Shell Rock Telephone Company

Tariff FCC NO. 1 **Streamlined Tariff Filing**

Transmittal No. 3

FRN #0004-3268-80

Description and Justification

For Revised Tariff Rates Transferring Local Switching Line Port Costs to Common Line (FCC CFR 69.306) as a result of the Second Report and Order and Further Notice of Proposed Rulemaking in CC Docket No. 00-256, Fifteenth Report and Order in CC Docket No. 96-45, and Report and Order in CC Docket Nos. 98-77 and 98-166

Filed December 17, 2001

To be effective January 1, 2002

Description and Justification

Purpose of Filing

With this Streamlined Tariff Filing, Shell Rock Telephone Company proposes revised rates to reflect the transfer of line port costs determined at 30% of the local switching revenue requirement to the Common Line category.

Rate Development

The attached rate development and supporting work papers reflect a revenue neutral tariff filing in that all shifts from the traffic sensitive pool to the common line pool reflect equivalent adjustments to the underlying revenue requirements. The last annual tariff filing was based on a total combined Common Line and Traffic Sensitive revenue requirement of $333,575. With this revised tariff filing and after the adjustments reflected in the previous paragraph, total combined Common Line and Traffic Sensitive revenue requirements remain at $333,575. All calculations are based on the demand data used in the last annual tariff filing.

As depicted on the attached rate development and supporting work papers, the line-side port costs assigned to the Common Line rate category are based on thirty percent of the two-year historical interstate Local Switching average schedule settlement, less local switching support. Total two-year interstate Local Switching settlements, less local switching support, based on the last annual tariff filing was $82,057. The revenue requirement shifted from the local switching element to the common line category, based on the 30% proxy cost was $19,910.

Shell Rock Telephone did not have any transport interconnection charge (TIC) revenues or associated rate with the last annual tariff filing. Therefore no TIC associated costs were transferred to the common line category. Total net change or increase in the carrier common line revenue requirement was $19,910.

For the period January 1, 2002 through June 30, 2002, Shell Rock Telephone estimates total end user subscriber line charge revenues to be approximately $36,522 of which $11,247 is attributable to the increase in the end user subscriber line charge rates to $5.00 for residential and single-line businesses and $9.20 for multi-line businesses, depicted as follows:

For Period January 1 – June 30, 2002	Estimated Total Revenues	Estimated Increase Resulting from SLC Increases
Residential	$ 28,980	$8,694
Single-Line Business	1,470	441
Multi-Line Business	6,072	2,112

Rate Summary

Shell Rock Telephone's accounting system conforms to accounting rules in Parts 32 and 64 of the FCC's rules. Interstate access costs and proposed rates are based on FCC CFR 61.39(2)(ii) which requires that rates be premised on the amount calculated to reflect the Traffic Sensitive average schedule pool settlement that Shell Rock Telephone would have received had they remained in and continued to participate. Attached to this volume are the two-year historical average schedule settlements Shell Rock Telephone would have received had they continued to participate which are based on the most recent average schedule settlement formulas approved by the Commission. Also attached are rate development work sheets used to calculate Shell Rock Telephone's proposed rates, which represent the same settlements and demand used in the last annual tariff filing.