

MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION

TRANSMITTAL NUMBER 27

TARIFF REVIEW PLAN (TRP) SUBMITTAL
FOR JULY 1, 2014 ACCESS CHARGE TARIFF FILING

JUNE 16, 2014

MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION

TRANSMITTAL NUMBER 27
INTERSTATE ACCESS TARIFF FILING

PROSPECTIVE PERIOD
JULY 1, 2014 – JUNE 30, 2015

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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 Order of the Pricing Policy Division of the Wireline Competition Bureau, In the Matter of Material to be Filed in Support of 2014 Annual Access Tariff Filings, WC Docket No. 14-48 (released April 14, 2014). 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 no changes to its existing switched access tandem rates.

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, LLC (“Onvoy”), which offers wholesale interstate and intrastate telecommunication services primarily for IXC’s, ILEC’s and CLEC’s. Onvoy in turn is a subsidiary of Communications Infrastructure Investments, LLC of Boulder, 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 ("IXCs") 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 utilized to provide capacity as well as physical and network redundancy. MIEAC offers all 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 over 90

independent telephone companies across five (5) different LATAs, and provides 1+ presubscription (CEA) services for IXC's wishing to serve end users in exchanges of those independent telephone companies. MIEAC does not operate end office switches or provide local exchange telephone service, and is not an incumbent local exchange carrier.

MIEAC's network is fully redundant, able to provide complete failover between the northern part of the state and the southern. In addition to the network redundancy, MIEAC has had an enhanced SS7 monitoring system in place since 2008.

For 2013, MIEAC's interstate rate of return was -2.29%, which is well below the authorized rate, as is the 0.35% rate of return for the test year, July 1, 2014 to June 30, 2015. The number of terminating minutes has dramatically declined since September 2012 and originating minutes of use has steadily declined since 2011, as interconnected wireline LECs realize reduced demand. Total minutes have decreased 54% during the first five months of 2014 compared to 2013 and terminating minutes have decreased 60% during the first five months of 2014 compared to the same period in 2013 so Test Year 2014-15 indicates a continued decrease in expected demand compared to 2013. Due to the competitive nature of terminating traffic, the MIEAC rate structure historically has set terminating rates at a lower level than the originating rates. With the loss of wireline access traffic and resulting low calculated rate of return, MIEAC is not proposing any rate decreases at this time.

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 2014-2015 test year reflects a steadily decreasing demand for both originating and terminating traffic based on 2014 trends.

MOU for TEST YEAR: JULY 2014 – JUNE 2015

	Category	
Rate Element	Switching	Transport
Originating CEA Switching	36,318,452	
Originating Tandem Switching	113,999,817	87,432,910
Terminating Tandem Switching	373,036,963	361,143,244
Subtotal	523,355,232	448,576,154

MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION
NET REVENUE REQUIREMENT AND RATE SCHEDULE

NET REVENUE REQUIREMENT, Switched Access and Miscellaneous \$3,574,601

NET REVENUE REQUIREMENT, Switched Access \$2,940,986

Note: NET REVENUE REQUIREMENT Results are Net, after Uncollectibles

PROJECTED RATE OF RETURN, TEST YEAR 0.35%

CURRENT RATES (WITH NO PROPOSED CHANGES) 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 \$0.0021

Interstate Term Transport \$0.0008