

I. FRAME RELAY SERVICE

Frame Relay Service is a "fast packet" network service that permits the transmission of data at speeds from 56 Kbps to 1.544 Mbps using Permanent Virtual Connections (PVCs). PVCs are logical circuits that define a specific one-way path for data sent by the customer to another location. These circuits are virtual because they are established in software tables and do not tie up capacity when not in use. This allows multiple PVCs to be defined over a single access line, thereby providing a single access line the capability to transmit data to multiple destinations.

Frame Relay Service currently has three rate elements: Frame Relay Access line, the Frame Relay Port, and the Frame Relay Permanent Virtual Connection. The Frame Relay Access Line provides access to the Frame Relay Service Network, connecting customer facilities at the Network Interface with a corresponding Frame Relay Port. The Frame Relay Port is the physical entry point for access lines and the terminating and originating point for Permanent Virtual Connections. Permanent Virtual Connections are logical channels from one Frame Relay Port to another Frame Relay Port within the Frame Relay Service Network. PVCs are provisioned on either 56 Kbps ports or 1.544 Kbps ports, depending on the customer's data networking requirements.

The Company contends that Frame Relay Service addresses the high speed, error free data transmission requirements which today's computer applications demand. FRS provides a cost-effective and efficient means to connect Local Area Networks (LANs) in multiple locations and the ability to share bandwidth over a single access line via centralized switching. This ability, according to the Company, saves network costs to the customer by eliminating the need for more expensive private lines and dedicated facilities.

II. THE COMPANY'S PROPOSAL

The Company proposes to 1) revise the rate structure for Frame Relay Service; 2) provide additional transmission speeds; 3) offer different contract periods; 4) increase rates for additional PVCs; and 5) decrease rates for Frame Relay Service with 1.544 Mbps access line.

GTEFL's current basic FRS configuration contains a special access line which connects the customer's premises and GTEFL's Tampa Main switching office, a Frame Relay Port that provides the switching capability, and a Permanent Virtual Circuit. However, GTEFL recognizes that there are customers who can provide their own access line to the port. Therefore, GTEFL seeks to revise the rate

structure to offer customers two service options: Frame Relay with Port and Access Line or Frame Relay with Port only. One PVC is included with either option and additional PVCs are available which would provide the capability to transmit data to multiple destinations.

GTEFL seeks to offer additional speeds of 128 Kbps, 256 Kbps, and 384 Kbps to meet customer demand. Other reasons to offer the additional speeds include the significant difference in price between 56 Kbps and T1 speeds, and that the Company's experience in other states shows demand for fractional rates. The addition of the three new speeds does not require additional investment, but the speeds will tie up additional DSO logical port capacity. GTEFL has included this capacity in the cost support.

GTEFL proposes contract periods of 12, 36, and 60 months for Frame Relay Service to provide additional customer flexibility. If service is discontinued, a termination liability applies. If service is discontinued during a 12-month contract, the customer must pay 50% of the remaining first year recurring rates. If service is discontinued during a 36-month contract, the customer is liable for 50% of the remaining first year recurring charges, if applicable, and 10% of the total recurring charges for the second and third years. If service is discontinued during the 60 month contract, the customer is liable for 50% of the remaining recurring charges for the first year, if applicable, and 10% of the total recurring charges for the second through fifth years.

GTEFL seeks to increase the monthly recurring rate for additional PVCs due to increased costs. Those increased costs are due to new functionality for Network Management, which was expanded to include a centralized support group, trouble reporting and resolution, and 24-hour, 7 days-per-week monitoring. Additional network connections, staffing and network management hardware and software are required to offer this capability.

Since the majority of subscribers affected by the increase in rates for additional PVCs are 1.544 Mbps Access Line customers, the Company wants to keep overall rates neutral by decreasing monthly recurring rates for 1.544 Mbps lines from \$576.00 to \$525.00.

III. PROPOSAL'S IMPACT ON CUSTOMERS

The primary impact of this proposal on customers is a reduction in monthly rates for current 56 Kbps customers and 1.544 Mbps customers. There will be instances where Frame Relay customers might see an increase in their rates depending on the type of payment option they choose.

The Company contends that another impact on customers will be the availability of fractional T1 data transmission speeds. Currently, Frame Relay Service is offered either at 56 Kbps or 1.544 Mbps. Customers will have the opportunity to purchase transmission speed capabilities that fall between 56 Kbps and 1.544 Mbps.

IV. PROPOSAL'S IMPACT ON THE COMPANY

GTEFL projects that FRS will generate approximately \$14,533,398 in recurring revenues over five years, which is an increase of approximately \$361,620 over the amount projected in the Company's original FRS filing. The cost study shows that the proposed rates cover costs and provide sufficient contribution. Although the contribution level is somewhat low, this is reasonable due to a customer's ability to have his access line provided by some company other than GTEFL.

Contribution to nonrecurring costs for Frame Relay Service with an access line is 3.25%. Contribution to nonrecurring costs for Frame Relay Service without an access line is 87.84%. The contribution for nonrecurring and recurring costs are the same regardless of the type of transmission speed or payment option.

Contribution to nonrecurring costs for additional PVCs is 58.62%. This does not vary regardless of the payment plan chosen. Contribution to recurring costs for 2 to 10 additional PVCs is 69.49%; for 11 to 20 additional PVCs is 48.31%; and for 21 or more additional PVCs is 27.12%.

V. APPROVAL OF REVISIONS

We find that the revisions to this service offer customers additional transmission speeds, optional payment plans, and in most cases, the opportunity for current customers to realize reduced prices. GTEFL's cost study shows that the proposed rates cover costs and provide sufficient contribution. Accordingly, we approve GTEFL's tariff filing to revise Frame Relay Service in its General Services tariff.

GTEFL's proposed rate structure revisions to and transmission speed offerings in the Access Services Tariff are the same as those proposed in the General Services Tariff. GTEFL also proposes an Optional Payment Plan for access customers. Although the proposed rates are the same as those in the General Services Tariff, estimated revenues are different because of the difference in estimated demand.

Like the offering in the General Services Tariff, the revisions to this service offer customers additional transmission speeds, optional payment plans, and, in most cases, the opportunity for current customers to realize reduced prices. We also approve GTEFL's request to amend its current FRS offering in the Access Services Tariff.

It is therefore

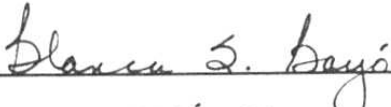
ORDERED by the Florida Public Service Commission that GTE Florida Incorporated's tariff revisions to its General Subscriber Service Tariff for Frame Relay Service are hereby approved with an effective date of October 15, 1994. It is further

ORDERED that GTE Florida Incorporated's tariff revisions to its Access Services Tariff for Frame Relay Service are hereby approved with an effective date of October 15, 1994. It is further

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 24th day of October, 1994.



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 November 14, 1994.

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.