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BEFORE  THE  IDAHO  PUBLIC  UTILITIES  COMMISSION

IN THE MATTER OF THE JOINT)

APPLICATION OF GTE MACRO) CASE  NO.  GTE-T-97-11

COMMUNICATIONS CORPORATION)

AND GTE NORTHWEST INCORPORATED)COMMENTS OF THE

FOR APPROVAL OF AN AGREEMENT)COMMISSION STAFF

FOR INTERCONNECTION PURSUANT)

TO 47 U.S.C. § 252(e).)

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COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and submits the following comments for the Commission’s consideration in Case No. GTE-T-97-11.

On September 16, 1997, GTE Northwest, Incorporated (GTE) and GTE Macro Communications Corporation (Mobilnet) submitted a joint application for Commission approval of an interconnection agreement in accordance with Section 252(e)(1), (2)(a) of the Telecommunications Act of 1996.

STAFF ANALYSIS

Section 252 indicates that such agreements are to be submitted to State Commissions for approval.  Agreements adopted through negotiation may only be rejected if the State Commission finds that:

(i) the agreement (or portion thereof) discriminates against a telecommunications carrier not a party to the agreement; or

(ii) the implementation of such agreement or portion is not consistent with the public interest, convenience and necessity:

Staff compared the language and terms of this agreement with agreements between GTE and two other wireless carriers, AT&T Wireless Services, Inc. (AT&T) and Nextel Communications (Nextel), which had been previously approved by the Commission.  In general, the language was similar, with only minor changes that appeared to be appropriate for the size and capabilities of the parties.  Except as indicated below, Staff found no evidence that the agreement would not be consistent with the public interest, convenience and necessity.

Appendix C, which contains the actual rates to be paid for services, contains significant differences from the AT&T and Nextel agreements.  The rates in the contract between GTE and Mobilnet are significantly lower than those in the two previous contracts.  If this price difference is maintained, one GTE company would be providing services to a separate GTE company at rates that are more attractive than the rates GTE would be providing those same services to its competitors.  Providing this service to any company at a lower price than is available to other companies meeting the same criteria may be discriminatory, and is particularly concerning where the advantaged company is an affiliated company.

Staff contacted the designated representative of GTE, who indicated via e-mail:

The rates for switching and transiting are based on cost studies prepared by GTE to eventually be filed in each state, i.e., a different price for each state instead of a standard price ($.012) for all states.  These new prices are being incorporated into agreements with other CMRS carriers (although I don't recall if I have done one for Idaho yet).  These new prices would also be extended to other CMRS carriers with existing 251/252 agreements as provided for in those agreements, i.e., if the agreement allows for rate modification and the CMRS carrier chooses to exercise that option, it may do so - if not, the new rate could be sought when the existing agreement terminates and the carrier negotiates a new agreement with GTE.

Staff has reviewed GTE’s agreements with AT&T and Nextel, and does not see any restrictions on amending those agreements.  Staff  is concerned, however, that any delay before AT&T and/or Nextel are able to obtain the lower rates would be discriminatory, and that to approve this contract with Mobilnet prior to GTE offering contract amendments or new contracts that contain similar rates to these competitors could be viewed as discriminatory against another telecommunication carrier.  AT&T and/or Nextel would be forced to pay the higher rates, while GTE’s affiliated company enjoyed the lower rates.  Even though this difference in price may only exist until the contracts with AT&T and/or Nextel are amended, allowing the GTE affiliate to enjoy preferential rates, even for a short time frame, would place AT&T and/or Nextel in a disadvantaged position.

STAFF RECOMMENDATION

Staff recommends that this agreement be approved, conditioned on GTE making the same rates available to AT&T and Nextel.

Because Section 252 of the Telecommunications Act of 1996 specifies that a negotiated agreement submitted to a State Commission shall be deemed approved if the State Commission fails to act upon it within 90 days, Staff recommends that this agreement be rejected if GTE has not demonstrated to this Commission that the rates have been offered to AT&T and Nextel before the expiration of this 90-day time limit.

DATED  at Boise, Idaho, this            day of November 1997.\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Weldon B. Stutzman

Deputy Attorney General

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