



State Government Relations
205 North Michigan Avenue
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June 27, 2014

Transmittal Letter No. 14-1

VIA E-Filing

Ms. Patty VanGerpen
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

**RE: Verizon Access Transmission Services: Tariff No. 2
Reduce Terminating Access Rates Pursuant to Federal Communications Commission
Connect America Fund Order (FCC 11-161)**

Dear Ms. VanGerpen:

MCImetro Access Transmission Services LLC d/b/a Verizon Access Transmission Services (“Verizon Access”) is filing revisions to its South Dakota Tariff No. 2 via the South Dakota Public Service Commission’s E-Filing system. The effective date of this filing is July 1, 2014, in accordance with the Federal Communications Commission’s (“FCC”) 2011 *Connect America Fund Order*, 26 FCC Rcd 17663.

The *Connect America Fund Order* requires that Verizon Access reduce its default terminating switched access rates – both interstate and intrastate – effective July 1, 2014, as part of a multi-step transition towards “bill and keep” rates. See, *Connect America Fund Order* at Figure 9, summarizing the steps in the transition. Competitive LECs (“CLECs”) such as Verizon Access are subject to the FCC’s “benchmarking rule” for their interstate access charges. Para. 807 of the *Connect America Fund Order* states:

For interstate switched access rates, competitive LECs are permitted to tariff interstate access charges at a level no higher than the tariffed rate for such services offered by the incumbent LEC serving the same geographic area (the benchmarking rule).

The *Connect America Fund Order* also adopted rule §51.911, which states in pertinent part:

(c) Effective July 1, 2013, notwithstanding any other provision of the Commission’s rules, all Competitive Local Exchange Carrier Access Reciprocal Compensation rates for switched exchange access services subject to this subpart shall be no higher than the Access Reciprocal Compensation rates charged by the competing incumbent local exchange carrier, in accordance with the same procedures specified in §61.26 of this chapter.

The “benchmarking rule,” FCC Rule 61.26, states:

c) The benchmark rate for a CLEC's switched exchange access services will be the rate charged for similar services by the competing ILEC. If an ILEC to which a CLEC benchmarks its rates, pursuant to this section, lowers the rate to which a CLEC benchmarks, the CLEC must revise its rates to the lower level within 15 days of the effective date of the lowered ILEC rate.

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These requirements differ from those applicable to the incumbent LECs. Whereas the ILECs' access rates are calculated in accordance with prescriptive rules adopted by the FCC, the benchmark rule for CLECs is reactive, based on the competing ILEC's rates.

For this reason and for administrative simplicity, Verizon Access' tariff amendments contained herein make express reference to its interstate tariff for terminating switched access rates. Verizon Access will revise its default terminating interstate rates in accordance with 47 C.F.R. 61.26 when the relevant ILEC rates become available, and at that time, the Verizon Access intrastate tariff will likewise reference those new rates.

Verizon Access's interstate rates are located in MCImetro Access Transmission Services LLC Tariff FCC No. 1, Section E.4.3, and may be viewed at the following web address:
<http://www.verizon.com/tariffs/PDFViewer.aspx?doc=169129>.

If you have any questions, please call me at (312) 894-2349 or send me an email at shannon.brown@verizon.com.

Respectfully submitted,

/s/ Shannon L. Brown
Tariff Manager
Verizon

Enclosure