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May 12, 2006

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MAY 15 2006

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

JEAN BROCKMUELLER, CPA (Inactive)
BUSINESS MANAGER

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in Iowa

‡Also licensed to practice
in Nebraska

+Also licensed to practice
in Missouri

†Admitted to practice in
United States Tax Court

*Also licensed as a
Certified Public Accountant

>Arizona license only

Sara B. Greff
Staff Attorney
SD Public Utilities Commission
State Capitol Building
500 E. Capitol
Pierre, SD 57501

Re: Settlement Stipulation Docket No. TC05-223

Dear Sara:

Please find enclosed one original and four copies of the Access Rate Settlement Stipulation and Joint Motion for Approval of Settlement Stipulation in regard to the above-referenced docket. I have signed these documents on behalf of SStelecom, Inc. If they meet with your approval, please execute the documents where indicated and file the same accordingly. If you have any questions, please feel free to contact me at your convenience at (605) 335-4989. Thank you for all of your assistance in settling this matter.

Sincerely,

CUTLER & DONAHOE, LLP



Ryan J. Taylor
For the Firm

RJT:dah
cc: Jerry Heiberger

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION)	ACCESS RATE SETTLEMENT
OF SSTELECOM, INC. FOR AUTHORITY)	STIPULATION
TO PROVIDE COMPETITIVE LOCAL)	
EXCHANGE SERVICES IN EXCHANGES)	DOCKET NO. TC05-223
SERVED BY QWEST)	

I. SETTLEMENT STIPULATION

On December 23, 2005, SStelecom, Inc. ("SStelecom") filed with the South Dakota Public Utilities Commission (the "Commission"), its application for a Certificate of Authority to provide competitive local exchange service in South Dakota exchanges served by Qwest (the "Application"). In the Application, SStelecom requested, among other things, an exemption from developing company specific cost based switched access rates in accordance with ARSD 20:10:27:11. SStelecom proposed intrastate switched access rates that were based on the costs of all the telecommunications companies with less than 100,000 access lines as calculated in accordance with ARSD 20:10:27:12.

The Commission Staff and SStelecom (jointly the "Parties") have since held several negotiating sessions in an effort to arrive at a joint and acceptable resolution of this matter. As a result of the sessions, the Parties have been able to resolve all issues in the Application relating to company specific cost based switched access rates under ARSD 20:10:27:11 and 20:10:27:12 and have entered into this Settlement Stipulation ("Stipulation"), which, if accepted and ordered by the Commission, will determine switched access rates to result from this proceeding.

II. PURPOSE

This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving the issues relating to company specific cost based switched access rates in Docket TC05-223 and is applicable to the final rates in this proceeding only. The Parties acknowledge that they may have differing views that justify the end result, which they deem to be just and reasonable, and in light of such differences, the Parties agree that the proposals, positions, adjustments made or resolution of any single issue,

whether express or implied by the Settlement Stipulation, should not be viewed as precedent setting. In consideration of the mutual promises hereinafter set forth, the Parties agree as follows:

1. Upon execution of this Stipulation, the Parties shall immediately file this Stipulation with the Commission, together with a Joint Motion requesting that the Commission issue an Order approving this Stipulation in its entirety without condition or modification.

2. This Stipulation includes all terms of settlement and is submitted with the condition that in the event the Commission imposes any changes in or conditions to this Stipulation which are unacceptable to any party, this Stipulation shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or any other proceeding nor be used for any other purpose.

3. This Stipulation shall become binding upon execution by the Parties, provided however, that if this Stipulation does not become effective in accordance with Paragraph 2 above, it shall be null, void, and inadmissible in any proceeding as evidence of offers of settlement and settlement negotiations. This Stipulation is intended to relate only to the specific matters referred to herein; no party waives any claim or right which it may otherwise have with respect to any matter not expressly provided for herein; no party shall be deemed to have approved, accepted, agreed or consented to any rate making principle, or any method of cost of service determination, or any method of cost allocation underlying the provision of this Stipulation, or be prejudiced or bound thereby in any other current or future proceeding before the Commission. No party or representative thereof shall directly or indirectly refer to this Stipulation or that part of any Order of the Commission referring to this Stipulation as precedent in any other current or future rate proceeding before the Commission.

4. The Parties understand that if this matter is not settled, or if the Commission rejects or alters this Settlement Stipulation, SSTelecom will be entitled to petition the Commission for exemption from the requirement of developing intrastate switched access rates based on company specific costs under ARSD 20:10:27:11 and request that SSTelecom's switched access rates be calculated utilizing the methodology set forth in ARSD 20:10:27:12.

III. ELEMENTS OF THE SETTLEMENT STIPULATION

1. Revenue Requirement

This settlement or the attached tariffed rate schedules are not designed to calculate or produce a specified revenue requirement for SStelecom and do not in any way represent SStelecom's cost of providing service.

2. Intrastate Switched Access Rates

SStelecom shall establish its initial intrastate switched access rates for all originating and terminating intrastate Access Minutes, effective on July 1, 2006, at a rate of \$0.1250 [Carrier Common Line Access Service per Access Minute - \$0.0627; Local Switching (End Office) per Access Minute - \$0.0256; and Local Transport per Access Minute - \$0.0367].

Effective on July 1, 2007, SStelecom shall decrease its intrastate switched access rates for all originating and terminating intrastate Access Minutes from \$0.1250 to \$0.1150 [Carrier Common Line Access Service per Access Minute - \$0.0548; Local Switching (End Office) per Access Minute - \$0.0231; and Local Transport per Access Minute - \$0.0371]. This represents a further decrease of \$0.0100 per Access Minute.

These agreed upon-rates shall be frozen until (1) the effective date of any FCC mandated rate changes that may come from the FCC's current intercarrier compensation (ICC) docket (CC Docket No. 01-92 – In the Matter of Developing a Unified Intercarrier Compensation Regime); (2) the effective date of any Commission mandated rate changes in rulemaking docket (RM05-002 - In the Matter of Revisions and/or Additions to the Commission's Switched Access Rules Codified in ARSD 20:10:27 through 20:10:29); or (3) three years from the date hereof, whichever occurs first, so long as the frozen rate is not in conflict with any new FCC ICC rules or new SDPUC rules as referenced above. Under this rate freeze, and for the rate freeze period only, SStelecom waives its right to file or implement any intrastate switched access rate increase, as authorized by ARSD 20:10:27:07. For the rate freeze period only, SStelecom is granted a waiver from the requirement of filing cost data in support of SStelecom's attached switched access services tariffs, as required by ARSD 20:10:27:07. Once the rate freeze period has concluded,

SSTelecom shall request an additional extension, or file to update its intrastate switched access rate with this Commission in accordance with rules current at the time of such filing.

At any time during the rate freeze period, should the agreed-upon rate exceed the rate as determined by ARSD 20:10:27:12, SSTelecom will, upon proper notice to its customers, adjust the rate downward so that at no time will SSTelecom's rate exceed that as determined by ARSD 20:10:27:12, and SSTelecom will update its intrastate switched access tariff on file with the Commission to reflect the downward adjustment. Any downward adjusted rate will remain frozen for the period as described above and comply with all portions of this Stipulation.

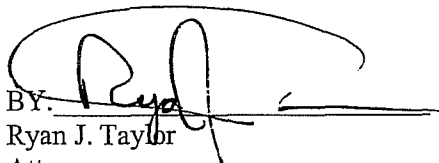
Because the agreed upon rate is not dependent on any current open rate proceedings or docket before the Commission, it is a final rate from and after the effective date as set forth below. Said rate is subject to applicable adjustments as described above, if any, but is not subject to refund with interest.

3. Implementation of Rates

The first attached tariff rate schedule shall be implemented for service rendered on and after July 1, 2006, so that any services rendered on and after July 1, 2006, shall be billed at the new rate, \$0.1250. The second attached revised tariff rate schedule shall be implemented for service rendered on and after July 1, 2007 so that any services rendered on and after July 1, 2007 shall be billed at the new \$0.1150 rate unless otherwise contained herein.

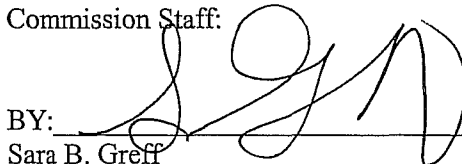
This Stipulation is entered into this 15 day of May, 2006.

SSTelecom, Inc.

BY: 

Ryan J. Taylor
Attorney
Cutler & Donahoe, LLP
100 N. Phillips Ave.
9th Floor
Sioux Falls, SD 57104

South Dakota Public Utilities
Commission Staff:

BY: 

Sara B. Greff
Staff Attorney
SD Public Utilities Commission
State Capitol Building
500 E. Capitol
Pierre, SD 57501

SOUTH DAKOTA SWITCHED ACCESS SERVICES

A. CONCURRENCE IN RATES, TERMS AND CONDITIONS OF LOCAL EXCHANGE CARRIER ASSOCIATION, INC. TARIFF NO. 1

1. SSTelecom concurs in the rates, terms and conditions, except as noted below, of Local Exchange Carrier Association, Inc. Tariff No. 1 governing Intrastate Access Service as filed by the Local Exchange Carrier Association, Inc. in the State of South Dakota. SSTelecom concurs in the current Local Exchange Carrier Association, Inc. Tariff No. 1 as of August 1, 2004 as shown by the attached TARIFF CHECKLIST pages. The only exceptions to this concurrence are the attached pages 17-1 and 17-4, which replace the current Local Exchange Carrier Association, Inc. Tariff No. 1 pages 17-1 and 17-4.
2. SSTelecom hereby expressly reserves the right to cancel or void this statement of concurrence at any time consistent with state law and the best interests of SSTelecom by filing a replacement tariff with the South Dakota Public Utilities Commission.

Issued: June 1, 2006

Effective: July 1, 2006

By: Jerry Heiberger
General Manager

Address: 312 4th Street West
Clear Lake, SD 57226

TARIFF CHECKLIST
 All Pages Are Original Unless Otherwise Noted

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By: Dean Anderson
 President
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 Clear Lake, SD 57226

TARIFF CHECKLIST
All Pages Are Original Unless Otherwise Noted

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TARIFF CHECKLIST
All Pages Are Original Unless Otherwise Noted

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SOUTH DAKOTA SWITCHED ACCESS SERVICES

17. Rates and Charges

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Rate

Regulations concerning Carrier Common Line Access
are set forth in Section 3. Preceding.

Per Access Minute

\$0.0627

17.1.2 Reserved for Future Use

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 SOUTH DAKOTA SWITCHED ACCESS SERVICES
17. Rates and Charges (Cont'd)17.2 Switched Access Service

17.2.1 <u>Nonrecurring Charges</u>	<u>Rate</u>
(A) <u>Local Transport Element- Installation Per Line or Trunk</u>	\$295.00
(B) <u>Reserved for Future Use</u>	
(C) <u>Interim NXX Translation Per Order</u>	\$181.00

Per LATA or Market Area

17.2.2 Traffic SensitiveLocal Switching (End Office)

Per Access Minute \$0.0256

Local Transport

Per Access Minute \$0.0367

Network Blocking Per Blocked Call

Applies to FGD only \$0.0271

8XX Data Base Query Service

Per Query

Basic \$0.0079

Vertical Feature \$0.0082

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By: Jerry Heiberger
General ManagerAddress: 312 4th Street West
Clear Lake, SD 57226

TC05-245
Elec Rec'd 5/22/06

SOUTH DAKOTA SWITCHED ACCESS SERVICES

17. Rates and Charges

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Rate

Regulations concerning Carrier Common Line Access
are set forth in Section 3. Preceding.

Per Access Minute

\$0.0548 (R)

17.1.2 Reserved for Future Use

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By: Jerry Heiberger
General Manager

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Clear Lake, SD 57226

SOUTH DAKOTA SWITCHED ACCESS SERVICES

17. Rates and Charges (Cont'd)17.2 Switched Access Service17.2.1 Nonrecurring ChargesRate(A) Local Transport Element-
Installation Per Line or Trunk

\$295.00

(B) Reserved for Future Use(C) Interim NXX Translation Per Order

\$181.00

Per LATA or Market Area

17.2.2 Traffic SensitiveLocal Switching (End Office)

Per Access Minute

\$0.0231 (R)

Local Transport

Per Access Minute

\$0.0371 (I)

Network Blocking Per Blocked Call

Applies to FGD only

\$0.0271

8XX Data Base Query Service

Per Query

Basic

\$0.0079

Vertical Feature

\$0.0082

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