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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF MCImetro ACCESS TRANSMISSION SERVICE, INC.  FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY AND FOR AUTHORITY TO PROVIDE LOCAL EXCHANGE SERVICE AS A COMPETITIVE LOCAL CARRIER. | )  )  )  )  )  )  )  ) | CASE NO. MCM-T-97-1  COMMENTS OF THE  COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Brad Purdy, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued on August 27, 1997, submits the following comments.

BACKGROUND

On August 1, 1997, MCImetro Access Transmission Services, Inc. (MCImetro; Company) applied for a Certificate of Public Convenience and Necessity and authority to provide local telecommunications service.

MCImetro identifies itself as a wholly-owned subsidiary of MCI Telecommunications Corporation that is currently providing interexchange long distance service in Idaho.  MCImetro proposes initially to resell local telecommunications exchange services, but plans to offer a broader range of facilities-based exchange and access services as its customer base grows.  In this application, MCImetro is applying to provide service in U S WEST and GTE serving areas.

MCImetro has not yet initiated Interconnection Agreements with U S WEST or GTE in Idaho but it has submitted all of the information required in Idaho Public Utilities Commission Order No. 26665 and the information provided complies with Order No. 26665.

REQUEST FOR EXEMPTIONS

MCImetro has requested an exemption from the item in Order No. 26665 that requires:

A signed copy of an escrow account with a bonded escrow agent, if a company requires advance deposits by its customers. The Company must also submit quarterly report filings from the agent recording any deposits or disbursements from the account.

Order No. 26665, Appendix at page 3

The purpose of an escrow account is to assure the good faith, as required in Idaho Code ¶ 61-528, and financial ability of the applicant when it requires advance deposits from its customers.  The Commission will review the individual requirement of establishing an escrow account by the Company upon good showing by the Company for a period of two years.

Order No. 26665 at page 8

MCImetro requests:

As Applicant is not yet providing service to customers, Applicant requests a waiver of these requirements at this time.  Prior to providing service Applicant will provide an Escrow Agreement, or Performance Bond as required by Order No. 26665.  In this regard, Applicant notes that . . . Applicant has the financial capability to pay any liability for return of deposits in Idaho.

MCI Communications Corporation and subsidiaries unaudited balance sheets, as submitted to the Securities and Exchange Commission for the period ending March 31, 1997, show total assets in excess of $23 billion.  MCI has provided long distance service in Idaho for several years, and Staff believes that the Company has demonstrated the financial capacity to cover any advance deposits it may secure from customers.  Staff recommends approval of MCImetro’s request for a waiver of this escrow requirement as requested until such time as it begins to provide local service in Idaho.

Initially, MCImetro also requested an exemption from the Commission’s Rule 31.41.01503, Repair Service Standards.  In a letter from MCI’s Attorney, Dean J. Miller, dated September 15, 1997, this request was withdrawn.

TARIFFS

MCImetro has filed an illustrative tariff with the IPUC.  Staff and MCImetro are working together to resolve the minor problems in this tariff and expect the final tariff to be in good order.

CUSTOMER RELATIONS

Consumer Assistance Staff has examined the Commission’s records of a total of 159 informal complaints, comments and inquiries regarding MCI’s interexchange service for 1996 and year-to-date 1997.  The records consist of the Commission’s Consumer Assistance Staff’s electronic documentation of conversations with MCI’s customers and various telecommunications companies’ representatives as well as correspondence, bills, and other written materials.  The primary areas of concern expressed by customers involve billing, marketing practices, and carrier selection, including “slamming,” the unauthorized switching of interexchange carriers.  Staff’s analysis reveals that a number of problems may originate with resellers of its services, but Staff is troubled by MCI’s apparent reluctance to help resolve carrier selection and billing issues arising out of its reseller relationship.

Staff urges the Commission to take note that MCI has entered a consent decree with the Federal Communications Commission regarding allegations of slamming, involving a voluntary payment of $30,000 to the U.S. Treasury and an agreement to provide additional consumer protections against slamming (Common Carrier Scorecard, Fall 1996, p. 3).

Although Staff has some concerns about MCI’s interexchange operations within Idaho, there is not sufficient reason at this time to deny MCImetro’s application for a certificate to provide local exchange service.  To the extent that current problems originate in MCI’s relationship with its resellers, Staff does not expect to see similar problems in the local exchange service environment.  However, Staff will monitor MCI’s performance as a provider of local exchange service and will expect MCI to be responsive to its customers’ concerns and fully cooperate with the Staff in investigating complaints filed with the Commission.

RECOMMENDATION

Staff recommends approval of MCImetro’s application for a Certificate of Public Convenience and Necessity to provide local telephone service in Idaho.  Staff also recommends approval of MCImetro’s request for exemption from escrow requirements until such time as it actually provides service in Idaho.

Respectfully submitted this                  day of September 1997.

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Brad Purdy

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