

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of) DOCKET NO. 950082-TL
tariff filing to revise) ORDER NO. PSC-95-0358-FOF-TL
PulseLink Public Packet) ISSUED: March 14, 1995
Switching service by BELLSOUTH)
TELECOMMUNICATIONS, INC. d/b/a)
SOUTHERN BELL TELEPHONE AND)
TELEGRAPH COMPANY. (T-94-710)
filed 12/29/94)
_____)

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 TARIFF

BY THE COMMISSION:

I. Description of Existing Tariff

BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company (Southern Bell or Company) filed proposed revisions to its General Subscriber Service Tariff on December 29, 1994 for its PulseLink Public Packet Switching Service (PPSN). PulseLink PPSN is a data transport service based on X.25 protocol and X.75 internetworking protocol. These protocols are international standards that provide a set of transmission rules for the exchange of data over communication channels. Packet switching technology divides data streams into separate discrete packets and labels each with a destination code. The packet switching network examines, routes, and transports the packets individually without maintaining a dedicated physical path between customer locations. This service currently provides usage-sensitive data transport for a variety of interactive data applications between two or more customer designated locations. This service targets customers such as credit card and credit reporting companies, banks and other financial institutions, government agencies, and securities and investment brokers.

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The structure of the existing tariff consists of three rate elements: 1) transport charges; 2) access ports; and 3) network features.

II. Description of Proposed Tariff

Southern Bell has proposed revisions that will restructure, delete and add rate elements to the transport and access port components of the PulseLink PPSN tariff. In addition, the Company has proposed to remove references in the ISDN tariffs, including ISDN Individual Business Service (IBS), ISDN Individual Residence Service (IRS), and ESSX ISDN, made to the PulseLink segment charges.

Southern Bell has proposed the restructure of transport charges from a usage-sensitive rate structure to a flat rate structure. The current tariff provides transport charges on a usage sensitive basis to recover the shared network facility costs. The proposed transport rate structure will recover these costs on a flat rate, monthly recurring basis. The flat rate transport charges will apply for each type of PulseLink access port by speed.

The Company asserts these proposed changes to its PPSN service will provide a number of benefits to customers. First, based on market data and customer input, customers have expressed a need to more accurately forecast and budget their data communications expenses. The Company states that a flat rate transport charge will satisfy customer needs by providing a level of certainty in their budget planning. In addition, the Company believes that flat rate pricing will give customers the incentive to develop additional network applications to maximize the use of the network without budgetary concerns.

Second, the Company states that the resources required to process the usage data and bill the customer would be reduced with flat rate pricing, thereby reducing the cost associated with the service. Also, the Company asserts that flat rate pricing provides a simpler rate structure for end users and is easier to manage.

In addition to customer benefits, the Company asserts that flat rate pricing of transport is being introduced as a competitive response to flat rate pricing provided by other packet network providers, primarily IXCs.

The Company has also proposed three revisions to the access port rate elements. The first revision involves the X.25/X.75 access port rate element. The existing tariff structure provides a single set of rates that apply for both the X.25 and X.75 access

ports. Although the rates would remain the same, the Company proposes that the X.25 and X.75 access ports appear in the tariff as separate rate elements. The X.25 access ports would continue to be provided at all speeds; however, the X.75 access ports would only be provided at the higher speeds.

The second revision to the access port rate elements is the addition of a new X.32 access port. The current tariff structure provides the X.32 access port at a speed of 2.4 Kbps. The Company's proposal would add a new rate element to support a speed of 9.6 Kbps. Finally, the Company has proposed to delete the systems network architecture/synchronous data link control (SNA/SDLC) protocol access port rate elements from the tariff. SNA/SDLC is full-duplex, which supports the transmission of signals in both directions simultaneously, bit protocol that manages the transfer of synchronous information. These elements were introduced in December 1990 and have had no customer activity to date.

The Company also proposes to remove references to the PulseLink transport charges from Section A42.1 of the ISDN IBS tariff, Section A42.2 of the ISDN IRS tariff, and Section A12.18 of the ESSX ISDN tariff. Currently, these tariffs reference the PulseLink tariff transport charges for usage on the ISDN B and D channels. Since the Company proposes that the per segment charge for PulseLink data transport be eliminated, there would not be a per segment rate element to reference. Instead, the Company proposes that the transport cost for ISDN packet services should be recovered in the ISDN monthly rates.

III. Customer Impact

Based on the Company's proposed revisions to its PulseLink tariff, existing PulseLink customers will only be affected by the restructure of the transport rate element from a usage sensitive structure to a flat rate structure. The revisions to the access port rate elements will not affect existing customers. The Company asserts that the revised PulseLink transport structure will have a positive impact on end users by responding to their needs for flat rate pricing. Southern Bell also states that any cost savings from the elimination of usage sensitive billing would ultimately be passed on to the end user in the form of reduced transport charges. Finally, the Company believes that flat rate pricing would stimulate demand in the packet data market.

The proposed revisions would also have an impact on ISDN customers. PulseLink PPSN allows ISDN customers to transmit ISDN packet traffic outside of their business group or their serving

central office. ISDN has two interfaces which are used for subscriber access to the integrated network, Basic Rate Interface (BRI), which is also known as 2B+D, and Primary Rate Interface (PRI). The B channel is a 64 Kbps channel that carries digitized customer traffic. The D channel is a signaling channel at 16 Kbps used for signaling messages or packet switched user data. PRI is comprised of 23B+D, where each B channel has 64 Kbps and the D channel has 16 Kbps.

The Company proposes that the additional cost of transport for the IRS and IBS ISDN service, and the ESSX ISDN service should be recovered in the channel activation rate elements and channel packet rate elements, respectively. Since the current IBS and IRS ISDN B channel rates and the ESSX ISDN channel rates will continue to provide a sufficient contribution after the proposed change in the tariff structure, these rates would remain the same. However, the ISDN D channel monthly rates for IBS and IRS would slightly increase to cover the cost of transport. The slight increase in IBS D channel rates and IRS D channel rates would require a customer to use 2,952 segments and 1,969 segments, respectively, to break even. The customer's bill would be reduced if additional packets are used and increased if fewer packets are used.

IV. Company Impact

The Company asserts that, for all of the PulseLink PPSN rate elements, the proposed changes in the PulseLink rate structure would provide a reduction in PulseLink annual revenues in years zero through two; however, the proposed changes would provide an increase in annual revenues of \$31,919 in year three.

Southern Bell also provided a forecast of the annual costs, revenues and contribution for the proposed rate structure of PulseLink service for the revised transport and protocol conversion rate structure and the new 9.6 Kbps X.32 access port. The revenues are for those rate elements affected by the proposed restructure or additions to PulseLink PPSN. The Company used a long-run incremental cost methodology for the proposed changes in its PulseLink service. The Company estimates that the gross revenue projection in year one will total \$215,910. The annual costs for this period based on market expectations are approximately \$179,770. This equates to a net contribution of \$36,140 for the one year period, or 20%.

Upon review, we approve Southern Bell's request to provide revisions to its PulseLink and ISDN service in its General Subscriber Tariff. The proposed recurring and nonrecurring rates for the flat rate transport element and additional access ports are

appropriate since they cover costs and will not have a negative impact on the general body of ratepayers. The Company's proposed changes in its PulseLink service provide a simpler rate structure for end users and fulfill customer needs to accurately forecast and budget their data communications expenses. In addition, the resources required to process usage data and bill customers would be reduced with a flat rate pricing structure which ultimately reduces the cost associated with the service. Furthermore, flat rate pricing of transport provides the Company with a competitive response to flat rate pricing options provided by other packet network providers.

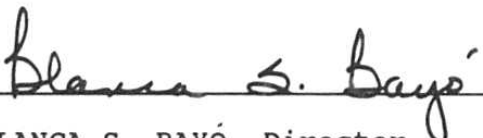
It is therefore

ORDERED by the Florida Public Service Commission that the General Subscriber Service Tariff revisions to PulseLink Public Packet Switching Service and ISDN service by BellSouth Telecommunications, Inc. d/b/a Southern Bell Telephone and Telegraph Company is hereby approved with an effective date of February 27, 1995. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. It is further

ORDERED that if no protest is filed in accordance with the requirements set forth below, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 14th day of March, 1995.



BLANCA S. BAYÓ, Director
Division of Records and Reporting

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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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on April 4, 1995.

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

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 wastewater 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.