

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: May 19, 2015**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ NA _____

DATE: May 6, 2015

TO: Public Utility Commission

FROM: Jim Stanage *JS*

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck *BE*

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST: (Docket No. UM 1718) Petition to Abandon its Frame Relay Service.

STAFF RECOMMENDATION:

I recommend that the Commission grant the petition to abandon Frame Relay Service.

DISCUSSION:

Background

United Telephone Company of the Northwest dba CenturyLink (United) filed a petition to abandon its Frame Relay Service on June 1, 2015. The petition was filed on March 3, 2015, and was made pursuant to OAR 860-032-0020. The rule gives the Commission authority to grant or deny petitions for abandonment of service by telecommunications utilities. The rule also sets forth requirements for the petition.

Descriptions of Services Proposed for Abandonment and Similar Service Offerings

Frame relay is a packet-switching telecommunication service designed for cost-efficient data transmission for intermittent traffic between local area networks (LANs) and between endpoints in wide area networks (WANs). Utilizing statistical multiplexing, Frame Relay Service enables users to allocate circuit bandwidth to applications as needed, up to the maximum bandwidth purchased, rather than assigning fixed channels to specific applications. Frame relay puts data in a variable-size unit called a frame and leaves any necessary error correction (retransmission of data) up to the endpoints,

which speeds up overall data transmission. Frame relay supports transmission speeds up to 1.544 Mbps.

The company states in its petition that current customers have the option of moving to alternative United services, such as IQ Networking Private Port Service, IQ Public Service, Metro Ethernet or Private Line services. However, the company has further explained that while only Private Line Service is offered through its tariff, it would offer Metro Ethernet service under a special contract to the current customers if requested. I note that United has previously provided Metro Ethernet service under a special contract. Nevertheless, IQ Networking Private Port Service and IQ Public Service are services currently offered by CenturyLink Communications LLC, a certified competitive provider and an affiliate of United---i.e., these two services are not actually provided by United.

Customers can also turn to other providers of similar services. United will not automatically convert an existing Enhanced Frame Relay service customer to another United service or to another provider without the customer's approval.

United's abandonment notice to its current customers mentions the company's alternative services. The notice also mentions that the company had indicated in correspondence with each customer in August, 2014, that it intended to discontinue Frame Relay services.

Staff Procedures for Reviewing Service Abandonment

OAR 860-032-0020 provides that a telecommunications utility that intends to discontinue or abandon a regulated intrastate telecommunications service must file a petition with the Commission at least 90 days before the telecommunications utility intends to abandon the service subject to subsections (2) and (7)(a).

OAR 860-032-0020 subsections (5) and (6) require telecommunications utilities that petition to abandon a service to provide certain notifications to its customers, the Commission, and other affected parties.

Furthermore, if the Commission does not deny the petition or set it for hearing within 90 days after receiving the petition, the petition shall be deemed approved as provided for in OAR 860-032-0020(7)(a). There is also a requirement in subsection (7)(b) to mail a notification to any affected customer and to any other telecommunications provider affected by the proposed abandonment at the same time that the telecommunications utility files the petition with the Commission. The telecommunications utility must also

file with the Commission a copy of the notification at the same time it mails the notification and files the petition as provided for in subsection (7)(c). Further still, subsection (7)(d) requires that the telecommunications utility must also demonstrate the abandonment would not deprive the public of "necessary telecommunications services." Finally, the telecommunications utility must obtain Commission approval before transferring customers to another telecommunications provider under subsections (7)(d) and (7)(e).

OAR 860-032-0020(6) contains requirements pertaining to notification of the abandonment by the provider to the Oregon Emergency Management system.

Analysis

United has provided the Commission the customer notice as required by OAR 860-032-0020(5) and has certified that it has been mailed to all existing customers of the services being abandoned. The customer notice contains the necessary information required by the rule.

United customers currently subscribing to Frame Relay Service were mailed notices of these changes on March 3, 2015. To date, staff has not heard from any customer regarding the petition.

OAR 860-032-0020(6) contains requirements pertaining to notification of the abandonment by the provider to the Oregon Emergency Management system. This section of the rule is not applicable to this abandonment because United is not exiting the telecommunications market in Oregon.

The company states that the reason for this petition is that the equipment used to deliver these services has been discontinued by the manufacturer. United notes that it has only five Frame Relay Service subscribers in Oregon.

Other telecommunications providers---i.e., competitive providers---would not be affected by the proposed abandonment.

Refunds to affected United customers would be unnecessary because they would no longer be billed for Frame Relay Service after June 1, 2015.

The petition meets the requirement of OAR 860-032-0020(7)(d) that the petitioner: "Demonstrate that the abandonment will not deprive the public of necessary telecommunications services." That is, there are alternatives available to the Frame

Relay Service customers, and therefore, they would not be deprived of “necessary telecommunications services.”

The Commission could require United to reinstate service to prevent the public from being deprived of necessary services under OAR 860-032-0020(7)(d).

The company states in its petition that no customers would be automatically transferred to other telecommunications providers.

Conclusions

Staff’s analysis outlined above has led to the following conclusions:

- 1) United has certified that it has provided the required notifications to its customers, the Commission, and other affected parties in a timely manner.
- 2) Other telecommunications providers would not be affected by the proposed abandonment.
- 3) United would refund, to any affected customer, any payments for service they do not receive because of the abandonment.
- 4) United has demonstrated that the abandonment would not deprive the public of necessary telecommunications services.
- 5) The Commission could require United to reinstate service to prevent the public from being deprived of necessary services.
- 6) No customers have contacted staff regarding the proposed abandonment.

Commission’s Decision Alternatives

The Commission has the following decision alternatives:

1. Grant the petition---i.e., allow the abandonment of Frame Relay Service.
2. Deny the petition.
3. Set the petition for hearing---i.e., further investigate United’s petition to abandon Frame Relay Service.

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PROPOSED COMMISSION MOTION:

United's petition to abandon the Frame Relay Service be granted.

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