

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1291

In the Matter of)	
)	
QWEST CORPORATION)	ORDER
)	
Petition to Abandon, with Interim)	
Grandfathering, Centrex Plus and CentraFlex 2)	
Services.)	

DISPOSITION: PETITION GRANTED

On December 20, 2006, Qwest Corporation (Qwest) filed a petition with the Public Utility Commission of Oregon (Commission), pursuant to OAR 860-032-0020, to abandon its Centrex Plus and CentraFlex 2 service offerings, with interim grandfathering and sunset dates for each service.


CentraFlex 2 service will continue on a grandfathered basis until December 31, 2007, at which time any remaining customers must migrate to another Qwest service or must choose a different carrier to provide their telecommunications service. Centrex Plus service will continue on a grandfathered basis until December 31, 2008, at which time any remaining customers must migrate to another Qwest service or must choose a different carrier to provide their telecommunications service. Centrex Plus service was grandfathered through Advice No. 1988, which went into effect on September 1, 2004. The basis for the current request is detailed in Staff's Report, attached as Appendix A, and incorporated by reference.

At its March 13, 2007, Public Meeting, the Commission adopted Staff's recommendation to grant the petition.

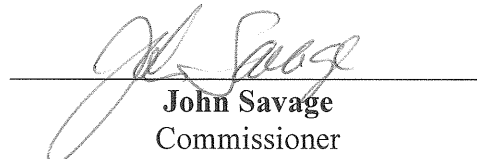
ORDER

IT IS ORDERED that Qwest Corporation's petition to abandon, with interim grandfathering, its Centrex Plus and CentraFlex 2 services, is granted.


Made, entered, and effective MAR 16 2007.



Lee Beyer
Chairman



John Savage
Commissioner



Ray Baum
Commissioner



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 by filing a petition for review with the Court of Appeals in compliance with ORS 183.480-183.484.

ITEM NO. 1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 13, 2007**

REGULAR CONSENT EFFECTIVE DATE _____ NA _____

DATE: March 2, 2007

TO: Public Utility Commission

FROM: Celeste Hari ^{CH} and Jim Stanage ^{JS}

THROUGH: Lee Sparling ^{LS}, Dave Booth ^{DB}, and Lance Ball ^{LB}

SUBJECT: QWEST CORPORATION: (Docket No. UM 1291) Petition to Abandon, with Interim Grandfathering, Centrex Plus and CentraFlex 2 Services.

STAFF RECOMMENDATION:

I recommend that the Commission grant Qwest Corporation's petition to abandon CentraFlex 2 and Centrex Plus services with interim grandfathering and sunset dates for each respective service.

DISCUSSION:

Background

Qwest Corporation filed a petition to abandon its CentraFlex 2 and Centrex Plus service offerings on December 20, 2006. The company filed the petition pursuant to Oregon Administrative Rules (OAR) 860-032-0020. The rule gives the Commission authority to grant or deny petitions for abandonment of service by telecommunications utilities. The rule also sets forth requirements for the petition. The company cites internal operational considerations as the reason for filing this petition.

CentraFlex 2 service will continue on a grandfathered basis until December 31, 2007, at which time any remaining customers must migrate to another Qwest service or must choose a different carrier to provide their telecommunications service. Centrex Plus service will continue on a grandfathered basis until December 31, 2008, at which time any remaining customers must migrate to another Qwest service or must choose a different carrier to provide their telecommunications service. Centrex Plus service was grandfathered through Advice No. 1988, which went into effect on September 1, 2004.

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Descriptions of Services Proposed for Abandonment and Similar Service Offerings

CentraFlex 2 provides optional Custom Calling features to exchange access flat and measured lines. CentraFlex 2 allows a multiline customer to integrate separate lines into a single communication system. CentraFlex 2 is offered in three separate software feature packages. In addition, individual line features and system group features are available. CentraFlex 2 is offered under shared arrangements.

Centrex Plus Service is a business multi-line communications system that consists of a group of station lines that are provided for an individual customer group and that provide common access to a predetermined group of 26 standard system features. Customers have a choice of access to the public network either (1) for each Centrex Plus station line (non-blocking) or (2) through controlled access (blocking), depending upon the number of Network Access Facilities subscribed to by a customer. That is, the number of Network Access Facilities subscribed to by a customer determines the amount of access the customer has beyond/outside a customer's Centrex group.

Centrex 21 Service is a flat rate, business service for customers with 2 to 50 station lines. Centrex 21 Service is furnished only from a Stored Program Controlled central office offered subject to the availability of facilities and applicable generic feature programs and will not be available in a 2BESS Central Office. Centrex 21 consists of standard features which are available to all station lines in the shared customer group where available. A Centrex 21 customer has a choice of having the features delivered via analog lines and/or 2B+S, (digital, voice only) ISDN lines. Optional features are also available.

Centrex *PRIME* was deregulated by the Commission through Order No. 00-228, issued April 28, 2000, (docket UX 23). It is a business multi-line communications system that consists of a group of station lines that are provided for an individual customer group with the switching function furnished from stored-program-controlled central offices.¹ The station lines provide common access to a predetermined group of 26 standard system features, Integrated Services Digital Network (ISDN) digital access lines,² and Caller Identification Service.

¹ Customers have a choice of access to the public network either (1) for each station line (non-blocking) or (2) through controlled access (blocking), depending upon the number of Network Access Facilities subscribed to by a customer. That is, the number of Network Access Facilities subscribed to by a customer determines the amount of access the customer has beyond/outside a customer's Centrex group.

² ISDN digital access lines are provided with Centrex *PRIME* using various technological designs. The standard ISDN line consists of 23 B-channels and one D-channel, for a total transmission rate of 1.544 Megabits per second (Mbps), which is equivalent to a T1 facility. Each 64 kilobits per second (kbps) B-

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Centrex *PRIME*³ is very similar to two other Qwest services, Centrex Plus and Centrex 21. The similarities are important because most current centrex-type⁴ service subscribers are smaller business customers with 20 or fewer lines per location.

Comparison of Centrex *PRIME* to Centrex Plus and Centrex 21

A customer's charges for Centrex *PRIME*, like those for Centrex Plus and Centrex 21, are determined primarily by the number of station lines subscribed by a customer---i.e., the rates are discounted based on volume.

Centrex *PRIME*, is unlike Qwest's principal centrex-type service, Centrex Plus, in that it includes ISDN lines and Caller Identification (ID). That is, Centrex *PRIME* includes ISDN digital access lines as well as basic analog lines and offers customer access to Caller ID, which is incorporated as a standard feature.

Unlike Centrex *PRIME*, which Qwest describes as designed to meet the needs of larger customers, Centrex 21 is a service designed to meet the switched communication needs of small to medium size businesses. Centrex 21, like Centrex *PRIME*, offers both basic and digital ISDN access lines alternatives; however, the feature functionality is more limited and targeted to the needs of the small to medium size businesses.

Qwest has provided a detailed comparative analysis of Centrex *PRIME*, Centrex Plus, and Centrex 21, which is summarized in the table on the following page.

channel carries user information such as voice calls, circuit-switched data, or video. The D-channel is a 64 kbps channel that is used to carry the control or signaling information.

³ For Centrex *PRIME*, the discount granted is based primarily where the number centrex station lines in service at one location exceeds 300 lines. Qwest's tariff for Centrex Plus effectively gives its largest volume discounts to customers with 51 or more lines at one location, but does not grant any further discounts.

⁴ Centrex Plus and Centrex 21.

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Attribute	Centrex Plus	Centrex PRIME	Centrex 21	Comments
<u>Analog Service</u>	X	X	X	Available in all exchanges
<u>Robust Features Packages</u>	X 31 analog standard features	X 40 analog 50 digital standard features	X 25 analog 35 digital standard features	Provides the same features as Centrex Plus and more.
Calling Line ID		X	X	Incorporated as a standard feature
Digital ISDN		X	X	Added as a standard line option in equipped offices
<u>DS1 Access Alternative</u>		X		Provides a DS1 connection from a customer's premise to their serving central office.
Metro Enterprise Solution		X		Aggregates traffic for locations greater than 50 stations by using remote terminals.
<u>Vendor Choice</u>		X		Enterprise option allows choice of Nortel or AT&T switching platform.
<u>DS1 Interconnection Option</u>	X	X		Used for interconnection to other systems or carriers, disaster recovery or connection to voice response units.
<u>Access to Public Switched Network</u>	X	X		Non-blocked or blocked (with Network Access Registers) access to PSN.

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Staff Procedures for Reviewing Service Exemptions

OAR 860-032-0020 provides that a telecommunications utility that intends to discontinue or abandon a regulated intrastate telecommunications service, including to *grandfather* a regulated service *with a sunset date* for which there are current customers, must file a petition with the Commission at least 90 days before the telecommunications utility intends to abandon the service subject to subsections (2), (7)(a), and (15)(c). Specifically, with respect to the *grandfathering of a service with a sunset date*, whether throughout its service territory or in limited geographic areas, the grandfathering shall be considered an abandonment of service subject to OAR 860-032-0020. This is the case with this filing.

OAR 860-032-0020 subsections (5) and (6) require telecommunications utilities that petition to abandon a service to provide certain notifications to its customers, the Commission and other affected parties. Qwest has provided the Commission a copy of the customer notice and has certified that other parties have been notified.

Furthermore, if the Commission does not deny the petition or set it for hearing within 90 days after receiving the petition, the petition shall be deemed approved as provided for in OAR 860-032-0020(7)(a). There is also a requirement in subsection (7)(b) to mail a notification to any affected customer and to any other telecommunications provider affected by the proposed abandonment at the same time that the telecommunications utility files the petition with the Commission. The telecommunications utility must also file with the Commission a copy of the notification at the same time it mails the notification and files the petition as provided for in subsection (7)(c). Further still, subsection (7)(d) requires that the telecommunications utility must also demonstrate the abandonment will not deprive the public of "necessary telecommunications services." Finally, the telecommunications utility must obtain Commission approval before transferring customers to another telecommunications provider under subsections (7)(d) and (7)(e).

OAR 860-032-0020(6) contains requirements pertaining to notification of the abandonment by the provider to the Oregon Emergency Management system. This section of the rule is not applicable to this abandonment because Qwest is not exiting the telecommunications market in Oregon and the customers affected by the abandonment of the services are being migrated to other services or providers by December 31, 2007, or December 31, 2008.

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Analysis

Qwest has provided the Commission the customer notice as required by OAR 860-032-0020(5) and has certified that it has been mailed to all existing customers of the services being abandoned. The customer notice contains the necessary information required by the rule.

Qwest customers currently subscribing to CentraFlex 2 and Centrex Plus received a direct-mailed customer notice of these changes on December 20, 2006. To date, staff has not heard from any customer of those services.

OAR 860-032-0020(6) contains requirements pertaining to notification of the abandonment by the provider to the Oregon Emergency Management system. This section of the rule is not applicable to this abandonment because Qwest is not exiting the telecommunications market in Oregon.

There are currently two customers for CentraFlex 2 and 87 customers for Centrex Plus. However, there are *several thousand lines* subscribed to by those Centrex Plus customers. By December 31, 2007, and December 31, 2008, respectively, the CentraFlex 2 and Centrex Plus customers will either have migrated to another Qwest service or have chosen another carrier to provide service.

Other telecommunications providers---i.e., competitive providers---will not be affected by the proposed abandonment. No current competitive providers purchase Centrex Plus as their underlying service from Qwest. Until a few years ago, Centrex Plus resale had been the main source of competition for local access services directed toward small business customers in Oregon.⁵ The Centrex Plus resellers had been entirely dependent upon Qwest to supply that service.

Qwest will refund, to any affected customer, any payments or deposits for service they do not receive because of the abandonment. However, Qwest does not anticipate there will be any such payments because Qwest intends to encourage the migration of all affected customers to another service or provider in advance of the sunset dates and will not charge for any unused service or for any termination or conversion charges.

Qwest has demonstrated through its descriptions of its other service offerings that the proposed abandonment will not deprive the public of necessary telecommunications services.

⁵ See Staff's "Local Telecommunications Competition Survey," issued January, 2002.

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The Commission could require Qwest to reinstate service to prevent the public from being deprived of necessary services under OAR 860-032-0020(7)(d).

Qwest states in its petition that no customers will be automatically transferred to other telecommunications providers.

Conclusions

Staff's analysis outlined above has led to the following conclusions:

- 1) Qwest has certified that it has provided the required notifications to its customers, the Commission, and other affected parties in a timely manner.
- 2) Other telecommunications providers will not be affected by the proposed abandonment. No current competitive providers purchase CentraFlex 2 or Centrex Plus as their underlying service from Qwest.
- 3) Qwest will refund, to any affected customer, any payments or deposits for service they do not receive because of the abandonment.
- 4) Qwest has demonstrated that the abandonment will not deprive the public of necessary telecommunications services.
- 5) The Commission could require Qwest to reinstate service to prevent the public from being deprived of necessary services.
- 6) No customers have contacted staff regarding the proposed abandonment.

Commission's Decision Alternatives

The Commission has the following decision alternatives:

1. Grant the petition---i.e., allow the abandonment of CentraFlex 2 and Centrex Plus services with interim grandfathering with sunset dates.
2. Deny the petition.
3. Set the petition for hearing---i.e., further investigate Qwest's petition to abandon CentraFlex 2 and Centrex Plus.

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PROPOSED COMMISSION MOTION:

Qwest Corporation's petition to abandon, with interim grandfathering, CentraFlex 2 and Centrex Plus service be granted.

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