DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff FCC. No. 1
Transmittal No. 170
November 30, 2012

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. 170 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 introduction by the Companies of Synchronous Optical Channel Service ("SOCS") OC48 service under existing regulations in John Staurulakis, Inc. Tariff FCC. No. 1 ("JSI Tariff No. 1"). The Comporium Companies currently offer SOCS OC3 and OC12 services in their respective rate sections of JSI Tariff No. 1. The Companies are individually issuing carriers for the JSI Tariff who file pursuant to Section 61.38 of the Federal Communication Commission's ("Commission's") rules.

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 Commission with respect to the addition of new services.

In the description and justification following, the individual Comporium Companies are abbreviated by use of the initials indicated below.

Rock Hill Telephone Company ("RHTC")
Lancaster Telephone Company ("LTC")
Fort Mill Telephone Company ("FMTC")

Justification for Cost Support and Rate Development

The Company provides the following cost support for the proposed SOCS OC48 rates contained in this transmittal for which descriptions follow.

Summary of Proposed Rates	Exhibit 1.A
Proposed Rates and Projected Annual Revenue	Exhibit 1.B
Projected Annual Cost at Projected Annual Demand	Exhibit 1.C
Revenue Require per Unit Development	Exhibit 1.D
Non-Recurring Charge Rate Development	Exhibit 1.E
Development of Interstate Special Access Carrying Charge Factor	Exhibit 1.F
Rate Levelization Factor Table	Exhibit 1.G
Calculation of Income Tax Gross Up Rate	Exhibit 1.H

Exhibit 1.A. Summary of Proposed Rates

Exhibit 1.A summarizes the OC48 rates proposed in this filing. Because the cost of service ("COS") methodology used for this filing minimizes the use of the carrying charge factor to non capital recovery costs, the symmetry in capital costs associated with the proposed OC48 services for RHTC, LTC and FMTC allows common rates for all three companies. RHTC, LTC and FMTC have contiguous study areas in South Carolina. Use of symmetric rates provides administrative efficiency for purposes of ordering and billing inasmuch as the Company expects customers to place orders that will involve connecting-company provisioning of OC48 service involving two or more of the Comporium Companies.

Exhibit 1.B. Proposed Rates and Projected Annual Revenue

Exhibit 1.B lists the proposed rates in Column C for introduction by the Companies of OC48 service and projects annual revenue in Column E based on projected demand presented in Column D applied to the proposed rates. Proposed demand is based on inquiries from customers requesting introduction of SOCS by the Companies.

Exhibit 1.C. Projected Annual Cost at Projected Demand

Exhibit 1.C presents the projected annual cost for introduction of OC48 by each of the Companies. Column B carries forward from Exhibit 1.D, Column P, and the monthly cost for each OC48 element. Column D presents the projected annual demand for each element based on the forecasted demand in Exhibit 1.B, Column D. The projected annual cost for each element at projected demand is presented in Column F.

Exhibit 1.C comprises three pages, one each for RHTC, LTC and FMTC. At the bottom of each page is a comparison of projected revenue for OC48 service to projected cost and also the annual special access revenue requirement included in the 2012 annual filing for the respective company. In all cases, projected revenues will exceed projected costs at a small level (ranging from 1.17 percent for FMTC to 1.69 percent for RHTC). To the extent there is a minor contribution of revenue above cost, the Company expects that such contribution will be insignificant compared with the expected loss in Special Access High Capacity revenue reflective of the migration from High Capacity to SOCS.

Exhibit 1.D. Revenue Requirement per Unit Development

Exhibit 1.D summarizes the development of the SOCS revenue requirement per unit. The SOCS cost is based on direct costs plus overhead. Direct costs comprise the levelized capital recovery costs of the direct investment required for each service. Overhead comprises carrying charges associated with direct plant investment required for the provision of SOCS.

Plant Investment per Demand Unit – Column B

Plant investment comprises the direct cost of materials, labor and labor overheads required for installation of the respective central office equipment (“COE”) or cable and wire facility (“CWF”) necessary to provision the respective services. These costs are presented in Column B. Material costs are based on the most recently available vendor costs together with labor costs and labor overheads. Channel Mileage Facility (“CMF”) costs reflect optical fiber cable costs per installed mile. Channel Mileage Termination (“CMT”) costs reflect electronics and other termination equipment located in the central office (“CO”) at the Serving Wire Center (“SWC”) for the SOCS Channel Mileage service. For Channel Termination (“CT”) costs, both SWC CO-located termination equipment (electronics and other termination equipment) and CWF costs are reflected. The CWF costs reflected in the CT costs are based on the projected average CT distance between the SWC and the Customer Designated Premises (“CDP”). Any electronics or terminal equipment at the CDP for the CT must, under the tariff regulations, be provided by separately ordering an Optional Feature and Function Customer Node.

Fill Factor – Column C

Plant investment per unit is adjusted for fill factor effect. For equipment and facilities that are necessary for discrete use for a single customer, the cost per unit may reflect a fill factor below 100 percent indicating the existence of unused, non-revenue generating capacity. A fill factor of lower than 100 percent will increase the amount of investment required to provide service.

For purposes of the instant filing, all fill factors are set at 100 percent. Thus, the value of investment required to provide service to a single customer has not been adjusted to recover cost of idle capacity.

Plant Required to Support Service Unit– Column D
The plant required to support a service unit is presented in Column D. The plant value in Column D is based on application of the Fill Factor in Column C to the Plant Investment per Demand Unit in Column B.

Estimated Useful Life – Column E
The revenue requirement calculation uses lives from the Commission's "Depreciation Ranges" Adopted in CC Docket no. 98-137, December 17, 1999.

Net Salvage Factor – Column F
In addition to the initial plant investment required for service units, direct cost capital recovery reflects the projected net salvage value related to the plant. The revenue requirement calculation uses the low range salvage factors from the Commission's "Depreciation Ranges" Adopted in CC Docket no. 98-137, December 17, 1999. The low range salvage factors for both fiber cable and wire facilities ("CWF") and central office ("CO") digital transmission equipment are negative, respectively -20% and -5%, reflective of removal costs greater than salvage proceeds.

Estimated Net Salvage – Column G
The estimated net salvage is determined by multiplying the plant investment, adjusted for the fill factor, presented in Column D by the net salvage factor in Column F.

Salvage Discount Factors – Column H
In order to levelize the effect of net salvage, the net salvage values require simple discounting to the Year 0 levelization point. The discount rates are calculated at Exhibit 1.H based on the authorized interstate rate of return discounted for the number of years reflected in the respective depreciation rates for CWF and CO digital transmission equipment.

Present Value of Net Salvage – Column I
Column I contains the discounted net salvage value for each plant element based on application of the discount factors in Column H to the Estimated Net Salvage in Column G.

Plant Investment with Discounted Net Salvage – Column J
Column J contains the plant investment for which capital recovery is required. Capital recovery comprises both depreciation and return. The plant investment on which capital recovery is required comprises of the Column D Plant Required to Support Service Unit value less the related Column I Present Value of Net Salvage for the plant.

Levelization Factors– Column K
Use of levelized capital recovery factors allows capital costs to reflect depreciation, return on net investment and the effect of net salvage value on the use of the plant for provision of SOCS. The levelization factors developed in Exhibit 1.H are brought forward to Column K at Exhibit 1.D. There are two levelization factors, one for seven-year life plant covering all of the electronic equipment and one for 25-year life plant covering all of the fiber facilities.

Levelized Capital Recovery Cost – Column L
Column L shows the direct levelized plant investment cost required per in-service unit, produced by multiplying the Column J Plant Investment by the respective levelization factor in Column K.

Overhead – Column M
In addition to direct costs capital recovery, the cost calculations at Exhibit 1.D include provision for overheads. Overheads are determined based on application of the Carrying Charge Factor (“CCF”) determined at Exhibit 1.G. The CCF is applied to the amount for the service element in Column D “Plant Required to Support Service Unit” to determine the applicable overhead.

Combined Annual Cost – Column N
Column N of Exhibit 1.D shows the combined annual cost for each plant investment unit. Column N is the sum of the direct plant investment revenue requirement from Column L and the overhead from Column M.

Adjustment for Uncollectibles – Column O
The combined annual cost is adjusted for estimated uncollectibles by dividing the cost amount by 98%. 98% reflects the residual after an estimated uncollectible revenues at a rate of two percent of billed Special Access charges.

Monthly Cost – Column P
The monthly revenue required is equal to the annual Cost in Column N divided by 12.

Exhibit 1.E. Nonrecurring Charge Rate Development

Exhibit 1.E comprises development of the nonrecurring charge rates for the services being added under this filing.

Exhibit 1.F Development of Carrying Charge Factor ("CCF")

The Carrying Charge Factor ("CCF") serves to project overhead associated with provision of the proposed introduction by the Comporium Companies of OC48 service.

The CCF for determination of overheads is based on the most recent annual access filing by Rock Hill Telephone Company with the Commission, the 2012 annual filing. Specifically, the CCF reflects the 2013 Test Year Cost of Service ("TYCOS"). The simplest CCF for use in estimating costs for introduction of new services is a CCF based on the ratio of total revenue requirement to total plant in service. Under such a simple CCF, the "carrying charges" include depreciation, return, taxes and operating expenses. In contrast, the method used in the revenue requirement determination for the proposed Comporium SOCS OC48 separates the return and depreciation portion of carrying charges as levelized capital recovery costs for direct plant investment (see explanations foregoing). Accordingly, the CCF developed for this revenue requirement in order to project overhead is based on costs associated with expenses excluding depreciation expense other than depreciation expense for support assets. Similarly, the CCF excludes return and taxes other than estimated return associated with support assets.

Exhibit 1.G. Rate Levelization Table

Exhibit 1.G serves to show development of the levelization factors based on the authorized interstate rate of return of 11.25 percent. A levelized rate is one that is calculated to remain constant over a recovery period and is set at the level at which the discounted present value of the stream of payments is equal to the discounted present value of the stream of costs over the period.

Exhibit 1.H Calculation of Income Tax Gross-Up Rate

The rate of return of 11.25 percent used at Exhibit 1.H has been grossed up to 18.22 percent to reflect recovery of federal and state income taxes. Exhibit 1.I documents the gross-up calculation.

CONCLUSION

Based on the Description and Justification herein together with the accompanying Exhibits 1.A through 1.H, the Comporium Companies believe the proposed rates for the introduction of SOCS OC48 service are reasonable in all respects and supported by both the accompanying revenue requirement determination.