



221 East Hickory Street P.O. Box 3248 Mankato, MN 56002-3248

July 22, 2005

Ms. Pam Bonrud
Executive Director
Public Utilities Commission
Capitol Building, 1st floor
500 East Capitol Avenue
Pierre, SD 57501-5070

RECEIVED
JUL 25 2005
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Ph: 507.387.1151
Fax: 507.625.4551
www.hickorytech.com
Nasdaq: HTCO

RE: Annual USF Certification of Heartland Telecommunications Company of Iowa dba HickoryTech

Dear Ms. Bonrud:

Please accept for filing the enclosed Request for Certification of Heartland Telecommunications Company of Iowa dba HickoryTech ("HickoryTech"). This filing consists of the petition, affidavit signed by an officer of the company and an attachment to the affidavit.

There is one original and ten copies enclosed. Please don't hesitate to contact me if there are any questions regarding this filing.

Yours truly,

A handwritten signature in cursive script that reads 'Carrie Rice'.

Carrie Rice
Regulatory Affairs Administrator
507-386-3667

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JUL 25 2005

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF
HEARTLAND TELECOMMUNICATIONS COMPANY
OF IOWA dba HICKORYTECH FOR CERTIFICATION
REGARDING ITS USE OF FEDERAL UNIVERSAL
SERVICE SUPPORT

DOCKET NO. __

REQUEST FOR CERTIFICATION

Heartland Telecommunications Company of Iowa dba HickoryTech ("HickoryTech") hereby submits a Request for Certification to the South Dakota Public Utilities Commission ("Commission") seeking certification from the Commission pursuant to 47 C.F.R. § 54.314. In support of this Request, HickoryTech offers the following:

1. On May 23, 2001, the Federal Communications Commission (FCC) released an Order relative to the federal universal service support mechanism for rural carriers.¹ This Order (hereafter referenced as the "Fourteenth Report and Order"), in part, codifies at 47 C.F.R. § 54.314, a requirement for States to provide a certification regarding federal universal service support that is received by rural incumbent local exchange carriers and/or other eligible telecommunications carriers providing service in rural service areas. Pursuant to such rule, states that desire rural carriers within their jurisdiction to receive future federal universal service support must file an annual certification with the FCC and the Universal Service Administrative Company ("USAC") stating that federal high cost support provided to such carriers within that State will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended. This certification requirement applies to various categories of federal universal service support, including support provided pursuant to 47 C.F.R. §§ 54.301,

¹ CC Docket No. 96-45, CC Docket No. 00-256, Fourteenth Report and Order, Twenty Second Order on Reconsideration, and Further Notice of Proposed Rulemaking in CC Docket No. 96-45, and Report and Order in CC Docket No. 00-256, FCC 01-157, Released May 23, 2001.

54.305, and/or 54.307, and/or 47 C.F.R. Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support, and safety valve support). Support provided under these FCC rule provisions will only in the future be made available if the State Commission files the requisite certification pursuant to § 54.314.

2. The certification required for rural carriers to receive federal universal service support for all four quarters during calendar year 2006 is currently due to be filed with the FCC and USAC on or before October 1, 2005. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the State are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

3. HickoryTech is a rural telephone company that has previously been designated by this Commission as an eligible telecommunications carrier. The Company provides local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately ninety access lines within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over HickoryTech and its provisioning of local exchange services. Under SDCL § 49-31-5.1, the local exchange service rates charged by telecommunications cooperatives, municipal telephone systems, and independent telephone companies serving less than fifty thousand local exchange subscribers are not subject to the Commission's ratemaking authority. In cases where State Commissions have limited regulatory authority over rural carriers, the FCC has indicated that these carriers should themselves initiate the certification process by presenting a plan to ensure compliance with the

requirement in 47 U.S.C. § 254(e) that universal service support will only be used for the provision, maintenance, and upgrading of facilities and services for which the support is intended. Based on this filed plan, it is anticipated that the State Commission may make the appropriate certification to the FCC.²

5. The purpose of this filing is to provide information constituting HickoryTech's plan for the use of its federal universal service support and to otherwise verify HickoryTech will use all federal universal service support received in a manner that is consistent with the federal universal service provisions of 47 U.S.C. § 254.

6. In the process of determining whether federal universal service support is used in a manner consistent with the Federal Communications Act, the “universal service principles” established in Section 254(b) are instructive. That Section states that the FCC shall base “policies for the preservation and advancement of universal service” on certain, specifically identified principles:

(1) Quality services should be available at just, reasonable, and affordable rates.

(2) Access to advanced telecommunications and information services should be provided in all regions of the Nation.

(3) Consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high-cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas. . . .

(6) Elementary and secondary schools and classrooms, health care providers, and libraries should have access to [certain] advanced telecommunications services. . .

² Fourteenth Report and Order, ¶ 188.

7. The FCC has declined to dictate specifically how the states should ensure that carriers are using federal universal service support consistent with the federal law, but has offered examples of how the support can be used to appropriately further universal service goals. The FCC has stated:

[A] state could [use the federal support to] adjust intrastate rates, or otherwise direct carriers to use the federal support to replace implicit intrastate universal service support to high cost rural areas . . .

A state could also require carriers to use the federal support to upgrade facilities in rural areas to ensure that services provided in those areas are reasonably comparable to services provided in urban areas of the state.³

8. The FCC provided the above examples as illustrative and not exhaustive examples of how support can be used consistent with Section 254(e). Other uses are appropriate provided the State Commission believes they are consistent with the federal universal service principles contained in Section 254.

9. HickoryTech as a designated eligible telecommunications carrier has received federal universal service support in the past and expects to receive support during calendar year 2006. As of this time, specific support amounts the Company should receive in 2006 have not yet been identified by USAC. The Company, however, offers the following estimates concerning the support it expects to receive⁴:

Federal High Cost Loop Support	\$0
Federal Local Switching Support	\$18,000

Support and expenses are allocated by access lines that are located in two exchanges in Union County, South Dakota for Heartland Telecommunications Company of Iowa.

³ Ninth Report and Order and Eighteenth Order on Reconsideration in CC Docket No. 96-45 (In the Matter of the Federal-State Joint Board on Universal Service), FCC 99-306, ¶ 96, November 2, 1999.

⁴ It should be noted that Long Term Support amounts are not referenced because the FCC has indicated that it will deal with certification under 47USC Section 254(e) for these amounts. See 14th Report and Order footnote number 446.

10. For calendar year 2006, HickoryTech intends to make the following network facility and equipment investments: switch software upgrades; copper replacements of old lead underground cable; expansion of digital subscriber line (dsl) services.

11. In providing local exchange telecommunications services, HickoryTech will also incur other costs to maintain those services. In 2006, these costs will include outside plant expenses, central office equipment expenses, general administrative expenses and other miscellaneous expenses.

12. HickoryTech estimates that the total costs described above relating to its planned network facility and equipment investments and other expenses to be incurred in providing local exchange telecommunications services will exceed \$200,000.

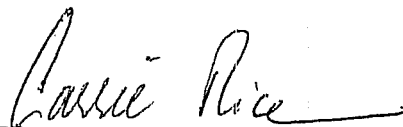
13. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, HickoryTech will use federal universal service amounts received in 2006 (estimated in paragraph 9 herein) to offset a portion of these total costs. This use of federal universal service support will enable HickoryTech to: (1) maintain rates for its local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service provisions.

14. Based on all of the foregoing information and also the Affidavit of David Christensen, attached as Exhibit A, HickoryTech requests that this Commission issue an appropriate certification to the FCC and USAC indicating that HickoryTech is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for

distribution to the Company in 2006. In order to ensure that this certification is issued to the FCC prior to October 1, 2005, HickoryTech would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 22nd day of July, 2005.

Respectfully submitted,

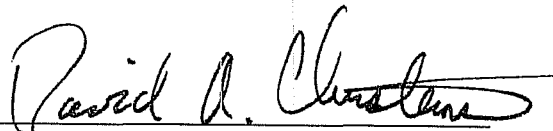
A handwritten signature in cursive script, reading "Carrie Rice", written over a horizontal line.

Carrie Rice
Regulatory Affairs Administrator
HickoryTech

EXHIBIT A

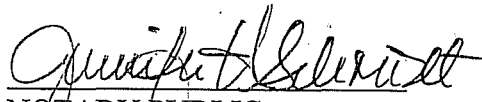
AFFIDAVIT

As an authorized corporate officer of Heartland Telecommunications of Iowa dba HickoryTech, ("HickoryTech") I, David Christensen hereby affirm familiarity with and an understanding of the requirements of the Federal Communications Act of 1934 as amended by the Telecommunications Act of 1996 with respect to the receipt of any federal universal service funds received as high-cost loop support, local switching support, safety net additive support, and/or safety valve support and hereby affirm that any such support amounts received HickoryTech will be used only for the provision, maintenance, and upgrading of facilities and services for which the support is intended consistent with 47 U.S.C. § 254(e).



David Christensen
Chief Financial Officer
HickoryTech

Subscribed and sworn to before me this 22nd day of July, 2005.


NOTARY PUBLIC