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July 29, 2008

Gloria Geiger
Interim Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

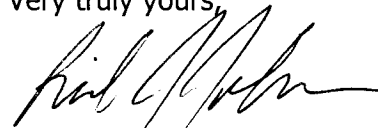
Re: In the Matter of the Annual Report to the North Dakota Public Service Commission for
Essential Telecommunications Carrier Certification
Case No. PU-08-

Dear Ms. Geiger:

Enclosed please find the original and seven copies of the Annual Report to the North Dakota
Public Service Commission for Essential Telecommunications Carrier Certification on behalf of
Loretel Systems, Inc. A copy has also been provided by email to ndpsc@nd.gov.

Please contact me if further information is required.

Very truly yours,



Richard J. Johnson
Attorney At Law
(612) 877-5275
JohnsonR@moss-barnett.com

RJJ/jjh
Enclosures
cc: Bob Weiss
1196575v1

1 **PU-08-628** Filed: 7/29/2008 Pages: 14
**2008 High-Cost Universal Service Support Annual
Report and Exhibit A**

Loretel Systems, Inc.

ANNUAL REPORT TO THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

ESSENTIAL TELECOMMUNICATIONS CARRIER CERTIFICATION

The undersigned, on behalf of the telecommunications company named below (the Company), does hereby state and certify, as follows:

1. The Company will provide service on a timely basis to requesting customers within the Company's designated service area where the Company's network already passes the potential customer's premises, and

2. The Company will provide service, within a reasonable period of time, if the potential customer is within the Company's designated service area but outside the Company's existing network coverage, if service can be provided at a reasonable cost by:

- a. Modifying or replacing the requesting customer's equipment;
- b. Deploying a roof-mounted antenna or other equipment;
- c. Adjusting the nearest cell tower;
- d. Adjusting network or customer facilities;
- e. Reselling services from another carrier's facilities to provide service;
or
- f. Employing, leasing, or constructing an additional cell site, cell extender, repeater, or other similar equipment.

3. The Company is able to remain functional in emergency situations and has a reasonable amount of back-up power to ensure functionality without an external power source, is able to reroute traffic around damaged facilities, and is capable of managing traffic spikes resulting from emergency situations.

4. The Company is satisfying and will satisfy applicable consumer protection and service quality standards. (If wireless service is involved, the Company has and will comply with the Cellular Telecommunications and Internet Association's Consumer Code for wireless service. If a wireless service complies with another standard, that is explained herein.)

5. If the Company is a non-incumbent local exchange carrier, it will offer a local usage plan comparable to the one offered by the incumbent local exchange carrier in the designated service area.

6. The Company acknowledges that the North Dakota Public Service Commission (the Commission) may require it to provide equal access to long distance carriers in the event that no other eligible telecommunications carrier is providing equal access within the proposed designated service area. (If wireless carriage is involved, the Company acknowledges that the Federal Communications Commission may require the Company to provide equal access to long distance carriers in the event no other eligible telecommunications carrier is providing equal access within the designated service area.)

7. The Company has met and will meet the requirements of eligible telecommunications carrier advertising. This includes:

- a. A full description of available services in the Company's official telephone directory, including the process to be used by customers to qualify for lifeline and link-up service.
- b. Advertising of the availability of universal service in media of general circulation in the Company's designated service area. Availability may be advertised in newspapers, company newsletters, company or civic internet sites, bill stuffers, direct mailings, or other means intended to convey availability throughout the designated service area.

Exhibit A Information

The following information is provided in Exhibit A attached hereto and incorporated herein by reference:

1. A description of the amount of high-cost universal service support received by the Company in the prior calendar year and a description of how that support was used for the provision, maintenance, or upgrading of the Company's facilities and services. (An explanation of any changes from reports previously provided to the Commission is also included.)

2. An estimate of the amount of federal high-cost universal service support the Company anticipates receiving in the following calendar year (the calendar year following this report) and a description of how that support is projected to be used for the provision, maintenance, or upgrading of the Company's facilities and services pursuant to Section 254 of the Telecommunications Act of 1996.

3. Exhibit A also contains, for the prior calendar year and the subsequent calendar year (the calendar year following this report), identification of specific construction or upgrade projects; a description of how service will be improved by each project; the start date and completion date for each improvement; the amount of investment for cash improvement; the specific geographic area where each improvement was made or will be made; and the estimated population that will be served by each improvement. (For an

incumbent local exchange carrier (ILEC), this information is submitted at the study area level. For another eligible carrier, this information is submitted at the study area level of the ILEC. If a study area level or designated service area includes geographic areas in more than one state, the information is also submitted at the North Dakota level.)

4. Detailed information of any outage, as that term is defined in 47 C.F.R. § 4.5, of at least thirty (30) minutes in duration for each designated service area for any facilities the Company owns, operates, leases, or otherwise utilizes that potentially affect:

- a. At least ten percent (10%) of the end users served in a designated service area, or
- b. A 911 special facility, as defined in 47 C.F.R. § 4.5(e).

This report includes:

- a. The date and time of the onset of the outage,
- b. A brief description of the outage and its resolution,
- c. The particular services affected,
- d. The geographic areas affected by the outage,
- e. Steps taken to prevent a similar outage in the future, and
- f. The number of customers affected.

(If applicable, a copy of the FCC outage report that includes this information may be attached.)

5. The number of requests for service from potential customers within the designated service area that were unfilled during the past year. A detail of how the Company attempted to provide service to those potential customers is also included.

6. The number of complaints per thousand handsets or lines.

I hereby certify that the above information is true and correct and is submitted on behalf of the Company named below. The information is submitted in the year 2008.

Loretel Systems, Inc.
Company

By: Bob Weiss
Its: Secretary

EXHIBIT A

1. The amount of high-cost universal support the Company received in the prior calendar year and estimate of the amount of high-cost universal support it anticipates receiving in the next calendar year (the calendar year following the date of this report) are listed below:

Year 2007 Federal Universal Service Receipts:

High Cost Loop Support	\$ 1,067
Local Switching Support	\$ 1,158
ICLS	\$ 2,485
Safety Net Additive Support	\$ 0
Safety Valve Loop Cost Adjustment	\$ <u>0</u>
TOTAL	\$ 4,710

Estimated Year 2009 Federal Universal Service Receipts:

High Cost Loop Support	\$ 1,000
Local Switching Support	\$ 1,100
ICLS	\$ 2,400
Safety Net Additive Support	\$ 0
Safety Valve Loop Cost Adjustment	\$ <u>0</u>
TOTAL	\$ 4,500

The changes, if any, from reports previously filed with the Commission are, as follows:
(For 2007, there are none. This is the first reporting year.)

- a. **Prior Year's Support.** The ways this support from the prior calendar year was used for the provision, maintenance, or upgrading of the Company's facilities and services are, as follows:

	Actual 2007
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$ 319
General support (Accts 6120-24)	\$ 442
Central office (Accts 6210-6232)	\$ 483
Cable and wire facilities (Accts 6410-41)	\$ 1,961
Network operations (Accts 6530-35)	\$ 1,214
Depreciation and amortization (Accts 6560-65)	\$ 5,046
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$ 1,234
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$ 102
General and administrative (Accts 6720-28)	\$ 2,030
Total Years Supported Expenses, Before Return on Investment	\$ 12,831
Additions	
Switching (Acct 2210)	\$ 153
Cable and wire (Acct 2410)	\$ 450
Total	\$ 603
Total Supported Expenditures, Before Return on Investment	\$ 13,434

Specific construction or upgrade projects are listed, as follows:

(All information is submitted at the study area level of the ILEC.)

(If a study area or designated service area includes geographic areas in more than one state, the information is provided at the North Dakota level.)

Construction or Upgrade Project Name	Start Date	Completion Date	Amount of Investment	Geographic Area of Improvement	Estimated Population Served by Improvement	Description of How Service Will Be Improved
Routine cable repairs and maintenance	2008		\$2,000			

- b. **Following Year's Support (the calendar year following the date of this report).** The ways the Company anticipates it will use the following calendar year's support for the provision, maintenance, or upgrading of the Company's facilities and services are, as follows:

	Estimated
	2009
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$ 300
General support (Accts 6120-24)	\$ 450
Central office (Accts 6210-6232)	\$ 475
Cable and wire facilities (Accts 6410-41)	\$ 2,000
Network operations (Accts 6530-35)	\$ 1,200
Depreciation and amortization (Accts 6560-65)	\$ 5,000
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$ 1,225
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$ 100
General and administrative (Accts 6720-28)	\$ 2,000
Total Years Supported Expenses, Before Return on Investment	\$ 12,750
Additions	
Switching (Acct 2210)	200
Cable and wire (Acct 2410)	400
Total	600
Total Supported Expenditures, Before Return on Investment	\$ 13,350

2. **Outages.** Detailed information of any outages, as that term is defined in 47 C.F.R. § 45, of at least thirty (30) minutes in duration of each designated service area for any facility which the Company owns, operates, leases, or otherwise utilizes that potentially affect:

- a. At least ten percent (10%) of the end users served in a designated service area, or
- b. A 911 special facility, as defined in 47 C.F.R. § 45(e).

There were no outages to report for our company.

Date and Time of Onset	Brief Description of Outage and Resolution of Outage	Particular Services Affected	Geographic Area Affected By Outage	Steps Taken to Prevent Similar Outages in the Future	Number of Customers Affected

(If any FCC outage reports were filed showing this information, they may be attached instead.)

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION IN CASE NO. PU-439-02-441
AND BEFORE THE FEDERAL COMMUNICATIONS COMMISSION IN DOCKET NO. 96-45

AFFIDAVIT OF Loretel Systems Inc. STUDY AREA 361443

REGARDING CERTIFICATION OF USE OF FEDERAL UNIVERSAL SERVICE SUPPORT

STATE OF MINNESOTA)
) ss.
COUNTY OF BROWN

Bob Weiss, being first duly sworn on oath, does hereby declare and state upon affiant's own personal knowledge as follows:

1. Affiant is employed by Loretel Systems Inc. (hereinafter, the "Company") in the position of Secretary.
2. The Company is an eligible telecommunications carrier within the meaning of Section 214(e) of the Federal Telecommunications Act of 1996 (hereinafter, the "Act") and the Company is eligible to receive federal high-cost universal service support (hereinafter, the "Support") pursuant to Section 254(e) of the Act. The North Dakota Public Service Commission (hereinafter, the "NDPSC") has designated the Company as an eligible telecommunications carrier.
3. Affiant is personally familiar with all the Support received by the Company and with how the Company uses all of the Support that it receives.
4. The Company is filing this affidavit in compliance with the order of the Federal Communications Commission (hereinafter, "FCC") dated May 23, 2001 in Docket Number 96-45 (FCC 01-157) (hereinafter, the "Order") as codified in 47 C.F.R and 54.314, which requires certification to the FCC that all federal Support will be used by carriers within each state only for the provision, maintenance and upgrading of facilities and services for which the Support is intended, as required by Section 254(e) of the Act and 47 C.F.R and 54.7. The Company is also filing this affidavit in compliance with the Orders of the NDPSC dated August 28, 2001, in Case No. PU-439-01-460 and dated August 28, 2002 in Case No. PU-439-02-441. This affidavit is filed to facilitate the Company's receipt of federal Support for all four quarters of 2008 and for all quarters thereafter.

5. The Company hereby certifies that it will only use the Support that the Company receives during the four quarters of 2008 (and all quarters thereafter) for the provision, maintenance and upgrading of facilities and services for which the Support is intended pursuant to and consistent with Section 254(e) of the Act and 47 C.F.R and 54.7. The Company will use the Support to support the following services, as designated in 47 C.F.R and 54.101, throughout the Company's study area: (a) voice grade access to the public switched network; (b) local usage; (c) dual-tone multi-frequency signaling or its functional equivalent; (d) single-party service or its functional equivalent; (e) access to emergency services; (f) access to operator services; (g) access to interexchange service; (h) access to directory assistance; and (i) toll limitation for qualifying low-income consumers.

Dated this May 29, 2008

by Bob Weiss
Its: Secretary

STATE OF MINNESOTA)
) ss.
COUNTY OF BROWN)

On this 29th day of May, before me, a Notary Public in and for said County and State, personally appeared Bob Weiss, known to me to be the Secretary of Coretel Systems, Inc the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed the same.

Patricia L. Matthews
Notary Public For the State of North Dakota Minnesota

My Commission Expires: 1-31-2010

