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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

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| IN THE MATTER OF THE APPLICATION OF GTE NORTHWEST INCORPORATED IN TARIFF ADVICE 96-15 TO REVISE TOLL RATES AND INTRODUCE TWO NEW INTRALATA CALLING PLANS. | )))))) | CASE NO. GTE-T-97-1   REPLY COMMENTS OFTHE COMMISSION STAFF |

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Brad Purdy, Deputy Attorney General.  In response to the supplemental comments of AT&T Communications of the Mountain States, Inc. filed with the Commission on April 3, 1997.

AT&T generally asserts that House Bill 313 requires the Commission to act regarding implicit subsidies and propose a plan by December 1997 to remove such subsidies.  Accordingly, AT&T urges the Commission to move quickly to begin its investigation of these issues.  AT&T then discusses the need to investigate and reduce GTE’s access rates and identifies some mischaracterizations in GTE’s comments.  To these assertions, Staff provides the following comments.

1.GTE’s filing is about toll rates, not access rates.  Whether the Commission accepts or rejects GTE’s proposed tariff, access rates will not be affected unless or until a separate activity is initiated to investigate GTE’s access rates.

2. AT&T continues to request an evidentiary hearing on GTE’s cost of toll service.  The cost of providing toll service is a function of access rates and must be addressed in a separate proceeding.  Staff does not see the value of holding an evidentiary hearing to determine whether GTE has imputed its access rates.

3.House Bill 313, according to AT&T, says that the Commission 1)  must identify and quantify subsidies, etc., 2) determine a mechanism for removal of subsidies, and 3) submit a plan on or before the first day of December 1997 to establish legislation regarding universal support mechanisms and the removal of implicit subsidies.  Nothing in the legislation requires that the Commission identify and remove subsidies by a date certain. This does not mean the Commission should avoid the access rate issue, but Staff believes there is leeway to process the necessary issues in a more comprehensive manner.

4.Staff does not agree with AT&T that the proposed toll/calling plan rates are anti-competitive to interLATA carriers.

5.Neither does Staff challenge the allegation that implicit subsidies probably exist in GTE’s access rates, but these are not the issues of this case.

6.GTE does not suggest that AT&T cannot be harmed by its access rates — in fact, GTE does not address its access rates except to show compliant imputation.  The question is whether AT&T is harmed by GTE’s proposed toll rates, even though AT&T offers even lower rates in the state.

7.The fact that customers must dial around in U S WEST’s calling area is not germaine.

8.By creating a separate subsidiary to provide interstate toll, GTE is complying with the Telecommunications Act of 1996.

GTE’s access rates should be addressed in a separate proceeding in the near future in order to comply with federal and state law.  It is Staff’s conclusion that while AT&T raises many valid concerns, they pertain to the wrong question — that is, they do not apply to this case, which is about reduced toll rates.

DATED  at Boise, Idaho, this               day of April 1997.

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Brad Purdy

Deputy Attorney General

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