

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 30, 2014

REGULAR _____ CONSENT EFFECTIVE DATE _____ N/A

DATE: September 19, 2014

TO: Public Utility Commission

FROM: Kathy Shepherd [Ⓟ]

THROUGH: Jason Eisdorfer, Bryan Conway, and Kay Marinos ^{JE} ^{BAC} ^{KM}

SUBJECT: TELECONNECT LONG DISTANCE SERVICES & SYSTEMS CO. and MCI COMMUNICATIONS SERVICES, INC.: (Docket Nos. UM 259 and CP 734) Petition for Waiver of Notice Requirement of OAR 860-032-0020(11).

STAFF RECOMMENDATION:

The Commission should grant the petition by Teleconnect Long Distance Services & Systems Co. dba Telecom USA (Teleconnect) and MCI Communications Services, Inc. dba Verizon Business Services (MCI) (together, Applicants) seeking waiver of the 90-day time period for notification of abandonment of service under OAR 860-032-0020(11), and permit a customer notice period of 75 days and a Commission notice period of 35 days.

DISCUSSION:

On September 10, 2014, Applicants filed notice with the Commission that they will be transferring customers from Teleconnect to MCI. The transfer is in conjunction with a multi-state effort to consolidate certain Verizon subsidiaries as part of an internal corporate reorganization, with a scheduled implementation date of no later than October 15, 2014. Teleconnect and MCI are both competitive telecommunications providers certificated to provide intrastate long distance service in Oregon. Teleconnect was granted a certificate of authority on September 22, 1989. See Docket No. UM 259, Order No. 89-1246. MCI was granted a certificate of authority on February 2, 2000. See Docket No. CP 734, Order No. 00-054.

OAR 860-032-0020(11) governs the abandonment or transfer of intrastate toll customers by competitive telecommunications service providers. This rule requires the

provider to give 90 days' notice to both the affected customers and the Commission prior to the abandonment of service or transfer of customers. Applicants request a waiver of the rule requiring 90 days' notice.

In their Joint Notice of Customer Transfer and Request for Waiver, Applicants stated that they had not previously understood that OAR 860-032-0020(11)'s 90-day notification requirements would apply to the transfer of customers resulting from this consolidation until they were advised of this requirement in an unrelated matter. Applicants had provided notice to customers on August 1, 2014, but had not formally provided a copy of such notice to the Commission until September 10, 2014. In order to ensure that Applicants can execute the nationwide plan to transfer all customers from Teleconnect to MCI on or before October 15, 2014, and to avoid costs imposed by delay, Applicants filed their request for waiver of OAR 860-032-0020(11)(a) and (b), specifically the 90-day notification period for customers and the Commission. OAR 860-032-0020(16) allows the Commission to grant a petition to waive any time period or requirement of the rules for good and sufficient reason.

Applicants state that the transfer will be virtually transparent to most customers. For the most part, there will be no changes to rates, terms, and conditions of service. For one Oregon customer, it was not possible to move that customer's Teleconnect rate plan to the MCI billing system. That customer was offered a similar rate plan. Customers have the option of discontinuing service and selecting a different provider if they choose.

Because the customer transfer is part of a multi-state effort to consolidate certain subsidiaries scheduled for October 15, 2014, compliance with the 90-day notice requirement would delay the consolidation and impose a significant burden on Applicants. Applicants believe the public interest will not be harmed by granting the waiver and allowing 75 days for customer notice and 35 days for Commission notice. Staff agrees in this case, based on the fact that the time period for customer notification is just 15 days less than the 90-day requirement. There is minimal impact to customers as a result of this consolidation between subsidiaries, and customers will have ample time to make a decision regarding their telecommunications service.

PROPOSED COMMISSION MOTION:

Teleconnect Long Distance Services & Systems Co. dba Telecom USA and MCI Communications Services, Inc. dba Verizon Business Services' petition for waiver of the 90-day notice period for customer and Commission notification of abandonment of service under OAR 860-032-0020(11) be granted and a notice period of 75 days for customers and 35 days for the Commission be permitted.