

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

Small companies who apply for a certificate of authority to provide telephone service in South Dakota will need to comply with the proposed revised application requirements. For applicants seeking authority to provide interexchange service, the changes to 20:10:24:02 add some requirements, including providing information to customers and how the applicant intends to prevent slamming. The changes also delete some requirements, including the filing of tariffs, cost support for certain rates, and organizational information. The changes to 20:10:32:03 apply to applications for certificate of authority to provide local exchange services in South Dakota. The changes regard adding some additional requirements regarding providing information to customers. The changes also delete some requirements, including the filing of tariffs, cost support for certain rates, and organizational information. Proposed changes to 20:10:24:05 will affect small businesses that provide operator services. These changes add requirements regarding notification to customers prior to the customer incurring charges for a call. The changes also delete the requirement to file tariffs. In addition, the change to 20:10:24:04.02 deletes the requirement to maintain on file all tariffs and rates.

Applicants for certificates of authority will also be affected by changes to 20:10:24:04.05 which clarifies that any security filed by an applicant to provide interexchange service is only for the benefit of South Dakota customers. Proposed rule 20:10:32:06.01 allows the Commission to require some form of security as a condition to receiving a certificate of authority for local exchange service.

Small business applicants for local exchange service may also be affected by the changes to 20:10:32:10 which allows the Commission to waive the provisioning of a requirement for local exchange service if it is not necessary, based on the type of service being provided.

Small telephone companies that already have authority to operate in South Dakota will also be affected. The changes to 20:10:32:29 require a petition for arbitration regarding interconnection agreements to be accompanied by written testimony, exhibits, cost support, request for protective order, and proposed procedural schedule. For 20:10:32:30, responses to arbitrations must contain the information that is required for petitions for arbitrations. Proposed rule 20:10:32:31.01 is a new rule which sets forth how a person who is not a party to an arbitration may participate. The change to 20:10:32:39 requires a petition for suspension or modification of an interconnection requirement to include written testimony and exhibits.

The change to 20:10:32:54 clarifies that an eligible telecommunications carrier (ETC) must continue to file improvement plans after the filing of the initial plan. The change to 20:10:32:55 requires the annual lifeline report to be filed with the annual certification. These changes will affect all small telephone companies that have been designated as ETCs.

For 20:10:33:22, the change requires local exchange companies to notify customers in advance of all interruptions due to maintenance, if possible.

The addition of 20:10:34:02.02 sets forth the requirements for notifying customers when a new telephone company acquires the subscriber base of another carrier. This will affect small telephone companies that acquire subscribers from another carrier.

Changes to 20:10:34:10 reflect statutory changes. The changes regard how telephone customers are notified of changes in rates, terms and conditions of service.

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: In addition to changes made in response to changes in state law, changes are also being made for other reasons as explained below.

4. Why is the rule(s) needed?

Some of the rule changes are needed to make the rules consistent with statutory changes. Senate Bill 22 prohibits the filing of tariffs for competitive telecommunications services, sets forth how customers can receive information regarding services, and requires notice of materially adverse changes to services. *See* 20:10:24:02, 20:10:24:04.02, 20:10:24:05, 20:10:32:03, and 20:10:34:10. Other changes to the rules regarding certificates of authority are being made to provide the information necessary to evaluate applications for authority and to provide additional notice and other protections for customers. *See* 20:10:24:02, 20:10:24:04.05, 20:10:24:05; 20:10:32:03, 20:10:32:10, and 20:10:32:06.01. Prefiled testimony is being required to accompany petitions for arbitrations or suspensions in order to help meet statutory deadlines for decisions. *See* 20:10:32:29, 20:10:32:30, and 20:10:32:39. Another rule regarding arbitrations, 20:10:32:31.01, is needed to clarify how a non-party may participate in such proceedings. The changes to one of the eligible telecommunications (ETC) rules, 20:10:32:54, is needed to clarify that an ETC must continue to file improvement plans after the initial two year period in order to be certified to receive federal universal service funds. The other ETC rule change, 20:10:32:55, is just a procedural change requiring the filing of the ETC's lifeline report with its ETC certification. The change to 20:10:33:22 is needed to

make the rule clearer as to when notification is required. The change to the slamming rules, 20:10:34:02:02, tracks the FCC slamming provision regarding transfers of subscribers to another carrier. This rule sets out in detail the steps an acquiring carrier must take in order to notify subscribers of the change in providers.

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

Small businesses that apply for certificates of authorities to provide telephone service and existing telephone companies that meet the definition of a small business would be subject to the 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?

Changes are being made to the rules regarding companies that have been designated as eligible telecommunications carriers. They must continue to file improvement plans in order to receive certification which allows the carrier to receive federal universal service funds.

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

The annual improvement plans require an ETC to keep track of where it provides service, complaints, unfulfilled service requests, and outages.

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 The business should have employees who keep track of these requirements.

Although some carriers employ consultants to file annual certifications.

- Unknown - please explain _____

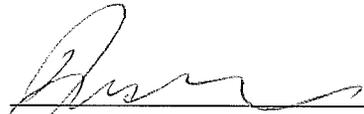
8. Are there any less intrusive or less costly methods to achieve the purpose of the rule (i.e. fewer reports, less recordkeeping, lower penalties)?

No - please explain

The Commission believes that these changes are necessary for the reasons set forth above and are the least intrusive and least costly methods to achieve the Commission's objectives.

Yes - please explain _____

6/25/07
Dated


Authorized Signature

Public Utilities Commission
Name of Agency