DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER NELSON

COMMISSIONER SMITH

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

DAVE SCHUNKE

JOE CUSICK

CAROLEE HALL

BEV BARKER

DAVID SCOTT

WORKING FILE

FROM:WELDON STUTZMAN

DATE:JUNE 1, 1998

RE:CASE NO. LCI-T-97-1; APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY BY LCI INTERNATIONAL TELECOM CORP.

On June 9, 1997, LCI International Telecom Corp (LCI) filed an Application for a Certificate of Public Convenience and Necessity to provide local exchange telecommunications services within the state.  On March 24, 1998, the Commission issued a Notice of Application and Notice of Modified Procedure to process LCI’s Application.  During the comment period, written comments were filed by the Commission Staff.  LCI filed comments in response to Staff’s written comments.

In its comments, Staff noted the “slamming” complaints that had been made against LCI by customers in 1996, 1997, and the first quarter of 1998.  The number of slamming complaints had been declining, and only one had been received in the first quarter of 1998.  However, given the Commission’s strong action in regard to slamming allegations, Staff recommended that LCI be granted a Certificate of Public Convenience and Necessity conditioned on no slamming complaints being lodged with the Commission for the remainder of 1998.

In its responsive comments, LCI stated that it “has embarked on a program to improve the training and management of its sales agents.”  LCI stated that it enforces a strict policy of termination of the agents who have not complied with LCI’s guidelines.  LCI noted that it had been doing business in Idaho for a period of time and has a good reputation “as a company that provides genuine value and innovative pricing.”  Although LCI stated that it has had experiences with marketing agents that have damaged LCI’s reputation, the Company has taken positive steps to assert control over marketing agents.  LCI notes that “there is no guarantee against complaints and no way to ensure that they will never happen.  LCI can merely assure the Commission that it will take all measures within its power to reduce and eventually eliminate situations that have a high likelihood of resulting in consumers’ dissatisfaction.”

Staff notes that the Idaho Legislature this year passed legislation regarding slamming, which provides a new tool for addressing slamming complaints.  The law, coupled with new rules soon to be proposed by the Commission Staff, will serve as an additional incentive for companies to avoid switching customer’s telephone service without authorization.

In light of LCI’s responsive comments, passage this year of anti-slamming legislation by the Idaho Legislature, and LCI’s significant effort to prevent slamming, Staff recommends that the Application of LCI for a Certificate of Public Convenience and Necessity be granted.

Commission Decision

Should the Application of LCI for a Certificate of Public Convenience and Necessity be approved?

Weldon Stutzman

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