

**BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION**

**IN THE MATTER OF A PROPOSAL BY CITIZENS )  
TELECOMMUNICATIONS COMPANY OF IDAHO )  
TO IMPLEMENT OPTIONAL CALLING PLANS )  
FROM ITS HOMEDALE, WILDER AND PARMA )  
EXCHANGES TO CALDWELL AND NAMPA. )**

**CASE NOS. CTC-T-97-3  
GNR-T-93-7  
GNR-T-93-11**

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**IN THE MATTER OF THE PETITIONS )  
REQUESTING EXTENDED AREA SERVICE (EAS) )  
BETWEEN HOMEDALE AND WILDER )  
EXCHANGES AND CALDWELL AND NAMPA )  
EXCHANGES. )**

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**IN THE MATTER OF THE PETITIONS )  
REQUESTING EXTENDED AREA SERVICE (EAS) )  
BETWEEN PARMA/WILDER AND CALDWELL. )**

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**ORDER NO. 27063**

In 1993 the Commission received two Petitions (Case Nos. GNR-T-93-7 and GNR-T-93-11) from customers in the Homedale, Wilder and Parma exchanges requesting toll-free, extended area service (EAS) calling to Nampa and Caldwell. Citizens Telecommunications Company of Idaho provides local exchange service in the Homedale, Wilder, and Parma exchanges; U S WEST Communications provides local exchange service to the Caldwell and Nampa exchanges. After the conclusion of several intervening cases, the Commission convened a public hearing in the two EAS cases.

Following the public hearing, Citizens submitted tariff revisions on June 2, 1997, proposing a new local calling plan from the three Citizens exchanges to the two U S WEST exchanges. At its public decision meeting of July 8, 1997, the Commission expressed several reservations concerning Citizens' proposal. The Commission urged Citizens and U S WEST to refine the proposal. On September 12, 1997, the companies submitted a revised proposal for our consideration in this matter. Following our review of the record and the testimony received during our public hearing, we approve the revised plan implementing EAS.

## **PROCEDURAL BACKGROUND**

When the two EAS Petitions from Homedale, Wilder, and Parma were filed, these exchanges were served by GTE Northwest. After the Commission initiated its EAS investigations, GTE requested permission to sell 18 telephone exchanges (including Homedale, Wilder, and Parma) to Citizens. Given the sales transaction and the Commission's statewide EAS docket (Case No. GNR-T-93-13), action on the two EAS Petitions was deferred until the Commission completed the sales case and established statewide criteria for the implementation of EAS. With the conclusion of these intervening cases, the Commission resumed its consideration of the two Petitions.

On January 29, 1997, the Commission issued a Notice of Hearing scheduling technical and public hearings in these EAS cases. The Commission also consolidated the two cases into a single proceeding. The Commission made Citizens and U S WEST parties and granted intervention to AT&T Communications of the Mountain States.

On April 8, 1997, Citizens, U S WEST and the Commission Staff filed their direct testimony. Although Citizens acknowledged a community-of-interest among these exchanges, it stated it could not implement an affordable EAS or local calling plan until the end of 1997 or early 1998. On April 29, 1997, the Commission convened a public hearing in these cases in Wilder, Idaho. Numerous customers appeared and expressed their desire for EAS calling to the Caldwell and Nampa exchanges as soon as possible.

## **CITIZENS' CALLING PROPOSAL**

On June 2, 1997, Citizens submitted tariff revisions (Advice No. 97-05) that proposed a local calling plan as an alternative to EAS calling from the three Citizens exchanges to the two U S WEST exchanges. Citizens moved to suspend the technical hearing scheduled for July 1997. Citizens' proposed plan provided three "one-way" calling options to the Caldwell exchange and the same three calling options to the Nampa exchange but at different rates.

1. To Caldwell. Under Citizens' plan, the premium flat rate option would allow unlimited calling from the Citizens exchanges to Caldwell for an additional payment of \$8.00 per month for residential customers and \$11.00 per month for business customers. The second option (measured service) would provide local calling at a measured service usage rate of \$0.05 per minute with flat rate elements of \$4.00 per month for residential customers and \$5.50 per month for business

customers. The third option would be to continue the status quo—calls between the exchanges would continue to be rated as toll calls, at whatever rates are charged by the customers' toll carriers.

2. To Nampa. Citizens proposed the same three options from the Citizens exchanges to the Nampa exchange. The premium flat rate option would be available at \$7.00 per month for residential customers and \$10.00 per month for business customers. The measured service option would be offered at \$3.50 per month for residential customers and \$5.00 per month for business customers at the same \$0.05 per minute usage rate. The third option would be the present toll calling. Citizens proposed that the Nampa options and the Caldwell options be purchased separately—but customers could purchase both options. Calls to either U S WEST exchange would be placed using the normal seven digit dialing pattern. Billing under the measured service option would not include call detail, but this information would be available at an additional charge of \$1.75 per month plus \$0.10 per page.

In Order No. 26999 issued June 12, 1997, the Commission granted Citizens' Motion to Suspend the technical hearing and ordered that the calling plan be processed under Modified Procedure in Case No. CTC-T-97-3. The Commission invited interested persons to submit written comments on Citizens' proposal no later than June 28, 1997. The Commission received seven comments.

### **THE COMMENTS**

The Commission received comments from Citizens, Staff, U S WEST, the Homedale School District and three individual customers. The School District and one customer simply requested that the Commission hold a hearing on the proposal. Another customer voiced support for maintaining the status quo, and the other customer supported the optional calling plan so long as EAS will continue to be considered. The remaining comments are discussed below

1. U S WEST. The Company filed comments objecting to the proposal and indicated that Citizens had not discussed the proposal with U S WEST. U S WEST identified a number of billing and technical issues that were unresolved. It also objected to the "one-way" EAS routes (from the three exchanges to Nampa or Caldwell only) and observed that the plan provided toll-free calling to only two exchanges out of the eleven exchanges in the Treasure Valley local calling region.

U S WEST noted that calls from Caldwell and/or Nampa to Homedale, Wilder or Parma would still be toll calls. U S WEST maintained that Citizens cannot unilaterally implement a two-way calling plan with U S WEST exchanges. The Company indicated that it does have an optional discount calling plan (City Connection Plan), which may alleviate some of the costs of making toll calls between these regions.<sup>1</sup>

2. Citizens. Citizens stated that the proposal offers customers some immediate relief from large toll bills by providing customers with a choice. Citizens indicated that it would pay U S WEST access charges for all calls terminated within U S WEST's exchanges. Citizens also commented that the information necessary to reach a decision on an ultimate local calling solution is simply not available at this time and several complex issues are yet to be resolved. Citizens insisted that customers should not be denied the benefits of this proposal while those issues are resolved. Finally, Citizens confirmed its intention to review its overall rate restructure early in 1998 and file a new rate design.

3. Staff. Staff recommended that the Commission approve the optional calling plan as a temporary and interim solution to the needs expressed by the customers in these exchanges. Concurrent with the approval, Staff recommended that the Commission allow Staff to continue working with the Company to develop a lasting solution. Staff's willingness to endorse the optional calling plan was predicated upon Citizens presenting the information necessary for a full revenue and rate review in the first quarter of 1998. That information will determine the economic impacts of granting EAS on these routes. Staff declared that it is not possible to accurately determine an appropriate charge for granting permanent EAS until a thorough review is completed.

At the decision meeting held July 8, 1997, the Commission expressed reservations concerning the "one-way" nature of the EAS options and the classification of calls from the Citizens exchanges to Caldwell and Nampa. More specifically, the Commission questioned whether these calls are to be considered toll or local calls for purposes of compensation. At the decision meeting U S WEST disclosed that it and Citizens had agreed on the terms of the billing between the two companies. Consequently, U S WEST withdrew its objection to the proposal but remained

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<sup>1</sup>U S WEST also offers another discount calling plan—"Toll-Pac."

concerned about other issues. The Commissioners declined making a final determination in this case and urged Citizens and U S WEST to resolve the remaining concerns.

### **THE COMPANIES' UPDATE**

Following prolonged discussions between Citizens and U S WEST, they succeeded in resolving a number of the outstanding issues. As a result of these discussions, the companies filed a letter with the Commission on September 12, 1997. In the letter, U S WEST agreed to expand its Treasure Valley regional calling area to include the Citizens exchanges of Parma, Wilder and Homedale at no additional cost to U S WEST customers. However, Citizens continued to prefer that EAS be limited to only calling between the three exchanges and the Nampa and Caldwell exchanges. "Although U S WEST and Citizens have not reached an agreement as to the scope of U S WEST cities which will be included in the offerings, the companies are nevertheless willing to allow the Commission to make the decision as to which U S WEST exchanges are to be included in the [Citizens-U S WEST] EAS." Joint letter at 2. U S WEST was concerned that if the Commission limits the Citizens EAS calling to just Nampa and Caldwell, this may create conditions that promote illegal EAS arbitrage for calls from the Citizens exchanges to other U S WEST exchanges in the Treasure Valley region. For example, an entity may offer to complete calls from the Citizens exchanges to any exchange other than Nampa and Caldwell without paying access charges, e.g., the Upper Valley case.

The letter also noted that Citizens and U S WEST are currently negotiating a local interconnection agreement that will include mutual compensation arrangements for the exchange of traffic on Commission-approved EAS routes. Pending completion of the interconnection agreement, the parties have agreed to interim terms and conditions for termination of traffic on the requested routes in order to assure that implementation of EAS is not delayed pending the ongoing negotiations. "Until the negotiated agreement is finalized, calls on the routes ordered by the Commission in this case will be compensated through the payment of terminating switched access. The interim arrangement will commence on the date of implementation of EAS and continue for 180 days." Joint letter at 2. If the parties have not finalized their agreement, then all traffic after the 180-day period will terminate on a "bill and keep" basis until such time as the parties agree to terms for

mutual compensation. The parties estimated that they can implement two-way EAS in 120 days.  
*Id.*

### **FINDINGS**

Given the agreement of the parties, we find it is reasonable to adopt Citizens' calling plan as modified by the parties for three primary reasons. First, we find this optional calling plan gives customers a choice of calling options but does not force them to participate in mandatory EAS. Second, the optional calling plan is an effective way to provide immediate relief to customers while the companies develop a permanent solution. Third, the modified plan offers customers two-way calling.

To avoid adverse impact to Citizens, we further find that it is reasonable to limit the calling plans to only the Caldwell and Nampa exchanges. Consequently, U S WEST shall restrict the two-way EAS from only Caldwell and Nampa to the three Citizens exchanges. U S WEST or the Staff shall advise us immediately if they discover arbitrage activities involving the three Citizens exchanges and other U S WEST exchanges in the regional calling area. The Commission also adopts the parties' compensation arrangements.

The companies shall implement the optional calling plan as soon as possible. Citizens and U S WEST shall advise the Commission within 21 days from the date of this Order when EAS can be fully implemented.

### **ORDER**

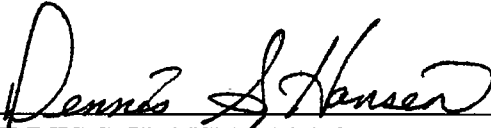
IT IS HEREBY ORDERED that Citizens Tariff Advice No. 97-05 in Case No. CTC-T-97-3 is approved as modified by the parties and adopted above. We order Citizens and U S WEST to implement the optional calling plan as quickly as possible but in no case later December 31, 1997.

IT IS FURTHER ORDERED that U S WEST and Citizens advise the Commission within 21 days of when EAS can be implemented.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in these Case Nos. CTC-T-97-3, GNR-T-93-7 and GNR-T-93-11 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders

previously issued in these Case Nos. CTC-T-97-3, GNR-T-93-7 and GNR-T-93-11. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.


DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this *22nd* day of September 1997.

  
DENNIS S. HANSEN, PRESIDENT

  
RALPH NELSON, COMMISSIONER

  
MARSHA H. SMITH, COMMISSIONER

ATTEST:

  
Myrna J. Walters  
Commission Secretary

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