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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE INVESTIGATION)
AND IMPLEMENTATION OF RULES FOR THE)
IDAHO NON-RURAL UNIVERSAL SERVICE)
FUND PURSUANT TO *IDAHO CODE* §)
62-610A-F.)
_____)
)

CASE NO. GNR-U-00-1
COMMENTS OF THE
COMMISSION STAFF

COMES NOW the Staff of the Idaho Public Utilities Commission by and through their attorney of record, Cheri C. Copsey, Deputy Attorney General, and in response to the Notice of Public Workshop dated January 18, 2000, submits the following comments.

BACKGROUND

The 1998 Legislature amended Idaho Code Title 62 to create a new Universal Service Fund (USF). *See Idaho Code* §§ 62-610A through F. *Idaho Code* §§ 62-610A through F require the Commission to “establish a competitively and technologically neutral funding mechanism which will operate in coordination with federal universal service support mechanisms.” Initially, this new fund will only be available to non-rural local exchange carriers¹ that meet the statutory criteria. *Idaho Code* § 62-610B also makes clear that all telecommunications providers, including “municipal, cooperative or mutual telephone companies and telecommunications companies providing wireless, cellular, personal communications services and mobile radio services for

¹ Any application of this new fund to rural LECs to replace funding available pursuant to *Idaho Code* § 62-610 cannot begin earlier than January 1, 2001.

compensation” may be eligible for the new Non-Rural USF support and all their customers will pay a surcharge to fund the new USF.

This new USF differs considerably from the existing Idaho USF that currently provides high cost support to rural incumbent local exchange carriers (ILECs). *See Idaho Code* § 62-610. Distributions from the present Idaho USF are generally calculated to meet residual revenue requirements for fully regulated Title 61 rural ILECs whose residential and small business rates are 125% of the weighted statewide average rates. The rural Idaho USF may be phased out sometime after January 1, 2001. *Idaho Code* § 62-610F(4).

The new USF statute requires that disbursements from the new fund be used to defray costs, as determined by the Commission, for providing “universal service” to customers within a geographic support area. In calculating and determining those costs, the Commission must use a “forward-looking cost methodology.” *Idaho Code* § 62-610F(2). Therefore, on December 19, 1997, the Commission opened a docket to analyze cost models and adopt a forward-looking cost model as required by *Idaho Code* § 62-610F. (Case No. GNR-T-97-22). That docket is still open and further evidentiary proceedings are pending.

In response to the Legislature’s statutory directive, the Commission has taken several other steps toward establishing and implementing this new Idaho Non-Rural Universal Service Fund (Idaho Non-Rural USF).

In order to be eligible to receive this new Idaho Non-Rural USF support, local exchange carriers (LECs) must offer to provide “universal service” throughout the service area for which the designation is received. *Idaho Code* § 62-610B(1). The Commission must designate both the services (“universal service”) that must be offered and the geographic area (“service area”) in which they must be offered. *See Idaho Code* §§ 62-610B-E.

Therefore, on July 16, 1998, the Commission opened two other dockets (GNR-T-98-7 and GNR-T-98-8). GNR-T-98-7 was opened to consider what telecommunications services constitute those services that must be made available to Idaho consumers by eligible telecommunications carriers to meet their obligation to provide universal service and receive Idaho Non-Rural USF support. The Commission designated those “universal services” September 8, 1998. Order No. 27715. The Commission has not issued any decision in GNR-T-98-8, because the appropriateness of the service area may be affected by the cost model chosen.

In January 2000, the Commission initiated GNR-T-00-2 to establish and implement the new Idaho Non-Rural USF, adopted a schedule for evidentiary proceedings and consolidated it with GNR-T-97-22.

On January 18, 2000, the Commission also initiated this negotiated rulemaking. Order No. 28262. The purpose for this negotiated rulemaking is to determine what rules are necessary to implement the new Idaho Non-Rural USF.

In anticipation of the public workshop scheduled for March 28, 2000, the Commission requested participants to file comments with the Commission by March 14, 2000 indicating what areas should be covered by the administrative rules. In response to that invitation, the Commission Staff files these comments identifying potential areas to be covered by administrative rules.

AREAS TO BE COVERED IN THE PUBLIC WORKSHOP

Commission Staff has identified a number of areas for potential rules that should be discussed in the workshop. This list is not all inclusive. Those areas are as follows:

1. The process for certifying that eligible telecommunication carriers (ETCs) receiving either the new Idaho Non-Rural USF or federal USF support are using that support “only for the provision, maintenance and upgrading of services and facilities for which the support is intended” as required by *Idaho Code* § 62-610(F) and 47 U.S.C. § 254(e).

2. The process for verifying who the primary carrier is for the purpose of targeted support, if the end user has both a wireless ETC as well as a wire-line ETC.

3. The process for identifying and reporting to the new Administrator how many targeted end users each ETC claims.

4. Form of Application for receiving targeted support.

5. Process for reporting and remitting Idaho Non-Rural USF surcharges from all telecommunications carriers.

6. Sanctions for failure to report and/or remit those surcharges.

7. Reporting requirements for the new Idaho Non-Rural USF Administrator.

8. Customer billing issues:

a. Should the current rural USF and the new non-rural USF be separately identified on end user bills?

b. Is it technically possible or advisable to combine these charges into one Idaho USF surcharge?

- c. How should the USF charge(s) be labeled on the bill?
- d. Where should the USF charge(s) be placed on the bill?
- e. Will customers be subject to disconnection of local exchange service for failure to pay this surcharge?
- f. For customers of ETCs that receive the new targeted USF funds, how can customers be made aware of the benefit they are receiving?

Dated at Boise, Idaho, this 14th day of March 2000.

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