

# ATTACHMENT A

# MIDSTATE TELECOM, INC.

## Intrastate Access Services Tariff

### Purpose and Description of Filing

#### Introduction

The intent of this document is to explain the overall purpose of the Midstate Telecom, Inc. (Midstate) filing and provide an explanation of the methodology used to calculate the rate impacts to Midstate. The filing also includes a copy of the Midstate Intrastate Access Service Tariff No.2, which is a revised tariff that replaces all Midstate tariffs previously filed with this Commission.

#### I. Purpose of Filing

This filing is being made to comply with the FCC's Report and Order and Further Notice of Proposed Rulemaking, FCC 11-161, adopted October 27, 2011 and released on November 18, 2011 (Report and Order) and FCC Order DA 12-870, adopted and released June 5, 2012. The Report and Order outlines significant reform of intrastate and interstate intercarrier compensation (ICC) rates and charges, while the June Order provides clarification. The FCC took the following immediate steps to establish a transition to bill-and-keep as the ultimate uniform, national ICC methodology for the exchange of telecommunications traffic.

- Capped originating and terminating interstate access rates and reciprocal compensation rates at the December 29, 2011 rate levels.
- Capped all intrastate terminating access rates, originating and terminating dedicated transport rates, and reciprocal compensation rates at the December 29, 2011 rate levels.
- Effective July 1, 2012, rural competitive local exchange carrier (CLEC) companies begin to transition terminating end office switched access rates to bill-and-keep.
- Effective July 1, 2012, FCC §51.911 allows CLECs to begin applying the interstate access rate structure and interstate rates in addition to charging a Transitional Intrastate Access Rate for terminating access. The application of this section will be discussed below.
- By July 1, 2013, intrastate and interstate switched access rates should be in parity.
- The FCC also issued a Further Notice of Proposed Rulemaking to examine originating access reform.

Through this filing, Midstate files Access Tariff No. 2 to comply with the changes listed above. The Report and Order states that it is the FCC's desire for the States to continue to oversee the tariffing of intrastate rates and reductions during the transition period. The Midstate Intrastate Access Services Tariff No. 2 is being filed to reflect the terminating access rate changes ordered by the FCC.

The Midstate Intrastate Access Services Tariff No. 2 does not make changes to the current originating intrastate access rate, rate structure, or services provided by Midstate. The FCC's Report and Order does not propose reform to originating access rates at this time.

## II. Description of Filing

Attached to this filing, you will find:

- The Midstate Intrastate Access Services Tariff No. 2. Section 17 shows the Transitional Intrastate Access Rate and revised intrastate terminating access rates for Midstate.
- A Confidential Filing of a Work Sheet listing Midstate's intrastate terminating revenues for the fiscal year test period, terminating intrastate access minutes-of-use (MOUs), terminating intrastate access revenues based upon the interstate rates and rate structure as of December 29, 2011, the calculated Transitional Intrastate Access Rate, and the revenues resulting from the Transitional Access Rate.

## III. Methodology Used to Calculate the Transitional Intrastate Access Rate

Midstate calculated its Transitional Intrastate Access rate in accordance with §51.911(b) including clarification order DA 12-870. Midstate elects the option outlined in §51.911(b)(5) which applies the December 29, 2011 interstate access rates and rate structure to calculate the Transitional Intrastate Access Rate. Midstate also elects to adopt the interstate structure as allowed in §51.911(b)(7). The revisions are being filed with an effective date of July 1, 2012, in accordance with the Report and Order FCC 11-161 and FCC Order DA 12-870. Tariff pages reflect the July 1, 2012 effective date for the Transitional Intrastate Access Rate for a one-year period.

The following methodology was used to calculate the revised rates:

- Line 1 of the Confidential Transitional Rate Calculation Work Sheet attached to this filing identifies terminating intrastate access minutes of use for the FCC's defined Fiscal Year 2011 (October 2010 through September 2011).
- Lines 2 – 25 of the Confidential Work Sheet develop revenues, by rate element, by applying intrastate Fiscal Year 2011 intrastate MOU, by rate element to the intrastate and interstate rates and rate structure as of December 29, 2011.
- Line 27 of the Confidential Work Sheet is a total of Fiscal Year 2011 terminating revenues at intrastate and interstate rates and rate structure.
- Line 29 of the Confidential Work Sheet is the difference between intrastate revenues on Line 27 less interstate revenues on Line 27.
- Line 32 of the Confidential Work Sheet represents 50% of the difference shown on Line 29. The 50% factor is based on §51.911(b)(3) provisions.
- Line 34 of the Confidential Work Sheet represents the calculation of the Transitional access rate based upon intrastate minutes of use on Line 1.