



Dustin Johnson, Chair  
Gary Hanson, Vice Chair  
Steve Kolbeck, Commissioner

## SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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(605) 773-5280  
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1-800-332-1782

April 27, 2007

### TO ALL S&S BOND PROCEEDS CLAIMANTS:

Enclosed is a Supplemental Order for and Notice of Hearing ("Notice") to address the issue of what to do with the 35 shares of stock in Aberdeen Finance Corporation ("AFC") that the Commission received as a result of the AFC bankruptcy.

Because some of you may not be aware of AFC's involvement in the S&S bond proceeds issue, we offer this brief summary: S&S had a financial relationship with AFC. That is, when S&S was in operation, AFC provided a letter of credit to the Commission that indicated AFC would provide \$125,000 for the benefit of S&S customers should S&S fail. Subsequently, AFC went through a bankruptcy action that converted the \$125,000 letter of credit to 35 shares of stock in AFC and \$2,500 debt to be paid to the PUC. That series of events, and related negotiation by PUC staff on behalf of S&S customers, brings us to today's scenario.

On April 6, 2007, the Commission received an offer from AFC to purchase the 35 shares for \$3,500 (\$100 per share) and to pay off the \$2,500 that AFC owes the Commission now, rather than over four years beginning in September 2007 as was provided in the bankruptcy order.

When the Commission took this up at its April 24 meeting, they decided that Claimants should be notified about this. The Notice describes six options that we see available to the Commission at this time. The Commission would really like to know what people think, so we encourage you to drop us a line or an e-mail, give us a call or, if you wish, attend the hearing and let us know what you would like us to do.

We, the Commission Staff, believe Option 2 is probably the best option under the circumstances. Our opinion could change, however, based upon what the valuation consultant reports or what others might say at the hearing. Under Option 2, we would propose to accept their offer and get the additional \$6,000 for Claimants, but also give each Claimant an option to re-purchase the number of shares of AFC stock they would have received if we had simply distributed the stock. That would give Claimants the opportunity to decide for themselves whether they think the AFC stock is a better deal than the \$100 per share in cash we received for the stock and distributed to them.

As a Claimant, you do have a right to attend the May 8 hearing, either in person or by telephone. However, you are not required to do so.

Our contact information is: South Dakota Public Utilities Commission, State Capitol Building, 500 E. Capitol Ave., Pierre, SD 57501; ph: (800) 332-1782 or (605) 773-3201; fax: (866) 757-6031; Internet: [www.puc.sd.gov](http://www.puc.sd.gov); or e-mail: [puc@state.sd.us](mailto:puc@state.sd.us).

Sincerely,

Keith Senger  
Utility Analyst

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

IN THE MATTER OF THE PROCEEDS ) FROM BONDS AND OTHER SECURITY ) FOR THE BENEFIT OF CUSTOMERS ) OF S&S COMMUNICATIONS )	SUPPLEMENTAL ORDER FOR AND NOTICE OF HEARING  TC05-047
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**TO ALL CLAIMANTS OF PROCEEDS OF BONDS AND OTHER SECURITY  
FOR THE BENEFIT OF CUSTOMERS OF S&S COMMUNICATIONS:**

**PLEASE TAKE NOTICE** that the issues to be considered at the hearing of the South Dakota Public Utilities Commission ("Commission") to be held at **1:30 P.M. Central Daylight Time on May 8, 2007, in Rm. 412 of the State Capitol Building in Pierre, SD**, will be expanded to include what action the Commission should take at this time, if any, with respect to the 35 shares of stock of Aberdeen Finance Corporation ("AFC") and AFC's obligation to pay the Commission \$2,500 in four annual installments beginning in September 2007. These assets were received by the Commission under AFC's Plan of Reorganization ("Plan") in bankruptcy that was approved by the U.S. Bankruptcy Court on September 11, 2006.

On April 6, 2007, the Commission received an offer from AFC and one of its shareholders to purchase the 35 shares for \$3,500 (i.e. at \$100 per share) and AFC's \$2,500 installment payment obligation under the Plan for \$2,500. This offer would result in the Commission receiving \$6,000 in additional Proceeds for distribution to Claimants. At its April 24, 2007, meeting, the Commission directed Staff to retain the services of an independent appraiser to provide an independent valuation for purposes of evaluating the prudence of accepting this offer or fashioning an appropriate counteroffer.

The Commission also directed Staff to give notice to all Claimants of this proceeding and make available to Claimants the ability to participate in the hearing by telephone if they wish. **If you wish to participate by telephone, please call the Commission at 1-800-332-1782 to make arrangements.** If we have a large number of persons wishing to participate by phone, it may be necessary for us to provide one or more locations around the state at which groups of Claimants can call in together on speaker phones. Please also note that the hearing will be broadcast live on the internet on the Commission's web site at [www.puc.sd.gov](http://www.puc.sd.gov). To listen, click on the "LIVE" button for this hearing on the web page.

The Commission could take any one of the following actions at or following the May 8, 2007, hearing:

- 1) Accept AFC's offer, sell the 35 shares of stock and the \$2,500 installment payment obligation for \$6,000 in total and include these additional Proceeds in the distribution that will be made to Claimants following the hearing.
- 2) Make a counteroffer to AFC to accept its original offer, subject to AFC's agreement to issue a re-purchase option to all allowed Claimants enabling them to re-purchase that number of AFC shares they would have received in a share distribution at the \$100 per share price received by the Commission.

- 3) Make a different counteroffer to AFC, taking into account the independent appraiser's valuation of the stock.
- 4) Distribute the 35 shares themselves to Claimants whose Claims are approved. This would result in most Claimants receiving a small fraction of one share of AFC stock.
- 5) Give Claimants the option of receiving their Claim Fraction of the AFC stock instead of the cash value of such stock in the event the Commission decides to sell the stock.
- 6) Retain the shares of stock for an indefinite period of time in the hope that the stock would appreciate in value and a sale could be achieved on more favorable terms in the future.
- 7) Take such other or further action relative to the AFC stock as the Commission may determine is appropriate based upon the evidence at the hearing, including the appraisal report.

The required statements regarding the Commission's authority and the rights of parties were set forth in the original Order for and Notice of Hearing dated March 20, 2007, and are not repeated here. Please refer to the original Notice for this information.

It is therefore

ORDERED, that the hearing to be held at 1:30 P.M. on May 8, 2007, shall include consideration of what action the Commission should take, if any, regarding the 35 shares of AFC stock and the \$2,500 installment payment obligation.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Commission at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 27th day of April, 2007.

<b>CERTIFICATE OF SERVICE</b>	
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.	
By:	<u><i>Aeldine Kalbo</i></u>
Date:	<u>4/27/07</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

*Dustin M. Johnson*  
DUSTIN M. JOHNSON, Chairman *dk*

*Gary Hanson*  
GARY HANSON, Commissioner

*Steve Kolbeck*  
STEVE KOLBECK, Commissioner