

FLORIDA PUBLIC SERVICE COMMISSION

Fletcher Building
101 East Gaines Street
Tallahassee, Florida 32399-0850

M E M O R A N D U M

JUNE 24, 1993

TO : DIRECTOR, DIVISION OF RECORDS AND REPORTING

FROM : DIVISION OF COMMUNICATIONS [BOYD] *PWB*
DIVISION OF LEGAL SERVICES [KURLIN] *pak us for T11*

RE : DOCKET NO. 930488-TL: PROPOSED TARIFF FILING TO OFFER
CENTRANET AUTOMATIC CALL DISTRIBUTION (ACD/MIS) BY GTEFL
INC. (T-93-237, FILED 5/10/93)

AGENDA: JULY 6, 1993 - CONTROVERSIAL - PARTIES MAY PARTICIPATE

CRITICAL DATES: 60 DAYS EXPIRES JULY 9, 1993

SPECIAL INSTRUCTIONS: I:\PSC\CMU\WP\930488.RCM

CASE BACKGROUND

CentraNet Automatic Call Distribution (ACD) is a central office based service, using 5ESS switch technology, which allows incoming calls to be efficiently managed among a customer's employees (operators) answering the incoming calls. With ACD, incoming calls are allocated and equally distributed to available operators based on call parameters defined by the customer. For example, a large mail order business that handles many Spanish and English inquiries would employ bilingual or specific language phone operators (order takers). In this example, with ACD the business could preface each phone call with a customized message in either Spanish or English directing the caller to "marke el uno para espanol" and "push 2 for English" to reach an appropriate operator.

CentraNet ACD can be further enhanced with the extensive call handling and management capability of the Management Information System (MIS). The customer's MIS data link contains current call information that is forwarded to a MIS located in the central office. The MIS in turn, provides the customer with detailed call management information. To continue the example from above, with the MIS feature supervisors at the mail order business could monitor their operators' volumes of calls handled, how many calls are being handled by Spanish vs. English speaking operators, rearrange groups of operators if preset call volumes are being exceeded, and control the origination and termination of incoming calls (operator group 1 could handle local calls, operator group 2 could handle 800 calls). Monitoring and changes are made on a customer's personal computer.

DOCUMENT NUMBER-DATE

06813 JUN 24 93

DISCUSSION OF ISSUES

ISSUE 1: Should GTEFL's tariff proposal to offer CentraNet Automatic Call Distribution (ACD)/ACD-Management Information System (ACD/MIS) be approved?

PRIMARY STAFF RECOMMENDATION: No, GTEFL's tariff proposal should not be approved because software costs are being recovered over a ten-year time frame.

ALTERNATIVE STAFF RECOMMENDATION: No, GTEFL's tariff proposal should be suspended because staff has several unanswered questions in regard to cost support for this service.

PRIMARY STAFF ANALYSIS: CentraNet Automatic Call Distribution will allow a customer the ability to allocate and efficiently manage incoming calls to available operators, based on call parameters defined by the customer. Any business that handles large volumes of calls or needs to customize announcements with specific instructions (an insurance claim office or a multi-language office), could be a potential customer.

For a customer to subscribe to the ACD or ACD\MIS features, a basic CentraNet ACD package will need to be purchased. The basic CentraNet ACD package allows the purchaser to allocate calls among up to 20 operators. A non-recurring rate of \$50 and a monthly recurring rate of \$24.50 would apply.

There are three basic features associated with CentraNet ACD:

Customized Announcement: This is an announcement to callers in queue (basically, on hold) that advises them of answering delays. For example: "You have reached the XYZ Accounting offices. All of our lines are busy at the moment. Please hold and an operator will be with you shortly". Customized Announcement could also set up the call for Call Prompts. (see Call Prompts below) A \$510 non-recurring rate for setting up Customized Announcement would apply. Any future Customized Announcement changes would cause the subscriber to incur a \$160 non-recurring charge. In addition, a customer pays a \$50 monthly recurring rate for the Customized Announcement feature. The Call Vectoring feature mentioned below is required with this service.

Call Vectoring: This feature provides the customer with the ability to program a series of call handling steps that an incoming call will follow before it is routed to an operator or a call prompt. Call vectoring is a software driven routing device that can direct a caller from the customized announcement to a specific department or individual. For example, a caller that is put through a series of call prompts to reach a final destination, is being routed to

each call prompt via call vectoring. Call vectoring also provides for Music on Queue, which allows for a caller in queue to listen to music while waiting for an available operator. Call vectoring has a \$100 non-recurring charge per ACD group (up to 20 operators) and a \$10 monthly recurring rate per ACD line.

Call prompt: This feature allows one or more subsequent announcements to be played for incoming callers after the Customized Announcement. The call prompt asks callers to enter touch-tone digits that correspond to a specific department or individual. For example, after a Customized Announcement, two "prompt" steps (or announcement levels) could be: press "1" for the accounting department, (step 1) then, after reaching accounting, press "1" for cost accounting, press "2" for disbursement accounting (step 2). A customer subscribing to Call Prompts would be charged a \$100 non-recurring rate for each "prompt" step. A \$150 monthly recurring rate would also apply regardless of the amount of "prompts". For Call Prompts to be directed properly, the Call Vectoring feature is required.

CentraNet ACD can be further enhanced with a Management Information System feature. A customer's MIS data link contains up-to-the-minute call information that is forwarded to a MIS located in the central office. The MIS, in turn, will provide the customer the ability to monitor their operators, control the origination and termination of incoming calls, manage calling patterns, set answering time frames, rearrange operator groups, and manage trunk loading. The customer's personal computer(s) can monitor and make immediate configuration changes to the above MIS features. Each customer's personal computer must have a MIS data link. A \$25 non-recurring rate and \$75 monthly recurring rate would apply. Appropriate private line service charges will apply to the private line facilities that are required for this feature.

Cost and revenue support for this service and all of its features was generated by Bellcore's Switching Cost Information System (SCIS). All feature related hardware costs for this service are developed by dividing the hardware costs by the average number of forecasted customers over a five-year horizon. For the software costs, SCIS looks at each feature's software right-to-use (RTU) fees and annuitizes the total cost over ten years, using GTEFL's cost of money (9.5%). For example, the software RTU fees for Call Vectoring are \$12,000 per installment in the switch. The Company has annuitized (equal payments) the costs over ten years, using a 9.5% cost of money, resulting in a monthly software cost of \$155.28. This is an area in which staff takes issue. Staff believes that since the hardware investments are being capitalized over a five year time frame, the software investments, to be consistent, should be capitalized over five years. (For a total monthly

recurring cost per feature, SCIS simply adds the hardware and software costs together.) Further, staff believes strongly that a five year annuity would be more appropriate considering the short useful life of software in light of technological advances. (See Table 1 below)

TABLE 1

FEATURE	10 yr. annuity mo. cost	5 yr. annuity mo. cost	Proposed mo. rate
Basic CentraNet ACD	\$12.10	\$18.42	\$24.50
Call Prompts	\$119.00	\$170.76	\$150.00
Call Vectoring	\$8.26	\$16.03	\$10.00
MIS Data Link	\$56.38	\$61.44	\$75.00

Table 1 represents monthly costs and rates for each feature that is software intensive. The "10 yr. annuity mo. cost" column represents the feature's monthly cost to GTEFL based on recovering costs over 10 years. The "5 yr. annuity mo. cost" column represents the feature's monthly cost to GTEFL based on recovering costs over five years. The "proposed mo. rate" column represents GTEFL's proposed rates based on costs being recovered over 10 years.

As Table 1 illustrates, the proposed rates for Call Vectoring and Call Prompts fail to cover the monthly cost developed using a five-year annuity approach. While the most basic service configuration (Basic CentraNet ACD, Customized Announcement, and Call Vectoring) would be compensatory (14% contribution), staff believes that competitive services such as ACD must be compensatory across all service configurations. Therefore, staff recommends this tariff proposal be denied.

ALTERNATIVE STAFF ANALYSIS: Even if the software issue were resolved, staff needs additional information from GTEFL before a complete cost analysis can be performed by staff. Staff has sent numerous data requests to GTEFL, however many more questions remain. For example, staff needs a more detailed breakdown of "Getting Started Costs," "CCS Costs," "Packet and Call Costs," "Direct Costs", and "Resource Costs" for CentraNet basic service and all of its features, where applicable (e.g. total cost of

Docket No. 930488
June 24, 1993

"Getting Started" and each step taken to reduce this amount to the annual "Getting Started Cost" that appears as the SCIS output).

In addition, staff is concerned with the "Feature Related Hardware" output from SCIS. For example, it was discovered in a data request response that a Feature Related Hardware annual cost generated by SCIS of \$15.88 represented the material, engineering and installation of a \$31,626 ACD Interface Unit Computer for basic ACD. The "Feature Related Hardware" annual (SCIS) cost for a MIS data link is \$61,674. Staff needs to know what this cost represents (as in the preceding example) for this feature and Call Prompts. If the relationship holds true from the ACD Interface Unit Computer, the total costs associated with these annual SCIS figures could be quite large.

Therefore, based on these unresolved questions, staff recommends this tariff proposal be suspended.

Docket No. 930488
June 24, 1993

ISSUE 2: Should this docket be closed?

STAFF RECOMMENDATION: Yes, if the primary recommendation in issue 1 is approved this docket should be closed. If the alternative recommendation is approved, however, this tariff should remain open. Staff will have eight months from the date of the original filing to complete its analysis. A Commission decision on this proposal would be due no later than January 1, 1994.