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BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UI 236

In the Matter of)	
)	ORDER
SPRINT/UNITED TELEPHONE)	
COMPANY OF THE NORTHWEST)	
)	
Application for Approval of a Directory)	
Assistance Services Agreement with Carolina)	
Telephone and Telegraph, Sprint)	
Communications Company, L.P., and Sprint-)	
Florida, Incorporated, Affiliated Interests.)	

DISPOSITION: APPLICATION APPROVED WITH CONDITIONS

On September 17, 2004, Sprint/United Telephone Company of the Northwest filed an application with the Public Utility Commission of Oregon (Commission) pursuant to ORS 759.390 and OAR 860-027-0040, requesting approval of a directory assistance services agreement with Carolina Telephone and Telegraph, Sprint Communications Company, L.P., and Sprint-Florida, Incorporated, affiliated interests. A description of the investigation into the agreement is contained in the Staff Report, attached as Appendix A and incorporated by reference.

Based on a review of the application and the Commission's records, the Commission finds that the application satisfies applicable statutes and administrative rules. At its Public Meeting on January 4, 2005, the Commission adopted Staff's recommendation.

OPINION

Jurisdiction

ORS 759.005 defines a "telecommunications utility" as anyone providing telecommunications service to the public in Oregon. The Company is a public utility subject to the Commission's jurisdiction.

Affiliation

An affiliated interest relationship exists under ORS 759.010(3).

Applicable Law

ORS 759.390 requires telecommunications utilities to seek approval of contracts with affiliated interests within 90 days after execution of the contract.

ORS 759.390(3) requires the Commission to approve the contract if the Commission finds that the contract is fair and reasonable and not contrary to the public interest. However, the Commission need not determine the reasonableness of all the financial aspects of the contract for ratemaking purposes. The Commission may reserve that issue for a subsequent proceeding.

CONCLUSIONS

1. The Company is a telecommunications utility subject to the jurisdiction of the Commission.
2. An affiliated interest relationship exists.
3. The agreement is fair, reasonable, and not contrary to the public interest.
4. The application should be granted, with certain conditions and reporting requirements.

ORDER

IT IS ORDERED that the application of Sprint/United Telephone Company of the Northwest to enter into an affiliated interest transaction with Carolina Telephone and Telegraph, Sprint Communications Company, L.P., and Sprint-Florida, Incorporated is granted, subject to the conditions and reporting requirements, as further stated in Appendix A.

Made, entered, and effective _____.

BY THE COMMISSION:

Becky L. Beier
Commission Secretary

A party may request rehearing or reconsideration of this order pursuant to ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-014-0095. A copy of any such request must also be served on each party to the proceeding as provided by OAR 860-013-0070(2). A party may appeal this order to a court pursuant to applicable law.

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 4, 2005**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** _____ **N/A** _____

DATE: December 28, 2004

TO: Lee Sparling through Marc Hellman and Rebecca Trujillo

FROM: Marion Anderson

SUBJECT: SPRINT/UNITED TELEPHONE COMPANY OF THE NORTHWEST:
(Docket No. UI 236) Application for Approval of a Directory Assistance Services Agreement with Carolina Telephone and Telegraph, Sprint Communications Company, L.P., and Sprint-Florida, Incorporated, Affiliated Interests.

STAFF RECOMMENDATION:

The Commission should approve the application of Sprint/United Telephone Company of the Northwest (Sprint) for a services agreement with Carolina Telephone and Telegraph (CT&T), Sprint Communications Company, L.P. (SCC), and Sprint-Florida, Incorporated (SFI), affiliated interests, with the following conditions:

1. Sprint/United, CT&T, SCC, and SFI shall provide the Commission access to all books of account, as well as all documents, data and records that pertain to transactions between them.
2. The Commission reserves the right to review, for reasonableness, all financial aspects of this arrangement in any rate proceeding or earnings review under an alternative form of regulation.
3. Sprint/United shall notify the Commission in advance of any substantive changes to the agreement, including any material changes in any cost. Any changes to the agreement terms that alter the intent and extent of activities under the agreement from those approved herein shall be submitted for approval in an application for a supplemental order (or other appropriate format) in this docket.

DISCUSSION:

This application was filed on September 17, 2004, under ORS 759.390 and OAR 860-027-0040. An amendment to the original filing recognizing SCC was received on October 25, 2004. Sprint/United, CT&T, SCC, and SFI, as wholly owned subsidiaries of Sprint Corporation, are affiliates pursuant to ORS 759.010. QWEST previously provided directory assistance and operator services. However, QWEST has presented Sprint with new pricing for these services. As a result of the change in QWEST pricing, Sprint/United decided to have these services furnished by its affiliates.

The following issues were investigated:

- Scope of the Agreement
- Transfer Pricing
- Determination of Public Interest Compliance
- Records Availability, Audit Provisions and Reporting Requirements

Scope of the Agreement: The specific services provided under this contract consist of: a. directory assistance-voice information for listings within the user's numbering plan area (NPA); b. national directory assistance-voice information for listings from any NPA within the United States; c. operator transfer-routing 0 calls to other operator service providers; and d. operator inward assistance-verifying busy line and call interruption.

Transfer Pricing and Determination of Public Interest Compliance: Due to the confidentiality of the underlying cost study showing the claimed savings, Sprint/United filed a motion for protective order in this docket on October 29, 2004. The Commission in Order No. 04-650, dated November 2, 2004, granted that motion. John Reynolds, Commission Staff, has reviewed that material and queried the company for clarification. He concurs that it will cost less for Sprint affiliates to provide the application's services than for continued purchase from QWEST.

Records Availability, Audit Provisions and Reporting Requirements: Condition No. 1 provides necessary access to records.

Based on the review of this application, Staff concludes the following:

1. Transfer pricing is acceptable.
2. Customers are not harmed by these transactions.
3. Necessary records are available.

4. The transactions are not contrary to the public interest with the recommended conditions.

PROPOSED COMMISSION MOTION:

Sprint/United Telephone Company of the Northwest's services agreement with Carolina Telephone and Telegraph (CT&T), Sprint Communications Company, L.P. (SCC), and Sprint-Florida, Incorporated (SFI), affiliated interests, be approved.