

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 950403-TL
tariff filing to introduce) ORDER NO. PSC-95-0753-FOF-TL
SMARTRing Service in the Private) ISSUED: June 22, 1995
Line Service tariff by BellSouth)
Telecommunications, Inc. d/b/a)
Southern Bell Telephone and)
Telegraph Company (T-95-205)
filed 3/31/95).)
_____)

The following Commissioners participated in the disposition of this matter:

SUSAN F. CLARK, Chairman
J. TERRY DEASON
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING SMARTRING SERVICE AND
LIMITED WAIVER OF NONRECURRING CHARGES

BY THE COMMISSION:

On March 31, 1995, BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell) proposed to introduce Self-Healing Multi-Nodal Alternate Route Topology Ring (SMARTRing) service to its Private Line Service Tariff. SMARTRing utilizes a ring-type fiber optic design to provide facilities between one or more customer nodes and one or more central office nodes.

SMARTRing service is designed to compete with services offered by alternate access vendors. It is targeted to large customers who need DS3 and/or DS1 high capacity digital network facilities to meet their communications requirements, especially those who put a premium on reliability.

A minimum configuration consists of one central office and two customer nodes or two central office nodes and one customer node. The interoffice facilities will take different routes and avoid common central offices. Southern Bell contends that this results in a system which is capable of detecting service interruptions and re-routing the traffic. If any service interruptions of 2.5 seconds or longer occur, Southern Bell will apply a credit equal to one month of service.

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SMARTRing service is available at OC-3 and OC-12 channel capacities. OC-3 capacity may be configured to allocate 3-DS3s, 84 DS1s, or a combination of DS3s and DS1s equivalent to a total ring capacity of 3-DS3s. OC-12 capacity may be configured to allocate 12 DS3s, 336 DS1s, or a combination thereof not to exceed a total ring capacity of 12 DS3s. The underlying technology will allow the customer to aggregate traffic at different speeds and to reallocate capacity to the customer nodes subsequent to the initial configuration.

The tariff also proposes a promotional nonrecurring charge waiver. All customers ordering new SMARTRing service or upgrading existing service under a Channel Services Payment Plan (CSPP) will qualify for the proposed waiver if service is ordered by September 30, 1995, and initiated by February 21, 1996. Customers under special service contracts also qualify for the waiver if service has not been initiated as of May 30, 1995.

SMARTRing service includes the following rate elements:

Customer and Central Office Nodes - The nodes are the major elements in the SMARTRing service architecture. There are two types of nodes: customer nodes, which are located at the customer premises or interexchange carrier points of presence; and central office nodes, located in Southern Bell's central offices. Each SMARTRing node drops/inserts its assigned DS3 or DS1 channels and passes through the remaining DS3s or DS1s. The SMARTRing service interface to the customer is at the DS3 and/or DS1 level.

Channel Services - The minimum configuration consists of two customer nodes and one central office node or two central office nodes and one customer node. Customers will be able to customize their SMARTRing service using two local channels back to their serving wire center with loop diversity, or with one local channel and one alternate central office channel (between a customer node and an alternate central office). In addition, internodal channels and interoffice channels, when used in conjunction with local channels and alternate central office channels, allow for any configuration that a particular application may require. In addition to a nonrecurring rate charged for initiating service, the channel elements are billed a fixed charge for optical regeneration plus a mileage-sensitive charge on a monthly basis.

Channel Interfaces - The various channel interface components are required to allow traffic to enter or exit the channel facilities at the customer premises or end offices. Central office 28 DS1 channel system is applicable where a customer wishes to aggregate multiple DS1s at a customer node for transmission at a

DS3 rate, or, conversely, to break out individual DS1s from a DS3. Channel interface capacity reallocation allows the customer to reallocate DS3 and/or DS1 capacity to the nodes subsequent to the initial configuration.

The rate structure for SMARTRing service incorporates month-to-month rates and three optional CSPPs: Plan A corresponds to a service commitment of twenty-four to forty-eight months; Plans B and C are available to service commitments of forty-nine to seventy-two months and seventy-three to ninety-six months, respectively. Termination liability charges apply in cases where the customer has contracted for service under a CSPP, and service is cancelled before the contract period has expired. The termination liability charge for month-to-month customers is equal to the number of months remaining in the twelve-month minimum period times the monthly rate for SMARTRing service in effect at the time of termination. For customers under a CSPP, the termination liability charge is equal to the number of months remaining in the rate stabilized service period times sixty percent of the total monthly rates for SMARTRing service elements in effect at the time of termination.

Upon review, it appears that the rates for the various service elements cover their respective costs. Southern Bell indicates that the projected first year cost of provisioning anticipated demand is \$455,404. The corresponding anticipated revenues are \$892,168, yielding a projected first year contribution of \$436,764 or 95.9 percent.

As noted above, Southern Bell has proposed a waiver of nonrecurring charges for a four-month period. Although the specific amount of nonrecurring charges that will be waived during the period is not known, by assuming that all subscribers in the first year take advantage of the waiver, it is possible to develop a "worst case" scenario. First year recurring revenues are estimated to be \$806,598. First year recurring costs are estimated to be \$371,009. The difference, which is the first year contribution from recurring charges, is \$435,589 or 117 percent. Subtracting the first year nonrecurring charges of \$84,396 from the first year contribution from recurring charges yields a difference of \$351,193 (95 percent) which is the contribution net of nonrecurring charges.

Upon consideration, SMARTRing service appears to be a timely offering in response to established market alternatives. Large, high-volume users and customers desiring a high degree of reliability can configure the available system components to meet their specific needs. Moreover, the promotional waiver of

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nonrecurring charges appears to be a reasonable means for Southern Bell to establish an initial subscriber base for SMARTRing service. We, therefore, find it appropriate to approve Southern Bell's proposed tariff to introduce SMARTRing service as well as the proposed waiver of nonrecurring charges.

It is, therefore,

ORDERED by the Florida Public Service Commission that BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company's proposed tariff to introduce SMARTRing service and to waive nonrecurring charges for initiating SMARTRing service is approved, effective May 30, 1995. It is further

ORDERED that, in the event of a timely protest, the tariff approved herein shall remain in effect, with any increase held subject to refund, pending resolution of the protest. It is further

ORDERED that, unless a timely protest is filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 22nd day of June, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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