

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 19, 2007

REGULAR _____ CONSENT X EFFECTIVE DATE June 26, 2007

DATE: June 7, 2007

TO: Public Utility Commission

FROM: Jim Stanage

THROUGH: Lee Sparling, Dave Booth, and Dave Sloan

SUBJECT: VERIZON NORTHWEST INC: (Advice No. 927) Introduces a new FIOS bundle service.

STAFF RECOMMENDATION:

Allow the filed tariff to go into effect.

DISCUSSION:

Verizon Northwest Inc. (Verizon) proposes to offer discounts on its Regional Essentials Bundle with FiOS (or Bundle). The proposed Bundle consists of the Regional Essentials package for residential customers when it is combined with three unregulated services: unlimited InterLATA (nationwide) long distance service and combinations of FiOS Internet and/or FiOS TV. FiOS, which is sometimes written as FIOS, is a fiber to the premises (FTTP) telecommunications service offered nationally by Verizon.

Residential customers subscribing to one of the proposed Bundle combinations for a twelve or twenty-four month term would receive a discount on the Regional Essentials package monthly charge of \$32.04 per line.

The Regional Essentials package is a group of services for residential customers that Verizon currently offers as a tariffed service, which includes a local access line with unlimited local, Extended Area Service (EAS), and IntraLATA Toll calling; line installation; and three features---i.e., Caller Identification (ID), Call Waiting, and Voice Mail.¹

¹ Voice Mail is an unregulated service that is not offered in the company's Oregon tariff.

To qualify for the proposed Regional Essentials Bundle with FiOS, residential customers must subscribe to the following:

1. Regional Essentials tariffed package;
2. Plan 0 Service—Unlimited²; and either
 - a) Verizon FiOS Internet; or
 - b) Verizon FiOS TV; or
 - c) Verizon FiOS Internet and Verizon FiOS TV (a and b).

The following discounts on Regional Essentials will apply when it is part of the Bundle:

	<u>12 Month Term</u>	<u>24 Month Term</u>
With Verizon FiOS Internet	\$0.01	\$5.01
With Verizon FiOS TV	\$3.01	\$8.01
With Verizon FiOS Internet and Verizon FiOS TV	\$8.00	\$15.00

The filing was submitted on May 18, 2007, 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.

The company submitted a financial analysis that shows that the proposed rates cover the cost of service, and therefore, is consistent with ORS 759.050(5)(b), which requires that regulated telecommunications services be priced at least as high as the imputed price floor³ (i.e., the cost of service).

PROPOSED COMMISSION MOTION:

Verizon Advice No. 927 be allowed to go into effect.

² As found in the Domestic Bell Atlantic Communications, Inc dba Verizon Long Distance Posted Rates, Terms, and Conditions, or an unlimited domestic long distance calling plan consistent with Plan 0.

³ 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).