

**OREGON PUBLIC UTILITY COMMISSION
INTEROFFICE CORRESPONDENCE**

DATE: February 20, 2015

TO: File through Bryan Conway and Bruce Hellebuyck

FROM: Jim Stanage

SUBJECT: CenturyTel of Oregon, (Advice Nos. 339 and 15-001) Move services from the company's regular tariff (PUC OR No. 5) to its *Price List* in compliance with Order No. 14-347, in docket UM 1686, and provides notice of certain price changes.

I have reviewed this filing and recommend that an acknowledgement letter be sent. The filing will go into effect on March 1, 2015, and it was filed on January 14, 2015. In Advice No. 339, CenturyTel of Oregon (CenturyTel) proposes to increase the monthly rates for most residential local access line services by \$2.00 per line, but decreases residential rates for Extended Area Service (EAS) customers in EAS Bands D and E by \$2.00 per line. The filing also increases the rates for some "other services" and "packages/bundles." In addition, CenturyTel proposes to move many currently tariffed services from its regular tariff, PUC OR. No. 5, to its *Price List*.

Advice No. 15-001, which consists of 157 tariff sheets, represents the portion of the regular tariff that would be moved to the company's *Price List*.

Advice No. 339, which consists of 120 tariff sheets, represents the changes that would be made to the current regular tariff if the changes proposed in Advice No. 15-001 are allowed. Advice No. 339 also renumbers PUC OR. No. 5 to be PUC OR. No. 6. These filings have been made pursuant to the establishment of a *Price Plan* under ORS 759.255.

On October 7, 2014, the Commission issued its Order No. 14-347, in docket UM 1686, approving a *Price Plan* for CenturyTel under ORS 759.255. Section 1 of the statute states: "Prices approved under the plan are not subject to the provisions of ORS 759.180 to 759.190 and shall become effective as stated in the plan." This provision of the statute has the effect of allowing CenturyTel the same relief from regulatory requirements as ORS 759.054, which allows a telecommunications utility to establish specific services in a "price list," and which allows the utility to change rates for service upon notice to the Commission. The *Price Plan*, Section P, also allows for rate changes to be made upon notice to the Commission for the group of services that these filings would establish in a price list. Therefore, in order to simplify administration of the *Price Plan*, CenturyTel has made these two related filings.

Section B, *Pricing and Availability of Services under Price Plan*, establishes certain specific pricing restrictions and is most pertinent to this filing.

Section B.1.b of the *Price Plan* states:

Primary line basic service for residential customers will be subject to price caps. Monthly rates for this Service may increase a maximum of \$3.00 during the period of the Price Plan. CenturyTel may increase these rates up to a \$2.00 [maximum] on the Price Plan's effective date, and may increase rates up to an additional \$1.00 beginning in year 2 of the Price Plan.

The proposed local access line services and EAS rate changes are as follows:

<u>Service</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Amount</u>	<u>Percent</u>
One-Party Residential				
Rate Group 1	\$12.48	\$14.48	\$2.00	16.0%
Rate Group 2	\$16.55	\$16.55	\$0.00	0.0%
Measured Residential				
Rate Group 1	\$8.55	\$10.55	\$2.00	23.4%
Rate Group 2	\$13.55	\$15.55	\$2.00	14.8%
EAS				
Band D	\$8.50	\$6.50	(\$2.00)	(23.5%)
Band E	\$10.00	\$8.00	(\$2.00)	(20.0%)

Section H of the *Price Plan* states:

Monthly rates for "Other Services" for business customers will not be subject to price caps. Monthly rates for residential customers may increase up to 50 percent or \$.50, annually, whichever is greater. The cumulative price increase over the term of the Price Plan is not to exceed 200 percent for residential customers.

The proposed Other Services rate changes are as follows:

<u>Service</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Amount</u>	<u>Percent</u>
Residential				
Additional Listing	\$1.00	\$1.50	\$0.50	50.0%
Alternate Listing	\$1.00	\$1.50	\$0.50	50.0%
Cross-Reference Listing	\$1.00	\$1.50	\$0.50	50.0%
Foreign Listing,				
Alpha Section	\$1.00	\$1.50	\$0.50	50.0%
Lines of Information,				
per line	\$1.00	\$1.50	\$0.50	50.0%

Therefore, the proposed rate increases do not violate the rate increase limits established in the *Price Plan*. The rate reductions for EAS services do not render the proposed rates to be below the cost of service, and therefore, they comply with the price floor requirement of ORS 759.255(4).

Section H of the *Price Plan* allows the rates for Packages and Bundles to be increased by any amount as long as the resulting rate is not more than the sum of the retail rates of the individual services available in the package or bundle. Advice No. 15-001 proposes to increase the rates of five packages/bundles by approximately four percent to 31 percent, but none of the proposed rates is greater than the sum of the retail rates of the individual services available in the packages/bundles, respectively. Therefore, the proposed rate increases do not violate the conditions of the *Price Plan*.

The filings were submitted on January 14, 2015, and thus, comply with CenturyTel *Price Plan*, Section P, which requires tariff changes to be filed at least thirty days prior to their effective dates. 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.

PUC OR. No. 6

The Commission Order No. 14-347 results in a number of services being retained in PUC OR. No. 6, *Network Access Service*, including:

- Residential Primary Line Basic Services;
- Non-recurring Charges for Residential and Business Primary Line Basic Services;
- Telephone Assistance Programs (OTAP, Tribal Lifeline, and Link-Up);
- Extended Area Service;
- Toll Restriction Service;
- Call Trace;
- Unlisted Numbers and Directory Listings; and
- E911 Services (including Private Switch/Automatic Location Identification [PS/ALI]).

Notice of tariff/price list changes

CenturyTel will provide the Commission notice of price increases or other changes to terms and conditions of service by making filings for services in the regular tariff at least 30 days prior to the effective date of such changes. CenturyTel will provide the

Commission notice of price decreases for services under price cap by making tariff filings at least one day prior to the effective date of such price decreases.

CenturyTel will make price list changes to its *Statewide Price List* services at least one day prior to the effective date of any change. CenturyTel will also provide customers at least 30 days prior notice for services they are purchasing at the time of the price increase. For services on a per-call basis, CenturyTel will give "reasonable notice" to the customer of the price prior to the customer's use of the service.