

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Halstad Telephone Company
Designated Eligible Carrier
Application

Case No. PU-08-872

AFFIDAVIT OF SERVICE BY CERTIFIED MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Janet Marquart deposes and says that:

she is over the age of 18 years and not a party to this action and, on the 31st day of **March, 2009**, she deposited in the United States Mail, at Bismarck, North Dakota, **two** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order Designating Eligible Carrier

The envelopes were addressed as follows:

William J. Brudvick
Ohnstad Twichell
Attorney for Halstad Telephone
PO Box 547
Mayville ND 58257-0547

Cert. No. 7008 1830 0004 1758 5559

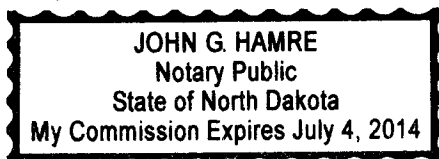
Ronald LaQua, CEO
Halstad Telephone Company
PO Box 55
Halstad MN 56548-0055

Cert. No. 7008 1830 0004 1758 5566

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

Subscribed and sworn to before me
this 31st day of **March, 2009**.

SEAL



Janet Marquart

John G. Hamre

Notary Public

**STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION**

**Halstad Telephone Company
Designated Eligible Carrier
Application**

Case No. PU-08-872

ORDER DESIGNATING ELIGIBLE CARRIER

March 11, 2009

Halstad Telephone Company (Halstad), under Certificates of Public Convenience and Necessity issued by the North Dakota Public Service Commission (Commission), is the incumbent local exchange carrier (ILEC) providing telecommunications services in the West Halstad, West Nielsville, West Shelly and West Climax exchanges. The Commission designated Halstad as an eligible telecommunications carrier (ETC), under Sections 214 and 254 of the Federal Communications Act of 1934 as amended by the Federal Telecommunications Act of 1996, for receiving federal universal service support in its ETC service area, Case No. PU-422-97-550. Halstad's ETC designated geographical service area currently includes the North Dakota access lines served by the Halstad, Nielsville, Shelly and Climax exchanges in Minnesota.

HTC Services, Inc. (HTC) was a subsidiary of Halstad Telephone Company that, under a Certificate of Public Convenience and Necessity issued by the Commission, Case No. PU-2213-99-670, was a competitive local exchange carrier (CLEC) providing telecommunications services in the Hillsboro exchange. HTC was also designated as an ETC for receiving federal universal service support in the Hillsboro exchange, Case No. PU-2213-99-669.

Effective December 31, 2008, the assets of HTC were transferred into Halstad, and HTC was dissolved. Effective January 1, 2009, Halstad began providing telecommunications service as a CLEC in the Hillsboro exchange.

On November 3, 2008, Halstad filed an Application for Expansion of its designated ETC service area to include the Hillsboro exchange.

On December 19, 2008, Halstad filed an amended application requesting that the Commission grant a separate ETC designation to Halstad for its activities as a competitive local exchange in the Hillsboro exchange.

On January, 14, 2009, the Public Service Commission issued a Notice of Opportunity for Hearing that provided until February 27, 2009 for receiving written comments and requests for hearing. No comments or requests for hearing have been received. The Notice identified the following issues to be considered:

1. 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.
2. What ETC universal service support area should be designated.
3. Whether upon designation of Halstad as an ETC for the Hillsboro exchange, the designation of HTC as an ETC for the Hillsboro exchange should be relinquished.
4. The public interest.

Federal Requirements

The federal Telecommunications Act of 1996 (Act) provides for financial support to a common carrier that (1) offers the services established by the FCC to be supported by Federal universal service support mechanisms either using its own facilities or a combination of its own facilities and resale of another carrier's services; (2) advertises the universal services, advertises the availability of such services, and advertises the charges for such services, using media of general distribution; and (3) is designated as an ETC. An ETC must use that financial support only for the provision, maintenance, and upgrading of facilities and services for which the support is intended.

To be designated as an ETC, the carrier must (1) under Code of Federal Regulations (CFR) Part 47 Subpart B, offer to telecommunications customers each of the services and functionalities designated for Universal service support; (2) under CFR Part 47 Section 54 .405, make available Lifeline service to qualifying low-income consumers; (3) under CFR Part 47 Section 54 .411, make available Link Up service to qualifying low-income consumers; 4) under CFR Part 47 Subpart F, provide services supported by universal service support mechanisms to eligible schools and libraries; and (5) under CFR Part 47 Subpart G, provide services supported by universal service support mechanisms to eligible health care providers.

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 blocking or toll limitation for qualifying low-income consumers.

The February 12, 2009 affidavit of Ronald Laqua, CEO-Halstad Telephone Company, states that, since January 1, 2009, Halstad is offering all services that are supported by federal universal service support mechanisms under Section 254 (c) of the 1996 Act and 47 CFR Sections 54.101 and 54.401, using its own facilities and is advertising the availability of such services, and the charges therefore using media of general distribution throughout the Hillsboro exchange. Halstad has its own "Red River

Regional" telephone directory that includes the available services and the process to be used by customers to qualify for Lifeline and Link Up services. Halstad advertises on a regular basis for the availability of universal service in the local newspaper, in its member newsletter, in its own website, and from time to time in bill stuffers.

Based on the evidence in this proceeding, Halstad is qualified under Section 214(e) of the federal Communications Act of 1934, as amended by the Telecommunications Act of 1996, for designation as an ETC for receiving federal universal service funding in the Hillsboro exchange area.

State Requirements

Under North Dakota Administrative Code Section 69-09-05-12, a CLEC that desires designation as an ETC shall:

1. Identify the ILEC study areas that are located, in whole or in part, in the proposed designated service area;
2. Provide service on a timely basis to requesting customers within the proposed designated service area where the applicant's network already passes the potential customer's premises;
3. Provide service within a reasonable period of time, if the potential customer is within the applicant's proposed designated service area but outside its existing network coverage, if service can be provided at reasonable cost;
4. Submit a report concerning the federal high-cost universal service support the applicant expects to receive in the first year following designation;
5. Certify that it is able to remain functional in emergency situations, including a certification that it has a reasonable amount of backup 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;
6. Certify that it will satisfy applicable consumer protection and service quality standards;
7. Demonstrate that it offers a local usage plan comparable to the one offered by the incumbent LEC in the proposed designated service area;
8. Certify that the carrier acknowledges that 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;

Qwest Corporation is the ILEC serving the Hillsboro exchange.

In the February 12, 2009 affidavit, Laqua states that:

1. 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. A copy of the annual report filed by HTC for 2008 was provided.
2. Halstad certifies that it will be able to function in emergency situations and that it has a 75 kilowatt generator and backup battery plant in its central office which will be sufficient to ensure functionality without an external power source. Halstad certifies that it has toll and other connected cable routes backed up by physically diverse redundant routes sufficient to enable it to re-route traffic around damaged facilities.
3. Halstad certifies that it will satisfy all applicable consumer protection and service quality standards.
4. Halstad is offering a local usage plan comparable to the one offered by the ILEC in the Hillsboro exchange service area.
5. Halstad provides equal access to all interexchange carriers for both intrastate and interstate long distance service.

The March 20, 2009 Supplemental Affidavit of Ron Laqua states that:

1. Halstad certifies that it will provide service on a timely basis to requesting customer within its proposed designated service area where Halstad's network already passes the potential customers premises.
2. Halstad certifies that it will provide service within a reasonable period of time, if the potential customer is within Halstad's proposed designated service area but outside its existing network coverage, if service can be provided at reasonable cost.

Based on the evidence in this proceeding, Halstad will and has met all the criteria necessitated by North Dakota Administrative Code Section 69-09-05-12.

Public Interest

Under North Dakota Administrative Code Section 69-09-05-12, the Commission shall determine that the designation of Halstad as an ETC is in the public interest. In doing so, the commission shall consider the benefit of increased consumer choice and the unique advantages and disadvantages of the applicant's service offering. When an eligible telecommunications carrier applicant seeks designation below the study area level of a rural telephone company, the commission shall also conduct an analysis that compares the population density of each wire center in which the eligible telecommunications carrier applicant seeks designation against that of the wire centers in the study area in which the eligible telecommunications carrier applicant does not seek designation. In its analysis, the commission shall consider other factors, such as disaggregation of support by the incumbent local exchange carrier.

In the February 12, 2009 affidavit, Laqua states that:

There is a clear need for continuing quality telecommunications services in the Hillsboro exchange. The pending application for relinquishment of HTC's Certificate of Public Convenience and Necessity has no effect on other public utilities providing similar services in the Hillsboro exchange. Halstad having served the North Dakota customers of its Halstad, Nielsville, Climax and Shelly exchanges, has demonstrated that it has the technical, financial, and managerial fitness, and ability to provide adequate essential and nonessential 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 that HTC is currently using to provide such services in the Hillsboro exchange to Halstad. 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.

In addition, the Commission had previously designated a Halstad subsidiary HTC as an ETC in the Hillsboro exchange.

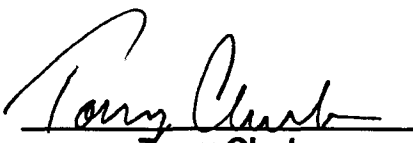
Based on the evidence in this proceeding, the designation of Halstad as an ETC is in the public interest.

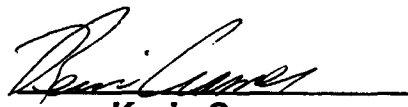
Order


The Commission Orders:

1. Halstad Telephone Company's request for designation as an Eligible Telecommunications Carrier in the Hillsboro exchange area is GRANTED.
2. HTC Services, Inc. is no longer designated as an Eligible Telecommunications Carrier in the Hillsboro exchange area.

PUBLIC SERVICE COMMISSION


Tony Clark
Commissioner


Kevin Cramer
President


Brian P. Kalk
Commissioner