

## BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Proposed tariff filing by AT&T )	DOCKET NO. 890241-TI
COMMUNICATIONS OF THE SOUTHERN STATES, )	
INC. to add the special arrangement )	ORDER NO. 22102
with the federal government known as )	
FTS-2000 )	ISSUED: 10-30-89
)	

The following Commissioners participated in the disposition of this matter:

MICHAEL MCK. WILSON, Chairman  
 THOMAS M. BEARD  
 BETTY EASLEY  
 GERALD L. GUNTER  
 JOHN T. HERNDON

ORDER APPROVING TARIFF - FTS 2000 TARIFF OF  
AT&T COMMUNICATIONS OF THE SOUTHERN STATES

BY THE COMMISSION:

In February, 1986, the General Services Administration of the Federal Government (GSA) issued a Request For Proposal (RFP) for replacement of the Federal Government's nationwide voice grade and low speed analog data network, known as the Federal Telecommunications System, or "FTS". The existing FTS network is said to be the largest private network in the world. It is an analog network, and is currently provisioned from the interstate private line tariffs. The new system is to combine both switched and dedicated services including voice, data, and video, into one integrated network. AT&T Communications, Inc. (AT&T) won a bid allowing it to carry 60% of the total traffic. The remaining 40% was awarded to U.S. Sprint.

ATT-C's proposed network, The Federal Telecommunications System 2000 (FTS 2000) is a unique service arrangement provided only to GSA and it's authorized users for provision of its interstate and intrastate communication services. The regulations, prices, terms and conditions of this special service arrangement are as described in Tariff No. 16 for FTS 2000 filed with the Federal Communications Commission. The intrastate portion of this service is provided as an add-on to the interstate service and will be provided by AT&T of the

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Southern States, Inc. (ATT-C). ATT-C filed its tariff to provide the intrastate portion of FTS 2000 on January 24, 1989. This tariff references the contract between ATT-C and the Federal Government and to FCC Tariff No. 16 for the prices, terms and conditions of the service. We accept the tariff as satisfying the requirements of Rule 25-24.485, F.A.C.

Upon consideration, we find that ATT-C's proposed FTS 2000 tariff should be approved. This is consistent with our decision in Order No. 21512 which approved a similar arrangement between ATT-C and the Florida Department of General Services. In that Order we stated that ATT-C should be given the authority to respond to an invitation to bid and be permitted to provide services under special service arrangements, subject to our examination on a case-by-case basis. In this instance, ATT-C was awarded the contract under a competitive bidding situation. The bidders included the nation's three largest long distance carriers, major defense contractors, system integrators, data providers, equipment manufacturers and the seven Regional Holding Companies.

The competitive nature of the bidding process forces carriers to compete by offering rates lower than those that may exist in tariffs filed for service to the general public. Therefore, ATT-C cannot successfully participate in such a process if it must provide services pursuant to the tariff used for the general public. US Sprint has been granted the same flexibility by this Commission. Therefore, it is appropriate that ATT-C be granted this authority as provided in Order No. 21512 to provide services under Special Service Arrangements on a case-by-case basis.

One of the conditions in Order No. 21512 is that the proposed rates cover the related costs for providing those services. The rates ATT-C offers during a competitive bidding process must cover their related costs to guard against ATT-C cross-subsidizing rates for its competitive services with revenues from non-competitive services.

ATT-C did not perform a Florida-specific cost study. However, ATT-C claims that the rates proposed in this tariff filing to provide intrastate FTS 2000 do cover the relevant costs. ATT-C further claims that the rates for FTS 2000 were designed to cover all costs to provide the Federal Government with a customer designed and managed integrated national

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network. ATT-C's states that since this is a new service, no actual or historical data exists. Despite the lack of Florida-specific cost data, ATT-C has projected that a \$4.3 million increase in ATT-C's net revenues over a four year period. This figure was based upon the disaggregation of minutes of use forecast data developed by ATT-C and GSA.

ATT-C's FTS 2000 Tariff, including FCC No. 16, was approved by the FCC on May 25, 1989 with an effective date of May 28. MCI and Williams Telecommunications Group, Inc. filed petitions to reject or suspend the tariff. After an investigation, the FCC concluded that there was no compelling argument presented that the tariff was unlawful so as to require rejection. Further, the FCC stated that no question had been presented that warranted investigation.

According to ATT-C's estimates, the proposed rates exceed the related access charges. In Order No. 16180, issued in ATT-C's Price Cap Docket, access charges were established by this Commission as the floor for rates for ATT-C's switched competitive services, MTS and WATS. This Commission also approved access charges as the rate floor in our recent Forbearance Decision in Docket No. 870347-TI. In accordance with these decisions, the proposed rates appear reasonable at this time.

In conjunction with its tariff, ATT-C requests a waiver of Commission Rule 25-24.471(4)(a). This rule states the following:

Interexchange authority granted to all companies is statewide. A company may provide interEAEA service over its own or resold facilities. IntraEAEA toll service is limited to WATS and MTS resale. However, a company not having screening capability may carry intraEAEA traffic over its own facilities existing prior to October 4, 1984 if it pays the existing message toll service (MTS) rates to the local exchange company.

ATT-C seeks the waiver because it is possible for a call to be completed within an Equal Access Exchange Area (EAEA) with this special network arrangement. However, ATT-C has committed to compensate the LECs for completing the intraEAEA traffic on its own facilities. Based on the specific facts of this case we

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find it appropriate to grant ATT-C's request for a waiver of Rule 25-24-471(4)(a). However, if ATT-C provides intraEAEA services over its own facilities, ATT-C must pay the LECs the relevant MTS rates or the difference between the relevant access charges and the appropriate MTS rates, if ATT-C has already paid the LEC access charges.

Based on the foregoing, it is

ORDERED that AT&T Communications of the Southern States, Inc.'s proposed tariff to provide the intrastate portion of its interstate FTS 2000 service is approved as set forth in the body of this Order. It is further

ORDERED that ATT-C's request for a waiver of Commission Rule 25-24.471(4)(a), Florida Administrative Code, for its FTS 2000 offering is granted as set forth in the body of this Order. It is further

ORDERED that this docket is closed.

By ORDER of the Florida Public Service Commission,  
 this 30th day of OCTOBER, 1989.

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 STEVE TRIBBLE, Director  
 Division of Records and Reporting

( S E A L )

TH

by: Kay Hizon  
 Chief, Bureau of Records

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

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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.