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THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION

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IN THE MATTER OF THE FILING  
BY VCI COMPANY FOR DESIGNATION  
AS AN ELIGIBLE TELECOMMUNICATIONS  
CARRIER

TC04-225

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Transcript of Proceedings  
April 12, 2005

**ORIGINAL**

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BEFORE THE PUBLIC UTILITIES COMMISSION,  
GARY HANSON, CHAIRMAN  
BOB SAHR, VICE CHAIRMAN  
DUSTY JOHNSON, COMMISSIONER

COMMISSION STAFF  
Rolayne Ailts Wiest  
John J. Smith  
Karen Cremer  
Greg Rislov  
Harlan Best  
Keith Senger  
Dave Jacobson  
Michele Farris  
Steve Wegman  
Jim Mehlhaff  
Tina Douglas  
Heather Forney  
Pam Bonrud

Reported By Cheri McComsey Wittler, RPR, CRR

**PRECISION REPORTING**  
**L I M I T E D**

APPEARANCES BY TELEPHONE

- Pat Mastel
- Colleen Sevold
- Melissa Thompson
- Jeff Decker
- Brad Schardin
- Beth Cohler
- Anne Hansen
- Michelle Swanson
- Pam Harrington

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TRANSCRIPT OF PROCEEDINGS, held in the  
 above-entitled matter, at the South Dakota State  
 Capitol, Room 412, 500 East Capitol Avenue, Pierre,  
 South Dakota, on the 12th day of April 2005, commencing  
 at 10:30 a.m.

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1 CHAIRMAN HANSON: Item No. 2,  
2 TC04-225, In the matter of the filing by VCI  
3 Company for designation as an eligible  
4 telecommunications carrier.

5 Today shall the Commission enter an order  
6 designating VCI Company as an ETC for its ETC  
7 service area, and shall the Commission provide a  
8 certification to the Federal Communications  
9 Commission and to the Universal Service  
10 Administration Company regarding the plan for the  
11 use of federal universal services support?

12 MS. CREMER: If I may, this is Karen  
13 Cremer of staff. I believe that Malia -- I won't  
14 even try to pronounce her last name -- from VCI is  
15 on the phone and this is an ETC -- it's different  
16 from the RCC in that RCC is rural and wireless and  
17 this one is wireline and in the Qwest territory.  
18 But if for some reason you want to -- the  
19 conditions that have come out of that FCC order, if  
20 you would want to apply those to VCI or if you want  
21 to wait until you've heard the arguments in RCC to  
22 make a determination, you could just -- you can  
23 hear from VCI but, you know, you can always defer  
24 this matter if need be.

25 I didn't want you to have to have people

1 arguing that FCC order in this VCI Docket because  
2 nobody's really prepared to do that where they are  
3 prepared in your RCC Docket.

4 CHAIRMAN HANSON: Ms. Tasi, do you  
5 have anything to add?

6 MR. EFFERDING: Stan Efferding here  
7 from VCI Company, President of VCI Company.  
8 Ms. Tasi is not on the line. I don't know that I  
9 have anything to add. I think she's accurately  
10 described that we work as a wireline carrier in  
11 nonrural locations.

12 CHAIRMAN HANSON: Could I have your  
13 name again, please, sir.

14 MR. EFFERDING: That's Stan  
15 Efferding, E-F-F-E-R-D-I-N-G.

16 CHAIRMAN HANSON: Thank you. So  
17 you're saying you would like this deferred until  
18 after we hear the other one?

19 MR. EVANS: I don't have an opinion  
20 on that. I'm certainly willing to wait and hear  
21 the other argument. We just provide low income  
22 lifeline link-up services. Our experience, we're  
23 currently providing that in about eight other  
24 states, and our experience is the new FCC order has  
25 not been perceived to impact our business.

1 CHAIRMAN HANSON: All right. Thank  
2 you.

3 Karen.

4 MS. CREMER: I believe he is  
5 correct. It was just I didn't know if for some  
6 reason you were going to start applying those  
7 standards across the board to all the ETCs, you  
8 know, if theirs came up first -- and, like I said,  
9 they're really not prepared to address all of that.

10 But we could hear this, you know, hear staff's  
11 recommendation and see what the Commission wants to  
12 do, or you could always defer it.

13 CHAIRMAN HANSON: Thank you. I was  
14 going to go to Harlan, but if you have something  
15 to -- staff.

16 MS. CREMER: I can just take that,  
17 Harlan, if you don't have anything. We've reviewed  
18 the application. The only thing, Mr. Efferding,  
19 that we were waiting to receive from you, and I  
20 talked to Malia about this before and it might be  
21 you have since sent it and we just haven't received  
22 it yet.

23 The advertising that they're looking to do --  
24 I don't know, a sample or a letter was put -- was  
25 given to the Commissioners and counsel. They plan

1 on advertising on TV. And they gave us the website  
2 and I went out and listened to it. And, you know,  
3 truth be told, more people probably watch TV and  
4 would pick up their 800 number and would see their  
5 advertisement that way than through a newspaper or  
6 White Page ads or anything like that.

7 I have asked them to send a sample of written  
8 advertising if they use any written advertisements  
9 in other states, and then they needed to update  
10 their tariff as to who is eligible for lifeline  
11 link-up. They did not have -- they had it right in  
12 the tribal area but needed to add TANF and --

13 MR. EFFERDING: National school  
14 lunch.

15 MS. CREMER: The school lunch  
16 program and then the 135 percent income eligibility  
17 at some point. And then I'm just waiting to get a  
18 Certificate of Service from them that shows that  
19 they did provide a copy of this to all the other  
20 providers in the Qwest territory. So you could  
21 approve it with those conditions. You could defer  
22 it until they get us a copy of those couple of  
23 things.

24 CHAIRMAN HANSON: Thank you. Any  
25 other questions by the Commission?

1 COMMISSIONER JOHNSON: Ms. Cremer,  
2 what would be your preference, to defer action  
3 until that information is in hand?

4 MS. CREMER: That would be my  
5 preference. I know the company would like to move  
6 forward, but I really think we would have it by the  
7 April 26 meeting and that way staff would have an  
8 opportunity -- I know the other thing I'm waiting  
9 for is a sample of the service agreement.

10 I would just like to be able to review those  
11 and give them any suggestions if need be before  
12 that time or, like I said, you could condition the  
13 approval on us getting those matters and them being  
14 acceptable.

15 COMMISSIONER JOHNSON:  
16 Mr. Efferding, Commissioner Johnson here. Would  
17 that provide an undue burden on VCI?

18 MR EFFERDING: I don't believe it  
19 would. We've experienced both cases where we've  
20 been given conditional approval. Currently in  
21 California they're reviewing the very same items  
22 you mentioned because they do change. We were  
23 afforded a conditional approval and then submitted  
24 these items later.

25 I don't know that we're prepared to enter that

1 market within the next 30 days so I don't think it  
2 would be an undue burden.

3 COMMISSIONER JOHNSON: Thank you  
4 very much.

5 VICE CHAIRMAN SAHR: Well,  
6 especially if we're waiting on some information and  
7 staff feels the need to review it and we've heard  
8 from the company that it shouldn't be anything  
9 that's unduly burdensome and, in fact, we have a  
10 Commission meeting scheduled for two weeks, in  
11 light of all of that, I would move that we defer  
12 the matter until the April 26 Public Utilities  
13 Commission meeting.

14 MS. AILTS WIEST: Before there's a  
15 final vote, could I just ask a few questions of the  
16 company at this time in case they need to provide  
17 anymore information?

18 CHAIRMAN HANSON: Please.

19 MS. AILTS WIEST: This is  
20 Rolayne Wiest, General Counsel with the Commission.  
21 Going back to your advertising, Mr. Efferding, I  
22 was looking through it, and it didn't appear to  
23 actually advertise the benefits available on tribal  
24 lands when I looked at that specific advertising.

25 MR. EFFERDING: That's correct. In



1 some states the nonrural areas don't have any  
2 tribal land so we're careful not to -- that's a  
3 generic commercial that you saw. Some states there  
4 are tribal lands in rural areas, and, therefore, we  
5 have to add that information. We do provide, as  
6 required by the FCC, the tribal land discounts.

7 MS. AILTS WIEST: And you do provide  
8 advertising?

9 MR. EFFERDING: Correct.

10 MS. AILTS WIEST: For tribal lands  
11 in commercials?

12 MR. EFFERDING: In Commercials,  
13 yeah. We have a three-fold process where we run  
14 commercials on television, we put bill inserts in  
15 all of our bills that go out each month, and we  
16 also send brochures to all of the Social Services  
17 offices.

18 MS. AILTS WIEST: Looking at your  
19 advertisement, it doesn't appear to advertise  
20 link-up, just lifeline.

21 MR. EFFERDING: You're correct.  
22 Link-up and lifeline are if you qualify for  
23 lifeline, you qualify for link-up, and that's  
24 promoted to the consumer when they call in. The  
25 discounts are in the tariff. The consumer's

1 extended those benefits at the time of call in.

2 MS. AILTS WIEST: You stated you  
3 provide wireline services primarily through UNEs.  
4 Is there any other way that you provide it?

5 MR. EFFERDING: The UNEs are the  
6 only ones that qualify for the discount. There are  
7 some areas where UNEs are cost prohibitive and  
8 we'll provide resold hot service but those aren't  
9 eligible for the federal discount.

10 MS. AILTS WIEST: Right. And I  
11 think you also asked for certification; is that  
12 correct?

13 MR. EFFERDING: I believe so.

14 MS. AILTS WIEST: And then maybe I  
15 should direct this to staff. Have they complied  
16 with their requirements about putting in the amount  
17 of money that they expect to get or would the --  
18 the certification requirements that we have put on  
19 in the other companies, the money that they  
20 would -- are they expecting to get any high-cost  
21 money and how they're going to spend that money?

22 I mean, generally before we do certification  
23 we ask all the companies to provide that  
24 information, and I thought maybe they had just  
25 provided it to staff. That might be something you

1 guys might want to think about since it looks like  
2 they're asking for certification also.

3 And then you also stated in your petition that  
4 the benefit of the public interest statement is who  
5 qualified by lowering their telephone bills. What  
6 are your rates?

7 MR. EFFERDING: The rates we'll move  
8 forward with is \$14 a month. We'll advertise on  
9 television, basic monthly service unlimited local  
10 dialing.

11 Regarding your question on high-cost,  
12 low-income, the FCC does not distinguish -- once  
13 the states determine ETC status, the FCC doesn't  
14 distinguish between the two. Generally we have to  
15 communicate at the local level between the states  
16 the message that we're not -- (Inaudible).

17 (Discussion off the record)

18 MR. EFFERDING: -- pursuing  
19 high-cost funding. And will not attempt to serve  
20 on rural areas.

21 CHAIRMAN HANSON: We're back on the  
22 record and, sir, if you would like to continue  
23 where you left off. Mr. Schardin (sic). I have  
24 the wrong one. Efferding.

25 MR. EFFERDING: I'm sorry. I

1 thought I concluded that.

2 MS. AILTS WIEST: I guess maybe I'm  
3 just missing something. Qwest -- with respect to  
4 high-cost funding, Qwest is available for some  
5 high-cost funding even though it's nonrural.

6 Would you be requesting that money?

7 MR. EFFERDING: We would not.

8 MS. AILTS WIEST: You're saying not  
9 requesting any nonrural, high-cost fund money.

10 MR. EFFERDING: No.

11 MS. AILTS WIEST: Okay. Thank you.

12 CHAIRMAN HANSON: Any further  
13 questions?

14 If not, there is a Motion before us to defer.  
15 I will second the Motion.

16 COMMISSIONER JOHNSON: I concur.

17 CHAIRMAN HANSON: The Motion  
18 carries.

1 STATE OF SOUTH DAKOTA )

2 :SS


CERTIFICATE

3 COUNTY OF HUGHES )

4  
5 I, CHERI MCCOMSEY WITTLER, a Registered  
6 Professional Reporter and Notary Public in and for the  
7 State of South Dakota:

8 DO HEREBY CERTIFY that as the duly-appointed  
9 shorthand reporter, I took in shorthand the proceedings  
10 had in the above-entitled matter on the 12th day of  
11 April 2005, and that the attached is a true and  
12 correct transcription of the proceedings so taken.

13 Dated at Pierre, South Dakota this 26th day  
14 of April 2005.

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17   
18 Cheri McComsey Wittler,  
19 Notary Public and  
Registered Professional Reporter