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

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| IN THE MATTER OF THE PETITIONS FOR EXTENDED AREA SERVICE (EAS) BETWEEN BURLEY, IDAHO AND SURROUNDING COMMUNITIES IN CASSIA COUNTY.                                                                                     IN THE MATTER OF THE PETITION FOR EXTENDED AREA SERVICE (EAS)BETWEEN MALAD CITY AND REXBURG AND SURROUNDING AREAS, AND BETWEEN LOST RIVERS VALLEY AND OTHER SOUTHEAST IDAHO COMMUNITIES. | )))))))))))) | CASE NO. GNR-T-96-9CASE NO. GNR-T-97-6ORDER NO. 27910 |

These extended area service (EAS) cases were initiated after the Commission received petitions from government officials and private citizens in eastern Idaho requesting that their local telephone calling area be expanded.  Case No. GNR-T-96-9 was opened to examine the appropriate­ness of granting EAS between the telephone exchanges of Burley, Idaho and surrounding commu­nities in Cassia County, including Raft River, Malta, Albion, Oakley and Elba.  One of three different telephone companies is the local service provider in each community: Albion Telephone Company, U S WEST Communications, or Project Mutual Telephone Cooperative Association, Inc.

The other case in this docket—Case No. GNR-T-97-6—was opened to examine whether EAS should be implemented between the Lost River Valley communities (Arco, Moore, Butte City, Howe, Mackay, Leslie and Darlington) and the eastern Idaho EAS region.  Also part of this case is consideration of EAS between the Malad City and Holbrook exchanges and the eastern Idaho region.  The local telephone exchange provider in the Lost River Valley communities and Malad City is Westel, Inc., while U S WEST is the local provider in the large EAS region.(footnote: 1)  Westel is a wholly-owned subsidiary of Albion Telephone, although a petition to merge the two companies is currently pending before the Commission.  The Commission in October 1998 issued Order No. 27766 that established a procedural schedule and consolidated Case No. GNR-T-96-9 and Case No. GNR-T-97-6.

Following the prefiling of direct testimony and exhibits, the telephone companies and Staff executed and filed on November 27, 1998, a Procedural Stipulation and Notice of Settlement Meeting.  By the Procedural Stipulation the parties agreed to limit the testimony at the technical hearing scheduled for December 8, 1998, and to convene a settlement conference on January 6, 1999, to resolve if possible issues between the parties.  After receiving the Procedural Stipulation, the Commission determined to vacate the December 8, 1998, hearing and reset it for January 21, 1999.  See Order No. 27814.

Prior to the hearing on January 21, 1999, the parties filed two different Stipulation and Settlement Agreements resolving cost and accounting issues in the event the Commission determined to approve the requests for EAS.  Because the two Stipulations if approved apply identically in both cases, the Commission will first address the community-of-interest issues to determine the appropriateness of implementing the expanded calling areas in each case.

The Commission in previous EAS cases has identified the community-of-interest issues it will consider in determining to approve specific EAS requests.  If the community-of-interest standards are adequately met, the Commission can reasonably be assured that a majority of customers will benefit from the expanded calling area and a concomitant increase in rates.  A community-of-interest is established by positive evidence in the following areas: (1) calling data (an analysis of the toll calls made between the proposed EAS exchanges); (2) geographic proximity; (3) the absence of geographic barriers, such as mountains or rivers; (4) access to government offices, such as county and court facilities; (5) the relationship of school districts; (6) access to medical services and facilities; (7) the willingness of customers to pay increased rates to the expanded calling area.  See Order No. 26311.

The only analysis and evidence of the community-of-interest between the proposed EAS exchanges in these cases was provided by the Commission Staff.  Staff witness Carolee Hall presented testimony on each of the community-of-interest criteria, and Staff’s Exhibit 105 provides the calling data typically analyzed in each EAS case.  Information regarding the willingness of customers to pay increased rates was obtained through a customer survey conducted by Staff.  Exhibit 106 is the survey questionnaire, and Staff witness Hall presented the survey results in her testimony.  Staff’s testimony and exhibits regarding the existence of a community-of-interest between the proposed EAS exchanges were not disputed or challenged by any other party.

Based on the evidence presented by Staff, we find that a community-of-interest, according to the criteria established by the Commission, exists between the Lost River Valley communities and the principal communities in the large eastern Idaho EAS region.  We also find a community-of-interest exists between Malad City and the eastern Idaho EAS region.  Exhibit 105, pp. 3-6, shows the calling data for the communities of Arco, Moore, Howe, and Mackay into the EAS region.  The calling data shows calling frequencies well within the range approved by the Commission in other EAS cases.  The calling data between Malad City/Holbrook and the eastern Idaho EAS region also supports the finding of a community-of-interest.  Without discussing in detail the unrefuted evidence on each of the other community-of-interest criteria, we conclude that Staff’s evidence supports a finding that a community-of-interest exists between the local telephone exchanges of Westel and the local exchanges comprising the eastern Idaho EAS region.

We also find, based on Staff’s unchallenged evidence, that a community-of-interest exists between Burley and the surrounding communities in Cassia County.  Staff witness Hall presented testimony on each of the community-of-interest criteria to be considered by the Commission.  Considering the calling data, the lack of geographic barriers, and proximity of customers to government, business and school facilities, we find that a community-of-interest is present between the communities served by Albion Telephone and the Burley exchange operated by U S WEST.

We turn next to the two Stipulation and Settlement Agreements executed by the parties.  Both Settlement Agreements result from discussions during a settlement conference held on January 6, 1999, pursuant to a Notice filed by the parties.  See Commission Rule of Procedure 272; IDAPA 31.01.01.272.  The first Agreement, filed January 15, 1999, is between the Albion/Westel Companies and the Commission Staff.  The second Agreement, filed January 19, 1999, was executed by Staff and U S WEST.  Testimony in support of the Agreements was presented by the parties during the hearing on January 21, 1999. Some accounting details agreed to in the Albion/Westel Stipulation were clarified in post-hearing exhibits filed by Staff, Exhibits No. 107 and 108, which are attached to this Order.

The Stipulation between Albion/Westel and Staff provides for Albion to implement EAS  “for its local exchange customers to U S WEST’s Cassia County exchanges and to Project Mutual Telephone Cooperative’s exchanges in Minidoka and Cassia Counties as soon as reasonably practical following the Commission’s entry of a final Order approving this Stipulation and Settlement.”  The Stipulation similarly calls for Westel to implement EAS between its exchanges and the regional EAS in eastern Idaho.  Residential customers of Albion/Westel would pay $24.10 per month and business customer rates would be $42.00 under the Stipulation’s terms.  As an alternative, residential customers would be able to choose a measured service option at the rate of $16.00 per month, which would include 90 minutes of use.  Usage in excess of 90 minutes would be billed at the rate of three cents per minute. The Stipulation also eliminates monthly zone charges from the Companies’ rates and service charges for Primary Interexchange Carrier (PIC) changes.

The Albion/Westel Stipulation also resolves cost and accounting issues identified by Staff in prefiled testimony.  The Companies agreed to withdraw their request for additional revenues in the EAS cases, and agreed to not seek further rate relief until 2001 at the earliest.  Neither Albion nor Westel would be entitled to increase company draws from the state Universal Service Fund, and Albion’s USF draw will be frozen at the 1997 level. According to the testimony in support of the Stipulation, Albion/Westel will not seek any additional cost recovery in the event that EAS is implemented between the Albion/Westel exchanges and the Mud Lake, Idaho exchange operated by  Mud Lake Telephone Coopertive.

In the Stipulation Agreement between U S WEST and Staff, U S WEST agreed to “implement EAS between its customers in the wire centers of Burley and Declo and the Albion Telephone Company (Albion) exchanges of Albion, Almo, Elba, Malta and Raft River,” and to “implement EAS between the Westel, Inc. customers in the communities of Arco, Moore, Butte City, Howe, Mackay, Leslie and Darlington and the exchanges contained in the eastern Idaho EAS region.”  The Stipulation provides for U S WEST to be compensated for its EAS costs “pursuant to the formula adopted by the Commission in its Order No. 27633 in Case No. USW-T-98-3.”

We find both Stipulations to be a fair, reasonable and just resolution of the issues presented by the parties.  We also find the customer rates set forth in the Albion/Westel Stipulation to be just and reasonable, considering the expanded local calling area provided to customers and the cost issues involved.  The proposed rates are identical to the rates approved by the Commission in similar EAS cases.  The questionnaire mailed to customers specifically mentioned the rates provided for in the Stipulation, and the results from most communities show reasonably strong support for the expanded calling area and the new rates.  The customer survey results from Mackay are not as supportive, and the Commission has received several letters from retired citizens in Mackay who are concerned about the higher residential rate.  However, customers will have the option to choose measured service at a lower monthly rate, which may alleviate concerns expressed by some customers.

 For some time many customers from the communities served by Albion and Westel have sought implementa­tion of expanded calling areas, and we appreciate the efforts of company representatives, U S WEST and the Staff to resolve the difficult cost and rate issues involved. The Commission approves the Stipulation and Settlement Agreement filed with the Commission on January 15, 1999, between Albion Telephone Company and Westel, Inc. and the Commission Staff, and also approves the Stipulation and Settlement Agreement filed with the Commission on January 19, 1999, between U S WEST and the Commission Staff. We note that the Stipulation between Albion/Westel and Staff by its terms “carries no precedential value beyond this particular case.”

O R D E R

IT IS HEREBY ORDERED, based on the determination that a community-of-interest exists, that extended area service be implemented between the Lost River Valley communities and the Malad/Holbrook exchanges served by Albion/Westel and the eastern Idaho EAS region. Albion/Westel and U S WEST should implement EAS between these exchanges as soon as possible, following proper notification to customers.

IT IS FURTHER ORDERED, based on a determination that a community-of-interest exists, that EAS should be implemented between Albion’s customers and U S WEST’s Burley/Declo wire center, as well as to Project Mutual Telephone Cooperative exchanges in Minidoka and Cassia Counties. The companies should implement EAS between these exchanges as soon as possible, following proper notification to customers.

IT IS FURTHER ORDERED that, once EAS is implemented, monthly rates for the Albion/Westel customers shall be $24.10 for residential customers and $42.00 for business customers. Residential customers shall be given a measured service option for $16.00 per month, which shall include 90 minutes of use. Pursuant to the terms of the Stipulation and Settlement Agreement filed by Albion/Westel and Staff on January 15, 1999, Albion/Westel shall not be entitled to additional recovery of costs for implementing EAS. Albion/Westel shall file revised tariffs to implement the rates and fees as stated in the Stipulation and Settlement Agreement.

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 February 1999.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**FOOTNOTES**

1:

Albion’s Holbrook exchange is adjacent to Westel’s Malad City exchange and is included with Malad City when considering implementation of EAS to the eastern Idaho region.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

February 8, 1999