



RC FAMILY OF COMPANIES

205 MAIN ST • PO BOX 197 • NEW EFFINGTON, SD 57255-0197  
605-637-5211 • 800-256-6854 • FAX: 605-637-5302

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AUG 04 2008

PUBLIC SERVICE COMMISSION

July 30, 2008

VIA EMAIL ([NDPSC@ND.GOV](mailto:NDPSC@ND.GOV))  
AND REGULAR UNITED STATES MAIL

Executive Secretary  
Public Service Commission  
600 East Boulevard Avenue, Dept. 408  
Bismark, North Dakota 58505-0480

RE: Annual Report Required by N.D. Admin. Code §§69-09-05-12 and 69-09-05-12.1

Dear Sir or Madam:

Enclosed for filing is the 2008 High-Cost Universal Service Support Annual Report on behalf of Roberts County Telephone Cooperative Association and RC Communications, Inc. (together, the "Company"). The Company consists of one study area (SAC 391674). Also enclosed is the Company's Application for Confidential Treatment of the Annual Report. In making this filing, the Company is at this time neither contesting nor conceding the jurisdiction of the North Dakota Public Service Commission to act in this matter.

Sincerely,

A handwritten signature in cursive script that reads "Pamela Harrington".

Pamela Harrington  
CEO/General Manager

Enclosure

1 PU-08-780 Filed: 8/4/2008 Pages: 5  
2008 High - Cost Universal Service Support Annual Report

Roberts County Telephone Cooperative Association Of New Effington, South Dakota

**2008 HIGH-COST UNIVERSAL SERVICE SUPPORT ANNUAL REPORT**

Pursuant to N.D. Admin. Code §§69-09-05-12 and 69-09-05-12.1

Roberts County Telephone Cooperative Association ("RCTCA") and RC Communications, Inc. ("RCC"), (together, the "Company") comprise one study area. Federal universal service support amounts are calculated and paid at the study area level and the amounts shown below apply to the entire study area. The Company's capital additions and improvements, however, are provided at the wire center level. RCTCA serves customers in North Dakota from its New Effington, South Dakota, wire center and RCC serves customers in North Dakota from its Veblen, South Dakota, wire center. The Company's telephone plant extends into North Dakota for only a couple of miles. No new investment in North Dakota was needed in 2007 nor is any planned for 2008 or 2009. As a wireline incumbent local exchange carrier, the Company commits to providing service on a timely basis to all customers within its designated service area who make a reasonable request for service.

**Year 2007 Federal Universal Service Receipts:**

High Cost Loop Support	\$	429,591
Local Switching Support	\$	269,076
Safety Net Additive Support	\$	32,280
Safety Valve Loop Cost Adjustment	\$	<u>0</u>
<b>TOTAL</b>	\$	<b>730,947</b>

**Expenditures For Provision, Maintenance, and Upgrading Of Facilities and Services Supported By Federal Universal Service Funding:**

In 2007, receipt of federal universal service support enabled the Company to upgrade its telecommunications facilities and equipment as necessary to meet evolving service requirements and maintain high quality service. In 2007, the Company had anticipated the addition of a new switch in New Effington. However, due to unforeseen delays, that particular investment took place in early 2008. Instead, a software upgrade was added in New Effington during 2007 at a cost of \$5,200. The Company replaced cable as necessary in the Summit, Peever, Veblen, New Effington and Claire City exchanges and installed cable to fulfill new customer requests during 2007 in the amount of \$46,013.

	<u>Actual</u> 2007	<u>Estimated</u> 2009
<b>Plant Specific Operations Expenses</b>		
Network support	\$ 31,081	\$ 33,000
General support	\$ 61,843	\$ 62,000
Central office	\$ 240,515	\$ 255,000
Cable and wire facilities	\$ 327,042	\$ 347,000
Network operations	\$ 97,345	\$ 103,000
Depreciation and amortization	\$ 1,134,593	\$ 1,270,000
<b>Customer Operations Expenses</b>		
Customer services	\$ 227,541	\$ 241,000
<b>Corporate Operations Expenses</b>		
Executive and planning	\$ 150,906	\$ 160,000
General and administrative	\$ <u>556,288</u>	\$ <u>590,000</u>
	\$ 2,827,154	\$ 3,061,000

**Estimated Year 2009 Federal Universal Service Receipts: \*\***

High Cost Loop Support	\$ 700,000
Local Switching Support	\$ 270,000
Safety Net Additive Support	\$ 32,000
Safety Valve Loop Cost Adjustment	\$ <u>0</u>
<b>TOTAL</b>	<b>\$ 1,002,000</b>

\*\* The Company converted to cost-based settlement effective February 1, 2008.

As part of its ongoing plan to upgrade and enhance its network, the Company anticipates the following capital expenditures in 2009. Revisions to the Company's estimated expenditures for 2008 supplied in the last year's report are also provided below. The Company believes that its planned capital additions will improve the reliability of switched calls for its customers, increase the Company's network capacity to serve remote customers and provide customers with advanced telecommunications services. Any federal high-cost universal service support the Company receives will help defray the following estimated costs for plant improvements and upgrades.

Wire Center	Estimated Population Served	Start Date	End Date	Description of Capital Improvement	Capital Expenditures		
					Projected 2008	Revised 2008	Projected 2009
New Effington	375	Jan	Feb	New switch	\$ -	\$ 400,000	\$ -
Claire City	114	Feb	Nov	AFC cabinets+	\$ 60,000	\$ 40,000	\$ -
Summit	315	Jan	May	Switch upgrades	\$ -	\$ 60,000	\$ 500,000
Summit, Peever and Veblen	851	Jun	Nov	OSP additions	\$ 225,000	\$ 225,000	\$ -
Peever #	199	Jun	Nov	OSP additions	\$ 60,000	\$ 60,000	\$ -
New Effington and Claire City	489	Jun	Nov	OSP additions	\$ 170,000	\$ 400,000	\$ -
New Effington	375	Jun	Nov	OSP additions	\$ -	\$ -	\$ 100,000

+ Investment in last year's report was mistakenly described as switch upgrade.  
 # Investment project was changed from Wilmot to Peever based on customer need.

**Outage Report:**

None

**Unfulfilled Requests for Service:**

None

**Complaints:**

None

**Consumer Protection/Service Quality Standards:**

The Company certifies that it is complying with all applicable service quality standards and consumer protection rules.

**Emergency Situations:**

The Company certifies that it is able to function in emergency situations. Each of the Company's central offices is equipped with battery power reserve. Back-up power generators are also available for deployment in the event of an emergency situation. The Company utilizes self-healing rings to provide protective routing for its wire centers. The Company's switching equipment has overload protection consistent with industry standards and has been configured to manage traffic spikes resulting from emergency situations.

**Local Usage:**

The Company certifies that it provides flat-rated basic local exchange service free of per minute charges.

**Equal Access:**

The Company certifies that it is providing equal access to long distance carriers.

DATED this 31st day of July 2008.

ROBERTS COUNTY TELEPHONE COOPERATIVE  
ASSOCIATION and RC COMMUNICATIONS, INC.

By: *Pamela Harrington*  
CEO/General Manager

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