



October 28, 2008

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North Dakota Public Service Commission
Attn: Darrell Neitschke, Executive Director
600 East Boulevard Avenue
Bismarck, North Dakota 58505

**RE: HALSTAD TELEPHONE COMPANY/HTC SERVICE, INC.
APPLICATION FOR EXPANSION OF ELIGIBLE
TELECOMMUNICATIONS CARRIER DESIGNATED GEOGRAPHIC
SERVICE AREA**

**HALSTAD TELEPHONE COMPANY/HTC SERVICES, INC.
APPLICATION FOR CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY**

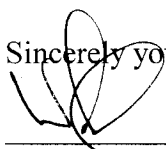
Dear Mr. Neitschke:

Enclosed herewith please find one original and seven copies, each, of the above filings for Halstad Telephone Company. Halstad Telephone Company is the parent of HTC Services, Inc. Effective December 31, 2008, HTC Services, Inc. will be transferring its assets including the Hillsboro exchange which is a competitive local exchange carrier, to the parent company. The purpose for the transfer is to enable the customers of Halstad Telephone Company in the Hillsboro exchange to become members of the cooperative.

Also enclosed herewith in connection with the Application for Certificate of Public Convenience and Necessity please find the following:

1. Certificate of Good Standing
2. Consolidated Balance Sheet - December 31, 2007 & 2006
3. Consolidated Statement of Operations - December 31, 2007 & 2006

Please review the filings and notify me if there is anything additional that you should require or any corrections or amendments that would be necessary. Otherwise please process this in the normal course and advise me of any hearing dates. Thank you.

Sincerely yours,


William J. Brudvik

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Enc.
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1 **PU-08-873** Filed: 11/3/2008 Pages: 8
Application for Certificate of Public Convenience & Necessity

Halstad Telephone Company
Ohnstad Twichell Attyns/William Brudvik

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING OF

HALSTAD TELEPHONE COMPANY

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that HALSTAD TELEPHONE COMPANY, a Minnesota corporation, authorized to transact business in the State of North Dakota on April 20, 1956, and according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing foreign corporations.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

HALSTAD TELEPHONE COMPANY

Issued: October 30, 2008

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Application of Halstad Telephone Company
for Certificates of Public Convenience and
Necessity**

Case No. _____

APPLICATION

I.

Halstad Telephone Company, (hereinafter "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 local exchange telecommunications service, exchange access, and other telecommunications activities in the following North Dakota exchanges, which shall hereinafter be collectively referred to as "West Halstad", "West Nielsville", "West Shelly", and "West Climax" (North Dakota access lines of Halstad Telephone Company, Halstad, Minnesota).

II.

HTC Services, Inc., a subsidiary of Halstad Telephone Company, (hereinafter "Subsidiary"), a Minnesota corporation, under a Certificate of Public Convenience and Necessity issued by the Commission, is engaged in the business of providing local exchange telecommunications services, exchange access, and other telecommunications services in the following exchange: Hillsboro (PC&N No. 4339). The Subsidiary has approximately 763 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 January 1, 2009. The Subsidiary assets include the current assets and facilities relating to the provision of 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.

The Subsidiary wishes to relinquish its Certificate of Public Convenience and Necessity No. 4339 for the Hillsboro exchange effective as of the Closing Date and to have a Certificate of Public Convenience and Necessity issued to Halstad.

V.

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 Telephone Company intends to make the customers of the Hillsboro exchange members of the cooperative and to charge the same rates for basic local service as the Subsidiary is currently charging its subscribers in said exchange.

VI.

There is a clear need for continuing quality telecommunications services in the Hillsboro exchange. The relinquishment of the Subsidiary's Certificate of Public Convenience and Necessity will have no effect on other public utilities providing similar services in the Hillsboro exchange. Halstad having served the North Dakota customers of its Halstad, Neilsville, Shelly and Climax exchanges and through the Subsidiary, the Hillsboro exchange, has demonstrated that it has the technical, financial, and managerial fitness and ability to provide adequate essential and nonessential telecommunications services. The technical fitness and ability of Halstad to provide services will be enhanced and facilitated by the Halstad's acquisition of the assets that the Subsidiary is currently using to provide such service in the Hillsboro exchange. The provision of adequate essential and nonessential telecommunications services in the Hillsboro exchange will be facilitated and supported by the full current technical and financial capabilities of Halstad Telephone Company, and by the full current technical and financial capabilities of Halstad Telephone Company.

VII.

The commission has (1) authority under NDCC Section 49-21-01.7(7) to act upon applications dealing with Certificates of Public Convenience and Necessity and (2) authority under NDCC Section 49-21-01.7(13) to designate a geographic service area for designated eligible telecommunications carriers for the purpose of determining the universal service obligations and support mechanisms under the 1996 Act.

VIII.

WHEREFORE, the Subsidiary hereby applies to (1) transfer its designated geographical service area to-wit: the Hillsboro exchange, pursuant to NDCC Chapter 49-21-01.7(13) effective as of the closing date, by separate application, and (2) relinquish its Certificate of Public Convenience and Necessity No. 4339 effective as of the Closing Date pursuant to NDAC 69-05-11(6) by this application.

IX.

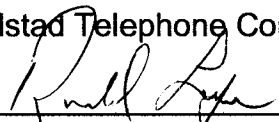
WHEREFORE, Halstad hereby applies to the Commission, pursuant to NDCC Chapter 49-03.1 and NDAC Chapter 69-09-05-11, for a Certificate of Public Convenience and Necessity for the Hillsboro exchange effective as of the Closing Date.

X.

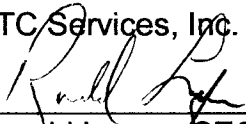
WHEREFORE, pursuant to NDCC Chapter 49-03.1-05, Applicants request that the Commission grant the above-requested relief without a hearing, if no interested party has requested a hearing on this application after receiving at least twenty (20) days notice of opportunity to request such a hearing.

Dated this 24 day of OCTOBER, 2008.

Halstad Telephone Company


By: Ronald Laqua, CEO

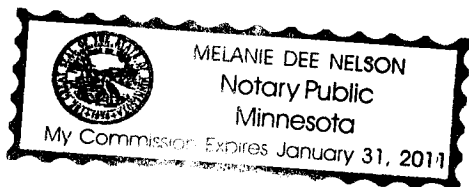
HTC Services, Inc.


Ronald Laqua, CEO

STATE OF MINNESOTA)

COUNTY OF Norman

On this 24 day of October, 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
My Commission Expires:

OHNSTAD TWICHELL, P.C.


By: William J. Brudvik, ND Bar ID #03290
Attorneys for Applicant
Halstad Telephone Company
P. O. Box 547
Mayville, North Dakota 58257-0547
Telephone: (701) 788-3251
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**MINNESOTA 555
HALSTAD TELEPHONE COMPANY AND SUBSIDIARY**

**CONSOLIDATED BALANCE SHEET
DECEMBER 31, 2007 AND 2006**

ASSETS		
	2007	2006
CURRENT ASSETS:		
Cash and Cash Equivalents	\$ 472,259	\$ 388,290
Temporary Cash Investments	2,909,100	2,350,000
Cash - RDUP Construction Fund	1,574	1,549
Trade Receivables, Less Allowance for Doubtful Accounts of \$14,196 and \$26,816	446,837	530,088
Income Taxes Receivable	10,234	-
Materials and Supplies	94,487	73,923
Total Current Assets	3,934,491	3,343,850
INVESTMENTS AND OTHER ASSETS:		
Investments	2,813,895	1,352,137
Other Assets	160,440	164,000
Total Investments and Other Assets	2,974,335	1,516,137
PROPERTY, PLANT AND EQUIPMENT, NET	9,379,478	9,470,415
TOTAL ASSETS	\$ 16,288,304	\$ 14,330,402
LIABILITIES AND MEMBERS' EQUITY		
CURRENT LIABILITIES:		
Current Portion of Long-Term Debt	\$ 905,100	\$ 894,000
Accounts Payable	98,225	83,947
Accrued Income Taxes	-	24,803
Other Current Liabilities	89,183	82,188
Total Current Liabilities	1,092,508	1,084,938
LONG-TERM DEBT	6,655,835	7,127,333
DEFERRED CREDITS AND LIABILITIES:		
Income Taxes	344,548	395,854
Post Retirement Benefits Other Than Pension	60,562	55,021
Other Deferred Credits	19,380	20,117
Total Deferred Credits and Liabilities	424,490	470,992
MEMBERS' EQUITY:		
Patronage Capital	3,666,223	2,855,267
Accumulated Unallocated Margins	2,177,603	2,031,992
Accumulated Deficit of Subsidiary	(186,122)	(168,791)
Accumulated Other Comprehensive Income	2,457,767	928,671
Total Members' Equity	8,115,471	5,647,139
TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ 16,288,304	\$ 14,330,402

The accompanying notes are an integral part of the consolidated financial statements.

**MINNESOTA 555
HALSTAD TELEPHONE COMPANY AND SUBSIDIARY**

**CONSOLIDATED STATEMENT OF OPERATIONS
YEARS ENDED DECEMBER 31, 2007 AND 2006**

	2007	2006
OPERATING REVENUES:		
Local Network	\$ 729,071	\$ 803,061
Network Access	2,913,180	2,496,874
CATV	512,013	589,421
Internet	797,642	796,230
Other Services	134,744	123,279
Miscellaneous	568,908	568,985
Uncollectibles, Net	<u>(21,768)</u>	<u>(44,415)</u>
Total Operating Revenues	<u>5,633,790</u>	<u>5,333,435</u>
OPERATING EXPENSES:		
Plant Operations	701,671	690,889
Depreciation	1,363,514	1,499,120
Customer	437,859	436,043
Corporate	758,208	692,979
CATV	560,487	473,172
Internet	460,959	359,221
Other Services	118,388	107,759
Taxes Other Than Income	17,471	19,866
Total Operating Expenses	<u>4,418,557</u>	<u>4,279,049</u>
OPERATING MARGIN	<u>1,215,233</u>	<u>1,054,386</u>
OTHER INCOME AND (EXPENSES):		
Interest and Dividend Income	193,306	125,260
Gain from Redemption of Rural Telephone Bank Stock	13,917	297,298
Gain on Sale of Other Investments	321,392	-
LLC Losses	(14,292)	(9,198)
Interest Expense	<u>(352,642)</u>	<u>(390,403)</u>
Net Other Income and (Expenses)	<u>161,681</u>	<u>22,957</u>
NET MARGINS BEFORE INCOME TAXES	<u>1,376,914</u>	<u>1,077,343</u>
INCOME TAX EXPENSE	<u>(63,557)</u>	<u>(87,885)</u>
NET MARGIN	<u>\$ 1,313,357</u>	<u>\$ 989,458</u>

The accompanying notes are an integral part of the consolidated financial statements.