DECISION MEMORANDUM

TO:COMMISSIONER NELSON

COMMISSIONER SMITH

COMMISSIONER HANSEN

MYRNA WALTERS

STEPHANIE MILLER

DAVID SCHUNKE

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GARY RICHARDSON

TONYA CLARK

FROM:WELDON STUTZMAN

DATE:SEPTEMBER 20, 1995

RE:CAMBRIDGE TELEPHONE COMPANY RATE INCREASE TO MEET UNIVERSAL SERVICE FUND REQUIREMENTS.  CASE NO. CAM-T-95-1.

On July 14, 1995, the Public Utilities Commission received the Annual Report of the Idaho Universal Service Fund (USF) for the period from July 1, 1994 through June 30, 1995.  Following a review of the information and report as well as Staff’s analysis, the Commission issued Order No. 26148 which contained a finding that Cambridge Telephone Company must increase its residential rates to meet the statutory threshold requirement to qualify for continued USF funding.  The Commission subsequently issued on its own motion a Notice of Modified Procedure and Notice of Rate Increase dated August 31, 1995.  The Notice stated that Cambridge must increase its residential rates by an average of $2.70 per month to meet the USF eligibility requirements, to be effective October 1, 1995.  The Notice also established a 21-day comment period.  The Notice was actually issued on September 5, 1995 and thus the comment period will close September 26, 1995.

Commission Staff has filed comments including a rate design proposal to bring Cambridge’s rates into compliance with the USF threshold eligibility requirements.  Staff’s proposal results in an average rate increase of  $2.59 per line per month, resulting in a weighted average of $14.73 for Cambridge’s residental rates, which brings the rates within three percent of the threshold rates as allowed by the USF rules.  In discussions with Staff,  the Company has indicated it would prefer rounding the rates for the following communities:  Indian Valley and Cambridge $15.20; Cuprum $12.75; and Lowman $14.00.  To minimize the rate impact, Staff also proposes the rates be implemented in three installments over the next two years, with approximately equal increases occurring in October of 1995, 1996, and 1997.  Cambridge apparently plans to file comments indicating its agreement with Staff’s proposal.  To date, no other written comments have been received.

Although the comment period does not end until September 26, Staff recommends the Commission conditionally approve the proposed rate design.  The first decision meeting following the comment period is on Friday, September 29.  It will be difficult to issue an order following the September 29 decision meeting and get new tariffs filed in order for rates to be effective October 1, 1995. Alternatively, if the Commission approves the rate proposal, and no other comments are received, an order could be issued September 27, 1995.

COMMISSION DECISION:

Should the Commission approve the proposed rate design for Cambridge Telephone Company, subject to review of any additional comments that may be filed by September 26, 1995?

Weldon B. Stutzman

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