

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 19, 2002**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** November 20 2002

DATE: November 12, 2002

TO: John Savage through Phil Nyegaard through Lance Ball

FROM: Jim Stanage

SUBJECT: VERIZON NORTHWEST INC.: (Advice No. 796) Proposes new rates for local and intraLATA toll station-to-station collect calls by inmates at correctional facilities.

SUMMARY RECOMMENDATION:

Allow the filed tariff to go into effect and grant the application for a waiver of less than statutory notice.

DISCUSSION:

Verizon Northwest, Inc., (Verizon) proposes to establish a new service and rate for local and intraLATA toll station-to-station collect calls by inmates at correctional facilities. The company has also filed an accompanying application for a waiver of less than statutory notice. The filing proposes a new version of the current service called, "Operator-Handled Station-to-Station" calls, and would have a per call charge of \$1.75. The new service would be available only to inmates at correctional facilities. Verizon is establishing a new service because the existing service does not allow enough margin to allow Verizon to pay a commission to correctional facility site owners. Paying a commission to the site owners is usually necessary in order to gain the right to serve a correctional site.

The filing was submitted on October 18, 2002, 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.¹ However, because Verizon made some changes to the initial filing that were submitted less than thirty days prior to the effective date, it has been necessary for the company to also submit an application for waiver of the statutory notice requirement.

¹ 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.

Operator Services provide live or mechanized assistance to customers in completing *Message Telecommunications Service* (IntraLATA Toll) calls and are priced on a per call basis as follows: Operator-Handled Station-to-Station calls (\$1.00), Customer-Dialed Station-to-Station Calling Card calls (\$0.60), and Operator-Handled Person-to-Person calls (\$3.00).

The company submitted a financial analysis that shows the proposed rate covers long-run, incremental costs (LRIC) of service. Although the Commission has not yet accepted Verizon's cost study results, the proposed rates do cover Qwest Communications, Inc.'s long-run, incremental (LRIC) costs for the same services. Verizon estimates that this filing will increase annual gross revenues by approximately \$47,000.

PROPOSED COMMISSION MOTION:

That Verizon's tariff proposed in Advice No. 796 be allowed to go into effect and that the application for a waiver of less than statutory notice be granted.