DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 156
March 17, 2011

Hargray Telephone Company, SAC 240523
Bluffton Telephone Company, SAC 240512

John Staurulakis, Inc. ("JSI") hereby provides description and justification (D&J) for JSI Transmittal No. 156 on behalf of the issuing carriers listed above (individually "Company" or collectively "Companies"). The Companies, issuing carriers for John Staurulakis, Inc. Tariff F.C.C. No. 1 ("JSI Tariff No. 1") are affiliates operating in adjacent study areas in South Carolina. In this transmittal, the Companies propose introduction of Special Access Synchronous Optical Channel Service ("SOCS") OC12 Service under existing regulations in JSI Tariff No. 1. Specifically, the Companies will be introducing OC12 Channel Termination and Channel Mileage offerings together with related optional features and functions for Add/Drop Multiplexing ("ADM"), Customer Premises Nodes, and Customer Premises Ports. In compliance with Section 61.38, the Companies provide support for the proposed rates in the following Exhibits.

Exhibit A.1	**Revenue Impact of Proposed New Services**
Exhibit A.2, Page 1	**Projected Demand, Proposed Rates and Projected Revenue - Hargray Telephone Company**
Exhibit A.2, Page 2	**Projected Demand, Proposed Rates and Projected Revenue - Bluffton Telephone Company**
Exhibit A.3	**Comparison of Proposed Hargray and Bluffton OC12 Rates and Comparison with rates for NECA and Other JSI Issuing Carriers**
Exhibit A.4	**Comparison of Proposed Rates to Cost of Service**
Exhibit A.5	**Non-Recurring Charge Cost of Service**

Revenue Impact of Proposed New Services at Exhibit A.1

Exhibit A.1 shows the projected impact of new SOCS OC12 offerings on existing levels of Special Access Revenue as projected by the Companies for their respective Hargray Telephone Company ("HTC") and Bluffton Telephone Company ("BTC") July 1, 2010 through June 30, 2011 Test Year Cost of Service ("TYCOS") filed in support of the 2010 annual access tariff filing under JSI Transmittal No. 152.

For HTC, projected demand for SOCS OC12 Service will generate $106,889 in additional annual Special Access revenue at the proposed rates, equal to 3.6 percent of the TYCOS Special Access revenue of $3,002,598. Because the proposed introduction of OC12 service is to meet the needs of a customer currently served by OC3 service, there will be a concomitant significant reduction in HTC Special Access OC3 revenue as that service will be terminated upon migration to OC12. After accounting for the loss in Special Access OC3 annual revenue of $70,354, the net increase in HTC annual Special Access revenue is projected to be only $36,535 or 1.2% of TYCOS Special Access revenue.

For BTC, projected demand for SOCS OC12 Service will generate $101,419 in additional annual Special Access revenue at the proposed rates, equal to 10.5 percent of the TYCOS Special Access revenue of $963,261. Because the proposed introduction of OC12 service is to meet the needs of a customer currently served by OC3 service, there will be a concomitant significant reduction in BTC Special Access OC3 revenue as that service will be terminated upon migration to OC12. After accounting for the loss in Special Access OC3 annual revenue of $73,818, the net increase in BTC annual Special Access revenue is projected to be only $27,601 or 2.9% of TYCOS Special Access revenue.

Projected Demand/Term Discount Plan at Exhibit A.2

The existing regulations in JSI Tariff No. 1 provide for term discounts applicable to all Special Access SOCs offerings, including the Optional Features and Functions, if elected by the Issuing Carrier. The Companies are electing to provide SOCS term discounts and are including in their filing a 10% discount for term commitments of three years and a 20% discount for term commitments of five years. The projected revenue for the filing assumes election by the customer of a five-year term commitment, with rates discounted at 20 percent set to recover costs. While undiscounted rates are above cost *in paribus ceteris*, the risk of stranded investment associated with either shorter term commitments or month-to-month service supports rates higher than cost for other than five-year term commitments. Moreover, introduction of the OC12 service will coincide with the elimination of OC3 by the customer as mentioned above. While the fiber will be reused, there will be disused OC3 terminal equipment.

Comparison of Proposed OC12 Rates to Rates for Other Carriers at Exhibit A.3

An important aspect of SOCS pricing methodology for issuing carriers for JSI Tariff No. 1 is comparison with the rates of other carriers, including issuing carriers for National Exchange Carrier Association, Inc. ("NECA") Tariff FCC No. 5 and issuing carriers for JSI Tariff No. 1. Additionally, the pricing methodology reflects maintenance of comparable ratios of OC12 rates to OC3 rates. Exhibit A.3 presents these comparisons.

Cost of Service Methodology at Exhibit A.4

Development of cost of service for OC12 is presented at Exhibit A.4. The methodology applies carrying charge factors developed individually for HTC and BTC to the required plant investment for each service. Channel Termination rates reflect both terminal equipment and fiber facilities at the average wire center to customer premises mileage for either HTC or BTC. The methodology bases carrying charge factors on the TYCOS ratios of interstate Special Access Revenue to TYCOS interstate Special Access plant investment.

Non-Recurring Charges at Exhibit A.5

The Non-Recurring Charge ("NRC") for OC3 Channel Terminations ("CTs") was tariffed for Hargray and Bluffton under JSI Transmittal No. 151, filed May 5, 2010. The tariffed amount is a combination of direct Engineering, Installation and Repair costs. The Companies determined that the installation time associated with an OC3 CTs would be the same as the installation charge associated with an OC12 CTs. Consequently, the Companies are proposing to implement a NRC for OC12 CTs that equals the existing NRC for OC3 CTs.

Additionally, the Companies do not have projected demand at this time for Customer Nodes ("CNs") and Customer Premises Ports ("CPPs"). However, the Companies propose adding all Optional Features and Functions for the availability of potential future customers. Hargray and Bluffton propose NRC rates for CNs and CPPs based on the comparable relationship of those rates to the SOCS CTs NRC rates for other Section 61.38 Issuing Carriers of JSI Tariff FCC No. 1 with SOCS.

Conclusion

JSI and the Companies believe that the proposed OC12 rates included in this transmittal are reasonable based on the foregoing discussion and accompanying cost support at Exhibit A.