

**DESCRIPTION AND JUSTIFICATION**  
**John Staurulakis, Inc. Tariff F.C.C. No. 1**  
**Transmittal No. 153**

**Rock Hill Telephone Company d/b/a Comporium Communications, SAC 240542**

**Revised 2010 Annual Access Filing**

Rock Hill Telephone Company d/b/a Comporium Communications, (alternatively “Rock Hill” or “Company”), through its consultant John Staurulakis, Inc. (“JSI”) hereby provides a Description and Justification which reflects revisions to the individual rates proposed under Transmittal No.152 of the John Staurulakis, Inc. Tariff F.C.C. No. 1 (“JSI Tariff”). Rock Hill is an Issuing Carrier of the JSI Tariff. Rock Hill files interstate access rates on a prospective basis pursuant to Section 61.38 of the Commission’s rules.

**1. DESCRIPTION OF FILING**

This summary together with the accompanying revised tariff material has been filed by JSI in order to comply with the rules and regulations of the Federal Communications Commission (“Commission”) with respect to annual access charge filings.

JSI Tariff F.C.C. No. 1 governs the provision by Rock Hill of interstate Switched Access, Special Access and Miscellaneous and Public Packet Data Network services. The instant filing revises Rock Hill’s rates for those services.

On June 20, 2010, AT&T Corp. (“AT&T”) tendered a Data Request to JSI seeking additional cost information related to the Annual JSI Interstate Access Tariff Filing (“JSI Tariff Filing”) filed with the FCC on June 16, 2010. As a result of this inquiry, it was determined that a rate revision for the Local Switching rate only for Rock Hill was warranted due to an understatement of the prior period Local Switching Net Investment as it applied to the calculation of Local Switching Support (“LSS”) through LSS algorithm for the test period ending June 30, 2011 (otherwise known as PYCOS). This change only affected the development of the PYCOS Interstate access revenue requirement due to the application of the Multi-Association Group (“MAG”) adjustments and in the development of the local switching rate. Therefore, the original Transmittal No. 152 revenue requirement for Switched Access for Rock Hill has been slightly reduced. The revised revenue requirements applied to the originally filed projected demand has produced the proposed revised rates as reflected on the revised tariff pages provided in this filing. The aforementioned revisions have been forwarded to and reviewed by AT&T.

The original June 16, 2010 filing was made in accordance with the Commission’s March 31, 2010 release entitled In the Matter of July 1, 2010 Annual Access Charge Tariff Filings, WCB/Pricing File No. 10-03, Order, DA 10-505. The filing proposed revised rates for the provision of the applicable Switched Access, Special Access, Miscellaneous and Public Packet Data Network services. Material required pursuant to In the Matter of Material to be Filed in Support of 2010 Annual Access Tariff Filings, WCB/Pricing File

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No. 10-04 Tariff Review Plans, DA 10-506 is included as part of this filing. The instant filing, made pursuant to Special Permission No. 10-014, revises the original annual filing to effect the revisions mentioned above.

**Justification for Cost Support and Rate Development**

In addition to the summary information provided herein, the cost support data associated with this filing comprising of the revised Tariff Review Plan (“TRP”) schedules, revised Attachment numbers 1 through 3 and 7 are also being provided with this filing.. The Certification of the cost support data for this filing is shown in Attachment number 8 included separately.

**TYCOS Cost Support**

In accordance with Section 61.38(b)(1)(ii) of the Commission’s rules and regulations, a revised projection of the Company’s costs has been made for the fiscal year ending June 30, 2011 (also referred to herein as the July 1, 2010-June 30, 2011 Test Year Cost of Service (“TYCOS” or “2011 TYCOS”). The costs for the twelve (12) month period ending June 30, 2011 have been revised from the original June 16, 2010 filing based on the information obtained while reviewing the initial filing in response to the inquiry by AT&T. These revised financial estimates and projections of Rock Hill are summarized as follows:

Summary Development of Traffic Sensitive Revenue Requirement .....	Attachment #1
Part 69 - Access Charge Development .....	Attachment #2
Part 36 – Separations of Costs .....	Attachment #3

**PYCOS Cost Support**

In accordance with Section 61.38(b)(1)(i) of the Commission’s rules and regulations, a cost of service study for the most recent twelve (12) month period ending December 31, 2009, was filed under Transmittal No. 152 on June 16, 2010 as required by Commission rules. However, the expense adjustments addressed by this filing do not impact the 2009 Prior Year Cost of Service (“PYCOS”). Consequently, the PYCOS information is not being re-filed at this time. Detailed information regarding PYCOS can be found in Transmittal 152, Description and Justification, Rock Hill Telephone Company.

Additionally, the Company has included revised Attachment number 7 comprising schedules analyzing revenue impacts of the filing.

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## **2. INTERSTATE RATE DEVELOPMENT PROCESS**

For details concerning the Interstate Rate Development process, please reference Transmittal No. 152, Description and Justification, Rock Hill Telephone Company.

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 listing of major prescriptions, elections or interpretations reflected in development of the interstate access revenue requirement and, in turn, interstate access rates for the Company. Detailed information regarding all of the following issues can be found in Transmittal 152, Description and Justification, Rock Hill Telephone Company.

Common Line

Traffic Sensitive

Wireline Broadband Internet Access Service

Rate Development and Cost Support

Part 36 Traffic Factors Freeze – Section 36.3(a)

Part 36 Category Relationships – Section 36.3(b)

*MAG Order* – Port Costs

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

Cash Working Capital

DEM Weighting

### **Revenue Impact of Rates Proposed in Annual Filing**

As shown on Table 1, the revised rates now proposed by the Company in this filing will decrease the currently proposed July 1, 2010 rates an average of 1.06 percent (See Table 1, Line 6.) The most significant decrease of 6.01 percent is associated with the Local Switching End Office rates. (See Table 1, Line 2.) Again, the most important consideration indicating the need for rate increases by the Company is that the current rates cause significant under-earnings by the Company in the Prior Year (2009). Detailed information regarding PYCOS can be found in Transmittal 152, Description and Justification, Rock Hill Telephone Company.

### **Table 1 – Revenue Impact of Proposed Rates**

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Line No.	Access Category A	Source B	Revenue at Current Rates C	Revenue at Originally Proposed Rates D	% Change in Rates E	Revenue at Proposed Revised Rates F	Revenue Impact of Proposed Rates G	% Change in Rates H
					(D-C/C)		(F-D)	(G/D)
1	Special Access	Attachment 7, Page 4	\$ 3,904,056	\$ 3,984,614	2.06%	\$3,984,614	\$0	0%
2	End Office	Table 2	753,195	\$1,092,949	45.11%	\$1,027,183	-\$65,766	-6.01%
3	Information	Table 2	45,329	\$66,382	46.44%	\$66,382	\$0	0%
4	Local Transport	Attachment 7, Page 3	976,435	1,041,458	6.66%	1,041,458	\$0	0%
5	Combined Switched Access	Sum Lines 2 through 4	1,774,959	2,200,789	23.99%	2,135,023	-65,766	-2.99%
6	Total Categories Tariffed in JSI Tariff FCC No. 1	Line 1 + 5	5,679,015	6,185,403	8.92%	6,119,637	-65,766	-1.06%
7	Common Line (End User Charges + ICLS)	Attachment 1, Form 1	7,093,443	7,093,443	0.00%	7,076,591	-16,852	-.23%
8	Total Impact of Filing on Revenue	Line 6 + Line 7	\$12,772,458	\$13,278,846	3.42%	13,196,228	-82,618	-6.22%

**Table 2 – Calculation of End Office Changes**

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The following Table serves to convert the data from revised Attachment 7, Page 2 to the format displayed in Table 1 above, and Columns J through M have been added to Table 2 in order to illustrate the impact of the proposed rate revisions contained in this filing.<sup>1</sup>

	Current Rate	Proposed Rate	Increase	% Increase	Projected MOU - Per Attachment 7 Page 2	Revenue at Current Rates	Revenue at Proposed Rates	Revenue Effect	% Revenue Effect
Category	A	B	C = B - A	D = C/A	E	F = E*A	G = E*B	H = G - F	I = H / F
Local Switching	\$0.00628	\$0.009107	\$0.00283	31.09%	120,012,000	\$753,195	\$1,092,949	\$339,754	45.11%
Infor. Surcharge - per 100 Minutes	\$0.03777	\$0.055313	\$0.017543	31.72%	120,012,000	\$45,329	\$66,382	\$21,053	46.44%

	Revised Proposed Rates	Revenue at Revised Proposed Rates	Revenue Effect	% Revenue Effect
Category	J	K	L = K - G	M = L / G
Local Switching	.008559	\$1,027,183	-\$65,766	-6.01%
Infor. Surcharge - per 100 Minutes	.055313	\$66,382	\$0	0%

**Special Access Rate Increases**

The increases in Special Access rates proposed in Transmittal No. 152 have not been modified in this filing (See Table 1, Line 1.) The as-filed rates represent an average increase in rates of 2.06 percent which will produce an additional \$80,500 in revenue for the TYCOS compared with the projected TYCOS demand at the current rates. Detailed information regarding Special Access rates can be found in Transmittal 152, Description and Justification, Rock Hill Telephone Company.

**Local Switching Rate Increase**

The currently proposed Local Switching End Office rate of \$0.008559 represents a 6.01 percent decrease in Local Switching End Office rates as compared to the Local Switching End Office rate of \$0.009107 proposed in Transmittal No. 152. (See Table 2.) This rate reduction is the result of the impact of correcting the Local Switching Support as noted previously.

**Local Transport Rate Increases**

<sup>1</sup> Attachment 7 calculates revenue at the current and proposed rates for Switched Access Transport and Special Access, but for Local Switching compares the current and proposed rates, but calculates only the proposed revenue at the proposed rate and projected demand.

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The increases in Local Transport rates proposed in Transmittal No. 152 have not been modified in this filing. The proposed changes in Local Transport rates, with the effect of the 6.7 percent composite increase in rates having a \$65,000 impact remains due to the current rates falling six percent below the level needed for earning at the authorized rate of return. Detailed information regarding Local Transport rates can be found in Transmittal 152, Description and Justification, Rock Hill Telephone Company.

**7. CONCLUSION**

Based on the Description and Justification herein together with the accompanying revised Tariff Review Plan and Attachments 1 through 3, and 7, the Company believes the proposed revised rates for its 2010 annual access filing are reasonable in all respects and supported by both the historical and projected demand and cost. Moreover, the Company has complied with all prescriptions regarding development of its interstate cost of service and, in turn, rate calculations.