

DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 75
Issued January 16, 2003
Effective January 31, 2003
Coastal Utilities, Inc.

On behalf of Coastal Utilities, Inc. (Coastal), John Staurulakis, Inc. (JSI) hereby provides a Description and Justification for the proposed revision to JSI Tariff F.C.C. No. 1, which introduces permanent tariff terms and conditions for the waiver of nonrecurring charges associated with the initiation of Asymmetrical Digital Subscriber Line (ADSL) Service and Symmetrical Digital Subscriber Line (SDSL) Service under certain conditions.

Background

At the time Coastal made its initial filing introducing SDSL and ADSL Access Service on May 17, 2002 (JSI Tariff FCC No. 1 Transmittal No. 71), Coastal included in its filing, as a promotional offering, an ADSL Access Line nonrecurring charge waiver for customers committing to retain the service for twelve months. The promotional offering was effective from June 1, 2002 through December 31, 2002.

Since the time Coastal made its initial SDSL/ADSL filing, it has become aware that it is now widespread industry practice for small rural incumbent local exchange carriers (ILECs) to have permanent tariff provisions allowing xDSL nonrecurring charge waivers for customers committing to retain the service for twelve months. For example, National Exchange Carrier Association (NECA) Tariff FCC No. 5, Section 8.1.5(E) requires all carriers listed in the DSL Access Services Availability Section of the tariff to waive the nonrecurring charge for each new ADSL Access Line ordered when the customer commits to retain the ADSL Access Line for a minimum period of twelve months following installation of service. Similar waiver conditions for Symmetrical Digital Subscriber Line (SDSL) are included in NECA Tariff FCC No. 5, Section 8.2.5(E). NECA filed these permanent terms and conditions for waivers of ADSL and SDSL Service nonrecurring charges on January 17, 2002 in NECA Tariff FCC No. 5 Transmittal No. 923. NECA previously had promotional offerings for the waiver of ADSL and SDSL nonrecurring charges that expired on January 31, 2002 (See NECA Tariff FCC No. 5, Section 17.4.9(E)(1)).

Coastal believes that termination of the ADSL Service nonrecurring charge waiver currently available on a promotional offering basis will deter some customers from ordering ADSL. Because ADSL and SDSL are relatively new technologies, many first-time users are more likely to try the services if the start-up costs are low.

Since much of the investment associated with SDSL and ADSL is fixed, the continued stimulation of demand will also help improve overall investment utilization and reduce unit costs associated with SDSL and ADSL Service.

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This filing introduces permanent terms and conditions for Coastal SDSL and ADSL Service nonrecurring charge waivers. The nonrecurring charge waivers will apply to new installations of SDSL and ADSL Service when the customer commits to maintain the service for a minimum twelve-month period after installation. The waived nonrecurring charges will be recouped if, within the twelve-month commitment period, the customer terminates the SDSL or ADSL Service for any reason. The waiver provision will apply only to the initial, nonrecurring installation charge for the SDSL or ADSL Service, and will not apply to any other tariffed service components.

Cost and Revenue Impacts

The revenue foregone by waiving the Coastal SDSL and ADSL Service nonrecurring charges will have a negligible impact on Coastal's overall special access revenue requirement. The expected stimulation in demand due to the SDSL and ADSL nonrecurring charge waivers will hold down per-customer costs of SDSL and ADSL Service and promote overall network efficiency. By imposing a one-year minimum commitment, Coastal believes that it will reduce the risk associated with investments in SDSL and ADSL technology, and increase its assurance that SDSL and ADSL Service revenue targets will be met.