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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF BLACKFOOT |) | |
| TELECOMMUNICATIONS GROUP'S |) | CASE NO. FRE-T-13-01 |
| APPLICATION TO MODIFY ITS NUMBER |) | |
| RESERVE AND SEASONAL SERVICE |) | |
| TARIFFS. |) | COMMENTS OF THE |
| |) | COMMISSION STAFF |
| |) | |

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 32902 on October 2, 2013, submits the following comments.

BACKGROUND AND STAFF ANALYSIS

Blackfoot Telecommunications Group ("BTG"), since acquiring Fremont Telecom ("Fremont") from FairPoint Communications, is updating its tariffs and billing systems while transitioning customers to its upgraded services. The Company filed revised tariffs and seeks Commission approval to eliminate Number Reserve service, clarify its current seasonal service charges, and adjust the residential customer rate to comply with the FCC's rate floor guidelines set forth in FCC 47 C.F.R. § 54.318. The Company is also asking the Commission to approve a \$25.00 non-recurring charge for the second and subsequent activations of seasonal service. The

purpose of this charge is to discourage customers from disconnecting and reconnecting service numerous times throughout a calendar year.

Number Reserve

In 1998, Fremont began offering a service called Number Reserve. The rate for this service was 25% of the flat rate service charge or \$6.44 for residential and \$10.20 for business customers. Number Reserve service reserved a customer's telephone number when the customer left the service area for an extended period of time, and disconnected dial tone and all other switch-based services associated with it. BTG discovered that in some instances the Number Reserve service was incorrectly provisioned as seasonal or vacation service, improperly enabling customers to receive calls and make outbound calls. The Company proposes to discontinue the Number Reserve service and migrate those customers to its Seasonal Service, preserving the customer's phone number and line. The Company is setting a monthly rate of \$14.00 and \$21.00, for residential and business respectively. The previous Seasonal Service residential rate was \$12.90 per month. Staff contacted the Company to inquire about the customer response to this transition. As reflected in the Company's cost analysis, some customers are choosing to discontinue their service instead of migrating. Overall, the number of disconnects have not had a significant impact on revenues.

Rate Change to Comply With the FCC

The proposed monthly increase in the residential Seasonal Service rate from \$12.90 to \$14.00 is to comply with the FCC's Connect America Fund Order.¹ The monthly business rate of \$21.00 is in compliance with the FCC's Order and will not need to be adjusted. *See* FCC 47 CFR § 54.318. The Company presented a cost analysis with its filing indicating the rate adjustment will be revenue neutral. Although it is difficult to calculate the revenue impact on an optional service for seasonal customers, Staff believes the submitted rate analysis is reasonable.

¹ *See In the Matter of Connect America Fund; A National Broadband Plan for Our Future; Establishing Just and Reasonable Rates for Local Exchange Carriers; High-Cost Universal Service Support; Developing an Unified Intercarrier Compensation Regime; Federal-State Joint Board on Universal Service; Lifeline and Link-Up; Universal Service Reform – Mobility Fund, WC Docket Nos. 10-92, 07-135, 05-337, 03-109, GN Docket No. 09-51, CC Docket Nos. 01-92, 86-45, WT Docket No. 10-208, Report and Order and Further Notice of Proposed Rule Making, FCC 11-161, pp. 234-241 (rel. Nov. 18, 2011)*

The Company also provided Staff with a copy of the customer notices that were published in the local newspaper on September 24 and 27. Staff contacted the Company to determine if any customers objected to the transition to Seasonal Service or the rate increase. The Company indicated many customers are simply opting to disconnect their service instead of paying the monthly rate increase. Again, this was reflected in the Company's cost analysis.

Non-Recurring Service Order Charge

Blackfoot proposes to implement a \$25.00 service activation fee. Customers placing their service on seasonal status will not be charged the \$25.00 non-recurring fee for a one-time activation in a 12-month period. However, the charge will be assessed each time Seasonal Service is activated during a 12-month period following the initial activation/termination. This fee is meant to deter repeated activations/terminations during a single year. This fee will be waived if the customer chooses to sign up for the Company's regular local exchange service. The proposal is reasonable and does reflect many service activation charges for the industry as a whole.

STAFF RECOMMENDATION

Staff recommends that the Commission approve the Company's request to eliminate the Number Reserve service, clarify terms and conditions for the Seasonal Service, implement the \$25.00 non-recurring charge as set forth above, and increase the monthly residential rate for its Seasonal Service from \$12.90 to \$14.00 (\$1.40/month) so that the Company remains in compliance with the FCC's \$14.00 rate floor requirement. Staff believes the Company's requested effective date of November 1, 2013 is reasonable and recommends approval.

Respectfully submitted this 16th day of October 2013.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: Carolee Hall

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF OCTOBER 2013, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. FRE-T-13-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

MICHELLE NORBECK
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SECRETARY

CERTIFICATE OF SERVICE