

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: July 16, 2009

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  July 17, 2009

DATE: June 30, 2009

TO: Public Utility Commission

FROM: Dave Sloan

THROUGH: Lee Sparling, Bryan Conway, and Irv Emmons

SUBJECT: VERIZON NORTHWEST INC: (Advice No. 979) Introduces a new packaged service called Business Single Line Pak.

**STAFF RECOMMENDATION:**

Staff recommends the filing be allowed to go into effect.

**DISCUSSION:**

On June 30, 2009, Verizon Northwest Inc (Verizon) filed Advice No. 979, along with the appropriate less than statutory notice application (LSN), proposing changes to its tariff, PUC OR. No. 18. The filing introduces a new packaged service, Business Single Line Pak, for business customers. The filing offers business customers an additional incentive to subscribe to Verizon wireline voice service and provides Verizon additional flexibility in responding to competitive situations.<sup>1</sup> The effective date is July 17, 2009.

Single Line Business Pak is an optional business flat-rated usage package with a network access line, calling features and specified non-regulated services offered for a one-year or three-year term commitment. Single Line Business Pak includes the following:

- One (1) Dial Tone Line with touch-tone
- Unlimited local voice usage
- Unlimited intraLATA direct distance dialed unassisted toll calling
- Choice of zero to five (0 - 5) of the following calling features:  
Call Waiting, Three-Way Calling, Call Forwarding, Caller ID and standard business voice Messaging Mailbox (a non-regulated service).

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<sup>1</sup> All of Verizon's customers are in competitive zones as defined in Oregon Revised Statute 759.050, *Competitive zone service regulation*.

Single Line Business Pak is available to business customers who subscribe to 25 or fewer lines at the time service is initiated, and who subscribe to a business unlimited nationwide long distance calling plan through Verizon Long Distance LLC or Verizon Enterprise Solutions LLC and Verizon High-Speed Internet service or Verizon FiOS Internet service. Customers may only have one Single Line Business Pak per account. A maximum of ten lines may have Unlimited Calling either with this plan or any other Unlimited Local or Unlimited Local and Toll Usage product offered by Verizon.

Single Line Business Pak may only be used for voice applications. Customers may not combine this package with the Unlimited Dial tone Line and Unlimited CustoPak packages. Also, this package is not available in combination with other optional calling plans or virtual private network services and call detail is not available with the package. The filing contains several other restrictions on this optional service package.

Single Line Business Pak is available only with a one or three-year commitment and the filing includes termination charges for early termination. The package is offered at a monthly recurring rate of \$48.00 for either a one or a three-year commitment. A monthly discount of \$10.00 is available with a three-year commitment when the package is provisioned with Verizon Broadband Service, Verizon High Speed Internet service or Verizon FiOS service.

The filing includes financial analyses that demonstrate that, for the projected annual customer retention and customer gain result from the program, the revenues will be sufficient to cover relevant short and long run costs and, thus, will not affect the rates for remaining customers. The company projects a net annual revenue increase of approximately \$50,000 from the filing.

With the required LSN, the filing is consistent with ORS 759.190, *Notice of schedule change required*, and OAR 860-022-0015, which require a utility to file proposed tariff changes. The filing is also consistent with OAR 860-022-0025, which establishes the type of information a utility must submit with a tariff filing.

The filing is consistent with Oregon Revised Statute (ORS) 759.210, *Classification of service and rates, considerations*, which requires the commission to provide for a comprehensive classification of service for each telecommunications utility. The classification may take into account the quantity used, the time when used, the purpose for which used, the existence of price competition or a service alternative, the services being provided, the conditions of service, and any other reasonable consideration. Also, If the commission determines that the tariff filing results in a rate classification primarily related to price competition, ORS 759.210 requires the commission to consider: (1) whether the rate generates revenues at least sufficient to cover relevant

short and long run costs of the utility during the term of the rates; and (2) whether the rate generates sufficient revenues to insure that just and reasonable rates are established for remaining customers of the telecommunications utility.

I have reviewed the filing and conclude that the filing introduces a new service option, which simply offers eligible business customers an additional discounted service package. It is timely filed, with the required LSN, and the service classification is reasonable. The offering rate exceeds the company's short and long run costs and thus the filing should not affect the rates for other customers. The filing is not contrary to the public interest.

**PROPOSED COMMISSION MOTION:**

Verizon Northwest Inc.'s less than statutory notice application be approved and Advice No. 979 be allowed to go into effect for service rendered on or after July 17, 2009.