


**OREGON PUBLIC UTILITY COMMISSION
INTEROFFICE CORRESPONDENCE**

DATE: December 12, 2018

TO: File through Bryan Conway ^{AK} and Bruce Hellebuyck 

FROM: Stephen Hayes 

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST:
(Docket No. PL 102/Advice 18-003-PL): Establishes a new two year option to the existing CenturyLink Business Bundle.

I have reviewed this filing and recommend that an acknowledgement letter be sent.

The filing was submitted on October 24, 2018 and went into effect October 26, 2018. This filing introduces a two-year term option, for the existing CenturyLink Business Bundle, to the price list of United Telephone Company of the Northwest d/b/a CenturyLink, (CenturyLink, United or Company). This bundle was originally introduced into the Tariff by a July 7, 2015 filing; Advice Letter OR 15-06. The Company subsequently moved the tarified bundle to the price list effective October 27, 2015, by filing Advice Letter PL No. 15-014 (Docket PL 26). Effective September 1, 2017 the Company established a promotion for waiving the recurring charge. The Company now proposes to create a two year term option with the same price as the month-to-month option and waive the activation fee for customers requesting the two-year term option.

The activation fee in Section 5, 1st Revised Sheet 81 shows the price-listed activation fee already waived for: 1) existing customer migrating existing local exchange service lines to the bundle; 2) customer orders the bundle subsequent to establishment of the initial line, or 3) customer orders initial and/or additional lines and selects the two-year term commitment for the required High-Speed Internet service. This filing proposes to waive the activation charge for all two-year term commitment services effectively giving new customers the benefit of the waived non-recurring charge. The waiving of the non-recurring fee was not determined to be a promotion when it was originally filed.

The proposed price for the month-to-month and new two-year option is the same. The only difference is that selecting the two-year term option allows an activation charge waiver for new customers. Staff understands that the recurring benefit to the customer is that its price for the service is secured for two-years. This may be a significant help to

entities who have a set budget, like school districts, where a mid-term-budget price change would pose a hardship. Staff could consider the waiving of the non-recurring charge a promotion. However, in the case of bundles which include non-regulated services it is difficult to determine whether an activation charge, a term which occurs only here in this price list section, is for the regulated or non-regulated service. Since the activation charge occurs only in the Price List staff leans toward the understanding that this charge relates to the unregulated service. This understanding provides regulatory relief to the Company and allows the benefits to flow to customers. Further, if the activation fee waiver was intended to offset regulated costs they will likely be recouped over the two year minimum term commitment from the recurring rates.

Telecommunications utilities are allowed to promote the use of their services, under Oregon Revised Statute (ORS) 759.267, by offering a waiver of part or all of a recurring or nonrecurring charge, a redemption coupon, or a premium with the purchase of a service. In addition, under ORS 759.182, telecommunications utilities are allowed to file promotional rate schedules with the Commission that are concurrent with the effective date for promotion, but are required to price promotional services at prices that are not below a price that the service is sold to another carrier. Large telecommunications utilities are required, under Oregon Administrative Rule (OAR) 860-026-0025, not to promote any regulated service for more than 180 days in any 12-month period. That OAR was partially waived for United's current Price Plan (Order No. 18-359) to allow CenturyLink to run promotions for up to 9 months in any 12-month period.

Under the newly approved Price Plan (Order No. 18-359) United may offer promotions according to ORS 759.182 and 759.267. United is also allowed to file Price List changes with one day notice under the Plan. Also permitted under the Plan, the Company may combine any regulated telecommunications service with any other service(s) to offer Packages and Bundles of services with the conditions that: 1) All regulated telecommunications services offered as part of a package or bundle shall remain separately available for purchase from CenturyLink's Rate Schedules; 2) The package or bundle price shall not exceed the sum of the stand-alone retail prices of all available services in the package or bundle.

This filing does not make a substantive change from what has already been allowed to go into effect. This filing meets the Price Plan filing requirements.