

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of ) DOCKET NO. 941218-TL  
tariff filing to introduce )  
SMARTPath Service to the access )  
tariff by BELLSOUTH )  
TELECOMMUNICATIONS, INC. d/b/a )  
SOUTHERN BELL TELEPHONE AND )  
TELEGRAPH COMPANY. (T-94-596 )  
filed 11/7/94 )  
\_\_\_\_\_)  
In Re: Request for approval of ) DOCKET NO. 941219-TL  
tariff filing to introduce ) ORDER NO. PSC-95-0206-FOF-TL  
SMARTPath Service to the private ) ISSUED: February 14, 1995  
line tariff by BELLSOUTH )  
TELECOMMUNICATIONS, INC. d/b/a )  
SOUTHERN BELL TELEPHONE AND )  
TELEGRAPH COMPANY. (T-94-597 )  
filed 11/7/94 )  
\_\_\_\_\_)

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 TARIFFS

BY THE COMMISSION:

BellSouth Telecommunications, Inc. d/b/a Southern Bell and Telegraph Company (Southern Bell or the Company) filed proposed revisions to its Private Line Tariff and to its Access Tariff on November 7, 1994 to introduce SMARTPath Service. SMARTPath Service is a shared high capacity network offering capable of providing a 1.544 Mbps (T1) transport link with high performance and reliability parameters and a level of redundancy and diversity in the network designed to limit a single event from interrupting service. Southern Bell currently offers MegaLink, a high capacity service which provides 1.544 Mbps transport; however, MegaLink service does not ensure the same level of performance and reliability as that proposed by SMARTPath Service. SMARTPath Service is designed for customers who need to transmit high-speed

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data between locations with a high degree of reliability and survivability.

The purpose of SMARTPath Service is to provide a high degree of performance and reliability to its customers. This service has three performance objectives: 1) to meet or exceed 99.99% circuit availability on a monthly basis; 2) to meet or exceed 99.95% error free seconds on a monthly basis; and 3) to meet or exceed .009% severely errored seconds on a monthly basis.

SMARTPath Service provides end-to-end service protection to a customer. This includes diversity in the loop, serving wire center, and interoffice network, as well as redundancy in the equipment used to provide the service. Because of the need for redundancy and diversity, the service is available only in designated SMARTPath Service locations where facilities enable Southern Bell to provide the specified level of performance and reliability that is characteristic of the service. Southern Bell provides this redundancy and reliability by building "rings" from each SMARTPath central office that actually link two central offices. This ring configuration also occurs for interoffice transport.

I. Private Line Tariff

A. SMARTPath Rate Structure

SMARTPath Service provides a flat rate transport link between a customer's premises and a serving wire center or to another customer designated premises in the same SMARTPath Service area. A SMARTPath Service area is an area served by a serving wire center that has the redundant equipment capable of providing high capacity, highly reliable data transport service. A SMARTPath Service customer in one serving wire center may connect to another SMARTPath Service location in any serving wire center in the same metropolitan area.

The rate structure of SMARTPath Service consists of two elements: SMARTPath Area Connection and SMARTPath Area Junction. The SMARTPath Area Connection provides connection at the customer's premises to the SMARTPath network and provides transport to a designated junction that is within the same SMARTPath Service area. The SMARTPath Area Junction provides the connection between the SMARTPath network and 1) another customer designated premises, in the same SMARTPath service area; or 2) a serving wire center in the same SMARTPath Service area for connection to other services such as DS1 Basic Channelization, or a SMARTPath Area Junction of another SMARTPath Service area in the same Metropolitan area.

Southern Bell offers separate rates for a SMARTPath Area Junction connection from the network to a customer designated premises or to a serving wire center.

SMARTPath Service, as proposed in the Private Line Tariff, contains a Service Installation guarantee and a Service Continuity guarantee. The Service Installation Guarantee provides that the Company will install service by a mutually negotiated date; otherwise, a credit equal to the nonrecurring charges associated with the individual service will be applied to the customer's bill. The Service Continuity Guarantee provides that the Company will credit an amount equal to 90% of the affected monthly rate elements. The credit will be issued in the event that primary facility failure occurs and service is not switched to an alternate facility path in 60 seconds or less. Customers will not have to request the credit since the credit will be applied administratively. The credit will apply to only one service interruption per calendar month in addition to the normal credit that applies for interruption of service. The normal credit is equal to the total of all the monthly rate element charges associated with the service.

B. Customer Effects

As a new service, SMARTPath Service will have no effect on existing customers. Southern Bell is offering this service under several payment plans: the Month-to-Month plan requires a four month minimum service period; Plan A requires a 24-48 month contractual commitment; and Plan B requires a 49-72 month contractual commitment. If a customer terminates service before the contract expires, then the charges associated with the balance of the contract are due. All installation and engineering costs are recovered through the nonrecurring charge; therefore, no termination liability exists to recover those particular costs.

SMARTPath Service is Southern Bell's response to competitive offerings provided by Alternative Access Vendors (AAVs) which use fiber optic facilities and SONET technology to provide similar services. The Company states that the proposed non-distance sensitive transport rate offering provides a simplified means of pricing and administering the service. The traditional concept of local channels and interoffice channels loses application with a ring type network configuration. This network configuration allows numerous ways to interconnect interoffice and customer rings through multiple wire centers. Thus, the ability to interconnect rings does not lend itself toward traditional channel type rating applications. The amount of contribution for the rate elements varies depending on the length of committed service. The

contribution is lower for Plans A and B, because the rates are lower under these longer service commitment plans than for the Month-to-Month payment rate.

There is no effect on existing customers because the service is new; however, since the Company currently offers MegaLink, a high capacity 1.544 Mbps service, there will be cross-elastic effects. Southern Bell estimates that 50% of current MegaLink customers needing a high speed, highly reliable service, will switch to SMARTPath Service.

C. Company Impact

Southern Bell projects that SMARTPath Service will generate approximately \$1,556,780 in total revenues over three years. The analysis of the cost study shows that the proposed rates cover costs and provide adequate contribution. It also appears that there may be cost savings associated with the cross-elastic effect, which would partially offset the decrease in cross-elastic revenue.

Accordingly, we approve Southern Bell's tariff to offer SMARTPath Service in its Private Line Tariff. This service proposal offers customers an alternative high speed service which provides a high degree of reliability at a competitive price. The Service Installation Guarantee and the Service Continuity Guarantee are appropriate for this type of service offering, considering the competition by other providers which currently offer services similar to the proposed SMARTPath Service. Southern Bell shall retain data pertaining to the total number of installations performed and the number of missed installation dates to which the Service Installation Guarantee applies, which enables us to monitor the effectiveness and ongoing reasonableness of the guarantee. This information shall be collected and retained for one year and made available for review upon our request.

II. Access Tariff

Southern Bell's SMARTPath Service offering in the Access Tariff is the same as that proposed in the Private Line Tariff except for the Service Installation Guarantee and Service Continuity Guarantee. Southern Bell plans to propose a Service Continuity Guarantee for access customers; however, the Company declines to offer the Service Installation Guarantee at this time. Southern Bell contends that it cannot offer the guarantee while using its current billing system. Without software changes to its billing system, the Company would have to offer the Service Installation Guarantee to all of its services offered in its Access Tariff. Once the software changes are made, Southern Bell intends

to file a tariff proposing to offer the Service Installation Guarantee on SMARTPath Service in the Access tariff. If the Guarantee is identical to that offered in the Private Line Tariff, the tariff shall be processed administratively. Southern Bell shall retain data pertaining to the number of installations performed and the number of missed installation dates to which the Service Installation Guarantee applies, which will enable us to monitor the effectiveness and ongoing reasonableness of the guarantee. Such information shall be collected and retained for one year and made available for review upon our request.

Although the proposed rates are the same as those in the Private Line Tariff, estimated revenues are different because of the difference in estimated demand. The recurring costs also differ between the offerings in the two tariffs. Southern Bell contends that the costs differ, because the network arrangements used to provide access services have one end as a carrier's premises as opposed to a private line service which has one end at a user's premises. The primary difference in the network arrangement is the ring length. To determine costs, the average distance used for the rings that serve customer premises is 16 miles in the Private Line Tariff and 8 miles in the Special Access Tariff.

Upon review, we approve Southern Bell's request to introduce SMARTPath Service in the Access Tariff. Like the offering in the Private Line Tariff, this service proposal offers customers an alternative high speed service which provides a high degree of reliability at a competitive price.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that the tariff filed by BellSouth Telecommunications, Inc. d/b/a Southern Bell and Telegraph Company to introduce the SMARTPath Service offering with a Service Installation Guarantee and a Service Continuity Guarantee in the Private Line Tariff is hereby approved with an effective date of February 1, 1995. It is further

ORDERED that the tariff filed by Southern Bell to introduce the SMARTPath Service offering in the Access Tariff is hereby approved with an effective date of February 1, 1995. It is further

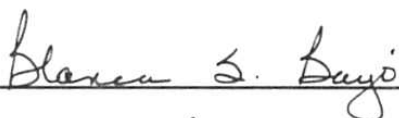
ORDERED that Southern Bell shall retain data pertaining to the number of installations performed and the number of missed installation dates to which the Service Installation Guarantee applies. This information shall be collected and retained for one year and made available for review upon our request. It is further

ORDER NO. PSC-95-0206-FOF-TL  
DOCKETS NOS. 941218-TL, 941219-TL  
PAGE 6

ORDERED that if a protest is filed in accordance with the requirements set forth below, these tariffs 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, these dockets shall be closed.

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



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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 March 7, 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.