

DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 84
Hargray Telephone Company, Inc. (SC)
FRN #0001-8867-04

Hargray Telephone Company, Inc. (Hargray) hereby provides a Description and Justification for its individual rates proposed under Transmittal No. 84 of the John Staurulakis, Inc. Tariff F.C.C. No. 1 (JSI Tariff). Hargray is an Issuing Carrier of the JSI Tariff.

Description of Filing

The accompanying revised tariff material is being filed by John Staurulakis, Inc. (JSI) on behalf of Hargray Telephone Company (Hargray), operating in the state of South Carolina. The JSI Tariff F.C.C. No. 1 governs the provision by Hargray of Switched Access, Special Access and Miscellaneous Services. The instant filing revises Hargray's rates for those services. On June 17, 2002 Hargray filed rates for Switched Access, Special Access and Miscellaneous Services effective July 2, 2002 in its 2002 biennial filing pursuant to Section 61.38 of the Commission's rules. The instant filing is a mid-course filing to reflect revised projections for demand and cost in order to retarget total interstate access earnings from the 6.74% projected for the 2002 calendar year to the authorized 11.25% for the twelve months ended June 30, 2004 as shown on Tariff Review Plan (TRP) Sheet ERN-1, Rate-of-Return Summary.

Justification for Cost Support and Rate Development

The entire cost support data associated with this filing is contained in one volume including the D&J and Attachments #1-10. The Certification of the cost support data for this filing is shown in Attachment #10. All required TRP Schedules are included with the cost support material in accordance with the Commission's Tariff Review Plans released June 3, 2002, July 2, 2002 Annual Access Charge Tariff Filings, Tariff Review Plans for Carriers Subject to Rate-of-Return Regulation, DA 00-1269 (2002 TRP Order) as directed by the 2003 TRP Order, In the Matter of Material to be Filed in Support of 2003 Annual Access Charge Tariff Filings, Tariff Review Plans, DA 03-1176 (2003 TRP Order).

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In accordance with Section 61.38(b)(1)(ii) of the Commission's rules and regulations, a projection of Hargray's costs has been made for the fiscal year ending June 30, 2004. The costs for the twelve (12) month period ending June 30, 2004 have been based on financial estimates and projections of Hargray, and are summarized as follows:

Summary Development of Traffic Sensitive Revenue Requirement	Attachment #1
Part 69 - Access Charge Development	Attachment #2
Part 36 – Separations of Costs	Attachment #3
Unseparated Cost Information	Attachment #4

In accordance with Section 61.38(b)(1)(i) of the Commission's rules and regulations, attached is a cost of service study for the most recent twelve (12) month period ending December 31, 2002, identified as follows:

Summary Development of Traffic Sensitive Revenue Requirement	Attachment #5
Part 69 - Access Charge Development.....	Attachment #6
Part 36 – Separations of Costs.....	Attachment #7
Unseparated Cost Information.....	Attachment #8

The total annual Traffic Sensitive Service revenues generated under this tariff are projected to be \$7,224,060. See Attachment #9. The result of this revised tariff material will be an annual decrease to the interexchange carriers for switched access of \$291,319 and an annual increase to special access customers of \$641,262. See Attachment #9. The decrease in switched access rates reflects a small increase in the local switching rate offset by a reduction in switched access transport rates as shown in Attachment 9.

Hargray's TRP schedules associated with its Traffic Sensitive Access Service filing are included with its cost support material as required by the Commission's *2003 TRP Order* (as based on the Commission's *2002 TRP Order* for Rate-of-Return carriers).

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Hargray has not made any provision for projected bad debt expense or allowance in the cost and rate development for this filing.

Rate-of-Return Access Charge Reform Order

Hargray is a participant in the National Exchange Carrier Association (NECA) Common Line Pool and references the rates in NECA Tariff F.C.C. No. 5 with respect to Carrier Common Line (CCL) and End User Common Line (EUCL). Accordingly, Hargray's elimination of the CCL charge in compliance with the *Rate-of-Return Access Charge Reform Order* is based on NECA's elimination of the CCL rate in NECA Tariff F.C.C. No. 5 effective July 1, 2003 and elimination of the reference to NECA Tariff F.C.C. No. 5 for CCL rates by Hargray in this filing. See Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers, CC Docket No. 00-256, Second Report and Order and Further Notice of Proposed Rulemaking, 16 FCC Rcd 19613 (2001) (*Rate-of-Return Access Charge Reform Order*). With respect to the increase in the cap for the single line EUCL mandated by the *Rate-of-Return Access Charge Reform Order*, Hargray references the EUCL rates in NECA Tariff F.C.C. No. 5 and thus will become compliant through the NECA annual filing.