

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**IN THE MATTER OF THE REQUEST OF
CONSOLIDATED TELCOM FOR CERTIFICATION DOCKET NO. ___
REGARDING ITS USE OF FEDERAL UNIVERSAL
SERVICE SUPPORT**

REQUEST FOR CERTIFICATION

Consolidated Telcom by and through its attorney 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, Consolidated Telcom 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, 54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local

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.

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. Consolidated Telecom 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 253 access lines within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over Consolidated Telecom 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 Consolidated Telcom's plan for the use of its federal universal service support and to otherwise verify that Consolidated Telcom 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. . .

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

² Fourteenth Report and Order, ¶ 188.

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. Consolidated Telcom 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:

High-Cost Loop Support	\$ <u>1,946,712</u>
Local Switching Support (DEM Weighting)	\$ <u>816,540</u>
Safety Net Additive Support	\$ _____
Safety Valve Support	\$ _____

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, Consolidated Telcom intends to make the following network facility and equipment investments:

2002 Upgrades include: switch upgrades, CO equipment upgrades, upgrades to toll network facilities and wireless facilities. Total costs are estimated to be approximately \$3 Million.

11. In providing local exchange telecommunications services, Consolidated Telcom will also incur other costs. In 2002, these costs will include:

2002 Costs and Expenses will be incurred in the provisioning of support assets, outside plant expenses, central office equipment expenses, network operations expenses, general administrative expenses, other miscellaneous expenses.

12. Consolidated Telcom 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 \$12 Million.

13. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, Consolidated Telcom 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 Consolidated Telcom 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 L. Dan *Wilhelmson*, attached as Exhibit A, Consolidated Telcom requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Consolidated Telcom 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. Consolidated Telecom would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 4 day of September, 2001.

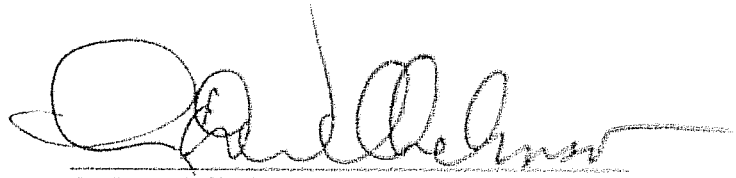
Respectfully submitted.

A handwritten signature in black ink, appearing to read "Mike Maus", with a long horizontal flourish extending to the right.

(Mike Maus - attorney)

AFFIDAVIT

As an authorized corporate officer of Consolidated Telcom, I, L. Dan Wilhelmson, 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 by Consolidated Telcom 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).

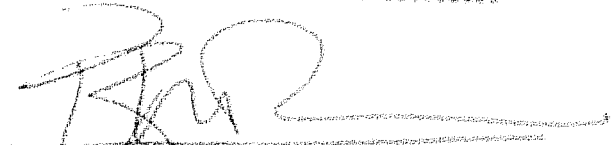
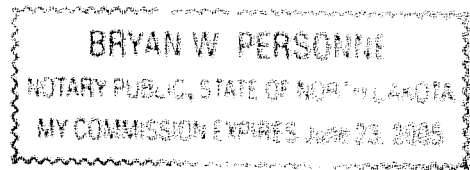


L. Dan Wilhelmson

Subscribed and Sworn to before me this 4 day of September, 2001.

NOTARY PUBLIC

Commission expires 6/23/05


Bryan W. Personne

WEEKLY FILINGS

For the Period of August 30, 2001 through September 5, 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: 605-773-3809

ELECTRIC

EL01-020 In the Matter of the Joint Request for an Electric Service Territory Boundary Change between the City of Vermillion and Clay-Union Electric Corporation.

The City of Vermillion and Clay-Union Electric Corporation jointly request the Commission grant an electric service territory boundary change. The parties have agreed that Clay-Union shall have the right to provide electrical service to all consumers located in the Northeast quarter of the Southeast quarter of Section 19, Township 92 North, Range 51 West of the 5th P.M. in the area described as Lots 1, 2, and 3, Block 1 and Lots 1 through 11 inclusive, Block 3, Countryside Addition to the City of Vermillion, Clay County, South Dakota.

Staff Analyst: Michele Farris
Staff Attorney: Kelly Frazier
Date Docketed: 09/04/01
Intervention Deadline: 09/21/01

TELECOMMUNICATIONS

TC01-144 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Integra Telecom of South Dakota, Inc.

On August 31, 2001, the Commission received a Filing of an Amendment re: Dark Fiber to the Interconnection agreement between Integra Telecom of South Dakota, Inc. (Integra) and Qwest Corporation (Qwest). According to the parties the Agreement is a negotiated agreement with the parties adopting the negotiated interconnection agreement between Integra and Qwest which was approved by the commission effective August 25, 2000 in docket TC00-058. This Amendment is made in order to add terms, conditions and rates for Dark Fiber to the Agreement, as set forth in Attachment 1 and Exhibits A and B, to the Amendment. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than September 20, 2001. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier
Date Docketed: 08/31/01
Initial Comments Due: 09/20/01

TC01-145 In the Matter of the Request of Consolidated Telcom for Certification Regarding its Use of Federal Universal Service Support.

The purpose of this filing is to provide information constituting Consolidated Telcom's plan for the use of its federal universal service support and to otherwise verify that Consolidated Telcom 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. Section 254.

Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Docketed: 09/04/01
Intervention Deadline: 09/14/01

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

IN THE MATTER OF THE REQUEST OF)	ORDER GRANTING
CONSOLIDATED TELCOM FOR)	CERTIFICATION
CERTIFICATION REGARDING ITS USE OF)	
FEDERAL UNIVERSAL SERVICE SUPPORT)	TC01-145

On May 23, 2001, the Federal Communications Commission (FCC) released an Order concerning 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 eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, a state that desires rural carriers within its 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, 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 be made available in the future if the State Commission files the requisite certification pursuant to § 54.314.

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 September 4, 2001, the South Dakota Public Utilities Commission (Commission) received a filing from Consolidated Telcom (Company) regarding its Request for Certification Regarding its Use of Federal Universal Service Support. The purpose of this filing 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

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.

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 September 6, 2001, the Commission electronically transmitted notice of the filing and the intervention deadline of September 14, 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>Helaine Kalko</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

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

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 the following rural incumbent local exchange carriers and/or eligible telecommunications carriers within its jurisdiction have been certified to receive support pursuant to 47 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 their 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 the 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

Capitol Office

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

Transportation/ Warehouse Division

Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline

1-800-332-1782

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

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Heather K. Forney

Kelly D. Frazier

Mary Giddings

Leni Healy

Mary Healy

Lisa Hull

Dave Jacobson

Amy Kayser

Jennifer Kirk

Bob Knadie

Delaine Kolbo

Charlene Lund

Gregory A. Rislov

Keith Senger

Rolayne Ailis Wiest