

TC02-170

KCI/HF

TC02-170

DOCKET NO. \_\_\_\_\_

In the Matter of \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

IN THE MATTER OF THE FILING BY  
NORTHERN VALLEY COMMUNICATION FOR  
AN EXTENSION OF AN EXEMPTION FROM  
DEVELOPING COMPANY SPECIFIC COST-  
BASED SWITCHED ACCESS RATES

**Public Utilities Commission of the State of South Dakota**

DATE	MEMORANDA
10/21/02	Received; Docketed
10/24/02	Weekly Filing
12/3/02	Order granting extension from Developing Company Specific Cost-Based Switched Access Rates
12/2/02	Docket Closed.

**RECEIVED**

OCT 21 2002

**SOUTH DAKOTA PUBLIC  
UTILITIES COMMISSION**

October 18, 2002

Debra Elofson, Executive Director  
SD Public Utilities Commission  
500 East Capitol Ave.  
Pierre, SD 57501-5070

RE: NORTHERN VALLEY COMMUNICATION'S (NVC) REQUEST TO EXTEND ITS  
EXEMPTION FROM THE DEVELOPMENT OF COMPANY SPECIFIC COST-  
BASED INTRASTATE SWITCHED ACCESS RATES

Dear Ms. Elofson:

Enclosed please find an original and 10 copies of NVC's request to extend the exemption from the development of company specific cost based intrastate switched access rates that was granted in TC99-092 by Commission order dated October 20, 1999. By this letter, NVC petitions the Commission, pursuant to ARSD 20:10:27:11, to request an additional three year exemption from the requirement to develop intrastate switched access rates based on company specific costs.

Since the original order NVC became operational in 2000 and slowly accumulated customers to the present. Like most start up CLEC's the start up costs in the early years were high compared to the initial small customer base as NVC built its name recognition in the Aberdeen market. If NVC were to file its limited historical data, as required by 20:10:27:14 to establish company specific cost-based rates, the rates would be disproportionately weighted by our first two years of business which were high cost with fewer customers and access minutes.

NVC hired cost consultant, John Coleman from Olsen Thielen to do a summary review of the limited data available. His quick review indicated a composite access rate of \$.15 per access minute. Such a rate would be uneconomic for most IXCs and may result in significant by pass of NVC's access facilities. NVC would not want to charge such a high rate.

NVC expects another 3-5 years of facility construction in the Aberdeen market. After this time when network costs per customer are more stable and the network serves a more optimum design number of customers (more efficient) would result in a NVC access rate that would be more consistent with the historical South Dakota average.

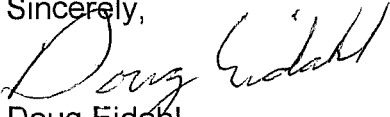
Requiring cost based rates of NVC would create high costs to NVC without any corresponding benefit to NVC's customers and would result in a composite access rate far greater than the current LECA average.

Furthermore, the Commission at this time has not required any other CLEC in the state to file a cost based rate. This is for good reason. The CLEC industry is still in its infancy and the data to develop cost based rates is limited or would result in excessive rates as CLEC networks mature. The Commission's policy at this time of allowing start up CLEC's to mirror the South Dakota average LECA rate keeps access costs economical and serves the public interest.

Therefore, NVC respectfully requests that the Commission extend the exemption order granted in TC99-02 for another three years from the development of company specific cost-based switched access rates consistent with ARSD 20:10:27:11.

If the Commission or staff require further information regarding this request, please contact me. Thank you in advance for your consideration of this request.

Sincerely,



Doug Eidahl  
CEO

**South Dakota Public Utilities Commission**  
**WEEKLY FILINGS**  
For the Period of October 17, 2002 through October 23, 2002

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3705 Fax: 605-773-3809

**CONSUMER COMPLAINTS**

**CT02-043 In the Matter of a Complaint Filed by Guy and Linda Varud, Sioux Falls, South Dakota, against Qwest Communications, Inc. and McLeodUSA Telecommunications Services, Inc. Regarding Wiring Problems.**

On October 17, 2002, the Commission received a complaint from Guy and Linda Varud (Complainants) of Sioux Falls, South Dakota, against Qwest Communications, Inc. (Qwest) and McLeodUSA Telecommunications Services, Inc. (McLeodUSA). According to the complaint, the Complainants' phone will not operate after there is rain or moisture in the air. Complainants state that Qwest has alleged it is a problem with McLeodUSA wiring. McLeodUSA has alleged it is a problem with Qwest wiring. Complainants believe that the wiring problem is a result of substandard inside wiring, which should fall within the inside wiring protection they have paid McLeodUSA for. Complainants seek to have the company responsible pay for the line repair inspection bill, pay to have the wiring fixed and provide reasonable compensation to complainants for time spent seeking resolution of the problem.

Staff Analyst: Amy Kayser  
Staff Attorney: Kelly Frazier  
Date Docketed: 10/17/02  
Intervention Deadline: NA

**ELECTRIC**

**EL02-022 In the Matter of the Filing by MidAmerican Energy Company for Approval of a Departure From Electric Energy Cost Adjustment Tariff.**

Application by MidAmerican Energy Company for a non-permanent waiver of tariff provisions which allow only energy costs and credits to be passed on to customers through the Electric Energy Adjustment Clause. MidAmerican recently settled litigation and disputes with Nebraska Public Power District regarding the Cooper Nuclear Station. As a result of that settlement, MidAmerican has received an up-front payment representing a reduction in price for capacity from the Cooper plant. MidAmerican wishes to utilize the Electric Energy Adjustment Clause to pass on these capacity savings to customers.

Staff Analyst: Dave Jacobson  
Staff Attorney: Kelly Frazier  
Date Docketed: 10/22/02  
Intervention Deadline: 11/08/02

## TELECOMMUNICATIONS

**TC02-168 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement Between McLeodUSA Telecommunications Services, Inc. and Qwest Corporation f/k/a U S West Communications, Inc.**

On October 17, 2002, the Commission received for approval a Filing For Consent To Transfer by Qwest Corporation (Qwest) for the benefit of McLeodUSA Telecom Development, Inc.(McLeodUSA), a South Dakota Corporation f/k/a Dakota Telecom, Inc. and PrairieWave Telecommunications, Inc. (PrairieWave). According the filing, PrairieWave has entered into a stock purchase agreement whereby PrairieWave will acquire the stock of McLeodUSA. McLeodUSA currently operates its business under a Negotiated Interconnection Agreement, approved by the Commission effective October 21, 1998, in Docket No. TC97-126. McLeodUSA wishes to transfer the Interconnection Agreement to PrairieWave as part of the stock purchase agreement transaction. Any party wishing to comment on the filing may do so by filing written comments with the Commission and the parties to the agreement no later than November 6, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier

Date Docketed: 10/17/02

Initial Comments Due: 11/06/02

**TC02-169 In the Matter of the Filing by Qwest Corporation for Approval of a Revision to its Deadwood-Sturgis Locality Special Rate Area Map.**

Qwest Corporation submitted for Commission approval the following revised exchange boundary maps: Deadwood Locality Special Rate Area Map and Sturgis Locality Special Rate Area Map. These revisions are made to correct an error in the maps that are now on file with the Commission. No customers are affected by these revisions.

Staff Analyst: Michele Farris

Staff Attorney: Karen Cremer

Date Docketed: 10/17/02

Intervention Deadline: 11/08/02

**TC02-170 In the Matter of the Filing by Northern Valley Communication for an Exemption from Developing Company Specific Cost-Based Switched Access Rates.**

On October 21, 2002, Northern Valley Communications (NVC) filed a request to extend its exemption from the development of company specific cost-based intrastate switched access rates for

an additional three years. NVC was originally granted an exemption in October of 1999 which stipulated that within three years NVC must either file a petition to continue the exemption granted or file cost-based rates.

Staff Analyst: Heather Forney  
Staff Attorney: Karen Cremer  
Date Docketed: 10/21/02  
Intervention Deadline: 11/08/02

**TC02-171 In the Matter of the Application of American Long Lines, Inc. for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.**

Application by American Long Lines, Inc. ("ALL") for a certificate of authority to provide resold, intrastate, interexchange telecommunications service within South Dakota.

Staff Analyst: Dave Jacobson  
Staff Attorney: Kelly Frazier  
Date Docketed: 10/23/02  
Intervention Deadline: 11/08/02

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**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY )	ORDER GRANTING
NORTHERN VALLEY COMMUNICATIONS, LLC )	EXTENSION FROM
FOR AN EXTENSION OF AN EXEMPTION )	DEVELOPING COMPANY
FROM DEVELOPING COMPANY SPECIFIC )	SPECIFIC COST-BASED
COST-BASED SWITCHED ACCESS RATES )	SWITCHED ACCESS RATES
)	TC02-170

On October 21, 2002, the Public Utilities Commission (Commission) received a request from Northern Valley Communications, LLC (Northern Valley) for approval of an additional three (3) year extension of its exemption from the requirement to develop intrastate switched access rates based on company specific costs.

On November 20, 2002, the Commission considered Northern Valley's request for approval of an additional three (3) year extension of its exemption from establishing switched access rates based on company specific costs. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-18, 49-31-19, and ARSD 20:10:27:11. The Commission voted to grant the request for approval of an additional three (3) year extension of its exemption. The Commission further ordered that Northern Valley, within three years of the date of this Order, file a petition to continue the exemption granted in this proceeding or file cost-based rates. It is therefore

ORDERED, that Northern Valley's request for approval of an additional three (3) year extension of its exemption from establishing company specific cost-based switched access rates is granted; and it is further

ORDERED, that Northern Valley shall, within three years of the date of this Order, file a petition to continue the exemption granted in this proceeding or file cost-based intrastate switched access rates.

Dated at Pierre, South Dakota, this 2<sup>nd</sup> day of December, 2002.

<p><b>CERTIFICATE OF SERVICE</b></p> <p>The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.</p> <p>By: <u>Melaine Kalbo</u></p> <p>Date: <u>12/2/02</u></p> <p align="center">(OFFICIAL SEAL)</p>
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BY ORDER OF THE COMMISSION:

James A. Burg  
JAMES A. BURG, Chairman

Pam Nelson  
PAM NELSON, Commissioner

Robert K. Sahr  
ROBERT K. SAHR, Commissioner