

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 10, 2017

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE January 22, 2017

DATE: December 27, 2016

TO: Public Utility Commission

FROM: Jim Stanage *JS*

THROUGH: Jason Eisdorfer, Bryan Conway, and Bruce Hellebuyck *JAE BC*

SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC.:  
(Docket No. ADV 464/Advice No. 1053) Establishes a new service with a Convenience Fee Charge for residential and business customers who pay their bill through a live representative.

**STAFF RECOMMENDATION:**

Staff recommends that the filed tariff be allowed to go into effect.

**DISCUSSION:**

Issue

Whether to allow Frontier Communications Northwest Inc. (Frontier) to establish a new service with a Convenience Fee Charge for residential and business customers who pay their bill through a live representative.

Applicable Law

Frontier Price Plan, Section Q, requires tariff filings to be made at least thirty days prior to their effective dates. The Price Plan was established by the Commission in its Order No. 14-290 (Docket UM 1677) as allowed by ORS 759.255. 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. Under ORS 759.255(4) the rates for regulated services offered through price plans must cover the cost of service.

### Analysis

Preliminarily, the filing was submitted on December 9, 2016, with an effective date of January 22, 2017, and thus, it complies with the Price Plan 30-day filing requirements.

This filing establishes a Convenience Fee Charge of \$4.50 that would apply to residential and business customers for one-time payments made with the assistance of a live customer representative to help customers with electronic payments of their bill via a bank card, a credit card or an electronic funds transfer. The following circumstances would be excluded by the filing from the Convenience Fee Charge: (1) payments for a deposit; (2) advance payment to establish new service; (3) when the automated payment systems are unavailable due to system outages; and (4) if the customer agrees to sign up for automatic bill payment (at the time payment is made).

The \$4.50 charge would also not apply to customers who are enrolled in automatic payment plans, who pay their bill by mail, who use the automatic voice response unit, who use their financial institution's bill payment service, or who pay their bills online at the company's website.

Frontier states that it "is establishing this fee in response to steadily increasing use of this payment option by customers in recent periods. By establishing a convenience fee for this service, customers may then be incented to use other payment options which are free to them, such as by mail, via the company's website, or automated payment by phone."

Staff considers this proposed service to be a "new service" under the definition stated in the Frontier Price Plan because the service was not previously offered through the tariff. Frontier has allowed customers, in the past, to make payments with live operators free of charge *when it was requested by the customer*, but never did so as a tariffed service offering. In addition, it is clear that Frontier never intended to make "payments with live operators" a primary option for receiving customer payments. This fact is evident from the existence of the five other payment modes that are described above and which are all free of charge. Furthermore, because the service involved does not, currently, appear in the tariff it is, therefore, *voluntary on the part of the company* and could be withdrawn at any time. It may serve customers' interests better to allow the company to continue to provide the service even if that involves a Convenience Fee Charge. Customers who want to use the service could do so to the extent that they are willing to pay the \$4.50 charge.

The other three large Oregon telecommunications utilities have established a Convenience Fee Charge for bill payments through a live representative. Qwest

Corporation (dba CenturyLink) established a Convenience Fee Charge in June, 2010, under its first Price Plan. Both United Telephone Company of the Northwest (dba CenturyLink) and CenturyTel of Oregon, Inc. (dba CenturyLink), established this type of service in July, 2013, while they were still rate-of-return regulated utilities---i.e., prior to their current price plans.

Frontier submitted a financial analysis that shows that the proposed rate covers the company's estimated long-run, incremental cost of service (LRIC) for the proposed service.

### Conclusion

Staff finds that the filing complies with the requirements of the Frontier Price Plan and the related Oregon statutes, and therefore, should be allowed to go into effect.

### **PROPOSED COMMISSION MOTION:**

Allow Frontier Advice No. 1053 to go into effect for service rendered on and after January 22, 2017.