

PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND COMPLIANCE DIVISION RESOLUTION T-15766
Telecommunications Branch August 11, 1995

R E S O L U T I O N

RESOLUTION T-15766. GTE CALIFORNIA INCORPORATED.
REQUEST TO ESTABLISH FRAME RELAY SERVICE AS A NEW
OFFERING.

BY ADVICE LETTER NO. 5617 FILED APRIL 22, 1994.

SUMMARY

GTE California Incorporated (GTEC) requests authority under provisions of General Order No. 96-A (G.O. 96-A) to revise Tariff Schedule Cal. P.U.C. No. C-1, Facilities for Intrastate Access, to offer Frame Relay Service (FRS).

MCI Telecommunications Corporation (MCI) filed a protest to Advice Letter No. 5617 on May 11, 1994 and GTEC filed its response on May 18, 1994. Based on a review of the allegations cited in the protest and GTEC's response, we consider the protest to have some merit. We shall authorize GTEC's request to provide FRS on a provisional basis for reasons we discuss below.

This Resolution authorizes GTEC's FRS as a provisional Category II Service. GTEC estimates that the annual revenue impact of this filing will be an increase of \$91,239.

BACKGROUND

FRS provides an efficient way to statistically multiplex across high quality digital lines over a wide geographical area at bandwidths between 56 Kbps (kilobits per second) and 1.544 Mbps (megabits per second). FRS reduces the overhead processing time to get information from one location to another, resulting in higher transmission speed and lower network delay.

GTEC states that although FRS is a Category II Service, it is not requesting pricing flexibility for the service. GTEC's FRS is only available in LATA (Local Access And Transport Area) 5. Under this proposed access tariff, customers can interconnect GTEC's FRS with their designated interexchange carriers (IECs) FRS.

GTEC filed Supplement A to Advice Letter No. 5617 on August 8, 1995 to make minor changes.

GTEC indicates that Commission authorization of this service will result in an estimated increase in annual revenue of \$91,239.

NOTICE

GTEC states that a copy of the Advice Letter was mailed to competing and adjacent utilities and/or other utilities and interested parties. The Advice Letter was listed in the Commission's Daily Calendar of April 27, 1994.

PROTESTS

MCI filed a protest to Advice Letter No. 5617 on May 11, 1994. MCI's protest is based on the assertion that:

- o GTEC's proposed FRS does not adequately demonstrate compliance with the unbundling, imputation and nondiscriminatory access requirements adopted in D.89-10-031. MCI is concerned specifically, with GTEC's lack of demonstration of compliance in the area of nondiscriminatory access.

MCI says that it does not oppose the new service offering, but recommends that the Commission order GTEC to demonstrate that the new FRS is in compliance with the requirements mentioned above before approving the Advice Letter. Of specific concern to MCI is the interoperability of GTEC's FRS with the IECs' FRS. MCI is concerned that customers will be required to purchase redundant access facilities if GTEC's FRS is not interoperable with the IECs' FRS. MCI states that its preliminary review suggests that GTEC's FRS is interoperable with the IECs' FRS. However, MCI believes that it is important that GTEC demonstrate this positive feature.

In its response, GTEC states that FRS is intended to be used in conjunction with the IECs offering to provide seamless interconnections. GTEC contends that its offering complies with the principles of unbundling, imputation and nondiscriminatory access requirements of D.89-10-31. GTEC's response to the protest is summarized as follows:

o Purchase of redundant Access facilities

This is not a requirement of the tariff. One of the major selling points of FRS is that the customer does not need multiple access lines to use the service. One access line can provide connectivity to multiple destinations.

o Demonstration of Interoperability

GTEC has tested its network with those of other carriers which include Pacific, US West and PacNet. GTEC's FRS network can interoperate with MCI's FRS facilities.

o Network to Network Interface.

GTEC's switches support NNI (Network-to-Network Interface) and UNI (User-to-Network Interface), and there is no cost differential in providing either. When service is ordered, the appropriate interface should be specified.

DISCUSSION

FRS is a fast packet network service that permits two-way transmission of data at speeds from 56 kilobits per second up to 1.544 megabits per second using permanent Virtual Circuits (PVCs). To subscribe to GTEC's FRS, a customer will purchase three rate elements:

- o Access Line - A dedicated digital line from the customers premises to the local serving wire center that is available from the existing tariffs.
- o Frame Relay with Port - Access to the FRS switch. This charge incorporates the cost of the FRS switch and an average mileage component for the interoffice transport facilities.
- o Frame Relay Permanent Virtual Circuit (PVC) - PVCs are logic circuits that define a specific path for data sent to another location. These circuits are virtual because they are established in software tables and do not tie up capacity when not in use.

In its protest of AL 5617, MCI contends that GTEC's FRS does not comply with the Commission's unbundling, imputation and nondiscriminatory access requirements. MCI notes that in approving Pacific Bell's FRS, the Commission stated in Resolution T-15408 that "Before Pacific Bell requests permanent Category II authority for its Frame Relay Service, Pacific must demonstrate that its Frame Relay Service complies with the unbundling, non-discriminatory access, and imputation requirements adopted in D.89-10-031 or Pacific Bell unbundles appropriate building blocks for its Frame Relay Service." Since GTEC's proposed FRS is the same as Pacific's FRS, MCI recommends that the Commission order GTEC to demonstrate compliance with the principles of unbundling, nondiscriminatory access and imputation adopted in D.89-10-031 before approving AL 5617.

With regard to MCI's concern of interoperability of GTEC's FRS with the IECs' FRS, GTEC states that its FRS supports both NNI and UNI, and there is no cost difference in providing either.

In Resolution T-15408, we made it clear that "we are not convinced that Pacific's FRS is not comprised of monopoly building blocks." We also stated that "We believe that the dedicated Network facilities which Pacific will use to transport FRS data between the local wire center and Pacific's switch is a monopoly block until and unless Pacific can demonstrate that subscribers to Pacific's FRS may use other providers for the portion of the data transport and Pacific's FRS is truly unbundled."

Based on our review, GTEC's proposed FRS exhibits the same concern we have with Pacific's FRS. For that reason, we are unwilling to grant GTEC's request on a permanent basis until GTEC can demonstrate to our satisfaction that its FRS complies with the unbundling, nondiscriminatory access, and imputation requirements or GTEC unbundles appropriate building blocks for its FRS. Therefore, we will grant GTEC's request to provision FRS on a provisional basis to expire on January 1, 1997.

FINDINGS

1. GTEC filed Advice Letter No. 5617 and Supplement A requesting Commission authorization to offer Frame Relay Service as a Category II Service without pricing flexibility.
2. GTEC states that authorization of this service will result in an estimated annual revenue increase of \$91,239.
3. FRS is a Category II Service.
4. MCI's protest to Advice Letter No. 5617 has some merit.

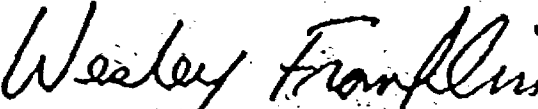
August 11, 1995

THEREFORE, IT IS ORDERED that:

1. GTEC's request to provide Frame Relay Service as a Category II Service with fixed pricing is granted on a provisional basis to expire January 1, 1997.
2. Within 10 days from the effective date of this Resolution, GTEC shall file a supplement to Advice Letter No. 5617 to reflect the change in ordering Para. 1 above.
3. To the extent that this Resolution considers MCI's protest to have some merit and incorporates some of the recommendations contained in the protest, MCI's protest is granted.
4. The Advice Letter as supplemented and tariff sheets authorized in Ordering Para. 2 above shall be marked to show that they were authorized by Resolution T-15766 and shall become effective upon verification by Commission Advisory and Compliance Division that they reflect the changes ordered in this Resolution.

The effective date of this Resolution is today.

I certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on August 11, 1995. The following Commissioners approved it:


WESLEY M. FRANKLIN
Acting Executive Director

DANIEL Wm. FESSLER
President
P. GREGORY CONLON
JESSIE J. KNIGHT, JR.
HENRY M. DUQUE
Commissioners