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FOUNDED 1866

June 28, 2010

Pricing Policy Division  
Wireline Competition Bureau  
Federal Communication Commission  
445 12th Street, S.W., Room 5-A221  
Washington, DC 20554

Re: Errata: Petition of AT&T Corp. Against MIEAC Transmittal No. 23,  
F.C.C. Tariff No. 1.

Dear Sir or Madame:

Earlier today, AT&T Corp. ("AT&T") filed its Petition seeking suspension, investigation, and an accounting of Minnesota Independent Equal Access Corporation ("MIEAC"), Transmittal No. 23, F.C.C. Tariff No. 1 (filed June 24, 2010). That pleading contained a typographical error that reversed two values. AT&T hereby submits the attached corrected version of its Petition.

In particular, the attached corrected Petition replaces the following sentence that appears on page 9 of AT&T's Petition:

Similarly, MIEAC's transport switching traffic volumes (based on bills to AT&T) increased by 42.2% in first five months of 2010 compared to the same period last year, and those minutes have doubled since the beginning of 2010.

This sentence has been corrected as follows:

Similarly, MIEAC's transport switching traffic volumes (based on bills to AT&T) increased by 100% in first five months of 2010 compared to the same period last year, and those minutes have increased by 42.2% since the beginning of 2010.



June 28, 2010  
Page 2

I have served this Errata on counsel for MIEAC via email and facsimile. I have also filed it via ETFS. Please call me with any questions.

Sincerely,

/s/ Christopher T. Shenk

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

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In the Matter of

July 1, 2010

Annual Access Charge Tariff Filings

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WCB/Pricing File No. 10-03

**PETITION OF AT&T CORP.**

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June 28, 2010

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**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

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In the Matter of )

July 1, 2010 )

Annual Access Charge Tariff Filings )

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WCB/Pricing File No. 10-03

**PETITION OF AT&T CORP.**

Pursuant to section 204(a)(1) of the Communications Act, 47 U.S.C. § 204(a)(1), section 1.773 of the Commission's Rules, 47 C.F.R. § 1.773, and the Commission's Order, DA 10-505, released March 31, 2010,<sup>1</sup> AT&T Corp. ("AT&T") respectfully requests that the Commission suspend for one day, investigate, and issue an accounting order for the July 1, 2010 interstate access tariff filed by the Minnesota Independent Equal Access Corporation ("MIEAC").<sup>2</sup>

**INTRODUCTION AND SUMMARY**

The MIEAC July 1, 2010 tariff presents a classic case for suspension, investigation, and an accounting. It contains completely unexplained and very large increases in both uncollectible expenses (\$1.3 million) and corporate operations expenses (\$2.1 million) hidden in line items at the back of MIEAC's submission that inflate its rates by at least \$3.4 million, and result in returns far in excess of the Commission-prescribed 11.25%. The Commission has repeatedly suspended and investigated tariffs where carriers failed to explain and document such increases –

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<sup>1</sup> Order, *July 1, 2010 Annual Access Charge Filings*, WCB/Pricing File No. 10-03, DA 10-505 (rel. March 31, 2010) (setting procedures and dates for the 2010 annual access charge filings).

<sup>2</sup> Minnesota Independent Equal Access Corporation, Transmittal No. 23, F.C.C. Tariff No. 1 (filed June 24, 2010). See Attachment 1, hereto. Suspension and investigation are appropriate where a tariff raises "substantial questions of lawfulness . . . that warrant further investigation." Order, *July 2007 Annual Access Tariff Filings*, 22 FCC Rcd. 11619, ¶ 3 (2007).

including with respect to much smaller increases in uncollectible expenses – and it should do so again here.<sup>3</sup>

The rates in MIEAC's July 1, 2010 tariff are also based on vastly understated demand projections, resulting in additional rate inflation. As shown below, MIEAC projects (again with no documentation or explanation) that its demand for 2010/2011 will grow by only a small fraction of its historical growth. But it is quite clear that MIEAC's 2010/2011 demand will meet or exceed its historic growth. Indeed, more than 90% of the traffic on MIEAC's network appears to come from traffic stimulation schemes that use MIEAC's network and that have produced consistently large year-over-year increases in traffic volumes that have continued into 2010. To protect ratepayers against substantial overcharges from MIEAC's understated demand projections, the Bureau should require MIEAC to modify its tariff to include terms (provided below) that will require MIEAC to make rate adjustments if its actual demand turns out to be substantially higher than its projections, just as the Commission did in 2007 in very similar circumstances.

The Bureau has ample authority to suspend and investigate the MIEAC tariff, and to adopt the proposed remedies. Section 204 of the Communications Act, 47 U.S.C. § 204, grants the Commission broad authority, on its own initiative or upon request, to suspend and investigate tariff filings that propose rates that are of questionable lawfulness. As the Commission has recognized, suspension and investigation of tariffs is an essential element of the core mandate to ensure just and reasonable rates where highly suspect tariffs that raise substantial questions of

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<sup>3</sup> See, e.g., Order, *Madison River Telephone Company, LLC, Tariff No. 1, Transmittal No. 9*, 17 FCC Rcd. 23939 (2003) ("*MRTC Designation Order*"); Order, *National Exchange Carrier Association, Inc., Tariff FCC No. 5, Transmittal No. 952*, 17 FCC Rcd. 22595 (2002) ("*NECA Designation Order*").

lawfulness are filed on a streamlined basis.<sup>4</sup> As such, the Bureau (*see* §§ 0.91, 0.291), acting on delegated authority, clearly has independent authority pursuant 47 U.S.C. § 204 to suspend and investigate tariffs on its own motion where, as here, there are significant questions concerning the lawfulness of the tariffs.<sup>5</sup>

The Bureau also has authority to suspend and investigate tariffs under Rule 1.773(a)(1)(iii), 47 C.F.R. § 1.773(a)(1)(iii), if it determines (1) “there is a high probability that the tariff would be found unlawful after investigation”; (2) “any unreasonable rate would not be corrected in a subsequent filing”; (3) “irreparable injury will result if the tariff is not suspended”; and (4) “the suspension would not otherwise be contrary to the public interest.” These elements are clearly satisfied here. First, as demonstrated below, there is an exceedingly high probability that MIEAC’s tariff will be found to be unlawful. Second, MIEAC’s prior practices show that these unreasonable rates are not likely to be corrected in a subsequent filing. Third, irreparable injury will result if the tariffs are not suspended because the excessive rates will be “deemed lawful,” which may foreclose refunds for excessive charges.<sup>6</sup> Fourth, suspension is clearly in the public interest because it will help to prevent millions of dollars in overcharges that are ultimately borne by consumers.

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<sup>4</sup> *See, e.g.*, Memorandum Opinion and Order, *July 1, 2004, Annual Access Charge Tariff Filings*, 19 FCC Rcd. 23877, ¶ 7 (2004) (“*2004 NECA Tariff Investigation Order*”) (“When tariffs . . . are filed pursuant to the ‘deemed lawful’ provisions of the statute . . . it is incumbent upon us to suspend and investigate the tariff filing if it may reflect unjust and unreasonable rates”).

<sup>5</sup> *See* Memorandum Opinion and Order, *Investigation of Access and Divestiture Related Tariffs*, CC Docket No. 83-1145, FCC 84-70, 1983 FCC LEXIS 396, ¶ 8 n.6 (1983) (rejecting argument that a “request for suspension should be denied as premature and not in compliance with Section 1.773” and finding that the Commission “need not reach these arguments, since the Commission has the authority on its own motion to suspend and investigate tariffs, 47 U.S.C. § 204(a), and we [the Commission] have concluded that the circumstances of this case warrant such suspension”).

<sup>6</sup> *2004 NECA Tariff Investigation Order*, ¶ 7 (“Rates that are ‘deemed lawful’ are not subject to refund”).

**I. THE BUREAU SHOULD SUSPEND MIEAC'S TARIFF AND INVESTIGATE THE UNEXPLAINED INCREASES IN "UNCOLLECTIBLES" AND "CORPORATE OPERATIONS" EXPENSES THAT INFLATE MIEAC'S RATES AND PRODUCE RETURNS THAT FAR EXCEED 11.25%.**

MIEAC's July 1, 2010 annual tariff contains a \$1.3 million increase in expenses for "uncollectibles," up from *zero* dollars in reported actual uncollectibles in prior years as far back as at least 2003.<sup>7</sup> MIEAC has provided no explanation or documentation as to why it believes its uncollectible expenses will increase by such a large amount. Nor does it explain why its current tariff provisions that permit it to collect security deposits from customers that pose a significant risk of non-payment are suddenly insufficient to address any potential for future uncollectibles.<sup>8</sup> MIEAC also fails to explain whether its asserted increase in uncollectible expense is caused by the unique circumstances of one or two customers or whether it is a systemic problem, and, if it is not a systemic problem, why MIEAC should be allowed to recover these uncollectibles from *all* customers (by including it as an expense used to determine rates), rather than from only those that pose a risk of non-payment.

The Bureau has (quite properly) suspended and investigated tariffs seeking to set rates based on increases in uncollectibles in far less extreme circumstances. For example, in 2003,

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<sup>7</sup> MIEAC has reported its actual historic uncollectible amounts for odd numbered years from 2003 through 2007, and in each of those years, MIEAC reported \$0 in uncollectibles. *See* Exhibit A, attached hereto. For the 2006/2007 tariff period, MIEAC *projected* about \$781,000 in uncollectibles, but MIEAC has not reported its *actual* 2006 uncollectible amounts, and, for 2007, MIEAC reported actual uncollectibles of \$0. *See id.* In addition, in its July 1, 2010 tariff filing, MIEAC included a retroactive, unexplained, and undocumented \$1.4 million increase in its 2009 uncollectible expenses, apparently to disguise the fact that its return in 2009 would otherwise have been nearly 19%, far above the prescribed 11.25%. *See id.* All of this further confirms MIEAC's failure to explain and document its uncollectible projections, and the need for the Bureau to suspend and investigate its July 1, 2010 tariff to ascertain the legitimacy of its uncollectible projections.

<sup>8</sup> MIEAC, Tariff F.C.C. No. 1, § 2.4.1(A) (stating that "to safeguard its interests," MIEAC may require a deposit from "a customer which has a proven history of late payments to MIEAC or [that] does not have established credit").



Madison River Telephone Company (“MRTC”) submitted a tariff seeking to increase uncollectible expenses by about \$424,000, and, unlike MIEAC, MRTC at least attempted to explain this increase by asserting that its risk of future uncollectibles was likely generally higher due to the then-recent bankruptcies of MCI-Worldcom and others.<sup>9</sup> Still, the Bureau suspended and investigated MRTC’s tariff to assess “whether the increased allowance for uncollectibles and the resulting increase in access rates are just and reasonable within the meaning of Section 201(b) of the Act.”<sup>10</sup>

The Bureau explained that “[t]he revisions raise the question whether circumstances have changed so as to warrant increasing the allowance for uncollectibles in establishing [MRTC’s] interstate access charges.”<sup>11</sup> The Bureau therefore required MRTC to provide, among other things “a detailed description of the method it used to estimate the level of uncollectibles,” an explanation of “whether the variation in uncollectible levels . . . is merely a normal fluctuation in uncollectibles, which would be covered by the business risks anticipated in the 11.25 percent authorized rate of return, or whether it reflects some long term trend that warrants increasing the allowance for uncollectibles in the calculation of [MRTC’s] interstate revenue requirement,” and “whether the increase is expected to cover the default of several smaller customers or one or two bigger ones.”<sup>12</sup> The Bureau also suspended a NECA tariff in 2002 and designated a similar set of issues for investigation, because that tariff contained insufficiently documented large increases in uncollectible expenses.<sup>13</sup>

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<sup>9</sup> *MRTC Designation Order*, ¶ 4.

<sup>10</sup> *Id.* ¶ 6.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> *NECA Designation Order*, ¶ 1.

This precedent compels the same result here: (1) MIEAC is proposing an increase in uncollectibles that is *three times larger* than the one sought by MRTC; (2) it has not established that “circumstances have changed so as to warrant increasing the allowance for uncollectibles in establishing [its] interstate access charges”; (3) it has not provided a “a detailed description of the method it used to estimate” this new level of uncollectibles; (4) it has not established that the asserted increase is not “merely a normal fluctuation in uncollectibles, which would be covered by the business risks anticipated in the 11.25 percent authorized rate of return”; (5) it has not explained whether its increase in uncollectibles reflect “some long term trend that warrants increasing the allowance for uncollectibles in . . . [its] interstate revenue requirement”; and (6) it has not explained “whether the increase is expected to cover the default of several smaller customers or one or two bigger ones.”<sup>14</sup> Instead, MIEAC has attempted to hide this increase in a line item at the back of its submission, with no explanation or discussion whatsoever.

MIEAC has also inflated its revenue requirement with an extremely large and unexplained 143% increase (about \$2.1 million) in Corporate Operations expenses for the 2010/2011 tariff period compared to 2009.<sup>15</sup> To put this increase in perspective, MIEAC’s projected 2010/2011 Corporate Operations expenses would comprise nearly one third of MIEAC’s total operating expenses plus taxes, up from less than 15% last year.<sup>16</sup> Moreover, MIEAC’s proposed 143% increase in Corporate Operations expenses far exceeds that historically made by other similarly sized carriers in Minnesota, which typically report modest year-over-year increases and often even *decreases*, and that, overall, have historically reported

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<sup>14</sup> *MRTC Designation Order*, ¶¶ 4, 6; *see also NECA Designation Order*, ¶¶ 4-6.

<sup>15</sup> *See* Exhibit B, page 1, attached hereto.

<sup>16</sup> *See id.*

average changes near 0%.<sup>17</sup> MIEAC's extraordinary asserted increase in Corporate Operations expenses thus requires substantial explanation and documentation, which it has not provided. Accordingly, the same logic that compelled the Bureau to suspend and investigate the MRTC and NECA unexplained increases in uncollectible expenses compels suspension and investigation of MIEAC's completely unexplained large increases in Corporate Operations expenses.

Absent these unexplained increases in expenses, MIEAC's rates clearly would be unjust and unreasonable in violation of Section 201(b) of the Act, 47 U.S.C. § 201(b). Assuming that MIEAC's uncollectible expenses should be zero (as they have been in the past) and that its Corporate Operations expenses remain flat – as they have, on average, for other similarly sized Minnesota carriers – MIEAC's current tariff will produce overcharges of about \$3.4 million and a corresponding excessive rate of return of more than 40% for the 2010/2011 tariff period.<sup>18</sup> There can thus be no serious dispute that MIEAC's rates far exceed just and reasonable levels and warrant suspension and investigation.

## **II. THE COMMISSION SHOULD REQUIRE MIEAC TO MODIFY ITS TARIFF TO PROTECT RATEPAYERS AGAINST EXCESSIVE CHARGES FROM TRAFFIC STIMULATION ACTIVITIES.**

The rates in MIEAC's July 1, 2010 tariff also appear to be inflated by understated demand projections. MIEAC is a centralized equal access provider that operates facilities that connect to local exchange carriers located throughout Minnesota. MIEAC uses these facilities to provide interexchange carriers ("IXCs") with a centralized location where they can deliver and receive calls to and from LECs throughout Minnesota. MIEAC provides this centralized equal access service pursuant to tariff, and it bills IXCs a per minute transport, tandem switching, and

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<sup>17</sup> See *id.*, page 2.

<sup>18</sup> See Exhibits, C & E, attached, hereto.

centralized equal access switching rates to deliver calls to and from Minnesota LECs. These per minute rates are computed by dividing MIEAC's revenue requirement by the total number of minutes of traffic delivered to and from Minnesota LECs. In other words, MIEAC's per minute rates are driven in large part by the amount of traffic generated by the LECs that use MIEAC's network ("demand"), with higher demand producing lower rates and lower demand producing higher rates.

MIEAC has a long history of setting rates based on demand projections that turn out to vastly understate its actual demand. For example, for tandem switching, its 2002/2003 projections understated actual demand by 71.9%, its 2004/2005 projections understated actual demand by 470.4%, its 2006/2007 projections understated actual demand by 33.9%, and its 2008/2009 projections understated actual demand by 64%.<sup>19</sup>

It is quite clear that the per minute rates in MIEAC's July 1, 2010 tariff are again based on substantially understated demand projections that will result in significant overearnings. The rates in MIEAC's tariff are based on 2010/2011 demand projections for tandem switching that assume demand will increase by only 16.23% compared to 2009.<sup>20</sup> But MIEAC's actual tandem switching demand from 2002 through 2009 grew on average by 28.55% each year, and for the most recent period (2008 to 2009), its demand grew by 35.74%.<sup>21</sup> Likewise, for tandem switching transport, the rates in MIEAC's tariff are based on 2010/2011 demand projections that assume demand will increase by only 8.31% compared to 2009.<sup>22</sup> But MIEAC's actual tandem

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<sup>19</sup> See Exhibit D, page 1, attached hereto. MIEAC's projections for tandem switching transport demand likewise vastly understate its actual demand. See *id.*, page 2.

<sup>20</sup> See Exhibit D, page 1, attached hereto.

<sup>21</sup> See *id.*

<sup>22</sup> See *id.*, page 2.

switching transport demand from 2002 through 2009 grew on average by 42.28% each year, and for the most recent period (2008 to 2009), its demand grew by 49.3%.<sup>23</sup> It is thus quite clear that MIEAC systematically understates demand and that its 2010/2011 demand projections are far too low.

Moreover, there is every reason to believe that the amount of traffic carried by MIEAC will increase even more this year than it has in previous years. As noted, MIEAC's demand is driven by the amount of traffic generated by the Minnesota LECs that use MIEAC's network. More than 90% of the traffic on MIEAC's network is derived from traffic stimulation schemes. As the Bureau is well aware, LECs that engage in traffic stimulation schemes typically partner with calling service providers that offer free (or low cost) conferencing, chat, and other services to customers that call telephone numbers associated with the LECs' exchanges. These traffic stimulation schemes typically result in enormous increases in interstate calls to those telephone numbers, thus producing extraordinary spikes in demand for the centralized equal access providers (like MIEAC) that they use to transport such traffic.

Overall, MIEAC's tandem switching traffic volumes (based on bills to AT&T) increased by 86.6% in first five months of 2010 compared to the same period last year. And, the amount of tandem switching traffic on MIEAC's network is increasing rapidly this year – it has already increased by 39.8% in the first five months of 2010. Similarly, MIEAC's transport switching traffic volumes (based on bills to AT&T) increased by 100% in first five months of 2010 compared to the same period last year, and those minutes have increased by 42.2% since the beginning of 2010.

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<sup>23</sup> *See id.*

To address the very high likelihood that MIEAC's actual demand will far exceed its projections (as it has in the past and as it appears on track to do again this period), the Commission should require MIEAC to modify its tariff in the same way that it has required LECs engaged in traffic stimulation to modify their tariffs in order to protect ratepayers from significant overcharges.<sup>24</sup> In particular, the Commission should require MIEAC to include the following language in its tariff:

If the monthly interstate local switching minutes of the issuing carrier exceeds 100% of the interstate local switching demand in the same month of the previous year (refile trigger), the issuing carrier will file revised local switching and transport tariff rates within 60 days of the end of the month in which the issuing carrier met the refile trigger.<sup>25</sup>

The Bureau has ample authority to adopt this remedy. As noted, the Bureau has independent authority pursuant 47 U.S.C. § 204 to suspend and investigate tariffs on its own motion where, as here, there are significant questions concerning the lawfulness of the tariffs.<sup>26</sup> The Bureau also has authority to suspend and investigate MIEAC's tariffs under Rule 1.773(a)(1)(iii), 47 C.F.R. § 1.773(a)(1)(iii). Indeed, the Bureau exercised this authority in 2007 when it suspended and investigated the tariffs of more than 30 LECs when it appeared that their

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<sup>24</sup> As the Commission recognized, LECs compute rates by essentially dividing their projected revenue requirement (costs plus the Commission prescribed 11.25% rate-of-return) by their projected demand (*i.e.*, traffic volumes). Order Designating Issues For Investigation, *Investigating of Certain 2007 Access Tariffs*, 22 FCC Rcd. 16109 (2007) ("*2007 Traffic Stimulation Order*"). The projected demand figures are typically based on the LEC's historical demand, because for ordinary LECs demand tends to be steady over time. *Id.* But for a LEC that is engaged in traffic stimulation, its actual prospective demand will be substantially higher than any projections based on historical demand. As a result, the LEC's rates will be set too high, and the LEC will earn returns that far exceed the permissible 11.25%. As the Commission has explained, LECs that engage in traffic stimulation activities "can generate increased revenues that likely would result in rates that are unjust and unreasonable." *Id.*

<sup>25</sup> *2007 Traffic Stimulation Order*, ¶ 20. This language would, of course, be modified to reflect the per minute rate elements in the MIEAC tariff.

<sup>26</sup> See Memorandum Opinion and Order, *Investigation of Access and Divestiture Related Tariffs*, CC Docket No. 83-1145, 1983 FCC LEXIS 396, ¶ 8 n.6 (1983).

predicted traffic volumes would increase substantially above their projected levels due to traffic stimulation activities.<sup>27</sup>

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<sup>27</sup> See Order, *July 1, 2007, Annual Access Charge Tariff Filings*, 22 FCC Rcd. 11619 (2007); *2007 Traffic Stimulation Order*, ¶ 20.

## CONCLUSION

For the reasons stated above, the Commission should suspend for one day and investigate the tariff revisions filed by MIEAC as detailed in Attachment 1, hereto, and impose an accounting order.

Respectfully submitted,

AT&T Corp.

By /s/ M. Robert Sutherland

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### ***Please Direct Questions Related To This Filing To:***

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Director – Financial Analysis, AT&T Corp.  
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Bedminster, NJ 07921  
Tel. (908) 234-5950

Dated: June 28, 2010



**CERTIFICATE OF SERVICE**

I hereby certify that on this 28th day of June, 2010, I caused true and correct copies of the foregoing Petition of AT&T Corp. to be served on all parties as shown on the attached Service List.

Dated: June 28, 2010  
Washington, D.C.

/s/ Christopher T. Shenk

### **SERVICE LIST**

<p>Raj Kannan Pricing Policy Division Wireline Competition Bureau Federal Communications Commission 445 12<sup>th</sup> Street, S.W., Room 5-A221 Washington, D.C. 20554 Email: raj.kannan@fcc.gov (3 paper copies by hand delivery and 1 electronic copy by email)</p>	<p>Russell M. Blau Counsel for MIEAC 2020 K Street, N.W., 11<sup>th</sup> Floor Washington, D.C. Tel. (202) 373-6035 Fax: (202) 373-6001 (by facsimile and first class mail)</p>
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**ATTACHMENT 1**

**TARIFFS THAT THE COMMISSION SHOULD  
SUSPEND FOR ONE DAY AND INVESTIGATE**

<b><u>COMPANY</u></b>	<b><u>FCC TARIFF NO.</u></b>	<b><u>TRANSMITTAL NO.</u></b>
Minnesota Independent Equal Access Corporation ("MIEAC")	1	23

## **EXHIBITS**

# Minnesota Independent Equal Access Corporation

## History of Uncollectibles

Source: Annual Filing COS-1(H) & COS-1(P) TRPs, Equal Access, Column (N)

## EXHIBIT A

	Transmittal No. 18 June 16, 2004	Transmittal No. 19 June 16, 2006	Transmittal No. June 16, 2008	Transmittal No. 23 June 24, 2010	
	COS-1(H)	COS-1(H)	COS-1(H)	COS-1(H)	COS-1(P)
	2003	2005	2007	2009*	2010-2011**
<b>Revenues</b>					
100 Network Access	\$7,561,866	\$7,509,799	\$9,207,014	\$12,024,079	\$12,102,793
<b>110 Uncollectibles</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>-\$1,450,253</b>	<b>-\$1,297,147</b>
150 Miscellaneous	\$1,564,441	\$1,721,952	\$1,143,883	\$1,134,967	\$1,279,160
160 Net Revenues	\$9,126,307	\$9,231,751	\$10,350,897	\$11,708,793	\$12,084,806

\* MIEAC projected zero uncollectibles for the 08-09 Tariff Period. In its July 1, 2010 tariff filing it asserts for the first time that it incurred 2009 uncollectibles. But MIEAC has provided no explanation or documentation to support that assertion.

\*\* MIEAC has continued to project high levels of uncollectibles without explanation or supporting documentation.

**Minnesota Independent Equal Access Corporation**

History of Corporate Operations Expense

Source: Annual Filing COS-1(H) &amp; COS-1(P) TRPs, Equal Access, Column (N)

**EXHIBIT B****Page 1 of 2**

	Transmittal No. 18 June 16, 2004	Transmittal No. 19 June 16, 2006	Transmittal No. June 16, 2008	Transmittal No. 23 June 24, 2010		Difference	Percent Difference
	COS-1(H)	COS-1(H)	COS-1(H)	COS-1(H)	COS-1(P)		
	2003	2005	2007	2009	2010-2011		
<b>Expenses</b>							
220 Corporate Operations	\$277,476	\$400,114	\$1,279,984	\$1,497,577	\$3,635,430	\$2,137,853	143%
300 Total Expenses & Taxes	\$7,315,759	\$7,808,473	\$8,833,270	\$10,766,537	\$11,469,746		
% of Total Exp and Other Taxes	3.8%	5.1%	14.5%	13.9%	31.7%		

										Year over Year Growth				
SAC	SANAME	ST	Rural	TIER	2004	2005	2006	2007	2008	2005 vs 2004	2006 vs 2005	2007 vs 2006	2008 vs 2007	Av Annual Growth
361346	ACE TEL ASSN-MN	MN	Y	2	\$1,480,056	\$1,234,901	\$1,366,062	\$1,625,762	\$1,719,758	-16.6%	10.6%	19.0%	5.8%	4.7%
361350	ARVIG TEL CO	MN	Y	2	\$1,763,755	\$1,759,779	\$1,812,534	\$1,792,961	\$1,602,298	-0.2%	3.0%	-1.1%	-10.6%	-2.2%
361357	BLACKDUCK TEL CO	MN	Y	2	\$525,089	\$595,866	\$604,288	\$826,938	\$633,816	13.5%	1.4%	36.8%	-23.4%	7.1%
361370	CLARA CITY TEL EXCH	MN	Y	2	\$307,564	\$290,614	\$330,668	\$364,798	\$264,690	-5.5%	13.8%	10.3%	-27.4%	-2.2%
361374	ARROWHEAD COMM CORP	MN	Y	2	\$149,051	\$160,387	\$137,821	\$95,680	\$94,401	7.6%	-14.1%	-30.6%	-1.3%	-9.6%
361383	EAGLE VALLEY TEL CO	MN	Y	2	\$143,761	\$155,326	\$139,398	\$98,054	\$113,121	8.0%	-10.3%	-29.7%	15.4%	-4.1%
361385	EAST OTTER TAIL TEL	MN	Y	2	\$4,161,851	\$3,204,070	\$3,520,127	\$3,308,122	\$3,190,189	-23.0%	9.9%	-6.0%	-3.6%	-5.7%
361386	ECKLES TEL CO	MN	Y	2	\$516,859	\$663,928	\$834,871	\$799,371	\$1,066,115	28.5%	25.7%	-4.3%	33.4%	20.8%
361387	EMILY COOP TEL CO	MN	Y	2	\$382,082	\$398,579	\$397,455	\$457,149	\$494,311	4.3%	-0.3%	15.0%	8.1%	6.8%
361391	FELTON TEL CO. INC.	MN	Y	2	\$252,697	\$250,897	\$153,634	\$124,069	\$150,377	-0.7%	-38.8%	-19.2%	21.2%	-9.4%
361395	GARDEN VALLEY TEL CO	MN	Y	2	\$1,829,255	\$1,948,497	\$2,054,773	\$2,017,220	\$1,776,100	6.5%	5.5%	-1.8%	-12.0%	-0.5%
361399	GRANADA TEL CO	MN	Y	2	\$120,238	\$121,122	\$94,330	\$78,705	\$104,055	0.7%	-22.1%	-16.6%	32.2%	-1.4%
361410	JOHNSON TEL CO	MN	Y	2	\$1,188,001	\$659,888	\$689,434	\$736,652	\$771,229	-44.5%	4.5%	6.8%	4.7%	-7.1%
361414	LAKEDALE TEL CO	MN	Y	2	\$2,452,623	\$2,502,331	\$2,298,323	\$2,237,685	\$2,617,295	2.0%	-8.2%	-2.6%	17.0%	2.1%
361433	MID STATE TEL CO	MN	Y	2	\$1,015,468	\$1,205,414	\$1,133,768	\$1,038,522	\$936,912	18.7%	-5.9%	-8.4%	-9.8%	-1.4%
361437	MINNESOTA LAKE TEL	MN	Y	2	\$84,987	\$111,272	\$148,751	\$155,928	\$272,488	30.9%	33.7%	4.8%	74.8%	36.0%
361442	NEW ULM TELECOM, INC	MN	Y	2	\$1,648,639	\$1,839,928	\$1,932,780	\$2,115,682	\$2,772,598	11.6%	5.0%	9.5%	31.0%	14.3%
361451	PAUL BUNYAN RURAL	MN	Y	2	\$2,061,357	\$2,051,872	\$2,062,530	\$2,187,869	\$1,153,287	-0.5%	0.5%	6.1%	-47.3%	-10.3%
361453	PEOPLES TEL CO - MN	MN	Y	2	\$203,481	\$336,606	\$434,020	\$411,198	\$389,224	65.4%	28.9%	-5.3%	-5.3%	20.9%
361454	PINE ISLAND TEL CO	MN	Y	2	\$475,582	\$412,904	\$368,179	\$256,458	\$247,248	-13.2%	-10.8%	-30.3%	-3.6%	-14.5%
361482	LAKEDALE CONNECTIONS	MN	Y	2	\$1,842,005	\$2,081,169	\$2,119,325	\$2,035,607	\$2,605,706	13.0%	1.8%	-4.0%	28.0%	9.7%
361483	SLEEPY EYE TEL CO	MN	Y	2	\$680,345	\$722,406	\$535,338	\$427,333	\$373,789	6.2%	-25.9%	-20.2%	-12.5%	-13.1%
361491	TWIN VALLEY-ULEN TEL	MN	Y	2	\$808,853	\$731,443	\$863,357	\$645,299	\$651,928	-9.6%	18.0%	-25.3%	1.0%	-3.9%
361501	WEST CENTRAL TEL	MN	Y	2	\$696,999	\$733,942	\$797,643	\$802,379	\$831,720	5.3%	8.7%	0.6%	3.7%	4.6%
Total					\$24,790,598	\$24,173,141	\$24,829,409	\$24,639,441	\$24,832,655	-2.5%	2.7%	-0.8%	0.8%	0.1%

## Minnesota Independent Equal Access Corporation

## EXHIBIT C

Earnings as reported on COS-1(H) & COS-1(P) TRPs, Equal Access, Column (N)

	T-23 COS-1(H) 2009	T-23 COS-1(P) 2010-2011
<b>As Filed</b>		
110 Uncollectibles	\$1,450,253	\$1,297,147
160 Net Revenues	\$11,708,793	\$12,084,806
220 Corporate Ops	\$1,497,577	\$3,635,430
300 Total Expenses & Ot Taxes	\$10,766,537	\$11,469,746
410 Av Rate Base	\$12,158,279	\$9,882,675
420 Return	\$942,256	\$615,060
<b>430 ROR</b>	<b>7.75%</b>	<b>6.22%</b>
 <b>As Revised for Uncollectibles Adjustment</b>		
160 Net Revenues (with Uncollectibles Adj)	\$13,159,046	\$13,381,953
300 Total Expenses & Ot Taxes	\$10,766,537	\$11,469,746
410 Av Rate Base	\$12,158,279	\$9,882,675
420 Return	\$2,392,509	\$1,912,207
<b>430 ROR</b>	<b>19.68%</b>	<b>19.35%</b>
 <b>As Revised for Uncollectibles Adjustment &amp; Corporate Operations Exp</b>		
160 Net Revenues (with Uncollectibles Adj)		\$13,381,953
220 Reduce Corporate Ops		\$1,497,577
300 Total Expenses & Ot Taxes		\$9,331,893
410 Av Rate Base		\$9,882,675
420 Return		\$4,050,060
<b>430 ROR</b>		<b>40.98%</b>



# Minnesota Independent Equal Access Corporation

Actual Demand Compared to Forecasted Demand

Total Tandem Switching Demand\*

EXHIBIT D

Page 1 of 2

Transmittal No.	Date Filed	Actual Demand Year	DMD-1, P3 of 3 Tandem Switching	Yr/Yr Growth	Tariff Period	Actual Demand	DMD-1, P3 of 3 Forecasted Demand	Actual & Forecast Difference	Percent Difference
19	6/16/2006	2002	489,632,393						
		2003	482,139,620	-1.53%	2002-2003	485,886,007	28,2583,327^	203,302,680	71.9%
Note A	6/16/2008	2004	518,211,487	7.48%	2003-2004	500,175,554			
		2005	596,329,501	15.07%	2004-2005	557,270,494	97,697,728	459,572,766	470.4%
23	6/24/2010	2006	774,993,383	29.96%	2005-2006	685,661,442			
		2007	1,220,544,257	57.49%	2006-2007	997,768,820	745,242,347	252,526,473	33.9%
		2008	1,899,840,613	55.66%	2007-2008	1,560,192,435			
		2009	2,578,829,118	35.74%	2008-2009	2,239,334,866	1,365,585,500	873,749,366	64.0%
		Ave Annual Growth		28.55%					
		2010-2011	3,206,591,405	16.23% Annualized Growth					

Explanation as provided by MIEAC:

\* Refers to the MOU switched at a company tandem, as discussed in Part 69. 11(f-g).

Note A: MIEAC did not provide Transmittal No. in 2006 Annual Filing

^ Bundled Tandem Swtg & Transport Minutes apportioned on the basis of actual minutes reported for 2002 & 2003

# Minnesota Independent Equal Access Corporation

Actual Demand Compared to Forecasted Demand

Tandem Switching Transport Demand\*\*

EXHIBIT D

Page 2 of 2

Transmittal No.	Date Filed	Year	DMD-1, P3 of 3 Tandem Switching Transport	Yr/Yr Growth	Tariff Period	Actual Demand	DMD-1, P3 of 3 Forecasted Demand	Actual & Forecast Difference	% Difference
19	6/16/2006	2002	274,176,652						
		2003	311,326,113	13.55%	2002-2003	292,751,383	170,259,399^	122,491,983	71.9%
Note A	6/16/2008	2004	324,904,348	4.36%	2003-2004	318,115,231			
		2005	385,894,113	18.77%	2004-2005	355,399,231	186,795,668	168,603,563	90.3%
23	6/24/2010	2006	612,781,192	58.80%	2005-2006	499,337,653			
		2007	984,042,241	60.59%	2006-2007	798,411,717	632,541,993	165,869,724	26.2%
		2008	1,875,765,754	90.62%	2007-2008	1,429,903,998			
		2009	2,800,465,423	49.30%	2008-2009	2,338,115,589	984,464,537	1,353,651,052	137.5%
			Ave Annual Growth	42.28%					
		2010-2011	3,149,614,915	8.31% Annualized Growth					

Explanation as provided by MIEAC:

\*\* Refers to the MOU carried over non-dedicated trunks; i.e., tandem switched transport or common trunks.

Note A: MIEAC did not provide Transmittal No. in 2006 Annual Filing

^ Bundled Tandem Swtg & Transport Minutes apportioned on the basis of actual minutes reported for 2002 & 2003

# Minnesota Independent Equal Access Corporation

# EXHIBIT E

Rates corrected to reflect removal of uncollectibles adjustment & overstated corporate operations expense

		Column N					
		COS-1(H) 2009	COS-1(P) 2010-2011	Corrected 2010-2011	Difference		
110	Uncollectibles	-\$1,450,253	-\$1,297,147	\$0	\$1,297,147		
220	Corporate Ops	\$1,497,577	\$3,635,430	\$1,497,577	\$2,137,853		
300	Total Expenses & Taxes	\$10,766,537	\$11,469,746	\$9,331,893			
	Percent of Corporate Ops to Total Exp & Taxes	13.9%	31.7%	16.0%			
		Orig CEA Swtg	Orig Tandem Swtg	Term Tandem Swtg	Orig Transport	Term Transport	Total Revenues
	Proposed Rate per Minute of Use*	0.0169	0.0037	0.0022	0.0099	0.0008	
	MOU for Test Year: July 2010 - June 2011^	61,076,313	173,148,561	2,972,366,531	150,665,370	2,998,949,545	
	Proposed Revenues	\$1,032,190	\$640,650	\$6,539,206	\$1,491,587	\$2,399,160	\$12,102,793
	% of Revenues	8.5%	5.3%	54.0%	12.3%	19.8%	100.0%
	Uncollectibles	\$110,628	\$68,663	\$700,856	\$159,865	\$257,136	\$1,297,147
	Overstated Corporate Operations Expense	\$182,327	\$113,165	\$1,155,094	\$263,476	\$423,791	\$2,137,853
	Adjusted Revenues	\$739,235	\$458,821	\$4,683,257	\$1,068,247	\$1,718,233	\$8,667,793
	Revised Rates w/o Uncollectibles & Corporate Ops	0.0121	0.0026	0.0016	0.0071	0.0006	
	Revenue Difference	(\$292,955)	(\$181,828)	(\$1,855,950)	(\$423,340)	(\$680,927)	(\$3,435,000)

\* T-23, D&J, Page 8

^ T-23, D&J, Page 7