

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 rules 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)

2. A general narrative and overview of the effect of the rule(s) on small business - written in plain, easy to read language:

Some of the changes to the proposed rules set forth specific requirements for carriers requesting designation as eligible telecommunications carriers (ETCs). Carriers designated as ETCs are eligible to receive federal high cost support in order to provide basic telephone services in their service areas. Pursuant to proposed rules 20:10:32:43 through 20:10:32:43.07, an applicant for ETC designation will be required to do the following; demonstrate its commitment to provide service to customers; submit a two year plan describing proposed improvements to its network; demonstrate its ability to remain functional in emergency situations; demonstrate its ability to satisfy consumer protection and service quality standards; offer a comparable local usage plan; certify that the applicant may be required to provide equal access; and meet a public interest standard.

The changes to proposed rules 20:10:32:51 through 20:10:32:54 set forth requirements for the certification of existing ETCs. Pursuant to Federal Communications Commission (FCC) rules, the Commission is required to annually certify to the FCC that existing ETCs are using federal universal service funds only for the provisioning of facilities for which the support is intended. The proposed rules include information regarding an ETC's progress on meeting its service quality improvement plan, including how the funds were used; information on outages; the number of requests for service from potential customers that were unfulfilled; the number of consumer complaints; certification that the carrier can function in emergency situations; certification regarding compliance with service quality standards and consumer protection rules; certification that the ETC is offering a comparable local usage plan; and certification that the ETC may be required to provide equal access.

Proposed rule 20:10:32:55 sets forth requirements for advertising federal lifeline and link-up assistance programs and requires the submission of a report on a carrier's outreach efforts to increase participation in these programs.

The remaining rules are being changed to make minor changes such as updating references

to dates.

3. What is the basis for the enactment of the rule(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: Although not required by federal law, these changes are consistent with recommendations made by the FCC for designation of ETCs and certification of carriers previously designated as ETCs. The FCC made these changes to its rules and recommended that the state commissions make similar changes.

4. Why is the rule(s) needed?

The rules are needed in order to give applicants for ETC designation notice of what requirements they will need to meet in order to be designated as ETCs. In addition, with respect to certification, the Commission would like more detailed information regarding how ETCs are using their federal funds. This will allow the Commission to determine whether the federal funds are being targeted to improve service in those areas where the improvements are needed. The rule regarding the advertising of the lifeline and link-up programs is needed in order to ensure that low-income customers are aware that they may be eligible for discounts for local telephone service.

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

The types of small businesses that will be subject to the rules are carriers that provide local services and desire to become ETCs in order to receive high-cost support from federal funds. In addition, the rules will affect any small businesses that are already designated as ETCs. All of the businesses will be telecommunications companies and the Commission believes that the majority of these companies do not meet the definition of small businesses.

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?

Under proposed rule 20:10:32:55, ETCs would be required to submit a report on their outreach activities designed to inform low income customers on how to receive lower basic telephone rates and lower rates for the installation of telephone service.

ETCs will also have to keep track of the information necessary to be certified in order to continue to receive federal funds under proposed rule 20:10:32:54.

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

Each ETC would need to keep track of its outreach activities throughout the year for proposed rule 20:10:32:55. In addition, as outlined in proposed rule 20:10:32:54, each ETC would be required to submit a progress report on meeting its service quality improvement plan, outage information, the number of unfulfilled requests for service, and the number of customer

complaints.

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 -- A small telephone company may have employees who are able to comply with these requirements. If not, it is possible that the company may hire a consultant to do the work.

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 --

We think the rules balance the obligations of the companies with the responsibilities of the Commission to ensure that federal funds are properly spent in the areas that most need the additional investment and that companies that receive ETC status are able to provide the services as required by the FCC.

Yes - please explain _____

4/25/06
Dated Authorized

Robert K. AM
Signature

Public Utilities Commission

Name of Agency