July 14, 1997

Mr. Jerry K.  Boyd

717 W Sprague Ave, Ste.  1200

Spokane, WA 99201-3505

RE: IPUC Case No.  GTE-T-97-1: GTE’s Toll and Access Rates

Dear Mr. Boyd:

Thank you for your letter concerning the Idaho Public Utilities Commission’s recent denial of AT&T’s Petition for Reconsideration in this case.

For your convenience, I have included with this letter a copy of Order No. 27002 issued  in this case on June 16, 1997, in which we denied AT&T’s Petition for Reconsideration of Order No. 26905 (copy of Order No. 26905 also enclosed).  While the Orders speak for themselves, I will attempt to explain the facts leading to our decision in this case.

GTE filed an Application seeking authority to restructure and reduce its toll rates within its intraLATA calling area and to introduce two new toll savings plans.  The net result of GTE’s proposal was a reduction in the amount of revenues it would collect from Idaho customers of approximately $750,000 annually.  AT&T opposed GTE’s proposal contending that GTE has the highest access rates in the state and these rates should be reduced before GTE is permitted to reduce its toll rates.  AT&T contended that GTE’s proposal would allow it to unfairly gain market share over competing toll providers (through toll rates that are too low) while allowing GTE to continue earning inflated access revenues from those same competing providers (through access rates that are too high).

As you may know, access rates are the rates long distance carriers must pay local exchange companies for the use of their local facilities for originating and terminating calls.  In other words, when you make a long-distance call from your home in Kootenai County, your carrier (AT&T) must pay GTE to originate your call to AT&T and AT&T must also pay the local telephone company at the other end of your call.  It is true that GTE’s access rates are among the highest in the state and must be evaluated.  As we noted in Order No. 26905 (pp. 10-11), our evaluation of those rates will likely be performed coincidentally with our response to forthcoming Federal Communication Commission’s rules regarding access rates and to Idaho legislation requiring the identification of subsidies extant in telephone rates before the end of the year.  You seem to be under the impression, however, that we approved GTE’s access rates in this case.  To the contrary, we declined to change those rates without a full investigation.  In Order No. 26905, we stated:

Regarding the concerns expressed by AT&T, we find that issues related to GTE’s access rates fall outside the scope of this proceeding and will not be resolved here.  As Staff notes, our decision regarding GTE’s toll rates will not effect GTE’s access rates.

Order No. 26905 at p. 10.

What we did conclude in this case, however, is that GTE’s proposed toll rates were just and reasonable; that they would result in savings of approximately $750,000 annually to GTE’s toll customers; that it is not necessary to consider access rates and proposed toll tariffs in the same proceeding, and; that it does not make sense to deny GTE’s customers these toll savings while waiting for the results of a GTE rate case.

I hope this letter better explains the facts leading to our decision in this case.  If you have any further questions, please do not hesitate to contact me.

Very truly yours,

Dennis Hansen

President

Idaho Public Utilities Commission

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Enclosure

MR. JERRY K.  BOYD

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