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**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

May 31, 2007

Patricia Van Gerpen  
South Dakota Public Utilities Commission  
Capitol Building, 1st floor  
500 East Capitol Avenue  
Pierre, SD 57501-5070

Re: In the Matter of the Request of Valley 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 Valley Telephone Company (the "Company").

The Company requests confidential treatment of Exhibits A and B, which are submitted as confidential pursuant to the requirements of ARSD § 20:10:01:41. These Exhibits contain financial information with independent economic value which is not generally known to, and not readily ascertainable to, competitors of the Company which could obtain economic value from disclosure. The Company maintains the information as secret. The Company requests that such information be maintained as confidential by the South Dakota Public Utilities Commission in perpetuity.

Very truly yours,



Richard J. Johnson  
Attorney At Law  
(612) 877-5275  
JohnsonR@moss-barnett.com

RJJ/jjh  
Enclosures  
cc: Rolayne Ailts Wiest  
Dave Bickett  
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BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSIONSOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

<b>IN THE MATTER OF THE REQUEST OF</b>	)	
<b>VALLEY TELEPHONE COMPANY FOR</b>	)	
<b>CERTIFICATION REGARDING ITS USE</b>	)	<b>ANNUAL ETC CERTIFICATION</b>
<b>OF FEDERAL UNIVERSAL SERVICE</b>	)	<b>FILING</b>
<b>SUPPORT</b>	)	

Valley 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 provisions of ARSD §§ 20:10:32:52 and 20:10:32:54 of the Commission's rules pertaining to eligible telecommunications carriers ("ETCs").

In accordance with 47 C.F.R. § 54.314, federal universal service support provided to carriers pursuant to 47 C.F.R. §§ 54.301, 54.305 and/or 54.307 and/or Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support and safety valve support) will be made available only if the State Commission files the requisite annual certification with the FCC and USAC. The certification required specifically for rural carriers to receive federal universal service support for all four quarters during calendar year 2008 is currently due to be filed with the FCC and USAC on or before October 1, 2007. 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.

As part of its annual request to the Commission for certification, the Company provides the following information:

1. 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 200 access lines within its established rural service area in South Dakota.

2. 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 2006 Federal Universal Service Receipts" received by the Company. This same Exhibit also shows total expenditures of the Company in 2006 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 2008. The Company does not maintain records to separate universal service support received with respect to South Dakota access lines from universal service support received with respect to Minnesota access lines. Accordingly, the information contained on Exhibit A reflects an allocation of total amounts in each category by the respective number of access lines in South Dakota and Minnesota. Consistent with federal universal service principles, the Company will use federal universal service amounts received in 2008 to offset a portion of these 2008 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.

3. 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. The Company believes that its planned capital additions will improve the reliability of switched calls for its customers, increase the Company's network capacity to serve remote customers and provide customers with state-of-the-art telecommunications service. 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. A progress report on 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 2006, the Company did not experience any 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 2006, and as of December 31, 2006, the Company had no unfulfilled requests for service.
- During 2006, the Company's customer service department received zero complaints from consumers.
- 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).

4. 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 Valley Telephone Company 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 2008. In order to ensure that this certification is issued to the FCC prior to October 1, 2007, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 31 day of May 2007.

Respectfully submitted,

  
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Attorney for the Company

**Exhibits A and B**

**PUBLIC DOCUMENT**

**TRADE SECRET FINANCIAL DATA  
HAS BEEN EXCISED**