

ITEM NO. 4

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 30, 2005**

REGULAR X **CONSENT** **EFFECTIVE DATE** September 11, 2005

DATE: August 18, 2005

TO: Public Utility Commission

FROM: David Sloan

THROUGH: Lee Sparling, Phil Nyegaard and Lance Ball

SUBJECT: SPRINT/UNITED TELEPHONE CO OF THE NORTHWEST:
(Docket No. UD 14) Moves "Sprint Classics Calling Package," and "Sprint Priority Package" from the tariff to the price list.

STAFF RECOMMENDATION:

Staff recommends the petition to move Sprint Classics Calling Package and Sprint Priority Package from Sprint/United Telephone Co of the Northwest's tariff to its price list be granted and that the company be allowed to file a price list for these service packages.

DISCUSSION:

On July 13, 2005, Sprint/United Telephone Co of the Northwest (United) filed a petition to move two service packages, Sprint Classics Calling Package and Sprint Priority Package, from Schedule AE-4, 9th Revised Sheet 19 of its tariff¹ to its Oregon Price List. The service packages are composed of individual services as follows:

(1) Sprint Classics Calling Package, \$11.00 per month

- Anonymous Call Rejection
- Call Forwarding
- Caller ID Name and Number
- Three-Way Calling
- Return Call
- Call Forward Busy – Fixed
- Call Forward Don't Answer – Fixed

¹ Sprint Classics Calling Package was introduced in United's tariff with its Advice No. 499, effective December 1, 1999, and Sprint Priority Package was introduced in the tariff with the company's Advice No. 548, effective March 22, 2002.

(2) Sprint Priority Package, \$9.00 per month

- Anonymous Call Rejection
- Call Forwarding
- Caller ID Name and Number
- Call Forward Busy – Fixed
- Call Forward Don't Answer – Fixed
- Call Waiting

The initial price-listed prices for the service packages will be United's current tariffed rates; therefore, the filing will have no effect on the company's annual revenues.

Pursuant to Oregon Revised Statute (ORS) 759.030(6) 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)(g) allows a rebuttable presumption that, for telecommunications utilities certified prior to January 1, 1999, a telecommunications service which is first offered after January 1, 1999, is not essential. Also, 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 on a separate basis. Therefore, the service packages in the petition are rebuttably not essential since (1) Sprint was certified prior to January 1, 1999, and the service packages included in the petition were first offered after January 1, 1999, and (2) only the service packages themselves would be price listed and the individual services would remain in United's Local Exchange Tariff PUC OR. No. 3.

The 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 tariffed rate(s) for the essential services(s) plus the long-run incremental cost(s) of the "not essential" services in the package. Pursuant to OAR 860-032-0035(6)(a), there is a rebuttable assumption that a service listed in OAR 860-032-0200 is also essential for purposes of ORS 759.030(6) and OAR 860-032-0035. None of the services in the two packages included in United's petition are on the list of essential services included in OAR 860-032-0200.

ORS 759.030(7) requires the Commission to, within 60 days of the filing, determine the appropriateness of the filing or determine that further investigation is necessary. For this filing, the 60-day statutory deadline is September 11, 2005.

If the Commission grants the Petition and United files its advice to effect the transfer of the service packages from its tariff to its price list, pursuant to OAR 860-032-0035(11) future revisions to, or withdrawal of, the packages 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, may order the utility to change its rates, terms or conditions of its price listed services.

The public interest does not require full regulation of the service packages. 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 price of each price listed service package will remain below the sum of the tariffed rates of the individual services in the package and above the sum of the long-range incremental costs of the individual services included in the package. The service packages included in the Petition are similar to service packages currently included in United's price list.²

At the date of this memo, staff has received no inquires from other parties concerning this filing. If parties do come forward with concerns prior to the public meeting, the filing should be suspended for investigation pursuant to ORS 759.030(7). However, since staff does not anticipate any controversy from the filing, I am recommending that the petition be granted at this time.

PROPOSED COMMISSION MOTION:

An order be issued granting Sprint/United Telephone Co of the Northwest's petition to price list its Sprint Classics Calling Package and its Sprint Priority Package and allowing the company to file a price list consistent with its petition.

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 each service package 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.

² United's petition to price list its Advantage, Call Manager, Sprint Essentials, In Touch With Call Forward and Sprint Elite service packages was granted in Order No. 99-662, effective October 29, 1999, in Docket UD 12.