

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 19, 2018

REGULAR _____ CONSENT X EFFECTIVE DATE July 3, 2018

DATE: June 1, 2018

TO: Public Utility Commission

FROM: Nicola Peterson *NAP*

THROUGH: Jason Eisdorfer, Bryan Conway, and Roger White *JE BC RW*

SUBJECT: CITIZENS TELECOMMUNICATIONS COMPANY OF OREGON: (Docket No. ADV 755/Advice No. OR-18-03). Revises intrastate access tariff rates as required by FCC Order No. 11-161 and subsequent orders.

FRONTIER COMMUNICATIONS NORTHWEST INC.: (Docket No. ADV 756/Advice No. 1063). Revises intrastate access tariff rates as required by FCC Order No. 11-161 and subsequent orders.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow the May 18, 2018, filings by Citizens Telecommunications Company of Oregon (Docket No. ADV 755/Advice No. OR-18-03) and Frontier Communications Northwest Inc. (Docket No. ADV 756/Advice No. OR 1063), which revises their intrastate access rates, effective July 3, 2018, to go into effect.

DISCUSSION:

Issue

FCC Order No. 11-161 adopted an intercarrier compensation (ICC) reform timeline requiring carriers to adjust over time many of their legacy ICC rates, effective July 1 of each year, with the ultimate goal of transitioning to a bill-and-keep¹ regime. FCC Order WC Docket No. 18-100 DA 18-355 granted a limited waiver of the July 1 effective date for the 2018 annual access filings, setting a July 3, 2018, as the effective date for the

¹ Bill-and keep is a pricing arrangement for the interconnection (direct or indirect) of two telecommunications networks under which the reciprocal call termination charge is zero. That is, each network agrees to terminate calls from the other network at no charge.

2018 rate changes. The transition period for Price cap carriers began on July 1, 2012, and is complete on July 3, 2018.

Applicable Rule or Law

Per ORS 759.190: No change shall be made in any schedule, including schedules of joint rates, except upon 30 days' notice to the Public Utility Commission. Citizens Telecommunications Company of Oregon and Frontier Communications Northwest Inc., have annually submitted filings that revise their interstate access tariffs' language and rates as required by the above FCC Order.

Analysis

On May 18, 2018, Citizens and Frontier filed advices for their intrastate access tariffs² to be effective July 3, 2018.

The intrastate access tariffs to be revised are the following:

Citizens Telecommunications Company of Oregon: (Docket No. ADV 755/Advice No. OR-18-03) P.U.C. OR No. 2;

Frontier Communications Northwest, Inc. (Docket No. ADV 756/Advice No. OR 1063) P.U.C. OR. No. 12.

This filing is the seventh and final step in implementing the FCC's program of intercarrier compensation reforms. The first two steps (2012 thru 2013) required Price Cap Carriers to reduce their intrastate access rates³ to parity with interstate rates. The next four steps (2014 thru 2017) required Price Cap Carriers to reduce terminating local switching and reciprocal compensation rates to \$0.0007 and then to bill and keep. In 2017 and 2018 the program also addressed terminating switched end office rates within the tandem servicing area (where the terminating carrier owns the serving tandem

² Access charges are imposed by a local exchange carrier (LEC) on calls to or from an interexchange carrier (IXC) to compensate the local carrier for the use of its facilities. Access charges recover a portion of the cost of the local loop (from the end user to the Central Office), a portion of the cost of the switching equipment in the Central Office, and the company's portion of the facilities used to transport the call from the end-user's central office to the central office located in the state where the call is terminated. These costs are assigned to the intrastate jurisdiction as defined in Federal Communications Commission (FCC) Separation Rules (47 CFR Part 36) and adopted by the PUC.

³ Intrastate terminating end office and transport rates, originating and terminating dedicated transport, and reciprocal compensation rates.

switch). These rates were to be reduced to no more than \$0.0007 in 2017 and then finally to bill and keep in 2018. The specific changes this year are:

Citizens Telecommunications Company of Oregon:

Tandem Switched Transport Facility– Terminating End Office per minute/mile from \$0.00000410 to \$0.000

Tandem Switched Transport Termination – Terminating End Office per minute/termination from \$0.0001 to \$0.000

Tandem Switching – Terminating End Office per minute from \$0.00017103 to \$0.000

Frontier Communications Northwest, Inc.:

Tandem – Switched Transport - Facility – Terminating End Office per minute/mile from \$0.000002 to \$0.000

Tandem Switching Rate – Terminating End Office per minute from \$0.00068 to \$0.000

Staff has reviewed the revised tariff sheets and supporting data.

Conclusion

The submissions conform to the methodology specified by the FCC. As required by the FCC, intrastate rates will more closely resemble a company's interstate rates.

PROPOSED COMMISSION MOTION:

Allow Citizens Telecommunications Company of Oregon (Docket No. ADV 755/Advice No. OR-18-03) and Frontier Communications Northwest Inc. (Docket No. ADV 756/Advice No. OR 1063), revising intrastate tandem switched transport access rates to go into effect July 3, 2018.