

Madison River Telephone Company (MRTC)

FRN is 0004-3340-82

Tariff F.C.C. No. 1 (Access Service)

Description and Justification

Transmittal No. 17

Issued: April 26, 2004

Effective: May 11, 2004

Madison River Telephone Company, LLC (“MRTC”) hereby provides a Description and Justification for tariff changes proposed under Transmittal No. 17 of the Madison River Telephone Company, LLC Tariff F.C.C. No. 1 on behalf of Gallatin River Communications, LLC (“Gallatin River”) and Gulf Telephone Company (“Gulftel”)(collectively the “Companies”).

Introduction/Description

This Description and Justification is provided to update and to clarify Rate Regulations to remain comparable to NECA Tariff F.C.C. No. 5, as well as introduce OC12 Service, for Gallatin River and Gulftel. Transmittal No. 17 is being filed on April 26, 2004 and is scheduled to become effective on May 11, 2004.

Justification

The proposed tariff changes are being made to update and to clarify Rate Regulations to remain comparable to NECA Tariff F.C.C. No. 5 for Asynchronous Transfer Mode Cell Relay Access (ATM-CRS) and Digital Subscriber Line (DSL) Access Services.

Additionally, the proposed tariff changes are being made to Synchronous Optical Channel Service and various references throughout the tariff as they relate to technical publications and Section 18.

Justification for Asynchronous Transfer Mode Cell Relay Access

The proposed tariff changes regarding the Asynchronous Transfer Mode Cell Relay Access (ATM-CRS) are being made to update and to clarify Rate Regulations to remain comparable to NECA Tariff F.C.C. No. 5. The NECA Tariff filing dated March 17, 2004, effective April 1, 2004, in Transmittal No. 1020 modified existing tariff provisions pertaining to the transmission of Internet Protocol (IP) packets over ATM-CRS.

This filing was made by NECA, seeking to offer advanced communications services in rural telecommunications markets based on fiber transport, DSL and packet switched ATM capabilities. This filing is expected to help companies serve rural demand for advanced communications capabilities with a wider choice of available broadband technology options.

The following modifications are being made to:

- Reduce Ethernet and optical speed ATM – CRS monthly port rates. The reductions in rates are being made to more closely align ATM - CRS Port rates with ATM - CRS Port costs.

- Introduce a new non-chargeable ATM - CRS port optional function that enables the transmission of IP packets across the ATM – CRS network interface. With the proliferation and dominance of Ethernet interfaces within customer premises equipment, equipment and networking vendors are incorporating the IP protocol suite for a variety of new advanced services. Additionally, new multimedia applications can be most efficiently transported across rural packet networks, such as ATM-CRS and DSL networks, using IP and ATM switches and routers. This new IP optional function will enable customers to make use of these functionalities across the ATM-CRS packet network.

Justification for Digital Subscriber Line Access Services

The proposed tariff changes regarding Digital Subscriber Line (DSL) Access Services are being made to update and to clarify Rate Regulations to remain comparable to NECA Tariff F.C.C. No. 5. The NECA Tariff Filing dated March 17, 2004, effective April 1, 2004, in Transmittal No. 1020 introduces a new discount level for Digital Subscriber Line (DSL) Access Services purchased under the Discount Pricing Arrangement (DPA) and modifies existing DSL regulations to allow for the use of any technology used in the provisioning of local exchange access loop facilities to provide DSL Access Services.

DSL access service is being widely deployed. Strong growth is resulting in lower than anticipated unit cost due to improved utilization of network equipment. The Companies are also making use of a wide variety of shared high- speed packet transport equipment to route broadband traffic on their networks.

The following changes are being made to:

- Modify the existing DSL Discount Pricing Arrangement to add a new higher volume discount step for ADSL services. In addition, the Companies propose to reduce all other Term Plan rates as related to ADSL. A new level of discount, along with these rate reductions, will provide a more attractive pricing option to DPA customers.
- Modify regulations to permit use of a wider choice of access technologies that can be used to provide DSL Access Service. Rural companies are beginning to deploy alternative transport and loop technology (including fiber and radio) as part of their ongoing local exchange network upgrade requirements. In many new deployments and network upgrades requiring the replacement of cable, the costs of deploying fiber are comparable to copper. In many instances, fiber is less expensive where the transport distance is great. This tariff filing to eliminate the copper only loop requirement is designed to allow for use of any technology to provide DSL Access Service by the Companies over their local distribution facilities.

Justification for OC12 Synchronous Optical Channel Service

The proposed tariff changes also introduce Rates and Charges for Synchronous Optical Channel Service. The rate structure and costs for OC12 Service is comparable to OC3 Services because the same equipment is used to provide both services.

The proposed tariff changes are intended to include rate elements to adequately recover the cost of providing OC12 services to customers within the local serving area beyond the central office, OC12 termination in the local serving area within 3 miles of the central office, and OC12 termination in the local serving area beyond 3 miles from the central office. The proposed tariff changes also include related non-recurring charges.

The rates for Channel Termination for OC12 Service are developed assuming the use of existing facilities. If the customer location is beyond current fiber optic facilities, then a special construction tariff will apply to recover the cost of facilities dedicated to the customer.

Installation fees, as well as monthly fees, are discounted when a customer signs a 3 or 5 year contract for the service.

Justification for Tariff References

The proposed tariff changes are being made to update References To Technical Publications to remain comparable to NECA Tariff F.C.C. No. 5.

In addition, the proposed tariff changes are being made to update references to rates in Section 18 (Rates and Charges – Gulf Telephone Company). Previously, these references were made only to Section 17 (Rates and Charges – Gallatin River Communications, LLC). The changes now reflect references to Section 18 as well as Section 17.

This filing includes related documents, including:

- Description & Justification
- Cost Support
- Certification
- Tariff Pages