

BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for Approval of) DOCKET NO. 951202-TL
Tariff Filing to Provide GTE) ORDER NO. PSC-95-1416-FOF-TL
Total Solutions to Large) ISSUED: November 21, 1995
Business Customers by GTE)
Florida Incorporated)
_____)

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 MODIFICATION

BY THE COMMISSION:

On September 7, 1995, GTE Florida Incorporated (GTEFL or Company) filed a proposed tariff modification to introduce Total Solutions in its general services tariff. GTEFL's Total Solutions will provide business customers with discounts on GTEFL long distance and local services.

Total Solutions Service

The proposed Total Solutions offering will provide business customers with incentives encouraging term and volume commitments on GTEFL long distance, Business Main Stations Arranged for Rotary Service, PBX Trunks, Network Access Registers, Direct Inward Dialing (DID), and on other products and services not regulated by the Commission. The Company states that the bundled GTEFL long distance and local services will be available to both new and existing customers with volume and term discounts. In light of increasing competition for the local loop market, GTEFL believes that providing term commitments on certain services will benefit the Company. The Company also asserts that maintaining its current long distance market share is equally important.

The proposed offering provides discounts on GTEFL's long distance MTS service and on the local loop services mentioned above. The discounts will apply when the customer meets or exceeds the either of the following requirements: 1) a minimum of 3 business flat rate main stations arranged with Rotary Service; or 2) a minimum of 3 CentraNet Service Digital (ISDN) CentraNet

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Service Network Access Registers (NARs); or 3) a minimum of 3 PBX Trunks; or 4) a minimum of 3 Digital Facility NARs; or 5) a minimum of 1 block of 20 Direct Inward Dial (DID) Numbers; and 6) average monthly GTEFL long Distance usage of \$5.00 per Main Station Arranged with Rotary Service, or \$20.00 per NAR/PBX trunk. Once a business customer meets these requirements, discounts will be available for the exchange access services, as well as separate discounts for GTEFL's toll. These discounts will vary according to term and commitment.

GTE Long Distance

The proposed plan provides discounts of 10% to 40% off MTS rates based on the customer's monthly usage volume and term commitment. The plan will also allow business customers to choose to receive service on a 1-year, 3-year, or 5-year term basis. There is no monthly recurring or nonrecurring charge applied to customers when subscribing to this plan. We note that the applicable rates, and the 1-year and 3-year discount percentages mirror those we approved in Docket No. 950833-TL, the Introduction of GTE Easy Savings Plan and GTEFL Savings Plan for Business, by Order PSC-95-1105-FOF-TL, effective on August 28, 1995. This plan also mirrors the rating of GTEFL's Easy Savings Plan, which provides business customers sub-minute rating of calls. Although the Company proposes to add a 5-year term discount, the applicable discount will be the same as the 3-year. GTEFL's proposed discount schedule is shown in Table I.

Table I: GTE Total Solutions Toll Discount Schedule

Total Monthly Usage	1 Year Term	3 Year Term	5 Year Term	Multi-Tenant 1 Year Term	Multi-Tenant 3 Year Term	Multi-Tenant 5 Year Term
\$0.00 - \$4.99	10%	15%	15%	30%	40%	40%
\$5.00 - \$49.99	15%	20%	20%	30%	40%	40%
\$50.00 - \$99.00	20%	25%	25%	30%	40%	40%
\$100.00 +	25%	30%	30%	30%	40%	40%

While business customers selecting either the 1-year, 3-year, or 5-year term commitment will not have to pay a monthly recurring charge, they will be subject to a liability charge for early

termination. As proposed, the charge will be \$100 for early termination of the 1-year contract and \$300 for the 3-year and 5-year contracts. Early termination charges for multi-tenant customers will be \$50 for the 1-year contract and \$150 for the 3-year and 5-year term commitments.

The Company asserts that if the customer's actual total monthly toll usage does not meet or exceed the average minimum monthly GTEFL toll usage, the customer will be billed the difference between the actual and average minimum monthly GTEFL toll usage. For example, if a customer has 3 main stations arranged with rotary, commits to and achieves an average minimum monthly GTEFL toll usage of \$5.00 per station, and signs a one-year term period agreement, the customer will pay \$15.00. However, if the customer's actual total monthly toll usage for all three stations is only \$3.00, the customer will be billed a minimum differential of \$12.00. The volume discounts will only be applied to the customer's actual usage. The customer, therefore, will be billed the actual discounted usage of \$2.70 plus the minimum differential of \$12.00 for a total of \$14.70 (\$2.70 + \$12.00).

Currently, MTS rates are required to cover access charge rate levels in the aggregate. The Company has demonstrated that the proposed rates cover access charges. The proposed changes result in an effective average rate of \$.1329 per minute, which is above GTEFL's current imputation floor (i.e., switched access rates) of \$.1327.

Local Services

The applicable local services include business main stations arranged with rotary service, PBX trunks, NARs (CentraNet Service/Digital (ISDN), or Digital Facility Service), and DID service numbers (200 numbers or less). The monthly rates will be discounted based on term periods, and a minimum quantity of lines/trunks/NARs, when these services are subscribed to with GTEFL's long distance service. The discounted rates vary according to a 1-year, 3-year, or 5-year commitment term and number of lines/trunks/NARS (minimum of 3, 11, 51, or 101). The proposed discounted rates for each of these services are shown in Attachment I. The rates shown for each service in Attachment I are on a per line/trunk/NAR basis. The discounts for the exchange access services range from approximately 20% to 55%. The Company has demonstrated that even under the lowest discount rate possible, the cost for each of the elements covers the associated long-run incremental cost.

The Company proposes early termination charges for these local services if the customer terminates the agreement prior to the expiration date. The customer will be required to pay 90% of the applicable rates and charges for the minimum quantity in the agreement for the remaining life of the chosen term.

Company Impact

GTEFL estimates that the proposed Total Solutions plan will provide a total annual revenue reduction of \$2,704,076. The annual reduction for long distance MTS service would be \$274,846, while the annual reduction in Business local services will be \$2,429,230. Tables II and III show a breakdown of the total revenue change for long distance services and local services, respectively.

Table II: Revenue Impact Summary for Long Distance MTS

	Present Annual Revenue	Proposed Annual Revenue	Revenue Change
Two Point Service	\$42,050,108	\$41,259,227	\$ (790,881)
GTE Easy Saving Plan	5,809,610	5,286,772	(522,838)
GTE Total Solutions	0	1,038,873	1,038,873
Total	\$47,859,718	\$47,584,872	\$ (274,846)

Table III: Revenue Impact Summary for Local Services

	Present Annual Revenue	Proposed Annual Revenue	Revenue Change
Single-Line w/ Rotary	\$ 5,006,528	\$ 4,639,092	\$ (367,436)
PBX Service	7,548,325	6,721,170	(827,155)
CentraNet, DFS & ISDN NARS	4,935,847	3,934,368	(1,001,479)
DID Service	2,331,120	2,098,960	(233,160)
Total	\$19,821,820	\$17,392,590	\$ (2,429,230)

The Company asserts that the proposed bundled discounted offerings will provide customers with discounted offerings based upon their commitment to use more than one of GTEFL's service

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offerings. The proposed plans will leverage discounted local service lines to secure local market share and long distance commitments. In addition, this plan will bundle multiple services to provide the most competitive savings/value possible for both toll and local loop services. As mentioned earlier, the proposed plan will also provide discounts on other products and services not regulated by the Commission. This plan does not depend on customers subscribing to nonregulated services to qualify for the proposed Total Solutions Plan.

We note that the Total Solutions Plan is similar to the incentive we approved by Order No. PSC-94-0052-FOF-TL, issued in Docket No. 931015-TL, and used by the Company in its experimental tariff to offer call award certificates. We also believe that the proposed Total Solutions service will aid GTEFL's ability to compete in the intraLATA toll market and the local services market. Based on the above, GTEFL's Total Solutions is, hereby, approved as filed.

Based on the foregoing, it is therefore

ORDERED that GTE Florida Incorporated's proposal to introduce its Total Solutions plan is, hereby, approved. It is further

ORDERED that the effective date for this tariff modification is November 7, 1995. It is further

ORDERED that if a timely protest is filed in accordance with the requirements set forth below, this tariff shall remain in effect with any increase in revenues held subject to refund pending resolution of the protest. If no timely protest is filed, this docket shall be closed.

By ORDER of the Florida Public Service Commission, this 21st day of November, 1995.

BLANCA S. BAYÓ, Director
Division of Records and Reporting

by: Kay Flynn
Chief, Bureau of Records

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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, 2540 Shumard Oak Boulevard, Tallahassee, Florida 32399-0850, by the close of business on December 12, 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.