



**OREGON PUBLIC UTILITY COMMISSION
INTEROFFICE CORRESPONDENCE**

DATE: May 9, 2016

TO: File through Bryan Conway and Bruce Hellebuyck 

FROM: Jim Stanage 

SUBJECT: United Telephone Company of the Northwest (Docket No. ADV 289/Advice No. OR 16-01) Increases Residential access line rates by \$1.00 and reduces certain Residential and Business EAS rates.

I have reviewed this filing and recommend that an acknowledgement letter be sent. The filing will go into effect on June 1, 2016, and it was filed on April 29, 2016. United Telephone Company of the Northwest dba CenturyLink (United) proposes to increase the monthly rates for residential local access line services by \$1.00 per line, proposes to reduce residential rates for Extended Area Service (EAS) customers for EAS Level 3 exchanges by \$1.00 per line, and proposes to reduce monthly business rates for EAS customers in all three of its EAS rate groups (Levels 1, 2 and 3) by amounts ranging from \$0.30 to \$3.85 per line. At staff's request United made a supplemental filing on May 3, 2016, to correct an error in the tariff, in which Public Access Lines were listed as a class of service for EAS.

On October 7, 2014, the Commission issued its Order No. 14-347, in docket UM 1686, approving a *Price Plan* for United under ORS 759.255. The filing was submitted on April 29, 2016, and thus, complies with United Price Plan, Section P, which requires tariff rate increases to be filed with the Commission at least thirty days prior to their effective dates. The filing was submitted on April 29, 2016, and thus, complies with that requirement. 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.

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/United 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>Pre-Plan Rate</u>	<u>Current Rate</u>	<u>Proposed Rate</u>	<u>Cumulative Change</u>
One-Party Residential	\$13.43	\$15.43	\$16.43	\$3.00
Measured Residential	\$7.07	\$9.07	\$10.07	\$3.00
Residential EAS				
Level 3	\$9.00	\$7.00	\$6.00	(\$3.00)
Business EAS				
Level 1	\$3.30	\$3.30	\$3.00	(\$0.30)
Level 2	\$6.67	\$6.67	\$6.00	(\$0.67)
Level 3	\$14.85	\$14.85	\$11.00	(\$3.85)

Therefore, the proposed residential rate increases do not violate the rate increase limit of \$3.00 through “year 2” 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).

Public Access Lines cannot be listed as a class of service for EAS because Order No. 89-815 created only two classes of service for EAS, Residential and Business. Public Access Lines are included in the Business class of service for EAS.