

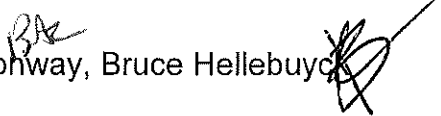
OREGON PUBLIC UTILITY COMMISSION
INTEROFFICE CORRESPONDENCE

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SEP 26 2019

Public Utility Commission of Oregon
Administrative Hearings Division

DATE: September 25, 2019

TO: File through Bryan Conway, Bruce Hellebuyck 

FROM: Scott Shearer ⁵⁰⁵

SUBJECT: FRONTIER COMMUNICATIONS NORTHWEST INC. AND CITIZENS TELECOMMUNICATIONS COMPANY OF OREGON:
(Docket Nos. ADV 1001/Advice No. OR-19-04 and ADV 1002/Advice No. 1069) Increases the Facility Improvement Surcharge.

STAFF RECOMMENDATION:

Staff recommends that an acknowledgment letter be sent, accepting the Frontier Communications Northwest Inc. (Frontier NW) and Citizens Telecommunications Company of Oregon (Citizens) (collectively, Frontier or the Companies) filings, which increases the Facility Improvement Surcharge, effective September 29, 2019.

DISCUSSION:

Issue

Whether the filing to increase the Facility Improvement Surcharge meets conditions of the company's price plan that is currently in effect.

Applicable Law and Rules

Telecommunications utilities are required by ORS 759.175 to submit tariff filings to the Commission whenever they intend to change their rates, terms, or conditions of service. The Companies operate under a price plan (the Frontier Price Plan or Plan) pursuant to ORS 759.255, under which the Commission regulates prices without regard to the return on investment of the utilities. The Frontier Price Plan was approved in Docket UM 1895 with Order No. 18-303, and became effective on August 17, 2018.

Among its numerous provisions, the Frontier Price Plan contains price rules (most often in the form of price caps) and availability requirements for various services, including Primary Line Basic Service (PLBS). Section 1(g) of the Plan defines PLBS as the first line only of basic local exchange service for an individual residential or business customer that is not sold as part of a package. Under Section 4(e)(i) of the Plan, the Companies may increase monthly flat rates for residential PLBS services by a

maximum of \$3.00 per plan year, with a maximum increase of \$10.00 over the four-year term of the Plan.

In addition to provisions setting forth service-specific price caps, Section 5 of the Frontier Price Plan allows the Companies to implement a surcharge to recover facilities-related costs so long as it meets certain requirements. Such a surcharge must be applied using a single uniform rate statewide and be applied on a non-discriminatory basis. If the Companies implement such a surcharge, the cap for residential PLBS for that Plan year, described above, is reduced by the amount of the surcharge. At any given time, the sum of the increase to the residential PLBS rate and the surcharge shall not exceed either the annual or term caps contained in Section 4(e)(i) of the Plan.

Section (9) of the Plan requires tariff changes to be filed with the Commission at least 30 days prior to the effective date of the change and requires the Companies to provide customers subscribing to affected service 30 days' notice of any increases.

Analysis

In the two tariff filings addressed in this memorandum, the Companies seek to increase rates specific to the Facility Improvement Surcharge. The companies are in year two of the Price Plan approved in UM 1895. Each filing was made more than 30 days prior to its effective date. The Companies stated in each advice letter that customers are being notified of the changes proposed 30 days in advance and provided copies of the bill messaging notifying customers of each item was provided. I discuss each filing separately below, as well as their overall impact.

The company's filings increase the rate for The Facility Improvement Surcharge from \$1.25 to \$1.50. As this is the first increase in the second year of the Price Plan to either the basic residential rate, or the Facility Improvement Charge, the increase is below the \$3.00 per Plan year cap and it still satisfies the \$10.00 per-term cap.

Conclusion

For the reasons discussed above, Staff concludes that these filings comply with the Frontier Price Plan as established in Order No. 18-303 (Docket No. UM 1895).