

DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 86
Issued July 22, 2003
Effective August 6, 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. In JSI Tariff FCC No. 1 Transmittal 83, the promotional offering was re-established effective May 16, 2003 through July 31, 2003. The regulations respecting the expired promotional offerings will remain in the tariff as they will govern any early terminations of customers subject to twelve-month term commitments under the respective earlier offerings.

Fort Bend wishes to carry forward its promotional offering for ADSL for one more quarter to sustain the build-up of the customer base for ADSL that waiver of the installation charge has facilitated thus far. As indicated in Transmittal No. 83, during the nascent period for ADSL services, installation charges deter many customers from ordering ADSL. Extending the waiver and associated build-up of the ADSL subscription base will facilitate recovery of ADSL-related costs included in Fort Bend's special access revenue requirement. At this time, Fort Bend does not foresee extending the promotional offering beyond October 31, 2003, as the company believes that the favorable impact on subscription rates due to the promotional offering will dissipate by that time. Moreover, at this time, Fort Bend believes that once the projected sustainable level (saturation level) of ADSL customers is reached that it will then be beneficial to recover installation charges from new ADSL subscribers to avoid increasing monthly recurring charges as the level of monthly revenues generated by the sustainable level of ADSL demand will flatten out.

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

Description

This filing reinstates for 87 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.

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The tariff provision allowing for the waiver will only apply during the period from August 6, 2003 to October 31, 2003. However, the terms and conditions defining the customer's obligations will remain effective until all customer commitments are satisfied.

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.