

**MINNESOTA INDEPENDENT  
EQUAL ACCESS CORPORATION**

TRANSMITTAL NUMBER 23

TARIFF REVIEW PLAN (TRP) SUBMITTAL  
FOR JULY 1, 2010 ACCESS CHARGE TARIFF FILING

JUNE 24, 2010

# MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION

TRANSMITTAL NUMBER 23  
INTERSTATE ACCESS TARIFF FILING

PROSPECTIVE PERIOD  
JULY 1, 2010 – JUNE 30, 2011

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**MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION  
TARIFF F.C.C. NO. 1**

**DESCRIPTION AND JUSTIFICATION**

**INTRODUCTION**

Minnesota Independent Equal Access Corporation (“MIEAC”) makes this filing in accordance with the Federal Communications Commission’s (“FCC”) Order, In the Matter of July 1, 2010 Annual Access Charge Filings, WCB/Pricing File No. 10-03 (released March 31, 2010). Included in this filing are the required documents to support MIEAC’s tariffed services and the cost support materials provided to support those rates on a go-forward basis. In this filing, MIEAC proposes reducing the per-minute rate for Terminating Tandem Switching from \$0.0024 to \$0.0022.

**CORPORATE AND REGULATORY STATUS**

MIEAC is a Minnesota corporation, formed on October 6, 1988, with its headquarters in Minneapolis, Minnesota. It is a wholly owned subsidiary of Onvoy, Inc. (“Onvoy”), f/k/a MEANS, which offers wholesale interstate and intrastate telecommunication services primarily for IXCs, ILECs and CLECs. Onvoy in turn is a subsidiary of Zayo Group Holdings, Inc. ([www.zayo.com](http://www.zayo.com)) of Louisville, Colorado.

By Memorandum Opinion, Order and Certificate, File No. W-P-C-6400, released August 22, 1990, the Commission's Common Carrier Bureau (Domestic Facilities Division) granted MIEAC's Section 214 Application, as amended, to lease and operate transmission facilities in order to provide centralized equal access service to inter-exchange carriers through a centralized switching facility in the State of Minnesota. The Division found that the public interest would be served by MIEAC's proposed network for the aggregation of equal access traffic in Minnesota.

By Order Granting Certificate of Authority to Provide Equal Access Service, Docket No. P3007/NA-89-76, issued January 10, 1991, the Minnesota PUC granted MIEAC Certificates of Public Convenience and Authority to provide centralized equal access services within the State of Minnesota.

## **OVERVIEW**

MIEAC operates a robust statewide network of centralized tandem switches, fiber optic SONET systems and digital access cross-connect systems. MIEAC operates three (3) tandem switches that are fully utilized to provide capacity as well as physical and network redundancy. MIEAC offers all Inter-Exchange Carriers ("IXCs") the opportunity to interconnect with its system at defined points of interconnection. MIEAC's tandem switching and transport services enable IXCs to aggregate their long distance traffic at a single point for the completion of that traffic to and

from the local exchanges of many independent telephone companies, and provides 1+ presubscription services for IXCs wishing to serve end users in exchanges whose local exchange carriers lack that presubscription capability. MIEAC does not operate end offices or provide local exchange telephone service, and is not an incumbent local exchange carrier.

MIEAC's fiber network is fully redundant, able to provide complete failover between the northern part of the state and the southern. Since 2008, MIEAC has increased switch capacity to handle increased MOU demand and upgraded components of our SS7 signaling system. These upgrades allow for more capacity to handle customer busy hour traffic loads, and enhanced SS7 monitoring capability.

For 2009, MIEAC's rate of return is 7.75%, which is below the authorized rate, as is the 6.22% rate of return for the test year, July 1, 2010 to June 30, 2011. The number of originating minutes of use is in a decline that will continue as interconnected LECs realize reduced demand. Terminating minutes continue to increase, and due to the competitive nature of terminating traffic, the rate structure sets these rates at a lower level than the originating rates.

With this filing, MIEAC proposes to reduce the per-minute Terminating Tandem Switching rate element from \$0.0024 (present) to \$0.0022 (proposed), a decrease of 8.3%. Reducing the Terminating Tandem Switching rate will provide the most benefit for IXCs, allow MIEAC to

remain competitive for terminating traffic and allow MIEAC to comply with the authorized rate of return benchmark (not to exceed 11.25%).

### **RATE DEVELOPMENT**

The cost support material for MIEAC has been developed using procedures prescribed by the FCC. The revenue requirement associated with providing centralized equal access and tandem and transport services for MIEAC was determined by using a mechanized jurisdictional separation system which incorporates Part 36 of the FCC Rules and Regulations. Part 36 was used to develop the interstate portions of forecasted investment and expense.

The interstate portion of investment and expense derived from Part 36 was then processed through a Part 69 cost allocation system. Part 69 assigns the interstate data to various cost elements used by LECs to establish access rates. Since MIEAC uses only Switched Transport and the unbundled elements of Tandem Switching and Transport, the division of its interstate revenue requirement into separate rate elements under Part 69 does not yield results which are relevant to MIEAC's CEA rates.

Federal and state income taxes were estimated as 34 percent and 9.8 percent, respectively, of projected net income. Forecasted miscellaneous revenues (primarily SS7) were subtracted from MIEAC's total company revenue requirement to determine the net revenue requirement for

Centralized Equal Access Service and the Tandem Switching and Transport services.

Demand quantities utilized in this filing represent interstate originating and terminating minutes of use (MOU) based on current trending of interstate demand and billing. Estimated MOU for the 2010-2011 test year reflects a steadily decreasing demand for originating traffic coincident with continued increases in volumes of terminating traffic.

**MOU for TEST YEAR: JULY 2010 - JUNE 2011**

<b>Category</b>	<b>Switching</b>	<b>Transport</b>
Originating CEA	61,076,313	0
Originating TS (Non-CEA and 8XX)	173,148,561	150,665,370
Terminating	2,972,366,531	2,998,949,545
<b>Subtotal</b>	<b>3,206,591,405</b>	<b>3,149,614,915</b>

**MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION**  
**NET REVENUE REQUIREMENT AND RATE SCHEDULE**

<b>NET REVENUE REQUIREMENT, Switched Access and Miscellaneous</b>	\$12,084,806
<b>NET REVENUE REQUIREMENT, Switched Access</b>	\$10,805,646

Note: NET REVENUE REQUIREMENT Results are Net, after Uncollectibles.

<b>PROJECTED RATE OF RETURN, TEST YEAR</b>	6.22%
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**PROPOSED RATE PER MINUTE OF USE**

Interstate Orig CEA Switching	\$0.0169
Interstate Orig Tandem Switching	\$0.0037
Interstate Orig Transport	\$0.0099
Interstate Term Tandem Switching	\$0.0022
Interstate Term Transport	\$0.0008

**CURRENT RATE PER MINUTE OF USE**

Interstate Orig CEA Switching	\$0.0169
Interstate Orig Tandem Switching	\$0.0037
Interstate Orig Transport	\$0.0099
Interstate Term Tandem Switching	\$0.0024
Interstate Term Transport	\$0.0008

**PERCENT CHANGE**

Interstate Orig CEA Switching	0%
Interstate Orig Tandem Switching	0%
Interstate Orig Transport	0%
Interstate Term Tandem Switching	-8.3%
Interstate Term Transport	0%