

Attachment A

Purpose, Description, and Methodology of Filing

NORTHERN VALLEY COMMUNICATIONS, LLC
Intrastate Switched Access Services Tariff
Purpose, Description, and Methodology of Filing

The following narrative provides the purpose, description, and methodology of the Northern Valley Communications, LLC (NVC) intrastate switched access services tariff filing.

Filing Purpose

The purpose of this intrastate switched access services tariff filing by NVC is to comply with the Federal Communications Commission (FCC) Report and Order and Further Notice of Proposed Rule Making, FCC 11-161, adopted October 27, 2011 and released on November 18, 2011 (Report and Order). The Report and Order outlines significant reform of intrastate and interstate intercarrier compensation (ICC) rates and charges. The FCC took several immediate steps and outlined additional steps over a seven to nine year process in order to establish a transition to bill-and-keep as the ultimate uniform ICC methodology for the exchange of telecommunications traffic.

NVC does provide access service that is considered access stimulation under FCC rules. Therefore, based on the Report and Order NVC has brought its interstate switched access rate elements to parity with the Regional Bell Operating Company (RBOC), CenturyLink, operating within South Dakota. NVC lowered its interstate rural benchmark rate to the RBOC interstate switched access rates effective on January 21, 2012.

Summary of steps taken per the Report and Order by NVC to date:

- Effective December 29, 2011 – Capped all intercarrier switched access rate elements, including interstate and intrastate originating and terminating rates and reciprocal compensation rates.
- January 21, 2012 – Lowered the interstate switched access rates to be at parity by rate element and structure with the RBOC
- Effective July 3, 2012 - This filing reduces the intrastate terminating switched access rate by 50% of the differential between the interstate switched access rates per Title 47 CFR 51.911(b)
 - NVC Elements included in the Transitional Intrastate Access Service (TIAS) defined by the FCC are:
 - Terminating End Office Access Service
 - Terminating Tandem-Switched Transport Access Service
 - Calculation of this rate is described below in this filing
- Effective July 1, 2013 – Intrastate and interstate switched access rates will be at parity

The Report and Order states that it is the FCC's desire for the States to continue to oversee the intrastate tariff filings for intrastate rates and reductions during the transition period. Therefore, NVC

files revisions to its intrastate switched access tariff, through this filing, in order to comply with the changes listed above per the Report and Order for the effective dates of July 3, 2012 and July 1, 2013.

Filing Description

Attached to this filing, you will find:

- Section 17 of the revised NVC Intrastate Switched Access Tariff for the TIAS rate for NVC.
- Confidential Filing of a Worksheet calculating the TIAS rate for NVC. This Worksheet contains the current interstate terminating access rates, intrastate access rates, and the terminating switched access Fiscal Year 2011 access minutes of use (AMOU) for this calculation.

Intrastate Transitional Access Rate Calculation Methodology

NVC followed Section 51.911(b) of the FCC rules which set forth the specific steps to calculate the rates for TIAS to be effective on July 3, 2012. The Fiscal Year 2011 is defined by the FCC as October 2010 through September 2011. NVC completed the following calculations:

1. Calculated total revenue from TIAS at the interstate access rates currently in effect using Fiscal Year 2011 intrastate switched access demand for each rate element. NVC did not utilize December 29, 2011 interstate switched access rates as those rates are higher than the current rates that became effective on January 21, 2012.
2. Calculated total revenue from TIAS at the intrastate access rate in effect on December 29, 2011 using Fiscal Year 2011 intrastate switched access demand. NVC has only one composite rate on the intrastate side, therefore the calculations used this one flat rate.
3. Calculated the Step 1 Access Revenue Reduction which is equal to one-half of the difference between the amounts calculated in steps 1 and 2 above.
4. NVC elects the option outlined in 51.911(b)(5), and therefore, calculated the rates for TIAS which is no greater than the Step 1 Access Revenue Reduction divided by the Fiscal Year 2011 TIAS end office switching minutes. The current interstate rate elements and structure as effective in NVC's Tariff F.C.C. NO. 3 will be utilized for the intrastate terminating switched AMOU. Plus, from July 3, 2012 through June 30, 2013, the TIAS rate calculated will be assessed on all intrastate terminating switched AMOU. The TIAS rate is set as \$0.00 per intrastate terminating switched AMOU on July 1, 2013; therefore at that point the NVC terminating switched access rates will be at parity for interstate and intrastate.

Attached to this filing is the Confidential Worksheet utilized to calculate the TIAS rate as described above.