

**SOUTH DAKOTA NETWORK, LLC
TARIFF F.C.C. NO. 1
CENTRALIZED EQUAL ACCESS SERVICE
2020 ANNUAL ACCESS TARIFF FILING
DESCRIPTION AND JUSTIFICATION**

The accompanying tariff material includes descriptions of the corporate background and structure of South Dakota Network, LLC (SDN), the purpose of the present tariff filing, the tariffed services offered, the tariff support materials provided and the process employed by SDN to determine its interstate revenue requirement and associated rate. Because as shown the cost-based rate is greater than the benchmark rate, SDN will continue to tariff the benchmark rate as directed in the SDN Tariff Order.¹

CORPORATE BACKGROUND

South Dakota Network, Inc., a South Dakota corporation, was incorporated on December 14, 1988. In 1999, the corporation merged with and into South Dakota Network, LLC, a South Dakota limited liability company. SDN provides centralized equal access and related services to interexchange carriers (IXCs) in rural areas of South Dakota. Its centralized equal access system has been fully operational since August 11, 1992. SDN operates a digital access tandem switch, necessary to provide centralized equal access service. SDN is wholly-owned by the South Dakota independent local exchange carriers (ILECs) that participate in its centralized equal access project. For purposes of SDN's interstate access tariff, these participating ILECs are referred to as Routing Exchange Carriers (RECs). The stock of SDN is presently owned by the following 17 South Dakota ILECs:

- Beresford Municipal Telephone Company
- Swiftel Communications
- CRST Telephone Company
- City of Faith Municipal Telephone
- Golden West Telecommunications Cooperative, Inc.
- Interstate Telecommunications Cooperative, Inc.
- James Valley Cooperative Telephone Company
- Kennebec Telephone Company, Inc.
- TrioTel Communications
- Midstate Communications, Inc.
- RC Technologies
- Santel Communications Cooperative, Inc.
- Alliance Communications Cooperative
- Venture Communications Cooperative
- Valley Telecommunications Cooperative Association, Inc.
- West River Cooperative Telephone Company
- West River Telecom Cooperative

None of these participating ILECs owns a majority or controlling ownership interest in SDN.

¹ *In the Matter of South Dakota Network, LLC Tariff F.C.C. No. 1*, Memorandum Opinion and Order, WC Docket No. 18-100, Transmittal No. 13, rel. March 1, 2019 (SDN Tariff Order).

PURPOSE OF FILING

The purpose of this tariff filing is to show SDN's Centralized Equal Access cost-based rate.

SERVICES OFFERED

SDN offers centralized switching services, including equal access service, to interexchange carriers at its centralized equal access tandem switch in Sioux Falls, South Dakota.

RATE STRUCTURE

SDN's Centralized Equal Access Services offering is comprised of a Centralized Equal Access Service. SDN's Centralized Equal Access Service rate element constitutes its charge for the concentration and distribution services and equal access service provided by and through its centralized equal access tandem switch. This charge is assessed on a per minute of use basis for both originating and terminating traffic between Routing Exchange Carriers and IXC's. It applies to both originating and terminating directions.

COST-BASED RATE DEVELOPMENT FOR COMPARISON

SDN's interstate revenue requirement is projected for the July 1, 2020, through June 30, 2021, test year. This revenue requirement was determined by using a mechanized jurisdictional separation system, which incorporates Part 36 of the FCC Rules and Regulations. Part 36 is used to develop the interstate portions of forecasted investment and expense. The interstate portion of investment and expenses derived from Part 36 is allocated to the Centralized Equal Access Service rate element. Part 69 assigns the interstate data to the switching cost element. Return on investment was determined using a 10 percent rate of return and income taxes were computed based upon the 2019 tax tables and included so as to obtain SDN's total interstate revenue requirement. Demand estimates were derived for the Centralized Equal Access Service and used to calculate the switching rate. These estimates include both originating access minutes of use and terminating access minutes of use. The access revenue requirement was allocated to the Centralized Equal Access Service then divided by forecasted demand to produce the proposed cost-based rate for the switching and equal access service. The calculation and results of this process are shown in SDN's Section 61.38 cost support, which accompanies this filing. Dividing SDN's projected access revenue requirement for Centralized Equal Access service of \$546,476 by the projected access minutes of use of 139,848,545 produces a cost-based Centralized Equal Access Service rate of \$0.003908.

The application of the Aureon Liability Order² and Tariff Order³ to SDN's tariff are currently before the U.S. Court of Appeals.⁴ Here, SDN continues to tariff the benchmark rate for its Centralized Equal Access Service. SDN uses a benchmark of \$.002288 for tandem switching service from CenturyLink Tariff FCC No. 11.

² *AT&T Corp. v. Iowa Network Services, Inc. d/b/a Aureon Network Services*, Memorandum Opinion and Order, Proceeding No. 17-56, EB-17-MD-001 (rel. Nov. 8, 2017).

³ *In the Matter of Iowa Network Access Division Tariff F.C.C. No. 1*, Memorandum Opinion and Order, WC Docket No. 18-60, Transmittal No. 36 (rel. July 30, 2018).

⁴ *South Dakota Network, LLC v. Federal Communications Commission, et al.*, Case No. 19-1094, D.C. Cir. (filed April 29, 2019).