

ORDER NO. 00-230

ENTERED MAY 02 2000

This is an electronic copy. Attachments may not appear.

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UI 116 (4)

In the Matter of the Supplemental Application of)	
GTE Northwest Incorporated for Approval of the)	ORDER
Second Amendment to the Agreement for Yellow)	
Pages Services with GTE Directories Corporation,)	
an Affiliated Interest.)	

**DISPOSITION: SUPPLEMENTAL APPLICATION APPROVED WITH
CONDITIONS**

On January 19, 2000, the Commission received an application from GTE Northwest Incorporated (Company or GTENW), filed pursuant to ORS 759.375 and ORS 759.390, requesting authority to enter into an amended agreement for Yellow Pages Services with GTE Directories Corporation (GTEDC), an affiliated interest.

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 April 25 2000, the Commission adopted Staff's recommendation to approve the application with conditions. Staff's recommendation is attached as Appendix A and is incorporated by reference.

The Commission notes that the docket number in Order No. 99-384 issued in this docket was incorrectly noted as UI 116(4). This current application is the fourth supplemental application. Order No. 99-384 should be amended to reflect a docket number of UI 116 (3).

OPINION

Jurisdiction

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

Affiliation

An affiliated interest relationship between GTE Northwest Incorporated and GTE Directories Corporation exists under ORS 759.010.

Applicable Law

ORS 759.390 requires telecommunications utilities to seek approval of contracts with affiliated interests within 90 days of execution of the contract. The intent of the statute is to protect ratepayers from the abuses which may arise from less than arm's length transactions. *Portland General Electric Company*, UF 3739, Order No. 81-737 at 6. Failure to file within the 90-day time limit may preclude the utility from recovering costs incurred under the contract. *See* ORS 759.390.

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.

Ratepayers should not be harmed by approval of this application.

CONCLUSIONS

1. The Company is a telecommunications utility subject to the jurisdiction of the Commission.
2. An affiliated interest relationship exists between GTE Northwest Incorporated and GTE Directories Corporation.
3. The agreement is fair, reasonable, and not contrary to the public interest.
4. The application should be granted.
5. The docket number on Order No. 99-384 should be amended to read UI 116 (3) and all other aspects of the order should remain unchanged.

ORDER

IT IS ORDERED that:

1. The application of GTE Northwest Incorporated for authority to engage in certain affiliated interest transactions with GTE Directories Corporation is granted, subject to conditions stated in Appendix A.

2. The docket number on Order No. 99-384 is amended to read UI 116(3), and all other aspects of that order remain unchanged.

Made, entered, and effective _____.

BY THE COMMISSION:

Vikie Bailey-Goggins
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 of 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. A party may appeal this order pursuant to ORS 756.580.

UI116(4)DOC

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: APRIL 25, 2000**

REGULAR AGENDA__ CONSENT X AGENDA__ EFFECTIVE DATE_____

DATE: April 12, 2000

TO: Bill Warren through Marc Hellman and Mike Myers

FROM: Marion Anderson

SUBJECT: UI 116 (4) – GTE Northwest, Inc., (GTE-NW) Supplemental Application for Approval of the Second Amendment to the Agreement for Yellow Pages Services with GTE Directories Corporation (GTEDC), an Affiliated Interest

SUMMARY RECOMMENDATION:

I recommend approval with conditions.

DISCUSSION:

This filing was made on January 19, 2000. GTE-NW and GTEDC are wholly owned by GTE Corporation and are thereby affiliated interests under ORS 757.015. Approval of the agreement underlying this amendment was conferred by Order No. 99-384. This amendment extends that agreement until December 31, 2001.

PERTINENT ISSUES:

I have investigated the following issues to determine if the agreement is fair and reasonable, and not contrary to the public interest.

1. Scope of Services
2. Transfer Pricing Methods and Cost Allocations
3. Determination of Public Interest Compliance
The previous approval of these areas is unaffected by this amendment.

4. Records Availability, Audit Procedures and Reporting Requirements
I believe that Detailed Recommendation Condition 1 affords the Commission adequate access to records and provides for the auditing of transactions between GTE-NW and GTEDC.

CONCLUSIONS:

Based on an investigation and review of this application, my conclusions are as follows:

1. GTE Northwest, Incorporated, is a regulated telecommunications company subject to the jurisdiction of the Public Utility Commission of Oregon.

April 12, 2000
Page 2

CONCLUSIONS: (continued)

2. An affiliated interest relationship exists between GTE Northwest, Incorporated, and GTE Directories Corporation.
3. The application appears to be fair and reasonable and not contrary to the public interest.

DETAILED RECOMMENDATION:

Based on the preceding discussion and conclusions, I recommend that the supplemental application presenting the amendment extending the term of the agreement be approved with the following conditions:

1. GTE Northwest, Incorporated, shall provide the Commission access to all books of account, as well as all documents, data and records of GTE Northwest, Incorporated, and GTE Directories Corporation that pertain to transactions between the two.
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. GTE Northwest, Incorporated, 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.

UI 116 (4)