

**Coastal Utilities, Inc.**

**FRN is 0004-3336-88**

**Issuing Carrier in  
JSI Tariff F.C.C. No. 1 (Access Service)**

**Description and Justification**

**JSI Transmittal No. 101**

**Issued: August 17, 2004**

**Effective: September 1, 2004**

## **Introduction**

Coastal Utilities, Inc. ("Coastal") hereby provides a Description and Justification for its individual rates proposed under JSI Transmittal No. 101 of the John Staurulakis, Inc. ("JSI") Tariff F.C.C. No. 1. Coastal is an issuing carrier for JSI Tariff FCC No. 1.

This filing on August 17, 2004 to become effective on September 1, 2004 is made to add Local Number Portability ("LNP") End User Charges for Coastal. The new rates were developed to recover the incremental carrier-specific costs directly related to providing long-term number portability.

## **Exhibit 1 – Cost Detail**

Costs recovered through the end user charge include switch upgrades required for LNP capability (Line 5), Neustar invoices for LNP (Lines 7-9), projected query charges for the recovery period (Line 15) and labor for company employees (Lines 16 and 17). In identifying which LNP costs could be included in the rate, two criteria were used based on FCC guidelines: a) whether the costs could have been avoided if LNP were not implemented, and b) whether the costs were incurred for the provision of number portability. With regard to the labor costs, the company accumulated the incremental costs of preparing and maintaining systems to provide LNP.

## **Exhibit 2 – End User Charge Rate Development**

End user charge rate development shows the annual projected revenues and expenses over the 5 year recovery period, calculates the net present value and sums those values. All expenditures prior to June, 2004 were treated as if they occurred on day one. The model calculates present value factors (Line 6) using a discount of 11.25%.

Exhibit 1 shows annual costs for Coastal. The cost totals carry forward to the End User Charge Rate Development (from Exhibit 1 Line 11 to Exhibit 2 Line 5). This exhibit shows the total of annual costs for Coastal of \$299,729.56 (the Sum of Line 8 and Line 13).

The demand for LNP capable access lines, including PBX trunks and PRI-ISDN lines and queried calls were projected over five (5) years. In calculating LNP End User Charges, PRI-ISDN lines were assigned a weight of five (5) (Line 17), and PBX trunks were assigned a weight of nine (9) (Line 16).

Coastal has experienced an increase in access lines. Over the last two years, the average increase was 1.6% per year. This percentage was used to project demand units for LNP capable access lines. Lifelines were excluded, then ISDN-PRI lines and PBX trunks were weighted as indicated above and an adjusted line count used to calculate revenues from particular rates. Coastal analyzed current call volumes to estimate LNP query demand and calculated an estimated number of queries per line. Future demand was then projected to coincide with this estimate.