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November 29, 2005

08475-004

Ms. Heather Forney
 Acting Executive Director
 South Dakota Public Utilities Commission
 Capitol Building, 1st Floor
 500 East Capitol Avenue
 Pierre, SD 57501-5070

Re: In the Matter of the Petition of Northern Valley Communications, L.L.C.
 for a 3-Year Waiver from Developing Company-Specific Cost-Based Intrastate
 Switched Access Rates

Dear Ms. Forney:

Enclosed for filing is an original and ten (10) copies of the Petition of Northern
 Valley Communications, L.L.C.

I have also enclosed an extra copy of this letter to be date stamped and returned to
 me in the enclosed, self-addressed, postage prepaid envelope. If you have any questions,
 or if I may provide you with additional information, please contact me.

Sincerely,

JAMES M. CREMER

JMC:tmb

WVCPUC Cost Study/PUC-Forney 2005-11-29

Enclosures

pc: James Groft (*via electronic mail*)

RECEIVED

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SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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

**IN THE MATTER OF THE PETITION)
OF NORTHERN VALLEY)
COMMUNICATIONS, L.L.C. FOR)
A 3-YEAR WAIVER FROM)
DEVELOPING COMPANY-SPECIFIC)
COST-BASED INTRASTATE SWITCHED)
ACCESS RATES)**

Docket No. _____

PETITION

Northern Valley Communications, L.L.C. ("NVC"), pursuant to ARSD 20:10:27:11 and ARSD 20:10:27:02, hereby petitions the South Dakota Public Utilities Commission ("Commission") for: a 3-year waiver from developing company-specific cost-based intrastate switched access rates.

I. PETITIONER

Petitioner is a South Dakota corporation authorized to provide facilities-based local exchange service in South Dakota pursuant to the Certificate of Authority issued June 5, 1998 in Docket No. TC98-063. Petitioner had previously received a 3-year exemption from filing company-specific cost-based intrastate switched access rates in docket TC02-170 issued December 2, 2002.

II. CONTACT INFORMATION

Correspondence or communications pertaining to this petition should be directed to:

James Groft, CEO
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Fax: (605) 725-1050

And to:

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III. DESCRIPTION OF PETITION

NVC is a facilities-based local exchange carrier and provides intrastate switched access services to non-facilities based carriers. Pursuant to ARSD 20:10:27:11, a telecommunications company may petition the Commission to be exempted from the requirements of developing cost-based intrastate switched access rates based on company specific costs.

In this petition, NVC demonstrates it lacks the necessary financial or managerial resources needed to determine company-specific cost-based intrastate switched access rates and that the additional costs associated with developing company-specific cost-based intrastate switched access rates outweigh any benefit to the consumers of South Dakota.

IV. REQUEST FOR EXEMPTION

1. Financial Records Are Not Compatible

Pursuant to ARSD 20:10:27:06, each carrier's carrier or association shall file a tariff that is designed to recover no more than its intrastate switched access

costs as determined by the Commission and developed pursuant to chapters 20:10:28 and 20:10:29, including a commission-approved return on investment. The evaluation of costs described in the Commission's Administrative Rules involves a complicated process of cost separation and allocation. The books of record for rate-of-return companies have traditionally used the Uniform System of Accounts. NVC utilizes Generally Accepted Accounting Principles and allocations necessary to complete an intrastate cost study consistent with the commission's rules would be difficult to obtain.

2. NVC Does Not Have the Managerial Resources or Need to Conduct Cost Studies

NVC is a small competitive local exchange carrier that is still competing to grow its market share. Unlike regulated rate-of-return carriers, NVC does not have the staff to form an entire department dedicated to preparing cost studies. NVC does not have the staff or the expertise to fully perform the separations and allocations contemplated in chapters 20:10:28 and 20:10:29. NVC is not a regulated rate-of-return company and has never had a reason to evaluate its costs in the same manner.

3. The Costs Associated With Developing Company-Specific Cost-Based Intrastate Switched Access Rates Outweigh Potential Benefits to the Consumer

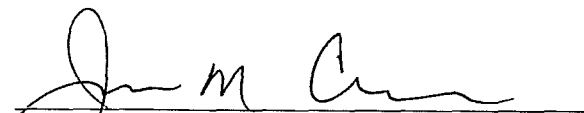
There is no correlating benefit to the consumer in requiring NVC to file company-specific cost-based intrastate switched access rates. In fact, the converse is likely true. Requiring NVC to file company-specific cost-based intrastate

switched access rates would result in unnecessary operating costs that would eventually be passed on to consumers in the form of higher consumer rates. Furthermore, to date the Commission has not required any competitive local exchange carriers (CLEC's) to file company-specific cost-based intrastate switched access rates. NVC is still an immature company with high startup costs. Any determination of cost-based intrastate access rates would result in an artificially high rate inconsistent with the costs of a mature network. The Commission's policy to allow maturing CLEC's to seek exemptions from filing high access rates keeps access rates low and serves the public interest.

WHEREFORE, for the reasons stated above NVC respectfully requests that the Commission grant it an exemption from filing company-specific cost-based intrastate switched access rates.

Respectfully submitted this 29th day of November, 2005.

BANTZ, GOSCH & CREMER, L.L.C.



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NVC\PUC Cost Study\Access Rate Exemption Petition 2005-11-29