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

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| IN THE MATTER OF DESIGNATING TELECOMMUNICATIONS SERVICES, IN ADDITION TO BASIC LOCAL SERVICE, AS UNIVERSAL SERVICES, FOR THE PURPOSES OF RECEIVING 1998 TELECOMMUNICATIONS UNIVERSAL SERVICE FUNDS. | )  )  )  )  )  )  ) | CASE NO. GNR-T-98-7  ORDER NO.  27773 |

On September 8, 1998, the Commission issued final Order No. 27715 designating certain telecommunications services as “universal services” that must be offered and provided by eligible telecommunications carriers (ETCs).(footnote: 1)   ETCs must provide universal service to become eligible to receive 1998 Telecommunications USF support.

On September 29, 1998, U S WEST Communications, Inc. filed a timely Petition for Reconsideration requesting the Commission reconsider two things:  (1) its decision rejecting the recommendation that it define universal services as including flat rate calling within the EAS regions; and (2) its rejection of U S WEST’s recommendation that universal services be defined as including support for every residential line and up to five business lines.  Commission Rules of Procedure 321-322, IDAPA 31.01.01.321.02 and -.322.  On October 6, 1998, Staff filed an answer opposing reconsideration.  No other party filed an answer or requested reconsideration.

Based on the record before the Commission, the Petition for Reconsideration, Staff’s Answer  and on the law, the Commission denies the Petition.

U S WESTPETITION FOR RECONSIDERATION

AND

STAFF ANSWER

U S WEST requested the Commission reverse its decision that “only single line will be supported.”  U S WEST’s Motion for Reconsideration at p. 7.  The Staff, however, noted that the Commission did not conclude this.  Instead, the Commission ruled

Finally, the Commission finds that U S WEST’s recommendation that all residential lines and up to five business lines be designated as a universal service to receive 1998 Telecommunications USF is not appropriately before the Commission in this docket.

Order at p. 8.  (Emphasis added).  It ruled that

This issue involves the extent of USF support and not what services should be designated as universal service.  The Commission notes that contrary to U S WEST’s statutory analysis, Idaho Code § 62-603(1) simply defines the Commission’s Title 61 jurisdiction as extending to the provision of two way interactive switched voice communication to residential and small business customers within a local exchange calling area.  It does not define universal service.  The Commission agrees with the FCC that when the Commission determines how to calculate forward-looking economic costs, the Commission will necessarily examine the forward-looking costs of supporting additional residential connections or multiple connection businesses.  Therefore, the Commission will address this issue when it adopts its cost methodology.

Id.

U S WEST also urged the Commission to reconsider its decision to not designate flat rate calling within a customer’s EAS region as a universal service.

Staff opposed designating flat rate calling within a customer’s EAS region as a universal service, because it argued that requiring approved EAS calling regions be included as part of universal services could serve as a barrier to entry for some providers and may violate Section 253 of the federal Telecommunications Act of 1996.  It also argued that this is inconsistent with U S WEST’s position in GNR-T-98-8 where it supports designating the service area at the wire center.

FINDINGS

The Commission finds that U S WEST’s request that flat rate calling within a customer’s extended area service region should be designated as a universal service issue depends, in part, on  where universal services should be available.  However, the Commission finds that it is not the underlying service itself.  Therefore, as the Commission ruled in its Order this issue should be examined when the Commission considers the designation of service areas in Case No. GNR-T-98-8.  Therefore, the Commission finds reconsideration of this issue is unnecessary.

The Commission also finds that the Commission did not rule that “only single lines will be supported” by 1998 Telecommunications USF in support areas in Order No. 27715 as U S WEST contends in its Petition.  Instead, the Commission specifically ruled that U S WEST’s recommendation that all residential lines and up to five business lines be designated as a universal service to receive 1998 Telecommunications USF was not appropriately before the Commission in this docket and that it will address this issue when it adopts its cost methodology.  Order at pp. 8-9.

The Commission notes that the Federal Communications Commission (“FCC”) does not designate multiple line support as a core service.  Instead, it treated this as a question of how many lines should receive support once support is determined.  The Commission agrees with the FCC, that depending on how the forward-looking economic costs of primary residential connections or small business connections are treated in any methodology, there may be little incremental cost to additional residential or business connections.  There may be no need to provide USF support for additional residential or business connections.  Moreover, the FCC was concerned that an overly expansive universal service support mechanisms potentially could harm all consumers by increasing the expense of telecommunications services for all.  FCC Universal Service Order at ¶95.  The FCC, therefore, reserved this issue until it determines what cost model it adopts.  The Commission agrees with the FCC and finds that it is not necessary to foreclose Commission action when it adopts an appropriate cost model.  The Commission further finds that U S WEST will have the opportunity to argue this issue at that time.  Therefore, the Commission denies U S WEST’s Peition.  Finally, in reviewing its Order, the Commission finds that the second through fourth sentences in the last paragraph on page 8 of Order No. 27715 should be deleted because this text is not necessary to its decision on this issue.  An analysis of Idaho Code §62-603(1) is not necessary and, therefore, by this Order, the Commission deletes those sentences.  The corrected paragraph is shown in the footnote below.(footnote: 2)

O R D E R

IT IS THEREFORE ORDERED that the Petition for Reconsideration filed by U S WEST Communications, Inc.is hereby denied.

THIS IS A FINAL ORDER ON RECONSIDERATION.  Any party aggrieved by this Order or other final or interlocutory Orders previously issued in this Case No. GNR-T-98-7 May appeal to the Supreme Court of Idaho pursuant to the Public Utilities Law and the Idaho Appellate Rules.  See Idaho Code § 61-627.

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

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**FOOTNOTES**

1:

The designated universal services included:  (1)voice grade access to the public switched network; (2) local usage; (3) dual tone multi-frequency signaling or its functional equivalent; (4) single-party service or its functional equivalent; (5) access to emergency services where available; (6) access to operator services; (7) access to interexchange service; (8) access to directory assistance; and (9) toll limitation for qualifying low-income consumers.  Order at pp. 1-2.

2:

“Finally, the Commission finds that U S WEST’s recommendation that all residential lines and up to five business lines be designated as a universal service to receive 1998 Telecommunications USF support is not appropriately before the Commission in this docket.  The Commission agrees with the FCC that when the Commission determines how to calculate forward-looking economic costs, the Commission will necessarily examine the forward-looking costs of supporting additional residential connections or multiple connection businesses.  Therefore, the Commission will address this issue when it adopts its cost methodology.”  Order No. 27715 at pp. 8-9.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

October 21, 1998