

June 16, 2010

Ms. Patty Van Gerpen  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, First Floor  
500 East Capitol Avenue  
Pierre, SD 57501

RE: First Response to Staff's Inquiries Regarding the Annual ETC Certification Filing  
on behalf of Knology of the Black Hills, LLC  
Docket: TC10-063

Dear Ms. Van Gerpen:

On behalf of Knology of the Black Hills, LLC enclosed for electronic filing is the First Response to Staff's Inquiries Regarding the Annual ETC Certification Filing on behalf of Knology of the Black Hills, LLC submitted for Commission approval.

**The First Response to Inquiries and Exhibits A and B are confidential documents.**

Sincerely,



Dawn Haase  
Administrative Assistant

Attachments

**BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

---

**IN THE MATTER OF THE REQUEST OF )  
KNOLOGY OF THE BLACK HILLS, LLC )  
FOR CERTIFICATION REGARDING ITS )  
USE OF FEDERAL UNIVERSAL )  
SERVICE SUPPORT. )**

---

**TC10-063  
UPDATED SUBMISSION  
ANNUAL ETC CERTIFICATION  
FILING AND SUBMITTAL  
PURSUANT TO ARSD § 20:10:32:53**

Knology of the Black Hills, LLC. (the "Company"), by and through the undersigned, makes this filing requesting 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 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 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 in the future be made available 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 2011 is currently due to be filed with the FCC and USAC on or before October 1, 2010. 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 competitive local exchange telephone company that has previously been designated by this Commission as a Competitive 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 11,795 access lines within its established 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 September 30, 2004 served as competitive eligible telecommunications 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. Under ARSD 20:10:32:43:04, 20:10:33:31, 20:10:34:09 and 20:10:34:10 the Company protects consumers by complying with all federal and state consumer protection laws and regulations and those consumer protections enumerated in ARSD 20:10:34. A subscriber's bill contains a clear, concise description of all services billed, Knology's name and a toll free number where the subscriber can call with billing questions. The Company changes rates, terms or conditions of service only after notifying customers of any such change in writing on the bill, a bill insert or a separate letter to each customer.

Under ARSD 20:10:33, the Company provides service using modern digital switching and fiber optic, coaxial, and copper facilities to provide modern voice and data services. The network has emergency back-up power as prescribed by commission rule and is monitored 24 hour a day, 7 days a week, 365 days a year to ensure timely response to any system degradation or service outage. The Company fully complies with all requirements for access to emergency service to include 911 and E911. The Company is also fully compliant with all requirements for access to its network by law enforcement and homeland security agencies and with the requirements of CALEA. The network is configured as a SONET ring so that any system failure

can be rerouted diversely to minimize the impact of any facility problem or outage. In a number of cases the system contains redundant cable facilities and redundant environmental and fire suppression capabilities to further ensure service availability at all times.

6. Under ARSD 20:10:32:54(7), Knology of the Black Hills, LLC certifies that it is offering a local usage plan comparable to that offered by the incumbent LEC in the ETC exchanges. The Company provides a local usage plan that is not only equal to but better than what the incumbent LEC offers.

7. Under ARSD 20:10:32:43.05, Knology of the Black Hills, LLC offers a local usage plan that is superior to that of the LEC since the Company's customers have an expanded local calling area including the EAS areas served by the incumbent and the entire local calling area of the Company which includes Rapid City and all of the Northern Hills. The Company also offers more features than the incumbent LEC at a very competitive price.

8. The provisions of ARSD § 20:10:32:54 addressing the annual "Certification requirements" set forth by this Commission indicate in part that the Competitive ETC must show "how much universal service support was received." Accordingly, attached hereto as "Exhibit A" is information indicating "Year 2009 Federal Universal Service Receipts" itemized by support category, received by the Company. This same Exhibit also shows total expenditures of the Company in 2009, by account, related to the provision, maintenance and upgrading of the facilities and services that are supported by Federal Universal Service Funding. Consistent with federal universal service principles, the Company will use federal universal service amounts received in those years to offset expenditures for those years. 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.

As noted in previous years' filings, Knology's budget is not prepared or maintained on an exchange or wire center specific level. Nevertheless, the Commission's rules require that the Company provide capital expenditures, both actual and estimates, on a wire center basis. For these purposes, the actual capital expenditures made in 2009, shown in the category of

"Additions" in Exhibit A, have been allocated across all exchanges on the second page of Exhibit B.

9. 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 a competitive local exchange carrier willing to accept the carrier of last resort responsibilities 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 actual 2009 Capital Expenditures and Year 2010 Estimated Capital Expenditures, as well as the 2011 and 2012 two-year service quality improvement plan required under the provisions of ARSD 20:10:32:54, are attached hereto as "Exhibit B." The first page of this Exhibit B shows the Company's Estimated Year 2010 Federal Universal Service Receipts as well as the Company's estimated operating expenditures for 2010 by account. The second page shows, as noted above, the actual and estimated capital expenditures for 2009 through 2012, as allocated to a wire center level.

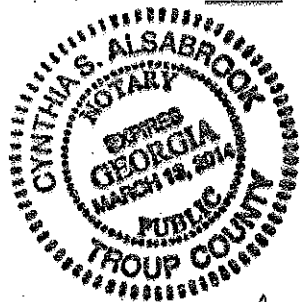
■ During calendar year 2009, the Company experienced one (1) service outage affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes. There was a major service outage on April 4, 2009. This outage began at 8:40 am and was resolved at 11:00 am on the same day. Six 200 amp rectifiers were shutdown due to an AC power failure. These rectifiers are fed from a 200 amp sub panel in the power room which in turn is fed off the main building power panel (1000 amps). The issue was resolved when we replaced 4 strings of batteries (96 individual) totaling about 5500 amp hours in the central office. The replacement was accomplished in order to provide approximately 8 hours backup power to its main switch should the generator fail to start. The batteries serve two purposes in the central office. They provide power to the switching equipment should the AC power fail in any manner, and they act as filter and remove any noise on the power plant caused by a hum on the AC power. Local dial tone

and long distance service was affected. Telephone exchanges serving Sturgis, Spearfish, Lead, Bell Fourche, Deadwood, Blackhawk, and Whitewood were impacted by the outage. Approximately 9,594 customers were out of service for approximately 2.6 hours on April 4, 2009.

- The Company was able to provide service to all potential customers that requested service during 2009, and as of December 31, 2009, the Company had no unfulfilled requests for service.
- During 2009, two (2) complaints were received by Knology of the Black Hills, LLC in its ETC territory.
- The Company is in compliance with applicable service quality and consumer protection rules. 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. The Company offers a local usage plan as an incumbent local exchange carrier in its service areas. The Company provides equal access to long distance carriers.

10. Based on all of the foregoing information, including the information provided on Exhibits A and B, the Company requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Knology of the Black Hills, LLC 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 2010. In order to ensure that this certification is issued to the FCC prior to October 1, 2010, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 15<sup>th</sup> day of June 2010.



Respectfully submitted,

Felix I. Boccucci, Jr.  
Felix I. Boccucci, Jr.  
Vice President Regulatory Finance

Cynthia S. Alsabrook  
June 15, 2010