

DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 83
Issued May 1, 2003
Effective May 16, 2003
Fort Bend Telephone Company - Texas

On behalf of Fort Bend Telephone Company (Fort Bend), John Staurulakis, Inc. (JSI) hereby provides a Description and Justification for the proposed revisions to JSI Tariff F.C.C. No. 1 which will introduce a promotional offering for waiver of the nonrecurring charges associated with the initiation of Asymmetrical Digital Subscriber Line (ADSL) Service under certain conditions.

Background

In JSI Tariff FCC No. 1 Transmittal 74, filed October 10, 2002, Fort Bend filed revisions to establish 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 November 1, 2002 through January 29, 2003. The regulations respecting the expired promotional offering will remain in the tariff through January 29, 2004, as they will govern any early terminations of customers subject to twelve-month term commitments under the November 1, 2002 through January 29, 2003 promotional offering.

Fort Bend continues to find that many potential new customers for ADSL services are deterred from ordering them when initial installation charges are imposed. Because ADSL is a relatively new technology, many first-time users are more likely to try the service if the start-up costs are low. Fort Bend expects further increases in ADSL demand as a result of repeating the promotional offering.

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

Description

This filing reinstates for 76 days a promotional offering providing for a nonrecurring charge waiver that applies to new installations of Fort Bend's ADSL Service when the customer commits to maintain the service for a minimum 12-month period after installation. The waived nonrecurring charges will be recouped if, within the 12-month commitment period, the customer terminates ADSL Service for any reason. The waiver provision will apply only to the initial, nonrecurring installation charge for the ADSL Service, and will not apply to any other tariffed service components.

The tariff provision allowing for the waiver will only apply during the period from May 16, 2003 to July 31, 2003. However, the terms and conditions defining the customer's obligations will remain effective until all customer commitments are satisfied.

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Cost and Revenue Impacts

The revenue foregone by waiving the nonrecurring charge will have a negligible impact on Fort Bend's overall special access revenue requirement. The increased demand due to the waiver stimulation is expected to reduce per-customer costs of ADSL access and improve overall network efficiency. By imposing a one-year minimum commitment, Fort Bend believes that it will reduce the risk associated with investments in ADSL technology, and increase its assurance that ADSL revenue targets will be met or exceeded.