

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing to)	DOCKET NO. 900385-TL
establish rates and charges for)	ORDER NO. 24039
Digital Channel Services by GTE)	ISSUED: 1/28/91
FLORIDA INCORPORATED.)	
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman
 THOMAS M. BEARD
 BETTY EASLEY
 GERALD L. GUNTER
 FRANK S. MESSERSMITH

ORDER APPROVING TARIFF

BY THE COMMISSION:

This tariff proposal is a new service offering by GTE Florida Inc. (GTEFL or the Company) for intraexchange digital channel services that provide access transport over high capacity digital facilities. These facilities will be used to offer network services on a channelized basis. Digital Channel Service is offered from the central office to the customer premises and can be transmitted over copper or fiber facilities. Switched and dedicated services will be available in capacity increments of 24 digital channels over a DS1 facility (1 DS1 at 1.544 mbs = 24 DS0 channels). Channelization of the DS1 is done at the central office while additional channelization will be available at the customer premises as an option and as a network functionality or can be satisfied by the customers premise equipment.

GTEFL is proposing Digital Channel Service as a common line service. As a common line service these facilities would be subject to separations and allocated according to subscriber plant factors (SPF).

Digital Channel Service is comprised of four basic service/rate elements: digital channel capacity, digital channel activation, service activation, and customer premise channelization. Digital Channel Capacity is comprised of the DS1 facilities between the customers premise and the central office. This link acts as the transport medium for the network services accessed by the customer and can be used to transport switched and dedicated services. Digital Channel Capacity is a distance sensitive, mileage based, rate element. This service has a nonrecurring charge upon installation and monthly recurring charges associated with it. The rates were developed using loop length

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distribution studies for the Company and are split into Bands 1 and 2. Band 1 loops are less than, or equal to, two miles. Customers greater than two miles from the central office but less than, or equal to, two and one quarter miles are in Band 2. Any customers greater than two and one quarter miles from the central office will be charged Band 2 rates plus a rate for each additional quarter mile. These rates are offered as 36, 60 and 84 month contracts with a month to month option after completion of the contract period.

The quantity of channels the customer has activated at the central office is called the Digital Channel Activation. The number of channels activated cannot exceed the maximum Digital Channel Capacity ordered (up to 24 channels per Digital Channel Capacity). The rates for this service include a nonrecurring installation charge and recurring monthly rate based on the number of channels the customer has activated, with a minimum service period of one month. This gives the customer more freedom to update or change his or her service on a monthly basis if desired.

A Service Activation is the connection between the network service accessed and Digital Channel Service. Some examples of the types of services that can be activated are digital data, DS1, analog voice and analog data services. The analog services, for example, tie lines, off-premises extensions, voice private lines and foreign exchange, can be provided to the customer by converting the analog signal to a digital one then encoding it into a DS1 bit stream. When this is done, digital-to-analog conversion equipment is required to derive the desired analog services. Service Activation charges include a nonrecurring setup charge and recurring monthly rate with minimum service period of one month. A Network Access Register (NAR) charge will also apply if the customer requests a service that utilizes switched access into the network.

Customer Premises Channelization is an optional service which provides the termination and demultiplexing of the DS1 to the DS0 level to a single equipment location at the customer's premise. This is offered for those customers that are technically limited and cannot provide this channelization through their own equipment. This service is available through a 36, 60 or 84 month contract with the option of a month-to-month rate upon completion of the initial contract period.

According to the Company, the costs were developed for Digital Channel Service utilizing copper and fiber cost models. Included in these models were engineering costs, outside plant facilities

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(repeaters, cross connects, optic terminals) and central office channelization equipment (channel banks termination equipment, port cards) and central office hardware. The service was priced using the costs developed with an additional contribution added. After a review of the Company's cost information, it appears that the service will be recovering its costs and is priced to allow for reasonable contribution to the Company's operating costs.

A comparative service to this common line tariff proposal by GTEFL is Megalink Channel Service offered by Southern Bell out of the private line service tariff. The rate structure of the two offerings are similar except that Southern Bell has higher nonrecurring rates for Megalink.

GTEFL asserts that this new service offering is in response to competition from Alternative Access Vendors (AAVs) and from large business customers investing in their own private networks. Customers are leasing facilities to access interexchange carriers, packet switching networks and private networks. GTEFL expects that a majority of the customers subscribing to Digital Channel Service will be medium to large business customers (above 48 channels) due to the large volume of traffic that can be transported over DS1 facilities.

Digital Channel Service offers high capacity digital capabilities that are available on a per channel basis. This flexibility allows the customer to order multiple services over the same digital facility and to only be charged for those channels activated. This service offering is in response to competition and is another alternative for customer needs. After review, we find that this tariff proposal would benefit both the end user and the Company. Therefore, we find it appropriate grant GTEFL's request to establish rates and charges for Digital Channel Service.

Based on the foregoing, it is, therefore

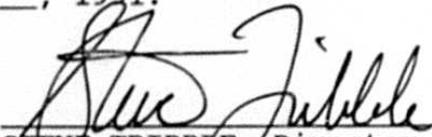
ORDERED by the Florida Public Service Commission that GTE Florida, Inc.'s tariff filing to establish rates and charges for Digital Channel Services is hereby approved. The effective date of the tariff shall be December 25, 1990. It is further

ORDERED that this docket shall be closed at the end of the protest period unless a protest is filed pursuant to the requirements described below. It is further

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ORDERED that any increase in revenues be held subject to refund if a protest is filed pursuant to the requirements described below.

By ORDER of the Florida Public Service Commission, this 28th day of JANUARY, 1991.



STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

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NOTICE OF FURTHER PROCEEDINGS OR JUDICIAL REVIEW

The Florida Public Service Commission is required by Section 120.59(4), Florida Statutes, to notify parties of any administrative hearing or judicial review of Commission orders that is available under Sections 120.57 or 120.68, Florida Statutes, as well as the procedures and time limits that apply. This notice should not be construed to mean all requests for an administrative hearing or judicial review will be granted or result in the relief sought.

The Commission's decision on this tariff is interim in nature and will become final, unless a person whose substantial interests are affected by the action proposed files a petition for a formal proceeding, as provided by Rule 25-22.036(4), Florida Administrative Code, in the form provided by Rule 25-22.036(7)(a)(d) and (e), Florida Administrative Code. This petition must be received by the Director, Division of Records and Reporting at his office at 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on February 18, 1991.

In the absence of such a petition, this Order shall become final on the day subsequent to the above date.

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Any objection or protest filed in this docket before the issuance date of this Order is considered abandoned unless it satisfies the foregoing conditions and is renewed within the specified protest period.

If this Order becomes final on the date described above, any party adversely affected may request judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or by the First District Court of Appeal in the case of a water or sewer utility by filing a notice of appeal with the Director, Division of Records and Reporting and filing a copy of the notice of appeal and the filing fee with the appropriate court. This filing must be completed within thirty (30) days of the date this Order becomes final, pursuant to Rule 9.110, Florida Rules of Appellate Procedure. The notice of appeal must be in the form specified in Rule 9.900(a), Florida Rules of Appellate Procedure.