

## FORM 14

### SMALL BUSINESS IMPACT STATEMENT FORM

See SDCL 1-26-2.1

**(NOTE: This form must be signed by either the head of the agency or the presiding officer of the board or commission empowered to adopt the rules. Check your statutes to see who is authorized to promulgate rules. A small business is defined as any business with 25 or fewer full-time employees. When a set of rules is proposed, a general summary shall be provided; each proposed rule amendment shall also be explained thoroughly. In the case of a large set of proposed rules which all have a single purpose and impact, one explanation is sufficient. The law makes it clear that agencies or commissions shall use readily available information and existing resources to prepare the impact statement.)**

1. Our agency has determined that the rule/s we are proposing have the following type of impact on small businesses:
  - Direct impact *(please complete remainder of form)*
  - Indirect impact *(please provide a brief explanation, then sign, date, and submit form. Questions 2 through 8 do not need to be answered)*
  - No impact *(please provide a brief explanation, sign, date, and submit form - Questions 2 through 8 do not need to be answered)*
2. A general narrative and overview of the effect of the rule(s) on small business - written in plain, easy to read language:

The proposed rules make revisions to the current switched access rules which set switched access rates. Switched access rates are the rates charged by a local exchange carrier and paid by a long-distance or toll carrier. The long-distance carrier pays the rate to terminate or originate toll calls. A competitive local exchange carrier (CLEC) is a carrier that competes with an incumbent local exchange carrier (ILEC) for local exchange customers. The rules define a CLEC, competitive local exchange services, competitive service areas, and generally accepted accounting principles. *See 20:10:27:01.* The proposed rules would allow a CLEC to charge a rate set by the rules or file a cost study, with the cost study one of factors in determining the rate. *See 20:10:27:02.01 and 20:10:27:02.02.* As a result of the rules, a CLEC will either charge one of the rates set by the rules or may choose to have its rate based on a company specific cost study that will be evaluated along with other factors to determine the CLEC's switched access rate. In addition, a CLEC may ask the Commission for the ability to use generally accepted accounting principles instead of using the uniform system of accounts if a CLEC uses a cost study. *See 20:10:27:04.* The other rule changes clarify that those rules only apply to incumbent local exchange carriers.

3. What is the basis for the enactment of the rules(s)?

- Required to meet changes in federal law
- Required to meet changes in state law
- Required solely due to changes in date (i.e. must be changed annually)

Other: The Commission recently ruled that the switched access rates charged by CLECs are subject to price regulation instead of rate-of-return regulation. The changes to the rules recognize this change in classification.

4. Why is the rule(s) needed?

As stated above, the Commission recently ruled that the switched access rates charged by CLECs are subject to price regulation instead of rate-of-return regulation and so the proposed rules are needed to reflect this change in classification.

5. What small businesses or types of small businesses would be subject to the rule?

Competitive local exchange carriers are subject to the proposed rules.

6. Estimate the number of small businesses that would be subject to the rule.

- 1-99       100-499       500-999       1,000-4,999       More than 5,000
- Unknown - please explain \_\_\_\_\_

7. Are small businesses required to file or maintain any reports or records under this rule?

- Yes       No

a. If "yes," how many reports must a small business submit to the state on an annual basis?

b. If "yes," how much ongoing recordkeeping within the business is necessary?

A potential new recordkeeping requirement would be in determining how many access lines are in the communities of 10,000 or more inhabitants.

c. If "yes," what type of professional skills would be necessary to prepare the reports or records?

- The average owner of a small business should be able to complete the reports and/or records with no assistance
- It is likely that a bookkeeper for a small business should be able to complete the reports and/or records
- It is likely that a small business person would need the assistance of a CPA to complete the reports and/or records
- It is likely that a small business person would need the assistance of an attorney to complete the reports and/or records
- Other \_\_\_\_\_

Unknown - please explain \_\_\_\_\_

8. Are there any less intrusive or less costly methods to achieve the purpose of the rule (i.e. fewer reports, less recordkeeping, lower penalties)?

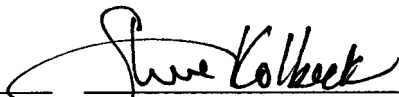
No - please explain

The record keeping requirement is necessary to determine whether the CLEC should receive a higher switched access rate because it is serving less populated areas.

Yes - please explain \_\_\_\_\_

12-2-10

Dated



Authorized Signature

Public Utilities Commission  
Name of Agency