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

|  |  |  |
| --- | --- | --- |
| IN THE MATTER OF THE APPLICATION OF CTC TELECOM, INC. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE LOCAL EXCHANGE SERVICE AS A COMPETITIVE LOCAL CARRIERAND FOR DESIGNATION AS AN ELIGIBLE TELECOMMUNICATIONS CARRIER                                                                                       | )))))))) | CASE NO. GNR-T-98-4ORDER NO.27629 |

On June 3, 1998, the Commission issued a Notice of Application and Notice of Modified Procedure soliciting comments supporting or opposing this Application.  Comments were originally due June 24, 1998.  On June 26, 1998, the Commission granted Staff a fourteen (14) day extension of time within which to file comments.  On July 8, 1998, Staff filed a second motion for an extension that the Commission grant it an extension for thirty (30) days from the date Staff receives the complete information it has requested from CTC regarding its financial responsibility within which to file its comments and make a recommendation.  Staff indicated that, pursuant to Idaho Public Utilities Commission Rule 256, all parties received actual notice and were served with copy of this Motion.

STAFF’S POSITION

CTC was issued a Certificate of Incorporation on February 17, 1998, and is a wholly-owned subsidiary of Cambridge Telephone Company.  In its Application, CTC stated that its parent company, Cambridge, will provide the initial capital required by CTC.

Staff pointed out that Cambridge is a fully regulated Title 61 rural local exchange carrier (“RLEC”) and Idaho Code § 62-613 prohibits Cambridge from subsidizing nonprice-regulated telecommunication services with those telecommunication services price-regulated by the Commission.  Moreover, the Commission is prohibited from attributing revenues earned from nonprice-regulated services or affiliates (such as CTC) to basic local exchange services and it cannot permit expenses incurred in producing those revenues to be attributed to the cost of providing basic local exchange services.  Id.  Therefore, without more information on how Cambridge is funding this venture, Staff stated it cannot assess CTC’s financial capability.

 Therefore, in order to establish CTC has adequate financial resources to provide facilities-based local exchange services, Staff requested CTC to demonstrate that Cambridge has sufficient controls and related procedures to maintain a separation of regulated and non-regulated revenues and expenses to insure there is no cross-subsidization.  Staff requested CTC show the extent of Cambridge’s cash investment in CTC and what the impact is on Cambridge’s regulated services.  Staff questioned whether there are any guarantees for loans or performance by Cambridge or CTC for the unregulated services.

Moreover, Staff noted that Cambridge received over $413,000 from the state USF for the year ending June 30, 1997.  see Idaho Universal Service Fund Annual Report For the Year Ended June 30, 1997.  There should be assurances that expense related to CTC are not used to justify additional USF.

Therefore, Staff requested additional information and assurances concerning the way Cambridge treats this transaction and requested CTC to likewise show the extent of its financial responsibility.  Staff believes that information should be forthcoming.  Until Staff receives that information, Staff reserves its recommendation.

Therefore, Staff requested an additional thirty (30) days from the date it receives the complete information it has requested within which to file its comments and make a recommendation.

FINDINGS

The Commission finds that there is good cause to grant the extension.

O R D E R

IT IS HEREBY ORDERED that Staff’s Motion is granted and all comments must be received within thirty (30) days from the date it receives the complete information it has requested.

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

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

O:gnrt984.cc3

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

July 16, 1998