BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In Re: Request for approval of tariff filing to introduce MetroLAN DS-1 in the Access tariff by GTE FLORIDA INCORPORATED (T-94-465 filed 8/31/94)	DOCKET NO. 940987-TL
In Re: Request for approval of tariff filing to introduce MetroLAN in the General Services tariff by GTE FLORIDA INCORPORATED (T-94-464 filed 8/31/94)	DOCKET NO. 940988-TL ORDER NO. PSC-94-1394-FOF-TL ISSUED: November 15, 1994

The following Commissioners participated in the disposition of this matter:

J. TERRY DEASON, Chairman
SUSAN F. CLARK
JOE GARCIA
JULIA L. JOHNSON
DIANE K. KIESLING

ORDER APPROVING TARIFF FILINGS

BY THE COMMISSION:

GTE Florida Incorporated (GTEFL or company) filed proposed revisions to its General Subscriber Service Tariff and Access Service Tariff on August 31, 1994 to introduce MetroLAN Service and MetroLAN Interoffice DS-1 transport service, respectively. MetroLAN service is a new service that would provide network connectivity for the transport of voice and data services and would allow access to GTEFL's metropolitan, Synchronous Optical Network (SONET) based fiber-optic rings. MetroLAN service is a family of voice and data transport services that provide network connectivity and would allow access to GTEFL's metropolitan, Synchronous Optical Network (SONET) based fiber-optic rings. SONET is a standards based transport system that has the ability to add or drop multiplexing capabilities at high speeds and large bandwidth capacities, thus allowing the Company the ability to effectively aggregate many digital signals with different capacities.

GTEFL asserts that MetroLAN is a new brand name for a new pricing strategy that utilizes two existing technologies, SONET and Multi-Media Data Service (MMDS) to provide non-distance sensitive transport service from DS-1 (1.544 Mbps) to OC-3 (155 Mbps) speeds for both voice and data services in GTEFL's major metropolitan area. The proposed service would consist of a defined group of central offices linked by fiber-optic facilities. Currently, the MetroLAN facilities would include the serving wire centers located on the fiber optic ring within the Polk, Wimauma, Pasco, Pinellas, Hillsborough and Sarasota/Bradenton metropolitan serving areas. These central offices match those in the Company's interstate tariff filing which was approved by the FCC in February 1994. MetroLAN combines SONET and MMDS technology to provide dedicated point to point DS-1 service, native speed and native protocol Ethernet and Token Ring data transport service, and DS-3 data service.

MetroLAN would allow customers to interconnect geographically dispersed LANs, aggregate voice traffic for DS-1 transport, and aggregate data transport over DS-3 and OC-3 facilities. For example, if a customer wanted to combine several services such as, point to point DS-3 service, native speed connection of LAN traffic, point-to-point DS-1 service, Digital Facility service to the serving wire center, and link multiple locations together, a total aggregated bandwidth of OC-3 would be required. Currently, if a customer requests such a scenario, they would have to purchase a number of different rate elements from various parts of the Company's tariff. The proposed service provides customers with a complete communications package in a more simplified manner than what is currently available.

The proposed service is intended for customers with a minimum total aggregated traffic of 45 Mbps (DS-3) who are served by central offices that include a MetroLAN(s). Current tariff offerings, such as high capacity DS-1, MMDS (Ethernet and Token Ring), and DS-3 services, will continue to be available for customers who are not located on the MetroLANs, or who have less than 45 Mbps of bandwidth requirements.

GTEFL contends that MetroLAN was designed to focus on customers in major metropolitan areas where SONET-based fiber optic facilities and competition are concentrated. In addition, the Company states that MetroLAN is their World Class Network response to the threat of Alternative Access Vendors (AAVs). GTEFL asserts that MetroLAN will allow them to compete more effectively against the AAVs by improving their quality of service, product performance, and cost position through the use of SONET networks.

The proposed service will be directed towards large business customers with multiple locations within the same LATA. Potential customer segments include city and county government, banks, health care facilities, schools, and manufacturing businesses.

GTEFL believes that by combining SONET and certain MMDS technologies (i.e., equipment used to provision Ethernet and Token Ring service) in a new pricing strategy, MetroLAN will benefit its customers by having a broad range of product options, increased transport speeds for data communication, ongoing end to end maintenance, and increased network flexibility and reliability. The Company also asserts that the system will allow users to migrate to Asynchronous Transfer Mode (ATM) technology in 1995 which will further increase the functionality and efficiency of the network.

GTEFL contends that the establishment of MetroLAN service is essential in its major service markets in order to meet similar competitive offerings provided by AAVs. In fact, GTEFL asserts that the proposed non-distance sensitive transport rate element is responsive to the market conditions currently present in their territory and provides a level of pricing convenience for customers. In addition, since the cost of fiber technology is significantly less on a per DS-1 basis for interoffice transport than copper facilities, the Company believes that the continued application of the standard per mile rate structure for services that use fiber optic rings ignores the true cost characteristics of the network. Moreover, in addition to providing customers additional choices for high capacity voice and data communications, GTEFL's MetroLAN service provides the ability for the customer to aggregate their traffic with more freedom at a lower price.

The rate structure for MetroLAN Service consists of three basic elements. The elements are:

1. MetroLAN Connect
2. MetroLAN Transport
3. MetroLAN Service Activation

MetroLAN Connect provides the basic platform for customer access to the Company's MetroLAN fiber optic system and provides the network node (equipment that converts the electrical signal to an optical signal) at the point of demarcation between the customer's equipment and the Company's fiber optic system. This element also provides the fiber optic link between the customer designated location and the serving wire center of the customer. There are two MetroLAN connect rate elements, the MetroLAN DS-3

Connect and the MetroLAN OC-3 Connect. In addition, the MetroLAN Connect rate elements may be used with the Digital Facility Service offerings (Section A25.4) to provide DS-1 digital facilities to connect the end user's premises and its local serving wire center.

MetroLAN Transport provides for the flat rate interoffice transport between serving wire centers on the Company's defined fiber optic network. In determining the costs for the proposed element, an average transport of 45 miles was used. Transport varies in bandwidth from 1.544 Mbps (DS-1) to 155 Mbps (OC-3). The available bandwidth for MetroLAN service includes 1.544 Mbps (DS-1), 10 Mbps (Ethernet), 16 Mbps (Token Ring), 45 Mbps (DS-3), and 155 Mbps (OC-3).

MetroLAN Service Activation provides the ability to terminate the network signal via the network node located at the customer designated location and to convert that signal for the customer's use without losing native speed or protocols. There are four MetroLAN service activations available. They are:

1. MetroLAN DS-1 Service Activation
2. MetroLAN DS-3 Service Activation
3. MetroLAN Ethernet Service Activation
4. MetroLAN Token Ring Service Activation

Customers may order varying combinations of MetroLAN services in conjunction with either the DS-3 connect element or the OC-3 connect element. However, the MetroLAN service activations must not exceed the total MetroLAN transport (if needed) for the services ordered.

Upon consideration, we approve GTEFL's request to introduce MetroLAN Service. GTEFL's MetroLAN Service is a unique product in that it provides non-distance sensitive transport rates. The benefits of this service include multispeed digital capabilities and easy migration from the current technologies toward future networking technologies. In addition to providing customers additional access to a wide range of high capacity voice and data transport services, GTEFL's MetroLAN Service would provide customers the ability to aggregate all of its communication traffic in a more simplified manner than what is currently available.

GTEFL is also proposing to introduce MetroLAN DS-1 interoffice channel service. MetroLAN provides non-distance sensitive transport of DS-1 special access services where GTEFL has

established SONET based fiber optic facilities. The proposed service would allow customers to interconnect multiple locations at higher data speeds. The cost and resulting rate for these elements are identical.

GTEFL asserts that MetroLAN is needed to meet similar competitive offerings provided by AAVs. AAVs currently transport special access services via 100% fiber optic facilities at a fixed monthly rate per circuit. Where GTEFL deploys fiber optic ring technology, they believe MetroLAN Interoffice channel service will allow the Company to price DS-1 services in a manner consistent with the services offered by competitive telecommunications companies, thereby providing direct benefits to end users.

GTEFL contends that since the cost of fiber technology is significantly less on a per DS-1 basis for interoffice transport than copper facilities, the continued application of the standard per mile rate structure to services that use fiber optic rings ignores the true cost characteristics of the network. The Company believes that for fiber ring services, the development of non-distance sensitive elements for DS-1 transport better aligns transport price levels with underlying economic cost factors.

The rate structure for MetroLAN DS-1 Interoffice Channel service consists of one rate element, MetroLAN Interoffice Channel. Customers can purchase the MetroLAN Interoffice Channel (per DS-1 Channel) on a monthly, one year, three year, or five year commitment period. If a customer elects to convert their current interoffice channel portion of DS-1 service to a term commitment for MetroLAN DS-1 service, they are required to request such a change.

Upon consideration, we approve GTEFL's request to introduce MetroLAN Interoffice DS-1 transport service. We believe that the rates proposed by GTEFL are appropriate since they cover costs and will not have a negative impact on the general body of ratepayers. GTEFL's MetroLAN Service is a unique product in that it provides non-distance sensitive transport rates which allows a customer to pay a flat rate for DS-1 interoffice channels regardless of the distance traveled on the fiber optic ring. Some of the benefits of this service include the network route diversity provided by SONET and the ability for the customer to aggregate their traffic to meet immediate needs. In addition, GTEFL's MetroLAN Service provides customers with significant data needs another alternative.

Based on the foregoing, it is

ORDERED by the Florida Public Service Commission that GTE Florida Inc.'s tariff to introduce MetroLAN Service is hereby approved, effective October 30, 1994. It is further

ORDERED that GTE Florida Inc.'s tariff to introduce MetroLAN DS-1 Transport service is hereby approved, effective October 30, 1994. It is further

ORDERED that if a protest is filed in accordance with the requirements set forth below, the 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 15th day of November, 1994.

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, 101 East Gaines Street, Tallahassee, Florida 32399-0870, by the close of business on December 6, 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.