

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 26, 2008

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  March 6, 2008

DATE: February 14, 2008

TO: Public Utility Commission

FROM: Dave Sloan

THROUGH: Lee Sparling and Dave Booth

SUBJECT: VERIZON NORTHWEST INC: (Advice No. 947) Introduces a new Competitive Response Program for residential customers.

**STAFF RECOMMENDATION:**

Staff recommends the filing be allowed to go into effect.

**DISCUSSION:**

On January 28, 2008, Verizon Northwest Inc (Verizon) filed Advice No. 947, proposing changes to its tariff, PUC OR. No. 18. The filing introduces a new Competitive Response Program for residential customers who have requested disconnection of local service from Verizon. The filing provides Verizon additional flexibility in responding to competitive situations.<sup>1</sup> The effective date is March 6, 2008.

The new program, called the Residence \$50 Reconnect Offer, provides a one time bill credit of \$50.00 or a gift card with a \$50.00 value for qualifying residential customers. Qualifying residential customers are those who subscribe to the company's Premium Calling Service<sup>2</sup>, and who respond to a Verizon marketing letter sent after the customer's disconnection request.

The offer is not redeemable for cash and may not be used to satisfy delinquent balances owed Verizon or any Verizon affiliate. The offer is limited to one per customer

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<sup>1</sup> All of Verizon's customers are in competitive zones as defined in Oregon Revised Statute 759.050, *Competitive zone service regulation*.

<sup>2</sup> Premium Calling Service is all flat rates. One flat rate for Network Access and unlimited calling within the customer's exchange area plus a flat rate for unlimited extended area service (EAS) calling.

and cannot be combined with other discount or promotional offers except as authorized by the company.

The filing is consistent with Oregon Revised Statute (ORS) 759.210, *Classification of service and rates, considerations*, which requires the commission to provide for a comprehensive classification of service for each telecommunications utility. The classification may take into account the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, and any other reasonable consideration.

Also, If the commission determines that the tariff filing results in a rate classification primarily related to price competition, ORS 759.210 requires the commission to consider: (1) whether the rate generates revenues at least sufficient to cover relevant short and long run costs of the utility during the term of the rates; and (2) whether the rate generates sufficient revenues to insure that just and reasonable rates are established for remaining customers of the telecommunications utility.

The filing includes financial analyses that demonstrate that, for a projected annual customer retention and customer gain result from the program, the revenues will be sufficient to cover relevant short and long run costs and, thus, will not affect the rates for remaining customers.

The filing is consistent with ORS 759.190, *Notice of schedule change required*, and Oregon Administrative Rule (OAR) 860-022-0015, which require a utility to file proposed tariff changes 30 days prior to the time they are to take effect. The filing is also consistent with OAR 860-022-0025, which permits a utility to make tariff changes and establishes the type of information a utility must submit with a tariff filing.

**PROPOSED COMMISSION MOTION:**

Verizon Northwest Inc's Advice No. 947 be allowed to go into effect for service rendered on or after March 6, 2008.