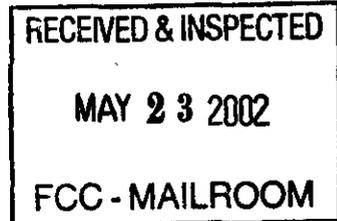


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May 7, 2002

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street SW
Washington D.C. 20554

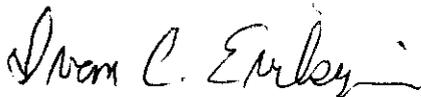
**RE: In the Matter of Presubscribed Interexchange Carrier Charges; FCC CC
Docket No. 02-53**

Dear Ms. Dortch:

Enclosed please find an original and four (4) copies of the Comments of Hot Springs Telephone Company in Docket No. 02-53.

Please contact my office if there are any questions regarding this filing. Thank you.

Sincerely yours,



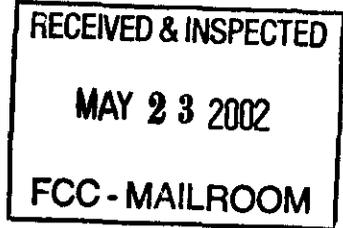
Ivan (Chuck) Evilsizer
Attorney for Hot Springs Telephone Company

Enclosures

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BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554



IN THE MATTER OF

Presubscribed Interexchange
Carrier Charges



CC Docket No. 02-53

CCB/CPD File No. 01-12
RM-10131

To: The Commission

COMMENTS OF HOT SPRINGS TELEPHONE COMPANY

Hot Springs Telephone Company (HSTC) hereby submits its comments in response to the Commission's Order and Notice of Proposed Rulemaking (FCC 02-79; CC Docket No. 02-53), to examine presubscribed interexchange carrier change charges (PIC-change charges). HSTC is a small local exchange company serving 800 access lines in the small community of Hot Springs, Montana, and the surrounding rural area.

Enclosed herewith (Attachment A) is a cost study performed by Hot Springs Telephone Company for a six month period, to determine the costs of PIC-changes to the company. A total of 234 hours of staff time was expended to effectuate 148 PIC changes during the period; which results in an average cost of \$23.65 per PIC change.

The enclosed study vividly demonstrates that the PIC-change "safe harbor" of \$5.00 is inaccurate and extremely low for a company the size of HSTC. The actual costs incurred by HSTC are over 470% higher than allowed by the current Commission rule. It is contrary to utility ratemaking policy and law to charge rates below cost (See e.g. Sections 69-3-811 and 30-14-209, Montana Code Annotated).

Small companies should also be exempt from any costly administrative proceedings in order to justify a higher rate. It is inappropriate to require small companies to make filings seeking relief, for a charge which constitutes only a very small portion of their overall revenues. For example, the legal and consulting fees alone, to seek a waiver or other relief from the “safe harbor” rate, would exceed one year of PIC change revenues for a small company (e.g. at the \$5 rate, HSTC recovers approximately \$1500 per year in PIC change revenues) . The Commission should therefore carefully consider the costs and administrative burdens on small entities, in revising its rules in this Docket.

HSTC suggests that the Commission consider the following approaches in amending its PIC-change charge rules:

1. A multi-tiered safe harbor approach which establishes a higher presumptively reasonable rate for smaller companies;
2. Allowing the filing of individual tariffs by small companies, which are presumptively reasonable, subject to complaints which may be filed.
3. Deregulate PIC change charges at the federal level, and allow the states to determine the appropriate tariff and/or regulatory structure.

In summary, the current \$5 charge is unreasonably low for a small company such as HSTC, and the current rule should be amended to recognize the higher costs incurred by small companies, and should also recognize the high relative administrative costs of seeking a waiver or other relief from the Commission for a charge of such small relative

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magnitude.

Dated: May 7, 2002

Respectfully Submitted,



Ivan C. Evilsizer
Attorney for Hot Springs Telephone Company

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Helena, MT 59601-4875

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ATTACHMENT A

HOT SPRINGS TELEPHONE COMPANY PIC CHANGE COST STUDY

FOR THE SIX-MONTH PERIOD OCTOBER 5, 2001 THROUGH APRIL 10, 2002:

Employees' Time:

Front desk - discussions with customers, ordering, and filling out forms	34 hours
Technician - change PIC in Hot Springs' switch to connect a customer to their new long distance company	28 hours
Other office time - change PIC in Hot Springs' database, billing for the change, filling out and faxing forms to long distance companies, and completing change orders for the switch technicians	<u>172 hours</u>
TOTAL TIME	234 hours

Costs:

Front desk	34 hours x \$19.00* per hour =	\$ 646.00
Technician	28 hours x \$19.00* per hour =	532.00
Other office time	172 hours x \$13.50* per hour =	<u>2,322.00</u>
TOTAL COSTS		\$3,500.00
PIC changes performed		<u>÷ 148</u>
APPROXIMATE COST PER PIC CHANGE		\$23.65 =====

*Total salary for these positions, including benefits (benefits total \$5.00 per hour for front desk and technician positions, and \$3.50 per hour for other office positions). The base salaries excluding benefits are \$14.00 and \$10.00 per hour, respectively. Benefits include health insurance, pension plan, vacation, sick leave, bonuses, and other miscellaneous benefits.