Q.Please state your name and business address.

A.My name is Carolee Hall and my business address is 472 West Washington Street, Boise, Idaho 83702.

Q.Are you the same Carolee Hall who previously filed direct testimony in this proceeding?

A.Yes, I am.

Q.What is the purpose of your supplemental testimony?

A.I am filing testimony to support the adoption of the Stipulation and Settlement Agreement entered into between Idaho Public Utilities Commission Staff (Staff), Albion Telephone Company (Albion) and Westel, Inc. (Westel).

Q.What Stipulation and Settlement Agreement are you referring to?

A.A meeting was noticed up and subsequently held on January 6, 1999 between the Staff, Albion, Westel and U S WEST wherein issues surrounding the EAS, merger and switch replacement were discussed.  As a result of that meeting, the Stipulation and Settlement Agreement was initiated to eliminate certain issues that existed between Staff and the Companies.

Q.What issues are you going to address from the Stipulation and Settlement Agreement?

A.I will comment on six issues.  They are:

1.The implementation of toll-free

extended area service (EAS) for the Albion exchanges (except Holbrook) calling into U S WEST’s Cassia County exchanges(Burley/Declo) and Project Mutual exchanges.

2.The implementation of EAS for the Westel customers and Albion’s Holbrook customers to call into U S WEST’s eastern Idaho calling region. Also, the inclusion of Mud Lake into Westel’s eastern Idaho calling region when the appropriate interconnection agreements are in place.

3.The merger of Albion and Westel as petitioned for in Case No. ALB-T-98-3.

4.The merged company’s adoption of a uniform intrastate access rate of $.062635 per minute. The elimination of the service charges for PIC changes.  Also, uniform rates for custom calling and CLASS calling features for the merged company.

5.The EAS rate design for the company and USF disbursements.

6.The agreement that this Stipulation shall not set precedent for any other case and is exclusively set for this docket.

Q.Let us begin with item number one.  Do you support EAS calling between the Albion exchanges (excluding Holbrook) into the Burley/Declo exchanges?

A.Yes.  As presented in my direct testimony, the calling data strongly supports EAS into U S WEST’s Burley/Declo exchanges.

Q.Did you address the Project Mutual exchanges in your direct testimony?

A.Yes, I did.  I recommended that Project Mutual be considered on its own merits and not included into this Albion case; however, Albion and Project Mutual have since filed an interconnection agreement and are now in an appropriate position for the inclusion into this case.  At this juncture, to include Project Mutual into this EAS calling plan is reasonable and I would support it.  The revenue impact for Albion is minimal and I now support including Project Mutual into this case.

Q.Moving to item number two, what is Staff’s recommendation for Westel’s customers (including Albion’s Holbrook exchange) calling into U S WEST’s eastern Idaho EAS region?

A.In my direct testimony, I supported EAS for the customers in the Malad (including Albion’s Holbrook exchange) and Arco areas.  I did, and still do, have some reservations about including the Mackay customers.  The calling data showed a reasonable amount of interest for EAS calling from Malad to eastern Idaho as did the Arco calling data.  However, some Mackay customers are still

quite vocal in their objections to the eastern Idaho EAS region.  Most of the  concerns from Mackay relate to the increased rates associated with EAS.  The Mackay community is quick to point out that it is a retirement community with many residents on fixed incomes.

Q.Would you recommend EAS for the Mackay customers?

A.For continuity for the Company, I would recommend EAS.  I believe that there are customers in the Mackay area who would benefit from EAS.  However, the senior population has been very persistent in their objections.  I believe that education, along with assistance in completing forms, regarding the Idaho Telephone Assistance Service Program (ITSAP) may alleviate some objections.  Staff realizes that many of the senior citizens are on fixed incomes and suspects that some of them may be eligible for ITSAP.  Of course, the Measured Service rate is an alternative that may benefit those customers who do not qualify for ITSAP.  I will discuss the Measured Service later in this Supplemental testimony.

Q.Do you still support Albion’s Holbrook exchange being included into the eastern Idaho region with the Malad customers?

A.Yes.  For reasons presented in my direct

testimony, the Holbrook customers showed a tremendous amount of interest for calling into the eastern Idaho region.

Q.When you reference EAS, are you suggesting two-way calling?

A.Yes.  The surrounding regions, especially eastern Idaho, currently have two-way EAS.  It is only reasonable and fair to recommend the same for the Albion and Westel customers.

Q.What is the status of the Mud Lake exchanges being included into the Westel EAS case?

A.Staff still does not have a petition, interconnection agreement or adequate cost data for this issue.  After meeting with Albion/Westel, Staff learned that the Mud Lake petition would be filed later.  Because Mud Lake is a Cooperative and not regulated by this Commission, I would assume that EAS could be handled in the same manner as Project Mutual.  First, Staff would need an interconnection agreement and continue from there.  However, after the meeting with Albion/Westel and its representatives, it was suggested that the cost for the Mud Lake EAS is much less than Project Mutual.  Because the revenue requirement will be de minimus, Albion/Westel will not need any further rate relief if the Mud Lake EAS is approved by the Commission under the

appropriate docket.

Q.Moving onto item number three, what is your position on the merger between Albion and Westel?

A.As long as it is revenue neutral, I support the merger.  I believe that it is a good management decision.  However, for the merger to be efficient I strongly recommend that the different rates being charged by the two companies are combined and uniform.

Q.Uniform rates are part of the issues contained in item number four.  Are the companies not merging rates?

A.In the Stipulation the Company has agreed to combine and reduce access rates into one uniform rate of $.062635 per minute.  It has also stipulated to merge the custom calling and CLASS feature rates following this proceeding in a Tariff Advice filing that will be revenue neutral.

Q.When will the custom calling and CLASS feature rates be merged?

A.The Stipulation does not set a date specific.  I recommend that these rates be combined within ninety (90) days from the date of the Commission Order accepting the terms of this Stipulation.  This should not be too difficult since Staff and GVNW, consultant for the Company, have done the preliminary

work for this.  This filing must be revenue neutral and if there are any rate increases, adequate customer notification can be completed in the 90 day time frame.

Q.Another issue presented in your fourth item listed above pertains to the elimination of the service charges for PIC changes from the Idaho tariff.  What is Staff’s position on this?

A.PIC charges are interstate charges and tariffed in the NECA tariff; therefore, Staff believes that the service charge should be removed from the Idaho tariff.  Staff supports the Company’s removal of this charge.

Q.Please explain the fifth issue pertaining to the EAS rate design.

A.The EAS rate design for the independent companies has evolved into a standardized “template” as of late.  This stipulation follows those rates of $24.10 and $42.00 for residential and business services, respectively.  The Measured Service rate of $16.00 per month with 90 free minutes of usage and $.03 per minute thereafter has also been accepted by this Commission in past EAS cases.  Vacation service was left out of this Stipulation.  I believe that to be consistent with other independent companies, the vacation service rate should be set at fifty percent (50%) of the basic residential

rate.  Staff continues to believe that the  elimination of monthly zone charges is reasonable and just.

Q.In item number five you also mention USF disbursements, what do you mean by that?

A.The Stipulation reflects and I agree, that disbursements from the Idaho USF should not be increased as a result of EAS, the merger or the reduction of access rates.  Leaving the disbursements at the 1997 levels is reasonable and should not need to be changed until the year 2001 as reflected in the Stipulation.  The proposed rates and current USF disbursement levels should be maintained excluding the events identified in the Stipulation, such as: substantial reduction in revenues by federal or state legislation, regulatory actions not related to these dockets, or by a significant buy up of measured service on a combined company basis.  It is important to note that any changes in USF disbursements must be in accordance with all Commission rules and Idaho Statutes.

Q.In item number six you mention that no precedents will be set with this Stipulation and Settlement agreement.  Could you please explain this?

A.Yes, it is briefly mentioned that this Stipulation and Settlement Agreement carries no precedential value beyond this case.  This is important

and must be adhered to in the future.  It should be understood that conditions agreed to in this case will not automatically be used for any future proceedings and that the rates, terms and conditions agreed to herein pertain only to the EAS, merger, depreciation and switch issues presented in this specific case.

Q.Please summarize your testimony with respect to the Stipulation and Settlement Agreement.

A.As explained above, I recommend and support EAS into the requested Idaho regions (including Project Mutual for the Albion customers).  The elimination of the monthly rural zone charges and the proposed increase in rates to $24.10 and $42.00 for basic residential and business customers respectively, is acceptable.  The measured service rate of $16.00 per month with 90 free minutes of local calling and $.03 per minute thereafter, is a reasonable alternative to the flat residential rate of $24.10.

The merger is a reasonable request and is supported by the Staff.  The uniform access rates of $.062635 is also supported.  For reasons given, the elimination of the service charge for PIC changes in the Idaho tariff is recommended.

Staff believes that ninety days (90) from the approval, and final order, of this Stipulation by the

Commission is a reasonable amount of time for the Company to file its Tariff Advice to merge its rates for the CLASS and custom calling rates.  Staff recommends that the Company include correct and appropriate work papers with its Tariff Advice filing showing that the uniform rates are revenue neutral.

Finally, Staff firmly believes that this Stipulation and Settlement Agreement set no precedents for any future, or pending, cases before this Commission.

Q.Does this conclude your supplemental testimony in this proceeding?

A.Yes, it does.