

ITEM NO. CA7

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 22, 2015

REGULAR _____ CONSENT X EFFECTIVE DATE September 23, 2015

DATE: September 14, 2015

TO: Public Utility Commission

FROM: Armando Fimbres

THROUGH: Jason Eisdorfer, Bryan Conway, and Roger White

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST: (Docket No. ADV 84/Advice No. OR15-04A) Revises tariff language and increases rates for originating switched access elements inadvertently reduced in earlier filings as part of implementing FCC Order No. 11-161 and further orders in FCC WC Docket No. 10-90.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow the August 21, 2015, filing by United Telephone Company of the Northwest (United) (Docket No. ADV 84/Advice No. OR15-04A) that revises specific intrastate tariff language and access rates, effective September 23, 2015, to go into effect.

DISCUSSION:

Background

On August 21, 2015, United filed revisions to its PUC Or. No. 6 Access Service Tariff to be effective September 23, 2015, pursuant to the United Price Plan under ORS 759.255. On September 11, 2015, United filed supplement No. 1 to clarify tariff language in response to Staff requests.

This filing seeks approval to amend tariff language and increase seven rates that were inadvertently reduced in earlier filings while complying with FCC Order No. 11-161, released November 18, 2011, and further orders in FCC WC Docket No. 10-90.

FCC orders required that originating rates be capped, that terminating rates be reduced in accordance with scheduled rules, and that intrastate tariffs be restructured to align

with interstate tariffs. United states that its July 2013 Access Filing consisted of revisions that inadvertently failed to separate originating and terminating rate elements. The revisions resulted in the reduction of originating access rates rather than just terminating access rates as ordered by the FCC. By this filing, United seeks to restore originating rate elements to levels that should have been in effect at the time of the tariff restructuring mandated for July 1, 2013, by FCC orders.

Staff has reviewed the revised tariff sheets and supporting data. Additionally, Staff notes that OPUC Order No. 14-347, UM 1686, Exhibit A, Section B.2.C contains the following condition: "Switched Access – Rates for intrastate switched access services will be capped at current rates and the Commission may adjust the price caps if required by FCC action." The rate increases proposed in this filing are not required by FCC action, but are related to earlier action taken by United related to an FCC action in that the rate increases in this filing restore inadvertent rate reductions resulting from compliance with FCC action before OPUC Order No. 14-347 was entered on October 7, 2014. The proposed rates in this tariff filing correct the rates in effect at the time OPUC Order No. 14-347 was approved.

Impact on Rates

The effect of rate increases in this filing is not revenue neutral when viewed strictly on the basis of its annual impact. Staff and United analyses indicate that the proposed rate increases result in a positive impact of approximately \$106,000 annually to United. However, this approximate annual gain should instead be viewed as the approximate annual loss in the past two years with the understanding that the identified originating rates should not have been lowered. From that perspective, there is no annual gain in this filing since United is not seeking recovery of losses due to the inadvertent reduction of rates. Service users have benefited from reduced rates for the past two years. Staff recommends approval as the rates being sought should have been in effect since 2013.

PROPOSED COMMISSION MOTION:

United's Docket No. ADV 84/Advice No. OR15-04A revising intrastate access tariff language and rates, be allowed to go into effect September 23, 2015.