

DIVIDER

STATE OF NORTH DAKOTA

□ INFORMATION TECHNOLOGY DEPARTMENT

SFN 2053 (4-2002)

PU-06-419
SRT Communications, Inc.
Designated Eligible Carrier
Application
Filed 9/18/2006

Closed 12/7/2006

06



Public Service Commission
Receipt of Payment

Receipt# 6868

Received: 5/23/2007 Check# 81325 for \$69.66
Subject: Utility Valuation; Also Case No. PU-06-420

Docket # PU-06-419

SRT Communications, Inc.
3615 N Broadway P O Box 2027
Minot ND 58702-2027

17 **PU-06-419**

Pages: 1

Receipt# 6,868 \$69.66 Utility Valuation;
Also Case No. PU-06-420
by SRT Communications, Inc.

05/23/2007

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Patricia Miller deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **11th day of May, 2007**, she deposited in the United States Mail, Bismarck, North Dakota, **three** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Certificate of Public Convenience and Necessity

The envelopes were addressed as follows:

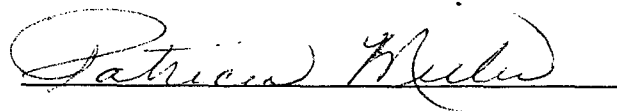
Steve D Lysne CEO
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027
Cert. No. 7005 3110 0003 6265 2337

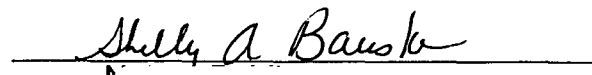
Dave Dircks
North Dakota Telephone Company
P O Box 180
Devils Lake ND 58301-0180
Cert. No. 7005 3110 0003 6265 2344

Julie Lizotte
Director of Regulatory Affairs
SRT Communications, Inc.
PO Box 2027
Minot ND 58702-2027
Cert. No. 7005 3110 0003 6265 2351

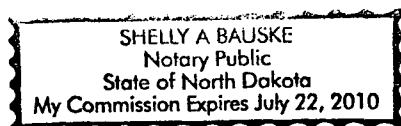
Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **11th day of May, 2007**.





SEAL



16 PU-06-419

Pages: 2

Affidavit of service and certificate of PC&N

by Public Service Commission

05/11/2007

C: Comm Legal Illona, Jerry, Annette . .

Public Service Commission
STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 5319

This is to certify that public convenience and necessity require, and permission is granted for SRT Communications, Inc., a telecommunications public utility, to provide local exchange telecommunications services inside the Velva, North Dakota local exchange area.

This certificate is issued in Case No. PU-06-420 and is conditioned upon SRT Communications, Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges and other conditions and limitations noted in the Order dated December 6, 2006.

Bismarck, North Dakota, May 10, 2007.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Director


Commissioner

Anderson, Lori D.

From: Lein, Jerry R.
Sent: Thursday, May 10, 2007 9:39 AM
To: Anderson, Lori D.
Cc: -Grp-PSC Public Utilities
Subject: FW: SRT PC&N

Lori – Will you please docket in Case Nos. PU-06-419 and PU-06-420? Thanks.

From: Julie Lizotte [mailto:julieel@srttel.com]
Sent: Thursday, May 10, 2007 9:28 AM
To: Jeffcoat-Sacco, Illona; Lein, Jerry R.; shelbling@state.nd.us
Cc: Julie Lizotte
Subject: SRT PC&N

Effective May 1, 2007, SRT Communications, Inc. has officially (and successfully) cut over the Velva exchange to our study area.

Please relinquish North Dakota Telephone Company's Certificate of PC&N for the Velva exchange and reissue a new Certificate of PC&N to SRT Communications, Inc.

Thank you,

Julie Lizotte
Director of Regulatory Affairs
SRT Communications, Inc.
North Dakota Network Co.
701.858.5233
julieel@srttel.com

17 **PU-06-420** Pages: 1

Velva Exchange Officially Cut to SRT

by Public Service Commission
05/01/2007 C: Comm Legal Illona, Jerry, Annette . . .

5/10/20

15 **PU-06-419** Pages: 1

Velva Exchange Officially Cut to SRT

by Public Service Commission
05/01/2007 C: Comm Legal Illona, Jerry, Annette . . .

MOTION

May 2, 2007

SRT Communications, Inc.
Designated Eligible Carrier
Application

Case No. PU-06-419

SRT Communications, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-06-420

I move the Commission bill SRT Communications, Inc. for costs incurred to date in Case No. PU-06-419, SRT Communications, Inc., Designated Eligible Carrier, Application and Case No. PU-06-420, SRT Communications, Inc., Local Exchange, Public Convenience & Necessity.



Public Service Commission

State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Kevin Cramer
Tony Clark

Executive Director
Illona A. Jeffcoat-Sacco

600 E. Boulevard Ave. Dept 408
Bismarck, North Dakota 58505-0480
web: www.nd.gov/psc
e-mail: ndpsc@nd.gov
TTY 800-366-6888 or 711
Fax 701-328-2410
Phone 701-328-2400

May 2, 2007

Steve D Lysne
SRT Communications Inc
PO Box 2027
Minot ND 58702-2027

RE: Case No. PU-06-419
SRT Communications, Inc.
Designated Eligible Carrier
Application

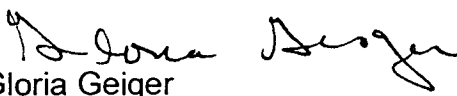
Case No. PU-06-420
SRT Communications, Inc.
Local Exchange
Public Convenience & Necessity

Enclosed is a copy of the statement approved at the May 2, 2007 Public Service Commission meeting for the expenses incurred to date in Case Nos. PU-06-419 and PU-06-420.

Under N.D.C.C. 49-21-01.7, these expenses are billed through the Valuation Fund and must be paid for by the telecommunications company involved.

Please make your check payable to the *Public Service Commission*.

Sincerely,


Gloria Geiger
Admin Staff Officer
701-328-2401

Enc.

Billing Statement

May 2, 2007

SRT Communications, Inc.
Designated Eligible Carrier
Application

Case No. PU-06-419

SRT Communications, Inc.
Local Exchange
Public Convenience & Necessity

Case No. PU-06-420

Bill To:

SRT Communications, Inc. \$69.66

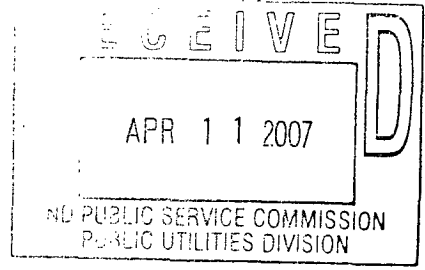
Expenses Incurred to Date:

Advertising Costs \$69.66

Send Payment and a Copy of this Statement To:

Public Service Commission
600 E Boulevard Ave Dept 408
Bismarck ND 58505-0480

Federal Tax ID 45-0309764



April 10, 2007

Illona A. Jeffcoat-Sacco
Executive Secretary
Director of Public Utilities
North Dakota Public Service Commission
State Capitol
600 East Boulevard Ave, Dept 408
Bismarck, ND 58505-0480

Dear Ms. Jeffcoat-Sacco,

Subject: Case No. PU-06-419 and Case No. PU-06-420

Attached are seven copies of an FCC Public Notice to grant consent for the Domestic Section 214 Application filed by SRT Communications, Inc. ("SRT") for the transfer of control of the assets of the Velva exchange from North Dakota Telephone Company ("NDTC") to SRT.

Also attached are seven copies of an FCC Order granting approval for the Petition for Waiver of the Study Area Boundary Freeze. This approval allows SRT to add the acquired Velva exchange into the SRT study area, and also allows SRT to include the Velva exchange into the National Exchange Carrier Associations ("NECA") average schedule settlements.

The closing of this acquisition will take place on May 1, 2007. Please relinquish the certificates of public convenience and necessity for the Velva exchange from NDTC and issue new certificates to SRT.

Sincerely,

Julie Lizotte
Director of Regulatory Affairs

Enclosures	15	PU-06-420	Pages: 10	13	PU-06-419	Pages: 10
		FCC Public Notice to grant consent for the Domestic Section 214 Application by SRT Communications, Inc.			FCC Public Notice to grant consent for the Domestic Section 214 Application by SRT Communications, Inc.	
		04/11/2007 C: Comm Legal Illona, Jerry, Annette			04/11/2007 C: Comm Legal Illona, Jerry, Annette	



PUBLIC NOTICE

Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

News Media Information 202 / 418-0500
Fax-On-Demand 202 / 418-2830
TTY 202 / 418-2555
Internet: <http://www.fcc.gov>
[http.fcc.gov](http://fcc.gov)

DA 06-2318

Released: November 16, 2006

**WIRELINE COMPETITION BUREAU GRANTS CONSENT FOR THE
TRANSFER OF CONTROL OF THE ASSETS OF NORTH DAKOTA
TELEPHONE COMPANY TO SRT COMMUNICATIONS, INC.**

214
Approval
PU-06-

WC Docket No. 06-185

Pursuant to section 214 of the Communications Act of 1934, as amended, 47 U.S.C. § 214, and sections 0.91, 0.291, and 63.03 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 63.03, the Wireline Competition Bureau (Bureau) approves the application for the transfer of control of certain assets in the Velva exchange in North Dakota from North Dakota Telephone Company to SRT Communications, Inc.¹ No comments were filed in opposition to the grant of this transaction.

The Bureau finds, upon consideration of the record, that the proposed transfer will serve the public interest, convenience, and necessity, and therefore grants the requested authorization.² Pursuant to section 1.103 of the Commission's rules, 47 C.F.R. § 1.103, the consent granted herein is effective upon the release of the Public Notice.³ Petitions for reconsideration under section 1.106 or applications for review under section 1.115 of the Commission's rules, 47 C.F.R. §§ 1.106, 1.115, may be filed within 30 days of the date of this Public Notice.

For further information, please contact Denise Coca at (202) 418-0574 in the Competition Policy Division, Wireline Competition Bureau.

- FCC -

¹ See Domestic Section 214 Application Filed for the Transfer of Control of the Assets of North Dakota Telephone Company to SRT Communications, Inc., WC Docket No. 06-185, Public Notice, DA 06-2004 (rel. Oct. 6, 2006).

² See Joint Applications of Global Crossing Ltd., and Citizens Communications Company for Authority to Transfer Control of Corporations Holding Commission Licenses and Authorizations Pursuant to Sections 214 and 310(d) of the Communications Act and Parts 20, 22, 63, 78, 90, and 101 of the Commission's Rules, Memorandum Opinion and Order, 16 FCC Rcd 8507, 8511-14 (CCB/TB/CSB/WTB 2001) (granting transfer of control involving incumbent LECs with adjacent exchanges where merger would provide service efficiencies).

³ Applicants filed a Petition for Waiver to Change Study Area Boundaries in connection with this transaction. Action on this domestic section 214 application is without prejudice to any action the Commission may take on the pending waiver requests that were filed along with this application.

Before the
 Federal Communications Commission
 Washington, D.C. 20554

In the Matter of)
)
 SRT Communications, Inc. and North Dakota)
 Telephone Company)
)
 Joint Petition for Waiver of the Definition of) CC Docket No. 96-45
 "Study Area" Contained in Part 36, Appendix-)
 Glossary of the Commission's Rules; Petition for)
 Waiver of Sections 69.3(e)(11) and 69.605(c) of)
 the Commission's Rules)
)
)

ORDER

Adopted: April 3, 2007

Released: April 3, 2007

By the Acting Deputy Chief, Wireline Competition Bureau:

I. INTRODUCTION

1. In this Order, we grant a joint request from SRT Communications, Inc. (SRT) and North Dakota Telephone Company (NDTC) (collectively, the Petitioners) for a waiver of the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules.¹ This waiver will permit NDTC to remove the Velva exchange comprising approximately 720 lines from its North Dakota study area and will permit SRT to add that exchange to its existing North Dakota study area.² We also grant SRT's request for waiver of section 69.3(e)(11) of the Commission's rules so that it can include the acquired exchange in the National Exchange Carrier Association (NECA) common line tariff.³

¹ See 47 C.F.R. Part 36 App; SRT Communications, Inc. and North Dakota Telephone Company, Petition of Local Exchange Carriers for Waiver of "Study Area" Boundaries as defined in Appendix-Glossary of Part 36 in Connection with a Proposed Acquisition by SRT Communications, Inc. of all assets of North Dakota Telephone Company for the Velva Exchange in North Dakota, CC Docket No. 96-45 (filed October 2, 2006) (Petition). On November 27, 2006, the Wireline Competition Bureau (Bureau) released a public notice seeking comment on the petitions for waivers. See *Wireline Competition Bureau Seeks Comment on the Petition of SRT Communications, Inc. and North Dakota Telephone Company to Waive the Study Area Boundary Freeze, as Codified in Part 36 of the Commission's Rules and the Supplemental Petition of SRT Communications, Inc. for Waiver of Sections 69.605(c) and 69.3(e)(11) of the Commission's Rules*, CC Docket No. 96-45, Public Notice, 21 FCC Rcd 13754 (2006). The National Telecommunications Cooperative Association filed comments in support of the Petition. We note that the Bureau has granted transfer of control of the exchanges. See *Wireline Competition Bureau Grants Consent for the Transfer of Control of the Assets of North Dakota Telephone Company to SRT Communications, Inc.*, WC Docket No. 06-185, Public Notice, 21 FCC Rcd 13458 (2006).

² See Petition at 1-2.

³ See 47 C.F.R. § 69.3(e)(11); SRT Communications, Inc. and North Dakota Telephone Company, Petition of Local Exchange Carriers for Waiver of "Study Area" Boundaries as defined in Appendix-Glossary of Part 36 in Connection with a Proposed Acquisition by SRT Communications, Inc. of all assets of North Dakota Telephone

(continued....)

Finally, we grant SRT's request for waiver of section 69.605(c) of the Commission's rules so that it may continue to operate as an average schedule company after the acquisition of the Velva exchange.⁴

II. STUDY AREA WAIVER

A. Background

2. Study Area. A study area is a geographic segment of an incumbent local exchange carrier's (LEC) telephone operations. The Commission froze all study area boundaries effective November 15, 1984, to prevent the establishment of high-cost exchanges within existing service territories as separate study areas merely to maximize high-cost universal service support.⁵ A carrier must therefore apply to the Commission for a waiver of the study area boundary freeze if it wishes to sell or purchase additional exchanges.⁶

3. Universal Service Support. Section 54.305(b) of the Commission's rules provides that a carrier acquiring exchanges from an unaffiliated carrier shall receive the same per-line levels of high-cost loop support and local switching support for which the acquired exchanges were eligible prior to their transfer.⁷ Section 54.305(b) is meant to discourage carriers from transferring exchanges merely to increase their share of high-cost universal service support.⁸

4. Petition for Waiver. SRT and NDTC filed a joint petition for a waiver of the study area boundary freeze on October 2, 2006. A study area waiver would permit NDTC to alter the boundaries of its North Dakota study area by removing the Velva exchange that it is transferring to SRT and would permit SRT to add the acquired exchange to its existing North Dakota study area.⁹ SRT owns and operates, as an incumbent LEC, approximately 37,700 access lines in 26 exchanges in North Dakota.¹⁰ NDTC is an incumbent LEC that owns and operates approximately 20,000 access lines in North Dakota.¹¹

5. In evaluating petitions seeking a waiver of the rule freezing study area boundaries, the Commission traditionally has applied a three-prong standard: (1) the change in study area boundaries

(...continued from previous page)

Company for the Velva Exchange in North Dakota, CC Docket No. 96-45 (filed October 13, 2006) (Supplemental Petition) at 2-3.

⁴ See Supplemental Petition at 1.

⁵ See *MTS and WATS Market Structure, Amendment of Part 67 of the Commission's Rules and Establishment of a Joint Board*, CC Docket Nos. 78-72, 80-286, Decision and Order, 50 Fed. Reg. 939 (1985) (*Part 67 Order*) adopting Recommended Decision and Order, 49 Fed. Reg. 48325 (1984). See also 47 C.F.R. Part 36 App.

⁶ *Part 67 Order* at para. 1.

⁷ 47 C.F.R. § 54.305(b). This rule applies to high-cost loop support and local switching support. A carrier's acquired exchanges may receive additional support pursuant to the Commission's "safety valve" mechanism. See 47 C.F.R. § 54.305(d)-(f) (safety valve support allows rural carriers to receive additional high-cost support to reflect significant investments in the infrastructure of the acquired exchanges). A carrier acquiring exchanges also may be eligible to receive interstate common line support (ICLS), which is not subject to the limitations set forth in section 54.305(b). See 47 C.F.R. § 54.902.

⁸ See *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, 12 FCC Rcd 8776, 8942-43, para. 308 (1997) (subsequent history omitted).

⁹ See Petition at 1-2.

¹⁰ See Petition at 2.

¹¹ *Id.*

must not adversely affect the universal service fund; (2) the state commission having regulatory authority over the transferred exchanges does not object to the transfer; and (3) the transfer must be in the public interest.¹² In evaluating whether a study area boundary change will have an adverse impact on the universal service fund, we analyze whether a study area waiver will result in an annual aggregate shift in an amount equal to or greater than one percent of high-cost support in the most recent calendar year.¹³ The Commission began applying the one-percent guideline in 1995 to limit the potential adverse impact of exchange sales on the overall fund, also recognizing that, because high-cost loop support is capped, an increase in the draw of any fund recipient necessarily reduces the amounts that other LECs receive from the fund.¹⁴ After the Commission adopted section 54.305, it continued to apply the one-percent guideline to determine the impact on the universal service fund in light of the adoption of safety valve support and ICLS.¹⁵

B. Discussion

6. We find that good cause exists to waive the study area boundary freeze codified in the Appendix-Glossary of Part 36 of the Commission's rules to permit NDTC to alter the boundaries of its North Dakota study area by removing the Velva exchange that it is transferring to SRT.¹⁶ We also find that good cause exists to permit SRT to add the Velva exchange to its existing North Dakota study area. We conclude that the Petitioners have satisfied the three-prong standard that the Commission applies to determine whether a waiver is warranted.

7. *Impact on the Universal Service Fund.* Because the proposed study area waiver will not result in a significant increase in high-cost support, we conclude that the universal service fund will not be adversely affected. With regard to the 720 lines that NDTC proposes to transfer to SRT, section 54.305(b) of the Commission's rules limits high-cost loop support and local switching support to the same per-line levels of support that NDTC received prior to the transfer.¹⁷ NDTC currently does not receive high-cost loop support for the 720 lines it is transferring to SRT, therefore, SRT will not be eligible to receive high-cost loop support for the acquired lines.¹⁸ Pursuant to Commission rules, SRT

¹² See, e.g., *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order, 10 FCC Rcd 1771, 1772, para. 5 (1995) (*PTI/Eagle Order*).

¹³ See *id.* at 1774, paras. 14-17. See also *US WEST Communications, Inc., and Eagle Telecommunications, Inc., Joint Petition for Waiver of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules, and Petition for Waiver of Section 61.41(c) of the Commission's Rules*, AAD 94-27, Memorandum Opinion and Order on Reconsideration, 12 FCC Rcd 4644 (1997).

¹⁴ See *PTI/Eagle Order*, 10 FCC Rcd at 1773, para. 13.

¹⁵ See *supra* note 7.

¹⁶ Generally, the Commission may waive its rules for good cause shown. See 47 C.F.R. § 1.3. The Commission may exercise its discretion to waive a rule where the particular facts make strict compliance inconsistent with the public interest. See *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164, 1166 (D.C. Cir. 1990) (*Northeast Cellular*). In addition, the Commission may take into account considerations of hardship, equity, or more effective implementation of overall policy on an individual basis. See *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969), *cert. denied*, 409 U.S. 1027 (1972); *Northeast Cellular*, 897 F.2d at 1166. Waiver of the Commission's rules is therefore appropriate only if special circumstances warrant a deviation from the general rule, and such deviation will serve the public interest.

¹⁷ See 47 C.F.R. § 54.305(b).

¹⁸ See Universal Service Fund, 2006 Submission of 2005 Study Results by the National Exchange Carrier Association, Inc. (dated September 29, 2006).

may be eligible for safety valve support for investments in the acquired lines.¹⁹ We have no reason, however, to believe that this amount would significantly increase the high-cost fund, and it would fall well short of the one percent threshold.²⁰

8. The Petitioners estimate that SRT may be eligible to receive an additional \$47,779 annually in ICLS for the acquired lines and that NDTC's ICLS support will be reduced by \$32,832 annually. Therefore, the net increase in ICLS support as a result of this transaction will be \$14,947.²¹ We conclude that the amount of net increase in ICLS as a result of this transaction, in addition to any amounts it may be eligible to receive in safety valve support, will not have an adverse impact on the universal service fund.

9. To further ensure that this transaction is in the public interest, we direct SRT as part of its annual universal service data submissions, to file a schedule showing its methodology for excluding the costs associated with the acquired access lines from the costs associated with SRT's pre-acquisition exchanges.²²

10. State Commission Position. On December 6, 2006, the Public Service Commission of the State of North Dakota issued an order approving the transaction between SRT and NDTC.²³ Thus, we find that the state commission with regulatory authority over the transferred exchange does not oppose the transfer.

11. Public Interest Analysis. We conclude that the public interest is served by a waiver of the study area freeze rule. The Velva exchange is surrounded by SRT's existing exchanges. Velva residents currently incur toll charges to call Minot, North Dakota, however, after the acquisition Velva residents will be able to call Minot toll free under SRT's extended area service plan.²⁴ We find that permitting SRT to acquire the Velva exchange serves the public interest because SRT will be able to operate more efficiently in this exchange given that SRT's existing operation surrounds the Velva exchange. We fully expect consumers to benefit from this efficiency. We therefore conclude that the Petitioners have demonstrated that the grant of this waiver request will serve the public interest.

¹⁹ See 47 C.F.R. § 54.305(d).

²⁰ According to the Universal Service Administrative Company's (USAC) recent estimates, total high-cost support for 2007 is projected to be \$4,357,867,771. See USAC Quarterly Administrative Filing 2007, Second Quarter (2Q) Appendix, HC02 (filed January 31, 2007). We note that the proposed study area waiver directly involves the transfer of only 720 access lines. Moreover, safety valve support is capped at 50 percent of any positive difference between a rural carrier's calculated high-cost loop support for the transferred exchanges and the index year amount. See 47 C.F.R. § 54.305(d). Also, the total amount of safety valve support available to rural carriers is capped at five percent of annual high-cost loop support available to rural carriers in any particular year, thereby providing an additional limitation on the amount of safety valve support available to carriers. See 47 C.F.R. § 54.305(e).

²¹ See Petition at 4.

²² See 47 C.F.R. §§ 36.611, 54.301.

²³ See SRT Communications, Inc. and North Dakota Telephone Company, Petition of Local Exchange Carriers for Waiver of "Study Area" Boundaries as defined in Appendix-Glossary of Part 36 in Connection with a Proposed Acquisition by SRT Communications, Inc. of all assets of North Dakota Telephone Company for the Velva Exchange in North Dakota, CC Docket No. 96-45 (filed December 13, 2006) (attaching State of North Dakota, Public Service Commission, SRT Communications, Inc. Designated Eligible Carrier Application, Case No. PU-06-419, SRT Communications, Inc. Local Exchange Public Convenience and Necessity, Case No. PU-06-420 (dated December 6, 2006)).

²⁴ See Petition at 5. Minot, according to the Petition, is the economic hub city for the Velva community. *Id.*

III. WAIVER OF SECTION 69.3(e)(11)

A. Background

12. Under section 69.3 of the Commission's rules, annual access tariffs, including the tariffs filed by NECA on behalf of companies that participate in NECA's access tariffs, go into effect on July 1 of each year.²⁵ To minimize the complexity of administering NECA's common line pool, any change in NECA common line tariff participation resulting from a merger or acquisition of telephone properties is effective on the next annual access tariff filing effective date following the merger or acquisition.²⁶ Because the next annual access tariff filing effective date is July 1, 2007,²⁷ SRT would have to wait until that date to participate in NECA's access tariffs and would be required to file its own interstate tariff for the acquired lines for the interim period. To avoid the burdens associated with filing its own tariff during this interim period, SRT has requested a waiver of section 69.3(e)(11) of the Commission's rules.²⁸ The waiver would enable SRT to include the acquired access lines in the NECA carrier common line tariff. SRT indicates that the inclusion of the small number of access lines that it is acquiring from NDTG in the NECA carrier common line tariffs would represent a minimal increase in NECA common line pool participation.²⁹ NECA has indicated that it has no objection to the inclusion of the acquired lines in its common line tariff.³⁰

B. Discussion

13. We find that SRT has demonstrated that special circumstances warrant a waiver from section 69.3(e)(11) of the Commission's rules and that it would be in the public interest to grant SRT's request.³¹ NECA has no objection to including the acquired exchange in the NECA tariff, as this would create no undue administrative burden for NECA.³² Based on NECA's representation in its letter, we conclude that including the acquired access lines in the NECA carrier common line tariff represents a minimal increase in NECA common line pool participation. Also, we believe that it would be administratively burdensome for SRT to develop and file its own interstate tariff for use only until July 1, 2007, for a relatively small number of access lines. Consequently, we find that SRT presents special circumstances to justify a waiver of section 69.3(e)(11). Moreover, we believe that a waiver of section 69.3(e)(11) is in the public interest because it allows SRT to devote its resources to providing improved telecommunications services to the affected rural areas rather than spending those resources on a tariff filing. We therefore conclude that good cause exists to grant a waiver of section 69.3(e)(11) to SRT.

²⁵ See 47 C.F.R. § 69.3(a).

²⁶ 47 C.F.R. § 69.3(e)(11); see *Amendment of Part 69 of the Commission's Rules Relating to the Common Line Pool Status of Local Exchange Carriers Involved in Mergers or Acquisitions*, CC Docket No. 89-2, Report and Order, 5 FCC Rcd 231, 248 (1989).

²⁷ See 47 C.F.R. § 69.3(a).

²⁸ See Supplemental Petition at 2-3.

²⁹ *Id.* at 3.

³⁰ See Letter from Tracey E.J. Saltenberger, NECA, to Marlene H. Dortch, Secretary, Federal Communications Commission, CC Docket No. 96-45 (January 3, 2007) (NECA Letter).

³¹ See *supra* note 16.

³² See NECA Letter.

IV. AVERAGE SCHEDULE WAIVER

14. An incumbent LEC that participates in the NECA pools collects access charges from interexchange carriers at the rates contained in the tariffs filed by NECA.³³ Each pool participant receives settlements from the relevant pool to recover the costs of providing service plus a pro-rata share of the pool's earnings.³⁴ A NECA pool participant's interstate access charge settlements are determined either on the basis of cost studies or average schedule formulas.³⁵ A cost company is an incumbent LEC that receives compensation for interstate telecommunications services based on its actual interstate investments and expenses, calculated using detailed cost studies.³⁶ An average schedule company is an incumbent LEC that receives compensation for use of its interstate common carrier services on the basis of formulas that are designed to simulate the disbursements that would be received by a cost company that is representative of average schedule companies.³⁷ Average schedule companies thus are able to avoid the administrative and financial burdens of performing interstate cost studies.

15. Section 69.605(c) of the Commission's rules provides, in pertinent part, that "a telephone company that was participating in average schedule settlements on December 1, 1982, shall be deemed to be an average schedule company."³⁸ The definition of "average schedule company" includes existing average schedule incumbent LECs, but does not allow for the creation of new average schedule companies or the conversion of cost-based carriers to average schedule status without a waiver of the Commission's rules.³⁹ The definition was designed to limit the use of average schedule formulas to companies that operated as average schedule companies prior to adoption of the rule or that are able to demonstrate compelling circumstances sufficient to warrant a special exception.⁴⁰ Our actions on waivers of the definition of "average schedule company," therefore, are guided by the principle that incumbent LECs should receive interstate access settlements based on their actual costs whenever possible without undue hardship.

16. SRT currently operates as an average schedule company while NDTC operates as a cost-based company. SRT requests a waiver of section 69.605(c) of the Commission's rules, in order to continue operating as an average schedule company after acquiring the Velva exchange from NDTC.⁴¹ SRT states that it currently serves approximately 37,700 access lines and is acquiring only 720 access lines in the Velva exchange which is in an area completely surrounded by exchanges operated by SRT.⁴²

³³ See 47 C.F.R. § 69.601.

³⁴ See 47 C.F.R. §§ 69.601-69.611.

³⁵ See 47 C.F.R. §§ 69.301-69.611.

³⁶ *Id.*

³⁷ See 47 C.F.R. § 69.606(a). Average schedule companies may also receive universal service support pursuant to average schedule formulas. See, e.g., *National Exchange Carrier Association, Inc. Proposed 2004 Modification of Average Schedule Formulas*, CC Docket 96-45, Order, 18 FCC Rcd 26619 (WCB 2003).

³⁸ 47 C.F.R. § 69.605(c).

³⁹ An incumbent LEC may convert from an average schedule company to a cost company, but an incumbent LEC must obtain a waiver of the definition of "average schedule company" in section 69.605(c) to change from a cost company to an average schedule company. See 47 C.F.R. § 69.605(c).

⁴⁰ See *Petition for Waiver Filed by Heartland Telecommunications Company of Iowa and Hickory Tech Corporation*, AAD File No. 96-94, Memorandum Opinion and Order, 14 FCC Rcd 13661, 13662, para. 3 (1999) (*Heartland*).

⁴¹ See Supplemental Petition at 1-2; see also § 69.605(c).

⁴² See Supplemental Petition at 2.

Absent a waiver, SRT claims that it would need to spend considerable time, effort and funds on cost studies that could be better spent to improve the quality of service furnished to subscribers.⁴³ SRT points out that the Commission has previously granted waivers to permit carriers of similar size to avoid the burdens and costs of performing cost studies.⁴⁴

A. DISCUSSION

17. We are persuaded that good cause exists to grant SRT a waiver of section 69.605(c) so that it may remain an average schedule company after the acquisition of the Velva exchange from NDTC.⁴⁵ In the instant transaction, SRT is adding 720 lines, which are currently operated as cost-based lines, to its existing operation of nearly 38,000 lines which are operated as average schedule lines. SRT, by any measure, is larger than most rural incumbent LECs that settle interstate access on a cost-basis.⁴⁶ Although SRT, as an average schedule company, is larger than a significant majority of rural cost-based incumbent LECs, SRT is only increasing its total access lines, as a result of this transaction, by approximately two percent.⁴⁷ We, therefore, grant SRT a waiver of section 69.605(c) of the Commission's rules so that it may remain under average schedule status.

V. ORDERING CLAUSES

18. Accordingly, IT IS ORDERED, pursuant to sections 1, 4(i), 5(c), 201, 202 and 254 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, 202, and 254, and the authority delegated by sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of the study area boundary freeze as codified in Part 36, Appendix-Glossary, of the Commission's rules, filed by SRT Communications, Inc. and North Dakota Telephone Company on October 2, 2006, IS GRANTED, as described herein.

19. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and the authority delegated by sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that SRT Communications, Inc., SHALL SUBMIT, as part of its annual universal service data submissions to the fund administrator, a schedule showing the methodology for excluding costs

⁴³ *Id.*

⁴⁴ *Id.* at 2 (citing *Norway Rural Telephone Company and Iowa Telecommunications Services, Inc. d/b/a Iowa Telecom, Joint Petition for Waiver of the Definition of "Study Area" Contained in Part 36, Appendix-Glossary of the Commission's Rules, Petition for Waiver of Sections 69.3(e)(11) and 69.6058(c) of the Commission's Rules*, CC Docket No. 96-45, 17 FCC Rcd 20127, 20135, para. 19 (2002) (*Norway Order*)).

⁴⁵ We note, however, that the *Norway Order* cited by SRT is not directly on point with the circumstances described herein. See Supplemental Petition at 2. Norway Rural Telephone Company (Norway Telephone) acquired 800 lines to add to its existing 670 lines. We granted Norway Telephone a waiver of section 69.605(c), to continue average schedule status, based on its overall post-acquisition small size, not because it was merely adding 800 lines to its existing operations. See *Norway Order*, 17 FCC Rcd 20127, 20135, paras. 18 and 19.

⁴⁶ There are 902 rural incumbent LECs that settle interstate access on a cost basis. SRT is larger than 89% of those cost-based rural incumbent LECs. See Universal Service Fund, 2006 Submission of 2005 Study Results by the National Exchange Carrier Association (dated September 29, 2006).

⁴⁷ Compare *Petitions for Waivers Filed by Alpine Communication, L.C., et al, Concerning Sections 61.41(c)(2), 69.3(e)(11), 69.3(i)(4), 69.605(c) and the Definition of "Study Area" Contained in the Part 36 Appendix-Glossary of the Commission's Rules*, AAD File No. 96-94, Memorandum Opinion and Order, 12 FCC 2367, 2375, para. 18 (1997); *app. for review denied, Heartland*, 14 FCC Rcd 13661 (denying Heartland Telecommunications Company of Iowa (HTC) average schedule status after its acquisition of 12,527 cost-based access lines that were combined with HTC's existing average schedule study area of 1,330 access lines).

associated with the acquired access lines from costs associated with its pre-acquisition study area.

20. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and the authority delegated by sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of section 69.3(e)(11) of the Commission's rules, 47 C.F.R. § 69.3(e)(11), filed by SRT Communications, Inc. on October 13, 2006, IS GRANTED, as described herein.

21. IT IS FURTHER ORDERED, pursuant to sections 1, 4(i), 5(c), 201, and 202 of the Communications Act of 1934, as amended, 47 U.S.C. §§ 151, 154(i), 155(c), 201, and 202, and the authority delegated by sections 0.91, 0.291, and 1.3 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, and 1.3, that the petition for waiver of section 69.605(c) of the Commission's rules, 47 C.F.R. § 69.605(c), filed by SRT Communications, Inc. on October 13, 2006, IS GRANTED, as described herein.

22. IT IS FURTHER ORDERED, pursuant to authority delegated under sections 0.91, 0.291 and 1.102 of the Commission's rules, 47 C.F.R. §§ 0.91, 0.291, 1.102, that this Order SHALL BE EFFECTIVE upon release.

FEDERAL COMMUNICATIONS COMMISSION

Renee R. Crittendon
Acting Deputy Chief
Wireline Competition Bureau

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

SRT Communications, Inc.
Designated Eligible Carrier
Application

Case No. PU-06-419

SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity

Case No. PU-06-420

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **7th day of December, 2006**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order

The envelopes were addressed as follows:

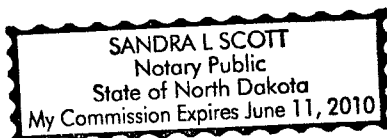
Steve D Lysne CEO
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027
Cert. No. 7005 3110 0003 6265 3563

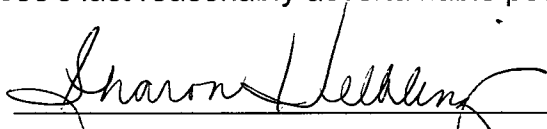
Dave Dircks
North Dakota Telephone Company
P O Box 180
Devils Lake ND 58301-0180
Cert. No. 7005 3110 0003 6265 3570


Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **7th day of December, 2006**.

SEAL







Notary Public

12 PU-06-419

Pages: 1

Affidavit of Service

by Public Service Commission

12/07/2006 C: Comm Legal Illona, Jerry, Annette

APPROVED

DATE: 12-6-06
ps

MOTION

December 6, 2006

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420

I move the Commission adopt the Order approving the applications of SRT Communications, Inc. for designation as an eligible telecommunications carrier for receiving federal universal service support and for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications service in the Velva, North Dakota exchange, Case Nos. PU-06-419 and PU-06-420.

JRL

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420

ORDER

December 6, 2006

On September 18, 2006, in Case No. PU-06-420, SRT Communications, Inc. (SRT) of Minot, ND filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunication services in the Velva, North Dakota local exchange area. SRT reports entering into a purchase and sales agreement with North Dakota Telephone Company (NDTC) for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications services in the Velva exchange.

Also on September 18, 2006, in Case No. PU-06-419, SRT filed a Petition for Designation as an Eligible Telecommunications Carrier (ETC) for receiving federal universal service support in the Velva, North Dakota local exchange area.

On October 12, 2006 the Commission issued a Notice of Opportunity for Hearing and Notice of Informal Hearing, providing until November 20, 2006 for receiving written comments or hearing requests and scheduling an informal hearing for November 22, 2006. No comments or requests for hearing have been received. The Notice identified the following issues to be considered:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. Technical, financial and managerial ability of the applicant to provide service.
4. Qualification of the applicant under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service funding.
5. Whether the Commission should order additional requirements for ETC designation recommended in the FCC's Report and Order released March 17, 2005 in CC Docket No. 96-45.

10 PU-06-419

Pages: 4

Order

by Public Service Commission

12/06/2006

C. Comm Legal Illona, Jerry, Annette

6. What ETC universal service support area should be designated.
7. Whether NDTC's current certificate of public convenience and necessity to serve the Velva exchange should be relinquished to the Commission
8. Whether, upon designation of SRT as an ETC for the Velva exchange, NDTC's designation as an ETC for the Velva exchange should be relinquished.

On November 15, 2006, the Commission's Director of Accounting filed a memorandum indicating that SRT has the financial ability to provide service.

On November 22, 2005 the Commission discussed the issues in these matters with the applicant and Commission staff at an informal hearing.

SRT is a rural telephone cooperative and has been providing incumbent local exchange telecommunications service in North Dakota since 1951. SRT currently serves approximately 37,000 customers in 25 North Dakota exchanges. SRT desires to provide essential and nonessential telecommunications service in the Velva exchange, which currently consists of approximately 720 customers receiving service under the 338 exchange prefix. SRT's present service area completely surrounds the Velva exchange.

On September 1, 2006, SRT and NDTC entered into a Purchase and Sales Agreement for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunication service, exchange access and other telecommunications services in the Velva Exchange.

Closing of the transaction is to occur on the first day of the month after SRT secures authorization from the Commission; the city of Velva; the Federal Communications Commission (FCC); and satisfaction from SRT Board of Directors, in its sole discretion, there is not contained in any Order of any regulatory authority a term, condition or provision which is unduly burdensome. SRT informs that the city of Velva has approved a franchise agreement, but an FCC study area waiver is still needed in order to obtain federal universal service support.

After the Closing, NDTC will cease serving the Velva Exchange and SRT intends to engage in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the Velva Exchange. Pursuant to the agreement, all subscribers served by NDTC in the Velva Exchange as of the closing will be served by SRT. Velva exchange customers will receive extended area calling throughout the SRT service area under SRT's residential-rural and business rate schedules.

To be designated as an eligible telecommunications carrier, a carrier must: (1) offer the services that are supported by federal universal service support mechanisms, and offer the services designated by the FCC for such federal support mechanisms for schools, libraries, and health care providers; and (2) advertise the availability of such services and the charges therefore using media of general distribution. Additionally, Lifeline and Link Up offerings must meet requirements established by the FCC.

For telecommunications customers, the services designated by the FCC for support by universal service support mechanisms include voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance and toll limitation for qualifying low-income consumers.

For schools and libraries, the services designated by the FCC for support by universal support mechanisms include all items listed on the Eligible Services List of the Schools and Libraries Support Mechanism of the Universal Service Administrative Company dated October 18, 2002. For health care providers, the services supported by universal service support mechanisms include any telecommunications service that is used primarily for the provision of health care.

SRT affirms it will meet all the criteria for ETC designation in the Velva exchange.

The Commission has initiated a rulemaking proceeding to consider adopting additional requirements for ETC designation recommended in the FCC's Report and Order released March 17, 2005 in CC Docket No. 96-45 and will not impose those additional requirements in this proceeding.

SRT has made substantial efforts to inform all customers of the transaction. On June 22, 2006 SRT issued a Press Release that appeared in the Minot Daily News and the Velva Voice. An interview with SRT CEO Steve Lysne was televised and notification was included in the July/August and September/October editions of the SRT Newsletter. Informational meetings were also scheduled for November 28 at the Velva Senior Citizens Center and November 29 at the Velva school.

NDTC General Manager Dave Dircks affirms that NDTC has notified its current Velva customers of the acquisition by newspaper. Mr. Dircks further affirms that NDTC supports SRT's applications and that NDTC's certificate of public convenience and necessity and ETC designation for the Velva Exchange should be relinquished upon closing of the asset transfer transaction.

The Commission finds SRT is fit, able, and has the technical, financial and managerial ability to provide service.

The Commission finds SRT's proposed service is adequate.

The Commission finds SRT is qualified under Section 214(e) of the Communications Act of 1934 as amended by the Telecommunications Act of 1996, for designation as an eligible telecommunications carrier for receiving federal universal service funding for the Velva exchange area.

Order


The Commission Orders:

1. The application of SRT Communications, Inc. for a certificate of public convenience and necessity to provide incumbent local exchange telecommunications services in the Velva exchange area of North Dakota is approved, effective with the date that the asset acquisition transaction is complete. A certificate of public convenience and necessity will be issued upon notification by the applicant that the transaction is complete.
2. SRT Communications, Inc. is designated as an eligible telecommunications carrier in the Velva exchange area effective with the issuance of certificates of public convenience and necessity and conditioned on FCC approval of redefined study area requirements under 47 CFR section 54.207(c).
3. North Dakota Telephone Company's certificate of public convenience and necessity for the Velva exchange area is relinquished and cancelled effective with the issuance of new certificates to SRT.
4. North Dakota Telephone Company will no longer be designated as an ETC for the Velva exchange area effective upon relinquishing its certificates of public convenience and necessity.

PUBLIC SERVICE COMMISSION



Susan E. Wefald
Commissioner



Tony Clark
President



Kevin Cramer
Commissioner

NORTH DAKOTA PUBLIC SERVICE COMMISSION

INFORMAL HEARING

November 22, 2006

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419
Filed 9-18-06

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420
Filed 9-18-06

Summary of Proposal: SRT Communications, Inc. (SRT) has filed applications for designation as an Eligible Telecommunications Carrier (ETC) and for a certificate of public convenience and necessity (PC&N) to provide facilities-based incumbent local exchange telecommunication services in the Velva local exchange area of McHenry County, North Dakota.

SRT reports entering into a purchase and sales agreement with North Dakota Telephone Company (NDTC) for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications services in the Velva exchange.

Recommendation: I recommend the Commission issue an order granting certificates of Public Convenience and Necessity and ETC designation to SRT effective with the effective date of the transaction.

Procedural History: On October 12, 2006 the Commission issued a Notice of Opportunity for Hearing and Notice of Informal Hearing, providing until November 20, 2006 for receiving written comments or hearing requests and scheduling an informal hearing for November 22, 2006. No comments or requests for hearing have been received.

Discussion: SRT is a rural telephone cooperative and has been providing incumbent local exchange telecommunications service in North Dakota since 1951. SRT currently serves approximately 37,000 customers in 25 North Dakota exchanges. SRT desires to provide essential and nonessential telecommunications service in the Velva exchange, which currently consists of approximately 720 customers receiving service under the 338 exchange prefix. SRT's present service area completely surrounds the Velva exchange.

On September 1, 2006, SRT and NDTC entered into a Purchase and Sales Agreement for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunication service, exchange access and other telecommunications services in the Velva Exchange.

Closing of the transaction is to occur on the first day of the month after SRT secures authorization from the Commission; the city of Velva; the Federal Communications Commission (FCC); and satisfaction from SRT Board of Directors, in its sole discretion, there is not contained in any Order of any regulatory authority a term, condition or provision which is unduly burdensome. SRT informs that the city of Velva has approved a franchise agreement, but SRT still needs an FCC study area waiver to obtain federal universal service support.

After the Closing, NDTC will cease serving the Velva Exchange and SRT intends to engage in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the Velva Exchange. Pursuant to the agreement, all subscribers served by NDTC in the Velva Exchange as of the closing will be served by SRT. Velva exchange customers will receive extended area calling throughout the SRT service area under SRT's residential-rural and business rate schedules.

SRT affirms it will meet all the criteria for ETC designation in the Velva exchange. These criteria include offering all services supported by the federal universal service support mechanisms and advertising the availability of those services and the charges therefore using media of general distribution throughout the exchange.

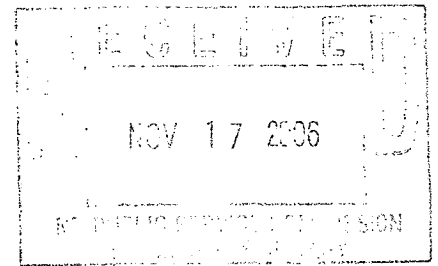
SRT informs that it has made substantial efforts to inform all customers of the transaction. On June 22, 2006 SRT issued a Press Release that appeared in the Minot Daily News and the Velva Voice. An interview with SRT CEO Steve Lysne was televised and notification was included in the July/August and September/October editions of the SRT Newsletter. Informational meetings are also scheduled for November 28 at the Velva Senior Citizens Center and November 29 at the Velva school.

NDTC General Manager Dave Dircks affirms that NDTC has notified its current Velva customers of the acquisition by newspaper. Mr. Dircks affirms that NDTC supports SRT's applications and that NDTC agrees to relinquish its PC&N and ETC designation for the Velva Exchange.

A limited staff financial review (see staff memo dated November 15, 2006) indicated that SRT has the financial ability to provide service.

Prepared by: Jerry Lein

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION



North Dakota Telephone Company
Relinquishment of Eligible Telecommunications
Designation status for the Velva Exchange to
SRT Communications, Inc.

Case No. PU-06-419

North Dakota Telephone Company
Relinquishment of Velva Exchange
Public Convenience and Necessity
Certificate to SRT Communications, Inc.

Case No. PU-06-420

**AFFIDAVIT OF DAVE DIRCKS IN SUPPORT OF
RELINQUISHING ELIGIBLE TELECOMMUNICATIONS
STATUS AND CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY FOR THE VELVA EXCHANGE TO SRT
COMMUNICATIONS, INC.**

Dave Dircks states the following under oath:

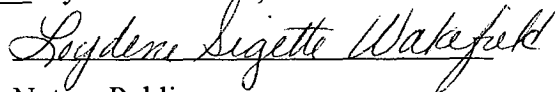
1. I am the General Manager of North Dakota Telephone Company ("NDTC").
2. I have overall responsibility for the operations of NDTC and I report to its Board of Directors
3. North Dakota Telephone Company, and its Board of Directors, supports the sale of the Velva Exchange to SRT Communications, Inc. ("SRT").
4. North Dakota Telephone Company, and its Board of Directors, supports the SRT Communications, Inc. Designated Eligible Carrier Application, Case No. PU-06-419, which was submitted to the North Dakota Public Service Commission on September 18, 2006.
5. North Dakota Telephone Company, and its Board of Directors, supports the SRT Communications, Inc. Local Exchange Public Convenience and Necessity Application, Case No. PU-06-420, which was submitted to the North Dakota Public Service Commission on September 18, 2006.

6. Due to the sale of the Velva Exchange to SRT, North Dakota Telephone Company, and its Board of Directors, agree to relinquish the current Eligible Telecommunications Designation status for the Velva Exchange.
7. Due to the sale of the Velva Exchange to SRT, North Dakota Telephone Company, and its Board of Directors, agree to relinquish the currently held Public Convenience and Necessity Certificate, which was issued May 31, 1996, for the Velva Exchange.
8. North Dakota Telephone Company has notified its current Velva customers of the acquisition by newspaper.



Dave Dircks

Subscribed and sworn to before me this 16th day of November, 2006.

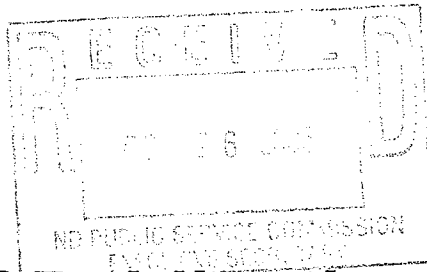


Notary Public

For the State of North Dakota

My commission expires: 01-12-08

LOYDENE SIGETTE WAKEFIELD
NOTARY PUBLIC, STATE OF NORTH DAKOTA
MY COMMISSION EXPIRES JAN 12, 2008



Affidavit of Publication

Colleen Park, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.

2. The newspapers listed on the exhibits published the advertisement of:

Public Service Commission, SRT Communications,

1 time(s) as required by law or ordinance.

3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

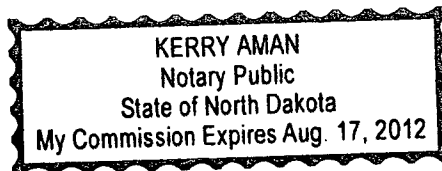
Signed: Colleen Park

State of ND

County of Burleigh

Subscribed and sworn to before me this 25th day of October 2006.

Kerry Aman

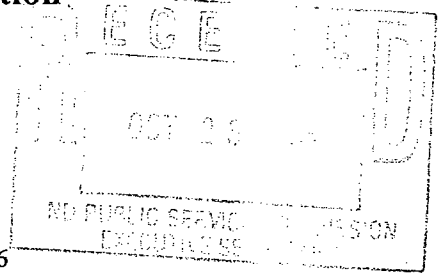




North Dakota Newspaper Association

1435 Interstate Loop
Bismarck, ND 58503-0567
Ph (701) 223-6397 • Fax (701) 223-8185

INVOICE



Order 22682-06103PP1

Invoice # 79205

October 25, 2006

Attn: ILLONAA. JEFFCOAT-SACCO
PUBLIC SERVICE COMMISSION
600 E. BOULEVARD AVE.
STATE CAPITOL
BISMARCK, ND 58505

Voice: 701-328-4076

Advertiser: Public Service Commission

P.O.#: PU-06-419 & PU-06-420

Amount Due \$69.66

Amount Paid

Please detach and return this portion with your payment

Public Service Commission Invoice # 22682-06103PP1-79205 PO# PU-06-419 & PU-06-420

Table with columns: Ad Size, Rate Type, Rate, Total, Discount (%), Caption, Page, Run Date. Row: Minot Daily News (Minot ND), 129.00 SPR2, 0.54, 69.66, 0.00, SRT Communications, 10/20/06

Summary table with columns: Gross Advertising, Agency Discount, Other Discount, Service Charge, Total Misc, Tax, Total Billed, Unbilled, Amount Paid, Adjustments, Payment Date, Balance Due

If you would like to pay this invoice with a credit card, please contact Rhonda at 701-223-8397.

7 PU-06-419 Pages: 1
Affidavit of Publication
by North Dakota Advertising Service, Inc.
10/26/2006 C: Comm Legal Illona, Jerry, Annette . .

8 PU-06-420 Pages: 1
Affidavit of Publication
by North Dakota Advertising Service, Inc.
10/26/2006 C: Comm Legal Illona, Jerry, Annette . .

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **16th day of October, 2006**, she deposited in the United States Mail, Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Notice of Opportunity for Hearing and Notice of Informal Hearing

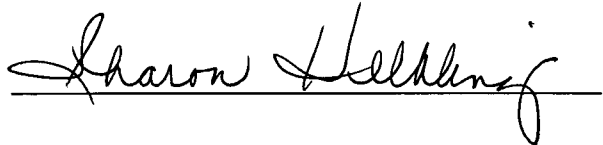
The envelopes were addressed as follows:

Steve D Lysne CEO
SRT Communications Inc
P O Box 2027
Minot ND 58702-2027
Cert. No. 7005 3110 0003 6265 6519

Dave Dircks
North Dakota Telephone Company
P O Box 180
Devils Lake ND 58301-0180
Cert. No. 7005 3110 0003 6265 6526

Each address shown is the respective addressee's last reasonably ascertainable post office address.

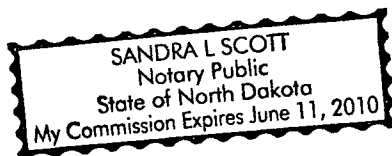
Subscribed and sworn to before me
this **16th day of October, 2006**.





Notary Public

SEAL



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

SRT Communications, Inc.
Designated Eiligible Carrier
Application

Case No. PU-06-419

SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity

Case No. PU-06-420

AFFIDAVIT OF SERVICE BY ORDINARY MAIL OR E-MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **16th day of October, 2006**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, and e-mailed, each containing a photocopy of:

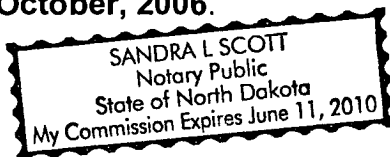
Notice of Opportunity for Hearing and Notice of Informal Hearing

The envelopes were addressed as follows:

See Attached List

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **16th day of October, 2006**.



SEAL

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Bismarck ND 58504-5654

Farstad Oil Inc
P O Box 1842
Minot ND 58701

Lawrence Freedman
Fleischman & Walsh
1919 Pennsylvania Ave NW Ste 600
Washington DC 20006-3420

FredonStarr Communications Inc
7985 Santa Monica Blvd #7
West Hollywood CA 90046

Funding Our Future LLC
1900 Wellesley Ave
St Paul MN 55105

Gates Communications Inc
1100 Olive Way #951
Seattle WA 98101

Gerlach Enterprises Inc
3002 Fiechtner Dr S Ste 1
Fargo ND 58103-2387

Global Communications Consulting Corp
2 Greenwood Sq Ste 110
3331 St Rd
Bensalem PA 19020-2052

Global Tel*Link Corporation
2609 Cameron St
Mobile AL 36607-3104

Globalcom Inc
333 West Wacker Ste 1500
Chicago IL 60606

GLOBCOM INCORPORATED
2100 Sanders Rd Ste 150

Go Solo Technologies Inc
5053 Ocean Blvd #54
Sarasota FL 34242

Gold Line Telemanagement Inc
180 W Beaver Creek Rd
Richmond Hill Ontario CA L4B 1B4

Granite Telecommunications LLC
100 Newport Ave Ext
Quincy MA 02171

Group Long Distance Inc
1 Cavalier Ct
Ringo NJ 08551-0534

GTC Telecom
3151 Airway Ave Ste p_3
Costa Mesa CA 92626

Houlton Enterprises Inc
2201 W Bdwy Ste 1
Council Bluffs IA 51501

IBFA Acquisition Company LLC
1850 Howard St Unit C
Elk Grove Village IL 60007

Julia Waysdorf
ICG Telecom Group Inc
161 Inverness Dr W
Englewood CO 80112

Infone LLC
11200 Murray Scholls Place
Beaverton OR 97007-9702

Intercontinental Communicatiosn Group I
420 Lexington Ave Ste 518
New York NY 10170

Ken Hanks
International Telcom Ltd
417 2nd Ave W
Seattle WA 98119

International Telemanagement Group Inc
206 E Market St
Lima OH 45801

David A. Huberman
Intrado Communications Inc
1601 Dry Creek Dr
Longmont CO 80503-6493

Ionex Communications North Inc
2300 Main St Fl 6
Kansas City MO 64108-2415

IPVoice Communications Inc
14860 Montfort Dr Ste 210
Dallas TX 75254

Nanette Edwards
ITC DeltaCom Communications Inc
7037 Old Madison Pike NW #400
Huntsville AL 35806-2107

KMC Data LLC
1545 Route 206
Bedminster NJ 07921

Myer Shark
Knollwood Place Apts #221
3630 Phillips Pkwy
St Louis Park MN 55426

Thomas K Crowe
Law Offices of Thomas K Crowe PC
1250 24th St NW Ste 300
Washington DC 20037

LCI Telemanagement Corp
4650 Lakehurst Ct

LCR Telecommunications LLC
100 West Big Beaver Rd Ste 200
Troy MI 48084

LDC Telecommunications Inc
10012 N Dale Mabry Hwy
Tampa FL 33618

Level 3 Communications LLC
1025 Eldorado Blvd
Broomfield CO 80021

Lightyear Network Solutions LLC
201 E Main St Ste 1000
Lexington KY 40507

Local Telcom Holdings LLC
485 Madison Ave 15th Fl
New York NY 10022-5803

Long Distance Billing Services Inc
436 Lynchburg Ave
Brookneal VA 24528

Main Street Telephone Company
470 Norristown Rd Ste 201
Blue Bell PA 19422-2322

Maxcess Inc
P O Box 951419
Lake Mary FL 32795-1419

McGraw Communications Inc
228 E 45th St 12th Fl
New York NY 10017

MCI Worldcom Network Services Inc
22001 Loudoun Cty Pkwy
Ashburn VA 20147-6105

MCImetro Access Transmission Services
22001 Loudoun County Pkwy
Ashburn VA 20147-6105

McKenzie Consolidated Telecom LLC
P O Box 1408
Dickinson ND 58602-1408

McLeodUSA
1 Martha's Way
Hiawatha IA 52233-2402

Mercury Long Distance Inc
2288 Gunbarrel Rd Stte 111-269
Chattanooga TN 37421

Metropolitan Telecomm of ND Inc
44 Wall St 6th Fl
New York NY 10005

MGEN Services Corp
2510 N Red Hill Ave
Santa Ana CA 92705

Micro-Comm Inc
2612 Cameron
Mobile AL 36670-0461

Mid-Rivers Long Distance Inc
106 2nd Ave S
Circle MT 59215

Minnesota Independent Equal Access Corp
300 S Hwy 169 Ste 700
Minneapolis MN 55426

Miracle Communications Inc
725 Lakefield Rd Ste G

Mike Strand
MITS
PO Box 5237
Helena MT 59604-5237

National Access Long Distance Inc
2055 Gateway Place Ste 400
San Jose CA 95110

National Directory Assistance LLC
12700 Shelbyville Rd Danville Bldg
Louisville KY 40243

Jim Arbury
National Multi Housing Council
1850 M St NW Ste 540
Washington DC 20036

National Professional Teleservices LLC
14001 63rd Way N
Clearwater FL 33760

National Telecom Inc
2235 E Flamingo Rd Ste 405
Las Vegas NV 89119

Dave Crothers
NDATC
Box 1144
Mandan ND 58554-1144

NECC Telecom Inc
605 N Shore Dr Unit 101-103
Jeffersonville IN 47130

Nemont Communications Inc
P O Box 600
Scobey MT 59263

Net One International Inc
4037 Metric Dr
Winter Park FL 32792-6808

Netlojix Telecom Inc
104 W Anapamu St Ste C
Santa Barbara CA 93101

Network Billing Systems LLC
155 Willowbrook Blvd
Wayne NJ 07470

Network Communications International Co
606 E Magrill St
Longview TX 75601

Network Enhanced Technologies Inc
700 S Flower St Ste 420
Los Angeles CA 90017-4106

Network Operator Services Inc
119 West Tyler Ste 260
Longview TX 75601

Network PTS Inc
14472 Wicks Blvd
San Leandro CA 94577

Network Service Billing Inc
7251 W Lake Mead Blvd Ste 300
Las Vegas NV 89128

Network US Inc
1842 Centre Point Dr Ste 128
Naperville IL 60563-4851

NetworkIP LLC
119 West Tyler St Ste 168
Longview TX 75601

New Century Telecom Inc
8180 Greensboro Dr #700

New Edge Network Inc
3000 Columbia House Blvd Ste 106
Vancouver WA 98661

Bob Edgerly
Nextel West Corp
2001 Edmund Halley Dr
Reston VA 20191

NobelTel LLC
5759 Fleet St
Carlsbad CA 92008

Norlight Inc
13935 Bishops Dr
Brookfield WI 53005-6605

Cheryl Jung
Norstan Network Services Inc
5101 Shady Oak Rd
Minnetonka MN 55343

Angel Sotomayor
North Dakota 5-Kidder Ltd Ptnshp
180 Washington Valley Rd
Bedminster NJ 07921-2120

Carmine Russo
North Dakota Big Sky Telecom
374 Ansin Blvd
Hallandale FL 33009

Dave Dircks
North Dakota Long Distance Inc
P O Box 180
Devils Lake ND 58301-0180

North Dakota Long Distance LLC
104 Eastwood Dr
Grafton ND 58237

Nosva Limited Partnership
4380 Boulder Hwy
Las Vegas NV 89121-3002

NPCR Inc
4500 Carillon Pt
Kirkland WA 98033

OCMC Inc
801 Congressional Blvd
Carmel IN 46032

OLS Inc
1030 Cambridge Sq Ste E
Alpharetta GA 30201

One Call Communications Inc
801 Congressional Blvd
Carmel IN 46032

Opcom Inc
512 N 29th St
Billings MT 59101-1128

Brad Van Leur
OrbitCom Inc
1701 N Louise Ave
Sioux Falls SD 57107

OU Connection Inc
13 E 4th Ave
Ada MN 56510

Ozark Telecom Inc
1115 Mill St
Camden SC 29020

Pacific Centrex Services Inc
6855 Tujunga Ave
North Hollywood CA 91605

PAETEC Communications Inc
1 PaeTec Plaza
600 Willowbrook Office Pk

Phonel Inc
100 N Biscayne Blvd 25th FL
Miami FL 33132

PNG Telecommunications Inc
100 Commercial Dr
Fairfield OH 45014

POPP Telcom Inc
620 Mendelssohn Ave N
Golden Valley MN 55427

Powercom Corporation
1807 N Center St
Beaver Dam WI 53916-1031

Preimiercom Inc
500 E Higgins Rd Ste 200
Elk Grove Village IL 60007

Premiere Network Services Inc
1510 N Hampton Rd Ste 120
DeSoto TX 75115

Professional Comm Management Serv Inc
RR 3 Box 69G
Bruceton Mills WV 26525-9611

Public Communications Services Inc
11859 Wilshire Blvd Ste 600
Los Angeles CA 90026

Public Communications Services Inc
11859 Wilshire Blvd Ste 600
Los Angeles CA 90025

Quasar Communications Corporation
15610 Boulder Oaks Dr
Houston TX 77084

Quick Tel Inc
3822 Ironwood Pl
Landover MD 20785

Qwest Corporation
1801 California St Ste 900
Denver CO 80202

Kristin L Smith
Qwest Corporation
1801 California St Ste 900
Denver CO 80202

Qwest Interprise America Inc
1801 California St Ste 5100
Denver CO 80202

Qwest LD Corp
1801 California St Ste 5100
Denver CO 80202

QX Telecom LLC
230 5th Ave
New York NY 10001

R2C Communications Inc
9532 Mission Rd #25
Overland Park KS 66206

Radiant Telecom Inc
1020 NW 163 Dr
Miami FL 33169

RCC Network Inc
3905 Dakota St SW
Alexandria MN 56308-2000

Dean Polkow
RCC Network Inc
PO Box 2000

RCC Paqing Inc
P O Box 2000
Alexandria MN 56308

Reduced Rate Long Distance LLC
1800 Pembroke Dr Ste 300
Orlando FL 32810

Reliance Telephone Systems Inc
118 Gateway Dr
East Grand Forks ND 56721

Reliant Communications Inc
801 International Pkwy 5th Fl
Lake Mary FL 32746

Reliant Communications Inc
801 International Pkwy 5th Fl
Lake Mary FL 32746

Ridley Telephone Company LLC
470 Norristown Rd Ste 201
Blue Bell PA 19422-2322

Kimberly Nielson
RTC-1
Legal & External Affairs
7277 164th Ave NE
Redmond WA 98052

Smartnet Inc
649 4th Ave SW
Dickinson ND 58601

Smartstop Inc
333 SW Taylor St
Portland OR 97204-2446

Snip Link LLC
100-A Twinbridge Dr
Pennsauken NJ 08110

Souris River Telecommunications Company
P O Box 2027
Minot ND 58702-2027

Andrew Jones
Sprint Communications Company
6391 Print Pkwy
Overland Park KS 66251-6100

Sprint Spectrum LP
6160 Sprint Pkwy 4th Fl
KSOPHI0414
Overland Park KS 66251

Startec Global Licensing Company
1151 Seven Locks Rd
Potomac MD 20854-2968

Harris Saele
T P C Inc
PO Box 180
Devils Lake ND 58301-0180

TCPB Marketing Company Ltd
P O Box 40149
Bay Village OH 44140-0149

William Staycoff
Telcom Billing Services Inc
9243 E River Rd NW
Coon Rapids MN 55433-5722

Donald Roudebush
Telecare Incorporated
444 Lafayette Rd
Noblesville IN 46060

TeleCents Communications Inc
8615 Richardson Rd Ste 200
Walled Lake MI 48390

Telecom Management Inc
563 Warren Ave

Teleconnect Long Dist Sevices & Systems
500 2nd Ave SE
Cedar Rapids IA 52401

Telefyne Incorporated
4286 Woodbine Rd Ste B
Pace FL 32571

Telenational Communications Inc
7310 Woolworth Ave
Omaha NE 68124

Telera Communications Inc
910 E Hamilton Ave Ste 200
Campbell CA 95008

Telliss LLC
10142 Brooks School Rd Ste 198
Fishers IN 46038

Telrite Corporation
14500 Lochridge Blvd Ste D
Covington GA 30014-4941

TelVue Corporation
16000 Horizon Way
Mt Laurel NJ 08054

The Farm Bureau Connection
600 Maryland Ave SW Ste 800
Washington DC 20024-2520

Jonathan Marashlian
The Helein Law Group P C
8180 Greensboro Dr Ste 700
McLean VA 22102

CURTIS HOPFINGER
T-NETIX TELECOMMUNICATIONS SERVICES, IN
14651 DALLAS PARKWAY SUITE 600
DALLAS TX 75254

Total Call International Inc
707 Wilshire Blvd 9th Fl
Los Angeles CA 90017-3501

Touch I Communications Inc
100 Brookwood Rd
Atmore AL 36504-5751

Touchtone Communications Inc
16 S Jefferson Rd
Whippany NJ 07981

Trans National Comm Internat'l Inc
2 Charlesgate West
Boston MA 02215

Transcom Communications Inc
1925 W John Carpenter Frwy Ste 500
Irving TX 75063

Tri-M Communications Inc
125 E DeLaGuerra Ste 203
Santa Barbara CA 93101

Trinsic Communications Inc
601 S Harbour Island Blvd Ste 220
Tampa FL 33602-5925

U S South Communications Inc
250 Williams St Ste M-100
Atlanta GA 30303-1032

Uni-Tel Communications Group Inc
47 E Chicago Ave Ste 328
Naperville IL 60540

US LEC Communications Inc
6801 Morrison Blvd Morrocroft III

USA Digital Communications Inc
1603 SE 19th St Ste 120
Edmond OK 73013-6621

Val-Ed Joint Venture LLP/702
702 Main Ave
Moorhead MN 56560

Rick Cantu
Value-Added Communications Inc
3801 E Plano Pkwy Ste 100
Plano TX 75074-1808

Virqin Mobile USA LLC
10 Independence Blvd
Warren NJ 07059-6747

WDT World Discount Tele Co
13644 Neuton Rd
Dallas TX 75244

WebNet Communications Inc
20904 Winola Ter
Ashburn VA 20147-6482

Western CLEC Corporation
3650 131st Ave SE #400
Bellevue WA 98006

Wholesale Carrier Services Inc
7200 W Camino Real Ste 303
Boca Raton FL 33433

Carolyn Fodor
Winstar Communications
520 Broad St
Newark NJ 07102

Wireless Alliance LLC
P O Box 2000
Alexandria MN 56308-2000

Working Assets Funding Services
101 Market St #700
San Francisco CA 94105-1533

WTC Competitive Services Inc
P O Box 270
Park River ND 58270-0270

X2Comm Inc
270 S Main St
Flemington NJ 08822

XO Communications Services Inc
11111 Sunset Hills Rd
Reston VA 20190

Yak Communications (America) Inc
300 Consilium Pl Ste 500
Toronto Ontario CA M1H 3G2

Jill Papenhausen
Zone Telecom Inc
3 Executive Campus Ste 520
Cherry Hill NJ 08002

Helbling, Sharon D.

From: Helbling, Sharon D.
Sent: Monday, October 16, 2006 9:51 AM
To: ndna
Subject: Notice of Opportunity for Hearing and Notice of Informal Hearing, Case Nos. PU-06-419 & PU-06-420

Attachments: Notice.doc

Colleen Park
North Dakota Newspaper Association

Colleen,

Please have the attached Notice of Opportunity for Hearing and Notice of Informal Hearing published as a legal publication in the next issue of the Minot Daily News, and run it as a "News Item Only" article as well.

Send the bill to the Public Service Commission, along with a tear sheet for billing purposes.

If you have any questions, please let me know. Thank you.

Sharon Helbling
Public Utilities Division



Notice.doc
(42 KB)

APPROVED

DATE: 10-12-06
M

MOTION

October 12, 2006

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-06-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-06-420

I move the Commission issue a Notice of Opportunity for Hearing and Notice of Informal Hearing in the applications of SRT Communications, Inc. for certificates of public convenience and necessity to provide telecommunication services and for designation as an Eligible Telecommunications Carrier for receiving federal universal service support in the Velva exchange area of North Dakota, Case Nos. PU-06-419 and PU-06-420.

JRL/sdh

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**SRT Communications, Inc.
Designated Eligible Carrier
Application**

Case No. PU-05-419

**SRT Communications, Inc.
Local Exchange
Public Convenience and Necessity**

Case No. PU-05-420

**NOTICE OF OPPORTUNITY FOR HEARING AND
NOTICE OF INFORMAL HEARING**

October 12, 2006

On September 18, 2006, in Case No. PU-06-420, SRT Communications, Inc. (SRT) of Minot, ND filed an application for a certificate of public convenience and necessity to provide facilities-based incumbent local exchange telecommunication services in the Velva, North Dakota local exchange area.

Also on September 18, 2006, in Case No. PU-06-419, SRT filed a Petition for Designation as an Eligible Telecommunications Carrier (ETC) for receiving federal universal service support in the Velva, North Dakota local exchange area.

SRT reports entering into a purchase and sales agreement with North Dakota Telephone Company (NDTC) for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunications service, exchange access and other telecommunications services in the Velva exchange. The closing is to occur on the first day of the month after required authorizations are secured under conditions found not unduly burdensome by the SRT Board of Directors. After the closing, NDTC intends to cease and SRT intends to commence doing business as a provider of local exchange service, exchange access and other telecommunications service in the Velva exchange area. Pursuant to the agreement, all subscribers served by NDTC in the Velva Exchange as of the closing will be served by SRT.

The issues to be considered in these matters are:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. Technical, financial and managerial ability of the applicant to provide service.
4. Qualification of the applicant under the Telecommunications Act of 1996, Section 214(e) for designation as an ETC eligible to receive federal universal service funding.

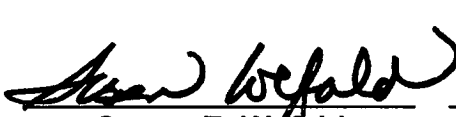
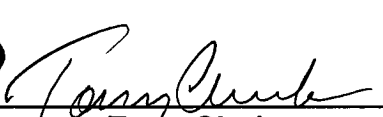
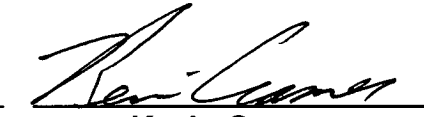
5. Whether the Commission should order additional requirements for ETC designation recommended in the FCC's Report and Order released March 17, 2005 in CC Docket No. 96-45.
6. What ETC universal service support area should be designated.
7. Whether NDTC's current certificate of public convenience and necessity to serve the Velva exchange should be relinquished to the Commission
8. Whether, upon designation of SRT as an ETC for the Velva exchange, NDTC's designation as an ETC for the Velva exchange should be relinquished.

Those interested are invited to comment on the application in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearings must be received by **November 20, 2006**. If deemed appropriate, the Commission can determine the matter without a hearing.

An **informal hearing** of these matters has been scheduled for **November 22, 2006 at 1:30 p.m. CST** in the Commission Hearing Room on the 12th Floor of the State Capitol in Bismarck.

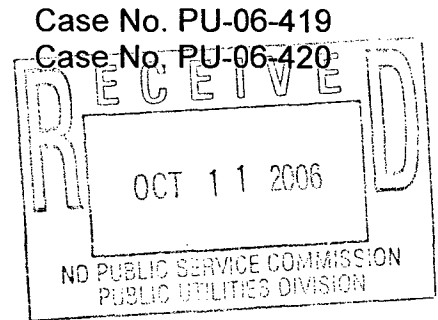
For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Illona Jeffcoat-Sacco, Executive Secretary.

PUBLIC SERVICE COMMISSION

		
Susan E. Weald Commissioner	Tony Clark President	Kevin Cramer Commissioner

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

SRT Communications, Inc.
Application for Certificate of Public
Convenience and Necessity and
Expansion of Eligible Telecommunications
Carrier Designation



**SUPPLEMENTAL AFFIDAVIT OF STEVE D. LYSNE IN SUPPORT OF
SRT COMMUNICATIONS, INC.'S APPLICATION FOR
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND
EXPANSION OF ELIGIBLE TELECOMMUNICATIONS
CARRIER DESIGNATION**

Steve D. Lysne states the following under oath:

1. I am the Chief Executive Officer for SRT Communications, Inc. ("SRT") and submit this supplemental affidavit in support of SRT's application for a certificate of public convenience and necessity and for extension of SRT's "ETC" status into the Velva Exchange. My testimony in this supplemental affidavit addresses SRT's qualifications for designation as an eligible telecommunications carrier in the Velva Exchange.
2. SRT has the requisite technical and managerial ability to serve customers in the Velva Exchange. SRT is currently serving customers in twenty-five (25) exchanges.
3. SRT agrees to offer the services that are supported by the Federal universal service support mechanisms under section 254(c), either using its own

facilities or a combination of its own facilities and resale of another carrier's services.

4. SRT agrees to advertise the availability of such services and the charges therefore using media of general distribution.

These services include:

Voice grade access to the public switched network. This is defined by the FCC to mean a functionality that enables a user of telecommunications services to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call, within the frequency range of between approximately 300 Hertz and 3,000 Hertz.

Local usage. This is defined by the FCC to mean a number of minutes of use of local service, prescribed by that Commission, provided free of charge to end users.

Dual tone multi-frequency signaling or its functional equivalent. "Dual tone multi-frequency" (DTMF) is defined as a method of signaling that facilitates the transportation of signaling through the network. The common name for DTMF was touch-tone signaling as 10 digit keypads were offered as an alternative to old-fashioned rotary dials on telephone instruments connected to the wired network.

Single-party service or its functional equivalent. "Single party service" is telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed.

Access to emergency services. "Access to emergency services" includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations. 911 is defined as a service that permits a telecommunications user, by dialing the three-digit code "911", to call emergency service through a Public Service Access Point (PSAP) operated by the local government. "Enhanced 911" is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party. "Access to emergency services" includes access to 911 services to the extent the local government in an eligible carrier's service area has implemented 911 or enhanced 911 systems.

Access to operator services. SRT's universal service calling plan includes "access to operator services," which is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call. Access to operator services is activated by dialing the digit 0 (zero), commonly referred to in the industry as O for Operator.

Access to interexchange service. "Access to interexchange service" is defined by the FCC's rules affecting ETC designation as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier, necessary to access an interexchange carrier's network.

Access to directory assistance. "Access to directory assistance" is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings.

5. For schools and libraries, the service designated by the FCC for support by universal support mechanisms include all items listed on the Eligible Services List of the Schools and Libraries Support Mechanism of the Universal Service Administrative Company dated October 18, 2002. For health care providers, the services supported by universal service support mechanisms include any telecommunications service that is used primarily for the provision of health care.

6. The FCC's rules and the North Dakota Commission also require that an eligible telecommunications carrier must offer Link Up service and Lifeline Service. In general terms, Link Up and Lifeline are cost reductions available to qualifying low-income consumers.

Link Up means a reduction in the customary charge for commencing telecommunications service for a single telecommunications connection at a consumer's principal place of residence. The reduction shall be half (50%) of the customary service order charge and central office charge. service. Lifeline service means qualifying low income subscribers pay reduced charges for retail residential local telecommunication service. The applicable exchange residential rate (including the federal end user common line charge) shall be reduced by \$10.00 per month for all exchanges for residential local telecommunications service to qualified low income subscribers. Lifeline service includes all the services designated for universal service support in the FCC's 97-157 Order and

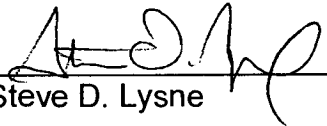
in 47 CFR 54.101. These services include: voice grade access to the public switched network, local usage, dual tone multi-frequency signaling or its functional equivalent, single-party service or its functional equivalent, access to emergency services, access to operator services, access to interexchange service, access to directory assistance. Lifeline service also includes toll limitation.

"Toll limitation" includes "toll blocking," an arrangement under which a consumer of telecommunications service chooses not to purchase long distance "toll" services for calling outside the local calling area, thus avoiding measured service charges for long distance service in addition to the fixed price for local usage. Toll blocking disables access to interexchange service, at the customer's request. Toll blocking is ordinarily offered as a fixed price option. Lifeline rules require toll limitation to be available free of charge to qualified low-income consumers.

SRT also offers Expanded Lifeline and Link Up for residents of Tribal Lands who are eligible to receive these services. Expanded Link Up provides eligible residents of Tribal lands with an additional benefit of up to \$70.00 in addition to regular Link Up. The additional benefit will apply towards 100% of the charges assessed for commencing service at a subscriber's principal place of residence between \$60.00 and \$130.00. Expanded Link Up does not apply to connection charges that are less than \$60.00. NOTE: SRT's connection charges are below \$60.00, thus additional Link Up support amount for subscribers not requiring new construction is \$0.00 for all exchanges.

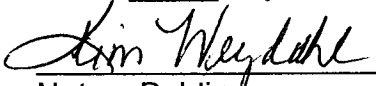
Enhanced Lifeline for eligible residents of Tribal lands provides additional Lifeline support above the Lifeline received under the regular Lifeline program of up to \$25.00 per month. The amount of Enhanced Lifeline shall equal the tariffed monthly charges for basic local residential service less the Interstate Lifeline Credit or Intrastate Lifeline Credit received pursuant to the regular Lifeline program provided that the combined regular Lifeline and Enhanced Lifeline credits to not bring the basic local residential rate for a single residential line below \$1.00 per month and the total Enhanced Lifeline credit does not exceed \$25.00 per month.

7. The assertions contained within SRT's application were reviewed by me and are accurate statements of fact to the best of my knowledge.



Steve D. Lysne

Subscribed and sworn to before me this 10th day of October, 2006.



Notary Public
For the State of North Dakota
My commission expires: _____

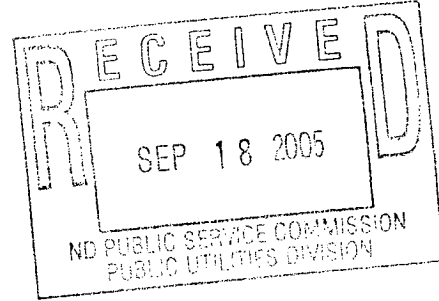
KIM WEYDAHL
Notary Public, State of North Dakota
My Commission Expires Aug. 23, 2009



Headquarters:
3615 North Broadway
PO Box 2027
Minot, ND 58702-2027
701-858-1200

SRT Connections:
1400 20th Ave. SW
PO Box 2027
Minot, ND 58702-2027
701-858-1200

September 15, 2006



Public Service Commission
ATTN: Public Utilities Section
State Capitol
600 East Boulevard Avenue
Bismarck, ND 58505-0480

RE: SRT Communications, Inc.
Application for Certificate of Public Convenience and Necessity and
Expansion of Eligible Telecommunications Carrier Designation

Enclosed please find the original and seven copies of the Application for Certificate of Public Convenience and Necessity and Expansion of Eligible Telecommunications Carrier Designation for SRT Communications, Inc. ("SRT") to serve the Velva exchange in McHenry County, North Dakota.

Also enclosed is a signed Affidavit, 2004-2005 audited Financial Statements of SRT, and a map (Exhibit A of the PC&N) illustrating the current SRT Eligible Telecommunications Carrier Designation ("ETC") and SRT's requested expansion of ETC designation.

Please feel free to give me a call if you have any questions.

Sincerely,

Steve D. Lysne, CEO
SRT Communications, Inc.

Enclosures

1

PU-06-419

Pages: 7

Designated Eligible Carrier Application

by SRT Communications, Inc. by

09/18/2006 C. Comm Legal Illona, Jerry, Annette . .

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

SRT Communications, Inc.
Application for Certificate of Public
Convenience and Necessity and
Expansion of Eligible Telecommunications
Carrier Designation

**APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY AND EXPANSION OF ELIGIBLE TELECOMMUNICATIONS
CARRIER DESIGNATION**

Pursuant to Chapter 49-03.1, of the North Dakota Century Code, SRT Communications, Inc. ("SRT") states the following in support of its application of a Certificate of Public Convenience and Necessity ("PC & N Certificate") for the Velva Exchange and for expansion of its designation as an Eligible Telecommunications Carrier (the "Application"). The Application for Expansion of Eligible Telecommunications Carrier Designation is made pursuant to and based upon 47 U.S.C. § 214 (e) of the federal Communications Act of 1934, as amended by the federal Telecommunications Act of 1996 (the "Act") and Chapter 49-21 of the North Dakota Century Code.

SRT is a "rural telephone company" within the meaning of Section 153(37) of the Act and has been providing telecommunications service within the state of North Dakota since 1951. SRT is a North Dakota cooperative and a "mutual telephone company" within the meaning of Chapter 49-21, NDCC. The North Dakota Public Service Commission ("Commission") exercises limited jurisdiction over SRT under applicable provisions of Title 49 NDCC.

SRT, under Certificates of Public Convenience and Necessity issued by the Commission, is engaged in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the following North Dakota exchange areas:

Exchange Prefix/Name

267 Antler	784 Lansford	727 Minot AFB
453 Berthold	693 Martin	756 Mohall
626 Butte	268 Maxbass	272 Newburg
468 Carpio	263 Metigoshe	624 Sawyer
728 Deering	852 Minot	459 Sherwood
725 Des Lacs	857 Minot	722 South Prairie
482 Donnybrook	858 Minot	386 Tolley

362 Glenburn	837 Minot	537 Towner
525 Karlsruhe	838 Minot	768 Upham
295 Landa	839 Minot	245 Westhope

SRT desires to provide essential and nonessential telecommunications service in the Velva exchange located in McHenry County, North Dakota. Currently, the Velva exchange is served by North Dakota Telephone Company ("NDTC"). The exchange prefix for Velva is 338.

The sale of the Velva Exchange to SRT was approved by the board of directors of NDTC and SRT. On September 1, 2006, SRT and NDTC entered into a Purchase and Sales Agreement (the "Agreement") for SRT's purchase of NDTC's current assets and facilities relating to the provision of local exchange telecommunication service, exchange access and other telecommunications services in the Velva Exchange. The Closing will occur on the first day of the month after SRT secures authorization from the North Dakota Public Service Commission (NDPSC); the city of Velva; the Federal Communications Commission (FCC); and satisfaction from SRT Board of Directors, in its sole discretion, there is not contained in any Order of any regulatory authority a term, condition or provision which is unduly burdensome. After the Closing of the Agreement transaction, NDTC will cease serving the Velva Exchange and SRT intends to engage in the business of providing local exchange telecommunications service, exchange access and other telecommunications activities in the Velva Exchange.

Effective as of the Closing, NDTC wishes to assign its designated geographical service area for the Velva Exchange to SRT. SRT, having been designated by the Commission as an eligible telecommunications carrier to receive universal service support under Sections 214 and 254 of the Act will request that its designated geographical service area be expanded to include the Velva Exchange for purpose of determining universal service obligations and support mechanisms under the Act. SRT's request for the expansion of their existing study area is made pursuant under 47 C.F.R. § 54.207 (c). See Exhibit A for map detailing requested expanded area.

Pursuant to the Agreement between SRT and NDTC, all subscribers served by NDTC in the Velva Exchange as of the Closing will be served by SRT.

With respect to the PC & N Certificate, the relevant issues are:

- (1) Need for the service;
- (2) Fitness and ability of SRT to provide service;
- (3) Adequacy of proposed service;
- (4) Technical and managerial ability of SRT to provide the service.

1. Need For the Service - There is a clear need for continuing quality telecommunications services in the Velva Exchange. The Velva Exchange is a rural community that relies heavily on dependable, landline telecommunications services.

2-4. SRT's ability to serve - SRT has the technical, financial and managerial fitness and ability to provide adequate essential and nonessential telecommunications services in the Velva Exchange. The Commission previously concluded in 1999 SRT has the requisite capacity to serve in case number PU-2147-99-421. Since then, SRT has enhanced its ability to serve rural landline customers.

The provision of adequate essential and nonessential telecommunications service in the Velva Exchange will be facilitated and supported by the full current technical and financial capabilities of SRT. Beginning on the Closing Date, SRT will offer all services that are supported by federal universal support mechanisms under § 254 (c) of the Act and 47 C.F.R. § 54.101 and 54.401, using a combination of its own facilities and resale of other carrier services, and will advertise the availability of such services. SRT will advertise the charges for such services using media of general distribution, throughout all of its exchanges including the Velva Exchange.

SRT has made application to the city of Velva for a franchise to serve customers in the Velva Exchange living within the city of Velva. SRT expects the city of Velva to grant SRT a franchise, authorizing SRT to serve Velva residents with essential and nonessential telecommunications services.

Respectfully submitted,



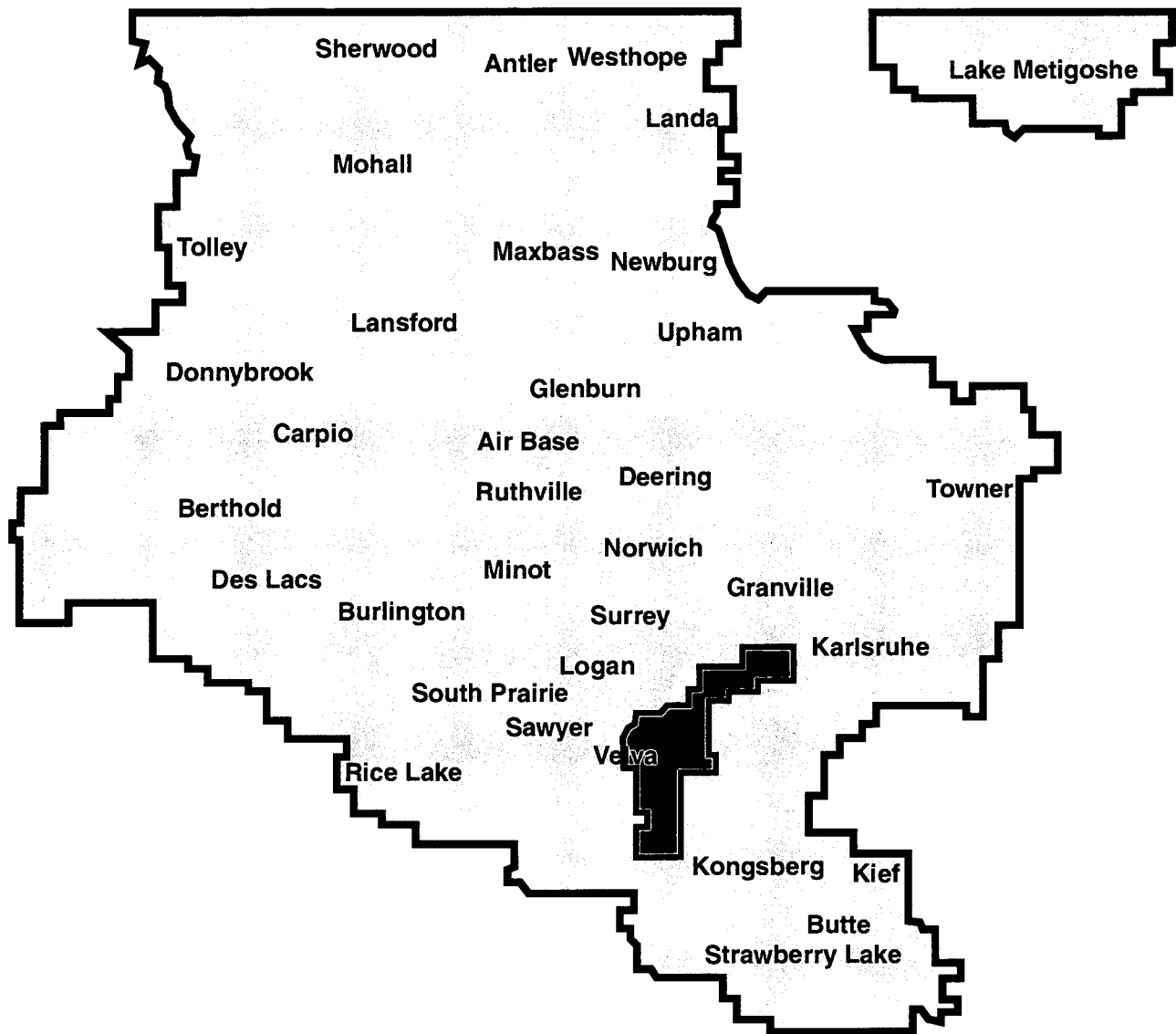
Steven D. Lysne

CEO, SRT Communications, Inc.

Dated: 9/15/06

Exhibit A

SRT Communications, Inc.
ETC Expanded serving area request
Acquisition of Velva Exchange



- SRT Current ETC Designation
- SRT Requested Expansion of ETC Designation (Velva)

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Case No. PU-_____

SRT Communications, Inc.
Application for Certificate of Public
Convenience and Necessity and
Expansion of Eligible Telecommunications
Carrier Designation

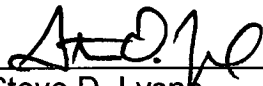
**AFFIDAVIT OF STEVE D. LYSNE IN SUPPORT OF
SRT COMMUNICATIONS, INC.'S APPLICATION FOR
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND
EXPANSION OF ELIGIBLE TELECOMMUNICATIONS
CARRIER DESIGNATION**

Steve D. Lysne states the following under oath:

1. I am the Chief Executive Officer for SRT Communications, Inc. ("SRT").
2. I have overall responsibility for the operations of SRT and I report to its Board of Directors.
3. I have been employed by SRT for the past 12 years. Attached to my Affidavit is the most recent audited financial statements of SRT.
4. SRT has the requisite technical and managerial ability to serve customers in the Velva Exchange. SRT is currently serving customers in twenty-five (25) exchanges.
5. The Velva Exchange contains approximately 720 landline customers. SRT is well-prepared to serve the landline customers of Velva and integrate them into SRT's operations.

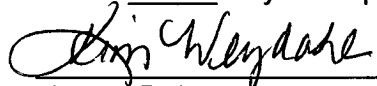
6. Through its wholly owned subsidiaries, SRT is currently providing the Velva community with cable television services and wireless telecommunication services.

7. The assertions contained within SRT's application were reviewed by me and are accurate statements of fact to the best of my knowledge.



Steve D. Lysne


Subscribed and sworn to before me this 15th day of September, 2006.



Notary Public
For the State of North Dakota
My commission expires: _____

KIM WEYDAHL
Notary Public, State of North Dakota
My Commission Expires Aug. 23, 2009

PN-06-419; PN-06-420

THIS SECTION		
<ul style="list-style-type: none">■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.■ Print your name and address on the reverse so that we can return the card to you.■ Attach this card to the back of the mailpiece, or on the front if space permits.	A. Signature  <input checked="" type="checkbox"/> Agent <input type="checkbox"/> Addressee	
	B. Received by (Printed Name) GERALD NELSON	C. Date of Delivery 10-17-06
	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No OCT 17 2006	
1. Article Addressed to: Steve Ryne ARS Communications, Inc PO Box 2027 Muskogee OK 58702-2027	3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
2. Article Number (Transfer from service label)	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	
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