(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE PETITION FROM RESIDENTS OF SWAN VALLEY, IRWIN AND PALISADES REQUEST­ING EXTENDED AREA SERVICE (EAS) TO ALL OF BONNEVILLE COUNTY, AND THE TOWNS OF RIRIE, VICTOR AND DRIGGS. | )  )  )  )  )  ) | CASE NOS.  GNR-T-96-6                       GNR-T-97-3                       GNR-T-97-8 |
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| IN THE MATTER OF THE PETITION FROM RESIDENTS OF GRAY’S LAKE, WAYAN AND FREEDOM REQUESTING INCLUSION IN THE U S WEST COMMUNICATIONS EASTERN IDAHO CALLING REGION.    IN THE MATTER OF THE PETITION FROM RESIDENTS OF TETON COUNTY REQUEST­ING EXTENDED AREA SERVICE (EAS) TO THE GREATER IDAHO FALLS AREA | )  )  )  )  )  )  )  )  )  )  ) | ORDER NO.  27456  NOTICE OF HEARING |

In these cases customers have petitioned the Commission for toll-free, extended area service (EAS) from their eastern Idaho exchanges to other nearby exchanges or to U S WEST Communications’ eastern Idaho local calling region.  In Case No. GNR-T-96-6, residents of Swan Valley requested EAS calling to the communities of Idaho Falls, Ririe, Victor and Driggs.  In Case No. GNR-T-97-3, customers living in the Gray’s Lake, Wayan, and Freedom, Idaho areas petitioned to be included in the U S WEST eastern Idaho calling area.  In Case No. GNR-T-97-8, customers located in or near the communities of Victor, Driggs, Tetonia and Felt petitioned for EAS to the greater Idaho Falls area. Silver Star Telephone Company provides local exchange service to about 400 customers in the communities of Swan Valley, Irwin, Palisades, Gray’s Lake, Wayan, and Freedom, Idaho.  U S WEST provides local exchange service to many communities in eastern Idaho(footnote: 1)and Teton Telecom Company provides local exchange service to about 2,800 customers in the communities of Victor, Driggs, Tetonia and Felt.  The petitioning customers primarily reside in three exchanges: Driggs, Irwin and Wayan.  Some of the requests contained in the three petitions overlap.

Following public hearings, the Commission issued a “Proposed” Order in these consolidated cases seeking written comments on the Commission’s preliminary decision to grant the EAS Petitions.  Based upon our review of the original petitions, the testimony and exhibits and the comments to the Proposed Order, we partially grant the Irwin and Wayan EAS Petitions.  Regarding the Driggs Petition, we conclude that an additional public hearing is necessary before deciding whether to grant or deny EAS.  Consequently, we schedule a final public hearing for May 5, 1998, after which we will decide the Driggs Petition.

PROCEDURAL HISTORY

In Order No. 27150 issued September 24, 1997, the Commission consolidated these three EAS cases and scheduled public hearings.  The Commission convened public hearings on November 6 and 18-19, 1997 in Soda Springs, Driggs, and Swan Valley.  The purpose of the public hearings was to receive technical evidence from the parties and comments from members of the public.   On February 12, 1998, the Staff, Silver Star and Teton filed a Settlement Agreement resolving the disputed issues among themselves.  U S WEST was not a party to this settlement.

On February 27, 1998, the Commission issued a Proposed Order in these consolidated cases. See Order No. 27379.  As explained in greater detail below, the Commission contemplated granting all but one of the EAS requests in the Proposed Order.  In the Notice of Proposed Order, the Commission requested that the parties and interested persons file comments in response to the Proposed Order no later than March 20, 1998, with reply comments filed no later than March 27, 1998.  On March 20, U S WEST filed timely objections in its Opposition to the Proposed Order and Motion for Hearing.  On March 27, 1998, Silver Star/Teton and the Staff filed separate responses to U S WEST’s objections.  On March 27, 1998, the Staff filed a Stipulated Motion for Extension of Time to Strike a Portion of U S WEST’s Opposition to the Proposed Order and Motion for Hearing.  Finally, on March 31, 1998, the Staff and U S WEST filed a stipulation to withdraw some of U S WEST’s objections.  These procedural matters are discussed in further detail below.

A.  The Parties

The following parties made appearances at the hearings:

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| U S WEST Communications:  Silver Star and Teton:  Commission Staff:  Petitioner (Case No. GNR-T-96-6):  Petitioner (Case No. GNR-T-97-3):  Petitioner (Case No. GNR-T-97-8): | Mary Hobson, Esq.  Peter Butler, Esq.  Conley Ward, Esq.  Allen Hoopes, Vice-president  Donald L. Howell, II  Deputy Attorney General  Juanita Bitton  Connie Christensen  Roy C. Moulton, Esq. |

Prefiled testimony and exhibits were submitted by the Staff, Silver Star, Teton, and U S WEST.  Except for U S WEST, the parties filed separate testimony and exhibits for the two Silver Star cases (GNR-T-96-6 and GNR-T-97-3) and the Teton case (GNR-T-97-8).  More than 50 customers testified at our public hearings; nearly all supporting the requests for EAS.

B.  U S WEST Objections and Responses

1.  The Objections.  Following issuance of the Proposed Order, U S WEST filed a timely Memorandum in Opposition to the Proposed Order and Motion for Hearing.  First, U S WEST objected to the proposed Silver Star and Teton local service rates alleging that the record does not contain sufficient information “to assess” the reasonableness of the rates nor does it disclose the compensation methodology.  U S WEST Memorandum at 5.  Although U S WEST did not contest that EAS was warranted and conceded that “these rates are very likely called for, given the great expense of providing local exchange service to customers in rural Idaho,” the Company questioned the adoption in the Proposed Order of the local rates agreed to by the Staff and Silver Star/Teton.  Id. at 23.  Second, U S WEST objected to that portion of the Proposed Order where the Commission denied EAS compensation to U S WEST based upon the Company’s “lost toll” revenue methodology.  Id. citing Proposed Order at 8-9.  The Company also claimed that it had been denied a reasonable opportunity to present its EAS compensation evidence.  Id. at 13-16.

2.  The Responses.  Both Silver Star/Teton and the Staff filed individual responses to U S WEST’s objections.  Silver Star and Teton took no position on U S WEST’s due process argument but adamantly opposed U S WEST’s demand for an additional hearing regarding the proposed local exchange rates.  Silver Star/Teton Response at 3.  The Companies argue that their costs of providing EAS were fully litigated at the hearings and were subject to cross-examination.  Id. at 4.  In addition, the Companies noted that the Commission’s procedural Rule 248 provides that “the Commission may regard a stipulation as evidence, but the Commission may require proof by evidence of the facts stipulated.”  IDAPA 31.01.01.248.  As a practical matter, the Companies characterized the Stipulation,“like most other settlements,. . . [as] a compromise result without resolving their differences on the appropriate ratemaking methodology and underlying data and assumptions.”  Id. at 5 (emphasis original).

Turning to the Staff’s Response, it asserted that the Proposed Order does not suggest that U S WEST should be denied compensation for its actual costs of implementing EAS.  Staff Response at 5.  However, Staff recommended that U S WEST be granted a hearing to consider the Company’s costs for implementing EAS and to establish a methodology for determining such costs in the future.  The Staff also argued that U S WEST had not been denied the opportunity to present evidence of its EAS costs.  Staff maintained that the Company did present evidence regarding the methodology of lost toll revenue but failed to enter into the record all of the necessary information to calculate its EAS costs using the Company’s lost toll methodology.  Id. at 7.  The Staff also pointed out that the Commission’s Notices and Orders in these cases contemplated the presentation of technical evidence concerning EAS costs.  These Notices and Orders “clearly advised the companies (including U S WEST) that [the technical hearing] was the opportunity to present evidence regarding the recovery of EAS costs.”  Id. at 9.

3.  Stipulation to Withdraw.  On March 31, 1998, U S WEST and the Staff filed a Stipulation.  In the Stipulation, U S WEST agreed to withdraw its objections to the basic local exchange rates of Silver Star and Teton.  Stipulation at 2.  U S WEST also agreed to withdraw the Affidavit of its attorney filed in these proceedings and to withdraw certain references in its Supporting Memorandum relating to settlement negotiations conducted in this case.  Finally, the Company and the Staff agreed that a hearing should be held to determine U S WEST’s cost of implementing EAS in these proceedings as well as to adopt a methodology to determine U S WEST’s costs in future EAS cases.  Id.

Commission Findings: We adopt the Stipulation entered into between the Staff and U S WEST.  Consequently, there is no longer any U S WEST objection on the record to the adoption of the local exchange rates set out in our Proposed Order.  We also agree with the Staff that the Proposed Order simply purported to deny U S WEST its alleged lost toll revenues — the Proposed Order did not deny U S WEST’s compensation for implementing EAS.  Based upon the current record, it is not possible for us to determine precisely what the Company’s EAS costs were under the lost toll methodology.  Nevertheless, we need not reach this issue because the Staff and U S WEST have urged us to initiate a separate proceeding to determine U S WEST’s costs of implementing EAS in these cases and to develop an EAS cost methodology in future EAS cases.  Stipulation at 2.  We agree that such a hearing is warranted, and consequently, initiate Case No. USW-T-98-3 to take up this matter.(footnote: 2)

ISSUES AND DISCUSSION

A.  Community-of-Interest

In Order No. 26311 the Commission established a two-tier set of standards or factors to be considered when evaluating whether a “community of interest” exists between two exchanges requesting EAS.  The primary standards for evaluating EAS routes included calling data and the six first-tier factors of:  (1) geographic proximity; (2) geographic or physical barriers; (3) county seats; (4) school districts; (5) location of medical facilities; and (6) “the willingness of customers to pay increased rates.”  Order No. 26311 at 9.  The petitioners in each of the three cases stated that there is a strong community-of-interest among the three exchanges and other exchanges or areas they wish to call toll-free.  The petitions state that many customers call the requested areas for work, medical, government, school, and community needs.

At our November hearings, all of the parties conceded that there was a community of interest to support the EAS requests.  Teton, Tr. at 45, 62, 66; Silver Star, Tr. at 103, 158.  Staff witness Carolee Hall testified that many of the community-of-interest standards used to evaluate EAS requests are met in these cases.  Teton, Tr. at 59-66; Silver Star, Tr. at 152-158.   U S WEST witness John Souba recommended that if the Commission finds that there is a community of interest among the requested exchanges, the Commission should grant two-way EAS calling to the entire U S WEST eastern Idaho calling region.  Tr. at 120.  These observations were also supported by the comments from many public witnesses.  At both the Driggs and Swan Valley hearings the public witnesses overwhelmingly testified in support of the EAS requests.  However, as explained in greater detail below, the Staff, Silver Star and Teton at that time were recommending that the Commission adopt one-party residential rates of $17.51 per month.  In February 1998, the Staff and Silver Star/Teton subsequently urged the Commission to set local residential rates at $24.10 per month.  Consequently, the Commission invited members of the public to comment on the Proposed Order and its proposed higher rate.

B.  The Settlement Agreement

After notice to all parties, a settlement conference was convened on February 4, 1998.  On February 12, 1998, the Staff, Silver Star and Teton filed a Joint Motion requesting the Commission adopt a Stipulation and Settlement Agreement.  The parties to the Settlement Agreement advised the Commission that they had resolved all of the disputed issues among themselves.  The parties further requested in their Joint Motion that the Commission issue a proposed order adopting the Settlement Agreement and tentatively decide all remaining issues in the cases.  U S WEST was not a party to the settlement.  The Stipulation and Settlement resolved the following issues.

1.Stimulation Factor.  Initially, Staff witness Hall proposed that the Commission utilize a 200% stimulation factor to calculate the shift in calling traffic and the necessary facility improvements.  Silver Star, Tr. at 164; Teton, Tr. at 69-70.  It is generally assumed that when toll routes are converted to free local calling routes, the number of calls over a given route will increase, i.e., there will be call stimulation.  The Companies’ witnesses utilized a 400% stimulation factor.  Teton, Tr. at 64, 74-76; Silver Star, Exhibits 6-10.  Citing his experience with other small rural exchanges, Silver Star witness Ron McCue argued that the 400% stimulation was the more appropriate factor to use. In the Settlement, the parties agreed that the appropriate stimulation factor should be at a “3 times” (3x) rate.  Settlement at 2.

2.Revenue Growth Potential.  In the Teton GNR-T-97-8 case, Company witness Ray Hendershot argued that if the Commission grants EAS, “it [should] compensate Teton for the lost revenue growth that it otherwise would have received.”  Tr. at 16.  When Teton purchased the Driggs exchange with the Victor and Tetonia wire centers from U S WEST, Teton “contemplated” that access charges and billing and collection revenues would grow “7 percent per year during the three years the [rate freeze] commitment was in place.”  Id.  Consequently, the Company included approximately $26,250 in “lost revenue growth in its EAS revenue requirement.”  Teton Exhibit 1.

Staff witness Hall opposed the inclusion of this revenue attributable to the lost growth potential.  She argued that including such future revenue is speculative at best and argued that it was contrary to the public interest “to grant compensation for revenue that the Company has never received.”  Tr. at 73.  Following the settlement conference, Teton withdrew its request to include the “lost growth potential” in its revenue requirement.  Settlement at 2-3.

3.Idaho USF Disbursements.  Silver Star witness Kevin Kelly and Teton witness Hendershot both offered three rate proposals to recover the costs of implementing EAS.  Under their first proposal, they recommended that the Commission set uniform rates for residential and business service at $17.51 per month.  Silver Star Exhibit 2A (Revised) and Teton Exhibit 4A.  Under their second rate proposal, residential rates would be set at $17.51 per month and the business rate would be set at $36.57 per month.  Silver Star Exhibit 2B (Revised) and Teton Exhibit 4B.  In Teton’s third rate proposal, Hendershot recommended that monthly residential rates be set at $20.38 and monthly business rates be set at $26.48.  Exhibit 2C (Revised). Silver Star witness Kelly’s third proposal was to set monthly residential rates at $17.51 and business rates at $26.27.  Exhibit 4C.

If the Commission were to adopt Silver Star’s local rate proposals, Kelly calculated these proposed rates would not recover the entire cost of implementing EAS.  He estimated that there would be a residual annual revenue requirement ranging from approximately $154,200 to $179,000.  Exhibits 4A, B, C.  He proposed that this residual revenue requirement be obtained by increasing Silver Star’s disbursements from the Idaho Universal Service Fund (USF).  Id.  Likewise, adoption of Teton’s rates as proposed by its witness Hendershot would leave a residual revenue requirement ranging from $61,500 to approximately $200,000.  Exhibits 2A, B, C (Revised).  He too suggested that this residual revenue requirement be met by increasing disbursements from the Idaho USF.  Id.

Staff witness Hall proposed increasing monthly rates for Teton residential and business customers by $6.00 to $17.25 and $32.48, respectively.  Exhibit No. 103.  She opposed the Companies’ first rate option and argued that it was inappropriate to set business rates identical to residential rates.  Tr. at 75.  Turning to Silver Star rates, she offered two rate proposals for the Commission’s consideration.  First, she recommended that the Commission adopt Silver Star’s second option to increase residential rates to $17.51 per month and business rates to $36.57 per month.  Tr. at 177.  Her alternative recommendation was to increase business rates to $36.57 per month and also increase residential rates for Irwin by $6.00 per month and increase residential rates of Wayan customers by $7.00 per month.  Even with these increases, she calculated that there would be a residual annual revenue requirement associated with granting EAS of $63,656.  Tr. at 168; Exhibit No. 105.

Following the settlement conference, the parties agreed that neither Silver Star nor Teton will seek any increased distribution from the Idaho USF unless the Commission orders an alteration in Silver Star or Teton’s existing access charges.(footnote: 3)  Given the agreement not to seek additional disbursements from the Idaho USF, the parties subsequently agreed to and proposed new local rates as discussed in greater detail below.

4.Residential and Business Rates.  As set out above, the parties offered various rate design alternatives for the Commission to consider.  Given the parties’ agreement not to seek additional Idaho USF disbursements, the Companies must look to other revenue sources to defray the substantial cost of implementing EAS.  Consequently, the parties recommended new local rates for our consideration.  The parties proposed that one-party local exchange service rates (including EAS costs) be set at $24.10 per month for residential service and $42.00 for business service.  Monthly rural zone charges of $3.19, with a $1.60 credit, currently imposed by Teton will also be eliminated.  Settlement at 3.

The parties asserted that adoption of these rates will eliminate the need to seek additional USF disbursements, except as noted above.  In addition, Silver Star and Teton withdrew their requests for additional revenue in these EAS cases.  The Companies declared that they will not seek any rate relief until calendar year 1998 financial results are available—Spring 1999 at the earliest.

5.Measured Service.  Given the rate increases proposed in the Settlement, the parties agreed that Teton will offer its residential customers a measured service option to mitigate the projected local rate increase.  Teton residential customers will be offered measured service at a rate of $16.00 per month to include 90 free minutes of usage.  All calls in excess of the 90 free minutes will be billed at a rate of $.03 per minute.  The parties recommended that measured service be offered only for residential customers and that the mixing or combining of flat and measured service at a single customer premise be prohibited.  Settlement at 3.

6.Implementation.  Finally, Silver Star and Teton declared that they will implement EAS for their local exchange customers to the entire U S WEST eastern Idaho local calling region “as soon as reasonably practical following the Commission’s entry of a final order approving this Stipulation and Settlement.”  Settlement at 2.  EAS will also be provided between any exchanges connected with the calling region, e.g., between Wayan/Irwin and Driggs.  Id.  At the hearings, the Companies’ witness McCue testified that they are prepared to implement EAS calling within 45 days.  Silver Star, Tr. at 64; Teton, Tr. at 39.

Commission Findings:  We begin our examination of the Stipulation and Settlement entered into by the Staff, Silver Star and Teton by observing that we are not bound by the parties’ settlement.  However, after reviewing the parties’ testimony, the terms of the settlement, the issues resolved and the public testimony in general, we find the settlement of the issues to be fair and reasonable, and in the public interest.  IDAPA 31.01.01.276.  As noted above, both the Staff and the Companies conceded issues to one another.

1.  Community of Interest.  We next turn to examine the community-of-interest standards in these cases.  Given the agreement among the parties, the testimony at our November public hearings and the written comments in response to our Proposed Order, we find there is sufficient evidence to meet the community-of-interest standards for the Irwin and Wayan EAS requests.  As Staff witness Hall testified, the calling data generally supports granting EAS from these two petitioning exchanges to other exchanges.  Tr. at 153-54.  We also agree with U S WEST that the EAS routes in these cases should be two-way and include all of the exchanges within the U S WEST eastern Idaho calling region.  Our community-of-interest findings regarding the Teton or Driggs Petition are not so clear cut.

As stated previously, one of the factors to be considered in evaluating EAS requests is whether customers are willing to pay increased local rates to compensate their local exchange company for the cost of providing EAS.  At the Driggs hearing held in November 1997, the public testimony overwhelmingly supported EAS.  However, at that time Teton and the Staff were proposing monthly residential rates of $17.51.  The Stipulation and our Proposed Order included rates that were much higher.  Consequently, the only opportunity customers had to address their willingness to pay the increased rates was by responding to our Proposed Order.

In addition, we note that the initial petitions requesting EAS for the Driggs exchange did not address customers’ willingness to pay higher rates.  After the Commission promulgated its EAS standards in Order No. 26311, the Staff developed EAS petition forms.  One essential element of the Staff’s petition format were five columns on the right-hand side of the form asking petitioners to “check-off” whether they are willing to pay various rate increases ranging from less than $1.00 per month to more than $10.00 per month.  Unfortunately, the column headings on the Driggs petitions did not contain this information, thus, we are unsure of the petitioners willingness to increase their local rates.

Even after reviewing the public comments we received regarding the Proposed Order and its adoption of the $24.10 local residential rate, we are uncertain of customers’ willingness to pay higher local rates.  The written comments to our Proposed Order from members of the public were equally divided between supporters and opponents.  Although phone calls do not carry the same weight of evidence as letters, the Commission received many phone calls from customers opposing EAS.  Given this uncertainty, the Commission is cannot conclude that customers are willing to pay  a monthly increase of $12.85 attributable to EAS.(footnote: 4)  Consequently, we have determined that it is necessary to convene an additional public hearing in Driggs before we can rule on the Driggs EAS Petition.

2.  The Settlement.  Of particular concern to us in the testimony filed in this case was the apparent reliance on the existing Idaho USF to fund the residual EAS costs.  Given the changes occurring within the industry and the recently enacted legislation to create a new state USF mechanism, we find that increasing reliance upon the existing USF funding would be ill-placed.  We believe that it is prudent to minimize or restrict actions which would result in increased USF distributions, and accompanying, increased USF surcharges.  This is especially so when these cases are among the first of more than 15 EAS cases still pending.

We recognize that restricting increased distributions from the Idaho USF results in the need to increase rates in these particular cases.  However, as was clearly evident at both our technical and public hearings, Silver Star (Irwin and Wayan) customers requesting inclusion in the U S WEST local calling area exhibited a strong willingness to pay for this expanded local calling.  The increase in residential rates proposed in the Stipulation and Settlement for Silver Star customers is $9.10. Several witnesses estimated saving many times that amount in toll charges. Granting the Irwin and Wayan EAS petitions will allow customers a greatly expanded local calling area and the ability to call toll-free to more than 100,000 customers in eastern Idaho.

Although we find that the proposed business and residential rates are reasonable, we are concerned that these local rate increases may be too high for some Silver Star customers.  Implementation of the amended Idaho Telecommunications Service Assistance Program embodied in House Bill 516 will make available credits of $10.50 per month to eligible low-income customers.   The Staff and Silver Star should monitor subscriber levels in the Wayan and Irwin exchanges and advise us if customers appear to be discontinuing telephone service.

In summary we grant the Joint Motion as it pertains to Irwin and Wayan and conclude that an additional hearing is warranted for the Driggs request.  We now turn to the remaining issues in this case.

C. Other Issues

1.EAS to Freedom, Idaho.  The petition in Case No. GNR-T-97-3 also requested that customers in Freedom, Idaho be included in the U S WEST local calling region.  The local exchange company serving Freedom, Silver Star, did not support this request.  Silver Star witness McCue testified that these customers already have EAS to Afton and Alpine, Wyoming.  Tr. at 81.  In addition, these customers are actually located in the Wyoming LATA.  Mr. McCue was concerned that granting them EAS to the eastern Idaho calling area might necessitate eliminating their local calling to Afton and Alpine, Wyoming.  This would result in “making it long distance to call across the street or into Afton where their school and hospitals are.”  Tr. at 82.

Commission Findings:  Based upon Mr. McCue’s testimony and the lack of public support, we find it reasonable to deny the EAS request of customers located in Freedom, Idaho.  As indicated above, these customers have EAS with other nearby communities in Wyoming which constitute their existing community of interest.

2.Recovery of U S WEST Lost Toll.  U S WEST witness Souba testified that U S WEST should be compensated for its lost toll revenue when the Commission grants EAS.  He proposed that U S WEST would net the difference between access charges it pays to local exchange companies where EAS is granted and U S WEST’s toll revenues.  “If the toll revenues exceed the access charges then U S WEST should be allowed to recover the net revenue loss in rates to its customers through adjustments to its ‘in-region’ local service rates.”  Tr. at 128.  No other parties addressed U S WEST’s request.

Commission Findings:  Based upon our adoption of the U S WEST-Staff Stipulation, we will convene a separate proceeding to determine the costs of implementing EAS in these cases.  U S WEST and other parties will be afforded an opportunity to present evidence regarding these EAS costs in Case No. USW-T-98-3.  Consequently, we need not address the recovery of U S WEST’s EAS costs in this Order.

3.Access Charges.  In her testimony, Staff witness Hall said that Silver Star would need to increase its access rates to 100% of the statewide average to maintain eligibility for USF funding.  She did not recommend that Teton’s access rates be adjusted to the statewide average because all Teton rates had been frozen for three years as a condition of the purchase of the exchange by Teton from U S WEST.  The Stipulation and Settlement did not address this issue.

Commission Findings:  We find that the access rates should not be changed at this time for Silver Star.  We recently approved a substantial reduction in Citizens’ access rates and anticipate more access rate reductions in the future.  Once the other expected changes have been made we will examine the access rates of Silver Star and Teton.

NOTICE OF HEARING

YOU ARE HEREBY NOTIFIED that the Commission will conduct an additional public hearing for the purpose of taking testimony from members of the public regarding the Driggs EAS request.  The public hearing will convene on TUESDAY, MAY 5, 1998, AT 7:00 P.M. IN THE TETON HIGH SCHOOL AUDITORIUM, 41 NORTH MAIN, DRIGGS, IDAHO.  The purpose of the public hearing will be to receive evidence regarding customers willingness to pay increased monthly local rates ($24.10 unlimited residential; $16.00 for measured residential service; and $42.00 for single-line business service) for EAS.  Customers desiring to state a position regarding this issue are invited to testify at our hearing.  Teton Telecom and the Staff shall file a brief explanation of their reasons for supporting the Stipulation with the Commission no later than April 24, 1998 and present their reasons again at the start of the public hearing.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act.  Persons needing the help of a sign language interpreter or other assistance of the kind that the Commission is obligated to provide under the Americans with Disabilities Act in order to participate in or to understand the testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing.  The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

(208) 334-0338  (TELEPHONE)

(208) 334-3151  (TEXT TELEPHONE)

(208) 334-3762  (FAX)

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission’s Rules of Procedure, IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code.

O R D E R

IT IS HEREBY ORDERED that the petitions generally requesting EAS between the Irwin and Wayan exchanges and U S WEST’s eastern Idaho calling region are granted.  The request to extend Freedom, Idaho EAS calling to the U S WEST eastern Idaho region is denied.  An additional public hearing will be convened to consider the Driggs EAS request.  We also grant in pertinent part the Joint Motion of the Staff, Silver Star and Teton to accept their Stipulation and Settlement.

IT IS FURTHER ORDERED that the Stipulation entered into between U S WEST and the Staff is adopted.

IT IS FURTHER ORDERED that Silver Star and U S WEST take the necessary actions to implement EAS as authorized by this Order and advise us of cut over dates within fourteen (14) days of the service date of this Order.

IT IS FURTHER ORDERED that Silver Star notify its customers of the impending changes in an appropriate manner.

IT IS FURTHER ORDERED that Silver Star file local service tariffs in conformance with the rates set out in this Order.

IT IS FURTHER ORDERED that Case No. USW-T-98-3 be initiated for the purpose of determining U S WEST’s EAS cost in these cases and to develop a methodology to determine U S WEST’s EAS costs in future cases.

THIS IS A PARTIAL 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. GNR-T-96-6, GNR-T-97-3 and GNR-T-97-8  may petition for reconsideration within twenty-one (21) days of the service date of this Order.  The decision to conduct another public hearing for the Driggs exchange is an interlocutory decision.  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                  day of April 1998.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

cm/O:gnrt966.dh5

**FOOTNOTES**

1:

Customers in the U S WEST eastern Idaho calling region may make toll-free calls to the exchanges of American Falls, Bancroft, Blackfoot, Dayton, Downey, Firth, Franklin, Grace, Idaho Falls, Inkom, Lava Hot Springs, Louisville-Menan, McCammon, Montpelier, Pocatello, Preston, Rexburg, Rigby, Ririe, Riverside, Roberts, Shelley, Soda Springs, and Thatcher.

2:

We also adopt that portion of the Stipulation withdrawing the Affidavit of U S WEST’s attorney and certain references in the supporting memorandum to settlement negotiations.  We affirm our long-standing practice that the disclosure of settlement negotiations is prohibited by our procedural rules.  IDAPA 31.01.01.272.  Comments made, or information, ideas, and opinions shared during the course of settlement discussions must remain confidential.  This strengthen the policy of promoting and encouraging settlements.

3:

The parties also contemplated that the Companies might seek USF relief if their revenues are substantially reduced by unforeseen changes in federal or state legislation or regulatory actions not related to this docket.

4:

Following the sale of U S WEST’s Driggs exchange to Teton, Teton (Driggs) customers rates were “frozen” as a condition of the sale.  Consequently, these customers have had rates lower than Silver Star (Irwin and Wayan) customers.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

April 13, 1998