

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: September 8, 2015

REGULAR  CONSENT  EFFECTIVE DATE Upon Approval

DATE: August 26, 2015

TO: Public Utility Commission

FROM: Jim Stanage *JS*

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck *BE*

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST AND CENTURYTEL OF OREGON, INC.: (Docket No. UD 25) Petition to price list the Home Phone II Service package that currently appears in the companies' tariffs.

**STAFF RECOMMENDATION:**

Staff recommends that the filed petition be granted and that the companies be directed to file price lists.

**DISCUSSION:**

**Background**

United Telephone Company of the Northwest dba CenturyLink (United), CenturyTel of Oregon, Inc. dba CenturyLink (CenturyTel) and CenturyTel of Eastern Oregon, Inc. dba CenturyLink (CenturyTel) have filed a joint petition to price list their respective Home Phone II packages for residential customers. United and CenturyTel are separate Oregon telecommunications utilities each with its own Oregon tariff. That is, United has its own independent tariff, and CenturyTel of Oregon, Inc. and CenturyTel of Eastern Oregon, Inc. have a single tariff together.

Only the packages themselves would be price-listed, not the individual component services in the packages. The individual component services would remain in the companies' regular tariffs or price lists. The initial rate for the packages would be the current tariff rate for both United and CenturyTel. The petition was filed August 12, 2015, and was amended August 13, 2015.

Pursuant to Oregon Revised Statutes (ORS) 759.058, the Commission has 60 days from the filing date to either determine the appropriateness of the filing or determine that further investigation is necessary. The Commission has until October 11, 2015, to take action on this petition.

## **Analysis**

### **Procedures for Reviewing Service Exemptions**

Pursuant to ORS 759.054(1) and Oregon Administrative Rule (OAR) 860-032-0035, the Commission may approve a price list petition if: (1) the services can be demonstrated to be subject to competition or (2) the service is not an essential product or service. That is, the Commission may authorize a telecommunications utility to price list services if the services are not essential services, without any requirement that the services be subject to competition.

OAR 860-032-0035(6)(j) of this rule allows a rebuttable presumption that a package of telecommunications services is not essential, provided that each service within the package is readily available to customers separately in the tariff. All of the services in the packages included in this petition are tariffed services and all are available separately.

In addition, this filing is in compliance with OAR 860-032-0035(8), which requires that the rate set for a package of services must be equal to or greater than the tariff rate(s) for the essential service(s), plus the long-run incremental cost(s) of the "not essential" services in the package.

ORS 759.058 requires the Commission to, within 60 days of the filing, determine the appropriateness of the filing or determine that further investigation is necessary.

If the Commission grants the petition, and then, United and CenturyTel file their advices to effect the transfers of the packages from their tariffs to their price lists, pursuant to OAR 860-032-0035(11), future revisions to the packages can be effective upon filing with the Commission. The suspension and hearing requirements of ORS 759.180 to 759.190 do not apply to filing or revising a price list.

Pursuant to OAR 860-032-0035(12), the Commission may, at any time, review a telecommunications utility's price-listed services and, after hearing, order the utility to change its rates, terms or conditions of its price-listed services.

#### Descriptions of the Services Proposed for Price Listing

The Home Phone II packages for both United and CenturyTel are currently offered to residential customers under approved tariffs at monthly rates of \$28.95 and \$38.95, respectively. The monthly rate for both company's packages includes one flat rate access line, flat rate Extended Area Service (EAS), and a choice of 17 calling features. Voice Messaging is an unregulated service that is part of the packages and has an additional monthly charge of \$2.99. Also, the monthly rates do not include the recurring charges for the qualifying long distance plans.

A customer must subscribe to either CenturyLink Communications, LLC, Home Phone II Per Minute long distance plan or Home Phone II Unlimited long distance plan to qualify for the proposed bundle. Both long distance plans are non-regulated services and require additional charges.

#### Conclusions

Staff's analysis outlined above has led to the following conclusions:

- 1) The service packages included in the petition are not essential. The individual services included in the packages would remain available in the companies' respective tariffs and price lists. The prices of the price-listed service packages would remain equal to or greater than the tariff rate(s) for the essential service(s), plus the long-run incremental cost(s) of the "not essential" services in the package(s).
- 2) The initial price-listed rate for the packages would be the companies' current tariffed rates; therefore, the filing would have no effect on the companies' annual revenues.

#### Commission's Decision Alternatives

The Commission has the following decision alternatives:

- 1) Suspend and further investigate the petition to price list the petition service.
- 2) Allow the petition to go into effect.

**PROPOSED COMMISSION MOTION:**

An order be issued granting the petition and directing the companies to file price lists consistent with the petition.

The order should include a requirement that: (1) the individual services/features included in the service packages remain available separately in the companies' respective tariffs and price lists, (2) the total prices of the service packages shall not exceed the sum of the tariffed/price listed rates of the individual service components included in the packages, and (3) the decision to grant the petition is made without prejudice to future decisions regarding whether any particular services are essential or nonessential, or whether any particular service package should be price-listed when some of the underlying services are tariffed or price listed.