

PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: June 8, 2010

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: May 26, 2010

TO: Public Utility Commission

FROM: Celeste Hari

THROUGH: Bryan Conway and Kay Marinos

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1354) Qwest Corporation Price Plan – Oregon Telecommunications Consumer Information Center.

STAFF RECOMMENDATION:

Staff recommends the Commission accept the Citizens' Utility Board's (CUB) and Qwest Corporation's (Qwest) Joint Motion for Order Acknowledging and Giving Effect to the Stipulation and Framework Agreement (Agreement) for the "Oregon Telecommunications Consumer Information Center" (OTCIC), filed on May 19, 2010. In addition, Staff recommends the Commission approve Qwest's Notice of Reallocation of \$1 Million from OTCIC to Network Infrastructure Projects (DSL Deployments), filed on May 28, 2010.¹

DISCUSSION:

Commission Order No. 08-408, issued in Docket No. UM 1354, granted with conditions Qwest's request for price cap regulation. Section II.B.2. of Exhibit A, attached to Commission Order No. 08-408, directs Qwest to invest \$4 million in network improvements and other projects including up to \$2 million specifically toward a consumer information center. The consumer information center is discussed in Section II.B.2.a. which states:

***"Consumer information center.** One of the projects will be the establishment and operation of a consumer information center which will provide information to*

¹ The Stipulation, Framework Agreement, and Notice can be accessed on the PUC e-dockets website at www.puc.state.or.us, under Docket No. UM 1354.

Oregon consumers to assist with understanding the nature and pricing of service offerings by telecommunications carriers and alternative providers. Of the total network investment, Qwest will commit up to a total of \$2 million towards this project. Establishment and operation of this center will be overseen by the Commission and the specific details – such as the actual amount of the investment, the timing of the investment (which may be made over the first five years of operation under the price plan), the scope of operations, the identity of the operator, and the operating budget – will be discussed among the Parties and established by the Commission following approval of plan.”

CUB and Qwest (Parties) and Staff met several times to discuss a plan for the OTCIC. The Parties agreed that CUB will operate the OTCIC within the parameters set forth in the Stipulation and Agreement. To briefly summarize the Stipulation and Agreement, CUB will solicit bids for design of a website and a contractor will be selected by a designated committee. The OTCIC will roll out in stages, the first being construction of the website which will include various telecommunications consumer-related information. The Parties anticipate the website will be available to the public by November 2010. Next, approximately four to six months after the launch of the website, the OTCIC will list a toll-free “hotline” number that consumers may call for further information. Finally, the OTCIC may also provide community workshops if the Parties agree and there is a demonstrated need for them. These three components will be implemented as the website gains recognition and need is shown.

CUB committed to a “no advocacy” approach to the OTCIC. CUB also committed to provide updates and budget reports to the Commission on a regular basis. An independent auditor will be engaged to audit the fund annually and the results will be presented to the Commission. The start-up budget and general operating budget are included in the Stipulation and Agreement. The budget allows for the start-up costs, a large portion of which is the website development and promotion thereof, to be expended upfront. The general operating budget accounts for the day-to-day costs of operating the OTCIC on an ongoing basis.

The Parties agreed that the Commission may arbitrate any disputes that may arise between them. In addition, the Parties agreed that Staff may file complaints with the Commission in regard to the operation or funding of the OTCIC.

Order No. 08-408 acknowledged that Qwest would commit up to \$2 million to the project, which could be expended over the first five years of operation under the price plan. It has now been almost two years since Order No. 08-408 was issued. Accordingly, the Parties agreed that only \$1 million of the original \$2 million is required to commence and operate the OTCIC for the remaining three years of the five year price plan. After discussion, the Parties agreed that Qwest would give the Commission

notice to approve to reallocate \$1 million from the \$2 million originally committed towards the OTCIC to other projects identified by Qwest. Qwest and Staff will work together to identify the projects to which the funds would be best applied. Qwest submitted a separate notice with the Commission to address this change in the funding of the project.

The Parties and Staff discussed what should be done at the end of the five-year price plan if there are funds remaining from the \$1 million transferred to CUB for the OTCIC. Should this happen, the Parties will present alternatives at that time to the Commission for a decision.

Staff acknowledged² the Stipulation, with its accompanying Agreement, because CUB has committed to operating the OTCIC with an open door policy including detailed tracking of its staff's time, independent audits and regular reports to the Commission. Parties and Staff believe the OTCIC will be a valuable tool to which consumers may turn for assistance in understanding the fast-changing telecommunications world.

PROPOSED COMMISSION MOTION:

The Oregon Telecommunications Consumer Information Center Stipulation and Framework Agreement be acknowledged. In addition, the Commission approve Qwest's notice to reallocate \$1 million of the \$2 million originally committed towards the OTCIC to other future projects that Qwest and Staff determine are appropriate.

² Staff "acknowledged" the Stipulation rather than sign it as a "party" based upon advice of its counsel. Counsel advises that the OTCIC is not a public entity and the agreement for its creation is primarily one of a private nature between CUB and Qwest. Counsel further advises that the Commission retains jurisdiction over aspects of the OTCIC project because, should it be terminated prior to the end of the five-year price plan (whether by Commission order or by CUB voluntarily retiring the project), any remaining funds would revert to Qwest to be spent for projects as set forth under Section II.B.2a of Exhibit A attached to Order No. 08-408.