



TC05-016

January 20, 2005

RECEIVED
JAN 24 2005
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Ms. Pam Bonrud
Executive Director
South Dakota Public Utilities Commission
State Capitol
500 East Capitol
Pierre, South Dakota 57501

RE: Petition for Designation as an Eligible Telecommunications Carrier

Dear Ms. Bonrud:

On behalf of PrairieWave Telecommunications, Inc., ("PrairieWave"), I have enclosed one original and ten copies of the Petition for Designation as an Eligible Telecommunications Carrier seeking approval from the Commission.

Sincerely,

A handwritten signature in cursive script that reads "Dawn Haase".

Dawn Haase
Legal Administrative Assistant

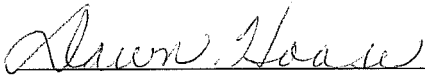
Enclosures
cc: Service List

CERTIFICATE OF SERVICE

I, Dawn Haase, on the 20th day of January, 2005, served the attached **PETITION FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER** by U. S. mail to all persons at the addresses indicated below.

Fort Randall Telephone Company
ATTN: Mark Hanson
722 W. Hwy #46
Wagner, SD 57380

Rich Coit
SDTA
PO Box 57
Pierre, SD 57501-0057


Dawn Haase

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

In the Matter of the Application of)
PrairieWave Telecommunications, Inc.)
for Designation as an Eligible Telecom-) **TC04-**
munications Carrier in the Contiguous)
Wire Centers of Centerville and Viborg.)

Petition for Designation as an Eligible Telecommunications Carrier

Pursuant to 47 U.S.C. §§ 214(e)(1) and (2), SDCL § 49-31-78, and ARSD 20:10:32:42 and 20:10:32:43, PrairieWave Telecommunications, Inc. ("PrairieWave") requests that the Commission designate PrairieWave as an eligible telecommunications carrier ("ETC") for the rural, contiguous South Dakota wire centers of Centerville and Viborg ("Petition"). In support of this Petition, PrairieWave submits the following:

1. PrairieWave is a South Dakota corporation and a competitive local exchange carrier ("CLEC") with its principal place of business at 5100 South Broadband Lane, Sioux Falls, SD 57108. The contact for this Petition is William P. Heaston, General Counsel, (605) 965-9894.
2. The proposed effective date is March 1, 2005.
3. PrairieWave seeks ETC designation for the contiguous Centerville and Viborg wire centers for which it is a certified competitive local exchange provider.¹ Ft. Randall Telephone Co. ("Ft. Randall") is the incumbent local exchange provider and is a rural

¹ PrairieWave was formerly known as Dakota Telecom, Inc. ("DTI") and McLeodUSA Telecom Development, Inc. See, *In the Matter of the Petition of Dakota Community Telephone, Inc. and McLeodUSA Telecom Development, Inc. for Approval of the Transfer of their Stock to PrairieWave Communications, Inc.* Final Decision and Order Approving Sale of Stock and Telephone Exchanges; Notice of Entry of Order, Docket No. TC02-062 (August 20, 2002). The Commission certified DTI as a statewide competitive local exchange provider for all U S WEST Communications ("U S WEST") (nka Qwest Incorporated) service territories on October 22, 1996, in Docket No. TC96-050. At that time the Centerville and Viborg exchanges were owned by U S WEST, but were sold subsequent to the 1996 certification to Hanson Communications, Inc. Consequently, the Centerville and Viborg exchanges were not subject to the rural requirement (see, SDCL § 49-31-73) that a competitor satisfy the obligations of an ETC for purposes of certification.

telephone company as that term is defined in 47 U.S.C. § 153(37) and as that term is used in 47 U.S.C. § 214(e)(2), SDCL § 49-31-78 and ARSD 20:10:32:42. Ft Randall also provides local telecommunications services in the Tabor, Tyndall, Wagner, Lake Andes and Hermosa wire centers. These five wire centers are not contiguous with the Centerville and Viborg wire centers. All seven wire centers constitute the Ft. Randall study area for federal Universal Service Fund (“USF”) purposes.²

4. Consistent with 47 C.F.R. ¶ 54.201(c), the Commission may designate more than the incumbent Ft. Randall as an ETC for a service area designated by the Commission, if such designation is in the public interest. As required by 47 C.F.R. ¶ 54.201(d), PrairieWave offers the services supported by the federal USF, as detailed in 47 C.F.R. ¶ 54.101(a)³, using entirely its own fiber optic, copper and coaxial cable facilities, soon to be supplemented by the deployment of a fixed wireless voice and data service, and does and will continue to advertise these services and the prices for the services using media of general distribution.

5. PrairieWave is not seeking a waiver of any service requirements set forth in 47 C.F.R. ¶ 54.101.

6. PrairieWave is requesting ETC designation in an area served by a rural telephone company, and that company, Ft. Randall, has already been designated an ETC for the

² The same study area number (391660) is assigned to both Mt. Rushmore Telephone Co. and Ft. Randall in NECA Tariff No. 5. After reviewing Bruce Hanson’s testimony in Docket No. TC98-111, Dakota Telecom, Inc.’s (“DTI”) (nka PrairieWave) 1998 request for ETC designation (“DTI 1998 Petition”), PrairieWave is not completely sure of the corporate structure among the Hanson Communications, Mt. Rushmore and Ft. Randall entities. *See In the Matter of the Filing by Dakota Telecom, Inc. for Designation as an Eligible Telecommunications Carrier*, Docket No. TC98-111, Hearing Transcript (“Tr.”) 59-61 and Exhibit 3.

³ The required services are voice grade access to the public switched network, local usage, dual-tone multi-frequency signaling or its equivalent, single party service, access to emergency services, access to operator services, access to interexchange services, access to directory services, and toll limitation for qualifying low-income consumers.

service area.⁴ Designation of an additional ETC for a rural service area requires the Commission to determine that additional ETC designation be in the public interest.⁵ In its *Western Wireless Order* in Docket No. TC03-191,⁶ this Commission detailed its public interest test. In paragraph 17 of that order it stated a two part analysis: (a) whether consumers will realize benefits from increased competition, and (2) whether the rural area is capable of supporting competition, i.e., will competition have a detrimental effect on the provisioning of universal service by the incumbent carrier.⁷ In paragraph 18, the Commission added what it termed “a more stringent public interest analysis,” based on the FCC’s decision in *Virginia Cellular*.⁸ In that decision the FCC stated that in addition to the value of increased competition in rural areas, it would also look at other factors including the impact of multiple ETC designations on the universal service fund, the unique advantages of the competitor’s service offering, any commitments made regarding the quality of service, and the competitor’s ability to provide the supported services throughout the service area within a reasonable time (citing *Virginia Cellular* ¶ 4).

7. The designation PrairieWave as an ETC in the Centerville and Viborg wire centers is in the public interest for the following reasons:

a. PrairieWave has been a competitive provider of telecommunications services in the Centerville and Viborg communities since 1997. PrairieWave provides

⁴ *In the Matter of the Filing by Fort Randall Telephone Company for Designation as an Eligible Telecommunications Carrier*, Docket No. TC97-075, Finding of Fact, Conclusions of Law, Order and Notice of Entry of Order (December 17, 1997).

⁵ 47 U.S.C. § 214(e)(2); SDCL § 49-31-78.

⁶ *In the Matter of the Filing by WWC License, LLC d/b/a CellularOne for Designation as an Eligible Telecommunications Carrier in Other Rural Areas*, Docket No. TC03-191, Order Designating Western Wireless as an Eligible Telecommunications Carrier; Findings of Fact and Conclusions of Law; and Notice of Entry of Order (September 2, 2004) (“*Western Wireless Order*”).

⁷ The Commission cited its decision *In the Matter of the Filing by GCC License Corporation for Designation as an Eligible Telecommunications Carrier*, Docket No. TC98-146.

⁸ *In the Matter of Federal-State Joint Board on Universal Service Virginia Cellular, LLC Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, Docket No. 96-45, Memorandum Opinion and Order, 19 FCC Rcd 1563 (2004) (“*Virginia Cellular*”).

the latest technology and high quality, completely modern telecommunications services to customers at just, reasonable and affordable prices. Customers in these communities have a choice of provider, which insures better service, continually updated technology and lower, affordable prices for service. PrairieWave provides service through a completely updated Lucent 5E switch located in Viborg and fiber optic, copper and coaxial cable facilities and technology that provides basic voice service, video services and very high speed Internet and other data services. This network is as modern and as feature rich as any in the state and in the country.

b. PrairieWave will continue to expand its basic fiber optic, copper and coaxial cable network in the Centerville and Viborg wire centers where it is economically feasible to do so. PrairieWave will again deploy a fixed wireless technology⁹ as described in Exhibit A to this Petition.¹⁰ The technology uses the Lucent 5E switch thereby providing all of the features and functionality necessary to meet the service and feature requirements of 47 C.F.R. ¶ 54.101(a). PrairieWave is not required to provide these services prior to its designation as an ETC.¹¹ Exhibit A contains an anticipated deployment schedule which will complete coverage of the entire requested service area in three years.

⁹ A fixed wireless local loop provides customers with features more commonly associated with landline technology. There would be dialtone and the connection of answering machines, fax machines and other peripheral devices (e.g. VoIP telephones) is permitted.

¹⁰ In 1998 DTI deployed a fixed wireless system. DTI 1998 Petition, Tr. 40-44 and Exhibit 2. Without the ETC designation, PrairieWave was unable to maintain its original fixed wireless system deployed in conjunction with that petition and discontinued service to its remaining customers in 2002.

¹¹ *Federal Joint Board on Universal Service, Western Wireless Corporation Petition for Preemption of an Order of the South Dakota Public Utilities Commission*, 15 FCC Rcd 15168, ¶¶ 10, 14 (2000); see also *The Filing by GCC License Corporation for Designation as an Eligible Telecommunications Carrier*, 623 N.W.2d 474 (SD 2001) (“GCC Decision”).

c. PrairieWave currently serves very few customers outside the corporate boundaries of Centerville and Viborg.¹² PrairieWave is serving what is presumed to be the more densely populated, lower cost areas of the two wire centers. PrairieWave, by this application, seeks to become a provider of its basic voice, high speed Internet and other advanced services to those families and businesses located in the more rural and higher cost areas of these exchanges outside the corporate boundaries of the two towns. This effort is the exact reverse of the cream-skimming concerns expressed by the FCC in *Virginia Cellular* and *Highland Cellular*¹³ decisions. The ETC designation will ensure that these rural consumers have access to telecommunications and information services that are reasonably comparable to those provided in town and at reasonably comparable rates.¹⁴

d. PrairieWave currently provides Lifeline service to one customer in the Centerville wire center and five customers in the Viborg wire center. Because PrairieWave does not have ETC designation in those wire centers, it is under no legal obligation to provide Lifeline service and it does not receive any USF reimbursement. However PrairieWave provides the necessary discounts as a measure of its commitment to its rural service mission and to the low-income customers residing within its service territories.¹⁵

¹² PrairieWave has seven customers in areas outside the city limits of the two communities, two of whom are employees.

¹³ *In the Matter of Federal-State Joint Board on Universal Service, Highland Cellular, Inc., Petition for Designation as an Eligible Telecommunications Carrier in the Commonwealth of Virginia*, CC Docket No. 96-45, Memorandum Opinion and Order, 19 FCC Rcd 6422 (2004) (“*Highland Cellular*”).

¹⁴ 47 U.S.C. § 254(b)(3).

¹⁵ *See*, 47 C.F.R. §§ 54.405 and 54.407. There are currently no Link-up customers because no one who has applied for service has qualified (*see*, 47 C.F.R. §§ 54.411 and 54.413), but PrairieWave would apply that discount without ETC designation.

PrairieWave Community Telephone ¹⁶ generally advertises the availability of Lifeline and Link-up services throughout its ILEC territory, which completely surrounds the Centerville and Viborg wire centers, so there is awareness of the existence of this low-income assistance in the two communities.

e. It is obvious that a Centerville/Viborg service area can sustain competition – it has for more than seven years. PrairieWave advertises its service offerings throughout the Centerville and Viborg wire center areas. As noted above, these two wire centers are completely surrounded by the service territory of PrairieWave Community Telephone, Inc. Residents and businesses in the area are very familiar with and knowledgeable of PrairieWave and its service offerings. PrairieWave advertises throughout the area in media of general viewing and distribution.¹⁷ PrairieWave distributes various brochures and other promotional material included at Exhibit B at various times during the year. PrairieWave participates in community activities such as parades, fundraisers and high school athletic events, and sponsors youth activities. PrairieWave will continue its proactive presence regardless of any ETC designation.

f. The impact on the USF will be absolutely minimal. Based on a per line per month USF payment of \$15.5818, the anticipated initial monthly payment to PrairieWave will be approximately \$10,000 plus reimbursement of Lifeline and Link-up expenses.

¹⁶ PrairieWave Community Telephone, Inc. is the incumbent local exchange carrier (“ILEC”) subsidiary of PrairieWave Communications, Inc. PrairieWave is the CLEC subsidiary of PrairieWave Communications, Inc.

¹⁷ PrairieWave also provides cable television service in both communities. PrairieWave advertisements and promotional materials are viewed daily on that medium.

8. While the Federal-State Joint Board concluded that a rural company's study area would be its service area for ETC purposes,¹⁸ it did "encourage" states to consider disaggregating a rural company's study area into service areas of contiguous portions of that study area.¹⁹ A cursory look at a map²⁰ reveals that the Ft Randall wire centers are spread across the state from Centerville and Viborg in the east to Hermosa in the Black Hills. It is unreasonable to expect a wireline based CLEC to serve the other five noncontiguous wire centers; especially one located several hundred miles distant.

9. The situation faced by PrairieWave is analogous to that encountered by a wireless carrier. The wireless carrier serves an FCC-licensed territory and that license may include some or all of a rural incumbent's study area or service territory. Redefinition of service areas may be necessary if competition is ever to come to some rural, high-cost areas. PrairieWave is certificated as a CLEC in the Centerville and Viborg wire centers because at the time of certification, those wire centers were owned and operated by U S WEST, a non-rural ILEC. To become certified in the five other wire centers owned and operated by Ft. Randall, thus covering the entire Ft. Randall study area, PrairieWave would have to invest in hundreds of thousands of dollars in facilities and satisfy the obligations of an ETC in all of those exchanges.²¹ Continuation of this scenario guarantees that there will never be wireline competitive entry into any other Ft. Randall/Mt. Rushmore wire centers.

¹⁸ 47 C.F.R. ¶ 54.207(b) – at least until the FCC and the PUC determined otherwise.

¹⁹ *In the Matter of Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, ¶ 129 (1997).

²⁰ See Exhibit D, attached.

²¹ SDCL §§ 49-31-73, 49-31-76; ARSD ¶¶ 20:10:32:15, 20:10:32:18. These statutes and rules provided for a waiver of the requirement to provide service throughout the rural ILEC's service area. To the extent that this Petition is granted, it would constitute a waiver of the requirement to provide service in the other five wire centers.

10. The FCC has concluded that prior to designating an additional ETC in a rural company's service area, a CLEC must commit to provide the supported services to customers throughout a minimum geographic area.²² The FCC went on to state that a rural company's wire center is an appropriate minimum geographic area for ETC designation.²³ The FCC's rationale for these conclusions relies on a belief that a CLEC is less likely to relinquish its ETC designation if it is required to serve entire communities, which belief is based on the conviction that rural consumers tend to have fewer competitive alternatives than urban consumers.²⁴ The FCC seeks to encourage and maintain competition in rural areas such as Centerville and Viborg. The South Dakota Supreme Court expressed it very well in its *GCC Decision*:

“If common carriers must provide or offer all the universal services throughout the area at the time they seek designation, an onerous, perhaps overwhelming, burden would confront them. They would have to offer the enumerated services in high cost areas in competition with incumbent carriers without any assurance of support. Only after substantial investment and risk could a new carrier even seek designation, perhaps to later discover that it is not eligible. Such an interpretation gravely disadvantages applicant carriers, while fostering the very monopolies Congress sought to abolish.”²⁵

11. Consistent with 47 C.F.R. ¶ 54.207, PrairieWave seeks to have the combined wire centers of Centerville and Viborg designated as a service area for ETC purposes. The most recent Federal-State Joint Board Recommended Decision details the history and implementation of the service area redefinition.²⁶ The cream-skimming and disaggregation issues are discussed, and nothing was recommended to change the manner

²² *Highland Cellular*, ¶ 33.

²³ *Id.*

²⁴ *Id.*

²⁵ *GCC Decision*, 623 N.W.2d at 480.

²⁶ *In the Matter of Federal-State Joint Board on Universal Service*, FCC Docket No. 96-45, 19 FCC Rcd 10812, ¶¶ 49-55 (2004).

in which those issues are evaluated. Cream-skimming is not an issue in this Petition.

PrairieWave wants to serve the high-cost customer and the USF support will provide the means to do so. Ft. Randall/Mt. Rushmore filed a disaggregation certification with the Commission on May 10, 2002, which was Path 1 as described in 47 C.F.R. ¶ 54.315(b). Path 1 is an election not to disaggregate and target high-cost universal service support. This Petition does not affect that disaggregation election, nor is any reconsideration of that election necessary in any cream-skimming analysis because no cream-skimming is possible under the terms of the Petition.

12. The designation of the Centerville and Viborg wire centers as a service area for ETC purposes does not change the Ft. Randall/Mt. Rushmore study area. Therefore, it would have no effect on the funding, deployment and availability of universal service within that study area or the service areas so defined. Designation of PrairieWave as an ETC in the Centerville and Viborg wire centers will not undermine Ft. Randall's ability to serve its entire study area. Redefining the services areas as requested by PrairieWave will not require Ft. Randall to determine its costs on a basis other than the study area level – it would result in no additional administrative burden to Ft. Randall.²⁷

13. Redefinition of the Ft. Randall's service area requires the approvals of both this Commission and the FCC.²⁸ The request for concurrence of the FCC in this Commission's ruling may be made by the Commission or any party.²⁹ If PrairieWave is successful in this Petition, it would propose to make the requisite filing with the FCC as detailed in applicable FCC rules.

²⁷ See *Virginia Cellular*, ¶¶ 41-44.

²⁸ 47 C.F.R. ¶ 54.207(c).

²⁹ 47 C.F.R. ¶ 54.207(c)(1).

14. Pursuant to 47 C.F.R. ¶ 54.314(a), for PrairieWave to receive the necessary high-cost support, it must file an annual certification that all such support will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Exhibits A, C and E contain the necessary information for the Commission to provide the certification letter to the FCC.

Respectfully submitted this 20th day of January 2005.

PrairieWave Telecommunications, Inc.

BY: 

William P. Heaston
General Counsel
5100 South Broadband Lane
Sioux Falls, SD 57108
(605) 965-9894
wheaston@prairiewave.com

Its Attorney

EXHIBIT A

Wireless Project in Fort Randall Telephones Service area

Scope of Project: Provide voice grade telephone and other related services via wireless connection throughout the Centerville and Viborg wire centers. The project will require three transmit/receive towers. PrairieWave currently has one tower that will require extending. The other two will be new. The towers will have redundant route radio connections. The time to complete wireless network is 3 years. Total Cost is forecasted to be \$222,000 using current labor, facilities and equipment prices.

Year One - complete the Viborg wireless serving area. The tower/equipment installation is estimated to cost \$35,000. There are 190 estimated passings in this area. Total cost estimated cost is \$60,000 including CPE and Installation Labor.

Year Two - complete the south wireless serving area. The tower/equipment installation is estimated to cost \$57,000. There are 132 estimated passings in this area. Total estimated cost is \$76,000 including CPE and Installation Labor.

Year Three - complete the north wireless serving area. The tower/equipment installation is estimated to cost \$59,000. There are 157 estimated passings in this area. Total cost is estimated to be \$82,000 including CPE and Installation Labor.

Capabilities of Installed System. The wireless system uses unlicensed radio spectrum in a 900 MHz frequency-hopping system. It will either be similar to or use the WaveRider LMS4000 Matrix system. The necessary equipment consists of 120 foot towers, with sectored antennas for more direct connectivity to the customer, providing non-line of sight coverage for about 7 miles from the tower location including the ability to penetrate trees, etc., up to a quarter mile in density. The towers connect to the Lucent 5E switch through the tower in Viborg either with a direct fiber connection and a redundant wireless 10 Mbps capability.

EXHIBIT B

BROCHURES AND PROMOTIONAL MATERIALS

Keeps Getting Better.

With On-Net Calling, there are no more long distance charges on telephone calls to other PrairieWave customers with local telephone service in your state. PrairieWave is bringing you a better wave of life.

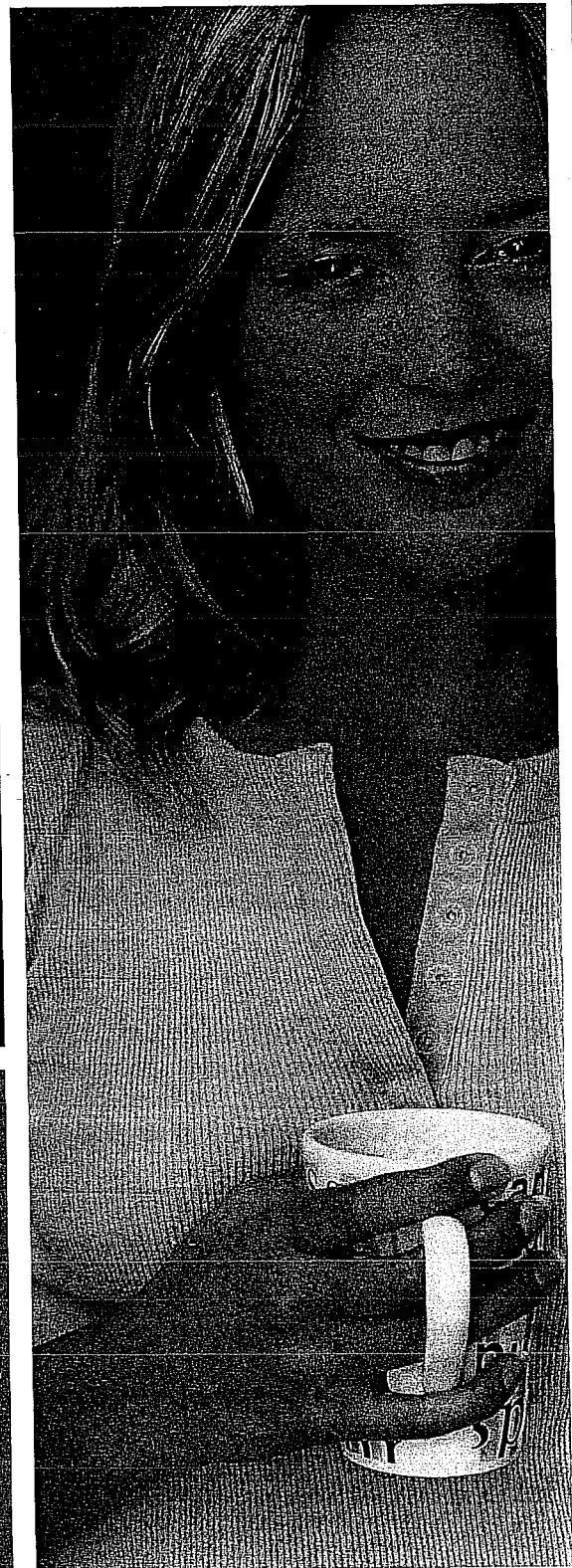
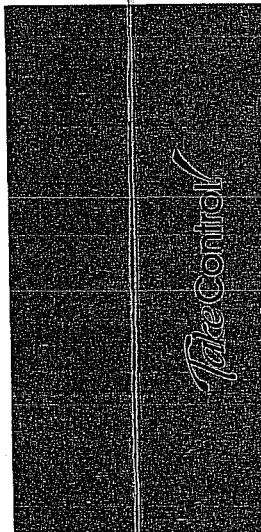
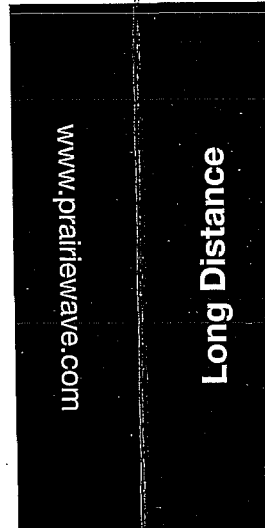
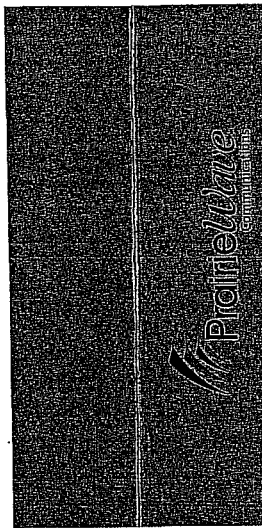
On-Net Calling Areas

South Dakota

- Canton
- Centerville
- Chancellor
- Colman
- Davis
- Elk Point
- Flandreau
- Gayville
- Harrisburg
- Hurley
- Irene
- Lennox
- Madison
- Monroe
- North Sioux City
- Parker
- Rural Beresford
- Tea
- Volin
- Wakonda
- Watertown
- Worthing
- Yankton
- Viborg

Minnesota

- Adrian
- Currie
- Edgerton
- Lake Wilson
- Luverne
- Marshall
- Pipestone
- Slayton
- Tracy
- Worthington



You choose.
You win.



The value of a nickel has just increased. Check out our long distance plans below to find the plan that works best for you.



Single Rate Long Distance Plan¹

- Anywhere, anytime calling within the United States.
- 5¢ per minute up to \$20.00² maximum per month and after that, long distance is free.
- Must subscribe to PrairieWave Local Telephone service.
- No required feature packages.
- No monthly minimum.
- No plan fees.

All On-Net³ Savings Plans include:

- Anywhere, anytime calling within the continental United States.
- As low as 4.6¢ per minute within plan minutes.
- Free On-Net Calling.
- Excess minutes billed at 7¢ per minute.

Long Distance Savings Plan

- \$2.75 per month for 60 minutes of long distance.
- Must subscribe to PrairieWave Local Telephone service.
- On-Net Calling is not included as part of 60 minutes.

Long Distance Savings Plus Plan

- \$5.50 per month for 120 minutes of long distance.
- Must subscribe to PrairieWave Local Telephone service.
- On-Net Calling is not included as part of 120 minutes.

Long Distance Ultimate Savings Plan

- \$11.00 per month for 240 minutes of long distance.
- Must subscribe to PrairieWave Local Telephone service.
- On-Net Calling is not included as part of 240 minutes.

All Toll Free Rate Plans include:

- As low as 4.6¢ per minute within plan minutes.
- Calling within the continental United States.
- Excess minutes billed at 10¢ per minute.

Toll Free Savings Plan

- \$2.75 per month for 60 minutes of just incoming calls.
- Must subscribe to PrairieWave Local Telephone service.

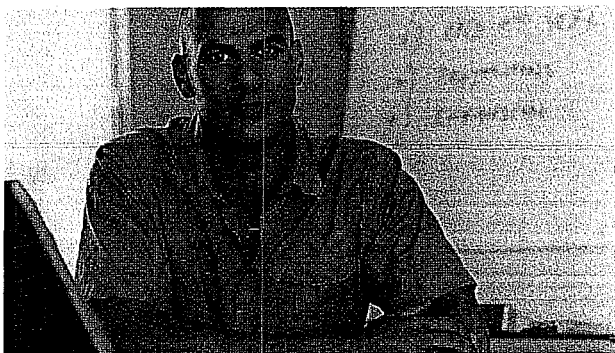
Toll Free Savings Plus Plan

- \$5.50 per month for 120 minutes of just incoming calls.
- Must subscribe to PrairieWave Local Telephone service.

Toll Free Ultimate Savings Plan

- \$11.00 per month for 240 minutes of just incoming calls.
- Must subscribe to PrairieWave Local Telephone service.

PrairieWave Communications has been providing leading telecommunications products to this region for over a century.



PrairieWave offers Internet access for every user—whether you connect just to read e-mail or you're an avid gamer. With dial-up, three high-speed options, and numerous enhancements, PrairieWave lets you take control of the Internet.

One Company. One Bill. One Call Away.

Welcome to A Better *Wave* of Life.

Our mission...

*to enhance the quality of life
for our customers and support
the economic development of
their communities by providing
reasonably priced advanced
communications services to
their homes and businesses.*



www.prairiwave.com

Internet

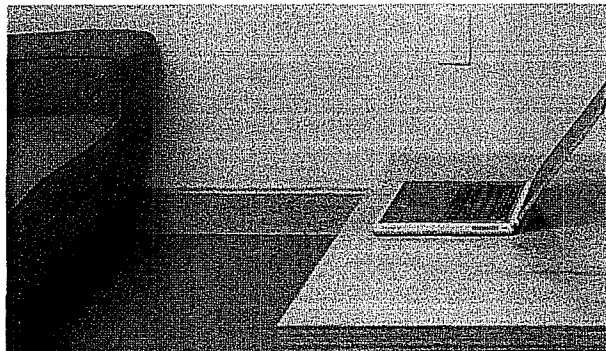
Take Control



eed.

h-Speed Internet.

h PrairieWave high-speed Internet, I'll surf faster than you ever imagined. I'll download large audio and video files in seconds. You'll never wait for web pages to load again. Choose guaranteed download speeds of 1, 2, or 3 mb. And a guaranteed upload speeds of 128, 256, or 512k, you'll be the fastest gamer in town!



lue.

matter which high-speed option you select, you get:

E-mail Addresses.

Everybody in your family can have their own mailbox.

Unlimited Access.

Never worry about how long you're online.

Always On Connection.

No more waiting to get online.

Spam and Virus Filtering.

Stop wasting your time deleting useless spam messages and deciding if an attachment is safe to open.

need
to know

- **24-hour Support.**

We're here to answer your questions 24 hours a day, seven days a week.

- **Webmail Access.**

Check, send, and receive e-mail remotely from anywhere in the world with an Internet connection.

- **50 MB of Personal Web Space For Each E-mail Address.**

Now everybody in your family can create their own webpage.

- **Access Via Your Cable TV Line.**

Your phone lines won't be tied-up and you'll never get a busy signal again.

- **One Free Dial-Up Account.**

Check your e-mail from hundreds of locations nationwide with our nationwide local calling numbers.

- **20 MB E-mail Attachment Size.**

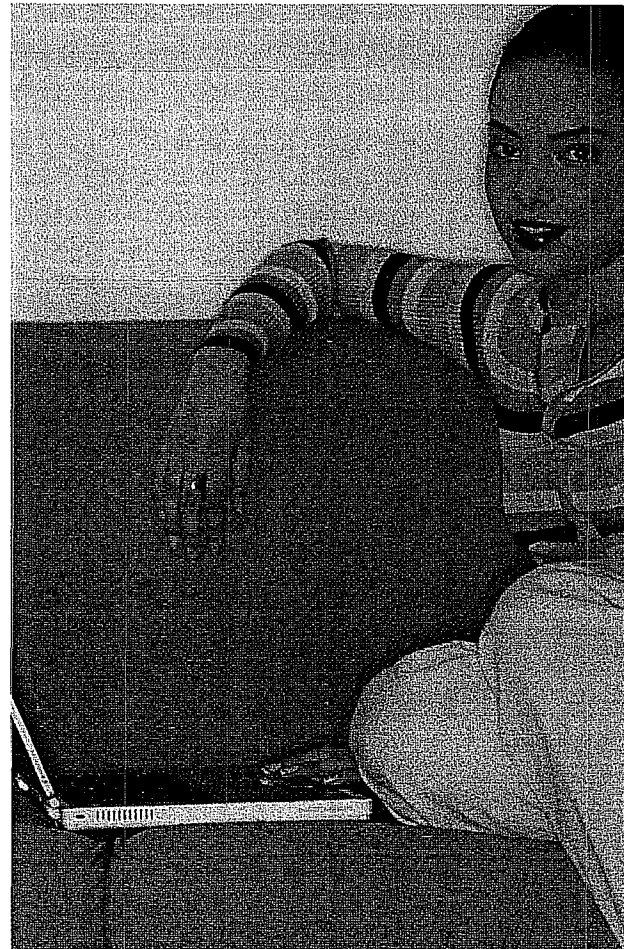
Send large attachments with ease.

Flexibility.

Additional Services.

Every PrairieWave high-speed Internet account allows you to connect up to two devices to the cable modem. For a small fee, you can add up to 6 additional devices to your cable modem.

Are you an avid gamer? Do you host a website? Does your business need its own web and e-mail



server? Typically, high-speed Internet providers assign only dynamic IP addresses. However, PrairieWave offers static IP addresses for an additional fee to give you added support.

PrairieWave Communications has been providing leading telecommunications products to this region for over a century.



From local to long-distance service, PrairieWave lets you take control of your telephone. Our local network is virtually 100% underground, which means more reliable service, and our technicians live and work in your community, which means faster response times to your needs. See how PrairieWave can let you take control of your telephone.

One Company. One Bill. One Call Away.

Welcome to A Better *Wave* of Life.



Our mission...

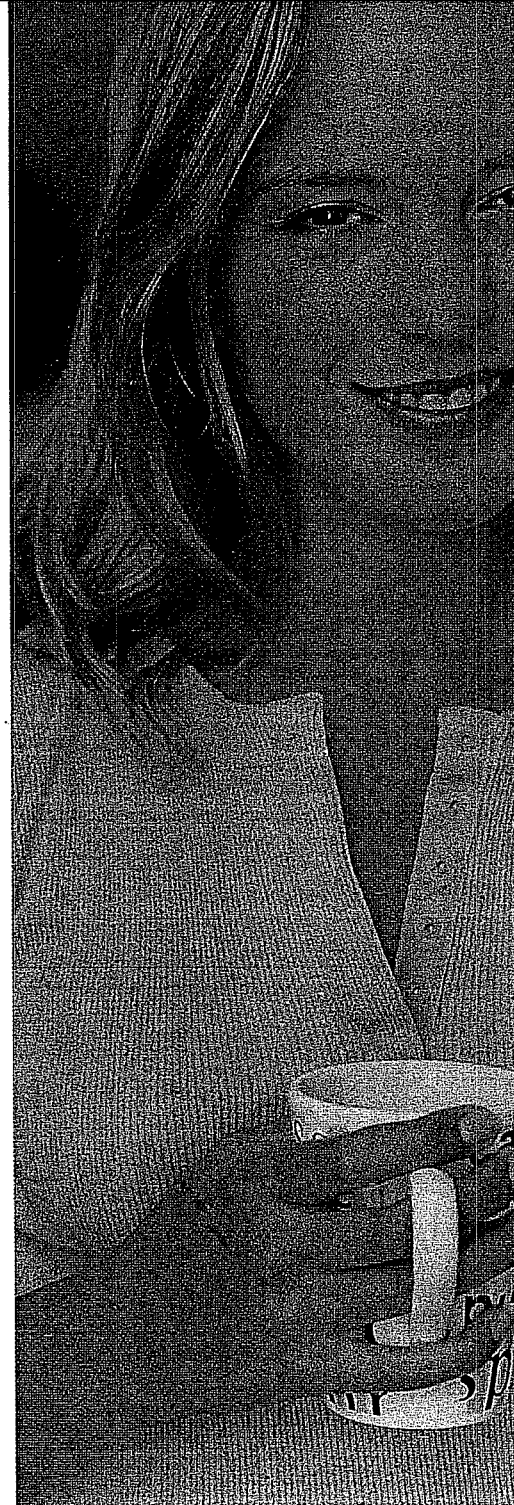
*to enhance the quality of life
for our customers and support
the economic development of
their communities by providing
reasonably priced advanced
communications services to
their homes and businesses.*



www.prairiwave.com

Telephone

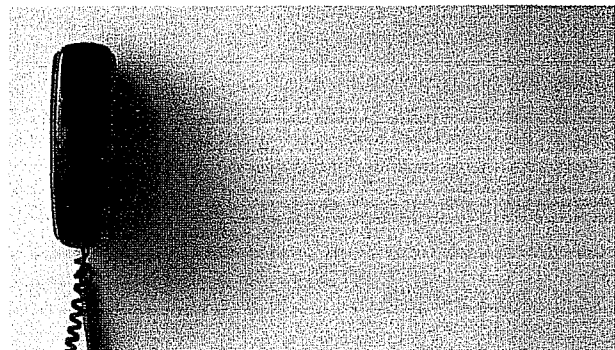
Take Control



Invenience.

Local Telephone Service.

You don't have to change your telephone number, there's no need to be home for installation and you'll never experience service interruption when switching to PrairieWave local telephone service. Plus, PrairieWave offers an advanced voice mail system and the same calling features you know and love. So, what are you waiting for?



Voice & Value.

Long-Distance Telephone Service¹ And On-Net Calling.

PrairieWave also offers long-distance telephone service. And with On-Net Long-Distance Calling, there are no more long-distance charges on telephone calls to other PrairieWave customers with local telephone service in your state.

Need to find a phone number? Just dial 1, and we'll take care of it for less money than other directory assistance. In fact, we'll even dial the number for you. This is just another way PrairieWave is giving you a better wave of life.

Need to know

Flexibility.

Add-on Calling Features.

PrairieWave offers these money-saving calling features packages. Or choose any combination of the listed features to create your own package:

- Big Three.
Caller ID, call waiting, and call forwarding.
- Basic.
Call waiting, call forwarding, 3-way calling, and 30 number speed dial.
- Deluxe.
Caller ID, call waiting, call forwarding, 3-way calling, 30 number speed dial.
- Power Pak.
Caller ID, call waiting, call forwarding, 3-way calling, standard voice mail, call forwarding-no answer, and call forwarding-busy line.
- Power Pak Interactive.
Caller ID, call waiting, call forwarding, 3-way calling, interactive voice mail, call forwarding-no answer, and call forwarding-busy line.
- Ultimate.
Caller ID, call waiting, call forwarding, 3-way calling, 30 number speed dial, call transfer, continuous redial, consultation hold, distinctive ringing, unidentified call rejection, call forwarding-no answer, and call forwarding-busy line.
- Ultimate Plus.
Caller ID, call waiting, call forwarding, 3-way calling, 30 number speed dial, call transfer, continuous redial, consultation hold, distinctive ringing, unidentified call rejection, call forwarding-no answer, interactive with fax voice mail, and call forwarding-busy line.

Innovation.

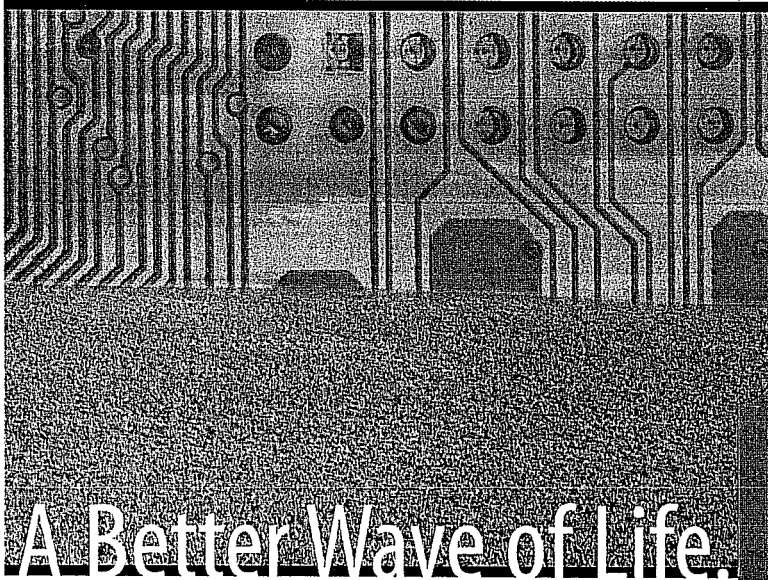
Interactive Voice Mail.

PrairieWave's new voice mail system is all about innovation and choice. Choose from three distinctive voice mail options:

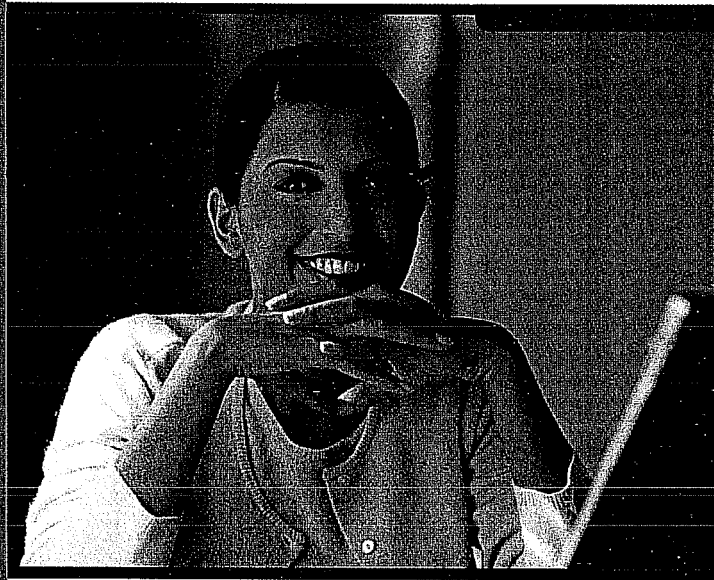
- Voice Mail Standard.
Allows callers to leave you messages when you are unable to answer the phone or while you are on another line. Choose English or Spanish, store up to 25 messages, leave a greeting of up to 30 seconds, receive a message of any length.



- Voice Mail Interactive.
All the Voice Mail Standard features plus a web interface. This allows you to access your voice mailbox by telephone and Internet. Receive, list, delete, and replay messages from anywhere in the world via the World Wide Web. This feature also allows you to receive e-mail notification that you have a voice mail message.
- Voice Mail Interactive with Fax.
All the Voice Mail Interactive functions, also with fax messaging. Receive faxes in the same place you get your voice messages. Then save, forward, or print, to any printer or fax machine.



A Better Wave of Life.



PrairieWave
Communications

One Company. One Bill. One Call Away.

Our History

PrairieWave traces its history to 1902 and the Hurley Telephone Company. After evolving into the Irene, SD-based Dakota Cooperative Telecommunications in 1952 and becoming part of McLeodUSA in 1999, local leadership was brought back home at PrairieWave's inception in September, 2002. This year, we celebrate 100 years of service to our region.

Aptly referred to as a "century-old start-up company," PrairieWave today has around 250 employees in 14 offices in South Dakota, Minnesota and Iowa. Headquarters is located in Sioux Falls, calls go to our Customer Care site in Viborg, SD, and, in eleven of our service markets, customer needs are handled by a local service rep in a local office. Local technical service offices also support each of our areas, allowing for fast response in times of trouble.

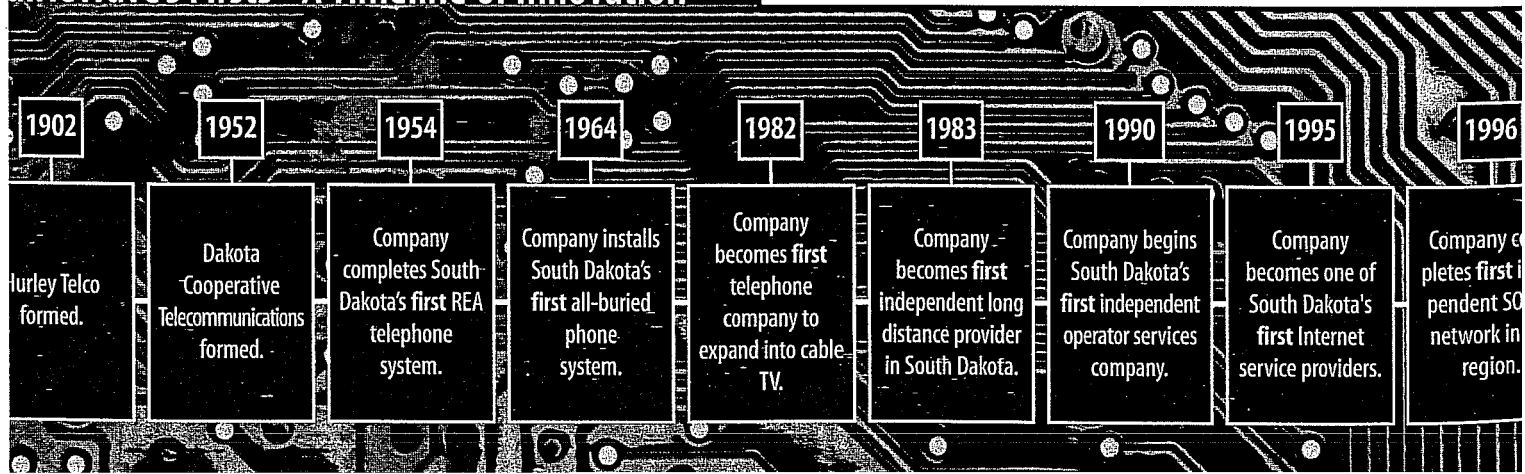
Over the last century, we have consistently delivered reliable service to our customers in South Dakota, Minnesota and Iowa. We continue to do so

today through our state-of-the-art underground network and 24 x 7 Customer Care department.

In 25 of our service towns, PrairieWave has made its mark by being the first company to bring competition to local consumers. By building our underground networks through these towns, we gave customers a choice. PrairieWave's presence has delivered new and improved products, better service, and competitive rates.

In our other service markets, we were the first company to bring telecommunications services of any kind. Our core products, phone, cable and Internet, continue to improve as we upgrade our network. Even in towns in which we're no longer the only choice, we're still the best one.

PrairieWave's Firsts - A Timeline of Innovation

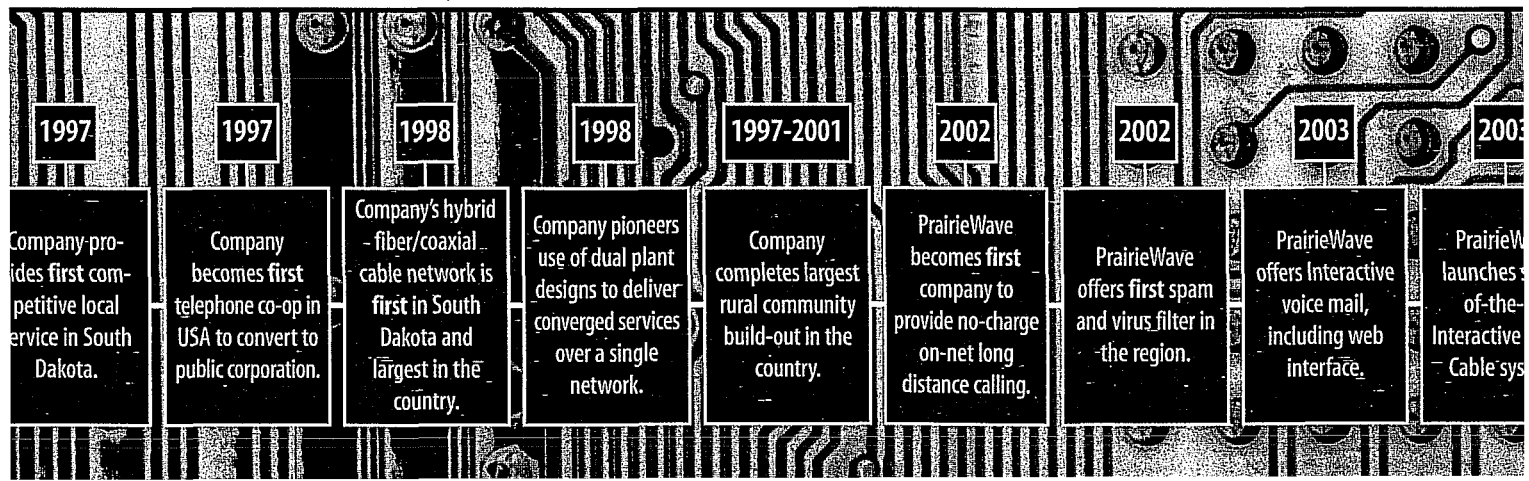


Our Mission

PrairieWave's mission is to enhance the quality of life for our customers and support the economic development of their communities by providing reasonably priced advanced communications services to their homes and businesses. We are committed to providing you with high-quality, high value phone, cable, and Internet services, supported by trained, friendly staff, all on one convenient, easy-to-read bill. We have a local Customer Service office in eleven towns, each staffed with a Community Coordinator and technicians to best serve you.

We have spent millions of dollars in a new state-of-the-art network in order to deliver the highest quality of service available. Our presence has provided consumers with choices, new products, and improved service. We seek to provide a consistent, competitive, straightforward price for our services.

While other telecommunications companies focus their attention on major cities, many rural areas have been ignored. PrairieWave is ensuring that the digital highway runs through your town. We give our small communities a technological edge and new means for economic growth. Our company is committed to your local community. We spend thousands of dollars and donate hundreds of hours of volunteer labor every year to support the communities we serve. Our employees are your friends and neighbors.





Products and Services

While our basic phone service meets and exceeds our customers' expectations, it is just one product in our ever-expanding line that now includes the following:

- Local telephone service
- Long distance telephone service
- Cable TV service
- High speed cable modem Internet service
- Dial up Internet service
- Enhanced high speed data service
- Web hosting
- Dedicated Internet
- Private line and data

In addition, here are some recent improvements we've made to our product and service offerings:

- **No charge on-net long distance calling**

This allows any PrairieWave local and long distance telephone customer to call another PrairieWave local phone customer in the same state at no charge.

- **Spam and virus filtering**

Standard on all PrairieWave Internet products, this new system greatly reduces unsolicited e-mail, and virtually eliminates the threat of known computer viruses for customers using our e-mail services.

- **511 calling service**

This service allows customers to dial 511 from any PrairieWave telephone to receive the latest road conditions on any street, highway or interstate in the region for no additional charge.

PrairieWave. Welcome to a Better Wave of Life.



More enhanced services are on the way in 2003, including digital cable and an expanded Internet system with the security and reliability of full redundancy. State-of-the-art interactive voice mail puts our services far ahead of any regional and most national competitors. And point-to-point data circuits are steadily expanding for the larger businesses in our service areas. PrairieWave already provides the best value in your town, and you can expect things to get even better.

Our network is essentially 100% underground and the backbone is designed with built-in redundancy to provide you the most reliable services available. Our design brings fiber optic technology into your neighborhood so that every phone call and every cable channel is crisp and clear. Our cable modem service is monitored 24x7x365 from our regional Network

Operations Center in Sioux Falls to ensure the speed you get is at least the speed you ordered. In the event you have a question about your service, our trained Internet Technicians are just a call away.

Your calls into our regional Customer Service Center and Internet Technical Support Center will be answered within seconds by a live representative who is trained to solve your problem. Business customers are assigned not only an account representative but also an account manager who is responsible for their satisfaction. We have our own full-time, door-to-door professional sales staff that is here today and will be here tomorrow. They're people who care about the long-term success of our company and your community. Most importantly, they care about your service.



The Future

PrairieWave is aggressive in its pursuit of growth opportunities. A diversification of service offerings, combined with geographic expansion, will be the mode of operation for the foreseeable future. And the financial backing PrairieWave has attained will ensure that we'll be around for the next wave of technological innovation.

As a small company, PrairieWave is unencumbered by layers of bureaucracy and can move very quickly. As a regional company, PrairieWave knows how to fit technology into the topography and the territory. As a local company, PrairieWave has the responsiveness and responsibility that come from serving its neighbors. As a convergent telecommunications company, PrairieWave can offer the complete solutions needed by homes, businesses and education, regardless of the technology involved. We're always looking for ways our service can improve your quality of life.

Network Operations Center

Corporate Headquarters

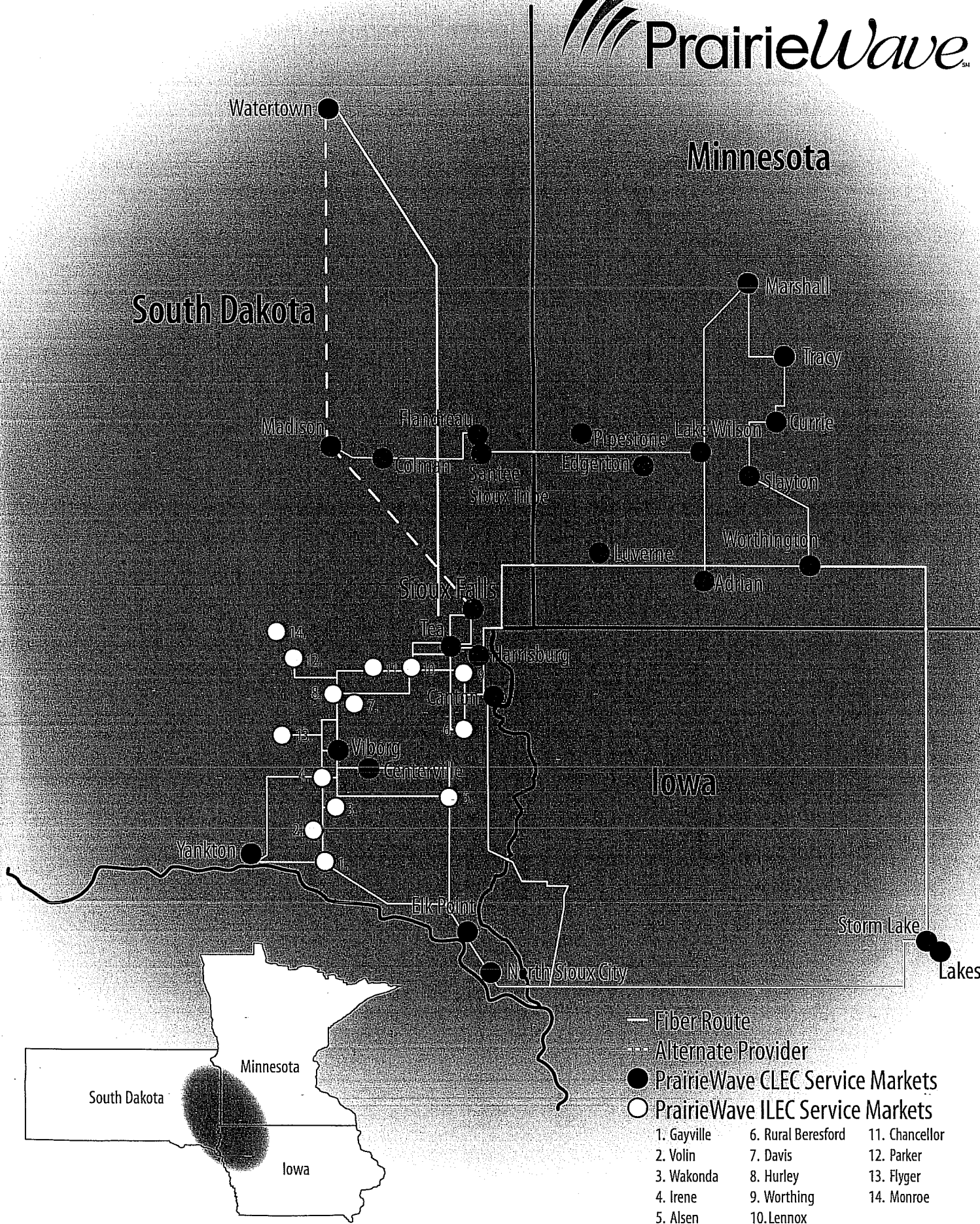


EXHIBIT C

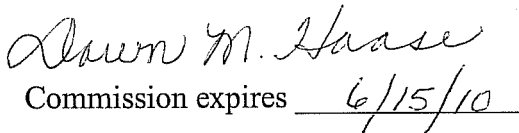
AFFIDAVIT

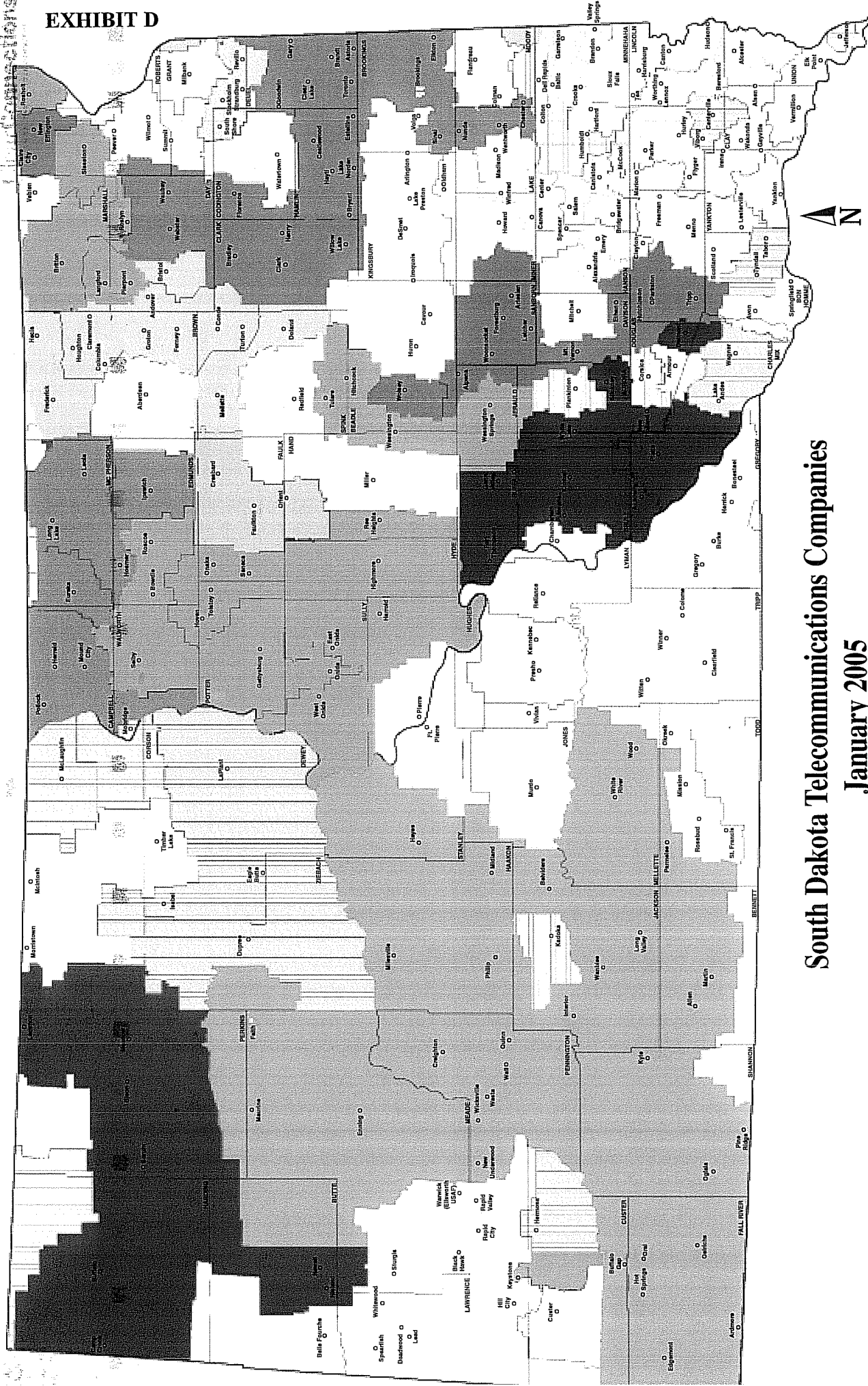
As an authorized corporate officer of PrairieWave Telecommunications, Inc., I, Brent Norgaard hereby affirm that all federal high-cost support, will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended consistent with 47 C.F.R. ¶ 54.314(a).


Brent Norgaard, EVP & COO

Subscribed and Sworn to before me this 17th day of January, 2005.

NOTARY PUBLIC


Commission expires 6/15/10



South Dakota Telecommunications Companies January 2005

- communications Assn**
57 - 320 E. Capitol Ave
South Dakota 57501
luonline.com
- Dakota Association
Phone Cooperatives**
57 - 320 E. Capitol Ave
South Dakota 57501
luonline.com
- Altura Communications Cooperative**
Altura Communications
Broadband Municipal Telephone Co.
Cheyenne River Sioux Tribe Telephone Authority
Grossmont Telephone Corp
Hart Municipal Telephone Co.
Fort Ransom Telephone Company
- Golden West Telecommunications Cooperative**
Armour Telephone Company
Broadwater-Cascade Telephone Company
Karlota Telephone Co.
Sioux Valley Telephone Co.
Union Telephone Co.
Wheat Telephone Company
GTE of Minnesota
- Prarie Wave Communications**
QUEST Communications
Roberts County Telephone Cooperative Assn.
RC Communications
Sawel Communications Cooperative
Stockholm-Strandberg Telephone Co.
Swathel Communications
- Interstate Telecommunication Cooperative**
Janus Valley Cooperative Telephone Co.
Long Lines
Kennebec Telephone Co.
Midwest Communications, Inc.
McCook Cooperative Telephone Company
Mount Rushmore Telephone
- Tri-County Telecom, Inc.**
Valley Telephone Co.
Valley Telecommunications Corp., Inc.
Veriune Communications Cooperative
West River Cooperative Telephone Company
West River Telecommunications Cooperative
Western Telephone Co.
- ClearConnections**
CALLERS FOR YOUR COMMENT

Exhibit E
PrairieWave Telecommunications, Inc.

Estimated Year 2005 Federal Universal Service Receipts

\$10,000/month x 10 months = \$100,000

**Estimated Year 2005 Expenditures For Provision, Maintenance, and Upgrading Of
Facilities and Services Supported By Federal Universal Service Funding**

Estimated Plant Specific Operations Expenses

	<u>Centerville</u>	<u>Viborg</u>
Network support (Accts. 6110)	\$ 1,500	\$ 1,500
General support (Accts. 6120)	\$ 81	\$ 41,099
Central office (Accts. 6210)	\$ 1,369	\$ 5,051
Cable and wire facilities (Accts. 6410)	\$ 1,155	\$ 1,115
Network operations (Accts. 6500)	\$ 2,259	\$ 16,490
Depreciation and amortization (Accts. 6560)	\$ 9,150	\$300,348

Customer operations expenses

Customer services (Accts. 6620)	\$ 22,672	\$ 49,603
---------------------------------	-----------	-----------

Corporate operations expenses

Executive and planning (Accts. 6710)	\$ 4,217	\$ 9,227
General and administrative (Accts. 6720)	\$ 58,463	\$127,908

**Estimated Total Recurring Year 2005
Supported Expenses, from above,
Before Return On Investment**

\$100,866 \$552,341

Estimated Additions

Switching (Acct. 2210)	\$ 15,000	\$ 15,000
Cable and wire (Acct. 2410)	\$ 1,650	\$ 60,450
TOTAL	\$ 16,650	\$ 75,450

**Estimated Total Year 2005 Supported
Expenditures, Before Return On Investment**

\$117,516 \$703,241