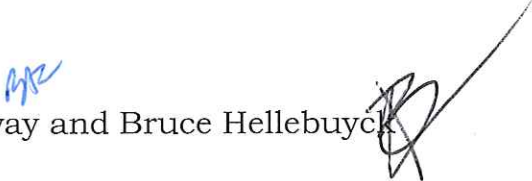



**OREGON PUBLIC UTILITY COMMISSION
(INTEROFFICE CORRESPONDENCE)**

DATE: December 29, 2016

TO: File through Bryan Conway and Bruce Hellebuyck 

FROM: Jim Stanage 

SUBJECT: Citizens Telecommunications Company, Docket No. 463/Advice No. OR-16-09, Establishes a new service with a Convenience Fee Charge for residential and business customers who pay their bill through a live representative.

I have reviewed this filing and recommend that an acknowledgement letter be sent. The filing will go into effect on January 22, 2017. It was filed on December 9, 2016. The filing proposes to establish a new service with a Convenience Fee Charge for residential and business customers who pay their bill through a live representative.

The Commission determined in Order No. 15-383, issued December 1, 2015, that Citizens Telecommunications Company (Citizens) is regulated under ORS 759.040 with special conditions in the form of price caps that are the same as those stated in Frontier Communications Northwest (Frontier) Price Plan, Sections B through P, established through Order No. 14-290 that went into effect August 18, 2014. Under Order No. 15-383, the definitions established under the Frontier Price Plan also apply to Citizens. Under ORS 759.255(4) the rates for regulated services offered through price plans must cover the cost of service. Telecommunications utilities are required under ORS 759.175 to submit tariff filings to the Commission whenever they intend to change their rates, terms, or conditions of service.

This filing establishes a Convenience Fee Charge of \$4.50 that would apply to residential and business customers for one-time payments made with the assistance of a live customer representative to assist customers with electronic payments of their bill via a bank card, a credit card or an electronic funds transfer. The following circumstances would be excluded by the filing from the Convenience Fee Charge: (1) payments for a deposit; (2) advance payment to establish new service; (3) when the automated payment systems are unavailable due to system outages; and (4) if the customer agrees to sign up for automatic bill payment (at the time payment is made).

The \$4.50 charge would also not apply to customers who are enrolled in automatic payment plans, who pay their bill by mail, who use the automatic voice response unit, who use their financial institution's bill payment service, or who pay their bills online at the company's website.

Citizens states that it "is establishing this fee in response to steadily increasing use of this payment option by customers in recent periods. By establishing a convenience fee for this service, customers may then be incented to use other payment options which are free to them, such as by mail, via the company's website, or automated payment by phone."

Staff considers this proposed service to be a "new service" under the definition stated in the Frontier Price Plan because the service was not previously offered through the tariff. Citizens has allowed customers, in the past, to make payments with live operators free of charge *when it was requested by the customer*, but never did so as a tariffed service offering. In addition, it is clear that Citizens never intended to make "payments with live operators" a primary option for receiving customer payments. This fact is evident from the existence of the five other payment modes that are described above and which are all free of charge. Furthermore, because the service involved does not, currently, appear in the tariff it is, therefore, *voluntary on the part of the company* and could be withdrawn at any time.

Citizens submitted a financial analysis that shows that the proposed rate covers the company's estimated long-run, incremental cost of service (LRIC) for the proposed service.

Staff finds that the filing complies with the requirements of the Frontier Price Plan that apply to Citizens and the related Oregon statutes, and therefore, should be allowed to go into effect.

The company estimates that this filing would have a negligible effect on annual gross revenues.