July 25, 2025

South Dakota Public Utilities Commission
Ms. Leah Mohr, Executive Director
500 E. Capitol Ave
Pierre, SD 57501

VIA E-FILING ONLY

Re: PUC Docket 25-010
(Applicable in: TC25-005, 006, 007, 008, 009, 010, 012, 013, 014, 015, 016, 017, 018, 020, 021, 022, 023, 024, 025, 026, 028, 031)

Dear Ms. Mohr:

On July 15, 2025, the Public Utilities Commission (PUC) considered Kennebec Telephone Co's Annual ETC Certification Filing. Commissioner Nelson raised a question, in that docket, that applies to all SDTA member companies. This filing is in response to the Commissioner's question.

The PUC's rules require that ETC certification filings contain specific information. The rules do not, however, prescribe a particular format. See ARSD 20:10:23:54 and 55. In the absence of a legally mandated form, SDTA works with the PUC Staff to develop a form for use by SDTA member companies. The form is intended to ease the administrative burden of the ETC certification process and to specifically provide information of interest to the Commission.

On July 15, Commissioner Nelson correctly noted that Exhibit A of the SDTA member company certification filings are different than in past years. Commissioner Nelson specifically requested a list of accounts included in "Plant Non-Specific Expenses" line on the new Exhibit A form. SDTA takes this opportunity to not only provide Commissioner Nelson with the requested accounts but also provide background as to the reason for the change in form.

Exhibit A is intended to be responsive to ARSD 20:10:23:54(2) which, in part, asks for *"an explanation of how much universal service support was received and how it was used…"* The new Exhibit A form continues to be broken into 3 parts: (i) Federal Universal Service Receipts, (ii) Expenditures Supported by Universal Service Support and (iii) Investments Supported by Universal Service Support.

The changes made to Exhibit A are intended to provide the Commission with more robust information regarding the expenses incurred and investments made in the provision of Universal Service. Based upon Commissioner questions raised in prior year's ETC Certification hearings, SDTA recognized Exhibit A did not provide the Commission with a full picture of expenses and investments. Specifically, "investments" necessary for the provision of Universal Service extends beyond the addition of switching, transmission, or cable and wires assets. The prior Exhibit A form focused solely on these limited additions because the form was developed during a time when SDTA member companies made extensive additions to provide services throughout their territories. Now, however, investments are focused on the completion and maintenance of broadband. As a result, the "investment" section of the prior Exhibit A (labeled as "*Additions*") did not communicate a complete picture of the investments made for the continued provision of Universal Service. As the Commission is aware, Universal Service does not have a "finish line" and the investment in facilities is never complete.

The changes described above result in the inclusion of additional accounts on Exhibit A and are intended to coincide with Part 32 Accounts. Part 32 is established by 47 CFR §32 and sets forth the revised Uniform System of Accounts. All incumbent local exchange carriers must keep their financial records in accordance with Part 32.[1] The specific answer to Commissioner Nelson's question is found in 47 CFR §32.5999(c). Plant nonspecific operations include: (i) expenses related to property held for future use, (ii) network operations expenses, (iii) provisioning expenses and (iv) depreciation and amortization expenses.

Please advise if SDTA can provide any additional information regarding the changes to Exhibit A or Part 32 accounting.

Sincerely,

Kara Semmler

Kara Semmler
SDTA Executive Director

1 The regulations provide some flexibility to subdivide, reclassify, consolidate and establish temporary or experimental accounts. 47 USC §32.13.