

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: April 29, 2014

REGULAR _____ CONSENT X EFFECTIVE DATE April 30, 2014

DATE: April 11, 2014

TO: Public Utility Commission

FROM: Stephanie Maeda 

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck 

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST: (Advice No. OR14-02) Establishes Core Connect 2, a new bundle for business customers.

STAFF RECOMMENDATION:

Staff recommends that the tariff sheets filed be allowed to go into effect and that the request for a waiver of statutory notice be granted.

DISCUSSION:

With this filing, United Telephone Company of the Northwest dba CenturyLink (United) proposes to establish Core Connect 2, a new bundle option available to business customers, as well as Core Connect 2 LITE, a variation of Core Connect 2.

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 was submitted on March 28, 2014, but has since been revised. Although the revisions were minor, they were filed less than thirty days prior to the effective date. ORS 759.190 requires tariff filings to be made at least thirty days prior to their effective dates. However, the company has filed a request for a waiver of the statutory notice requirement so that the tariff filing can be allowed to go into effect with less than the statutory notice of thirty days (i.e., a request sometimes referred to as an LSN).

Core Connect 2 is an optional enrollment plan that permits business customers who subscribe to qualifying products and services to receive exchange services and additional features and services for a flat monthly rate. Core Connect 2 bundles are

available under month-to-month, one-year, two-year, or three-year plans. Core Connect 2 customers must subscribe to a qualifying long distance plan and the company's non-regulated high-speed internet service. Alternatively, customers may elect Core Connect 2 LITE, which offers the same options as Core Connect 2 for a slightly higher monthly price but does not require customers to subscribe to a long distance plan.

Core Connect 2 and Core Connect 2 LITE customers receive business one-party flat rate or key line flat rate services (including both exchange service and flat rate EAS), and a choice of optional features (e.g., call forwarding, three-way calling, and call waiting ID).

Staff has reviewed the filing and determined that each of the regulated items in this package may be purchased separately. The price of the package is not less than the sum of the long run incremental costs of the individual items in the package. The price of the package, which includes both regulated and unregulated services, does not exceed the tariff rates for the regulated services and the retail price for the unregulated services.

Package Rates

Core Connect 2 1 st Bundle	Core Connect 2 LITE 1 st Bundle	Core Connect 2 & Core Connect 2 LITE 2 nd through 10 th bundle			
All Terms	All Terms	Month-to- Month	1 Year Term	2 Year Term	3 Year Term
\$55.00	\$60.00	\$35.00	\$32.50	\$27.50	\$25.00

United submitted an analysis showing that the proposed rates cover the cost of service. Although United has not completed a general cost study docket and had its results adopted by the Commission, the proposed rates do cover the adopted long-run, incremental costs (LRIC) of Qwest Corporation (dba CenturyLink) for the same regulated services, which staff is using as a surrogate.

United estimates the annual revenue effect of this filing to be approximately \$490,000. However, the company did not show the net reduction in estimated revenue attributable to the effect of substitution of the new packages for the customers' current subscribed services. Therefore, the actual revenue effect is likely to be lower than the company's estimate.

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PROPOSED COMMISSION MOTION:

The United tariff proposed in Advice No. OR14-02 be allowed to go into effect with less than statutory notice.

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