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FACSIMILE TRANSMITTAL LETTER

This transmittal consists of 9 pages including this cover letter.

Original Will Follow by Federal Express

DATE: August 1, 2006

FILE NO.:

TO: Patricia Van Gerpen

FROM: Richard J. Johnson

COMPANY: South Dakota Public
Utilities Commission

DIRECT DIAL NO.: 612.347.0275

FACSIMILE NUMBER: 605-773-3809

TELEPHONE NUMBER: 605-773-3201

COMMENTS:

Attached is a copy of the Request for Certification of its use of Federal Universal Service Support for Fort Randall Telephone Company. The original and ten copies will be sent Federal Express today for tomorrow morning delivery. Please call 612.347.0360 if you have any questions.

Jean Hunsinger
Paralegal

★ If you do not receive all pages or are experiencing other problems in transmission, please call 612.347.0300. Thank you. ★

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August 1, 2006

VIA FACSIMILE AND FEDERAL EXPRESS

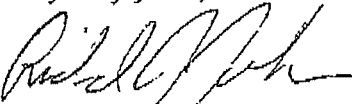
Patricia Van Gerpen
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol
Pierre, South Dakota 57501

Re: In the Matter of the Request of Fort Randall Telephone Company for Certification
Regarding Their Use of Federal Universal Service Support
Docket No.:

Dear Ms. Van Gerpen:

Enclosed for filing please find the original and 10 copies of the Request for Certification
Regarding Their Use of Federal Universal Service Support by Fort Randall Telephone Company
in the above-referenced docket. Also enclosed is a Certificate of Service.

Very truly yours,



Richard J. Johnson

OF COUNSEL
THOMAS E. HARMIS
ARTHUR J. GLASSMAN

RJJ/jjh
Enclosures
cc: Rolayne Ailts Wiest
Bruce Hanson
906723v1

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE REQUEST OF)	
FORT RANDALL TELEPHONE)	
COMPANY FOR CERTIFICATION)	ANNUAL ETC CERTIFICATION
REGARDING THEIR USE OF FEDERAL)	FILING AND SUBMITTAL
UNIVERSAL SERVICE SUPPORT)	PURSUANT TO ARSD § 20:10:32:53
)	

Fort Randall Telephone Company (the "Company"), by and through its attorney, makes this filing to seek certification from the South Dakota Public Utilities Commission (the "Commission") as is required under 47 C.F.R. § 54.314 and to comply with the Commission's new rules pertaining to ETCs, including the provisions of ARSD §§ 20:10:32:52, 20:10:32:53 and 20:10:32:54. As part of this filing, the Company offers the following:

1. Pursuant to 47 C.F.R. § 54.314, each carrier that has been designated as an eligible telecommunications carrier ("ETC") that is eligible to receive future federal universal service support must file an annual certification with the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC") stating that federal high-cost support provided to the carrier 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 47 C.F.R. § 54.314.
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 6,900 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 1994 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."

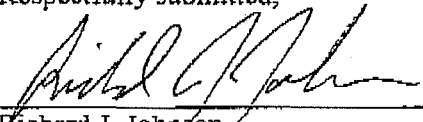
- During calendar year 2005, the Company experienced no service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes.
- The Company was able to provide service to all potential customers that requested service during 2005, and as of December 31, 2005, the Company had no unfulfilled requests for service.
- During 2005, the Company's customer service department received an estimated two or fewer complaints from consumers. Only two of these 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 Fort Randall Telephone Company are 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 1st day of August 2006.

Respectfully submitted,



Richard J. Johnson

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4800 Wells Fargo Center
90 S Seventh Street
Minneapolis, MN 55402
Telephone: 612.347.0300

Attorneys for the Company

Exhibit A**EXHIBIT A**
Fort Randall Telephone Company**Year 2005 Federal Universal Service Receipts:**

High Cost Loop Support	\$	370,368
Local Switching Support	\$	445,528
Safety Net Additive support	\$	0
Safety Valve Loop Cost Adjustment	\$	0
TOTAL	\$	815,896

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

	<u>Actual</u> 2005	<u>Estimated</u> 2007
Plant Specific Operations Expenses		
Network support (Accts 6110-16)	\$ 239,026	\$ 289,000
General support (Accts 6120-24)	\$ 227,627	\$ 286,000
Central office (Accts 6210-6232)	\$ 564,078	\$ 622,000
Cable and wire facilities (Accts 6410-41)	\$ 280,851	\$ 292,000
Network operations (Accts 6530-35)	\$ 81,762	\$ 87,000
Depreciation and amortization (Accts 6560-65)	\$ 1,313,275	\$ 1,394,000
Customer Operations Expenses		
Customer services (Accts 6620-23)	\$ 420,842	\$ 482,000
Corporate Operations Expenses		
Executive and planning (Accts 6710-12)	\$ 36,968	\$ 49,000
General and administrative (Accts 6720-28)	\$ 715,365	\$ 759,000
Total Years Supported Expenses, Before Return on Investment	\$ 3,879,794	\$ 4,260,000
Additions		
Switching (Acct 2210)	\$ 169,078	<i>(See Exhibit B, Two-Year Plan)</i>
Cable and wire (Acct 2410)	\$ 90,495	
Total	\$ 259,573	
Total Supported Expenditures, Before Return on Investment	\$ 4,139,367	

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.

Provide data for each wire center in the Company's service area where switching, exchange transmission equipment or cable and wire upgrades are planned.

Wire Center	Description of Capital Improvement	Estimated Population Served by Improvement	Start Date	Completion Date	Estimated Capital Expenditures Each Year	
					2007	2008
Hermosa	Fiber, Copper and Electronics	1157	1/1/07	12/31/08	\$ 212,000	\$ 250,000
Centerville	Subscriber Additions	667	1/1/07	12/31/08	\$ 30,000	\$ 104,000
Viborg	Fiber and Copper	384	1/1/07	12/31/08	\$ 89,000	\$ 15,000
Tabor	Subscriber Additions	388	1/1/07	12/31/08	\$ 15,000	\$ 89,000
Tyndall	Fiber and Copper	1039	1/1/07	12/31/08	\$ 96,500	\$ 22,500
Wagner	Fiber and Copper	1798	1/1/07	12/31/08	\$ 132,500	\$ 170,500
Keystone	Fiber and Copper	491	1/1/07	12/31/08	\$ 111,500	\$ 37,500
Lake Andes	Fiber and Copper	999	1/1/07	12/31/08	\$ 155,500	\$ 117,500

Exhibit C

EXHIBIT C - AFFIDAVIT

STATE OF MINNESOTA)
) ss.
COUNTY OF CHIPPEWA)

1. I am the Treasurer of Fort Randall Telephone Company (Db: Mt. Rushmore Telephone Company) 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.

[Handwritten Signature]
Bruce Hanson, Treasurer
Fort Randall Telephone Company

Subscribed and Sworn to before me this 19th day of July 2006.

[Handwritten Signature: Julie Ann Aalfs]
NOTARY PUBLIC

My Commission Expires: 1-31-2011

