

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

<b>IN THE MATTER OF THE FILING BY HILLS )</b>	<b>ORDER GRANTING</b>
<b>TELEPHONE COMPANY, INC. FOR )</b>	<b>ELIGIBLE</b>
<b>DESIGNATION AS AN ELIGIBLE )</b>	<b>TELECOMMUNICATIONS</b>
<b>TELECOMMUNICATIONS CARRIER AND FOR )</b>	<b>DESIGNATION</b>
<b>CERTIFICATION REGARDING ITS USE OF )</b>	<b>TC04-204</b>
<b>FEDERAL UNIVERSAL SERVICE SUPPORT</b>	

On September 21, 2004, the Public Utilities Commission (Commission) received a request for designation as an eligible telecommunications carrier (ETC) from Hills Telephone Company, Inc. (Hills). Hills stated that it has "entered into an Agreement for the Purchase and Sale of Telephone Exchanges (the "Purchase Agreement") with Sioux Valley Telephone Company ("Sioux Valley") providing for the purchase and sale of the Valley Springs, North Larchwood, and East Valley Springs local telephone exchanges (collectively the "Valley Springs Exchanges") by Hills from Sioux Valley." This transaction will be completed when all of the regulatory approvals have been obtained. Hills further explained that "[t]he Valley Springs Exchanges are currently operated by Sioux Valley and are part of Sioux Valley's existing South Dakota study area. Sioux Valley has been designated as an ETC in its existing study area. Hills has petitioned the FCC for the creation of a new study area for Hills in South Dakota. Following the closing of the sale of the Valley Springs Exchanges, Sioux Valley will cease to serve as the LEC in the Valley Springs Exchanges. Hills will then begin serving as the LEC using the same facilities and offering the same services as those previously used and offered by Sioux Valley." Hills requested designation as an eligible telecommunications carrier within the Valley Springs Exchanges.

On September 23, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of September 28, 2004, to interested individuals and entities. No person or entity filed to intervene.

Pursuant to 47 U.S.C. § 214(e)(2), the Commission is required to designate a common carrier that meets the requirements of section 214(e)(1) as an ETC for a service area designated by the Commission. Pursuant to 47 U.S.C. § 214(e)(1), a common carrier that is designated as an ETC is eligible to receive universal service support and shall, throughout its service area, offer the services that are supported by federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services. The carrier must also advertise the availability of such services and the rates for the services using media of general distribution.

The Federal Communications Commission (FCC) has designated the following services or functionalities as those supported by federal universal service support mechanisms: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equal; (4) single party service or its functional equivalent; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers. 47 C.F.R. § 54.101(a).

As part of its obligations as an ETC, an ETC is required to make available Lifeline and Link Up services to qualifying low-income consumers. 47 C.F.R. § 54.405; 47 C.F.R. § 54.411.

Hills stated in its Petition that it will provide the following services to all of its customers in the Valley Springs Exchanges for which it seeks ETC designation:

1. Voice grade access to the public switched network;
2. Local exchange service, including an amount of local usage free of per minute charges under a flat-rated local service package;
3. Dual tone multi-frequency signaling;
4. Single party service;
5. Access to emergency services such as 911 or Enhanced 911 public services when such services are available;
6. Access to operator services;
7. Access to interexchange services;
8. Access to directory assistance; and
9. Toll block service to qualified low-income consumers.

With respect to the obligation to advertise the availability of services supported by the federal universal service support mechanism and the charges for those services using media of general distribution, Hills stated that it will advertise the availability of its local exchange services in media of general distribution in the Valley Springs Exchanges for which it seeks ETC designation. Hills stated it will offer the Lifeline and Link Up service discounts in the Valley Springs Exchanges.

At its September 30, 2004, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL Chapters 1-26, 49-31, and 47 U.S.C. § 214. The Commission finds that Hills will provide the following services or functionalities throughout the Valley Springs Exchanges: (1) voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling; (4) single-party service; (5) access to emergency services; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll blocking for qualifying low-income consumers.

The Commission finds that Hills intends to provide Lifeline and Link Up programs to qualifying customers throughout the Valley Springs Exchanges consistent with state and federal rules and orders.

The Commission finds that Hills shall advertise the availability of the services supported by the federal universal service support mechanism and the charges therefor throughout its service area using media of general distribution once each year.

The Commission designates Hills as an ETC for the Valley Springs Exchanges contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux Valley. It is therefore

ORDERED, that Hills is designated as an ETC for the Valley Springs Exchanges as listed above, contingent upon the closing of the sale of the Valley Springs Exchanges to Hills from Sioux

Valley; it is

FURTHER ORDERED, that Hills shall follow the advertising requirements as listed above.

Dated at Pierre, South Dakota, this 30th day of September, 2004.

<p style="text-align: center;"><b>CERTIFICATE OF SERVICE</b></p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: _____</p> <p>Date: _____</p> <p style="text-align: center;">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

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ROBERT K. SAHR, Chairman

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GARY HANSON, Commissioner

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JAMES A. BURG, Commissioner