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

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| IN THE MATTER OF THE APPLICATION OF CITIZENS TELECOMMUNICATIONS COMPANY OF IDAHO TO REDUCE ACCESS RATES AND REBALANCE OTHER RATES FOR TELECOMMUNICATIONS SERVICES. | )))))) | CASE NO. CTC-T-98-3NOTICE OFMODIFIED PROCEDURENOTICE OF |

  PUBLIC HEARINGS

ORDER CONSOLIDATING

   CASE WITH CASE NOS.

 GNR-T-96-2, GNR-T-96-7,

 GNR-T-96-8, GNR-T-97-10

 ORDER NO.  27578

On May 15, 1998, Citizens Telecommunications Company of Idaho filed an Application to reduce access rates and rebalance other rates for telecommunications services pursuant to Idaho Public Utilities Commission Rule 121.  IDAPA 31.01.01.121.  Citizens also proposes establishing extended area service (EAS) in the majority of its exchanges, thereby addressing pending EAS petitions in Case Nos. GNR-T-96-2, GNR-T-96-8 and GNR-T-97-10.  It proposes to modify EAS for Aberdeen to Blackfoot and American Falls which was approved by the Commission in GNR-T-96-7 and which is currently scheduled to become effective July 11, 1998. Order No. 27412.  The Notice of Application and Notice of Intervention Deadline was issued on June 5, 1998.  Petitions for Intervention must be filed by June 22, 1998.

BACKGROUND

Citizens proposes to rebalance its rates and reduce its effective access charges by more than fifty percent (50%), from an effective rate of about twelve cents ($.12) per minute to a proposed effective rate of about six cents ($.06) per minute.  In addition, the proposed rates include several local and regional calling plans designed to resolve pending requests (GNR-T-96-2, GNR-T-96-8 and GNR-T-97-10) from Citizens customers for  EAS.

Citizens states that the proposed rate design is revenue neutral in that it will provide Citizens the opportunity to earn its already established revenue requirement.  With this Application, Citizens is not seeking to adjust its revenue requirement.  Citizens states that existing rates have been rebalanced so that the overall rate design will result in Citizens’ revenue staying the same.  As part of the rate rebalancing, Citizens proposes to offset the reduction in access rates with increases in other rates, including the first rate increase for residential and business basic exchange service in 13 years.  Citizens states that despite the increase in basic service rates, customers will benefit from the proposed rate design with significantly expanded local calling areas in nearly all service areas and optional local calling plans that will provide significant savings over existing toll rates.

 If the Application is granted, proposed local rates increase from $9.85 for residential lines to $17.50 per month and from $19.75 for business lines to $35.10 per month.  Current EAS increments, which average $2.08 for residents and $5.50 for businesses, will be eliminated.  Expanded calling areas within Citizens’ serving area will be included in the basic local rates and optional local calling plans (LCPs) will be available for $1.20 for residential and $1.80 for business customers.  In addition, optional regional local calling plans (RLCPs) to areas outside of Citizens’ serving area will be offered for $8.10 residential and $12.15 business per month.  Citizens’ proposed local rates are lower than 125% of statewide average.  Citizens states that its proposed effective access rates of just over $0.06 are approximately equivalent to statewide average and in line with their interstate access rates.

The calling plans proposed by Citizens establish EAS in most, but not all, routes requested in EAS petitions already received by the Commission.  For example, Citizens’ Application does not extend EAS from New Meadows/Riggins/White Bird to Grangeville/Elk City and Kooskia.  Citizens does not propose establishing EAS on those routes because “[a]nalysis of the traffic data and implementation costs indicate it is not economically feasible to offer expanded local calling at this time.”  Additionally, Citizens proposes to revise the Aberdeen plan for calling to Blackfoot and American Falls, which was approved and scheduled to be implemented July 11.

Citizens proposes that existing EAS plans be retained and included in the basic service rates, making mandatory flat rate EAS uniform for Citizens’ exchanges that are located near each other.  Citizens proposes optional Local Calling Plans (LCPs) designed to allow customers to call exchanges of other independent LECs at reduced rates.  Citizens also proposes optional Regional Local Calling Plans that provide options for calling to U S WEST exchanges in addition to other independent companies.  Each plan provides for calling to one or more of the U S WEST EAS regions that were implemented in Case No. USW-S-96-4.  Each of these calling plans have several options: Premium Flat Rate Options that provide toll-free calling to specified exchanges; Measured Service Options with lower fixed monthly rates plus a discounted per-minute usage rate; Basic Exchange Rate Option/Long Distance Toll Service permits the customer to pay only the monthly basic rate and all long distance calls will be charged the normal toll rate.  Citizens states that rates for these calling plans were developed using the same methodology used in the Homedale-Parma-Wilder and Aberdeen cases which were approved by the Commission.

Citizens states that the rate design does not require Citizens to draw any revenue from the state Universal Service Fund.  Citizens states it can implement this service within 120 days of an order, with optional calling plans phased in during an additional period of 90 days.  Because the plan is revenue neutral, Citizens requests that the proposed rates be approved expeditiously under Modified Procedure pursuant to Rule 201 of the Commission’s Rules of Procedure (IDAPA 31.01.01) and that a technical evidentiary hearing not be conducted.

Staff recommended that public hearings be held in the Parma-Wilder area, Aberdeen and McCall to accept public comment concerning the proposed rate rebalancing and establishment of EAS plans.

COMMISSIONFINDINGS

The Commission finds that most of the local calling plans proposed by Citizens in this Application would resolve pending petitions for EAS in Case Nos. GNR-T-96-2, GNR-T-96-8 and GNR-T-97-10.  In addition, the Commission finds that the proposed local and regional calling plans for the Aberdeen/American Fallls/Blackfoot area would expand the current EAS options for those customers.  EAS was approved for the Aberdeen/American Falls/Blackfoot area by the Commission in GNR-T-96-7, March 13, 1998, in Order No. 27412.  Pursuant to that Order, it is currently scheduled to be implemented on July 11, 1998.  Under its rules, the Commission may consolidate two or more proceedings for hearing when it finds that they present issues that are related and that the rights of the parties will not be prejudiced  IDAPA 31.01.01.247 (Rule 247).  Consequently, the Commission finds that it is reasonable to consolidate this proceeding with Case Nos. GNR-T-96-2, GNR-T-96-8 and GNR-T-97-10.

Moreover, in the interests of administrative efficiency, the Commission postpones the proposed effective date of Order No. 27412 in Case No. GNR-T-96-7 until such time as the Commission issues a final Order resolving these matters.  The Commission hereby consolidates consideration of the EAS plan presented in  Citizens’ Application in this case with Case No. GNR-T-96-7.

All future Orders and Notices, as well as any filings made with the Commission concerning Case Nos. GNR-T-96-2, GNR-T-96-7, GNR-T-96-8 and GNR-T-97-10 shall be made in Case No. CTC-T-98-3 using the designated caption for this proceeding.

NOTICE OF MODIFIED PROCEDURE

YOU ARE NOTIFIED that the Commission has determined that the public interest may not require a formal technical hearing in this matter and, therefore, will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a formal technical hearing must specifically request a formal technical hearing in their written comments.  Written comments concerning this Application shall be mailed to the Commission and the Applicants at the addresses reflected below:

COMMISSION SECRETARYBARBARA L. SNIDER

IDAHO PUBLIC UTILITIES COMMISSIONJACQUELINE R. KINNEY

PO BOX 83720CITIZENS TELECOMMUNICATIONS CO

BOISE, IDAHO  83720-0074       OF IDAHO

7901 FREEPORT BLVD., SUITE 100

SACRAMENTO, CA.  95832

Street Address for Express Mail:

472 W WASHINGTON ST

BOISE, IDAHO  83702-5983

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal technical hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal technical hearing.

YOU ARE FURTHER NOTIFIED that Cambridge Telephone Company, Inc., Citizens Telecommunications Company of Idaho, AT&T Communications of the Mountain States, Inc., and U S WEST  Communications, Inc. were previously designated parties in GNR-T-96-2 and GNR-T-96-8.  Citizens Telecommunications Company of Idaho and U S WEST  were parties in GNR-T-96-7.

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 all proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

NOTICE OF PUBLIC HEARINGS

YOU ARE HEREBY NOTIFIED that the Commission will convene public hearings for the purpose of taking testimony from members of the public regarding this Application and EAS cases, GNR-T-96-2, GNR-T-96-7, GNR-T-96-8 and GNR-T-97-10.  The first public hearing will be held on JULY 2, 1998, AT 7:00 P.M. AT WILDER JR-SENIOR HIGH SCHOOL, 210 A AVE. EAST, WILDER, IDAHO.  The second public hearing will be held on AUGUST 4, 1998, AT 6:30 P.M. AT THE SHORE LODGE, 501 WEST LAKE STREET, MCCALL, IDAHO.  The purpose of the public hearings will be to receive evidence regarding the community-of-interest between the petitioning exchange customers and the requested calling areas.  In addition, the Commission invites testimony addressing the proposed rate increase that customers are willing to pay to obtain the extended local calling and addressing the rate rebalancing proposed by Citizens.  The parties are expected to provide a brief explanation of their respective positions at the start of the public hearings.

O R D E R

IT IS HEREBY ORDERED that upon review of the filings in this case and determination of the Commission, that this Case No. CTC-T-98-3 shall be processed by Modified Procedure, Commission Rules of Procedure 201-204, IDAPA 31.01.01.201-04 and comments are due within twenty-one (21) days of the date of this order.

IT IS FURTHER ORDERED that this proceeding shall be consolidated with Case Nos.  GNR-T-96-2, GNR-T-96-7, GNR-T-96-8 and GNR-T-97-10.

IT IS FURTHER ORDEREDthat all future Orders and Notices, as well as any filings made with the Commission concerning Case Nos. GNR-T-96-2, GNR-T-96-7, GNR-T-96-8 and GNR-T-97-10, shall be made in Case No. CTC-T-98-3 using the designated caption for this proceeding.

IT IS FURTHER ORDERED that the proposed effective date of EAS as ordered by the Commission in Order No. 27412 in Case No. GNR-T-96-7 is postponed pending the Commission’s decision on this Application.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of June 1998.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

June 19,1998