

КС/ЛН

DOCKET NO.

**In the Matter of \_\_\_\_\_**

IN THE MATTER OF THE COMPLAINT  
FILED BY BARRY AND DAWN AUSTIN  
WHITE OWL, SOUTH DAKOTA,  
AGAINST GOLDEN WEST  
TELECOMMUNICATIONS  
COOPERATIVE, INC. REGARDING  
DISCRIMINATORY INSTALLATION  
FEES

## Public Utilities Commission of the State of South Dakota

DATE \_\_\_\_\_

MEMORANDA

9/23 98 Received;  
10/2 98 Accepted;  
10/8 98 Weekly Filing;  
10/26 98 Order Pending Probable Cause and Notice Requiring Answer;  
11/16 98 Writings of Golden West;  
12/31 98 Order Pending Request to Dismiss; Order for and Notice of Hearing;  
1/26 99 Transcript of Hearing held on 11/2/98;  
3/18 99 Writings of Fact and Conclusions of Law; Notice of Entry of Order;  
5/18 99 Booklet Closed.

TC98-179  
BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA  
500 E Capitol, State Capitol Building, Pierre SD 57501

RECEIVED

SEP 23 1998

COMPLAINT

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Complainant(s): (Persons filing the complaint)		Respondent(s): (Persons or Company complained against)	
Name	Barry & Dawn Austin	Contact Person	Jack Brown
Address	H.C.R. 77 Box 43	Company	Golden West Telecom
City, State, Zip	White Owl, S.D. 57792	Address	Box 411
Home Phone		City, State, Zip	Wall, S.D. 57790-0411
Work Phone		Work Phone	(605) 279-2161
Cellular Phone	(605) 280-6256	Cellular Phone	
Fax #		Fax #	

If the Complainant is represented by an attorney, please list the attorney's name, address, telephone number and fax number below: (If Complainant is not represented by an attorney, please leave blank.)

These are the facts giving rise to my complaint:

My husband and I moved a mobile home onto his family land at White Owl in the fall of 1997. We contacted Golden West to get a phone hooked up. They told us that since we bought a mobile home instead of building a home we would have to pay to put a line in to our place. They said they would have to measure to see how far it was and what it would cost. At that time I was told it would be from \$1000 to \$2000. I called Bob Hansen, a board member, to see if he could take the subject to a meeting and see if they would work with us since we couldn't afford to pay that. He told us that they couldn't deviate from the policy. Fast forward, one of our neighbors went to a board to ask if they would deviate from the policy under extenuating circumstances to abolish the policy all together. They refused to do so. However, they did send Jack Brown to measure. This time it would only cost \$1000 to put a line in. Jack told my neighbor this but I didn't hear anything from them.

I feel like we are being discriminated against because we couldn't afford to build a house. Now because we couldn't afford to build a house we have no phone because we can't afford to pay to run a line in to our house. A telephone is not a luxury in a rural area like ours anymore, it is a necessity, and we are being discriminated against because we are lower income family.

NOTE: Please attach additional pages, if necessary, to explain your situation. Also enclose copies of any bills or other documents which may pertain to your complaint.

RESOLUTION REQUEST

I ask that the Public Utilities Commission grant the following relief. (What do you think the Commission should do to solve this problem?)

I suggest that they make exceptions to the policy and review each case on an individual basis to abolish the policy entirely.

NOTE: Please attach any additional pages, if necessary.

VERIFICATION

Complainant's signature must be witnessed by a notary public.

Dawn Austin  
Complainant's Signature

9-21-98  
Date

State of South Dakota

County of Meade

On this 21<sup>st</sup> day of September, 1998.

before me personally came and appeared Dawn Austin, known to me to be the individual described herein and who executed the foregoing instrument, and who duly acknowledged to me that he/she executed same for the purpose therein contained.

IN WITNESS WHEREOF, I hereunto set my hand and official seal.

Bryant L. Austin  
Signature of Notary Public

(SEAL)

My commission expires:

My commission expires  
December 12, 1999

**F A X   T R A N S M I S S I O N** *from Consumer Affairs***To:** Jack Brown**Company:** G.W.S., Inc.**Fax Number:** 8-605-279-2727**Date:** 9/23/98**Time:** 11:17:40**From:** Leni Healy**Company:** South Dakota PUC**Fax Number:** 605.773.3809**Pages including cover page:** 7**Message:**

We have received the following formal complaints from Earl Waterland and Barry & Dawn Austin.

Commission policy allows a brief period in which the parties may attempt an informal resolution. If such a resolution is reached by noon on Friday, Sept. 25, 1998, please inform Bill Bullard. If we do not hear of such a resolution, we will docket the issue and schedule it for a Commission meeting.

THIS COMMUNICATION IS INTENDED ONLY FOR THE USE OF THE INDIVIDUAL OR ENTITY TO WHICH IT IS ADDRESSED AND MAY CONTAIN INFORMATION THAT IS PRIVILEGED, CONFIDENTIAL AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAW. If the reader of this message is not the intended recipient or the employee or agent responsible for delivering this communication to the intended recipient, you are hereby notified that any distribution, use or copying of this communication is prohibited.

**South Dakota Public Utilities Commission****State Capitol Building; Pierre SD 57501****Telephone: (605) 773-3201 Fax: (605) 773-3809**



**GOLDEN WEST TELECOMMUNICATIONS  
COOPERATIVE, INC.**

*A Golden West Company*

HEADQUARTERS OFFICE

P.O. Box 411

Wall, South Dakota 57790-0411

Phone: 605/279-2161

Fax: 605/279-2727

DISTRICT BRANCH OFFICE

1510 National Avenue

Hot Springs, South Dakota 57747-1489

Phone: 605/745-3103

Fax: 605/745-5331

September 28, 1998

RECEIVED

OCT 02 1998

Ms. Leni Healy  
Consumer Representative  
South Dakota Public Utilities Commission  
500 E. Capital  
Pierre, SD 57501

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Dear Ms. Healy:

Thank you for forwarding the complaints filed by Barry & Dawn Austin of White Owl, SD and Earl Waterland of Marcus, SD.

Although we've had conversations with all the parties involved and respect their concerns, Golden West cannot, in good conscious, change a policy that has been in place for many years (even during Earl Waterland's tenure as a GW board member) and increase the financial risks to the members of our cooperative.

I understand that our decision may not resolve the matter, however, we must maintain our responsibility to all our members, not just a select few. Thank you again for your prompt attention to this matter. We look forward to hearing from you.

Sincerely,

Jack Brown  
Management Consultant  
Golden West Telecommunications Cooperative, Inc.

cc: Bill Bullard

enc. 1

**"Bringing It All Together"**



**GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.**  
Wall, South Dakota

**Policy Statement No. 30-15**

**SUBJECT:** Construction of service lines after initial exchange construction.

**Definition:** Initial Exchange Construction: The original construction contract for any new exchange development.

**Policy:** The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit, with the Cooperative, sufficient to cover the extra required retention period.

The Cooperative will not exceed 4 miles under these agreements.

**Purpose:** To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed 750 feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first 750 feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee.
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,864 feet) service line, the surveying employee will notify the manager, or person assigned by the manager, of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Homes without a permanent foundation shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the manager or person assigned by the manager, will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:

A. Up to 1 and 3/10 miles the Cooperative will construct under the normal one year agreement included in the application for service. Service must be to permanently established farmstead or ranch. Homes without a permanent foundation do not qualify.

B. Estimates to extend line extensions to homes without a permanent foundation, will include the costs associated with reconfiguring cable and adding station carrier equipment. This information will be on file with the plant manager and updated as needed. Line extension requests exceeding 750 feet shall be furnished service as follows:

1. Regular application plus a deposit of .20 cents per foot multiplied times the length of the service drop.
2. All deposits will be held for one full year from date of service connection. Thereafter, \$10.00 credit will be applied monthly until deposit is reimbursed.

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

C. All services to permanently established farmstead or ranch over 1 3/10 miles but not over 4 miles at following terms:

All services require a regular application plus completion of a line extension agreement as contained in this Policy.

Regular application plus a deposit of .10 cents per foot multiplied times the length of the service drop.

All deposits will be held for one full year from date of service connection. Thereafter, \$15.00 credit will be applied monthly until deposit is reimbursed.

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

D. The Board of Directors may alter any or all of the provisions of the Policy by appropriate Board action when they deem it to be necessary to protect the security of the Cooperative's investments.

E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant, the following conditions should be found acceptable to the Cooperative before extending service:

1. Electric power should have been extended to site.
2. Adequate water supply on premises.
3. Satisfactory road to premise.
4. Applicant should have satisfactory arrangement for use of land where residence is located. Preferably ownership, etc.

F. On line extensions longer than 4 miles each such extension shall receive evaluation and approval by the Board of Directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Adopted: November 21, 1985

Revised: December 2, 1996

Revised: July 30, 1998

*Richard Baye*  
*Ronald Zukutsky*  
\_\_\_\_\_  
President/Secretary

South Dakota Public Utilities Commission  
**WEEKLY FILINGS**  
For the Period of October 2, 1998 through October 8, 1998

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.  
Phone: 605-773-3705 Fax: 605-773-3809

**ELECTRIC**

EL98-020 In the Matter of the Complaint filed by Lori Bult, Crooks, South Dakota, against Northern States Power Company Regarding Poor Customer Service.

Complaint by Lori Bult vs. Northern States Power Company. The Complainant outlines rude treatment and inconsistent information from the NSP call center on several occasions. Although the Sioux Falls Salvation Army, Heat Share and Interlakes Community Action representatives contacted the NSP call center on behalf of the Bult family, these contacts were not noted on the computer account notes. The Complainant requests the Public Utilities Commission to "examine how NSP handles their accounts, notes their PC system, and communicates with other NSP employees. It should also force NSP to reopen the Sioux Falls office to handle the customers from South Dakota. (Even the service representative who assisted with our disconnect received 3 different answers from NSP.) NSP also needs to train their reps to treat the customers with respect and dignity; we don't need to be humiliated and scolded by someone on the other end of the phone."

Staff Attorney: Camron Hoseck  
Consumer Representative: Leni Healy  
Date Filed: 10/01/98  
Intervention Deadline: N/A

EL98-021 In the Matter of the Complaint filed by Ellen Medicine Horn, Sioux Falls, South Dakota, against Northern States Power Company Regarding a Cross Wired Meter.

Complaint by Ellen Medicine Horn vs. Northern States Power Company. The Complainant was billed \$712.91 for charges resulting from a cross wired meter. The Complainant seeks the following relief: "I don't think I should pay all of this because it wasn't my fault about the mixed up meters. I have been paying my light bill. I should be charged from the time this got noticed."

Staff Attorney: Camron Hoseck  
Consumer Representative: Leni Healy  
Date Filed: 10/02/98  
Intervention Deadline: N/A

**TELECOMMUNICATIONS**

TC98-178 In the Matter of the Complaint filed by Earl Waterland, Marcus, South Dakota, against Golden West Telecommunications Cooperative, Inc., Regarding Discriminatory Installation Fees.

Complaint by Earl Waterland vs. Golden West Telecommunications Cooperative, Inc. The Complainant supports the complaint filed by Barry and Dawn Austin (TC98-179). The Complainant seeks the following relief: "I believe the coop should either make (an) exception in hardship case or do away with the policy on trailer houses entirely."

Staff Attorney: Karen Cremer  
Consumer Representative: Leni Healy  
Date Filed: 09/23/98  
Intervention Deadline: N/A

TC98-179 In the Matter of the Complaint filed by Barry and Dawn Austin, White Owl, South Dakota, against Golden West Telecommunications Cooperative, Inc., Regarding Discriminatory Installation Fees.

Complaint by Barry and Dawn Austin vs. Golden West Telecommunications Cooperative, Inc. The Complainants allege that Golden West Telecommunications Cooperative, Inc. discriminates against mobile home owners in their line extension policy. The Complainants seek relief from such a policy.

Staff Attorney: Karen Cremer  
Consumer Representative: Leni Healy  
Date Filed: 09/23/98  
Intervention Deadline: N/A

TC98-180 In the Matter of the Complaint filed by Mitzi and Steve Moore, Watertown, South Dakota, against U S West Communications, Inc., Regarding Delay in Service.

Complaint by Mitzi and Steve Moore vs. U S West Communications, Inc. The Complainants state that on August 1, 1998, they contacted U S West to transfer service to their new home on September 21, 1998. Service was not installed on that date. As a result, the Complainants have incurred expenses and do not have a land line. The Complainants are requesting compensation and installation of their line.

Staff Attorney: Karen Cremer  
Consumer Representative: Leni Healy  
Date filed: 09/30/98  
Intervention Deadline: NA

TC98-181 In the Matter of the Complaint filed by Michael F. Meyer, Watertown, South Dakota, against U S West Communications, Inc., Regarding Delay in Service.

Complaint by Michael F. Meyer vs. U S West Communications, Inc. The Complainant states that on July 15, 1998, he contacted U S West to transfer service to his new home on July 30, 1998. Service was not installed on that date. As a result, the Complainant has incurred expenses and does not have a land line. The Complainant is requesting compensation and installation of his line.

Staff Attorney: Camron Hoseck  
Consumer Representative: Leni Healy  
Date filed: 09/30/98  
Intervention Deadline: NA

### PROPOSED TELECOMMUNICATIONS RULES

The Proposed Telecommunications Rules can be found on the internet at:

<http://www.state.sd.us/state/executive/puc/rulesgl.html>.

The hearing will be held at 8:30 a.m., on November 2, 1998, in Room 412, State Capitol, Pierre, South Dakota. The complete Notice of Public Hearing to Adopt Rules can be found on the internet at:

<http://www.state.sd.us/state/executive/puc/rulesnot.htm>.

If you do not have access to the internet, you may call 1-800-332-1782 or write to the South Dakota Public Utilities Commission, 500 East Capitol, Pierre, South Dakota 57501 to request a copy of the rules or notice.

\* \* \* \* \*

You may receive this listing and other PUC publications via our website or via internet e-mail.

You may subscribe to the PUC mailing list at  
<http://www.state.sd.us/state/executive/puc/puc.htm>



**GOLDEN WEST TELECOMMUNICATIONS  
COOPERATIVE, INC.**

*A Golden West Company*

HEADQUARTERS OFFICE  
P.O. Box 411  
Wall, South Dakota 57790-0411  
Phone: 605/279-2161  
Fax: 605/279-2727

DISTRICT BRANCH OFFICE  
1510 National Avenue  
Hot Springs, South Dakota 57747-1489  
Phone: 605/745-3103  
Fax: 605/745-5331

**RECEIVED**

NOV 16 1998

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

November 13, 1998

Bill Bullard, Executive Director  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol Ave.  
Pierre, SD 57501

RE: Docket TC98-179, Complaint of Barry and Dawn Austin

Dear Bill:

Enclosed is the answer of Golden West to the complaint filed in the above referenced matter by Barry and Dawn Austin.

Based on this answer we are asking that the Commission dismiss this matter without a formal administrative hearing. The answer in our view makes it clear that there is clearly no factual or legal basis for the complaint and that an administrative hearing on the merits is unnecessary.

If anything further is needed to have this matter addressed outside of the formal hearing process, please contact us and let us know.

Sincerely,

Jack Brown, Management Consultant  
Golden West Telecommunications Cooperative

JB:gd  
Enclosures (2)

cc Barry and Dawn Austin

**"Bringing It All Together"**

RECEIVED

NOV 16 1998

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

IN THE MATTER OF THE COMPLAINT FILED BY	)	ANSWER OF
BARRY AND DAWN AUSTIN, WHITEOWL, SOUTH	)	GOLDEN WEST
DAKOTA, AGAINST GOLDEN WEST TELECOM-	)	TELECOMMUNICATIONS
MUNICATIONS COOPERATIVE INC. REGARDING	)	COOPERATIVE
DISCRIMINATORY INSTALLATION FEES	)	DOCKET TC98-179

Golden West Telecommunications Cooperative, Inc. ("Golden West"), in response to the Commission's Order dated October 26th, 1998, issued in the above captioned matter and pursuant to ARSD §§ 20:10-01:10 and 20:10-01:11:01 submits the following as its answer to the complaint filed with the Commission by Barry and Dawn Austin ("the Austins").

1. The Complaint filed fails to state a cause of action upon which relief may be granted against Golden West.
2. Golden West denies any and all allegations made in the Complaint except those allegations that are specifically admitted herein.
3. Golden West specifically alleges that the Commission is without jurisdiction to directly regulate and establish the charges or deposits which Golden West and other telephone cooperatives assess to customers as aid-to-construction for telephone line extensions. Under SDCL 49-31-5.1, telephone cooperatives, municipal telephone companies, and independent local exchange carriers serving fewer than 50,000 subscribers are specifically exempted from local service rate regulation by the Commission. This exemption from regulation clearly extends to the types of charges that the Austins are contesting in this case. Charges or deposits relating to local line extensions clearly fall into the category of local service rates.
4. The Austins, who reside in a mobile home, claim that Golden West has discriminated against them in seeking to collect a deposit for a portion of the costs of a line extension to their property. Regarding this claim of discrimination, Golden West specifically denies that it has taken any action that could fairly be viewed as a violation of the non-discrimination provisions established in state statute. The relevant statute, SDCL 49-31-11, works to prohibit unjust or unreasonable discrimination between customers in the delivering of like telecommunications services. As established below, the line extension policy adopted by Golden West, applied in this case, does not support any claim of unjust or unreasonable discrimination as required under the statute.
5. In regard to the line extension requested by the Austins, the length of new line that would have to be constructed by Golden West is approximately 5,270 feet. Costs for actual construction of the new facility would be \$ 67 per foot for a total of \$3,530.90; plus an additional amount of \$327 for some necessary road bore work. Thus, the total costs to the company for construction of the line extension would be \$3,857.90.

6. The Line Extension Agreement offered by Golden West to the Austins is based on these estimated costs, but only seeks from the Austins payment of a deposit, as security for Golden West's investment, in the amount of \$1,054. A copy of the Line Extension Agreement prepared by Golden West for the Austins is attached hereto as Appendix A. As indicated in that Agreement, Golden West allows for repayment of the deposit amount on a monthly basis commencing with the customer's 13th month of receiving local service. Specifically, beginning with the 13th month of service, the Austins would receive a monthly credit in the amount of \$10 toward their local service billings. This credit would continue until the entire deposit amount of \$1,054 is reimbursed. The term of the agreement is set at nine years. This represents the amount of time over which the deposit amount would be reimbursed to the customer. The deposit would be reimbursed without interest. No interest would be paid due to the fact that the deposit amount charged already represents a substantial discount from the total costs that Golden West would incur in constructing the line extension.

7. The Line Extension Agreement offered to the Austins is based on Golden West's written "Policy Statement No. 30-15," adopted for the "construction of service lines after initial exchange construction". A copy of this Policy Statement, which has never previously been subject to Commission filing or approval, is attached hereto as Appendix B. This Policy Statement only applies to line extensions constructed by Golden West after "initial exchange construction" or more specifically to those situations that are not covered by the Rural Utility Service ("RUS") Loan Contract. As indicated in Section 4.B. of the Policy Statement, with respect to line extensions exceeding 750 feet to "homes without a permanent foundation," Golden West charges a deposit "for construction cost security." The amount of the deposit assessed the customer is equal to \$ 20 per foot multiplied times the total length of the service drop. The entire deposit amount is held for one year and, thereafter, is reimbursed as a credit to local telephone service at \$10 per month until the deposit is completely reimbursed. If the customer terminates service prior to expiration of the line extension agreement, the entire remaining amount of the deposit held by the company is credited to the original line extension costs. For the reason noted above, no interest is paid on the deposit for the period it is held by the company.

8. As further indicated in Section 4.C. of the Policy Statement, a similar deposit policy applies in extending service, "after initial exchange construction," to any "permanently established farmstead or ranch" where the line extension exceeds 1.3 miles (the length of Golden West's normal or average service line).

9. The Golden West policy incorporates different terms for line extensions to homes without a permanent foundation and for line extensions to permanently established farms or ranches. The primary difference is that for homes without a permanent foundation, the line extension policy applies to lines exceeding 750 feet and for permanently established homes the policy applies to lines exceeding 1.3 miles. This difference was established by the company to account for the increased financial risk incurred by the cooperative in extending new line facilities to homes that are not as permanent. The risk of stranded plant is obviously much

greater with extensions to mobile homes because the home can be easily moved and often the company is unable to reuse the telephone plant for any future customer.

10. Attached as Appendix C is a copy of the current RUS policy on "Aid to Construction Charges." This policy is incorporated into Golden West's existing RUS loan contract in Section 4.5, Article IV. Generally, the RUS policy obligates the RUS telephone borrower to furnish service to all applicants for service included in the project financed by RUS without requiring applicants for service to pay any extra charge as a contribution to the cost of the necessary facility construction. For those not included in the financed project, however, the RUS borrower may charge aid-to-construction for the cost exceeding seven times the estimated annual local service revenues from the subscriber.

11. Golden West, upon receiving notice of the Austins complaint, contacted the RUS and requested a review of the Golden West line extension policy. In response, Golden West received a letter from Mr. Wayne Ahlgren, the RUS Field Representative for this area. A copy of Mr. Ahlgren's letter is attached hereto as Appendix D. Mr. Ahlgren stated that the RUS "has no problem" with the Coop's procedures for construction deposits. He noted that the practice of charging such deposits is "very common in our industry." He further specifically addressed the Golden West policy concerning line extensions to homes without a permanent foundation. He noted that the Golden West policy for line extension charges to such homes also "seems to be common throughout the industry." He also indicated that the RUS believes that different treatment of non-permanent or temporary establishments should be considered by borrowers. Finally, Mr. Ahlgren explained that construction costs could be charged to the customer when the costs exceed seven (7) times the annual local service revenue for that customer. He then stated that "it appears that your current policy is more financially beneficial to the customer."

12. As evidenced by the RUS letter, the Golden West line extension policy is not only consistent with the RUS policy on aid-to-construction, it is also more favorable than the RUS policy from the customer's perspective. The line extension at issue in this case is not part of any financed RUS project. Accordingly, pursuant to the RUS sanctioned policy on line extensions, Golden West could have charged the Austins an outright aid-to-construction, nonrefundable fee, of \$2,938.10 (total construction cost of \$3,857.90 minus estimated seven years of local service charges \$919.80).

13. Golden West has concerns with utilizing the RUS prescribed policy and believes it could lead to substantial hardship for some customers. Given these concerns, Golden West has implemented its current policy which requires less money from the consumer and allows for an eventual reimbursement of the collected line extension charges.

14. Golden West specifically denies that the different terms established in its line extension policy for permanent homes versus non-permanent homes result in any unjust or unreasonable discriminatory treatment. The policy adopted by Golden West, as pointed out in the RUS letter, is common throughout the industry and, in fact, is more beneficial than the established RUS policy for line extensions not covered by a RUS financed project. Also, the RUS has



specifically indicated that its borrowing companies should give special consideration to residences of a temporary nature in constructing line extensions.

15. Golden West's policy is significantly better, viewing it from the customer's perspective, than the policy being followed by many other utility companies. The terms are not unjust or unreasonable, but give reasonable recognition to the increased risk incurred by the company in constructing line extensions to homes without a permanent foundation. The terms appropriately balance the rights of new customers against those of existing ratepayer subscribers.

16. Based on the foregoing, there is clearly no legal or factual basis for the Austins' complaint, and the Austins are entitled to no relief concerning the line extension deposit sought by Golden West.

17. There is absolutely no basis for any claim that Golden West, with its line extension policy, has acted in violation of SDCL 49-31-11.

WHEREFORE, Golden West requests that the Commission take action to immediately dismiss this matter, without hearing pursuant to SDCL Chapter 1-26 and with prejudice.

Respectfully submitted this thirteenth day of November, 1998.



Brian B. Meyer  
Meyer & Rogers  
P. O. Box 1117  
Pierre, South Dakota 57501

Golden West Telecommunications Cooperative, Inc.  
P.O. Box 411  
Wall, SD 57790-0411  
(605) 279-2161

Applicant Name: Barry Austin

Mailing Address: \_\_\_\_\_

White Owl, SD 57792

Phone #: 985 Member #: \_\_\_\_\_

**Line Extension Agreement for  
Service Line Longer Than Normal and Certain Mobile Homes**

We are requesting telephone service to be installed and understand that the cost for burying cable to our residence/business requires a line extension agreement. We hereby agree to retain the service for 9 years and 9 months from date of installation.

Enclosed find our check in the amount of \$ 1054.00. This check is to cover the following charges:

\$ \_\_\_\_\_ Installation Fee

\$ 1054.00 Deposit for \$270 feet of drop to homes without a permanent foundation

\$ \_\_\_\_\_ Deposit for \_\_\_\_\_ feet of drop to permanently established  
Ranch or Farmstead

\$ 1054.00 Total of Enclosed Check

It is understood that should we fail to complete the agreed upon 9 years and 9 months of service from date of installation, at this location, any remaining deposit or advance payment not used will be forfeited by us as a termination charge.

Physical Address or Land Description of service location: T8N, R15E, SEC33

It is also understood that the above deposit will be held one year from date service is connected. Thereafter, \$ 10.00 will be transferred to my account each month until the entire deposit is applied to local service billing.

Witness:

\_\_\_\_\_  
Applicant for Service

\_\_\_\_\_  
Spouse

Accepted  
Date: \_\_\_\_\_

By \_\_\_\_\_  
Manager

Reviewed by Board  
Date: \_\_\_\_\_

Installed  
Date: \_\_\_\_\_

By \_\_\_\_\_  
President

By \_\_\_\_\_  
Installer

(Please Sign and Return Top Copy With Payment)  
(Please Keep Duplicate For Your Records)

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Wall, South Dakota

Policy Statement No. 30-15

**SUBJECT:** Construction of service lines after initial exchange construction.

**Definition:** Initial Exchange Construction: The original construction contract for any new exchange development.

**Policy:** The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit, with the Cooperative, sufficient to cover the extra required retention period.

The Cooperative will not exceed 4 miles under these agreements.

**Purpose:** To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed **750** feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first **750** feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee.
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,864 feet) service line, the surveying employee will notify the manager, or person assigned by the manager, of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Homes without a permanent foundation shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the manager or person assigned by the manager, will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:
  - A. Up to 1 and 3/10 miles the Cooperative will construct under the normal one year agreement included in the application for service. Service must be to permanently established farmstead or ranch. **Homes without a permanent foundation do not qualify.**
  - B. **Estimates to extend line extensions to homes without a permanent foundation** will include the costs associated with reconfiguring cable and adding station carrier equipment. This information will be on file with the plant manager and updated as needed. Line extension requests exceeding **750** feet shall be furnished service as follows:
    1. **Regular application plus a deposit of .20 cents per foot multiplied times the length of the service drop.**
    2. **All deposits will be held for one full year from date of service connection. Thereafter, \$10.00 credit will be applied monthly until deposit is reimbursed.**

Golden West Telecommunications Cooperative, Inc.  
Policy Statement No. 30-15  
Page 2

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

C. **All services to permanently established farmstead or ranch over 1 3/10 miles but not over 4 miles at following terms:**

All services require a regular application plus completion of a line extension agreement as contained in this Policy.

**Regular application plus a deposit of .10 cents per foot multiplied times the length of the service drop.**

**All deposits will be held for one full year from date of service connection. Thereafter, \$15.00 credit will be applied monthly until deposit is reimbursed.**

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

D. The Board of Directors may alter any or all of the provisions of the Policy by appropriate Board action when they deem it to be necessary to protect the security of the Cooperative's investments.

E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant, the following conditions should be found acceptable to the Cooperative before extending service:

1. Electric power should have been extended to site.
2. Adequate water supply on premises.
3. Satisfactory road to premise.
4. Applicant should have satisfactory arrangement for use of land where residence is located. Preferably ownership, etc.

F. On line extensions longer than 4 miles each such extension shall receive evaluation and approval by the Board of Directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Adopted: November 21, 1985

Revised: December 2, 1996

Revised: July 30, 1998

*Richard Baye*  
*Samuel Zink*  
President/Secretary



United States  
Department  
of Agriculture

Rural  
Electrification  
Administration

APPENDIX C  
Washington  
D. C.  
20250

## SUBJECT: Aid-to-Construction Charges

REA telephone borrowers are obligated under Section 4.5, Article IV, of their Telephone Loan Contract to "furnish service to all applicants for service included in the Project, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service." Also, for those not included in the Project, they are required to provide service "to every other unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant."

In administering the above obligation REA has observed and will continue to adhere to the following guidelines:

- o The Project includes all construction purposes and subscriber forecast contained in the loan design and area coverage survey, respectively, for all exchanges where loan funds will be used.
- o Whether existing loan funds are available or not, the borrower is not permitted to charge aid-to-construction if all of the proposed construction has not been accomplished or the subscriber forecast has not been met for the Project.
- o If all the proposed construction has been accomplished and the subscriber forecast has been met for the Project, aid-to-construction may be charged in the amount that the cost exceeds seven times the estimated annual local service revenues from the subscriber.

In the past, exceptions have been made whereby developers have been charged aid-to-construction for telephone plant installed in newly developed subdivisions. As subscribers were connected in the subdivision the developer would receive credit for aid-to-construction that had been previously charged. This was done and will continue to be considered on a case-by-case basis where covered in the Project.



United States  
Department  
of Agriculture

Rural  
Electrification  
Administration

Washington  
D.C.  
20250

JUL 2 1962

SUBJECT: Aid-to-Construction Charges

TO: M. Wilson Magruder  
Director  
Eastern Regional Division

Ken B. Chandler  
Director  
Western Regional Division

FROM: ROBERT PETERS *RECEIVED EDDV* for  
Assistant Administrator  
Telephone Program

REA telephone borrowers are obligated under Section 4.5, Article IV, of their Telephone Loan Contract to "furnish service to all applicants for service included in the Project, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service." Also, for those not included in the Project, they are required to provide service "to every other unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant."

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- o If all the proposed construction has been accomplished and the subscriber forecast has been met for the Project, aid-to-construction may be charged in the amount that the cost exceeds seven times the estimated annual local service revenues from the subscriber.

In the past, exceptions have been made whereby developers have been charged aid-to-construction for telephone plant installed in newly developed subdivisions. As subscribers were connected in the subdivision the developer would receive credit for aid-to-construction that had been previously charged. This was done and will continue to be considered on a case-by-case basis where covered in the Project.

///

*Handwritten:* Jerry  
Jail

October 16, 1992

Ms. Bobbi Allen  
Manager, REA Activities  
PTI Communications  
P.O. Box 9901  
Vancouver, Washington 98668-8701

Dear Ms. Allen:

This is in response to your letter dated August 21, 1992, requesting clarification on REA's position on line extension charges (aid-to-construction).

REA telephone borrowers are obligated under Section 4.5, Article IV, of their Telephone Loan Contract to "...furnish service to all applicants for service included in the Project, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service." Also, for those not included in the Project, they are required to provide service "to every other unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant."

In administering the above obligation, REA has observed and will continue to adhere to the following guidelines:

1. The Project includes all construction purposes and subscriber forecast contained in the loan design and area coverage survey, respectively, for all exchanges where loan funds will be used.
2. Whether existing loan funds are available or not, the borrower is not permitted to charge aid-to-construction if all of the proposed construction has not been accomplished or the subscriber forecast has not been met for the Project.
3. If all the proposed construction has been accomplished and the subscriber forecast has been met for the Project, aid-to-construction may be charged in the amount that the cost exceeds seven times the estimated annual local service revenues from the subscriber.



Ms. Bobbi Allen

2

Based on the above clarifications, our response to your four scenarios would be as follows (item numbers correspond to those in your letter):

1. If an exchange is not included in the LD (and is not part of an uncompleted Project from a prior loan), an applicant in that exchange may be charged for those construction costs that exceed seven times the estimated annual local service revenues.

2. In this case, the Project has been completed and applicants may be charged for those construction costs that exceed seven times the estimated annual local service revenues.

3. No, if the Project has not been completed (i.e., the projected subscribers not connected), you may not charge aid-to-construction, irregardless of the source of funding.

4. If the Project has been completed, aid-to-construction may be assessed (to the extent that construction costs exceed seven times the estimated annual local service revenues), even if there are unencumbered loan funds remaining.

If you have any questions concerning this matter, please feel free to contact us.

Sincerely,

**KEN B. CHANDLER**

KEN B. CHANDLER  
Director  
Western Regional Division

cc:  
Official File-NWOB (WA 500)  
SWOB ✓  
NWEB  
SWEB  
GFR/Sutter  
GFR/Petranek  
WRD  
Reading-NWOB

REA:WRD:KBChandler:720-0800:ejj:10:16:92



805 Broadway  
Post Office Box 9901  
Vancouver, Washington  
98668-8701

206 698-0983

August 21, 1992

Ken B. Chandler, Director  
Western Regional Division  
USDA - REA, Room 2806  
Washington, DC 20250

RE: Line Extension Charges

Dear Ken:

We are requesting a letter to clearly state the REA position on line extension charges.

We have read the Particular Covenants in the Loan Contract and understand that no line extension charges can be requested for construction of facilities (projects) within the exchanges covered in the Loan Design. (REA definition of Project - the improvements and telephone facilities financed by a particular loan.)

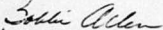
Would you please clarify the following areas:

1. If certain exchanges are not included in the LD, can the Company charge the applicants the line extension charge approved in the tariffs?
2. Once the subscriber forecast has been met, the loan funds totally encumbered, and a supplemental loan is not anticipated, can line extension charges be assessed?
3. If the subscriber forecast has not been met, and all loan funds have been encumbered, is the company allowed to charge for line extension?
4. If loan funds are still remaining, can charges for line extension be assessed if the exchange has met or exceeds the five year subscriber forecast?

August 21, 1992  
Ken B. Chandler, Director  
Page 2

Please respond in writing so we can clear this matter with our Companies.

PACIFIC TELECOM, INC.



Bobbi Allen, Manager  
REA Activities

gmr

C: Dave Humes  
Bernie Murray w/e  
Dave Bennett w/e  
Paul Vertner

service area, as such area is shown on the map which is a part of the Borrower's application for the Loan, and which map, as revised by agreement between the Borrower and the Administrator, is incorporated herein by reference thereto. In the performance of this obligation, the Borrower shall (except to the extent that the Administrator, upon request of the Borrower, may in writing authorize deviations therefrom):

(1) furnish service to all applicants for service included in the Project, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service; and

(2) take all action that may be required to enable it to extend service, with the use of such funds as may from time to time be available to it, either from surplus earnings, increased equity capital, additional loans made by lenders other than the Government or the Bank, or otherwise as the Borrower may elect, and without payment to the Borrower of any extra charge as a contribution to construction of facilities to provide such service, to every other unserved rural applicant for service in its telephone service area if the cost of constructing the required line extension for such applicant will not exceed seven times the estimated annual local service revenues from such applicant. Such service shall be furnished pursuant to terms and conditions set forth in the Borrower's tariff, as duly filed with or approved by regulatory bodies having jurisdiction in the premises, or in the absence of any such regulatory body, as adopted by the Borrower, provided that the Borrower shall not file with or submit for approval of appropriate regulatory bodies or adopt any proposed tariff, or continue in effect any existing tariff not required to be continued by any regulatory body, unless under such tariff the Borrower will be obligated to serve unserved rural applicants as provided herein.

(E) Mortgage Covenants. The Borrower shall perform all covenants by it to be performed under the Mortgage and any supplemental mortgage.

(F) Representations and Warranties. The Borrower confirms as of the date of this Agreement the representations and warranties set forth in section 4.7 of the Loan Contract (or such other section thereof as is headed "Representations and Warranties"), and represents and warrants that every statement contained in this Agreement and in every other document, statement, certificate and opinion submitted to the Government or the Bank by it or in its behalf is true and correct.

(G) Equal Opportunity Clauses. The Borrower hereby agrees that it will incorporate or cause to be incorporated into any contract for construction work, or modification thereof, as defined in Executive Order 11246 of September 24, 1965 or in the rules and regulations of the Secretary of Labor, which is paid for in whole or in part, with funds obtained from the Government or the Bank or borrowed on the credit of the Government or the Bank pursuant to a grant,



**United States  
Department of  
Agriculture**

2 November 1998

**Rural Development**

Rural Business-  
Cooperative Service

Rural Housing  
Service

Rural Utilities Service

Washington, DC  
20250

Mr. Jack Brown  
General Manager  
Golden West Telecom Co-op  
P. O. Box 411  
Wall, SD 57790-0411

Subject: SD 508 Construction deposit policy No. 30-15

Dear Mr. Brown:

We have reviewed the above listed policy that states the Co-op's procedures for construction deposits.

I will not restate the language in our mortgage as sent to you previously, except to state that it permits charges to the customer for aid to construction, only under certain criteria. Your policy refers to the different policy charges as deposits and in all cases will be refunded to the customer, if they remain a customer. RUS has no problem with this requirement. We find that this is very common in our industry.

Your policy for line extension charges to homes without a permanent foundation seems to be common throughout the industry also. In our model tariff (TOM # 1510) we address that different treatment of non-permanent or temporary establishments should be considered (see sections 3 & 13 specifically). Per the RUS (REA) mortgage agreement, you may charge the customer for the construction costs when the construction costs exceeds seven (7) times the annual local service revenue for that customer. It appears that your current policy is more financially beneficial to the customer. We again have no problem with this part of your policy.

If you have any further questions or desire any additional information, please let us know.

Respectfully,

Wayne A. Ahlgren  
General Field Representative  
Rural Utilities Service

cc: RUS/NWAT  
Mr. Rich Coit, SDITC

Rural Development is an Equal Opportunity Lender. Complaints of discrimination should be sent to: Secretary of Agriculture, Washington, DC 20250.



"A"

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 3

\_\_\_\_\_  
COMPANY

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS

The following regulations are subject to the conditions set forth in Section 13, LINE EXTENSION CHARGES.

1. Scope

- a. Construction Charges apply when one or more of the following conditions are present, and whenever more than one of such conditions are present, the charge for each condition applies, when the customer's request for service requires:
- (1) Construction for permanent service on public road to serve one or more customers or on private property to serve customers in general, and the construction is located outside the Telephone Company's base rate area.
  - (2) Construction for permanent service on private property to serve, a single customer and the construction is located inside or outside of the Telephone Company's base rate area.
  - (3) Facilities (including house cabling or inside wiring) of a type other than that which the Telephone Company would otherwise utilize in order to provide service for the customer.
  - (4) A greater quantity of facilities than that which the Telephone Company would otherwise construct in order to fulfill the customer's initial requirements for service.
  - (5) Routing of facilities other than that which the Telephone Company would normally utilize in order to provide service for the customer.

ISSUED \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
Date Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_  
Name Title Address

" A "

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 4

\_\_\_\_\_  
COMPANY

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

1. Scope (cont'd)

- (6) The Telephone Company to expedite construction of the facilities at greater expense than would otherwise be incurred.
- (7) Construction for temporary service and there is no immediate prospect of reusing the facilities provided.
- (8) Distribution construction on continuous property.
- (9) The Telephone Company to relocate existing facilities at the request of the customer or other party.

2. Usual Construction for Permanent Service

The regulations contained herein contemplate usual construction, i.e., the type of construction which the Telephone Company would provide for the area and for the quantity and class of service involved if the decision rested solely with the Telephone Company. The Telephone Company will place either aerial or underground construction and will determine, in each case, which is the usual type of construction to be used to furnish service.

ISSUED \_\_\_\_\_  
Date

EFFECTIVE \_\_\_\_\_  
Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_  
Name Title Address

" A "

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 9

\_\_\_\_\_  
COMPANY

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

5. Temporary Construction

When construction is required for temporary service (for a period less than 3 years), and the construction is located inside or outside the Telephone Company's base rate area, and there is no immediate prospect (within 6 months of service disconnection) of reusing the plant provided, the customer is required to bear all of the cost of such construction.

The regulations applying to ownership and maintenance of such temporary construction are the same as apply to usual construction for permanent service.

6. Distribution Construction on Continuous Property

When communications services such as private branch exchange stations or extensions, tie line or private line services are extended to another building or point on the same continuous property of a customer, the construction required such as poles and conduit, including trenching, shall be the customer's responsibility. Such construction by the customer shall be furnished in a manner acceptable to the Telephone Company and shall be maintained and replaced by the customer. The Telephone Company will install and maintain the associated wire facilities at its expense. The cost of pole or conduit replacement or of opening and closing the trench in connection with maintenance and replacement of the wire facilities shall be the responsibility of the customer.

ISSUED \_\_\_\_\_  
Date

EFFECTIVE \_\_\_\_\_  
Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_  
Name Title Address



COMPANY

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 10

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

7. Rearrangement or Relocation of Existing Construction

When the Telephone Company is requested to move or change existing construction, the customer or other party requiring the move or change is required to pay the entire cost incurred by the Telephone Company properly attributable to such relocation.

When a political subdivision of the State, or any agency thereof, requires by ordinance, franchise provision, administrative ruling or otherwise that existing aerial facilities be relocated underground, the entire cost incurred by the Telephone Company properly attributable to such relocation, after deducting therefrom any reimbursement received, any increase in value of the new facility and any salvage value derived from the old facility, will be charged pro rata to the exchange customers receiving service within the political subdivision.

8. Refunds\*

When the construction for which the Telephone Company has made a cash construction charge is utilized by the Telephone Company for the purpose of serving additional customers within a period of three years from the date it was placed in service, refunds, without interest, will be made to those customers who have paid such charges, provided they are still serviced by such construction. The amount of such refunds to a particular customer will be based on the difference between the construction charge actually paid by that customer and the construction charge which he would have paid if all customers served through that construction within such three-year period had been connected at the time the construction serving that customer was placed in service.

Where the construction is used within a period of three years for supporting local or long distance facilities connecting central offices, the total amount of cash construction charges paid by the customers will be refunded, without interest.

\*This may not be required for all borrowers, however some state regulatory bodies require some form of construction charge refund provision.

ISSUED \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
Date Date  
Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.  
By \_\_\_\_\_  
Name Title Address

" A "

\_\_\_\_\_ COMPANY

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 1

GENERAL EXCHANGE SERVICE TARIFF

SECTION 13

LINE EXTENSION CHARGES

A. GENERAL

The furnishing of service to all applicants, without the burden of prohibitive aid to construction changes is the essence of the Company's obligation.

The following charges will assure this obligation to Rural America is met.

B. CHARGES

1. Permanent Customer

Charge

- |   |  |
|---|--|
| a. Within the Base Rate Area  | No Charge  |
| b. Along Existing Company Facilities  | No Charge  |
| c. Provided as Part of a major project within an exchange and covered by an area coverage survey. | No Charge  |
| d. Customers not covered in a, b or c above.  |  |
| (1) If cost of construction less than 7 times the annual primary service revenue                  | No Charge  |
| (2) If cost of construction exceeds 7 times the annual primary service revenue                    | Total Cost less 7 times the annual primary service revenue to be received. |

ISSUED \_\_\_\_\_  
Date

EFFECTIVE \_\_\_\_\_  
Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_ Name \_\_\_\_\_ Title \_\_\_\_\_ Address \_\_\_\_\_

**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**

EXCERPT FROM A  
TEL CO TARRIFF.

"B"

ON 6  
pg 1

CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

1. LINE EXTENSIONS, CONSTRUCTION AND INSTALLATION

A. General

TM

Facilities of the Cooperative will be extended in accordance with provisions of Part II, "Line Extensions" of this Section.

1. Special charges in the form of installation and/or construction charges, monthly charges, or both, may be applied in addition to the usual service connection charges and monthly rates when, because of the sporadic or occasional nature of the service or an unusual investment or expense, for example:

a. Conditions requiring the provision of special equipment, concealed wiring or unusual or non-standard methods of plant construction, installation or maintenance.

b. The member's location requires the use of costly private right-of-way.

c. The proposed service is of a temporary nature and the plant to be placed would not all be of value to the Cooperative in the general conduct of its business upon discontinuance of that service, the member shall be charged the estimated cost of construction and removal of the plant, which would not be of value to the Cooperative less the estimated immediate net recovery value of the material used. The Cooperative may require the member to pay the cost of construction plus the cost of removal, less salvage, for temporary construction performed in advance of permanent construction or to provide temporary service.

2. Title to all construction, as specified within this Tariff, provided wholly or partially at a member's expense is vested in the Cooperative.

3. The member is required to pay construction charges as made by another company providing facilities connecting with the facilities of the Cooperative.

TM

"B"

ION 6  
age 2

## CHARGES APPLICABLE UNDER SPECIAL CONDITIONS

### II. LINE EXTENSIONS

#### A. Facilities to be Provided Without Construction Charge

The Cooperative will furnish adequate telephone service within the Cooperative's service area.

1. Under normal conditions, the Cooperative will extend its distribution plant ~~not more than one mile~~ to furnish basic access line service to any applicant without requiring a construction charge, except for temporary or speculative type service, under the following conditions:

- a. The applicant's location is a bonafide residence or business establishment in a permanent structure.
- b. The applicant's location is within the certified service area of the Cooperative and is not receiving telephone service from any other certified telephone utility.
- c. ~~Furnish service to all applicants for service for which REA construction funds have been provided, without payment by such applicants of any extra charge as a contribution to the cost of construction of facilities to provide such service.~~
- d. Service for applicant has been included in the "Project" of the Cooperative's last loan application, as shown on the maps and documents used in connection with the applicable loan; OR

Service for the applicant has not been included in the "Project", as specified above, and the estimated cost of the facilities to serve the applicant shall not exceed an amount equal to seven (7) times the local service revenue of the applicant.

2. The plant extension charges specified in this tariff shall not apply to service request of a remote commercial operation (for example: request for telemetering service at a remote pipeline location) where it is determined by the Cooperative that there will be no residential growth potential in the foreseeable future. Any and all cost of this nature shall be borne by the member.

" B "

Having entered into certain contractual agreements with the Rural Electrification Administration, \_\_\_\_\_ will extend its facilities to all applicants for service within its certified areas, except applications for temporary or speculative type service, under one of the following as appropriate:

1. Unless authorized to the contrary in writing, by the Administrator of the Rural Electrification Administration, lines will be extended or electronic devices installed to provide service to applicants without payment of aid to construction or any type prepayment arrangement contingent on such applicant subscribing to such service for any extended period of time so long as \_\_\_\_\_ has not totally completed all the "Project" as agreed to in its latest contract with the Rural Electrification Administration. The "Project" is basically defined as the completion of all purposes for which loans have been made including the total number of subscribers to be served by \_\_\_\_\_ and will be modified or increased from time to time if new contracts are implemented between \_\_\_\_\_ and the Rural Electrification Administration.

2. Upon completion of the "Project" \_\_\_\_\_ will extend its lines or install electronic devices to provide service without cost to such applicants as long as the cost to \_\_\_\_\_ does not exceed seven times the estimated annual local service revenue to be derived from the applicant during the first year of service. All cost in excess of seven times the estimated annual local service revenue will be charged to the applicant as "aid to construction" and will not be refundable and no credit will be allowed for future installations.

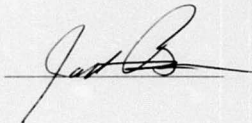
**CERTIFICATE OF SERVICE**

I hereby certify that an original and one copy of the foregoing Answer to Complaint were delivered by the United States Postal Service via First Class Mail on the 13th day of November, 1998, to

William Bullard Jr.  
Executive Director  
South Dakota Public Utilities Commission  
State of South Dakota  
500 East Capitol Avenue  
Pierre, SD 57501

and I hereby certify that a copy of the foregoing document was delivered by the United States Postal Service via First Class Mail on the 13th day of November, 1998, to the following persons:

Barry and Dawn Austin  
HCR 77 Box 43  
White Owl, SD 57792

A handwritten signature, likely of William Bullard Jr., is written over a horizontal line. The signature is stylized and cursive.

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

IN THE MATTER OF THE COMPLAINT FILED ) BY BARRY AND DAWN AUSTIN, WHITE OWL, ) SOUTH DAKOTA, AGAINST GOLDEN WEST ) TELECOMMUNICATIONS COOPERATIVE, INC. ) REGARDING DISCRIMINATORY ) INSTALLATION FEES )	ORDER FINDING PROBABLE CAUSE AND NOTICE REQUIRING ANSWER  TC98-179
--	---

On September 23, 1998, the Public Utilities Commission (Commission) received a complaint filed by Barry and Dawn Austin, White Owl, South Dakota (Complainants), against Golden West Telecommunications Cooperative, Inc. (Golden West). The complaint alleges that Golden West discriminates against mobile home owners in its line extension policy. The Complainants request that Golden West make an exception to its policy and review each case on an individual basis or abolish the policy entirely.

Pursuant to ARSD 20:10:01.08.01 and 20:10:01.09, if a complaint cannot be settled without formal action, the Commission shall determine if the complaint shows probable cause of an unlawful or unreasonable act, rate, practice or omission to go forward with the complaint.

On October 15, 1998, at a duly noticed meeting, Ms. Austin explained her complaint to the Commission. Golden West stated its position for having the policy. Commission Staff recommended a finding of probable cause.

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-13, including 49-13-1 through 49-13-14, inclusive, and SDCL Chapter 49-31, including 49-31-3, 49-31-7, 49-31-7.1, 49-31-7.2, 49-31-11, 49-31-60 through 49-31-68, inclusive, and ARSD 20:10:01.07.01 through 20:10:01.15.01, inclusive. The Commission voted unanimously to find probable cause. It is therefore

ORDERED, that pursuant to ARSD 20:10:01.09, the Commission finds that there is probable cause of an unlawful or unreasonable act, rate, practice, or omission and that the complaint shall be forwarded to Golden West and Golden West shall file with the Commission its answer in writing within twenty (20) days of service of this order.

Dated at Pierre, South Dakota, this 26th day of October, 1998.

**CERTIFICATE OF SERVICE**

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.

By Nildene Kachis

Date 10/27/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner



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

<b>IN THE MATTER OF THE COMPLAINT FILED</b>	<b>)</b>	<b>ORDER DENYING REQUEST</b>
<b>BY BARRY AND DAWN AUSTIN, WHITE OWL,</b>	<b>)</b>	<b>TO DISMISS; ORDER FOR</b>
<b>SOUTH DAKOTA, AGAINST GOLDEN WEST</b>	<b>)</b>	<b>AND NOTICE OF HEARING</b>
<b>TELECOMMUNICATIONS COOPERATIVE, INC.</b>	<b>)</b>	
<b>REGARDING DISCRIMINATORY</b>	<b>)</b>	<b>TC98-179</b>
<b>INSTALLATION FEES</b>	<b>)</b>	

On September 23, 1998, the Public Utilities Commission (Commission) received a complaint filed by Barry and Dawn Austin, White Owl, South Dakota (Complainants), against Golden West Telecommunications Cooperative, Inc. (Golden West). The complaint alleges that Golden West discriminates against mobile home owners in its line extension policy. The Complainants request that Golden West make an exception to its policy and review each case on an individual basis or abolish the policy entirely.

Pursuant to ARSD 20:10:01:08.01 and 20:10:01:09, if a complaint cannot be settled without formal action, the Commission shall determine if the complaint shows probable cause of an unlawful or unreasonable act, rate, practice or omission to go forward with the complaint.

On October 15, 1998, at a duly noticed meeting, Ms. Austin explained her complaint to the Commission. Golden West stated its position for having the policy. Commission Staff recommended a finding of probable cause. The Commission voted unanimously to find probable cause and served the complaint on Golden West. Golden West filed its answer on November 16, 1998. In its answer, Golden West asked that the matter be dismissed without a formal hearing.

At its December 30, 1998, meeting, the Commission considered whether to dismiss this matter. After listening to the arguments of the parties the Commission unanimously denied the request for dismissal.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26, 49-2, 49-13, including 49-13-1 through 49-13-14, inclusive, and SDCL Chapter 49-31, including 49-31-3, 49-31-7, 49-31-7.1, 49-31-7.2, 49-31-10, 49-31-11, 49-31-38, 49-31-38.1, 49-31-38.2, 49-31-38.3, 49-31-60 through 49-31-68, inclusive, and ARSD 20:10:01:07.01 through 20:10:01:28, inclusive. The Commission may rely upon any or all of these or other laws of this state in making its determination.

A hearing shall be held on January 12, 1999, beginning at 10:00 o'clock A.M., in the Pierre Community Room, Chamber of Commerce Building, 300 West Dakota, Pierre, South Dakota. All persons so testifying will be subject to cross-examination by the parties.

The issue at the hearing is whether Golden West committed an unlawful or unreasonable act, rate, practice or omission and, if so, what relief would be appropriate.

The hearing shall be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights shall be forfeited if not exercised at the hearing. If you or your representative fail to appear at the time and place set for the hearing, the Final Decision will be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing, the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision regarding this matter. As a result of the hearing, the Commission shall determine whether Golden West committed an unlawful or unreasonable act, rate, practice, or omission and, if so, order any appropriate relief. The Commission's Final Decision may be appealed by the parties to the state Circuit Court and the state Supreme Court as provided by law.

It is therefore

ORDERED, that Golden West's request to dismiss this matter without a hearing is denied, and it is

FURTHER ORDERED that a hearing shall be held at the time and place specified above on the issue of whether Golden West committed an unlawful or unreasonable act, rate, practice or omission and, if so, what relief would be appropriate.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Date, at Pierre, South Dakota, this 31<sup>st</sup> day of December, 1998

**CERTIFICATE OF SERVICE**

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.

By Arlene Laska

Date 12/31/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Laska Schoenfelder  
LASKA SCHOENFELDER, Commissioner



United States Department of Agriculture  
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service  
Washington, DC 20250

TC98-179

January 12, 1999

RECEIVED

JAN 19 1999

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Ms. Rolayne Ailts Wiest  
General Counsel  
South Dakota Public Utilities Commission  
State Capital Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

FAX Received JAN 12 1999

Dear Ms. Wiest:

In response to your letter dated January 4, 1999, to Mr. Ed Cameron of the Rural Utilities Service (RUS), we are providing the following information regarding RUS' policy on deposits charged by RUS borrowers. As indicated in your letter, Golden West Telecommunications Cooperative, Inc. (Golden West) is proposing that the Austins pay a refundable deposit of \$1,054 in order to receive basic telephone service to their mobile home.

While, RUS has always encouraged its borrowers to provide service to the greatest practical number of rural subscribers without a contribution-in-aid of construction, there are no RUS policies or regulations that preclude any borrower from assessing a refundable deposit from any new consumer. In response, to your second question concerning mobile homes, where experience has shown that residences are easily relocated, it is customary industry practice to consider such establishments or residences as nonpermanent as they may result in significant losses from stranded plant investments. It is, therefore, incumbent upon each individual company to prudently assess, based upon the characteristics and past history of their service territory, whether such establishments should be considered temporary.

Sincerely,

ROBERTA D. PURCELL  
Assistant Administrator  
Telecommunications Program

THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

RECEIVED

JAN 26 1999

IN THE MATTER OF THE COMPLAINT  
FILED BY BARRY AND DAWN AUSTIN,  
WHITE OWL, SOUTH DAKOTA, AGAINST  
GOLDEN WEST TELECOMMUNICATIONS  
COOPERATIVE, INC., REGARDING  
DISCRIMINATORY INSTALLATION FEES

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

TC98-179

HEARD BEFORE THE PUBLIC UTILITIES COMMISSIONPROCEEDINGS:

January 12, 1999  
10:00 A.M.  
Community Room  
Chamber of Commerce Building  
Pierre, South Dakota

PUC COMMISSION:

Jim Burg, Chairman  
Laska Schoenfelder, Commissioner  
Pam Nelson, Commissioner

COMMISSION STAFF  
PRESENT:

Rolayne Ailts Wiest  
Karen Cremer  
Harlan Best  
Gregory A. Rislov  
Leni Healy  
Michele Farris

Reported by: Lori J. Grode, RMR

ORIGINAL

A P P E A R A N C E S

For Golden West: Brian B. Meyer  
P.O. Box 1117  
Pierre, SD 57501

Richard D. Coit  
P.O. Box 57  
Pierre, SD 57501

For Austins: Pro Se

Also Present: Earl Waterland  
Mr. Austin (Dawn's Father)

I N D E X

<u>Witness</u>	<u>Page</u>
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Earl Waterland	20
Jack Brown	45

E X H I B I T S

Golden West Co-op Minutes
Special Meeting Minutes of Board
1998 Policy Statement 30-15
1996 Policy Statement 30-15
1985 Policy Statement 30-15
1966 Policy Statement 30-15
USAC letter and List of funds
Golden West yearly report to PUC
General Exchange Service Tariff
Example of billing for Mel Toman
Work sheet for Barry Austin
Purcell letter to Rolayne Wiest
Orig. Purcell letter to Ms. Wiest

P R O C E E D I N G S

CHAIRMAN BURG: I'll begin the hearing for Docket TC98-179, In the Matter of the Complaint Filed by Barry and Dawn Austin, White Owl, South Dakota, Against Golden West Telecommunications Cooperative Incorporated, Regarding Discriminatory Installation Fees.

The time is approximately 10:00 a.m., and the date is January 12, 1999. The location of the hearing is the Pierre Community Room, Chamber of Commerce Room, 800 West Dakota, Pierre, South Dakota.

I'm Jim Burg, Chairman, and Commissioners Laska Schoenfelder and Pam Nelson are also present. I am presiding over this hearing. This hearing was noticed pursuant to the Commission's Order for a Notice of Hearing issued December 31, 1998. The issue at this hearing is whether Golden West committed an unlawful and unreasonable act, rate, practice, or omission, and, if so, what relief would be appropriate.

All parties have the right to be present and to be represented by an attorney. All persons so testifying will be sworn in and subject to cross-examination by the parties. The Commission's final decision may be appealed by the parties to the State Circuit Court and the State Supreme Court.

1           Rolayne Wiest will act as Commission  
2 counsel. She may provide recommended rulings on  
3 procedural and evidentiary matters. The Commission may  
4 overrule its counsel's preliminary rulings throughout  
5 the hearing. If not overruled, the preliminary rulings  
6 will become final rulings.

7           At this time I'll take appearances of the  
8 parties. Golden West.

9           MR. MEYER: For the record, my name is Brian  
10 Meyer and I represent Golden West.

11          MR. COIT: Richard Coit, and I'm also here  
12 representing Golden West.

13          CHAIRMAN BURG: Staff.

14          MS. CREMER: Karen Cremer for staff.

15          CHAIRMAN BURG: And I'll turn it over.

16          MS. WIEST: The Austins, can you just  
17 identify --

18          MS. AUSTIN: Dawn Austin, and Earl Waterland  
19 is here to speak on my behalf also.

20          CHAIRMAN BURG: I'll turn it over to Rolayne  
21 to actually conduct the hearing.

22          MS. WIEST: Do any of the parties have any  
23 opening statements or motions to make? Ms. Austin, do  
24 you have any opening statement?

25                (Ms. Austin shook head negatively.)

1 MS. WIEST: Mr. Meyer.

2 MR. MEYER: For the purpose of the record, we  
3 would renew our motion that was contained in our Answer  
4 to Dismiss the case on jurisdictional grounds. The  
5 Commission has already ruled on that, but just for the  
6 record, we would renew it at this time.

7 MS. WIEST: I would deny that motion.

8 MS. WIEST: Ms. Cremer, any opening  
9 statements or motions?

10 MS. AUSTIN: No, thank you.

11 MS. WIEST: We will begin with the  
12 complainants. Miss Austin, I assume you will be  
13 speaking first, or not? Do you want to just go over  
14 there?

15 DAWN AUSTIN,

16 called as a witness, being first duly sworn,  
17 was examined and testified as follows:

18 DIRECT EXAMINATION

19 MS. WIEST: Then just explain to us the basis  
20 of your complaint. At this point, Miss Austin, nothing  
21 is in the record, so if you could just explain to us  
22 everything that you want us to know about your  
23 complaint at this time. And then after you are done  
24 explaining, there may be some questions from some  
25 people.



1 MS. AUSTIN: A year ago last October, we had  
2 moved a mobile home in to on my husband's land, or his  
3 parents' land. The land has been in the family for  
4 quite a few years. And we had contacted Golden West to  
5 try and get a phone run in because it's hard to run a  
6 ranch business without a telephone. And at that time  
7 they had said they would send their workmen out to  
8 measure the line, or see how long, how much line it  
9 would need to run in because there hadn't been a phone  
10 run in previous to that. We had electricity and water  
11 that had been run in that were there for years, but not  
12 a telephone.

13 And they had explained at that time that it  
14 -- for a mobile home it would cost more. They would  
15 only lay 750 feet for nothing. And if we had built a  
16 home, had a permanent foundation home and built a home,  
17 basically they would run a mile, up to a mile and  
18 three-tenths. I didn't think that was fair. I can  
19 understand, to a certain extent, their point. If the  
20 land hadn't been in the family, if we had just been a  
21 hired hand, because hired hands come and go very  
22 quickly, very easily.

23 In the rural areas anymore, it's hard to  
24 build a home, or, you know, to financially afford a  
25 home, to have to build one on site with a permanent

1 foundation. It was not explained to me at that time  
2 that you could build a foundation and set your mobile  
3 home on it and it would still be run in for nothing  
4 and, you know, so I had no idea about that. I was just  
5 told if we had built a home. Their policy had been in  
6 effect since the eighties. They were working with  
7 lower margins at that time. The margins now are much  
8 higher. I didn't understand at that time why they  
9 couldn't view each case individually with the Board and  
10 make a judgment from there on, you know, as to the --  
11 if it's just a hired hand, if the land has been in the  
12 family for ninety-plus years, or whatnot.

13           It is hard to run a business without a  
14 telephone, any business. And in the farming and  
15 ranching business like I'm in is like any other  
16 business, too, you've got to keep your costs down so  
17 you don't go broke, so you can stay on the land, so you  
18 can keep paying the bills. And I just viewed it as  
19 unfair.

20           In their line extension agreement they run  
21 750 feet for a mobile home for nothing and thereafter I  
22 believe it's 20 cents a foot. For a home with a  
23 permanent foundation, they run up to a mile and  
24 three-tenths for nothing and after that it's ten cents  
25 a foot. And I do view that as being unfair. I don't

1 understand why the mobile homes get charged the 20  
2 cents and the permanent foundation homes get charged  
3 the ten cents, and the permanent foundation homes get  
4 paid back \$15 a month as compared to the mobile homes  
5 who get \$10 a month over nine years and nine months,  
6 you know, for the mobile homes.

7 MS. WIEST: Anything else?

8 MS. AUSTIN: I don't know what else to say.

9 MS. WIEST: Okay. Do you have any questions,  
10 Mr. Meyer?

11 CROSS-EXAMINATION

12 BY MR. MEYER:

13 Q. How long have you lived at this location?

14 A. It would be over a year. It was a year ago  
15 in October we moved in.

16 Q. Have you had phone service of any kind?

17 A. We do have a cell phone. It is unreliable  
18 though. If electricity goes out, it doesn't work. If  
19 the wind is blowing in the right direction or the sun  
20 is shining and, you know, certain times of the day it  
21 might work better than others. Some days it doesn't  
22 work at all. You can't get out and nobody can call  
23 in. So it's not reliable. They're wonderful in a  
24 car. And I know, I realize they save people's lives in  
25 a car, but where we are, as in a mobile home, you can't

1 rely on it. And if there were an accident or something  
2 happened and our phone wasn't working, it could mean a  
3 matter of life and death to my ten-year-old daughter or  
4 my husband or myself if we had to get in the car, drive  
5 to a phone to call an ambulance or something. It's  
6 kind of a scary situation.

7 Q. But you've used a cellular phone for the last  
8 year?

9 A. Since December. We got it in December, last  
10 a year ago December, I should say.

11 Q. You say your husband's father owns the land?

12 A. Yeah.

13 Q. And how long have they owned that land?

14 A. The majority of the land they are on has been  
15 in the family for over ninety years.

16 Q. I'm talking just the land you're on.

17 A. The land we are on, I would say 20-plus  
18 years.

19 Q. And when was the last time someone lived out  
20 there?

21 A. In the sixties was when -- before the family  
22 that sold it to Jerry Austin, they -- the gentleman who  
23 lived there was raised there and then he moved back  
24 onto the place with his wife and family.

25 Q. So sometime in the sixties until now no one

1 lived there until you moved there? No one lives there?

2 A. No.

3 Q. Is there a road into the place?

4 A. Yeah.

5 Q. Is it on a county section line?

6 A. It's -- we maintain it ourselves. It's  
7 graveled. It is a graveled road.

8 Q. That you maintain?

9 A. Yeah, we have, yeah, yeah.

10 Q. You said there was water there?

11 A. Yeah, there's water in.

12 Q. It's a well?

13 A. And electricity, yeah.

14 Q. There's electric power there. You use that  
15 well?

16 A. Yeah.

17 Q. When you moved in, did you have to do any  
18 work with the electric company?

19 A. They ran a line from the pole to the house.

20 Q. And did they pay for that, or did you pay for  
21 that?

22 A. Boy, my husband took care of that, and I hate  
23 to answer not being true.

24 Q. You don't know?

25 A. I believe there was a small charge for having

1   them run the line in. They had -- what they did is  
2   they put a box right there by the house with this break  
3   switch on it outside the house and then wired it into  
4   the house.

5           Q.   But you don't know if there was a payment  
6   that had to be made to the electric company?

7           A.   I'm sure there was.

8           Q.   You don't know what it was?

9           A.   No, of that I'm not sure.

10          Q.   One of the things that you talked about was  
11   their line extension policy. And, in fact, that line  
12   extension policy does not differentiate between mobile  
13   homes and other types of homes, does it? Doesn't that  
14   policy talk about whether there's a permanent  
15   foundation or not?

16          A.   If it were a permanent foundation home --  
17   well, in your line extension policy, the one paragraph  
18   reads, too, about running the line to a ranch or  
19   farmstead that, you know, an existing one.

20          Q.   But if you put -- if you bring a mobile home  
21   in and put it on a permanent foundation, then it's the  
22   same treatment as any other home on a permanent  
23   foundation?

24          A.   Yeah. That was not explained to me. I was  
25   never told that, and it was never explained to me.

1 Q. Did you get --

2 A. Until this last hearing.

3 Q. Did you get a copy of the policy? Have you  
4 seen a copy of the policy?

5 A. I have a policy right here.

6 Q. That's what it says, doesn't it?

7 A. The one paragraph states that mobile homes  
8 with a permanent foundation. But when I -- before I  
9 had filed the complaint and even gone to that first  
10 meeting, there was nothing ever explained to me when I  
11 talked to Tim Fast (sp) or anybody from Golden West,  
12 you know.

13 Q. Well, but you understand now?

14 A. That if you -- yeah, if we built a  
15 foundation, you will run the line in for nothing  
16 because we're under a mile.

17 Q. Okay. Under that other part of the policy?

18 A. Yeah, yeah. See, where I think -- I believe  
19 they have to run the line 5,270 feet. So we are --  
20 we're like then feet short of a mile. So, you know,  
21 yeah, if we put a foundation under our home, we would  
22 have a line run in.

23 Q. Do you have any plans to do that?

24 A. I haven't looked into the cost of what, you  
25 know, it would cost to do that. I don't know what the

1 specs are as far as if the county has certain  
2 regulations for a permanent foundation or, you know,  
3 that you have to follow or...

4 Q. You just haven't looked at that yet?

5 A. I haven't looked into that.

6 Q. If you decide to stay there for any length of  
7 time, will you do that, do you think?

8 A. If we decide -- well, we're planning on  
9 staying there for the rest of our lives. You know,  
10 what we would eventually like to do is we would like to  
11 get a bigger mobile home. We've got -- the mobile home  
12 we have is a 12 x 56.

13 Q. If you put a bigger one in there, would you  
14 then do a permanent foundation on that?

15 A. Yeah, if we got a bigger mobile home, that  
16 would be home, because in my book, you know, a bigger  
17 mobile home is like my dream home. And I would like to  
18 eventually, you know, I'd like -- if we move one in, we  
19 probably would put a permanent foundation under it and  
20 set it up as a home, you know, as a permanent  
21 foundation home-type setting.

22 Q. Now, your mobile home right now, is it  
23 sitting -- what's it sitting on, the one that's there  
24 now?

25 A. We anchored it. We set -- you know how you



1 block it up, leveled it out, and we skirted it. It  
2 doesn't even have tires on it. That wasn't part of the  
3 package. But, yeah, we just blocked it up and skirted  
4 it because that was the cheaper way to go, you know,  
5 when we moved in there. And if I would have known this  
6 would arise, we probably would have looked into  
7 building a foundation before we moved the mobile home  
8 in and, you know, done something that way.

9 MR. MEYER: Okay. I don't have any further  
10 questions.

11 MS. WIEST: Miss Cremer, any questions?

12 MS. AUSTIN: Yes. Thank you.

13 CROSS-EXAMINATION

14 BY MS. CREMER:

15 Q. Dawn, can you give us an idea about where you  
16 live? Did you have a map at all?

17 A. I don't have like sections or anything like  
18 that. I live - if you go down Highway 34 you hit mile  
19 marker 100. It's just to the west of that there's an  
20 approach; we live about a third of a mile north of the  
21 highway.

22 Q. And then I understand out on that same area  
23 is your in-laws; is that right?

24 A. Yeah. They live a mile and a half east of us  
25 on the property that was homesteaded by my

1 father-in-law's grandparents.

2 Q. And then do you also have a brother-in-law  
3 that lives in that same area?

4 A. Yeah, my brother-in-law lives just a few  
5 hundred feet from my mother and father-in-law.

6 Q. And does he have a phone?

7 A. Yeah.

8 Q. And did he have to pay to put that phone in,  
9 do you know?

10 A. I asked him that, and he said he wasn't  
11 sure. He thought he had to pay something but it was  
12 minimal. He thought it was, you know, maybe a hundred,  
13 you know, around there. He wasn't real positive.

14 Q. Do you know when you got a copy of Golden  
15 West's policy, this one that we're talking about that  
16 talks about the --

17 A. Boy, I didn't write down the date. It's  
18 postmarked the 13th, so I believe I probably got it the  
19 day after, a day or two after.

20 Q. 13th of what month?

21 A. Of November.

22 Q. November of 1998?

23 A. 1998.

24 Q. And then if I understood what you said  
25 before, that's when you found out if you had put a

1 permanent foundation --

2 A. Yeah. It was never brought to my attention  
3 before then that if we had built a permanent  
4 foundation, the line -- you know, it wouldn't have cost  
5 us.

6 MS. CREMER: That's all the questions I have.

7 MS. WIEST: Commissioners?

8 CHAIRMAN BURG: I just had one. Did you  
9 check on whether you could get a phone there and what  
10 it would cost before you moved your trailer, or did you  
11 wait until after?

12 A. We waited until after, because I guess it's  
13 something that didn't dawn on me. Because we had been  
14 looking for a mobile home and then we found the one  
15 that we could afford and that we liked, and we had the  
16 electricity in there and the water and so we didn't  
17 check on the telephone right away.

18 CHAIRMAN BURG: Does your brother-in-law live  
19 in a mobile home as well?

20 A. Yeah.

21 CHAIRMAN BURG: Is it on a permanent  
22 foundation?

23 A. No, it's skirted.

24 CHAIRMAN BURG: Basically the same as yours?

25 A. Yeah.

1 Q. But you said they're very close to the other  
2 house?

3 A. Yeah. They live just a few hundred feet from  
4 the in-laws.

5 CHAIRMAN BURG: Do you know if this site --  
6 you said it hadn't been occupied with a house since the  
7 sixties?

8 A. Yeah.

9 CHAIRMAN BURG: What happened to the house  
10 that was there, do you know?

11 A. Well, it was -- it wasn't kept up so it was  
12 dilapidated and stuff. And we just took it down  
13 because it was basically -- we were afraid it would be  
14 more of a fire hazard and a skunk trap than anything.

15 CHAIRMAN BURG: There was no phone service to  
16 that location any time in the past that you're aware  
17 of?

18 A. No.

19 CHAIRMAN BURG: What other buildings are  
20 there?

21 A. There is a barn. The building that serves as  
22 a barn also serves as a garage. Part of it is the barn  
23 and then there is a stall for a garage. There's a  
24 grain shed there. There's a little, oh, it's an old  
25 like a bunkhouse type.

1 MR. WATERLAND: Very nice grove of trees.

2 MS. WIEST: I'm sorry, you can't interrupt at  
3 this point.

4 CHAIRMAN BURG: Have you checked at all as to  
5 how often this policy has been applied, you know, by  
6 Golden West? Have you discussed with the Board of  
7 Directors as to the reason for the policy?

8 A. Well, I had talked to Bob Hanson initially  
9 about it. He said that he would take it to a meeting  
10 and, you know, so they could discuss it. I hadn't  
11 asked how many times the policy had been applied. I  
12 guess that's something --

13 CHAIRMAN BURG: Did you ever go to a meeting  
14 of the Board and discuss the reasons for the policy and  
15 your reasons for feeling that it discriminated against  
16 you?

17 A. No. I just went through Bob Hanson. I  
18 didn't -- Earl Waterland had attended the meeting, you  
19 know, on my behalf to try and see if there couldn't be  
20 something worked out in some way to try, you know, to  
21 reach an agreement that both parties would be, you  
22 know, open to. And Bob said that, you know, there was  
23 nothing that could be done. It is a policy and they  
24 had to stick to the policy and they couldn't judge each  
25 case individually.

1 MS. WIEST: Any other questions of the  
2 Commissioners?

3 COMMISSIONER SCHOENFELDER: I don't have any.

4 MS. CREMER: I do have one

5 FURTHER CROSS-EXAMINATION

6 BY MS. CREMER:

7 Q. Dawn, do any of the buildings out there, the  
8 barn, garage, any of that, do any of those have a  
9 permanent foundation?

10 A. Well, the grain shed is the shed that --  
11 well, we use it for a grain shed now, but the one shed  
12 does have a permanent foundation. I believe the  
13 bunkhouse has got one. See, we're in -- there's a big  
14 bunch of trees all the way around. The people that had  
15 lived there previous to us had planted trees, so it's  
16 in this big tree grove area. And I guess I've never  
17 looked at the barn to see what kind of a foundation it  
18 does have.

19 MS. CREMER: Okay. Thank you.

20 MS. WIEST: Miss Austin, do you have anything  
21 you would like to add?

22 MS. AUSTIN: No.

23 MS. WIEST: Thank you. You may call your  
24 next witness. Do you have another witness?

25 MS. AUSTIN: Yeah, Earl Waterland.

1                   **EARL WATERLAND,**

2                   called as a witness, being first duly sworn,  
3                   was examined and testified as follows:

4                   DIRECT EXAMINATION

5                   BY MR. WATERLAND: I'd like to make a little  
6                   opening statement first. Golden West has started as a  
7                   member-owned cooperative. You know, it seems to me  
8                   that over the years they have kind of forgot the fact  
9                   that people started this telephone company for because  
10                  they couldn't get -- either couldn't get telephone  
11                  service at all, or they had to pay so much that it made  
12                  it impossible to afford it. So the people went  
13                  together and formed this cooperative, and it was  
14                  incorporated under a state law covering cooperatives.

15                  Now, seems to me that this policy was passed  
16                  back in the '80s when I was still on the Board of  
17                  Directors. And at that time we discussed it thoroughly  
18                  because some of the Board members especially felt that  
19                  you should make some exceptions when it warranted.

20                  I got involved with this deal because Dawn  
21                  was doing some work for me, taking care of my wife and  
22                  I helped along and so I became aware of what her  
23                  situation there because I had a hard time getting ahold  
24                  of her. A lot of times I had to call her mother-in-law  
25                  and make arrangements for her to get in touch with

1 her. So when I heard that the Public Utilities  
2 Commission was having a meeting in July, I decided I'd  
3 go down and talk to them about it. And of course they  
4 couldn't resolve anything at the meeting, but they  
5 suggested that Jack Brown and I get together and see if  
6 we couldn't resolve this in some equitable way.

7           So I went to their next Board meeting and  
8 I've got to say I didn't get a very good reception.  
9 But I did attend their meeting and expressed my views,  
10 but I could tell immediately that they had already made  
11 up their mind before I came there. So nothing came of  
12 it. So I wrote a letter to the Commission and  
13 explained what was going on and how I felt about it. I  
14 felt that this policy was kind of outmoded and it  
15 should be either rescinded or modified or something. I  
16 got a letter back from the Commission that said that in  
17 order for them to get involved, someone would have to  
18 file a complaint. So I talked to Dawn, and she decided  
19 to file a complaint on it, and I also filed a complaint  
20 in support of her complaint. That's how I happened to  
21 get involved.

22           Now, I thought the whole thing was a little  
23 mishandled from the very beginning because Dawn told me  
24 that she called down to the office to get -- see if she  
25 could get a phone, and so they sent a serviceman down



1 and he just looked at it. He didn't measure it or  
2 anything. He just looked at it and said it would cost  
3 her between 1,500 and \$2,000 to have a phone put in.  
4 Now, of course, she couldn't afford that so she didn't  
5 do any more about it at the time. But she said she had  
6 talked to Bob Hanson, who was the director in that  
7 area, about it; and I called him and talked to him.  
8 And I didn't get any satisfaction from him, so I talked  
9 to the president of the Board, Richard Baye, and I  
10 didn't get any satisfaction from him. So that was the  
11 reason I went to the Commissioners' meeting.

12 Now, after I had been to the Commissioners'  
13 meeting, then they sent the serviceman down and  
14 measured it, measured the distance, and they said it  
15 would be about \$1,000 then. So I thought they had kind  
16 of -- they hadn't even made out a work order or  
17 anything, so I thought it was a little bit negligent on  
18 their part. They hadn't really given them the  
19 consideration that they should have.

20 So I've tried to suggest to the Commissioners  
21 that I think they should -- that this policy is  
22 discriminatory towards people that are low income  
23 people that are trying to make a living, you know.  
24 They're both -- she and her husband work at odd jobs to  
25 try to make ends meet, besides helping their

1 father-in-law, her father-in-law, Barry's dad, run the  
2 ranch. And so I thought it was, you know, at the time  
3 that the co-op could have made an exception because it  
4 looked like it was a pretty permanent arrangement to  
5 me. They located where there was a  
6 formerly-established farm and there was a well there  
7 and a nice grove of trees. So I think my personal  
8 feeling is that they should make a revision in this  
9 policy. I think it discriminates.

10 Now, I know when we had this hearing here the  
11 other day when they decided whether to have this  
12 meeting, the attorneys for Golden West stated that he  
13 thought this was -- if you had put in a telephone  
14 service to a trailer house, they could up and leave  
15 within a short period of time and they would be left  
16 holding this investment and not getting it paid off.  
17 But I can't say -- and he said it was making the rest  
18 of the members subsidizing that person's bill.

19 Now, I can't see how that is much different  
20 than much more of a gamble than Golden West is now in  
21 the process of burying fiberoptic cable to all their  
22 subscribers. And with the farm economy in the bad  
23 state of affairs it is at the time, I think about what  
24 the dollar buys today and the farmer is getting for  
25 their produce today about equal to what it was back in

1 the '30s. So if they plow in a cable for five, six  
2 miles to some farm or ranch and about a month or two  
3 after this cable is plowed in there, this rancher or  
4 farmer decided that he was losing too much money and he  
5 decides he better move to town and get a job, and he  
6 rents his place out to his neighbor, or he sells it to  
7 one of these big corporation farmers and there's never  
8 anyone moved into that place again, who would have  
9 thought those people are being subsidized by the same  
10 method.

11 So I think what they really should do, in my  
12 opinion, is repeal this policy entirely and set up some  
13 type of a connect fee and set a reasonable connect fee  
14 for everybody and then charge everybody the same amount  
15 no matter where you live, whether you live in the  
16 country or whether you live in town. So I'll answer  
17 any questions that they might have for me.

18 MS. WIEST: Miss Austin, do you have any  
19 questions of your witness?

20 MS. AUSTIN: No.

21 MS. WIEST: Mr. Meyer?

22 CROSS-EXAMINATION

23 BY MR. MEYER:

24 Q. Earl, you've been on this Board of Directors  
25 a long time; right?

1 A. I was almost thirty-four years.

2 Q. What year did you first go on?

3 A. 1956.

4 (EXHIBIT NO. 1 WAS MARKED FOR  
5 IDENTIFICATION.)

6 MR. MEYER: I have copies of these exhibits.  
7 Would you like me to hand them out?

8 Q. Now, Earl, I'm going to -- I showed you what  
9 has been marked Exhibit No. 1 and that's the minutes of  
10 a meeting in 1966 -- 1986; is that correct?

11 A. That's what it says, yeah.

12 Q. Okay. And at that meeting, if you go on to  
13 the second page of that meeting -- okay, I'm sorry, the  
14 third page, of Exhibit 1, right here it says Policy  
15 Adoption, and at that time the policies were adopted;  
16 is that right?

17 A. That's when it says, yes.

18 Q. And does it show that anyone voted against  
19 those policies?

20 A. No, it doesn't.

21 Q. And it also says they were unanimously  
22 carried; is that right?

23 A. That's right.

24 Q. And your position at that time, I believe,  
25 was president; is that right?

1 A. Yes.

2 Q. And that line extension agreement was in  
3 there at that time, wasn't it?

4 A. That's right.

5 Q. That was part of the policies at that time?

6 A. Yes, it was.

7 Q. Okay.

8 MR. MEYER: I would offer Exhibit 1.

9 MS. WIEST: Any objection?

10 MS. CREMER: No.

11 MS. WIEST: If not, it's been offered and  
12 received.

13 (EXHIBIT NO. 2 WAS MARKED FOR  
14 IDENTIFICATION.)

15 Q. Okay. I'll show you what's been marked  
16 Exhibit 2 and that's the minutes of a Board meeting in  
17 1956, isn't it?

18 A. Yes.

19 Q. And at that time what was your position on  
20 that Board?

21 A. Apparently I was still president.

22 Q. Okay. On the second --

23 A. Doesn't say.

24 Q. I think it says right up here. Now, on the  
25 second page of these minutes it shows that the policy

1 -- the title of that part is policy review and  
2 adoption; is that right?

3 A. Yes.

4 Q. And the first policy that was adopted there  
5 was called the line extension after initial exchange  
6 construction; is that right?

7 A. Right.

8 Q. And that policy was adopted in 1966; is that  
9 correct?

10 A. That's what it says, yeah.

11 Q. And it doesn't show anybody voting against  
12 that policy, does it?

13 A. No.

14 MR. MEYER: I'd offer Exhibit 2.

15 MS. WIEST: Any objection? If not, it has  
16 been admitted.

17 Q. Now, Earl, while you were president on the  
18 Board, did the Board of Directors make any exceptions  
19 to the line extension of the policy?

20 A. Yes.

21 Q. And what exceptions did they make?

22 A. There was one south of Vivian. I don't  
23 remember what year it was, but it was many years ago, I  
24 believe. I suppose, ten, fifteen years ago. There was  
25 a fellow that moved into a trailer house down -- I

1 don't know how I can explain how it was, but it was  
2 down --

3 Q. Do you recall his name?

4 A. Yeah, Bob Michaelson.

5 Q. Okay. And do you recall what year it was?

6 A. Well, I can't exactly, no, I don't remember  
7 what year it was. But at the time he had two brothers  
8 living in the area, and they both asked me if they  
9 couldn't put in a telephone for him because he just  
10 kind of lived off the county, I think, at the time. He  
11 never did do much of anything. And so I talked to the  
12 manager and the Board of Directors, and we decided that  
13 we would take a chance on him getting telephone service  
14 without being any deposit. And we did, and that's been  
15 -- well, he's gone now; he's moved away, but it was  
16 just within the last year or so, so he's been there for  
17 ten, fifteen.

18 Q. And your testimony is that was done on Board  
19 action?

20 A. What?

21 Q. Was this done at a Board meeting?

22 A. I don't recall that it was. It could have  
23 been done just -- it must have been discussed at a  
24 Board meeting at least because I wouldn't have had any  
25 reason to bring it up otherwise.

1 Q. Well, the Board had a policy in place; right?

2 A. Uh-huh.

3 Q. And if you're going to do something that's  
4 not covered by that policy, doesn't that take Board  
5 action to do that?

6 A. It may. I don't know as it really had to.  
7 Because the understanding was -- you know, it doesn't  
8 show in the minutes what took place for the vote, the  
9 arguments that went on, but I don't know how anybody  
10 voted. It says according to your minutes that  
11 everybody voted unanimously, but there was one person  
12 that objected to making any exceptions. But the rest  
13 of the Board and the manager and myself, as president,  
14 all felt when there was a justified reason to do that,  
15 that you go ahead and do it.

16 Q. Just so I'm clear now, you're stating that  
17 the Board of Directors took action to make an exception  
18 to this policy?

19 A. I just can't remember, but I'm pretty sure  
20 that it must have.

21 Q. Really your testimony is you can't remember?

22 A. No.

23 Q. If there was an exception, it occurred  
24 sometime and it may have been done by you as  
25 president? Did you make that decision?



1 A. Well, it had to have been mine and the  
2 manager's, general manager's, decision.

3 Q. So if you did that as an exception, that  
4 would be different than if the Board did it?

5 A. I suppose.

6 Q. Well, we were unable to find any place in the  
7 minutes where there was an exception?

8 A. You didn't?

9 Q. No.

10 A. Then apparently it wasn't Board action on it  
11 then. Because we had the understanding -- when the  
12 policy was passed, it was the understanding of the  
13 Board at the time was that whenever we felt that the  
14 policy was a guideline for running the co-op.

15 Q. So your testimony today is the policies do  
16 not bind the co-op?

17 A. Well, it can be deviated from under certain  
18 circumstances.

19 Q. Policy can be changed, can't it?

20 A. It can be even made exceptions to.

21 Q. By Board action?

22 A. Well, it should be by Board action, yes.

23 Q. And if it isn't by Board action, then it  
24 shouldn't be done, should it?

25 MS. CREMER: Well, I would object. That's

1 really a legal conclusion.

2 MS. WIEST: Overruled.

3 A. I don't know whether it had to have Board  
4 action or not under the circumstances that the majority  
5 of the Board all voted.

6 Q. (By Mr. Meyer) Earl, while you were  
7 president, were there many requests to deviate from the  
8 policy?

9 A. That's the only one that I am aware of.

10 Q. When you testified earlier, you made a  
11 statement that you thought that there was  
12 discrimination in this policy. Would you tell me why  
13 you think this policy is discrimination?

14 A. Because it forces people that are trying to  
15 make a living, struggling along to make a living and  
16 can't afford to build a house, and if they locate in a  
17 reasonable place, I think that has a lot of bearing on  
18 it, whether they set it out somewhere in the middle of  
19 the desert or someplace like the Austins did, put it  
20 where there was formerly a homestead there and people  
21 lived there for a good many years and there was a good  
22 well and a good grove of trees, within a reasonable  
23 distance of the highway, about a third of the mile of a  
24 good highway. I think in a case like that, it's  
25 warranted some consideration.

1 Q. Any other reasons why you think it's  
2 discriminatory?

3 A. Well, I think, like I said in my opening  
4 statement, that I think that it isn't any more of a  
5 gamble than it is for you to plow in a fiberoptic cable  
6 for somebody for five, six miles out somewhere; and he  
7 may go broke and move away within a matter of a few  
8 months. And then also it was the policy of the Rural  
9 Electric Administration, whenever we applied for a  
10 loan, they insisted on area coverage that everybody  
11 within our certified area was to be given a telephone  
12 if they so desired. So I think that had some bearing  
13 on it too.

14 I think that everybody should be treated  
15 fairly. And the co-op just stipulates it's a  
16 cooperative effort among people, and I think everybody  
17 has to contribute something to it. I think that's what  
18 has happened. Town people probably contribute a little  
19 more because it doesn't cost quite as much to furnish  
20 service to them. But without the country people, they  
21 couldn't even have gotten a REA low-interest loan to  
22 begin with. Because that's what the purpose of it was,  
23 to serve the people out in the rural area.

24 Q. Well, Earl, this REA -- and it's called RUS  
25 now.

1           A.    I'm not aware. I realize there's been a lot  
2 of changes in the communications business since I left  
3 and --

4           Q.    But the RUS we'll call it. I'm like you, I  
5 still call it REA about half the time. RUS has certain  
6 rules and regulations, don't they?

7           A.    Yes.

8           Q.    And the co-op, when you're a borrower from  
9 RUS, you have to sign a contract with them. And one of  
10 the terms of that contract is you follow those rules  
11 and regulations?

12          A.    That's true.

13          Q.    And was it your understanding that this line  
14 extension agreement policy that was apparently  
15 originally adopted back in 1966 and then again in '86  
16 and various times, that that complied with the RUS  
17 requirements?

18          A.    Well, apparently they didn't complain.

19          Q.    I mean those policies are sent in to REA/RUS,  
20 aren't they?

21          A.    I believe so, yes.

22          Q.    And they have to be approved?

23          A.    Uh-huh.

24          Q.    And the policies at Golden West were always  
25 approved, weren't they?

1 A. They were approved by the Board.

2 Q. They were approved by RUS too?

3 A. I don't think so.

4 Q. Didn't RUS come out and audit the company?

5 A. Yes, they did.

6 Q. And they looked at those policies then,  
7 didn't they? I guess the point is that the line  
8 extension agreement that the co-op used while you were  
9 president complied with the RUS rules and regulations  
10 and the contract. Do you agree with that?

11 A. Yes, I think so. But they were very  
12 insistent that you give coverage. Because there was a  
13 case when I was on the Board that we had to have our  
14 loan application increased by \$10,000 to serve one  
15 family unit. It was about 25, 30 miles from the  
16 central office, and we had to bury cable all the way  
17 out there. And they insisted that we do it at a  
18 meeting we were having in Rapid City at the time. Sent  
19 a man out and insisted that we furnish these people  
20 with telephone service. And I said, well, if you want  
21 to increase our telephone loan application by \$10,000,  
22 we'll do so. And that's what they did. So they were  
23 pretty adamant about serving everybody in the area.

24 Another thing I think, you know, it's really,  
25 I think, discriminating against these people because

1 they live 60 miles from their medical service and long  
2 distance from there ambulance service and the fire  
3 department and they have no way of getting in contact  
4 with them. I think it's really quite risky for people  
5 to live out there. I know it doesn't eliminate all  
6 their hazards, but it certainly cuts down on the amount  
7 of difficulty that you could have. I've known people  
8 that, you know, they had no way of calling their  
9 families at home. They started home when they should  
10 have stayed somewhere because the weather was bad.

11 Q. I'm going to object. I think he answered the  
12 question asked.

13 MS. CREMER: I believe he actually asked him  
14 why he thought it was discriminatory, and that's what  
15 Mr. Waterland was answering.

16 MS. WIEST: Objection overruled.

17 MS. CREMER: You can finish answering.

18 A. I don't have anything further to say.

19 MR. MEYER: I have no further questions.

20 MS. WIEST: Ms. Cremer?

21 MS. CREMER: No questions.

22 MS. WIEST: Commissioners?

23 MS. AUSTIN: Can I ask him a question? Is  
24 that okay.

25 MS. WIEST: After the Commission.

1           CHAIRMAN BURG: Were you on the Board when  
2 this policy was first adopted?

3           A. Yes.

4           CHAIRMAN BURG: Did you object to it at that  
5 time?

6           A. Well, to the extent that I felt that when  
7 there's reasonable cause to vary from it, I insisted on  
8 that. If they hadn't agreed to that, I wouldn't have  
9 voted for it.

10          CHAIRMAN BURG: What was the reason for even  
11 putting the policy in in the first place?

12          A. Well, because we were expanding rapidly at  
13 the time, and our margins were very small. In fact, we  
14 operated in the red for several years before we finally  
15 -- and our margins were small. And we had some area  
16 that, you know, were pretty new and no service in  
17 there. And we did have people wanting to move out in  
18 the country someplace where there was no reason for  
19 them to move to. And we felt that we needed this  
20 policy at the time, but we did -- we discussed it very  
21 thoroughly.

22                 And as I recall when we were talking about  
23 policies, there was one member that thought that you  
24 should follow policy hard and fast, regardless of  
25 anything. But he apparently didn't vote against it

1 when we finally voted because the vote was unanimous.  
2 But I know there was considerable discussion at the  
3 time, and both myself and the manager and the majority  
4 of the Board members felt that we should make  
5 exceptions when there was good reason for it.

6 CHAIRMAN BURG: By action of the Board?

7 A. I suppose it was assumed by action of the  
8 Board, yes.

9 CHAIRMAN BURG: But I'm still not clear as to  
10 if somebody -- based on what I read the policy to be --  
11 and you talked about these areas that people were  
12 expanding in where there was no reason for them to be.  
13 I believe that was your words. But if they put a house  
14 with a foundation out there, you did serve them; right?

15 A. I wasn't aware that was in the policy.

16 CHAIRMAN BURG: That's the way the policy  
17 reads, that if it has a permanent foundation, whatever  
18 the structure is, they will get service.

19 A. But how do people like the Austins now that  
20 come in there that are not familiar with the co-op, how  
21 do they know they're supposed to have a foundation on  
22 there? Nobody told them. That's part of my problem  
23 here is I thought this was kind of badly handled from  
24 the very beginning because they didn't really take any  
25 action on them until after I met with the Board of



1 Commissioners.

2 CHAIRMAN BURG: I basically agree they should  
3 have had that information. But I'm trying to get at  
4 why the policy was put in place in the first place and  
5 why was it not discriminatory for 20-some years or 30  
6 years and now you consider it discriminatory?

7 A. Well, it probably was, but nobody complained  
8 about it at the time. And there were some occasions, I  
9 suppose, where people objected to it, but nobody filed  
10 any complaints, never called me anyway. Most people  
11 when they had a problem, if they couldn't get it  
12 resolved while I was president of the Board, they  
13 usually called me.

14 CHAIRMAN BURG: Do you have any idea how many  
15 individual times money was collected for extension to a  
16 trailer house under this policy while you were?

17 A. I asked at the Commissioners' meeting there  
18 in Wall that day, but they never did come up with any  
19 answer, or any answer to how much money they had lost  
20 over the years on that policy.

21 CHAIRMAN BURG: Okay. That's all I have.

22 A. You know, how many people have moved away and  
23 left them holding the bag. They never did come up with  
24 any figure on that.

25 COMMISSIONER SCHOENFELDER: I just have one

1 question, Mr. Waterland. How far do you live from the  
2 Austins?

3 A. Oh, about three, three and a half miles  
4 possibly.

5 COMMISSIONER SCHOENFELDER: And you've lived  
6 in that area your whole life?

7 A. I've lived there for almost 53 years now.

8 COMMISSIONER SCHOENFELDER: Are there lots of  
9 ranches, ranch houses, that have telephones to them  
10 that are abandoned there, or aren't there, to your  
11 knowledge? Are there some in the area? I know that  
12 area doesn't have a lot of buildings, period.

13 A. Oh, I've -- I never did stop to count, but  
14 there's bound to be several because the population is  
15 dwindling there and the places are getting bigger most  
16 of the time. Right offhand, I couldn't say how many  
17 there are, but I'm sure there are some.

18 COMMISSIONER SCHOENFELDER: Thank you.

19 A. I can think of three or four. I think.

20 COMMISSIONER SCHOENFELDER: Thank you.  
21 That's all I have.

22 COMMISSIONER NELSON: I guess I have a  
23 question too. It goes to the policy. And the policy  
24 itself doesn't say that you're going to be doing this  
25 stuff by exceptions, does it?

1       A.    The policy doesn't, no, it doesn't say so,  
2 no. But it was just quite a few things we did that we  
3 more or less went by how the Board argued, you know,  
4 and felt at the time. I guess maybe it wasn't stated  
5 specifically in the minutes always what went on. We  
6 never get the arguments in the minutes. And I know  
7 that the majority of the Board felt that they should  
8 make exceptions when it was warranted because they felt  
9 a policy should be a guideline instead of a hard and  
10 fast, you know, something that you had to follow hard  
11 and fast. That was the attitude of the Board at the  
12 time.

13           COMMISSIONER NELSON: But in the end, they  
14 approved a policy that didn't say that.

15       A.    No, I know it doesn't say so. But that was  
16 the feeling of the Board. We went -- a lot of times we  
17 went by the feeling of the Board rather than the  
18 management so rather than what it specifically stated.

19           COMMISSIONER NELSON: So basically are you  
20 telling me that you had policy but you didn't always  
21 follow them?

22       A.    Not hard and fast always, no.

23           COMMISSIONER NELSON: Thank you.

24           CHAIRMAN BURG: Do you feel that the policy  
25 -- there was a reason for the policy when you did it?

1 A. Well, I think, yeah.

2 CHAIRMAN BURG: Did you feel it was  
3 discrimination at that time?

4 A. No, we didn't. Well, I suppose it did  
5 discriminate to some extent, but we didn't really  
6 consider it, I guess.

7 CHAIRMAN BURG: If you were still a Board  
8 member, as a Board member do you feel if you made an  
9 exception, that you may not be facing discrimination  
10 the next time when you wouldn't make an exception?

11 A. Yes, I think I would.

12 CHAIRMAN BURG: Okay. That's all I have.

13 MS. WIEST: Any other questions?

14 COMMISSIONER NELSON: I guess I have one.  
15 Sometimes we vote for things over time and then we  
16 change our mind. Do you believe now that you would  
17 vote for this policy?

18 A. Would have revoked it?

19 COMMISSIONER NELSON: Or would you vote a  
20 policy like this? Do you still see there's a pressing  
21 need for a policy like it?

22 A. I'm not privy to all the information anymore,  
23 but I just think if they could easily make an exception  
24 or deviate. I mean cancel the policy entirely, and  
25 like I said, come up with some connect fee that's

1 reasonable and charge everybody. Whenever anybody puts  
2 in a new phone or reconnects a phone, charge them the  
3 same, whether they live in town or out in the country.

4 COMMISSIONER NELSON: So you're saying to me  
5 that you thought there was a need for the policy and  
6 when you supported the policy, but now things have  
7 changed and there isn't any need for this kind of  
8 policy?

9 A. I'm not -- of course, I'm not privy to all  
10 the information anymore, but I haven't heard much  
11 complaint otherwise. I think for one thing they have  
12 generated some pretty huge margins, and I think they  
13 could afford to spend a little bit of this money on  
14 people that are out there in the rural areas in a  
15 pretty hazardous position without a telephone. I think  
16 they should consider that rather than spend it on  
17 something else. I think their first priority should be  
18 to see that everybody has a phone before they go ahead  
19 and invest a lot of money in Internet and all those  
20 things they're talking about at the present time. And  
21 that should be a second -- you know, I think the other  
22 things are important, too, but I don't think that it's  
23 near as hazardous for somebody to do without Internet  
24 hookup than it is for somebody to live out in the rural  
25 areas with any kind of a phone.

1 COMMISSIONER NELSON: Wouldn't you agree,  
2 though, that sometimes the reason we have a policy is  
3 to ensure that decisions are made on a fair and  
4 equitable basis, I mean so that everybody would be  
5 treated the same?

6 A. Well, is everybody treated the same under the  
7 policy of this nature? I don't think they are. That's  
8 my objection. I think that they're saying that their  
9 chances of these people moving away is much greater  
10 because their house isn't set on a foundation. But  
11 there's no assurance that you put a telephone in to  
12 somebody's ranch, that they're going to be there  
13 forever either or long enough even to pay off the cost  
14 to put it in there.

15 COMMISSIONER NELSON: So I guess what I'm  
16 trying to decide is have you changed your mind since  
17 you originally supported that kind of a policy or if  
18 you still think there's the need? I mean, apparently  
19 you thought there was a good reason for the policy.

20 A. At the time I did because our margins were  
21 very tight, but now I think they're in a position where  
22 they could volunteer to do that. The fact is they're  
23 putting in a rural development program and spending  
24 money on that, and I think that this would be a good  
25 place to invest some of that money on something of this

1 nature.

2 COMMISSIONER NELSON: I guess I'm trying to  
3 figure out if you don't feel that making decisions on a  
4 case-by-case basis is sometimes discriminatory, or  
5 could be?

6 A. Well, it is. And I know exactly how many  
7 opposed to doing that, that it is, I suppose -- if you  
8 want to look at it that way, I think it is  
9 discriminatory too. You would have to have good  
10 reason, I'm sure, if you're going to deviate from the  
11 policy.

12 COMMISSIONER NELSON: Okay. Thank you.

13 MS. WIEST: Any other questions from the  
14 Commissioners? Miss Austin, do you have a question?

15 MS. AUSTIN: They covered everything.

16 MS. WIEST: Thank you, Mr. Waterland.

17 MS. WIEST: Do you have any other witnesses?

18 MS. AUSTIN: No.

19 MS. WIEST: Golden West.

20 MS. CREMER: Could I suggest for Exhibits 3,  
21 4, 5, and 6 that we put in because everyone keeps  
22 talking about them, the '66 policy, there was an '85  
23 and '96, and then a revision in July of '98. Do you  
24 have those, or were you going to do that?

25 MR. MEYER: I have the current one and I have

1 the '96 revision. Do I have the '85?

2 MS. CREMER: I have them, but I've written  
3 all over them. I mean mine are marked up and kind of  
4 smeary.

5 (AT THIS TIME A SHORT RECESS WAS TAKEN.)

6 (EXHIBITS NO. 3-8 WERE MARKED FOR  
7 IDENTIFICATION.)

8 MS. WIEST: We'll go back on the record.

9 JACK BROWN,

10 called as a witness, being first duly sworn,  
11 was examined and testified as follows:

12 DIRECT EXAMINATION

13 BY MR. MEYER:

14 Q. For the record, would you state your name.

15 A. My name is Jack Brown.

16 Q. And where do you live?

17 A. I live in 46 Stone Drive, Wall, South Dakota.

18 Q. How long have you lived in Wall, South  
19 Dakota?

20 A. Thirty-nine years.

21 Q. And your position at the present time with  
22 Golden West?

23 A. I'm the management consultant for Golden  
24 West.

25 Q. And in that status you serve as general



1 manager?

2 A. That is correct.

3 Q. And that's what that contract provides for?

4 A. That is correct.

5 Q. And does that include Golden West and its  
6 other companies?

7 A. That is correct.

8 Q. And just so we understand here, Golden West  
9 itself is a cooperative as a separate company; is that  
10 right?

11 A. That is correct.

12 Q. And it's a local exchange company?

13 A. That is correct.

14 Q. And then there's Vivian Telephone Company  
15 also?

16 A. That is correct.

17 Q. And that's a wholly-owned subsidiary of  
18 Golden West?

19 A. That is correct.

20 Q. And that's a local exchange company?

21 A. That is correct.

22 Q. How many access lines do each of those --  
23 approximately how many access lines do each of those  
24 companies have?

25 A. The case of Golden West Telecom Co-op, the

1 co-op, 15,500 approximately. In regard to Vivian  
2 Telephone, approximately 19,000 access lines.

3 Q. Now, we've marked some exhibits here. I'm  
4 going to show you what's been marked as Exhibit 3. And  
5 would you tell the Commission what that is?

6 A. Exhibit 3 is Policy Statement No. 30-15  
7 relative to the construction of service line after  
8 initial exchange construction. And it's revised July  
9 30, 1998.

10 Q. That's the policy that's in effect today?

11 A. That is correct.

12 MR. MEYER: Okay. I would offer Exhibit 3.

13 MS. WIEST: Any objection? If not, it's  
14 admitted.

15 Q. I'll show you what's been marked as Exhibit  
16 4. Would you tell the Commission what that is?

17 A. That is the same policy, Policy Statement No.  
18 30-15, subject to the same as the past one,  
19 construction of service lines after initial exchange  
20 construction, and this is dated December 2nd, 1996.

21 Q. And that's the policy that was adopted in  
22 '96?

23 A. That is correct.

24 Q. Is that substantially the same as the '98  
25 policy?

1 A. Yes, just relative to the same -- other than  
2 verbiage exchange, it's the same.

3 MR. MEYER: At this time I would offer  
4 Exhibit 4.

5 MS. WIEST: Any objection? If not, it's  
6 admitted.

7 Q. I'll show you what's been marked Exhibit 5.

8 A. Again, this is Policy Statement No. 30-15  
9 relative to the same subject, construction of service  
10 lines after initial exchange construction, and it is  
11 dated November 21st, 1985.

12 MR. MEYER: I'd offer Exhibit 5.

13 MS. WIEST: Any objection? If not, it's  
14 admitted.

15 CHAIRMAN BURG: '85?

16 A. '85.

17 Q. Okay. And I show you what's been marked  
18 Exhibit 6.

19 A. Exhibit 6 is the construction of service  
20 lines after initial exchange construction, the same  
21 Policy No. 30-15, and it is dated July 6th, 1966.

22 MR. MEYER: And I would offer Exhibit 6, is  
23 that what it was?

24 MS. WIEST: Any objection? If not, it's  
25 admitted.

1 MR. MEYER: At this time I would hand out  
2 Exhibit 3 to each of the Commissioners and parties, and  
3 that is the policy that is in effect today, and it's  
4 substantially over the same, over several years.

5 Q. Now, in the course of adopting policies such  
6 as this -- first of all, who adopts these policies of  
7 the company?

8 A. The policy is adopted by the Board of  
9 Directors. The Board appoints a committee, a committee  
10 that brings forth their recommendations in regard to  
11 the Board, and the Board adopts them.

12 Q. That's what's happened with all of these  
13 policies?

14 A. That is correct.

15 Q. Now, when you adopt policies like that, your  
16 policies have to comply with certain rules and  
17 regulations of RUS; is that correct?

18 A. That is correct.

19 (EXHIBIT NO. 9 WAS MARKED FOR  
20 IDENTIFICATION.)

21 Q. I'm going to show you what's been marked  
22 Exhibit 9. And would you tell the Commission what  
23 Exhibit 9 is?

24 A. Exhibit 9 is from the REA, TOM Section 1510,  
25 part three, original sheet three, and it's regulations

2 Q. And these are RUS -- actually they call it  
3 their exchange tariff. But these are RUS regulations  
4 that you're obliged to follow?

6 MR. MEYER: Have you seen this?

8 MR. MEYER: At this time I would offer this  
9 exhibit.

12 MS. CREMER: I have marked them.

14 MS. CREMER: I just have a question as to is  
15 this current? There's no date on these. Are these  
16 just generic ones?

19 MS. CREMER: Are these updated every year or  
20 something? Have these been in effect since 1966 also?

25 MS. WIEST: Any objection to Exhibit 9?

1 MS. CREMER: I have no objection.

2 MS. WIEST: If not, it's been admitted.

3 Q. (By Mr. Meyer) Now, with regard to this  
4 particular case, what happened when Mrs. Austin first  
5 contacted the company about getting telephone service?

6 A. My understanding that she initially -- and I  
7 think it was Mrs. Austin that called into the office --  
8 talked to one of our service reps in regard to getting  
9 service. Initially they didn't know that there was a  
10 case of a trailer home, and then when they discovered  
11 it was a trailer home, then they had -- they made a  
12 contact with our serviceman, Mr. Rickster (sp), who  
13 went out and gave them an estimate in regard to what  
14 the charges would be because the fact that it was a  
15 trailer house. And I think at that time, from my  
16 conversation with him, he indicated that it would be  
17 somewhere between 1,500 and \$2,000. From my  
18 understanding of my conversation with him, that was  
19 verbally communicated to either Mr. Austin or  
20 Mrs. Austin.

21 And at that time you indicated that you  
22 thought the charges were too much and therefore we did  
23 not go out. And we generally give an estimate and then  
24 after that we go out and try to true it up in regard to  
25 actually what the distance might be. But at that time

1 she had indicated that at that time that that was too  
2 much. And that was the last that we heard of the  
3 situation until the July meeting when the Commission  
4 was in Wall relative to holding a session with regard  
5 to quality of service. And Mr. Waterland appeared at  
6 that meeting and surfaced the issue in regard to the  
7 Austins. At that time I checked on it and to see what  
8 the status of that was. And then I think in September  
9 of that year there was a case of appeal to the  
10 Commission by Mrs. Austin and I think also  
11 Mr. Waterland.

12 Q. Was there a subsequent measurement that was  
13 more accurate?

14 A. Yes, there was.

15 Q. When did that happen?

16 A. That happened shortly after we got the formal  
17 request from the Commission in regard to the Austins.  
18 And I'm saying that was probably sometime in October or  
19 early part of November, shortly after the hearing.  
20 Probably, I think, this hearing was in September, so it  
21 was probably in October.

22 Q. And that came up with a firm figure then, did  
23 it not?

24 A. Yes. Now, I want to emphasize that regarding  
25 the initial pricing, that he was not that far off.

1 Because he charged -- he knew there was going to have  
2 to be a road bore, and a road bore costs us. And I  
3 checked with my plant superintendent just yesterday.  
4 They've gone up again, but anywhere from seven dollars  
5 a foot to nine dollars a foot. Assuming this would be  
6 about a hundred-foot road bore, then that would  
7 increase the cost 700 to \$900, making the calculation  
8 in regard to the advanced payment on the part of the  
9 Austins. Tim at that point said, "Well, I won't charge  
10 them, or won't put in the calculation in regard to the  
11 road bore." And that's why the difference in regard to  
12 the \$1,054 versus the original amount in regard to  
13 close to \$2,000.

14 Q. Well, under the Policy 30-15 as it's in place  
15 today, just tell the Commission what the situation  
16 would be with Austins if they were to request and  
17 obtain service pursuant to 30-15?

18 A. Yeah. First of all, can I clarify something  
19 right up front, counsel, in regard to --

20 Q. The policy?

21 A. In regard to Policy 30-15.

22 Q. Sure.

23 A. There seems to be some misnoting in regard to  
24 why 30-15 even existed, and I want to clear that up  
25 right away. If you look at Policy 30-15, it states



1 very clearly what the purpose of the policy was. And  
2 that purpose hasn't changed since 1966. It's to  
3 provide a means of offering service anywhere within our  
4 certified boundaries and to circumvent the requirement  
5 for aid to construction up to four miles to permanently  
6 inhabited locations. That was the purpose in 1966, and  
7 that's still the purpose today in regard to it. It was  
8 there to help, not to discriminate.

9 But, anyways, in the case of Austins we have  
10 a policy in place in regard to homes without permanent  
11 foundations. And previous to that it was described --  
12 and this goes clear back to 1966 -- as trailer homes.  
13 I can also tell you that in that period of time when we  
14 said trailer homes, we were talking about trailer homes  
15 without foundations.

16 Now, nobody here could talk any more about  
17 trailer homes than myself. I lived in one for  
18 twenty-five years. You have to, for example -- and the  
19 Austins will find this out. To put a home on a  
20 foundation you have to get a different type of frame on  
21 the trailer home. So you have to do this in  
22 preparation in advance. In other words, if you're  
23 thinking about putting something on a permanent  
24 foundation, you have to consider that right off the bat  
25 because you can't just go in the lot and buy a trailer

1 home and just put it on a foundation. You have to  
2 order it special in that regard.

3 But, anyways, I want to make that point clear  
4 is that you can't do this after the fact. You have to  
5 do it before the fact. Now, what was the question?

6 Q. Okay. Let's go back to policy 30-15.

7 A. Right.

8 Q. Under that policy I think we've established  
9 this number, but under that policy the Austins would  
10 have paid a certain amount of money, and what was that  
11 amount?

12 A. \$1,054 in advance payment.

13 Q. And that would have been paid back to them;  
14 is that correct?

15 A. That would have been paid back to them and  
16 the question has come up today in regard to \$10 versus  
17 \$15. The \$10 assumes that it's going to be a charge  
18 relative to a residence. Now, if it was going to be an  
19 RB, for example, then it would be \$15. I assume that  
20 initially it was requested as a residence type phone.  
21 And I don't know whether you make your living -- and I  
22 still don't know after today -- from ranching on this  
23 land, or are you just using that as a residence? And  
24 that's how we clarify that, whether you make your  
25 living on that site relative to ranching or farming or

1 you're just a residence living out in the rural area  
2 which you work.

3 Q. Now, this policy then -- so that's the  
4 payment under 30-15. What would have happened if you  
5 didn't have 30-15 and you would have to use the RUS  
6 regulation, which has already been marked?

7 A. Right. The RUS regulations are very clear.  
8 What they do is you take the total cost of the project  
9 and subtract seven years of local service, whatever the  
10 customer would pay in local service for seven years,  
11 and that is the amount that you would pay the  
12 construction. In the case of the Austins, if we were  
13 to follow that policy, then they would have had to pay  
14 \$2,938.10, of which it would be strictly aid to  
15 construction. And none of that money would have been  
16 refunded to them.

17 Q. And so this demonstrates -- their case  
18 demonstrates the 30-15 is actually a policy adopted by  
19 the Board to help people in their situation; is that  
20 correct?

21 A. That is correct. And that has been in my  
22 understanding, or at least to my belief during my  
23 management, the purpose of this policy is to make it  
24 less difficult for customers in rural areas to get  
25 telephones versus the standard RUS policy.

1 Q. Now, how long have you worked at Golden West?

2 A. Thirty-nine years.

3 Q. And during that 39-year period of time, are  
4 you familiar -- were you familiar with this line  
5 extension agreement policy?

6 A. Yes.

7 Q. And were you aware of any exceptions to the  
8 policy?

9 A. None.

10 Q. And in getting ready in preparing for this  
11 hearing, did you check with -- make a check of the  
12 records of the company?

13 A. Yes. We checked and we can't find any case  
14 of where there was any exceptions.

15 Q. And you couldn't find any in the minutes?

16 A. No.

17 Q. Now, has this policy been approved by RUS?

18 A. Yes.

19 Q. Okay.

20 A. Any time you go in for a loan, they review  
21 your policy in regard to line extension. And this has  
22 been approved several times.

23 Q. Now, the policy -- and if everybody would  
24 look at Exhibit No. 3, which is policy 30-15, paragraph  
25 number four, it talks about homes without a permanent

1 foundation. Now, do you have any situations where  
2 homes without a permanent foundation have qualified  
3 under the policy the same -- I'm sorry. Where mobile  
4 homes have gone onto a permanent foundation and  
5 qualified the same as any other home on a permanent  
6 foundation?

7 A. Yes. As a matter of fact, we've had more  
8 than one.

9 (EXHIBIT NO. 10 WAS MARKED FOR  
10 IDENTIFICATION.)

11 Q. I'm going to show you what's been marked  
12 Exhibit 10. And would you tell the Commission what  
13 Exhibit 10 is in this whole package of pages here?

14 A. Exhibit 10 is an example of a mobile home  
15 that was treated as a home with a permanent  
16 foundation. This is a case of a mobile home brought in  
17 in two sections on wheels and placed on a permanent  
18 foundation. It's located in rural Wood, South Dakota.

19 Q. Now, how many -- oh, and what was the cost of  
20 this in Exhibit 10?

21 A. When you say cost, are you talking about the  
22 advance payment that he had to make?

23 Q. Yeah. How did the numbers come out for this  
24 particular individual?

25 A. Okay. This is a case of an individual that

1 we had to bill to the extent of 13,200 feet. We  
2 followed the policy and charged a deposit in regard to  
3 \$1,320, plus installation fee of 112, so he paid a  
4 total advance payment of \$1,432.

5 Q. And if you hadn't had -- and then he got that  
6 refunded to him pursuant to the policy, or he's getting  
7 it?

8 A. That's correct. It's refunded over a period  
9 of time to him.

10 Q. And if he hadn't had this policy, what would  
11 it have cost him?

12 A. If I was following the REA guidelines in  
13 regard to this, then he would have had to pay the total  
14 cost of construction in this case was 14,519.71. Like  
15 I said, less seven years of local service, \$919.80. So  
16 his aid to construction that he would have had to pay,  
17 which would not be refundable to him, would be  
18 \$13,599.91.

19 MR. MEYER: I would offer Exhibit 10 at this  
20 time.

21 MS. WIEST: Any objection?

22 MS. CREMER: On the first page of that  
23 exhibit, is that something you did for the Commission  
24 meeting, or this is something you send to your  
25 customer? This was sent to Mel?

1 A. This first page here?

2 MS. CREMER: Yeah.

3 A. This is something we did for this hearing  
4 here.

5 MS. CREMER: And then what about the rest of  
6 the exhibit, is that something that was sent?

7 A. Exhibit A would be something that was sent to  
8 the customer and then the copy of the check. The rest  
9 of this is just data from our billing showing how the  
10 customer's account is recorded as an advance payment.  
11 And then the last sheet here is labor charges from --  
12 or the contract of charges in regard to this particular  
13 construction project.

14 MS. WIEST: Any objection?

15 MS. CREMER: I'm not real sure what the point  
16 is.

17 MR. MEYER: Well, the point is to demonstrate  
18 how this policy is being used. And the policy says,  
19 you know, it doesn't make a distinction between mobile  
20 homes and non-mobile homes. It makes a distinction  
21 between homes with permanent foundations. And this  
22 demonstrates how the policy would work for a mobile  
23 home that was placed on a permanent foundation.

24 MS. CREMER: Well, did you do one for the  
25 Austins, which would be relevant?

1 A. Yes, we just quoted you one.

2 MS. CREMER: But you didn't do something like  
3 this for the Austins?

4 MR. MEYER: Well, we did a page -- if you  
5 look at the second page of this exhibit, one of these  
6 pages was done for the Austins. There was nothing done  
7 after that.

8 MS. CREMER: Okay. I guess the objection I  
9 would have is the characterization that this is done in  
10 regards to Policy 30-15, permanent foundation versus a  
11 non-permanent foundation. It's true that that happened  
12 after July of '98 because that's what the policy said  
13 after July of '98. Prior to July of '98 the  
14 distinction was a mobile home. And so just that that  
15 distinction is made that it has not been --

16 A. But I would say this: Those -- that's  
17 exactly what I said. We treated in principle mobile  
18 homes that went on permanent foundations the same as a  
19 permanent home.

20 MS. CREMER: I just want that distinction  
21 noted that that is not really the case here.

22 MS. WIEST: I will allow the exhibit.  
23 Exhibit 10 has been admitted.

24 Q. (By Mr. Meyer) At the present time, how many  
25 line extension agreements are in effect for Golden



1 West, as near as you can tell?

2 A. Right around -- and this is, I think, with  
3 both companies -- right around a hundred.

4 (EXHIBIT NO. 11 WAS MARKED FOR  
5 IDENTIFICATION.)

6 Q. I'm going to show you what's been marked as  
7 Exhibit 11. And would you tell the Commission what  
8 Exhibit 11 is?

9 A. This Exhibit 11 is a Line Extension  
10 Agreement. This particular one is the Line Extension  
11 Agreement that was sent to the Austins.

12 Q. That's the one that was attached?

13 A. Right.

14 Q. That demonstrates the numbers that you've  
15 previously testified to?

16 A. That's correct, \$1,054.

17 MR. MEYER: I would offer that at this time.

18 MS. WIEST: Any objection? If not, it's  
19 admitted.

20 Q. Did you -- I believe Golden West determined  
21 what the total cost of construction would be for the  
22 Austins; is that correct?

23 A. Yeah. And we have to do this, of course,  
24 based upon an estimate, and of course the estimates are  
25 subject to just judgment, but just based upon the

1 fact. But we believe that the total cost to build this  
2 5,270 feet would run us 60, 67 cents a foot. That's  
3 probably a little low, to be quite frank about it,  
4 because I told Tim, my line superintendent, because the  
5 fact of its location and everything and from data I've  
6 looked recently at, it's probably going to cost more  
7 like a dollar a foot. But let's say it's 67 cents a  
8 foot. That would be \$3,530.90. We priced the road  
9 bore at \$327. I just told you a few minutes ago I just  
10 checked the price in regard to road bores and it's  
11 about a hundred foot, it runs eight to nine dollars. I  
12 put through 220. That would be \$3,750.90 would be a  
13 total cost in regard to this project. And that was in  
14 my judgment probably a very, very conservative figure.

15 So if you look at our unprotected investment  
16 in regard to this, assuming this figure is accurate,  
17 the end investment on this is about 73 percent. The  
18 only protected investment we have, which is only  
19 relative to the advance payment, would be about 27  
20 percent. So we do not ask even in this particular case  
21 anywhere near the total cost associated with this  
22 relative to the advance payment. It's a very small  
23 percentage of it, as a matter of fact.

24 Q. One of the things in this policy, if you go  
25 back to the '96 version, in this version it becomes

1 very apparent is that the Board has distinguished  
2 between homes on a permanent foundation and those that  
3 are not. And why is that?

4 A. Well, in fact, REA distinguishes between  
5 them. And for -- I mean, as I said, I lived in a  
6 mobile home for years. Can you move them? In  
7 relatively short period of time, yeah, because I've  
8 done it. And so they have to, frankly, look at it from  
9 a prudent man judgment. And there is a difference.  
10 When something is mobile -- and it doesn't necessarily  
11 have to be a mobile home. We've had situations where  
12 there's other things out there that may not be  
13 considered as permanent. And you have to treat them a  
14 little different. It's strictly a judgment, prudent  
15 man judgment, that in the case of a mobile home,  
16 something that's not on a permanent foundation, that it  
17 can be taken off the next day.

18 The other thing that comes into play then --  
19 we think this is quite relevant -- is when a customer  
20 makes a commitment. And I understand the financial  
21 aspect of this, but you have to look at it from our  
22 perspective too. When a customer makes a commitment in  
23 regard to putting a foundation or on a permanent  
24 foundation, it certainly implies that they're going to  
25 be there for a number of years. And it all boils down

1 to prudent judgment, and the Board is required to use  
2 that prudent judgment in regard to making their  
3 decisions.

4 Q. On Exhibit 3, which is the policy that's been  
5 in effect, it's in effect today and substantially the  
6 same form for many years. Would you look at the second  
7 page and paragraph D and just explain to the Commission  
8 what paragraph D means?

9 A. Well, paragraph D says that the Board of  
10 Directors may alter any or all of the provisions of the  
11 policy by appropriate Board action when they deem it's  
12 necessary to protect the security of the cooperative  
13 investment.

14 Q. And Board action would be a motion?

15 A. It would take a Board action and a motion.

16 Q. By the Board?

17 A. And passed by the Board.

18 (EXHIBIT NO. 12 WERE MARKED FOR  
19 IDENTIFICATION.)

20 Q. I'll show you what's been marked Exhibit No.  
21 12. Would you tell the Commission what that is, Jack?

22 A. The Exhibit 12 is a letter addressed to  
23 Rolayne Wiest from Robert Purcell -- Roberta Purcell,  
24 who is the assistant administrator of the Telecom  
25 program within RUS.

1 Q. And this is in response to a letter that  
2 Relayne sent to RUS, is it not?

3 A. Yes, it is.

4 Q. And she furnished us a copy of that letter,  
5 didn't she?

6 A. Yes, she did.

7 Q. And this response was just received this  
8 morning; is that correct?

9 A. That's correct.

10 MR. MEYER: I'd offer Exhibit 12.

11 MS. CREMER: I would object in that, one,  
12 Roberta Purcell isn't here to cross-examine as to her  
13 answer. And, two, she never answered the question in  
14 the letter that was originally submitted. The  
15 relevancy of this again escapes me.

16 MR. MEYER: I think that it goes to the  
17 weight of the evidence itself, but the response is a  
18 position of RUS on that particular policy. So for  
19 whatever weight it can be given, we would ask the  
20 Commission receive this.

21 MS. WIEST: I'll overrule the objection and  
22 admit it.

23 MS. WIEST: Perhaps we should put my original  
24 letter in there too.

25 MR. MEYER: I would stipulate the original

1 letter can go in.

2 MS. WIEST: Can we mark that Exhibit 13? So  
3 the original, all right, I sent will be Exhibit 13.  
4 That's been offered and received.

5 (EXHIBIT NO. 13 WAS MARKED FOR  
6 IDENTIFICATION.)

7 MR. MEYER: I have no further questions.

8 MS. WIEST: Miss Austin, do you have any  
9 questions of this witness?

10 CROSS-EXAMINATION

11 BY MS. AUSTIN:

12 Q. In 1966 when, I'm assuming, was the first  
13 time that the policy basically came into effect?

14 A. Yes.

15 Q. What were the margins in 1966?

16 A. I can't tell you, but I don't know as that's  
17 material.

18 Q. If they did it working on smaller margins,  
19 trying to make sure the company was able to run without  
20 having to invest a lot of money in things such as the  
21 mobile homes, you know, moving them out, what were the  
22 margins in 1986?

23 A. I can't tell you for sure the margins in '86,  
24 but I would say they were better than '66.

25 Q. What are the margins now?

1           A.    The margins in regard to the telephone  
2 co-op?

3           Q.    Yes.

4           A.    When you say now, are you talking about this  
5 past year?

6           Q.    This past year.

7           A.    Yeah. As I recall, somewhere around 2.3  
8 million.

9           Q.    And if the policy was put into effect partly  
10 because they were working with margins of just a few  
11 thousand dollars and they couldn't afford --

12          A.    Ma'am, that is not the reason the policy was  
13 in place. The policy was in place for a specific  
14 reason, and I read you the purpose. The purpose of the  
15 policy was to avoid aid to construction. That's why  
16 the policy was put in place.

17          Q.    Yeah. What I'm saying is when the policy was  
18 put in place to avoid aid to construction because the  
19 mobile homes can be moved quickly --

20          A.    The policy wasn't put in place strictly for  
21 trailer homes. It was put in place to avoid as much as  
22 we could in regard to aid to construction, period.

23          Q.    Because the margins were low?

24          A.    No, it had nothing to do with margins.

25               MS. CREMER: I would ask she be allow to

1 finish her question before he interrupts her.

2 Q. If the policy had been rewritten or could be  
3 rewritten to cover some of that aid to construction as  
4 far as taking each case individually, has that been  
5 looked at as a possibility?

6 A. One of the things that we've done that I  
7 think is fairly significant -- because if you look at  
8 the letter that we just received from RUS, we could in  
9 a lot of cases -- in all cases, as a matter of fact,  
10 ask for advance payments, even if we were going in  
11 there doing a construction program because of the fact  
12 that they're not permanent residences. When we go in  
13 to an area and upgrade that area through an REA  
14 program, we have historically taken in mobile homes,  
15 whether they're on permanent foundations or not, and  
16 we've done that several times.

17 For example, I think Mr. Waterland was in  
18 last July talking about a particular situation in  
19 regard to south of Wall. We went and upgraded that  
20 area this past summer. This individual was taken in  
21 and he's in a mobile home. Hasn't changed the  
22 situation at all in regard to a permanent foundation.  
23 We have taken them in. That is one thing that the  
24 cooperative has done that probably is a little bit more  
25 liberal than what the RUS would have said you're



1 required to do.

2 MR. WATERLAND: May I ask a question?

3 MS. WIEST: You can't. Only the complainant  
4 can ask questions of the witness. You could tell your  
5 question to Miss Austin and she can ask it.

6 Q. (By Ms. Austin) The number ten, is that  
7 something that you are required to follow, or is it  
8 something that you can abandon?

9 A. Number ten, is that the -- not follow the  
10 example?

11 Q. Exhibit 10.

12 A. What was the question, I guess?

13 Q. Are you required to follow the policy, or is  
14 it something that you can abandon or not follow?

15 A. When you say required, are you talking about  
16 relative to the company?

17 Q. To Golden West.

18 A. Okay. Could they revise the policy? Sure,  
19 they can revise the policy at any particular time.  
20 Now, would REA have some say-so in regard to how in  
21 regard to that? Yes, they would. Remember, it's their  
22 money that you're borrowing and I say, again, it's RUS.

23 Q. And in 1966 the different policies, how has  
24 the policy changed in different ways over the years  
25 when it's been revised?

1           A.    Yeah. The policy basically changed from a  
2 standard point of -- and I talked to my plant manager  
3 in regard to who actually wrote the policy. And  
4 basically the only change that took place was in the  
5 past it required so much deposit, yearly deposits based  
6 on basically the same principle in regard to what it is  
7 today. Except if say you were just over a mile, for  
8 example, you paid the same as somebody that was out  
9 there 1.9 or just under two miles. So basically he  
10 converted it to cents per foot to try to say, well, you  
11 know, in this case this is going to cost more than this  
12 case. And basically other than that hasn't changed  
13 other than verbiage.

14          Q.    The margins that you stated that Golden West  
15 had this year, it was different than was stated in the  
16 annual report?

17           A.    Well, you asked me what they are and I can't  
18 -- frankly, I can't remember. They very well could be  
19 different. Now, you got to understand, too, and I  
20 frankly can't tell you -- my guesses are 2,000 --  
21 2,300,000. I may be wrong in regard to that. But also  
22 those margins at the bottom of the page would be  
23 relative to Golden West and its total subsidiary  
24 margins.

25          Q.    Because the margins in the annual report --

1 if I got one, I can tell you what they are. I don't  
2 have an annual report.

3 A. I don't have it with me so I can't tell you.

4 Q. I believe they were over six million  
5 dollars.

6 A. Pardon?

7 Q. I believe they were over six million  
8 dollars.

9 A. That would be with all of its subsidiaries.  
10 What you see in the annual report is Golden West and  
11 its subsidiaries.

12 MS. WIEST: Anything else? Go off the record  
13 for a minute.

14 (DISCUSSION HELD OFF THE RECORD.)

15 MS. WIEST: Ms. Cremer, any questions?

16 MS. CREMER: Yes, I do. Thank you.

17 CROSS-EXAMINATION

18 BY MS. CREMER:

19 Q. Mr. Brown, could you start off by explaining  
20 to us the corporate structure of Golden West's  
21 Telephone Co-op?

22 A. The corporate structure?

23 Q. Yes.

24 A. The corporate structure is Golden West  
25 Telephone Co-op has 13 directors, of which Mr. Richard

1 Baye is president, Mr. Duane Wood is vice-president,  
2 and Mr. Kenneth Zickrick is secretary, and the  
3 treasurer is --

4 Q. I guess I'm getting more to subsidiaries.  
5 What is all a part of Golden West?

6 A. Okay. Golden West is the holding company for  
7 Vivian Telephone Company, Golden West Tele-Tech, Golden  
8 West Cablevision.

9 Q. What's Tele-Tech?

10 A. Tele-Tech is our paging sales, various phone  
11 systems, answering service operation, which is  
12 headquartered in Rapid City.

13 Q. So you have three subsidiaries, or you're the  
14 holding company for three other companies?

15 A. Vivian, Tele-Tech, Cablevision, and then I  
16 think we have a wireless one too.

17 Q. What about Ollig?

18 A. Ollig is an investment on the part of --  
19 that's Alliance Telephone now, but Golden West owns a  
20 percentage of that on a minority ownership.

21 Q. So who owns Golden West Telecommunications  
22 Co-op?

23 A. The members.

24 Q. And that's why the co-op was formed years  
25 ago, kind of what Mr. Waterland told us to provide

1 service to its members; right? That's the purpose of  
2 the co-op?

3 A. That's correct.

4 Q. Is that different for those companies  
5 underneath? Are those for profit?

6 A. Yes.

7 Q. And how is it that the co-op bought those  
8 companies?

9 A. Well, in the case of some of them were bought  
10 and some of them were not. In the case of Vivian,  
11 that's a combination of a purchase of U S West  
12 properties, GTE properties and Vivian Telephone  
13 Company. And in the case of Golden West Cablevision,  
14 that was just started because the fact that we wanted  
15 to serve cable TV in the areas that we resided in  
16 regard to telephone service. And the case of  
17 Tele-Tech, that was purchased from a combination of  
18 people in regard to --

19 Q. But with co-op members' money. Is that what  
20 I understand you're using co-op money to purchase  
21 these?

22 A. Vivian in particular. Yes.

23 Q. So it's member money?

24 A. It's all the money is -- when you say member  
25 money, yes. I mean it all eventually flows to the

1 members.

2 Q. Okay. Could you look at Exhibit 3 and 4?  
3 Looking at Exhibit 3, see under purpose -- well, yeah,  
4 using Exhibit 3, it says under purpose in the last four  
5 words are to permanently inhabited locations. Do you  
6 see that under purpose?

7 A. Yes.

8 Q. What is it about the Austins that they don't  
9 fit the definition of a permanently inhabited  
10 location? Let me ask you this first: Anywhere does  
11 Golden West have defined what is a permanently  
12 inhabited location?

13 A. I think it's probably the permanently  
14 inhabited location probably comes from the language in  
15 15-10.

16 Q. I don't know what that is. But is it defined  
17 in your policy 30-15 anywhere?

18 A. Well, I think it's defined. From a  
19 standpoint that is the word permanently established  
20 farmstead spelled out in regard to what it is? No.  
21 But it's intended in regard to --

22 Q. So it's kind of discretionary as to what  
23 exactly might be a permanently inhabited location?

24 A. Well, I think you can get the gist of what it  
25 is here in regard to.

1 Q. All right. We'll move on. What is it about  
2 the Austins that they don't meet the definition of a  
3 permanently inhabited location?

4 A. Because it doesn't have a home -- the home is  
5 without a permanent foundation.

6 Q. So in your mind, at least, in order to be a  
7 permanently inhabited location, you have to have a  
8 permanent foundation?

9 A. Well --

10 Q. Regardless of --

11 A. When you say permanent, you have to have a  
12 foundation, a permanent foundation. I mean something  
13 that requires a footing, block or cement.

14 Q. So that's your definition of a permanently  
15 inhabited location? That's my question.

16 A. Right.

17 Q. And then in 1985, and I believe that's  
18 Exhibit 5, under purpose, where it reads services to  
19 locations, that used to read 1,200 feet and now that  
20 reads 750 feet. Do you know why that was changed?

21 A. I think Tim adjusted it in regard to taking  
22 it to the footage, the mileage basis, versus the  
23 footage basis, that come out dollarwise about the same  
24 amount.

25 Q. Okay. If you go down to paragraph two, which

1 would be the second sentence.

2 A. On five?

3 Q. No, I'm sorry, back on Exhibit 3, and the  
4 paragraph where it's numbered number two and it would  
5 be the second sentence where it reads, he will advise  
6 what type of facility is to be served and grade the  
7 permanency of the occupants, indicating owner of the  
8 property. What does that mean, that and grade the  
9 permanency of the occupants?

10 A. I think that probably falls on line with E.

11 Q. With what?

12 A. E.

13 Q. But how do you grade that? Again, is that  
14 discretionary on the manager or the person assigned by  
15 the manager? Is that discretionary? Do you have like  
16 A through C or 1 through 10, or how do you grade that?

17 A. I think these are pretty explicit. The  
18 electric power should be extended to the site.

19 Q. Do you get ten points for that or something?

20 A. No. I mean all of this has to be met.

21 Q. Every one of them under E has to be met?

22 A. Yes. I think it says in a manner  
23 precautioned so as to provide maximum security to the  
24 co-op's advancement plan the following conditions  
25 should be found acceptable to the co-op before extended



1 service.

2 Q. Then looking at E, what is it that the  
3 Austins didn't meet?

4 MR. MEYER: I'm going to object to the  
5 question. Just a minute, I'm going to object to the  
6 question because counsel is trying to confuse the issue  
7 of the policy. The policy is very specific in 4-A. If  
8 you look at 4-A that gives you the answer to the  
9 question, and then you can argue about other statements  
10 of the policy.

11 MS. CREMER: I'm just following up. It had  
12 to do with E.

13 MS. WIEST: Objection overruled.

14 Q. So looking at E, what is it that the Austins  
15 do not meet?

16 A. Well, I don't -- they've indicated that they  
17 had electric power extended to the place. They've  
18 indicated they had adequate water supply on the  
19 premise. They've indicated that they have a  
20 satisfactory road in regard to the premise. Now, I've  
21 never seen the road so I can't cast -- they have  
22 indicated that they live on -- well, four could be  
23 questionable in regard to it, though that wasn't taken  
24 into consideration, but they do not own the land. I  
25 don't know if they've got a long-term lease on the land

1 or not, and I don't know that.

2 Q. But four doesn't require they own the land.  
3 It just says they have a satisfactory arrangement for  
4 use of land.

5 A. Exactly, but preferably that they own the  
6 land.

7 Q. But it doesn't require that.

8 A. But understand this is -- these are criteria  
9 over and above. These are type of things right off the  
10 bat that servicemen have to determine for them to be  
11 eligible.

12 Q. But it's Golden West's policy, isn't it?

13 A. Yes.

14 Q. Then still on paragraph two where it reads,  
15 the last sentence, homes without a permanent foundation  
16 shall receive special attention hereinafter. On  
17 Exhibit 4, which has the '96 policy, that was  
18 different; right? The '96 policy on Exhibit 4 simply  
19 read trailer houses shall receive special attention  
20 hereinafter; is that correct?

21 A. The '96 one is different than the --

22 Q. Yeah. It's Exhibit 4, the last sentence of  
23 paragraph two is different. Would you agree with me?

24 A. Paragraph four?

25 Q. Paragraph two.

1           A.    After measurements have been made, is that  
2   the one you're talking about?

3           Q.    Paragraph two, the last sentence of paragraph  
4   two.

5           A.    Trailer homes shall receive special attention  
6   hereinafter.

7           Q.    That's 1996; right?

8           A.    That is 1996, yeah.

9           Q.    And 1998 now reads homes without a permanent  
10   foundation shall receive special attention hereinafter;  
11   is that correct?

12          A.    Yes.

13          Q.    When was that change made?

14          A.    It was made in July of 1998.

15          Q.    Why was that made?

16          A.    For clarification purposes because, frankly,  
17   this is the way we had always treated this in the  
18   fashion that if it was a permanent foundation. So to  
19   make sure that it was perfectly clear, we put in  
20   language change.

21          Q.    Okay. In paragraph three, again on Exhibit  
22   3, there's only one sentence, but the last few words of  
23   it are "and attempt to reach agreement with the  
24   applicant." Is that something negotiable? Is that  
25   what that's to lead us to believe that somehow you can

1 negotiate that?

2 A. No, no. When we say an agreement, it could  
3 be relative to the amount of distance in regard to  
4 this. And if there would be some question in regard to  
5 some of these items, for example, back here in regard  
6 to E. But is the policy negotiable? The answer is,  
7 no, it's not.

8 Q. Again, it's discretionary, the length, what  
9 you just said, some of those other factors, appears to  
10 be discretionary?

11 A. Well, the lengths, the length. But I mean  
12 for an example here, the estimate, for example, that  
13 was given to her initially, which I indicated we true  
14 that up as we go out there. We want to make sure they  
15 thoroughly understand that in regard to it.

16 Q. Okay. On paragraph four under subparagraph  
17 A, the second sentence, where it reads "service must be  
18 to a permanently established farmstead or ranch," is  
19 that permanently established farmstead or ranch defined  
20 anywhere in the policy 30-15?

21 A. No -- well, no, there's no definition spelled  
22 out in regard to 30-15.

23 Q. Well, what is that exactly then, a  
24 permanently established farmstead or ranch?

25 A. I think the only exception in regard to this

1 is ones without permanent foundation. I mean --

2 Q. Where is it -- so because the Austins don't  
3 have this permanent foundation, they don't meet the  
4 definition, you believe, of an established farmstead or  
5 ranch?

6 A. That's correct.

7 Q. And then --

8 A. That's not only my belief, that's RUS's  
9 belief too.

10 Q. The sentence following that, "homes without a  
11 permanent foundation do not qualify," would you agree  
12 with me that that's a change that was added in July of  
13 1998?

14 A. After July of 1998.

15 Q. It was added in July 1998?

16 A. Yes.

17 Q. Why is that?

18 A. Again, just for clarification purposes.

19 Q. And then paragraph B, the first sentence,  
20 that whole first sentence, that was new in 1998 also,  
21 isn't it?

22 A. 1998 or 1996?

23 Q. I should say it's different?

24 A. It's basically the same. It's different from  
25 the standpoint --

1 Q. You had said earlier there were very minor  
2 changes. And I guess my point is actually you've had a  
3 number of changes that could be considered substantial  
4 over the years to your policy. And, again, that's  
5 another change that you've made?

6 A. That's a change, yes.

7 Q. And the second sentence of that is different,  
8 and I believe it's different from the 1985 one; is that  
9 right?

10 A. Again, relative to language more than  
11 principal.

12 Q. And then all of B-1, 2, the paragraphs here  
13 are numbered funny, but C, all of C, all of that was  
14 new in 1996. That's different from 1985, which would  
15 be Exhibit 5, if you want to check.

16 A. Yes, the change in '96 basically was the  
17 principal in regard to the thing was exactly the same  
18 thing. But when it converted from yearly deposits to  
19 footages, he basically took that and converted it to  
20 make it come out the same. Relative to the principal  
21 of the policy, it didn't change one iota.

22 Q. Does Golden West Telecommunications receive  
23 universal service funding?

24 A. Yes, they do.

25 Q. How much per year? Well, let's do it per

1 month.

2 A. Well, let's do it per year because that's how  
3 it's done.

4 Q. Is it just a one payment?

5 A. Is it a one payment?

6 Q. Yes. Is that why it's yearly? Is it just  
7 one payment?

8 A. No. It's paid on a monthly basis, but  
9 calculated on a yearly basis.

10 Q. Is it divided by 12 and you get that payment?

11 A. That's correct. The 1999 universal service  
12 funding for Golden West will be -- and this is relative  
13 to the information we received from NECA, \$1,294,500.

14 Q. What exactly is that universal service  
15 funding? What is that for?

16 A. That is to cover the loop cost over and above  
17 the national average cost, 115 percent above the  
18 national average cost.

19 Q. Is that just to maintain current loop or to  
20 put in new loops?

21 A. That's just based upon current loops.

22 Q. So you can't use that money to put in new?

23 A. Well, you won't get any funding for it. The  
24 basic principle is this: Let me take for example this  
25 particular situation you're just talking about here.

1 In 1999 I would receive and Golden West \$1,294,500.  
2 Now, that's based upon the loops that were in place in  
3 December 31st, 1997. 14,869 loops existed at that  
4 time. So that means that my annual U.S.F. support per  
5 line is \$87.00 per year. Now, if you're trying to tie  
6 in universal services in this regard to this, let me  
7 run some figures by you.

8 Q. You can just answer my questions. Your  
9 attorney can ask you questions later.

10 A. Okay. Did I answer your question?

11 Q. Well, I'm not sure so I'm going to ask you  
12 some more. That's the high cost loop, that's the  
13 number you just gave us, the \$1,294,500?

14 A. Yes.

15 Q. Okay. What about this long-term support, do  
16 you get money for that? Is that different than the  
17 1,294,000?

18 A. This is the only -- if you're talking about  
19 explicit U.S.F., the one I just gave to you is the  
20 \$1,294,500. Now, are you talking about the implied  
21 U.S.F. support in regard to?

22 Q. I just want to know what sort of money you  
23 get on a monthly basis from this fund, whether it's  
24 implicit or explicit.

25 A. Relative to the support that we get in regard



1 to U.S.F., this is what we get. Now, if you're talking  
2 about the implied debt --

3 Q. Sure?

4 A. -- which has nothing to do with universal  
5 service support from a standpoint of the same as what  
6 I've been talking here, and I will not concede that  
7 that is an implicit -- explicit, explicit support.  
8 It's an implicit support.

9 Q. How much do you get per year?

10 A. I have no idea. I mean it varies depending  
11 upon what company, and I don't call that support. I  
12 mean it's part of the revenue requirement.

13 Q. I have what's been marked Exhibit 7. Do you  
14 know what this is, or can you identify that for us?

15 A. That's the USAC, Universal Service  
16 Administration Company. This is the new company that  
17 came in place in regard to universal service funding.

18 Q. Okay. And there's a second page to that  
19 exhibit, and can you tell us what's on that second page  
20 of that?

21 A. Appendix four?

22 Q. Yeah.

23 A. It's a list of telephone companies. I assume  
24 this is probably in the state of South Dakota.

25 Q. It's entitled Universal Service Funding High

1 Cost Fund Support by Study Area, First Quarter 1999; is  
2 that correct?

3 A. Yeah.

4 Q. Is Golden West Telecommunications on there?

5 A. Yes.

6 MS. CREMER: All right. I would move for the  
7 admission of Exhibit 7.

8 MS. WIEST: Any objection?

9 MR. MEYER: Are both these pages the same  
10 exhibit?

11 MS. CREMER: They would both be Exhibit 7.

12 MR. MEYER: No objection.

13 MS. WIEST: Admitted.

14 Q. In looking across at Golden West  
15 Telecommunications, and you've explained to us that  
16 U.S.F., that first number of \$14,000; right? What  
17 about this long-term support? You said you didn't know  
18 what that number was. I asked you if you knew what  
19 your long-term support was. Can you read that number  
20 to us, please?

21 A. 53,793.

22 Q. And that's per month?

23 A. That's approximate more.

24 Q. That is paid to Golden West  
25 Telecommunications?

1           A.    I've not received any funding from in this  
2 regard.

3           Q.    But will you?

4           A.    I think probably this is relative to the  
5 shift in regard to the new way that they will give you  
6 a revenue requirement in regard to the costing relative  
7 to reducing access charges. But as of yet have not  
8 received payment in regard.

9           Q.    But you will?

10          A.    Yes. But I will not consent that this is  
11 support relative to anything dealing with this issue.  
12 New mechanism put in place.

13          Q.    My question is do you receive approximately  
14 \$50,000 a month in long-term support?

15          A.    Are you talking about explicit report or  
16 implicit report or subsidy?

17          Q.    I'm just talking about dollars.

18          A.    Well, see, the only explicit that I have is  
19 exactly what I gave you, \$1,294,500.

20          Q.    And this local switching support?

21          A.    Is nothing more than a revamping in regard to  
22 access charges in regard to implicit support.

23          Q.    In regard --

24          A.    And I will not consent that that's high cost  
25 funding.

1 Q. And that's fine, you don't need to concede  
2 that. My point is do you get that amount of money, or  
3 approximately that amount of money per month? Is  
4 Golden West Telecommunications getting that money?

5 A. If the point is is there any difference in  
6 regard to that money versus '99 versus '98 and the --  
7 no, I get it one way, one way; one way, one way, the  
8 next way.

9 Q. So on this sheet of paper for the quarter it  
10 shows approximately \$680,000 that quarter; is that  
11 right, Golden West Telecommunications?

12 A. I would concede that that's what's on this  
13 figure. I will not concede that only about 320, 330  
14 thousand is relative to explicit.

15 Q. Do your subsidiaries get the same sort of  
16 funding, Vivian, Sioux Valley Ollig, Alliance, whatever  
17 it is, do they also get that sort of cost support  
18 money?

19 A. Vivian gets some. Again, in regard to Sioux  
20 Valley, I don't believe that they get any universal  
21 service explicit support. Now, they will be getting  
22 this other because that is nothing more than a shift of  
23 revenue. And I'm not going to concede to you that's  
24 high cost support.

25 Q. Does Golden West have any sort of discretion

1 in how or what projects they use that money for U.S.F.  
2 funding?

3 A. No. I mean there's no requirements in that  
4 regard. That's -- you understand what the U.S.F. is  
5 all about?

6 Q. Yes.

7 A. Well, it recovers the cost.

8 Q. I'll just ask you the questions and you can  
9 just answer them. Do you know what the FRED fund is,  
10 Federal Rural Economic Development?

11 A. Not real familiar with it, no.

12 Q. Are there any other types of funding  
13 mechanisms for the co-op members, or is there any type  
14 where co-op members could borrow money from the co-op?  
15 Could the Austins, for instance, get like a low cost  
16 loan from the co-op to put in this line? Is there  
17 anything like that?

18 A. We do not have anything in place in regard to  
19 that. It's not saying that we couldn't down the road  
20 in regard to something like that. But one thing I make  
21 it very, very clear that if I put anything in place  
22 like that, every one of these customers that we have,  
23 including the reservation, would qualify for it. I'm  
24 not going to discriminate against the reservation  
25 relative to say somebody up in Enning and somebody down

1 in Pine Ridge. I will not do it.

2 Q. Are there any current or existing RUS loans  
3 that would enable Golden West to provide this without a  
4 charge, provide this line extension?

5 A. As I said before, historically when we go in  
6 and upgrade, we generally take in -- we have taken in  
7 all homes, whether they're permanent foundation or  
8 not.

9 Q. But --

10 A. Is it a requirement by RUS? It's a  
11 requirement that I serve them. Can I get advance  
12 payment from them? The answer is, yes, I can, but we  
13 historically have not done that. We've waived the  
14 advance payment at that time.

15 Q. But do you have any current RUS<sup>A</sup> loan out  
16 there that would --

17 A. Yes.

18 Q. That would cover this situation?

19 A. Yes. Once we go in and upgrade it, we would  
20 certainly provide service to them.

21 Q. I'm talking currently.

22 A. Well, you got to understand RUS program is  
23 not done in one year. It's done over a course of time.

24 Q. Okay. You've got this line extension policy  
25 regarding permanent foundation and non-permanent

1 foundation. Do you have any other line extension  
2 policies that divide out classes?

3 A. No, no. I mean line extension is a line  
4 extension.

5 Q. I notice, too, going back to Exhibit 3 but  
6 you just say four miles. They will build out a line  
7 four miles. Four miles from what?

8 A. Four miles from what?

9 Q. From what?

10 A. Wherever the connection has to be made. I  
11 can't tell you what because it could be some cases --

12 Q. I didn't know if it was from Wall or four  
13 miles from, you know, the nearest junction box?

14 A. Wherever we make the connection in regard to  
15 the circuit.

16 Q. And then earlier you testified that you have  
17 used this line extension policy or you currently have  
18 about a hundred people on it. My question would be how  
19 many in calendar year 1998 requested or this policy was  
20 used on them, do you know?

21 A. Of the hundred, how many are in '98? I  
22 couldn't tell you.

23 Q. I guess what I'm getting at --

24 A. Probably 15, 20, somewhere in that ball park.

25 Q. A year about that many?

1 A. Yeah. Probably can vary, you know, depending  
2 upon circumstances.

3 Q. Do you have any idea how many potential  
4 customers or members don't get service because of your  
5 policy?

6 A. No.

7 Q. You don't keep any sort of records like the  
8 Austins wouldn't show up in any sort of file with  
9 requested service but didn't get it? There's nothing  
10 to indicate --

11 A. No, we don't keep a file on that.

12 Q. Do you have any idea how much money the  
13 company has lost because of customers that have left,  
14 those with permanent foundations, that have left and  
15 the loan has not been paid off?

16 A. No.

17 Q. Was there phone service out to where the  
18 Austins lived when the home was there before?

19 A. No.

20 Q. How long will it take the Austins if they  
21 were to pay the 1,054 to recoup their deposit?

22 A. I think it's -- again, that depends in regard  
23 to whether it's a \$15 or a \$10.

24 Q. All right.

25 A. But complied in regard to the information



1 that went out as a residence phone, nine years and nine  
2 months.

3 Q. Nine years and nine months, is that what you  
4 said?

5 A. I think that's what it was.

6 Q. Before you there is marked Exhibit 8. Do you  
7 see that?

8 A. Okay.

9 Q. Could you identify that for us, please?

10 A. This would be our RUS statement for the year  
11 1997 that was probably sent to the PUC in regard to our  
12 annual report.

13 Q. Okay. And that's the top page, and then if  
14 you flip to the second page, can you tell us generally  
15 what the rest of those are?

16 A. Well, the second page would be the balance  
17 sheet, the operating statements.

18 Q. It's a financial and statistical report for  
19 telecommunications borrowers?

20 A. Right.

21 Q. Did you submit that to the RUS?

22 A. Yes.

23 MS. CREMER: I would move to admit Exhibit 8.

24 MS. WIEST: Any objection?

25 MR. MEYER: No objection.

1 MS. WIEST: Exhibit 8 has been offered and  
2 received.

3 Q. Jack, drawing your attention to the first  
4 page of that exhibit, can you tell us what the total  
5 South Dakota revenues are for -- well, first of all,  
6 tell me what calendar year is this report done?

7 A. This would be 12-31-97 for the year '97.

8 Q. So you haven't filed '98s report yet?

9 A. No. We haven't got our books closed out yet.

10 Q. So can you tell us what the total South  
11 Dakota revenues are for that year?

12 A. On did you say page two?

13 Q. It's on the first page, the report you send  
14 out to Mr. Best.

15 A. On the first page, I don't think the revenues  
16 would be on there because --

17 Q. You need to flip over the first page you send  
18 to Harlan.

19 A. Okay. Got you.

20 Q. Do you see where it says total South Dakota  
21 revenues?

22 A. Yes.

23 Q. And what is that amount?

24 A. Slightly over 15 million.

25 Q. I didn't hear you.

1 A. Slightly over 15 million.

2 Q. Thank you. And then if you go to the next  
3 page -- and, again, this is all for calendar year 1997;  
4 isn't that correct?

5 A. It would be the statistics in regard to 1997,  
6 yes.

7 Q. What are the total assets for Golden West  
8 Telecommunications?

9 A. 68 million, a little bit better than 68  
10 million.

11 Q. Give or take a few, huh?

12 A. Right.

13 Q. On what would be if you look in the  
14 right-hand corner on the bottom and it says page one of  
15 eight, if you go to page two of eight and line seven,  
16 what are the net operating revenues for 1997?

17 A. 14,631,454.

18 Q. And as compared to 1996, which is column C,  
19 that's up about two and a half million dollars; is that  
20 correct?

21 A. That's correct.

22 Q. And then if you were to go to line 31, which  
23 is total net income or margins, comparing what would be  
24 last year 1996 with 1997, that's up again about 2.7  
25 million dollars?

1 A. That's correct.

2 Q. The number for 1997 is what?

3 A. 3.6 versus 6.3. Now, understand this is the  
4 total. I think this is the one in regard to total of  
5 the co-op.

6 Q. So that would include Vivian and all of that?

7 A. Yeah.

8 Q. I'll get into that. The other question I  
9 would have on this exhibit is on page five of eight.  
10 Are you there?

11 A. Okay.

12 Q. And it talks about Golden West Telephone  
13 properties?

14 A. Right.

15 Q. It shows a current balance of 16,859,000?

16 A. Right.

17 Q. Is that what is Golden West Telephone  
18 property?

19 A. Properties is the holding company or the one  
20 that holds the stock and the investment in regard to  
21 Vivian Telephone Company.

22 Q. Okay. And then under number two where it has  
23 Golden West Tele-Tech, Cablevision, PCS, and Ollig,  
24 those are the companies that you said that Golden West  
25 Telephone Properties is the holding company for?

1           A.   No. Properties is the only one that it has  
2 in regard to the holding company is Vivian Telephone  
3 Company. The rest of these don't have anything to do  
4 with Golden West Properties.

5           Q.   But you've invested in these; is that right?

6           A.   Yes.

7           Q.   And so my question, I guess, is where do you  
8 get the money to invest in these properties?

9           A.   Well, from several sources. One, the co-op  
10 and borrowing a lot of money.

11          Q.   So the bottom line on that page total general  
12 funds and investments is 30 million dollars, almost  
13 30,496,000?

14          A.   Yes.

15          Q.   And then mine got out of order so I'm not  
16 sure. It is one of two, part J, continuation on the  
17 bottom.

18          A.   Okay.

19          Q.   And if you look at the bottom under what's  
20 called company investment or depository name, what are  
21 all of those companies, or what is all this?

22          A.   It's a combination of many things.  
23 Accumulated capital credits.

24          Q.   Well, pick out one in particular. You've got  
25 Paine Webber, federal investments, a million dollars?

1 A. That's carried an investment, but really it's  
2 a cash account that we have with Paine Webber.

3 Q. Cash account?

4 A. Cash account.

5 Q. Would you agree with me that the co-op is  
6 making more money in '97 than they did in '96 in  
7 looking at that balance?

8 A. Yes.

9 Q. And is the same true for '98?

10 A. Yes. That's my objective.

11 MS. WIEST: Could we go off the record?

12 (A DISCUSSION WAS HELD OFF THE RECORD.)

13 Q. Jack, earlier you testified that the RUS  
14 approved your -- or agreed with the line extension  
15 policy of Golden West. Is there a document somewhere  
16 from RUS that says that?

17 A. No. But I think you can read that into this  
18 letter that you just received.

19 Q. All right. And then you said the REA has  
20 foundation, non-foundation differences, permanent  
21 foundation, non-foundation difference. Is that in  
22 these exhibits?

23 A. I think they deem it to be permanent  
24 residences versus non-permanent residences.

25 Q. And is that in one of the exhibits you

MS. WIEST: Commissioners, do you  
have any questions?

CHAIRMAN BURG: Yeah. I had a  
couple.

EXAMINATION

BY CHAIRMAN BURG:

Q Jack, Mr. Waterland indicated that he or he and Austins,  
I can't remember which, attended the Golden West board  
meeting.

What is your recollection of that meeting?  
What occurred at it?

A The Austins themselves did not attend the meeting. Earl  
attended the meeting. And, as I recollect, he brought  
the Austin issue up, among other issues. I know he's  
related to that more than once relative to our donations  
in regard to the economic development fund. And --

Q But just as to the Austin one, what was the request  
and what was the board's discussion and how did the  
decision --

A I think the request was made in regard to making an  
exception in regard to the Austins relative to the same  
type of discretion that he indicated -- had made at one  
time in regard to a particular situation up in Enning.  
He mentioned that this morning in regard to a person.

Q Then did the board have a discussion?

- 1 A Yes. The board discussed it and felt that they couldn't  
2 take that approach in regard to the exception because  
3 that becomes discrimination when you make exceptions in  
4 regard to the situation.
- 5 Q And was that position unanimous on the board?
- 6 A Yes.
- 7 Q Okay. I had a question on how many times this  
8 policy had been applied. You indicated there's about  
9 100 agreements in place right now?
- 10 A Yes.
- 11 Q Would you have any idea how many may have already  
12 happened in the past, have already been paid off?
- 13 A There certainly has been a number of these over the  
14 course of years.
- 15 Q What's the basic phone rate that the Austins pay in  
16 their location?
- 17 A Well, if it was a one-party residence, it would be 9.95.
- 18 Q 9.95?
- 19 A Right. Per month. Isn't that right? 10.95. And then  
20 if it was an RB, then it would be --
- 21 Q You mentioned RB before. What does that mean?
- 22 A That's really a combination rate of residence and  
23 business.
- 24 Q What does it stand for?
- 25 A Residence business. And it was specifically set up



1 years ago for somebody that had a farm and ranch  
2 operation that was a combination of a residence and also  
3 operating a business out of there. So they set up a  
4 separate rate for that.

5 Q What would that rate be?

6 A 14.95 I think is the rate.

7 Q Okay. So one thing I was trying to think is if --  
8 depending on what would happen here, but if they were to  
9 get -- have to pay \$1,000 and they were to get it back  
10 at the rate of \$15 a month instead of the \$10 a month,  
11 they would have to be paid the 14.95 rather than --

12 A Exactly. It depends on what classification they're in.

13 Q To get eligible?

14 A Yeah.

15 CHAIRMAN BURG: That's all I have.

16 COMMISSIONER NELSON: I have one.

17 How do you define permanent foundation?

18 THE WITNESS: A permanent foundation  
19 would be one of the following: A footing with  
20 block or cement, or it can be a footing with a slab  
21 type of -- a cement slab.

22 COMMISSIONER NELSON: Okay.

23 Thanks.

24 COMMISSIONER SCHOENFELDER: I want  
25 to just follow up on what Commissioner Nelson asked

1                   you.

2                   EXAMINATION

3                   BY COMMISSIONER SCHOENFELDER:

4       Q    You brought up the reservation and one time in my life I  
5           worked on a reservation and I want to know if you would  
6           consider that a permanent foundation. Because I think  
7           foundation is subject to interpretation.

8                   They used to put a strip of cement down and  
9           slide a house off of a truck and it was there. There  
10          was no built-up foundation. It might have been attached  
11          eventually to that cement slab, but there was a cement  
12          slab there.

13                  Also many trailer houses sit on a cement  
14          slab. And I call them trailer houses. I think the  
15          proper terminology is manufactured houses. Whatever we  
16          call them, we're talking about the same thing.

17                  So you don't have any definitions in your  
18          policy about what a foundation is? So it's just  
19          whatever you decide it is?

20       A    Well, I think --

21       Q    Just expand on it. Tell me where you're going with it.

22       A    Well, as I said, those are the three that I interpret as  
23          permanent foundations, something that the customer has  
24          invested to the property that would indicate that their  
25          belief is that they're going to be there for a -- made

1 enough investment that they're going to stay there for a  
2 period of time.

3 Q But if they're invested in water and a road and  
4 electricity and those things, that doesn't indicate  
5 permanence to you?

6 A Well, no. In the case of the Austins, for example, I  
7 think the road was there. The water was there. And the  
8 electricity was there when they moved into the place.  
9 So they actually didn't make any investment in those  
10 areas.

11 Q And I would just like to make sure that we're -- this  
12 is a specific case, but I would like to make sure that  
13 we're going to use this applied across everyone  
14 equally.

15 A Right.

16 Q And so if you have a house like the ones I can remember  
17 that are called transition houses, that they slide them  
18 off of a truck onto a cement slab, is that a permanent  
19 foundation?

20 A I would say in my judgment most of those would be --  
21 that were put on a foundation, whether that be a slab  
22 with a footing or cement block or cement -- or block --  
23 as long as it has a footing, that would be a permanent  
24 foundation.

25 Q Describe footing then because I think -- see I think if

1 you go to the literal interpretation of the word  
2 foundation, it means base, if you look it up in  
3 Webster.

4 It doesn't mean cement block or anything, and  
5 I don't think your policy -- at least if you can point  
6 to me in your policy where it defines the foundation. I  
7 can't see where it defines the foundation, Mr. Brown.

8 It just says homes without a permanent  
9 foundation do not qualify. Then you leave this to the  
10 discretion of the board of what a permanent foundation  
11 is?

12 A Yeah. I think everybody knows what a permanent  
13 foundation is.

14 Q I think my interpretation of a permanent foundation may  
15 be very different.

16 A What is your interpretation?

17 Q What's mine? Whatever I decide it's going to be, and  
18 that's what I'm afraid I don't want your board doing.

19 A No. I don't think the board does that. I think the  
20 board looks at it from a standpoint --

21 Q And I'm asking the questions, by the way, just in case  
22 you're interested.

23 A Well, I guess I've never heard -- I always feel that a  
24 foundation -- everybody knows what a foundation is, you  
25 know, a permanent foundation, something has been put

1 into the ground.

2 Q Okay. I want you to look at No. 9, that exhibit, and  
3 show me there where it even speaks to a foundation,  
4 No. 9. This is your tariff that you're quoting that you  
5 say the RUS uses?

6 A Okay. 15-10.

7 Q I can see permanent and temporary housing, and I see  
8 nothing that indicates anything about a foundation.  
9 There might be something I'm missing.

10 A No. It refers to it as permanent service. And then  
11 temporary service, if you look back at 5B, No. 5.

12 Q I have that one. I don't think we have those.

13 MR. MEYER: Third page. In

14 Exhibit 9 on the third page.

15 COMMISSIONER SCHOENFELDER: I

16 thought he indicated Exhibit 5. Okay.

17 A "When construction is required for temporary service  
18 (for a period of less than three years) and the  
19 construction is located inside or outside the telephone  
20 company's base rate area and there is no immediate  
21 prospect (within six months of service disconnection) of  
22 reusing the plant provided, the customer's required to  
23 bear all of the cost of such construction."

24 It doesn't say anything about foundation, does  
25 it?

1 A No. But something that can be moved within a matter of  
2 just overnight has to be in the judgment of the  
3 directors as something that is a temporary basis. And  
4 that's why they put it in in regard to a permanent  
5 foundation so that it can be eliminated relative to the  
6 temporary service.

7 Q But according to this, if I'm reading this correctly,  
8 and I don't know a lot about RUS stuff so correct me if  
9 I'm wrong, if I had a trailer home that was there for  
10 over three years, it would be considered permanent  
11 whether it was on a foundation or not; is that correct?

12 A Say that again.

13 Q If I had a trailer home that was in that place for three  
14 years or more, it would be considered permanent whether  
15 it was on a foundation or not, if I'm reading this  
16 correctly.

17 A No. I think anything that is deemed by the board to be  
18 on a permanent foundation they would take the temporary  
19 out of it. You remember, the customer's made the  
20 investment, then it gives the appearance at least that  
21 that's a permanent residence.

22 Q I'm not following this. Because my question goes to  
23 whether it says anything about a foundation in this  
24 tariff.

25 A It doesn't say foundation.

1 Q I understand that.

2 A It refers to temporary service being one that has  
3 potential in regard to being less than three years.

4 Q So your policy went further to say that temporary was  
5 anything without a permanent foundation and whatever you  
6 define permanent foundation to be?

7 A Yeah. What we try to do in all cases -- you remember I  
8 go back to the basic principle in regard to the policy  
9 in the first place, and that was to make it so that most  
10 customers would not have to fall into the aided  
11 construction basis.

12 Q I understood that.

13 A If you look at the letter --

14 Q I understood that, but I'm still -- I still think that  
15 it's not explicit enough to what you really meant. But  
16 let's go on.

17 I have major problems, ongoing problems, with  
18 the concept of sometimes the way we do things and if --  
19 when you are reconstructing a whole area then you don't  
20 care whether they're on a permanent foundation or not.

21 Is that what I heard you say in previous  
22 testimony?

23 A Yes. If we're going in and making the investment in  
24 that area from REA funding, though we're not required,  
25 we could ask for advanced payment, and that's spelled

1 out in regard to the letter here.

2 Q I understand that.

3 A We have historically taken a position we'll serve  
4 everybody in there whether they have or haven't a  
5 permanent foundation.

6 Q Tell me the difference between that and this situation.  
7 Tell me the monetary difference or something that makes  
8 this much more different than if you're just doing a  
9 complete overbuild or a rebuild or a new build, I  
10 guess.

11 A Well, it's no different regarding a trailer house than  
12 it is in regard to, say, a house that appeared after the  
13 initial construction phase. We would still go in and  
14 serve them too, even though they might require a  
15 deposit.

16 Say, for example, I build a house today and  
17 it's 3 miles from the existing line. I would be  
18 required to make an advanced payment today. But if I  
19 can do that --

20 Q Completely rebuild it?

21 A We take them all in. And that's just a decision the  
22 board has said when we go in there --

23 Q But is that decision not discriminatory? Doesn't that  
24 discriminate against me because I wasn't there at that  
25 time?



1 A Well, I don't know if it's discrimination. It's a  
2 matter of timing in regard to it. I mean, the rules  
3 that spell out the REA say this is what you have to do  
4 when you make the initial loan, and then afterwards then  
5 you go in and ask for the aid to construction.

6 Is that discriminatory because you built a  
7 home afterwards? Maybe, but that's the rule in regard  
8 to it.

9 Q Well, I guess I'm having a philosophical problem with  
10 this because, as you know -- and Ms. Cremer asked you  
11 some questions about universal service.

12 A Yes.

13 Q And I happen to know what universal service is because I  
14 helped write the definition. So to me universal service  
15 means we're going to put everybody in the United States  
16 that we possibly can to the telephone.

17 And the FCC does a lot of penetration studies  
18 to see who has telephones and who doesn't, and universal  
19 service to is to keep the world connected. So we also  
20 have something called Life Line and Link-up.

21 A Right.

22 Q And is there any way that could apply in this case or to  
23 part of the expense there?

24 A No.

25 Q Why not?

- 1 A Well, Life Line and Link-up are relative to installation  
2 charges and/or to the cost of the service per month  
3 where they pay a portion of the service.
- 4 Q Uh-huh.
- 5 A Neither one of those fall under this category, in my  
6 judgment.
- 7 Q You couldn't even use part of the Link-up to help with  
8 part of the connection charge in this case?
- 9 A Not the way I interpret the rules at this stage. You  
10 know, that's recoverable by the company in regard to  
11 that. If I could do that, certainly I would do that.
- 12 Q Okay. Let's go back to the policy and when you changed  
13 policies. I want to clarify because I didn't hear what  
14 you said.
- 15 A Okay.
- 16 Q You said and you used someone's name that changed the  
17 policy. Do you change policies not just on your  
18 recommendation in -- I know the board has to approve the  
19 policy, but your line superintendent or someone makes  
20 that policy?
- 21 A Plant superintendent.
- 22 Q Okay. Makes that recommendation?
- 23 A Well, he wrote the policy, and his name was Tim Fast.
- 24 Q Okay.
- 25 A And basically the point that he made to me, which

1 justified doing what he did in going from an annual cost  
2 based upon a yearly deal, was doing it on footage.  
3 Because the person they built to that was, say, a tenth  
4 of the mile over paid the same as somebody we had to  
5 invest almost another mile for.

6 And he says why don't we do this on a per foot  
7 basis so that the person who was, say, for example, just  
8 a case of 800 feet, for example, in regard to a trailer  
9 home or 1.3 miles wouldn't pay --

10 Because it said 1 to 2 miles so somebody that  
11 was out there 1.9 miles paid the same as somebody that  
12 was 1.25 miles.

13 Q I understand that.

14 A Yeah.

15 Q Okay. That I understand now. Thank you. Tell me one  
16 thing. As the management -- what's a management  
17 consultant as opposed to management -- I see you signed  
18 that way. I want that on the record.

19 A What's the difference between a management consultant?

20 Q Yeah.

21 A I'm under contract with Golden West in regard to  
22 management consultant.

23 Q And other managers don't have contracts?

24 A I can't speak for other managers.

25 Q Just asking. As a manager then do you ever apply that

1 policy at your own discretion?

2 A No.

3 Q Or do you ever interpret it your own way?

4 A No.

5 Q You don't ever make a decision yourself without taking  
6 it to the board?

7 A In this particular policy?

8 Q Any policy.

9 A There may be in place policies that I interpret, but, I  
10 mean, that's a policy that has already been previously  
11 passed that I interpret without going to the board in  
12 regard to interpretation.

13 Q But you enforce this policy literally in every case?

14 A As far as I know, yes.

15 Q Do you know how much in stranded investment other than  
16 stranded plant you have that has been planting where  
17 you've done -- and I don't know necessarily line  
18 extension but extension either to homes on permanent or  
19 nonpermanent foundations?

20 Do you have a lot of investment? Do you have  
21 any numbers of that?

22 A I don't have the number.

23 Q Can you get that for me for a late filed exhibit,  
24 please.

25 A Well, when you say stranded investment how far do you

1 want to go back? I mean, you talk about open wire as  
2 well as every cable -- I mean, we don't keep track of  
3 that in regard to the stranded amount of plant we have  
4 out there.

5 We move the property from the records, but  
6 that would take a great deal of research in regard to  
7 how much we had there. And I guess I would say this --  
8 the customer growth has been pretty good.

9 Q But you don't have empty farm and ranch houses --

10 A Sure. We have some of them. But at the same time, for  
11 example, I can tell you, for example, there may be a  
12 farmhouse out there that didn't have anybody in there  
13 two or three years and somebody will move into it.

14 Q Okay. Just one other question about universal service.  
15 Some of that support you said was implicit support, but  
16 you still get a check from NECA from that, do you not?

17 A Yeah. Same as we always have. But that's not -- that's  
18 not relative to the consumer, the carrier common line at  
19 all. It's relative to switch access.

20 Q Switching is based on height cost of your switching per  
21 capita, is it not?

22 A I don't know that -- to me the rate is relative to the  
23 investment we make in regard to our switches and in  
24 regard to long distance. We think the long distance  
25 carriers should pay that rate.

1 Q One other thing I had to ask you and I think you might  
2 have answered it before but please answer it again for  
3 me. On the \$1,054, if they paid it back over a period  
4 of 10 years, are you going to pay interest on that  
5 money?

6 A No. And the reason, as I spelled out before, is we do  
7 not charge them anywhere near complete investment. It's  
8 only about 23 percent of the investment.

9 If we were to charge them the full investment,  
10 it would be about \$3,800, but we discount that to the  
11 tune of about 73 percent and we feel they've already got  
12 a discount in regard to that. So we do not give them  
13 any interest.

14 Q I've got another thing that I want you to clarify for  
15 me, Mr. Brown, because you said something about that  
16 Mr. Waterland went to us and then there was a board  
17 meeting.

18 I thought when we were in Wall that day at a  
19 meeting and he came to our input hearing that he said he  
20 had already been to the board.

21 A No.

22 Q So I would like to know --

23 A No. I think it came to the board after that meeting, as  
24 I recall.

25 Q Okay. Then that's my mistake because I thought -- the

1 minutes that your counsel has submitted for us to look  
2 at just to say if things are passed or not passed  
3 there's nothing about the discussion in those minutes,  
4 is there, or the discussion that could have taken  
5 place? Minutes don't usually reflect discussion. They  
6 reflect action.

7 A That's correct.

8 Q It seems to me a lot of times the commission --  
9 sometimes the minutes say the commission voted one way  
10 or the other, but there's an awful lot of discussion and  
11 understanding that takes place before the final vote and  
12 that's not always reflected in the minutes; isn't that  
13 true?

14 A That could be true, yes.

15 Q Okay. And then let's go back to the road bore. You  
16 said something about going under the road would cost.

17 A \$79 a foot, yeah.

18 Q But it sounded to me like you threw that out of the  
19 calculation of the \$1,054. I just want to be clear.

20 A Yes. And it was not calculated in regard to the overall  
21 investment in regard to it.

22 Q But why wouldn't it be? If you're not changing the  
23 policy, wouldn't that be the cost of the line  
24 extension? Wouldn't that be part of the cost of the  
25 line extension?

1 A Yes.

2 Q So you are interpreting that policy as a manager, are  
3 you not?

4 A But the way that we have priced the thing does not  
5 calculate a road bore in it. The only difference there  
6 is the \$3,800 would be more than \$3,800 if you  
7 calculated in the road bore.

8 But relative to deposit, it doesn't change.  
9 It's based upon 20 cents a foot, period.

10 Q So you don't calculate that in. You just do a separate  
11 footage according to that policy.

12 COMMISSIONER SCHOENFELDER: Thank  
13 you.

14 COMMISSIONER NELSON: I have one  
15 more.

16 REEXAMINATION

17 BY COMMISSIONER NELSON:

18 Q Could you tell me the definition of the co-op?  
19 Golden West is a cooperative?

20 A Right.

21 Q How would you define that?

22 A A co-op is basically a company that is owned by its  
23 membership. And you have to be a member -- take service  
24 to be a member of that co-op.

25 Q So the only way you could serve them is if they're a



1 member of your co-op?

2 A That's correct.

3 Q If they're one of the owners of the co-op?

4 A Right.

5 Q Would you say the policies of the co-op are the rules  
6 that the members have established for themselves to live  
7 by?

8 A Yes.

9 COMMISSIONER NELSON: Okay. Thank  
10 you.

11 REEXAMINATION

12 BY CHAIRMAN BURG:

13 Q Jack, I want to follow up just a little bit more the  
14 discussion on what happens when you go in for the  
15 RUS loan to do new construction or improvement or  
16 upgrade.

17 A Right.

18 Q If I understand what you've said is you basically survey  
19 what you want to do?

20 A Right. You go out and make a study in regard to --

21 Q And at that time you probably try to locate every single  
22 drop you may need?

23 A Yes.

24 Q Even if there's nobody there? Do you have anywhere you  
25 decide to make a drop even though there's nobody there?

1 A No. I say that -- say, for example, if I knew six  
2 months from now that a big outfit was going to move in  
3 there and I needed service in there, I would probably  
4 put that in at that particular time.

5 Q Or another example that occurred to me -- and let's just  
6 say somebody had a fairly good site near Wall or  
7 someplace that's in the country but it's there and  
8 they've subdivided a bunch of lots along the road.

9 Even though there's only one house out there  
10 now, would you probably make drops because it had been  
11 subdivided and stuff like that?

12 A Well, here you get into another policy that's relative  
13 to developments. And we wrestle with that quite often  
14 in regard to developments. We have encountered this,  
15 quite frankly, in our co-op area. It's been other areas  
16 that we've encountered this.

17 But that's an issue that we would have to  
18 address in regard -- in a lot of cases we're not in a  
19 position to have a developer take advantage -- for us to  
20 make all of the investments so he can sell his lot. So  
21 we require them to make some contribution towards that.  
22 And we keep wrestling with this to what degree he should  
23 play a role.

24 Q Does RUS allow that to occur?

25 A Yes, they do.

1 Q And then, if I understand the reasons for if you're  
2 doing a new development or upgrade and you're going down  
3 the road and there happens to be somebody living in a  
4 place that does not have service now, you've indicated  
5 you do have a drop there anyway?

6 A Yes.

7 Q Is that because in the overall scheme it saves both you  
8 and them a lot of money if you do it when you're  
9 constructing rather than having to come back and --

10 A Yeah. When we go out, for example, and hire a  
11 contractor to do these short drops, and a short drop,  
12 say, a mile or less, it certainly costs a lot more money  
13 than when we do it under a big major contract. I mean,  
14 just get the economics of scale there in regard to --

15 Q And, secondly, you're actually able to include cost of  
16 that in your loan and pay it back in the overall scheme  
17 and pay the loan back?

18 A Sure.

19 Q Which is probably a more efficient way than your current  
20 financing. Would that be true or not true?

21 A Well, we generally fund most of our -- and that's within  
22 the profits of the company or the cash flow of the  
23 company. We do that in most cases in regard to loans  
24 after, say, the RUS loan runs out.

25 Q Yeah.

1 A The question has come up today in regard to profits.  
2 Well, you have to have profits. If I'm going to make  
3 the investments that we make, I have to cash flow the  
4 debt, and I don't necessarily want do it in anymore  
5 borrowed money than I have to.

6 So creating a profit even within a co-op is  
7 not a dirty word by any stretch of the imagination.  
8 Because Golden West can only do what we've done in  
9 regard to making those investments out there with the  
10 fact that we have actually created profits. And I don't  
11 apologize for making profits.

12 Q And one last one that I'd have is there's been some  
13 comment that \$10 a month recovery is not very much. But  
14 it basically is equivalent to their basic phone bill;  
15 right?

16 A Yeah. My son-in-law, for example, had to pay a deposit  
17 in regard to his trailer house and he -- like he said,  
18 well, I just paid advance payment in regard to my local  
19 service for the next five years so I don't have to worry  
20 about paying my local service for the next five years.

21 Q All he'd have to do is pay extra plus long distance.

22 CHAIRMAN BURG: Okay. That's all I  
23 have.

24 REEXAMINATION

25 BY MS. WIEST:

1 Q In your experience now when you charge for deposits for  
2 homes without permanent foundations do these people  
3 leave before they've gotten their full refund back in  
4 greater numbers than those where they have paid deposits  
5 for permanent foundations?

6 A We have not kept statistics on that. My guess is that's  
7 probably true. But I don't think it's an exorbitant  
8 amount or we would go in and alter our policy all the  
9 more.

10 Currently I think we probably have four to  
11 five of these types of -- that are in the delinquent  
12 stage where they haven't paid.

13 Q I guess my question is if you don't know if that's true  
14 or not, what's your basis for charging 10 cents per foot  
15 as opposed to 20 cents per foot?

16 A The reason for the difference is because the length of  
17 the -- to go in and, for example, hire a contractor to  
18 go in and do 750 feet versus 2 miles or 3 miles will be  
19 substantially different because they have to move the  
20 equipment for a short drop and the cost per foot is  
21 substantially higher.

22 It has nothing to do with the distance other  
23 than the fact that it costs more to do short drops than  
24 it does to do long drops.

25 Q Well, but if their trailer house was on a permanent

1 foundation, they would be charged 10 cents per foot;  
2 right?

3 A Yes. But they wouldn't pay -- for example, they  
4 wouldn't pay anything until after one and three-tenths  
5 mile.

6 Q Let's assume they're over that. Let's say we're talking  
7 about a place that's 2 miles away. My point is what's  
8 the difference -- why would you charge them different,  
9 10 versus 20, when it's the same and the only difference  
10 is whether it's on a permanent foundation or not?

11 A Well, for the most part, and I asked the same question  
12 when it was brought up, the point was the longer the  
13 drop the lower the cost, and basically what he did in  
14 regard to developing this is he wanted to make sure the  
15 deposits weren't too high. If the deposits were too  
16 high, we would have people that couldn't get telephone  
17 service.

18 Q But if a place is 2 miles away, if it's on a permanent  
19 foundation, they are charged 10 cents per foot, and if  
20 it's not, it's 20 cents per foot.

21 A Right.

22 Q Your cost is the same. The only difference is it is or  
23 is not on a permanent foundation. I don't understand  
24 how you justify the difference.

25 A Well, his problem, when I asked him about this, is he

1 did not want the cost to get to a point -- most of our  
2 trailer homes, quite frankly, are less than 750 feet.  
3 That's why he established the price of that.

4 And he didn't want to get the cost to the  
5 point that the people -- remember what our principle  
6 is. We want to serve people, not prevent them from  
7 getting service. And so he didn't want to get to the  
8 point of having such a large deposit that these people  
9 wouldn't get telephone service.

10 Q I have a clarifying question. Will they get paid  
11 back -- if you know they took your service at \$15 or  
12 \$10?

13 A It depends on the class of service they have.

14 Q That's what I'm confused about because if you look at,  
15 you know, your Exhibit 3 --

16 A Yeah.

17 Q -- and it talks about the \$15 credit versus the \$10  
18 credit, the \$15 credit is applied if it's a permanently  
19 established farmstead or ranch. It makes no difference  
20 if they have residential business rate versus just a  
21 residential rate?

22 A Yeah. But a farm and homestead implies that it is a  
23 combination rate because it's a combination residence  
24 and business. A trailer house is implied as just a  
25 residence.

1 Q Where is that implied?

2 A Well, for the most part that's what our experience has  
3 been, that these are residences. Now, if, for example,  
4 the Austins figured out that they had a combination of a  
5 ranch and farm operations, we would refund that back on  
6 the same basis as --

7 Q But how could you do that under this policy?

8 A Well, I think they applied for a residence phone.

9 Q But you're saying -- and that's what I'm trying to  
10 clarify here is you seem to be saying that if it's a  
11 residential business, if they pay a residential business  
12 rate because that's what they are, residential business,  
13 they get refunded \$15 as opposed to 10?

14 A Right. Whatever the local service rate is -- we rounded  
15 it off.

16 Q But that's not in this policy, if they are without a  
17 permanent foundation it's \$10. It doesn't matter if  
18 it's residence or anything else so they could be paying  
19 a residential business rate in their trailer house, but  
20 they would still be reimbursed the \$10.

21 A The way that we've historically done it is based upon  
22 whatever their local service rate is is the credit they  
23 receive for that month.

24 Q So that means you're not following the policy.

25 A If you want to interpret it that way, I guess you can



1 interpret it that way.

2 Q So you do have exceptions to your policy?

3 A I'm not going to play games. We try to treat the  
4 customer right.

5 Q And I just want to clarify -- I probably just missed  
6 this, but is there a current RUS loan where the Austins  
7 live?

8 A There is funding for a loan. We have not did that  
9 project yet.

10 Q So you have a loan in place that's been approved; is  
11 that correct?

12 A Yes.

13 Q And is there a time line within that loan contract?

14 A Generally the RUS loans are five years. You can get  
15 extensions beyond that. They're generally five years.  
16 And I think I spelled this out at your last hearing.

17 Q And my problem is that really isn't on the record so  
18 that's why I'm asking for clarification.

19 A Okay. Any exchange where they live -- say, total rural  
20 exchange. Now it's been said here today, for example,  
21 that we bury fiber to the home. We don't bury fiber to  
22 the home. We take fiber out a certain distance and bury  
23 copper cable.

24 In many cases we change that copper cable out  
25 because of the fact it's cable that's not been filled

1 and we change it out. We've been looking for an  
2 economical way to serve a rural --

3 For example, like, for example, I think -- and  
4 we're testing today in the Long Valley exchange a  
5 Conklin carrier that we think might do that. We have to  
6 get the results of that test to see if that's one --  
7 because we have more than one of these exchanges.

8 We have Maurine, which is totally rural, I  
9 think, which encompasses a lot of fiber miles. But if  
10 we were to take the fiber out four different directions  
11 there and go with cable there, it would be very, very  
12 expensive.

13 So we've been asking some different vendors to  
14 give us some stuff that we'll test that maybe will  
15 service the area such as Enning in a much more  
16 economical way, and we think we've found one.

17 Q So within the next five years you may be --

18 A Oh, it would be less than that.

19 Q And that would be an upgrade to this area where the  
20 Austins live? Is that what it would be described as?

21 A Right.

22 Q In that loan contract is there a provision in there that  
23 speaks to aid to construction?

24 A Yes. You would be allowed within the provisions to  
25 charge aid to construction.

1 Q You can charge aid to construction in that loan?

2 A Well, let me back up. After that loan is completed, if  
3 you came in and after that, then you could be aid to  
4 construction.

5 Q Right.

6 A But could I have in this case a deposit or an advanced  
7 payment in regard to the Austins, for example, in regard  
8 to the trailer house, yes, they would allow that. We  
9 historically have not done that.

10 Q Do you have any information that would suggest that the  
11 Austins will live there less than three years?

12 A Do I have any information?

13 Q Right.

14 A No.

15 Q And just to clarify Exhibit 9, which I believe -- it's  
16 been referred to as regulations, and I believe at some  
17 point it was referred to as a model tariff. And so my  
18 question is just a clarification.

19 Is this a model tariff, or are these  
20 regulations that you have to follow?

21 A The TOM is what we have to follow, but I think what they  
22 allow us to do is do certain things like have a policy  
23 like we've had 30-15. As you remember, the intent of  
24 the policy was to avoid aid to construction.

25 Now, for example, are there companies that use

1 this relative to their policy? The answer is -- for  
2 example, in the US West case, they charge aid to  
3 construction in every case. It doesn't make any  
4 difference.

5 Q So do you have to follow this, or you can make up your  
6 own policies; is that correct? You can deviate from  
7 this? This isn't anything you have to follow; is that  
8 correct or not?

9 A I think you have to -- if you write a policy, you would  
10 have to get it approved by the RUS before they would  
11 allow you to deviate from this.

12 Q Okay.

13 MS. WIEST: That's all I have.

14 COMMISSIONER NELSON: I have a  
15 couple more that come to mind after Rolayne's  
16 question.

17 REEXAMINATION

18 BY COMMISSIONER NELSON:

19 Q If you currently have this RUS loan that's going to be  
20 covering their area, when you apply for that loan do you  
21 apply with X number of dollars and you can do whatever  
22 you want with those dollars?

23 A No.

24 Q Or do you say that you need \$300,000 and you're going to  
25 do this, this, and this in the first year and this,

1 this, and this in the second year, or do you have  
2 discretion within those years to --

3 A Yeah. The process goes something like this. You can go  
4 in and make area coverage survey, and then you go in and  
5 make area coverage design. Then you get your loan  
6 approved.

7 Now how you build that within five years or  
8 how you draw your funds down, that's discretionary on  
9 the part of the company. There's no set amount of time  
10 limits in regard to this except for the five years and  
11 then you can get an extension on that if you haven't  
12 spent all of your money.

13 Q I'm a little confused. If you have this RUS loan, it's  
14 my understanding you would have to provide these  
15 services in these areas without any construction  
16 charges. Is that not right?

17 A That's correct. Aid to construction.

18 Q So why then don't you have to provide that to the  
19 Austins without any fees?

20 A Well, let me get this straight first. Relative to  
21 whether we were going in there today with building this,  
22 the requirement in regard to whether they make an  
23 advanced payment, RUS says if you want an advanced  
24 payment from the Austins or anybody else in a trailer  
25 house, that's your call.

1 Now to serve permanent residents in regard to  
2 this area I'm required by law to serve those. But  
3 historically we have not asked for a deposit. We would  
4 go in there and build to them.

5 Q So, in other words, there's no requirement that says  
6 that you can't get any deposits from people for aid to  
7 construction because you have an RUS loan?

8 A I think it's spelled out in regard to the letter that  
9 Roberta Purcell says, "In response to your second  
10 question concerning mobile homes where experience has  
11 shown that residences are easily relocated, it is  
12 customary industry practice to consider such  
13 establishments or residences as nonpermanent as they may  
14 result in significant losses from stranded plant  
15 investment. It is therefore incumbent upon each  
16 individual company to prudently assess based upon the  
17 characteristics and past history of their service  
18 territory whether such establishments should be  
19 considered temporary."

20 It's a prudent man judgment in regard to the  
21 board. And they have taken the position that when we go  
22 in and do this we're just going to go in and serve  
23 them.

24 Q If you thought they were going to be there -- if you  
25 believed these people would be there for more than three

years, does that matter if they don't have a permanent construction foundation?

A The only thing I say to that, Pam, is that if there's a foundation there and they make the investment, it certainly gives the appearance that they are going to be there for -- that's a permanent home.

COMMISSIONER NELSON: All right.

Thanks.

MS. WIEST: Any questions from the commissioners? Any redirect?

MR. MEYER: A couple of things. I'm trying to clarify your question, Rolayne.

EXAMINATION

BY MR. MEYER:

Q On Policy 30-15 -- that's Exhibit No. 3, Jack.

A Okay.

Q On 4B(2) the policy says a \$10 credit is applied. And today I understand that's what his credit is is \$10; is that correct?

A That is correct.

Q At some point in time in the past I think you credit the local service and if it was a ranch business type service, it would have been higher, but that's not what you do anymore; is that correct? If you know.

A My interpretation of this is -- and I see what you're

1 pointing at in regard to this. If it is an RB, it's  
2 always been tailored to give them a one-month local  
3 service rate credit for each month that they retain.

4 If it's a 14.95 rate, then I would say that we  
5 would give them a 14.95 rate, even though apparently in  
6 Tim's mind all of these were for the most part residence  
7 that we had based upon a 9.95 rate and rounded it up to  
8 \$10.

9 How many of those we have out there that are  
10 really truly farm ranches, probably very, very few. But  
11 I can't say.

12 Q Okay.

13 A But that certainly has room for interpretation and  
14 probably room to improve in regard to making sure we  
15 give them the monthly rate equal to whatever the monthly  
16 rate is for their service.

17 Q One other thing is there were a couple of questions  
18 about reservation, and you serve on two reservations; is  
19 that right?

20 A Yeah. As a matter of fact three. But, yeah, two.

21 Q And does this policy apply the same on the reservation  
22 as it does in the rest of your service area?

23 A Yes, it does.

24 Q And what has been your experience -- the company's  
25 experience, with growth on the reservation considering



1 the fact that this policy was in place? Do you have  
2 that information available?  
3 A Yeah. I do. In fact, when somebody surfaced the issue  
4 of discrimination I get very concerned simply for the  
5 fact that I serve on multiple reservations. And I'm  
6 pretty proud of what Golden West has done in regard to  
7 reservations. And I'll give you some examples.

8 Since I became manager in 1981, the Pine Ridge  
9 exchange, our access lines have increased 125 percent  
10 since 1991. 1991 there were 1,053. Today there are  
11 2,370.

12 In the Kyle exchange in 1991 there were 518  
13 access lines. Today there are 1,142, an increase of  
14 122 percent on the Rosebud Reservation.

15 When we took over GTE there was 802 in 1993.  
16 Today there's 1,238. That's an increase of 60 percent.  
17 In the Mission exchange there was 793 in 1995. Today  
18 there's 1,218, a 53.2 percent increase.

19 Q Do you know what the policy of the prior company serving  
20 those exchanges was?

21 A Yes. In all cases they asked for excess construction  
22 costs, aid to construction costs.

23 Q And have you had any particular problems with this  
24 policy on the reservation?

25 A None that I'm aware of.

1 MR. MEYER: That's all I have.

2 MS. WIEST: Any other questions of

3 this witness?

4 MS. CREMER: I have a couple.

5 EXAMINATION

6 BY MS. CREMER:

7 Q If the local rate goes up over the \$10, will their  
8 deposit be returned at a higher rate, or does it stay  
9 the \$10?

10 A That's probably something we would look at.  
11 Historically we've not been one that raises our rates on  
12 a consistent basis. I think the last time we raised our  
13 rate was a couple of years back, and prior to that it  
14 had been in place for God knows how long.

15 But I would sense that we would look at that  
16 and revise that relative to the local service rate.  
17 Because that's the intent. Remember the intent is to  
18 advance payment -- that's what it's all about -- of the  
19 local service rate.

20 Q The other question I would have, what would it cost the  
21 Austins to run service to their barn which does have a  
22 foundation?

23 A Well, it's not a permanent inhabited place so you'd  
24 probably start aid to construction there.

25 Q Okay.

1 MS. WIEST: Any other questions of  
2 this witness?

3 COMMISSIONER SCHOENFELDER: I would  
4 like to remind him that I really would like some  
5 information on how much stranded plant investment  
6 you've got.

7 I don't want to be burdensome, but I would  
8 like an estimate. I think the board needs to know  
9 how much you've stranded out if that's case, if  
10 that's what you're trying to avoid. I'd certainly  
11 like the numbers if it's at all possible.

12 MS. WIEST: Did you file your  
13 contract that's currently effective, your RUS loan  
14 that would cover this area?

15 THE WITNESS: Sure.

16 MS. WIEST: Thanks. Any other  
17 questions of this witness? If not, thank you  
18 Mr. Brown. Do you have any other witnesses,  
19 Mr. Meyer?

20 MR. MEYER: No.

21 MS. WIEST: Any other witnesses,  
22 Ms. Cremer?

23 MS. CREMER: No.

24 MS. WIEST: Any rebuttal witnesses  
25 Ms. Austin?

1 MS. AUSTIN: No.

2 MS. WIEST: At this time I would ask  
3 the parties if they have closing statements and,  
4 first of all, do any of the parties see any need to  
5 file any briefs in this matter?

6 If not, I would just ask -- Ms. Austin, do you  
7 have any closing statements? It's optional.

8 MS. AUSTIN: No.

9 MS. WIEST: Mr. Meyer?

10 MR. MEYER: No.

11 MS. WIEST: Ms. Cremer?

12 MS. CREMER: No, I don't. Thank  
13 you.

14 MS. WIEST: That will close the  
15 hearing. Thank you, everyone.

16 (The hearing concluded at 2:45 p.m.)  
17  
18  
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25

1 STATE OF SOUTH DAKOTA )

2 :SS

CERTIFICATE

3 COUNTY OF HUGHES )

4  
5 We, LORI GRODE and CHERI MCCOMSEY WITTLER,  
6 Registered Professional Reporters and Notaries Public in  
7 and for the State of South Dakota:

8 DO HEREBY CERTIFY that as the duly-appointed  
9 shorthand reporters, we took in shorthand the  
10 proceedings had in the above-entitled matter on the  
11 12th day of January 1999, and that the attached is a  
12 true and correct transcription of the proceedings so  
13 taken.

14 Dated at Pierre, South Dakota this 25th day  
15 of January 1999.

16  
17 Lori Grode  
18 Lori Grode, Notary Public and  
19 Registered Professional Reporter

20 Cheri McComsey Wittler  
21 Cheri McComsey Wittler,  
22 Notary Public and  
23 Registered Professional Reporter  
24  
25



GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Wall, South Dakota

A regular meeting of the Board of Directors of the Golden West Telecommunications Cooperative, Inc. was held February 6, 1986 at 10:00 A.M. at the Headquarter's Building, Wall, South Dakota.

ATTENDANCE

Earl Waterland, President  
Wayne Livermont, Vice President  
Rodney Renner, Secretary  
Les Bryan, Treasurer  
Albert Crosbie, Director  
Robert Fronek, Director  
Sonny Zickrick, Director  
Duane Wood, Director  
Jerald Cook, Director  
Dale Guptill, Director

ABSENT

Richard Baye

ALSO IN ATTENDANCE

Don Paulsen, Jack Brown, Dick LeBlanc, Kevin Doyle, CPA Eide Helmeke Co.; Dan Lynch, DAL Systems; Dave Elkjer, Monty Montgomery, Bill Cook, Glenn Alisnouse, Clark Mortensen, Dave LaFée, Dwight Flatt, and Pete Blom.

MINUTES OF PREVIOUS MEETING

A motion was made by Mr. Zickrick, seconded by Mr. Bryan, and unanimously carried to approve minutes of previous meeting as submitted by mail to each director.

DISBURSEMENTS

A review was made of disbursements for the month of December 1985; General Fund Disbursements: Wall Account - Check No. 14786 - 15144; Hot Springs Account - Check No. 4630 - 4725; Payroll Disbursements; Wall Account - Check No. 11831 - 11979; Hot Springs Account - Check No. 4314 - 4385; and CATV Disbursements: CATV - General Fund - Check No. 1052 - 1054. After review, a motion was made by Mr. Crosbie, seconded by Mr. Bryan, and unanimously carried to approve disbursements.

MEMBERSHIP TRANSACTIONS

The Chairman stated that a list of memberships for approval would be considered at this time. Thereafter, a list of persons requesting membership in the Cooperative,

EXHIBIT

and those who had requested disconnects were presented. After approval of request for membership, the following resolution was adopted on a motion made by Mr. Livermont, seconded by Mr. Zickrick, and unanimously carried:

RESOLVED WHEREAS, the persons named on the attached list have applied for membership in the Cooperative, and have agreed to receive service as per membership requirements contained in the Bylaws, said persons are hereby declared members.

#### DIRECTORS REPORTS

The Chairman called on each Director for individual reports. Earl Waterland reported on the recent SDATC meeting held in ~~Pierre, S.D.~~ Sioux Falls, S.D. <sub>RR</sub>

#### MANAGER & STAFF REPORTS

Don Paulsen reported that negotiations are still continuing with NMB for the toll route between Hot Springs and Rapid City.

Dick LeBlanc reported that United Directory Service was working the Hot Springs area.

Burlington Northern Railroad has shown an interest in expanding in the Edgemont area. Glenn Althouse reported that he had investigated retaining a Denver, Colorado firm now working in the Rapid City area to stabilize the CO in Quinn.

Clark Mortensen presented capital credits to estates for approval to be refunded.

Dave LaFee reported that the quality of service test had begun in the outlying areas.

He also reviewed the complexity of the bidding process for the upgrading of Ellsworth AFB, S.D. communication system.

Dwight Platt presented a request by the Philip Fire Department. The request was tabled until the next meeting. He also reported that the cable television system in Mission, S.D. - Antelope, S.D. was for sale by Daniels & Associates of Denver, Colorado.

Pete Blom reported that additional antenna dishes would be placed on the Mooney Hill to Wall microwave system to solve the lost in signals on the system.

#### DEPRECIATION RATES AND ADJUSTMENT - STROMBERG SWITCHBOARDS

A discussion was held with auditors regarding depreciation reserves to retire electro-mechanical switchboards in Hayes, White River, and Wood exchanges in third quarter of 1986.

A recommendation was given by Eide Helmeke to adjust depreciation reserve to allow for the planned phase out of these switchboards.

A motion was duly made, seconded, and unanimously carried to approve audit journal entry adjusting depreciation provision to accomodate retirement of these switches in 1986.

#### AUDIT REPORT SEPTEMBER 1, 1984 THRU AUGUST 31, 1985

A motion was duly made, seconded, and unanimously carried to approve the audit report for period September 1, 1984 thru August 31, 1985 as prepared and presented by Eide Helmeke & Co., CPA's.



TRANSFER OF ACCOUNTS 118 to 118.2

A motion was duly made, seconded, and unanimously carried to approve the transfer of the following accounts 118 to 118.2. (See attached List)

RETIRE CAPITAL CREDITS TO ESTATES

A motion was duly made, seconded, and unanimously carried to approve the following list of capital credits for retirement to their Estates.

RED CROSS PROMOTION

A motion was duly made, seconded, and unanimously carried to cooperate with the Red Cross in a promotion in their behalf on the Pitney Bowes postage meter.

FAITH TO WALL MICROWAVE

A motion was duly made, seconded, and unanimously carried to approve the expenditures of \$21,965 for labor and materials to provide space diversity on the microwave system between the Mooney Hill and Wall sites to solve the lost of signal problems.

RESOLUTION SETTING INTEREST RATE ON TELE-TECH LOANS

A motion was duly made, seconded, and unanimously carried to approve setting the interest rate on loans to Golden West Tele-Tech at the same level earned on the average of other liquid assets held by Golden West Telecom. This would become effective retroactive to 1/1/86.

POLICY ADOPTION

A motion was duly made, seconded, and unanimously carried to adopt the policy books as presented.

COMMITTEE APPOINTMENTS - 1986

Wage & Hour	Les Bryan, Chm. - Members Sonny Zickrick & Wayne Livermont
Policy	Rod Renner, Chm - Members Richard Baye & Duane Wood
Budget	Albert Crosbie, Chm - Members Jerald Cook & Robert Fronek
Quality of Service	Earl Waterland, Chm - Members Dale Guptill & Rod Renner

MANAGER'S EXPENSE ACCOUNT

A motion was duly made, seconded, and unanimously carried to approve Don Paulsen's expense account in the sum of \$167.96.

CAPITAL ADDITIONS

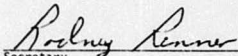
A motion was duly made, seconded, and unanimously carried to approve the purchase of a microwave test meter for the sum of \$2,100.00.

SALE OF COMPANY VEHICLES

A motion was duly made, seconded, and unanimously carried to accept the bid of \$1,001 by Joe Pourier for 1978 Ford 4x4 and \$1,757 by Bob Fronek for 1979 Ford 4x4. Bids on 1979 Ford 4x2, 1978 Chev 4x4, 1980 Chev 4x2, and 1977 Chev 1 ton w/tommy lift were rejected. Prices will be set on the remaining four vehicles and be sold out to the first buyer willing to pay that price.

ADJOURNMENT

There being no further business the meeting was adjourned.

  
Secretary

Special Meeting of the Board of Directors  
of the Golden West Telephone Cooperative, Inc.

A special meeting of the Board of Directors of the Golden West Telephone Cooperative, Inc., was held Wednesday, July 6, 1966, in the hospitality room of the First Western Bank, Wall, South Dakota at 10:00 AM, pursuant to waiver of notice signed by all directors of the Corporation.

The meeting was called to order by Earl H. Waterland, President, who presided and E. G. Geigle, Secretary, acted as secretary of the meeting.

Upon calling the roll the secretary reported that the following directors were present:

Earl Waterland  
E. G. Geigle  
Chmer Cook  
Ingebert Fauske  
Frank Anderson  
Gene Pellegrin  
Donald Weiss  
Richard Kulesza  
Alva Sims

Absent: None

Also in Attendance: Donald Paulsen, Manager; Ralph Craig, Architect;  
Fred Albrecht and Reynold Stenman, REA - Telephone Field Reps.;  
Byron Strandell, Consulting Engineer.

AREA COVERAGE DESIGN - 508G

The chairman asked Mr. Byron H. Strandell, Consulting Engineer to review the completed ACD.

A general discussion was held regarding the cost of upgrading to 5-party rural as opposed to costs of improved 8-party alternate study.

The ACD requests REA to provide information regarding a rate revision for cooperative local service charges throughout the system. It was requested that the REA rate department provide the cooperative with rates on a system wide basis for Rural-Multi Party and Urban service. An alternate request will ask a suggested rate for rural multi party based on one rate for A & D sections and one rate for B & C sections.

A motion was made by Mr. Fauske, seconded by Mr. Anderson and duly carried to approve the 508G ACD for submission to the Rural Electrification Administration, Washington, D. C. REA's study to be first conducted on the 5-party rural, 1 & 2 party urban. If required a portion of the study will be asked for the 8 - party rural alternate.

EXHIBIT

Special Meeting  
Board of Directors  
July 6, 1966

POLICY REVIEW AND ADOPTION

A review of the following policies were conducted:

- Line extensions after initial exchange const.
- Nepotism
- Vacations
- Termination
- Employment Practices
- Employee Education
- Uniforms
- Community Organization
- General work rules
- Holidays
- Sick Leave
- Leave of Absence
- Pay Period
- Travel and Expenses
- Working Periods
- Insurance for Directors and Employees
- Donations to organizations and groups

A motion was made by Mr. Kulesza, seconded by Mr. Sims, and duly carried to approve adoption of the foregoing policies.

HEADQUARTERS-WAREHOUSE BID LETTING

The chairman called on Mr. Ralph Craig of The Craig Associates, Architects for the Cooperative. The chairman stated that it was 2 o'clock P.M. MST the scheduled time for opening bids on the Headquarters-Warehouse Building.

Mr. Craig opened and read the bids in the order listed on the Bid Tabulation sheet. After reading of all bids attending contractors were instructed that the architect would advise of the Cooperative's Board decision.

Since the apparent low bidder, Dilly Construction Company was approximately \$14,000 over Architect's estimate of \$72,540.00 a general discussion was held by the directors of the cooperative.

After discussion a motion was made by Mr. Fauske, seconded by Mr. Cook and duly carried, that all bids be tabled until the July 19, 1966 Board meeting, and that the Architect contact the apparent low bidder to determine if any cost reductions may be realized. The architect was further instructed to attend the July 19, 1966 regular board meeting and report his findings.

Special Meeting  
Board of Directors  
July 6, 1966

ADJOURNMENT

There being no further business the meeting was duly adjourned.

  
\_\_\_\_\_  
Secretary

1998

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Wall, South Dakota

Policy Statement No. 30-15

**SUBJECT:** Construction of service lines after initial exchange construction.

**Definition:** Initial Exchange Construction: The original construction contract for any new exchange development.

**Policy:** The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit, with the Cooperative, sufficient to cover the extra required retention period.

The Cooperative will not exceed 4 miles under these agreements.

**Purpose:** To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed 750 feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first 750 feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee.
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,864 feet) service line, the surveying employee will notify the manager, or person assigned by the manager, of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Homes without a permanent foundation shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the manager or person assigned by the manager, will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:

A. Up to 1 and 3/10 miles the Cooperative will construct under the normal one year agreement included in the application for service. Service must be to permanently established farmstead or ranch. **Homes without a permanent foundation do not qualify.**

B. **Estimates to extend line extensions to homes without a permanent foundation** will include the costs associated with reconfiguring cable and adding station carrier equipment. This information will be on file with the plant manager and updated as needed. Line extension requests exceeding 750 feet shall be furnished service as follows:

1. Regular application plus a deposit of .20 cents per foot multiplied times the length of the service drop.
2. All deposits will be held for one full year from date of service connection. Thereafter, \$10.00 credit will be applied monthly until deposit is reimbursed.

EXHIBIT

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

C. **All services to permanently established farmstead or ranch over 1 3/10 miles but not over 4 miles at following terms:**

All services require a regular application plus completion of a line extension agreement as contained in this Policy.

**Regular application plus a deposit of .10 cents per foot multiplied times the length of the service drop.**

**All deposits will be held for one full year from date of service connection. Thereafter, \$15.00 credit will be applied monthly until deposit is reimbursed.**

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

D. The Board of Directors may alter any or all of the provisions of the Policy by appropriate Board action when they deem it to be necessary to protect the security of the Cooperative's investments.

E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant, the following conditions should be found acceptable to the Cooperative before extending service:

1. Electric power should have been extended to site.
2. Adequate water supply on premises.
3. Satisfactory road to premise.
4. Applicant should have satisfactory arrangement for use of land where residence is located. Preferably ownership, etc.

F. On line extensions longer than 4 miles each such extension shall receive evaluation and approval by the Board of Directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Adopted: November 21, 1985

Revised: December 2, 1996

Revised: July 30, 1998

*Richard Boye*  
*Shanthi Subinaty*  
President/Secretary

**NEXT**

**DOCUMENT (S)**

**BEST IMAGE**

**POSSIBLE**



1996

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Wall, South Dakota

Policy Statement No. 30-15

**SUBJECT:** Construction of service lines after initial exchange construction.

**Definition:** Initial Exchange Construction: The original construction contract for any new exchange development.

**Policy:** The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit with the Cooperative, sufficient to cover the extra required retention period.

The Cooperative will not exceed 4 miles under these agreements.

**Purpose:** To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed 750 feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first 750 feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,664 feet) service line, the surveying employee will notify the manager, or person assigned by the manager, of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Trailer houses shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the manager or person assigned by the manager, will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:
  - A. Up to 1 and 3/10 miles the Cooperative will construct under the normal one year agreement included in the application for service. Service must be to permanently established farmstead or ranch. Mobile homes do not qualify.
  - B. Estimates to extend line extensions to mobile homes will include the costs associated with reconfiguring cable and adding station carrier equipment. This information will be on file with the plant manager and updated as needed. Line extension requests exceeding 750 feet shall be furnished service as follows:
    1. Regular application plus a deposit of .20 cents per foot multiplied times the length of the service drop.
    2. All deposits will be held for one full year from date of service connection. Thereafter, \$10.00 credit will be applied monthly until deposit is reimbursed.

EXHIBIT

4

Golden West Telecommunications Cooperative, Inc.  
Policy Statement No. 30-13

Page 2

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

- C. All services to permanently established farmstead or ranch over 1 3/10 miles but not over 4 miles at following terms:

All services require a regular application plus completion of a line extension agreement as contained in this Policy.

Regular application plus a deposit of .10 cents per foot multiplied times the length of the service drop.

All deposits will be held for one full year from date of service connection. Thereafter, \$16.00 credit will be applied monthly until deposit is reimbursed.

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

- D. The Board of Directors may alter any or all of the provisions of the Policy by appropriate Board action when they deem it to be necessary to protect the security of the Cooperative's investments.
- E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant, the following conditions should be found acceptable to the Cooperative before extending service:
1. Electric power should have been extended to site.
  2. Adequate water supply on premises.
  3. Satisfactory road to premise.
  4. Applicant should have satisfactory arrangement for use of land where residence is located. Preferably ownership, etc.
- F. On line extensions longer than 4 miles each such extension shall receive evaluation and approval by the Board of Directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Adopted: November 21, 1985

Revised: December 2, 1996

Rodney Rannero  
Kenneth Zichin  
President/Secretary

1985

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Wall, South Dakota

Policy Statement No. 30-15

SUBJECT: Construction of service lines after initial exchange construction

Definition: Initial Exchange Construction: The original construction contract for any new exchange development.

Policy: The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit, with the Cooperative, sufficient to cover the extra required retention period, local service rate plus the applicable taxes.

The Cooperative will not exceed 4 miles under these agreements.

Purpose: To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed 1,200 feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first 1,200 feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee.
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,864 feet) service line, the surveying employee will notify the manager of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Trailer houses shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the manager will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:
  - A. Up to 1 and 3/10 miles the Cooperative will construct under the normal one year agreement included in the application for service. Service must be to permanently established farmstead or ranch. Mobile homes do not qualify.
  - B. Line extensions to mobile homes exceeding the 1,200 feet but not over 3,000 feet shall be furnished service as follows:

EXHIBIT

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1. Regular application plus a 5 year agreement to retain service plus a deposit of 4 years local service including taxes.

Line extensions to mobile homes exceeding 3,000 feet but not over 1 and 3/10 miles shall be furnished service as follows:

- a. Regular application plus a 6 year agreement to retain service plus a deposit of 5 years of local service including taxes.

All deposits will be held for one full year from date of service connection. Thereafter, an amount equal to one year's local service will be transferred to the applicants account annually.

- C All services over 1 3/10 miles but not over 4 miles at following terms:

<u>Length of Service Lines</u>	<u>Years of Local Service</u>	
	<u>Agreement</u>	<u>Deposit</u>
Over 1 3/10 miles but not over 2 miles	7	6
Over 2 miles but not over 3 miles	9	8
Over 3 miles but not over 4 miles	11	10

All services require a regular application plus completion of a line extension agreement as contained in this Policy.

All deposits will be held one year from the date service is connected. Thereafter, an amount equal to one year's local service plus taxes will be transferred to the applicant's account each year until the entire deposit is applied.

In case of termination of service prior to the expiration of this agreement, then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

- D. The Board of Directors may alter any or all of the provisions of the Policy by appropriate Board action when they deem it to be necessary to protect the security of the Cooperative's investments.
- E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant, the following conditions should be found acceptable to the Cooperative before extending service:
  1. Electric power should have been extended to site.
  2. Adequate water supply on premises.

3. Satisfactory road to premise.
  4. Applicant should have satisfactory arrangement for use of land where the residence is located. Preferably ownership, etc.
- F. On line extensions longer than 4 miles each such extension shall receive evaluation and approval by the Board of Directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Adopted November 21, 1985

*Wayne Livemont*  
*Rodney Renna*  
\_\_\_\_\_  
President/Secretary

1966

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.  
Well, South Dakota

Policy Statement No. 30-15

**SUBJECT:** Construction of service lines after initial exchange construction.

**Definition:** Initial Exchange Construction: The original construction contract for any new exchange development.

**Policy:** The Golden West Telecommunications Cooperative, Inc., will construct longer (up to 4 miles) than normal (1 and 3/10 miles) telephone lines provided the applicant agrees to a longer than normal (1 year) retention of service and maintains a deposit, with the cooperative, sufficient to cover the extra required retention period, local service rate plus the applicable taxes.

The cooperative will not exceed 4 miles under these agreements.

**Purpose:** To provide a means of offering service anywhere within our certified boundaries. To circumvent the requirement for aid to construction up to 4 miles to permanently inhabited locations.

Services to locations that are non-inhabited and exceed 1,200 feet shall be subject to aid to construction. Line extension costs for portion of service exceeding the first 1,200 feet shall be borne by subscriber. Payment of estimated amount to be completed before job start up.

1. When an application is received for service the length of line required will be carefully measured by the area serviceman or assigned employee.
2. After measurements have been made and the distance exceeds our normal (1 3/10 miles or 6,866 feet) service line, the surveying employer will notify the manager of total line required. He will also advise what type of facility is to be served and grade the permanency of the occupants indicating owner of property. Trailer houses shall receive special attention hereinafter.
3. Upon notification by the area serviceman or employee assigned, the Manager will contact the applicant to explain the Cooperative's policy and attempt to reach agreement with the applicant.
4. Following are the terms agreeable to the Cooperative:
  - A. Up to 1 and 3/10 miles the Cooperative will construct under the normal 1 year agreement included in the application for service. Service must be to permanently established farmstead or ranch. Mobile homes do not qualify.
  - B. Line extensions to mobile homes exceeding the 1,200 feet but not over 3,000 feet shall be furnished service as follows:
    1. Regular application plus a 5 year agreement to retain service plus a deposit of 4 years local service including taxes.

EXHIBIT

Line extensions to mobile homes exceeding 3,000 feet but not over 1 and 3/10 miles shall be furnished service as follows:

1. Regular application plus a 6 year agreement to retain service plus a deposit of 5 years of local service including taxes.

All deposits will be held for one full year from date of service connection. Thereafter an amount equal to one years local service will be transferred to the applicants account annually.

- C. All services over 1 3/10 miles but not over 4 miles at following terms

<u>Length of Service Lines</u>	<u>Years Of Local Service</u>	
	<u>Agreement</u>	<u>Deposit</u>
Over 1 3/10 miles but not over 2 miles	7	6
Over 2 miles but not over 3 miles	9	8
Over 3 miles but not over 4 miles	11	10

All services require a regular application plus completion of a line extension agreement as contained in this policy.

All deposits will be held one year from the date service is connected. Thereafter an amount equal to one year's local service plus taxes will be transferred to the applicants account each year until the entire deposit is applied.

In case of termination of service prior to the expiration of this agreement then the entire remaining amount of the deposit shall be credited to the original construction cost overheads.

No interest will be paid on deposits held for construction cost security.

- D. The Board of Directors may alter any or all of the provisions of the policy by appropriate board action when they deem it to be necessary to protect the security of the Cooperative's investments.
- E. As a matter of precaution so as to provide maximum security of the Cooperative's investment in plant the following conditions should be found acceptable to the Cooperative before extending service:
  - (a) Electric power should have been extended to site.
  - (b) Adequate water supply on premises.
  - (c) Satisfactory road to premise.
  - (d) Applicant should have satisfactory arrangement for use of land where the residence is located. Preferably ownership, etc.
- F. On line extensions longer than 4 miles each such extension shall recel evaluation and approval by the board of directors. Terms and conditions governing such extensions will be handled on an individual basis.

This policy supersedes and cancels all similar policies prior to this date.

Approved July 6, 1986

Witness \_\_\_\_\_

\_\_\_\_\_  
President

**USAC**

UNIVERSAL SERVICE  
ADMINISTRATIVE CO.

583 D'Oroffo Drive - Suite 201  
Madison, WI 53719-2055  
Voice: 608-827-8872 Fax: 608-827-8883

RECEIVED

DEC 28 1998

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Cheryl L. Parrino  
Chief Executive Officer

December 16, 1998

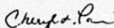
Dear NARUC Communications Committee:

Enclosed are the projected First Quarter 1999 High Cost Universal Service amounts for your state which USAC filed on October 31, 1998 with the FCC. We projected the programs will total approximately \$1,725 million in 1999. The programs include the loop cost expense adjustment (USF), \$864 million, local switching support (LSS), \$391 million, and long term support (LTS), \$470 million.

The High Cost data will continue to change due to quarterly updates, FCC rule interpretations and ongoing efforts to refine previously submitted data. Be assured that we will continue to keep you informed through these updates.

We hope to be able to provide you with information regarding the low-income program on a quarterly basis as well. If you have any questions regarding any of the current Universal Service programs or the information enclosed, please feel free to contact Mr. Robert Haga at 202-661-4695 or me.

Sincerely,



Cheryl L. Parrino

Clp:clp/letter/NARUCcom121798

Enclosure

EXHIBIT

7



UNIVERSAL SERVICE FUNDING  
High Cost Fund Support by Study Area  
First Quarter 1999

State	SAC	Study Area Name	Type	High Cost Loop Fund		Long Term Support		Local Switching Support		Total High Cost Fund Support		
				USF	Monthly	LTS	Monthly	LSS	Monthly	ETC	Monthly	Quarterly
SOUTH DAKOTA	391640	ARMOUR INDEPENDENT	A	1,841	\$0	Y	\$3,674	Y	\$36,104	Y	\$41,778	\$125,334
SOUTH DAKOTA	391642	BALTIC TELECOM COOP	A	2,720	\$6,269	Y	\$4,962	Y	\$28,643	Y	\$39,674	\$119,822
SOUTH DAKOTA	391647	CHEYENNE RIVER SIOUX	C	2,743	\$36,842	Y	\$15,530	Y	\$12,119	Y	\$64,491	\$193,473
SOUTH DAKOTA	391649	BERESFORD MUNICIPAL	A	1,259	\$318	Y	\$2,167	Y	\$33,338	Y	\$35,823	\$107,469
SOUTH DAKOTA	391650	CITY OF BROOKINGS	A	15,142	\$0	Y	\$6,332	X	\$34,247	Y	\$42,579	\$127,737
SOUTH DAKOTA	391652	DAKOTA TELECOMM GRP	C	6,306	\$52,138	Y	\$27,916	Y	\$114,170	Y	\$194,224	\$582,872
SOUTH DAKOTA	391653	CITY OF FAITH MUNIC	A	370	\$1,259	Y	\$1,102	Y	\$27,342	Y	\$29,703	\$89,109
SOUTH DAKOTA	391654	INTERSTATE TELECOMM	A	14,448	\$0	Y	\$38,829	Y	\$46,975	Y	\$85,804	\$257,412
SOUTH DAKOTA	391657	SPLITROCK TELECOM	A	5,774	\$0	Y	\$9,281	Y	\$28,850	Y	\$38,131	\$108,393
SOUTH DAKOTA	391659	GOLDEN WEST TELECOMM	C	14,989	\$109,787	Y	\$53,793	Y	\$63,072	Y	\$226,652	\$679,959
SOUTH DAKOTA	391660	MT RUSHMORE TEL	A	6,476	\$0	Y	\$10,823	Y	\$47,981	Y	\$58,804	\$178,412
SOUTH DAKOTA	391661	HANSON COUNTY TEL CO	A	1,497	\$0	Y	\$3,156	Y	\$22,648	Y	\$25,804	\$77,412
SOUTH DAKOTA	391664	JAMES VALLEY COOP	A	4,066	\$14,664	Y	\$15,543	Y	\$34,203	Y	\$64,410	\$193,230
SOUTH DAKOTA	391666	JEFFERSON TEL CO -SD	C	551	\$8,435	Y	\$612	X	\$8,429	Y	\$17,476	\$52,428
SOUTH DAKOTA	391667	KADOKA TELEPHONE CO	C	581	\$0	Y	\$1,292	Y	\$15,535	Y	\$16,827	\$50,481
SOUTH DAKOTA	391668	KENNEBEC TEL CO	C	825	\$12,101	Y	\$5,953	Y	\$16,627	Y	\$34,681	\$104,043
SOUTH DAKOTA	391669	MCCOOK COOP TEL CO	A	704	\$4,781	Y	\$4,572	Y	\$1,992	Y	\$19,027	\$57,081
SOUTH DAKOTA	391670	MIDSTATE TEL COMPANY	A	4,585	\$5,047	Y	\$11,697	Y	\$35,162	Y	\$44,515	\$133,545
SOUTH DAKOTA	391671	MOBRIDGE TELECOMM	A	2,472	\$0	Y	\$2,980	Y	\$2,283	Y	\$4,972	\$14,916
SOUTH DAKOTA	391674	ROBERTS COUNTY COOP	A	1,851	\$7,003	Y	\$7,448	Y	\$2,147	Y	\$16,598	\$49,794
SOUTH DAKOTA	391676	SANBORN TEL COOP	C	5,067	\$12,522	Y	\$13,099	Y	\$1,906	Y	\$27,527	\$82,581
SOUTH DAKOTA	391677	SIOUX VALLEY TEL CO	A	5,536	\$6,218	Y	\$14,697	Y	\$15,599	Y	\$36,514	\$109,542
SOUTH DAKOTA	391679	STOCKHOLM-STRANDBURG	C	732	\$18,543	Y	\$30,941	Y	\$4,657	Y	\$109,583	\$328,749
SOUTH DAKOTA	391680	SULLY BUTTES TEL	C	11,220	\$2,435	Y	\$2,015	Y	\$5,201	Y	\$6,107	\$27,321
SOUTH DAKOTA	391682	TRI-COUNTY TELCOM	A	454	\$3,044	Y	\$4,273	Y	\$26,250	Y	\$38,665	\$115,998
SOUTH DAKOTA	391684	UNION TEL CO	A	1,558	\$25,830	Y	\$36,392	Y	\$6,433	Y	\$68,655	\$205,965
SOUTH DAKOTA	391685	VALLEY TELECOMM	C	3,591	\$2,647	Y	\$3,454	Y	\$4,558	Y	\$10,659	\$31,977
SOUTH DAKOTA	391686	VIVIAN TELEPHONE CO	A	18,146	\$22,084	Y	\$9,426	Y	\$47,657	Y	\$79,146	\$237,438
SOUTH DAKOTA	391688	WESTERN TEL CO	A	1,108	\$0	N	\$0	Y	\$0	Y	\$0	\$0
SOUTH DAKOTA	391689	WEST RIVER COOP	C	3,837	\$22,084	Y	\$9,426	Y	\$47,657	Y	\$79,146	\$237,438
SOUTH DAKOTA	395145	U S WEST, INC. - SD	C	266,165	\$0	N	\$0	N	\$0	Y	\$0	\$0
SOUTH DAKOTA Total					\$351,967		\$362,975		\$912,303		\$1,527,325	\$4,581,975



Public reporting burden for this collection of information is estimated to average 8.6 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of the collection of information, including suggestions for reducing this burden to Washington, DC 20503 (OMB Form 0705-0188). Send comments to the Office of Management and Budget, Paperwork Reduction Project (0705-0188), Washington, DC 20503. (OMB Form 0705-0188). Expires 06/30/96.

USDA RUS		This data will be used by RUS to review your financial statement. Your response is required (7 U.S.C. 901 et seq.) and is not confidential.		
FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS		BORROWER NAME AND ADDRESS		
INSTRUCTIONS: Submit report to RUS within 30 days after close of the period. For detailed instructions, see RUS Bulletin 1764-2. Report in whole dollars only.		PERIOD ENDING	BORROWER DESIGNATION	
		12/31/97	South Dakota 508 Golden West	
<p align="center"><b>CERTIFICATION</b></p> <p>We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.</p> <p><b>ALL INSURANCE REQUIRED BY 7 CFR PART 1786, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.</b></p>				
<p>SIGNATURE OF MANAGER <i>[Signature]</i> DATE <i>3-6-98</i></p>		<p>SIGNATURE OF OFFICER <i>[Signature]</i> DATE <i>3/6/98</i></p>		
<p align="center"><b>PART A. BALANCE SHEET</b></p>				
ASSETS		BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>	
1. Cash and Equivalents		\$1,804,987	26. Accounts Payable	\$2,707,265
2. Cash-RUS Construction Fund		1,400	27. Notes Payable	0
3. Telecommunication Accounts Receivable		520,737	28. Advance Billings and Payments	864
4. Other Accounts Receivable			29. Customer Deposits	47,066
a. Affiliates	1,735,597		30. Current Maturities Long-Term Debt	0
b. Non-Affiliates	876,535		31. Current Maturities Long-Term Debt-Rural Dev.	0
Total	2,612,132		32. Current Maturities-Capital Leases	0
5. Notes Receivable	0		33. Income Taxes Accrued	0
6. Interest and Dividends Receivable	24,905		34. Other Taxes Accrued	470,910
7. Material-Regulated	738,776		35. Other Current Liabilities	404,948
8. Material-Nonregulated	0		36. Total Current Liabilities (26 thru 35)	3,631,053
9. Prepayments	493,810		<b>LONG-TERM DEBT</b>	
10. Other Current Assets	0		37. Funded Debt-RUS Notes	22,297,394
11. Total Current Assets (1 thru 10)	6,196,747		38. Funded Debt-RTB Notes	901,843
<b>NONCURRENT ASSETS</b>			39. Funded Debt-FFB Notes	0
12. Investment in Affiliated Companies			40. Funded Debt-Other	4,125,000
a. Rural Development	16,859,781		41. Funded Debt-Rural Development Loan	0
b. Non Rural Development	9,202,706		42. Premium (Discount) on Long Term Debt	0
Total	26,062,487		43. Recaptured Debt	0
13. Other Investments	0		44. Obligations Under Capital Lease	0
a. Rural Development	0		45. Advances From Affiliated Companies	0
b. Non Rural Development	2,629,463		46. Other Long-Term Debt	0
Total	2,629,463			
14. Nonregulated Investments	0		47. Total Long-Term Debt (37 thru 46)	27,324,237
15. Other Noncurrent Assets	864,903		<b>OTHER LIABILITIES AND DEFERRED CREDITS</b>	
16. Deferred Charges	394,279		48. Other Long-Term Liabilities	4,871,897
17. Jurisdictional Differences	0		49. Other Deferred Credits	0
			50. Other Jurisdictional Differences	0
18. Total Noncurrent Assets (12 thru 17)	29,951,132		51. Total Other Liabilities and Deferred Credits (48 thru 50)	4,871,897
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>	
19. Telecommunications Plant-in-Service		66,614,953	52. Capital Stock Outstanding and Subscribed	0
20. Property Held for Future Use		0	53. Additional Paid-in Capital	0
21. Plant Under Construction		4,612,464	54. Treasury Stock	0
22. Plant Adjustment, Nonoperating Plant, and Goodwill		54,386	55. Membership and Capital Certificates	0
23. Less Accumulated Depreciation		39,386,918	56. Other Capital	10,666,369
24. Net Plant (19 thru 23 less 23)	31,894,885		57. Patronage Capital Credits	15,199,676
			58. Retained Earnings or Margins	6,349,532
			59. Total Equity (52 thru 58)	32,215,577
25. TOTAL ASSETS (11 + 18 + 24)	\$68,042,764		60. TOTAL LIABILITIES AND EQUITY (36 + 47 + 51 + 59)	\$68,042,764

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

South Dakota 508 Golden West

PERIOD ENDING

INSTRUCTIONS: See RUS Bulletin 1744-2

12/31/97

## PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS

ITEM	THIS PERIOD (a)	THIS YEAR (b)	LAST YEAR (c)
1. Local Network Services Revenues		\$3,129,686	\$2,438,685
2. Network Access Services Revenues		9,851,562	8,779,862
3. Long Distance Network Services Revenues		725,637	183,829
4. Carrier Billing and Collection Revenues		421,187	535,562
5. Miscellaneous Revenues		578,392	131,836
6. Uncollectible Revenues		75,000	0
7. Net Operating Revenues (1 thru 5 less 6)		14,631,454	12,069,774
8. Plant Specific Operations Expense		3,122,097	3,071,005
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		896,817	544,327
10. Depreciation Expense		3,860,898	3,375,317
11. Amortization Expense		0	0
12. Customer Operations Expense		1,123,421	1,069,276
13. Corporate Operations Expense		1,302,053	1,257,327
14. Total Operating Expenses (8 thru 13)		10,305,286	9,317,252
15. Operating Income or Margins (7 less 14)		4,326,168	2,752,522
16. Other Operating Income and Expense		0	0
17. State and Local Taxes		443,078	370,651
18. Federal Income Taxes		814,531	840,724
19. Other Taxes		206,015	8,548
20. Total Operating Taxes (17 + 18 + 19)		1,463,624	1,219,923
21. Net Operating Income or Margins (15 + 16 - 20)		2,862,544	1,532,599
22. Interest on Funded Debt		1,215,047	1,140,100
23. Interest Expense - Capital Leases		0	0
24. Other Interest Expense		0	4,414
25. Allowance for Funds Used During Construction		94,150	108,037
26. Total Fixed Charges (22 + 23 + 24 - 25)		1,120,897	1,036,477
27. Nonoperating Net Income		4,110,676	2,627,553
28. Extraordinary Items		0	0
29. Jurisdictional Differences		0	0
30. Nonregulated Net Income		497,209	480,422
31. Total Net Income or Margins (27 + 28 + 29 + 30 - 26)		6,349,532	3,604,097
32. Total Taxes Based on Income		843,524	840,724
33. Retained Earnings or Margins Beginning of Year		3,604,097	1,595,575
34. Miscellaneous Credits Year-to-Date		0	0
35. Dividends Declared (Common)		0	0
36. Dividends Declared (Preferred)		0	0
37. Other Debits Year-to-Date		2,338,935	0
38. Transfers to Patronage Capital		1,265,162	1,595,575
39. Retained Earnings or Margins End-of-Period		6,349,532	3,604,097
40. Patronage Capital Beginning of Year		14,593,940	13,759,149
41. Transfers to Patronage Capital		1,265,162	1,595,575
42. Patronage Capital Credits Retired		659,426	760,784
43. Patronage Capital End-of-Year		15,199,676	14,593,940
44. Annual Debt Service Payments		2,386,741	2,030,649
45. Cash Ratio [(14 + 20 - 10 - 11) / 7]		0.5405	0.5934
46. Operating Accrual Ratio [(14 + 20 + 26) / 71]		0.8810	0.9589
47. TIER [(31 + 26) / 26]		6.6600	4.4700

## | BORROWER'S DESIGNATION

PERIOD ENDING

12/31/97

ES	2 BUSINESS SUBSCRIBERS (ACCESS LINES)
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EXCHANGE	1 RATES		2 BUSINESS SUBSCRIBERS (ACCESS LINES)					3 RESIDENCE SUBSCRIBERS (ACCESS LINES)				
	1	2	1 PARTY	2 PARTY	4 PARTY	PAY	TOTAL	1 PARTY	2 PARTY	4 PARTY	TOTAL	
	(a)	(b)	(a)	(b)	(c)	(d)	(e)	(a)	(b)	(c)	(d)	
ARDMORE	\$21.95	\$10.95	4	0	0	1	5	35	0	0	35	
BELVIDERE	\$21.95	\$10.95	19	0	0	8	27	115	0	0	115	
BUFFALO GAP	\$21.95	\$10.95	13	0	0	1	14	157	0	0	157	
CREIGHTON	\$21.95	\$10.95	1	0	0	0	1	86	0	0	86	
EDGE MONT	\$21.95	\$10.95	133	0	0	10	143	617	0	0	617	
ENNING	\$21.95	\$10.95	43	0	0	3	46	312	0	0	312	
FAITH RURAL	\$21.95	\$10.95	19	0	0	1	20	112	0	0	112	
HAYES	\$21.95	\$10.95	24	0	0	1	25	175	0	0	175	
HOT SPRINGS	\$21.95	\$10.95	841	0	0	80	921	2,444	0	0	2,444	
INTERIOR	\$21.95	\$10.95	62	0	0	16	78	123	0	0	123	
KYLE	\$21.95	\$10.95	310	0	0	12	322	694	0	0	694	
LONG VALLEY	\$21.95	\$10.95	93	0	0	3	96	399	0	0	399	
MARTIN	\$21.95	\$10.95	370	0	0	18	388	870	0	0	870	
MALURINE	\$21.95	\$10.95	7	0	0	2	9	126	0	0	126	
MIDLAND	\$21.95	\$10.95	59	0	0	5	64	232	0	0	232	
MILESVILLE	\$21.95	\$10.95	9	0	0	1	10	85	0	0	85	
MINUTEMAN DIRECT LINES	\$0.00	\$0.00	0	0	0	0	0	0	0	0	0	
NEW UNDERWOOD	\$21.95	\$10.95	57	0	0	9	66	354	0	0	354	
OSLERCHS	\$21.95	\$10.95	19	0	0	3	22	170	0	0	170	
ORAL	\$21.95	\$10.95	9	0	0	1	10	126	0	0	126	
PHILIP	\$21.95	\$10.95	304	0	0	12	316	660	0	0	660	
PINE RIDGE	\$21.95	\$10.95	790	0	0	27	817	1,304	0	0	1,304	
QUINN	\$21.95	\$10.95	14	0	0	2	16	117	0	0	117	
WALL	\$21.95	\$10.95	239	0	0	24	263	504	0	0	504	
WASTA	\$21.95	\$10.95	17	0	0	7	24	94	0	0	94	
WHITE CLAY	\$21.95	\$10.95	21	0	0	0	21	46	0	0	46	
WHITE RIVER	\$21.95	\$10.95	130	0	0	11	141	339	0	0	339	
WICKSVILLE	\$21.95	\$10.95	8	0	0	0	8	113	0	0	113	
WOOD	\$21.95	\$10.95	9	0	0	2	11	110	0	0	110	

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

**INDICATOR OF SIGNATION:**

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

INSTRUCTIONS: See RUS Bulletin 1744-2

PART C. SUBSCRIBER (ACCESS LINE) DATA ( ☒ See Part C Continuation Attached )[illegible]

ITEM	NUMBER			BILLED ACCESS MINUTES	ORIGINATING	TERMINATING
	BUSINESS	RESIDENTIAL	TOTAL			
	(a)	(b)	(c)			
4. Total Subscribers (Access Lines) *			14,403	11. Interstate, Inter LATA	21,661,330	16,615,900
5. Gain (Loss) in Access Lines (During Per.)	286	303	591	12. Interstate, Intra LATA	57,285	30,310
6. Held Applications (End of Period)	41	138	179			
7. Mobile Radio Telephones in Service	0	0	0	13. Intrastate, Inter LATA	608,654	235,254
8. Paging Units in Service			0			
9. Cellular Subscribers			0	14. Intrastate, Intra LATA	1,666,416	17,968,403
10. Official Stations (Access Lines)			387	15. No Plant Employees		16. No Other Employees

#### PART D. ANALYSIS OF TELECOMMUNICATIONS PLANT ACCOUNTS

ACCOUNTS	BALANCE BEGINNING OF YEAR	PLANT ADDED	PLANT RETIRED	ADJUSTMENTS & TRANSFERS	BALANCE END OF YEAR
	(a)	(b)	(c)	(d)	(e)
1. Land and Support Assets	8,752,092	1,097,907	223,897	0	9,626,102
2. Central Office Switching	10,910,221	57,534	47,537	0	10,920,218
3. Operator Systems	0	0	0	0	0
4. Central Office Transmission	10,058,399	351,502	155,902	0	10,253,999
5. Infor. Orig./Term Assets	1,378,977	179,759	273,153	1	1,285,583
6. Cable and Wire Facilities	31,694,396	2,768,656	46,513	0	34,436,539
7. Amortizable Tangible Assets	105,310	0	19,348	0	85,962
8. Intangibles	6,550	0	0	0	6,550
9. Subtotal (1 thru 8)	62,905,945	4,475,358	766,350	0	66,614,953
10. Telecommunications Plant Acquired	0	0	0	0	0
11. Telecommunications Plant Sold	0	0	0	0	0
12. Subtotal (9 + 10 - 11)	62,905,945	4,475,358	766,350	0	66,614,953
13. Property Held for Future Use	0	0	0	0	0
14. Telecom. Plant Under Construction	3,618,362	754,082	0	0	4,612,464
15. Telecommunications Plant Adjustment	0	0	0	0	0
16. Nonoperating Plant	54,366	0	0	0	54,366
17. Goodwill	0	0	0	0	0
18. Total (12 thru 17)	66,778,713	5,269,440	766,350	0	71,281,803

## Borrower De Signation

PERIOD ENDING

12/31/97

EXCHANGE NAME	NUMBER OF SWITCHES			NUMBER OF ACCESS LINES SERVED BY:		ROUTE MILES OF LINE	
	DIGITAL		ANALOG	DIGITAL SWITCHES	ANALOG SWITCHES	TOTAL (including fiber)	FIBER
	HOST	REMOTE					
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
ARDMORE	0	1	0	47	0	129	3
BELVIDERE	0	1	0	150	0	263	19
BUFFALO GAP	0	1	0	176	0	132	11
CREDITON	0	1	0	93	0	222	20
EDGE MONT	1	0	0	781	0	442	52
ENNING	0	1	0	382	0	591	35
FAITH RURAL	1	0	0	149	0	318	28
HAYES	0	1	0	212	0	388	40
HOT SPRINGS	1	0	0	3,454	0	597	67
INTERIOR	0	1	0	208	0	253	31
KYLE	1	0	0	1,180	0	687	97
LONG VALLEY	0	1	0	556	0	655	31
MARTIN	1	0	0	1,320	0	582	18
MAURINE	0	1	0	141	0	321	46
MIDLAND	0	1	0	301	0	350	34
MILESVILLE	0	1	0	96	0	173	15
MINUTEMAN DIRECT LINES	0	0	0	0	0	338	0
NEW UNDERWOOD	0	1	0	450	0	261	47
DEL RICH	0	1	0	197	0	307	79
ORAL	0	1	0	143	0	183	18
PHILIP	1	0	0	1,013	0	481	83
PINE RIDGE	1	0	0	2,346	0	691	117
QUINN	0	1	0	138	0	243	20
WALL	1	0	0	907	0	284	21
WASTA	0	1	0	144	0	156	13
WHITE CLAY	0	0	0	70	0	0	0
WHITE RIVER	1	0	0	522	0	239	16
WICKSVILLE	0	1	0	129	0	223	29
WOOD	0	1	0	133	0	249	16

USDA RUS

BORROWER DESIGNATION

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

INSTRUCTIONS - See RUS Bulletin 1744-2

PART E. ANALYSIS OF DEPRECIATION RESERVE			PART F. FUNDS INVESTED IN PLANT DURING YEAR		
1. Depreciation Reserve Balance - Beginning of year	\$36,099,196		1. RUS, RTB & FFB Loan Funds Expended		\$1,976,500
2. Additions -			2. Other Long-Term Loan Funds Expended		0
Depreciation Expense (Same as Part B, line 10)	3,660,698		3. Funds Expended Under RUS Interim Approval		0
3. Less Plant Retirements			4. Other Short-Term Loan Funds Expended		0
a. Original Cost of Plant Retired (Part D, line 3c less line 3c)	766,350		5. General Funds Expended (Other Than Interim)		3,292,940
b. Removal Costs	29,915				
c. Subtotal (3a + 3b)	796,265		6. Salvaged Materials		0
4. Plus Salvage	223,089				
5. Subtotal (2 + 4 - 3c)	3,287,722		7. Contribution in Aid to Construction		0
6. Other Adjustments - (Debit) or Credit					
7. Balance - End of Year (1 + 5 + 6)	39,386,918		8. Gross Additions to Telecom. Plant (1 thru 7)		5,269,440

PART G. CENTRAL OFFICE PLANT ( ☒ See Part G Continuation Attached )

EXCHANGE NAME	NUMBER OF SWITCHES			NUMBER OF ACCESS LINES SERVED BY:		ROUTE MILES OF LINE	
	DIGITAL HOST (b)	REMOTE (c)	ANALOG (d)	DIGITAL SWITCHES (e)	ANALOG SWITCHES (f)	TOTAL (including fiber) (g)	FIBER (h)
(a)							
See Attachment							
Route mileage outside of exchange area						0	0
NUMBER OF EXCHANGES	29						
SYSTEM TOTALS	9	18	0	15,452	0	9,698	1,015

## PART H. SYSTEM DATA

1. No. of Toll Trunk Terminations	2. % of EAS Trunk Terminations	3. Square Miles Served	4. Access Lines Per Square Mile	5. Subscribers Per Route Mile
1,669	451	16,050	0.89	1.48

## PART I. TOLL DATA

1. Types of Toll Settlements (Check One)

Interstate: ☐ Average Schedule ☒ Cost Basis

Intrastate: ☐ Average Schedule ☒ Cost Basis

2. If average, do you have a planned date to convert to cost? (Check One): If YES, when?

☐ YES ☐ NO

3. Are you a participant in the NECA Interstate Traffic Sensitive Pool? (Check One):

☒ YES ☐ NO

4. What type of Intrastate Inter-LATA and Intra-LATA settlements do you have in your service area? Give brief explanation below.

THE SETTLEMENTS HAVE NOT CHANGED IN THE LAST YEAR. THEY ARE THE SAME AS 1996.



USDA-RUS

**FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS  
(PART J CONTINUATION)**

Borrower Designation

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

## PART J. GENERAL FUNDS AND INVESTMENTS (Continued)

[illegible]

COMPANY, INVESTMENT OR DEPOSITORY NAME (a)	FORM OR TYPE OF INVESTMENT (b)	MATURITY DATE (c)	CURRENT BALANCE (d)
(Check appropriate box)			
<input type="checkbox"/> Continuation of Part J3			
<input checked="" type="checkbox"/> Continuation of Part J4			
<input type="checkbox"/> Continuation of Part J5			
<input type="checkbox"/> Continuation of Part J6			
NORTH CENTRAL DATA COOP	CAPITAL CREDITS		111,153
NORTH CENTRAL REGIONAL PROCESSING CNR	CLASS C STOCK		\$2,000
NORTH CENTRAL REGIONAL PROCESSING CNR	CLASS B STOCK		\$1,000
SOUTH DAKOTA NETWORK	STOCK		\$355,761
MEANS	STOCK		\$100,000
HOT SPRINGS AREA DEVELOPMENT	MEMBERSHIP FEE		\$25
EXPRESS COMMUNICATIONS	STOCK		\$14,227
RURAL TELEPHONE FINANCE CORP	MEMBERSHIP FEE		\$1,000
CO-BANK	MEMBERSHIP FEE		\$1,000
SHEARSON-LEHMAN	FEDERAL INSURED INVESTMENTS		\$518,262
PAINE WEBBER	FEDERAL INSURED INVESTMENTS		\$1,031,320
MERRILL LYNCH & PIERCE	FEDERAL INSURED INVESTMENTS		\$81,057
NORWEST BANK & FIRST NATIONAL BANK	FEDERAL INSURED INVESTMENTS		\$107,133
FEDERATED INSURANCE	CAPITAL CREDITS		\$115
VARIOUS ELECTRIC COOPS	CAPITAL CREDITS		\$139,925
VARIOUS FARMERS UNION COOPS	CAPITAL CREDITS		\$1,882
FEDERATED INSURANCE	MEMBERSHIP FEE		\$4,650

RUS Form 479 (Rev. 10-96)

Page 1 of 2 Pages

PART J CONTINUATION

### **BROADENED DESIGNATION**

PERIOD ENDING

12/31/97

[illegible]

COMPANY, INVESTMENT OR DEPOSITORY NAME (a)	FORM OR TYPE OF INVESTMENT (b)	MATURITY DATE (c)	CURRENT BALANCE (d)
(Check appropriate box)			
<input type="checkbox"/> Continuation of Part J3			
<input type="checkbox"/> Continuation of Part J4			
<input type="checkbox"/> Continuation of Part J5			
<input checked="" type="checkbox"/> Continuation of Part J6			
STOCKMANS BANK-MARTIN	GENERAL FUNDS		11,880
FIRST WESTERN BANK-NEW UNDERWOOD	GENERAL FUNDS		\$10,426
VARIOUS OTHER BANKS	GENERAL FUNDS		\$64,206
VARIOUS OTHER BANKS	SAVINGS ACCOUNTS		\$904,957
FIRST WESTERN BANK-CUSTER	GENERAL FUNDS		\$67,786
FIRST FIDELITY BANK-BONESTEEL	GENERAL FUNDS		\$10,047
FIRST FIDELITY BANK-WINNER	GENERAL FUNDS		\$10,503
FIRST FIDELITY BANK-MURDO	GENERAL FUNDS		\$10,480
FIRST FIDELITY BANK-COLOME	GENERAL FUNDS		\$9,932
FIRST FIDELITY BANK-BURKE	GENERAL FUNDS		\$10,091
NORWEST BANK-WINNER	GENERAL FUNDS		\$10,648
DRAPER STATE BANK-MURDO	GENERAL FUNDS		\$5,516
NORWEST BANK-LOWER BRULE	GENERAL FUNDS		\$9,682
FARMERS STATE BANK-MARION	GENERAL FUNDS		\$10,484
FIRST NATIONAL BANK-MURDO	GENERAL FUNDS		\$10,494
FIRST NATIONAL BANK-FREEMAN	GENERAL FUNDS		\$9,932
MENNO BANK-MENNO	GENERAL FUNDS		\$10,193

USDA-RUS		BORROWER DESIGNATION		
FINANCIAL AND STATISTICAL REPORT FOR TELECOMMUNICATIONS BORROWERS		South Dakota 508 Golden West		
INSTRUCTIONS: See RUS Bulletin 1744-2		PERIOD ENDING		
		12/31/97		
PART J. GENERAL FUNDS AND INVESTMENTS ( <input checked="" type="checkbox"/> See Part J Continuation Attached )				
NAME OF COMPANY OR INVESTMENT	CURRENT YEAR DATA		CUMULATIVE DATA	
	INVESTMENT THIS YEAR (b)	INCOME OR LOSS THIS YEAR (c)	CUMULATIVE INVESTMENT TO DATE (d)	CUMULATIVE INCOME OR LOSS TO DATE (e)
(a)				
1. Investment in Affiliated Companies - Rural Development				
GOLDEN WEST TELEPHONE PROPERTIES	65,627	3,265,811	9,000,000	7,859,781
TOTAL (Same as Part A, Line 12 a)				> 16,859,781
2. Investment in Affiliated Companies - Non Rural Development				
GOLDEN WEST TELE TECH	0	290,123	733,120	1,268,600
GOLDEN WEST CABLEVISION	0	108,032	775,836	820,716
GOLDEN WEST PCS	0	0	1,000	0
OLUG TELEPHONE COMPANY	0	361,546	4,950,000	653,434
TOTAL (Same as Part A, Line 12 b)				> 9,202,706
COMPANY, INVESTMENT OR DEPOSITORY NAME (a)	FORM OR TYPE OF INVESTMENT (b)		MATURITY DATE (c)	CURRENT BALANCE (d)
3. Other Investments - Rural Development				
TOTAL (Same as Part A, Line 13 a)				>
4. Other Investments - Non Rural Development				
Rural Telephone Bank Stock				133,932
CHERRY-TODD,WREA,GRAND,LACREEK,WST CT	MEMBERSHIP FEE			\$25
CO-BANK	PATRONAGE DIVIDENDS			\$21,086
NORTH CENTRAL DATA COOP	MEMBERSHIP FEE			\$3,935
See Attachment				
TOTAL (Same as Part A, Line 13 b)				> \$2,629,463
5. Nonregulated Investments & Nonregulated Material				
TOTAL (Same as Part A, Line 14 + Line 6)				>
6. Cash & Equivalents				
CD's in various institutions				0
FIRST WESTERN BANK-WALL	GENERAL FUNDS			\$604,546
FIRST NATIONAL BANK-PHILIP	GENERAL FUNDS			\$12,265
NORWEST BANK-WHITE RIVER	GENERAL FUNDS			\$10,919
See Attachment				
TOTAL (Same as Part A, Line 1)				> \$1,804,987
TOTAL GENERAL FUNDS AND INVESTMENTS				> \$30,496,937

## USDA-RUS

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

Borrower designation

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

**INSTRUCTIONS:** See *RUS Bulletin* 1744-2

**PART K. NOTES RECEIVABLE (Account 1200)**

NAME OF DEBTOR (Specify # Officer or Director, # Employee, Give Title) (a)	DATES		INTEREST RATE (d)	CURRENT BALANCE (e)
	ISSUE (b)	MATURITY (c)		
	08/27/87			
TOTAL (Same as Part A, Line 5)				>

**PART L OTHER ACCOUNTS RECEIVABLE (Account 1190)**

NAME OF DEBTOR (Specify if Officer or Director ; If Employee, Give Title) (a)	AMOUNT (b)
<b>1. Affiliates</b>	
GOLDEN WEST CABLEVISION	\$254,111
VIVAN TELEPHONE COMPANY	1,432,357
GOLDEN WEST TELE-TECH	49,129
<b>TOTAL (Same as Part A, Line 4a)</b>	<b>\$1,735,597</b>
<b>2. Non-Affiliates</b>	
VARIOUS CARRIERS-CABS BILLS	\$438,473
UNBILLED REVENUE	335,596
VA MEDICAL CENTER	9,850
CITY OF MARTIN	3,671
CELLULAR INC	1,336
SALES, CABLE CUTS, MISC BILGS, EMP INSUR	87,809
<b>TOTAL (Same as Part A, Line 4b)</b>	<b>\$876,535</b>

## PART M. NOTES PAYABLE

[illegible]

**PART N. COMPENSATION OF OFFICERS, DIRECTORS AND MANAGERS**

[illegible]

USDA RUS

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

BORROWER DESIGNATION

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

## PART C. CURRENT DEPRECIATION RATES

Are company's depreciation rates subject to Public Service Commission approval? (Check one)

☐

YES

☒

NO

EQUIPMENT CATEGORY	DEPRECIATION RATE
1. Buildings	3.36%
2. Office Equipment - General	12.83%
3. COE General [See footnote (a) below]	9.66%
4. COE Digital	9.76%
5. Digital Software [See footnote (b) below]	9.78%
6. COE Electronic Equipment [See footnote (c) below]	9.78%
7. COE Radio	9.40%
8. COE Composite [See footnote (d) below]	9.78%
9. Radiotelephone	0.00%
10. PBX	0.00%
11. Pay Stations	0.00%
12. Pole Lines	5.00%
13. Aerial Cable - Metal	6.00%
14. Aerial Cable - Fiber	0.00%
15. Underground Cable - Metal	6.00%
16. Underground Cable - Fiber	0.00%
17. Buried Cable - Metal	5.50%
18. Buried Cable - Fiber	5.00%
19. Underground Conduit	2.00%
20. Motor Vehicles	6.00%
21. Vehicles - Other	7.00%
22. Tool & Work Equipment	2.00%

## FOOTNOTES:

(a) Weighted average of all COE accounts.

(b) Digital software upgrade including hardware.

(c) COE Electronic equipment except radio.

(d) Weighted average of all COE accounts except switching equipment.

## NOTES TO THE FINANCIAL AND STATISTICAL REPORT:

USDA-RUS

BORROWER DESIGNATION

FINANCIAL AND STATISTICAL REPORT  
FOR TELECOMMUNICATIONS BORROWERS

South Dakota 508 Golden West

PERIOD ENDING

12/31/97

INSTRUCTIONS: See RUS Bulletin 1744-2

## PART P. SUBSCRIBER STATISTICAL INFORMATION

ITEM	NUMBER
1. New Subscribers Served (This Period):	
a. Number of Existing Establishments Previously Unserved	102
b. New Establishments Being Served	263
2. Number of Subscribers Receiving Improved Service (This Period) as a Result of System Improvements (For example, a new switch may provide improved service to all subscribers within an exchange.)	854
3. K-12 Schools:	
a. Total Number of K-12 Schools Receiving:	
(i) Service of Any Type	90
(ii) Transmission Facilities for Educational/Distance Learning Purposes	0
b. Total Number of Students in K-12 Schools:	
(i) Receiving Service of Any Type	9,104
(ii) Utilizing Telecommunications Services for Distance Education	0
4. Other Educational Based Organizations (Do not include K-12 schools.):	
a. Total Number of Other Educational Based Organizations Receiving:	
(i) Service of Any Type	1
(ii) Transmission Facilities for Educational/Distance Learning Purposes	1
b. Total Number of Students in Other Educational Based Organizations:	
(i) Receiving Service of Any Type	1,286
(ii) Utilizing Telecommunications Services for Distance Education	1,286
5. Hospitals, Clinics, and Other Medical Centers:	
a. Total Number of Hospitals, Clinics, and Other Medical Centers Receiving:	
(i) Service of Any Type	50
(ii) Transmission Facilities for Telemedicine Purposes	1
b. Number of Patients Treated at the Facilities Identified in 5a(i)	N/A
6. Internet:	
a. Do you provide local access to Internet services?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
b. Do any other organizations provide local Internet access?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
c. How many subscribers can access the Internet through local calls?	14,143
7. High speed transmission:	
a. Does your facility have customers receiving 56 Kbps or higher telecommunications service?	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>
b. If so, how many?	81

RUS Form 470 (Rev. 10-96)

Page 8 of 8

"A"

\_\_\_\_\_  
COMPANY

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 3

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS

The following regulations are subject to the conditions set forth in Section 13, LINE EXTENSION CHARGES.

1. Scope

- a. Construction Charges apply when one or more of the following conditions are present, and whenever more than one of such conditions are present, the charge for each condition applies, when the customer's request for service requires:
- (1) Construction for permanent service on public road to serve one or more customers or on private property to serve customers in general, and the construction is located outside the Telephone Company's base rate area.
  - (2) Construction for permanent service on private property to serve, a single customer and the construction is located inside or outside of the Telephone Company's base rate area.
  - (3) Facilities (including house cabling or inside wiring) of a type other than that which the Telephone Company would otherwise utilize in order to provide service for the customer.
  - (4) A greater quantity of facilities than that which the Telephone Company would otherwise construct in order to fulfill the customer's initial requirements for service.
  - (5) Routing of facilities other than that which the Telephone Company would normally utilize in order to provide service for the customer.

ISSUED \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
Date Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_  
Name Title Address

EXHIBIT

9

"A"

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 4

\_\_\_\_\_  
COMPANY

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

1. Scope (cont'd)

- (6) The Telephone Company to expedite construction of the facilities at greater expense than would otherwise be incurred.
- (7) Construction for temporary service and there is no immediate prospect of reusing the facilities provided.
- (8) Distribution construction on continuous property.
- (9) The Telephone Company to relocate existing facilities at the request of the customer or other party.

2. Usual Construction for Permanent Service

The regulations contained herein contemplate usual construction, i.e., the type of construction which the Telephone Company would provide for the area and for the quantity and class of service involved if the decision rested solely with the Telephone Company. The Telephone Company will place either aerial or underground construction and will determine, in each case, which is the usual type of construction to be used to furnish service.

ISSUED \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
Date Date  
Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.  
By \_\_\_\_\_  
Name Title Address



" A "

\_\_\_\_\_  
COMPANY

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 9

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

5. Temporary Construction

When construction is required for temporary service (for a period less than 3 years), and the construction is located inside or outside the Telephone Company's base rate area, and there is no immediate prospect (within 6 months of service disconnection) of reusing the plant provided, the customer is required to bear all of the cost of such construction.

The regulations applying to ownership and maintenance of such temporary construction are the same as apply to usual construction for permanent service.

6. Distribution Construction on Continuous Property

When communications services such as private branch exchange stations or extensions, tie line or private line services are extended to another building or point on the same continuous property of a customer, the construction required such as poles and conduit, including trenching, shall be the customer's responsibility. Such construction by the customer shall be furnished in a manner acceptable to the Telephone Company and shall be maintained and replaced by the customer. The Telephone Company will install and maintain the associated wire facilities at its expense. The cost of pole or conduit replacement or of opening and closing the trench in connection with maintenance and replacement of the wire facilities shall be the responsibility of the customer.

ISSUED \_\_\_\_\_  
Date

EFFECTIVE \_\_\_\_\_  
Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_, \_\_\_\_\_  
Name Title Address

" A "

COMPANY

TOM SECTION 1510  
PART III  
ORIGINAL SHEET 10

GENERAL EXCHANGE SERVICE TARIFF

SECTION 3

CONSTRUCTION CHARGES

B. REGULATIONS (cont'd)

7. Rearrangement or Relocation of Existing Construction

When the Telephone Company is requested to move or change existing construction, the customer or other party requiring the move or change is required to pay the entire cost incurred by the Telephone Company properly attributable to such relocation.

When a political subdivision of the State, or any agency thereof, requires by ordinance, franchise provision, administrative ruling or otherwise that existing aerial facilities be relocated underground, the entire cost incurred by the Telephone Company properly attributable to such relocation, after deducting therefrom any reimbursement received, any increase in value of the new facility and any salvage value derived from the old facility, will be charged pro rata to the exchange customers receiving service within the political subdivision.

8. Refunds\*

When the construction for which the Telephone Company has made a cash construction charge is utilized by the Telephone Company for the purpose of serving additional customers within a period of three years from the date it was placed in service, refunds, without interest, will be made to those customers who have paid such charges, provided they are still serviced by such construction. The amount of such refunds to a particular customer will be based on the difference between the construction charge actually paid by that customer and the construction charge which he would have paid if all customers served through that construction within such three-year period had been connected at the time the construction serving that customer was placed in service.

Where the construction is used within a period of three years for supporting local or long distance facilities connecting central offices, the total amount of cash construction charges paid by the customers will be refunded, without interest.

\*This may not be required for all borrowers, however some state regulatory bodies require some form of construction charge refund provision.

ISSUED \_\_\_\_\_ EFFECTIVE \_\_\_\_\_  
Date Date

Issued Under Authority of \_\_\_\_\_ No. \_\_\_\_\_  
State P.S.C.

By \_\_\_\_\_ Title \_\_\_\_\_ Address \_\_\_\_\_  
Name

**Example of a mobile home that was treated as a home with a permanent foundation under Policy No. 30-15.**

Mel Toman  
HCR 1, Box 20A  
Wood, SD 57585

The home was brought in two sections (on wheels) and placed on a permanent foundation (basement).

**Exhibit A - We asked for the following advance:**

13,200 feet @ \$ 10 per foot	= \$1,320.00
Installation Fee	= \$ 112.00
Total Advance Collected	= \$1,432.00

The \$112.00 was applied as a credit to the first months billing toward installation.

The \$1,320.00 is held for 12 months and then a \$15.00 credit is applied monthly until the entire amount is credited to customer. This will equal a total of 8 years and 4 months.

Service Order Date = 8/10/98  
Date \$112.00 Installation Credit Applied = 8/18/98  
Date \$15.00 Monthly Credit Begins = 8/10/99

Mel Toman, Wood, South Dakota

**GWTC Construction Agreement**

vs

**RUS Guidelines**

13,200 feet @ \$ 10 per foot = \$1,320.00  
Installation Fee = \$112.00  
Total Advance Collected = \$1,432.00  
Amount Returned to Customer = \$1,432.00  
(Installation credit applied immediately = \$112.00  
\$15 credit applied monthly beginning 12 months  
after installation until total refund = \$1,320.00)

Customer pays \$0.00 if they retain service for  
8 years and 4 months.

Local Service:  
R-1 Access Line \$10.95

x 12 months = \$131.40

Annual Local Service = \$131.40 x 7 years = \$919.80

Construction Cost:  
Material Cost = \$4,863.14  
Labor Cost = 316.21  
Overhead Cost = 579.26  
Contractor Cost = 8,761.10  
Total Cost = \$14,519.71

Total Cost of Construction \$14,519.71  
Less 7 years Local Service (\$1,919.80)  
Total Cost Exceeding 7 years Local Serv. \$13,599.91

Customer would pay \$13,599.91 using RUS guidelines

EXHIBIT

PO Box 411  
Wall, SD 57790  
605-279-2161

EXHIBIT A

Applicant Name: Mel Toman

Mailing Address: HCR 1, Box 204

Wood, SD 57585

Phone # 452 Member # \_\_\_\_\_

*Line Extension Agreement for  
Service Line Longer Than Normal And Certain Mobile Homes*

We are requesting telephone service to be installed and understand that the cost for burying cable to our residence/business requires a line extension agreement. We hereby agree to retain the service for 8 years and 4 months from date of installation.

Enclosed find our check in the amount of \$ 1432.00. This check is to cover the following charges.

\$ 112.00 Installation Fee

\$ \_\_\_\_\_ Deposit for \_\_\_\_\_ feet of drop to Mobile Home.

\$ 1320.00 Deposit for 13,200 feet of drop to permanently established Ranch or Farmstead.

\$ 1432.00 Total of Enclosed Check

It is understood that should we fail to complete the agreed upon 8 years and 4 months of service from date of installation, at this location, any remaining deposit or advance payment not used will be forfeited by us as a termination charge.

Physical Address or Land description of service location: T42N, R25W, NE 1/4 of NE 1/4 Section 11.  
It is also understood that the above deposit will be held one year from date service is connected. Thereafter, \$ 15.00 will be transferred to my account each month until the entire deposit is applied to local service billing.

Witness:

Mel Toman  
Applicant for Service

Janet Toman  
Spouse

Accepted:

Date: \_\_\_\_\_

By: \_\_\_\_\_  
Manager

Reviewed By Board:

Installed:

Date: \_\_\_\_\_

Date: \_\_\_\_\_

By: \_\_\_\_\_  
President

By: \_\_\_\_\_  
Installer

(Please sign and Return Top Copy With Payment)  
(Please Keep Duplicate For Your Records)

MELVIN G. TOMAN  
JANET TOMAN  
HCR 1, BOX 204  
WOOD, SD 57565

929

June 2, 1998

3-25  
314  
0040181870

to Golden West \$1,432.00  
One thousand four hundred thirty two and 00/100



BankWest

Platte, South Dakota 57501  
800-231-9622

605-452-3342

Janet Toman

+0914005380040197870# 0929

## EXHIBIT B

04-Jan-98 10:44 AM

GOLDEN WEST

page

1

Report of transmitted service orders - Transfer Date 08/18/98  
For service order number 181939 onlyORDER# CODE DESCRIPTION  
181939 FY OFF VACATION ORDERISSUAT EFFDNT DUDAT PERIOD MEMORUM OPERATOR  
08/11/98 08/18/98 08/10/98 653-32-3342 0034324 JILLCREATION TIME  
11-AUG-1998 16.12ADDRESS: OR JAIL  
ADDRESS: PER BOX 48

LOCATION: 8108

MAIN NUMBER 11 CROSS BILLED 000000  
PIC INFORMATION INTERSTATE 0222 INTRASTATE 0222

STATE SD ZIP 571689318

## TELEPHONE SPECIFIC CHANGES:

Equipment Location  
Vacation Code  
Vacation Date  
Vacation Rate03981  
08/12/98  
100.000CHANGED  
8108  
08/10/98  
0.000

## USOC CHANGES:

Date Description  
ACTION00 RESIDENCE 1 ACCTSS  
ACTION00 COMMUNICATIONS INVAIRED FUND  
ACTION00 TRUNKING SERVICE  
ACTION00 LEASE PHONE - RELATIVE CO  
ACTION00 INTRASTATE AND USER CMO-SINGLE  
ACTION00 WARD NET ACCESS  
ACTION00 MAIN INCQty Amount  
1 18.95  
1 0.15  
1 0.15  
2 4.00  
1 3.30  
1 8.50  
1 0.35

&lt;&lt; NO CHANGES &gt;&gt;

## CHANGES

Qty Amount

Old Amount 27.85

Change amount

0.00

Total

27.85

## CUSTOMER INFORMATION:

FIELD

OLD

CHANGED

&lt;&lt; NO CHANGES &gt;&gt;

06-Jan-98 10:44 AM

GOLDEN WEST

Page 2

ORDER# CODE DESCRIPTION ISSDNT EFDAT DCHDT PHBNN MDSNN OPERATOR CREATION TIME  
 181959 AT OFF VACATION ORDER 08/11/98 08/10/98 08/10/98 603-32-342 031428 JILL 11-005-1988 16 22

Pre-USOC Other Charges and Credits:

LSC Amount Pedata Statexes CityFax Comptexes Dist\_Lax

## ONE TIME CHARGES AND CREDITS:

CODE	DESCRIPTION	USOC	CHARGE	FEETAX	STATAX	CITYAX	CITYAX	OTRAX
PROC01	RENTAL PHONE	08/10-09/01	0.10	0.00	0.00	0.00	0.00	0.00
PROC02	COMMUNICATIONS INT	08/10-09/01	0.10	0.00	0.00	0.00	0.00	0.00
PROC24	5511 CHARGE - MELL	08/10-09/01	0.31	0.00	0.00	0.00	0.00	0.00
PROC24	LEASE PHONE	08/10-09/01	1.35	0.04	0.00	0.00	0.00	0.00
PROC24	LEASE PHONE	08/10-09/01	1.35	0.04	0.00	0.00	0.00	0.00
PROC08	INTERSTATE INT USE	08/10-09/01	2.37	0.07	0.09	0.00	0.00	0.00
PROC12	LAND NET ACCESS	08/10-09/01	3.42	0.00	0.22	0.00	0.00	0.00
PROC01	SERVICE ORDER CHARGE	08/10-09/01	56.35	0.00	2.26	0.00	0.00	0.00
PROC03	SERVICE ORDER CHARGE		62.11	0.38	3.23	0.00	0.00	0.00
Totals								

J0075

## SERVICE ORDER COMMENTS:

NEW LOCATION LINE EXTENSION WAS NEEDED. TOWNSHIP 42 N RANGE UNIT 23W NE 1/4  
 OF SECTION 11  
 MOOD LCE 1 1 9 24

SERVICE ORDER	6.75	CENTRAL OFFICE	11.25	TOTAL 50
PREMISE VISIT	14.50	STATION WORK	89.75	
TERMINATIONS	84.50	STATION HANDLING	8.75	
WIREWORK	84.50	STATION WORK	8.75	
JACK-REPAIR	82.00	JACK-WALL	8.40	
NUMBER CHARGE	20.50	OTHER		
SLD	0.00	CLERK	911	
		DISE		
		SDW		
		CM		
		TOTAL PR		

ENTER THE INTRINSIC PIC CODE:

## SALES ORDERS

Item Code Description

Price No Start End Payment Salesperson Salesperson

Extra Pay

Page 3

ISSDAT	EFFDAT	DEB DAT	PHNUM	MEMNUM	OPERATOR	CREATION TIME
08/11/98	08/10/98	08/10/98	60-452-332	0034326	JILL	11-AUG-1998 16:22

CHINA REPORT - 1998

```

**** NO CHANGES ****
Override :
DA:
Code: 0
Yellow Page

```

## ONLIST C70

605-452-3342

605-652-3342

CARTER SD  
67676-0716CARTER SD  
67876-0710

6

6

**Spouse :**

•

0

0

Non Director

Non Director

**Check Under**

Ch...

\_\_\_\_\_

1

10

----- Old Plant Records -----

## • ASSIGN

### EQUAL ACCESS PIC CHANGE REQUEST

Trans Type	Carrier	C
0000		

Carrier

Source

2

170

3

220

2

11

1

2

2



## CUSTOMER INQUIRY SCREEN

EXHIBIT C

Phone 605-452-3342 Member 0054328 Location 81108 1  
Customer name TOMAN, MEL Condat 03/21/88 Disdat 00/00/00 0

Charges this year 37.66 Charges last year 285.14-  
Date Description Adjustment amount  
Balances Current 30 day 60 day 90 day Total

09/01/98 STATE TAX - TOLL 0.27  
09/01/98 LOCAL SERVICE 102.58  
09/01/98 END USER CHARGE 5.87  
09/01/98 COMMUNICATIONS IMPAIRED 0.25  
09/01/98 E911 CHARGE 1.26  
09/01/98 STATE TAX - LOCAL SERVICE 4.06  
09/01/98 FEDERAL TAX - LOCAL SERV 0.96

08/18/98 BALANCE-> 129.70- 0.00 0.00 0.00 129.70-  
08/18/98 CASH 112.00-  
08/01/98 BALANCE-> 17.70- 0.00 0.00 0.00 17.70-  
+--- 48 Lines above/??? Lines below ----- Scroll up/down -----

# CUSTOMER INQUIRY SCREEN

EXHIBIT D

Phone 605-452-3342 Member 0054328 Location 81108 1  
 Customer name TOMAN, MEL Condat 03/21/88 Disdat 00/00/00 0

NAME TOMAN, MEL	---Net---	Local---	Toll---
Tot 37.66	37.66	Only	Only
Calcrd BNS	Advance: Amount	Date Code	Date Amount
Non Directory Code . . . . 0	1320.00	08/10/98 3	08/10/99 15.00
Print Code . . . . .000	Bank 0 No.	Custno	
Delinquent Code. . . . .0	Deposit Amt	0.00 Cd:0 00/00/00	Int: 0.00
Write-off Code . . . . .0	Amt	0.00 Cd:0 00/00/00	Int: 0.00
Minority Code. . . . .6	Amt	0.00 Cd:0 00/00/00	Int: 0.00
Number of Bills. . . . .1	Crossbill Code:0	Tele:000-0000	Memb:0000000
Patronage Code . . . . .0	Vacation Code 0	Date 08/10/98	Rate 0.0 %
Memb Amt/CT# 0.00	Directory advertising amount		0.00
Directory Assistance Code 0	Previous telephone	-	Code 0
Interlata Pic 0222	Patrnge Dirty	Taxed	Total Other
Intralata Pic 0222	0.00	14.95	35.80 0.00
Pic Restriction Neither			

(A)ddtl detail (L)ocal service (O)c&c (E)quipment (C)redit hist (M)ore ]

(PF4

Page: 38  
Proc: WORKA 1.0018

Estimate	Actual
.....	.....

Material Cost

Special Services

Total Cost:

OPEN

OPEN

[illegible]

00.73

79.07

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40-19

.....

●  
●  
●  
●  
●  
●

[illegible]

.....

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10

●

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10

Page: 33  
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uction. For Processing Period 1998, 10

	Overall AVE	Overall Tau	Overall B
81	0.33	0.33	0.33
82	0.33	0.33	0.33
83	0.33	0.33	0.33
84	0.33	0.33	0.33
85	0.33	0.33	0.33
86	0.33	0.33	0.33
87	0.33	0.33	0.33
88	0.33	0.33	0.33
89	0.33	0.33	0.33
90	0.33	0.33	0.33
91	0.33	0.33	0.33
92	0.33	0.33	0.33
93	0.33	0.33	0.33
94	0.33	0.33	0.33
95	0.33	0.33	0.33
96	0.33	0.33	0.33
97	0.33	0.33	0.33
98	0.33	0.33	0.33
99	0.33	0.33	0.33
100	0.33	0.33	0.33

Q/L AGCT

INVOICE #	AMOUNT
5009	0.761
	0.761

To-Date Totals: 0.763.

Post Dc Xfer G/L Acct #  
.....  
08/31/1998 8000.

10

P.O. Box 411

Wall, SD 57790

**DATE** 9-18-98

PROJECT # Work Order # 3230

PROJECT NAME Mel Toman

TERMS: Attn: Tim Fast

[illegible]

**SIGNATURE**

Please note past due balance will be subject to a service charge of 1 1/4% per month (Annual percentage rate of 15%).

## Thank You

[illegible]

CT  
K24

Golden West Telecommunications Cooperative, Inc.  
P.O. Box 411  
Wall, SD 57790-0411  
(605) 279-2161

Applicant Name: Barry Austin

Mailing Address: \_\_\_\_\_

White Oak, SD 57792

Phone #: 985 Member #: \_\_\_\_\_

*Line Extension Agreement for  
Service Line Longer Than Normal and Certain Mobile Homes*

We are requesting telephone service to be installed and understand that the cost for burying cable to our residence/business requires a line extension agreement. We hereby agree to retain the service for 9 years and 9 months from date of installation.

Enclosed find our check in the amount of \$ 1054.00. This check is to cover the following charges:

\$ \_\_\_\_\_ Installation Fee

\$ 1054.00 Deposit for \$270 feet of drop to homes without a permanent foundation

\$ \_\_\_\_\_ Deposit for \_\_\_\_\_ feet of drop to permanently established  
Ranch or Farmstead.

\$ 1054.00 Total of Enclosed Check

It is understood that should we fail to complete the agreed upon 9 years and 9 months of service from date of installation, at this location, any remaining deposit or advance payment not used will be forfeited by us as a termination charge.

Physical Address or Land Description of service location: T8N, R15E, SEC33

It is also understood that the above deposit will be held one year from date service is connected. Thereafter, \$ 10.00 will be transferred to my account each month until the entire deposit is applied to local service billing.

Witness:

\_\_\_\_\_  
Applicant for Service

\_\_\_\_\_  
Spouse

Accepted:

Date: \_\_\_\_\_

By \_\_\_\_\_  
Manager

Reviewed by Board:

Date: \_\_\_\_\_

By \_\_\_\_\_  
President

Installed:

Date: \_\_\_\_\_

By \_\_\_\_\_  
Installer

(Please Sign and Return Top Copy With Payment)  
(Please Keep Duplicate For Your Records)

EXHIBIT

11  
1.15.94



United States Department of Agriculture  
Rural Development

Rural Business-Cooperative Service • Rural Housing Service • Rural Utilities Service  
Washington, DC 20250

January 12, 1999

Ms. Rolayne Ailts West  
General Counsel  
South Dakota Public Utilities Commission  
State Capital Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501-5070

Dear Ms. Wiest:

In response to your letter dated January 4, 1999, to Mr. Ed Cameron of the Rural Utilities Service (RUS), we are providing the following information regarding RUS' policy on deposits charged by RUS borrowers. As indicated in your letter, Golden West Telecommunications Cooperative, Inc. (Golden West) is proposing that the Austins pay a refundable deposit of \$1,054 in order to receive basic telephone service to their mobile home.

While, RUS has always encouraged its borrowers to provide service to the greatest practical number of rural subscribers without a contribution-in-aid of construction, there are no RUS policies or regulations that preclude any borrower from assessing a refundable deposit from any new consumer. In response, to your second question concerning mobile homes, where experience has shown that residences are easily relocated, it is customary industry practice to consider such establishments or residences as nonpermanent as they may result in significant losses from stranded plant investments. It is, therefore, incumbent upon each individual company to prudently assess, based upon the characteristics and past history of their service territory, whether such establishments should be considered temporary.

Sincerely,

ROBERTA D. PURCELL  
Assistant Administrator  
Telecommunications Program

Rural Development is an Equal Opportunity Lender  
Caretaker of Discrimination Complaints to 2025  
Secretary of Agriculture, Washington, DC 20250

EXHIBIT

12

JAN 13 1999



# South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070



January 4, 1999

Ed Cameron  
Rural Utilities Service  
U. S. Department of Agriculture  
14th & Independence Avenue, S.W.  
Washington, DC 20250-1500

Dear Mr. Cameron:

Capitol Office  
Telephone: (605)773-3201  
FAX: (605)773-3809

Transportation  
Warehouse Division  
Telephone: (605)773-4280  
FAX: (605)773-3225

Consumer Hotline  
1-800-332-1782

TTY Through  
Relay South Dakota  
1-800-877-1113

Internet  
hills@puc.state.sd.us

Jim Burg  
Chairman  
Pam Nelson  
Vice-Chairman  
Linda Schoenfelder  
Commissioner

William Ballard Jr.  
Executive Director

Edward R. Anderson  
Horton Best  
Martin C. Jettmann  
Charlie Bolle  
Sue Cichos  
Karen E. Cremer  
Marlene Fischbach  
Shirleen Fugitt  
Lewin Hammond  
Katie Hartford  
Lani Healy  
Cameron Honeck  
Dave Jacobson  
Bob Knadle  
DeLaine Kolbo  
Jeffrey P. Lorenson  
Terry Norum  
Gregory A. Raskov  
Tamara Stangorly  
Steven M. Wegman  
Rolayne Ailts Wiest

The South Dakota Public Utilities Commission (Commission) currently has a docket pending before it concerning the provisioning of service to a rural customer by Golden West Telecommunications Cooperative, Inc. (Golden West). Golden West has a policy that charges deposits for extension of service. The deposit will be refunded over a number of years to the customer if the customer stays at the location receiving the service.

The customer in question lives in a mobile home at H.C.R. 77, Box 43, White, Owl, South Dakota 57792. Our first question to you is whether Golden West is under any current obligation, pursuant to an existing RUS loan, to extend service to this customer without charge. Our second question is whether RUS considers a mobile home, that is not on a permanent foundation, to be temporary construction under the RUS model tariff.

I have enclosed the complaint and answer for your information. I would appreciate it if you could respond in writing prior to the date of the hearing on this matter, which is set for January 12, 1998. Our fax number is (605)773-3809. Thank you for your assistance. I will see to it that any information you send me is given to all the parties in this docket.

Sincerely,

ROLAYNE AILTS WIEST  
General Counsel

cc Brian Meyer  
Karen Cremer  
Barry and Dawn Austin

EXHIBIT

13





**GOLDEN WEST TELECOMMUNICATIONS  
COOPERATIVE, INC.**

A Golden West Company

TC98-179

HEADQUARTERS OFFICE  
P.O. Box 411  
Wall, South Dakota 57790-0411  
Phone: 605/279-2161  
Fax: 605/279-2727

DISTRICT BRANCH OFFICE  
1510 National Avenue  
Hot Springs, South Dakota 57747-1489  
Phone: 605/745-3103  
Fax: 605/745-5331

November 20, 1999

James Burg, Commissioner  
South Dakota Public Utilities Commission  
500 East Capitol  
Pierre, SD 57501

RECEIVED

JAN 27 1999

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

Dear Commissioner Burg:

This letter is in response to the information requested by Commissioner Laska Schoenfelder during the January 12, 1999, hearing on Docket TC98-179.

Our research indicates that Golden West Telecommunications Cooperative had 583 abandoned Ranch-Farm homes over the past 20 years. 57% were abandoned mobile home sites (non-permanent foundations) and 43% abandoned homes on permanent foundations.

Most of the abandoned homes on permanent foundations were built in the decade of the 70's, during our REA or RUS Construction program, while most of the abandoned mobile homes (non-permanent foundations) were built at a later date at a substantially higher cost.

Sincerely,

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.

  
Jack Brown, Management Consultant

"Bringing It All Together"



# South Dakota Public Utilities Commission



State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

January 29, 1999

Capitol Office  
Telephone (605)773-3201  
FAX (605)773-3809

Transportation/  
Warehouse Division  
Telephone (605)773-5280  
FAX (605)773-3225

Consumer Hotline  
1-800-332-1782

TTY Through  
Relay South Dakota  
1-800-877-1113

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bill@pucc.state.sd.us

Jim Burg  
Chairman  
Pam Nelson  
Vice-Chairman  
Laska Schoenfelder  
Commissioner

William Bullard Jr.  
Executive Director

Edward R. Anderson  
Harlan Best  
Martin C. Hoffmann  
Charlie Ingle  
Sue Cichon  
Karen E. Cremer  
Marlette Fischbach  
Sharon Fugitt  
Lewis Hammond  
Katie Hartford  
Loni Healy  
Cameron Honeck  
Dave Jacobson  
Bob Knudle  
Dakane Kolbe  
Jeffrey P. Lorenzen  
Terry Norum  
Gregory A. Raskov  
Tamara Slangeby  
Steven M. Wegman  
Rosalynne Adis West

Barry and Dawn Austin  
HCR 77, Box 43  
White Owl, SD 57792

Re: Austin Complaint/Golden West  
Docket TC98-179

Dear Folks:

Enclosed you will find a copy of a letter we received on January 27, 1999, from Golden West Telecommunications Cooperative with reference to the above captioned matter.

Very truly yours,

Karen E. Cremer  
Staff Attorney

KEC:dk  
Enc.

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

IN THE MATTER OF THE COMPLAINT FILED ) BY BARRY AND DAWN AUSTIN, WHITE OWL, ) SOUTH DAKOTA, AGAINST GOLDEN WEST ) TELECOMMUNICATIONS COOPERATIVE, INC. ) REGARDING DISCRIMINATORY ) INSTALLATION FEES )	FINDINGS OF FACT AND CONCLUSIONS OF LAW; NOTICE OF ENTRY OF ORDER  TC98-179
--	--

On September 23, 1998, the Public Utilities Commission (Commission) received a complaint filed by Barry and Dawn Austin, White Owl, South Dakota, against Golden West Telecommunications Cooperative, Inc. (Golden West). The complaint alleges that Golden West discriminates against mobile home owners in its line extension policy. The Austins request that Golden West make an exception to its policy and review each case on an individual basis or abolish the policy entirely.

Pursuant to ARSD 20.10.01.08.01 and 20.10.01.09, if a complaint cannot be settled without formal action, the Commission shall determine if the complaint shows probable cause of an unlawful or unreasonable act, rate, practice or omission to go forward with the complaint.

On October 15, 1998, at a duly noticed meeting, Ms. Austin explained her complaint to the Commission. Golden West stated its position for having the policy. Commission Staff recommended a finding of probable cause. The Commission voted unanimously to find probable cause and served the complaint on Golden West. Golden West filed its answer on November 16, 1998. In its answer, Golden West asked that the matter be dismissed without a formal hearing.

At its December 30, 1998, meeting, the Commission considered whether to dismiss this matter. After listening to the arguments of the parties the Commission unanimously denied the request for dismissal. The hearing was set for January 12, 1999, beginning at 10:00 o'clock A.M., in the Pierre Community Room, Chamber of Commerce Building, 800 West Dakota, Pierre, South Dakota. The issue at the hearing was whether Golden West committed an unlawful or unreasonable act, rate, practice, or omission and, if so, what relief would be appropriate. The hearing was held as scheduled. At the end of the hearing the Commission took the matter under advisement.

At its March 9, 1999, meeting, the Commission considered this matter. The Commission found that Golden West had not committed an unlawful or unreasonable act, rate, practice, or omission (Commissioner Schoenfelder dissenting).

Based on the evidence of record, the Commission makes the following Findings of Fact and Conclusions of Law.

## FINDINGS OF FACT

1. On September 23, 1998, the Commission received a complaint filed by Barry and Dawn Austin, White Owl, South Dakota, against Golden West. The complaint alleges that Golden West discriminates against mobile home owners in its line extension policy. The Austins requested that Golden West make an exception to its policy and review each case on an individual basis or abolish the policy entirely.

2. The Austins moved a mobile home onto land owned by Barry Austin's parents in October of 1997. Tr. at 6. Their mobile home does not have a permanent foundation. Id. They have a cellular phone but it is unreliable. Tr. at 8.

3. Golden West adopted a policy for line extensions that provides that homes without a permanent foundation pay a deposit of 20 cents per foot for line extensions that exceed 750 feet. Exhibit 3. All deposits are held for one year after service connection and then a \$10.00 credit is applied monthly until the deposit is reimbursed. Id.

4. For homes with a permanent foundation the customer is required to pay a deposit of 10 cents per foot for line extension that exceed 1 3/10 miles but not over 4 miles. Id. All deposits are held for one year after service connection and then a \$15.00 credit is applied monthly until the deposit is reimbursed. Id.

5. Based on this policy, Golden West would charge the Austins a deposit of \$1,054.00. Exhibit 11, Tr. at 55. This amount was based on a distance of 5,270 feet. Exhibit 11. The total cost to extend the line 5,270 feet was estimated at \$3,530.90. Tr. at 63.

6. If Golden West were to follow Rural Utility Service policies, the Austins would have to pay \$2,938.10, none of which would be refunded. Tr. at 56. The Rural Utility Service policy is based on the total cost of the project minus seven years of local service. Id.

7. The reasons for treating homes with permanent foundations differently than those without permanent foundations is because homes without permanent foundations can be easily moved. Tr. at 64. In addition, a permanent foundation implies that the customer will be there for a number of years. Id.

## CONCLUSIONS OF LAW

1. The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26, 49-2, 49-13, including 49-13-1 through 49-13-14, inclusive, and SDCL Chapter 49-31, including 49-31-3, 49-31-7, 49-31-7.1, 49-31-7.2, 49-31-10, 49-31-11, 49-31-38, 49-31-38.1, 49-31-38.2, 49-31-38.3, 49-31-60 through 49-31-68, inclusive, and ARSD 20.10.01.07.01 through 20.10.01.28, inclusive. The Commission may rely upon any or all of these or other laws of this state in making its determination.

2. Pursuant to SDCL 49-31-11, "[n]o person or telecommunications company may unjustly or unreasonably discriminate between persons in providing telecommunications services or in the rate or price charged for those services "

3. The Commission finds that Golden West's policy is not unreasonably or unjustly discriminatory. The Commission finds that since homes without permanent foundations may be easily moved, the policy concerning deposits which treats homes without permanent foundations differently than homes with permanent foundation is not unreasonably or unjustly discriminatory. The Commission also notes that the deposit will be refunded over a period of time if the customer remains at the site and that the amount of the deposit is considerably less than the actual cost.

It is therefore

ORDERED, that the Commission finds Golden West has not committed an unlawful or unreasonable act, rate, practice, or omission and, therefore, the Austins request for relief is denied.

#### NOTICE OF ENTRY OF ORDER

PLEASE TAKE NOTICE that this Order was duly entered on the 18<sup>th</sup> day of March, 1999. Pursuant to SDCL 1-26-32, this Order will take effect 10 days after the date of receipt or failure to accept delivery of the decision by the parties.

Dated at Pierre, South Dakota, this 18<sup>th</sup> day of March, 1999.

#### CERTIFICATE OF SERVICE

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.

By

William Kallio

Date

3/19/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

LASKA SCHOENFELDER, Commissioner  
dissenting

Dissent by Commissioner Schoenfelder

I dissent from the majority decision in this docket.

I find that Golden West's policy statement No. 30-15 is clearly discriminatory. Cooperative telephone companies have a special mission, which is to bring affordable telephone service to rural areas. In order to accomplish this mission they are given access to tax supported low interest loans. They also receive Universal Service support for high cost companies. These subsidies are paid for by consumers everywhere in the country so that rural residents can be connected and stay connected to the telephone network.

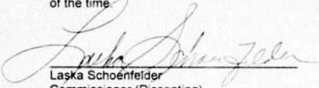
The policy clearly discriminates against people who live in manufactured housing or trailer houses without a foundation. This includes people who cannot afford a mobile home that is specially constructed to be placed on a foundation or someone who already owns a mobile home that cannot be placed on a foundation. Under this policy, these people are forced to make an additional investment to make the home comply with the cooperative's policy, pay a substantial amount to construct a line to their home, or go without telephone service. South Dakota has many farmers and ranchers who cannot afford to build houses for all family members or employees involved in the operation. Young farmers and ranchers also find it more affordable to live in a mobile home so that they have more income to invest in the operation. Many residents of Indian reservations also may have problems affording telephone service under this policy. It seems to me that this policy denies affordable communications services to those that need them the most. Golden West's witness testified that the cooperative wants to serve people, not prevent them from getting service. However, it would seem that this policy would do just that.

Another way the policy discriminates against people who reside in mobile homes is by charging ten cents per foot if the home were on a permanent foundation, and twenty cents per foot if it were not. In addition, I do not believe that the policy clearly outlines how the cooperative defines a foundation. The cooperative should define what constitutes a foundation so the membership has a clear understanding of the meaning.

Mr. Brown testified that under the current set of circumstances a contribution to line extension is required. However, in another year, when a reconstruction of some plant is planned for the area near the Austins with monies borrowed from RUS, the line extension would be performed free of charge. Even if this practice is not considered discrimination, it would seem to me to be very hard to explain to the membership, as is the practice of donating thousands of dollars to economic development projects. While I agree with the principal of economic development activities, it's hard to rationalize using member's money in such a way and then denying service to a customer based upon a policy that does not seem to encourage development of the economic base of the service territory.

I strongly suggest that the board of directors at Golden West re-examine its policies regarding line extensions because the cooperative's own records do not appear to support this position. In a letter filed as a late filed exhibit in this docket, there is not a great deal of difference between the number of abandoned services for homes on foundations as opposed to those that did not have foundations.

While I dissent from the majority decision in this docket and believe that this policy not only discriminates against the Austins as well as others who find it necessary to live in homes without permanent foundations, I also believe that Golden West has a very challenging job because of the unique territory that it serves and must be commended for providing very good service most of the time.



Laska Schoenfelder  
Commissioner (Dissenting)