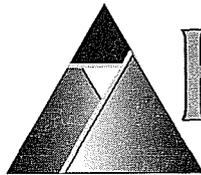


612 Third Street
P. O. Box 349
Garretson, SD 57030



**HILLS TELEPHONE
COMPANY, INC.**
DBA Alliance Communications

(605) 594-3411
1-800-701-4980
Fax (605) 594-6776

September 24, 2004

RECEIVED

SEP 27 2004

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Pam Bonrud, Executive Director
SD Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070

RE: HILLS TELEPHONE COMPANY, INC. (HILLS) INTRASTATE SWITCHED
ACCESS TARIFF AND REQUEST FOR EXPEMPTION FROM
DEVELOPING COMPANY SPECIFIC COST-BASED SWITCHED ACCESS
RATES

Dear Ms. Bonrud:

Enclosed please find an original and 10 copies of the Hills Intrastate Switched Access
Tariff No. 1 which is submitted for Commission approval. Hills is proposing an effective
date of November 1, 2004.

As you are aware, the Commission recently approved the sale of the Valley Springs, East
Valley Springs and North Larchwood exchanges from Sioux Valley Telephone Company
to Hills in SD PUC Docket TC04-040.

Because these are the only SD exchanges that Hills serves, and the fact that Hills does not
have the required "12 months of actual experience" (as required by ARSD 20:10:27:14)
in order to prepare a switched access cost study, Hills, in accordance with ARSD
20:10:27:11, requests exemption from developing company-specific cost-based switched
access rates. Hills also requests this exemption on an ongoing basis because the
exchanges listed above only have a total of approximately 557 access lines. Based on
this small number of access lines, "the additional costs associated with developing
company-specific cost-based intrastate switched access rates outweigh any benefit to the
consumer or customer," as per ARSD 20:10:27:11. As you are aware, the Commission
has previously granted this exemption to other incumbent local exchange carriers that
have a small number of SD access lines, such as Armour Independent Telephone
Company, Inc., City of Faith Telephone Company, Jefferson Telephone Company, and
Kadoka Telephone Company.

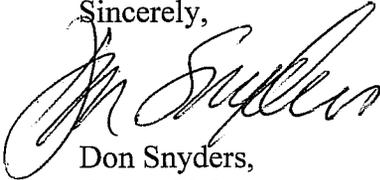
Therefore, the rates in Hills Intrastate Switched Access Tariff No. 1 are based on a
statewide average cost for telecom companies with under 100,000 access lines, in
accordance with ARSD 20:10:27:12.

Hills respectfully requests that the Commission approve its Intrastate Switched Access Tariff No. 1 and grant its request for exemption from developing company specific cost-based switched access rates.

If you have any questions, please contact me at (605) 594-3411 or Larry Hettinger of Heartland Consulting at (605) 995-6120.

Thank you in advance for your consideration of our requests.

Sincerely,

A handwritten signature in black ink, appearing to read "Don Snyders". The signature is written in a cursive, flowing style with a large initial "D".

Don Snyders,
General Manager

Enclosures

cc: Larry Hettinger, Heartland Consulting

SOUTH DAKOTA SWITCHED ACCESS SERVICES

RECEIVED
SEP 27 2004
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

A. CONCURRENCE IN RATES, TERMS AND CONDITIONS OF LOCAL EXCHANGE CARRIER ASSOCIATION, INC. TARIFF NO. 1

1. Hills Telephone Company, Inc. concurs in the rates, terms and conditions, except as noted below, of Local Exchange Carrier Association, Inc. Tariff No. 1 governing Intrastate Access Service as filed by the Local Exchange Carrier Association, Inc. in the State of South Dakota. Hills Telephone Company, Inc. concurs in the current Local Exchange Carrier Association, Inc. Tariff No. 1 as of August 1, 2004 as shown by the attached TARIFF CHECKLIST pages. The only exceptions to this concurrence are the attached pages 17-1 and 17-4, which replace the current Local Exchange Carrier Association, Inc. Tariff No. 1 pages 17-1 and 17-4.
2. Hills Telephone Company, Inc. hereby expressly reserves the right to cancel or void this statement of concurrence at any time consistent with state law and the best interests of Hills Telephone Company, Inc. by filing a replacement tariff with the South Dakota Public Utilities Commission.

TARIFF CHECKLIST
All Pages Are Original Unless Otherwise Noted

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* New This Issue

Issued: January 6, 2000

Effective: January 15, 2000

By: Dean Anderson
President
P.O. Box 920
Clear Lake, SD 57226

TARIFF CHECKLIST
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Issued: November 30, 1998

Effective: January 1, 1999

By: Dean Anderson
 President
 P.O. Box 920
 Clear Lake, SD 57226

TARIFF CHECKLIST
All Pages Are Original Unless Otherwise Noted

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* New This Issue

Issued: June 29, 2004

Effective: August 1, 2004

By: Jerry Reisenauer
President
P.O. Box 39
Bison, SD 57620

SOUTH DAKOTA SWITCHED ACCESS SERVICES

17. Rates and Charges

17.1 Common Line Access Service

17.1.1 Carrier Common Line Access Service

Rate

Regulations concerning Carrier Common Line Access are set forth in Section 3 Preceding.

Per Access Minute

\$0.0693

SOUTH DAKOTA SWITCHED ACCESS SERVICES

17. Rates and Charges (Cont'd)

17.2 Switched Access Service

17.2.1 Nonrecurring Charges

	<u>Rate</u>
(A) <u>Local Transport Element - Installation Per Line or Trunk</u>	\$295.00
(B) <u>Reserved for Future Use</u>	
(C) <u>Interim NXX Translation, Per Order</u>	\$181.00

Per LATA or Market Area

17.2.2 Traffic Sensitive

Local Switching (End Office)

Per Access Minute \$0.0276

Local Transport

Per Access Minute \$0.0356

Network Blocking Per Blocked Call

Applies to FGD only \$0.0271

8XX Data Base Query Service

Per Query

Basic \$0.0079

Vertical Feature \$0.0082

**South Dakota Public Utilities Commission
WEEKLY FILINGS**

For the Period of September 23, 2004 through September 29, 2004

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3201

ELECTRIC

EL04-028 In the Matter of the Filing by Xcel Energy for Approval of its 2003 Economic Development Annual Report and 2004 Economic Development Plan.

On September 24, 2004, Xcel Energy filed its 2003 economic development report and 2004 proposed economic development plan for Commission approval. These reports are filed in accordance with the requirements in EL01-004.

Staff Analyst: Michele Farris
Staff Attorney: Karen Cremer and Sara Harens
Date Filed: 09/27/04
Intervention Deadline: 10/15/04

TELECOMMUNICATIONS

TC04-205 In the Matter of the Filing by Hills Telephone Company, Inc. for Approval of its Intrastate Switched Access Tariff and for an Exemption from Developing Company Specific Cost-Based Switched Access Rates.

On September 27, 2004, Hills Telephone Company, Inc. filed a petition asking for an ongoing exemption from developing company-specific cost-based switched access rates. The Applicant requests adopting rates based on a statewide average cost for telecommunications companies with under 100,000 access lines, in accordance with ARSD 20:10:27:12.

Staff Analyst: Keith Senger
Staff Attorney: Karen Cremer/Sara Harens
Date Docketed: 09/27/04
Intervention Deadline: 10/08/04

TC04-206 In the Matter of the Joint Application for Approval of the Sale of the Stock of Tri-County Telcom, Inc. from James O. Ekstrand to Hanson Communications, Inc., a Wholly Owned Subsidiary of McCook Cooperative Telephone Company.

On September 27, 2004, the Commission received a Joint Application for Approval of the Sale of Stock of Tri-County Telcom, Inc. from James O. Ekstrand to Hanson Communications, Inc. a Wholly Owned Subsidiary of McCook Cooperative Telephone Company. It is requested that (1) the Commission approve the purchase and sale of all of the issued and outstanding shares of all classes of stock of Tri-County Telcom, Inc. in accordance with the provisions of the Stock Purchase Agreement, dated as of September 16, 2004, and (2) to amend the Certificate of Authority previously issued to Tri-County Telcom, Inc. to reflect the change in ownership of the corporation.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Docketed: 09/27/04
Intervention Deadline: 10/15/04

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You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc>**

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY HILLS)	ORDER GRANTING
TELEPHONE COMPANY, INC. FOR)	PETITION FOR WAIVER
APPROVAL OF ITS INTRASTATE SWITCHED)	
ACCESS TARIFF AND FOR AN EXEMPTION)	TC04-205
FROM DEVELOPING COMPANY SPECIFIC)	
COST-BASED SWITCHED ACCESS RATES)	

On September 27, 2004, the Public Utilities Commission (Commission) received a petition from Hills Telephone Company, Inc. (Hills) for approval of its Intrastate Switched Access Tariff No. 1. Additionally, Hills requested an exemption from developing company specific cost-based switched access rates in accordance with ARSD 20:10:27:11. Hills also requested this exemption on an ongoing basis similar to the exemptions granted other incumbent local exchange carriers that have a small number of access lines. Hills states that its tariff rates are based on a statewide average in accordance with ARSD 20:10:27:12. These rates are an interim rate based on the statewide average of the cost companies developed in Docket TC04-119. Hills requested an effective date of November 1, 2004.

On September 30, 2004, the Commission electronically transmitted notice of the filing and the intervention deadline of October 8, 2004, to interested individuals and entities. No comments or petitions to intervene were filed.

On October 26, 2004, the Commission considered Hills' request for an exemption from developing company specific cost-based switched access rates in accordance with ARSD 20:10:27:11 and for approval of its Intrastate Switched Access Tariff No. 1. Commission Staff recommended approval of the exemption and tariff rate subject to refund, with interest, should the final rate be lower than the interim rate. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-18, 49-31-19, ARSD 20:10:27:11 and ARSD 20:10:27:12. The Commission voted to approve the exemption and Hills' Intrastate Switched Access Tariff No. 1 subject to refund, with interest, should the final rate be lower than the interim rate. It is therefore

ORDERED, that Hills' petition to be exempt from developing company specific cost-based switched access rates is granted; and it is further

ORDERED, that Hills' Intrastate Switched Access Tariff No. 1 is approved as filed, effective November 1, 2004, subject to refund, with interest, should the final rate be lower than the interim rate.

Dated at Pierre, South Dakota, this 4th day of November, 2004.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kaelin

Date: 11/4/04

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Robert K. Sahr

ROBERT K. SAHR, Chairman

Gary Hanson

GARY HANSON, Commissioner

James A. Burg

JAMES A. BURG, Commissioner