

PUBLIC UTILITY COMMISSION OF OREGON  
STAFF REPORT  
PUBLIC MEETING DATE: January 24, 2012

REGULAR \_\_\_\_\_ CONSENT  X  EFFECTIVE DATE  January 25, 2012

DATE: January 12, 2012

TO: Public Utility Commission

FROM: Suzanne Smith

THROUGH: Bryan Conway and Roger White

SUBJECT: QWEST CORPORATION: (Advice No. 2106) Introduces Identification and Rating of VoIP-PSTN Traffic.  
CENTURYTEL OF OREGON INC: (Advice No. OR11-46V) Introduces Identification and Rating of VoIP-PSTN Traffic.  
UNITED TELEPHONE COMPANY OF THE NORTHWEST: (Advice No. OR11-47V) Introduces Identification and Rating of VoIP-PSTN Traffic.

**STAFF RECOMMENDATION:**

Staff recommends that the Commission allow the January 12, 2012, revised filings to go into effect January 25, 2012, and grant the request for a waiver of statutory notice.

**DISCUSSION:**

On December 28, 2011, Qwest Corporation (Qwest), CenturyTel of Oregon, Inc. d/b/a CenturyLink and United Telephone Company of the Northwest d/b/a CenturyLink, filed Advice No. 2106 in PUC OR No. 32, Advice No. OR11-46V in PUC OR AC4, and Advice No. OR11-47V in PUC OR No. 6, respectively. In these filings, the companies propose introducing identification and rating of VoIP-PSTN<sup>1</sup> traffic.

The filings were made under ORS 759.175, *Filing rate schedules and data with commission*. On January 12, 2012, the companies filed revised tariff sheets which included additional clarifying language.

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<sup>1</sup> Voice over Internet Protocol (VoIP) is a technology that allows telephone calls to be made over computer networks (like the internet). VoIP converts analog signals into digital data packets and supports real-time, two-way transmission of conversations using internet protocol. The Public Switched Telephone Network (PSTN) is the collection of all local, long distance and international telephone networks we use on a daily basis. VoIP-PSTN calls are those digital calls carried over the PSTN.

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At its October 27, 2011, public meeting, the Federal Communications Commission (FCC) adopted the Connect America Fund and Intercarrier Compensation Reform Order and subsequently released FCC Order No. 11-161 on November 18, 2011. In this Order, the FCC directs carriers to settle the charges for the VoIP-PSTN traffic as soon as possible after the December 29, 2011, effective date of the Order.<sup>2</sup>

In the Order, intrastate VoIP-PSTN traffic is now treated as interstate. With the FCC's settlement of this issue, the three companies view the proposed addition of the new tariff language as a mandate set forth by the FCC in Order No. 11-161. Currently, VoIP originated intrastate traffic is charged at each company's effective intrastate switched access charges. These rates are higher than interstate access charges. These filings can be viewed as a rate decrease.

The proposed tariff language also addresses the rating of VoIP-PSTN traffic. In order to properly identify and bill the traffic, a Percent VoIP-PSTN Usage Factor (PVU) must be established. The IXC<sup>3</sup> will calculate and furnish to the telephone companies a PVU factor representing the percentage of the total intrastate and interstate access minutes of use (MOU) that it exchanges with the telephone companies that are terminated, originated, or both, in IP format. The PVU shall be based on data gathered from traffic studies, actual call detail or other relevant and verifiable information. Upon establishment of the PVU, the telephone companies will determine the number of relevant VoIP-PSTN traffic MOU to which the interstate rates will be applied and then apply the PVU factor to the total intrastate access MOU exchanged between the telephone companies' end user and the customer.

In accordance with ORS 759.185, *Suspension of rates pending hearing; time limitations; revenue collected subject to refund; interim rates*, the Commission could suspend these filings for further investigation. After review, staff has determined that the filings are in the public interest. Staff recommends that the Commission allow the filings to go into effect January 25, 2012.

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<sup>2</sup> See FCC Order No. 11-161 Section XIV, C-2, §944. In this section of the Order, the FCC specifically addresses Intercarrier compensation charges for VoIP-PSTN traffic. Here, the Commission adopts transitional rules including default charges for toll (long distance) as well as other VoIP-PSTN traffic.

<sup>3</sup> In most instances the customer would be, but not limited to, the Interexchange Carriers (IXC).

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**PROPOSED COMMISSION MOTION:**

Qwest Advice No. 2106, CenturyTel Advice No. OR11-46V and United Telephone Advice No. OR11-47V, that introduce identification and rating of VoIP-PSTN traffic, be allowed to go into effect January 25, 2012, with less than statutory notice.