



# Public Service Commission

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## -M-E-M-O-R-A-N-D-U-M-

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RECORDS AND REPORTING

**DATE:** MAY 4, 2000

**TO:** DIRECTOR, DIVISION OF RECORDS AND REPORTING (BAYO)

**FROM:** DIVISION OF TELECOMMUNICATIONS (HAWKINS) *BBB*  
DIVISION OF LEGAL SERVICES (BANKS) *FRB DK*  
DIVISION OF AUDITING AND FINANCIAL ANALYSIS (CATER) *SAC DM*

**RE:** DOCKET NO. 000383-TL - REQUEST BY QUINCY TELEPHONE COMPANY D/B/A TDS TELECOM/QUINCY TELEPHONE FOR APPROVAL OF TARIFF FILING TO INTRODUCE DEDICATED DS1 SERVICE AND DIGITAL TRANSPORT SERVICE. (T-00-0462, FILED 3/24/00)

**AGENDA:** 05/16/00 - REGULAR AGENDA - TARIFF FILING - INTERESTED PERSONS MAY PARTICIPATE

**CRITICAL DATES:** 30-DAY SUSPENSION: WAIVED BY THE COMPANY

**SPECIAL INSTRUCTIONS:** NONE

**FILE NAME AND LOCATION:** S:\PSC\CMU\WP\000383.RCM

### CASE BACKGROUND

On March 24, 2000, Quincy Telephone Company d/b/a TDS Telecom/Quincy Telephone (TDS or the Company) filed a tariff to introduce Dedicated DS1 Service (DS1) and Digital Transport Service (DTS.) TDS is still rate base regulated and the company has requested an effective date of April 24, 2000 for this filing. The tariff is included as ATTACHMENT A.

DOCUMENT NUMBER-DATE

05583 MAY-4 8

FPSC-RECORDS/REPORTING

DATE: May 4, 2000

**ISSUE 1:** Should TDS' proposed tariff filing to introduce Dedicated DS1 Service (DS1) and Digital Transport Service (DTS) be approved with an effective date of April 24, 2000?

**RECOMMENDATION:** Yes. The proposed tariff filing to introduce Dedicated DS1 Service (DS1) and Digital Transport Service (DTS) should be approved with an effective date of April 24, 2000.  
(HAWKINS)

**STAFF ANALYSIS:** As previously stated, TDS proposes to introduce two new services, Dedicated DS1 Service (DS1) and Digital Transport Service (DTS).

DS1 is a point-to-point intraexchange service that provides for simultaneous two-way transmission at 1.544 megabits per second from the Central Office to the demarcation point on a customer's premises. This service only transmits digital signals, uses only digital transmission facilities and is designed for customers that require dedicated DS1 facilities from a TDS TELECOM Central Office to their location. DS1 is available for a minimum period of one month and can be available on a month-to-month basis or under term plans, with rates based on contracting for 12 months, 36 months and 60 months.

Rates will not increase for customers who sign contracts for DS1 until the contract period expires. Rates in effect at the time the service is installed will be applicable until the contract expires. When a contract expires, the customer may select a new payment period option at current rates or revert to current monthly rates.

The company states that there are two types of non-recurring charges associated with DS1: Design Order Charge and an Installation Charge. The Design Order Charge is applied once per order while the Installation Charge will not be applied for each Digital Channel installed. These two charges will apply for the establishment of DS1 when the customer signs an agreement to subscribe to the service for a minimum of three (3) years. If the customer discontinues service prior to the conclusion of the three (3) year agreement, the customer will incur a disconnection charge equal to the Design Order Charge and applicable Installation Charges. The disconnection charge will not apply if the customer purchases other services from the Company which replace DS1 service.

DATE: May 4, 2000

DTS is a service which allows a customer to channelize a DS1 Service into 24 voice grade circuits and provides customers with a cost effective option to deliver voice grade service from the serving Central Office to a customer's premises. DTS is only provided with a DS1 Channel (1.544 Mbps) as provisioned through TDS' Local Private Line tariff. DTS supports Direct Inward Dialing (DID) Service, Dedicated 800 Service and Local Exchange Business Trunks. The primary users of this service include Internet Service Providers and owners of PBX Systems.

DTS is subject to the availability of central office equipment and appropriate outside plant facilities. The rate structure for this service requires charges for Trunk Terminations, DS1 facility, Digital Interface Termination and Subscriber Line Charges (SLC). The Digital Interface Termination rate is available on a month-to-month basis or under variable term plans with rates based on contracting for 12 months, 36 months and 60 months. The total number of Trunk Terminations activated by the customer may not exceed the capacity of each DS1 facility.

SLC charges will be assessed based on the number of trunk terminations the customer requests for each DS1. A multi-line SLC charge will apply for each trunk termination. If the number of trunk terminations is not specified, the customer will be charged 24 multi-line SLC charges. Calls will be subject to any applicable usage charges for services provisioned on the DTS channels. Message Telecommunications charges will apply to calls outside the Local Service Area. Touch-tone signaling is required for DTS.

Staff has reviewed the cost data provided by TDS and believes the proposed rate for these services will more than adequately cover incremental cost and provide a contribution. TDS has projected that the annual revenue impact of this tariff filing will be an increase of \$19,656. Total estimated first year costs are \$6,069. This will raise TDS' achieved ROE to 5.85% for the first year as compared to 5.72% on December 31, 1999. The company's authorized midpoint return on equity is 11.65%.

As previously stated, the primary users of these two services will include Internet Service Providers and owners of PBX Systems; therefore, staff recommends that TDS' tariff filing to introduce DS1 and DTS be approved to become effective April 24, 2000.

DOCKET NO. 000383-11

DATE: May 4, 2000

ISSUE 2: Should Docket No. 000383-TL be closed?

RECOMMENDATION: Yes. If the Commission approves staff's recommendation in Issue 1, this tariff should become effective on April 24, 2000. If a protest is filed within 21 days from the issuance date of the Order, this tariff should remain in effect pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed. (BANKS)

STAFF ANALYSIS: If the Commission approves staff's recommendation in Issue 1, this tariff should become effective on April 24, 2000. If a protest is filed within 21 days from the issuance date of the Order, this tariff should remain in effect, pending resolution of the protest with any revenues held subject to refund. If no timely protest is filed, this docket should be closed.

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

Index  
Second Revised Sheet 14  
Cancels First Revised Sheet 14

SUBJECT INDEX

<u>SUBJECT</u>	<u>SECTION</u>	<u>SHEET</u>	
Data Set .....	A.15.B.1.a	37	
Data Sets .....	A20.A.1.e.(4)	3	
Data Terminal Equipment .....	A15.A.3.b (2)	20	
Data Transmission .....	A20.A.1.e	3	
Data Transmission .....	A20.A.1.e.(4)	3	
Data Transmission .....	A20.A.1.e.(5)	3	
Data Transmission .....	A20.B.2.b(1)(b)	13	
Data Transmitting and Receiving and Teletypewriter Equipment .....	A16.B	1	
Data Transmitting and/or Receiving Terminal Equipment .....	A15.B.1	37	
Daytime Transfer .....	A111.D.12.h	28	
DC Power Packages .....	A111.F.33.b	57-61	
DC/DC Converter .....	A111.B	18	
Dedicated DS1 Service .....	A13.O	48-50	(N)
Defacement of Premises .....	A2.E.4	28	
Defect in Transmission .....	A20.A.1.c.(2)	2	
Defects in Transmission .....	A20.A.1.c.(2)	1	
Delays .....	A20.A.1.c.(2)	1	
Delinquency in Payment For Separate Telephone Service .....	A2.B.10.b(4)(c)	5.1	
Delinquency in Payment For Service By a Present Occupant .....	A2.B.10.b(4)(b)	5	
Delinquency in Payment For Service By a Previous Occupant .....	A2.B.10.b(4)(a)	5	
Delivery of Any Communication .....	A20.A.3.a.(3)	7	
Demarcation Point .....	A1	8	
Deposit .....	A4.D.2.j	13	
Description of Plans .....	A22.A.2	1	
Designated Premises .....	A20.A.3.a.(3)	7	
Destruction .....	A20.A.2.e.(1)	5	
Device .....	A3.C.2.i.(1)	8	
Device .....	A3.C.2.i.(3)	8	
Diagnostic Circuitry .....	A111.E.8.b(7)	42	
Dial "0" Trunks to Attendant .....	A111.A.2.w	4	
Dial Call Pickup Display Control .....	A111.D.13.x	34	
Dial Call Pickup Signaling .....	A111.D.13.y	34	
Dial Call Pickup Unit Display .....	A111.A.2.bi	9	
Dial Call Pickup .....	A111.A.2.x	4	
Dial Call Pickup .....	A111.D.13.w	33	
Dial Call Pickup .....	A111.E.8.c(6)	48	
Dial-In-Handset Telephone .....	A114.A.1	1	
Dial-In-Handset Telephone (Trendline and Trimline) .....	A114.A	1	

ISSUED: March 24, 2000

EFFECTIVE: April 24, 2000

BY: Paul E. Pederson, Vice-President

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

Index  
Fourth Revised Sheet 15  
Cancels Third Revised Sheet 15

SUBJECT INDEX

<u>SUBJECT</u>	<u>SECTION</u>	<u>SHEET</u>
Dictation Access and Control .....	A111.A.2.z	4
Dictation Lines .....	A111.D.13.ai	37
Dictation Link Ringing Interrupters .....	A111.D.13.aj	37
Dictation PCB .....	A111.A.6.1	14
DIA-Direct Inward Access (STS) .....	A23.A.11	4
DIA-Direct Inward Access (STS) .....	A23.A.11	9
DID-Assigned and Unassigned Station Numbers .....	A111.Q.3	120
DID-Conditions .....	A11.F.3	16-17
DID-Contract Period .....	A111.Q.6	120
DID Inward Dialing Trunk Termination per DID .....	A11.F.2.a.1	16
DID-Mileage Charge .....	A111.Q.5	120
DID Rates .....	A11.F.2	16
DID Regulations .....	A111.Q.1	120
DID Service .....	A111.Q	120
DID Service Description .....	A111.Q.1	120
DID-Telephone Number Assignment .....	A111.Q.4	120
DID Trunk Card .....	A111.B	16
DID Trunk-Interface .....	A111.H.53d	81
Different Premises .....	A20.B.1.c (1)	11
Digital Clock .....	A111.E.8.d (1)	52
Digital Transport Service .....	A13.N	45-47
Direct Connection .....	A1	8.1
Direct Connections .....	A15.A.3.a	13
Direct Current .....	A20.B.1.a.(5)	10
Direct Current Supply .....	A1	8.1
Direct Electrical Connection .....	A1	8.1
Direct In Lines .....	A111.E.8.b(8)	42
Direct Inward Dialing .....	A111.A.2.y	4
Direct Inward Dialing (Incoming Only) .....	A111.H	95
Direct Inward Dialing Service .....	A111.Q	120
Direct Inward System Access .....	A111.A.2.aa	5
Direct Inward System Access .....	A111.H	95
Direct Outward Dialing .....	A111.A.2.ab	5
Direct Outward Dialing .....	A111.D.8.1	23
Direct Outward Dialing .....	A111.E.8.c(7)	48
Direct Paging .....	A111.E.8.d(12)	52
Directed Call Pickup .....	A111.A.2.ce	11
Directed Call Pickup .....	A111.E.1.c(8)	48
Directory Addresses .....	A6.A.14	3
Directory Assistance .....	A1	8.1
Directory Assistance Exemptions .....	A3.G.2.c	11
Directory Assistance Free Calls .....	A3.G.2.b	11

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BY: Paul E. Pederson, Vice-President

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
FloridaSection A13  
Original Contents Sheet 5

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**MISCELLANEOUS SERVICE ARRANGEMENTS****CONTENTS**

	<u>Sheet</u>
N. Digital Transport Service	45
1. General	45
2. Definitions	45
3. Regulations	45-46
4. Rates and Charges	46-47
O. Dedicated DS1 Service	48
1. General	48
2. Definitions	48
3. Regulations	48-49
4. Rates and Charges	50

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EFFECTIVE: April 24, 2000

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QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
FloridaSection A13  
Original Sheet 45

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**MISCELLANEOUS SERVICE ARRANGEMENTS****N. DIGITAL TRANSPORT SERVICE****1. General**

Digital Transport Service (DTS) provides customers with a cost effective option to deliver voice grade service from the serving Central Office to a customer's premises. DTS is only provided with a DS1 Channel (1.544 Mbps) as provisioned in the Local Private Line tariff. DTS supports Direct Inward Dialing (DID) Service, Dedicated 800 Service, and Local Exchange Business Trunks. The primary users of this service include Internet Service Providers and owners of PBX Systems.

**2. Definitions**

DS0 - One voice grade circuit. This circuit generally has a 64 Kbps transmission speed.

DS1 - Digital facility that is equivalent to 24 DS0s. Total transmission speed is 1.544 Mbps.

**3. Regulations**

- a. DTS is subject to the availability of central office equipment and appropriate outside plant facilities.
- b. The rate structure for DTS requires charges for Trunk Terminations, DS1 facility, Digital Interface Termination and Subscriber Line Charges (SLC).
- c. The Digital Interface Termination rate is available on a month to month basis or under variable rate periods with rates based on lengths of 12 months, 36 months and 60 months.
- d. The total number of Trunk Terminations activated by the customer may not exceed the capacity of each DS1 facility.
- e. SLC charges will be assessed based on the number of trunk terminations the customer requests for each DS1. A multi-line SLC charge will apply for each trunk termination. If the number of trunk terminations is not specified, the customer will be charged 24 multi-line SLC charges.
- f. Additional charges for Central Office services and features, such as telephone numbers associated with Direct Inward Dialing (DID) Service, are applicable when appropriate, as specified elsewhere in this tariff.

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BY: Paul E. Pederson, Vice-President



QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

MISCELLANEOUS SERVICE ARRANGEMENTS

N. DIGITAL TRANSPORT SERVICE (Continued)

3. Regulations (Continued)

- g. Calls will be subject to any applicable usage charges for services provisioned on the DTS channels. Message Telecommunications charges will apply to calls outside the Local Service Area.
- h. Touch-tone signaling is required for DTS.
- i. Unless specifically exempted, DTS is subject to all general regulations applicable to the provision of service by the Company as stated in the general tariff.
- j. As a result of any interface or technical changes required of the Company due to the possible future adoption of FCC rules under Part 68, the Company shall not be responsible if changes in any of the equipment, operations or procedures of the Company utilized in the provision of DTS render any customer premises equipment provided by a customer obsolete or require modification or alteration of such equipment or systems or otherwise affect its use or performance.

4. Rates and Charges

a. Recurring Rates

	<u>Monthly Rate</u>	<u>Trans Code</u>
1) DS1 Facility <sup>1</sup>		
2) Digital Interface Termination		
a. <u>Month-to-Month</u>		
1 Termination	\$390.00	DTSM1
2 Terminations	370.00	DTSM2
3 Terminations	350.00	DTSM3
b. <u>12 Months</u>		
1 Termination	370.00	DTS11
2 Terminations	350.00	DTS12
3 Terminations	330.00	DTS13

<sup>1</sup> See Dedicated DS1 Service in this Section.

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

Section A13  
Original Sheet 47

MISCELLANEOUS SERVICE ARRANGEMENTS

N. DIGITAL TRANSPORT SERVICE (Continued)

4. Rates and Charges (Continued)

a. Recurring Rates (Continued)

	<u>Monthly Rate</u>	<u>Trans Code</u>
2) Digital Interface Termination (Continued)		
c. <u>36 Months</u>		
1 Termination	\$350.00	DTS31
2 Terminations	330.00	DTS32
3 Terminations	310.00	DTS33
d. <u>60 Months</u>		
1 Termination	295.00	DTS51
2 Terminations	275.00	DTS52
3 Terminations	255.00	DTS53
3) Per Trunk Termination (Includes PBX, DID, Toll Terminal and Dedicated 800 Trunks)	4.50	T1T
4) See Paragraph 3.e. above for SLC Charge application.		

b. Non-recurring Charges

	<u>Non-recurring Charge</u>	<u>Trans Code</u>
1) Subsequent Addition/Rearrangement Charge per trunk termination	10.00	T1ARC

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

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**MISCELLANEOUS SERVICE ARRANGEMENTS****O. DEDICATED DS1 SERVICE****1. General**

Dedicated DS1 Service is a point-to-point intraexchange service that provides for simultaneous two-way transmission at 1.544 Megabits per second (Mbps). This service only transmits digital signals and uses only digital transmission facilities. Dedicated DS1 service and its features are offered subject to the availability of central office equipment and appropriate outside plant facilities. This service is specifically designed for customers that require dedicated DS1 facilities from a TDS TELECOM Central Office to their location.

**2. Definitions**

Clear Channel Capability - An optional feature of DTS that allows a customer to transport 1.536 Mbps on a 1.544 Mbps line with no constraint on quantity or bit sequence.

DS1 - Digital facility that is equivalent to 24 DS0s. Total transmission speed is 1.544 Mbps.

Digital Local Channel - A transmission path for Dedicated DS1 Service furnished from the Central Office to the demarcation point on the customer's premises.

**3. Regulations**

- a. Dedicated DS1 Service is available for a minimum service period of one month.
- b. Dedicated DS1 Service is available on a month-to month basis or under variable rate periods, with rates based on lengths of 12 months, 36 months and 60 months.
- c. Rates for Dedicated DS1 under contract will not be increased by Company initiative until the contract period expires. Rates in effect at the time the service is installed will be applicable until the contract expires. Upon expiration of the customer's current payment period option, the customer may select a new payment period option at current rates or revert to current rates on a month-to-month basis.
- d. For channelization of Dedicated DS1 Service, please see Digital Transport Service in this Section.

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BY: Paul E. Pederson, Vice-President

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida

Section A13  
Original Sheet 49

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MISCELLANEOUS SERVICE ARRANGEMENTS

O. DEDICATED DS1 SERVICE (Continued)

3. Regulations (Continued)

- e. If the service is canceled by the customer prior to the completion of the service period, the customer will be obligated to pay a termination charge. The applicable termination charge will be equal to the number of months remaining in the contract times the monthly rate provided under the contract. Termination charges will not apply, however, if the customer replaces the service with comparable service and a contract length that is equal to or greater than the original contract period.
- f. The rates listed in Paragraph 4., following, assume the provision of a digital quality facility that uses existing exchange cable facilities compatible with this service. If such equipment, new facilities or changes to existing facilities are required for the provision of this service, a special construction charge based on the cost incurred to make the changes will apply in addition to the rates for Dedicated DS1 Service.
- g. The two types of non-recurring charges associated with Dedicated DS1 Service include a Design Order Charge and an Installation Charge. The Design Order Charge applies once per order while the Installation Charge will apply for each Digital Local Channel installed.
- h. The Installation Charge and Design Order Charge will not apply for the establishment of Dedicated DS1 Service when the customer signs an agreement to subscribe to the service for a minimum of 3 years. If the customer discontinues service prior to the conclusion of the 3 year agreement, the customer will incur a disconnection charge equal to the Design Order Charge and applicable Installation Charges. The disconnection charge will not apply if the customer purchases other services from the Company which replace Dedicated DS1 Service.

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ISSUED: March 24, 2000

EFFECTIVE: April 24, 2000

BY: Paul E. Pederson, Vice-President

QUINCY TELEPHONE COMPANY  
d/b/a TDS TELECOM/QUINCY TELEPHONE  
Florida**MISCELLANEOUS SERVICE ARRANGEMENTS****O. DEDICATED DS1 SERVICE (Continued)****4. Rates and Charges**

The following rates apply on a per customer basis, regardless of the number of terminating locations.

**a. Recurring Rates**

	<u>Monthly Rate</u>	<u>Trans Code</u>
1) <u>Month to Month</u>		
1 Channel	\$230.00	T1MM1
2 Channels	200.00	T1MM2
3+ Channels	200.00	T1MM3
2) <u>12 Months</u>		
1 Channel	210.00	T1L11
2 Channels	180.00	T1L12
3+ Channels	160.00	T1L13
3) <u>36 Months</u>		
1 Channel	190.00	T1L31
2 Channels	160.00	T1L32
3+ Channels	140.00	T1L33
4) <u>60 Months</u>		
1 Channel	180.00	T1L51
2 Channels	150.00	T1L52
3+ Channels	130.00	T1L53

**b. Non-recurring Charges**

	<u>Non-recurring Charge</u>	<u>Trans Code</u>
1) Design Order Charge, Per Order	\$700.00	T1DOC
2) Installation Charge, First Channel	650.00	T1C1
3) Installation Charge, Second and Additional Channels, per common end	500.00	T1C2A
4) Clear Channel Capability	350.00	T1CCC

ISSUED: March 24, 2000

EFFECTIVE: April 24, 2000

BY: Paul E. Pederson, Vice-President

**QUINCY TELEPHONE COMPANY  
REVENUE PROJECTIONS**

Year One

Service	Monthly Rate	First Year Expected Sales	Monthly Revenue	Totals
3-year, Channelized DS1, Requires 1 Channel	\$190.00	1	\$190.00	
3-year, Dedicated DS1, Requires 2 Channels	\$160.00	4	\$640.00	
Digital Interface Term.; 3-Year, 1 Termination	\$350.00	2	\$700.00	
Per Trunk Terminations	\$4.50	24	\$108.00	
				<b>PROJECTED MONTHLY REVENUE</b>
				\$1,638.00
				<b>PROJECTED FIRST YEAR REVENUE</b>
				<u>\$19,656.00</u>

- 14 -

<b>QUINCY (FL) TELEPHONE CO.</b>	
<b>Intraexchange DS-1 Termination Tariff Support</b>	
<b>Investment:</b>	
Central Office	\$9,625.94
<b>Total Investment Cost</b>	<b>\$ 9,625.94</b>
<b>Recurring Costs:</b>	
Depreciation	\$ 601.62
Cost of Money	\$ 1,006.08
Other Taxes	\$ 174.95
Maintenance	\$ 226.00
Other Recurring Costs	\$ 1,594.71
<b>Total Recurring Costs ( Annual )</b>	<b>\$ 3,603.36</b>
<b>Total Recurring Costs ( Monthly )</b>	<b>\$ 300.28</b>

<b>QUINCY (FL) TELEPHONE CO.</b>	
<b>Intraexchange DS-1 Chan. Term. Tariff Support</b>	
<b>Investment:</b>	
Cable Route	\$1,489.00
Fiber Termination	\$1,596.62
Central Office	\$33.33
Terminating Equipment at Customer Premise	\$474.00
<b>Total Investment Cost</b>	<b>\$3,592.96</b>
<b>Recurring Costs:</b>	
Depreciation	\$248.13
Cost of Money	\$363.57
Other Taxes	\$65.30
Maintenance	\$81.39
Other Recurring Costs	\$595.24
<b>Total Recurring Costs ( Annual )</b>	<b>\$1,353.63</b>
<b>Total Recurring Costs ( Monthly )</b>	<b>\$112.80</b>