Agenda Date: June 24, 2010
Item Number: A3

Docket: UT-100936
Company: Tenino Telephone Company

Staff: Sharyn Bate, Regulatory Analyst

Recommendation

Take no action, thereby allowing the elimination of measured usage rates for Extended Area Service (EAS) requested by Tenino Telephone Company on May 28, 2010, in Docket UT-100936, to become effective July 1, 2010, by operation of law.

Background

On May 28, 2010, Tenino Telephone Company (Tenino or company) filed in Docket UT-100936 a revised tariff to eliminate the usage rate option for Extended Area Service (EAS).

The company's residential subscribers currently have two options under which they may purchase basic local telephone service. Option A is $12.00 per month per line and allows unlimited calling to other subscribers within Tenino as well as unlimited EAS calling to the Bucoda exchange. Option B is $9.00 per month for unlimited calling within the Tenino exchange with a usage sensitive charge of $.12 per minute for EAS calling to Bucoda. There are currently 21 customers, or seven-tenths of one percent of the company's customer base, that subscribe to Option B.

Discussion

Tenino has indicated that billing for Option B has become burdensome to administer for such a small number of end users. Therefore, Tenino proposes to revise its tariff to eliminate Option B and migrate Option B customers to Option A.

Starting on the effective date of the tariff revision, Option B customers will continue to pay a monthly rate of $9.00 and usage rate of $.12 per minute. Ninety days after the effective date of the tariff revision, the company will begin charging the 21 migrated Option B customers the $12.00 rate as provided in Option A. However, these customers will receive bill credits to transition their service to the full impact of the $3.00 price increase for another 18 months after the 90-day transition period.

After the implementation period, the customer will receive a $12.00 charge but will also receive the following credits:

- The first six-month period a credit of $3.00 per month.
- The second six-month period a credit of $2.00 per month.
- The third and final six-month period a credit of $1.00 per month.

Upon the conclusion of these transition periods, the 21 customers presently under Option B will be charged $12.00 per month with no further credits being applied for the service per month.

The company calculates that the filing, when fully implemented, will generate $63.00 in additional monthly revenue.

Customer Comments

On May 28, 2010, the company notified the 21 affected customers of the proposed tariff revision by mail. The customer notice lacked an explanation of the need for the tariff revision. Staff will inform the company that it can avoid this problem in the future by providing a copy of the draft notice for staff to review.

The commission received no customer comments or questions about this filing.

Because the impact on the customer base is *de minimis*, and the company is proposing that the $3.00 price increase will not be fully in effect for 18 months beyond the 90-day implementation period, staff recommends allowing the proposed tariff to become effective.

Conclusion

Take no action, thereby allowing the elimination of measured usage rates for Extended Area Service (EAS) requested by Tenino Telephone Company on May 28, 2010, in Docket UT-100936, to become effective July 1, 2010, by operation of law.