1 McCALL, IDAHO, TUESDAY, AUGUST 4, 1998, 6:30 P. M.

 2

 3

 4 COMMISSIONER HANSEN: Good evening, ladies

 5 and gentlemen. This public hearing will now be in

 6 order. This is the time and place set by the Idaho --

 7 (Pause in proceedings.)

 8 COMMISSIONER HANSEN: I guess we're ready.

 9 I believe we've got it fixed now. This is the time and

 10 place set by the Idaho Public Utilities Commission for a

 11 public hearing in the matter of the application of

 12 Citizens Telecommunications Company of Idaho to reduce

 13 access rates and rebalance other rates for

 14 telecommunications services.

 15 I'm Dennis Hansen and I'll be Chairman of

 16 tonight's hearing and on my left is Commissioner Marsha

 17 Smith and on my right is Commissioner Ralph Nelson. The

 18 three of us make up the entire Public Utilities

 19 Commission. We're the ones that will be making the

 20 decision in this matter.

 21 We appreciate you coming out this evening

 22 and as our first matter of business, we need to take the

 23 introduction of the parties here. We'll start with the

 24 Staff.

 25 MS. COPSEY: My name is Cheri C. Copsey.

 38

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 Wilder, Idaho 83676

 1 I'm Deputy Attorney General representing the Idaho Public

 2 Utilities Commission Staff.

 3 MS. BROWN: My name is Birdelle Brown and

 4 I'm a Staff member for the Idaho Public Utilities

 5 Commission.

 6 MS. COOPER: I'm Carol Cooper with the

 7 consumer staff of the Public Utilities Commission.

 8 MR. RICHARDS: Mr. Chairman, Woody

 9 Richards, attorney on behalf of Citizens and with me is

 10 Aloa Stevens who is the Company representative who will

 11 be making the opening statement tonight.

 12 COMMISSIONER HANSEN: Are there any other

 13 parties that need to be introduced? Thank you. Before

 14 we begin the hearing tonight, we're here to take

 15 statements from you people that are here tonight and

 16 would like to find out how you feel about this proposal.

 17 First of all, though, we would like to have Citizens make

 18 a short statement and does the Staff want to --

 19 MS. BROWN: Yes.

 20 COMMISSIONER HANSEN: The Staff would also

 21 like to make a short statement before we begin taking

 22 public testimony, so we'll first start with the Staff and

 23 then we'll ask Citizens.

 24 MS. BROWN: Thank you, Commissioner. If I

 25 talk into this, am I talking any louder? My name is

 39

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 1 Birdelle Brown. Can you hear me if I talk like this? I

 2 work with the Idaho Public Utilities Commission. I am a

 3 Staff member and as a Staff member, I do some of the

 4 research and analysis for things that come before the

 5 Commission.

 6 I need to explain to you up front that

 7 whatever I say and whatever I recommend are Staff's

 8 things to say and Staff's recommendations and I do not

 9 speak for the Commissioners. The Commissioners determine

 10 the outcome of these cases through evaluating a lot of

 11 different information and they make decisions taking into

 12 consideration what I say, but not necessarily echoing it

 13 is all I'm saying.

 14 Citizens comes before us with a proposal to

 15 change the rates and this proposal has two aspects to

 16 it. One is the rebalancing of access rates and local

 17 service rates and that has been brought about by the

 18 nature of the telephone business and the laws that govern

 19 it and things that have happened fairly recent as well,

 20 and the second aspect of Citizens' case is the answer to

 21 all of the dozens of signatures that we received from

 22 Citizens' residents requesting extended area service to

 23 different places.

 24 First, I'd like to talk a little bit about

 25 the nature of the changes in the telephone business. For

 40

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 1 years and years and years, telephone service has been

 2 priced way below its cost; that is to say, your basic

 3 local service has been priced way below its cost, and the

 4 revenue that Citizens needed from this service was made

 5 up by charging access rates that were way above their

 6 cost. Access rates are the rates that Citizens has to

 7 pay or that Citizens receives from interexchange

 8 carriers, AT&T, MCI, other long distance carriers.

 9 When they come in to pick up your telephone

 10 call and take it to their facilities and on to the

 11 destination wherever it is, they have to pay Citizens

 12 access rates and they've been priced way higher than

 13 their cost in order to provide you with the service at

 14 the rate you've been getting for a number of years.

 15 It's almost inevitable that if access rates

 16 have to come down, and the legislature, both the state

 17 and federal legislature, said that they must come down,

 18 if they have to come down, then your local rates have to

 19 go up and that's why it's called rebalancing and that's

 20 why it's called revenue neutral. Citizens doesn't make

 21 any money off of it. They lose money here and they gain

 22 money here and in the end, we hope that they bring things

 23 closer to cost, so that what you're being charged is

 24 close to what it costs to provide the service, and the

 25 second major part of Citizens' proposal is, as I said,

 41

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 1 the answer to numerous requests for extended calling

 2 areas and Citizens has provided extended calling areas in

 3 three forms.

 4 One is extended local calling that fits in

 5 with your basic local rates and the other two are

 6 optional plans. I think Citizens is going to tell you

 7 more about these plans or has information about them back

 8 on the table. I won't go through them. We, Staff has

 9 examined this proposal, examined the costs behind it and

 10 filed comments making its recommendation to the

 11 Commissioners and we're here now to hear what you have to

 12 say about this plan and then the Commissioners will

 13 decide where we go from here.

 14 Thank you.

 15 COMMISSIONER HANSEN: Thank you.

 16 Citizens?

 17 MS. STEVENS: I'm Aloa Stevens -- can you

 18 hear me -- director of regulatory affairs for Citizens

 19 and with me tonight is Ralph McKenzie, director of

 20 operations for the Mountain States; Martha Alcott,

 21 manager of communications; Scott Jeffery, manager of

 22 Idaho operations; and Lance Tade, manager of regulatory

 23 affairs.

 24 We want to take a minute just to thank you

 25 for coming and we're here tonight to listen to your

 42

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 1 concerns and we hope that during the break or after this

 2 session that you'll share any concerns or ask any

 3 questions of the people that are here locally, too, that

 4 we might be able to help you better understand what's

 5 happening.

 6 Birdelle has done a good job of explaining

 7 what has happened and I'm probably going to repeat some

 8 of the things that she has said in maybe a little more

 9 detail. Our proposal addresses several areas of

 10 service. It will lower Citizens' access rates and toll

 11 rates and it will offer larger local calling areas and

 12 optional regional calling plans to our customers.

 13 First, I'll give you a little background on

 14 why we filed the proposal. In early 1996, Congress

 15 passed the Federal Telecommunications Act to encourage

 16 competition in the telecommunications services market.

 17 It has resulted in huge changes in the way telephone

 18 companies do business. It may be helpful for me to

 19 explain some of the changes.

 20 First of all, rates charged by telephone

 21 companies are regulated and set by specific rules. Local

 22 exchange companies, such as Citizens Communications, own

 23 and operate the switching centers and wires that provide

 24 dial tone and connect calls to your homes and

 25 businesses. Long distance companies, or companies like

 43

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 1 AT&T and MCI, connect their lines to local lines

 2 throughout Idaho, the U.S. and abroad so that they can

 3 complete your toll calls. Long distance companies pay

 4 local telephone companies like Citizens for that

 5 privilege. These fees are called access charges.

 6 Historically, federal and state lawmakers

 7 have required access rates to be set artificially high in

 8 order to help keep the cost of basic local service low.

 9 As a result, the rates you have paid for basic service

 10 all these years have been priced well below the actual

 11 cost that it costs for Citizens to provide the service to

 12 you. Areas like Riggins, McCall, Whitebird and other

 13 rural communities, the cost to provide service in these

 14 rural areas is very high compared to those in a more

 15 metropolitan area.

 16 Federal legislation, the FCC and state

 17 public service commissions are directing telephone

 18 companies like Citizens to remove the subsidies that are

 19 embedded in the wholesale access rates. This will place

 20 access rates closer to the actual cost and in turn will

 21 force local basic rates to move closer to their actual

 22 cost.

 23 Last year, the Idaho legislature directed

 24 the Public Utilities Commission to require companies such

 25 as Citizens to reduce the access rates. Citizens is not

 44

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 1 alone in this effort. Here in Idaho, GTE, U S WEST and

 2 other local telephone companies are rebalancing their

 3 wholesale and retail rates to better reflect the actual

 4 cost.

 5 Citizens is proposing a reduction in access

 6 rates of approximately 50 percent to comply with the

 7 legislature directive. With the subsidy from access

 8 rates no longer available, Citizens, like other

 9 companies, must also move basic service rates for our

 10 local customers closer to their actual cost. The

 11 increase in local rates should be offset by reduced toll

 12 rates since the long distance companies will be spending

 13 less on access to provide you with toll service. As a

 14 result, you may see a lower overall telephone bill.

 15 Price increases are never welcomed, whether

 16 they're for water, gasoline or telephone service. If the

 17 Commission approves the Citizens proposal, it will be the

 18 first time in 13 years that you will experience a price

 19 increase in your local telephone service.

 20 Moreover, our current rates are the lowest

 21 in the state, even though Citizens is the third largest

 22 telephone company in Idaho. Rest assured, we're not

 23 profiting from this plan. In fact, the proposal does not

 24 increase overall revenue to the Company. Rates for some

 25 services will go down and other services will go up.

 45

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 1 Since taking over the property from GTE in

 2 1994, Citizens has increased the value of the telephone

 3 service for its Idaho customers by investing more than

 4 $23 million to upgrade the network and bring new and

 5 advanced services to our customers. We've added more

 6 than 200 miles of fiber optic cable and we offer 100

 7 percent digital switching. We also offer equal access to

 8 long distance networks for all of our communities.

 9 Citizens plans to continue improving and upgrading

 10 technology and service. All of this has been done

 11 without increasing rates. In fact, we've eliminated

 12 touchtone, mileage and zone charges in these past four

 13 years.

 14 The second aspect of the proposal addresses

 15 expanded local calling areas and optional calling plans.

 16 These proposals are in response, as Birdelle said, to a

 17 number of petitions from communities asking for the

 18 ability to call surrounding areas without paying toll

 19 charges. For example, the communities of Riggins and

 20 New Meadows filed petitions with the Commission asking

 21 for extended area calling to McCall, New Meadows and

 22 Council.

 23 Citizens has provided here tonight a chart

 24 labeled "Proposed Local and Regional Calling Plans" that

 25 lists the current and proposed local calling area for

 46

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 1 each Citizens exchange. If you look at it, you will see

 2 Riggins customers will be able to call McCall,

 3 New Meadows and Whitebird, and McCall customers will add

 4 Riggins and Whitebird to their current calling area of

 5 New Meadows, Donnelly, Cascade and McCall.

 6 Some calling areas increase the number of

 7 friends, neighbors and businesses they can toll free by

 8 nearly 2,000 percent, and an example of that is probably

 9 the Riggins area who are isolated as far as where they

 10 can call without paying long distance charges and it's

 11 just simply Riggins.

 12 In addition, the expanded local calling

 13 areas will allow some areas, Whitebird, for example, to

 14 have toll free local calling access to the Internet for

 15 the first time. Most Citizens Idaho communities will

 16 also have the option to extend their calling areas to

 17 other communities.

 18 In their petition to the Commission,

 19 Riggins and New Meadows customers asked to be able to

 20 call Council. Citizens is proposing an option whereby

 21 customers may choose to add Council to their calling area

 22 for a flat monthly charge rather than paying toll

 23 charges. We wanted to offer it to you as an optional

 24 plan so that you can be the one to make the decision

 25 rather than forcing all customers to pay for extended

 47

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 1 area calling to Council.

 2 The PUC is currently evaluating Citizens'

 3 rate proposal. I encourage you to evaluate your local

 4 and long distance charges and calling patterns. You may

 5 find that you will save money in the long run.

 6 I would also like to encourage you to

 7 contact local employees with questions about services

 8 available and/or alternatives to meet your specific

 9 needs.

 10 Thank you.

 11 COMMISSIONER HANSEN: We'd like to welcome

 12 Senator Judy Danielson. The purpose, as I mentioned, of

 13 this hearing is to hear from you people and so our

 14 procedure tonight will be I will take the names of those

 15 that have signed in and I'll ask, I'll call you by name,

 16 ask you to come forward. Commissioner Nelson will swear

 17 you in. He'll have you raise your right hand and promise

 18 to tell the truth and then you can just take a chair

 19 right there and the Deputy Attorney General will ask you

 20 a couple of questions and she'll ask you for your name

 21 and your address so that it's on our record, and then you

 22 can make your statement.

 23 After you've finished making your

 24 statement, I'll check and see if there's any questions

 25 from the Commissioners or either one of the parties, and

 48

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 Wilder, Idaho 83676

 1 so it will be just that simple; so we'll start off and if

 2 we can get the names of those that have signed in. If

 3 you haven't signed in, we'll give you an opportunity at

 4 the end.

 5 I think our first person is R. Thomas -- is

 6 it Whaley?

 7 MR. WHALEY: Whaley.

 8 COMMISSIONER HANSEN: Would you like to

 9 come forward?

 10

 11 R. THOMAS WHALEY,

 12 appearing as a public witness, having been first duly

 13 sworn, testified as follows:

 14

 15 THE WITNESS: My name is R. Thomas Whaley.

 16 That's Rodney Thomas Whaley, W-h-a-l-e-y. I'm a retired

 17 Idaho citizen on a fixed income and I'm here to probably

 18 be against this increase, but everything I read here says

 19 reduces, reduces, but I don't see that.

 20 First off, the sheet I picked up shows my

 21 residential is going to go from the present $9.85 to the

 22 $17.50, which is an increase of $7.65, which is about

 23 40 percent in one year. Now, on a fixed income, social

 24 security, I don't get a 40 percent increase in my social

 25 security. I've already had an increase in other things

 49

 CSB REPORTING WHALEY

 Wilder, Idaho 83676 Public

 1 and I'm not against the people making money.

 2 Profits are what the American way is and

 3 profits we have to have in order to exist, but 40 percent

 4 in one year is a little out of style. I could never

 5 raise my product 40 percent when I was in business or I

 6 would have been out of business in a minute, but this I

 7 have no choice. I have one access and I only have one

 8 access.

 9 Now, as far as the toll rates, the toll

 10 rates that came through last year on their intraLATA

 11 little card they sent us, I guess it was last year, the

 12 rates on your toll going to -- in fact, I got a retired

 13 lady's bill tonight that she didn't know what was

 14 happening to her and she is paying -- she called Boise

 15 for 210 minutes and it cost her $70.75. That's an

 16 average of 33.7 cents per minute.

 17 Now, on intraLATA, you can go to AT&T and

 18 get that for $.10 a minute, that's what I do and that's

 19 what I recommended. In fact, I helped her get an AT&T

 20 intraLATA line tonight at $.10 a minute before I came

 21 here, but here's her bill. Now we're going to add to

 22 this poor lady another, and she can ill afford this,

 23 worse than I can, $7.65.

 24 Now, the people that I talked to in the

 25 Cascade community and around the lower part of McCall

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 CSB REPORTING WHALEY

 Wilder, Idaho 83676 Public

 1 area very seldom call New Meadows, but on their intraLATA

 2 at $.10 a minute, they can for $7.65 call for about 76

 3 minutes each month and still just barely come up to

 4 this. Now, in the last four years, I've called New

 5 Meadows twice. People I've talked to have never called

 6 New Meadows and they don't think that this is an

 7 advantage to them whatsoever.

 8 Now, the people that live in New Meadows

 9 and Riggins, I can't speak for those people, but maybe

 10 they would be well off to pay this extra fee in order to

 11 get into the McCall area and access something over here,

 12 but as it stands right now, I am firmly against this as a

 13 retired citizen and in fact, I picked up one, you could

 14 get it for 9.5 cents minute if you want, so as far as

 15 lowering the tolls, I don't see where that's a big

 16 advantage, except for a poor lady that's paying this rate

 17 and this is shameful, very shameful. When this went

 18 through, somebody should have notified these people that

 19 they didn't have to do this. Do you have any questions

 20 for me?

 21 COMMISSIONER HANSEN: Let's see if we have

 22 any questions.

 23 MS. COPSEY: I just have one question.

 24

 25

 51

 CSB REPORTING WHALEY

 Wilder, Idaho 83676 Public

 1 CROSS-EXAMINATION

 2

 3 BY MS. COPSEY:

 4 Q Could you just state your address for the

 5 record so we know what your address is?

 6 A P.O. Box 673.

 7 Q Where is it?

 8 A Cascade, Idaho, 83611.

 9 MS. COPSEY: Okay, thank you.

 10 COMMISSIONER HANSEN: Do we have any

 11 questions from Citizens?

 12

 13 CROSS-EXAMINATION

 14

 15 BY MR. RICHARDS:

 16 Q Thank you, Mr. Whaley, for coming this

 17 evening. Coming from Cascade, do you currently have a

 18 mandatory $3.50 EAS charge on your bill?

 19 A Now, EAS, I don't think so, maybe. I

 20 didn't look at that. Maybe so, maybe so, but I don't use

 21 it, whatever it is.

 22 Q Okay. If this application is approved, do

 23 you understand that that $3.50 charge will no longer be

 24 on your bill?

 25 A Okay, so that still doesn't make the $7.65

 52

 CSB REPORTING WHALEY (X)

 Wilder, Idaho 83676 Public

 1 if you take it off, but that's extended area coverage

 2 that's going to cover New Meadows, is that what you're

 3 trying to tell me? I don't have that now, so I'm not

 4 paying that.

 5 Q What it is going to be is the EAS rate

 6 disappears. You'll have a net increase of, I think it's,

 7 $4.15.

 8 A If I had EAS.

 9 Q I think it's mandatory at the present

 10 time.

 11 A Where would that go if I had it now? Tell

 12 me where that would go. What would it do for me now?

 13 I'm not sure that I have it or don't, so tell me where

 14 that goes.

 15 Q Donnelly, McCall is what I'm told is what

 16 the current mandated -- the price you pay in your bill

 17 every month right now.

 18 A For a 634 number?

 19 Q Yes.

 20 A Yeah, then I have that because that is

 21 supposed to be included in my area.

 22 Q Right, and just so you understand, that

 23 $3.50 charge won't be made any more.

 24 A No, I don't understand that.

 25 Q That's what the application is.

 53

 CSB REPORTING WHALEY (X)

 Wilder, Idaho 83676 Public

 1 A Okay, so it's still the $4.75 increase.

 2 Q Fifteen cents.

 3 A So now it's a 25 percent increase instead

 4 of a 50 percent.

 5 Q The other thing I wanted to make sure and

 6 we do appreciate you coming here and I'm not trying to be

 7 critical, but do you understand that there isn't a change

 8 in the profits? You talked about the profits Citizens

 9 would make as a result of this application.

 10 A No, you told me there's no change in

 11 profits --

 12 Q That's correct.

 13 A -- but I don't know of any company that

 14 exists today without a profit structure. You mean to

 15 tell me you exist without making a profit?

 16 Q Oh, no. What we're saying is that there is

 17 no change in profits as a result of this application.

 18 There is no increased net revenue to the Company.

 19 A But there is a cost to me, you understand

 20 there is a cost to me.

 21 Q Yes.

 22 A There is a definite cost to me, there is a

 23 definite increase to me of 25 to 30 percent. Now, if you

 24 had $1,000 and you're going to donate this money around

 25 to different projects at home and you're limited and you

 54

 CSB REPORTING WHALEY (X)

 Wilder, Idaho 83676 Public

 1 add another $4.50, it doesn't sound like much to you

 2 guys, you know, 100,000 buck guys, but to me it's a lot

 3 of money. $4.50 is important and it's important to my

 4 friends and --

 5 Q I think we agree completely with you.

 6 A -- it's very important to my age group.

 7 COMMISSIONER HANSEN: I've got to ask you

 8 to talk one at a time. We're recording this. Let one

 9 finish before the other speaks.

 10 MR. RICHARDS: We agree with you.

 11 THE WITNESS: This is new to me. Please

 12 excuse me. Go ahead.

 13 MR. RICHARDS: No, I just wanted to

 14 indicate we agree with you that it is a lot, but we just

 15 wanted to get the numbers accurate so that you would know

 16 what the actual increase was is all. Thank you very much

 17 for coming.

 18 THE WITNESS: You're welcome.

 19 COMMISSIONER HANSEN: Commissioner Nelson.

 20

 21 EXAMINATION

 22

 23 BY COMMISSIONER NELSON:

 24 Q I wonder if you could tell me, sir, what do

 25 you estimate your total phone bill monthly is?

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 CSB REPORTING WHALEY (Com)

 Wilder, Idaho 83676 Public

 1 A With long distance, everything, about 35 to

 2 40 is what we have to maintain, so this increase is

 3 10 percent of my total bill, so that's a lot.

 4 COMMISSIONER NELSON: Okay, thank you.

 5 COMMISSIONER HANSEN: Okay, thank you very

 6 much for your testimony.

 7 (The witness left the stand.)

 8 COMMISSIONER HANSEN: We now have R. Perry.

 9 MR. PERRY: I have nothing more to add than

 10 what he already said. I'm in the same boat he is.

 11 COMMISSIONER HANSEN: Okay, Betty DeVeny.

 12

 13 BETTY DEVENY,

 14 appearing as a public witness, having been first duly

 15 sworn, testified as follows:

 16

 17 EXAMINATION

 18

 19 BY MS. COPSEY:

 20 Q Good evening, Ms. DeVeny, do you want to go

 21 ahead and state your name for the record and spell it and

 22 also give us your address?

 23 A My name is Betty DeVeny. My address is

 24 Box 1160, Riggins, Idaho.

 25 Q Could you spell your name for us, please?

 56

 CSB REPORTING DEVENY

 Wilder, Idaho 83676 Public

 1 A D-e-V-e-n-y.

 2 Q You can go ahead with your testimony.

 3 A Well, as I stated, I'm from Riggins and I

 4 don't know when the petitions were submitted that we

 5 wanted long distance service to McCall or wherever. The

 6 county seat -- Riggins is in Idaho County. The county

 7 seat for Idaho County is Grangeville. We're almost the

 8 same distance from Grangeville as we are from McCall.

 9 Most of the business in Riggins is transacted in

 10 Grangeville.

 11 There isn't a lot of significance in

 12 calling McCall, and with the people from Whitebird, it's

 13 even more severe. They're over 75 miles from McCall and

 14 of the people I've talked to in Whitebird, they have no

 15 particular interest in being able to call McCall toll

 16 free. They're only 16 miles from Grangeville.

 17 I think the big impact with this is going

 18 to be on the businesses in Riggins, because more and more

 19 they are relying on services that require more than one

 20 line so that they have a phone line, maybe a dedicated

 21 line for a fax or a computer and the increase in the

 22 businesses is really going to get expensive and it seems

 23 to me like this whole thing is defeating the purpose of

 24 deregulation because, yes, we've had competition in our

 25 long distance. Before this happened, our long distance

 57

 CSB REPORTING DEVENY

 Wilder, Idaho 83676 Public

 1 rates to Citizens was $.40 a minute and now it's a lot

 2 less depending on who your carrier is, anywhere from $.14

 3 down to -- I know there are quite a few that are at $.10,

 4 but any advantage that you've realized there is going to

 5 be offset by this increase in basic service and it seems

 6 to be completely contradictory to deregulation.

 7 COMMISSIONER HANSEN: Let's see if we have

 8 any questions.

 9 Ms. Copsey?

 10 MS. COPSEY: No, I have no questions.

 11 COMMISSIONER HANSEN: Mr. Richards.

 12

 13 CROSS-EXAMINATION

 14

 15 BY MR. RICHARDS:

 16 Q Ms. DeVeny, thank you very much again for

 17 you coming. I know it's a long trip down here. The

 18 people in Riggins that you're familiar with, where do

 19 they get their medical services? Is it McCall or is it

 20 in Grangeville?

 21 A Grangeville.

 22 Q And how about the other just general

 23 business needs that they would have that they couldn't

 24 otherwise get in Riggins, would they be going towards

 25 McCall or towards Grangeville?

 58

 CSB REPORTING DEVENY (X)

 Wilder, Idaho 83676 Public

 1 A As far as I know, the majority of them go

 2 to Grangeville.

 3 MR. RICHARDS: Okay, thank you. That's all

 4 I wanted to know.

 5 COMMISSIONER HANSEN: Thank you very much

 6 for your testimony.

 7 (The witness left the stand.)

 8 COMMISSIONER HANSEN: Vickie Heath.

 9

 10 VICKIE HEATH,

 11 appearing as a public witness, having been first duly

 12 sworn, testified as follows:

 13

 14 EXAMINATION

 15

 16 BY MS. COPSEY:

 17 Q Okay, Ms. Heath, could you just state your

 18 name and spell it for us and then indicate your address?

 19 A Yes. It's Vickie Heath, V-i-c-k-i-e

 20 H-e-a-t-h. Mailing address is P.O. Box 398, Riggins,

 21 Idaho, 83549.

 22 Q Okay, you can go ahead with your

 23 testimony.

 24 A Obviously, I'm also from Riggins. I have

 25 Heath Realty in Riggins and I have three lines right

 59

 CSB REPORTING HEATH

 Wilder, Idaho 83676 Public

 1 now. I have a fax machine and then two lines for

 2 incoming and outgoing calls and right now -- first of

 3 all, I think it's really unfair that businesses get

 4 jabbed about double anyway and now if you charge me

 5 double double for three lines, I'm going to be paying,

 6 like, $105 before I make even one phone call and that's

 7 really going to hurt.

 8 You know, personally, our economy is not

 9 always the greatest, you know, on a commission basis.

 10 Some months you can pay your bills, some months you have

 11 to wait a month, but it's really going to be a hardship

 12 personally for me and I'm sure other businesses,

 13 especially if they have two lines.

 14 I too dealing with the title companies and

 15 the courthouse and everything, I always call

 16 Grangeville. I could care less about calling McCall or

 17 Cambridge or Council. Once in awhile I'll sell something

 18 in Adams County and I have to call Council, but that's

 19 very, very rare, so I just would like you to really stop

 20 and think about, you know, $105 is a lot before you ever

 21 make a phone call and on a small business it's -- I don't

 22 really know what I'm going to do, so thank you.

 23 COMMISSIONER HANSEN: Let's see if we have

 24 any questions.

 25 MS. COPSEY: I have no questions.

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 CSB REPORTING HEATH

 Wilder, Idaho 83676 Public

 1 MR. RICHARDS: No questions. Thank you.

 2 COMMISSIONER NELSON: I might just say that

 3 a few years ago we looked at the possibility of granting

 4 EAS between Riggins and Whitebird and Grangeville and the

 5 cost to construct facilities was so much we knew it was

 6 going to cost each resident about $50.00 a month or it

 7 was going to cost somebody about $50.00 a month, so we

 8 did not approve that petition and that was the reason.

 9 THE WITNESS: I do have some other

 10 comments. We presently have a computerized MLS out of

 11 the Grangeville area and right now I can't even download

 12 through the phone system if the file is very big at all.

 13 If it's just little bitty I can; otherwise, I have to

 14 take my laptop to Grangeville and hook up directly to a

 15 Grangeville line because something is wrong with the way

 16 it has to go clear around north, south, east, west and

 17 back to Grangeville.

 18 I'm also paying for 911 that we're not

 19 getting. I have a letter here from a fellow in

 20 Whitebird. I don't know if this is the time to talk

 21 about it or not or read it to you. Do you want just a

 22 copy of it? Do you want me to read it?

 23 COMMISSIONER NELSON: Why don't you just

 24 leave it with us.

 25 THE WITNESS: Okay. It basically says

 61

 CSB REPORTING HEATH

 Wilder, Idaho 83676 Public

 1 there's about 80 people in Whitebird that are very

 2 against it.

 3 COMMISSIONER HANSEN: Since we had an

 4 additional statement, let's see if we have any questions.

 5 MS. COPSEY: I have no questions.

 6 MR. RICHARDS: No.

 7 COMMISSIONER SMITH: She brought up my pet

 8 peeve. I just want you to recognize that the Public

 9 Utilities Commission has nothing to do with the charge

 10 for 911 that appears on your bill, either that it's

 11 charged or whether or not you get the service or how the

 12 money is used, it has nothing to do with us.

 13 COMMISSIONER HANSEN: Okay, thank you for

 14 your testimony.

 15 (The witness left the stand.)

 16 COMMISSIONER HANSEN: We now have Joan

 17 Perry.

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 62

 CSB REPORTING HEATH

 Wilder, Idaho 83676 Public

 1 JOAN PERRY,

 2 appearing as a public witness, having been first duly

 3 sworn, testified as follows:

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 5 EXAMINATION

 6

 7 BY MS. COPSEY:

 8 Q Ms. Perry, can you go ahead and state your

 9 name and spell it for the record?

 10 A My name is Joan Perry, J-o-a-n P-e-r-r-y.

 11 Q Okay, and what is your address?

 12 A Post Office Box 1104, McCall.

 13 Q Okay, thank you. You can go ahead and

 14 testify.

 15 A I just wanted to say I agreed with the

 16 first gentleman that spoke mostly and the thing that

 17 bothered me a lot was they didn't use -- Citizens did not

 18 make a survey to find out who might be interested in this

 19 as far as I know and I don't know if they have statistics

 20 on how many people are actually interested in using all

 21 this extended area service.

 22 I haven't spoken with anyone that wants to

 23 call Whitebird or Riggins from either end and so it kind

 24 of bothered me that they didn't at least contact

 25 everybody first to find out what people would really want

 63

 CSB REPORTING PERRY

 Wilder, Idaho 83676 Public

 1 to do, and also if they have to do something like this,

 2 it should be optional, not across the board, as far as

 3 I'm concerned. That's about it.

 4 COMMISSIONER HANSEN: Okay, let's see if we

 5 have any questions.

 6 Ms. Copsey?

 7 MS. COPSEY: I don't have any questions.

 8 COMMISSIONER HANSEN: Mr. Richards?

 9 MR. RICHARDS: No.

 10 COMMISSIONER HANSEN: Thank you very much

 11 for your testimony.

 12 (The witness left the stand.)

 13 COMMISSIONER HANSEN: Garth Baldwin.

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 15 GARTH BALDWIN,

 16 appearing as a public witness, having been first duly

 17 sworn, testified as follows:

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 19 EXAMINATION

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 21 BY MS. COPSEY:

 22 Q Mr. Baldwin, could you state your name for

 23 the record and spell it?

 24 A Yes, I'm Garth Baldwin, G-a-r-t-h

 25 B-a-l-d-w-i-n. I live at Horseshoe Bend and Boise,

 64

 CSB REPORTING BALDWIN

 Wilder, Idaho 83676 Public

 1 Idaho. Mailing address is 8977 State Street, Boise,

 2 Idaho, 83703. I guess, first of all, I've got one

 3 question and I don't know who I get the answer from,

 4 these local calls, are they going to be both ways from

 5 Boise to Horseshoe Bend and Garden Valley and from

 6 Horseshoe Bend to Boise?

 7 COMMISSIONER HANSEN: I'm going to ask

 8 Mr. Richards if he'll answer that. Normally, we'd have

 9 you ask your questions after, but --

 10 MR. RICHARDS: If I could, if I could have

 11 Ms. Stevens answer that.

 12 MS. STEVENS: Yes, they will be both ways.

 13 We've been discussing this with U S WEST.

 14 THE WITNESS: Excellent. Also, what I

 15 wanted to do is turn in signed petitions with over 200

 16 signatures to the PUC. I passed these petitions out just

 17 in the local area and I had a lot people from Boise who

 18 was concerned about calling to Horseshoe Bend and Garden

 19 Valley as well as us calling from Horseshoe Bend to Boise

 20 and Garden Valley, so I'd like to turn these over and

 21 enter them into the record and those were just placed the

 22 last 60 days.

 23 Everybody when we passed these petitions

 24 out, they thought that this proposed rate sheet that they

 25 received in their bill had already been enacted and all

 65

 CSB REPORTING BALDWIN

 Wilder, Idaho 83676 Public

 1 they had to do was call in and I don't know, maybe I'm --

 2 well, I know I'm dense, but on this Communications

 3 proposed local, under Horseshoe Bend, we have Horseshoe

 4 Bend, Garden Valley and Sweet and proposed optional

 5 regional calling plan, R-3, and then down below it says

 6 Boise, Caldwell, Emmett, Idaho City and up here it just

 7 says Horseshoe Bend, Garden Valley and Sweet and that was

 8 some of the people's concern in Horseshoe Bend is why

 9 that also didn't include Emmett, so maybe there's either

 10 a typographical or maybe you've overlooked it or maybe

 11 I've overlooked it someplace, but everybody in Horseshoe

 12 Bend does a lot of business in Emmett as well as Boise,

 13 so we wanted to make sure that those are included in that

 14 R-3 as well as your proposed local calling rates.

 15 As you know, from Horseshoe Bend the only

 16 place we can call is downtown. We can't even call our

 17 county offices in Idaho City, so it really makes a

 18 hardship on everyone there and our children call us from

 19 Boise and Meridian and my average bill with Citizens runs

 20 from 100 to 150 per month.

 21 I agree with the other two gentlemen or the

 22 gentleman that talked about the increase in the local

 23 calls when you're on a fixed income. There's a lot of

 24 people in those areas that are that way and I agree with

 25 the two ladies on the two or three line charges. You

 66

 CSB REPORTING BALDWIN

 Wilder, Idaho 83676 Public

 1 know, it isn't as bad when you raise one line, but when

 2 you're talking about a fax and the second line and your

 3 third line, now you're up to 60 bucks and that's hard on

 4 businesses, especially small ones starting out.

 5 Our Internet line with 150 hours only costs

 6 us $20.00 a month and I can't figure out why we can't get

 7 these rates down when we can get 150 hours for $20.00 a

 8 month and we're talking about a few minutes for $19.00 a

 9 month, so I think we need to look at all of those access

 10 charges as well.

 11 I guess that's all I have to say, but there

 12 is a high interest from the Horseshoe Bend and Boise area

 13 and Garden Valley area in making those all local areas

 14 and we appreciate the PUC taking an interest in it and

 15 getting it on the table as quick as possible.

 16 COMMISSIONER HANSEN: Let's see if we have

 17 any questions.

 18 MS. COPSEY: I just have a few questions.

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 20 CROSS-EXAMINATION

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 22 BY MS. COPSEY:

 23 Q As I understand your testimony, you then

 24 are testifying in favor of the expanded EAS that is in

 25 this plan?

 67

 CSB REPORTING BALDWIN (X)

 Wilder, Idaho 83676 Public

 1 A Yes. We want to make Horseshoe Bend local

 2 for Garden Valley. The only question I had is Idaho City

 3 still isn't included in that.

 4 Q I believe and, Aloa, you need to respond to

 5 this, but my understanding is that Region 3 includes

 6 Emmett and Idaho City.

 7 A It does, okay.

 8 Q So you understand that that would be an

 9 optional plan that they could opt into if they wanted to

 10 get that?

 11 A Rather than the proposed local?

 12 Q Right, it wouldn't automatically be part of

 13 the proposed local.

 14 A Okay, but on the proposed local, that would

 15 include Emmett?

 16 Q No, the proposed local, as I understand it,

 17 would only include Horseshoe Bend, Garden Valley and

 18 Sweet, and then you have two optional plans. One is for

 19 Lowman if you wish that one and the other one would be

 20 Region 3 which would include Emmett and Idaho City and

 21 Boise and several others, Meridian, Nampa, Star, Kuna,

 22 all the rest of those and that would cost for a residence

 23 $8.10 per month if they wanted a flat fee. Business rate

 24 would be $12.15 a month at a flat fee.

 25 A And that $8.00 is unlimited calls?

 68

 CSB REPORTING BALDWIN (X)

 Wilder, Idaho 83676 Public

 1 Q Yes, that's my understanding.

 2 A Well, I think they really should consider

 3 their proposed local calling area at least to Emmett from

 4 Horseshoe Bend because there's so many businesses in

 5 Horseshoe Bend that call Emmett and Emmett calls

 6 Horseshoe Bend, all the farmers and the ranchers and the

 7 business people, so I don't know whether that can be

 8 taken into consideration, but I know all the business

 9 people would like that.

 10 MS. COPSEY: I have no further questions.

 11 COMMISSIONER HANSEN: Mr. Richards.

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 13 CROSS-EXAMINATION

 14

 15 BY MR. RICHARDS:

 16 Q Just one other thought and thank you also

 17 for coming to testify and you may or may not be aware of

 18 this, but a lot of the long distance companies have said

 19 if we reduce the access charges they will reduce their

 20 long distance charges, so I don't know when or how much

 21 that would show up in a particular bill, but at least

 22 those are the statements that have been made.

 23 A Well, I think like the other gentleman

 24 said, you can get it for 9 or $.10 right now for those

 25 access fees, but the local, where we do a lot of calling,

 69

 CSB REPORTING BALDWIN (X)

 Wilder, Idaho 83676 Public

 1 you know, from Horseshoe Bend to Boise or Emmett or

 2 Emmett to Boise or Horseshoe Bend or vice versa, it

 3 really runs the bill up and like the other gentleman

 4 said, when you start talking .30-$.35 a minute, it

 5 doesn't take very many minutes to add up to a big bill.

 6 MR. RICHARDS: It doesn't. Thank you very

 7 much for coming.

 8 THE WITNESS: Thank you. We appreciate

 9 your time.

 10 COMMISSIONER HANSEN: Thank you very much.

 11 (The witness left the stand.)

 12 COMMISSIONER HANSEN: This concludes those

 13 that have signed up to testify this evening, but if we

 14 have some other people that have come in or you didn't

 15 sign up and you'd like to testify, if you would like to

 16 come forward now and make a statement, we'd be glad to

 17 hear from you. Is there anyone -- yes, sir, if you'd

 18 like to come forward.

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 70

 CSB REPORTING BALDWIN (X)

 Wilder, Idaho 83676 Public

 1 PAUL SHEPHERD,

 2 appearing as a public witness, having been first duly

 3 sworn, testified as follows:

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 5 THE WITNESS: I'm Paul Shepherd

 6 representing Riggins Salmon River Chamber of Commerce and

 7 I can make this probably real brief because most of our

 8 points have been covered, but I would like to emphasize

 9 it is going to be a real hardship on the businesses and

 10 we would hope that the revenue by the growth and the

 11 increased amount of lines that we use now with the new

 12 equipment and so on would carry the phone company, but if

 13 it won't, it won't, but also the other point I'd like to

 14 make is Riggins because of our climate being the banana

 15 belt of Idaho, we're quite a retirement community, also

 16 and I know that's been covered, but I would like to

 17 reemphasize that people, fixed income people, it makes it

 18 tough for them, too, so Garth made good points and Vickie

 19 and everybody, so I don't need to go over this any more,

 20 but we are strongly opposed to this severe of a rate

 21 increase and I can give this letter to whoever.

 22 Thank you.

 23 COMMISSIONER HANSEN: Let's see if we have

 24 any questions.

 25 MS. COPSEY: Yes, just a couple of things.

 71

 CSB REPORTING SHEPHERD

 Wilder, Idaho 83676 Public

 1 CROSS-EXAMINATION

 2

 3 BY MS. COPSEY:

 4 Q First, could you spell your name for the

 5 record?

 6 A Okay, Paul S-h-e-p-h-e-r-d.

 7 Q Okay, and could you tell us your address?

 8 A Post Office Box 277, Riggins, 83549.

 9 Q Are you familiar with the local, the

 10 assistance plan that is available for people who have

 11 income problems in paying their phone bills?

 12 A No, personally, I'm not.

 13 Q And can you just explain, you're in

 14 business there?

 15 A Right.

 16 Q And where do most of your phone calls go?

 17 A Local business, county seat business is to

 18 Grangeville and then Boise or Lewiston, but we don't do

 19 that much business really with McCall, so that's not

 20 much, really very little benefit to us and we've had

 21 much, considerable discussion at the chamber meetings and

 22 it seems to be the same thing with everybody, they have

 23 that same problem with it.

 24 MS. COPSEY: Okay, I have no other

 25 questions.

 72

 CSB REPORTING SHEPHERD (X)

 Wilder, Idaho 83676 Public

 1 COMMISSIONER HANSEN: Mr. Richards?

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 3 CROSS-EXAMINATION

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 5 BY MR. RICHARDS:

 6 Q Mr. Shepherd, one of the parts of this

 7 proposal is that Internet access to Riggins will be part

 8 of the toll free plan. Are there a lot of people that

 9 use the Internet in Riggins? Would that be a cost

 10 savings, then, for them in the future?

 11 A I think affirmative on that. I think

 12 there's more and more people, there's quite a few people

 13 on it now as far as I know and I think it will continue

 14 to grow, the use of the Internet.

 15 MR. RICHARDS: Thank you very much for

 16 coming tonight.

 17 COMMISSIONER HANSEN: Thank you very much

 18 for your testimony.

 19 (The witness left the stand.)

 20 COMMISSIONER HANSEN: Is there anyone else

 21 that would like to come forward? Yes.

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 73

 CSB REPORTING SHEPHERD (X)

 Wilder, Idaho 83676 Public

 1 DONALD CLARK,

 2 appearing as a public witness, having been first duly

 3 sworn, testified as follows:

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 5 EXAMINATION

 6

 7 BY MS. COPSEY:

 8 Q Could you state your name?

 9 A My name is Donald M. Clark, C-l-a-r-k. I

 10 reside at 2586 Warren Wagon Road in McCall and my

 11 business is at 1010 North 3rd Street and I'm

 12 owner-operator of Clark Real Estate in McCall. I would

 13 like -- my comments simply are that we have no way of

 14 knowing what the justification for these increases are

 15 and I have to take the word for the fine folks at

 16 Citizens that they are justified, but it appears to me to

 17 be a cost shifting and I'm curious why this cost shifting

 18 is coming to McCall.

 19 If it's revenue neutral, as has been

 20 explained to us, it's not revenue neutral certainly to

 21 the City of McCall and the citizens thereof. Our

 22 business, for example, is going to be affected. Our

 23 business phone line is $138 a month and each agent in our

 24 office has a private phone line, so there will be another

 25 $76.50 [sic] a month for that and I don't know whether,

 74

 CSB REPORTING CLARK

 Wilder, Idaho 83676 Public

 1 what else will be involved in that.

 2 We also have Internet connections and we

 3 spend a lot of time on the Internet. As far as a

 4 decrease in long distance rates, we now pay 8.9 cents a

 5 minute. It's a rate, I think, that's widely available.

 6 There are other fees that are attached to that and the

 7 telephone bills, as everyone well knows, are pretty hard

 8 for most people to read and understand and know what all

 9 those charges are.

 10 As far as the service to Riggins, no

 11 benefit to us. I think I call Vickie Heath once a year

 12 and maybe she calls me once a year, but there's no

 13 benefit and we use the telephone a lot in calling the

 14 various areas. As far as the McCall area, I would even

 15 be willing to pay long distance charges into Cascade.

 16 Our big number is to Boise and long distance and we do a

 17 lot of local calls, so I wouldn't want to see the rate go

 18 up into Cascade. I just mentioned that and I might also

 19 say that I call Senator Danielson at least once a year

 20 and the option of having that included in our rate plan

 21 to Council is of very little benefit.

 22 I see the -- I understand that we're an

 23 expensive area in which to operate, but I simply ask that

 24 Citizens make their case a little better. I wonder where

 25 these additional costs are coming into McCall, how that's

 75

 CSB REPORTING CLARK

 Wilder, Idaho 83676 Public

 1 more expensive than going into Garden Valley, for

 2 example, or some of the many other cities that they

 3 service throughout their system. McCall is a growth

 4 area. It should be an area where you get a lot more

 5 business and increasing prices, as our federal government

 6 has been able to demonstrate to us, oftentimes results in

 7 lower revenues, so, let's see, I think I've hit

 8 everything on my list here and I would say that the

 9 Citizens people and the local representatives have always

 10 been very courteous and we appreciate it and I hope they

 11 don't take my comments in any way as being personal any

 12 more than I take it personal that they left me out of the

 13 phone book and had me disconnected three or four times.

 14 COMMISSIONER HANSEN: All right, let's see

 15 if we have any questions.

 16 MS. COPSEY: I don't have any questions.

 17 COMMISSIONER HANSEN: Mr. Richards?

 18

 19 CROSS-EXAMINATION

 20

 21 BY MR. RICHARDS:

 22 Q I apologize, Mr. Clark, I didn't know --

 23 when you asked the question what the justification was,

 24 were you present when the two speakers at the beginning

 25 of the hearing explained the shift from access charges

 76

 CSB REPORTING CLARK (X)

 Wilder, Idaho 83676 Public

 1 to --

 2 A You know, I was not there, but I did attend

 3 a meeting the other day, a chamber of commerce meeting,

 4 where Citizens was represented and handed out a lot of

 5 information, much of this stuff that is on the table

 6 here. It's very difficult for somebody that has other

 7 things to do in their life to sit down and figure out

 8 what you have written or what your case is. I'm simply

 9 saying that there's a cost shift here, McCall is catching

 10 it and if I were a cynic, I would suggest that it's easy

 11 to raise rates in McCall because we have so many second

 12 homeowners here. I admit that that's a cynical

 13 approach. I'd say the same thing for the water company,

 14 but anyway, that's just a comment, not meant to be

 15 testimony.

 16 Q The second question I didn't know if you

 17 were here for, there was a discussion about EAS, certain

 18 EAS rates disappearing, so, for example, I think right

 19 now on your residence you're paying $2.66 a month. Did

 20 you understand that that would disappear if the rates

 21 were implemented?

 22 A There's a number of things that have

 23 happened that resulted from my last conversation with the

 24 fellows at the phone company and they were kind enough to

 25 save me a lot of money through restructuring of our

 77

 CSB REPORTING CLARK (X)

 Wilder, Idaho 83676 Public

 1 phones and I appreciate that. I will say to you, sir,

 2 and I think I speak for most citizens, we can't read your

 3 damn bill, you know, and people look at this information

 4 you put out, you in the industry find it very easy, the

 5 rest of us find it like reading Chinese. Not that we're

 6 not able to do it, it's not clear and the justification

 7 for your rate increase is not clear.

 8 MR. RICHARDS: Okay, thank you very much.

 9 COMMISSIONER HANSEN: Commissioner Smith

 10 has a question.

 11

 12 EXAMINATION

 13

 14 BY COMMISSIONER SMITH:

 15 Q Just one comment. It's not just McCall

 16 that was singled out, it's all of Citizens' service

 17 territory in the state from Aberdeen and Fairfield to

 18 Wilder and Homedale.

 19 A And all of these communities are getting

 20 hit with this 40 percent increase?

 21 Q Yes. All of the communities are

 22 experiencing the same increase because it's one

 23 rebalancing proposal for the Company as a whole in the

 24 state.

 25 A And it will compensate for the folks in

 78

 CSB REPORTING CLARK (Com)

 Wilder, Idaho 83676 Public

 1 Louisiana, I hope.

 2 Q No, I think what it does is just take into

 3 account the intrastate access with the intrastate local

 4 calls. That's all we have jurisdiction over is

 5 intrastate and we look at the Company as it serves in the

 6 state and the cost to serve in the state.

 7 THE WITNESS: Thank you.

 8 COMMISSIONER HANSEN: Thank you for your

 9 testimony.

 10 (The witness left the stand.)

 11 COMMISSIONER HANSEN: Do we have anyone

 12 else that didn't sign in that would like to make a

 13 statement? It looks like everyone, then, that has been

 14 here this evening has had the opportunity, then, to give

 15 us your thoughts and make a statement and with that, we

 16 appreciate all of you coming out. The Commission will be

 17 taking your statements into consideration as we

 18 deliberate on this particular case, and since we've

 19 covered our business here this evening, then, this

 20 hearing will be adjourned.

 21 (The Hearing adjourned at 7:35 p.m.)

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 79

 CSB REPORTING CLARK (Com)

 Wilder, Idaho 83676 Public

 1 AUTHENTICATION

 2

 3

 4 This is to certify that the foregoing

 5 proceedings held in the matter of the application of

 6 Citizens Telecommunications Company of Idaho to reduce

 7 access rates and rebalance other rates for

 8 telecommunications services, commencing at 6:30 p.m., on

 9 Tuesday, August 4, 1998, at the Shore Lodge, 501 West

 10 Lake Street, McCall, Idaho, is a true and correct

 11 transcript of said proceedings and the original thereof

 12 for the file of the Commission.

 13

 14

 15

 16

 CONSTANCE S. BUCY

 17 Certified Shorthand Reporter #187

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 Wilder, Idaho 83676