

## MOSS &amp; BARNETT

A Professional Association

4800 Wells Fargo Cen  
90 South Seventh Str  
Minneapolis, MN 55402-41  
Telephone 612.347.03  
Facsimile 612.339.66  
www.moss-barnett.com

THOMAS A. KELLER III  
JAMES E. O'BRIEN  
EDWARD L. WINER  
WILLIAM A. HAUG  
CHARLES A. PARSONS, JR.  
RICHARD J. JOHNSON  
ROBERT J. LUKES  
JAMES A. RUBENSTEIN  
THOMAS R. SHERAN  
EDWARD J. BLOMME  
JEFFREY L. WATSON  
THOMAS J. SHROYER  
DAVID R. JENDRZEJEK  
CURTIS D. SMITH  
DAVE F. SENGER  
MITCHELL H. COX  
MICHAEL J. BRADLEY  
PETER A. KOLLER  
RICHARD J. KELBER  
KEVIN M. BUSCH  
SUSAN C. RHODE  
THOMAS A. JUDD  
DEANNE M. GRECO  
CASS S. WEIL  
GLEN E. SCHUMANN  
JANNA R. SEVERANCE  
M. CECILIA RAY  
NANCY M. KISIKIS  
BARRY LAZARUS  
PAUL B. ZISLA  
BRIAN T. GROGAN  
J. MICHAEL COLLOTON  
ERIC J. OLSEN  
JOSEPH G. MATERNOWSKI  
JAYMES D. LITTLEJOHN  
MICHAEL R. NIXT  
JAMES F. BALDWIN  
DAVID S. JOHNSON  
PHILIP J. YOUNG  
ARTHUR W. DICKINSON  
BEN M. HENSCHEL  
DAN LIPSCHULTZ  
JOHN K. ROSSMAN  
MARK B. PETERSON  
MATHEW M. MEYER  
TIMOTHY L. GUSTIN  
YURI B. BERNDT  
DAVID L. BIEK  
MARSHA STOLT  
JON J. SOLBERG  
MARCY R. FROST  
ELIZABETH H. KIERNAT  
JAMES J. VEDDER  
MICHAEL S. PONCIN  
JANA AUNE DEACH  
JENNIFER A. REUSSÉ  
CINDY J. ACKERMAN  
ANTHONY A. DORLAND  
CHRISTOPHER D. STALL  
LORIE A. KLEIN  
TERESE A. WEST  
JEFFREY L. BODENSTEINER  
JULIA M. DAYTON  
J. VINCENT STEVENS

RICHARD J. JOHNSON  
612.347.0275  
JohnsonR@moss-barnett.com

August 4, 2005

VIA FEDERAL EXPRESS

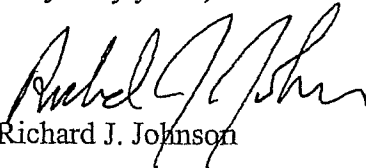
Pam Bonrud  
South Dakota Public Utilities Commission  
State Capitol Building  
500 East Capitol  
Pierre, South Dakota 57501

Re: In the Matter of the Request of Mount Rushmore Telephone Company and Fort Randall Telephone Company for Certification Regarding Their Use of Federal Universal Service Support  
Docket No.:

Dear Ms. Bonrud:

Enclosed for filing please find the original and 10 copies of the Request for Certification by Mount Rushmore Telephone Company and Fort Randall Telephone Company in the above-referenced docket. Also enclosed is a Certificate of Service.

Very truly yours,

  
Richard J. Johnson

OF COUNSEL  
THOMAS E. HARMS  
ARTHUR J. GLASSMAN

RJJ/jjh  
Enclosures  
cc: Rolayne Ailts Wiest  
Bruce Hanson  
793415v1

RECEIVED

AUG 05 2005

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

RECEIVED

AUG 05 2005

BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION  
DOCKET NO. \_\_\_\_\_

IN THE MATTER OF THE REQUEST OF  
MOUNT RUSHMORE TELEPHONE COMPANY  
AND FORT RANDALL TELEPHONE COMPANY  
FOR CERTIFICATION REGARDING THEIR USE  
OF FEDERAL UNIVERSAL SERVICE SUPPORT

REQUEST FOR CERTIFICATION

Mount Rushmore Telephone Company and Fort Randall Telephone Company by and through its attorney 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, Mount Rushmore Telephone Company and Fort Randall Telephone Company offer 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.<sup>1</sup> The Fourteenth Report 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 said 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,

<sup>1</sup> 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 ("Fourteenth Report and Order").

including support provided pursuant to 47 C.F.R. §§ 54.301, 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. Mount Rushmore Telephone Company and Fort Randall Telephone Company are rural telephone companies that have previously been designated by this Commission as eligible telecommunications carriers. The Companies provide local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately 7,500 access lines within its established rural service area in South Dakota.

4. This Commission has limited regulatory oversight over Mount Rushmore Telephone Company and Fort Randall Telephone Company and their 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.<sup>2</sup>

5. The purpose of this filing is to provide information constituting Mount Rushmore Telephone Company and Fort Randall Telephone Company's plan for the use of its federal universal service support and to otherwise verify that Mount Rushmore Telephone Company and Fort Randall Telephone Company 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, as set forth in the Affidavit of Bruce Hanson attached as Exhibit A.

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 area, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably

---

<sup>2</sup> Fourteenth Report and Order at ¶ 188.

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 . . .

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.<sup>3</sup>

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. Mount Rushmore Telephone Company and Fort Randall Telephone Company as designated eligible telecommunications carriers have received federal universal service support in the past and expect to receive support during calendar year 2006. As of this time, specific support amounts the Companies should receive in 2006 have not yet been identified by USAC. Included in Exhibit B attached hereto, however, are estimated universal service support amounts

---

<sup>3</sup> 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, released November 2, 1999.

for such period. Exhibit B is for Mount Rushmore Telephone and Fort Randall Telephone Company combined because they have a single, combined study area.

10. Mount Rushmore Telephone Company and Fort Randall Telephone Company also provide in Exhibit B, attached hereto, estimates of the combined expenditures that will be incurred in year 2006 for the provision, maintenance, and upgrading of facilities and services supported by federal universal service.

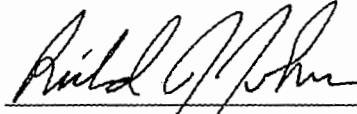
11. Consistent with the universal service principles set forth in the federal law and also the recent FCC orders referenced herein, Mount Rushmore Telephone Company and Fort Randall Telephone Company will use federal universal service amounts received in 2006 to offset a portion of the 2006 expenditures incurred within the accounts referenced in Exhibit B. This use of federal universal service support will enable Mount Rushmore Telephone Company and Fort Randall Telephone Company to: (1) maintain rates for its local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service provisions.

12. Based on all of the foregoing information, the attached Exhibit B, and the Affidavit of Bruce Hanson attached as Exhibit A, Mount Rushmore Telephone Company and Fort Randall Telephone Company request that this Commission issue an appropriate certification to the FCC and USAC indicating that Mount Rushmore Telephone Company and Fort Randall Telephone Company are 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, Mount Rushmore Telephone Company and Fort Randall Telephone Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 4th day of August 2005

Respectfully submitted,



---

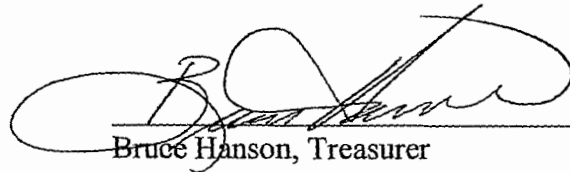
Richard J. Johnson

MOSS & BARNETT  
A Professional Association  
4800 Wells Fargo Center  
90 S Seventh Street  
Minneapolis, MN 55402  
Telephone: 612-347-0275

Attorneys on Behalf of Mount Rushmore Telephone  
Company and Fort Randall Telephone Company

**AFFIDAVIT**

As an authorized corporate officer of Mount Rushmore Telephone Company and Fort Randall Telephone Company, I, Bruce Hanson, 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 by Mount Rushmore Telephone Company and Fort Randall Telephone Company 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).

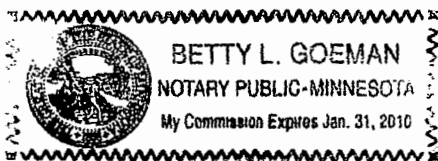
  
Bruce Hanson, Treasurer

Subscribed and Sworn to before me this 12 day of July, 2005.

NOTARY PUBLIC



Commission expires: 1-31-10





**Exhibit B**  
***Mt. Rushmore Telephone Company and Fort Randall Telephone Company***

**Estimated Year 2006 Federal Universal Service Receipts**

High cost loop support	\$269,000
Local switching support	\$472,000
Safety Net Additive support	\$ 0
Safety Valve Loop Cost Adjustment	<u>\$ 0</u>
<b>TOTAL</b>	<b>\$741,000</b>

**Estimated Year 2006 Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding**

**Estimated Plant Specific Operations Expenses**

Network support (Accts. 6110-16)	\$ 163,000
General support (Accts. 6120-24)	\$ 177,000
Central office (Accts. 6210-6232)	\$ 609,000
Cable and wire facilities (Accts. 6410-6441)	\$ 284,000
Network operations (Accts. 6530-35)	\$ 65,000
Depreciation and amortization (Accts. 6560-65)	\$1,151,000

**Customer operations expenses**

Customer services (Accts. 6620-23)	\$ 383,000
------------------------------------	------------

**Corporate operations expenses**

Executive and planning (Accts. 6710-6712)	\$ 44,000
General and administrative (Accts. 6720-28)	\$ 558,000

**Estimated Total Recurring Year 2006**

**Supported Expenses, from above,**

<b>Before Return on Investment</b>	<b>\$ 3,434,000</b>
------------------------------------	---------------------

**Estimated Additions**

Switching (Acct. 2210)	\$ 360,000
Cable and wire (Acct. 2410)	<u>\$ 550,000</u>
<b>TOTAL</b>	<b>\$ 910,000</b>

**Estimated Total Year 2006 Supported**

<b>Expenditures, Before Return On Investment</b>	<b>\$ 4,344,000</b>
--	---------------------

Certificate of Service

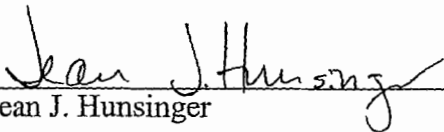
I hereby certify that an original and ten copies of the above and foregoing Request of Mount Rushmore Telephone Company and Fort Randall telephone Company for Certification Regarding Their Use of Federal Universal Service Support were sent via overnight service on the 4<sup>th</sup> day of August, 2005, to the following:

Pam Bonrud  
Executive Director  
South Dakota Public Utilities Commission  
Capitol Building, First Floor  
500 East Capitol Avenue  
Pierre, South Dakota 57501

and a true and correct copy was sent by overnight service to the following:

Rolayne Ailts Wiest  
South Dakota Public Utilities Commission  
Capitol Building  
500 East Capitol Avenue  
Pierre, South Dakota 57501

and a true and correct copy by overnight service or United States Mail, postage prepaid, to the persons on the attached list.

  
\_\_\_\_\_  
Jean J. Hunsinger