

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 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. In 2007, Citizens Telecommunications, doing business as Frontier Communications of Idaho, also opted into price deregulation.

While the services of all regulated telecommunications companies remain under commission jurisdiction for quality issues, the rate deregulated companies no longer need to seek commission approval to adjust 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. In August of 2008, the three-year transition period with caps expires for Qwest and Verizon.

On June 1, 2007, Qwest increased its basic local exchange rate by 20 percent. In July 2007, Verizon increased its local service rates by 10 percent. In August 2007, Citizens notified the Commission that it would increase its monthly residential rates by 10 percent.

These companies provide service to more than 90 percent of the telephone lines in Idaho, so the overwhelming majority of Idahoan's telephone service is no longer subject to rate regulation.

PUC orders 'number pooling' to delay second area code

Case No. GNR-T-07-04, Order No. 30425

September 14, 2007

The Idaho Public Utilities Commission has been granted authority by the Federal Communications Commission to order most of the states' telecommunications providers to participate in a number pooling program that will extend the life of Idaho's single "208" area code.

"It has been the longstanding policy of this commission to delay the implementation of another area code as long as possible to avoid the resulting disruption, inconvenience and potential cost to Idaho's business and residential customers," said former Commission President Paul Kjellander.

NeuStar, the FCC agency that manages telephone area codes in North America, is projecting that Idaho's area code will run out of telephone numbers in the second quarter of 2010. To delay that exhaust date, the Idaho commission is expanding mandatory "1,000-block number pooling" to include areas of the state beyond Boise. The Treasure Valley area has been ordered to participate in number pooling since 2002.

In areas outside Boise, telephone numbers are assigned to telecommunications companies in 10,000-number blocks. With the proliferation of wireless telephones, new competitive telephone companies, paging and messaging services and Voice over Internet Protocol (VoIP), the demand for new telephone numbers has increased significantly. However, many providers assigned blocks of 10,000 numbers do not use all the numbers assigned them, leaving lots of numbers "stranded", but not in use. In its petition to the FCC seeking mandatory number pooling, the Idaho commission reported that only 42.2 percent of the numbers assigned to Idaho providers are in use.

This is the second time Idaho has been able to delay a second area code. In August of 2001, the FCC projected Idaho's area code would exhaust in the fall of 2003. In 2002, the commission ordered Boise area telecommunications providers to return numbers not in use and then receive new numbers only in 1,000-number blocks as needed. This mandatory pooling order expands number pooling to include the entire state. Rural providers are exempt if they do not have the capability to implement local number portability or do not have a competitive landline or wireless provider. Pagers, because they do not have local number portability, are also not mandated to participate. However, the commission is strongly encouraging paging companies to participate on a voluntary basis.

All telecommunications providers that fall under the mandatory requirements must evaluate their numbering resources and donate all unused 1,000-number blocks and all 1,000-number blocks that have less than 10 percent of their numbers assigned back to the NeuStar numbering pool. Those numbers can then be assigned back to Idaho providers as they demonstrate a need.

Wireless company becomes first to qualify for federal assistance

Case No. EDG-T-07-01, Order No. 30360

July 2, 2007

Edge Wireless has become the first cellular company in Idaho to qualify to receive federal funds to provide service in rural areas of the state already served by other telephone companies.

The Idaho Public Utilities Commission has approved an application by Edge Wireless to serve as an “eligible telecommunications carrier” in 33 non-rural wire centers in the Magic Valley and southeastern Idaho already served by Qwest and in another 44 rural wire centers already served by 10 rural telephone carriers. (A wire center is the area served by a central office switch, the machine that provides dial tone and dialing functions.) ETC designation means Edge is now designated as eligible to receive all available support from the federal Universal Service Fund (USF). The Idaho Telephone Association, representing the 10 rural telephone carriers, objected to the Edge Wireless application.

The Universal Service Fund was created by Congress to ensure that telephone consumers in rural areas where cost to serve is greater would have comparable accessibility to the same telecommunications services as consumers in urban areas. Since the 1930s, Congress has mandated that all telephone companies providing interstate service contribute to the USF. The assessment on carriers is typically passed on to consumers who pay a certain amount per month to the USF.

The Idaho Public Utilities Commission must determine whether the ETC designation is in the public interest. Telephone carriers must demonstrate that they will offer the universal service supported by the federal USF, which include local calling, access to emergency services, operator services and directory assistance, long-distance calling and access to programs offered to low-income customers. They must provide service or be ready to provide service throughout the requested service area, not just in those areas where there is a higher concentration of customers.

“We conclude that Edge’s commitment to provide the universal services, its network improvement plan, its large local calling area, its record of investing in Idaho, and its plans to remain functional during emergencies all demonstrate that ETC designation is consistent with the public interest,” the commission said.

Several entities submitted comments in the case, most in support. The City of Jerome said Edge Wireless has been providing service for years and stated that additional coverage to outlying rural areas that could be accomplished with USF funding would be beneficial to the city. The Bonneville County Sheriff’s Office uses Edge as its primary carrier for mobile law enforcement operations. Access to the federal USF would allow Edge to provide “service in all areas of our county, including rural areas that now have limited and/or spotty service for our emergency operations,” the sheriff’s office said.

The Idaho Telephone Association, representing rural telephone companies that already serve in the wire centers where Edge sought ETC designation said the company does not serve the entire areas, not that Edge does not have facilities in 12 specific wire centers, including four served by Custer Telephone

Cooperative in the Challis area. ITA alleged that Edge would engage in “cream skimming,” or serving only the most densely populated parts of wire centers.

However, the commission said ETC designation does not require that Edge have the current ability to serve an entire area, but only that it certifies it will provide coverage within a reasonable period if it can be provided at reasonable cost. The commission requires ETC applicants to file a two-year network improvement plan, showing how it will service customers outside its existing network. The commission said Edge’s plan shows how it will eventually build facilities in eight of the 12 wire centers mentioned by ITA. Further, because Edge proposes to serve the entire area in which the 10 existing rural telephone companies exist, “the issue of cream skimming is not present,” the commission said.

Obtaining ETC status will enable Edge to build additional cell sites, the company stated. Since initiating Idaho service in December 2000 with 32 cell sites, Edge has expanded to include 147 cell sites, adding an average of 19 sites per year.

The commission acknowledged the growing demand on the federal USF nationwide. “Although we continue to be concerned about the size and demand on the federal USF, this remains an issue to be addressed and resolved at the federal level,” the commission said.

Commission orders decrease in USF surcharge

Case No. GNR-T-07-03, Order No. 30419

August 31, 2007

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 more than \$2 million for the period of July 1, 2006 through June 30, 2007. Due to a fund cash balance of \$417,972 on June 30, 2007, the commission authorized a decrease to 10 cents from 12 cents per residential line, to 19 cents from 20 cents per business line and to \$0.003 per billed long distance minute from \$0.004. For more information, see Commission Order No. 30419.

ITSAP funding level remains at 6 cents per line per month

Case No. GNR-T-07-02, Order No. 30289

April 10, 2007

A surcharge on residential, business and wireless phone lines to fund a telephone assistance program for low-income Idahoans will remain at 6 cents per line per month. Last year the assessment was reduced from 7 cents to 6 cents and from 12 cents the year before.

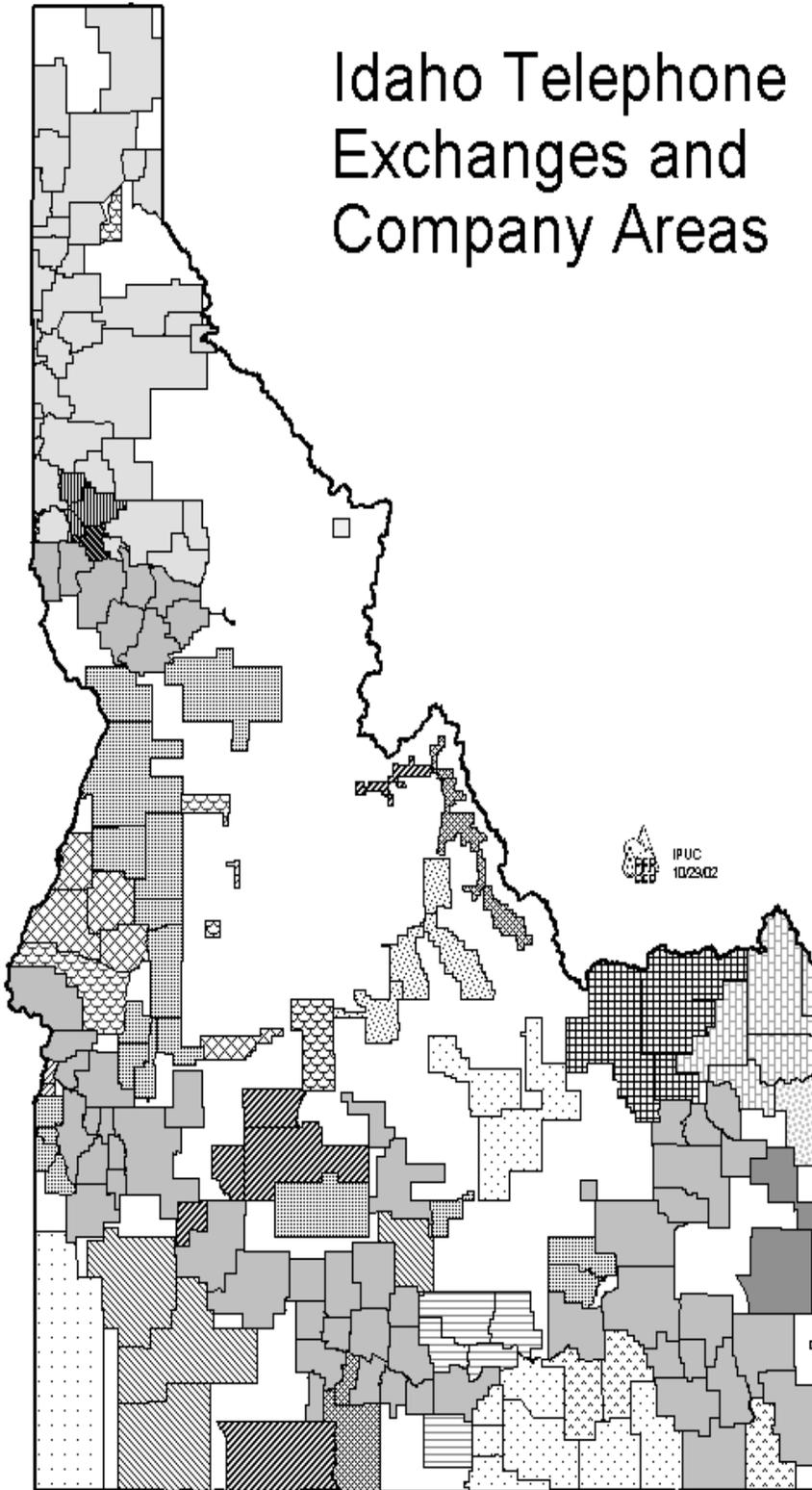
Revenue from the surcharge is used to fund the Idaho Telecommunications Service Assistance Program, or ITSAP, which during 2006 helped 32,025 low-income Idahoans pay for basic local telephone service, down slightly from the nearly 33,000 served during 2005.

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.

Disbursement to eligible subscribers also decreased slightly, totaling \$1,323,372. Disbursements to telephone companies for administrative costs totaled \$117,648, about 1 percent lower than the 2005 total of \$118,117. The ITSAP balance at the end of the year was \$344,043. The ITSAP administrator said funding requirements for 2007 would be about \$1.4 million. The administrator said the number of recipients qualifying for ITSAP will decrease by about 5 percent and administrative costs will decrease by about 6 percent. Based on those projections, the administrator recommended leaving the surcharge at the current level.

The number of local wireline access lines subject to the ITSAP surcharge increased by 4 percent from 662,200 to 686,800. Wireless access lines increased by 10 percent to 855,400. Overall, there was an increase of about 105,000 lines in the total number of lines subject to the surcharge.

Idaho Telephone Exchanges and Company Areas



Regulated Companies

-  ATC
-  Cambridge
-  CenturyTel of Idaho
-  CenturyTel of the Gem State
-  Citizel
-  Direct
-  Fremont
-  Island
-  Midvale
-  Oregon-Idaho
-  Pike
-  Quest
-  Rural
-  Silver Star
-  TDS
-  Teba
-  Verizon
-  Unclaimed

Co-ops

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

Telecommunication Utilities Under IPUC Jurisdiction

Albion Telephone Corp (ATC)
P.O.Box 98
Albion, Idaho 83311-0098
208/673-5335

Cambridge Telephone Company
P.O.Box 88
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 Telecommunications Company of Idaho**
P.O. Box 708970
Sandy, Utah 84070-8970
801/274-3127
Local:
201 Lenora Street
McCall, Idaho 83638
208/634-6150

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

Roslyn, Washington 98941

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.**
20575 N.W. Von Neumann Dr.
P.O.Box 1100
Hillsboro, Oregon 97006
503/629-2285
208/765-4351 (Coeur d'Alene)
800/483-4100 (Moscow)
208/263-0557, Ext. 204
(Sandpoint)

Oregon-Idaho Utilities, Inc.
3645 Grand Ave.
Ste. 205A
Oakland, California 94610
510/338-4621
714 Main Street
P.O.Box 1880
Nampa, Idaho 83653
208/461-7802

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

Direct Communications Rockland, Inc.
P.O.Box 269
150 S. Main St.
Rockland, Idaho 83271
208/548-2345

Rural Telephone Company
829 W. Madison Avenue
Glenns Ferry, Idaho 83623-2372
208/366-2614

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

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
800/339-3929

**These companies, which represent more than 90 percent of Idaho customers, are no longer rate regulated.*