

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: December 18, 2001

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** January 7, 2002

DATE: December 10, 2001

TO: Phil Nyegaard through Lance Ball

FROM: Jim Stanage

SUBJECT: VERIZON NORTHWEST, INC.: (Advice No. 768) Provides a promotion for new and existing customers subscribing to CentraNet CustoPAK Service month to month.

STAFF RECOMMENDATION:

I recommend that the filed tariff be allowed to go into effect.

DISCUSSION:

Verizon Northwest, Inc. (Verizon) Verizon Northwest, Inc. (Verizon), formerly known as GTE Northwest, Inc. or GTE, proposes to establish a promotion for its CentraNet CustoPAK Service that is subscribed month to month. During the promotional period from January 7 to April 5, 2002, business customers who subscribe to CentraNet CustoPAK Service month to month would receive a waiver of the associated nonrecurring charges, which vary from \$12.00 to \$40.00 depending on the services ordered.

The filing was submitted on November 15, and thus, complies with Oregon Revised Statutes (ORS) 759.190, which requires tariff filings to be made at least thirty days prior to their effective dates. In addition, ORS 759.175 requires telecommunications utilities to submit tariff filings to the Commission whenever a telecommunications utility intends to change its rates, terms, or conditions of service.

CentraNet 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 standard system features. This includes features once only provided on privately owned key systems and private branch networks (PBXs). All CentraNet systems provide abbreviated intercom dialing between stations within the business group, and extension lines to multiple geographic

site locations, tied together as one system under a common dialing plan. CentraNet CustoPAK Service is a customized version of CentraNet for small businesses with two to thirty lines. CustoPAK (month to month) is priced at \$26.15, \$33.15, and \$37.42 in the company's three respective geographical rate groups.

The company cited previously submitted cost studies that show the proposed rates cover the cost of service. Although the Commission has not accepted Verizon's cost study results, the proposed rates do cover Qwest Corporation's costs for the same services. ORS 759.050(5)(b) requires that regulated telecommunications services be priced at least as high as the imputed price floor¹ (i.e., the cost of service). In docket UM 844, the Commission held that, until Verizon's cost docket is completed, the imputed price floor established for Qwest would also apply to Verizon as well as to other Oregon Incumbent Local Exchange Companies (ILECs).²

The company estimates that this filing would increase annual revenues by approximately \$1,500.

PROPOSED COMMISSION MOTION:

That Verizon's tariff proposed in Advice No. 768 be allowed to go into effect.

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¹ The imputed price floor: "... the price for a competitive zone service within the zone may not be lower than the total service long run incremental cost [TSLRIC], for nonessential functions, of providing the service within the zone and the charges for essential functions used in providing the service..." See ORS 759.050(5)(b).

² See Order 97-239.