

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UD 17

In the Matter of)	
)	
VERIZON NORTHWEST INC.)	ORDER
)	
Petition to Price List Two Service)	
Packages, pursuant to ORS 759.054,)	
OAR 860-032-0035 and OAR 860-032-)	
0200(3).)	

DISPOSITION: PETITION GRANTED

On October 23, 2007, Verizon Northwest, Inc. (Verizon) filed a petition with the Public Utility Commission of Oregon (Commission) to price list two residential service packages, Regional Value and Regional Essentials. 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 rates for the packages would be the current tariff rates.

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 Verizon’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 December 18, 2007, the Commission adopted Staff’s recommendation to move the Regional Value and Regional Essentials packages of services from Verizon’s tariff to its price list, and to allow Verizon to file a price list for this service package. Staff’s recommendation, including the packages and their respective rates, is attached as Appendix A and is incorporated by reference.

ORDER

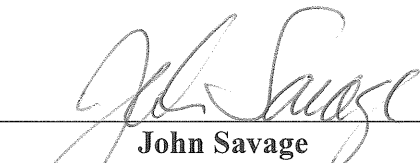
IT IS ORDERED that:

1. The petition filed by Verizon Northwest, Inc., to price list its petition packages, is granted.
2. The individual services/features included in the service packages shall remain available separately in Verizon Northwest, Inc.'s tariff.
3. The total price of the service packages shall not exceed the sum of the tariffed rates of the individual service components included in the packages.
4. The decision to grant the petition of Verizon Northwest, Inc. 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 DEC 19 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.

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 18, 2007

REGULAR _____ CONSENT X EFFECTIVE DATE December 22, 2007

DATE: December 6, 2007

TO: Public Utility Commission

FROM: Jim Stange *JS*

THROUGH: *LS* Lee Sparling, *DB* Dave Booth, and *DS* Dave Sloan

SUBJECT: VERIZON NORTHWEST INC.: (Docket No. UD 17) Moves Regional Value and Regional Essentials, with associated discounts and bundles, from the company's tariff to its price list.

STAFF RECOMMENDATION:

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

DISCUSSION:

Background

Verizon Northwest Inc. (Verizon) has filed a petition to price list two residential service packages, Regional Value and Regional Essentials. The petition was filed October 23, 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 rates for the packages would be the current tariff rates.

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 December 22, 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 Verizon'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 Verizon 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 the rates, terms or conditions of its price-listed services.

Descriptions of the Services Proposed for Price Listing

The two residential service packages proposed for price listing are Regional Value and Regional Essentials.

The Regional Value package is a group of services for residential customers that includes a flat-rated local access line, flat-rated Extended Area Service (EAS), unlimited intraLATA toll (only 1+ direct-dial station-to-station), and the nonrecurring charges for

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the initial order (line installation) or for any subsequent change to this service. The tariffed rate for the package is \$27.04 per month.

The Regional Essentials package is a group of services for residential customers that Verizon currently offers as a tariffed service, which includes a flat-rated local access line, flat-rated EAS, unlimited intraLATA toll, line installation; and three features---i.e., Caller Identification (ID), Call Waiting, and Voice Mail.¹ The tariffed rate for the package is \$32.04 per month.

Conclusions

Staff's analysis outlined above leads to the following conclusions:

- 1) The service packages included in the petition are not essential. The individual services included in the packages will remain available in the company's tariff. The prices of the price-listed service packages 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 packages included in the petition are similar to service packages currently included in Verizon's price list.
- 2) The initial price-listed rate for the service package will be Verizon'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 Verizon's petition to price list the petition service.
- 2) Allow the petition to go into effect.

PROPOSED COMMISSION MOTION:

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

¹ Voice Mail is an unregulated service that is not offered in the company's Oregon tariff.

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The order should include a requirement that: (1) the individual services/features included in the service packages remain available separately in the company's tariff, (2) the total price of the service packages 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 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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