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

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| IN THE MATTER OF THE EXTENDED AREA CALLING PLAN OF TDS TELECOM/TROY TELEPHONE COM­PANY FOR SERVICE BETWEEN TROY AND MOSCOW, IDAHO. | )  )  )  )  ) | CASE NO. GNR-T-96-11  ORDER NO. 27975 |

This case was initiated to consider whether an appropriate calling plan can be devised to provide toll-free calls between Troy and Moscow, Idaho. On November 1, 1996, TDS Telcom/Troy Telephone Company (TDS) filed a proposed tariff revision to offer Troy customers four optional calling plans for calls to the Moscow exchange.  The Basic Package, which did not include a monthly charge, provided measured calling at 9.5¢ per minute.  The Standard Package included a monthly charge of $4.95, and measured calling at 7.5¢ per minute.  The Premium Package included a monthly charge of $15.95, with measured calling at 5.5¢ per call.  Unlimited calling was available in the Ultra Package for a monthly charge of $79.95 per month.

The expense of calling between the communities of Troy and Moscow has long been a frustration to the customers of these two exchanges, the two companies serving the communities, and the Commission. The Commission in a 1992 case denied granting EAS (extended area service) on this route, even though a significant community of interest exists between the two communities, finding the costs too excessive for most customers (Case No. GNR-T-92-4).  The Commission denied a similar request in 1987 for essentially the same reasons.

There are several reasons for the significant expense involved in providing toll-free calling between Troy and Moscow. First, because the two exchanges are separated by a LATA (local access transport area) boundary, neither company has installed facilities to meet the other.  These facilities would need to be constructed in order to handle the traffic expected from an EAS or calling plan.  In addition, a significant portion of TDS’s revenues comes from access charges the Company receives for calls over this route.  The loss of access revenue, and the loss of federal support funds due to the increase in intrastate usage, also contributes to the high cost of EAS over this route.  Information provided by the Companies to Staff indicates the costs of a full EAS would exceed $18 per TDS customer per month, and nearly $1 per GTE-Moscow customer per month.   The increase for TDS customers exceeds the average toll charges incurred by TDS’s customers for calls over this route.

TDS staff, in consultation with Commission Staff, analyzed a variety of configurations for optional calling plans but was not able to develop a plan the Company believes is competitive with existing toll rates and that would not result in a financial loss to the Company.  The Company concluded the proposed option and all of the other options it considered were not economically viable.  TDS therefore has requested to withdraw the proposed tariff revision. The Commission Staff also believes the cost of implementing EAS or an optional calling plan for the Troy-Moscow route is too high to be competitive with existing toll rates.  In light of TDS’s plan to withdraw the proposed tariff revision, Staff recommends this case be closed.

Other developments since the proposed calling plan was filed may alleviate TDS customer concerns about the cost of calls to Moscow.  TDS has implemented interLATA equal access, providing customers with 1+ access to alternative long distance carriers for calls to Moscow.  TDS anticipates the increased access to alternative carriers will ease the pressure for expanded calling options over this route.  In fact, TDS reported that a number of companies have been advertising long distance rates at or near those proposed by TDS for measured rates. TDS has advertised the availability of 1+ dialing to inform customers that the cost of calls to Moscow may be reduced by competitive shopping.  TDS also began providing Internet access through a local dial-up point, partially as a means of easing EAS pressure. According to TDS, it has seen a significant decline in traffic to and from Moscow, attributable by the Company to the use of electronic mail.

In light of the significant costs involved in implementing EAS or other toll-free calling plans between Troy and Moscow, the Commission accepts TDS’s withdrawal of its proposed calling plans and Staff’s recommendation to close this case. The Commission appreciates the efforts of the parties to fashion a remedy that would be acceptable to the majority of customers. It may well be that the best solution to the costs for customers to call between Troy and Moscow is derived through competitive market forces. Already telecommunication options are available to customers, apparently at attractive rates, that did not exist even three years ago. Hopefully, additional choices will appear for customers in the future, resulting in continuing pressure to lower fees and charges.  If not, the Commission is willing in the future to entertain another request from customers for EAS, and explore possible alternatives for toll-free calling between Troy and Moscow.

O R D E R

IT IS HEREBY ORDERED that TDS may withdraw its proposed tariff revision to offer optional calling plans to the Moscow exchange, and this case is closed.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  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 1999.

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

March 23, 1999