

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: March 25, 2008

REGULAR _____ CONSENT X EFFECTIVE DATE April 7, 2008

DATE: March 10, 2008

TO: Public Utility Commission

FROM: Suzanne Smith

THROUGH: Lee Sparling, Dave Booth and Cynthia Van Landuyt

SUBJECT: CENTURYTEL OF OREGON INC: (Advice No. 283) Introduces a new Ethernet Service product.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow the February 29, 2008, revised filing to go into effect April 7, 2008.

DISCUSSION:

On February 22, 2008, CenturyTel of Oregon, Inc (CenturyTel) filed Advice No. 283 in PUC AC4 with an effective date of April 7, 2008. On February 29, the Company filed a revision clarifying the rates on the one year contract as per month rates. The filing was made under ORS 759.175, *Filing rate schedules and data with commission*. In this filing, CenturyTel proposes to introduce a new product, Ethernet Service.

Ethernet Service is a high speed data transport service that provides end-to-end transmission using Ethernet packet¹ technology at transport speeds ranging from 1 Megabit per second (Mbps) up to 1 Gigabit per second (Gbps). Ethernet packets are transmitted using capacity on dedicated and shared transmission paths through the telephone company's Ethernet network to a customer's pre-specified destination. Ethernet technology is used for connecting computers, printers, workstations and other such items within the same building. It is also ideal for transport of broadband multimedia traffic such as voice, data and video using variable length Ethernet packets with the ability to interconnect multiple locations using the telephone company's Ethernet network.

¹ An Ethernet packet is a variable-length unit in which information is transmitted on an Ethernet network

CenturyTel proposes to offer the new service on a one year contract with discounts of ten and twenty percent off of the one year contract for the three and five year contracts, respectively.

Staff reviewed the proposed tariff language and supporting work papers for the Ethernet Service product and determined that the rates for the service are above the Long Run Incremental Cost of the service, a requirement established in ORS 759.195(4). The company estimates that the net revenue from this new offering will average \$5,239 per year over three years. Staff finds the proposed new Ethernet Service an enhancement to CenturyTel's existing service offering and would be of benefit to its customers.

In accordance with ORS 759.185, *Suspension of rates pending hearing; time limitations; revenue collected subject to refund; interim rates*, the Commission could suspend this filing for further investigation. Staff recommends that the Commission allow the revised filing to go into effect April 7, 2008, as it offers a benefit to CenturyTel's customers.

PROPOSED COMMISSION MOTION:

CenturyTel of Oregon's revised Advice No. 283, which introduces a new Ethernet Service product, be allowed to go into effect April 7, 2008.