
STAFF MEMORANDUM

TO: COMMISSIONERS AND ADVISORS

FROM: KAREN CREMER, CHRIS DAUGAARD, AND PATRICK STEFFENSEN

RE: TC12-102 – In the Matter of the Filing by Midstate Telecom, Inc. for Approval of Revisions to its Tariff No. 2

DATE: August 23, 2012

Commission Staff (Staff) submits this Memorandum in analysis of the transitional rate filing made by Midstate Telecom, Inc. (Midstate).

BACKGROUND

On May 10, 2011, the South Dakota Public Utilities Commission (Commission) certified its revised switched access rules pertaining to CLECs to the South Dakota Secretary of State, see RM05-002. Those rules, and in particular, ARSD 20:10:27:02.01, require CLECs to charge switched access rates that do not exceed the intrastate switched access rate of the Regional Bell Operating Company operating in the state. The rules took effect on May 30, 2011. The switched access rate of the Regional Bell Operating Company, Qwest, was 6.042 cents per minute.

On June 22, 2011, in Docket TC11-075, Midstate, a CLEC, filed a petition for approval of cost based switched access rates pursuant to ARSD 20:10:27:02.02. On May 25, 2012, Midstate requested the Commission close this docket, and the docket was closed on June 5, 2012.

On June 22, 2012, in Docket TC12-102, Midstate filed revisions to its switched access services tariff to comply with the terminating access rate reductions mandated by the Federal Communication Commission's November 18, 2011, Report and Order and Further Notice of Proposed Rulemaking in WC Docket Nos. 10-90, etc. (FCC 11-161). Midstate chose to use its interstate access rate structure while adding a transitional rate element; however, the inputs used for intrastate and interstate terminating access rates were 11.5 cents and 10.4696 cents, respectively, and the resulting transitional rate computed to [begin confidential/end confidential information] cents.

STAFF RECOMMENDATION

Staff does not recommend approval of the tariff revisions as filed in this docket. Staff recommends the Commission order Midstate to:

- 1) File tariff revisions to bring originating and terminating intrastate access rates to 6.042 cents per minute to comply with the rules approved in RM05-002,
- 2) Provide the Commission a new terminating rate calculation using the 6.042 cent figure as a starting point, and
- 3) If the resulting transitional rate is greater than the 6.042 cent RBOC rate, provide supporting documentation from the FCC Order that proves this transitional rate mandate allows for rate increases.