

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

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**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE FILING BY MID-)
STATE TELECOM, INC. FOR AN EXTENSION)
OF AN EXEMPTION FROM DEVELOPING)
COMPANY SPECIFIC COST-BASED)
SWITCHED ACCESS RATES.)**

**SETTLEMENT
STIPULATION
TC05-060**

I. SETTLEMENT STIPULATION

On April 27, 2005, 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. MTI proposed intrastate switched access rates that were based on the costs of all the telecommunications companies with less than 100,000 access lines as calculated in accordance with ARSD 20:10:27:12. On January 27, 2006, the Staff of the Commission (Commission Staff) filed a memo regarding its position on MTI's petition.

The Commission Staff and MTI (jointly the Parties) held several negotiating sessions in an effort to arrive at a joint and acceptable resolution of this matter. As a result of the sessions, the Parties have been able to resolve all issues in this proceeding and have entered into this Settlement Stipulation (Stipulation), which, if accepted and ordered by the Commission, will determine rates to result from this proceeding.

II. PURPOSE

This Stipulation has been prepared and executed by the Parties for the sole purpose of resolving Docket TC05-060 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 respond to the Commission Staff's memo and thereafter, the Commission Staff may respond to certain of the positions contained in MTI's response.

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 decrease its intrastate switched access rate for all originating and terminating intrastate Access Minutes from \$0.1325 [Carrier Common Line Access Service per Access Minute - \$0.0693; Local Switching (End Office) per Access Minute - \$0.0276; and Local Transport per Access Minute - \$0.0356] effective as of September 2, 2004, to \$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 represents a decrease of \$0.0175 per Access Minute.

This agreed upon-rate shall be frozen until (1) 6 months after the effective date of FCC issued rules on its current intercarrier compensation (ICC) docket (CC Docket No. 01-92 – In the Matter of Developing a Unified Intercarrier Compensation Regime); (2) 6 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 (3) three years from the date hereof, whichever occurs first, so long as the frozen rate is not in conflict with either the new FCC ICC rules or the new SDPUC rules as referenced above. 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.

Because the agreed upon rate is not dependent on any current open rate proceedings or docket before the Commission, it is a final rate from and after the effective date as set forth below, Said rate is subject to applicable adjustments as described above, if any, but is not subject to refund with interest. This Stipulation does not in any way relieve or release MTI of any refunds with interest or any other preexisting obligations as required by Commission Order in docket TC04-126 - In the Matter of the Filing by Midstate Telecom, Inc. for Approval of Revisions to its Intrastate Switched Access Tariff.

3. Implementation of Rates

The attached revised tariffed rate schedule shall be implemented for service rendered on and after March 20, 2006, so that any services rendered on and after March 20, 2006, shall be billed at the new rates.

4. Conclusion

This Stipulation is entered into this 7th day of April, 2006.

Midstate Telecom, Inc.

BY: Darla Pollman Rogers
Darla Pollman Rogers
Attorney
Riter, Rogers, Wattier & Brown, LLP
319 South Coteau Street
P.O. Box 280
Pierre, SD 57501

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.

MIDSTATE TELECOM, INC.
FILED WITH SDPUC

TARIFF NO. 1

ACCESS SERVICE
ORIGINAL PAGE 1

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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

1. APPLICATION OF TARIFF

The regulations, terms and conditions, rates and charges applicable to the provision of Switched Access and Special Access Services, and other miscellaneous service(s), provided by Midstate Telecom, Inc., a South Dakota Competitive Local Exchange Carrier (CLEC), hereinafter referred to as the Company, to Intrastate Customers, hereinafter referred to as IC's, are the same as those filed in South Dakota's Local Exchange Carrier Association's (LECA's) Tariff No. 1 with the exceptions listed herein.

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

Issued: April 7, 2006

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