

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UD 16

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| In the Matter of |) | |
| |) | |
| UNITED TELEPHONE COMPANY OF |) | ORDER |
| THE NORTHWEST, dba EMBARQ |) | |
| |) | |
| Petition to Price List A Certain Package of |) | |
| Services |) | |

DISPOSITION: PETITION GRANTED

On February 13, 2007, United Telephone Company of the Northwest, dba Embarq (Embarq) filed a petition with the Public Utility Commission of Oregon (Commission) to price list a residential service package, Standard Home Phone Service II. The package includes a local access line and several custom calling features. Only the package itself would be price-listed, not the individual services in the package. The individual services would remain in the regular tariff, and the initial rate for the package would be the current tariff rate.

Pursuant to ORS 759.054(1) and OAR 860-032-0035, the Commission may approve a price list petition if: (1) the utility can demonstrate that the services are subject to competition; or (2) the service is not an essential product or service. OAR 860-032-0035(6)(j) allows a rebuttable presumption that a package of telecommunications services is not essential provided each service within the package is readily available to customers separately in the tariff. All of the services in the package included in Embarq’s petition are tariffed services and all are available separately in the tariff.

In addition, this filing is in compliance with OAR 860-032-0035(8), which requires that the rate set for a package of services must be equal to or greater than the tariff rate(s) for the essential service(s), plus the long-run incremental cost(s) of the “not essential” services in the package.

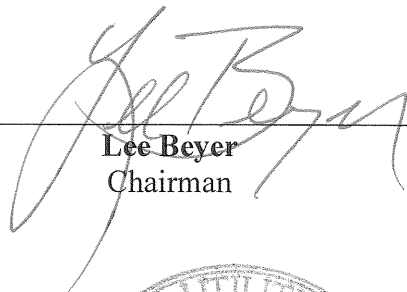
At its public meeting on April 10, 2007, the Commission adopted Staff’s recommendation to move the Standard Home Phone Service II package of services from Embarq’s tariff to its price list, and to allow Embarq to file a price list for this service package. Staff’s recommendation, including the package and its respective rate, is attached as Appendix A and is incorporated by reference.

ORDER

IT IS ORDERED that:

1. The petition filed by United Telephone Company of the Northwest, dba Embarq, to price list its petition package, is granted.
2. United Telephone Company of the Northwest, dba Embarq should file a price list that is consistent with its petition and this order.
3. The total price of the service package shall not exceed the sum of the tariffed rates of the individual service components included in the package.
5. The decision to grant the petition of United Telephone Company of the Northwest, dba Embarq is made without prejudice to future decisions regarding whether any particular services are essential or nonessential, or whether any particular service package should be price listed when some of the underlying services are tariffed.

Made, entered, and effective APR 11 2007.



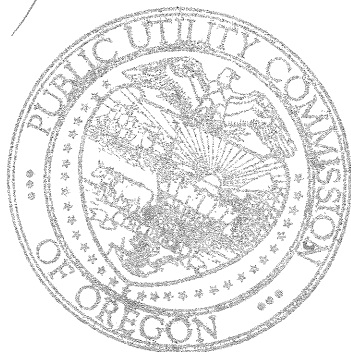
Lee Beyer
Chairman



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: April 10, 2007

REGULAR X CONSENT EFFECTIVE DATE April 13, 2007

DATE: March 28, 2007

TO: Public Utility Commission

FROM: Jim Stanager *JS*

THROUGH: *in* Lee Sparling, *DB* Dave Booth, and *LB* Lance Ball

SUBJECT: UNITED TELEPHONE COMPANY OF THE NORTHWEST/EMBARQ:
(Docket UD 16) Petition to price list a package of services.

STAFF RECOMMENDATION:

Staff recommends that the filed petition be granted and that the company be directed to file a price list.

DISCUSSION:

Background

United Telephone Company of the Northwest, dba Embarq (Embarq), has filed a petition to price list a residential service package, Standard Home Phone Service II. The package includes a local access line and several custom calling features. The petition was filed February 13, 2007. Only the package itself would be price-listed, not the individual services in the package. The individual services would remain in the regular tariff. The initial rate for the package would be the current tariff rate.

Pursuant to Oregon Revised Statutes (ORS) 759.058, the Commission has 60 days from the filing date to either determine the appropriateness of the filing or determine that further investigation is necessary. The Commission has until April 13, 2007, to take action on this petition.

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Analysis

Procedures for Reviewing Service Exemptions

Pursuant to ORS 759.054(1) and Oregon Administrative Rule (OAR) 860-032-0035, the Commission may approve a price list petition if: (1) the services can be demonstrated to be subject to competition or (2) if the service is not an essential product or service. That is, the Commission may authorize a telecommunications utility to price list services if the services are not essential services, without any requirement that the services be subject to competition.

OAR 860-032-0035 (6)(j) of this rule, allows a rebuttable presumption that a package of telecommunications services is not essential provided that each service within the package is readily available to customers separately in the tariff. All of the services in the package included in Embarq's petition are tariffed services and all are available separately in the tariff.

In addition, this filing is in compliance with OAR 860-032-0035(8), which requires that the rate set for a package of services must be equal to or greater than the tariff rate(s) for the essential services(s), plus the long-run incremental cost(s) of the "not essential" services in the package.

ORS 759.058 requires the Commission to, within 60 days of the filing, determine the appropriateness of the filing or determine that further investigation is necessary.

If the Commission grants the petition and Embarq files its advice to effect the transfer of the service package from its tariff to its price list, pursuant to OAR 860-032-0035(11), future revisions to, or withdrawal of, the package can be effective upon filing with the Commission. The suspension and hearing requirements of ORS 759.180 to 759.190 do not apply to filing or revising a price list.

Pursuant to OAR 860-032-0035(12), the Commission may, at any time, review a telecommunications utility's price-listed services and, after hearing, order the utility to change its rates, terms or conditions of its price-listed services.

Descriptions of the Services Proposed for Price Listing

The package proposed for price listing is Standard Home Phone II, which is an optional residential service package that includes features and services for a flat monthly rate on each residential line. The Standard Home Phone II package includes an access line as well as the following services: Caller Identification (Caller ID) Name and Number, Anonymous Call Rejection, Call Waiting, Call Waiting ID, Three-Way Calling, Call

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Forwarding, Repeat Dialing, Return Call, Selective Call Forwarding, and Speed Calling 8. The tariffed rate for the package is \$31.95 per month.

Conclusions

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

- 1) The service package included in the petition is not essential. The individual services included in the package will remain available in the company's tariff. The price of the price-listed service package will remain equal to or greater than the tariff rate(s) for the essential services(s), plus the long-run incremental cost(s) of the "not essential" services in the package. The service package included in the petition is similar to service packages currently included in Embarq's price list.
- 2) The initial price-listed rate for the service package will be Embarq's current tariffed rate; therefore, the filing will have no effect on the company's annual revenues.

Commission's Decision Alternatives

The Commission has the following decision alternatives:

- 1) Suspend and further investigate Embarq's petition to price list the petition service.
- 2) Allow the petition to go into effect.

PROPOSED COMMISSION MOTION:

An order be issued granting Embarq's petition and directing the company to file a price list consistent with its petition.

The order should include a requirement that: (1) the individual services/features included in the service package remain available separately in the company's tariff, (2) the total price of the service package shall not exceed the sum of the tariffed rates of the individual service components included in the package, and (3) the decision to grant the petition is made without prejudice to future decisions regarding whether any

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particular services are essential or nonessential, or whether any particular service package should be price-listed when some of the underlying services are tariffed.

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