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

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| IN THE MATTER OF THE PETITIONS FROM CITIZENS IN ABERDEEN, IDAHO, REQUESTING EXTENDED AREA SERVICE (EAS) BETWEEN ABERDEEN AND AMERICAN FALLS, AND ABERDEEN AND BLACKFOOT. | ))))))) | CASE NO.  GNR-T-96-7  ORDER NO.  27412 |

On October 26, 1994, the Commission received a Petition from citizens in the Aberdeen, Idaho area requesting toll-free calling between the exchanges of Aberdeen and Blackfoot.  On July 12, 1996, the Commission received another Petition from a group called “Citizens for EAS in Aberdeen” requesting toll-free calling between the exchanges of Aberdeen and American Falls and Aberdeen and Blackfoot.  At that time, GTE was the service provider in the Aberdeen exchange.  The Commission deferred taking action on the Petitions until the proposed sale by GTE of the Aberdeen  telephone exchange to Citizens Telephone Company was completed.  The Aberdeen exchange is now served by Citizens Communications Company of Idaho.  The American Falls and Blackfoot exchanges are served by U S WEST Communications.  The Commission initiated this proceeding for the purpose of resolving those Petitions.

On September 24, 1997, Citizens Communications Company of Idaho dba Citizens Communications Company of Idaho (Citizens) filed Tariff Advice No. ID-97-09 proposing a local calling plan between Aberdeen and American Falls and Aberdeen and Blackfoot.  That tariff advice was given the Case No. CTC-T-97-4.  On October 17, 1997, Citizens filed Tariff Advice No. ID-97-11 proposing a local calling plan between Aberdeen and Pocatello.  That tariff advice filing was given the Case No. CTC-T-97-5.  On October 24, 1997 and November 21, 1997, the Commission issued Order Nos. 27181 and 27219 consolidating Case Nos. CTC-T-97-4 and CTC-T-97-5, respectively, into this proceeding.  On November 5, 1997, the Commission conducted a hearing in Aberdeen, Idaho for the purpose of hearing technical and public testimony regarding the calling plans and the EAS Petitions.  Citizens presented the testimony of Mr. Lance Tade who stated that the local calling plans were proposed in response to customer demand for expanded local calling in the Aberdeen/Pocatello, Aberdeen/American Falls and Aberdeen/Blackfoot areas.  Citizens asserts that these local calling plans will give customers several calling options, allowing them to select the option that most closely fits their individual needs.  Citizens notes that these plans are similar to those recently approved by the Commission for the Homedale, Parma and Wilder exchanges.  The proposed Aberdeen plans include the following options:

1.  Premium Flat Rate Option—Customers pay a fixed increment per line in addition to the monthly basic exchange rate, which allows unlimited toll-free calling within the expanded calling area.

2.  Measured EAS Option—Customers pay the exchange rate plus an EAS per minute usage rate at a significant discount from existing toll rates for calls within the expanded calling area.

3.  Basic Exchange Rate Option—Customers pay the monthly basic exchange rate with no EAS increment and pay regular toll charges for calls.  The rates for the calling plans are outlined in Attachment 1 to this Order.

Citizens asserts that its proposed local calling plans are consistent with what it characterizes as the Commission’s policy to ensure that EAS prices mirror the expanding size of the customer’s calling area.  Citizens contends that its proposed local calling plans provide a high level of customer satisfaction because they allow customers to choose a plan that matches their individual calling patterns.  For example, customers who incur a high volume of toll charges for calls on these routes may choose the premium flat rate option while customers who make fewer calls may find that the measured option more adequately meets their needs.  In addition, customers who make few or no calls can decline the options all together and pay only their monthly basic exchange rate plus toll charges for toll calls made.

Citizens asserts that an optional EAS plan is more beneficial to customers than the traditional, mandatory EAS where all customers are required to pay a flat rate EAS increment.  Citizens notes that to recover costs for EAS, local exchange companies traditionally have been forced to increase basic exchange rates for all customers.  Optional calling plans, Citizens argues, are more equitable and contain prices that better reflect costs.

Citizens notes that as indicated in a joint letter of agreement dated October 2, 1997, filed with the Commission, Citizens and U S WEST Communications, Inc. will provide two-way flat rate calling from the Aberdeen exchange to the Blackfoot, American Falls and Pocatello exchanges.  Citizens states that it would be able to implement a local calling plan within 120 days of a Commission Order approving the plan.

U S WEST filed the testimony of Mr. Ronald Lightfoot.  U S WEST takes the position that if the Commission determines that a community-of-interest exists between the exchanges which are named in the Petitions, and that the public interest would be served by granting expanded local calling, then approval should extend to the whole eastern Idaho region.  U S WEST recommends that only two-way EAS be considered.  U S WEST is concerned that if the Commission were to grant EAS only to a single community within a region, it would invite EAS arbitrage.  U S WEST recognizes that a region-wide approach would potentially cost more but argues that it is more logical, on a statewide basis, to adopt a region-wide approach to all new EAS petitions.

U S WEST also argues that should EAS be implemented in this case, U S WEST should be compensated for any loss of revenues and capital expenditures in a manner similar to that approved by the Commission when it approved the establishment of the three new regional local calling areas within U S WEST’s southern Idaho territory.

The Commission Staff filed the testimony of Ms. Birdelle Brown who supports Citizens proposed local calling plans.  Ms. Brown notes that the local calling plans do not provide toll-free service to U S WEST’s entire eastern Idaho EAS region.  She notes, however, that Citizens intends to file a rate proceeding in the near future through which the Commission will have the opportunity to examine Citizens’ rates.  During the course of that proceeding, it is possible that some of the barriers to a more extensive local calling or EAS region will be removed as a result of the rate proceeding.  In the interim, she believes that the local calling plans will provide immediate toll relief to most of Citizens’ Aberdeen customers.

Ms. Brown is aware of the potential for illegal arbitrage in areas where EAS plans in different regions overlap but believes that such matters can be adequately dealt with through complaints filed with the Commission.  Ms. Brown concludes that the rates contained in the proposed local calling plans are fair and address the more immediate needs of Aberdeen residents.  Moreover, they are optional plans allowing customers who do not make long distance calls to not subscribe to any of the options and to continue to pay the same rates they currently pay.  High end toll users, on the other hand, benefit by paying a flat rate for unlimited calling to these areas at what Ms. Brown characterizes as a very reasonable additional charge per month.

In addition to the testimony offered by the foregoing parties, a number of public witnesses testified in support of either Citizens local calling plans and/or the implementation by Citizens of region-wide EAS.  While some of those members of the public testified in support of a region-wide toll-free calling plan, no member of the public opposed the two proposed local calling plans.

FINDINGS

We hereby approve the local calling plans proposed by Citizens in Tariff Advice Nos. ID-97-09 and ID-97-11.  We find that the calling plans offer advantages for high-volume and low-volume users alike.  None of Citizens’ Aberdeen customers will be disadvantaged by the local calling plans.  While we are aware that some of Citizens’ Aberdeen customers prefer an extended toll-free calling area beyond than that included in the two local calling plans, we find that the local calling plans offer reasonable and adequate relief for the interim.  During the course of our investigation of Citizens’ rates, which we anticipate will occur this year, we again will have the opportunity to consider whether region-wide EAS should be implemented for Citizens.  Until that time, however, the approval of the local calling plans will provide immediate and significant toll charge relief to many if not most of Citizens customers.

Regarding U S WEST’s request to be compensated for its lost toll revenues, we note that this issue is extant in several other proceedings currently pending before the Commission.  In fact, in the proposed Order issued by this Commission in Case Nos. GNR-T-96-5, GNR-T-97-7, and ROK-T-97-1, (the Arbon/Rockland/Paris cases) we propose to find that U S WEST is not entitled to recover its lost toll revenues because of the implementation of EAS.  Moreover, we note that this issue will have to be resolved in a number of other existing cases as well as cases we anticipate will be initiated in the future.  In any event, we find that U S WEST did not create a record that would allow us to resolve the issue in this proceeding.

O R D E R

IT IS HEREBY ORDERED that the local calling plans proposed by Citizens in Tariff Advice Nos. ID-97-09 and ID-97-11 are approved subject to the terms and conditions set forth

herein.  Citizens is directed to implement the local calling plans approved herein within 120 days of the date of this Order.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GNR-T-96-7  may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. GNR-T-96-7 .  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 March 1998.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:GNR-T-96-7bp

CITIZENS COMMUNICATIONS COMPANY OF IDAHO

 RATES

FOR

LOCAL CALLING PLANS - ABERDEEN

      Residential   Business

Current Local Service Rates$ 9.85$19.75 monthly

Local Calling Plan rates will apply in addition to Current Local Service Rates as follows:

ABERDEEN TO AMERICAN FALLS/BLACKFOOT

Premium Flat Rate Service$ 5.75$ 9.00monthly

Measured Rate$ 3.00$ 4.75monthly

plus     .05$   .05per minute

Long Distance Toll ServiceNo change to existing rates

ABERDEEN TO POCATELLO

Premium Flat Rate Service$ 3.50$ 4.00monthly

Measured Rate$ 1.75$ 2.40monthly

plus     .05     .05per minute

Long Distance Toll ServiceNo change to existing rates

(text box: 2)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE PETITIONS FROM CITIZENS IN ABERDEEN, IDAHO, REQUESTING EXTENDED AREA SERVICE (EAS) BETWEEN ABERDEEN AND AMERICAN FALLS, AND ABERDEEN AND BLACKFOOT. | )))))) | CASE NO.  GNR-T-96-7ERRATA NOTICE |

On March 13, 1998, IPUC Order No. 27412 was issued by this Commission.  The following change(s) should be made to Attachment 1 of that Order:

Section Heading: Aberdeen to Pocatello, Column Heading: Business, Line: Premium Flat Rate Service

READS:

“ $4.00”

SHOULD READ:

“ $5.00”

Section Heading: Aberdeen to Pocatello, Column Heading: Business, Line: Measured Rate

READS:

“$2.40”

SHOULD READ:

“$2.50”

DATED at Boise, Idaho, this          day of March 1998.

Myrna J. Walters

Commission Secretary

bls/N-gnrt967.err

**COMMENTS AND ANNOTATIONS**

Text Box 1:

Text Box 2:

**TEXT BOXES**

Office of the Secretary

Service Date

March 13, 1998

Office of the Secretary

Service Date

March 20, 1998