

DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 256
March 18, 2024

Horry Telephone Cooperative, Inc. SAC 240528

John Staurulakis, Inc. (“JSI”) hereby provides description and justification (D&J) for JSI Transmittal No. 256 on behalf of Horry Telephone Cooperative, Inc. (“HTC” or “Company”). HTC is an issuing carrier for John Staurulakis, Inc. (“JSI”) Tariff F.C.C. No. 1 and files interstate access rates pursuant to Section 61.38 of the Commission’s rules.

This filing proposes revisions to add new capacities to HTC’s existing Public Packet Data Network Stand-Alone Broadband Network Transport (“SABNT”) offering: 25 Gbps, 50 Gbps, 75 Gbps and 100 Gbps. HTC’s SABNT marketing efforts have engendered feedback that potential customers would welcome options for higher SABNT speeds. Horry expects that the net impact of these changes on revenues will be a relatively small reduction in revenues, inclusive of the impact of the introduction of the additional rate tiers, as existing customers are anticipated to consolidate current products into the less expensive (on a cost per gigabit basis) new offerings.

With respect to earnings monitoring, all Public Packet Data Network revenue and costs are included in the Special Access category which will be the case also for the new SABNT capacities once subscriptions for the proposed offerings begin.

Justification for Cost Support and Rate Development

HTC proposes rates for the additional SABNT offerings being introduced in this transmittal based on conformance with the decrease in per Mbps costs as capacities increase reflected in the existing SABNT rates. HTC has developed cost per user of the additional hardware required to offer greater than 10 Gbps, and all proposed rates are designed to recover this additional cost.

Impact on Revenue and Demand – Exhibit 1

Impact of Additional SABNT Speed Tiers:

Prior to the updated SABNT Speed Tiers included in this filing, HTC has been satisfying customers’ demands for speeds greater than 10 Gig by selling them multiple increments of the existing rate elements. As a result of this tariff offering, HTC expects that these customers will migrate from the existing 10 and other Gig offerings to the newly offered speeds greater than 10 Gig, resulting in some decreases to existing revenues, along with revenues generated from new customers purchasing the newly filed service offerings.

HTC Engineering personnel determined that there would be a cost increase to upgrade existing network equipment to provide SABNT service for speeds greater than 10 GIG/sec.

Description and Justification**HTC Stand-Alone Broadband Network Transport (“SABNT”) Service**

A Projected Revenue Requirement increase on a per Customer basis of \$385 per month has been developed and included in Exhibit 1. The impact of this will be included in future filings and reports along with the total costs associated with Interstate Special Access Services. Based on the previously discussed movement of customers within the speed tiers, it is not anticipated that an increase in SABNT revenues will occur, in fact a decrease is likely as the per GIG revenues will decrease.

Total Impact of Filing

Based on the previous discussion, HTC anticipates that the impact of the filing will represent a relatively small reduction in special access revenues. As Horry is scheduled to update all special access rates, (including SABNT), in accordance with the FCC’s Part 61.38 rules effective July 1, 2024, it is anticipated that all rates will be adjusted at that time to fully recover the special access revenue requirement for the projected year ending 6/30/2025, inclusive of the new rate tiers introduced with this filing.

Conclusion

Based on the foregoing description and justification JSI respectfully requests that the Commission accept the proposed tariff revisions for introduction by HTC of additional SABNT capacities.