FLORIDA PUBLIC SERVICE COMMISSION

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M E M O R A N D U M

JUNE 13, 1991

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [BROWN, TAYLOR]
DIVISION OF LEGAL SERVICES [MURPHY]

RE : DOCKET NO. : 910324-TL - TARIFF PROPOSAL TO INTRODUCE TELEPHONE SERVICE PRIORITY (TSP) SERVICE BY GENERAL TELEPHONE COMPANY OF FLORIDA (T-91-238, FILED 5/21/91)

AGENDA: JUNE 25, 1991 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

CRITICAL DATES: EFFECTIVE DATE JULY 20, 1991

SPECIAL INSTRUCTIONS: NONE

DISCUSSION OF ISSUES

ISSUE 1: Should the tariff request by General Telephone (GTE) to introduce Telecommunications Service Priority (TSP) service be approved?

RECOMMENDATION: Yes, the Commission should approve GTE's request to introduce Telecommunications Service Priority (TSP) service.

STAFF ANALYSIS: On January 15, 1991 General Telephone (GTE) filed tariff revisions to introduce the TSP service. GTE's original filing was denied at the April 16, 1991 Agenda Conference. Staff had recommended denial based on what staff believed was an inaccurate approach to cost recovery.

TSP service is designed to meet today's emergency preparedness needs under the National Security Emergency Preparedness (NSEP) telecommunication service. The TSP system for NSEP ensures that priority restoration is given to vital telecommunications services. TSP assignments are given to telecommunication service vendors (i.e., LECs and IXCs) based on priority levels established by the TSP system. The service vendors then use the TSP assignments to guide them on the sequence in which the vendors are to respond to restoration and provisioning requirements. The TSP designation can only be granted by the TSP program office and the vendor (company) has no

control over the designation.

The FCC has ordered the phase out of the current Restoration Priority service with the implementation of the new TSP program. GTE stated that the company currently does not participate in the Restoration Priority (RP) system. Staff's concern is whether vital services will receive the priority they should. Staff believes Rule 25-4.070 (4), Florida Administrative Code, which states: "Priority shall be given to service interruptions which affect public health and safety that are reported to and verified by the company and such service interruptions shall be corrected as promptly as possible on an emergency basis." alleviates our concern. Services that are unable to obtain a TSP designation but meet the requirements of Rule 25-4.070 (4) would be expected to receive priority treatment under the rule. While the restoration may be after TSP circuits, these circuits are so few that there should be no noticeable difference in treatment.

The proposed tariff only impacts those circuits that receive the TSP designation. Staff believes that the tariff should be limited to only those services which receive official designation through the TSP program office. The Commission recently approved Southern Bell's tariff which contained restrictions as to who could receive TSP service. TSP service is limited to qualifying state and local government, the federal government, foreign governments and certain private telecommunications services.

When GTE filed the tariff staff began its investigation (in conjunction with a similar filing made by Southern Bell), to identify the impact of this tariff revision on existing rules and tariffs. The Commission approved the Southern Bell tariff at the April 2, 1991 Agenda Conference. GTE's filing was denied at the April 16, 1991 Agenda Conference. Staff had recommended denial based on what staff believed was an inaccurate approach to cost recovery.

Staff recommended that the nonrecurring charge recover its associated cost and the recurring rate recover its cost with some contribution. This is similar to the way Southern Bell's recently approved rates were structured. GTE has stated that it wished to maintain the proposed rates since these are the same rates that were approved on the federal level. GTE intended only to recover a portion (20%) of its nonrecurring cost with the nonrecurring charge. The company intended to recover the major portion of its nonrecurring cost through its recurring monthly rate (cost plus approximately 60% contribution). With this tariff filing, GTE is proposing a rate structure that, staff

believes, more appropriately reflects its actual costs.

GTE has proposed rates for TSP service based on cost. GTE has filed tariff revisions that are similar to the tariff recently approved for Southern Bell in rate structure, contribution level and cost recovery. Staff recognizes that GTE and Southern Bell have different costs, but staff believes that the rates should be similar in the way costs are recovered. Staff believes that the rates should more closely reflect the cost and should be priced consistent with Southern Bell's contribution rate. Staff believes that GTE's tariff proposal is consistent with Southern Bell's rates while offering higher rates. GTE's proposed rates are outlined below:

GTE TSP RATE ELEMENTS	GTE PROPOSED RATES	GTE COSTS	SOUTHERN BELL RATES
PRIORITY PROVISIONING	$77.00 NRC	$75.88	$42.00 TO $83.00
RESTORATION PRIORITY IMPLEMENTATION	$77.00 NRC	$75.88	$65.00
PRIORITY LEVEL CHANGE	$77.00 NRC	$75.88	$65.00
RESTORATION PRIORITY	$3.75 RECURRING	$3.12	$3.00

Staff recommends that GTE's proposed tariff filing to introduce TSP service be approved. GTE has made the proposed changes to the tariff that were previously recommended by staff. Staff believes that the tariff is no different than the TSP tariff recently approved for Southern Bell and should be approved.

ISSUE 2: Should this docket be closed?

RECOMMENDATION: Yes, If Issue 1 is approved this tariff should become effective on July 20, 1991. If no timely protest is filed, this docket will be closed.

STAFF ANALYSIS: At the conclusion of the protest period, if no protest is filed, this docket should be closed.

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