

November 9, 2001

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

RE: Reply to Petition of AT&T Corporation
to Suspend and Investigate Access Tariff Filing
JSI FCC Tariff No. 1 Transmittal #59 (Taconic)
November 6, 2001

Dear Ms. Salas:

On October 30, 2001 John Staurulakis, Inc. (JSI) filed revised interstate access charge rates for Taconic Telephone Corporation (Taconic), an issuing carrier of the JSI Tariff F.C.C. No. 1. (Transmittal No. 59) The revised rates are to go into effect on November 14, 2001. On November 6, 2001, AT&T Corporation (AT&T) filed a petition with the Commission seeking to suspend and investigate the filing made on behalf of Taconic. The complaint put forth by AT&T against Taconic is that the projected traffic sensitive demand for the revised filing is significantly below both historic levels reported by Taconic as well as the projections that were employed in the previous tariff filings.

In response to the petition filed, JSI wishes to address the reasons for the revised rate filing. Taconic and JSI had observed a substantial decline in billed interstate access minutes in the early portion of 2001. The total annualized interstate access minutes of use for the 10-month period ending October 31, 2001 amounted to 71,579,453. This represented a significant decrease as compared with the actual data from 2000. (A comparison of 2000 and 2001 access minutes is provided in Attachment 1). The loss of revenue from the decrease in access minutes is of such a magnitude that JSI and Taconic feel justified in filing a mid-course correction at this time. It should be noted that for the first nine months of 2001, AT&T has been the beneficiary of this decrease. As shown in Attachment 1, AT&T's total billed traffic sensitive access revenues for the first nine months of 2001 have shown a decrease of \$98,834 as compared to the same months from 2000.

Upon investigation as to the source of this decrease, Taconic determined that it was caused by a change in the methodology used by their billing vendor in calculating the jurisdictional nature of terminating usage. Beginning with their May, 2001 access bill (representing usage from March and April of 2001), Taconic began measuring the actual jurisdiction of terminating calls, where as

previously they had been relying upon carrier supplied PIU's (percent interstate use factors). The result of this change was a decrease in interstate access minutes along with a corresponding increase in state minutes.

With regard to AT&T's reference to Taconic's earnings for the 1999 and 2000 monitoring period, and their concern that this trend will continue into 2001, we believe that the decrease in access minutes in 2001 will result in an earnings deficiency for the year to date, which is what Taconic is attempting to remedy in this filing. Taconic will continue to be subject to earnings monitoring for both 2001 and 2002, and to the extent that any overearnings results from this filing, they can be addressed in that process. Furthermore, per the FCC's rules, Taconic will be required to update their projected cost and demand data in their biennial access rate filing, which will be filed for rates effective July 1, 2002.

In conclusion, we believe that Taconic was fully justified in updating their traffic sensitive access rates for the period in question. Changes that have occurred in 2001 to their access minute levels have made it imperative that new rates be developed in order to ensure a proper level of cost recovery.

Sincerely,

Brian M. Sullivan
Staff Director – Revenue Requirements
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cc: Tracy L. Rudnicki – AT&T Corporation