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September 11, 2006

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VIA E-MAIL

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

Re: ETC Certification – Hills Telephone Company, Inc.

Dear Ms. Van Gerpen:

Enclosed please find the August 3, 2006, response of Hills Telephone Company, Inc. to the data request issued by Public Utilities Commission staff on August 2, 2006. Please consider this filing to be part of the record of Hills Telephone Company, Inc. in its annual ETC certification proceeding.

If you have any questions regarding this filing or require any further documentation, please feel free to contact me at your convenience at (605) 335-4989. Thank you for your consideration in this matter.

Sincerely,

CUTLER & DONAHOE, LLP

Ryan J. Taylor
For the Firm

RJT:dlu
Enclosures
cc: Don Snyders



August 3, 2006

Mr. Harlen Best
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: Hills Telephone Company, Inc.

Dear Mr. Best:

This letter is in response to your correspondence dated August 1, 2006. It is intended to answer the questions addressed in that correspondence.

- 1.) Please provide an Estimated 2007 Federal Universal Service Receipts, itemized by support category.

Estimated 2007 universal service support payments received for study area 391405 Hills Telephone Company, Inc. are as follows:

High Cost Loop Support	\$51,132
Safety Net Additive Support	\$0
Local Switching Support	\$97,392

- 2.) ARSD 20:10:32:43.04 requires Hills to demonstrate how it satisfies consumer protection (see also ARSD 20:10:33:31, 20:10:34:09, and 20:10:34:10) and service quality standards (see ARSD 20:10:33).

20:10:33:31-Failure to pay for services other than local exchange services-Hills Telephone Company, Inc. gives customers the option to have any partial payment applied to specific services. If full payment is not received at the time of disconnect, local service would continue and the additional services such as CATV, internet and toll would be discontinued until the customer pays the bill in full. Collections policies state that special arrangements will be made on a customer by customer basis.

20:10:34:09 Billing Requirements-Hills Telephone Company, Inc. provides a monthly detailed bill to all customers under their dba Alliance Communications. The bill clearly identifies the Hills Telephone Company, Inc. dba Alliance Communications address and local phone number to the billing office for questions and/or service changes.

Speak and you'll be heard.

20:10:34:10 Notification of increase in rates-Hills Telephone Company, Inc. under their dba Alliance Communications uses letters to the customers effected as the means of notification of any rate increase that takes place.

20:10:33 Service Quality Standards-Hills Telephone Company, Inc. borrows money from RUS and complies with RUS service quality standards. In reviewing the standards set forth in ARSD 20:10:33, Hills Telephone Company, Inc. meets or exceeds these service quality standards.

3) Please explain what improvements were made by Hills in 2005.

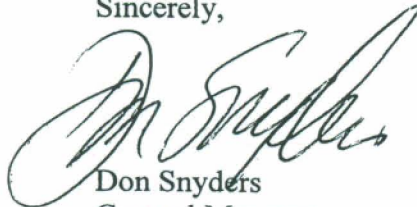
When evaluating the additions recorded for Hills Telephone Company, Inc. for 2005, it was discovered that part of the additions recorded in the ETC certification form included the actual purchase of Hills Telephone Company, Inc. plant from Sioux Valley Telephone Company. Following is a breakdown of the purchase and improvements for Hills Telephone Company, Inc. for 2005:

	Plant Purchase	Improvements
Switching (Account 2212)	\$197,810.00	\$3,812.89
Cable and Wire (Acct 2410)	\$264,075.48	\$246,266.54
Total	\$461,885.48	\$250,079.43

Of the improvements listed, \$3,812.89 was used for purchase of central office cards and equipment, and \$246,266.54 was used for installation of fiber and cable in the Valley Springs exchange.

If you have any further questions regarding the information provided, please feel free to contact Kari Flanagan at (605)594-8228.

Sincerely,



Don Snyders
General Manager

kjf