

**PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: February 24, 2009**

**REGULAR** \_\_\_\_\_ **CONSENT**   X   **EFFECTIVE DATE** \_\_\_\_\_   March 1, 2009  

**DATE:** February 9, 2009

**TO:** Public Utility Commission

**FROM:** John Tatom

**THROUGH:** Lee Sparling, Bryan Conway and Roger White

**SUBJECT:** OREGON EXCHANGE CARRIER ASSOCIATION: (Advice No. 106)  
Updates the Carrier Common Line access rates to reflect 2008 cost and demand.  
OREGON EXCHANGE CARRIER ASSOCIATION: (Advice No. 107)  
Revises Switched Access and Special Access rates to reflect 2008 cost and demand.

**STAFF RECOMMENDATION:**

Staff recommends the Commission allow the January 21, 2009, revised filings for Carrier Common Line, End Office Switching and Local Transport Access rates, effective March 1, 2009, to go into effect.

**DISCUSSION:**

On January 21, 2009, the Oregon Exchange Carrier Association (OECA) filed Advice No. 106 in its Intrastate Carrier Common Line (CCL) tariff and Advice No. 107 in its Intrastate Access tariff to be effective March 1, 2009. The filings were made under ORS 759.220, *Joint rates and classifications; procedure; considerations* and ORS 759.225, *Applications of ORS 759.220 to unincorporated associations and cooperative corporations*. The filings update the Intrastate Access Pool's CCL and Traffic Sensitive rates to reflect the revised forecast of demand. The forecast of demand, upon which the original rates were based, proved to be too high. No other services were impacted and no costs in the original study were changed.

Access charge rates are paid by Interexchange Carriers (IXCs or Long Distance Carriers) to originate or terminate a toll call to the Incumbent Local Exchange Carrier's (ILEC) end user customer. The rates OECA proposes in this filing recover ILEC costs for originating and/or terminating intrastate long distance calls.

With this filing, the switched access rates (CCL, End Office Switching and Local Transport) are increasing slightly from rates approved July 1, 2008: CCL is increasing by 3.4 percent, End Office Switching is increasing by 2.9 percent and Local Transport is increasing by 3.0 percent. These rate increases represent a true-up of the rates originally proposed for 2008, and will be reset again in July 2009, when the next Access filing is made.

### **INTRASTATE POOL ACCESS CHARGE ELEMENTS:**

#### **Carrier Common Line**

The CCL rates recover the local loop costs assigned to the intrastate toll/access jurisdiction. With this filing, the CCL rates increase 3.4 percent as shown on Attachment 1, lines 1 and 2. This increase in the CCL rates is partially driven by a decline in OUSF support, which reduces revenue requirements. The 2008 total Access pool unadjusted CCL revenue requirement is \$11.488M. This CCL revenue requirement is offset by \$5.748M in OUSF support for an adjusted total of \$5.740M.

#### **Traffic Sensitive**

With the revised minutes of use values included in this filing, End Office Switching and Local Transport rates increase by 2.9 percent and 3.0 percent, respectively, as shown on Attachment 1, lines 3 and 4.

#### **Staff Conclusions**

The net annual revenue effect of these revised rates is an increase of \$194,000 in annual CCL charges to intrastate long distance carriers and an increase of \$198,000 in End Office Switching and Local Transport charges. The proposed rates recover the companies' 2008 intrastate switched access revenue requirement net of OUSF offsets.

In accordance with ORS 759.220(2), *Joint rates and classifications; procedure; considerations*, the Commission could suspend this filing for further investigation. Staff recommends the Commission accept the OECA revised access charge rates.

### **PROPOSED COMMISSION MOTION:**

OECA's Advices No. 106 and 107, which modify Carrier Common Line, End-Office Switching and Local Transport rates to reflect revised demand projections, be allowed to go into effect March 1, 2009.

	<b>Access Rate Elements</b>	<b>Current Rates</b>	<b>Proposed Rates</b>	<b>Rate Change</b>
	<b>CARRIER COMMON LINE</b>			
1	Premium Terminating	\$0.03991	\$0.04128	\$0.00137
2	Premium Originating	\$0.01996	\$0.02064	\$0.00068
	<b>TRAFFIC SENSITIVE</b>			
3	Local Switching	\$0.01154	\$0.01188	\$0.00034
4	Transport	\$0.02466	\$0.02539	\$0.00073