

**JOHN STAURULAKIS, INC.
REVISIONS TO TARIFF FCC NO. 1
DESCRIPTION AND JUSTIFICATION
COASTAL UTILITIES, INC.**

John Staurulakis, Inc. (JSI) proposes to modify JSI Tariff FCC No. 1 on behalf of Coastal Utilities, Inc. (Coastal) to expand DSL Discount Pricing Arrangement (DPA) regulations to support offering of an additional DPA option by issuing carriers. Additionally, JSI presents herewith description and justification by Coastal's for its proposed introduction of rates under the new DPA option together with a reduction in the rate for an existing DPA option.

Introduction and Background

Coastal Utilities, Inc. ("Coastal") proposes to modify its interstate tariff to reduce monthly rates as well as introduce a new discount level for Asymmetrical Digital Subscriber Line (ADSL) Access Services purchased under the Discount Pricing Arrangement (DPA). ADSL access service is widely deployed by Coastal. This strong demand is resulting in lower than anticipated unit costs due to improved utilization of network equipment. Coastal is making use of a wide variety of shared high-speed packet transport equipment to route broadband traffic on its network.

Proposed Tariff Revisions

Coastal is modifying the existing DSL Discount Pricing Arrangement to add a new higher volume discount step for voice-data services. A new level of discount will provide a more attractive pricing option to ADSL DPA customers.

**Cost and Demand Development: ADSL Discount Pricing Arrangement
Pricing Option 3**

The unit costs for ADSL voice-data services are from Coastal's Annual Filing, filed on Coastal's behalf by John Staurulakis, Inc. ("JSI"), JSI Transmittal No. 71.

As the basis for the rate development, Coastal used the historically calculated revenue requirement and applied the same rate structure filed by NECA that went into effect on April 1, 2004. Other charges, as well as the nonrecurring charges for all services, remain unchanged.

The following chart displays Coastal's proposed rates for the new DSL Pricing Option 3 compared to current NECA rates and current Coastal rates.

	NECA		Coastal	Coastal
	<u>4/1/2004</u>		<u>Proposed</u>	<u>Current</u>
Base Rate	\$30.95		\$31.75	\$31.75
3 Year Option 2	20.95	67.69%	21.49	22.65
1 Year Option 3	20.95	67.89%	21.49	NA
3 Year Option 3	18.95	61.23%	19.44	NA
Option 3				
Per Wire Center	250.00		450.00	NA

Total Revenue Impact

The revenue impact is shown on Exhibit 1.