

**State of South Dakota
PUBLIC UTILITIES COMMISSION**

Valley Communications, Inc.)
d/b/a Valley FiberCom)
)
Application for Designation as an Eligible) Docket No. ____ - _____
Telecommunications Carrier For)
The Purpose of Receiving)
Federal Universal Service Support)

**VALLEY COMMUNICATIONS, INC DBA VALLEY FIBERCOM PETITION FOR
DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER**

Valley Communications, Inc dba Valley FiberCom (Valley or Company) makes this application to the South Dakota Public Utilities Commission (Commission) for designation as an eligible telecommunications carrier (ETC). This application is made pursuant to 47 U.S.C. 214(e)(1)-(2), ARSD 20:10:32:42 and the rules and regulations of the Commission. The Company requests ETC designation in the State of South Dakota in all census blocks where it has been awarded Rural Digital Opportunity Fund (RDOF) Phase 1 support as a winner in the Federal Communication Commission’s (FCC) RDOF Phase I Auction (Auction 904) as listed in Exhibit A.

The Company was recently awarded RDOF Phase I support in FCC Auction 904 and plans to provide high speed broadband and voice services in the areas where support was awarded. The Company is obligated to obtain designation within 180 days of the announcement by the FCC that the Company was a winning bidder in the FCC RDOF Action 904 or by June 7, 2021. As a result, the Company requests expeditious action by the Commission so that it may meet this requirement.¹ The Company satisfies all the statutory and regulatory requirements for designation as an ETC in the requested designated service area. As explained herein, the public interest would be served by granting this petition.

I. Company Background

Valley Cable & Satellite Communications, Inc. was incorporated in South Dakota on January 18, 1994, the only wholly owned subsidiary of Valley Telecommunications Cooperative Association,

¹ See 47 C.F.R 54.804(b)(5).

Inc. located in Herreid, South Dakota. The corporation was formed to provide non-regulated satellite TV services. On June 25, 2007, Valley Cable & Satellite Communications, Inc. changed its name to Valley Communications, Inc.

In 2018 Valley became a CLEC to serve the towns of Volga, Lake Preston, Arlington and De Smet in South Dakota. On March 9, 2018, Valley applied for a DBA to be known as Valley FiberCom. Plans moved forward with a fiber optic plant and network. During 2019's construction timeframe, the town of Volga was the first of the four towns to get the fiber-based services of voice, broadband and digital TV. In early 2020, construction began on the three remaining towns of Lake Preston, Arlington and De Smet.

Valley has been awarded a South Dakota Connect Broadband Grant, USDA's ReConnect I and ReConnect II to serve Kingsbury County, a large portion of Moody County and a section of Brookings County along with the Flandreau Santee Sioux Reservation. Last, in December Valley was awarded the Census Blocks listed in Exhibit A in the FCC's RDOF Auction 904.

Valley intends to deliver broadband and voice service to homes within the Auction 904 awarded area. Valley will leverage its existing fiber-to-the-premise (FTTP) technology capable of delivering up to 1 Gigabit symmetrical service utilizing its own facilities or a combination of its own facilities and resale of another carrier's facilities to provide voice over circuit-switched Time-Division Multiplexing (TDM) and Internet Protocol (VoIP) and broadband services through-out the requested ETC territory.

Valley FiberCom's Name, Address and Telephone Number are:

Valley FiberCom
102 Main St.
Herreid, SD 57632
(605)-437-2615

All inquiries concerning this application should be made to:

Mikaela Burma
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Phone: (605) 995-1742
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Upon designation as an ETC, the Company will provide the supported services throughout the requested designated service area as build-out is completed and also offer Lifeline to qualified low-income consumers.

II. Authority for Designation of an ETC

Title 47 U.S.C. 214(e)(2) of the Act provides that a state commission shall upon request designate a common carrier as an ETC for a service area designated by the state commission. Title 47 U.S.C. 214(e)(1) provides that an ETC shall be eligible to receive universal service support in accordance with section 254 of the Act and shall, in the service area for which the designation is received, offer the services that are supported by federal universal service support mechanisms under section 254(c), either using its own facilities or a combination of its own facilities and resale of another carrier's services, and shall advertise the availability of such services and their costs using media of general distribution. The FCC has promulgated a list of the services or functionalities that shall be supported by federal universal service support mechanisms at 47 C.F.R. 54.101. Further, this application is submitted consistent with ARSD 20:10:32:43.

III. The Company Will Offer Required Services

Pursuant to 47 U.S.C. 214(e)(1)(A) and 47 C.F.R. 54.201(d)(1), Valley will, throughout the service area for which ETC designation is received, offer the services that are supported by federal universal service support mechanisms defined in 47 C.F.R. 54.101(a). These services include: (1) TDM and VoIP voice telephony services providing voice grade access to the public switched network or its functional equivalent; minutes of use for local service provided at no additional charge to Company end users; access to emergency services provided by local government or other public safety organizations, including 911 and enhanced 911; and toll limitation services to qualifying low-income consumers; (2) Eligible broadband Internet access services which will provide the capability to transmit data to and receive data by wire or radio from all Internet endpoints, including any capabilities that are incidental to and enable the operation of the communications service. Valley can and will provide all these required services through the provision of TDM, VOIP and high-speed broadband Internet services.

IV. The Company Will Use Its Own Facilities, Or a Combination of Its Own Facilities and Resale of Another Carrier's Services

Pursuant to 47 U.S.C. 214(e)(1)(A) and 47 C.F.R. 54.201(d)(1), the Company will use primarily its own facilities, but at times may resell another carrier's services to offer the services that are supported by Federal universal service support mechanisms. Valley is a facilities-based FTTP carrier and again will primarily use its own state of art facilities to provide any requested services.

V. The Company Will Provide Service Throughout the Designated Service Area

Pursuant to 47 U.S.C. 214(e)(1) and 47 C.F.R. 54.201(d), the Company will offer the services that are supported by Federal universal service support mechanisms throughout the service area for which designation is requested as listed in Exhibit A. In addition, the Company commits to provide service throughout its proposed designated service area to all customers making a reasonable request for service. The Company certifies that it will provide service on a timely basis to requesting customers within the Company's service area where the Company's network already passes the potential customer's premises or will pass consistent with FCC RDOF buildout requirements.² The Company further certifies that it will provide service within a reasonable period of time within its designated area, if the potential customer is within the Company's ETC service area but outside its existing network coverage, if service can be provided at a reasonable cost by: 1) extending, modifying, adjusting, or replacing network or customer facilities; or 2) reselling services from another carrier's facilities to provide service all as required by 47 C.F.R. 54.202(a)(1)(i) and ARSD 20:10:32:43.01.

VI. The Company Will Advertise

Pursuant to 47 U.S.C. 214(e)(1)(B) and 47 C.F.R. 54.201(d)(2), the Company will advertise the availability of its services that are supported by Federal universal service support mechanisms and the charges for such services using media of general distribution. The Company may advertise, among other means, via newspaper, bill inserts, contacts with social service agencies and its website.

VII. The Company Will Make Available Lifeline Service

Pursuant to 47 C.F.R. 54.405, the Company will make Lifeline service available to qualifying low-income consumers and publicize the availability of Lifeline service in a manner reasonably

² 47 C.F.R. § 54.202(a)(1)(i)

designed to reach those likely to qualify for the service. The Company will make a concerted effort to notify municipal, state, tribal and federal governmental agencies whose clientele may likely benefit the most from having the Company designated as an ETC by the Commission. In addition, the Company may advertise, among other means, via newspaper, bill inserts and its website. The Company will indicate on materials describing the service, using easily understood language, that it is a Lifeline service, that Lifeline is a government assistance program, the service is non-transferable, only eligible consumers may enroll in the program, and the program is limited to one discount per household. In the event a subscriber no longer qualifies for the program, the Company will de-enroll the subscriber from the program appropriately as defined within 47 C.F.R. 54.405(e).

VIII. Service Area for Which Designation Is Requested

The Company requests ETC designation in South Dakota for all the census blocks awarded in Auction 904 as listed in Exhibit A.

IX. Emergency Situations

Pursuant to 47 C.F.R. 54.202(a)(2), a carrier seeking ETC designation must demonstrate its ability to remain functional in emergency situations, including a demonstration that it has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

The Company has a reasonable amount of back-up power to ensure functionality of voice services without a commercial power source. The Company's specific back-up power sources are, lead calcium batteries, gel cell batteries, fixed AC and DC natural/LP gas generators, fixed AC and DC gasoline/diesel generators and portable LP/gasoline generators. Each existing node or central office will contain a reserve battery supply of 8 hours where emergency power generators are not installed and at least 8 hours or more where they are in place. The Company has a fiber optic protected ring as its backbone to each exchange area served and can reroute traffic around damaged facilities. It also has extensive capacity that is capable of managing traffic spikes resulting from emergency situations. If there is a failure of the Company's main route, voice traffic is automatically rerouted to a redundant back-up route.

X. Consumer Protection and Service Quality Standards

Pursuant to 47 C.F.R. 54.202(a)(3), a carrier seeking ETC designation must demonstrate that it will satisfy applicable consumer protection and service quality standards. The Company commits to comply with all applicable Commission and FCC rules concerning consumer protection and service quality.

XI. Financially and Technically capable of providing Lifeline

Pursuant to 47 C.F.R. 54.202(a)(4) of the Commission's rules requires a common carrier seeking ETC designation for Lifeline support to demonstrate it is financially and technically capable of providing Lifeline service in compliance with the Commission's rules. Valley currently has two full time employees, a CSR Manager and a CSR that are also shared with the parent. The remaining staff working for Valley are shared employees of its parent. Further, Valley has significant network and other assets, but also the financial support of its parent company.

Together with the financial and staff support of its parent, Valley Telecommunications Cooperative Association, Inc., Valley possesses the financial and technical capabilities to pay for all expenses (*e.g.*, construction, network, hardware, operations, etc.) to get its fiber optic network built and to begin the provision of voice and broadband services throughout its proposed ETC designation area. When and as needed, Valley will be able to obtain the requisite amount of lending under its existing lines of credit. Valley is also able to obtain additional financing, if necessary, in addition to the RDOF Phase I support being made available to Valley to support this request.

XII. Lifeline Service Plans to Eligible Consumers

47 C.F.R. 54.202(a)(5) and (6) of the FCC's rules require a common carrier seeking ETC designation for Lifeline support to submit information describing the terms and conditions of the voice and broadband plans offered. Valley will provide Lifeline local voice grade access. The service will include unlimited local at no additional charge to consumers (long distance and international will be an additional charge). Access to 911 and enhanced 911, to the extent local governments have implemented it, will also be offered. Since the Company distinguishes between local and toll calls, the Company will provide toll limitation service. One Lifeline service (Voice or broadband) will be available to a qualifying household. Valley will follow all Lifeline program

rules and guidelines including requiring all customers maintain their Lifeline eligibility through the Lifeline National Verifier as defined in 47 C.F.R. 54.404, 54.406 and 54.409.

Valley will provide Lifeline broadband Internet access service with the capability to transmit data to and receive data by wire from all or substantially all Internet endpoints, including any capabilities that are incidental to and enable the operation of the service.

Valley plans to offer the following Lifeline supported Voice and Internet service plans:

Voice:

- VoIP phone Service or TDM voice service for approximately \$25.00
- Unlimited LD is available to residential market for approximately \$25.00/month
- Long Distance rates are set at \$.05/minute if used

Broadband Internet:

- 50/50 Mbps for \$49.99
- Additional Tiers and pricing are available up to Gigabit speeds

Additional information regarding Valley service plans including Internet practices can be found at: <https://valleyfibercom.com/>

XIII. Waiver of Two-Year Plan

Since this request is pursuant to the FCC's award of RDOF funding, Valley asks that the Commission waive the requirement to submit a two-year network plan pursuant to ARSD 20:10:32:43.02. Valley will be required to meet all buildout and public interest reporting requirements for the RDOF support found in 47 CFR 54.316, most of which are more detailed than ARSD20:10:32:43.02. Further, all buildout progress will be included in Valley's annual ETC recertification requests, which will keep the Commission informed of Valley's progress to meeting buildout and service goals.

XIV. Designation of the Company as an ETC Is in the Public Interest

Designation of the Company as an ETC is in the public interest. Valley has been deploying state of art FTTP services to its CLEC customers since 2019. Now with the funding won in the FCC RDOF Auction 904, Valley intends to further deploy FTTP services to the census blocks in Exhibit

All to better serve these communities. These customers, who have been waiting for better broadband for decades will now have access of up to Gigabit speeds and better voice service. Valley will support the Commission's goal of ending the digital divide in its designated RDOF territory by ensuring that the federal universal service support is used efficiently and effectively.

The designation of the Company as an ETC will offer Lifeline-eligible customers a greater choice of providers for accessing telecommunications services not available to such customers today and should likely expand participation of qualifying customers in the Lifeline program.

XV. Service and Performance Quality Requirements

Pursuant 47 C.F.R. 54.309(a) Valley certifies that it will comply with the service requirements applicable to the support that it receives, including the requirements for RDOF Phase I support, and will provide additional information in this regard as part of its FCC form 683 application, including a certification from a professional engineer that the fiber optic network is capable of delivering voice and broadband service that meets the requisite performance requirements and sufficient capacity to meet customer demand at or above the prescribed levels during peak usage periods.³ The Company will file that information with the Commission Staff when its ready in mid-February.

XVI. Annual Reporting Requirements

The Company will comply with all annual reporting requirements for designated ETCs as applicable. Valley has a good understanding of all ETC filings and procedures.

XVII. Denial of Federal Benefits

The petitioner is not subject to any denial of federal benefits pursuant to section 5301 of the Anti-Drug Abuse Act of 1988, as implemented in section 1.2002 of the Commission's rules.

XVI. Conclusion

WHEREFORE, the Company respectfully requests designation as an ETC for all the purposes listed above in the census blocks listed in Exhibit A. Valley requests the Commission review and approve this application for designation as an ETC.

³ See 47 C.F.R. 54.309.

Respectfully submitted,

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