

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE PETITION OF)
KENNEBEC TELEPHONE COMPANY FOR)
ARBITRATION PURSUANT TO THE)
TELECOMMUNICATIONS ACT OF 1996 TO)
RESOLVE ISSUES RELATING TO AN)
INTERCONNECTION AGREEMENT WITH)
ALLTEL COMMUNICATIONS, INC.)**

**ORDER DENYING
APPLICATION FOR
RECONSIDERATION**

TC07-114

On October 19, 2007, Kennebec Telephone Company ("Kennebec") filed with the Public Utilities Commission ("Commission") a petition for arbitration of certain unresolved terms and conditions of a proposed Interconnection Agreement between Kennebec and Alltel Communications, Inc. ("Alltel"), pursuant to section 252 of the Telecommunications Act of 1996 ("Act"), SDCL 49-31-81, and ARSD 20:10:32:29. Kennebec filed a list of unresolved issues consisting of:

- (1) Is the reciprocal compensation rate for IntraMTA Traffic proposed by Kennebec appropriate pursuant to 47 U.S.C. section 252(d)(2)?
- (2) What is the appropriate Percent InterMTA Use factor to be applied to non-IntraMTA traffic exchanged between the parties?
- (3) What is the appropriate manner by which the minutes of use of IntraMTA Traffic terminated by the parties, one to the other, should be calculated and billed?
- (4) What is the obligation of the parties with respect to dialing parity?
- (5) What is the appropriate effective date and term of the Agreement?

In accordance with ARSD 20:10:32:30, a non-petitioning party may respond to the petition for arbitration and provide additional information within 25 days after the Commission receives the petition. On November 13, 2007, the Commission received a Response of Alltel Communications, Inc. to Petition for Arbitration of Kennebec Cooperative Telephone Company. Alltel included two additional issues for resolution:

- (6) What is the appropriate definition of intraMTA and interMTA traffic?
- (7) Which party can initiate a direct interconnection request?

A hearing on this matter was held July 29, 2008 through July 31, 2008. Briefs were subsequently filed by the parties. On November 14, 2008, the Commission received a Stipulation to Supplement Record of Consolidated Arbitration Hearing signed by the parties. At its regularly scheduled meeting of November 25, 2008, the Commission unanimously voted to approve the Stipulation to Supplement Record of Consolidated Arbitration Hearing. At its January 27, 2009, meeting, the Commission decided the unresolved issues as presented by the parties. On February 27, 2009, the Commission issued its Findings of Fact; Conclusions of Law; Notice of Entry of Order. In its order, the Commission decided all of the issues except for the first issue regarding the reciprocal compensation rate for intraMTA traffic. The Commission required Kennebec to revise and refile its cost study reflecting the following: (1) the elimination of the costs associated with the Web-Self Care system, including the Web Self-Care License and Web Self-Care system-non-NEVS, the CALEA license, and the Centrex license; (2) the use of a rate equivalency method basis of cost assignment for transport costs; and (3) a new forecasted demand.

On March 30, 2009, the Commission received a Petition for Reconsideration from Alltel. On April 14, 2009, the Commission received Petitioner's Opposition to Alltel's Petition for Reconsideration. At its May 19, 2009, meeting, the Commission voted unanimously to deny the Petition for Reconsideration. Pursuant to ARSD 20:10:01:29, the Commission found Alltel failed to provide sufficient reasons for granting reconsideration.

On June 9, 2009, the Commission received a Motion to Compel from Alltel. On June 12, 2009, the Commission received a Stipulation for Amended Scheduling Order signed by the parties. At its June 23, 2009, meeting, the Commission voted unanimously to approve the Stipulation for Amended Scheduling Order. On July 13, 2009, the Commission received a Response to Alltel's Motion to Compel from Kennebec. At its July 14, 2009, meeting, the Commission voted unanimously to grant the Motion to Compel in part as it related to cost information for CALEA, Centrex and Web Self-Care, that such information shall be handled confidentially, and that Kennebec shall work with the vendors to make sure that Alltel receives the information it needs.

The second hearing was held as scheduled on August 3, 2009. The issue to be determined by the Commission concerned the appropriate reciprocal compensation rate for intraMTA traffic.

Following the hearing, the parties submitted briefs. Oral arguments were heard by the Commission on November 24, 2009. On January 5, 2010, the Commission voted unanimously to find the following: (1) Kennebec correctly eliminated the costs associated with the Web-Self Care system, including the Web Self-Care License and Web Self-Care system-non-NEVS, the CALEA license, and the Centrex license; (2) accepted Alltel's revisions to Kennebec's latest cost study reflecting a forecasted demand with the demand levelized over the seven year forecast period for transport electronics costs; (3) accepted Alltel's revisions to transport outside plant demand by projecting demand of 12 fibers in service for a 24-fiber cable; (4) adopted a rate equivalency method whereby a voice trunk is considered equivalent to a DS-0 special circuit for 15% of the total number of voice trunks with the remaining 85% of voice trunks treated consistent with Alltel's version of the rate equivalency method; and (5) rejected Alltel's request to exclude the switch processor costs.

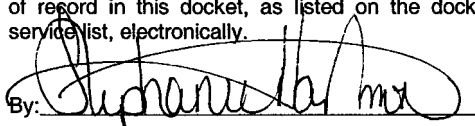
On February 16, 2010, the Commission received an Application for Reconsideration and Brief in Support of the Application to Reconsider from Kennebec. On March 17, 2010, the Commission received Resistance to the Petitioner's Application for Reconsideration from Alltel.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31, including 49-31-3 and 49-31-81, and 47 U.S.C. Sections 251 and 252. The Commission may rely upon any or all of these or other laws of this state in making its determination.

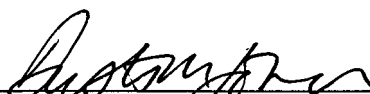
At its regularly scheduled meeting of March 23, 2010, the Commission heard oral arguments from the parties regarding the Application for Reconsideration. The Commission voted unanimously to defer action until the next Commission meeting. At its regularly scheduled meeting of April 6, 2010, the Commission voted unanimously to deny the Application for Reconsideration. Pursuant to ARSD 20:10:01:29, the Commission finds Kennebec failed to provide sufficient reasons for granting reconsideration. It is therefore

ORDERED, the Application for Reconsideration is denied.

Dated at Pierre, South Dakota, this 15th day of April, 2010.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, electronically.
By: 
Date: <u>04/15/10</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:


DUSTIN M. JOHNSON, Chairman


STEVE KOLBECK, Commissioner


GARY HANSON, Commissioner