

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

# SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

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February 13, 2008

Leon Nowalski  
Nowalski, Bronston & Gothard  
3500 N. Causeway Blvd. Suite 1442  
Metairie, LA 70002

**RE: Reduced Rate Long Distance, LLC and Horizon Telecom, Inc. Asset Purchase**

Dear Mr. Nowalski:

Thank you for your recent notice of the Reduced Rate Long Distance asset purchase agreement entered into with Horizon Telecom. The South Dakota Public Utilities Commission (Commission) reviewed the notification and agrees a formal proceeding and docket is unnecessary. The Commission need not approve the transfer of Horizon Telecom accounts in South Dakota to Reduced Rate Long Distance.

The Commission takes the position that a transfer of long distance accounts in bulk pursuant to a bona fide corporate acquisition or reorganization plan or agreement does not fall within the intended scope of prohibited slamming conduct under SDCL 49-31-89 through 49-31-97, inclusive, provided the acquiring company complies with the requirements of Administrative Rule 20:10:34:02.02. It is unclear from the letter whether Reduced Rates intends to comply with the applicable rule section. Please see the complete rule below.

*20:10:34:02.02. Exception for acquisition of subscriber base -- Notification requirements. A telecommunications carrier may acquire, through a sale or transfer, either part or all of another telecommunications carrier's subscriber base without obtaining each subscriber's authorization and verification if the acquiring carrier complies with the following:*

*(1) No later than 30 days before the planned transfer of the affected subscribers from the selling or transferring carrier to the acquiring carrier, the acquiring carrier shall file with the commission a letter notification providing the name of each party to the transaction, the types of telecommunications services to be provided to the affected subscribers, and the date of the transfer of the subscriber base to the acquiring carrier. In the letter notification, the acquiring carrier also shall certify compliance with the requirement to provide advance subscriber notice in accordance with subdivision (3) of this section and attach a copy of the notice sent to the affected subscribers;*

*(2) If, subsequent to the filing of the letter notification with the commission, any material change to the required information develops, the acquiring carrier shall file written notification of any change with the commission no more than 10 days after the transfer date announced in the letter notification. The commission reserves the right to require the acquiring carrier to send an additional notice to the affected subscribers regarding such material changes; and*

*(3) Not later than 30 days before the transfer of the affected subscribers from the selling or transferring carrier to the acquiring carrier, the acquiring carrier shall provide written notice to each affected subscriber of the information specified. The following information must be included in the advance subscriber notice:*

*(a) The date on which the acquiring carrier will become the subscriber's new provider of telecommunications service;*

*(b) The rates, terms, and conditions of the services to be provided by the acquiring carrier upon the subscriber's transfer to the acquiring carrier, and the means by which the acquiring carrier will notify the subscriber of any changes to these rates, terms, and conditions;*

*(c) The acquiring carrier will be responsible for any carrier change charges associated with the transfer, except where the carrier is acquiring customers by default, other than through bankruptcy, and state law requires the exiting carrier to pay these costs;*

*(d) The subscriber's right to select a different preferred carrier for the telecommunications services at issue, if an alternative carrier is available;*

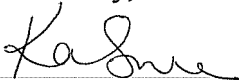
*(e) Each subscriber receiving the notice, including a subscriber who has arranged preferred carrier freezes through a local service provider on the services involved in the transfer, will be transferred to the acquiring carrier, unless the subscriber has selected a different carrier before the transfer date. The acquiring carrier shall notify the subscriber that the subscriber's existing preferred carrier freezes on the services involved in the transfer will be lifted and the subscriber must contact the subscriber's local service provider to arrange a new freeze;*

*(f) Whether the acquiring carrier will be responsible for handling any complaints filed, or otherwise raised, prior to or during the transfer against the selling or transferring carrier; and*

*(g) The toll-free customer service telephone number of the acquiring carrier.*

Please provide necessary documentation to show your client's compliance with the South Dakota Administrative Rules.

Sincerely,



Kara Semmler  
Staff Attorney