

**BEFORE THE  
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

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| <b>IN THE MATTER OF THE REQUEST OF )</b>   |                                 |
| <b>KENNEBEC TELEPHONE COMPANY, INC., )</b> |                                 |
| <b>FOR CERTIFICATION REGARDING ITS )</b>   | <b>ANNUAL ETC CERTIFICATION</b> |
| <b>USE OF FEDERAL UNIVERSAL SERVICE )</b>  | <b>FILING</b>                   |
| <b>SUPPORT. )</b>                          |                                 |

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Kennebec Telephone Company, Inc. (the "Company"), by and through its attorney, makes this filing to seek certification from the South Dakota Public Utilities Commission (the "Commission") as is required under 47 C.F.R. § 54.314 and to comply with the provisions of ARSD §§ 20:10:32:52 and 20:10:32:54 of the Commission's rules pertaining to eligible telecommunications carriers ("ETCs").

In accordance with 47 C.F.R. § 54.314, federal universal service support provided to carriers pursuant to 47 C.F.R. §§ 54.301, 54.305 and/or 54.307 and/or Part 36, Subpart F (high-cost loop support, local switching support, safety net additive support and safety valve support) will be made available only if the State Commission files the requisite annual certification with the FCC and USAC. The certification required specifically for rural carriers to receive federal universal service support for all four quarters during calendar year 2008 is currently due to be filed with the FCC and USAC on or before October 1, 2007. The certification may be presented to these entities in the form of a letter from the State Commission. The letter must identify which carriers in the State are eligible to receive federal support during the 12-month period and must certify that the carriers listed will only use the support for the provision, maintenance and upgrading of facilities and services for which the support is intended.

As part of its annual request to the Commission for certification, the Company provides the following information:

1. The Company is a rural telephone company that has previously been designated by this Commission as an ETC. The Company provides local exchange telephone services, including all of the essential services that are included in the federal definition of universal service, to approximately 725 access lines within its established rural service area in South Dakota.

2. The provisions of ARSD § 20:10:32:54 addressing the annual "Certification requirements" set forth by this Commission indicate in part that the ETC must show "how much universal service support was received." Accordingly, attached hereto as "Exhibit A" is information indicating "Year 2006 Federal Universal Service Receipts" received by the Company. This same Exhibit also shows total expenditures of the Company in 2006 related to the provision, maintenance and upgrading of the facilities and services that are supported by Federal Universal Service Funding and further estimates these same expenditures for calendar year 2008. Consistent with federal universal service principles, the Company will use federal universal service amounts received in 2008 to offset a portion of these 2008 expenditures. This use of federal universal service support will enable the Company to: (1) maintain rates for its

local exchange services that are affordable and reasonably comparable to rates being charged for the same services in urban areas; and (2) to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. The use of federal universal service support for these purposes is clearly consistent with the federal universal service provisions.

3. In addition to the information included in Exhibit A, the following information is provided to meet the Commission's "Certification requirements" set forth in 20:10:32:54:

- The Company's service quality improvement plan is to continue to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service throughout its service area. As an incumbent local exchange carrier and the carrier of last resort in its service area, the Company upgrades and replaces facilities and equipment as necessary. The Company believes that its planned capital additions will improve the reliability of switched calls for its customers, increase the Company's network capacity to serve remote customers and provide customers with state-of-the-art telecommunications service. In furtherance of its service quality improvement plan, the Company will use any high-cost universal service amounts received by it to offset expenditures incurred as it continues to upgrade and replace facilities and equipment. A progress report on the Company's two-year service quality improvement plan, required under the provisions of ARSD 20:10:32:54, is attached hereto as "Exhibit B."
- During calendar year 2006, the Company experienced the following service outages affecting at least 10 percent of its end user customers, for a period lasting longer than 30 minutes:

On Aug 7, 2006, at 14:03 the Presho Exchange Central Office lost power and approximately 447 customers lost dial tone. Service was completely restored by 17:39 on August 7, 2006. There was a short Commercial AC power interruption earlier in the week and it was found when AC power was restored, the circuit that charges the batteries did not reset. This circuit was replaced and additional alarm systems were installed so the AC power coming into the Presho Central Office and the DC power going to the switch are monitored.

The Company was able to provide service to all potential customers that requested service during 2006, and as of December 31, 2006, the Company had no unfulfilled requests for service.

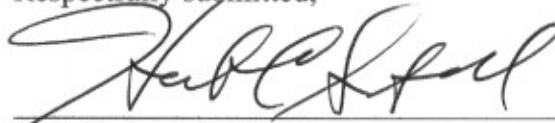
- During 2006, the Company's customer service department received an estimated zero complaints from consumers. Only zero of these complaints were received by the Company more formally as written complaints or as complaints that needed to be resolved with the involvement of other Company representatives outside of the customer service department.

- Also attached as "Exhibit C" is a document containing other certifications, including those required under the provisions of ARSD §§ 20:10:32:54(5), 20:10:32:54(6), 20:10:32:54(7) and 20:10:32:54(8).

4. Based on all of the foregoing information, including the information provided on Exhibits A, B and C, the Company requests that this Commission issue an appropriate certification to the FCC and USAC indicating that Kennebec Telephone Company, Inc., is in compliance with 47 U.S.C. § 254(e) and should receive all federal universal service support determined for distribution to the Company in 2008. In order to ensure that this certification is issued to the FCC prior to October 1, 2007, the Company would further ask the Commission to expedite the process that is initiated based on this filing.

Dated this 15<sup>th</sup> day of May 2007.

Respectfully submitted,



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Attorneys for the Company

**EXHIBIT C – AFFIDAVIT**

STATE OF SOUTH DAKOTA    )  
  ) ss.  
COUNTY OF LYMAN        )

1. I am the General Manager of Kennebec Telephone Company, Inc., and am authorized to give this affidavit on behalf of the Company. This affidavit is provided to support the Company's Request for Certification to the South Dakota Public Utilities Commission as contemplated in 47 C.F.R. § 54.314.

2. As an authorized representative of the Company, I hereby affirm familiarity with and an understanding of the requirements of the Federal Communications Act of 1934, as amended by the Telecommunications Act of 1996, with respect to the receipt of any federal universal service funds received as high-cost loop support, local switching support, safety net additive support and/or safety valve support.

3. During 2006, the Company received federal universal service support as shown on Exhibit A to this affidavit and had investment and expenses relating to the provision, maintenance and upgrading of facilities and services for which such support was intended as also shown on Exhibit A. During 2006, the Company used the federal universal service support it received only for the provision, maintenance and upgrading of facilities and services for which the support was intended consistent with 47 U.S.C. § 254(e).

4. The Company certifies that it will use the federal universal service support it receives during 2008 only for the provision, maintenance and upgrading of facilities and services for which the support is intended consistent with 47 U.S.C. § 254(e).

5. The Company certifies that it (i) is in compliance with applicable service quality standards and consumer protection rules; (ii) is able to function in emergency situations as set forth in § 20:10:32:43:03; (iii) provides a flat-rated local exchange service free of per minute charges; and (iv) provides equal access to long distance carriers.



Rod Bowar  
General Manager

Subscribed and Sworn to before me this 15<sup>th</sup> day of May 2007.



  
NOTARY PUBLIC

My Commission Expires: 11-4-07