

BEFORE THE GUAM PUBLIC UTILITIES COMMISSION

IN THE MATTER OF:)	
)	GTA DOCKET 11-07
)	
GTA TELECOM 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 GTA Telecom LLC [GTA] to establish an Individual Case Basis arrangement with the Bank of Hawaii [BOH] 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 situation customer.²
3. In addition, GTA must submit an “LRIC-like” analysis which establishes that the contract price offered to BOH exceeds GTA’s incremental cost.³

BACKGROUND

4. GTA Telecom LLC entered into an agreement with Bank of Hawaii on July 1, 2011 pursuant to which it will provide BOH certain telecommunications services and facilities.⁴ Thereunder, GTA intends to provide 35 Business Telephone Lines [“ISDN-PRI (Primary Rate Interface)"] to BOH at an agreed monthly rate for PRI.⁵

¹ GTA Telecom LLC filing for an Individual Case Basis arrangement, GTA Docket 11-07, filed July 11, 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 11-07, Master Services Agreement, filed July 11, 2011.

⁵ Attachment A to Master Agreement; Counsel will not disclose herein the monthly charge by GTA to BOH for ISDN-PRI. All cost information for this private contract has been submitted under a claim of confidentiality.

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 35 ISDN-PRI lines to BOH. The per line cost offered by GTA to BOH does not exceed the tariff prices provided in GTA's General Exchange Tariff No. 1.⁷
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 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 BOH.⁸
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.⁹

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 Georgetown Consulting Group Inc. Report Re: GTA Individual Case Basis Tariff for Services provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011, at p. 2.

⁸ GTA Filing for Individual Case Basis, GTA Docket 11-07, Exhibit B.

⁹ Id.

10. On July 31, 2011, the Georgetown Consulting Group Inc., the independent rate consultant to the PUC, filed its Report Re: GTA Individual Case Basis Tariff for Services provided to Bank of Hawaii, GTA Docket 11-07.¹⁰
11. In its Report, GCG noted that GTA will be providing a number of services to BOH but that only ISDN-PRI prices differ from its regular tariff prices.¹¹ The cost information in the transmittal applies to ISDN-PRI only.¹²
12. In general, GCG finds that GTA has used the methodology that GCG proposed in 2008 although it questions certain of GTA's input assumptions.¹³
13. For example, GCG raises questions concerning the number of lines that GTA used for its calculations. In addition, GCG raised questions concerning the "ISDN-PRI Loop Ratio" utilized by GTA.¹⁴
14. However, notwithstanding the issues raised by GCG concerning GTA's data and assumptions, GCG concurs that the per month charge proposed by GTA is above the incremental cost of providing ISDN-PRI service. The ICB charge is below the normal tariff rate of \$600.00 per month.¹⁵

RECOMMENDATION

15. The PUC should approve GTA's Individual Case Basis filing dated July 11, 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.
16. The ICB pricing offered by GTA to BOH should be in accordance with the price represented in Exhibits B and C in its Petition.

¹⁰ GCG Report Re: GTA Case Basis Tariff for Services Provided to Bank of Hawaii, GTA Docket 11-07, filed July 31, 2011.

¹¹ Id. at p. 1.

¹² Id.

¹³ Id.

¹⁴ Id.

¹⁵ Id.

17. A draft Order is submitted to the Commission for its consideration.

Dated this 8th day of August, 2011.

Frederick J. Horecky
PUC Legal Counsel