

WINTERHAVEN TELEPHONE COMPANY

JULY 1, 2001 INTERSTATE TRAFFIC SENSITIVE ACCESS TARIFF FILING

DESCRIPTION AND JUSTIFICATION

INTRODUCTION

The issuing carrier of this Interstate Traffic Sensitive Access Tariff is the Winterhaven Telephone Company (Winterhaven), a subsidiary of TDS Telecommunications Corporation (TDS TELECOM). Winterhaven is a local exchange carrier serving slightly under 1,800 access lines in service area surrounding and including the towns of Winterhaven and Bard, California. This filing is based on data projected for the twelve-month period ending June 30, 2002. This data includes company budgeted investments and expenses along with projected access demand based on historical trends. The revised Traffic Sensitive Access Service rates proposed in this filing are scheduled to take effect on July 3, 2001. As filed, proposed rates reflect an overall 7.5% reduction in Traffic Sensitive Switched Access and a 24.1% reduction in Traffic Sensitive Special Access when compared to currently effective rates, utilizing year 2000 demand. This filing is being made on seven days notice pursuant of Section 204(a)(3) of the Communications Act of 1934 as amended. Winterhaven will continue to participate in the National Exchange Carrier Association, Inc.'s Carrier Common Line and End User access tariff and settlement pool.

COST SUPPORT

Cost studies based on budgeted 2001 and 2002 financial data were used to determine projected access revenue requirements for the twelve month period ending June 30, 2002 tariff period. Tariff period investments balances reflect an average of the 2001 and 2002 study results while tariff period expenses and taxes are one half of 2001 study results plus one half 2002 study results. The 2001 and 2002 cost studies utilized Part 36 and Part 69 allocation factors generated from the 2000 cost study, adjusted for known changes that effect the tariff period.

The tariff period traffic sensitive switched access revenue requirement is a slight reduction in access costs as compared to actual 2000. This small reduction in switched revenue requirement is a result of decreased average rate base investment due to recognition of increased Depreciation/Amortization Reserves. Overall, forecasted interstate traffic sensitive switched access expenses and taxes remained fairly constant with actual year 2000 allocations.

This filing also reflects an overall increase in the projected interstate special access revenue requirement as result of increased circuit growth, especially high capacity circuits, recognized for the tariff period.

DEMAND SUPPORT

Traffic sensitive switched access demand quantities projected for the tariff period were determined by applying historical minutes of use and access line growth relationships to 2000 actual access usage for billed rate elements. The projected tariff period Local Switching access minutes represent a 6.6% increase compared to actual 2000 billed Local Switching access minutes. This increase is driven by steady growth in interstate intraLATA minutes, particularly in the terminating direction. The forecast projects a continued decrease in the interstate interLATA minutes following a trend that started mid-1999 and carried through year 2000. Overall, Winterhaven is projecting an increase in switched access minutes for the tariff period as compared to actual year 2000 access minutes.

Special access demand, projected for the July 1, 2001 through June 30, 2002 tariff period, is based on annualizing actual billed quantities during March 2001. For a company the size of Winterhaven, this resulted in material increases in the number of Voice Grade and High Capacity (1.544 MBPS) circuits as compared to actual 2000 quantities. Compared to 2000 special access circuits, the tariff period growth in Voice Grade and High Capacity circuits is 9.8% and 57.1%, respectively. The number of Digital Data circuits has held fairly consistent from year 2000 through tariff period.

SUMMARY

The access rates modification submitted in this filing were developed using the projected test period demand and traffic sensitive access revenue requirements. Projected test period demand was applied against NECA access rates as of January 2, 2001. The resulting amounts, by access element, were adjusted to achieve Winterhaven's projected traffic sensitive revenue requirements and divided by projected demand to derive the proposed rates.

The proposed traffic sensitive switched access rates reflect lower access rates resulting from the lower tariff period revenue requirement and growth in access minute demand, as compared to actual year 2000. Overall, the composite interstate access rate charged to interexchange carriers will decrease.

The proposed special access rates also reflect an overall decrease due to demand growth exceeding the growth in revenue requirement for the tariff period. All proposed changes to special access rates are decreases.