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Of Counsel:  
Robert D. Hofer

April 14, 2009

Patricia Van Gerpen, Executive Director  
South Dakota Public Utilities Commission  
500 East Capitol Avenue  
Pierre, South Dakota 57501

Re: Midstate Telecom, Inc.  
TC09-009

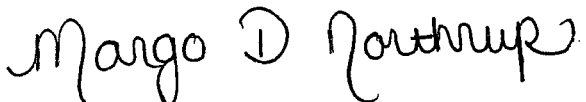
Dear Patty:

Please find enclosed herein a Joint Motion for Approval of Settlement Stipulation and the Settlement Stipulation which I ask you file in regards to the above-referenced matter.

Thank you.

Very truly,

RITER, ROGERS, WATTIER  
& NORTHROP, LLP

BY:   
Margo D. Northrup

MDN/cs

Enclosure

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BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF SOUTH DAKOTA

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IN THE MATTER OF THE  
APPLICATION OF MIDSTATE  
TELECOM, INC., FOR APPROVAL OF  
EXTENSION OF TIME OF EXEMPTION  
FROM DEVELOPING COMPANY  
SPECIFIC COST-BASED SWITCHED  
ACCESS RATES

DOCKET NUMBER TC09-009

SETTLEMENT  
STIPULATION

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**I. SETTLEMENT STIPULATION**

On March 2, 2009, Midstate Telecom, Inc. (MTI) filed with the South Dakota Public Utilities Commission (Commission) a petition in accordance with ARSD 20:10:27:11 requesting an extension of its previously granted exemption from developing company specific cost based switched access rates.

The Commission Staff and MTI entered into a previous Settlement Stipulation and desire that the previous terms of the Settlement Stipulation stay in effect until 3 months after a decision is made in RM-05-002.

**II. PURPOSE**

This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving Docket TC09-009 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 privileged. 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 has not been settled, or if the Commission rejects or alters this Settlement Stipulation, MTI will proceed with the docket.

### 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 MTI and do not in any way represent MTI's cost of providing service.

#### 2. Intrastate Switched Access Rates

MTI shall continue to charge its intrastate switched access rate for all originating and terminating intrastate access minutes at \$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 agreed upon-rate shall be frozen until (1) 3 months after the effective date of any Commission-issued rules in the 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 (2) one year from the date hereof, whichever occurs first. Under this rate freeze, and for the rate freeze period only, MTI 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, MTI is granted a waiver from the requirement of filing cost data in support of MTI's attached switched access services tariff, as required by ARSD 20:10:27:07. Once the rate freeze period has concluded, MTI 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, MTI will, upon proper notice to its customers, adjust the rate downward so that at no time will MTI's rate exceed that as determined by ARSD 20:10:27:12, and MTI 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.

3. Implementation of Rates

The attached tariffed rate schedule shall be implemented upon the date of approval by the Commission.

4. Conclusion

This Stipulation is entered into this 14<sup>th</sup> day of April, 2009.

Midstate Telecom, Inc.

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South Dakota Public Utilities  
Commission Staff:

BY: Karen E. Cremer  
Karen E. Cremer  
Staff Attorney  
SD Public Utilities Commission  
State Capitol Building  
500 E. Capitol  
Pierre, SD 57501

MIDSTATE TELECOM, INC.

ACCESS SERVICE TARIFF

- FILED WITH

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

March 2006

THIS IS A REPLACEMENT TARIFF WHICH  
SUPERCEDES ALL MIDSTATE TELECOM, INC.  
ACCESS TARIFFS ON FILE PRIOR TO  
THE EFFECTIVE DATE OF THIS TARIFF.

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Issued: April 7, 2006

Effective: March 20, 2006

EXPLANATION OF SYMBOLS

- (C) - To signify a changed regulation
- (D) - To signify a discontinued rate or regulation
- (I) - To signify an increase
- (N) - To signify a new rate or regulation
- (R) - To signify a reduction
- (T) - To signify a change in text but no change in rate or regulation
- (L) - To signify the relocation of material from one part of the tariff to another part

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EXCEPTIONS TO LECA TARIFF NO. 1

	<u>Rates and Charges</u>
1. <u>Common Line Access Service</u>	
A. <u>Common Line Access Service</u>	\$0.0548
2. <u>Switched Access Service</u>	
A. <u>Local Switching</u> (end office)	
per access minute	\$0.0231
B. <u>Local Transport</u>	
per access minute	\$0.0371
LT Element - per line/trunk	\$295.00
C. <u>Interim NXX Translation</u>	
per order	\$181.00
D. <u>Network Blocking</u>	
per blocked call	\$0.0271
E. <u>8XX Data Base Query Service</u>	
per query - basic	\$0.0079
per query - vertical feature	\$0.0082

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