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Consolidated
Reach the World, from here.

Mr. Harlan Best
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

RECEIVED
NOV 17 2006
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

*Consolidated
Telcom*

Dear Mr. Best:

Per your inquiry we are submitting the following as an addendum to our initial filing for our South Dakota Certification of Federal Universal Service Support, TC06-139.

*Consolidated
Enterprises
Incorporated*

We appreciate your help and guidance in this matter and if you have any additional questions don't hesitate to call me at (701) 483-7305.

Again, thanks for your help.

*Consolidated
Communications
Corporation*

Sincerely,



Paul Schuetzler
General Manager
Consolidated Telcom

*Consolidated
Cable Vision*

*Consolidated
Communications
Networks
Incorporated*

**BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

IN THE MATTER OF THE REQUEST OF) CONSOLIDATED TELCOM FOR) CERTIFICATION REGARDING ITS USE) OF FEDERAL UNIVERSAL SERVICE) SUPPORT.)	ANNUAL ETC CERTIFICATION FILING AND SUBMITTAL PURSUANT TO ARSD § 20:10:32:53
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Consolidated Telecom (the “Company”), by and through its attorney, 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. 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 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 241 access lines within its established rural service area in South Dakota.

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 since 1961 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, Consolidated Telcom experienced the following service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes:

Snow Storm

- A) Date & Time - October 5th - 9 am
- B) Description - Major snowstorm in that interrupted power for a period of three to five days. Due to the loss of power and travel restrictions we were unable to dispatch generators to our sites. We now have generators available in the local service area for quick service restoration if power is lost again for a significant amount of time.
- C) The outages affected telephone and internet services for our customers.
- D) Impacted Harding and Perkins counties in northwestern South Dakota.
- E) Generators are now available in the local offices.
- F) 241 customers were affected.

Consolidated Telcom 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 (0) 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).

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 Consolidated Telcom 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 16th day of August 2006.

Respectfully submitted,



Attorney for the Company

ARSD 20:10:32:43.04 ADDITIONAL INFORMATION (CONSUMER PROTECTION AND SERVICE QUALITY STANDARDS)

Consumer Protection

20:10:33:31. Failure to pay for services other than local exchange services not grounds to terminate local exchange service. Consolidated Telcom applies payment to local exchange services first. If the Company were not to receive full payment by disconnect time, local service would continue, but the customer would lose those services, such as video, Internet and toll, for which payment had not been received.

20:10:34:09. Billing requirements. Consolidated Telcom provides an itemized bill to each subscriber on a monthly basis. The bill identifies the Company and furnishes an address and toll-free telephone number where the subscriber may call with billing questions.

20:10:34:10. Notification of increase in rates. Consolidated Telcom provides written notice of rate increases to subscribers who have presubscribed to the Company for toll or local exchange service by bill inserts, bill statements or separate letters. For those customers not presubscribed to the Company, notices of rate increases are made through newspaper announcements.

20:10:33 Service Standards. Consolidated Telcom designs and maintains its network consistent with the service standards in ARSD 20:10:33. The Company certifies that it is complying with the service quality standards set forth in ARSD 20:10:33.

Service Quality Standards -

Consolidated Telcom satisfies service quality standards outlined in section 20:10:33. Consolidated Telcom continues to follow and exceed all RUS equipment, facilities and engineering standards. We have continually upgraded our equipment and facilities in order to provide our customers with the highest level of service possible. We are continually adding staff to maintain the level of service due to the increase complexity of the equipment and the industry. We have increased our processes and procedures and continue to upgrade our fiber ring facilities in an effort to focus on preventative outages. Consolidated Telecom's low complaint history has proven our dedication to our service quality and we will continue to take great pride in customer satisfaction.

Exhibit A**EXHIBIT A**
*Consolidated Telcom***Year 2005 Federal Universal Service Receipts:**

High Cost Loop Support	\$ 1,893,038
Local Switching Support	\$ 852,552
Safety Net Additive support	\$ 0
Safety Valve Loop Cost Adjustment	\$ <u>0</u>
TOTAL	\$ 2,745,590

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

	<u>Actual</u> 2005	<u>Estimated</u> 2007
Plant Specific Operations Expenses		
Network support (Accts 6110-16)	\$ 5,001	\$ 6,000
General support (Accts 6120-24)	\$ 692,876	\$ 750,508
Central office (Accts 6210-6232)	\$ 804,329	\$ 1,000,080
Cable and wire facilities (Accts 6410-41)	\$ 1,048,143	\$ 1,227,533
Network operations (Accts 6530-35)	\$ 1,195,789	\$ 1,206,337
Depreciation and amortization (Accts 6560-65)	\$ 4,781,944	\$ 4,858,861
Customer Operations Expenses		
Customer services (Accts 6620-23)	\$ 874,311	\$ 983,369
Corporate Operations Expenses		
Executive and planning (Accts 6710-12)	\$ 398,074	\$ 450,700
General and administrative (Accts 6720-28)	\$ 1,466,034	\$ 1,594,414
Total Years Supported Expenses, Before Return on Investment	\$ 11,266,501	\$ 12,077,802
Additions		
Switching (Acct 2210)	\$ 1,183,992	(See <i>Exhibit B,</i>
Cable and wire (Acct 2410)	\$ 530,154	<i>Two-Year Plan</i>)
Total	\$ 1,714,146	
Total Supported Expenditures, Before Return on Investment	\$ 12,980,647	

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.

Provide data for each wire center in the Company's service area where switching, exchange transmission equipment or cable and wire upgrades are planned.

Wire Center	Description of Capital Improvement	Estimated Population Served by Improvement	Start Date	Completion Date	Estimated Capital Expenditures Each Year	
					2007	2008
Richardton	Fiber To the Home	268	04/2006	04/2007	\$ 890,836	\$
Killdeer	Fiber To the Home	342	05/2006	05/2007	\$ 1,497,099	\$
Dunn Center	Fiber To the Home	54	07/2006	07/2008	\$ 302,453	\$
Halliday	Fiber To the Home	127	07/2006	07/2008	\$ 561,438	\$
Dodge	Fiber To the Home	60	07/2006	07/2008	\$ 312,524	\$
Bowman	Fiber To the Home	732	08/2006	08/2007	\$ 2,391,784	\$
Mott	Fiber To the Home	416	08/2006	08/2007	\$ 1,726,466	\$
Hettinger	Fiber To the Home	667	04/2007	04/2008	\$	\$ 2,355,947
New England	Fiber To the Home	309	04/2007	04/2008	\$	\$ 1,258,432
Reeder	Fiber To the Home	109	04/2007	04/2008	\$	\$ 519,201
Regent	Fiber To the Home	122	04/2007	12/2008	\$	\$ 542,775
Rhame	Fiber To the Home	98	04/2007	12/2008	\$	\$ 450,690
South Heart	Fiber To the Home	125	04/2007	12/2008	\$	\$ 538,612
Amidon	Fiber To the Home	20	04/2008	12/2009	\$	\$ 166,724
Manning	Fiber To the Home	32	04/2008	12/2009	\$	\$ 214,457
Marmarth	Fiber To the Home	67	04/2008	12/2009	\$	\$ 432,207
Scranton	Fiber To the Home	151	04/2008	12/2009	\$	\$ 741,773
Grassy Butte	Fiber To the Home	30	04/2008	12/2009	\$	\$ 205,567

No capital improvements are planned in the following wire centers but nonetheless may be necessary in connection with the provision of service to new customers. *List the remaining wire centers in the Company's service area.*

Wire Center

Exhibit C

EXHIBIT C - AFFIDAVIT

STATE OF NORTH DAKOTA)
COUNTY OF STARK) ss.

1. I am the General Manager of Consolidated Telcom 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 Consolidated Telcom, 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, Consolidated Telcom 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. Consolidated Telcom 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. Consolidated Telcom (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.

[Signature]
General Manager

Subscribed and Sworn to before me this 16th day of August 2006.

BRYAN W PERSONNE
NOTARY PUBLIC, STATE OF NORTH DAKOTA
MY COMMISSION EXPIRES JUNE 23, 2011

[Signature]
NOTARY PUBLIC BRYAN PERSONNE
My Commission Expires: 6/23/2011