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Patricia Van Gerpen
Executive Director
Public Utilities Commission
State Capitol Bldg.
500 E. Capitol Ave.
Pierre, SD 57501-5070

Re: Hills Telephone Company, Inc.
Docket No. TC07-042

Dear Ms. Van Gerpen:

This letter is in regard to questions posed by Harlan Best of the Commission staff in regard to the annual certification of Hills Telephone Company, Inc. in the above-referenced docket. Mr. Best had inquired as to why the 2006 central office purchases were not needed.

Originally, Hills Telephone Company, Inc. estimated needed purchases in the amount of \$10,000 for central office cards and equipment for the Valley Springs Exchange in 2006. The estimate of equipment purchases was made before the decision to bring FTTH to customers in the Valley Springs Exchange was made. Since that time, expenditures have been redirected to the FTTH home project.

If you have any other questions regarding the filings in Docket TC07-042, please contact me at your convenience at (605) 335-4989. Thank you.

Sincerely,

CUTLER & DONAHOE, LLP



Ryan J. Taylor
For the Firm

RJT:dah