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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-98-7REPLY COMMENTS OFTHE COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Cheri C. Copsey, Deputy Attorney General, in response to Order No. 27632, the Notice of Modified Procedure in Case No. GNR-T-98-7, issued July 16, 1998, submits the following reply comments.

On July 28, 1998, the Commission Staff, AT&T Communications of the Mountain States, Inc., U S WEST Communications, Inc., the Idaho Telephone Association, MCI Telecommunications Corporation and GTE Northwest Inc. filed opening comments concerning how “universal services” for the purpose of receiving the 1998 Telecommunications Universal Service Fund (“Telecommunications USF”) should be defined.

Staff recommended that the Commission adopt the following as its definition of “universal services” that should be made available to consumers by eligible telecommunications carriers to meet their obligation to provide universal service:

Single party service

Voice grade access to the public switched network

Dual tone multifrequency (DTMF)

Access to emergency service including access to 911 and E911, where available

Access to operator services

Access to interexchange service

Access to directory assistance

Toll limitation services for qualifying low income consumers(footnote: 1)

Trouble isolation

Flat rate calling within a customer’s local exchange

With the exception of U S WEST, all other commentors generally recommended Idaho’s definition of “universal services” be limited to the definition of “universal services” adopted by the FCC in its Universal Service Order, FCC Order 97-157.

GTE recommended adding a standard white pages directory listing to the “universal services” supported by Idaho Telecommunications USF and clarifying that the “access to interexchange carriers” must be to the customer’s choice in carriers.

U S WEST asserted, however, that “Idaho Telecommunications USF support should extend to all lines covered by the definition of ‘basic local exchange service.’”  U S WEST Comments at p. 4 (Emphasis added).  Staff disagrees and opposes extending Idaho Telecommunications USF support to all residential lines, no matter how many lines a residential customer chooses to have, and to as many as five small business lines.

The 1998 legislature amended Idaho Code § 62-610 creating the Idaho Telecommunications Universal Service Fund.  See Idaho Code §§ 62-610A-F.  One of the purposes for creating the Telecommunications USF was to make “universal service,” as to be defined by the Commission, widely available to all Idahoans.  Id.  Once established, disbursements from the Telecommunications USF will be used to defray costs, as to be determined by the Commission, for providing “universal service” to customers within a geographic support area.  In this docket, the Commission will designate what telecommunications services, in addition to basic local exchange service, should be “widely available to consumers in all regions of the state at just and reasonable rates.”  Idaho Code § 62-610B(6).

One of the purposes for creating the Telecommunications USF was to make “universal service,” widely available to all Idahoans.  Once established, disbursements from the Telecommunications USF will be used to defray costs, determined by the Commission, for providing “universal service” to customers within a geographic support area.  Staff does not agree with U S WEST’s suggestion that Telecommunications USF support should be extended to all lines including businesses with five or fewer lines and all residential lines.

As MCI pointed out in its comments, the FCC Universal Service Order recognized that funding multiple lines is inconsistent with the goals of universal service.  The FCC stated:

We share the Joint Board’s concern that providing universal service support in high cost areas for second residential connections, second residences, and businesses with multiple connections may be inconsistent with the goals of universal service in that business and residential consumers that presumably can afford to pay rates that reflect the carrier’s cost to provide services nevertheless would receive supported rates.  We are also mindful that 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.)

Staff believes that the Telecommunications USF will be disadvantaged if more than a primary residential or business line is included in this definition of “universal service.”  The potential for creating a larger fund at the expense of all rate payers will hinder competition and insulate the incumbent local exchange carrier’s revenue streams.  The focus must remain on “universal service” available to all consumers at an affordable rate, not to redefine basic local service.

U S WEST also noted that the FCC clarified the definition of “toll limitation” in its Fourth Order on Reconsideration issued December 1997.  Staff agrees and therefore recommends that the Commission adopt the following as its definition of “universal services” that should be made available to consumers by eligible telecommunications carriers to meet their obligation to provide universal service:

Single party service

Voice grade access to the public switched network

Dual tone multifrequency (DTMF)

Access to emergency service including access to 911 and E911, where available

Access to operator services

Access to interexchange service

Access to directory assistance

Either toll blocking or toll control services for qualifying low income consumers

Trouble isolation

Flat rate calling within a customer’s local exchange

Respectfully  submitted this                day of August 1998.

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Cheri C. Copsey

Deputy Attorney General

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**FOOTNOTES**

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  The Commission previously granted limited waivers for providing toll control.