DESCRIPTION AND JUSTIFICATION
John Staurulakis, Inc. Tariff F.C.C. No. 1
Transmittal No. 127
May 1, 2007

Comporium Companies:

Rock Hill Telephone Company d/b/a Comporium Communications, SAC 240542
Fort Mill Telephone Company d/b/a Comporium Communications, SAC 240521
Lancaster Telephone Company d/b/a Comporium Communications, SAC 240531

John Staurulakis, Inc. ("JSI") hereby provides description and justification (D&J) for JSI Transmittal No. 127 on behalf of the issuing carriers listed above. The issuing carriers listed above are operating subsidiaries of Comporium Communications, Inc. (hereinafter individually "Company" or collectively "Companies"). The Companies operate in South Carolina.

This filing proposes revisions to the term and volume provisions for the regulations in JSI Tariff F.C.C. No. 1 for the Comporium Companies for Special Access Synchronous Optical Channel Service ("SOCS") and Public Packet Data Network Multi-Megabit Ethernet Transmission Service ("METS"). These sections affect only the Comporium Companies as no other issuing carriers for JSI Tariff F.C.C. No. 1 have elected to provide services under the discrete term and volume provisions sections affected by this filing.

Introduction of Public Packet Data Network Multi-Megabit Ethernet Transmission Service (METS) Term Discounts

This filing proposes introduction of regulations and discount rates for term discounts for Public Packet Data Network Multi-Megabit Ethernet Transmission Service (METS). The Comporium Companies are the only issuing carriers for JSI Tariff F.C.C. No. 1 currently offering METS. The term discount regulations proposed in this filing for METS mirror the existing term discount regulations for Special Access High Capacity Service. Related to the introduction of the term discounts for METS, this filing proposes elimination for METS of non-discounted rate stabilization. No current customers are affected by the elimination of the rate stabilization regulations. Additionally, rate stabilization is provided as part of term discounts under the proposed new regulations for METS term discounts.

The Comporium Companies propose the establishment of term discounts to provide greater stability and also increase demand for use of its Ethernet network in the face of possible customer migration to competitive alternatives for broadband transmission.

Specifically, the filing proposes the following term discounts for METS.

METS Term Discount Plan or Pricing	Percentage
36 Months	10%
60 Months to 84 Months	20%

Cancellation by the customer prior to the completion of the committed term will result in termination liability equal to the difference between the non-discounted rate and the discounted rate. The proposed regulations also provide for rate stabilization. With the rate stabilization, committed terms will allow customers to continue to use the tariffed rate in effect at the time of the term commitment as the base to which the discount percentage will be applied through the end of the committed term. However, any rate decreases would flow through to customers with term commitments.

Cost Support

As the Commission has said, it has "previously concluded that volume and term discounts can reasonably recognize certain efficiencies that flow from volume or term commitments made by purchasers."[1] In an earlier order, the Commission noted the efficiencies associated with the "certainty of longer term deals."[2] The Comporium Companies project that greater stability in its METS customer base will result from introduction of term discounts thereby reducing the likelihood of stranded investment. Stranded investment would artificially increase Special Access costs for other services. As the Company also expects term discounts will increase METS demand, overall network efficiencies should be realized by the time of the 2008 annual access filing that the Company expects will be reflected in decreased pressure for increasing both METS rates and other Special Access rates.

As the Commission itself has said, "the Commission historically has approached volume and term discount offerings by carriers as being subject to the standard that any discounts must be cost-based."[3] The Comporium Companies do not believe it is appropriate at this

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1 See Access Charge Reform; Price Cap Performance Review for Local Exchange Carriers; Transport Rate Structure and Pricing Usage of the Public Switched Network by Information Service and Internet Access Providers, CC Docket No. 96-262; CC Docket No. 94-1; CC Docket No. 91-213; CC Docket No. 96-263, Notice of Proposed Rulemaking, Third Report and Order, and Notice of Inquiry, FCC 96-488, 11 FCC Rcd 21354, 5 CR 604 (Rel. Dec. 24, 1996) at par. 187.

2 *Expanded Interconnection with Local Telephone Company Facilities, Amendment of the Part 69 Allocation of General Support Facility Costs*, CC Docket Nos. 91-141 and 92-222, Report and Order and Notice of Proposed Rulemaking, 7 FCC Rcd 7369, FCC 92-440 (Special Access Expanded Interconnection Order) at par. 199: "We also conclude that reasonable volume and term discounts can be a useful and legitimate means of pricing special access services to recognize the efficiencies associated with larger volumes of traffic and the certainty of longer term deals."

3 See *Multi-Association Group (MAG) Plan for Regulation of Interstate Services of Non-Price Cap Incumbent Local Exchange Carriers and Interexchange Carriers Federal-State Joint Board on Universal*

time to recast the METS rates to reflect updated costs for both non-discounted and discounted services. Such a course would be disruptive to both METS in particular and Special Access rates overall given the basket approach of rate adjustments for annual filings applied to Special Access. However, the Comporium Companies believe it is appropriate to project the effect of migration from non-discounted METS to discounted METS to ensure that there is no overall erosion in either Special Access revenue or the METS subset of Special Access revenue. On an overall basis, to the extent METS discounts might decrease revenues in relationship to cost, such decreases would likely be below nine percent of METS revenues and below one half of a percent of combined total Special Access revenues for the Comporium Companies. See Exhibit 1. Moreover, the Company expects that increased demand due to the availability of term discounts will offset any revenue reductions due to discounts.

Discount Impact Analysis

Exhibits 1 and 2 serve to analyze the projected effect on both METS revenues and Special Access Revenues due to expected migration from non-discounted service to discounted service. Additionally, Exhibit 2 for each company shows an example of what level of increased demand would be required to replace any lost revenues.

Exhibit 1	**RECAP OF DISCOUNT IMPACTS ON CURRENT DEMAND**
Exhibit 2A	**METS TERM DISCOUNT ANALYSIS: ROCK HILL TELEPHONE COMPANY**
Exhibit 2B	**METS TERM DISCOUNT ANALYSIS: FORT MILL TELEPHONE COMPANY**
Exhibit 2C	**METS TERM DISCOUNT ANALYSIS: LANCASTER TELEPHONE COMPANY**

Based on the foregoing, the Comporium Companies believe that introduction of term discounts for its METS offerings in JSI Tariff F.C.C. No. 1 are just and reasonable.

Service, CC Docket No. 00-256, CC Docket No. 96-45, Report and Order and Second Further Notice of Proposed Rulemaking, 19 FCC Rcd 4122, FCC 04-31 (Rel. Feb. 26, 2007) at par. 41. In that order, the FCC was citing verbatim its conclusion in a 1980 order. See generally *American Telephone and Telegraph Company Revisions to Tariff F.C.C. No. 259, Wide Area Telecommunications Service (WATS)*, CC Docket No. 80-765, Memorandum Opinion and Order, 84 FCC.2d 158 (1980).