

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE JOINT APPLICATION)	ORDER APPROVING SALE
OF SIOUX VALLEY TELEPHONE COMPANY)	OF TELEPHONE
AND HILLS TELEPHONE COMPANY, INC.)	EXCHANGES
REGARDING THE SALE BY SIOUX VALLEY)	
TELEPHONE COMPANY OF ITS VALLEY)	TC04-040
SPRINGS, EAST VALLEY SPRINGS AND)	
NORTH LARCHWOOD EXCHANGES TO HILLS)	
TELEPHONE COMPANY, INC.)	

On March 2, 2004, Hills Telephone Company, Inc. (Hills) and Sioux Valley Telephone Company (Sioux Valley) filed a Joint Application (Application) requesting the South Dakota Public Utilities Commission (Commission) to approve the sale of Sioux Valley's local telephone exchange facilities serving the Valley Springs, East Valley Springs and North Larchwood local exchanges to Hills.

On March 4, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of March 19, 2004, to interested individuals and entities. No petitions to intervene or comments were filed. Notification of the pending sale of exchanges was published in the following papers: *Argus Leader*, April 6, 2004; *Brandon Valley Challenger*, April 7, 2004. No comments were received on the sale of the exchanges.

On March 30, April 8, and May 13, 2004, Hills and Sioux Valley supplemented their filing stating that Hills will provide the following:

1. adequate local telephone service;
2. reasonable rates for local service;
3. provisioning of 911, Enhanced 911, and other public safety services;
4. payment of taxes;
5. the ability of the local exchange company to provide access to modern, state-of-the-art telecommunications services that will help promote economic development, tele-medicine, and distance learning.

At its June 8, 2004, regularly scheduled meeting, the Commission considered this matter. The Commission has jurisdiction over the sale of the exchanges pursuant to SDCL Chapters 1-26 and 49-31, specifically 1-26-17.1, 49-31-3, 49-31-3.1, 49-31-4, 49-31-5.1, 49-31-7, 49-31-7.1, 49-31-11, 49-31-18, 49-31-19, 49-31-20, 49-31-21, and 49-31-59. Pursuant to SDCL 49-31-59, the Commission is required to separately vote on the sale of each exchange and to consider the following factors: the protection of the public interest; the adequacy of local telephone service; the reasonableness of rates for local service; the provision of 911, Enhanced 911, and other public safety services; the payment of taxes; and the ability of the local exchange company to provide access to modern, state-of-the-art telecommunications services that will help promote economic development, tele-medicine, and distance learning.

Commission Staff recommended approval of the sale of the above referenced exchanges, subject to:

1. That the sale of exchanges proceed substantially in accordance with the terms set forth in the Application as supplemented and the other documents submitted in support of the Application.
2. That Hills not recover any of the acquisition adjustment or good will associated with the purchase through its regulated interstate or intrastate rates, through its local rates, or through federal or state universal service funds;
3. That Hills honor all existing contracts, commitments, leases, licenses, and other agreements which relate to, arise from, or are used for the operation of the purchased exchanges;
4. That Hills continue to offer all services in those portions of the exchanges located in South Dakota that are currently offered by Sioux Valley to such customers; and
5. That Hills not discontinue any extended area service currently provided to those portions of the exchanges located in South Dakota without first obtaining approval from the Commission.

The Commission voted separately on the sale of each of the Sioux Valley exchanges. The sale of each of the Sioux Valley exchanges to Hills was separately approved by unanimous vote of the Commission, subject to the above-referenced conditions recommended by Commission Staff. The Commission further found that the public interest is protected.

It is therefore

ORDERED, that the sale of the Valley Springs, East Valley Springs and North Larchwood exchanges by Sioux Valley to Hills is approved, subject to the above-referenced conditions.

Dated at Pierre, South Dakota, this 8th day of July, 2004.

CERTIFICATE OF SERVICE
<p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p>
<p>By: _____</p>
<p>Date: _____</p>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

 ROBERT K. SAHR, Chairman

 GARY HANSON, Commissioner

 JAMES A. BURG, Commissioner