

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF)	
JEFFERSON TELEPHONE COMPANY)	
FOR CERTIFICATION REGARDING ITS)	ANNUAL ETC CERTIFICATION
USE OF FEDERAL UNIVERSAL)	FILING
SERVICE SUPPORT.)	

Jefferson 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 2013 is currently due to be filed with the FCC and USAC on or before October 1, 2012. 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 357 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, the Company's 2011 federal universal service receipts are reflected on Exhibit A hereto (presented as part of the Company's "Progress Report"). This same Exhibit also shows total expenditures of the Company in 2011 related to the provision, maintenance and upgrading of the facilities and services that are supported by federal universal service funding. In addition, to the extent changes have occurred, to date, with respect to the Company's planned 2012 investments noted in last year's two-year plan, the changes are referenced in that Exhibit. Estimates of the expenditures to be made by the Company for calendar year 2013, related to the provision, maintenance, and upgrading of facilities and services supported by federal universal service, are provided on Exhibit B hereto as part of the Company's current Two-Year Plan. Consistent with federal universal service principles, the

Company will use federal universal service amounts received in 2013 to offset a portion of these 2013 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 Exhibits A and B, the following information is provided to meet the Commission's "Certification requirements" set forth in § 20:10:32:54:

- During calendar year 2011, the Company experienced the following service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes: None
- The Company was able to provide service to all potential customers that requested service during 2011, and as of December 31, 2011 the Company had no unfulfilled requests for service.
- During 2011, the Company's customer service department received an estimated 12 complaints from consumers. None 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(6), 20:10:32:54(7), 20:10:32:54(8) and 20:10:32:54(9).

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 *Jefferson 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 2012. In order to ensure that this certification is issued to the FCC prior to October 1, 2012, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 30th day of May 2012.

Respectfully submitted,



Attorney for the Company

EXHIBIT A
Progress Report
Jefferson Telephone Company

Year 2011 Federal Universal Service Receipts:

High Cost Loop Support	\$ 272,796
Local Switching Support	\$ 40,500
Safety Net Additive Support	\$ 0
Safety Valve Loop Cost Adjustment	\$ 0
TOTAL	\$ 313,296

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

	Actual 2011
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$ 0
General support (Accts 6120-24)	\$ 14,715
Central office (Accts 6210-6232)	\$ 178,749
Cable and wire facilities (Accts 6410-41)	\$ 334,464
Network operations (Accts 6530-35)	\$ 4,526
Depreciation and amortization (Accts 6560-65)	\$ 249,194
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$ 77,319
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$ 1,293
General and administrative (Accts 6720-28)	\$ 270,040
Total Years Supported Expenses, Before Return on Investment	\$ 1,130,300
Additions	
Switching (Acct 2210)	\$ 7,638
Cable and wire (Acct 2410)	\$ 18,372
Total	\$ 26,010
Total Supported Expenditures, Before Return on Investment	\$ 1,156,310

2011 Capital Additions

2011 capital additions consisted of minor expansion and upgrade of the existing network. The total amount of expenditure varied from the initial estimate of \$50,000 due to a combination of fewer new installations than anticipated and a reduction in labor costs related to network expansion.

2012 Capital Additions

The current 2012 capital plan is to provide for minimal expansion and upgrade of the company's cable and fiber network to provide service to new and existing customers. The 2012 total capital expenditures are estimated to be approximately \$50,000.

EXHIBIT B
Two-Year Plan
JEFFERSON TELEPHONE COMPANY

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.

Estimated Year 2013 Federal Universal Service Receipts:

High Cost Loop Support	\$ 227,448
Local Switching Support	\$ 49,533
Safety Net Additive Support	\$ 0
Safety Valve Loop Cost Adjustment	\$ 0
TOTAL	\$ 276,981

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

	<u>Estimated</u> 2013
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$ 1,500
General support (Accts 6120-24)	\$ 13,000
Central office (Accts 6210-6232)	\$ 190,000
Cable and wire facilities (Accts 6410-41)	\$ 320,000
Network operations (Accts 6530-35)	\$ 7,000
Depreciation and amortization (Accts 6560-65)	\$ 230,000
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$ 85,000
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$ 1,500
General and administrative (Accts 6720-28)	\$ 280,000
Total Years Supported Expenses, Before Return on Investment	\$ 1,128,000
Additions	
Switching (Acct 2210)	\$ 20,000
Cable and wire (Acct 2410)	\$ 30,000
Total	\$ 50,000
Total Supported Expenditures, Before Return on Investment	\$ 1,178,000

Proposed Network Improvements:

The Company's 2013 estimated capital additions included with last year's filing are provided again for reference, together with capital additions planned for 2014.

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	Estimated Population	Description of Capital Improvement	Start Date	End Date	Estimated Capital Expenditures Each Year	
					2013	2014
Jefferson	650	Cable/fiber replacement/expansion	4/1/13	10/30/14	\$ 50,000	\$ 60,000
					\$	\$
					\$	\$
					\$	\$

Minimal capital improvements are planned in the wire center but nonetheless may be necessary in connection with the provision of service to new customers. The area that Jefferson Telephone Company currently services is a small rural community in Southeastern SD and has a fairly stable population. For that reason, the amount of capital expenditures to provide service to new customers or developments in the area are minimal. The technology used to provide service in this area is considered adequate to provide ongoing service without requiring a significant short term capital investment. Any ongoing maintenance to the existing plant, cable or other facilities is recognized as expense since it is not adding to the useful life of the plant assets.