

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

IN THE MATTER OF THE JOINT)
APPLICATION OF HILLS TELEPHONE)
COMPANY, SPLITROCK PROPERTIES, INC.,)
AND ALLIANCE COMMUNICATIONS)
COOPERATIVE, INC., FOR AN AMENDMENT)
TO CERTIFICATE OF AUTHORITY)
OF ALLIANCE COMMUNICATIONS)
COOPERATIVE, INC.)

**ORDER GRANTING
AMENDED CERTIFICATE OF
AUTHORITY**

TC11-083

On September 8, 2011, the Public Utilities Commission (Commission) received a Joint Application (Application) from Hills Telephone Company (Hills), Splitrock Properties, Inc. (Splitrock), and Alliance Communications Cooperative, Inc. (Alliance), for Approval of an Amendment to Certificate of Authority to Alliance Communications Cooperative, Inc. The Application requests approval of an amendment to Alliance's certificate of authority to include the authority to provide local exchange service to the Howard, Oldham, and Valley Springs local exchange areas in addition to the local exchange areas currently served by Alliance.

The Application and the filed responses to the commission staff's data requests state that Alliance is a South Dakota corporation headquartered in Garretson, South Dakota. Alliance presently operates six local telephone exchanges in South Dakota. Alliance is the sole shareholder and parent corporation of both Splitrock and Hills.

Splitrock is a South Dakota corporation headquartered in Garretson, South Dakota, and is a wholly-owned subsidiary of Alliance. Splitrock presently holds a certificate of authority issued by the Commission and operates two local telephone exchanges, Howard and Oldham, having approximately 1,330 access lines in South Dakota.

Hills is a Minnesota corporation headquartered in Garretson, South Dakota, and is a wholly-owned subsidiary of Alliance. Hills presently holds a certificate of authority issued by the Commission and operates one local telephone exchange, Valley Springs, in South Dakota.

Alliance, Splitrock, and Hills all operate under the trade name "Alliance Communications" in their respective service areas and would continue to operate under that trade name in the exchanges. Alliance, Hills and Splitrock have entered into the Agreement which, contingent upon the receipt of all necessary lender and regulatory approvals contemplates, among other things, the following transactions:

- (i) At 12:01 a.m. on January 1, 2012, Splitrock will be merged with and into Alliance pursuant to the provisions of SDCL Chapter 47-1A *et seq.* (the "Splitrock Merger"). Upon the consummation of the Splitrock Merger, all of the assets and liabilities of Splitrock will become the assets and liabilities of Alliance. As the sole shareholder of Splitrock, Alliance has approved the Splitrock Merger;
- (ii) Concurrently with the foregoing Splitrock Merger, Hills will be merged with and into Alliance concurrently, pursuant to the provisions of SDCL Chapter 47-1A *et seq.* and Minnesota Statute 302A *et seq.* (the "Hills Merger"). Upon the consummation of the Hills Merger, all of the assets and liabilities of Hills will become the assets and liabilities of Alliance. As the sole shareholder of Hills, Alliance has approved the Hills Merger; and

(iii) All of the patrons formerly receiving local exchange telephone service from Splitrock and Hills that meet the requirements for membership under the bylaws of Alliance will automatically become members of Alliance upon the consummation of the Reorganization.

Following the merger, the merged entity Alliance will serve the Howard, Oldham, Valley Springs, Garretson, Crooks, Baltic, Hudson, Alcester, and Brandon local exchange service areas as shown on Exhibit C to the Application, which is attached hereto and incorporated herein by reference.

On September 15, 2011, the Commission electronically transmitted notice of the filing and the intervention deadline of September 30, 2011, to interested individuals and entities. No petitions to intervene or comments were filed.

At its regularly scheduled meeting on November 22, 2011, the Commission considered this matter. Staff recommended approval for amended Certificate of Authority to Alliance.

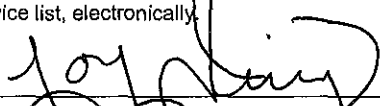
The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3, 49-31-69, 49-31-71, and ARSD 20:10:32:03. The Commission finds that Alliance has met the legal requirements established for the granting of an Amended Certificate of Authority. Alliance has, in accordance with SDCL 49-31-3 and 49-31-71, demonstrated sufficient technical, financial, and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that pursuant to SDCL 49-31-69, the Amended Certificate of Authority is in the public interest and shall be granted. As the Commission's final decision in this matter, it is therefore

ORDERED, that the request for an Amended Certificate of Authority shall be granted; and it is further

ORDERED, that Alliance's local exchange service territory following consummation of the merger shall consist of the local exchange service areas of the following local exchanges: Howard, Oldham, Valley Springs, Garretson, Crooks, Baltic, Hudson, Alcester, and Brandon as shown on Exhibit C to the Application, which is attached hereto and incorporated herein; and it is further


ORDERED, that this Order shall constitute the Amended Certificate of Authority of Alliance Communications Cooperative, Inc.

Dated at Pierre, South Dakota, this 30th day of November, 2011.

CERTIFICATE OF SERVICE	
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, electronically.	
By:	
Date:	<u>November 30, 2011</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:


GARY HANSON, Chairman


CHRIS NELSON, Commissioner


KRISTIE FIEGEN, Commissioner