

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 3923 access lines within its established rural service area in South Dakota.

4. ARSD 20:10:32:43.04 requires Company to demonstrate how it satisfies consumer protection (see also ARSD 20:10:33:31, 20:10:34:09, and 20:10:34:10) and service quality standards (see ARSD 20:10:33).

20:10:33:31 - Failure to pay for services other than local exchange services – Company applies payments to local exchange services first. In the case of partial payment Company will disconnect services such as video, Internet, and toll prior to disconnecting local voice. Company commonly makes special payment arrangements with customers when reasonable terms are agreed to.

20:10:34:09 - Billing requirements - Company monthly provides an itemized billing to each customer. The bill identifies Company's address and phone number (toll free from all exchanges) for billing questions and service changes.

20:10:34:10 - Notification of increase in rates – Company uses many avenues to notify its customers of rate increases. Written notification is given by Company newsletter, bill inserts, and notice in the bill.

20:10:33 – Service Quality Standards – Company is an RUS borrower and complies with RUS service quality standards. In reviewing the standards set forth in ARSD 20:10:33, Company meets or exceeds the stated service quality standards.

5. 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 since 1951 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.

6. 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.

7. 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.

8. 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 one protracted service outage affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes. The outage was the result of the massive ice storm that swept through the state in late November. Customer outages began to occur on November 27th and normal services were not fully restored until December 8th. The outages were the result of large scale electrical outages at the Company's remote electronic sites. Intermittent service was restored to the sites very soon after the outages began by using portable generators. Local voice, long distance, video, and internet services were affected in the outage areas. The outage areas included rural and in-town areas near Ferney, Conde, Mellette, Turton, Columbia, Doland, Groton, Andover, and Bristol. At the height of the outage approximately 500 customers were without phone service for a time until generators could be deployed. The Company has taken steps to mitigate future occurrences by purchasing additional portable generators.
- 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 formal complaints from consumers.

- 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).

9. 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 James Valley Cooperative Telephone Company 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 14th day of August, 2006.

BANTZ, GOSCH & CREMER, L.L.C.



Attorneys for James Valley Cooperative
Telephone Company
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Exhibit A

EXHIBIT A
James Valley Cooperative Telephone Company

Federal Universal Service Receipts	Actual 2005	Estimated 2007
High Cost Loop Support	\$428,436	\$ 590,000
Local Switching Support	\$361,378	\$ 398,000
Safety Net Additive Support	\$ 46,332	\$ 50,000
Safety Valve Loop Cost Adjustment	<u>\$ 0</u>	<u>\$ 0</u>
Total	\$836,146	\$1,038,000

Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services
Supported By Federal Universal Service Funding:

	Actual 2005	Estimated 2007
Plant Specific Operations Expenses		
Network support (Accts 6110-16)	\$106,571	\$113,000
General support (Accts 6120-24)	\$124,906	\$132,400
Central office (Accts 6210-6232)	\$353,000	\$374,200
Cable and wire facilities (Accts 6410-41)	\$458,298	\$485,800
Network operations (Accts 6530-35)	\$160,863	\$170,500
Depreciation and amortization (Accts 6560-65)	\$1,566,455	\$2,100,000
Customer Operations Expenses		
Customer services (Accts 6620-23)	\$348,696	\$369,600
Corporate Operations Expenses		
Executive and planning (Accts 6710-12)	\$171,613	\$181,900
General and administrative (Accts 6720-28)	\$398,288	\$422,200
Total Years Supported Expenses, Before Return on Investment	<u>\$3,688,690</u>	<u>\$4,349,600</u>
Additions		
Switching (Acct 2210)	\$255,600	(See Exhibit B, Two-Year Plan)
Cable and wire (Acct 2410)	\$1,348,319	
Total	<u>\$1,603,919</u>	
Total Supported Expenditures, Before Return on Investment	<u>\$5,292,609</u>	

Exhibit B

EXHIBIT B - TWO-YEAR PLAN

ARSD 20:10:32:43.02

As part of its ongoing plan to upgrade and enhance its network, the Company anticipates the following capital expenditures over the next two years. The Company believes that its planned capital additions will improve the reliability of switched calls for its customers, assure CALEA compliance and increase the Company's network capacity to serve remote customers. The upgraded facilities will also be more cost-effective for the Company to maintain. Any federal high-cost universal service support the Company receives will help defray the following estimated costs for plant improvements and upgrades.

Wire Center	Description of Improvement	Start Date	End Date	Estimated Population Served by Improvement	Estimated Capital Expenditures Each Year	
					2007	2008
298-Andover	Cable replacement/additions	5/1/06	11/30/06	166	\$2,400	\$25,000
492-Bristol	Cable replacement/additions	5/1/06	11/30/06	693	\$27,800	\$100,000
294-Claremont	Cable replacement/additions	5/1/06	11/30/06	217	\$16,300	\$50,000
396-Columbia	Cable replacement/additions	5/1/06	11/30/06	234	\$12,600	\$50,000
382-Conde	Cable replacement/additions	5/1/06	11/30/06	312	\$7,700	\$50,000
635-Doland	Cable replacement/additions	5/1/06	11/30/06	496	\$10,000	\$100,000
395-Ferney	Cable replacement/additions	5/1/06	11/30/06	160	\$13,300	\$25,000
329-Frederick	Cable replacement/additions	5/1/06	11/30/06	635	\$26,000	\$100,000
397-Groton	Cable replacement/additions	5/1/06	11/30/06	2265	\$70,800	\$200,000
397-Groton	Switch replacement/additions	1/1/06	12/31/06	6629	\$2,250,000	\$300,000
994-Hecla	Cable replacement/additions	5/1/06	11/30/06	524	\$10,700	\$100,000
885-Houghton	Cable replacement/additions	5/1/06	11/30/06	95	\$2,600	\$25,000
887-Mellette	Cable replacement/additions	5/1/06	11/30/06	730	\$14,900	\$100,000
897-Turton	Cable replacement/additions	5/1/06	11/30/06	102	\$16,400	\$25,000
	Total capital expenditures				\$2,481,500	\$1,250,000

Exhibit C

EXHIBIT C - AFFIDAVIT

STATE OF SOUTH DAKOTA)
) ss.
COUNTY OF BROWN)

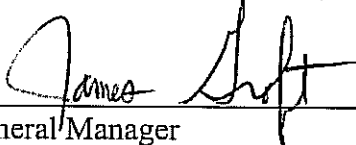
1. I am the General Manager of James Valley Cooperative Telephone Company and am authorized to give this affidavit on behalf of the Company. This affidavit is provided to support the Company's Request for Certification to the South Dakota Public Utilities Commission as contemplated in 47 C.F.R. § 54.314.

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.



General Manager

Subscribed and Sworn to before me this 14th day of August 2006.



NOTARY PUBLIC
My Commission Expires: 1-27-09