

## **Idaho Telecommunications**

Case No. GNR-T-12-03, Order No. 32572

July 3, 2012

### **Commission approves telephone rule settlement by 2-1 vote**

The commission approved a settlement between regulated telephone companies that offer basic landline service and commission staff, allowing the companies more time to respond to outages and removing credits to customers if response deadlines are not met. The settlement was approved by the commission on a 2-1 vote, with Commissioners Paul Kjellander and Mack Redford voting in favor and Commissioner Marsha Smith dissenting.

CenturyLink (formerly Qwest), later joined by other landline companies, asked the PUC to be exempted entirely from Telephone Customer Relations Rule 502 that required regulated telephone companies to restore outages within 24 hours unless the outage occurs on a weekend. If the company fails to restore service within the rule's time frames, it must credit customers an amount equal to the rate for one month of basic local exchange service. The settlement declines the waiver, but extends the response time for regulated companies to 48 hours, extends response times if outages occur on a weekend and removes the customer credit if deadlines are not met.

The 1993 rule made sense when basic landline service from one provider was all that was available to customers, CenturyLink claimed. "Today, however, a substantial majority of basic local service customers are not cut off from communication and are not out-of-service in the event their wireline telephone is not working." Further, CenturyLink claimed, unregulated wireless providers are not subject to the commission's customer service rules, giving them an economic advantage.

The commission's adoption of the settlement complies with the Legislature's directive that the commission achieve a "balanced program of regulation and competition," the majority said. Further, the majority maintained, other customer service rules still in place require prompt response to outages and "the presence of competitive alternatives is adequate in those areas to likely compel reasonable response to reports of outages."

In her dissent, Commission Smith acknowledged that most customers have competitive choices. "My concern is for those who do not," she stated. "The comments in opposition to the rule change from those in areas where broadband is not available and access to cell phone service is non-existent or intermittent convince me that we should not ignore their very important concerns and the vital nature of landline telephone service in their lives."

CenturyLink, joined by Frontier Communications Northwest, Citizens Telecommunications Company of Idaho, TDS Telecommunications Corp and the Idaho Telecom Alliance, and commission staff conducted settlement negotiations and proposed the compromise that extended the response time to 48 hours and to close of business on Monday for outages reported on Thursday and to close of business Tuesday for outages reported on Friday. The rule also requires that at least 80 percent of out-of-service trouble reports be cleared each month within the specified time frames. As in the former rule, there are

exemptions from the rule if outages are caused by circumstances beyond the company's control, such as a natural disaster or a when a customer causes the outage or does not make a reasonable effort to arrange a repair visit.

The majority pointed to Telephone Customer Relations Rule 500 and 501 still in place even after the revisions to this rule, Rule 502. Rule 500 requires each local exchange company "to employ prudent management and engineering practices to ensure that customers receive the best quality of service practicable." Additionally, each company "is required to adopt and pursue a maintenance program aimed at achieving efficient operation of its systems to render safe, adequate and uninterrupted service." Rule 501 requires a prompt response to reports of outages. Specifically, "each telephone company providing local exchange service shall provide for the receipt of customer trouble reports at all hours and make a full and prompt investigation of and response to all reports." Companies are required to "maintain an accurate record of trouble reports made by its customers," which are required to "be available to the Commission or its authorized representatives upon request at any time within two years of the date of the record."

However, Smith said existing rules won't protect customers in all situations. "It is my experience that business entities respond to the financial consequences that follow from their decisions. There will be changes in restoration service protocol from this rule change. I doubt they will benefit customers in Idaho who rely solely on landline telephone service."

According to the Federal Communications Commission, wireless services were available at between 80 and 90 percent of populated areas in 2009. The FCC identified 1,221,000 wireless connections in Idaho during 2009, while the 2009 census recorded only 647,502 housing units, according to CenturyLink.

CenturyLink said its workers are taking time to restore landline service to meet the rule's requirements instead of installing broadband service, which, the company claims, is more important to many customers than landline connections. Commissioner Smith disagreed, stating customers do not care less about their landline service. "In some situations, landline telephone service is their only life line."

The commission received about two dozen comments from citizens opposed to the compromise rule, as well as AARP Idaho. AARP said elderly customers "are far less likely to rely on cell phone service than are other residents, and those residing in rural areas often have limited or spotty cell coverage." The revisions, CenturyLink argued, "promote a more competitive telecommunications market in which customers' desires and concerns, not outmoded regulatory constructs, drive competitive companies' responses." The revised rules lengthen and clarify response issues "while still maintaining standards for restoration that protect customers."

CenturyLink particularly objected to the month's free service credited customers if the company did not timely respond to outages, calling it the "most blatant example of how Rule 502 creates a competitive disadvantage for incumbent companies. No other competitor is required to pay such credits, which total a substantial economic cost."

Case No. TFW-T-09-01, Order No. 32550  
May 25, 2012

## **Settlement between TracFone, commission staff approved**

A company that provides wireless service through pre-paid calling cards has said it will start paying into a fund that helps low-income customers in exchange for state regulators declaring it eligible to receive funds from federal and state low-income assistance programs.

As part of the settlement, TracFone Wireless Inc. also said it will drop its current appeal before the Idaho Supreme Court and will let a district court decide if it has to pay into the state E-911 fund.

The settlement is intended to resolve a longstanding dispute between TracFone, the commission and other Idaho telecommunications providers.

In March 2010, TracFone filed an application seeking commission designation as an Eligible Telecommunications Carrier in Idaho. ETC status would qualify TracFone to receive money from federal and state low-income assistance programs. The commission denied the company's request due primarily to TracFone's belief that its customers are not required to pay an assessment to the Idaho Telephone Service Assistance Fund (ITSAP) or its federal counterpart, Lifeline.

ITSAP and Lifeline allow telephone customers who meet state Health and Welfare Department guidelines to receive discounts that help to ensure they have access to local dial-tone service for medical and other emergencies. The program is funded by a monthly charge of 6 cents per line for each Idaho residential, business and wireless customer. The revenue from that charge and the federal Lifeline funds provide for a discount that is currently \$12.75 per month for qualifying participants. The federal Lifeline fund provides \$9.25 of that amount, while the state provides \$3.50 from the Idaho Telephone Assistance Program (ITSAP).

TracFone claimed it could not assess its customers the surcharge because it offers its service through pre-paid airtime cards available at third-party outlets (e.g. Wal-Mart, Target, Best Buy, etc.) rather than billing its customers, which would be the mechanism for collecting the surcharge. TracFone also said it would not contribute to Idaho's Emergency-911 fund for primarily the same reasons. Not doing so is a violation of the Idaho Emergency Communications Act, the commission ruled.

TracFone already offers pre-paid wireless service in Idaho, but sought ETC designation so it could provide service to low-income customers under the name SafeLink Wireless. Under the program, qualifying customers would receive a free handset and up to 250 minutes of free time. For use beyond 250 minutes, customers would purchase a pre-paid card at 10 cents per minute. In other states, SafeLink offers service to low-income, low-volume users and transient users who either choose not to enter into long-term service commitments or are unable to meet the credit requirements necessary to obtain service from other carriers.

After the commission denied TracFone's petition for reconsideration, TracFone appealed to the state Supreme Court. Since the appeal, TracFone, commission staff, The Idaho Telecom Alliance (a 14-member association of commercial telephone companies and cooperatives) and CTC Telecom (Snake River PCS) engaged in settlement discussions.

Under the settlement, TracFone agrees to contribute to the ITSAP fund retroactive to January 1, 2011. TracFone also agrees to file a Declaratory Judgment Action in state district court requesting a determination as to whether it must pay into the E-911 fund. If the court determines TracFone is subject of E-911 fees, it will reimburse the Idaho Emergency Communications Commission past due funds dating from Jan. 1, 2011. If TracFone appeals an adverse district court decision, the PUC may revoke TracFone's ETC status.

The Idaho Telecom Alliance and CTC Telecom opposed the settlement. Granting the settlement allows TracFone a "waiver" of 11 of the 12 years TracFone has conducted in business in Idaho, shortchanging counties more than \$4 million in E-911 fees and giving TracFone a competitive pricing edge, they argued.

The commission disagreed with the telephone companies' assertion that past fees are being waived, noting that TracFone has not conceded it owes the fees. The commission "is in no way ceding its authority or waiving any past due amounts. Rather, the commission is approving a reasonable settlement of a disputed issue pending before the Idaho Supreme Court." Further, the companies' argument that TracFone has needlessly deprived ITSAP of needed funds ignores the fact that TracFone is not currently drawing from the ITSAP fund, the commission said.

In earlier orders, the commission said the just because TracFone does not bill its customers does not justify violating Idaho statutes requiring all telecommunications providers to contribute to E-911 and Lifeline. "TracFone has elected to pursue a business model that makes the collection of the fees more challenging than a more typical telecommunications provider .... However, TracFone's selection of a business model does not render the relevant statutes inapplicable." The commission said TracFone's testimony indicated it has the ability to track the usage rate of its customers and calculate the amount that would be due in low-income and E-911 surcharges.

TracFone argued denial of its application would be a disservice to low-income households in Idaho.

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Case No. TMW-T-10-01, Order No. 32581  
June 26, 2012

## **T-Mobile granted conditional ETC status for unserved areas**

The commission granted T-Mobile West LLC's application for conditional eligible telecommunication carrier (ETC) status, allowing the company to compete for federal dollars to accelerate deployment of cellular and broadband services in unserved areas of Idaho.

ETC status qualifies T-Mobile to receive federal support to help consumers in rural areas where it costs more to provide a telecommunications network. In this application, T-Mobile sought conditional ETC status in areas not receiving wireless voice or broadband service.

The conditional ETC designation allows T-Mobile to compete in a Federal Communications Commission auction for one-time federal support.

Last November, the FCC created the Connect America Fund, which reforms the Universal Service Fund. The USF was created to make telephone service available at reasonable cost in rural areas. The Connect America Fund was created from savings and efficiencies within the Universal Service Fund to provide cellular and high-speed Internet service in rural areas.

Part of the Connect America Fund is the Mobility Fund, which will provide up to \$300 million through an FCC auction on Sept. 27 to accelerate deployment of next generation 3G or better cellular and broadband networks in unserved areas of the country. As a prerequisite for bidding in the FCC auction, T-Mobile must have conditional ETC designation in all the census blocks for which it will submit a bid.

A commission staff analysis determined there are about 43,200 Idahoans residing in 39 counties with areas that do not have access to wireless voice and/or broadband service.

“The expansion of broadband and voice services throughout Idaho will provide direct and substantial benefits to Idaho residents,” the commission said.

Other providers with applications pending before the commission for conditional ETC status to participate in the FCC’s Mobility Fund auction are Allied Wireless Communications and Syringa Wireless LLC.

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Case No. ALL-T-10-01, Order No. 32590

Case No. SYR-T-08-01, Order No. 32591

July 13, 2012

## **Wireless companies granted conditional ETC status for FCC auction**

The commission granted two more cellular companies conditional eligible telecommunication carrier (ETC) status, allowing them to compete for federal dollars that would assist them in accelerating deployment of cellular and broadband services in unserved areas of the state.

Allied Wireless Communications Corporation and Syringa Wireless LLC were granted the conditional status, which qualifies them to receive federal support to help consumers in rural areas where it costs more to provide a telecommunications network.

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Case No. GNR-T-12-07, Order No. 32637  
September 21, 2012

## **Surcharge to support universal service increases**

A surcharge that helps Idaho's rural telephone companies provide service in high-cost rural areas will increase slightly on Oct. 1 as a result of an order signed by the Idaho Public Utilities Commission.

The Idaho Telecommunications Act of 1988 created the Universal Service Fund (USF) to maintain universal availability of local telephone service at reasonable rates in areas where greater distances and fewer customers makes providing service more costly than providing the same service in urban areas.

All landline and long distance companies pay to the fund through a surcharge on customer bills and, in turn, charge their customers a monthly amount set by the commission. Effective Oct. 1, customers with residential lines will pay 15 cents per month, up from 12 cents. Business lines will be assessed 23 cents per line, up from 19 cents. Customers of long distance companies also pay the surcharge. The surcharge for in-state toll calls will increase from \$.0035 per minute to \$.004 (four-tenths of a cent) per minute.

Idaho Code 62-610A, states that, "all consumers in this state, without regard to their location, should have comparable accessibility to basic telecommunications services at just and reasonable rates." With assistance from the Universal Service Fund, rural telephone companies are able to keep their rates at no more than 25 percent above rates in more urban areas.

The fund collected \$1.65 million through June 30, but payments from the fund to the eight rural telephone companies in Idaho that qualify for assistance total nearly \$1.7 million, thus necessitating an increase in the surcharge.

With the increasing use of cell phones, the number of residential and business landlines continues to decrease, which causes the amount paid into USF to decline. As of May 1, telephone companies reported 253,461 Idaho residential landlines, an 8 percent decrease from the previous year. Business lines also decreased by 1 percent to 219,108. Long-distance billed minutes increased by 2 percent. However, that increase is attributed to more accurate reporting by some telephone companies rather than an actual increase in long-distance minutes.

The eight telephone companies that qualify for USF disbursements include: Albion Telephone Company, Cambridge Telephone Company, Direct Comm of Rockland, Inland Telephone Company of Roslyn, Wash. (serving Idaho customers in Lenore and Leon), Fremont Telecom, Inc. of St. Anthony; Midvale Telephone Exchange, Rural Telephone Co. of Glens Ferry and Silver Star Telephone Co. of Freedom Wyo. (serving Idaho customers in the eastern portions of Bonneville and Caribou counties).

**Telecommunication Utilities Under PUC Jurisdiction**

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

**Cambridge Telephone Co.** P.O.Box 88, Cambridge, Idaho 83610-0086 **208/257-3314**

**\*CenturyLink, (formerly Qwest Communications)** North and South Idaho, Box 7888 (83723) or 999 Main Street, Boise, Idaho 83702 **800/339-3929**

**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, WA 98668  
**360/905-5800**

Also: 111 A Street, Cheney, Washington 99114 **509/235-3170**

**\*Citizens Telecommunications of Idaho**, dba as Frontier Communications of Idaho (formerly Verizon Northwest, Inc.)

**Direct Communications Rockland, Inc.**, Box 269, 150 S. Main St. Rockland, ID 83271  
**208/548-2345**

**Inland Telephone Co.**, 103 South Second Street, Box 171, Roslyn, WA 98941  
**509/649-2211**

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

**Midvale Telephone Exchange**, Box 7, Midvale, Idaho 83645-0007 **208/355-2211**

**\*Citizens Telecommunications of Idaho**, dba as Frontier Communications of Idaho (formerly Verizon Northwest, Inc.)

**Oregon-Idaho Utilities, Inc.**, 3645 Grand Ave., Ste. 205A, Oakland, CA 94610 **510/338-4621**  
Local: 1023 N. Horton St., Nampa, Idaho 83653 **208/461-7802**

**Pine Telephone System, Inc.**, Box 706, Halfway, OR 97834 **541/742-2201**

**Potlatch Telephone Company, dba/ TDS Telecom**, Box 138, 702 E. Main St.  
Kendrick, Idaho 83537 **208/835-2211**

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

**Silver Star Telephone Company**, Box 226, Freedom, WY 83120 **307/883-2411**

**Columbine Telephone Co. Inc., dba Teton Telecom** Box 900, Driggs, Idaho 83422  
**208/354-3300**

*\*These companies, which represent more than 90 percent of Idaho customers, are no longer rate regulated. However, they are still regulated for customer service.*