

Idaho Telecommunications

With the passage and signing of House Bill 224 during the 2005 legislative session, local exchange companies operating in Idaho were provided the option of essentially removing their services from rate regulation. Idaho's two largest telecommunications companies, Qwest Communications, both North and South, and Verizon Northwest, lost no time in taking advantage of this option, announcing their election to seek price deregulation shortly after the new legislation became law.

While the services of both companies remain under commission jurisdiction for quality issues, they no longer need to seek commission approval to raise rates. (Qwest South had elected price deregulation for all of its services except basic local exchange service in 1988.) Rate increases are limited, with caps that increase annually, and are eliminated after three years, unless the commission extends them for two additional years.

Qwest and Verizon provide approximately 90 percent of the telephone lines in service in Idaho, so the overwhelming majority of Idahoan's telephone service is no longer subject to rate regulation.

Idaho's Universal Service Fund

The Idaho Universal Service Fund (USF) was established under the authority of the Telecommunications Act of 1988 to make it possible for residents in rural, high-cost areas to receive telephone service at roughly the same rates as their neighbors in urban areas. Recipients of the fund are mostly rural telephone companies that provide local exchange service. The fund makes it possible for those companies to charge no more than 25 percent above what telephone customers in urban, low-cost areas pay.

Funding for USF is maintained by imposing a statewide end-user surcharge on local exchange and long distance services. The commission determines the Idaho USF funding requirements each year based on the anticipated revenue requirement as reported by the program administrator. The end-user surcharges are adjusted as necessary to meet the fund requirements and made effective October 1 of each year.

The anticipated Idaho USF funding requirement is estimated at slightly over \$2 million for the period of July 1, 2005 through June 30, 2006. To meet the anticipated funding requirement, the commission authorized an increase of surcharges from 10 cents to 12 cents per residential line, from 15 cents to 20 cents per business line and \$0.003 to \$0.004 per billed long distance minute. Fund disbursements to the eight eligible telephone companies are expected to remain the same as the previous year. For more information, see Commission Order No. 29860.

For second year, ITSAP surcharge decreases
Case No. GNR-T-06-02, Order No. 30002

For the second year, a surcharge on residential, business and wireless phone lines to fund a telephone assistance program for low-income Idahoans is being reduced.

The assessment, currently at 7 cents per line per month, will decrease to 6 cents effective May 1. Last year the assessment was reduced from 12 cents to 7 cents per line per month.

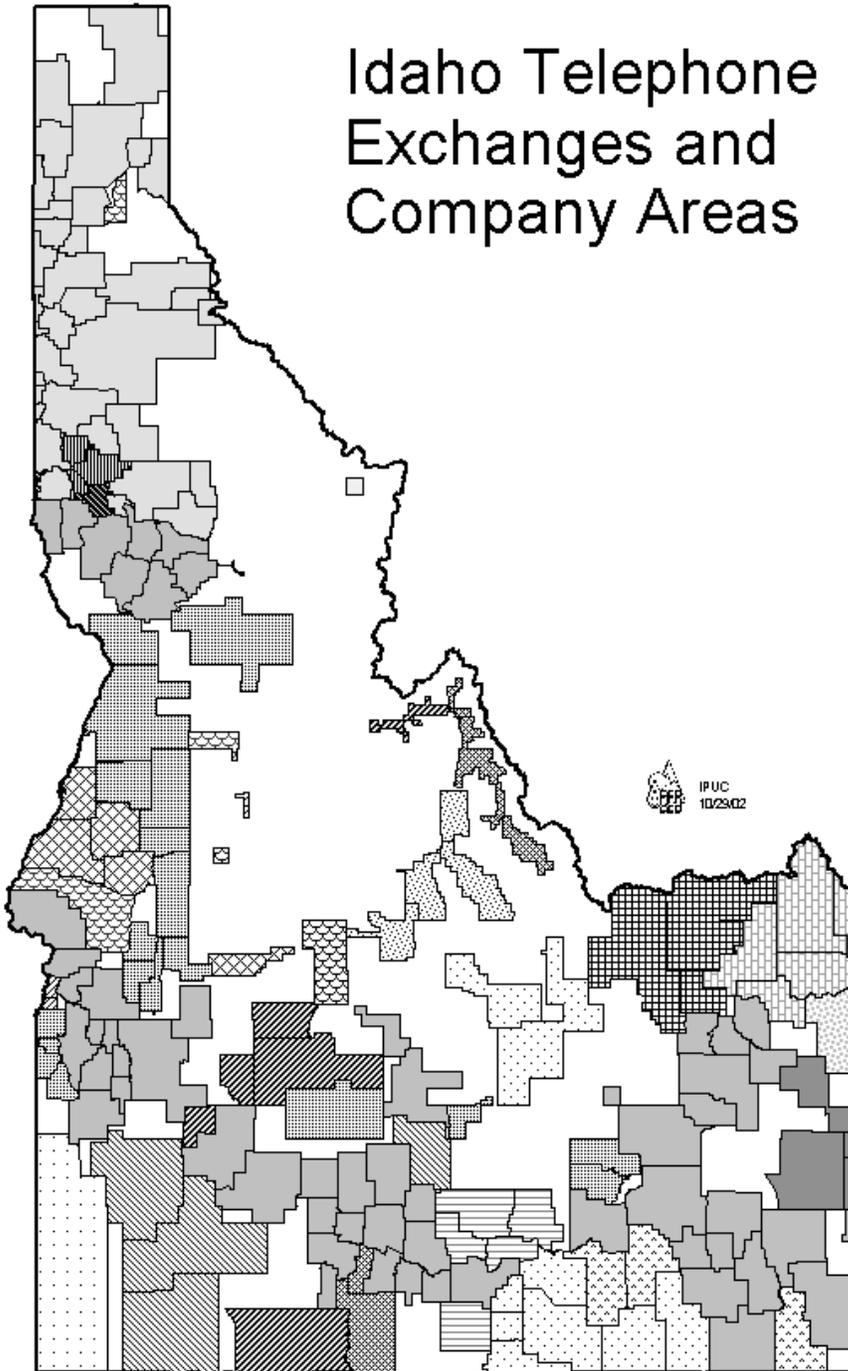
Revenue from the surcharge is used to fund the Idaho Telecommunications Service Assistance Program, or ITSAP, which in 2005 helped nearly 33,000 low-income Idahoans pay for basic local telephone service.

ITSAP, sometimes referred to as "Lifeline," helps to ensure that low-income Idahoans, including many senior citizens, have access to local dial-tone service for medical and other emergencies. ITSAP discounts \$13.50 per month for those who qualify. Program eligibility is determined by the state Department of Health and Welfare, although the Idaho Public Utilities Commission establishes the amount of the state's portion of the surcharge. Revenues from the surcharge provide about 30 percent of the total discount low-income Idahoans receive while federal funds provide the rest. A state match is required to qualify for the federal funds.

Those qualifying for assistance increased by 6 percent during 2005 and administrative costs increased by 4 percent. But the growth in the number of wireless owners who contribute to the fund is more than offsetting the increase in disbursements. Wireless access lines increased nearly 21 percent to 775,000, resulting in an overall increase in the total number of access lines subject to the ITSAP surcharge of about 115,200.

An annual report filed with the commission estimates the funding requirement for 2006 will be about \$1,635,800. The report anticipates the number of ITSAP recipients will increase by 6 percent and administrative costs by 5 percent during 2006. However, the growth in access lines will allow the commission to decrease the surcharge and still allow for a positive fund balance at the end of the year, the report states.

Idaho Telephone Exchanges and Company Areas



Regulated Companies

-  ATC
-  Cambridge
-  CenturyTel of Idaho
-  CenturyTel of the Gem State
-  Citizetel
-  Direct
-  Fremont
-  Inland
-  Midlake
-  Oregon-Idaho
-  Pae
-  Quest
-  Rural
-  Silver Star
-  TDS
-  Tetra
-  Verizon
-  Unclaimed

Co-ops

-  Blackfoot
-  Center
-  Farmers Mutual
-  Filer Mutual
-  Mid Lake
-  Project Mutual

Telecommunication Utilities Under IPUC Rate Jurisdiction

Albion Telephone Corp (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
P.O.Box 9901
805 Broadway
Vancouver, Washington 98668
360/905-5800
111 A Street
Cheney, Washington 99114
509/235-3170

Frontier, A Citizens Communications Company
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
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
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
208/835-2211
Kendrick, Idaho 83537

208/835-2211
Kendrick, Idaho 83537

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