

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

**CENTRALIZED EQUAL ACCESS SERVICE
2000 ANNUAL ACCESS TARIFF FILING
DESCRIPTION AND JUSTIFICATION**

INTRODUCTION

This Description and Justification provides an overview of Minnesota Independent Equal Access Corporation's (MIEAC'S) interstate Centralized Equal Access Service (CEAS) tariff (Tariff F.C.C. No 1). It includes descriptions of MIEAC and its tariffed services, the cost support materials provided, and the cost and rate development methodology employed by MIEAC to calculate its proposed 2000 CEAS rates.

CORPORATE BACKGROUND

MIEAC was incorporated in the State of Minnesota on December 8, 1988, as a wholly-owned subsidiary of Minnesota Equal Access Network Services, Inc. (MEANS), now called Onvoy. It was formed for the purpose of providing centralized equal access services to IXCs desiring to serve rural areas of Minnesota, together with incidental services such as toll recording and rating.

MIEAC began providing centralized equal access at a limited number of participating end offices in late January 1992, but did not become fully operational until the end of May 1992.

Onvoy, f/k/a MEANS is also a Minnesota corporation and was formed on October 6, 1988. It is presently owned by 61 independent local exchange carriers (ILECs), which collectively serve over 280 rural exchanges within the State of Minnesota, and Quantum Industrial Partners LDC and SFM Domestic Investments LLC.

Onvoy is a holding company, which presently owns MIEAC and four other wholly-owned subsidiaries – Minnesota Equal Access Facilities Corporation (MEAFCO), Minnesota Independent Interexchange Corporation (MIIC), MEANS Internet (MRNet), and MEANS Communications. MEAFCO is engaged in the leasing of capacity on its digital access tandem switch, fiber optic cable, and other transmission facilities to MIEAC and other carriers and entities. MIIC offers competitive interstate and intrastate interexchange services. MRNet offers dedicated and dial-up Internet services. MEANS Communications offers competitive local exchange services.

Onvoy is currently seeking MNPUC approval to merge all entities other than MIEAC.

REGULATORY STATUS

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 interexchange carriers through a centralized switching facility in the State of Minnesota. The Division found that the public interest will 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 and MRAFCO Certificates of Public Convenience and Authority to provide centralized equal access services within the State of Minnesota, subject to certain conditions not material to MIEAC's Section 214 Application.

SERVICES PROVIDED

MIEAC offers switched access services to interexchange carriers at its centralized equal access tandem switch and/or at one or more of its Toll Transfer Points (TTPs). These TTPs are interconnection points located at or near existing US WEST Communications, Inc. (USW) access tandem service wire centers. In addition, MIEAC offers related recording and rating services.

Feature Group D Service. Feature Group D (FGD) service is the premium access service, which constitutes the core element of an “equal access” offering. Essentially, it incorporates a trunk-side connection to the switch, “1+” dialing, and several other unique features. Originating FGD access service is offered by MIEAC at its access tandem switch and at its TTPs. Terminating access is offered to IXC’s on a voluntary basis over MIEAC’s network. MIEAC also offers FGD switched access services using Signaling System 7 (SS7) protocol.

Feature Group B Service. Feature Group B (FGB) service provides IXC’s with a trunk-side connection to the switch and a 950-1xxx access number. Originating FGB service is available at MIEAC’s access tandem switch and at its TTPs; terminating FGB access is voluntary. In addition, originating FGB service is available at suitably-equipped end offices of Routing Exchange Carriers (REC’s). If an IXC requests originating FGB service from a REC, MIEAC’s charge does not apply.

Recording and Rating Services. As a natural function of MIEAC’s service, it records each call originating in the 280 local exchanges which subtend its network. MIEAC also records all terminating calls for those IXC’s who choose to use MIEAC as their terminating access carrier. MIEAC offers these recording services to REC’s who were previously relying on USW for such services. These services are provided on an individual case basis under contract.

Service Description. MIEAC's service allows IXC's access to rural exchanges through its network, and the interoffice facilities of the RECs and USW. Pre-existing access facilities between REC end offices and USW access tandem serving wire centers have for the most part remained in place. In addition to MIEAC's service, IXC's must obtain local transport service from the RECs, and in some cases, USW. For example, to serve end users in a particular exchange with equal access, an IXC must obtain Feature Group D service from MIEAC, the REC and USW. Therefore, REC and USW access charges apply to the portions of access service that they provide.

MIEAC NETWORK

MIEAC's network consists of a centralized equal access tandem switch, nine Toll Transfer Points (TTPs), digital transport circuits, and other facilities necessary to provide CEAS.

Centralized Equal Access Tandem Switch. MIEAC employs a Northern Telecom DMS-100/200 tandem switch, upgraded to DMS 500, located in Plymouth, Minnesota, a suburb of Minneapolis. MIEAC offers all IXC's the opportunity to interconnect with its system at the tandem, and provides interested IXC's with space to collocate their facilities within its Plymouth office. When supported by NTI LATA Equal Access System (LEAS) software, the DMS-200 tandem switch can provide equal access using either SS7 or Feature Group D signaling, and supports all forms of access traffic, such as presubscription dialing, 10xxx + number dialing, 1+800/888/900/700 dialing, operator handled calling and equal access billing for subtending end offices.

Toll Transfer Point. MIEAC has established TTPs in Downtown Minneapolis and at eight other locations throughout the State of Minnesota. These TTPs are situated in USW's existing access tandem serving wire centers, so as to most efficiently utilize interoffice facilities existing between RECs and USW. Whereas the TTPs were designed principally to minimize facility dislocation to IXC's with existing points of interconnection at USW's access tandem serving wire centers, all IXC's have the option to interconnect with MIEAC at one or more of these TTPs, or to have all of their traffic centralized at the Plymouth tandem switch or the Minneapolis TTP.

Points of Interconnection. IXC's may receive their traffic at MIEAC's centralized equal access tandem switch or at one of its TTPs. IXC's are responsible for connecting to MIEAC's network. MIEAC offers IXC's collocation privileges at its TTPs, as well as its centralized equal access tandem switching office.

RATE STRUCTURE

The Switched Transport rate is non-distance sensitive and will be charged on a per minute of use (MOU) basis. An IXC incurs the same charge whether its point of interconnection is at MIEAC's centralized equal access tandem switch or at one of the nine TTP locations. The additional transmission costs that MIEAC will incur to make such flexibility available are recovered through the Switched Transport rate that is charged to all IXCs. This non-distance sensitive Switched Transport rate was designed to prevent discrimination, to facilitate competition between IXCs on an equal basis, and to ensure that all end users, regardless of their distant rural location, would be adequately served by an equal access to all competitive carriers using MIEAC's Centralized Equal Access Service.

RATE DEVELOPMENT

The revenue requirement associated with providing centralized equal access service between the Toll Transfer Points and MIEAC's central access tandem switch 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 expenses 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 Rate 69 does not yield results which are relevant to MIEAC's CEA rate.

MIEAC's interstate investment levels are consistent with its 1998 access tariff filing with the exception of an increase in circuit equipment and buried cable used to augment MIEAC's route facilities in southern and northeastern Minnesota. MIEAC's expenses are consistent with its 1998 access tariff filing reflecting general cost of living

increases, with the exception of increases in expenses related to improvements in network diversity.

Return on investment was determined using an 11.25 percent rate of return. Federal and state income taxes were estimated as 34 percent and 9.8 percent, respectively, of projected net income.

Forecasted miscellaneous revenues (mostly recording) were subtracted from MIEAC's total company revenue requirement to determine the net revenue requirement for Centralized Equal Access Service and its Tandem and Transport elements. The net revenue requirement was then divided by forecasted demand to produce the rates.

Demand quantities utilized in the development of the switched transport rate represent all interstate originating and terminating minutes of use (MOU). Estimating MOU for 2000 and 2001 were based upon applying seasonality factors and growth rates. Interstate traffic has increased since the previous tariff filing. Quarterly adjustments are made to forecasted demand.

The result of this process is shown in the attached Rate Development Schedule.

MINNESOTA INDEPENDENT EQUAL ACCESS CORPORATION
CENTRALIZED EQUAL ACCESS SERVICE
SWITCHED TRANSPORT RATE
RATE DEVELOPMENT SCHEDULE

Net Revenue Requirement	\$7,754,811
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Projected 2000/2001 Interstate Minutes of Use	410,937,303
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PROPOSED RATE PER MINUTE OF USE

CEA Originating	.0169
Transport	.0099
Tandem Switching	.0037

CURRENT RATE PER MINUTE OF USE

CEA Originating	.0154
Transport	.0097
Tandem Switching	.0034

Percent Change

CEA Originating	+10%
Transport	+2%
Tandem Switching	-9%

