

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: PROPOSED TARIFF OF AT&T)	DOCKET NO. 890761-TI
COMMUNICATIONS OF THE SOUTHERN STATES,)	
INC. WHICH PROVIDES FOR SPECIAL SERVICE)	
ARRANGEMENT FOR FLORIDA STATE)	
GOVERNMENT'S OFFERING OF ACCUNET SERVICE)	ORDER NO. 21512
(T-89-302, FILED JUNE 5, 1989))	ISSUED: 7-5-89

The following Commissioners participated in the disposition of this matter:

MICHAEL McK. WILSON, Chairman
 THOMAS M. BEARD
 JOHN T. HERNDON

ORDER APPROVING ATT-C'S RATE FILING

BY THE COMMISSION:

ACCUNET T1.5 Service is a digital, high-capacity, interLATA, private line service. With it customers may combine up to 24 voice grade equivalent channels into a single circuit. It was first offered by ATT-C. in November, 1984. Since then, ATT-C has made a number of tariff filings changing the structure and rates, in an effort to make the service more "competitive." ACCUNET was touted to be one of the cost effective alternatives which would be available to TELPAK customers when we approved the phased-out withdrawal of TELPAK in 1987.

On June 5, 1989, ATT-C filed a tariff proposal to provide an ACCUNET T1.5 network to the Florida State Government under a Special Service Arrangement. This tariff offering is in response to an Invitation to Bid (ITB) by the Florida Department of General Services. The ITB specifically identified four routes, but allowed vendors to provide rates for the remaining twenty routes under the category of "other." The four routes are: (1) Tallahassee - Pensacola, (2) Tallahassee - Panama City, (3) Ft. Myers - Orlando, and (4) Ft. Myers - Tampa.

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According to the terms and conditions of the ITB, all routes bid by a vendor under the category "other" would be considered as available for orders during the term of the contract. The contract will be in force until January 1991 after which time the agreement shall remain in effect on a month-to-month basis until cancelled in writing by either party.

There were three vendors which responded to the ITB; ATT-C, MCI and Microtel. The contract was awarded to ATT-C. However, before ATT-C can provide the service pursuant to its bid, ATT-C must first be given the authority since the rates at which ATT-C won the bid are lower than its current tariff rates. ATT-C is therefore requesting approval of its proposed tariff to provide an ACCUNET T1.5 network under a Special Service Arrangement to the Florida State Government.

We believe that ATT-C's proposed tariff to provide Florida State Government an ACCUNET T1.5 network under a Special Service Arrangement should be approved. The cost support data for this filing indicates that the proposed rates cover costs. In addition, this was a public Invitation to Bid initiated by the Department of General Services, and all interexchange carriers had an equal opportunity to bid, on a competitive basis for the contract. However, only ATT-C, MCI and Microtel responded. It should be noted that each vendor responded with route specific rates and not their current tariffed rates. ATT-C was awarded the contract for the four routes on the basis that its proposed rates were most competitive.

Microtel, which held the previous SUNCOM contract from the Department of General Services, filed a similar tariff to provide the digital T1 SUNCOM Network to the Florida State Government under a Special Service Arrangement. That tariff was approved.

Currently, ATT-C does not have the authority to engage in customer-specific contract rates. We do not intend to radically change this policy. However, we believe that ATT-C should be given the authority to respond to Invitations to Bid (ITB) and, subject to our examination on a case-by-case basis, be permitted to provide services under Special Service Arrangements if awarded the contract so long as those proposed rates cover the relevant costs for providing those services. In addition, our approval of ATT-C's tariff proposal is consistent with our

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decision to allow ATT-C some flexibility to respond to the competitive market. If ATT-C is prevented from responding to ITBs and from implementing such awards under Special Service Arrangement tariffs, ATT-C would be effectively prevented from competing in certain market segments. Such a decision is inimical to competition.

The rate structure of ACCUNET T1.5 Network consists of a nonrecurring charge and a fixed monthly charge which is mileage sensitive. The components of the fixed nonrecurring charge are a Primary Service Function Charge (PSF) and a Service Order Charge (SOC). As part of its ITB, ATT-C proposed to waive the total nonrecurring charge (\$394.08) for those services ordered within the first 90 days from the effective date of the tariff, provided that the installation due date for the services requested is on or before December 31, 1989.

It is not unusual, in a competitive market, for competitors to make promotional offers. We view ATT-C's proposed waiver as an incentive offered by ATT-C to make its bid more attractive. This is a competitive response and should not be discouraged if ATT-C is covering its costs and not behaving anticompetitively. While this waiver is limited to the Florida State Government, we find that it should be approved. We note that we recently approved a similar waiver with a June 30, 1989, expiration date for ATT-C's other ACCUNET customers. It does not seem reasonable that Florida State Government should be deprived of this benefit because its contract goes into effect after the expiration date of the current waiver.

Based on the foregoing, it is

ORDERED that ATT-C's proposed tariff to provide ACCUNET T1.5 Network to Florida State Government pursuant to a Special Service Arrangement contract between AT&T Communications of the Southern States, Inc. and the State of Florida, is approved as set forth in the body of this Order. It is further

ORDERED that ATT-C's tariff proposal to waive the nonrecurring Primary Service Function and Service Order Charges for those T1.5 Services ordered by the State of Florida during the 90-day period following the effective date of the tariff, is approved as set forth in the body of this Order. It is further

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ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission,
this 5th day of JULY, 1989.


STEVE TRIBBLE, Director
Division of Records and Reporting

(S E A L)

DLC/JSR

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.

Any party adversely affected by the Commission's final action in this matter may request: 1) reconsideration of the decision by filing a motion for reconsideration with the Director, Division of Records and Reporting within fifteen (15) days of the issuance of this order in the form prescribed by Rule 25-22.060, Florida Administrative Code; or 2) judicial review by the Florida Supreme Court in the case of an electric, gas or telephone utility or 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 after the issuance of this order, 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.