Q.Please state your name, position and business address.

A.My name is Birdelle Brown.  I am a Telecommunications Analyst for the Idaho Public Utilities Commission (IPUC) at 472 West Washington Street, Boise, Idaho 83720.

Q.Please describe your educational and occupational background.

A.I have worked at the Idaho Public Utilities Commission as a Telecommunications Analyst since 1991.  Prior to working for the IPUC, I performed telecommunications consulting work for the Idaho Department of Administration, where I wrote specifications and requests for proposals for telecommunications facilities.  Before that, I worked for more than eleven years in telecommunications at Morrison-Knudsen Company, Inc., where I gained considerable experience in networking, design, maintenance and support of large PBX networks and small systems, as well as ensuring compliance with regulation, budget and other considerations.

I graduated from Boise State University with a BBA in Business Administration in 1989 and have attended several telecommunications workshops sponsored by AT&T and U S WEST Communications, Inc., as well as various business-related seminars and workshops.

Q.Please describe your work at the IPUC.

A.As a member of the Commission Staff, my duties include reviewing and making recommendations concerning telephone company tariffs, rate applications and customer petitions.

Q.What is the purpose of your testimony?

A.In this testimony I will discuss the requests presented by Aberdeen petitioners for extended area service (EAS) into American Falls and Blackfoot and the possibility of providing toll-free calling to Pocatello or into the entire U S WEST Eastern Idaho EAS region.  Citizens Telecommunications Company of Idaho (Citizens) serves Aberdeen and U S WEST serves the other three exchanges.  I will look at the community-of-interest standards identified by Order No. 26311 issued February 15, 1996 as these standards apply to the community of Aberdeen.  Then I will examine the plan proposed by Citizens to provide optional calling from Aberdeen to American Falls and Blackfoot and from Aberdeen to Pocatello.  I will recommend that the Commission adopt this plan.

Q.Please describe the petitions that were submitted for EAS in the Aberdeen exchange.

A.On October 26, 1994, the Commission received a petition with 531 signatures that requested toll-free calling between Aberdeen and Blackfoot.  These petitioners advised that Aberdeen is in Bingham County and Blackfoot is the county seat.  They state further, that Aberdeen is the only town in Bingham County that does not have toll-free calling to Blackfoot.  Petitioners requested EAS so they could call essential services like hospitals, attorneys and agricultural lending services.  Several who signed this petition also requested toll-free calling to American Falls.

On July 10, 1996, a group known as “Citizens for EAS in Aberdeen” reported a summary of a telephone survey and community meetings that responded to the community of interest standards outlined by the Commission.  The group expressed concern that its prior petition, which was issued before the Commission concluded its EAS investigation, was lacking in some respects.  The survey was intended to correct any deficiencies that might have existed.

On February 7, 1997, Aberdeen Mayor Morgan Anderson submitted a petition signed by seven members of the Aberdeen City Council supporting previous requests.  The Mayor confirmed that Aberdeen is 15 miles from American Falls and 40 miles from Blackfoot with no geographical barriers between the exchanges; the county seat is in Blackfoot; Aberdeen school children live outside the local calling area; job service headquarters, the juvenile council, and the alternate school are in Blackfoot.  He added that 911 calls are handled through Blackfoot.  He also noted that expanding this request to include Pocatello and other eastern Idaho cities would be a benefit.

Q.How has the Commission defined the scope of this case?

A.On August 20, 1996, the Commission opened this case to “consider the reasonableness of providing EAS between Aberdeen and American Falls and between Aberdeen and Blackfoot.”  Citizens’ proposal, which I will discuss later in this testimony, also considers the Aberdeen-Pocatello route.

Q.Did the Public Utilities Commission receive any other requests for toll-free calling from Aberdeen?

A.Yes.  The Commission received five letters from Aberdeen customers requesting EAS from Aberdeen to American Falls, Blackfoot and/or Pocatello.  Petitioners advise that they would be willing to pay for this privilege.  Aberdeen residents do much business in all three communities.  One businessman said that since the large U S WEST toll-free area was implemented, customers have stopped calling him because it is a toll call and are now giving their business to the competition.

Q.Have we received complaints from Aberdeen customers concerning EAS?

A.The Commission’s Consumer Assistance Division reports that it has received thirteen calls from Aberdeen customers since January 1, 1996 regarding the proposed EAS.  Five callers supported EAS to U S WEST’s eastern Idaho region, four simply supported EAS, one requested the EAS option to Blackfoot and American Falls, one wanted Blackfoot, American Falls and Pocatello and one did not support EAS.

Q.Please describe the Aberdeen exchange area served by Citizens.

A.As noted above, Aberdeen is situated 15 miles north of American Falls near the western shore of the American Falls Reservoir.  At the edge of town, a sign reports a population of 1,406 customers.  The downtown area is made up of about five blocks of commercial buildings that house such businesses as banking, farm equipment sales and repair, car/truck dealers, service station, tire stores and other operations that are the usual part of a small farming and ranching community.  Additionally, Aberdeen has a grocery store, two churches, a drug store, and a few restaurants and bars.  The outer edges of the commercial area are composed of warehouses, storage facilities, and machine shops.  Aberdeen has a health clinic, a drug store, a fire department, a police department, an ambulance and 911 service from Blackfoot.  It has elementary, junior high and high school facilities and a library.  Although Aberdeen seems fairly self contained, a perusal of Aberdeen in the regional telephone directory shows dozens of listings for establishments in American Falls, Blackfoot, Pocatello, Burley and Rupert, suggesting a strong interaction between the Aberdeen business community and these other communities.

According to the 1990 U.S. Census Data of the 536 households in Aberdeen, more than 300 are one and two person households.  Aberdeen has a total of 497 children.  About 128 of these children are under six years of age and 306 are of school age (between five and seventeen years).  Two hundred and eighty-eight children go to public elementary or high school; 6 go to private school and 33 are in college.  About 218 people over sixteen years of age work outside the home; 90 work outside the county.  Most workers are employed in agriculture, wholesale trade, retail trade, and manufacturing, in that order.  Forty-seven male householders live alone and 113 female householders live alone.  The median household income is $19,817.  Two hundred and two households receive social security, 42 households receive public assistance (50 people from fifteen to sixty-four years of age and 19 people over sixty-five years), 104 receive retirement income.  One hundred and thirty-one people over the age of seventeen years are below the poverty level.  Four householders over the age of sixty-five do not have telephones.

Community of Interest

Q.What community of interest standards are identified by the Commission and included in Order     No. 26311?

A.As a result of a comprehensive investigation by this Commission into the need for revising the geographic boundaries of local telephone exchanges or calling areas within Idaho, the Commission opened an investigation to decide what criteria should be used to evaluate the merits of establishing or modifying EAS calling.  After considering the information from the investigation and comments from participating telephone companies and associations, and members of the public, the Commission found that in addition to call-volume and call-distribution data, there are two categories of significant factors of community of interest, with the first carrying more significance than the second.  The first category of factors includes:

[1] geographic proximity (distance between exchanges);

[2] the presence of geographic or other physical barriers (mountains, rivers, valleys) between exchanges,

[3] county seat relationship (are both exchanges in the same county);

[4] the relationship to school district (do both exchanges share the same school district);

[5] the proximity to medical facilities and services; and

[6] the willingness of customers to pay increased rates.  Order No. 26311 at 9.

The second, and less significant set of factors includes:

[1] the number of lines in the home exchange(s) and the target exchange(s);

[2] toll-free access to information providers (e.g., Internet, on-line databases, distance learning resources); and [3] the number of foreign exchange, private line and 1-800 customers in each exchange.  Order No. 26311 at p. 9.

The Commission said, “Information concerning those guidelines [listed above] when coupled with the calling data, will enable us to efficiently determine the community of interest.”  Order No. 26311 at p. 9.

Q.Have you compiled calling data to evaluate the call volume and call distribution statistics required by Order No. 26311?

A.I have not made an in-depth study of the call volumes and call distribution statistics in this case.  I initiated data requests to both U S WEST and Citizens, but before I received all of the data I requested, Citizens proposed a toll plan that would, if it is accepted, eliminate the need for extensive analyses of these companies’ data.  I have presented some statistics provided by Citizens that pertain to the Aberdeen area.  If a technical hearing becomes necessary in this case I will submit additional analyses.

Call Volume Data

Q.What does Order No. 26311 mean by the term “Call Volume?”

A.The order defines call volume as the total number of calls from the home exchange to the requested exchange divided by the number of lines in the home exchange.  This is the average number of calls per line.  Citizens estimates that Aberdeen callers call American Falls more than nine times per month on the average; Aberdeen callers call Blackfoot more than three times per month and Pocatello nearly nine times per month.

Call Distribution Data

Q.What does “Call Distribution” mean?

A.“Call distribution” data show the number or percentage of customers making calls.  I do not have any call distribution data at this time.  If the Commission determines that this docket should have a technical hearing, I will calculate comprehensive call distribution data for future testimony.

FIRST CATEGORY

Geographic Proximity

Q. Please describe the proximity of the Aberdeen exchange to the American Falls, Blackfoot and Pocatello exchanges.

A.Aberdeen is 15 highway miles from American Falls; 40 highway miles from Pocatello and 47 highway miles from Blackfoot.  Using the vertical and horizontal coordinates calculated from each respective rate center, the distances are:  to American Falls, 13 miles; to Blackfoot, 31 miles; and to Pocatello, 21 miles.  The Aberdeen exchange is adjacent to both the American Falls and the Blackfoot Exchanges.

Geographic or Physical Barriers

Q.  Please describe any geographic or physical barriers that lie between Aberdeen and American Falls, Aberdeen and Blackfoot and Aberdeen and Pocatello.

A.The Citizens for EAS in Aberdeen report that there are no geographical barriers between the exchanges.  However, Staff notes that Aberdeen lies on the west side of the American Falls Reservoir.  American Falls is south of Aberdeen, but the reservoir is between Aberdeen and Pocatello.

County Seat Relationship

Q.Where is the county seat for Aberdeen?

A.Aberdeen resides in Bingham County, with portions of the exchange overflowing into Power County.  (See Exhibit No. 101.)  The county seat is in Blackfoot.

Relationship to School District

Q. Where do Aberdeen children go to school?

A.Aberdeen has elementary, junior high and high school facilities.  However, Aberdeen petitioners advise that people outside the Aberdeen exchange have children who attend school in Aberdeen and conversely, children of Aberdeen families have needs addressed by services in Blackfoot such as job service headquarters, juvenile council and alternative school.

Proximity to Medical Facilities and Services

Q.Please describe the medical facilities in the Aberdeen area.

A. Aberdeen has a health clinic that provides only the most basic of service.  The nearest hospital is in American Falls, but that hospital is small and has only limited primary care services.  American Falls has only four physicians and a chiropractor.  Comprehensive health care services are available in Blackfoot and Pocatello.

Willingness of Customers to Pay

Q.What indication do you have that customers are willing to pay additional monthly charges for EAS and how much additional are they willing to pay?

A.The Citizens for EAS in Aberdeen, in an effort to upgrade the status of the petition it filed in 1994, conducted a telephone survey of Aberdeen citizens to determine their willingness to pay.  They reported that 67.87% citizens want EAS, 10.71% are not interested, and 21.42% could not be located.  Of the citizens wanting EAS, the choices were:  79.3% want EAS to Blackfoot and American Falls, 17.3% want American Falls and 3.3% want Blackfoot.  When asked what they would be willing to pay, those wanting EAS responded as follows:  9.3% indicated they would not be willing to pay additional monthly charges, 40.9% would pay between $1.00 and $2.50, 19.1% would pay between $3.00 and $4.00, 27.3% would pay between $5.00 and $9.00, 2.7% would pay between $10.00 and $20.00, and .2% would pay more than $20.

Second Category

Q.How many lines are in the home exchange and in the target exchanges?

A.According to Citizens’ figures, Aberdeen has 873 residential lines and 241 business lines, for a total of 1,114 lines in the home exchange.  U S WEST information indicates that American Falls has 2,556 lines, Blackfoot has 9,643 lines and Pocatello has 33,793 lines.

Q.Do Aberdeen customers have toll-free access to information providers (e.g., Internet, on-line databases, distance learning, etc.)?

A.There are no information or Internet providers in Aberdeen, American Falls or Blackfoot, according to petitioners.  The Pocatello telephone directory lists five or six companies that may be information providers.  Additionally, whatever information is provided by Idaho State University will be available in the Pocatello area.  Aberdeen supporters advise us that the Aberdeen school system utilizes the computer system in American Falls on a daily basis and the access is long distance.

Q.How many competitive toll providers provide intraLATA toll for Aberdeen customers?

A.I do not have any information regarding the number of competitive toll providers are in the area.

Q.Do all of these factors lead you to believe that EAS is warranted for these requested routes?

A.The data indicate that extensive interaction between Aberdeen, American Falls, Blackfoot and Pocatello exists.  I believe benefits will accrue to all exchanges if EAS is granted between Aberdeen and these three       U S WEST communities.

Citizens’Proposal

Q.What has Citizens proposed?

A.Citizens has proposed a local calling plan to help provide toll relief to its Aberdeen customers.  The plan proposes three optional plans.  Any one of these three plans will provide calling to the American Falls/Blackfoot exchanges or to the Pocatello exchange.  The plans are:

A Premium Flat Rate Service will provide unlimited toll-free calling to the selected area.  Aberdeen residential customers may pay an additional $5.75 a month over their basic service, or business customers may pay an additional $9.00, to make an unlimited number of calls to American Falls and Blackfoot.  A second plan allows residential customers to pay $3.50 per month, or business customers to pay $5.00 per month more than their basic service to make unlimited calls to Pocatello.

The second option will be a Measured Service.  The measured service option provides discounted calling, with a monthly charge and a rate per minute of use.  Residential callers subscribing to the American Falls/Blackfoot plan may pay an additional $3.00 per month over their basic rates, or business callers may pay an additional $4.75 per month, to make measured calls to the American Falls/Blackfoot communities.  Residents subscribing to the Pocatello local calling plan will pay an additional $1.75 and businesses will pay an additional $2.50 for measured calling to Pocatello.  In addition, callers must pay $.05 per minute for their calls to the selected areas.

The third option is Long Distance Toll Service, which is the kind of long distance service customers are getting today.

It is important that customers understand that these are optional plans.  Customers may choose either the premium flat rate service or the measured service to the designated communities (e.g., either American Falls/Blackfoot or Pocatello).  Customers wanting plans to both areas must choose the same type of plan for each.  That is, if they want Measured Service to Pocatello, they cannot choose the Premium Plan for Aberdeen but then can choose Measured to both areas or Premium to both areas.  The customers must subscribe to their choices of calling plans.  If the customer does not contact the telephone company to subscribe to one or more plan, the customer’s toll service will not change.  They will continue to pay the same amounts they are paying today.  Citizens is giving the customers six months to make their changes without charge.  I have attached, as Exhibit No. 102, portions of Citizen’s existing tariff and proposed tariff describing these plans.

Q.What are Citizens’ current local rates?

A.Citizens’ residential customers currently pay $9.85 per month for single party service (not including add-on features or 911 and subscriber line charges) plus $.84 flat rate or $.65 measured rate for EAS to Springfield.  Business customers currently pay $19.75 per month for single party service (not including add-on features or 911 and subscriber line charges) plus $2.10 flat rate or $1.70 measured rate for EAS to Springfield.  Multi-Line configurations are more.

Q.What about the customers’ requests for calling to other communities or to U S WEST’s Eastern Idaho EAS region?

A.This plan, which will bring immediate toll relief to most Aberdeen customers, does not address the other requests.  Citizens continues to move forward to a rate case, hopefully early next year, where the Commission will examine Citizens’ rates.  I expect some of the barriers to more extensive local calling or EAS plans will be removed as a result of the proposed rate case.  Citizens is planning a “Customer Wins” filing that will address the possible expansion of EAS to other cities.

Q.What is U S WEST’s response to Citizens proposal?

A.A joint letter submitted by U S WEST and Citizens to the Commission on October 1, 1997, presented the two companies’ positions regarding EAS between Aberdeen and U S WEST’s eastern Idaho EAS area.  In this letter the parties stated that U S WEST continues to support EAS only when it is offered in both directions and U S WEST “is willing to agree to expand its Southeastern Idaho EAS offering to include the Citizens’ Aberdeen exchange at no additional charge to U S WEST customers.”  If the Commission limits this EAS to something less than the whole southeastern Idaho EAS region, the companies will request the Commission’s assistance to eliminate any EAS arbitrage situations that might arise as a result of overlapping toll free calling areas.

The Companies further advise the Commission that they are negotiating a local interconnection agreement that will “address, among other things, mutual compensation arrangements” for EAS traffic between Citizens and U S WEST.  Until that contract is finalized, or until 180 days after the implementation of any EAS plan, the parties have agreed to interim terms and conditions.  If, at the end of that time, no agreement is reached, the parties will terminate traffic on a “bill and keep” basis.

Upon Commission approval of this joint proposal, U S WEST and Citizens estimate they will be able to implement EAS within 120 days.

Q.What is your response to this joint proposal?

A.Citizens has submitted supporting data to show that the estimated revenue from local calling plan subscription and the projected access revenue will recover the costs of reduced toll as well as its capital costs and operating expenses and terminating access expense to other telephone companies.  This joint proposal gives Citizens time to come to the Commission for a rate case and establish rates that will contribute to a long-term solution to the Company’s establishment of local calling plans and/or EAS plans.  I believe this proposal will work.

U S WEST has expressed concern about the very real potential for illegal arbitrage in areas where EAS plans to different regions overlap.  I agree with        U S WEST that any exploitation of EAS regions to illegally bypass U S WEST should not be allowed.  The Commission has clearly stated its opposition to arbitrage inOrder No. 25885,“The Commission concludes that the offering of EAS bridging services in Idaho in the manner presented in this case is inappropriate, unreasonable, unlawful and not in the public interest.”  I feel certain that the Commission will act promptly on any complaints issued by U S WEST in this regard.

Q.Is it your recommendation that this plan be approved?

A.It is.  I believe the rates are fair and address the more immediate needs of Aberdeen residents.  The thing I like best about this plan is that it is optional for Aberdeen callers.  The customer who does not make long distance calls may choose not to subscribe to any of the options and continue to pay the same rates he or she is currently paying for toll calls to American Falls/Blackfoot or Pocatello.  High-end toll users can take the flat rate plan for unlimited calling to these areas at what I consider to be a very reasonable additional charge per month.  I believe everybody can win with this calling plan.

I am aware that many Aberdeen customers want more — especially since U S WEST customers got toll-free calling to a much larger area.  However, it is likely that toll-free calling to a larger area would cost the Aberdeen customers more than they are willing to pay.  I think it is prudent to wait until the Commission has completed Citizens’ rate case to examine any further expansion of Aberdeen’s toll-free calling area.  Citizens has recently provided intraLATA equal access in all of its serving area that permits its customers better access to competitive toll providers and more alternatives for their long distance calling.

Q.Does this conclude your testimony?

A.Yes.