

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 27, 2006

REGULAR _____ CONSENT X EFFECTIVE DATE July 1, 2006

DATE: June 20, 2006

TO: Public Utility Commission

FROM: Cynthia Van Landuyt

THROUGH: Lee Sparling and Phil Nyegaard

SUBJECT: UNITED TELEPHONE CO OF THE NORTHWEST: (Advice No. OR06-14)
Reduces the rate for Carrier Common Line (CCL).

STAFF RECOMMENDATION:

Staff recommends the Commission allow the filing, effective July 1, 2006, to go into effect.

DISCUSSION:

On June 1, 2006, United Telephone Company of the Northwest (United) filed Advice No. 06-14 in its Intrastate Access Service tariff PUC OR. No. 6 to be effective July 1, 2006. The filing was made under ORS 759.220 *Joint rates and classifications; procedure; considerations*. The filing is in compliance with Commission Order 06-297 (June 14, 2006) in docket UM 1017.

In Order 03-082 (February 3, 2003) also in docket UM 1017, the Commission adopted a stipulation by the industry to expand the Oregon Universal Service Fund (OUSF) to include rural Incumbent Local Exchange Carriers (ILECs). Under the rate rebalancing provision of the stipulation, the ILECs must reduce the rates of other telecommunications services that have traditionally supported the provision of basic telephone service. The first priority is to reduce the Carrier Common Line (CCL) access rate.¹ By reducing intrastate access charges,² the disparity between interstate and intrastate long distance rates can be minimized.³

¹ The CCL rate is recognized as an implicit subsidy for basic local service.

² The customers of United's intrastate access charges are Interexchange Carriers (IXCs or long distance carriers).

³ Typically, interstate long distance rates are lower than intrastate rates.

In Order 06-297, the Commission accepted the Memorandum of Understanding (MOU) between staff, the Oregon Telecommunications Association (OTA) and the Oregon Exchange Carrier Association (OECA) and approved revised OUSF support per line amounts effective with the July 2006 disbursements.

This filing applies the increase in United's annual support amounts from the OUSF as an offset to its CCL rates. Based on United's forecast of 2006 average basic service lines and its revised support per line amount of \$2.94, United's OUSF offset increases by \$782,000 annually. United's current originating and terminating CCL rates are \$0.005005 and \$0.01001 respectively.⁴ The proposed originating and terminating CCL rates, after the offset, are \$0.000145 and \$0.00029 respectively. United's CCL rates decrease by 97.1 percent.

In accordance with ORS 759.220(2), *Joint rates and classifications; procedure; considerations*, the Commission could suspend this filing for further investigation. However, staff recommends the Commission accept United's CCL rates as filed.

PROPOSED COMMISSION MOTION:

United's Advice No. 06-14 revising intrastate Carrier Common Line rates be allowed to go into effect July 1, 2006.

⁴ The current rates reflect an OUSF offset based on the prior support per line amount approved in Order 03-082.