

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2017**

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2017

DATE: June 12, 2017

TO: Public Utility Commission

FROM: Armando Fimbres

THROUGH: Jason Eisdorfer, Bryan Conway, and Roger White

SUBJECT: CITIZENS TELECOMMUNICATIONS COMPANY OF OREGON:
(Docket No. ADV 559/Advice No. OR-17-03) Revises intrastate access tariff rates and language as required by FCC order No. 11-161 and subsequent orders.

FRONTIER COMMUNICATIONS NORTHWEST INC:
(Docket No. ADV 560/Advice No. 1057) Revises intrastate access tariff rates and language as required by FCC order No. 11-161 and subsequent orders.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow the May 11, 2017 and May 18, 2017, filings by Citizens Telecommunications Company of Oregon (Docket No. ADV 559/Advice No. OR-17-03) and Frontier Communications Northwest, Inc. (Docket No. ADV 560/Advice No. 1057), which revises their intrastate access tariff rates and language, effective July 1, 2017, to go into effect.

Issue

FCC Order No. 11-161 adopted an intercarrier compensation (ICC) reform timeline requiring carriers to adjust over a period of time many of their legacy ICC rates, effective July 1 of each year, with the ultimate goal of transitioning to a bill-and-keep¹ regime. The transition period for Price cap carriers began on July 1, 2012 and is scheduled to complete on July 1, 2018.

¹ Bill-and keep is a pricing arrangement for the interconnection (direct or indirect) of two telecommunications networks under which the reciprocal call termination charge is zero. That is, each network agrees to terminate calls from the other network at no charge.

Applicable Rule or Law

Per ORS 759.190: No change shall be made in any schedule, including schedules of joint rates, except upon 30 days' notice to the Public Utility Commission. Citizens Telecommunications Company of Oregon (Citizens) and Frontier Communications Northwest, Inc. (Frontier) have annually submitted filings that revise their interstate access tariffs' language and rates as required by the above FCC Order.

Analysis

On May 11, 2017, Citizens and Frontier filed advices for their intrastate access tariffs² to be effective July 1, 2017. On May 18, 2017, Citizens and Frontier filed replacement pages to revise tariff language and include rates inadvertently omitted in the original filings.

The intrastate access tariffs to be revised are the following:

Citizens Telecommunications Company of Oregon: (Docket No. ADV 559/Advice No. OR-17-03) P.U.C. OR. No. 2;

Frontier Communications Northwest, Inc.: (Docket No. ADV 560/Advice No. 1057) P.U.C. OR. No. 12

This filing is the sixth step in implementing the FCC's program, and requires that terminating intrastate switched end-office rates be set to bill-and-keep and that tandem switched transport access rates be no greater than \$0.0007 per minute. Staff has reviewed the revised tariff sheets and supporting data.

Conclusion

The submissions conform to the methodology specified by the FCC. As required by the FCC, intrastate rates will more closely resemble a company's interstate rates.

² Access charges are imposed by a local exchange carrier (LEC) on calls to or from an interexchange carrier (IXC) to compensate the local carrier for the use of its facilities. Access charges recover a portion of the cost of the local loop (from the end user to the Central Office), a portion of the cost of the switching equipment in the Central Office, and the company's portion of the facilities used to transport the call from the end-user's central office to the central office located in the state where the call is terminated. These costs are assigned to the intrastate jurisdiction as defined in Federal Communications Commission (FCC) Separation Rules (47 CFR Part 36) and adopted by the PUC.

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PROPOSED COMMISSION MOTION:

Allow Citizens Telecommunications Company of Oregon (Docket No. ADV 559/Advice No. OR-17-03) and Frontier Communications Northwest, Inc. (Docket No. ADV 560/Advice No. 1057), revising intrastate access tariff rates and language, to go into effect July 1, 2017.

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