



Manfred R. Ohnstad 1914 - 1987

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December 19, 2008

**RECEIVED**

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**PUBLIC SERVICE COMMISSION**

North Dakota Public Service Commission  
Attn: Darrell Neitschke, Executive Director  
600 East Boulevard Avenue, Dept. 408  
Bismarck, North Dakota 58505-0480

**RE: APPLICATION OF HALSTAD TELEPHONE COMPANY FOR  
CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY  
CASE NO. PU-08-873**

Dear Mr. Neitschke:

Halstad Telephone Company has a Certificate of Public Convenience and Necessity for incumbent local exchange carrier (ILEC) activities in the West Halstad, West Nielsville, West Climax and West Shelly exchanges (North Dakota customers of its Minnesota exchanges). HTC Services, Inc. has a Certificate of Public Convenience and Necessity (PC & N No. 4339) for its competitive local exchange carrier (CLEC) activities in the Hillsboro, North Dakota, exchange. By application filed with the Public Service Commission on November 3, 2008, Halstad Telephone Company and HTC Services, Inc. sought to transfer the subsidiary's PC & N No. 4339 to Halstad (Case No. PU-08-873). The transfer request is made because HTC Services, Inc. will be transferring all of its assets to the parent cooperative on or before December 31, 2008, including the Hillsboro CLEC activities. The effect of the transfer will be to allow the customers of the Hillsboro CLEC to now become members of the cooperative.

Legal research and subsequent communication with the North Dakota PSC has led to the conclusion that the appropriate vehicle for registering a nonincumbent telecommunications company in the State of North Dakota (which is what Halstad Telephone Company would be with respect to its Hillsboro CLEC activities) is to register pursuant to NDCC 49-03.1-09 on-line. HTC Services, Inc. is currently registered as a nonincumbent local exchange carrier on-line and that application will be withdrawn and replaced by an application by Halstad Telephone Company to operate as a nonincumbent local exchange carrier in the Hillsboro exchange on December 31, 2008.

**3 PU-08-873** Filed: 12/22/2008 Pages: 20  
**Amended Application for ETC Designation**

**3 PU-08-872** Filed: 12/22/2008 Pages: 20  
**Amended Application for ETC Designation**

Halstad Telephone Company

Ohnstad Twichell Attys., William Brudrick

• Phone: 701.78

Halstad Telephone Company

Ohnstad Twichell Attys., William Brudrick

December 19, 2008


Page 2

The on-line registration will replace the need for a Certificate of Public Convenience and Necessity for the nonincumbent local exchange carrier activities.

Halstad Telephone Company and HTC Services, Inc., by and through their attorney, William J. Brudvik hereby withdraw the Application for Certificate of Public Convenience and Necessity filed November 3, 2008, as Case No. PU-08-873.

Sincerely yours,

OHNSTAD TWICHELL, P.C.



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William J. Brudvik

WJB:sgg

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**STATE OF NORTH DAKOTA**

**PUBLIC SERVICE COMMISSION**

**Amended Application of Halstad Telephone  
Company for Eligible Telecommunications  
Carrier Designated Geographical Service Area**

**Case No PU-08-872**

**APPLICATION**

I.

Halstad Telephone Company, (hereunder "Halstad"), a Minnesota telephone cooperative, under Certificates of Public Convenience and Necessity issued by the North Dakota Public Service Commission (hereinafter the "Commission"), is engaged in the business of providing incumbent local exchange telecommunications service (**IILEC**) activities to the North Dakota customers of its Halstad, Neilsville, Shelly and Climax exchanges, which shall hereinafter be collectively referred to as "West Halstad", "West Nielsville", "West Shelly" and "West Climax", all in North Dakota.

II.

HTC Services, Inc., a Minnesota corporation, is a wholly owned Subsidiary of Halstad Telephone Company, (hereinafter "Subsidiary"). Under a Certificate of Public Convenience and Necessity issued by the Commission (PC&N No. 4339), it is engaged in the business of providing local exchange telecommunications service, exchange access, and other telecommunications services as a competitive local exchange carrier (**CLEC**) in the following exchange: Hillsboro, ND. HTC Services, Inc. was granted eligible telecommunications carrier status (Case NO. PU-2213-99-669) and granted a Certificate of Public Convenience and Necessity (Case No. PU-2213-99-670) by order of the North Dakota Public Service Commission on February 23, 2000. The Subsidiary has approximately 736 access lines in the Hillsboro exchange.

III.

The Boards of Directors of Halstad Telephone Company and HTC, Services, Inc. have resolved to transfer the assets of HTC Services, Inc. into Halstad Telephone Company effective 11:59 P.M., December 31, 2008. (Closing Date). The Subsidiary assets include the current assets and facilities relating to the provision of competitive local exchange telecommunication service, exchange access, and other telecommunications services in the Hillsboro exchange. The effect of the transfer of assets will be to enable Halstad Telephone Company to make the customers of the Hillsboro exchange members of the cooperative. Upon transfer of these and all remaining assets, the Subsidiary will be dissolved.

#### IV.

On November 3, 2008, Halstad Telephone Company filed an Application for **Expansion** of Eligible Telecommunications Carrier Designated Geographic Service Area to combine its existing West Halstad, West Shelly, West Climax and West Neilsville exchanges where it operates as an **ILEC** and the Hillsboro exchange where it would operate as a **CLEC**. (Case No. PU-08-872)

#### V.

On November 3, 2008, Halstad and the Subsidiary also filed a joint Application with the Commission wherein the Subsidiary sought to relinquish its Certificate of Public Convenience and Necessity (PC & No. 4339) for the Hillsboro exchange and to have the Certificate issued to Halstad. (Case No. PU-08-873). North Dakota Century Code Section 49-03.1-09, Registration of Telecommunication companies that are not incumbent telecommunication companies, permits on-line registration for non-incumbent telecommunications companies. This is in lieu of the need for a Certificate of Public Convenience and Necessity where the only presence of the telecommunications company in North Dakota is as a non-incumbent or competitive local exchange carrier. Halstad Telephone Company and the Subsidiary have applied to withdraw their application for a Certificate of Public Convenience and Necessity for the Hillsboro exchange and the Subsidiary has registered on-line as a non-incumbent telecommunications company. Halstad will file a new registration on-line and remove the Subsidiary's on-line registration on the closing date.

#### VI.

Halstad has been designated by the Commission as an eligible telecommunications carrier to receive universal service support under §§ 214 and 254 of the Federal Communications Act of 1934, as amended by the Federal Telecommunications Act of 1996 (hereinafter the "1996 Act") (Case No. PU-422-97-550, December 17, 1997). Halstad's eligible telecommunications carrier (ETC) designated geographical service area for the purpose of determining universal service obligations and support mechanisms under the 1996 Act is currently the Halstad **ILEC** service area which includes West Halstad, West Nielsville, West Shelly and West Climax in North Dakota.

#### VII.

Halstad, by this amended application seeks Eligible Telecommunications Carrier (ETC) Designated Geographical Service Area for the purpose of determining universal service obligations and support mechanisms under the 1996 Act as a **CLEC** for the Hillsboro exchange.

#### VIII.

All subscribers served by the Subsidiary in the Hillsboro exchange prior to the closing date will be served by Halstad beginning on the closing date. Halstad intends to charge the same rates for basic local service in the Hillsboro exchange as Subsidiary is

currently charging its subscribers in said exchange. The tariffs which have been filed with the Public Service Commission by the Subsidiary will remain in effect by Halstad.

IX.

Halstad has previously, as part of its annual filings with this Commission, provided information required by Section 69-09-05-12 of the Commission's Rules and will do so in the future. For purposes of this Amended Application, Halstad's compliance with said Section 69-09-05-12 is as follows: ...

2.
  - a. **Proposed designated service area:** Hillsboro
  - b. **How the applicant meets the requirements for designation as an eligible telecommunications carrier:** The company is a facilities-based provider of the "triple play" of service, telephone (local access as well as its own long distance in addition to long distance of other inter-exchange providers), broadband internet and video/cable tv to the Town of Hillsboro, population approximately 1,400 as well as to numerous rural areas within the Hillsboro exchange. To the entire remainder of the exchange service area the applicant provides access to wireless broadband internet. See also Paragraph V, supra.
  - c. **Whether the applicant requires a waiver of any eligible telecommunications carrier requirement:** N/A
  - d. **If a waiver is required, the specific reasons for the waiver and the length of time for which the waiver is required:** N/A
3. **An applicant for designation as an eligible telecommunications carrier shall:**
  - a. **Designated service area:** While the entire Town of Hillsboro and certain rural areas are provided with the physical plant to be served with telephone, broadband and video by Halstad, study is underway for deployment of fiber optics to provide all services to the remaining rural areas. Although current FCC contemplation of access charges and other support systems makes final decision tentative, it is the hope of Halstad that such deployment will indeed occur within the next five years adding an estimated 500 new customers.
  - b. **Report:** A copy of the Subsidiary's annual report filed August 11, 2008, is attached. Since HTC Services, Inc. is a wholly owned subsidiary of Halstad Telephone Company subject to a consolidated audit by its auditors, Olson Theilen, the information contained in said report may be deemed to be the report of Halstad. See attached.

- c. **Emergency:** Halstad has a 75 kw generator and backup battery plant in its central office sufficient to maintain uninterrupted telephone services. Toll and other connected cable routes are backed up by physical diverse redundant routes.
  - d. **Consumer protection and service quality standards:** See Paragraph IX, infra.
  - e. **Local usage plan:** Halstad provides local service with toll-free Extended Area Service (EAS) to two adjacent Minnesota exchanges and to one adjacent North Dakota exchange, exceeding the incumbent LEC's calling area which has no toll free calling outside the Hillsboro exchange.
  - f. **Equal access to long distance carriers:** Halstad provides equal access to its own long distance choice as well as the choice of numerous other interexchange carriers for both intrastate and interstate long distance.
4. N/A
5. N/A
6. **ETC Advertising:**
- a. Halstad has its own "Red River Regional" telephone directory which includes the available services and the process to be used by customers to qualify for life-line and link-up service.
  - b. The company advertises on a regular basis for the availability of universal service in the local newspaper "Hillsboro Banner", in its member newsletter "Phonotes" its own website ([www.halstadtel.com](http://www.halstadtel.com)) and from time to time in bill stuffers.

X.

There is a clear need for continuing quality telecommunications services in the Hillsboro exchange. Halstad, having served the North Dakota customers of its West Halstad, West Nielsville, West Climax and West Shelly exchanges, as an incumbent local exchange carrier, and having served the Hillsboro CLEC through its wholly owned subsidiary for eight years, has demonstrated that it has the technical, financial, and managerial fitness and ability to provide adequate essential and nonessential competitive local exchange carrier telecommunications service in the Hillsboro exchange. The technical fitness and ability of Halstad to provide services in this exchange will be enhanced by the transfer of the assets to Halstad that the Subsidiary is currently using to provide such competitive local exchange carrier services in the Hillsboro exchange. The provision of adequate essential and nonessential telecommunications service in the Hillsboro exchange will be facilitated and supported by the full current technical and financial capabilities of Halstad. While Halstad

currently has ETC status issued by the Commission as an incumbent local exchange carrier for its West Halstad, West Neilsville, West Shelly and West Climax exchanges, it wishes to further this by receiving an affirmative designation from the Commission in this petition as an eligible telecommunications carrier in the Hillsboro exchange.

XI.

Beginning on the Closing Date, Halstad will offer all services that are supported by federal universal service support mechanisms under § 254 (c) of the 1996 Act and 47 C.F.R. §§ 54.101 and 54.401, using its own facilities and will advertise the availability of such services and the charges therefore using media of general distribution, throughout the Hillsboro exchange. Halstad will and has met all the criteria necessitated by Section 69-09-05-12.

XII.

The Commission has authority under N.D.C.C. § 49-21-01.7(7) and § 49-21-01.7(13) to designate geographic service areas for designated eligible telecommunications carriers for the purpose of determining universal service obligations and support mechanisms under the 1996 Act.

XIII.

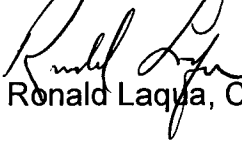
WHEREFORE, Subsidiary hereby applies for relinquishment of its eligible telecommunications carrier designation for the Hillsboro, North Dakota, exchange; and, to ensure the customers of Hillsboro will continue to receive universal support, Halstad hereby requests ETC designation to provide CLEC telecommunications service effective upon the Closing Date as set forth herein. The application of Halstad Telephone Company for Expansion of Eligible Telecommunications Carrier Designated Geographic Service Area filed November 3, 2008, (Case No. PU-08-872) shall, to the extent set forth herein, be amended.

XIV.

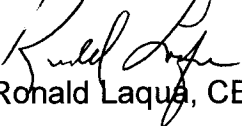
WHEREFORE, pursuant to N.D.C.C. § 49-03.1-05, Applicant requests that the Commission grant the above-requested relief without a hearing, if no interested party has requested a hearing on this application after receiving at least twenty (20) days notice of opportunity to request such a hearing and to grant ETC status to Halstad as a competitive local exchange carrier for the service area of the Subsidiary being transferred into Halstad; namely Hillsboro exchange, listed in paragraph II above.

Dated this 19 day of DEC, 2008.

**HALSTAD TELEPHONE COMPANY**

  
By: Ronald Laqua, CEO

**HTC SERVICES, INC.**

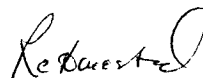
  
By Ronald Laqua, CEO

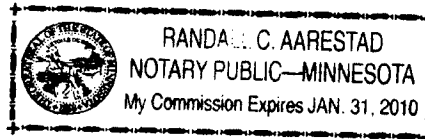
STATE OF MINNESOTA )

COUNTY OF Neenah )

On this 19<sup>th</sup> day of December, 2008, before me, a Notary Public in and for said County and State, personally appeared **Ronald Laqua**, known to me to be the CEO of **Halstad Telephone Company** and **HTC Services, Inc.**, the corporations that are described in and that executed the within instrument, and acknowledged to me that such corporations executed the same.

Notary Public









August 11, 2008

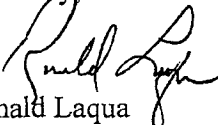
North Dakota Public Service Commission  
600 East Boulevard, Dept. 408  
Bismarck, ND 58505-0480

RE: USF Certification-Case Nos. PU-439-01-460 & PU-439-02-441

To: Whom it may concern:

Enclosed for filing in accordance with the Commission's Order of August 28, 2002, in the above-referenced proceeding, is an Affidavit certifying that all universal service support will only be used for the provision, maintenance, and upgrading of facilities and services for which the support is intended. In making this filing, the undersigned company is at this time neither contesting nor conceding the jurisdiction of the North Dakota Public Service Commission to act in this proceeding.

Sincerely,

  
Ronald Laqua  
CEO

**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**

(Reference to Exhibit A in this document is not intended to waive any rights this company has to claim that Exhibit A contains confidential and proprietary 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.

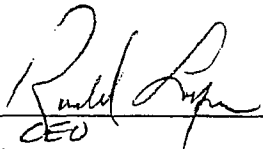
(If applicable, a copy of the FCC outage report that includes this information may be attached.)

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.

HTC Services, Inc.  
Company

By:   
Its: CEO

**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	\$0
Local Switching Support	\$0
Interstate Common Line Support	\$0
Safety Net Additive Support	\$0
Safety Valve Loop Cost Adjustment	\$0
Interstate Access Support	<u>\$38,577</u>
<b>TOTAL</b>	<b>\$38,577</b>

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

High Cost Loop Support	\$0
Local Switching Support	\$0
Interstate Common Line Support	\$0
Safety Net Additive Support	\$0
Safety Valve Loop Cost Adjustment	\$0
Interstate Access Support	<u>\$43,900</u>
<b>TOTAL</b>	<b>\$43,900</b>

The changes, if any, from reports previously filed with the Commission are, as follows:

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- 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
<b>Plant Specific Operations Expenses</b>	
Network support (Accts 6110-16)	\$0
General support (Accts 6120-24)	\$ 14,141
Central office (Accts 6210-6232)	\$ 240,980
Cable and wire facilities (Accts 6410-41)	\$ 54,711
Network operations (Accts 6530-35)	\$ 37,900
Depreciation and amortization (Accts 6560-65)	\$305,437
<b>Customer Operations Expenses</b>	
Customer services (Accts 6620-23)	\$ 89,874
<b>Corporate Operations Expenses</b>	
Executive and planning (Accts 6710-12)	\$ 32,037
General and administrative (Accts 6720-28)	\$ 91,811
<b>Total Years Supported Expenses, Before Return on Investment</b>	<b>\$866,891</b>
<b>Additions</b>	
Switching (Acct 2210)	\$ 5,643
Cable and wire (Acct 2410)	\$ 15,085
<b>Total</b>	<b>\$ 20,728</b>
<b>Total Supported Expenditures, Before Return on Investment</b>	<b>\$ 887,619</b>



- 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
<b>Plant Specific Operations Expenses</b>	
Network support (Accts 6110-16)	\$0
General support (Accts 6120-24)	\$ 14,848
Central office (Accts 6210-6232)	\$ 230,029
Cable and wire facilities (Accts 6410-41)	\$ 57,446
Network operations (Accts 6530-35)	\$ 39,795
Depreciation and amortization (Accts 6560-65)	\$320,708
<b>Customer Operations Expenses</b>	
Customer services (Accts 6620-23)	\$ 94,367
<b>Corporate Operations Expenses</b>	
Executive and planning (Accts 6710-12)	\$ 33,639
General and administrative (Accts 6720-28)	\$ 96,401
<b>Total Years Supported Expenses, Before Return on Investment</b>	<b>\$887,233</b>
<b>Additions</b>	
Switching (Acct 2210)	\$ 6,000
Cable and wire (Acct 2410)	\$ 15,839
<b>Total</b>	<b>\$21,839</b>
<b>Total Supported Expenditures, Before Return on Investment</b>	<b>\$ 909,072</b>



