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July 31, 2009

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Darrell Nitschke
Director of Administration/Executive Secretary
North Dakota Public Service Commission
State Capitol
600 East Boulevard
Bismarck, ND 58505-0480

PUBLIC SERVICE COMMISSION

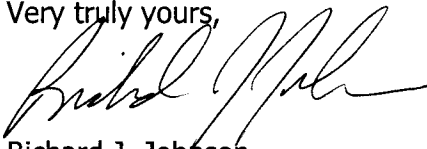
Re: In the Matter of the Annual Report to the North Dakota Public Service Commission for
Essential Telecommunications Carrier Certification
Case No. PU-08-

Dear Mr. Nitschke:

Enclosed please find eight copies of the Annual Report to the North Dakota Public Service Commission for Essential Telecommunications Carrier Certification, Public Exhibits, Affidavit Regarding Certification of Use of Federal Universal Service Support, and Request to Protect Trade Secret Information on behalf of Loretel Systems, Inc. A copy of each of these documents has also been provided by email to ndpsc@nd.gov. In a separate sealed envelope, marked "Trade Secret," are eight copies of Loretel Systems Inc.'s Trade Secret Exhibit A.

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
1440151v1

1 **PU-09-591** Filed: 7/31/2009 Pages: 14
Annual Report

Loretel Systems, Inc.

Richard J. Johnson, Atty Moss&Barnett

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 2009.

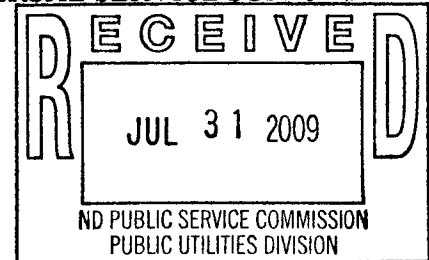
Loretel Systems, Inc.
Company

By: *Bob Weiss*
Its: Secretary

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 2009 and for all quarters thereafter.

PUBLIC DOCUMENT - TRADE SECRET INFORMATION HAS BEEN EXCISED

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 2008 Federal Universal Service Receipts:

High Cost Loop Support	\$
Local Switching Support	\$
ICLS	\$
Safety Net Additive Support	\$
Safety Valve Loop Cost Adjustment	\$ _____
TOTAL	\$

[TRADE SECRET INFORMATION HAS BEEN EXCISED]

Estimated Year 2010 Federal Universal Service Receipts:

High Cost Loop Support	\$
Local Switching Support	\$
ICLS	\$
Safety Net Additive Support	\$
Safety Valve Loop Cost Adjustment	\$ _____
TOTAL	\$

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

_____ None _____

PUBLIC DOCUMENT - TRADE SECRET INFORMATION HAS BEEN EXCISED

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:

[TRADE SECRET INFORMATION HAS BEEN EXCISED]

	Actual
	2008
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$
General support (Accts 6120-24)	\$
Central office (Accts 6210-6232)	\$
Cable and wire facilities (Accts 6410-41)	\$
Network operations (Accts 6530-35)	\$
Depreciation and amortization (Accts 6560-65)	\$
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$
General and administrative (Accts 6720-28)	\$
Total Years Supported Expenses, Before Return on Investment	\$
Additions	
Switching (Acct 2210)	\$
Cable and wire (Acct 2410)	\$
Total	\$
Total Supported Expenditures, Before Return on Investment	\$

PUBLIC DOCUMENT - TRADE SECRET INFORMATION HAS BEEN EXCISED

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.)

[TRADE SECRET INFORMATION HAS BEEN EXCISED]

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
1.						
2.						
3.						
4.						
5.						

PUBLIC DOCUMENT - TRADE SECRET INFORMATION HAS BEEN EXCISED

- 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:

[TRADE SECRET INFORMATION HAS BEEN EXCISED]

	Estimated 2010
Plant Specific Operations Expenses	
Network support (Accts 6110-16)	\$
General support (Accts 6120-24)	\$
Central office (Accts 6210-6232)	\$
Cable and wire facilities (Accts 6410-41)	\$
Network operations (Accts 6530-35)	\$
Depreciation and amortization (Accts 6560-65)	\$
Customer Operations Expenses	
Customer services (Accts 6620-23)	\$
Corporate Operations Expenses	
Executive and planning (Accts 6710-12)	\$
General and administrative (Accts 6720-28)	\$
Total Years Supported Expenses, Before Return on Investment	\$
Additions	
Switching (Acct 2210)	\$
Cable and wire (Acct 2410)	\$
Total	\$
Total Supported Expenditures, Before Return on Investment	\$

3. The number of requests for service from potential customers within the designated service area that were unfilled in the past year was zero.

The ways in which the Company attempted to provide services to these potential customers are, as follows:

4. The number of complaints per one thousand handsets or lines was zero.