DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 136
January 17, 2008

Comporium Companies:

Rock Hill Telephone Company d/b/a Comporium Communications, SAC 240542
Lancaster Telephone Company d/b/a Comporium Communications, SAC 240531
Fort Mill Telephone Company d/b/a Comporium Communications, SAC 240521

John Staurulakis, Inc. ("JSI") hereby provides description and justification (D&J) for JSI Transmittal No. 136 on behalf of the issuing carriers listed above. The issuing carriers listed above are operating subsidiaries of Comporium Communications, Inc. (hereinafter individually "Company" or collectively "Companies"). The Companies operate in South Carolina.

This filing proposes voluntary, mid-course rate revisions for Fort Mill Telephone Company and Lancaster Telephone Company. See **D&J Part I.**

This filing also proposes expansion of the Multi-Megabit Ethernet Transport Service (METS) offerings of all three Comporium Companies listed in the heading above. See **D&J Part II**.

D&J Part I

Mid-Course Filing for

Lancaster Telephone Company d/b/a Comporium Communications, SAC 240531

Fort Mill Telephone Company d/b/a Comporium Communications, SAC 240521

Mid-Course Filing

Lancaster Telephone Company d/b/a Comporium Communications, ("Lancaster") and Fort Mill Telephone Company d/b/a Comporium Communications ("Fort Mill") (collectively "Companies") are making a voluntary filing to reduce rates to address overearnings. The Companies file pursuant to Section 61.38 of the Commission's rules and will be making mandatory even-year biennial filings June 16, 2008 for rate changes effective July 1, 2008.

Overearnings for Special Access services for both Companies have resulted principally from significant increases in Special Access High Capacity demand beyond levels previously projected. For Fort Mill, switched access minutes of use ("MOUs") have increased significantly over levels previously projected. The only area where demand has fallen below levels previously projected is Lancaster switched access MOUs.

For the five months between the effective date of this filing and the effective date of the annual filing, reductions in rates proposed in this filing will have the following impacts on revenues.

Following is the projected overall impact of the proposed rate revisions.[1]

	Projected Revenue Without Mid-Course Filing	Projected Revenue With Mid-Course Filing	12 Month Impact - Increase (Decrease)	% Impact	5 Month Impact
Lancaster	$ 2,179,572	$ 1,594,131	$ (585,633)	-26.8%	$ (243,776)
Fort Mill	2,875,257	2,155,707	(719,5500)	-25.0%	(299,814)
Combined	$ 5,054,829	$ 3,750,216	$ (1,304,613)	-25.8%	$ (543,590)

[1] These amounts are based on the respective analyses for Lancaster Telephone Company and Fort Mill Telephone Company on page 3 following.

Cost Support Provided for Mid-Course Filing

This filing is based on a projection of the Companies' costs for the fiscal year ending December 31, 2008 (also referred to herein as the 2008 Test Year Cost of Service or "TYCOS" or "2008 TYCOS"). The costs for the twelve (12) month period ending December 31, 2008 have been based on financial estimates and projections of the Companies, and are summarized as follows:

	Lancaster Exhibit 1	Fort Mill Exhibit 2
TYCOS Summary Development of Traffic Sensitive Revenue Requirement	Attachment #1	Attachment #1
TYCOS Part 69 - Access Charge Development	Attachment #2	Attachment #2
TYCOS Part 36 – Separations of Costs	Attachment #3	Attachment #3

In accordance with Section 61.38(b)(1)(i) of the Commission's rules and regulations, attached is a cost of service study for the most recent twelve (12) month period ending December 31, 2005, identified as follows (also referred to herein as the 2005 Prior Year Cost of Service or "PYCOS"):

	Lancaster Exhibit 1	Fort Mill Exhibit 2
PYCOS Summary Development of Traffic Sensitive Revenue Requirement	Attachment #4	Attachment #4
PYCOS Part 69 - Access Charge Development	Attachment #4	Attachment #4
PYCOS Part 36 – Separations of Costs	Attachment #4	Attachment #4

Additionally, the Companies have included as Attachment 7 schedules analyzing revenue impacts of the filing.

	Lancaster Exhibit 1	Fort Mill Exhibit 2
Revenue Impact of Filing	Attachment #7	Attachment #7

<u>Lancaster Revenue Impact Summary</u>

	Projected Revenue Without Mid-Course Filing	Projected Revenue With Mid-Course Filing	12 Month Impact - Increase (Decrease)	% Impact	5 Month Impact
Local Switching *Ex 1, Attach 7, Pg 2*	$ 347,684	$ 378,099	$ 30,415	8.7%	$ 12,673
Information Surcharge *Ex 1, Attach 7, Pg 2*	5,260	6,380	1,120	21.3%	467
Transport *Ex 1, Attach 7, Pg 3*	712,142	285,945	(426,197)	-59.8%	(177,582)
Total Switched Access	$ 1,065,086	$ 670,424	$ (394,662)	-37.1%	$ (164,442)
Special Access *Ex. 1, Attach. 7, Pg 12*	1,114,486	924,085	(190,401)	-17.1%	(79,334)
Combined	$ 2,179,572	$ 1,594,509	$ (585,063)	-26.8%	$ (243,776)

<u>Fort Mill Revenue Impact Summary</u>

	Projected Revenue Without Mid-Course Filing	Projected Revenue With Mid-Course Filing	12 Month Impact - Increase (Decrease)	% Impact	5 Month Impact
Local Switching *Ex 2, Attach 7, Pg 2*	$ 546,663	$ 406,571	$ (140,092)	-25.6%	$ (58,372)
Information Surcharge *Ex 2, Attach 7, Pg 2*	10,827	9,088	(1,739)	-16.1%	(725)
Transport *Ex 2, Attach 7, Pg 3*	854,034	324,163	(529,871)	-62.0%	(220,780)
Total Switched Access	$ 1,411,524	$ 739,822	$ (671,702)	-47.6%	$ (279,877)
Special Access *Ex. 2, Attach. 7, Pg 12*	1,463,733	1,415,645	(48,088)	-3.3%	(20,037)
Combined	$ 2,875,257	$ 2,155,707	$ (719,550)	-25.0%	$ (299,814)

Analysis of Increase in Lancaster Local Switching Rate

As shown above, the only significant contra-trend is the increase in the Lancaster local switching rate.[2] The reason for the increase in the Lancaster local switching rate is principally the decrease in switched access MOUs. The rates currently in effect were determined based on projected annual MOUs of 67,660,143, an average of 5,638,345 per month. The average actual MOUs for the last six months of 2007 were 4,825,688, a decrease of 14.4 percent. The projected annual minutes for the test year are 59,637,096 or 4,969,758 per month.

Interstate Rate Development Process

The Companies follow the Commission's multi-step process to identify the cost of providing interstate access service by an incumbent local exchange carrier (ILEC). First, the rules require an ILEC to record all of its expenses, investments, and revenues in accordance with accounting rules set forth in our regulations [Uniform System of Accounts, Part 32 of the FCC's rules, 47 CFR §§ 32.1-.9000]. Second, the rules divide these costs between those associated with regulated telecommunications services and those associated with nonregulated activities [The Part 64 Cost Allocation Rules, 47 CFR §§ 64.901-.904]. Third, the rules determine the fraction of the incumbent LEC's regulated expenses and investment that should be allocated to the interstate jurisdiction [Part 36 of the FCC's rules, 47 CFR §§ 36.1-.641]. After the total amount of interstate cost is identified, the access charge rules translate these interstate costs into charges for the specific interstate access services and rate elements. Part 69 specifies in detail the rate structure for recovering those costs [47 CFR §§ 69.1-.612]. That is, the rules tell ILECs the precise manner in which they may assess charges on interexchange carriers and end users. The Companies refer to the Part 36 and Part 69 cost studies collectively as the "cost study."

In addition to following the Commission's prescribed rules, carriers reflect various Commission orders in development of interstate access revenue requirements. Further, certain options, elections or interpretations may apply. Following is a summary of major prescriptions, elections or interpretations reflected in development of the interstate access revenue requirement and, in turn, interstate access rates for the Companies.

Common Line This filing does not include rates for Common Line rate elements such as End User Common Line charges. The Companies are members of the National Exchange Carrier Association (NECA) Common Line Pool. The Companies' respective rate pages in JSI Tariff FCC No. 1 reference NECA Tariff FCC No. 5 for Common Line Rates including End User

[2] There is also a proposed increase for Lancaster 800 database query; however, the revenue volume is insignificant with minor impact.

Common Line rates.

Traffic Sensitive

The Companies are not members of the NECA Traffic Sensitive Pool and thus file rates for Traffic Sensitive, Special Access and Miscellaneous Charges as issuing carriers for JSI Tariff FCC No. 1.

Wireline Broadband Internet Access Service

Effective February 10, 2006, the Companies elected to provide Wireline Broadband Internet Access Service ("WBIAS') on a permissively detariffed, common-carriage basis under Title II of the Communications Act, as Amended. 47 U.S.C § 151-161. The Companies made the election pursuant to *Appropriate Framework for Broadband Access to the Internet over Wireline Facilities, Universal Service Obligations of Broadband Providers,* CC Docket No. 02-33, WC Docket No. 05-271, Report and Order and Notice of Proposed Rulemaking, 20 FCC Rcd 14853 (2005), FCC 05-150 (Rel. Sept. 23, 2005), (*Wireline Broadband Order*). Because WBIAS is a common-carriage service, apportionment of costs to WBIAS are based on Part 36 and Part 69. For Part 36, WBIAS plant investment is assigned to interstate. For Part 69, WBIAS plant investment is assigned to a new element in the access cost study, "WBI," along with expenses identified as WBIAS-specific and apportioned expenses. Supporting cost study and TRP materials indicate the new category WBI.

The Companies' rate development for this filing excludes the WBIAS revenue requirement otherwise identified in the cost support. The WBIAS revenue requirement is recovered through charges to users of the WBIAS services pursuant to generally available rates, terms and conditions offered on a common-carriage basis.

Part 36 Traffic Factors Freeze – Section 36.3(a)

The Companies' Part 36 allocations reflect use of frozen traffic factors based on the 2000 separations study for each Company pursuant to Section 36.3(a) of the Commission's rules. 47 C.F.R. § 36.3(a). The Commission adopted Section 36.3(a) in the *2001 Separations Freeze Order*. See *Jurisdictional Separations and Referral to the Federal-State Joint Board,* CC Docket No. 80-286, Report and Order, 16 FCC Rcd 11382, FCC 01-162 (rel. May 22, 2001). On May 16, 2006, the Commission released an Order in which it extended, on an interim basis, the freeze of Part 36 category relationships. See *Jurisdictional Separations and Referral to the Federal-State Joint Board,* CC Docket No. 80-286, Order and Further Notice of Proposed Rulemaking, FCC 06-70 (rel. May 16, 2006).

Part 36 Category Relationships-

The Companies have not elected to be subject to the provisions of Section 36.3(b) which allows for assignment of costs from the Part 32 accounts to the separations categories/sub-categories, as specified herein,

Section 36.3(b)

based on the percentage relationships of the categorized/sub-categorized costs to their associated Part 32 accounts for the twelve month period ending December 31, 2000.

***MAG Order* – Port Costs**

Each Company uses a 30 percent factor for allocation of switching costs to the common line category pursuant to paragraph 95 of the MAG Order. See as part of the Companies' original "MAG Filings" under Transmittal No. 63 effective January 1, 2002. See *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers,* CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613, FCC 01-304 (rel. Nov. 8, 2001) (*MAG Order*).

***MAG Order*- Transport Inter-connection Charge (TIC)**

Reallocation of the TIC has been made pursuant to Section 69.415, 47 C.F.R. § 415, in accordance with the Commission's Declaratory Ruling in DA 01-2871, released December 11, 2001. See MAG Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Declaratory Ruling, DA 01-2871 (rel. Dec. 11, 2001).

Cash Working Capital

For cash working capital (CWC) included in net investment, the companies have not changed their election under Section 65.820(d) and continue to use the full lead-lag study method with a lead/lag of 22.7956 Days as compared to the currently prescribed Wireline Competition Bureau B Company standard allowance of 15 days.

The Companies develop "total-company" CWC and apportion it among interstate and intrastate operations based on the basis of total expenses less non-cash expense items consistent with Section 36.182(a) of the Commission's rules. 47 CFR § 36.182(a). In response to the AT&T petition respecting the 2004 annual filing, the Companies defended the reasonableness of the "total company" approach in their response to AT&T. See Petition of AT&T Corp. Addressing July 1, 2004 Annual Access Charge Tariff Filings, WCB 04-18, (June 28, 2004) (AT&T Petition or Petition) and John Staurulakis, Inc. Reply, July 1, 2004 Annual Access Charge Tariff Filings, WCB 04-18, (June 29, 2004). The Pricing Policy Division did not address the "total company approach" in any of its post-filing orders respecting the 2004 annual access filing.

D&J Part II

Multi-Megabit Ethernet Transport Services (METS) for:

Rock Hill Telephone Company d/b/a Comporium Communications, SAC 240542
Lancaster Telephone Company d/b/a Comporium Communications, SAC 240531
Fort Mill Telephone Company d/b/a Comporium Communications, SAC 240521

The Companies each provide Multi-Megabit Ethernet Transport Service (METS) pursuant to the terms and conditions at Section 16.5 of JSI Tariff F.C.C. No. 1 with the rates listed in the respective rate section for each Comporium Company at Section 17.4.8.4. Currently, capacities offered are limited to 10 Mbps and 100 Mbps. With this filing, JSI proposes, on behalf of the Companies, to expand the METS capacity offerings to also include 20 Mbps, 50 Mbps, 500 Mbps and GIG E.

The three principal METS offerings are as follows: Customer Designated Premises Interface (CDPI), ISP Interface (ISPI) and Meet-Point Interface (MPI). Descriptions of the interfaces are included below.

Cost support and revenue impact analyses are included as follows:

Exhibit 3, Attachment 1.A	**Revenue Impact – Rock Hill Telephone Company**
Exhibit 3, Attachment 1.B	**Revenue Impact – Lancaster Telephone Company**
Exhibit 3, Attachment 1.C	**Revenue Impact - Fort Mill Telephone Company**

Exhibit 3, Attachment 2.A	**Proposed Rates – Rock Hill Telephone Company (and comparison to Revenue Requirement)**
Exhibit 3, Attachment 2.B	**Proposed Rates Lancaster Telephone Company (and comparison to Revenue Requirement)**
Exhibit 3, Attachment 2.C	**Proposed Rates – Fort Mill Telephone Company (and comparison to Revenue Requirement)**

Exhibit 3, Attachment 3, Page 1	**Customer Designated Premises Interface (CDPI) Revenue Requirement for RHTC, LTC and FMTC**
Exhibit 3, Attachment 3, Page 2	**ISP Interface(ISPI) Revenue Requirement for RHTC, LTC and FMTC**
Exhibit 3, Attachment 3, Page 3	**Meet-Point Interface Revenue Requirement for RHTC, LTC and FMTC**

<u>METS Rate Elements Affected by Expansion of Capacity Offerings</u>

METS Customer Designated Premises Interface (CDPI)

The METS Customer Designated Premises Interface (CDPI) rate element is for a standard Ethernet defined interface between the CDP and the Telephone Company serving wire center (SWC) at which the Ethernet switch or router is located. Standard Ethernet signaling protocols provided by the Telephone Company shall apply to the interface. The CDPI rate element includes termination at both the CDP and the Serving Wire Center (SWC), the facility from the CDP to the SWC, port access to the Ethernet switch and the Ethernet switch.

A CDPI charge applies to each METS connection between a CDP and the SWC at which the Ethernet switch designated by the Telephone Company is located.

METS Internet Service Provider Interface (ISPI)

The Internet Service Provider Interface (ISPI) rate element is for a standard Ethernet defined interface between the SWC Ethernet switch and an ISP with a presence in the SWC. ISP presence in the SWC may be either through local facilities for an ISP physically located in the Telephone Company's local exchange service area or through an interexchange carrier with an existing connection for an ISP not located in the Telephone Company's local exchange service area. Standard Ethernet signaling protocols provided by the Telephone Company shall apply to the interface. The ISPI rate element includes termination at both the network side of the Telephone Company Ethernet switch and the connection to the ISP's existing connection.

An ISPI charge applies to each connection for a METS circuit originating at a CDP and terminating at the Telephone Company Ethernet switch which is, in turn, connected to the ISP's existing connection at the Ethernet switch SWC.

METS Meet Point Interface (MPI)

The METS Meet Point Interface (MPI) rate element is for a standard Ethernet defined interface between the SWC Ethernet switch and either a Customer Designated Location (CDL) outside the Telephone Company's serving area or an ISP, through a circuit jointly provided by the Telephone Company and another carrier.

Standard Ethernet signaling protocols provided by the Telephone Company shall apply to the interface. The MPI rate element includes termination at the network side of the Telephone Company Ethernet switch and the Telephone Company's portion of the facilities up to the meet point.

An MPI charge applies to each METS circuit connection between the Telephone Company and another carrier.

<u>Plant Investment Components of METS Interfaces</u>

METS Customer Designated Premises Interface (CDPI)

The plant investment components of the CDPI include port costs and transport costs. Transport costs are based on average costs for fiber between the customer designated premises and the SWC.

Exhibit 3, Attachment 3, Page 1 comprises the revenue requirement development for CDPIs. The port investment for each capacity is indicated in Column B. The transport fiber is indicated in Column C. The revenue requirement is based on application of the Special Access Carrying Charge Factor to the combined plant investment for each capacity. The carrying charge factor is the ratio of the Special Access revenue requirement to Special Access plant in service for the July 1, 2006 through June 30, 2007 test year as filed with the FCC as part of the 2006 annual filing.

METS Internet Service Provider Interface (ISPI)

The plant investment component of the ISPI comprises port investment. There are no transport costs associated with the ISPI.

Exhibit 3, Attachment 3, Page 2 comprises the revenue requirement development for ISPIs. The port investment for each capacity is indicated in Column B. The revenue requirement is based on application of the Special Access Carrying Charge Factor to the port investment for each capacity. Two types of ports meet the requirements of all speeds. The lower speed port is used for all capacities of 100 Mbps and lower. The higher speed port is used for all capacities

METS Meet Point Interface (MPI)

The plant investment component of the MPI comprises transport investment. There are no port costs associated with the MPI.

Exhibit 3, Attachment 3, Page 3 comprises the revenue requirement development for MPIs. The transport investment for each capacity is indicated in Column B. The revenue requirement is based on application of the Special Access Carrying Charge Factor to the transport investment for each capacity.

Analysis of Proposed Rates

Based on the analysis of revenue requirements associated with CDPIs, ISPIs and MPIs, the revenues from these services are net-contributors to the Special Access group of interstate costs. At Exhibit 3, Attachment 2, comparisons are made between proposed rates and revenue requirements for each capacity.

In evaluating the setting of METS rates, the Company made a comparison with rates of other ILECs, accounting for differences in rate structures (for example, the single CDPI charge covers a channel termination, port and virtual circuit required under the National Exchange Carrier Association, Inc. (NECA) Tariff F.C.C. No.5 rate structure). Based on this comparison, the Company's METS rates compare favorably with those of other ILECs and non-ILEC competitors. Accordingly, the Company is proposing rates that will continue significant contribution to the overall interstate Special Access revenue requirement and avoid upward pressure on other Special Access rates.

The Companies comprise contiguous study areas in South Carolina across the border from greater Charlotte in North Carolina. Because of this, many of the Companies' METS customers are served on a multiple-company basis in order to transport service from either the Rock Hill Telephone Company study area or the Lancaster Telephone Company study area to North Carolina. Additionally, many Internet connections are routed from either the Lancaster Telephone Company study area of the Fort Mill Telephone Company study area through the Rock Hill Telephone Company Ethernet switch. Thus, the Companies provide most METS services on a multiple-carrier basis. To make pricing and billing of METS services less confusing and more efficient, the Company is proposing METS rates that are the same for all three study areas. The only exceptions to this unitary rate approach are the 10 Mbps rates for Rock Hill Telephone Company.

METS Filing Revenue Impact Analysis

	Revenue at Current Rates	Revenue at Proposed Rates	12 Month Impact of Filing	5 Month Impact of Filing
Rock Hill Telephone Company				
Exhibit 3, Attachment 1A				
Total Impact on Existing METS Offerings	$ 74,439	$ 71,033	$ (3,406)	$ (1,419)
Total Revenue Impact from New METS Offerings		84,380	84,380	35,158
Combined Impact of METS Filing	$ 74,439	$ 155,413	$ 80,974	$ 33,739
Lancaster Telephone Company				
Exhibit 3, Attachment 1B				
Total Impact on Existing METS Offerings	$ 40,690	$ 38,880	$ (1,810)	$ (754)
Total Revenue Impact from New METS Offerings		38,320	38,320	15,967
Combined Impact of METS Filing	$ 40,690	$ 77,200	$ 36,510	$ 15,213
Fort Mill Telephone Company				
Exhibit 3, Attachment 1C				
Total Impact on Existing METS Offerings	$ 68,553	$ 62,400	$ (6,153)	$ (2,564)
Total Revenue Impact from New METS Offerings		84,380	84,380	35,158
Combined Impact of METS Filing	$ 68,553	$ 146,780	$ 78,227	$ 32,595
COMBINED COMPORIUM COMPANIES				
Total Impact on Existing METS Offerings	$183,682	$ 172,313	$(11,369)	$ (4,737)
Total Revenue Impact from New METS Offerings	-	207,080	207,080	86,283
Combined Impact of METS Filing	**$183,682**	**$ 379,393**	**$195,711**	**$ 81,546**