

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	GTA DOCKET 11-08
)	
GTA TELECOM LLC INDIVIDUAL)	
CASE BASIS FILING)	PUC COUNSEL REPORT
)	
)	

INTRODUCTION

1. This matter comes before the Guam Public Utilities Commission [PUC] upon the filing of GTA Telecom LLC [GTA] to establish an Individual Case Basis arrangement with the Tristar Terminal (Guam) Inc. [“Tristar”] pursuant to GTA’s ICB Tariff.¹
2. GTA’s proposed 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: 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.²
3. In addition, GTA must submit an “LRIC-like” analysis which establishes that the contract price offered to Tristar exceeds GTA’s incremental cost.³

BACKGROUND

4. GTA Telecom LLC entered into an agreement with Tristar on August 10, 2011 pursuant to which it will provide Tristar certain telecommunications services and facilities.⁴ Thereunder, among other services, GTA intends to provide “ISDN-PRI (Primary Rate Interface)” to Tristar. GTA is providing 1 ISDN-PRI to Tristar. The ISDN product offered to Tristar has 24 channels, 23 of which are “voice” and one of

¹ GTA Telecom LLC filing for an Individual Case Basis arrangement, GTA Docket 11-08, filed August 15, 2011.
² GTA Telecom LLC Filing of Individual Case Basis Tariff, filed December 1, 2008.
³ PUC Order, Docket 05-03, filed October 3, 2008, at p. 2.
⁴ GTA Filing, GTA Docket 11-08, Master Services Agreement, filed August 15, 2011.

which is “data.” GTA submits that because the ISDN-PRI has 23 channels, which can equate to lines, this satisfies the 10 or more business lines requirement for the ICB pricing.⁵

5. Along with its filing, GTA has provided a confidential cost study which indicates its incremental cost for ISDN-PRI. GTA seeks an ICB for its ISDN-PRI service.
6. 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: (a) 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.⁶

ANALYSIS

7. In this case, GTA seeks to offer ICB pricing to a business customer with more than 10 lines. GTA offers five business lines to Tristar. In addition GTA offers an ISDN-PRI service to Tristar with 23 voice channels. Each channel is voice capable and can have a dedicated telephone number assigned to it. Furthermore, carriers are required to assess “no more than five End User Common Line charges ...for Primary Rate Interface ISDN service.”⁷ The channels can equate to lines. GTA’s offering of the ISDN product satisfies the 10 or more business line requirement for ICB pricing. The cost per channel (line) offered by GTA to Tristar does not exceed the tariff prices provided in GTA’s General Exchange Tariff No. 1.⁸
8. 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

⁵ Appendix 1 to Master Service Agreement, GTA Filing, GTA Docket 11-08, filed August 15, 2011; See also 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.

⁶ 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.

⁷ See GTA Confidential Filing, GTA Docket 11-08, dated September 14, 2011, and 47 CFR §69.104(p)(2).

⁸ See GTA General Exchange Tariff No. 1; and GTA Filing for Individual Case Basis, GTA Docket 11-08, Exhibit B [ISDN/PRI Revenue Requirement Summary to Tristar Terminal].

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 to Tristar.⁹

9. 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.¹⁰
10. In this Docket, GTA has used the same methodology that GCG proposed in 2008 and the PUC approved. In GTA Docket 11-07, GCG, in its Report, indicated that: "ISDN PRI service consists of 24 channels, not 23. It has one data channel and 23 voice grade channels. All are switched. Therefore it would have been appropriate to use a ratio of 24 to 1 for switches and transport."¹¹ In its ISDN-PRI Summary, GTA has clarified that the LRIC model should account for 24, not 23 channels. In addition, GTA has made other modifications in accordance with the GCG recommendations.
11. However, even if all modifications recommended by GCG are applied to the ISDN/PRI Revenue Requirement Summary for Tristar, the per month charge proposed by GTA for ISDN/PRI is above the incremental cost of providing ISDN-PRI Service.¹² The per month charge proposed by GTA to Tristar for ISDN-PRI is above the incremental cost of providing ISDN-PRI service. The ICB charge is also below the normal tariff rate of \$600.00 per month.

RECOMMENDATION

12. The PUC should approve GTA's Individual Case Basis filing dated August 15, 2011, which provides for ISDN/PRI prices above the average cost determined by the LRIC study. GTA has satisfied the three conditions for approval of an ICB arrangement as set forth in the PUC Order issued on February 15, 2008.
13. The ICB pricing offered by GTA to Tristar should be in accordance with the price represented in Exhibits B in its Petition.
14. A draft Order is submitted to the Commission for its consideration.

⁹ Id.

¹⁰ Id.

¹¹ GCG Report Re: GTA Case Basis Tariff for Services provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011.

¹² See ISDN-PRI/Channelized T1 Costs in ISDN/PRI Revenue Requirement Summary, and Appendix 1 to Master Service Agreement between GTA and Tristar, monthly pricing for PRI.

PUC COUNSEL REPORT
In Re: GTA Individual Case Basis Filing
GTA Docket 11-08
September 12, 2011

Dated this 12th day of September, 2011.

Frederick J. Horecky
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