

ITEM NO. CA9

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

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  March 28, 2009

**DATE:** March 12, 2009

**TO:** Public Utility Commission

**FROM:** John Reynolds

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

**SUBJECT:** VERIZON NORTHWEST INC: (Advice No. 972) Introduces 10 Gbps (10,000 Mbps) User Network Interface / Network-to-Network connectivity to the existing Switched Ethernet Services.

**STAFF RECOMMENDATION:**

Staff recommends the filing be allowed to go into effect.

**DISCUSSION:**

On February 26, 2009, Verizon Northwest Inc. (Verizon) filed Advice No. 972, proposing to change its tariff P.U.C. OR. No. 12. The filing introduces a new, higher speed (10 Gbps) option to its Switched Ethernet Service. The effective date is March 28, 2009.

Switched Ethernet Service (SES), also known as Transparent LAN Service (TLS), is a high speed packet data service which uses a shared fiber network to allow for the interconnection of Local Area Networks (LANs) across selected metropolitan areas. TLS access lines connect a LAN to Verizon's network, which is then connected by a second TLS access line to another LAN. Verizon offers TLS in two different service types: Ethernet Multipoint Service (EMS), which provides multipoint connectivity, and Ethernet Relay Service (ERS), which provides point-to-point connectivity. ERS offers two TLS access line choices: Standard and Premier. The access line types differ in their schemes of prioritizing the handling of data packets. Both types of access lines are currently available in speeds of 10 Mbps, 100 Mbps and 1,000 Mbps. This filing

increases the maximum access line speed offered by Verizon to 10 Gbps (10,000 Mbps) service. The new service is available only in the ERS Premier access line type.

Staff has reviewed the cost support information submitted with this advice and has found the rates proposed for month-to-month, 3-year contract and 5-year contract exceed the Total Service Long Run Incremental Costs for the service. In addition, the cost studies are consistent with previous TLS filings with this Commission.

In accordance with ORS 759.185, *Suspension of rates pending hearing*, the Commission could suspend this filing for further investigation. However, based on the data presented, a much more detailed review is unlikely to result in different findings. Therefore, Staff recommends the Commission accept Verizon's tariff revision.

**PROPOSED COMMISSION MOTION:**

Verizon Northwest's Advice No. 972 be allowed to go into effect for service rendered on or after March 28, 2009.