

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: January 6, 2009

REGULAR _____ CONSENT X EFFECTIVE DATE Upon Approval

DATE: December 24, 2008

TO: Public Utility Commission

FROM: Jim Stanage

THROUGH: Lee Sparling, Bryan Conway, and Lance Ball

SUBJECT: VERIZON NORTHWEST INC: (Docket No. UD 19) Petition to price list certain packages that currently appear in the company's tariff.

STAFF RECOMMENDATION:

Staff recommends that the filed petition be granted and that the company be directed to file a price list.

DISCUSSION:

Background

Verizon Northwest Inc. (Verizon) has filed a petition to price list certain residential service packages: Big Deal Option A, Big Deal Option B, Two Feature Packages, Three Feature Packages, Verizon Local Package, Verizon Local Package Extra, Verizon Regional Package, and Verizon Regional Package Extra. The company also proposes to price list certain business packages: Choice PAC, WorkSmart, Two Feature Packages, Three Feature Packages, Unlimited IntraLATA Toll Usage for Business Feature Packages, Unlimited Dial Tone (DTL) Package for Business, and Unlimited CentraNet® CustoPAK Package for Business. The residential and business packages, all are currently offered under approved tariffs. The packages include a local access line and custom calling features and may include other services as well. Only the packages themselves would be price-listed, not the individual services in the packages. The individual services would remain in the regular tariff. The initial rate for the package would be the current tariff rate. The petition was filed November 21, 2008.

Pursuant to Oregon Revised Statutes (ORS) 759.058, the Commission has 60 days from the filing date to either determine the appropriateness of the filing or determine that

further investigation is necessary. The Commission has until January 20, 2009, to take action on this petition.

Analysis

Procedures for Reviewing Service Exemptions

Pursuant to ORS 759.054(1) and Oregon Administrative Rule (OAR) 860-032-0035, the Commission may approve a price list petition if: (1) the services can be demonstrated to be subject to competition or (2) if the service is not an essential product or service. That is, the Commission may authorize a telecommunications utility to price list services if the services are not essential services, without any requirement that the services be subject to competition.

OAR 860-032-0035 (6)(j) of this rule, allows a rebuttable presumption that a package of telecommunications services is not essential provided that each service within the package is readily available to customers separately in the tariff. All of the services in the package included in Verizon's petition are tariffed services and all are available separately in the tariff.

In addition, this filing is in compliance with OAR 860-032-0035(8), which requires that the rate set for a package of services must be equal to or greater than the tariff rate(s) for the essential services(s), plus the long-run incremental cost(s) of the "not essential" services in the package.

ORS 759.058 requires the Commission to, within 60 days of the filing, determine the appropriateness of the filing or determine that further investigation is necessary.

If the Commission grants the petition and Verizon files its advice to effect the transfer of the service package from its tariff to its price list, pursuant to OAR 860-032-0035(11), future revisions to, or withdrawal of, the package can be effective upon filing with the Commission. The suspension and hearing requirements of ORS 759.180 to 759.190 do not apply to filing or revising a price list.

Pursuant to OAR 860-032-0035(12), the Commission may, at any time, review a telecommunications utility's price-listed services and, after hearing, order the utility to change its rates, terms or conditions of its price-listed services.

Descriptions of the Services Proposed for Price Listing

The packages proposed for price listing include seven residential packages and eight business packages. The packages typically include an access line as well as features

such services as Caller Identification (Caller ID) Name and Number, Anonymous Call Rejection, Call Waiting, Call Waiting ID, Three-Way Calling, Call Forwarding, Repeat Dialing, Return Call, Selective Call Forwarding, and Speed Calling 8.

Conclusions

Staff's analysis outlined above has led to the following conclusions:

- 1) The service packages included in the petition are not essential. The individual services included in the packages will remain available in the company's tariff. The prices of the price-listed service packages will remain equal to or greater than the tariff rate(s) for the essential services(s), plus the long-run incremental cost(s) of the "not essential" services in the package.
- 2) The initial price-listed rate for the packages will be Verizon's current tariffed rate; therefore, the filing will have no effect on Verizon's annual revenues.

Commission's Decision Alternatives

The Commission has the following decision alternatives:

- 1) Suspend and further investigate Verizon's petition to price list the petition service.
- 2) Allow the petition to go into effect.

PROPOSED COMMISSION MOTION:

An order be issued granting Verizon's petition and directing the company to file a price list consistent with its petition.

The order should include a requirement that: (1) the individual services/features included in the service packages remain available separately in the company's tariff, (2) the total prices of the service packages shall not exceed the sum of the tariffed rates of the individual service components included in the packages, and (3) the decision to grant the petition is made without prejudice to future decisions regarding whether any particular services are essential or nonessential, or whether any particular service package should be price-listed when some of the underlying services are tariffed.