



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

**DATE:** November 28, 2014

**TO:** File through Bruce Hellebuyck 

**FROM:** Stephanie Yamada 

**SUBJECT:** Nehalem Telecommunications Inc., Advice No. 15  
Increases the residential and business rates for local access line service.

I have reviewed this filing and recommend that an acknowledgement letter be sent. The filing will go into effect on November 30, 2014. It was filed on September 30, 2014. The filing proposes to increase residential and business rates for one-party local access line service. A customer notice was sent to customers and the Commission on September 23, 2014. Minor corrections were later made to the notice, and a revised customer notice was sent to customers on October 2, 2014.

The proposed local access line rate increases are as follows:

| <u>Service</u>        | <u>Current Rate</u> | <u>Proposed Rate</u> | <u>Increase</u> | <u>Percent</u> |
|-----------------------|---------------------|----------------------|-----------------|----------------|
| One-Party Residential | \$14.00             | \$14.80              | \$0.80          | 5.71%          |
| One-Party Business    | \$16.00             | \$16.80              | \$0.80          | 5.00%          |

The filing will affect 1,800 residential customers and 493 business customers.

The filing complies with Oregon Revised Statutes (ORS) 759.175, which requires telecommunications utilities to submit tariff filings to the Commission whenever a telecommunications utility intends to change its rates, terms, or conditions of service. The filing is exempt under ORS 759.040 from the requirement under ORS 759.190 that tariff filings be made at least thirty days prior to their effective dates. However, under ORS 759.040, the company is required to provide notice to its customers at least 45 days prior to the effective date of any rate increases. The Commission requires that a copy of the customer notice be filed at the same time that customers are sent notice, under OAR 860-034-0310. The company has notified its customers in compliance with the statute and has filed a copy of the customer notification letter with the Commission.

The company's customers have the right to petition the Commission requesting an investigation of any proposed rate increases under ORS 759.040 (6). Such a petition must be "Filed with the commission not less than 10 days prior to the proposed effective date of new or revised tariff schedules," as specified in ORS 759.040 (6)(a). The deadline for sending the petition(s) to the Commission was November 20, 2014. Six customers petitioned the Commission in opposition to the rate increase. The Commission would have had to have received petitions from 230 customers to have triggered a rate investigation under the statute.

The company states that the primary purpose of the filing is to comply with the Federal Communications Commission's (FCC) Order No. 11-161. In that order, the FCC adopted new rules concerning the Universal Service Fund (USF). The effect of those rules is to penalize any company whose residential rate (plus EAS and state regulated fees) is less than \$16.00 per month for rates effective December 1, 2014, or less than \$18.00 per month effective July 1, 2016. The penalty would result in a dollar-for-dollar reduction in USF support for the company's operations.

The filing will provide additional annual revenue of approximately \$22,013.