

**PUBLIC UTILITY COMMISSION OF OREGON
INTEROFFICE CORRESPONDENCE**

DATE: December 28, 2016

TO: File through Bryan Conway and Bruce Hellebuyck

FROM: Stephen Hayes

SUBJECT: Citizens Telecommunications Company of Oregon: (Docket No. ADV 436/Advice No. OR-16-08) Makes compliance filing pursuant to FCC Order No. 16-38, Adopted April 27, 2016 and OPUC Order No. 16-448, OTAP Rulemaking, 11/23/2016.

BACKGROUND

I have reviewed this filing and recommend that an acknowledgement letter be sent.

The filing was submitted on November 28, 2016, proposing a December 2, 2016, effective date. The filing included a Less Than Statutory Notice (LSN) application. Due to the reasons explained below an LSN is not required since Citizens is not required to provide notice for this filing and because this is a compliance filing.

The initial filing was supplemented on December 1, 2016.

Citizens is regulated as a small telephone company as defined in Commission Order No. 15-383, dated December 1, 2015. The relevant consequence is that Citizens is exempt from ORS 759.190 Notice of schedule change normally requiring a 30-day notice for schedule changes, including rate changes. Consequently Citizens is not required to provide 30-day notice for this filing. Citizen's exemptions provided by Commission Order will expire in August of 2018 because Frontier opted to extend its Price Plan and Citizen's exemptions are linked to Frontier's Price Plan.

DESCRIPTION OF PROPOSED TARIFF CHANGE

Citizens Telecommunications Company of Oregon (Citizens) proposes to revise the Lifeline tariff by streamlining program rules and eliminating outdated program obligations as required in the FCC's April 27, 2016 Report and Order, Further Report and Order and Order on Reconsideration in relevant WC Docket No. 11-42, (FCC Order No. 16-38). According to the FCC Public Notice (DA 16-1133, released October 3, 2016), the relevant rules became effective on December 2, 2016. Those rules are found in the Code of Federal Regulations (CFRs) Title 47 Section 54.101 – USF supported services and in 47 CFR 54.400(f), (j), (m)-(o) – Definitions of “income,” “qualifying assistance program,” “voice telephony service,” “supported services,” and “National Lifeline Eligibility Verifier”.

The changes affect the way Federal and State program eligibility is determined. Specifically, the program participation list for default eligibility is changed. The recognized programs for Lifeline default eligibility are now defined in 47 CFR 54.409(a)(2) Consumer qualification for Lifeline.

(2) The consumer, one or more of the consumer's dependents, or the consumer's household must receive benefits from one of the following federal assistance programs: Medicaid; Supplemental Nutrition Assistance Program; Supplemental Security Income; Federal Public Housing Assistance; or Veterans and Survivors Pension Benefit.

Finally, a customer may also qualify if they have income at or below 135% of the federal poverty level. The percentage is unchanged but the FCC changed the definition of gross income to align with the Internal Revenue Service definition.

The Oregon Telecommunications Assistance Program (OTAP) conducted a temporary rulemaking culminating with Commission Order No. 16-448. The OTAP rulemaking essentially implemented the FCC Lifeline rules where applicable. The OTAP also received a waiver of the effective date for implementing port freeze rules from the FCC in FCC Order No. DA 16-1324 released December 1, 2016. Citizen's filing complies with the temporary OTAP rules. A permanent rulemaking will be conducted in 2017 that will provide another opportunity for utility tariff compliance filings and additional housekeeping changes where necessary. Additional time for public comment will also be facilitated with the permanent rule making. Since the OTAP requirements are contained in Commission rules Citizen's Tariff specifies only those elements that are necessary for customers and normally contained in Tariffs such as support rates.

This filing does not affect rates under Oregon's jurisdiction. However, under the new FCC rules standalone voice services that are not bundled with a broadband internet access service will experience a gradual waterfall in support. So support rates in this tariff could drop in the future. This waterfall timing is shown in 47 CFR 54.403. The first support reduction could occur in December, 2019. While the support could waterfall a Carrier has an obligation to continue offering lifeline. (47CFR 54.405) The FCC process allowed for public comment on its regulations.

With the exception of Section III, Schedule 9, Second Revised Sheet No. 1, a non-substantive change removing an error regarding state support for Tribal Land, none of the changes proposed are other than to comply with the FCC and OTAP rules.

For the reasons explained above this tariff change filing is viewed as a compliance filing and did not go to a public meeting. Further, Citizens is exempt by Commission Order from filing tariff schedules.