

**BEFORE THE GUAM PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF:	)	GTA DOCKET 12-04
	)	
TELEGUAM HOLDINGS LLC	)	
INDIVIDUAL CASE BASIS FILING	)	PUC COUNSEL REPORT
	)	
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**INTRODUCTION**

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the filing of TeleGuam Holdings LLC ["GTA"] to establish an Individual Case Basis arrangement with Holiday Resort Guam ["HRG"] pursuant to GTA's ICB Tariff.<sup>1</sup>
2. GTA's tariff for ICB arrangements was previously approved by the PUC in Docket 05-03. The Individual Case Basis Tariff, originally filed by GTA as Tariff Transmittal No. 11 on December 1, 2008, contains three conditions which must be satisfied before an ICB can be approved: a] ICBs will be offered only to business or government customers having or ordering more than 10 access lines; b] Rates for services provided under competitive bids shall not exceed the tariff prices where specific charges are provided in the tariff; c] The ICB prices contained in any contract should be available to any similarly situated customer.<sup>2</sup>
3. In addition, GTA must submit an "LRIC-like" analysis which establishes that the contract prices offered to HRG exceed GTA's incremental cost.<sup>3</sup>

**BACKGROUND**

4. GTA has proposed to enter into an agreement with HRG pursuant to which it will provide HRG certain telecommunications services and facilities.<sup>4</sup> Thereunder, among other services, GTA intends to provide HRG with seven Analog business lines. In addition, GTA is providing 1 ISDN-PRI (Primary Rate Interface) to HRG. The ISDN product offered to HRG has 24 channels, 23 of which are "voice" and one of which is "data." GTA submits that because the ISDN-PRI has 23 channels,

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<sup>1</sup> GTA Telecom LLC filing for an Individual Case Basis arrangement, GTA Docket 12-04, filed June 28, 2012.

<sup>2</sup> GTA Telecom LLC Filing of Individual Case Basis Tariff, filed December 1, 2008.

<sup>3</sup> PUC Order, Docket 05-03, filed October 3, 2008, at p. 2.

<sup>4</sup> GTA Filing, GTA Docket 12-04, Master Services Agreement, filed June 28, 2012.

which can equate to lines, this satisfies the 10 or more business lines requirement for the ICB pricing.<sup>5</sup>

5. GTA will also provide DID number assignments for Block DID (100) to HRG.<sup>6</sup>
6. Along with its filing, GTA has provided a confidential cost study which indicates its incremental cost for ISDN-PRI. GTA has also provided a confidential cost study which indicates its incremental cost for DID Number Assignment.<sup>7</sup>
7. Issues concerning the standards and criteria for an ICB were resolved in GTA Docket 11-04. There PUC confirmed that there are three criteria that GTA must establish in its ICB filing before an ICB arrangement can be approved. GTA must: (1) offer more than 10 access lines for business or governmental customers and shall not exceed the tariff prices, where specific charges are provided in GTA's tariff; (2) consistent with PUC's confidentiality rules, file with PUC each ICB contract upon execution together with analysis which establishes that the contract prices exceed incremental cost as determined using the long run incremental cost [LRIC] standard; and (3) establish that ICB prices contained in any contract shall be available to any similarly situated customer.<sup>8</sup>

### ANALYSIS

8. In this case, GTA seeks to offer ICB pricing to a business customer with more than 10 lines. GTA offers seven business lines to HRG. In addition GTA offers an ISDN-PRI service to HRG with 23 voice channels. Each channel is voice capable and can have a dedicated telephone number assigned to it. The channels can equate to lines. The PUC has previously accepted this interpretation regarding the number of lines offered.<sup>9</sup> GTA's offering of business lines to HRG and the ISDN product satisfies the 10 or more business line requirement for ICB pricing.

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<sup>5</sup> See GTA Filing, GTA Docket 12-04, filed June 28, 2012 [Exhibit A -Certification of Adherence with Docket 05-02] ["Specifically, the attached agreement in Exhibit C is being offered to a business or government customer with more than 10 lines..."].

<sup>6</sup> See GTA Filing, GTA Docket 12-04, filed June 28, 2012 [Exhibit C - Supplemental Information].

<sup>7</sup> Id., at Exhibit B.

<sup>8</sup> PUC Order Re: PDS Request for Reconsideration/Re-Hearing and IT&E Petition for Rehearing, GTA Docket 11-04 dated May 16, 2011; ALJ Report, GTA Docket 11-04, dated June 13, 2011.

<sup>9</sup> See GTA Confidential Filing in GTA Docket 11-07, filed August 15, 2011, and GCG Report Re: GTA Individual Case Basis Tariff for Services Provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011; PUC Order, GTA Docket 11-08, dated September 16, 2011 at Determination 7, p. 2 ["GTA offers an ISDN-PRI service to Tristar with 24 channels (lines). The channels can equate to lines"].

9. The cost per channel (line) offered by GTA to HRG does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.<sup>10</sup> Furthermore, the cost per month for Block DID offered by GTA to HRG does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.<sup>11</sup>
10. Consistent with PUC's confidentiality rules, GTA is required to file with PUC each ICB contract and analysis which establishes that the contract prices exceed incremental cost as determined using the long-run incremental cost [LRIC Standard]. In compliance with this requirement, GTA has filed Exhibit B to its Petition, the GTA LRIC methodology for GTA's offering of ISDN-PRI and DID Number Assignment to HRG.<sup>12</sup>
11. The LRIC study filed by GTA [ISDN/PRI Revenue Requirement Summary], and the Proposed Agreement [Exhibit "C"], indicate that the cost for ISDN-PRI (Channelized T1 Costs) is above the average cost of ISDN-PRI developed in the LRIC study. The offered contract price for ISDN-PRI exceeds the incremental cost as determined using the LRIC-like standard.<sup>13</sup>
12. The LRIC study filed by GTA [DID Number Assignment and Translation], and the Proposed Agreement [Exhibit "C"], also indicate that the cost for Block DID (100) is above the average cost per month per DID Number Assignment developed in the LRIC study. The offered contract price for DID Number Assignment exceeds the incremental cost as determined using the LRIC-like standard.<sup>14</sup>
13. In this Docket, GTA has used the same methodology that GCG proposed in 2008 and the PUC approved.
14. The ICB charges for ISDN/PRI and DID Number assignment are below the normal tariff rates of \$600.00 per month and \$150 per Block DID, respectively.
15. Previously, the PUC had raised an issue in GTA Docket 12-01 as to whether there was any discrimination in the disparate DID charges to military and civilian customers.<sup>15</sup> Counsel notes that GTA has now taken proactive steps in this regard.

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<sup>10</sup> See GTA General Exchange Tariff No. 1; and GTA Filing for Individual Case Basis, GTA Docket 12-04, Exhibit B [ISDN/PRI Revenue Requirement Summary and DID Number Assignment to HRG ] and Exhibit C, Supplemental Information.

<sup>11</sup> Id.

<sup>12</sup> Id.

<sup>13</sup> Id.

<sup>14</sup> Id.

<sup>15</sup> PUC Order, GTA Docket 12-01 [Individual Case Basis Filing, dated March 26, 2012], at p. 4.

On July 25, 2012, GTA filed Tariff Transmittal No. 20, which reduces the current DID monthly recurring charge for the first 100 DID numbers from \$200 per month to \$150.00 per month, and also reduces the monthly recurring charge for each additional 100 DID numbers from \$100.00 to \$75.00. Furthermore, GTA has stated its intent, effective January 1, 2013, to further reduce DID monthly recurring charge for the first 100 DID numbers from \$150.00 per month to \$100.00 per month, and to further reduce the monthly recurring charge for each additional 100 DID numbers from \$75.00 to 50.00. Effectively, GTA will be reducing its current DID tariff charges by 50%.<sup>16</sup>

### RECOMMENDATION

- 15 The PUC should approve GTA's Individual Case Basis filing dated June 28, 2012, which provides for ISDN/PRI and DID Number Assignment prices above the average cost determined by the LRIC studies. GTA has satisfied the three conditions for approval of an ICB arrangement as set forth in the PUC Order issued on February 15, 2008.
16. The ICB pricing offered by GTA to HRG should be in accordance with the prices represented in Exhibits B and C in its Petition.
17. A draft Order is submitted to the Commission for its consideration.

Dated this 26th day of July, 2012.

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Frederick J. Horecky  
PUC Legal Counsel

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<sup>16</sup> GTA Tariff Transmittal No. 20, General Exchange Tariff No. 1, Direct Inward Dial (DID) Service, filed July 25, 2012.