BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE INCREASE IN CAMBRIDGE TELEPHONE COMPANY’S RESIDENTIAL LINE RATE TO MEET UNIVERSAL SERVICE FUND REQUIRE­MENTS. | )  )  )  )  )  ) | CASE NO. CAM-T-95-1  NOTICE OF MODIFIED PROCEDURE  NOTICE OF RATE INCREASE |

YOU ARE HEREBY NOTIFIED that on August 31, 1995, this Commission on its own motion issued this Notice of Modified Procedure to increase the residential line rate for Cambridge Telephone Company.  On July 14, 1995, the Commission received the annual report of the Idaho Universal Service Fund (USF) for the period from July 1, 1994 through June 30, 1995.  After reviewing the report and the legal requirements for a local exchange company to participate in fund distributions, we determine that Cambridge Telephone Company must increase its residential rates to meet the statutory threshold requirement to qualify for continued USF funding.

The USF is funded by surcharges on residential and business lines and toll surcharges on message telecommunications service (MTS) and wide area telecommunications service (WATS).  The fund is distributed to qualifying high-cost local exchange telephone companies to reduce the amount of the Company’s revenue requirements that must be obtained from rates and charges to the Company’s customers.  Fund distributions thus offset a certain amount of revenues that necessarily would come from customers in the absence of the fund.  Idaho Code § 62-610 establishes the eligibility requirements for local exchange companies to draw funds from the USF, currently requiring that participating company’s local business and residential rates be at least 125% of the statewide average.  Universal Service Fund Rule 106 requires participating companies to revise their rates if the difference in the Company’s rates and the statewide threshold rate is more than 3% and the difference in the amount of revenue collected under the Company’s rates and the threshold rate is greater than $6,000.

YOU ARE FURTHER NOTIFIED that the USF Administrator’s report indicates that Cambridge Telephone Company’s average residential line rate is below the threshold requirements to receive USF funds.  For Cambridge’s three exchanges, the average current billed residential rate of $12.16 per month is different than the statewide average rate by an amount greater than 3%.  Additionally, the difference in the annual revenue associated with Cambridge’s average current rate and the revenue associated with the statewide average threshold rate is greater than $6,000.  Accordingly, pursuant to Rule 106 and Idaho Code § 62-610, Cambridge must revise its residential rates to meet the threshold funding eligibility standards.

YOU ARE FURTHER NOTIFIED that the current statewide average for residential lines is $14.86 per month.  Cambridge must increase its residential rates by an average of $2.70 to meet the USF eligibility requirements in order to continue to qualify for USF funds. The effective date for the increased residential rates is October 1, 1995.

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01201 through -204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this Notice shall be mailed to the Commission at the addresses reflected below:

COMMISSION SECRETARY

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of  August 1995.

                                                            RALPH NELSON, PRESIDENT

                 MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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