



November 16, 2007

VIA EMAIL

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

RE: Petition for Exemption from Developing Company-Specific Cost-Based Switched Access Rates for PrairieWave Telecommunications, Inc.

Dear Ms. Van Gerpen:

Pursuant to ARSD 20:10:27:11 to 20:10:27:13, attached is a request that the Commission exempt PrairieWave Telecommunications, Inc. ("PrairieWave") from developing company-specific cost-based switched access rates.

If you have any questions, please contact me as indicated below. Thank you.

Sincerely,

A handwritten signature in dark ink, appearing to read "William P. Heaston", is written over a horizontal line.

William P. Heaston
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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE PETITION OF PRAIRIEWAVE TELECOMMUNI- CATIONS, INC. TO BE EXEMPT FROM DEVELOPING COMPANY- SPECIFIC COST-BASED SWITCHED ACCESS RATES.))) Docket No. TC07-)))
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PETITION FOR EXEMPTION

Pursuant to ARSD 20:10:27:11 to 20:10:27:13, PrairieWave Telecommunications, Inc. (“PrairieWave”) requests that the Commission exempt PrairieWave from developing company-specific cost-based switched access rates in 2007 and to continue to charge its currently tariffed intrastate switched access charges. PrairieWave makes this request based on the following:

1. PrairieWave is a competitive local exchange service provider of local and long distance voice communications in its exchanges in South Dakota. PrairieWave serves approximately 16,000 residential and business local exchange customers, most of them in Qwest markets.
2. The Commission approved PrairieWave’s existing intrastate switched access rates on December 29, 2004, in Docket No. TC04-115. The required cost study was conducted pursuant to the Commission’s rules in ARSD chapters 20:10:27 through 20:10:29. Commission Staff thoroughly reviewed the cost study filed by PrairieWave and, based on Staff’s recommendations, the Commission approved the study and the switched access rates currently on file with the Commission in the appropriate switched access tariff. PrairieWave’s composite switched access rate is approximately \$.01 per minute of use higher than the current Qwest rate also approved in 2005 in Docket No. TC05-006, dated March 17, 2005. That price difference represents several hundred thousand dollars in revenue.
3. Those rates were most recently the subject of a complaint by PrairieWave against AT&T Communications of the Midwest, Inc. (“AT&T”) in Docket No. TC05-007 based on AT&T’s failure to pay the tariffed rate. That matter was settled and the case was closed by the Commission by its order in that docket dated December 4, 2006. PrairieWave’s rates based on the 2004 cost study remain in effect.
4. PrairieWave does not have internal expertise or resources necessary to determine cost-based intrastate access rates. It would have to employ the services of outside consultants which would be expensive and would not

result in any meaningful benefit to the consumer. A cursory analysis indicates that a full study could very well result in justifying a higher rate.

5. The Commission opened a rulemaking docket (RM05-002) to consider changes to the Commission's switched access rules. Recently Verizon Communications, Inc. ("Verizon") and AT&T filed comments in the docket. The relative merits of those comments aside, Verizon seeks to "rationalize rate structures" by requiring that all local exchange carriers ("LECs") in South Dakota file intrastate access rates that mirror Qwest rates. It is interesting that Qwest gets to fully recover costs while the rest of the industry takes a financial hit that would have to be recovered from the end user, to include those competing with Qwest. AT&T, on the other hand, seeks a unitary rate plan and suggests that the Commission arbitrarily phase down intrastate switched access rates by 33% for all incumbent LECs (to include Qwest) until the intrastate rate mirrors the ILECs interstate rate. There is no discussion of competitive LEC intrastate access rates. Accordingly, until that docket is complete, PrairieWave believes it would be prudent and in the customers' best interests to allow PrairieWave to continue to charge its existing cost-based rates.

6. PrairieWave understands that consistent with ARSD 20:10:27:07 it must file cost data support "no less than once every three years." PrairieWave further understands that that it is seeking an exemption from that requirement, but believes any exemption must be read in the context of the three year requirement. PrairieWave would expect to either file a new cost study or seek renewal of any exemption within that three year period.

7. Based on the foregoing PrairieWave does not believe it would be wise or in the best interests of PrairieWave's customers or of fair competition to agree to mirror the Qwest intrastate switched access rate. PrairieWave's current access rates are cost-based relying on established Commission rules. When Qwest files in 2005 for its exemption, it was allowed to retain its current rate level. PrairieWave competes with Qwest in the local exchange market. Mirroring Qwest's rates would impose an unfair and substantial competitive disadvantage on PrairieWave in those markets. Until the Commission's rules are changed to appropriately address competitive concerns, the Commission should allow PrairieWave to recover its costs in the same manner that Qwest does.

PrairieWave respectfully requests that the Commission grant this Petition.

Submitted this 16th day of November, 2007.



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