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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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

On July 2, 1998, Commission Staff recommended the Commission open a new docket to consider what telecommunications services should be made available to Idaho consumers by eligible telecommunications carriers to meet their obligation to provide universal service and receive Telecommunications USF support.  Staff also recommended the Commission adopt the definition of universal services adopted by the Federal Communications Commission.  In Order No. 27632, the Commission opened this docket.

BACKGROUND

The 1998 legislature amended Idaho Code§ 62-610 creating a1998 Telecommunications Universal Service Fund (“Telecommunications USF”).  See Idaho Code§§ 62-610A-F.  Idaho Code§ 62-610F anticipates that the Telecommunications USF will be established by March 1, 1999.  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.  Those costs will be calculated using a “forward-looking cost methodology.”  Idaho Code§§ 62-610F.  On December 19, 1998, the Commission opened a docket to consider what that methodology should be.  Case No. GNR-T-97-22.

One of the first steps in establishing the Telecommunications USF is for the Commission to 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).  The legislature found that universal service is an evolving level of telecommunication services and directed the Commission to “review the level of telecommunication services within the state on a periodic basis and designate those service(s) which should be made available to consumers by eligible telecommunications carriers to meet their obligation to provide universal service . . .”  Idaho Code§62-610C.

In considering those services in addition to basic local exchange service that are to be designated, the Commission must consider the extent to which such other telecommunication services:

(a)Have, through the operation of market choices by customers, been subscribed to by a substantial majority of residential customers;

(b)Are being deployed in public telecommunications networks by telecom-munications carriers; and

(c)Are consistent with the public interest, convenience and necessity.

(d)The Commission shall also consider definitions of universal service adopted by the Federal Communications Commission pursuant to the Telecommunications Act of 1996.

Id.

The FCC has generally defined those universal services as: “single-party service; voice grade access to the public switched network; dual tone multi-frequency signaling or its functional equivalent; access to emergency services; access to operator services; access to interexchange service; access to directory assistance; and toll limitation for qualifying low-income consumers.”  More specifically, universal services are defined by the FCC as follows:

(1) Voice grade access to the public switched network.  “Voice grade access” is defined as a functionality that enables a user of telecommunications services to transmit voice communications, including signaling the network that the caller wishes to place a call, and to receive voice communications, including receiving a signal indicating there is an incoming call.  Voice grade access shall occur within the frequency range of between approximately 300 Hertz and 3,000 Hertz,(footnote: 1)

(2) Local usage.  “Local usage” means an amount of minutes of use of exchange service, prescribed by the FCC, provided free of charge to end users;

(3) Dual tone multi-frequency signaling or its functional equivalent.  “Dual tone multi-frequency” (DTMF) is a method of signaling that facilitates the transportation of signaling through the network, shortening call set-up time;

(4) Single-party service or its functional equivalent.  “Single-party service” is a telecommunications service that permits users to have exclusive use of a wireline subscriber loop or access line for each call placed, or, in the case of wireless telecommunications carriers, which use spectrum shared among users to provide service, a dedicated message path for the length of a user’s particular transmission;

(5) Access to emergency services.  “Access to emergency services” includes access to services, such as 911 and enhanced 911, provided by local governments or other public safety organizations.  911 is defined as a service that permits a telecommunications user, by dialing the three-digit code “911,” to call emergency services through a Public Service Access Point (PSAP) operated by the local government.  “Enhanced 911” is defined as 911 service that includes the ability to provide automatic numbering information (ANI), which enables the PSAP to call back if the call is disconnected, and automatic location information (ALI), which permits emergency service providers to identify the geographic location of the calling party.  “Access to emergency services” includes access to 911 and enhanced 911 services to the extent the local government in an eligible carrier’s service area has implemented 911 or enhanced 911 systems;

(6) Access to operator services.  “Access to operator services” is defined as access to any automatic or live assistance to a consumer to arrange for billing or completion, or both, of a telephone call;

(7) Access to interexchange service.  “Access to interexchange service” is defined as the use of the loop, as well as that portion of the switch that is paid for by the end user, or the functional equivalent of these network elements in the case of a wireless carrier, necessary to access an interexchange carrier’s network;

(8) Access to directory assistance. “Access to directory assistance” is defined as access to a service that includes, but is not limited to, making available to customers, upon request, information contained in directory listings; and

(9) Toll limitation for qualifying low-income consumers.  Toll limitation for qualifying low-income consumers both toll blocking and toll control.

DISCUSSION

The definition of universal services represents a balancing act between the desire of customers for more services and the goal of maintaining affordable universal service.  Additional services are not free.  Defining universal services to encompass too many services will only drive up the cost of basic service for all customers and could serve as a barrier to entry for new carriers.  Defining it too narrowly will provide service that is inadequate to address the basic needs of telephone customers.

As required by Idaho Code § 62-610C (d), Staff reviewed the definition of universal service adopted by the FCC in its Universal Service Order, FCC Order 97-157. The Staff believes that universal services listed by the FCC represent a valid list of those minimum services that customers should expect to receive as part of their basic rate and finds that definition is consistent with the public interest, convenience and necessity.  Staff, therefore, proposed that, as a starting point, the Commission adopt the FCC definition for universal services as its definition for Idaho universal services.  The Commission previously granted waivers for providing toll control.  Those services are:

Single party service

Voice grade access to the public switched network

Dual tone multi-frequency (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

However, Staff believes that certain additional features should be added to the “universal services.”  These additional features should include trouble isolation and local calling within the local exchange area.

Trouble Isolation

Trouble isolation service has been offered as part of the basic rate in Idaho since 1986.  Prior to this, if a repair technician was dispatched on a trouble call and the problem was found to be in the customer’s inside wiring or premises equipment, the customer was charged a trip or premises visit charge.  This charge was a source of frustration and aggravation to customers and the source of many complaints to this Commission.  Once trouble isolation was made part of the basic service rate, customers were no longer charged if the trouble was found to be on the premises’ side of the network interface.

Trouble isolation should not add significantly to the cost of providing service and thus should not have a negative impact on universal service.  It does, however, improve the level of service quality that customers receive and should be made part of basic service for those reasons.

Adopting trouble isolation as a universal service does create some areas for further analysis.  For example, the Commission may need to determine how to treat service on resold lines and on unbundled network elements.  However, Commission Staff believes these issues should be resolved in interconnection proceedings and do not need to be addressed here.

Flat Rate Calling Within a Customer’s Local Exchange

Flat rate calling within a customer’s local exchange should also be included in the definition of universal services.  Staff does not support mandatory measured service within a customer’s local exchange.  Staff does believe, however, that optional measured service is a valuable service to customers wishing to control the cost of basic service and keep costs low.

However, Staff does not support including EAS regions in the definition of universal services because 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 could be argued that a competitive local exchange carrier may not have the financial or technical ability, or the desire, to offer EAS if it is targeting a niche market and wants to compete for those customers who have no desire for EAS services.

STAFF RECOMMENDATION

Staff 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 multi-frequency (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

Trouble isolation

Flat rate calling within a customer’s local exchange

DATED  at Boise, Idaho, this    28th     day of July 1998.

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Cheri C. Copsey

Deputy Attorney General

Technical Staff:  Carolee Hall

**FOOTNOTES**

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  This part was amended in the Fourth Reconsideration on December 30, 1997.  Originally, the bandwidth was set at 500 Hertz to 4,000 Hertz.  Bandwidth, as a measure of channel capacity for analog signals, is the range of frequencies that the channel can carry with attenuation less than some specified amount. On reconsideration, the FCC stated:

16.  We reconsider, on our own motion, the Commission’s specification of a bandwidth for voice grade access to the PSTN and conclude that bandwidth for voice grade access should be, at a minimum, 300 Hertz to 3,000 Hertz.  In the Order, the Commission determined that voice grade access bandwidth be approximately 500 Hertz to 4,000 Hertz.  We reconsider that determination based on our recognition that the 500 Hertz to 4,000 Hertz bandwidth established in the Order would require eligible carriers to comply with a voice grade access standard that is more exacting than current industry standards, a result that we did not intend.