

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: November 9, 2004**

REGULAR _____ CONSENT X EFFECTIVE DATE November 10, 2004

DATE: November 2, 2004

TO: Lee Sparling through Phil Nyegaard

FROM: Cynthia Van Landuyt

SUBJECT: OREGON EXCHANGE CARRIER ASSOCIATION: (Advice No. 88)
Revises intrastate Carrier Common Line rates to reflect access minute demand revisions and EAS conversion implementation.
OREGON EXCHANGE CARRIER ASSOCIATION: (Advice No. 90)
Revises intrastate switched access rates to reflect access minute demand revisions and EAS conversion implementation.

STAFF RECOMMENDATION:

Staff recommends the Commission allow the filings, effective November 10, 2004, to go into effect.

DISCUSSION:

On October 25, 2004, the Oregon Exchange Carrier Association (OECA) filed Advice No. 88 in its Intrastate Carrier Common Line tariff and Advice No. 90 in its Intrastate Access tariff to be effective November 10, 2004. The filing was made under ORS 759.220, *Joint rates and classifications; procedure; considerations* and 759.225, *Applications of ORS 759.220 to unincorporated associations and cooperative corporations*. The filings revise the Carrier Common Line (CCL) and Traffic Sensitive rates to reflect the October 2004 Extended Area Service (EAS) conversions (PUC Order Nos. 04-158, 04-312, 04-313, 04-315, and 04-354) and updates to two member companies' 2004 demand forecasts.

The Commission, in dockets UM 916, 1061, 1075, 1076 and 1089, approved EAS rates for companies who were involved in the October 2004 EAS conversions. At the time of an EAS conversion, costs and minutes associated with provisioning intrastate toll calls are transferred from the intrastate toll/access jurisdiction to EAS. The Commission approved EAS rates which are set to recover the additional costs for the new routes. To eliminate double recovery in both the access and EAS rates, these costs and access

minutes must be removed from the access pool. Pool rates are revised and the company specific distribution rates are recalculated.

In addition to the EAS conversions, two member companies submitted revised access minute demand forecasts. In reviewing the access minutes reported to the OECA, the companies found some access minutes were double counted in previous years, thus overstating the base upon which their forecasts were developed.

The net effect of the EAS conversions and demand forecast revisions are a revenue increase of \$371,000. The CCL rates increase 1.4 percent and the Traffic Sensitive rates increase 3.7 percent. See Attachment 1 for specific rates. The rates recover the companies' approved costs adjusted to remove costs associated with the EAS conversions.

Staff Conclusions

In accordance with ORS 759.220(2), *Joint rates and classifications; procedure; considerations*, the Commission could suspend this filing for further investigation. Staff recommends the Commission accept the OECA revised access charge rates.

PROPOSED COMMISSION MOTION:

OECA's Advices 88 and 90, revising intrastate CCL and Traffic Sensitive rates be allowed to go into effect November 10, 2004.

Access Rate Elements	Current Rates	Proposed Rates	Rate Change
CARRIER COMMON LINE			
1 Premium Terminating	\$0.02491	\$0.02525	\$0.00034
2 Premium Originating	\$0.01245	\$0.01262	\$0.00017
TRAFFIC SENSITIVE			
3 Local Switching	\$0.01301	\$0.01350	\$0.00049
4 Transport	\$0.01927	\$0.01998	\$0.00071