

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 17, 2018

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE \_\_\_\_\_ Upon Approval

DATE: January 4, 2018

TO: Public Utility Commission

FROM: Stephanie Yamada *By J BAC*

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck *[Signature]*

SUBJECT: QWEST CORPORATION: (Docket No. UD 29) Petition to Price List Certain Packages and Bundles.

**STAFF RECOMMENDATION:**

Staff recommends that the filed petition be granted and that the company be directed to file a price list.

**DISCUSSION:**

Issue

Whether the Commission should approve the petition by Qwest Corporation dba CenturyLink QC (Qwest) to price list four packages and bundles.

Applicable Rule or Law

Pursuant to ORS 759.054(1) and OAR 860-032-0035(4), the Commission may approve a price list petition for a service that is offered as part of local exchange telecommunications services if the Commission finds that:

- (1) the service is subject to competition, or
- (2) the service is not essential.

Under OAR 860-032-0035(6)(j), a rebuttable presumption exists that a package of telecommunications services is not essential, provided that each service within the package is readily available to customers on a separate basis.

OAR 860-032-0035(8) and OAR 860-032-0200(3) require the rate set for a price-listed package of services to 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. Additionally, under the price plan that the Commission approved for Qwest in Docket No. UM 1354, Order No. 14-346, a price for a package or bundle may not be more than the sum of the retail prices of all services available in that package or bundle, and any regulated telecommunications service in a package or bundle must be available to purchase separately from the company's tariff or price list.

Pursuant to OAR 860-032-0035(11), if the Commission authorizes a telecommunications utility to price list a service, the utility must file a price list consistent with the terms of the order.

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

### Analysis

Qwest has filed a petition to price list the following packages and bundles:

- CenturyLink Business Package (Business)
- Home Phone Extra Package (Business)
- CenturyLink Business Bundle (Business)
- Unlimited Nationwide Calling Bundle (Residential)

The petition was filed on November 30, 2017. Pursuant to the 60-day requirement of ORS 759.058, the Commission must take action on the petition by January 29, 2018.

The CenturyLink Business Package is available to business customers in conjunction with a flat rate access line. The monthly rate for the package includes a flat rate access line as well as unlimited use of various features. The monthly rate for this package is \$53.00 for the initial business access line.

The Home Phone Extra Package is available to residential customers in conjunction with a flat rate access line. The monthly rate for the package includes a flat rate access line, flat rate Extended Area Service (EAS), and unlimited use of various features. The monthly rate for this package is \$50.00.

The CenturyLink Business Bundle is an optional enrollment plan available to business customers with up to 25 access lines. The bundle includes flat rate local exchange

service and the use of a selection of features. To be eligible for the CenturyLink Business Bundle, customers must subscribe to the company's CenturyLink Business Package, the CenturyLink Business Bundle Unlimited long-distance plan, and High-Speed Internet. The monthly rate for the initial bundle is \$45.00.

The Unlimited Nationwide Calling Bundle is an optional enrollment plan available to residential customers. The bundle includes flat rate local exchange service, flat rate EAS, and the use of a selection of features. To be eligible for the Unlimited Nationwide Calling Bundle, customers must subscribe to the company's Home Phone Extra Package, Unlimited Nationwide Calling long-distance plan, and High-Speed Internet. The monthly rate for this bundle is \$35.00.

The petition filed by Qwest proposes no change to any rates, terms, or conditions of service. Rather, the company is seeking Commission approval to move the existing packages and bundles out of Qwest's tariff and into Qwest's price list. If the Commission grants the petition and the company moves these packages into the price list, then future changes to these packages and bundles may become effective upon filing with one day's notice to the Commission pursuant to the company's price plan adopted in Docket No. UM 1354, Order No. 14-346.

Because all of the services included in each package and bundle are separately available for purchase outside of the package, the packages and bundles themselves are not considered essential pursuant to OAR 860-032-0035(6)(j). Additionally, Staff is confident that the rates reflected in this petition comply 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. Finally, the price for each package or bundle does not exceed the sum of the rates of the package's individual components, and the company warrants in the petition that this will remain the case.

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.

### Conclusion

Based on its review of the petition submitted by Qwest, Staff concludes that the packages and bundles included in the petition are not essential. The individual services included in the packages and bundles would remain separately available for purchase in the company's tariff and price list. The prices of the price-listed service packages would remain equal to or greater than the tariff rates for the essential services plus the long-

run incremental costs of the “not essential” services in the package. The package and bundle prices do not exceed the sum of the prices of their components.

**PROPOSED COMMISSION MOTION:**

Grant Qwest’s petition to price list the four packages and bundles included in the petition, and direct the company to file a price list consistent with the petition.

The order should include these requirements: (1) the regulated telecommunications services included in the packages and bundles shall remain separately available in the company’s tariff or price list; (2) the total prices of the packages and bundles, once price listed, shall not exceed the sum of the tariffed/price-listed rates of their individual components; and (3) the company shall make price list changes at least one day prior to the effective date of those changes.