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August 9, 2006

ELECTRONICALLY FILED
DATE AUG 09 2006

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Ms. Patricia Van Gerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, South Dakota 57501

RE: In the Matter of Certification Regarding Use of Federal Universal Service Support of Heartland Telecommunication Company of Iowa dba HickoryTech and Request for Waiver of ARSD §20:10:32:53

Dear Ms. Gerpen:

Please find enclosed herein for filing the original and four (4) copies of the Annual ETC Certification Filing submitted pursuant to ARSD §§ 20:10:32:52 *et seq.*, of Heartland Telecommunications Company of Iowa dba HickoryTech ("Heartland"). Heartland hereby requests confidential treatment of Exhibit A and Exhibit B, which are submitted as confidential pursuant to the requirements of ARSD § 20:10:01:41. These Exhibits contain company-specific financial data and strategy, disclosure of which could jeopardize Heartland's competitive position. Heartland requests that such information be held as confidential by the Commission in perpetuity.

If you should have any questions regarding the enclosed filing, or Heartland's request for confidential treatment of Exhibits A & B, please contact the undersigned at the phone number provided.

Very truly yours,

Carrie Rice
Regulatory Affairs Administrator

enclosure

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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 AND WAIVER OF FILING)
DEADLINE)

ANNUAL ETC CERTIFICATION
FILING AND SUBMITTAL
PURSUANT TO ARSD § 20:10:32:53

Heartland Telecommunications Company of Iowa dba HickoryTech (the "Company"), makes this filing to seek certification from the South Dakota Public Utilities Commission (the "Commission") as is required under 47 C.F.R. § 54.314 and to comply with the Commission's new rules pertaining to ETCs, including the provisions of ARSD §§ 20:10:32:52, 20:10:32:53 and 20:10:32:54. The Company also seeks a waiver of ARSD § 20:10:32:53 as it pertains to the deadline of August 1, 2006. The Company had previously sought a waiver of the filing requirement in Docket No. TC 06-078 which was considered by the Commission at its agenda meeting of August 8, 2006. The Commission declined to take action on the Company's petition.

As part of this filing, the Company offers the following:

1. Pursuant to 47 C.F.R. § 54.314, each carrier that has been designated as an eligible telecommunications carrier ("ETC") that is eligible to receive future federal universal service support must file an annual certification with the Federal Communications Commission ("FCC") and the Universal Service Administrative Company ("USAC") stating that federal high-cost support provided to the carrier 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, 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 47 C.F.R. § 54.314.

2. The certification required specifically for rural carriers to receive federal universal service support for all four quarters during calendar year 2007 is currently due to be filed with the FCC and USAC on or before October 1, 2006. 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. The Company is a rural telephone company that has previously been designated by this Commission as an ETC. 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 12,000 access lines throughout its study area, which encompasses a small, rural portion of South Dakota. South Dakota access lines represent approximately 2% of the Company's total lines in service.

4. As is required by the provisions of ARSD § 20:10:32:43.01, the Company is committed to providing service throughout its existing rural service area, or study area, to all customers making a reasonable request for service. The Company has served as the incumbent local exchange carrier within its established service area and has operated as a "carrier of last resort" in such area. As the carrier of last resort, the Company already has extended wireline

local exchange network facilities throughout its service area as necessary to make all essential local exchange services that are supported by federal universal service available to all end-user customers within its service area. Consistent with its past practice, the Company hereby certifies that it will provide service on a timely basis to all requesting customers within its designated ETC service area. In certain cases, the provisioning of this service may require a customer in a new location to first meet the requirements of the Company's line extension policies. These line extension policies are, however, consistent with the requirement under both federal and state law to meet all reasonable requests for service.

5. The Company has the ability to remain functional in emergency situations as required by the provisions of ARSD § 20:10:32:43.03. The Company is currently in compliance with this Commission's "auxiliary and battery power requirements" set forth in ARSD 20:10:33:19.

6. The provisions of ARSD § 20:10:32:54 addressing the annual "Certification requirements" set forth by this Commission indicate in part that the ETC must show "how much universal service support was received." Accordingly, attached hereto as "Exhibit A" is information indicating "Year 2005 Federal Universal Service Receipts" received by the Company. This same Exhibit also shows total expenditures of the Company in 2005 related to the provision, maintenance and upgrading of the facilities and services that are supported by Federal Universal Service Funding and further estimates these same expenditures for calendar year 2007. Consistent with federal universal service principles, the Company will use federal universal service amounts received in 2007 to offset a portion of these 2007 expenditures. This use of federal universal service support will enable the 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.

7. In addition to the information included in Exhibit A, the following information is provided to meet the Commission's "Certification requirements" set forth in 20:10:32:54:

- The Company's service quality improvement plan is to continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service throughout its service area. As an incumbent local exchange carrier and the carrier of last resort in its service area, the Company upgrades and replaces facilities and equipment as necessary. In furtherance of its service quality improvement plan, the Company will use any high-cost universal service amounts received by it to offset expenditures incurred as it continues to upgrade and replace facilities and equipment. The Company's "two-year service quality improvement plan," required under the provisions of ARSD 20:10:32:54, is attached hereto as "Exhibit B."
- During calendar year 2005, the Company experienced no service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes:
- The Company was able to provide service to all potential customers that requested service during 2005, and as of December 31, 2005, the Company had no unfulfilled requests for service.
- During 2005, the Company's customer service department received no complaints from consumers. No complaints were received by the Company as formally written

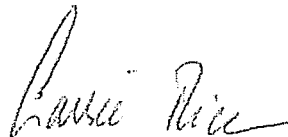
complaints or as complaints that needed to be resolved with the involvement of other Company representatives outside of the customer service department.

- Also attached as "Exhibit C" is a document containing other certifications, including those required under the provisions of ARSD §§ 20:10:32:54(5), 20:10:32:54(6), 20:10:32:54(7) and 20:10:32:54(8).

8. Based on all of the foregoing information, including the information provided on Exhibits A, B and C, the Company requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Heartland Telecommunications Company of Iowa dba 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 2007. In order to ensure that this certification is issued to the FCC prior to October 1, 2006, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 9th day of August 2006.

Respectfully submitted,



Carrie Rice
Regulatory Affairs Administrator

Exhibit C

EXHIBIT C - AFFIDAVIT

STATE OF MINNESOTA)
) ss.
COUNTY OF BLUE EARTH)

1. I am the Senior Vice President and Chief Financial Officer of Heartland Telecommunications Company of Iowa dba HickoryTech and am authorized to give this affidavit on behalf of the Company. This affidavit is provided to support the Company's Request for Certification to the South Dakota Public Utilities Commission as contemplated in 47 C.F.R. § 54.314.

2. As an authorized representative of the Company, I 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.

3. During 2005, the Company received federal universal service support as shown on Exhibit A to this affidavit and had investment and expenses relating to the provision, maintenance and upgrading of facilities and services for which such support was intended as also shown on Exhibit A. During 2005, the Company used the federal universal service support it received only for the provision, maintenance and upgrading of facilities and services for which the support was intended consistent with 47 U.S.C. § 254(e).

4. The Company will use the federal universal service support it receives during 2007 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).

5. The Company (i) is in compliance with applicable service quality and consumer protection rules; (ii) is able to function in emergency situations; and (iii) provides equal access to long distance carriers.

David A. Christensen

David Christensen
Senior Vice President and Chief Financial Officer

Subscribed and Sworn to before me this 9th day of August, 2006.

Jane C. Hudson

NOTARY PUBLIC

My Commission Expires: January 31, 2011

