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September 21, 2004

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VIA FACSIMILE & FEDERAL EXPRESS

Ms. Pamela Bonrud
Executive Director
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Re: *Hills Telephone Company, Inc.*
Our File No. 280.21


Dear Ms. Bonrud:

Please find enclosed for filing one original and eleven copies of the Petition of Hills Telephone Company, Inc. for Designation as an Eligible Telecommunications Carrier. Please return one file-stamped copy in the enclosed self-addressed stamped envelope. Also please find enclosed a Certificate of Service signed by Ryan J. Taylor.

If you have any questions regarding these filings or require any clarification or further information, please feel free to contact me at your earliest convenience at (605) 335-4950. Thank you for your assistance and consideration in this matter.

Sincerely,

CUTLER & DONAHOE, LLP


Ryan J. Taylor
For the Firm

RECEIVED
SEP 22 2004
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION
FAX Received SEP 21 2004

RJT:dah
Enclosures
cc: Darla Rogers
Gerry Duffy
Larry Hettinger
Denny Law
Don Snyders

Before the
South Dakota
Public Utilities Commission
500 East Capital Avenue
Pierre, South Dakota 57501-5070

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the Matter of the Petition of)	Docket No. _____
)	
Hills Telephone Company, Inc.)	PETITION OF HILLS TELEPHONE
)	COMPANY, INC. FOR DESIGNATION
)	AS AN ELIGIBLE
)	TELECOMMUNICATIONS CARRIER
)	
For Designation as an Eligible)	
Telecommunications Carrier in the Valley)	
Springs Exchanges Under 47 U.S.C. §)	
214(e)(2))	

Hills Telephone Company, Inc. ("Hills"), by its counsel, submits this Petition for Designation as an Eligible Telecommunications Carrier ("ETC") pursuant to Section 214(e)(2) of the Telecommunications Act of 1934, as amended ("Act"), 47 U.S.C. § 214(e)(2), and Section 54.201 of the Federal Communications Commission's ("FCC") rules, 47 C.F.R. § 54.201. Hills requests that it be designated as eligible to receive all available support from the federal Universal Service Fund ("USF") including, but not limited to, support for rural, insular and high-cost areas and low-income customers. In support of this Petition, the following is respectfully shown:

I. Name and Address of Petitioner

1. The name and address of Petitioner is Hills Telephone Company, Inc., 612 3rd Street, P.O. Box 349, Garretson, SD 57030.

II. Applicable Statutes and Rules

2. The statutes and rule implicated by the instant Petition are as follows: 47 U.S.C. §§ 153(27), 153(44), 214(e), 253(b), 254(d), 332(c)(A)(3); 47 C.F.R. §§ 51.5, 54.5, 54.101, 54.201, 54.207, 54.307, 54.313, and 54.314.

III. Authorization and Service Area

3. Hills is a telecommunications carrier as defined in 47 U.S.C. § 153(44) and 47 C.F.R. § 51.5, and for the purposes of Part 54 of the FCC's rules.¹ Hills is therefore considered a common carrier under the Act.

4. Hills provides interstate telecommunications services as defined in 47 U.S.C. § 254(d) and 47 C.F.R. § 54.5. Hills is a wholly-owned subsidiary of Alliance Communications Cooperative, Inc., headquartered in Garretson, South Dakota. Hills presently operates ten local telephone exchanges in the States of Iowa and Minnesota. Hills has been granted ETC status in each of those states for its entire existing service territory. Hills has entered into an Agreement for the Purchase and Sale of Telephone Exchange (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley. The transaction contemplated in the Purchase Agreement is scheduled to close as soon as all necessary regulatory approvals have been obtained. Following the closing of the Purchase Agreement, Hills will begin providing local exchange service in the Valley Springs Exchanges. The purchase of the Valley Springs Exchanges by Hills was approved by the Commission in its Order dated as of July 8, 2004 in Docket No. TC04-040. Hills was granted a certificate of authority by the Commission on May 18, 2004 in Docket No. TC04-

¹ 47 C.F.R. § 54.1 *et.seq.*

073 to provide local telephone service in the Valley Springs Exchanges contingent upon the closing of the transactions contemplated in the Purchase Agreement. A map of the Valley Springs Exchanges is attached hereto as Exhibit A and is hereby incorporated herein by this reference.

5. A telecommunications carrier may be designated as an ETC and receive USF support throughout its designated service area if it agrees, throughout the proposed ETC service area to: (i) offer services that are supported by federal universal service support mechanisms, and (ii) advertise the availability of such services.² In its *First Report and Order* implementing Sections 214(e) and 254, the FCC set forth the services a carrier must provide to be designated as an ETC in order to receive federal USF support.³

6. In areas served by a rural telephone company, “service area” means the local exchange carrier (“LEC”) study area unless and until the FCC and the states, taking into account recommendations of a Federal-State Joint Board on Universal Service, establish a different definition of service area for such company.⁴ Hills’ proposed ETC service area covers the entirety of the Valley Springs Exchanges. The Valley Springs Exchanges are currently operated by Sioux Valley and are a part of Sioux Valley’s existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valleys Springs Exchanges. Hills will then begin serving as the LEC using

² See 47 U.S.C. § 214(e)(1).

³ *Federal-State Joint Board on Universal Service, Report and Order*, 12 FCC RED 8776, 8809-25 (1997) (“First Report and Order”).

⁴ See 47 C.F.R. § 54.207(b).

the same facilities and offering the same services as those previously used and offered by Sioux Valley.

IV. Hills Offers the Supported Services to Qualify for Federal USF Support

7. Section 214(e)(1) of the Act and Section 54.201(d) of the FCC's rules provide that carriers designated as ETCs shall, throughout their service area, (1) offer the services that are supported by federal universal service support mechanisms either using their own facilities or a combination of their own facilities and resale of another carrier's services, and (2) advertise the availability of such services and the charges therefore using media of general distribution. 47 U.S.C. § 214(e)(1); 47 C.F.R. § 54.201(d). The services which are supported by the federal USF are:

- 1) voice grade access to the public switched network;
- 2) local usage;
- 3) dual tone multi-frequency signaling or its functional equivalent;
- 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).

8. Hills is a full-service wireline communications carrier which will offer all of these services, as described in detail below. Hills has been designated as an ETC in a total of ten local telephone exchanges in Iowa and Minnesota and has consistently demonstrated its capability to offer the supported services. Hills therefore satisfies the requirements of Section 214(e)(1) of the Act.

9. Voice Grade Access. Hills will provide access to the public through the wireline communications system currently utilized by Sioux Valley in the Valley Springs Exchanges.

10. Local Usage. Hills will become the local exchange carrier and will offer a rate plan for local usage to residential and business customers consistent with 47 C.F.R. § 54.101(a)(2).

11. Hills will offer rate plans consistent with Hills' tariff which is currently on file with the South Dakota Public Utilities Commission (the "Commission"). Hills will provide customers with unlimited local calling including existing extended area service. Any minimum local usage requirement established by the FCC will be applicable to all designated ETCs, and Hills will comply with any and all minimum local usage requirements adopted by the FCC.

12. Single Party Service. "Single-party service" means that only one party will be served by a subscriber loop or access line in contrast to a multi-party line.⁵ Hills will provide single party service in the same manner as Sioux Valley has in the past, as that term is defined in Section 54.101 of the FCC's rules. *See* 47 C.F.R. § 54.101.

13. Access to Emergency Services. Hills currently provides 911 access to emergency services throughout its service area, and will provide 911 access in the Valley Springs Exchanges in the same manner as Sioux Valley has in the past.

14. Access to Operator Services. Hills will provide customer access to operator services in the same manner as Sioux Valley has in the past. Customers can reach operator services in the traditional manner by dialing "0".

⁵ *Id.* 18 FCC Red. At 8810.

15. Access to Directory Assistance. Subscribers to Hills' services in the Valley Springs Exchanges will be able to reach directory assistance in the same manner as Sioux Valley has provided this service in the past.

16. Toll Limitation. Hills will provide toll limitation by utilizing its toll blocking capabilities in the same manner as Sioux Valley has done in the past, enabling Hills to provide toll blocking service for Lifeline customers after the closing of the sale of the Valley Springs Exchanges.

17. Pursuant to Section 54.201 of the FCC's rules, 47 C.F.R. § 54.201, Hills will advertise the availability of each of the supported services detailed above, throughout its licensed service area, by media of general distribution. The methods of advertising utilized may include newspaper, magazine, direct mailings, public exhibits and displays, bill inserts, and telephone directory advertising. In addition, Hills will advertise the availability of Lifeline and Link Up benefits throughout its service area by including mention of such benefits in advertising and reaching out to community health, welfare, and employment offices to provide information to those people most likely to qualify for Lifeline and Link Up benefits.

18. It is important to note that while applicants for ETC designation must be capable of providing all of the above-referenced services, carriers are not required to actually provide service in its proposed ETC service area prior to designation. To require actual provision of the supported services prior to designation would contradict the pro-competitive goals of the Telecommunications Act of 1996.⁶ The FCC has made it clear that a carrier is

⁶ See Joint Explanatory Statement of the Committee of Conference, H.R. Conf. Rep. No. 458, 104th Cong., 2d Sess. At 113 (purpose of 1996 amendments "to provide for a pro-competitive, de-regulatory national policy framework" aimed at fostering rapid deployment of telecommunications services to all Americans "by opening all telecommunications markets to competition...").

only required to provide the supported services once it is designated as an ETC because “[t]he language of the statute does not require the actual provision of service prior to designation.”⁷ Hills will be able to provide each of the above-referenced services as soon as the sale of the Valley Springs Exchanges closes by utilizing the existing facilities and infrastructure currently utilized by Sioux Valley.

V. Grant of Hills’ Petition Will Serve the Public Interest

19. In areas served by a rural telephone company, the Commission must determine that the carrier seeking ETC designation satisfies the nine requirements of 47 C.F.R. § 54.101(a) and agrees to advertise the requested services throughout its proposed ETC service area. The Commission must also determine that a grant of ETC status would serve the public interest.

20. The public interest is to be determined by following guidance provided by Congress in adopting the Telecommunications Act of 1996 (“1996 Act”) and the FCC in its enabling orders.⁸ The principles embodied in the 1996 Act are to “promote competition and reduce regulation...secure lower prices and higher quality services...and encourage the rapid deployment of new telecommunications technologies.”⁹ In its implementing orders, the FCC ruled that the pro-competitive and deregulatory directives from Congress required universal

⁷ See 47 U.S.C. § 214(e)(1); *Federal-State Joint Board on Universal Service, Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission*, 15 FCC Red 15168 at ¶¶ 10, 14 (2000) (“Declaratory Ruling”).

⁸ Pub. L. No. 104-104, 110 Stat. 56 (1996); See also, *First Report and Order, supra*; *Federal-State Joint Board on Universal Service, Ninth Report and Order and Eighteenth Order on Reconsideration*, 14 FCC Red. 20432, 20480 (rel. Nov. 2, 1999) (“Ninth Report and Order”); *Fourteenth Report and Order, supra*. See also *NAACP v. FPC*, 425 U.S. 662, 669 (1976); accord, e.g., *Office of Communication of the United Church of Christ v. FCC*, 707 F.2d 1413, 1427 (D.C. Cir. 1983); *Bilingual Bicultural Coalition on Mass Media, Inc. v. FCC*, 595 F.2d 621, 628 & n.22 (D.C. Cir. 1978).

⁹ *Id.* (preamble).

service support mechanisms to be competitively neutral and portable among eligible carriers.¹⁰

21. The Commission must determine whether designation of Hills as an ETC will promote the principles embodied in the 1996 Act, specifically the goal of ensuring that consumers in rural, insular, and high-cost areas “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 are available at rates that are reasonably comparable to rates charged for similar services in urban areas.”¹¹

22. Because Hills will serve as the LEC in the Valley Springs Exchanges, in a manner which is consistent with that of Sioux Valley, Hills will ensure that its consumers continue to have access to telecommunications and information services comparable to those services provided in urban areas.

23. There are factors that should *not* be considered in evaluating the public interest analysis. For example, the amount that the federal universal service fund will grow as a result of Hills’ designation is not of the type of “cost” which should be considered in making the public interest analysis. Neither Congress nor the FCC has ever mentioned that potential growth in the federal USF fund should be a component of a state’s public interest analysis. To the contrary, the FCC has taken a number of actions which make it absolutely clear that growth of the fund in absolute terms is not a concern to be addressed by the states or as part of any ETC designation proceeding. Moreover, Hills’ acquisition of the Valley Springs Exchanges from Sioux Valley will not result in universal service fund growth

¹⁰ *First Report and Order, supra*, 12 FCC Red at 8801, 8861-62; *Ninth Report and Order, supra*, 14 FCC RED at 20480.

¹¹ *See* 47 U.S.C. § 254(b)(3).

because Sioux Valley will no longer be entitled to compensation from the USF for the Valley Springs Exchanges after the transaction closes. Any payments which Hills may receive for the Valley Springs Exchanges from the universal service fund would otherwise have likely been paid to Sioux Valley.

VI. Continued Consumer Service Quality and Reliability

24. Designation of Hills as an ETC will continue to advance universal service, promote competition and facilitate the provision of advanced communications services to the residents of rural South Dakota because Hills will continue to provide the same or better level of service in the Valley Springs Exchanges as Sioux Valley has in the past.

25. In addition, with ETC designation, Hills will continue to offer the Lifeline and Link Up programs in the Valley Springs Exchanges. USF support will enable Hills to continue to provide state-of-the-art telecommunications services to those exchanges in South Dakota which Sioux Valley previously provided with quality telephone service.

26. Hills will invest the USF support funds it receives for the Valley Springs Exchanges in the rural areas comprising the Valley Springs Exchanges which Sioux Valley previously served. Hills would not be able to provide this fine quality of service in the Valley Springs Exchanges on a long-term basis without universal service funds.

27. Designation of Hills as an ETC is consistent with ETC designations across the country and with the Commission's previous designation of Sioux Valley as an ETC in the Valley Springs Exchanges.

28. Under FCC Rule Sections 54.313 and 54.314, carriers wishing to obtain high-cost support must either be certified by the appropriate state commission or, where the state commission does not exercise jurisdiction, self-certify with the FCC and the Universal

Service Administrative Company (“USAC”) their compliance with Section 254(e) of the Federal Telecommunications Act of 1996. 47 C.F.R. §§ 54.313, 54.314. Hills attaches its high-cost certification letter as Exhibit B hereto. Hills respectfully requests that the Commission issue a finding that Hills has met the high-cost certification requirement and that Hills is, therefore, entitled to begin receiving USF support as of the date of the closing of the transactions contemplated in the Purchase Agreement in order that funding will not be delayed.¹²

29. Hills has not previously received any federal USF support for the Valley Springs Exchanges or any other portion of South Dakota. During calendar year 2005, Hills anticipates investing the amounts set forth on Exhibit C, attached hereto and incorporated herein by this reference, for central office and cable and wire facility improvements and upgrades in the Valley Springs Exchanges. Hills also intends to expend an estimated additional amount equal to \$275,435.00 for operating expenses, as more fully set forth on Exhibit C, in the Valley Springs Exchanges during calendar year 2005. Nearly all of the amounts set forth on Exhibit C will be invested or expended in South Dakota.

WHEREFORE, pursuant to Section 214(e)(2) of the Act and FCC Rule Section 54.314, Hills respectfully requests that the Commission: (1) enter an Order designating Hills as an ETC for its requested ETC service area as shown on Exhibit A hereto; and (2) certify to the FCC that Hills will use the federal USF support for its intended purposes.

¹² See, e.g. *Guam Cellular and Paging, Inc. Petition for Waiver of FCC Rule Section 54.314*, CC Docket 96-45 (filed Feb. 6, 2002).

Dated at Sioux Falls, South Dakota on this, the 21st day of September, 2004.

CUTLER & DONAHOE, LLP
Attorneys at Law


A handwritten signature in black ink, appearing to read "Ryan J. Taylor", is written over a horizontal line.

Ryan J. Taylor
100 N. Phillips Ave., 9th Floor
Sioux Falls, South Dakota 57104-6725
Telephone (605) 335-4950
Facsimile (605) 335-4961
Attorneys for Petitioner Hills Telephone
Company, Inc.

CERTIFICATE OF SERVICE

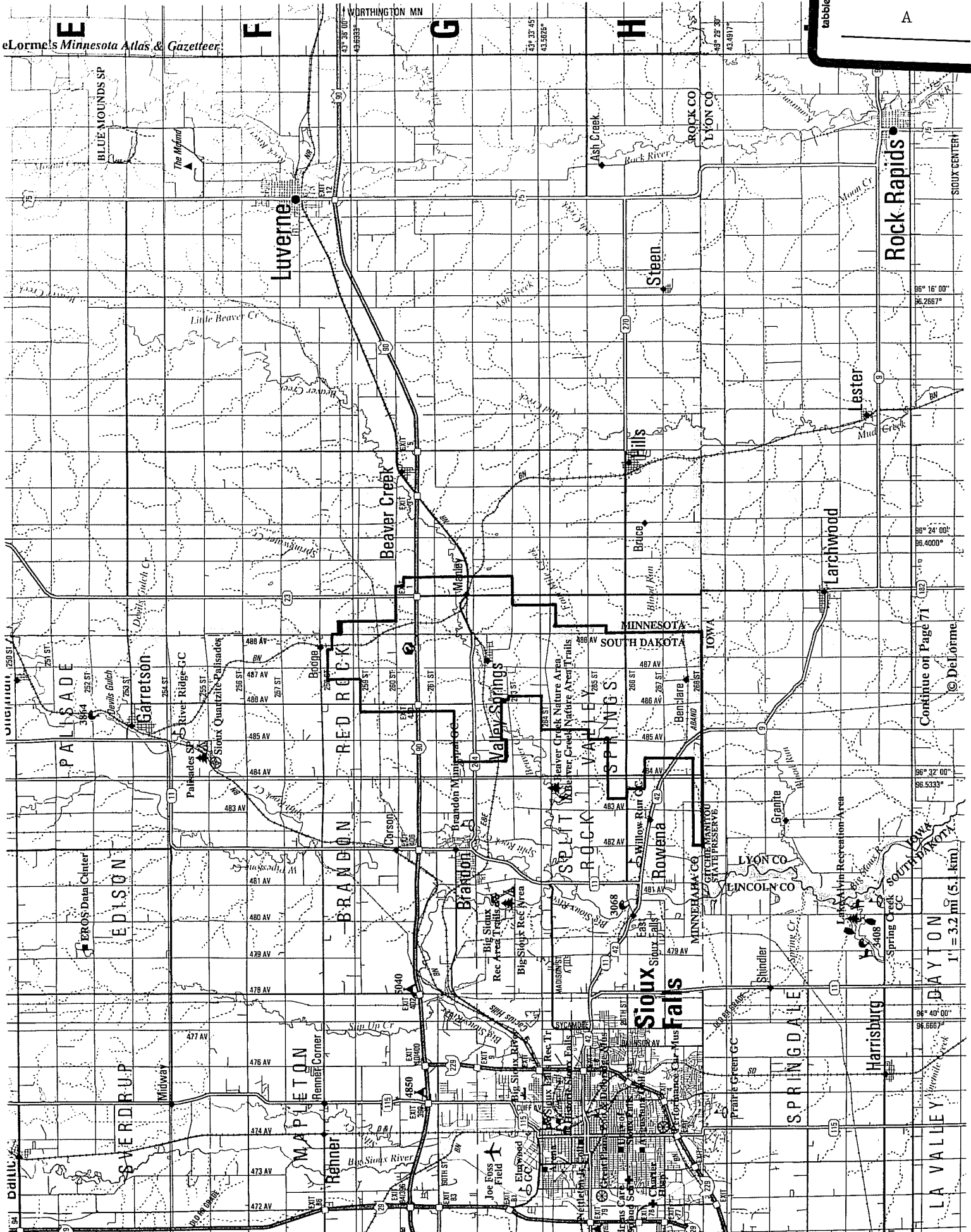
I hereby certify that a true and correct copy of the PETITION OF HILLS TELEPHONE COMPANY, INC. FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER was sent via U.S. Mail to the following person on this 21st day of September, 2004.

Ms. Darla Rogers, Esq.
Riter, Rogers, Wattier & Brown
P.O. Box 280
Pierre, SD 57501



Ryan J. Taylor

tabbles



Continue on Page 71

© DeLorme

1" = 3.2 mi (5.1 km)

96° 40' 00" W
96.6667°

96° 32' 00" W
96.5333°

96° 24' 00" W
96.4000°

96° 16' 00" W
96.2667°

43° 33' 45" N
43.5625°

44° 29' 30" N
44.4917°

CERTIFICATION OF HILLS TELEPHONE COMPANY, INC.

STATE OF SOUTH DAKOTA)
:SS
COUNTY OF MINNEHAHA)

Affiant, being first duly sworn, does state and declare as follows:

1. My name is Ryan J. Taylor. I am the current General Counsel of Hills Telephone Company, Inc. (the "Company");

2. The Company will use the support received pursuant to 47 CFR §§ 54.301, 54.305, and/or 54.307 and/or Part 36, Subpart F, of FCC regulations or successor regulations concerning high-cost universal support, only for the provision, maintenance, and upgrade of facilities and services for which the support is intended.

3. I further state and declare that I am authorized by Hills Telephone Company, Inc. to make this statement.

Dated at Sioux Falls, South Dakota, this 21st day of September, 2004.

HILLS TELEPHONE COMPANY, INC.

[Handwritten signature of Ryan J. Taylor]

Ryan J. Taylor, General Counsel

STATE OF SOUTH DAKOTA)
:SS
COUNTY OF MINNEHAHA)

On this, the 21st day of September, 2004, before me, the undersigned officer, personally appeared Ryan J. Taylor, who acknowledged himself to be the General Counsel of Hills Telephone Company, Inc., a corporation, and that he, as such General Counsel being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as General Counsel.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

[Handwritten signature of Deborah A. Hoffrage]
Notary Public, South Dakota
My Commission Expires: 1-18-08

(SEAL)

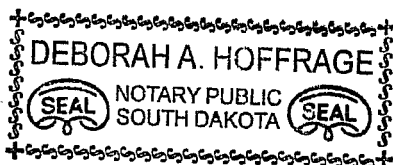


Exhibit C
Hills Telephone Company, Inc.
Valley Springs Exchanges

**Estimated Year 2005 Expenditures For Provision, Maintenance, and Upgrading Of
Facilities and Services Supported By Federal Universal Service Funding**

Estimated Plant Specific Operations Expenses

Network support (Accts. 6110-16)	\$ 4,008
General support (Accts. 6120-24)	\$ 11,485
Central office (Accts. 6210-6232)	\$ 8,884
Cable and wire facilities (Accts. 6410-6441)	\$ 24,638
Network operations (Accts. 6530-35)	\$ 12,118
Depreciation and amortization (Accts. 6560-65)	\$ 134,319

Customer operations expenses

Customer services (Accts. 6620-23)	\$ 34,802
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Corporate operations expenses

Executive and planning (Accts. 6710-6712)	\$ 17,906
General and administrative (Accts. 6720-28)	\$ 27,275

Estimated Total Recurring Year 2005

Supported Expenses, from above,

Before Return On Investment	\$ 275,435
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Estimated Additions

Switching (Acct. 2210)	\$ 101,628
Cable and wire (Acct. 2410)	\$ 232,000
TOTAL	\$ 333,628

Estimated Total Year 2005 Supported

Expenditures, Before Return On Investment	\$ 609,063
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Before the
South Dakota
Public Utilities Commission
500 East Capital Avenue
Pierre, South Dakota 57501-5070

In the Matter of the Petition of)
)
Hills Telephone Company, Inc.) Docket No. _____
)
) CERTIFICATE OF SERVICE
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For Designation as an Eligible)
Telecommunications Carrier in the Valley)
Springs Exchanges Under 47 U.S.C.)
§14(e)(2))
State of South Dakota)
) SS
County of Minnehaha)

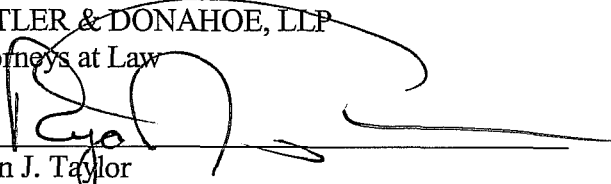
FAX Received SEP 21 2004

RECEIVED
SEP 22 2004
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

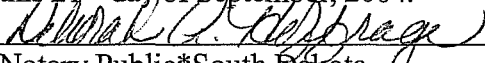
I, Ryan J. Taylor do hereby certify that on this 21st day of September, 2004, I have filed and served the original and ten (10) true and correct copies of the Petition of Hills Telephone Company, Inc. for Designation as an Eligible Telecommunications Carrier by Federal Express overnight mail to:

South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, SD 57501-5070

CUTLER & DONAHOE, LLP
Attorneys at Law

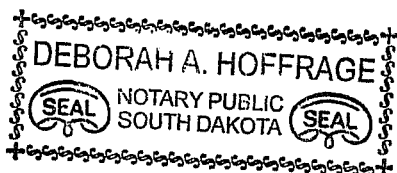


Ryan J. Taylor
100 N. Phillips Ave., 9th Floor
Sioux Falls, South Dakota 57104-6725
Telephone (605) 335-4950
Facsimile (605) 335-4961
Attorneys for Petitioner Hills Telephone Company,
Inc.

Subscribed and sworn to before me
this 21st day of September, 2004.


Notary Public*South Dakota
My Commission Expires: 1-18-08

<SEAL>



South Dakota Public Utilities Commission
WEEKLY FILINGS

For the Period of September 17, 2004 through September 22, 2004

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 report. Phone: 605-773-3201

TELECOMMUNICATIONS

TC04-199 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement Between Qwest Corporation and DIECA Communications, Inc. D/B/A Covad Communications Company

On September 17, 2004, the Commission received a filing for approval of an Expedites for Design Services Amendment to the Interconnection Agreement between Qwest Corporation and DIECA Communications, Inc., d/b/a Covad Communications Company. The parties state that the amendment adds terms, conditions, and rates for Expedites For Design Services. Any party wishing to comment on the Amendment may do so by filing written comments with the Commission and the parties to the Amendment no later than Thursday, October 7, 2004. Parties to the Amendment may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Sara B. Harens
Date Filed: 09/17/04
Initial Comments Due: 10/07/04

TC04-200 In the Matter of the Filing by Level 3 Communications, LLC for Approval of Revisions to its Intrastate Switched Access Tariff.

On September 5, 2003, Level 3 Communications LLC filed a petition asking for exemption from developing company-specific cost-based switched access rates. On November 13, 2003, the Commission issued an Order granting Level 3 an exemption and approved a request to mirror the Qwest Corporation tariffed intrastate access rates. On January 20, 2004, Qwest Corporation filed to reduce the Carrier Common Line rate. On May 13, 2004, the Commission issued an Order approving Qwest's rate reduction. On August 27, 2004, Level 3 filed tariff revisions to reduce its Carrier Common Line rate to mirror Qwest's rate.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer/Sara Harens
Date Filed: 08/27/04
Intervention Deadline: 10/01/04

TC04-201 In the Matter of the Filing by Qwest Corporation of its Notice of Deletion of Exhibit B-1 and Modifications to Exhibit B of its Statement of Generally Available Terms and Conditions (SGAT) and Motion to Modify the Qwest Performance Assurance Plan Found in Exhibit K of its SGAT.

On September 16, 2004, Qwest Corporation (Qwest) submitted an updated Exhibit B to the Statement of Generally Available Terms and Conditions (SGAT) comprising Version 8.0, which is the Performance Indicator Definitions. Qwest requests that Exhibit B-1 be deleted from the SGAT. Qwest also submitted its revised Qwest Performance Assurance Plan (QPAP) found in Exhibit K of the SGAT for modifications to reflect changes from the June 24, 2004, filing of an updated Exhibit B that took effect pursuant to 47 U.S.C. Section 252(f)(3) sixty days later. Qwest

requests that the Commission approve Exhibit B and QPAP, as revised and modified, designate PO-20 as Tier 1 Medium without a Tier 2 assignment, establish a low-volume-differentiated benchmark for PO-20, and allow PO-20 a measurement stabilization for no more than three months with the implementation of each phase. Qwest requests that the Commission approve the modifications and permit the amended Exhibit B to go into effect on October 1, 2004, but in any event pursuant to 47 U.S.C. Section 252(f)(3) no later than 60 days after submission. Further, Qwest requests, pursuant to Section 16 of the QPAP, that the changes automatically apply to all existing interconnection agreements that contain Exhibit B, Exhibit B-1 and the QPAP, Exhibit K as exhibits.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Filed: 09/16/04
Intervention Deadline: 10/08/04

TC04-202 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Sancom, Inc. d/b/a Mitchell Telecom.

On September 20, 2004, the Commission received a filing for approval of a Triennial Review Order and USTA II Decision Amendment to the Interconnection Agreement between Qwest Corporation and Sancom Inc. d/b/a/ Mitchell Telecom. The parties state that the amendment changes or adds terms, conditions, and rates for certain network elements. Any party wishing to comment on the Amendment may do so by filing written comments with the Commission and the parties to the Amendment no later than Thursday, October 12, 2004. Parties to the Amendment may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Sara B. Harens
Date Filed: 09/20/04
Initial Comments Due: 10/12/04

TC04-203 In the Matter of the Filing by Kadoka Telephone Company for Approval of Revisions to its Intrastate Switched Access Rates.

On September 21, 2004, Kadoka Telephone Company, Kadoka, South Dakota, filed revised Switched Access Tariff rates with a proposed effective date of October 20, 2004. In accordance with ARSD 20:10:27:12, the switched access rates are the average of all cost companies (for the year ended December 31, 2003) in South Dakota, excluding Qwest Corporation.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer/Sara Harens
Date Filed: 09/21/04
Intervention Deadline: 10/08/04

TC04-204 In the Matter of the Filing by Hills Telephone Company, Inc. for Designation as an Eligible Telecommunications Carrier.

On September 21, 2004, Hills Telephone Company, Inc. (Hills) submitted a Petition for Designation as an Eligible Telecommunications Carrier (ETC) pursuant to Section 241(e)(2) of the Telecommunications Act of 1934, as amended (Act), 47 U.S.C. Section 214(e)(2), and Section 54.201 of the Federal Communications Commission (FCC) rules, 47 C.F.R. Section 54.201. Hills requests that it be designated as eligible to receive all available support from the federal Universal Service Fund (USF) including, but not limited to, support for rural, insular and high-cost areas and low-income customers. Section 214(e)(1) of the Act and Section 54.201(d)

of the FCC's rules provide that carriers designated as ETCs shall, throughout their service area, (1) offer the services that are supported by federal universal service support mechanisms either using their own facilities or a combination of their own facilities and resale of another carrier's services, and (2) advertise the availability of such services and the charges therefor using media of general distribution. Hills is a full-service wireline communications carrier which will offer all of these services as soon as the sale of the Valley Springs Exchange closes by utilizing the existing facilities and infrastructure currently utilized by Sioux Valley Telephone Company. Hills requests that the Public Utilities Commission: (1) enter an Order designating Hills as an ETC for its requested ETC service area; and (2) certify to the FCC that Hills will use the federal USF support for its intended purposes.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Filed: 09/21/04
Intervention Deadline: 10/08/04

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**South Dakota Public Utilities Commission
CORRECTED WEEKLY FILINGS**

For the Period of September 17, 2004 through September 22, 2004

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TELECOMMUNICATIONS

TC04-204 In the Matter of the Filing by Hills Telephone Company, Inc. for Designation as an Eligible Telecommunications Carrier.

On September 21, 2004, Hills Telephone Company, Inc. (Hills) submitted a Petition for Designation as an Eligible Telecommunications Carrier (ETC) pursuant to Section 241(e)(2) of the Telecommunications Act of 1934, as amended (Act), 47 U.S.C. Section 214(e)(2), and Section 54.201 of the Federal Communications Commission (FCC) rules, 47 C.F.R. Section 54.201. Hills requests that it be designated as eligible to receive all available support from the federal Universal Service Fund (USF) including, but not limited to, support for rural, insular and high-cost areas and low-income customers. Section 214(e)(1) of the Act and Section 54.201(d) of the FCC's rules provide that carriers designated as ETCs shall, throughout their service area, (1) offer the services that are supported by federal universal service support mechanisms either using their own facilities or a combination of their own facilities and resale of another carrier's services, and (2) advertise the availability of such services and the charges therefor using media of general distribution. Hills is a full-service wireline communications carrier which will offer all of these services as soon as the sale of the Valley Springs Exchange closes by utilizing the existing facilities and infrastructure currently utilized by Sioux Valley Telephone Company. Hills requests that the Public Utilities Commission: (1) enter an Order designating Hills as an ETC for its requested ETC service area; and (2) certify to the FCC that Hills will use the federal USF support for its intended purposes.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Filed: 09/21/04
Intervention Deadline: 09/28/04

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Bob Sahr, Chair
Gary Hanson, Vice-Chair
Jim Burg, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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September 30, 2004

Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Irene Flannery
Universal Service Administrative Company
2000 L Street, NW - Suite 200
Washington, DC 20036

Re: Federal-State Joint Board on Universal Service, CC Docket No. 96-45

Dear Ms. Dortch and Ms. Flannery:

Pursuant to section 214(e)(2) of the Communications Act of 1934, as amended, and 47 C.F.R. section 54.201, the South Dakota Public Utilities Commission (SDPUC) has designated Hills Telephone Company, Inc. (Hills) as an Eligible Telecommunications Carrier (ETC). Hills was designated as an ETC in South Dakota for the following rural exchanges:

Valley Springs
North Larchwood
East Valley Springs

This designation is contingent upon the completion of the sale of these exchanges by Sioux Valley Telephone Company to Hills Telephone Company.

A copy of the order is enclosed.

If additional information is required, please do not hesitate to call.

Sincerely,

ROLAYNE AILTS WIEST
Commission Attorney

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

IN THE MATTER OF THE FILING BY HILLS)	ORDER GRANTING
TELEPHONE COMPANY, INC. FOR)	ELIGIBLE
DESIGNATION AS AN ELIGIBLE)	TELECOMMUNICATIONS
TELECOMMUNICATIONS CARRIER AND FOR)	DESIGNATION
CERTIFICATION REGARDING ITS USE OF)	TC04-204
FEDERAL UNIVERSAL SERVICE SUPPORT	

On September 21, 2004, the Public Utilities Commission (Commission) received a request for designation as an eligible telecommunications carrier (ETC) from Hills Telephone Company, Inc. (Hills). Hills stated that it has "entered into an Agreement for the Purchase and Sale of Telephone Exchanges (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley." This transaction will be completed when all of the regulatory approvals have been obtained. Hills further explained that "[t]he Valley Springs Exchanges are currently operated by Sioux Valley and are part of Sioux Valley's existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valley Springs Exchanges. Hills will then begin serving as the LEC using the same facilities and offering the same services as those previously used and offered by Sioux Valley." Hills requested designation as an eligible telecommunications carrier within the Valley Springs Exchanges.

On September 23, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 28, 2004, to interested individuals and entities. No person or entity filed to intervene.

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. 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.

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).

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.

Hills stated in its Petition that it will provide the following services to all of its customers in the Valley Springs Exchanges for which it seeks ETC designation:

1. Voice grade access to the public switched network;
2. Local exchange service, including an amount of local usage free of per minute charges under a flat-rated local service package;
3. Dual tone multi-frequency signaling;
4. Single party service;
5. Access to emergency services such as 911 or Enhanced 911 public services when such services are available;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll block service to qualified low-income consumers.

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, Hills stated that it will advertise the availability of its local exchange services in media of general distribution in the Valley Springs Exchanges for which it seeks ETC designation. Hills stated it will offer the Lifeline and Link Up service discounts in the Valley Springs Exchanges.

At its September 30, 2004, meeting, 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. § 214. The Commission finds that Hills will provide the following services or functionalities throughout the Valley Springs Exchanges: (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.

The Commission finds that Hills intends to provide Lifeline and Link Up programs to qualifying customers throughout the Valley Springs Exchanges consistent with state and federal rules and orders.

The Commission finds that Hills 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 designates Hills as an ETC for the Valley Springs Exchanges contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. It is therefore

ORDERED, that Hills is designated as an ETC for the Valley Springs Exchanges as listed above, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley; it is

FURTHER ORDERED, that Hills shall follow the advertising requirements as listed above.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

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> Neilson Kalbo </u>
Date:	<u> 9/30/04 </u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

 Robert K. Sahr
ROBERT K. SAHR, Chairman

 Gary Hanson
GARY HANSON, Commissioner

 James A. Burg
JAMES A. BURG, Commissioner



Bob Sahr, Chair
Gary Hanson, Vice-Chair
Jim Burg, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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September 30, 2004

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
445 12th Street S.W., Room TW-A306
Washington, DC 20554

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
Office of the Secretary
9300 East Hampton Drive
Capitol Heights, MD 20743

Ms. Irene Flannery
Universal Service Administrative Company
2000 L Street N.W., Suite 200
Washington, DC 20036

Re: CC Docket No. 96-45

Annual State Certification of Support for Rural Carriers and Non-Rural Carriers

Dear Ms. Dortch and Ms. Flannery:

The South Dakota Public Utilities Commission (Commission) hereby states that the following rural and non-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, 54.307, and/or 54.309 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, consistent with section 254(e) of the Communications Act.

The Commission has granted certification to the following rural incumbent local exchange carriers and/or eligible telecommunications carriers:

Dickey Rural Communications, Inc. (381611) (co. no. 1681)
Dickey Rural Telephone Cooperative (381611) (co. no. 1611)
Farmers Mutual Telephone Company (361389)
Hills Telephone Company, Inc. (Contingent upon completion of sale of exchanges by Sioux Valley Telephone Company to Hills Telephone - See enclosed order.)

The Commission has granted certification to the following non-rural eligible telecommunications carriers:

Black Hills FiberCom, L.L.C. (competitive ETC)
Midcontinent Communications (competitive ETC)

Enclosed are the Orders Granting Certification to the above-referenced rural and non-rural incumbent local exchange carriers and/or eligible telecommunications carriers. Should you have any questions, please do not hesitate to contact us for further information.

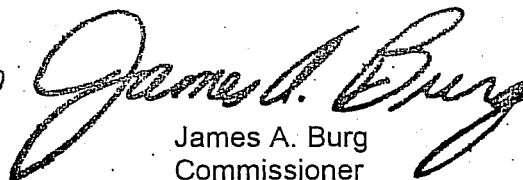
Sincerely,



Robert K. Sahr
Chairman



Gary Hanson
Commissioner



James A. Burg
Commissioner

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

IN THE MATTER OF THE FILING BY HILLS)	ORDER GRANTING
TELEPHONE COMPANY, INC. FOR)	CERTIFICATION
DESIGNATION AS AN ELIGIBLE)	
TELECOMMUNICATIONS CARRIER AND FOR)	TC04-204
CERTIFICATION REGARDING ITS USE OF	
FEDERAL UNIVERSAL SERVICE SUPPORT	

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 2005 is currently due to be filed with the FCC and USAC on or before October 1, 2004. 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 21, 2004, the South Dakota Public Utilities Commission (Commission) received a filing from Hills Telephone Company, Inc. (Hills) requesting designation as an eligible telecommunications carrier and requesting certification

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.

regarding its use of federal universal service support. Hills stated that it has "entered into an Agreement for the Purchase and Sale of Telephone Exchanges (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley." This transaction will be completed when all of the regulatory approvals have been obtained. Hills further explained that "[t]he Valley Springs Exchanges are currently operated by Sioux Valley and are part of Sioux Valley's existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valley Springs Exchanges. Hills will then begin serving as the LEC using the same facilities and offering the same services as those previously used and offered by Sioux Valley."

The purpose of the filing regarding certification was to provide information constituting Hills' plan for the use of its federal universal service support and to otherwise verify that Hills 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, Hills 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. Hills requested that "the Commission issue a finding that Hills has met the high-cost certification requirement and that Hills is, therefore, entitled to begin receiving USF support as of the date of the closing of the transactions contemplated in the Purchase Agreement in order that funding will not be delayed."

On September 23, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 28, 2004, to interested individuals and entities. No parties sought intervention.

At its regularly scheduled meeting of September 30, 2004, 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 Hills 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. However, this certification is contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. The Commission unanimously voted to approve Hills' request for certification, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. It is therefore

ORDERED, that the Hills 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 Hills' request for certification, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley .

Dated at Pierre, South Dakota, this 30th day of September, 2004.

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>Delaine Kalls</i></u>
Date:	<u>9/30/04</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

Robert K. Sahr
ROBERT K. SAHR, Chairman

Gary Hanson
GARY HANSON, Commissioner

James A. Burg
JAMES A. BURG, Commissioner