

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: December 23, 2008**

REGULAR _____ CONSENT X EFFECTIVE DATE January 1, 2009

DATE: December 12, 2008

TO: Public Utility Commission

FROM: Suzanne Smith

THROUGH: Lee Sparling through Bryan Conway and Roger White

SUBJECT: OREGON EXCHANGE CARRIER ASSOCIATION: (Advice No. 105)
Removes Gervais Telephone Company and St. Paul Telephone Association from the OECA Billing and Collecting Pool and increases the projected 2008 billed messages for Clear Creek Mutual Telephone Company that are included in the OECA rate calculations.

STAFF RECOMMENDATION:

Staff recommends that the Commission allow Gervais Telephone Company and St. Paul Telephone Association to exit the OECA Billing and Collecting (B&C) Pool and have their own set of rates. Staff also recommends that the Commission allow the OECA B&C Pool's rates to be changed to reflect the loss of these two companies as well as Clear Creek Mutual Telephone's increase in projected 2008 billed messages.

DISCUSSION:

On December 1, 2008, the Oregon Exchange Carrier Association (OECA) filed Advice No. 105 in PUC OR. No. 2 intrastate switched access tariff with an effective date of January 1, 2009. The filing was made under ORS 759.220, *Joint rates and classification; procedures; considerations*. In this filing OECA proposes to remove Gervais Telephone Company and St. Paul Telephone Association from the OECA B&C Pool, and to increase the projected 2008 billed messages for Clear Creek Mutual Telephone Company that are included in the OECA rate calculations.

The Commission, in docket UM 384, issued Order 93-1133 which adopted the Oregon Customer Access Plan. In the Plan, Incumbent Local Exchange Carriers (ILECs) pool their intrastate access costs and charge statewide average access charge rates. These access charges recover the cost of the local loop (from the end user to the Central Office), the switching equipment in the Central Office and the trunks used to transport

the call from the end user making the call to the number called. The B&C Pool is one part of the Oregon Customer Access Plan.

Attachment 1 shows the percent reduction in the OECA B&C Pool rates and those proposed by Gervais and St. Paul. By opting out of the pool and establishing individual tariff pages, both companies can offer significantly lower rates on several of the services than those established in the pool.

St. Paul is an average schedule company¹ and in its request to withdraw from the pool, states that its costs are most likely lower than the average of the pool members' costs. St. Paul has proposed its rates be set at least 15% below the OECA B&C Pool rates being filed for the same time period.

After review of the supporting documentation, Staff believes that the proposed changes would decrease rates for these services and therefore be in the public interest. The increase to the projected 2008 billed messages for Clear Creek also provides a decrease in the OECA B&C Pool rates and thus would be in the public interest.

PROPOSED COMMISSION MOTION:

OECA's Advice No. 105 which allows Gervais Telephone Company and St. Paul Telephone Association to exit the OECA B&C Pool and revises the OECA B&C Pool's rate to reflect the loss of these two companies as well as Clear Creek Mutual Telephone's revised 2008 billed message projected demand be allowed to go into effect January 1, 2009.

¹ Average schedule companies do not have cost studies upon which to base their rates.

Billing and Collection Services

Rates and Charges	OECA B&C Pool Percent Change	Gervais Percent Change	St. Paul Percent Change
1 Rating Service, per SP+RC message	(21%)	(54%)	(33%)
2 Bill Processing, per SP+RC message	(21%)	(54%)	(33%)
3 Special Billing Service, +per bill	No Change	No Change	No Change
4 Data Transmission, per message	No Change	(54%)	(15%)
5 Provision of Sample Message Data, per recorded extracted (CDMS II or Equiv.)	No Change	No Change	No Change
6 Program Development Basic per hour Premium per hour	No Change No Change	No Change No Change	No Change No Change
7 Administrative Charges Per Hour	No Change	No Change	No Change
8 Magnetic Tape, Per Tape Per Record	No Change No Change	No Change No Change	No Change No Change