

JOHN STAURULAKIS, INC.
REVISIONS TO ACCESS TARIFF F.C.C. NO. 1
LOCAL NUMBER PORTABILITY CHARGES FOR
CITIZENS TELEPHONE COMPANY d/b/a COMPORIUM COMMUNICATIONS
TRANSMITTAL NO. 149
January 15, 2010

DESCRIPTION AND JUSTIFICATION

1. INTRODUCTION

John Staurulakis, Inc. ("JSI") proposes to modify its Access Tariff F.C.C. No. 1 to reflect the addition of Local Number Portability (LNP) end user charges for Citizens Telephone Company d/b/a Comporium Communications ("Comporium North Carolina"), which has received a *bona fide* request for number portability. The services provided by Comporium are consistent with Section 13.15, Local Number Portability Services, of JSI's Tariff F.C.C. No. 1.

2. LNP DEMAND, COST AND RATE DEVELOPMENT

The cost support reflects projection of demand for LNP capable access lines including ISDN-PRI lines, and queried calls over five years. The calculation of the PBX End User Charge and the ISDN-PRI End User Charge is based on nine times and five times the End User Charge, respectively.

Costs provided by the company include switch upgrade investment required to support wireline and wireless LNP capability, and projected ongoing expenses over five years. Rate development reflects setting of LNP End User Charges based on levelization, which equates the present value of revenues to the present value of cost outlays. Present values of total costs were obtained using a discount factor of 15.21%. This discount factor is the after-tax cost of money (11.25%) grossed up for the tax rate (35%). This gross-up is only applied to the equity portion of the cost of money, which is taxable, at the exclusion of the debt portion which is tax-deductible.

The circuit switching costs used in the development of the LNP End User Charges are only those direct costs required to implement LNP. In identifying which of these LNP costs could be included in the rate, the company used two criteria to isolate LNP costs, based on the FCC guidelines: (1) the costs would not have been incurred by the telephone company if number portability was not implemented, and (2) the costs were incurred "for the provision of" number portability. Using these criteria yielded an investment amount of \$156,695. This amount includes switch manufacturer LNP switch upgrade costs.

Beginning year one, expenses recovered by the End User Charge range between \$3,600 and \$14,218 per year, and fall into the following categories: a) projected charges to be paid to the query provider for queries that Comporium initiates in its capacity as an N-1 carrier, b) operating

support system expenses for service order administration, c) regional database administrator charges. Additional charges incurred prior to initial billing of the LNP End User Charge include consulting and set-up costs. Query expenses are only for queries necessary to complete local and Extended Area Service (EAS) calls originated from the company's end users. End user query expenses were obtained by multiplying query projections by the per query rate, paid by Comporium to its query provider.

The demand and costs used to develop LNP End User Charges for Comporium are detailed in Exhibit 1. (See Exhibit 1 attached.)