SDN COMMUNICATIONS®

Benefits of SDN

•SDN is a Centralized Equal Access (CEA) tandem provider found by the FCC to be in the public interest bringing the benefits of equal access, new technology and new services to rural South Dakota.

•SDN provides efficient and cost effective equal access along with other services (e.g. signaling) by installing functionality in the SDN tandem instead of the Rural LEC (RLEC) end offices.

•SDN is a tandem switch/transiting provider.

•SDN aggregates IXC long distance traffic allowing carriers to reach RLECs and carrier customers through one POI.

Benefits of SDN (cont.)

- SDN and member RLECs have built, operate and maintain thousands of miles of interconnected fiber network throughout South Dakota.
- Traffic aggregation and single source network functionality provides efficiencies and cost savings for interconnected providers (e.g. wireless, broadband).
- SDN enables carrier efficiencies for the conversion to IP by reducing direct connection points to a single POI for participating LECs.
- Simplifies RLEC ability to designate its POI and to efficiently use the SDN/RLEC fiber backbone network.

Benefits of SDN (cont.)

- Consistent with FCC policy to eliminate waste and inefficiency.
- Improves incentives for rational investment and operation.
- Brings greater scale to member markets bringing cost efficiencies and business opportunities.
- Aggregated traffic results in easier access to rural markets.
- Shared network investment, not redundant/wasteful.
- Joint provisioning of essential telecom and broadband services.
- Increased residential and commercial business opportunities.

Benefits of SDN (cont.)

•Anchor Institutions within the RLEC Communities that rely on SDN's efficient network:

- Financial institutions
- Healthcare organizations (hospitals & clinics)
- Agricultural industries
- Government agencies
- K-12 schools and higher education
- Public safety service providers

SDN Communications

SDN's network provides efficient connections to rural markets in SD.

- SD LECs provide switched transport services to carriers at federal and state approved tariffed rates and terms of service.
- Historically SDN's tariffed POI has been Sioux Falls, SD.
- SD RLEC transport has essentially been the same since the implementation of the SONET rings in the late 1990s.
    - The rings were a result of new state statutes, endorsed by the Governor.

SDN Communications

SDN is a tandem/transit service provider

- Treatment of SDN's tandem switching rate is deferred to a FNPRM.
- SDN does not have end users, and does not receive any federal/state universal service support.
- SDN is a common carrier and obligated to carry the originating and terminating traffic presented to it from the LEC or the carrier.
- Northern Valley is not a member company of SDN.

SDN Communications

SDN does not engage in or promote access traffic/mileage stimulation.

- Reform order provides the method for resolving access stimulation issues – 47 CFR 61.3.
- Traffic presented to SDN's FGD tandem access trunks is considered access per terms of the tariff.
- Interexchange carriers have no legal justification for withholding payment of SDN tandem switching charges.
- SDN will consider alternative switching/transiting arrangements as permitted by its tariff.