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08416-017

Ms. Patty Van Gerpen
Executive Director
Public Utilities Commission
500 East Capitol
Pierre, SD 57501

Re: Docket TC06-043, (In the Matter of the Approval of Reciprocal Compensation Agreement between James Valley Cooperative Telephone Company and Alltel Communications, Inc.)

Dear Ms. Van Gerpen:

I represent James Valley Cooperative Telephone Company and Northern Valley Communications (herein both are referred to as James Valley) in this matter. Please consider this James Valley's response to the May 24, 2006, letter of Richard Coit on behalf of the South Dakota Telecommunications Association, the May 24, 2006, letter of Darla Rogers on behalf of Venture Communications Cooperative and the May 24, 2006, letter of Meredith Moore on behalf of the Golden West Companies. James Valley understands that on its face, this Agreement may raise concerns of some of the other RLEC's. However, we believe that a better understanding of the underlying facts which gave rise to the James Valley-Alltel Agreement will help mitigate those concerns. James Valley supports the industry precedents they state and we do not believe this agreement is contrary to such precedents as further stated herein.

SDTA, Venture and Golden West raise three issues which are: (1) unified rate, (2) point of interconnect and (3) whether the Agreement sets a precedent that binds other South Dakota RLEC's. I will deal with each issue separately.

1. Unified Rate. Section 6 of the James Valley-Alltel Agreement does establish a single or unified rate for "Alltel Communications traffic originating on Alltel's network and terminated on James Valley's network." This was a negotiated rate arrived at by James Valley and Alltel after an analysis of a traffic study conducted by Vantage Point concerning all the types of traffic exchanged between these two carriers. The study determined the mix of local and both InterMTA, intra and interstate access traffic. Alltel was not willing to commit to an agreement with an InterMTA Intrastate access rate element, even when there is known Intrastate access traffic being terminated by Alltel to James Valley. With knowledge of the applicable minutes of use for each traffic class, James Valley and Alltel negotiated a single, composite rate that took into account the mix of traffic and the rate structure applicable to each class of traffic.

It should be pointed out that James Valley did not ignore the fact that InterMTA traffic exists and is being terminated to the James Valley Network. In fact, paragraph 6.1 states that ". . . compensation for InterMTA traffic is incorporated into this net rate payable to James Valley." James Valley believes it is being properly compensated for this traffic at its Intrastate and Interstate access rates by use of the composite rate.

The unified or blended rate does not violate the non-discrimination rules of SDCL 49-31-11. Since the composite rate takes into account the various rate structures for the various traffic types, this is the same rate other carriers are charged. Therefore, there is no unjust or unreasonable discrimination. Even if it were unjust or unreasonable, SDCL 49-31-11 allows the Commission to approve the rate if it is "fair and reasonable." James Valley would submit that the composite rate is fair and reasonable because it takes into account the appropriate traffic and rate factors.

SDTA sites SDCL 49-31-110 through 49-31-115 in support of its claim that the composite rate is not appropriate. However, those statutory provisions simply require carriers to transmit sufficient signaling information to allow the terminating carrier the ability to identify the traffic so that it can be appropriately charged to the originating carrier. There is nothing in the James Valley - Alltel Agreement which eliminates this obligation. James Valley is in compliance with these statutes and as stated above, James Valley has even done a traffic study to review all types of traffic being terminated by Alltel on its network. James Valley expects to use the signaling information to monitor if any corrections to the rate will be required in the future.

2. Point of Interconnect. SDTA and Golden West express concern over the portion of the Agreement that provides a single point of interconnect (POI) outside of James Valley's service area. However, this concern fails to take into account James Valley's unique network configuration with Northern Valley (James Valley's wholly owned subsidiary) and the facts that led to the selection of this POI by the parties.

The POI is established in Aberdeen within Northern Valley Communication's network. Alltel has a local NXX(s) in the Aberdeen rate center. James Valley's Mellette and Frederick Exchanges have EAS to the Aberdeen Exchange. Furthermore, Northern Valley serves the Aberdeen Exchange, which has EAS to the James Valley Mellette and Frederick Exchanges. Therefore, the POI is in the Aberdeen rate center where Alltel has a local NXX that is local to James Valley's Mellette and Frederick Exchanges and it is also local to Northern Valley's Aberdeen service area. More simply stated the POI is within a local calling area common to all the parties. Only James Valley customers in the Mellette and Frederick Exchanges can call the Alltel customers in the Aberdeen rate center on a local basis. Other James Valley customers in other exchanges call Alltel customers in Aberdeen as a toll call.

Other relevant matters include the fact that Alltel is compensating James Valley for transport between Aberdeen and the switch location, which is in Groton. Further, Northern Valley already has a DS3 connection to the Alltel tower in Aberdeen which is the POI. Lastly, the Northern Valley minutes under this agreement are greater than the James Valley minutes and all parties agreed that this POI was the most efficient.

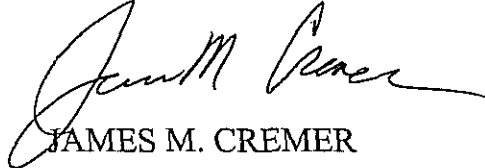
Both SDTA and Golden West concede that there is no provision in Federal law or South Dakota law that prohibits a single POI outside the calling party's local calling area. Their concern is that James Valley may be taking on responsibility for transport outside of its service area. As explained above, this is not the case.

3. Impact on other South Dakota RLEC's. The final concern raised by SDTA, Venture and Golden West is that the James Valley-Alltel Agreement may have the effect of establishing the precedent that other South Dakota RLEC's be required to establish a unified rate and a single POI. James Valley shares their concerns in this regard. However, there is no Federal or State law that would compel the James Valley-Alltel Agreement to be construed against the South Dakota RLEC's or require them to adopt the same provisions. After evaluating all the facts this agreement was in the best interests of the two parties. However, James Valley recognizes that

this agreement is unique to the needs of James Valley and Northern Valley. It may not be appropriate for other South Dakota RLECs and certainly should not be considered any type of binding precedent upon other RLECs that would not be similarly situated.

James Valley negotiated the Agreement with Alltel in good faith, based on its unique circumstances and without changing any of the existing intercarrier compensation practices. James Valley did not intend that this Agreement set a precedent with respect to other South Dakota RLEC's. While it is appropriate that the concerns of SDTA, Venture and Golden West be noted for the record, the Agreement complies with existing law and, therefore, James Valley would ask that the Commission approve the Agreement without change.

Sincerely,



JAMES M. CREMER

JMC:jao

\\VT\Western Wireless-Reciprocal Agr\Van Gerpen 2006-06-13\

cc: Talbot J. Wieczorek *via e-mail*
Richard Coit
Darla Rogers
Meredith Moore