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SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

July 24, 2006

Patricia VanGerpen  
PUC  
500 East Capitol Ave  
Capitol Bldg 1<sup>st</sup> Floor  
Pierre, SD 57501

Dear Patricia,

Enclosed please find an original and ten copies for the annual USF certification filing. Please email me that you received this at [bandemer@itctel.com](mailto:bandemer@itctel.com). Also, please let me know if you need anything else. My direct number is 605.874.8301.

Sincerely,

Stockholm-Strandburg Telephone d/b/a ITC.

A handwritten signature in cursive script that reads 'Tracy'.

Tracy Bandemer, CPA

Enclosures



2. The certification required specifically for rural carriers to receive federal universal service support for all four quarters during calendar year 2007 is currently due to be filed with the FCC and USAC on or before October 1, 2006. 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. The Company is a rural telephone company that has previously been designated by this Commission as an ETC. 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 710 access lines within its established rural service area in South Dakota.

4. As is required by the provisions of ARSD § 20:10:32:43.01, the Company is committed to providing service throughout its existing rural service area, or study area, to all customers making a reasonable request for service. The Company has since 1913 served as the incumbent local exchange carrier within its established service area and has operated as a "carrier of last resort" in such area. As the carrier of last resort, the Company already has extended wireline local exchange network facilities throughout its service area as necessary to make all essential local exchange services that are supported by federal universal service available to all end-user customers within its service area. Consistent with its past practice, the Company hereby certifies that it will provide service on a timely basis to all requesting customers within its designated ETC service area. In certain cases, the provisioning of this service may require a customer in a new location to first meet the requirements of the

Company's line extension policies. These line extension policies are, however, consistent with the requirement under both federal and state law to meet all reasonable requests for service.

5. The Company has the ability to remain functional in emergency situations as required by the provisions of ARSD § 20:10:32:43.03. The Company is currently in compliance with this Commission's "auxiliary and battery power requirements" set forth in ARSD 20:10:33:19.

6. The provisions of ARSD § 20:10:32:54 addressing the annual "Certification requirements" set forth by this Commission indicate in part that the ETC must show "how much universal service support was received." Accordingly, attached hereto as "Exhibit A" is information indicating "Year 2005 Federal Universal Service Receipts" received by the Company. This same Exhibit also shows total expenditures of the Company in 2005 related to the provision, maintenance and upgrading of the facilities and services that are supported by Federal Universal Service Funding and further estimates these same expenditures for calendar year 2007. Consistent with federal universal service principles, the Company will use federal universal service amounts received in 2007 to offset a portion of these 2007 expenditures. This use of federal universal service support will enable the Company 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.

7. In addition to the information included in Exhibit A, the following information is provided to meet the Commission's "Certification requirements" set forth in 20:10:32:54:

- The Company's service quality improvement plan is to continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service throughout its service area. As an incumbent local exchange carrier and the carrier of last resort in its service area, the Company upgrades and replaces facilities and equipment as necessary. In furtherance of its service quality improvement plan, the Company will use any high-cost universal service amounts received by it to offset expenditures incurred as it continues to upgrade and replace facilities and equipment. The Company's "two-year service quality improvement plan," required under the provisions of ARSD 20:10:32:54, is attached hereto as "Exhibit B."

During calendar year 2005, the Company experienced the following service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes:

#### ICE STORM

- Date & Time - November 28, 2005, at approximately 7am
  - Description - The ice storm caused an outage to the fiber cabinets after 6 hours. Generators were used to provide power until AC power could be restored.
  - Services Affected – Telephone Service
  - Geographic area affected – Strandburg, Troy, North South Shore, Labolt & Revillo.
  - Steps taken to prevent a similar situation in the future – Additional generators were acquired.
  - Number of Customers affected – 121 customers
- 
- The Company was able to provide service to all potential customers that requested service during 2005, and as of December 31, 2005, the Company had no unfulfilled requests for service.
  - During 2005, the Company's customer service department received an estimated 1 complaint from consumers. No complaints were received by the Company more formally as written complaints or as complaints that needed to be resolved with the

involvement of other Company representatives outside of the customer service department.

- Also attached as "Exhibit C" is a document containing other certifications, including those required under the provisions of ARSD §§ 20:10:32:54(5), 20:10:32:54(6), 20:10:32:54(7) and 20:10:32:54(8).

8. Based on all of the foregoing information, including the information provided on Exhibits A, B and C, the Company requests that this Commission issue an appropriate certification to the FCC and USAC indicating that *STOCKHOLM-STRANDBURG TELEPHONE COMPANY d/b/a ITC* 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 2007. In order to ensure that this certification is issued to the FCC prior to October 1, 2006, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 24th day of July 2006.

Respectfully submitted,


  
\_\_\_\_\_  
Attorney for the Company

Exhibit A

EXHIBIT A  
STOCKHOLM-STRANDBURG TELEPHONE COMPANY d/b/a ITC

Year 2005 Federal Universal Service Receipts:

High Cost Loop Support	\$	183,453
Local Switching Support	\$	178,560
Safety Net Additive support	\$	0
Safety Valve Loop Cost Adjustment	\$	0
<b>TOTAL</b>	\$	<b>362,013</b>

Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:

	Actual 2005	Estimated 2007
<b>Plant Specific Operations Expenses</b>		
Network support (Accts 6110-16)	\$ 0	\$
General support (Accts 6120-24)	\$ 26,112	\$ 26,112
Central office (Accts 6210-6232)	\$ 56,854	\$ 56,854
Cable and wire facilities (Accts 6410-41)	\$ 131,049	\$ 131,049
Network operations (Accts 6530-35)	\$ 46,824	\$ 46,824
Depreciation and amortization (Accts 6560-65)	\$ 325,000	\$ 325,000
<b>Customer Operations Expenses</b>		
Customer services (Accts 6620-23)	\$ 135,268	\$ 135,268
<b>Corporate Operations Expenses</b>		
Executive and planning (Accts 6710-12)	\$ 48,176	\$ 48,176
General and administrative (Accts 6720-28)	\$ 245,778	\$ 245,778
<b>Total Years Supported Expenses, Before Return on Investment</b>	<b>\$ 1,015,061</b>	<b>\$ 1,015,061</b>
<b>Additions</b>		
Switching (Acct 2210)	\$ 95,686	<i>(See Exhibit B, Two-Year Plan)</i>
Cable and wire (Acct 2410)	\$ 49,745	
<b>Total</b>	<b>\$ 145,431</b>	
<b>Total Supported Expenditures, Before Return on Investment</b>	<b>\$ 1,160,492</b>	

**Exhibit B**

**EXHIBIT B - TWO-YEAR PLAN**

ARSD 20:10:32:43.02

As part of its ongoing plan to upgrade and enhance its network, the Company anticipates the following capital expenditures over the next two years. The Company believes that its planned capital additions will improve the reliability of switched calls for its customers, assure CALEA compliance and increase the Company's network capacity to serve remote customers. The upgraded facilities will also be more cost-effective for the Company to maintain. Any federal high-cost universal service support the Company receives will help defray the following estimated costs for plant improvements and upgrades.

Wire Center	Description of Capital Improvement	Estimated Population Served by Improvement	Start Date	Completion Date	Estimated Capital Expenditures Each Year	
					2007	2008
Stockholm	Switch Upgrade		3/07	5/07	\$275,000	\$
South Shore	Fiber Terminal		2/08	4/08	\$60,000	\$
					\$	\$

No capital improvements are planned in the following wire centers but nonetheless may be necessary in connection with the provision of service to new customers.

Wire Center
Revilla



Exhibit C

EXHIBIT C - AFFIDAVIT

STATE OF SOUTH DAKOTA )  
 ) ss.  
COUNTY OF Deuel )

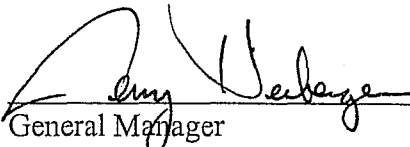
1. I am the General Manager of *STOCKHOLM-STRANDBURG TELEPHONE COMPANY d/b/a ITC* and am authorized to give this affidavit on behalf of the Company. This affidavit is provided to support the Company's Request for Certification to the South Dakota Public Utilities Commission as contemplated in 47 C.F.R. § 54.314.

2. As an authorized representative of the Company, I 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.

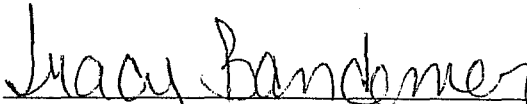
3. During 2005, the Company received federal universal service support as shown on Exhibit A to this affidavit and had investment and expenses relating to the provision, maintenance and upgrading of facilities and services for which such support was intended as also shown on Exhibit A. During 2005, the Company used the federal universal service support it received only for the provision, maintenance and upgrading of facilities and services for which the support was intended consistent with 47 U.S.C. § 254(e).

4. The Company will use the federal universal service support it receives during 2007 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).

5. The Company (i) is in compliance with applicable service quality and consumer protection rules; (ii) is able to function in emergency situations; and (iii) provides equal access to long distance carriers.

  
\_\_\_\_\_  
General Manager

Subscribed and Sworn to before me this 24th day of July 2006.

  
\_\_\_\_\_  
NOTARY PUBLIC

My Commission Expires:  
September 10, 2010

My Commission Expires: \_\_\_\_\_