

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

| | |
|--|-----------------------|
| IN THE MATTER OF THE APPLICATION OF) | ORDER GRANTING |
| CAPITAL TELEPHONE COMPANY, INC. FOR A) | CERTIFICATE OF |
| CERTIFICATE OF AUTHORITY TO PROVIDE) | AUTHORITY |
| LOCAL EXCHANGE SERVICES IN) | |
| EXCHANGES SERVED BY QWEST) | TC06-186 |

On November 1, 2006, the Public Utilities Commission (Commission) received an application for a certificate of authority from Capital Telephone Company, Inc. (Capital). A proposed tariff was filed by Capital.

On November 2, 2006, the Commission electronically transmitted notice of the filing and the intervention deadline of November 17, 2006, to interested individuals and entities. No petitions to intervene or comments were filed and at its regularly scheduled January 2, 2007, meeting, the Commission considered Capital's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to rural safeguards, and subject to the condition that Capital not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission. Commission Staff further recommended a waiver of ARSD 20:10:32:03(11).

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-69 and ARSD 20:10:32:03. The Commission finds that Capital has met the legal requirements established for the granting of a certificate of authority. Capital has, in accordance with SDCL 49-31-71, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive subparagraph (11) of ARSD 20:10:32:03.

The Commission approves Capital's application for a certificate of authority, subject to rural safeguards, and subject to the condition that Capital not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission. The certificate of authority for Capital shall authorize it to offer local exchange services in South Dakota, except in those areas served by a rural telephone company. In the future, should Capital choose to provide local exchange services statewide, with respect to rural telephone companies, Capital will have to come before the Commission in another proceeding before being able to provide local service in that rural service area pursuant to 47 U.S.C. § 253(f) which allows the Commission to require a company that seeks to provide service in a rural service area to meet the requirements in 47 U.S.C. § 214(e)(1) for designation as an eligible telecommunications carrier. In addition, the granting of statewide certification will not affect the exemptions, suspensions, and modifications for rural telephone companies found in 47 U.S.C. § 251(f). It is therefore

ORDERED, that Capital's application for a certificate of authority to provide local exchange services is granted, subject to the condition that Capital not offer any prepaid services (including prepaid calling cards) and not accept or require any deposits or advance payments without prior approval of the Commission; and it is

FURTHER ORDERED, that Capital shall file informational copies of tariff changes with the Commission as the changes occur; and it is

FURTHER ORDERED, that the Commission shall authorize Capital to offer its local exchange services in South Dakota, except in those areas served by a rural telephone company; and it is

FURTHER ORDERED, that the Commission waives subparagraph (11) of ARSD 20:10:32:03.

Dated at Pierre, South Dakota, this 16th day of January, 2007.

| |
|--|
| CERTIFICATE OF SERVICE |
| 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>Melaine Kalbs</i></u> |
| Date: <u>1/18/07</u> |
| (OFFICIAL SEAL) |

BY ORDER OF THE COMMISSION:

Dustin M. Johnson
DUSTIN M. JOHNSON, Chairman

Gary Hanson
GARY HANSON, Commissioner

Steve Kolbeck
STEVE KOLBECK, Commissioner