

**DESCRIPTION AND JUSTIFICATION**  
**John Staurulakis, Inc. Tariff F.C.C. No. 1**  
**Transmittal No. 108**  
**Bluffton Telephone Company, Inc. (Bluffton) (SC)**  
**FRN #0005-0581-51**

Bluffton Telephone Company, Inc. (Bluffton), through its consultant John Staurulakis, Inc. (JSI) hereby provides a Description and Justification for its individual rates proposed under Transmittal No. 108 of the John Staurulakis, Inc. (JSI) Tariff F.C.C. No. 1 (JSI Tariff).

Bluffton's proposed rates in this filing reflect the exit by Bluffton from the National Exchange Carrier Association (NECA) Traffic Sensitive (TS) Pool effective July 1, 2005. Through June 30, 2005, Bluffton is an issuing carrier for NECA Tariff F.C.C. No. 5 (NECA Tariff) and bills End User, Switched Access, Special Access and Miscellaneous Services there under. Effective July 1, 2005, under this transmittal, Bluffton becomes an issuing carrier for the JSI Tariff. With approval of the rates proposed in this filing, Bluffton will bill Switched Access, Special Access and Miscellaneous Services under the JSI Tariff effective July 1, 2005.

Bluffton is remaining in the NECA Common Line (CL) Pool and therefore will continue to bill End User rates under the NECA Tariff. Appropriate references in the proposed rate pages for Bluffton will indicate End User rates are billed at NECA Tariff rates.

As the Commission is aware, the JSI Tariff parallels the NECA Tariff in all material respects as they apply to Bluffton's interstate access services.

**Description of Filing**

The accompanying revised tariff material has been filed by JSI in order to comply with the rules and regulations of the Federal Communications Commission (Commission) with respect to annual access charge filings.

Beginning July 1, 2005, JSI Tariff F.C.C. No. 1 will govern the provision by Bluffton of interstate Switched Access, Special Access and Miscellaneous Services. The instant filing proposes Bluffton's initial rates for these services.

**Justification for Cost Support and Rate Development**

The entire cost support data associated with this filing is contained in one volume including the Attachments #1-9. The Certification of the cost support data for this filing is shown in Attachment #10 included separately. All required Tariff Review Plan Schedules (TRP Schedules) are included in MS Excel files with the cost support material in accordance with the Commission's April 8, 2005 release entitled In the Matter of Material to be Filed in Support of 2005 Annual Access Charge Tariff Filings, Tariff Review Plans, DA 05-1038 (2005 TRP Order).

**Description and Justification****John Staurulakis, Inc. Tariff F.C.C. No. 1 - Transmittal No. 108****Bluffton Telephone Company, Inc. (SC)****Page 2**

In accordance with Section 61.38(b)(1)(ii) of the Commission's rules and regulations, a projection of Bluffton's costs has been made for the fiscal year ending June 30, 2006. The costs for the twelve (12) month period ending June 30, 2006 (2006) have been based on financial estimates and projections of Bluffton, 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 September 30, 2004, identified as follows (corresponding to Bluffton's fiscal year):

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 interstate Traffic Sensitive Service revenues generated under this tariff are projected to be \$1,722,500, See Attachment #9. This amount represents a decrease of \$1,311,000 from the amount of billing for the same volume at the current NECA rates (those in effect prior to NECA's 2005 annual filing). This represents a 43% decrease in billing to Bluffton interstate access customers.

While all of Bluffton's rates proposed in this tariff will reflect a decrease from the current NECA rates billed by Bluffton, the most significant decrease is that for Local Switching. In addition to costs apparently below the average switching costs reflected by the NECA Tariff Local Switching rates, with this filing Bluffton is decreasing its interstate DEM Weighting from 2.5 to 2 concomitant with passing the 20,000 access line threshold. Comparison of the TRP PYCOS and TYCOS local switching revenue requirement reflects both the impact of the DEM reduction together with reduction in expenses.

The proposed Bluffton Local Switching (Premium and Non-Premium) rate is \$0.00352 per minute compared with the current NECA Local Switching Premium rate of \$0.01353 representing a 74 percent decrease.

**Description and Justification****John Staurulakis, Inc. Tariff F.C.C. No. 1 - Transmittal No. 108****Bluffton Telephone Company, Inc. (SC)****Page 3**

Bluffton's calculation of its proposed Local Switching and Tandem Switched Transport rates reflect use of significantly increased demand over the company's historic period demand.

		<u>Local Switching</u>	<u>Tandem Switching</u>
Historic	1/04 - 12/04	87,477,133	9,326,738
Projected	7/05 - 6/06	101,479,108	13,731,516

As a key indicator of the decrease in Special Access rates that Bluffton will bill under the rates proposed in this filing compared with what Bluffton would have billed under the current NECA Special Access rates, the Special Access High Capacity DS1 Channel Termination rate is proposed at \$112.95 compared with the current NECA rate of \$185.41

Because this is Bluffton's initial filing following exiting the NECA TS Pool and rates reflect major decreases from those of NECA, expenses and investment reflect decreases and demand reflects increases, we believe that foregoing discussion together with the indicated attachments is sufficient. Based on the foregoing, the accompanying Attachments and the Tariff Review Plan materials, we believe that the rates for Bluffton proposed in this filing are proper and reasonable.