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IDAHO PUBLIC
UTILITIES COMMISSION

June 29, 2012

Ms. Jean Jewell
Commission Secretary
Idaho Public Utilities Commission
472 West Washington Street
Boise, ID 83720

G NR-T-12-06

RE: State Certification of Custer Telephone Cooperative, Inc. in Idaho for Federal Universal Service Support including Federal Rule 54.313(a)(2)—(a)(6), (h) reporting requirements

Dear Ms. Jewell,

Custer Telephone Cooperative, Inc. ("the Company" or "Custer") hereby requests certification by Idaho Public Utilities Commission ("Commission") to the Federal Communications Commission ("FCC") and the Universal Service Administrative Corporation ("USAC") for universal service support, in accordance with 47 U.S.C. 254(e). Custer, Study Area Code 472218, is a rural incumbent local exchange carrier (ILEC) as designated by the FCC, and is eligible to receive federal universal service high-cost support pursuant to the Code of Federal Regulations ("CFR"), Title 47, Sections 54.301, 54.305, and Part 36, sub-part F.

In accordance with the PUC's order No. 29841 in case No. WST-T-05-1 and case No. GNR-T-12-06 Custer submits the following information in support of this request.

Section 1: Eligible Telecommunication Carrier Information

Company Name: Custer Telephone Cooperative, Inc.

Address: 1101 East Main Ave.
Challis, ID 83226

Contact Person: Dennis Thornock, General Manager
Telephone Number: 208.879.2281
Email Address: gm@custertel.net

Service Area code (SAC): 472218

Number of Idaho Telephone Service Assistance Program (ITSAP) recipients: 105

Section 2: Description of Carrier's Local Usage Plan—

Description of the Applicants Local Usage Plan and That of the ILEC

A carrier seeking ETC re-certification must demonstrate that it offers a local usage plan comparable to the one offered by the incumbent LEC in the service areas for which the carrier seeks designation. Since Custer is the incumbent LEC in its service territory, this requirement is inapplicable.

Section 3: Detailed Outage Information

Number of outages: 1

Outage Detail Information: Custer's Central switching equipment developed a short on the chassis backplane causing nightly redundant switching issues. On June 8th, a planned outage was scheduled to replace the chassis. On June 8th, at 12:10 pm the Meta-Switch 2510 was powered down for a complete chassis change-out. At 12:46 pm, 36 minutes later dial tone and all switching functionality were restored. 1622 customers with service to 2355 access lines were affected. Cause of fault in backplane is not known therefore no preventive measures taken. Service to Custer's entire certificated service area was affected.

Section 4: Unfulfilled Service Requests

The number of unfulfilled service requests from potential customers in the previous year (2011 through June 30, 2012) within the ETC's service area: **0**

Section 5: Customer Complaints

The number of customer complaints per 1,000 handset or working access lines: **2**

Section 6: Service Quality and Consumer Protection Certification

Custer certifies that it is in compliance with the applicable service quality standards and consumer protection rules of the FCC and the Idaho Public Utilities Commission. Please see the attached Affidavit of Corporate Officer. Custer is devoted to providing high-quality service to our customers, including prompt, responsive, and thorough customer service.

Section 7: Ability to Remain Functional in Emergencies Certification

Custer is well suited to remain functional during emergencies, or in response to damaged facilities, or spikes in network traffic. Custer has taken significant steps to ensure that its network will remain functional without an external power source. Custer has a backup power generator at each of its central offices.

Section 8: Federal USF High-Cost Support Certification

State of Idaho _____)
County of Custer)ss

**CERTIFICATION BY ELIGIBLE TELECOMMUNICATIONS CARRIER
OF COMPLIANCE WITH SERVICE QUALITY AND CUSTOMER
PROTECTION, ABILITY TO REMAIN FUNCTIONAL IN
EMERGENCIES**

AFFIDAVIT OF BUSINESS OR CORPORATE OFFICER

THE IDAHO PUBLIC UTILITIES COMMISSION ORDER NO. 29841 REQUIRES THAT ELIGIBLE TELECOMMUNICATIONS CARRIER CERTIFY THAT IT IS COMPLIANT WITH APPLICABLE SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES; AND ETCS MUST DEMONSTRATE THE ABILITY TO REMAIN FUNCTIONAL IN EMERGENCIES. IN ADDITION, THE COMMISSION MUST FILE AN ANNUAL CERTIFICATION WITH THE USAC AND THE FCC THAT ALL FEDERAL HIGH-COST SUPPORT PROVIDED TO ETCS WITHIN THE STATE OF IDAHO WILL BE USED ONLY FOR THE PROVISION, MAINTENANCE, AND UPGRADING OF FACILITIES AND SERVICES FOR WHICH THE SUPPORT IS INTENDED. ACCORDINGLY, THE UNDERSIGNED STATES AND VERIFIES UNDER OATH THE FOLLOWING:

1. I AM AN OFFICER OF CUSTER TELEPHONE COOPERATIVE, INC. AN ELIGIBLE TELECOMMUNICATIONS CARRIER FOR RECEIVING FEDERAL UNIVERSAL SERVICE SUPPORT UNDER SECTION 214(E) OF THE TELECOMMUNICATIONS ACT OF 1996 IN THE STATE OF IDAHO.
2. I AM FAMILIAR WITH THE COMPANY'S DAY-TO-DAY OPERATIONS IN THE STATE OF IDAHO WITH THE STATE'S SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES AS SET FORTH IN COMMISSION ORDER NO. 29841.
3. I CERTIFY THAT CUSTER TELEPHONE COOPERATIVE, INC. IS COMPLYING WITH APPLICABLE SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION RULES OF THE FEDERAL COMMUNICATIONS COMMISSION AND THE IDAHO PUBLIC UTILITIES COMMISSION.
4. I CERTIFY TO THE COMMISSION THAT THE COMPANY IS ABLE TO REMAIN FUNCTIONAL IN EMERGENCIES AS SET FORTH IN COMMISSION ORDER NO. 29841 AND IN 47 C.F.R. § 54.202(A) (2).
5. I ALSO CERTIFY THAT ALL FEDERAL UNIVERSAL SERVICE SUPPORT FUNDS RECEIVED BY CUSTER TELEPHONE COOPERATIVE, INC. DURING THE CURRENT CALENDAR YEAR WILL BE USED IN A MANNER CONSISTENT WITH SECTION 254(E); THAT IS, FOR THE PROVISION, MAINTENANCE, AND UPGRADING OF FACILITIES AND SERVICES FOR WHICH THE SUPPORT IS INTENDED. THE COMPANY WILL CONTINUE TO COMPLY FOR THE PERIOD OF JANUARY 1, 2013 THROUGH DECEMBER 31, 2013, TO BE ELIGIBLE FOR FEDERAL UNIVERSAL SERVICE FUND SUPPORT.
6. THIS VERIFICATION AND AFFIDAVIT IS PROVIDED TO THE IDAHO PUBLIC UTILITIES COMMISSION TO ENABLE THE IPUC TO CERTIFY TO THE FCC THAT FEDERAL UNIVERSAL SERVICE SUPPORT RECEIVED BY THE ELIGIBLE CARRIERS IN THE STATE WILL BE USED IN A MANNER CONSISTENT WITH SECTION 254(E) OF THE TELECOMMUNICATIONS ACT.

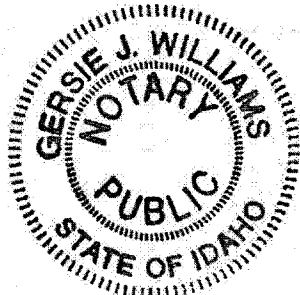
W.C. Ebberts

W.C. Ebberts / Secretary

06/29/2012

Date

SUBSCRIBED AND SWORN to before me this 29th day of June



[Signature]
Notary Public for Idaho, residing at Challis

My Commission expires 2-27-2015

Section 9: Network Improvement Plan and Progress Report

Two Year Network Improvement plan and Progress Report

The receipt of USF funding helps ensure that Custer's customers will continue to receive reliable, high-quality, state-of-the-art service. From July 1, 2012 to June 30, 2014, Custer will continue to utilize USF funds to maintain, upgrade, and improve its network and cover its operating expenses as necessary to permit it to offer a high level of service to its customers. The following is a description of how USF funds have been and will be employed for each of Custer's four wire centers:

1. Challis

For the period of 2011 through June 2012, Custer's operating expenses were \$4,889,900. During that same period, Custer's investments and capital expenditures were \$265,856. These amounts include investments in the following projects that were intended to improve the signal quality, coverage and capacity in the Challis exchange: (1) replaced ATM and SONET equipment; (2) add capacity and expand DSL availability; (3) line extension to new homes. The projects mentioned above cannot be specifically linked to particular funding sources. However, high-cost support from the universal service fund of \$2,351,075 in 2011 provided critical funding that, when combined with other funding sources, allowed Custer to pursue these investments in the Challis exchange.

In order to continue providing high-quality, reliable, state-of-the-art telecommunications services to customers in the Challis exchange, Custer will incur ongoing operating expenses, maintenance expenses, and expenses related to system upgrades and improvements. Custer's total operating expenses from July 1, 2012 through June 30, 2014 are projected to be approximately \$6,492,763. These expenses include the amounts necessary to maintain the facilities in the Challis exchange, as well as the administrative and other operating expenses required to provide service to customers in the Challis exchange. Custer's operating expenses cannot be specifically linked to particular funding sources. However, high-cost support from the USF will provide critical funding that, when combined with other funding sources, will cover Custer's operating expenses incurred in providing service to the Challis exchange.

In addition to these operating expenses, Custer expects to invest approximately \$644,000 from July 1, 2012 through June 30, 2014 to improve and expand its network. These amounts include investments in the following projects in the Challis exchange: (1) replace old copper facilities with FTTH (fiber to the home) using PON (passive optical network) broadband loop carrier electronic equipment; (2) add capacity and expand DSL availability; (3) line extensions to new homes; (4) replace two microwave radio systems with Ethernet capable radios. The projects mentioned above cannot be specifically linked to particular funding sources. However, high-cost support from the USF will provide critical funding that, when combined with other funding sources, will allow Custer to pursue these investments in the Challis exchange.

Each of the aforementioned expenses and investments will be incurred to maintain and provide telecommunications services to any customer or prospective customer making a reasonable request for service within Custer's Challis exchange. These expenses and investments are designed to bring high-quality, reliable voice services to customers. However, given the nature of modern telecommunications facilities, the operating expenses and investment in Custer's network also facilitate customers' access to broadband. Custer's anticipated operating expenses and investments from July 1, 2012 through June 30, 2014 will allow Custer's customers to continue to benefit from high-quality, reliable, state-of-the-art services to customers, including those in the Challis exchange.

2. Clayton

For the period of 2011 through June 2012, Custer's operating expenses were \$1,640,028. During that same period, Custer's investments and capital expenditures were \$34,984. These amounts include

investments in the following projects that were intended to improve the signal quality, coverage and capacity in the Clayton exchange: (1) add capacity and expand DSL availability; (2) line extensions utilizing FTTH (fiber to the home) using PON (passive optical network); (3) consolidated switching to one central switch in the Challis CO. The projects mentioned above cannot be specifically linked to particular funding sources. However, high-cost support from the universal service fund of \$788,529 in 2011 provided critical funding that, when combined with other funding sources, allowed Custer to pursue these investments in the Clayton exchange.

In order to continue providing high-quality, reliable, state-of-the-art telecommunications services to customers in the Clayton exchange, Custer will incur ongoing operating expenses, maintenance expenses, and expenses related to system upgrades and improvements. Custer's total operating expenses from July 1, 2012 through June 30, 2014 are projected to be approximately \$2,177,614. These expenses include the amounts necessary to maintain the facilities in the Clayton exchange, as well as the administrative and other operating expenses required to provide service to customers in the Clayton exchange. Custer's operating expenses cannot be specifically linked to particular funding sources. However, high-cost support from the USF will provide critical funding that, when combined with other funding sources, will cover Custer's operating expenses incurred in providing service to the Clayton exchange.

In addition to these operating expenses, Custer expects to invest approximately \$233,750 from July 1, 2012 through June 30, 2014 to improve and expand its network. These amounts include investments in the following projects in the Clayton exchange: (1) add capacity and expand DSL availability by replacing old carrier equipment with new Broadband loop carrier; (2) replace old copper facilities with FTTH (fiber to the home) using PON (passive optical network); (3) install sensitive electronic fire suppression system to central switching areas; (4) line extensions utilizing FTTH (fiber to the home) using PON (passive optical network). The projects mentioned above cannot be specifically linked to particular funding sources. However, high-cost support from the USF will provide critical funding that, when combined with other funding sources, will allow Custer to pursue these investments in the Clayton exchange.

Each of the aforementioned expenses and investments will be incurred to maintain and provide telecommunications services to any customer or prospective customer making a reasonable request for service within Custer's Clayton exchange. These expenses and investments are designed to bring high-quality, reliable voice services to customers. However, given the nature of modern telecommunications facilities, the operating expenses and investment in Custer's network also facilitate customers' access to broadband. Custer's anticipated operating expenses and investments from July 1, 2012 through June 30, 2014 will allow Custer's customers to continue to benefit from high-quality, reliable, state-of-the-art services to customers, including those in the Clayton exchange.

1. May

For the period of 2011 through June 2012, Custer's operating expenses were \$449,415. During that same period, Custer's investments and capital expenditures were \$594,927. These amounts include investments in the following projects that were intended to improve the signal quality, coverage and capacity in the May exchange: (1) consolidated switching to one central switch in the Challis CO; (2) replace old copper facilities with FTTH (fiber to the home) using PON (passive optical network). The projects mentioned above cannot be specifically linked to particular funding sources. However, high-cost support from the universal service fund of \$216,080 in 2011 provided critical funding that, when combined with other funding sources, allowed Custer to pursue these investments in the May exchange.

In order to continue providing high-quality, reliable, state-of-the-art telecommunications services to customers in the May exchange, Custer will incur ongoing operating expenses, maintenance expenses, and expenses related to system upgrades and improvements. Custer's total operating expenses from July 1, 2012 through June 30, 2014 are projected to be approximately \$596,729. These expenses include the amounts necessary to maintain the facilities in the May exchange, as well as the administrative and other operating expenses required to provide service to customers in the May exchange. Custer's operating expenses cannot be specifically linked to particular funding sources. However, high-cost support from the

