





PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: November 6, 2018

REGULAR \_\_\_\_\_ CONSENT X EFFECTIVE DATE November 7, 2018

DATE: October 30, 2018

TO: Public Utility Commission

FROM: Stephanie Yamada 

THROUGH: Jason Eisdorfer,  Bryan Conway,  and Bruce Hellebuyck 

SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC., and  
CITIZENS TELECOMMUNICATIONS CO OF OREGON:  
(Docket Nos. ADV 844/Advice No. 1064, ADV 845/Advice No. OR-18-07,  
PL 99/Advice No. 056SPL, PL 100/Advice No. 001PL) Moves certain  
services to price list in compliance with Order No. 18-303 and makes other  
housekeeping changes.

**STAFF RECOMMENDATION:**

Staff recommends that the Public Utility Commission of Oregon (Commission) allow the tariff and price list sheets filed by Frontier Communications Northwest Inc. (Frontier NW) and Citizens Telecommunications Company of Oregon (Citizens) to go into effect for service rendered on and after November 7, 2018.

**DISCUSSION:**

Issue

Whether the Commission should allow Frontier NW's and Citizens' (collectively, Frontier) filed tariff and price list sheets to become effective.

Applicable Rule or Law

Commission Order No. 18-303 in Docket No. UM 1895 established a new Price Plan for Frontier. Pursuant to ORS 759.255, prices approved under a Price Plan are not subject to the provisions of ORS 759.180 to 759.190 and shall become effective as stated in the Plan.

Pursuant to Section 8 of Frontier's Price Plan, Citizens may make a filing to move services for which the Commission has granted pricing flexibility to a price list. Citizens must also file with the Commission any amendments to its tariff reflecting changes it adopts that are permitted by Frontier's Price Plan. Citizens must make such filings at least 30 days prior to the effective date of the filings.

Section 9.a.i of Frontier's Price Plan requires Frontier to file tariff changes with the Commission at least 30 days prior to the effective date of the change. Section 9.a.ii of Frontier's Price Plan requires Frontier to file notice of price list changes with the Commission at least one day prior to the effective date of the change.

### Analysis

#### *Background*

These filings were initially submitted on October 5, 2018, with an effective date of November 5, 2018. Following discussions with Staff, Frontier submitted a supplemental filing in each of the four dockets on October 22, 2018, to make minor additional changes and to revise the effective date to November 7, 2018.

On August 17, 2018, the Commission issued its Order No. 18-303 in Docket No. UM 1895 approving a Price Plan for Frontier. The Price Plan approved with Order No. 18-303 replaces Frontier NW's previous Price Plan, which was approved with Order No. 14-290 in Docket No. UM 1677 and which expired on August 17, 2018. While the previous Price Plan applied only to Frontier NW, the new Price Plan applies to both Frontier NW and Citizens.

With the present filings, Frontier proposes to move certain services for which the Commission has granted pricing flexibility from Frontier NW's and Citizens' respective tariffs into their respective price lists. Similar filings to move services from tariff to price list have been submitted following each Price Plan approval that has been issued by the Commission pursuant to ORS 759.255.<sup>1</sup>

With these four filings, Frontier proposes changes that would result in the following services being retained in Frontier NW's and Citizens' respective tariffs:

- Residential Recurring Charges for Local Service
- Residential Nonrecurring Service Charges

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<sup>1</sup> See Advice Nos. 2073 and 2008-003-PL relating to Docket No. UM 1354, Advice Nos. 2124 and 2015-002-PL relating to Docket No. UM 1354, Advice Nos. 15-01 and 15-002-PL relating to Docket No. UM 1686, Advice Nos. 339 and 15-001-PL relating to Docket No. UM 1686, and Advice Nos. 1041 and 034SPL relating to Docket No. UM 1677.

- Extended Area Service
- Line Extension Charges
- Primary Directory Listing
- Nonpublished Numbers
- Nonlisted Numbers
- Toll Restriction
- Call Trace
- Convenience Fee
- Residential Services Protection Fund (RSPF) Surcharge
- Oregon Telephone Assistance Program (OTAP)
- Native American Lifeline
- Tribal Link Up Service

The above-listed services generally have the least pricing flexibility under Frontier's Price Plan. For instance, residential recurring charges have annual and term price caps, and certain features (e.g., call trace, toll restriction) must be priced at pre-plan rates.<sup>2</sup>

Frontier's proposed changes would also result in services for which Frontier has been granted more pricing flexibility being moved from the tariffs to the price lists, which may be updated on shorter notice. Staff notes that these services do *not* necessarily have total pricing flexibility. For instance, a package or bundle price may not exceed the sum of the prices of its component services.<sup>3</sup> Additionally, the Citizens recurring rates for business services may not be priced higher than Frontier NW Rate Group 2.<sup>4</sup> Therefore, the proposed changes slightly exceed a narrow reading of the Price Plan's provision allowing the establishment of a price list for services that have been granted pricing flexibility. However, Staff supports the scope of the company's proposed changes because they will allow the company to more quickly respond to competitive circumstances for those services that, relatively speaking, have the most pricing flexibility under Frontier's Price Plan. These changes are also relatively consistent with changes made following the last Frontier NW Price Plan. Staff will immediately review all price list filings for compliance with applicable pricing rules in Frontier's Price Plan.

The filings also make certain housekeeping changes to Frontier NW's and Citizens' respective rate schedules. For example, references to specific sections of Frontier's tariffs have been updated to reflect the new location of those sections for services that

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<sup>2</sup> See Sections 4.e and 4.i of Price Plan approved with Order No. 18-303.

<sup>3</sup> See Section 4.q.ii of Price Plan approved with Order No. 18-303.

<sup>4</sup> See Section 4.f.ii of Price Plan approved with Order No. 18-303.

have moved from tariff to price list. Other changes made with the present filings are discussed in more detail below.

*Frontier NW Docket Nos. ADV 844 & PL 99*

Many of Frontier NW's services were previously moved to the price list with Advice Nos. 1041 and 034SPL, effective October 1, 2014. Consequently, few services are moved with the present filings. The items removed from Frontier NW's tariff with ADV 844 and added to its price list with PL 99 include basic business recurring and nonrecurring charges, certain Packages and Bundles, and a recent promotional offering. Staff supports the movement of these services to the price list, even though some items do not have total price flexibility, consistent with the reasoning explained above.

With ADV 844, Frontier NW also proposes to remove the Competitive Response section from its tariff. The Competitive Response section was previously moved to Frontier NW's Statewide Price List with Advice No. 034SPL; while this section should have been removed from Frontier NW's Tariff No. 18 at that time, it inadvertently remained in both the tariff and the price list. The present change corrects this error and eliminates the resulting redundancy by removing the duplicate Competitive Response section that inadvertently remained in the tariff previously.

ADV 844 also moves Frontier NW's line extension charges from its Statewide Price List into its Tariff No. 18 and updates the line extension allowance. Frontier NW's line extension charges were inadvertently moved to the price list with Advice No. 034SPL, and Staff and Frontier agreed that line extension charges should more appropriately reside in the tariff, changes to which must be filed thirty days prior to their effective date. As such, PL 99 deletes the line extension section from Frontier NW's Statewide Price List, and ADV 844 re-establishes this section in Frontier NW's Tariff No. 18. ADV 844 also updates Frontier NW's line extension allowance to reflect Section 11 of Frontier's new Price Plan, which permits Frontier to impose line extension charges for the portion of the actual cost of the line extension that exceeds \$2,000.

Pursuant to Section 14 of Frontier's Price Plan, Frontier is granted a partial waiver of OAR 860-022-0042 "to allow Frontier to pass through to its customers the entire amount of City Privilege Taxes, Fees and Other Assessments as a separately itemized charge on its customer's bills." Frontier NW's current tariff specifies that only privilege taxes exceeding four percent of gross revenues may be charged pro rata to Frontier's customers as required by OAR 860-022-0042. ADV 844 updates the relevant language in Frontier NW's tariff to reflect the new partial waiver of the rule.

*Citizens Docket Nos. ADV 845 & PL 100*

Citizens does not currently have a price list in place; PL 100 establishes a Citizens price list as allowed by Section 8 of Frontier's Price Plan. Furthermore, ADV 845 replaces Citizens' current Tariff No. 3 in its entirety with a new Tariff No. 4. Due to the large number of changes that the tariff would undergo in conjunction with the movement of services to the price list, Staff and Frontier agreed that it would be administratively simpler to compile the services to remain in the tariff in a new Tariff No. 4 than it would be to modify the existing Tariff No. 3.

As Citizens does not currently have a price list in place, all of Citizens' service offerings currently reside in its tariff. Consequently, the services to be removed from Citizens' tariff with ADV 845 and added to its price list with PL 100 are numerous when compared to the movement of services between Frontier NW's tariff and price list with ADV 844 and PL 99. Most services not shown above in the list of services to be retained in the tariff will be moved into the price list. The items being moved from Citizens' tariff to its price list with ADV 845 and PL 100 include basic business recurring and nonrecurring charges, Special Construction charges, Customer Provided Pay Telephone Service, certain Directory Services, Operator Services, Packages & Bundles, certain Features, Centrex Service, Competitive Response, Promotional Offerings, Switched 56 Data Services, Integrated Services Digital Network—Primary Rate Interface, Discontinued Services, and certain General Services, including Direct Inward Dialing, Foreign Exchange Service, Local Private Line Service, Digital Channel Service, Access Line Hunting Service, and N11 Services. As discussed above, while the company does not necessarily have total pricing flexibility for every single service Citizens proposes to move, these changes are consistent with Staff's reasoning explained above.

As discussed previously for Frontier NW, ADV 845 also modifies the Taxes, Fees and Surcharges section of Citizens' tariff to reflect a partial waiver of OAR 860-022-0042.

ADV 845 and PL 100 also make minor changes to the names of certain calling features to establish consistency within Citizens' rate schedules and to increase consistency between Citizens' and Frontier NW's rate schedules. The naming changes made with these filings are summarized in the table below.

<b>Previous Name</b>	<b>Revised Name</b>
Distinctive Ringing	Distinctive Ring
Priority Ringing	Priority Call
Call Forward Busy Line	Call Forward Busy
Three-Way Calling	3 Way Calling
Speed Calling Eight (8) Code Capacity	Speed Call 8
Speed Calling Thirty (30) Code Capacity	Speed Call 30

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Conclusion

After review of Frontier's filings, Staff finds that the filed tariff and price list sheets comply with the terms of Frontier's Price Plan and should be allowed to go into effect.

**PROPOSED COMMISSION MOTION:**

Allow Frontier NW's and Citizens' filed tariff and price list sheets to become effective.

ADV 844, ADV 845, PL 99, PL 100 PMM