

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: September 30, 2014**

REGULAR _____ CONSENT X EFFECTIVE DATE _____ N/A _____

DATE: September 19, 2014

TO: Public Utility Commission

FROM: Kathy Shepherd ^(S)

THROUGH: Jason Eisdorfer, Bryan Conway, and Kay Marinos ^J ^{BC} ^{KM}

SUBJECT: VERIZON LONG DISTANCE LLC and VERIZON ENTERPRISE SOLUTIONS LLC: (Docket Nos. CP 144 and CP 202) Petition for Waiver of Notice Requirement of OAR 860-032-0020(11).

STAFF RECOMMENDATION:

The Commission should grant the petition by Verizon Long Distance LLC (VLD) and Verizon Enterprise Solutions LLC (VES) (together, "Verizon") seeking waiver of the 90-day time period for customer and Commission notification of abandonment of service under OAR 860-032-0020(11) and permit a notice period of at least 45 days.

DISCUSSION:

On September 9, 2014, Verizon filed notice with the Commission that it will be transferring customers from VES to VLD. The transfer is in conjunction with an internal reorganization involving a merger between VLD and VES that Verizon intends to complete on November 15, 2014. VLD and VES are both competitive telecommunications providers certificated to provide intrastate long distance service in Oregon. VLD was granted a certificate of authority on April 2, 1996. See Docket No. CP 144, Order No. 96-091. VES was granted a certificate of authority on September 5, 1996. See Docket No. CP 202, Order No. 96-235.

OAR 860-032-0020(11) governs the abandonment or transfer of intrastate toll customers by competitive telecommunications service providers. This rule requires the provider to give 90 days' notice to both the affected customers and the Commission prior to the abandonment of service or transfer of customers. Verizon requests a waiver of the rule requiring 90 days' notice.

In its Joint Notice of Customer Transfer and Request for Waiver, Verizon stated that it had not previously understood that OAR 860-032-0020(11)'s 90-day notification requirements would apply to the transfer of customers resulting from this merger until it was advised of this requirement in an unrelated matter. Verizon then moved quickly to meet these requirements. To minimize costs and mailings to customers, the customer notice regarding the merger is being included in customer bills for the September billing cycle. Because of the billing cycle timing, customer notification will be made at least 45 days prior to the planned merger. Therefore, Verizon filed its request for waiver of OAR 860-032-0020(11)(a) and (b), specifically the 90-day notification period for customers and the Commission. OAR 860-032-0020(16) allows the Commission to grant a petition to waive any time period or requirement of the rules for good and sufficient reason.

Verizon states that the transfer will be transparent to customers and will not affect the services available to customers or result in a change to the rates, terms, and conditions of their service. Customers also have the option of discontinuing service and selecting a different provider if they choose.

Because the merger involves two national companies that plan to merge on November 15, 2014, compliance with the 90-day notice requirement would delay the merger and impose a significant burden on VES and VLD, particularly given the small number of affected customers in Oregon. Verizon believes the public interest will not be harmed by granting the waiver and allowing at least 45 days for customer notice. Staff agrees in this case, based on the fact that there is minimal impact to customers as a result of this merger between affiliated companies, and customers will have ample time to make a decision regarding their telecommunications service.

PROPOSED COMMISSION MOTION:

Verizon Long Distance LLC and Verizon Enterprise Solutions LLC's petition for waiver of the 90-day notice period for customer and Commission notification of abandonment of service under OAR 860-032-0020(11) be granted and a notice period of at least 45 days be permitted.