ("HickoryTech") hereby submits a Request for Certification to the South Dakota Public Utilities Commission ("Commission") seeking certification from the Commission pursuant to 47 C.F.R. § 54.314. In support of this Request, HickoryTech offers the following:

1. On May 23, 2001, the Federal Communications Commission (FCC) released an Order relative to the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 C.F.R. § 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or other eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, states that desire rural carriers within their jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company ("USAC") stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301.

¹ CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only in the future be made available if the State Commission files the requisite certification pursuant to § 54.314.

2. The certification required for rural carriers to receive federal universal service support for all four quarters during calendar year 2002 is currently due to be filed with the FCC and USAC on or before October 1, 2001. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the State are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

3. HickoryTech is a rural telephone company that has previously been designated by this Commission as an eligible telecommunications carrier. The Company provides local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately ninety access lines within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over HickoryTech and its provisioning of local exchange services. Under SDCL § 49-31-5.1, the local exchange service rates charged by telecommunications cooperatives, municipal telephone systems, and independent telephone companies serving less than fifty thousand local exchange subscribers are not subject to the Commission's ratemaking authority. In cases where State Commissions have limited regulatory authority over rural carriers, the FCC has indicated that these carriers should themselves initiate the certification process by presenting a plan to ensure compliance with the

requirement in 47 U.S.C. § 254(e) that universal service support will only be used for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Based on this filed plan, it is anticipated that the State Commission may make the appropriate certification to the FCC.²

5. The purpose of this filing is to provide information constituting HickoryTech's plan for the use of its federal universal service support and to otherwise verify HickoryTech will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254.

6. In the process of determining whether federal universal service support is used in a manner consistent with the Federal Communications Act, the "universal service principles" established in Section 254(b) are instructive. That Section states that the FCC shall base "policies for the preservation and advancement of universal service" on certain, specifically identified principles:

- (1) Quality services should be available at just, reasonable, and affordable rates.
- (2) Access to advanced telecommunications and information services should be provided in all regions of the Nation.
- (3) Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas. . . .
- (6) Elementary and secondary schools and classrooms, health care providers, and libraries should have access to [certain] advanced telecommunications services. . .

² Fourteenth Report and Order, ¶ 188.

7. The FCC has declined to dictate specifically how the states should ensure that carriers are using federal universal service support consistent with the federal law, but has offered examples of how the support can be used to appropriately further universal service goals. The FCC has stated:

[A] state could [use the federal support to] adjust intrastate rates, or otherwise direct carriers to use the federal support to replace implicit intrastate universal service support to high cost rural areas . . .

A state could also require carriers to use the federal support to upgrade facilities in rural areas to ensure that services provided in those areas are reasonably comparable to services provided in urban areas of the state.³

8. The FCC provided the above examples as illustrative and not exhaustive examples of how support can be used consistent with Section 254(e). Other uses are appropriate provided the State Commission believes they are consistent with the federal universal service principles contained in Section 254.

9. HickoryTech as a designated eligible telecommunications carrier has received federal universal service support in the past and expects to receive support during calendar year 2002. As of this time, specific support amounts the Company should receive in 2002 have not yet been identified by USAC. The Company, however, offers the following estimates concerning the support it expects to receive⁴:

Local Switching Support	\$275,470
Local Switching Support	\$772,962

³ Ninth Report and Order and Eighteenth Order on Reconsideration in CC Docket No. 96-45 (In the Matter of the Federal-State Joint Board on Universal Service), FCC 99-306, ¶ 96, November 2, 1999.

⁴ It should be noted that Long Term Support amounts are not referenced because the FCC has indicated that it will deal with certification under 47USC Section 254(e) for these amounts. See 14th Report and Order footnote number 446.

10. For calendar year 2002, HickoryTech intends to continue to make the following network facility and equipment investments: switch software upgrades; deploy digital loop carrier facilities; and reinforcement and replacement of buried cable facilities.

11. In providing local exchange telecommunications services, HickoryTech will also incur other costs. In 2002, these costs will include outside plant expenses, central office equipment expenses, general administrative expenses and other miscellaneous expenses.

12. HickoryTech estimates that the total costs described above relating to its planned network facility and equipment investments and other expenses to be incurred in providing local exchange telecommunications services will exceed \$3,000,000.

13. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, HickoryTech will use federal universal service amounts received in 2002 (estimated in paragraph 9 herein) to offset a portion of these total costs. This use of federal universal service support will enable HickoryTech to: (1) maintain rates for its local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service provisions.

14. Based on all of the foregoing information and also the Affidavit of David Christensen, attached as Exhibit A, HickoryTech requests that this Commission issue an appropriate certification to the FCC and USAC indicating that HickoryTech is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for distribution to the Company in 2002. In order to ensure that this certification is issued to the

FCC prior to October 1, 2001, HickoryTech would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 23rd day of August, 2001.

Respectfully submitted.

A handwritten signature in black ink, appearing to read "William VanderSluis", written over a horizontal line.

William VanderSluis
Director of Regulatory Affairs
HickoryTech

EXHIBIT A

AFFIDAVIT

As an authorized corporate officer of Heartland Telecommunications of Iowa dba HickoryTech, ("HickoryTech") I, David Christensen hereby affirm familiarity with and an understanding of the requirements of the Federal Communications Act of 1934 as amended by the Telecommunications Act of 1996 with respect to the receipt of any federal universal service funds received as high-cost loop support, local switching support, safety net additive support, and/or safety valve support and hereby affirm that any such support amounts received HickoryTech will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended consistent with 47 U.S.C. § 254(e).

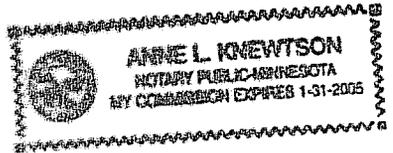
David A. Christensen

David Christensen
Chief Financial Officer
HickoryTech

Subscribed and Sworn to before me this 23rd day of August, 2001.

Anne L. Knewtson

NOTARY PUBLIC



WEEKLY FILINGS

For the Period of August 23, 2001 through August 29, 2001

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact
Delaine Kolbo within five business days of this filing. Phone: 605-773-3705 Fax: 605-773-3509

CONSUMER COMPLAINTS

CN01-001 In the Matter of the Complaint filed by Betty Best on behalf of Best Business Products,
Sioux Falls, South Dakota, against MidAmerican Energy Company Regarding the
Unauthorized Use of Personal Property.

The Complainant states that MidAmerican Energy provides service to her building and to the business adjacent to hers. MidAmerican has attached meters and shutoffs to Complainant's building for both her business and for the business adjacent to hers. Complainant has requested that MidAmerican remove the meters and shutoffs that are not directly benefiting Complainant's property. Complainant requests that the South Dakota Public Utilities Commission intervene in this matter in requiring MidAmerican to remove the meters and shutoffs at its own expense or require MidAmerican to produce documentation from the Complainant authorizing it to place the meters and shutoffs on her property.

Staff Analyst: Mary Healy
Staff Attorney: Karen Cremer
Date Docketed: 08/23/01
Intervention Deadline: N/A

NATURAL GAS

NG01-009 In the Matter of the Application of NorthWestern Public Service for Approval of Tariff
Revisions.

Application by NorthWestern Public Service for approval of tariff revisions updating the fuel retention percentage found in the Gas Transportation Tariff General Terms and Conditions. This annual adjustment is proposed to be effective October 1, 2001

Staff Analyst: Dave Jacobson
Staff Attorney: Kelly Frazier
Date Docketed: 08/29/01
Intervention Deadline: 09/17/01

TELECOMMUNICATIONS

TC01-141 In the Matter of the Filing by Qwest Corporation for Approval of Revisions to its Exchange
and Network Services Tariff.

On August 23, 2001, Qwest Corporation filed revisions to its Exchange and Network Services Tariff for approval. The purpose of the revisions is to 1) introduce a 1-year Rate Stability Plan (RSP) option for Advanced Digital Switched Services (DSS) arrangements, 2) reduce the non-recurring charge when a DSS facility is provisioned on a DS3, and 3) introduce a Rollover and Signaling Design Change Charge for DSS and UAS. Qwest is also asking for a proposed effective date of September 23, 2001

Staff Analyst: Heather Forney
Staff Attorney: Kelly Frazier
Date Docketed: 08/23/01
Intervention Deadline: 09/07/01



221 East Hickory Street • P.O. Box 324 • Mankato, MN 56002-0324

September 6, 2001

PH: 507-387-1111
FAX: 507-387-1111
www.hickorytech.com
Sep 10 2001

RECEIVED

SEP 10 2001

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Ms. Debra Elofson
Executive Director
South Dakota Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: TC01-142 In the Matter of the Request of Heartland Telecommunications
Company of Iowa d/b/a HickoryTech Corporation for Certification Regarding its
Use of Federal Universal Service Support.

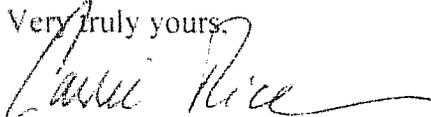
Dear Ms. Elofson:

The week of August 23, 2001 Heartland Telecommunications Company of Iowa d/b/a HickoryTech Corporation filed its certification regarding its use of federal universal service support. We have since reviewed that filing and discovered a typographical error on page 4 that we wish to correct.

The estimated support amounts listed on page 4 were labeled identically. The first amount should have been identified as support expected to be received from Long Term Switching Support.

Please accept the enclosed page as a substitution for the one received by your office the week of August 23, 2001. I can be reached at (507) 386-3667 should there be any questions regarding this matter.

Very truly yours,


HICKORYTECH

Carrie Rice

enclosure

7. The FCC has declined to dictate specifically how the states should ensure that carriers are using federal universal service support consistent with the federal law, but has offered examples of how the support can be used to appropriately further universal service goals. The FCC has stated:

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A state could also require carriers to use the federal support to upgrade facilities in rural areas to ensure that services provided in those areas are reasonably comparable to services provided in urban areas of the state.³

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9. HickoryTech as a designated eligible telecommunications carrier has received federal universal service support in the past and expects to receive support during calendar year 2002. As of this time, specific support amounts the Company should receive in 2002 have not yet been identified by USAC. The Company, however, offers the following estimates concerning the support it expects to receive⁴:

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

IN THE MATTER OF THE REQUEST OF)	ORDER GRANTING
HEARTLAND TELECOMMUNICATIONS)	CERTIFICATION
COMPANY OF IOWA D/B/A HICKORY TECH)	
CORPORATION FOR CERTIFICATION)	TC01-142
REGARDING ITS USE OF FEDERAL)	
UNIVERSAL SERVICE SUPPORT)	

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The certification required for rural carriers to receive federal universal support for all four quarters during calendar year 2001 is currently due to be filed with the FCC and USAC on or before October 1, 2001. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the state are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

On August 27, 2001, the South Dakota Public Utilities Commission (Commission) received a filing from Heartland Telecommunications Company of Iowa d/b/a Hickory Tech Corporation (Company) regarding its Request for Certification Regarding Its Use of

¹CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

Federal Universal Service Support. On September 10, 2001, the Commission received an amended filing from Company. The purpose of these filings was to provide information constituting Company's plan for the use of its federal universal service support and to otherwise verify that Company will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254. As a part of its plan, Company listed estimates of the support it expected to receive from USAC as well as its estimated costs for the provision, maintenance, and upgrading of facilities and services. An Affidavit was attached to the Request for Certification.

On August 30, 2001, the Commission electronically transmitted notice of the filing and the intervention deadline of September 7, 2001, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 18, 2001, the Commission considered this matter.

The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 254. The Commission found that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. The Commission unanimously voted to approve Company's Request for Certification Regarding Its Use of Federal Universal Service Support. It is therefore

ORDERED, that the Company is eligible to receive federal support as it states it will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended. It is

FURTHER ORDERED, that the Commission approves Company's Request for Certification Regarding Its Use of Federal Universal Service Support.

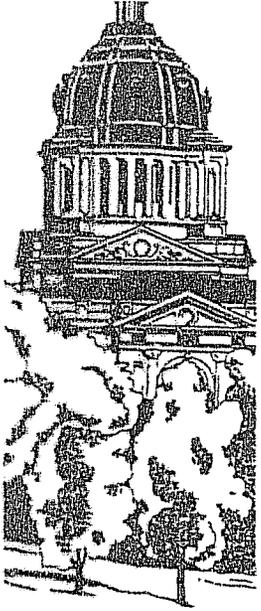
Dated at Pierre, South Dakota, this 25th day of September, 2001.

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:	<u><i>Alldino Kalka</i></u>
Date:	<u>9/25/01</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner



South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

September 25, 2001

Ms. Magalie R. Salas
Federal Communications Commission
Office of the Secretary
445 12th St. S.W.
Washington, DC 20554

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
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TTY Through
Relay South Dakota
1-800-877-1113

Internet Website
www.state.sd.us/puc/

♦
Jim Burg
Chairman
Pam Nelson
Vice-Chairman

Debra Elofson
Executive Director

Harlan Best
Martin C. Beitzmann
Sue Cichos
Karen E. Cremer
Christopher W. Downs
Terry Emerson
Michele M. Farris
Marlette Fischbach
Heather K. Forney
Kelly D. Frazier
Mary Giddings
Leni Healy
Mary Healy
Lisa Hull
Dave Jacobson
Amy Kayser
Jennifer Kirk
Bob Knadle
Delaine Kolbo
Charlene Lund
Gregory A. Rislov
Keith Senger
Rolsyne Aults Wiest
♦

Ms. Irene Flannery
Universal Service Administrative Company
2120 L Street N.W., Suite 600
Washington, DC 20037

RE: CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001

Annual State Certification of Support for Rural Carriers

Dear Ms. Salas and Ms. Flannery:

The South Dakota Public Utilities Commission (Commission) hereby states that following rural incumbent local exchange carriers and/or eligible telecommunication carriers within its jurisdiction have been certified to receive support pursuant to CFR §§ 54.301, 54.305, and/or 54.307 and/or part 36, subpart F. The carriers listed below filed requests for certification with the Commission which support the affirmations that all federal high-cost support provided to them will be used only for the provision, maintenance, and upgrading of facilities and services for which federal support is intended. The Commission has granted certification to the following companies:

Armour Independent Telephone Company
Baltic Telecom Cooperative and East Plains Telecom, Inc.
Beresford Municipal Telephone Company
Bridgewater-Canistota Independent Telephone Company
Cheyenne River Sioux Tribe Telephone Authority
Citizens Telecommunications Company of Minnesota, Inc.
City of Brookings Municipal Telephone
Consolidated Telcom
Dakota Community Telephone