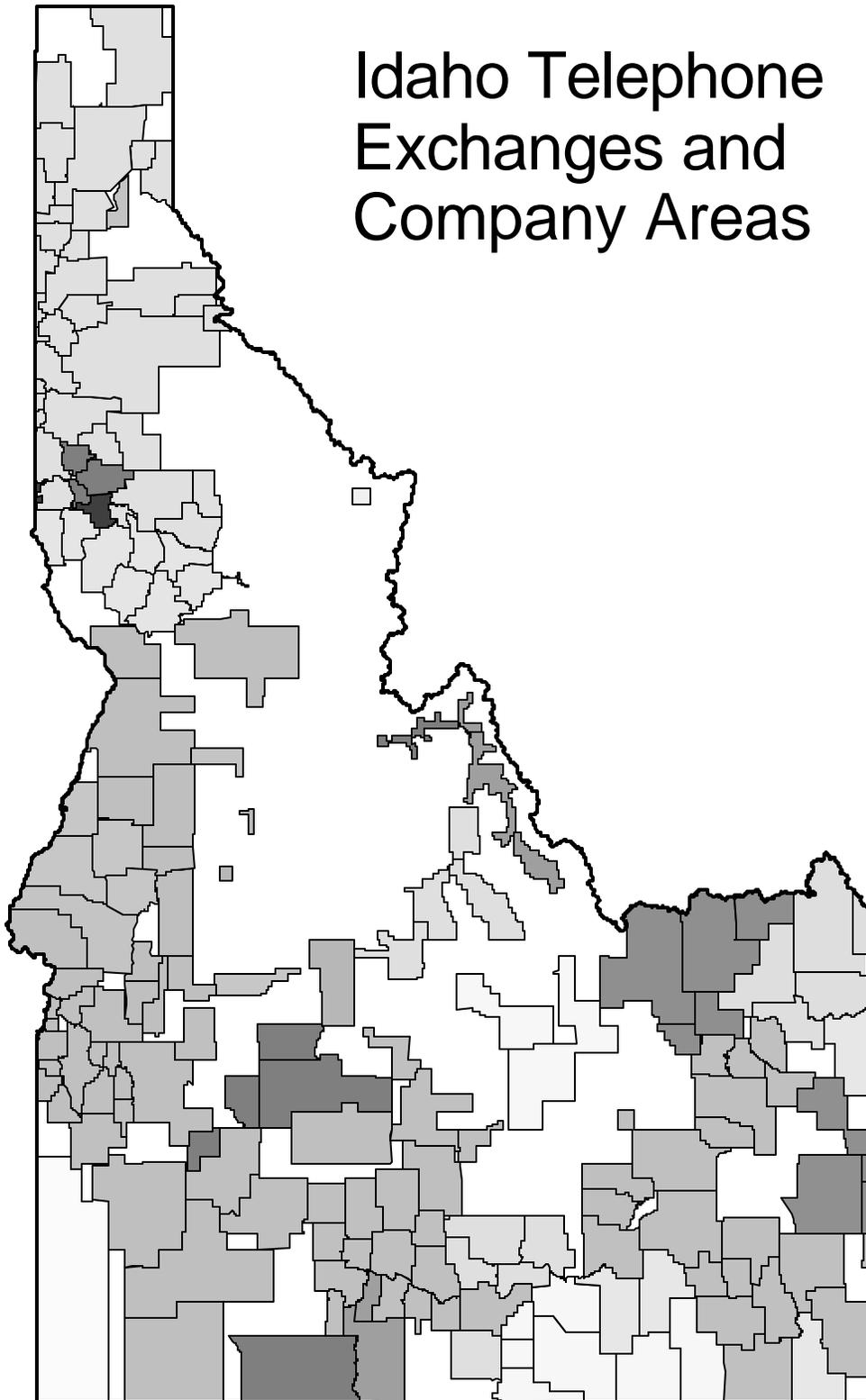
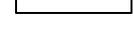


Idaho Telephone Exchanges and Company Areas



Regulated Companies

-  ATC
-  Cambridge
-  CenturyTel of Idaho
-  CenturyTel of the Gem State
-  Citizens
-  Direct
-  Fremont
-  GTE
-  Inland
-  Midvale
-  Oregon-Idaho
-  Pine
-  Rural
-  Silver Star
-  TDS
-  Teton
-  Unclaimed
-  Qwest North
-  Qwest South

Co-ops

-  Blackfoot
-  Custer
-  Farmers Mutual
-  Filer Mutual
-  Mud Lake
-  Project Mutual

Idaho Telecommunications

Waiting for competition

More than five years have passed since the passage of the federal Telecommunications Act of 1996 made it legal for competition to develop for local exchange services, but making competition legal has not made it happen. Although regulatory barriers to competition in Idaho have been eliminated, most Idaho consumers still do not have a choice, and the few who do have choices are not enjoying the full advantages of competition envisioned by Congress.

Market forces, and not legal or regulatory barriers, are the primary factors leading to the slow progress of competition in Idaho. The Idaho Public Utilities Commission reviewed 13 applications for Certificates of Public Convenience and Necessity to provide competitive local exchange service during the year covered by this report, and had granted a total of 57 companies with certificates by June 30, 2001. However, only a handful of these competitive local exchange companies (CLECs) have made the market decision to actually provide service to Idaho customers.

In the year covered by this report, the commission also approved 85 interconnection agreements and amendments to previous agreements between incumbent telephone companies and competitors, including those providing wireless or paging services. These agreements specify the terms and conditions for connecting one company's system to the others, in order that calls may transfer seamlessly from one company to the next. They also include the terms and conditions under which an incumbent will sell its services, or the individual network elements that CLEC's may use to provide competitive services without duplicating the existing facilities.

The Idaho Telecommunications Act of 1988 allowed telephone companies to elect modified regulation for all but basic local exchange service. U S WEST chose partial deregulation under Title 62 for its territory in southern Idaho, beginning April 1, 1989. All telecommunications companies that only provide long distance services also come under the provisions of Title 62. These companies set their own prices and file price lists with the commission for informational purposes.

Approximately 400 long distance companies have price lists on file with the commission (although the number actually providing service to Idaho customers is estimated to be only a fraction of that). After years of increasing growth in the number of price lists on file, this number remained relatively stable this past year. The general economic downturn, and the acute downturn in the technical sector was visible here with the number of new filings equal to the number of price lists withdrawn due to mergers, bankruptcies and decisions to cease operations in Idaho.

Competitive Local Exchange Carrier Certificates

Approved in FY01
13
Total Approved
(as of 7/1/01)
57

A list of companies issued certificates to provide basic local exchange service is available at
www.puc.state.id.us/FILEROOM/UTILITIES.pdf

Interconnection Agreements

Agreements or Amendments
Approved in FY01
85

Idaho Telecommunications, continued

Services provided by the CLECs are not rate-regulated, but, in accordance with the provisions of Title 62, are subject to the commission's rules. Telecommunications companies not providing basic local service, such as a long distance company, are also not subject to rate-setting authority of Title 61, but must comply with Title 62 rules. Upon complaint, the Commission may hold hearings and order changes if the public interest is adversely affected, and may resolve disputes between companies. Title 62 regulations require that price lists be filed with the commission.

Commission staff reviewed more than 500 price lists or revisions to price lists during the year. While the commission does not approve the actual prices in the price lists, staff checks the terms and conditions of the price list for compliance with applicable commission rules. The commission retains the authority to review the quality, availability, terms and conditions of service offered by economically deregulated Title 62 companies.

Until the Commission determines that incumbent local exchange companies (ILEC) face effective competition throughout an exchange, basic local exchange service provided by an ILEC to residential and small business customers remains under the commission's Title 61 rate-setting authority.

Only one major rate review was conducted during the year, for Inland Telephone. As Inland is a recipient of state universal service support, customer rates were increased to the statewide average. A net result was a reduction in the amount of high cost support Inland would receive going forward.

More than 30 tariff revisions for price regulated services were reviewed and approved by the commission during this year. Most of these involved the introduction of new vertical or advanced services or adjustments to prices or fees made necessary by other Federal Communications Commission or IPUC orders.

Ensuring markets are irreversibly open

Prior to the federal Telecommunications Act of 1996, Qwest and GTE were restricted from carrying long distance calls outside their own market areas or LATAs (Local Access Transport Area). This restriction was a result of the breakup of AT&T. Such interLATA calls were carried by other long distance companies. However, as GTE (now part of Verizon) was not part of the original AT&T, the act lifted the restrictions on GTE, so Verizon Northwest may now carry both interLATA and intraLATA calls. The Bell Operating Companies, including Qwest, remain restricted from carrying interLATA calls until they can demonstrate that they have irreversibly opened their markets to competition for local exchange customers by complying with the items specified in the federal Telecommunications Act, Section 271(c)(2)(b). The commission is participat-

Approximately 400 companies had Title 62 price lists on file with the Commission at the end of July, 2001.

Idaho Telecommunications, continued

ing in multi-state collaborative proceedings as well as holding its own hearings to determine whether Qwest is in compliance with the checklist.



Potlatch Telephone Company

Ave. Residential Rate
= \$11.75

Ave. Business Rate
= \$17.65

Troy Telephone Company

Ave. Residential Rate
= \$12.67

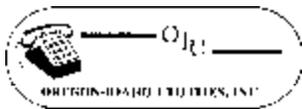
Ave. Business Rate
= \$19.00



Midvale Telephone Exchange

Ave. Residential Rate
= \$22.44

Ave. Business Rate
= \$40.98



Ave. Residential Rate
= \$15.77

Ave. Business Rate
= \$27.86

OSS test

One of those proceeding is a 13-state effort to conduct a third-party test to determine whether Qwest's operational support systems (OSS) are open to competitors in a non-discriminatory manner. This multi-million dollar test is being conducted by KPMG Consulting, with Hewlett-Packard Consulting acting as a pseudo-competitive company trying to place orders using Qwest's OSS. Liberty Consulting is conducting an audit of Qwest's performance reporting procedures.

The test is being conducted in what is known as "military style, or "test until pass" basis. As the testing reveals problems with Qwest's processes, procedures or systems, Qwest is provided an opportunity to fix the problem, and then the fix is tested. In theory, at the conclusion of the test, Qwest's overall OSS systems should be providing nondiscriminatory service.

Liberty's audit had been nearly completed by June 30, 2001, and led to improvements in the procedures used by Qwest in gathering and reporting data that indicates how well Qwest's systems provide service to its wholesale customers.

Hewlett Packard Consulting's (HPC) role as a pseudo-CLEC is to "live the life" that a typical CLEC would experience in trying to establish a wholesale relationship with Qwest. HPC had completed the work to establish a pseudo CLEC, including attending the training Qwest provides CLECs and developing and testing the software interface that provided it with access to Qwest's operational support system. Submission of test transactions was well underway, with a number of issues already being addressed.

KPMG, as the overall test administrator, was analyzing all of the OSS procedures and processes, including interviewing Qwest and CLEC personnel and reviewing documentation and training materials. In addition, KPMG was designing the test case orders that the pseudo-CLEC (HPC) would submit, and gathering the data on how Qwest responded to those orders.

271 Checklist

A second effort involving seven states is examining Qwest's compliance with the non-OSS related issues. The Telecommunications Act identified a 14-point checklist that Qwest needed to demonstrate it met before it would be allowed to provide interlata service in its region. This multi-state collaborative process examined these checklist items in detail.

Idaho Telecommunications, continued

This process involved the use of a facilitator, Liberty Consulting, who acted as an arbitrator for the proceedings. All proceedings were conducted on the record, so as to develop a thorough record upon which the individual commissions would base their final decisions. This process was primarily a collaborative effort, and where possible, a consensus approach was used to resolve issues.

Although the majority of issues were resolved without requiring a decision of the arbitrator, the scope of the issues involved was broad enough that several issues remained unresolved. The overall proceedings were extensive and very time consuming. This process entailed many steps for each of the checklist items, including:

- * pre-filed testimony by the parties
- * responses to the prefiled testimony
- * oral arguments, including cross examination by the other parties. These occurred in four- to five-day sessions, held at least once a month, and twice a month a few times.
- * post argument briefs, (and sometimes reply briefs),
- * a decision by the arbitrator
- * comments, exceptions and briefs on arbitrator's decision.

The arbitrator had issued reports on checklist items 1 through 14 during the period of this report, with proceedings scheduled through the remainder of the calendar year to address overall public interest issues, including a Performance Assurance Plan.

Performance assurance plan

The third effort, which had concluded and been rolled into the seven-state process described above, included 11 states, and it investigated the methods for ensuring Qwest's market opening efforts are maintained after it has obtained permission to cross LATA boundaries. This collaborative effort attempted to create a Performance Assurance Plan (PAP) that would measure the service Qwest provides to its wholesale customers and includes financial consequences for deterioration of that service. This effort reached agreement on a majority of the issues, but Qwest terminated the proceedings prior to resolution of some of the key issues. The resolution of the remaining issues for nine of the 11 states was then rolled into the multi-state 271 checklist collaborative process, where the filing and hearing process described above was used to develop recommended solutions to the remaining issues.

**Direct
Communications
Ave. Residential Rate
= \$24.10
Ave. Business Rate
= \$42.00**

**ATC
(Albion Telephone
Company)
Residential = \$24.10
Business = \$42.00**

**Cambridge
Telephone Company
Ave. Residential Rate
= \$24.10
Ave. Business Rate
= \$42.00**

**Inland Telephone
Company
Ave. Residential Rate
= \$21.63
Ave. Business Rate
= \$40.68**

**Fremont Telcom
Company
Ave. Residential Rate
= \$24.10
Ave. Business Rate
= \$42.00**



Ave. Residential Rate
= \$17.50
Ave. Business Rate
= \$35.10



CenturyTel of Idaho
Ave. Residential Rate
= \$21.75
+ \$3.50 rural adder
Ave. Business Rate
= \$39.77
+ \$3.50 rural adder
CenturyTel of the Gem State
Ave. Residential Rate
= \$24.10
+ \$3.50 rural adder
Average Business Rate
= \$39.77
+ \$3.50 rural adder



Ave. Residential Rate
= \$24.10
Ave. Business Rate
= \$42.00

Idaho Telecommunications, continued

Local calling area extensions

Addressing customer petitions for expanding the calling areas that could be accessed with a local call continued to require considerable commission resources. Investigations are under way to address the calling areas of Potlatch, and to consider including Ontario and other communities in Eastern Oregon in the calling areas of most Southwestern Idaho customers. New cases involving the Shoup and Three Creek exchanges were opened during the year.

Examination of high-cost support for non-rural carriers

Non-rural companies also serve some rural or other high-cost customers, and the cost of serving these customers is averaged with other, low-cost customers when retail rates were established. This averaging of rates among high-and low-cost customers is considered an implicit or hidden subsidy. In response to enactment of *Idaho Code* 62-610 (A-F), the commission investigated means to replace this implicit subsidy with an explicit, or visible means of support. Such support is typically funded through a surcharge on all customers.

The commission initiated a docket to adopt a forward-looking cost model for the purpose of evaluating the cost of providing intrastate telecommunications services within the state. The parties provided comments and testimony on various cost models and support mechanisms. After careful consideration of the testimony and comments, the Commission approved the basic structure of a new non-rural high cost fund, and the use of the FCC model to identify and rank high cost areas. At this time, no companies were awarded support, and no surcharge imposed. In the future, a carrier may petition the Commission for support, and the Commission will determine the reasonableness of that request at that time.

Local exchange companies

In addition to the north Idaho service area of Qwest which remains fully regulated and subject to the provisions of Title 61, there are 16 other local exchange companies whose services are still fully regulated by the Commission. Qwest's Southern Idaho operating company is by far the largest local exchange company, with more than 67 percent of the customer lines (approximately 500,000) in the state. Verizon is a distant second, with about 130,000 access lines (about 18 percent). The Qwest north service area is the third largest, with approximately 36,000, or 5 percent.

Citizens is Idaho's fourth largest local exchange carrier, as it currently has more than 20,000 access lines (3 percent). Fourteen other regulated telecommunications companies also serve Idaho residents, as well as six mutual or cooperative companies. These 20 companies serve the remaining 7 percent.

Telecommunication Utilities Under IPUC Rate Jurisdiction

ATC
P.O.Box 98
Albion, Idaho 83311-0098
208/675-5335

Cambridge Telephone Company
P.O.Box 86
Cambridge, Idaho 83610-0086
208/257-3314

CenturyTel of Idaho, Inc.
P.O.Box 1007
Salmon, Idaho 83467
208/756-3300

CenturyTel of the Gem State, Inc.
P.O.Box 9901
805 Broadway
Vancouver, Washington 98668
360/905-5800
111 A Street
Cheney, Washington 99114
509/235-3170

Citizens Telecommunications Company of Idaho
4 Triad Center, Suite 220
Salt Lake City, Utah 84180
801/321-6602
P.O.Box 926
201 Lenora Street
McCall, Idaho 83638
208/634-6150

Inland Telephone Company
103 South Second Street
P.O.Box 171
Roslyn, Washington 98941
509/649-2211

Fremont Telecom, Inc.
110 E. Main Street
St. Anthony, Idaho 83445
208/624-7300

Midvale Telephone Exchange, Inc.
P.O.Box 7
Midvale, Idaho 83645-0007
208/355-2211

Verizon Northwest, Inc.
17933 N.W. Evergreen Parkway
P.O.Box 1100
Beaverton, Oregon 97075
503/629-2281
208/765-4351 (Coeur d'Alene)
800/483-4100 (Moscow)
208/263-0557, Ext. 204 (Sandpoint)

Oregon-Idaho Utilities, Inc.
P.O.Box 190310
Rincon Station
San Francisco, California 94119-0310
415/597-7811
714 Main Street
P.O.Box 1406
Caldwell, Idaho 83605
208/454-7800

Pine Telephone System, Inc.
P.O.Box 706
Halfway, Oregon 97834
541/742-2201

Potlatch Telephone Company
P.O.Box 138
702 E. Main Street
Kendrick, Idaho 83537-0138
208/835-2211

Rockland Telephone Company, Inc.
P.O.Box 269
147 W. 4th Avenue
Rockland, Idaho 83271
208/548-2345

Rural Telephone Company
704 W. Madison Avenue
Glenns Ferry, Idaho 83623
208/366-2614

Silver Star Telephone Company, Inc.
P.O.Box 226
Freedom, Wyoming 83120
307/883-2411

Troy Telephone Company
P.O.Box 138
702 E. Main Street
Kendrick, Idaho 83837-0138
208/835-2211

Teton Telecom Communications
P.O.Box 900
Driggs, Idaho 83422
208/354-3300

Qwest Communications
North and South Idaho
P.O.Box 7888 (83723)
999 Main Street
Boise, Idaho 83702
800/244-1111

Idaho Telecommunications, continued

Idaho Telephone Service Assistance Program

ITSAP Summary Sept, 00 - Sept, 01

Credits Provided

**Idaho Share
= \$976,639**

**Federal Match
= \$ 2,517,181**

**Total Value
of Credits
= \$3,493,820**

**Fund Balance
As of 9/30/01
= \$113,658**

The Idaho Telephone Service Assistance Program (ITSAP), commonly referred to as a “lifeline” program, provides credits to low income households to assist them in obtaining and maintaining telephone service. Because the value of telephone service increases as more households have a telephone, a small contribution from all non-participating households is used to fund this program. In response to federal changes to the program, the Idaho Legislature opened the program to all low income households.

The credits include \$3.50 per month per household in State funds, plus \$3.50 in matching funds from the federal government. In addition, the federally imposed subscriber line charge is waived for ITSAP participants. This fee is \$5.00 for Qwest and Verizon customers, and \$3.50 for customers of all other companies. The combined value of federal and state credits is \$12.00 per month per household for Qwest and Verizon customers, and \$10.50 for customers of all other companies.

The Department of Health and Welfare established and administers application procedures and eligibility determinations. Utilities are provided a list of the telephone numbers for qualifying households and automatically provide qualifying households with the credits.

The Commission is responsible for maintaining the fund and reimbursing the telephone companies for the cost of providing these credits. Based upon the estimates of the number of households eligible for the credits, the Commission established the monthly surcharge paid by all telephone users, including wireless customers, at 5 cents per line effective July 1, 1999. The Commission chose not to change this rate during its annual review this fiscal year.

The ITSAP surcharge is assessed on all residential, business, and wireless end users. The gross surcharge revenue is netted against the assistance credits paid to eligible customers and the company’s administrative costs. Gross surcharge revenues collected by telecommunications companies during the year totaled \$646,729, of which \$426,841 (66 percent) was assessed on local exchange services and \$219,888 (34 percent) was assessed on wireless/cellular services. At the start of the fiscal year, 20,706 households were participating in the program. 26,628 households received the credit in September 2001. The total value of the credits received by Idaho households, including the federal match, was nearly three and a half million dollars.

Idaho Telecommunications, continued

Idaho's Universal Service Fund

Telephone companies operating in Idaho have been required since July 1988 to contribute to a Universal Service Fund (USF) to ensure that the high costs of small telephone companies do not result in rates that exceed the statewide average by more than 25 percent. These local and long distance companies are permitted to recover their contributions from local and long-distance customers. Local exchange companies may apply for assistance from this fund. They must submit proof to the Commission that when they set their local rates at 125% of the statewide average, they still do not fully recover their cost of providing local service. The Commission evaluates the circumstances and determines whether and for what amount the Company may receive Universal Service Funds.

Long distance companies connecting in-state long distance calls in Idaho are required to remit a 0.35 cent (\$0.0035) surcharge for each in-state long distance minute. Those companies are also required to submit periodic reports detailing their minutes of in-state toll usage. Local exchange companies are required to remit on a monthly basis 10 cents (residential) and 15 cents (business) for each line served. This is a decrease from previous levels.

Universal Service Fund Facts

July 1, 1999 ~ June 30 2000	Residential	Business	Toll Access
Statewide Average	\$17.46	\$32.82	\$0.0527
125% of Avg.	\$21.83	\$41.03	
Monthly Surcharge Rate	\$0.10/line	\$0.15/line	
LD/WATS Surcharge Rate	\$0.0035/min		

Fund Activity

Balance 6/30/00	\$ 128,683		
	Collections		Disbursements
Local Surcharge	\$1,401,216	ATC	\$514,238
Toll Surcharge	\$1,179,583	Cambridge	\$167,381
Total	\$2,580,800	Direct Comm	\$221,847
		Fremont	\$110,081
Disbursements	\$2,178,303	Inland	\$ 43,161
Admin/Amort/	\$ 29,096	Midvale	\$362,364
Bank/Brkr		Rural	\$247,854
Interest Earned	<u>\$ 9,222</u>	Silver Star	<u>\$163,101</u>
			\$1,830,027
Balance 6/30/01	\$ 511,305		



**U S WEST South
Ave. Residential Rate
= \$17.12
Ave. Business Rate
= \$32.07**

**U S WEST North
Ave. Residential Rate
= \$15.52
Ave. Business Rate
= \$29.45**



**Ave. Residential Rate
= \$18.74
Ave. Business Rate
= \$36.19**

**Teton
Communications
Ave. Residential Rate
= \$24.10
Ave. Business Rate
= \$42.00**

Idaho Telecommunications, continued

Idaho's Telephone Relay Service

Idaho inaugurated telephone relay service (TRS) on Dec. 1, 1992 for the hearing- and speech-impaired. TRS requirements were created by the Federal Communications Commission under Title IV of the Americans with Disabilities Act of 1990. The 1992 Idaho Legislature established the manner in which TRS has been implemented.

Under Idaho rules, the Idaho Public Utilities Commission established a seven-member telephone industry committee to help select and advise a TRS administrator. In 1992, the Commission appointed Robert Dunbar as its first TRS administrator.

This year, Mr. Dunbar consulted with representatives of the State Councils for the Deaf, Hard-of-Hearing and Developmentally Disabled and with the Industry Advisory Committee to formulate the invitation to bid for provision of the relay service. The bid request was then approved by the IPUC. Hamilton Telephone Co. of Aurora, Neb. was again selected to provide Idaho's TRS.

In accordance with an Federal Communications Commission requirement, Idaho's local exchange companies implemented 711 access to TRS service on October 1, 2001.

A TRS call may be initiated by a text telephone user or a standard phone user. The caller dials 711 or a toll free number to access the TRS center and reaches a Communications Assistant (CA) who will process the call. The caller gives the CA the number of the person to be called and the CA places the call to that person. The CA will type to the person with the text telephone and speak to the person with the standard phone, relaying exactly what is spoken/typed by each party.

"The idea is to allow as close to normal telephone service as possible for hearing- and speech-impaired persons," according to Dunbar.

Callers only pay the cost of the telephone call, as if the call was placed directly between the telephones. Long distance calls are billed based upon the points of origination and termination and many long distance companies bill them on a reduced rate basis. No charge is assessed local calls.

TRS service is available statewide and may be reached by voice by dialing 711 or 1-800-377-1363. Contact with a text-telephone operator may be made by dialing 1-800-377-3529. Questions or comments regarding the use of TRS may be directed from either a text or voice telephone to 1-800-368-6185. Information on Idaho's TRS program is also available via the Internet at: www.hamilton.net/relay/id/itrs.htm

All Idaho local exchange companies were required to pay four cents (\$0.04) per access line per month, and in-state long distance companies were required to pay \$0.0007 per bill minute, to support the TRS. The commission did not change this rate in 2001.

TRS service is available statewide and may be reached by voice by dialing 1-800-377-1363. Contact with a text-telephone operator may be made by dialing 1-800-377-3529. As of October 1, 2001, TRS can be accessed from any phone simply by dialing 711.

Questions or comments regarding the use of TRS may be directed from either a text or voice telephone to 1-800-368-6185.

Telecommunication Cases

Sept. 6, 2001

COMMISSION ORDERS DECREASE IN PHONE SURCHARGE

Case No. GNR-T-01-16, Order No. 28492

BOISE - Telephone customers statewide will contribute less to a fund that helps phone companies provide service in high-cost, rural areas, under a recent order issued by the Idaho Public Utilities Commission.

Residential and business customers will pay less to maintain the state Universal Service Fund because of a healthier than usual balance in the fund.

Since July of 1988, telephone companies in Idaho have been required to contribute to the fund to ensure that the high costs of small telephone companies do not result in rates that exceed the statewide average by more than 25 percent. The reason for the creation of the Universal Service Fund, according to Idaho Code 62-610A, is that "all consumers in this state, without regard to their location, should have comparable accessibility to basic telecommunications services at just and reasonable rates."

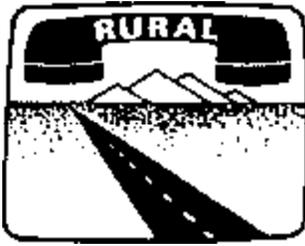
In its order, the commission directed that residential customers pay a monthly surcharge of 10 cents per line beginning Oct. 1, 2001. That's down from the current charge of 14 cents per month per residential line. The surcharge for businesses also decreases, from 26 cents per line per month to 15 cents. The surcharge on in-state long distance and on wide area telecommunications service (WATS) drops from .45 of a cent for each long-distance minute to .35 of a cent.

The decrease is warranted, the commission said, because payments to the eight rural telephone companies that qualify for the Universal Service Fund have decreased by about \$600,000.

On June 30 of this year, the fund had a balance of \$510,300. If current surcharge levels were maintained, the fund balance would increase by \$1 million by June 30, 2002. The commission said the surcharges should be reduced so that the USF does not build an unreasonably large reserve.

Companies that qualify for the Universal Service Fund and their headquarters include:

- ATC, Albion;
- Cambridge Telephone Company, Cambridge;
- Direct Comm, Rockland;
- Inland Telephone Company, Roslyn, Wash. (serving Idaho customers in Lenore and Leon);
- Fremont Telecom, Inc., St. Anthony;
- Midvale Telephone Exchange, Inc., Midvale;
- Rural Telephone Company, Glenns Ferry;
- and Silver Star Telephone Company, Inc., Freedom, Wyo. (serving Idaho customers in the eastern portions of Bonneville and Caribou counties).



Ave. Residential Rate
= \$23.48
Ave. Business Rate
= \$41.42

**Pine Telephone
System**
Ave. Residential Rate
= \$7.89
Ave. Business Rate
= \$11.50

Telecommunications Cases, continued

April 3, 2001

SHOUP RESIDENTS PETITION FOR TOLL-FREE SERVICE

Case No. GNR-T-01-3, Order No. 28694

Residents of the small Idaho community of Shoup are petitioning the Idaho Public Utilities Commission for toll-free extended local telephone service into the Salmon area.

Currently, calls from Shoup residents, who are served by Rural Telephone Company, into Salmon, North Fork and Leadore, are long-distance calls. Residents in Salmon, North Fork and Leadore are served by CenturyTel of Idaho.

Residents of Shoup, about 22 miles north of Salmon, are requesting the toll-free service because they say it is too expensive to make calls outside their exchange area to contact local physicians and medical clinics, schools, social services, Internet providers law enforcement and emergency services.

While extended-area service would create toll-free calling between the two telephone exchanges, the costs associated with converting a former long-distance route to a toll-free route are passed on to customers within both exchanges by increasing rates for local service.

Sept. 27, 2001

COMMISSION CONSIDERING AREA CODE RELIEF

Case No. GNR-T-00-36, Order. No. 28859

Last May, an administrator appointed by the Federal Communications Commission notified the commission that Idaho's only area code would run out of telephone numbers during the third quarter of 2003. The commission must now determine the best way of implementing another area code(s) and continues to seek comments from the telecommunications industry and the public.

Typically, area codes are introduced in one of two ways - a geographic split or an all services overlay. With a geographic split, the state would be divided into two or more regions, each with its own area code. An all services overlay would mean existing customers keep their area code while new customers would be assigned the new area code.

Qwest, AT&T, AT&T Wireless, Verizon, Verizon Wireless, Voicestream Wireless and Potlatch and Troy Telephone submitted comments contending an all-services overlay is the least costly and most convenient option because it would not require residents and businesses to change their current area code. Residential customers who have submitted comments object to that option because it would require 10-digit dialing for all local calls.

The geographic split options would retain 7-digit dialing for local calls within each area code for the present time.

Telecommunications Cases, continued

To allow for more input, the commission scheduled four public hearings in Twin Falls, Coeur d'Alene, Boise and Pocatello. It also extended the written comment deadline.

The commission has considered several methods for implementing a new area code. Residential users who have submitted written comments almost unanimously favor a geographic split. However, the telecommunications industry unanimously favors an "all-services" overlay which would leave all current numbers unchanged and assign new numbers the new area code. But that option would require 10-digit dialing for all local calls.

It might seem logical, as some have suggested in written comments, to have area code designations that geographically match Idaho's two time zones. However, federal rules require that the projected expiration dates for the area codes not be decades apart. Unfortunately, that would occur in Idaho, if the time zone line was used for the area codes.

Industry argues that the geographic split would not last as long as an all-services overlay and customers would have to adjust to a third area code in about eight years. A geographic split would be more costly for all customers and more inconvenient, industry argues, because all customers in the new area code territory would have to change stationery, business cards, Web sites, fax machines, signs and other personal or advertising materials.

"Verizon and the rest of the industry acknowledge that some customers find 10-digit dialing to be an irritant," said written testimony submitted by Verizon. "This reaction has occurred to some degree in areas of the country that have already implemented overlays. After a public information campaign and a transition period, however, the new dialing pattern becomes second nature and customer complaints virtually disappear."

Opinion for a geographic split and against the overlay has been just as strong, with the vast majority of written comments stating that dialing 10 numbers is too confusing, especially for the elderly and children and that one home's area code should not be different than a neighbor's area code.

Many written comments and some testimony at public hearings requested that the commission consider implementing three area codes. That would considerably lengthen the expiration date of all three area codes, thus preventing the state from having to go through this process in the near future.

However, no three-way split proposals have been submitted that keep local areas together and meet the federal requirement that the area codes' projected expiration dates be within 10 years of each other.

The commission hopes to have a decision by early 2002.