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

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| IN THE MATTER OF THE PETITION OF CUSTOMERS OF THE FREMONT TELCOM COMPANY REQUEST­ING EXTENDED AREA SERVICE (EAS) TO THE U S WEST EASTERN IDAHO CALLING REGION.  | )))))))) | CASE NO.  GNR-T-97-14                     NOTICE OF SETTLEMENT NOTICE OF INTERVENTION            DEADLINENOTICE OF HEARING ORDER NO.  27514 |
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On July 24, 1997, the Commission issued a Notice of Petition that it had received a petition from approximately 1,400 customers of the Fremont Telcom Telephone Company requesting toll-free, extended area service (EAS) between Fremont County and U S WEST Communications’ eastern Idaho calling region.  Fremont serves approximately 5,800 customers in the exchanges of Ashton, Island Park and St. Anthony.  The Petition stated that eastern Idaho is a single economic area and argued that failure to authorize EAS would isolate Fremont County and hinder economic development.  The Petition also contended that granting EAS will have a positive impact on the school district, city and county governments, law enforcement, health care, and commerce.

On May 8, 1998, Fremont Telcom, U S WEST and the Commission Staff filed a Stipulation and Settlement agreement regarding the EAS petition.  The parties settled many of the issues typically raised in EAS cases and recommended the Commission grant EAS.

NOTICE OF SETTLEMENT

YOU ARE HEREBY NOTIFIED that Fremont and the Staff are prepared to testify that EAS is warranted between the three Fremont exchanges and exchanges included in the eastern Idaho regional calling area.  Under the terms of the agreement, customers in the affected exchange would receive toll-free calling to more than 115,000 customers located in the calling region including those independent exchanges that have been or may be added to the calling region.(footnote: 1)

YOU ARE FURTHER NOTIFIED that Fremont and the Staff agree that the appropriate stimulation factor to be used for calculating the increased amount of local calling if EAS is granted should be a factor of “3 times” (3x).  Fremont also agrees that it will not seek any revenues to compensate it for “lost growth potential” resulting from Fremont’s purchase of the three exchanges from U S WEST in Case Nos. FRE-T-94-1 and USW-S-94-4.

YOU ARE FURTHER NOTIFIED that under the terms of the Stipulation, Fremont will not seek further rate relief or disbursements from the Idaho Universal Service Fund (USF) until such time as the Staff completes an audit of the Company’s operations or when the Company has available 1998 financial data, whichever occurs first.  The Commission Staff anticipates that it will complete an audit of Fremont’s 1997 operations no later than July 30, 1998.  If, upon completion of the Staff audit, the Staff find that Fremont is receiving less than its currently projected revenues then Fremont may seek an annual disbursement from the existing Idaho USF of at least $108,000.  In the event Fremont’s revenues are substantially reduced by federal or state legislation or regulatory actions not related to this docket, then Fremont may seek other rate relief.

YOU ARE FURTHER NOTIFIED that Fremont proposes to increase its rates to recover the cost of implementing EAS.  Fremont proposes to increase its monthly residential and business local service rates for unlimited calling throughout the local calling region to $24.10; and $42.00, respectively.(footnote: 2)  To mitigate the rate increase, Fremont will eliminate its existing monthly rural zone charge of $1.59 for the approximately 3,200 customers living in rural parts of the three exchanges.  In addition, Fremont will offer its residential customers local measured service at a rate of $16.00 per month which includes 90 minutes of free local calling.  Local calling in excess of the 90 free minutes will be billed at $.03 per minute for local usage.  The parties calculate that within the region, residential customers subscribing to local measured service will reach the “break-even point” with the monthly rate for unlimited local service after making six hours of local calling.  Finally, low-income customers eligible to participate in the Idaho Telecommunications Assistance Program may receive a $10.50 credit toward monthly local service when the program is fully implemented this summer.

YOU ARE FURTHER NOTIFIED that Fremont and the Staff recommend that rates for vacation (suspension) service be set at 50% of the monthly local service rate for non-measured residential or business service.

YOU ARE FURTHER NOTIFIED that Staff and Fremont maintain that the rates and charges established by the Stipulation and Settlement are just and reasonable and produce revenues that are less than Fremont’s projected revenue requirement after implementing EAS.

YOU ARE FURTHER NOTIFIED that the parties recommend that the Commission adopt the Stipulation and terminate any prior rate level or revenue requirement commitments (i.e., the rate freeze that began in November 1996 in Case No. FRE-T-94-1).

YOU ARE FURTHER NOTIFIED that the Stipulation and Settlement acknowledges that the Commission recently instituted Case No. USW-T-98-3 to determine U S WEST’s EAS costs in this and other cases.  The parties agree that processing the Fremont County EAS petition will not result in a denial of U S WEST’s EAS costs in this case.  At such time as the Commission determines the appropriate methodology for calculating U S WEST’s EAS cost that methodology will be applied to U S WEST’s costs in this case.  The parties agree that U S WEST will not be required to implement EAS in connection with this case until the Commission concludes its examination of U S WEST’s costs in Case No. USW-T-98-3.  Unless that case is settled earlier, public hearings in that case are set for September 1998.

YOU ARE FURTHER NOTIFIED that the parties recommend that the Commission require that prefiled testimony supporting the Stipulation be filed no later than May 18, 1998, and  that the Commission convene a public hearing in this matter on June 2, 1998.  The purpose of the June 2 hearing is to take testimony from members of the public regarding the community-of-interest between the petitioning exchanges and the requested calling area, and the willingness of customers to pay the proposed rates.  The parties contemplate a subsequent hearing for the purpose of receiving technical evidence.

NOTICE OF HEARING

YOU ARE HEREBY NOTIFIED that the Commission will convene a public hearing for the purpose of taking testimony from members of the public regarding this matter.  The public hearing will convene on TUESDAY, JUNE 2, 1998, AT 6:30 P.M. IN THE ASHTON COMMUNITY CENTER GYMNASIUM, 925 MAIN STREET, ASHTON, IDAHO.  The Commission invites testimony regarding the community-of-interest between the three Fremont exchanges and the eastern Idaho calling area as well as the proposed rate increases.  The parties are expected to provide a brief explanation of the respective positions regarding the Stipulation and EAS petition at the start of the public hearing.

YOU ARE FURTHER NOTIFIED that the Commission has adopted the following schedule in this case.

May 18, 1998Deadline for intervention

May 18, 1998Deadline for prefiling direct testimony supporting the Stipulation

June 2, 1998Public hearing

The technical hearing will be convened at a later date in Boise.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act.  Persons needing the help of a sign language interpreter or other assistance of the kind that the Commission is obligated to provide under the Americans with Disabilities Act in order to participate in or to understand the testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing.  The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

(208) 334-0338  (TELEPHONE)

(208) 334-3151  (TEXT TELEPHONE)

(208) 334-3762  (FAX)

NOTICE OF INTERVENTION

YOU ARE HEREBY NOTIFIED that persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearings must file a petition to intervene with the Commission pursuant to the Commission’s Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073.  Persons intending to participate at hearings in this matter must file a petition to intervene on or before May 18, 1998.  Persons desiring to present their views without parties’ rights of participation and cross-examination are not required to intervene and may present their comments without prior notice to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the prepared testimony and exhibits supporting the Stipulation and Settlement must be served upon the Commission and all other parties of record on or before May 18, 1998.  The prepared testimony and exhibits must conform to the requirements of Rules 266-267 of the Commission’s Rules of Procedure, IDAPA 31.01.01.266-.267.

YOU ARE FURTHER NOTIFIED that the petition, the Stipulation and Settlement agreement, and the supporting prefiled testimony and exhibits are available for public inspection during regular business hours at the Commission offices.

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 Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code.

O R D E R

IT IS HEREBY ORDERED that the prepared testimony and exhibits of the parties supporting the Stipulation be served upon all other parties of record in accordance with the schedule set out above.

IT IS FURTHER ORDERED that those persons desiring to intervene in this petition do so no later than May 18, 1998.

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

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

bls/O-gnrt9714.dh

**FOOTNOTES**

1:

U S WEST exchanges included in the eastern Idaho calling region are:  American Falls, Bancroft, Blackfoot, Dayton, Downey, Firth, Franklin, Grace, Idaho Falls, Inkom, Lava Hot Springs, Louisville-Menan, McCammon, Montpelier, Pocatello, Preston, Rexburg, Rigby, Ririe, Riverside, Roberts, Shelley, Soda Springs, and Thatcher.  Other exchanges included in the calling region are Paris, Rockland, Irwin, and Wayan.  The Commission is also considering the merits of adding the Driggs exchange in Case No. GNR-T-97-8.

2:

The monthly residential rate for unlimited local service in St. Anthony is currently $11.01 which included EAS to Rexburg; single-line business service is $28.55.  The existing monthly residential rate for unlimited local calling for the Island Park and St. Anthony exchanges is $10.11; while the current single-line business rate is $26.08.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

May 12, 1998