

**OREGON PUBLIC UTILITY COMMISSION  
INTEROFFICE CORRESPONDENCE**

**DATE:** June 22, 2015

**TO:** File through Bruce Hellebuyck 

**FROM:** Stephanie Yamada 

**SUBJECT:** Citizens Telecommunications Company of Oregon, Advice No. OR-15-02, Establishes a promotion for business customers who subscribe to the Simply Unlimited Service-Leader bundle under a term plan.

I have reviewed this filing and recommend that an acknowledgement letter be sent. The filing went into effect on April 1, 2015, and was filed on March 26, 2015. During the promotional period from April 1, 2015, through June 29, 2015, new and current business customers that subscribe to Frontier's Simply Unlimited Service-Leader bundle under a one, two, or three-year term contract will be eligible to purchase their first line for \$29.99 per month and up to eleven additional lines for \$24.99 each per month. The discounted monthly rates will remain in effect during the term of the customer's contract. To be eligible for the promotional rates, the customer must subscribe to the Frontier Simply Unlimited Long Distance plan through Frontier Communications of America, as well as Broadband. This promotion offer is subject to the applicable termination liability for the individual products as listed in the tariff.

Simply Unlimited Service-Leader includes one flat rate business access line, a group of standard custom calling features, Voice-mail,<sup>1</sup> flat rate Extended Area Service (EAS),<sup>2</sup> and a group of optional add-on features. The package rate also includes the End User Common Line Charge and the Access Recovery Charge that are found in the company's federal tariff.<sup>3</sup> The package also allows customers to use eight of the optional add-on features. The package is available to Business customers that subscribe to a maximum of twelve Single Party Business Lines per customer location.

The monthly rates for the Simply Unlimited Service-Leader package are \$48.99 for each of the first three lines and \$33.99 for the fourth through the twelfth lines. Therefore, promotional customers would pay \$29.99 monthly for their first

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<sup>1</sup> Voice-mail is a deregulated service, which was deregulated in PUC Order No. 96-257 (Docket UT 17).

<sup>2</sup> The monthly business flat rate EAS charges range from \$1.90 to \$8.60.

<sup>3</sup> The monthly End User Common Line Charge (i.e., subscriber line charge/SLC) is \$6.50 and the Access Recovery Charge is \$0.50.

Simply Unlimited Service package instead of \$48.99 as they would under the regularly tariffed rates. In addition, promotional customers would pay \$24.99 monthly for their 2nd and 3rd Simply Unlimited Service packages instead of \$48.99 as they would under the regularly tariffed rates. Also, promotional customers would pay \$24.99 monthly for their fourth through their twelfth lines instead of \$33.99 as they would under the regularly tariffed rates.

Telecommunications utilities are allowed to promote the use of their services, under ORS 759.267, by offering a waiver of part or all of a recurring or nonrecurring charge, a redemption coupon, or a premium with the purchase of a service. In addition, under ORS 759.182, telecommunications utilities are allowed to file promotional rate schedules with the Commission that are concurrent with the effective date for promotion, but are required to price promotional services at prices that are not below the price that the service is sold to another carrier. This filing complies with these requirements.

This Citizens promotion ran previously from August 25, 2014, through November 25, 2014, and from January 1, 2015, through March 31, 2015. Large telecommunications utilities are required, under OAR 860-026-0025, not to promote any regulated service for more than 180 days in any 12-month period. Prior to the submission of this filing, Citizens was treated as a small company, which would have made it exempt from the 180-day limit on promotions. However, after this filing was submitted, staff began discussing the possibility that Citizens should in fact be treated as a large company pursuant to ORS 759.040. This promotion went into effect as staff sought clarification on this issue.

After discussions between staff and legal counsel, it has been determined that Citizens should in fact be treated as a large telecommunications utility pursuant to ORS 759.040 due to its affiliation with Frontier Communications Northwest Inc. Staff has advised the company of its position via a phone conference on May 13, 2015. If Citizens had been considered a large company when this promotion first ran in August 2014, then the current filing would place the company out of compliance with OAR 860-026-0025 since the promotion went into effect on April 1, 2015. However, staff only recently re-evaluated the Company's status, and staff notes that it does not believe that the availability of discounted prices throughout the duration of this promotion caused harm to any party. Going forward, Citizens will be treated as a large company, and therefore will be subject to the 180-day limit on promotions under OAR 860-026-0025.