

**Before the  
Federal Communications Commission  
Washington, D.C. 20554**

In the Matter of	)	WC Docket No. 12-233
	)	
Investigation of Certain 2012 Annual Access Tariffs	)	WCB/Pricing No. 12-09
	)	

**Direct Case For City of Brookings Municipal Telephone Department**

The City of Brookings Municipal Telephone Department (Brookings), by its attorney, hereby provides its Direct Case supporting its 2012 Annual Access Tariff Filing, filed on June 18, 2012. Pursuant to the *Order Designating Issues for Investigation*,<sup>1</sup> Brookings hereby responds to the questions as shown in Appendix A to that *Order*. Because Brookings is not changing its tariff filing, Brookings is not revising its TRP or submitting a new TRP. Brookings, however, has attached the TRP filed with the June 18, 2012 Tariff Filing for informational purposes.<sup>2</sup> Brookings also is providing new certifications with this filing. Brookings responds to each of the designated issues below.

**I. Issue A (Base Period Revenue) NRCs**

In Appendix A to the *Order*, Brookings is asked to address the treatment of any non-recurring charges (NRCs) in its Base Period Revenue. Brookings did not bill any NRCs during FY 2011 and therefore, no NRCs were included in the FY2011 Base Period Revenue. The FY2011 terminating intrastate base period data included only the demand and revenue generated by the recurring rate elements(s) as provided for in Brookings Intrastate Access Tariff on file with the South Dakota Public Utilities Commission.

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<sup>1</sup> *In the Matter of Investigation of Certain 2012 Annual Access Tariffs, Order Designating Issues for Investigation*, DA 12-1430, released August 31, 2012 (*Order*).

<sup>2</sup> To the extent the Order requires Brookings to file a description and justification (D&J), this Direct Case is Brookings' D&J.

## **II. Issue B (Intrastate Rate Reductions) NRCs**

In Appendix A to the *Order*, Brookings is asked to address the treatment of any NRCs in its Intrastate Rate Reductions. In accordance with Section 51.909(b), Brookings reduced its transitional intrastate switched access rates by 50% of the differential between the FY 2011 terminating intrastate demand priced at 12-29-2011 intrastate switched access rates and the FY2011 terminating intrastate demand priced at 12-29-2011 interstate switched access rates. Utilizing the option in Section 51.909(b)(2)(v), Brookings elected to adopt the interstate rate structure and interstate rate levels as of 12-29-2011 and include the transitional per-minute charge assessed on terminating intrastate end office switching minutes between July 3, 2012 and July 1, 2013. This revenue reduction and rate restructure also was reflected in Brookings' revised intrastate switched access tariff which was filed with the South Dakota Public Utilities Commission.

NRCs were not included in the Intrastate Rate Reductions calculation. Since no intrastate switched access NRCs were billed in the FY2011 billing period, no non-recurring revenues or demand were included in the calculations.

## **III. Issue C (Switched Access Demand)**

The *Order* directs Brookings to provide the following information:

1. The amount of LSS reflected in cell F7 on the 2012 RoR ILEC Interstate Rates Worksheet.  
\$483,012 of LSS is included in cell F7 on the 2012 RoR ILEC Interstate Rates Worksheet.
2. The projected annual percentage rate of demand change reflected in the calculation of the amount in cell F10 on the 2012 RoR ILEC Interstate Rates Worksheet.

The projected annual percentage rate of demand loss reflected in the calculation of the amount in cell F10 on the 2012 RoR ILEC interstate Rates Worksheet is 15 percent.

3. The projected annual percentage rate of demand change reflected in the calculation of the amount in cell G9 on the 2012 RoR ILEC Intrastate Rates Worksheet.

The projected annual percentage rate of demand loss reflected in the calculation of the amount in cell G9 on the 2012 RoR ILEC Intrastate Rates Worksheet is 15 percent.

In addition, the Commission directs LECs whose projected interstate and/or intrastate demand loss exceeding an annualized rate of 15 percent to either file a detailed explanation of how the loss factor was derived or utilize an annualized projection of 15 percent projected demand loss and file a TRP reflecting this factor. Brookings explains how it derived the loss factor as follows.

In 2011, Brookings participated in the Local Exchange Carrier Access (LECA) Tariff for LECs in South Dakota, which, at the time, included a single, unified, non-distance sensitive rate for local switched access charge elements (no elements were separately billed) for all carriers participating in the LECA tariff. In accordance with the LECA tariff, Brookings assessed intrastate access charges on all access traffic delivered by IXC to Brookings' wireline switch for termination, including termination to commercial mobile radio service (CMRS) providers. For a number of years, interexchange carriers (IXCs) have disputed the assessment by Brookings of intrastate switched access charges on calls terminating to a CMRS provider, alleging, among other things, that such charges are not in compliance with FCC rules. In addition, a number of IXCs have withheld payment of such charges in whole or in part over the past six years.

In its June 16, 2009 federal access tariff filing (effective July 1, 2009), to address the same issue with respect to interstate access charges, Brookings removed all access minutes terminating to CMRS providers from its calculation of interstate local switching and information surcharge rates. In its Transmittal No. 19 tariff filing, dated June 16, 2011 (to become effective on July 1, 2011), Brookings continued to calculate its interstate local switching and information

surcharge rates on the same basis. Although AT&T asked the Commission to suspend Brookings tariff filing, in part, alleging that there was a significant discrepancy in the number of local switching access MOUs, the Commission did not do so. Accordingly, Brookings current calculation of interstate end office access charges does not include minutes terminating to CMRS providers.

In accordance with Section 51.909(b)(2)(v), Brookings elected to apply its interstate access rate structure and interstate rates to Transitional Intrastate Access Service. Accordingly, Brookings converted from a single, non-distance sensitive intrastate rate structure to its distance sensitive, interstate rate structure and interstate rates. Because Brookings' interstate rate structure in effect does not apply the local switching rate element to terminating usage delivered by IXC's to the Brookings' wireline switch for termination to CMRS providers, Brookings adjusted its 2011 Fiscal Year demand for terminating intrastate switched access minutes by removing minutes terminating to CMRS providers. Based on this calculation, Brookings 2011 FY demand was reduced from 7,144,003 terminating intrastate switched access minutes to 4,042,773 terminating intrastate switched access minutes. For test year 2012-13, Brookings' forecasted terminating intrastate switched access demand was calculated using Brookings' actual annualized demand loss factor of 15%. This was applied to the FY2011 demand units of 4,042,773.

Accordingly, Brookings contends that it has reasonably estimated its projected interstate and intrastate switched access demand.

#### **IV. Issue E (ARC Rates)**

The Commission directs each LEC to submit a table showing its filed ARC rates and the ARC rates supported by its direct case. Brookings contends that its ARC rates as originally filed

with its 2012 Annual Access Tariff Filing, are in compliance with the Commission’s rules and are just and reasonable. The table showing Brookings filed ARC rates is:

<b>Table 1: - Access Recovery Charge (ARC)</b>	<b>ARC Rates as Filed Effective 7/3/2012</b>	<b>ARC Rates Supported by Direct Case</b>
Residence – Individual Line	\$0.50	\$0.50
Business – Single Line	\$0.50	\$0.50
Business – Multiline	\$1.00	\$1.00

Brookings Total FY 2012-13 Eligible Recovery amount of \$895,502, as shown in the TRP originally filed with the tariff filing, exceeds the amount of projected ARC revenues of \$87,702. Accordingly, Brookings proposed ARC rates are just and reasonable and no refund should be required.

The Commission also directs each LEC to include a completed TRP showing the calculation of its ARC rates. The completed TRP, filed with the 2012 Annual Access Tariff Filing, is attached hereto.

Respectfully submitted,

**City of Brookings Municipal Telephone Department**

By: /s/ Mary J. Sisak

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Dated: September 27, 2012

**CERTIFICATION**

I am the Executive Vice President / General Manager of the City of Brookings Municipal Telephone Department. I hereby certify that I have overall responsibility for the preparation of all data supporting the City of Brookings Municipal Telephone Department June 18, 2012 Access Tariff Revisions and September 27, 2012 Direct Case and that I am authorized to execute this certification. Based upon information provided to me by employees responsible for the preparation of, or for supervision of the preparation of, the data submitted in support of the rates contained in the proposed tariff and in the Direct Case, I hereby certify that the data have been examined and reviewed and are true, correct and complete.

Signature:



Printed Name:

Steve Meyer

Title:

Executive Vice President / General Manager

Date:

September 26, 2012

(Persons making willful false statements in this report form can be punished by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001.)

CERTIFICATION THAT CARRIER NOT SEEKING DUPLICATIVE RECOVERY

I hereby certify that I am an officer of City of Brookings Municipal Telephone Department and that, to the best of my knowledge, City of Brookings Municipal Telephone Department is not seeking duplicative recovery in the state jurisdiction for any Eligible Recovery subject to the recovery mechanism as per Section 51.917(d)(vii) of the Commission's rules.

Signature:



Printed Name:

Steve Meyer

Title:

Executive Vice President / General Manager

Telephone Number:

605-692-6325

Study Area Code:

391650

Date:

September 26, 2012

(Persons making willful false statements in this report form can be punished by fine or forfeiture under the Communications Act of 1934, as amended, or by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001.)

CERTIFICATION OF ELIGIBILITY FOR CAF/ICC RECOVERY

I hereby certify that I am an officer of City of Brookings Municipal Telephone Department and that, to the best of my knowledge, City of Brookings Municipal Telephone Department has complied with Section 51.917(d) (Eligible Recovery for Rate-of-Return Carriers) and Section 51.917(e) (Access Recovery Charge) of the Commission's rules and is eligible to receive the CAF ICC support requested pursuant to Section 51.917(f) of the Commission's rules.

Signature:



Printed Name: Steve Meyer

Title: Executive Vice President / General Manager

Telephone Number: 605-692-6325

Study Area Code: 391650

Date: September 26, 2012

(Persons making willful false statements in this report form can be punished by fine or forfeiture under the Communications Act of 1934, as amended, or by fine or imprisonment under the provisions of the U.S. Code, Title 18, Section 1001.)