January 3, 1996

David Kinne, Jr.

ETI Corp.

509 E. Selltice Way, Suite #196

Post Falls, Idaho  83854

Dear David,

Thank you for taking the time to write to the Idaho Public Utilities Commission regarding GTE's proposed revisions to it Local Calling Plan (LCP).  I was asked by the Commission to respond to your specific question.

You asked how customers benefit from GTE's policy of restricting all telephone lines to a single customer at a single location to the same option.  The reasoning behind this restriction is to prevent customers with multiple lines from choosing the largest toll-free option for one line and making all outgoing calls on that line, while choosing basic measured service for another line and using it primarily to answer incoming calls.  This situation would allow customers with multiple lines to effectively enjoy the benefits of the largest toll-free option for both lines, while paying rates, on average, reflective of lines having much smaller toll-free areas.  Although such a scenario would be beneficial to that individual customer, it would be detrimental to all single-line customers, whose rates would have to be higher than they otherwise are in order to keep GTE's revenues in tact.  And yes, the Commission is required by Idaho statutes to allow GTE opportunity to earn a reasonable rate of return on its investments.  Generally, this means that if the Commission reduces rates for some customers' services it must increase rates for other customers.

The single-option per customer restriction existed even before LCP was initiated in December, 1993, in that customers were not allowed to have both flat rate and measured rate service at the same premises.  Your letter will become part of the official file of Case No. GTE-T-95-3.  The Commission, through its Notice of Application and Modified Procedure,

David Kinne, Jr.

January 3, 1996

Page 2

has essentially asked the public whether GTE's LCP revision and expansion should be processed without public hearing, but it has not made a final determination on whether or not to hold one or more public hearings or whether or not to approve GTE's plan as filed or to make modifications to it.  If you still disagree with the single-option per customer restriction, you might want to write another letter explaining why you think it is in the overall public interest to remove this restriction.

Sincerely,

Lynn Anderson

IPUC Staff Economist

cc:Myrna Walters/Case No. GTE-T-95-3

LA:jo/jnelson/lakinne.ltr