

**BEFORE THE PUBLIC UTILITIES COMMISSION OF
THE STATE OF SOUTH DAKOTA**

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| IN THE MATTER OF THE REQUEST OF |) | |
| MIDCONTINENT COMMUNICATIONS FOR |) | ANNUAL ETC CERTIFICATION |
| CERTIFICATION REGARDING ITS USE OF |) | FILING AND SUBMITTAL |
| FEDERAL UNIVERSAL SERVICE SUPPORT. |) | PURSUANT TO ARSD |
| |) | §20:10:32:52 |

Midcontinent Communications (“Midcontinent”), 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, 20:10:32:54, and 20:20:32:55. As part of this filing, Midcontinent 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 46 C.F.R. § 54.314.

2. The certification required to receive federal universal service support for all four quarters during calendar year 2012 is currently due to be filed with the FCC and USAC on or before October 1, 2011. 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. Midcontinent is a competitive local exchange telephone company that has previously been designated by this Commission as a Competitive ETC. Midcontinent provides local exchange telephone services, including all of the essential services that are included in federal definition of universal service within its established service area in South Dakota.

4. As required by the provisions of ARSD § 20:10:32:43.01, Midcontinent is committed to providing service throughout its existing service areas to all customers making a reasonable request for service. Midcontinent has, since June 29, 2004, served as a competitive eligible telecommunications carrier within its established service areas. Midcontinent already has extended wireline local exchange network facilities throughout its service area as necessary to make all essential local exchange services that are support by federal universal service available to end-user customers within its service area. Consistent with its past practice, Midcontinent 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 Midcontinent'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. In those areas Midcontinent cannot provide service on its own facilities there are agreements with the ILEC to lease or resell services. In 2010, Midcontinent fulfilled all requests for telephone service in its service area. Midcontinent certifies that it is complying with applicable service standards and consumer protection rules. Midcontinent also certifies that in those exchanges where service is being offered, it offers local usage plans comparable to the incumbent local exchange provider.

5. Midcontinent certifies that it has the ability to remain functional in emergency situations as required by the provisions of ARSD § 20:10:32:43.03. Midcontinent 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 Competitive ETC must show "how much universal service support was received." Accordingly, attached hereto as CONFIDENTIAL Exhibit A is information indicating "Year 2010 Federal Universal Service Receipts" received by Midcontinent. This same CONFIDENTIAL Exhibit also shows total

expenditures by Midcontinent in 2010 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 years 2011, 2012, and 2013. Consistent with federal universal service principles, Midcontinent will use federal universal service amounts received in those years to offset expenditures for those years. This use of federal universal service support will enable Midcontinent 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. Midcontinent certifies that it does provide equal access to long distance carriers.

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

- Midcontinent'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 a competitive local exchange carrier, Midcontinent upgrades and replaces facilities and equipment as necessary. In furtherance of its service quality improvement plan, Midcontinent 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. Midcontinent's Actual Capital Expenditures for 2010 and Estimated 2011 Capital Expenditures are attached as CONFIDENTIAL Exhibit B. Midcontinent's "two-year service quality improvement plan," required under the provisions of ARSD 20:10:32:54, is attached hereto also as part of CONFIDENTIAL Exhibit B.
- During calendar year 2010, Midcontinent did experience service outage affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes. Detailed information is in CONFIDENTIAL Exhibit C.
- Midcontinent was able to provide service to all potential customers that requested service during 2010, and as of December 31, 2010, Midcontinent had no unfulfilled requests for service.
- During 2010, complaints were received by Midcontinent Communications as outlined in Exhibit C

9. An eligible telecommunications carrier, under 20:10:32:55, is also required to demonstrate annually its Lifeline and Link-up assistance program outreach. Midcontinent's Lifeline and Link-Up outreach program includes information and application form on its website, www.midcocomm.com.

Midcontinent's telephone service brochures and the handbooks, Exhibits E1-E4, provided to new telephone customers provide information on the availability of Lifeline and Link-up assistance. Also, at least annually Midcontinent advises customers of the program through its statement message. During 2010, messages ran in January and April. Midcontinent also ran commercial spots on cable TV during August and September, 2010. A print copy of the ad is in Exhibit D.

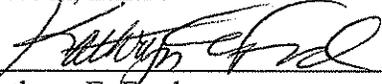
As required by the FCC, Midcontinent did conduct an audit of its customers in July and August 2010.

10. Attached is an Affidavit containing certification, including those required under the provisions of ARSD §§ 20:10:32:54(6), 20:10:32:54(7), and 20:10:32:54(8) and 20:10:32:54(9).

11. Based on all of the forgoing information, including the information provided on Confidential Exhibits A, B, and C, Midcontinent requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Midcontinent Communications is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for distribution to Midcontinent in 2012. In order to ensure that certification is issued to the FCC prior to October 1, 2011, Midcontinent would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 31st day of May, 2011.

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