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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

August 4, 2006

South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre S.D. 57501-5070

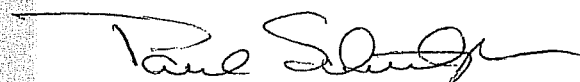
RE: USF Certification - FCC Docket No. 96-45

To Whom It May Concern:

Enclosed for filing in accordance with the Commission's Order in the above-referenced proceeding, is an affidavit certifying that all universal service support will only be used for the provision, maintenance, and upgrading of facilities and services for which the support is intended. In making this filing, the undersigned company is at this time neither contesting nor conceding the jurisdiction of the South Dakota Public Utilities Commission to act in this proceeding.

Should you have any questions or require additional information, please let me know.

Sincerely,



Paul Schuetzler
Consolidated Telcom
General Manager/CEO

iw

encl.

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BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF
CONSOLIDATED TELCOM FOR CERTIFICATION
REGARDING ITS USE OF FEDERAL UNIVERSAL
SERVICE SUPPORT

DOCKET NO. ___

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 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. Consolidated Telcom 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 241 access lines within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over Consolidated Telcom 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 2007. As of this time, specific support amounts the Company should receive in 2006 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>2,066,606</u>
Interstate Common Line Support (ICLS)	\$ <u>1,839,204</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 2007, Consolidated Telcom intends to make the following network facility and equipment investments:

2007 Upgrades include: switch upgrades, CO equipment upgrades, upgrades to toll network facilities and wireless facilities. Total costs are estimated to be approximately \$7.3 Million.

11. In providing local exchange telecommunications services, Consolidated Telcom will also incur other costs. In 2007, these costs will include:

2007 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 \$18 Million.

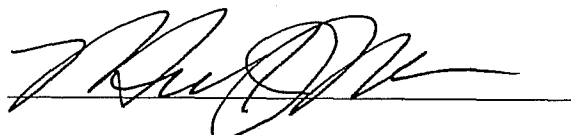
13. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, Consolidated Telcom will use federal universal service amounts received in 2007 (estimated in paragraph 9 herein) to offset a portion of these total costs. This use of federal 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 Paul Schuetzler, 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 2007. In order to ensure that this certification is issued to the FCC prior to October 1, 2006, Consolidated Telecom would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 4 day of August, 2006.

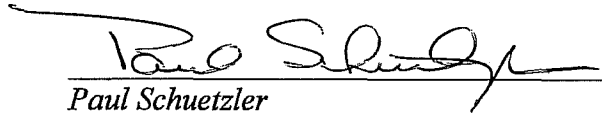
Respectfully submitted,

A handwritten signature in black ink, appearing to read "Mike Maus", is written over a horizontal line.

(Mike Maus - attorney)

AFFIDAVIT

As an authorized corporate officer of Consolidated Telcom, I, Paul Schuetzler, 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).


Paul Schuetzler

Subscribed and Sworn to before me this 4 day of August, 2006.

NOTARY PUBLIC



Commission expires

6/23/2011

