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Via Electronic Filing

December 4, 2006

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

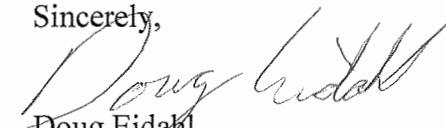
RE: Capital Telephone Company, Inc., Petition for Exemption from Certain Administrative Rules and for Approval of its Access Services Tariff

Dear Ms. Van Gerpen,

On behalf of Capital Telephone Company, Inc., we file the enclosed Petition for exemption from certain administrative rules and for approval of its access services tariff.

If you have any questions or comments, please feel free to contact me at (605) 995-1750.

Sincerely,



Doug Eidahl

Vice President of Consulting
Vantage Point Solutions

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE PETITION)
OF CAPITAL TELEPHONE COMPANY, INC.,)
FOR EXEMPTION FROM CERTAIN)
ADMINISTRATIVE RULES AND FOR APPROVAL)
OF ITS ACCESS SERVICES TARIFF)

Docket No. _____

PETITION

Capital Telephone Company, Inc., (Capital or Petitioner), pursuant to ARSD 20:10:27:11 and ARSD 20:10:27:02, hereby petitions the South Dakota Public Utilities Commission ("Commission") for exemptions or waivers from 1) developing company-specific cost-based switched access rates; 2) use of the formula in ARSD 20:10:27:12, so that Capital may mirror the Qwest Corporation tariffed access rates; 3) calculation of billing and collection costs as set forth in ARSD 20:10:27:13; and 4) the requirement, set forth in ARSD 20:10:27:07, that Capital file cost data in support of its switched access service tariff no less than once every three years. Capital also petitions the Commission for approval of its access services tariff attached as **Exhibit A**.

1. Company Information. Capital is a Nevada corporation that has requested authority to provide local exchange service in South Dakota under Docket TC06-186. Petitioner's legal name, address, principal office, phone and fax number are:

Capital Telephone Company, Inc.
8635 West Sahara Avenue, Suite 498
Las Vegas, NV 89117
Phone: (702) 499-9889
Fax: (702) 920-8844

2. Description of Petition. As a local exchange service provider, Petitioner also intends to provide switched access services to other carriers. Pursuant to

Administrative Rule 20:10:27:11, a telecommunications company may petition the Commission to be exempted from the requirements of developing intrastate switched access rates based on company-specific costs. Pursuant to ARSD 20:10:27:02, the Commission may grant, for good cause, a waiver or suspension of any commission rule in Chapters 20:10:27 to 20:10:29, inclusive.

As a start up CLEC, the petitioner lacks any historical data to perform a cost study. Further, Capital lacks the necessary financial, technical and managerial resources needed to determine company-specific cost-based intrastate switched access rates. The additional costs associated with developing company-specific cost-based intrastate switched access rates outweigh any benefit to its customers, especially where Capital is agreeing to mirror the lower access rates of Qwest.

In addition, the petitioner requests waiver or suspension of 1) ARSD 20:10:27:12 so that the petitioner may mirror the Qwest Corporation tariffed access rates, 2) ARSD 20:10:27:13, so that petitioner will not be required to calculate billing and collection costs based on telecommunications companies with less than 100,000 access lines; and 3) ARSD 20:10:27:07, so that petitioner is not required to file cost data in support of its switched access service tariff once every three years.

3. Requests for exemption.

a. Request for exemption from the requirements of developing intrastate switched access rates based on company-specific costs.

i. The cost separations and allocations described in the Commission's Administrative Rules involve a complex and

resource intensive process that historically has been required only of rate of return ILECs that use the Uniform System of Accounts (USOA). The petitioner is not a rate of return regulated ILEC and has not setup its books to utilize USOA, but instead will operate under Generally Accepted Accounting Principles (GAAP).

- ii. Petitioner is a small start up competitive local exchange company. It has no historical cost data to perform a cost study. Further, it does not have the staff or experience to dedicate to the task of preparing fully allocated cost studies. Consequently, the petitioner does not have the personnel or expertise to prepare the cost studies that would be required under Chapters 20:10:28 and 20:10:29.
- iii. Furthermore, since the petitioner is a new market entrant, the results of such a cost study would be practically meaningless with high start-up costs and few customers.
- iv. The costs associated with developing company-specific cost-based intrastate switched access rates outweigh potential benefits to the consumer, especially where Capital is agreeing to mirror the lower access rates of Qwest. Requiring companies like the petitioner to prepare cost studies would diminish the potential benefits of competition in the telecommunications market by making entry into the market prohibitively expensive.

- b. Request for waiver or suspension of ARSD 20:10:27:12. ARSD 20:10:27:12 states that the determination of switched access rates for

a company granted an exemption from developing company-specific cost-based switched access rates will be based on the costs of all the telecommunications companies with less than 100,000 access lines that determine switched access costs pursuant to Chapters 20:10:29 and 20:10:20. Petitioner respectfully requests a waiver or suspension of ARSD 20:10:27:12 so that it may mirror the Qwest Corporation tariffed access rates for South Dakota as filed with the Commission. As Qwest's switched access rates are lower than those charged by the companies identified in ARSD 20:10:27:12, good cause is shown for the Commission's grant of a waiver of this rule.

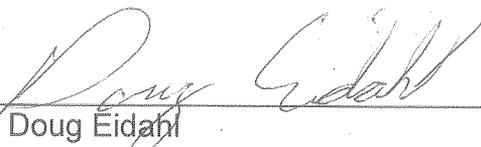
- c. Request for waiver or suspension of ARSD 20:10:27:13. Petitioner also requests a waiver from the requirement that it determine billing and collection costs based on the average of such costs for all telecommunications companies with less than 100,000 access lines.
- d. Request for waiver or suspension of ARSD 20:10:27:07. Petitioner respectfully requests a waiver or suspension of the requirement that it file cost studies in support of its access tariff no less than once every three years. The Petitioner will mirror Qwest rates until the Commission may require otherwise by rule or order.

WHEREFORE, for the reasons stated above, Capital hereby petitions the Commission for an exemption from developing company-specific cost-based switched access rates and for such other relief as requested herein.

Respectfully submitted this 4th day of December, 2006

Capital Telephone Company, Inc.

By:


Doug Eidahl

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