

HILLS TELEPHONE COMPANY (IN IOWA)
INTERSTATE ACCESS TARIFF REVISIONS
January 1, 2002

DESCRIPTION AND JUSTIFICATION

Hills Telephone Company (in Iowa) (Hills) submits the accompanying access tariff revisions to its Access Service Tariff FCC No. 1. Their purpose is to revise its traffic sensitive switched access rates pursuant to the requirements of the MAG Order (Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, *Second Report and Order and Further Notice of Proposed Rulemaking*, FCC 01-304, released November 8, 2001).

Because Hills is still a member of NECA's Common Line pool, the cost shift information has been coordinated with NECA, and the amounts shifted are based upon NECA's procedures as stated in NECA's letter, dated November 21, 2001, to Average Schedule Companies not Participating in NECA's Traffic Sensitive tariff.

Access Rates

The MAG Order requires all incumbent local exchange carriers operating under rate-of-return regulation to adjust their access rates for the following:

- Beginning January 1, 2002, line-side port costs shall be assigned to the Common Line rate element. Non-price cap local exchange carriers may use thirty percent of the interstate Local Switching revenue requirement as a proxy for allocating line port costs to the Common Line category.
- Effective January 1, 2002, incumbent local exchange carriers may not assess a transport interconnection charge (TIC) expressed in dollars and cents per access minute upon interexchange carriers or upon other persons using their switched access network.
- In addition to the removal of the TIC, revenues from the TIC must be reallocated to other access elements. The total revenues reallocated from the TIC to other access categories are limited to the total revenues recovered through the TIC for the 12-month period ending June 30, 2001.

Line-side Port Costs

Hills has assigned \$68,976 from its Traffic Sensitive Basic Schedule to the Common Line pool. This represents the amount of its port costs shifted to the Common Line pool.

TIC

Hills did not charge a TIC during the 12-month period ending June 30, 2001. Therefore, no dollars have been reallocated from the TIC to the Common Line pool.

Demand

This filing is revenue neutral and all calculations are based on the demand data used in the last access tariff filing made by Hills.