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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION)	CASE NO. QWE-T-02-25
OF QWEST CORPORATION FOR PRICE)	COMMENTS OF THE
DEREGULATION OF BASIC LOCAL)	IDAHO CITIZENS
EXCHANGE SERVICES.)	COALITION
_____)	

Comes now the Idaho Citizens Coalition (“ICC”) to strongly urge the Idaho Public Utilities Commission (the “Commission”) to reject Qwest's application for deregulation of local service in seven Idaho counties.

As the Commission is aware, the purpose of public utility regulation is to guard against price gouging by companies that have a monopoly over the provision of necessary public utility services. Although ICC is willing to concede that there are perhaps a small percentage of telephone users who have eliminated their ground line telephone service and have replaced it with cell phone service, Qwest still has a monopoly on the provision of ground line service.

It is the belief of ICC that cell phones primarily supplement, rather than replace, ground line telephone service for most residential and small business users. ICC’s position is supported by data from the article, “Fast Facts on Telecommunications In Tennessee” which can be found on the internet at <http://www.state.tn.us/tra/telecomfiles/tcfastfacts.pdf>. According to information in this article, “97.0% of Tennessee households had telephone service, (national average: 97.5%, southern region: 96.7%).” It goes on to say that, “50% of Tennesseans have wireless (according to industry)/mobile phones (June 30, 2001, 2.3 million Tennesseans)”. The article does not specify the date it was written; however, it is obviously very recent as data cited further on in the report has a February 28, 2003 date. Although these data provide information on Tennesseans’ rather than Idahoans’ telephone usage, it is reasonable to assume that data for Idahoans would be similar.

ICC contends that cellular service is not replacing ground line telephone service for the vast majority of telephone users despite the fact that many have supplemented that ground line service with one or more cell phones for use outside the home and for long distance calling. Can you imagine trying to run a “typical” household of two parents and three kids with no telephone “extensions” around the house and only cell phone service? These same arguments would hold true for small business customers as well.

ICC also contends that residential and small business use of the internet and facsimile machines has increased over the last several years, which provides an opportunity for Qwest to actually INCREASE the number of ground line telephone connections it services since cell phones are not adapted to these services.

ICC also has some serious concerns about how the quality of local ground line telephone service might suffer under deregulation. According to Universal Service To Universal Access, © 1995 - International Research Center, found at <http://www.researchedge.com/uss/dereg.html>,

“As Local Exchange Carriers (LECs) downsize staffing to prepare for local telephone loop competition, service problems have seemingly increased in areas such as delayed installations, missing repair commitments and billing problems. Of 27 states reporting LEC staff reductions, 24 indicated an increase in service quality complaints.”

The same article goes on to state that the top three complaints include:

“‘800’ calls where the initial ‘free call’ turned into a billable call, operator service company practices and rates, and unauthorized switching of long distance service (‘slamming’).”

The State of Texas deregulated local phone service in 1996. Consumers Union, in their January 2001 report “Local Telephone Deregulation” - <http://www.consumersunion.org/pdf/swro/Telephone.pdf> - indicates that rates have consistently increased for customers since that time. According to the same Consumers Union article, the most active growing market is for pre-paid local service. These services target low income residents with problem credit or those without social security numbers.

“Consumers Union found that nearly three quarters of the companies providing residential service in six large Texas metropolitan areas provide service to customers in this segment only. By accepting customers rejected from the monopoly phone company, these companies are not actually competing on price.”

Another troubling concern to ICC is whether consumers who switched local providers would be able to maintain their same telephone number. The possibility of losing a well-established telephone number is likely to cause many residential and business telephone customers not to switch to a company with lower rates, which effectively ensures that Qwest’s monopoly would remain in place.

Based on the history of deregulation in local ground line telephone service and the arguments set forth above, the Idaho Citizens Coalition strongly encourages the Commission to reject Qwest’s proposal for deregulation in seven Idaho counties.

Dated: June 5, 2003

Respectfully submitted via e-mail,

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and Sharon Ullman
on behalf of the Idaho Citizens Coalition