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UTILITIES COMMISSION

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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

**IN THE MATTER OF QWEST
CORPORATION'S PROPOSAL TO PHASE
OUT BOISE AND POCATELLO CUSTOMER
PAYMENT CENTERS**

Case. No. QWE-T-03- 10

**APPLICATION OF QWEST CORPORATION
FOR AUTHORITY TO PHASE OUT BOISE
AND POCATELLO CUSTOMER PAYMENT
CENTERS AND REQUEST FOR MODIFIED
PROCEDURE**

Qwest Corporation ("Qwest" or the "Company"), by and through its undersigned attorneys, requests authority from the Commission pursuant to IDAPA 31.01.01.052 to phase out its two remaining Customer Payment Centers ("CPCs"), located in Boise and Pocatello, Idaho. Phasing out the CPCs would permit Qwest to operate more efficiently and cost-effectively and would not adversely impact the public interest. Qwest requests that the Commission consider this proposal on modified procedure pursuant to IDAPA 31.01.01.201-.204.

INTRODUCTION

1. Qwest operates only two CPCs in its 14-state region. One is located at 999 Main in Boise (the “Boise CPC”). The other is located at 455 W. Lewis in Pocatello (the “Pocatello CPC”). Historically, Qwest’s predecessors ran additional CPCs throughout their service territory. While the Company phased out its other CPCs long ago, the Commission did not permit the Company to close the Boise CPC and the Pocatello CPC when it attempted to do so thirteen years ago.

2. In 1990, the Company, as part of a regionwide restructuring, filed a proposal with the Commission to combine its residential marketing centers and its collection management centers.¹ One component of this plan was to close the Boise and the Pocatello CPCs. This raised concerns with the Commission. At the time, the Company’s customers primarily had four payment options: payment by mail; payment at a CPC; payment at an outside payment agent location (“PAL”); or direct/automatic payment. In Order No. 23179, the Commission ordered that the Company continue to operate the CPCs pending the creation of a record sufficient to allow the Commission to determine whether PALs could provide service equal to that provided by the CPCs. In September 1990, the Commission entered Order No. 23350, which approved an agreement between the Company and Commission Staff for a comprehensive monitoring plan. That plan required the Company to, on a daily basis, manually track the number of payments processed by CPC tellers and PAL agents, the number of payments placed in external CPC drop boxes, the number of payments placed in internal CPC drop boxes, the number of payments delivered to CPC tellers by other company employees (e.g., service representatives and credit managers), the types and numbers of customer questions, requests for telephone books, service-

¹ *In the Matter of the Investigation into Restructuring of Residence Service Centers Operated by Mountain States Telephone and Telegraph Company d/b/a U S WEST Communications, Inc.*, Case No. MTB-T-90-1.

related complaints and services for special needs customers. The daily tally sheets tracking all the specified data were to be delivered to the Commission Staff each month. According to the monitoring plan, after a three-month period of data collection was completed, a neutral third party was to conduct a survey of customers using the CPCs and the PALs to assess the level of customer satisfaction with each type of entity. Following completion of the survey, both the Company and Commission Staff were to submit reports to the Commission to assess, among other things, whether the CPCs could be closed.

3. The data tracking and reporting requirements proved to be extremely burdensome. In early 1991, just two months after the data monitoring plan had been implemented, the Company requested permission from the Commission to stop tracking the required data on a daily basis. The Company indicated it would continue to track and report the gross number of payments made at the CPCs and PALs on a monthly basis. It also indicated that, if it in the future sought to close the CPCs, it would provide six months of data consistent with its previous obligations. The Commission agreed.² In 1997, the Commission agreed that the Company could stop tracking and reporting data on the CPCs altogether, but again indicated that if the Company sought to close the CPCs, all previous requirements would be re-implemented.

4. Qwest acknowledges that it has not tracked the previously-required data of the type or in the level of detail earlier required by the Commission. It submits that to do so would be onerous. More importantly, doing so is unnecessary given the stark differences between 1990 and 2003 in terms of the many additional modes of payment available to Qwest customers and the steep decline in the use of the CPCs by Qwest customers. Qwest asks that the Commission waive its data collection mandates from the prior case, which took place in an entirely different

² *Order No. 23483, Case No. MTB-T-90-1 (January 2, 1991).*

era, under completely different circumstances, and permit Qwest the flexibility it needs to operate its business in an efficient, cost-effective manner.

QWEST'S PROPOSAL

5. Qwest proposes to phase out the CPCs over a 90-day period beginning May 1, 2003. Qwest will distribute notices in the CPCs beginning May 1, 2003 in the forms attached hereto as Exhibit A (Boise) and Exhibit B (Pocatello). Qwest invites the Commission's input into the form and contents of the proposed notices. The notices will advise customers that the CPCs will be closing as of the end of July 2003 and will delineate each of Qwest's payment options. They will also provide customers website links and telephone numbers to assist CPC users in learning about the many alternative payment options at their disposal. By providing these notices, CPC customers will have at minimum two (and up to three) full billing cycles to adjust how they tender their payments to Qwest.

FACTS SUPPORTING QWEST'S PROPOSAL TO PHASE OUT THE CPCS

6. The CPCs are not cost-effective. Processing payments via the CPCs is grossly inefficient, costing the Company over \$211,000 per year.³ On a per-payment basis, the average cost⁴ of processing a payment through the Pocatello CPC is \$2.27 and through the Boise CPC is \$3.00. This is compared to only \$0.11 for processing a payment made through the mail. In these very difficult economic times, and given the multitude of payment options available to Qwest customers, this disparate expense is not justified.

7. Use of the CPCs has declined sharply in recent years. Fewer and fewer customer payments are processed by tellers through the CPCs. The number of payments processed by

³ This estimate is actually quite low, as it includes only labor and security costs for the two CPCs. It does not include real property costs or the cost of utilities, equipment or supplies.

⁴ Again, this includes only labor and security costs.

tellers has decreased by 38% since 1996, from a total of 112,820 in 1996 to 70,126 in 2002.⁵ By comparison, use of the non-Qwest PALs has increased by 156%, from 91,369 in 1996 to 234,316 in 2002.⁶ Because the cost of operating the CPCs is largely fixed, this sharp decrease in usage causes continued operation of the CPCs to be increasingly less cost-effective. Despite the high cost of operating the CPCs, teller-processed payments constitute only 1.43% of the total number of payments processed for Idaho customers in 2002 and less than .005% of the total number of payments processed for Qwest customers regionwide in 2002.

8. Payment by mail and at PALs are still available and popular. As in 1990, payment by mail remains the most common method of customer payment, with 84% of Idaho Qwest payments being made by mail. To a much greater degree than in 1990, PALs exist in many Idaho locations. PALs are non-Qwest businesses that agree to receive Qwest payments from Qwest costumers. There were only 11 PALs in Idaho in December 1990. Today, however, there are a total of 58 free PALs in Idaho, including 8 in Boise⁷ and 3 in Pocatello.⁸ These PALs generally have longer customer hours than do the CPCs.⁹ Customers may find the nearest PAL by simply entering the city, state or zip code on Qwest's website.¹⁰ Qwest customers using the

⁵ In late 1990, the CPC tellers processed an average of 7,615 payments per month. If this average number is annualized, it appears that in 1990, the CPC tellers processed approximately 91,380 payments, some 30% more than were processed in 2002.

⁶ In late 1990, non-Qwest PALs averaged only 2,837 payments per month. If this average number is annualized, it appears that in 1990, the PALs processed only about 34,000 payments, less than one-sixth of what they processed in 2002.

⁷ The Boise PALs include All Makes Vacuums (615 N. Orchard), Boise Box Office (111 Broadway, Suite 133), Mr. Payroll (6350 Fairview), Ship N Check (8469 W. Franklin) and four locations of Singers Insta Cash (8411 Fairview; 6942 W. State; 111 Broadway, Suite 101; and 8618 West Overland). A ninth Boise location is currently being negotiated.

⁸ The Pocatello PALs include R Place (245 Riverside Ct), Ridley's (911 N. Main) and Super Save Drug (701 East Center).

⁹ The Boise CPC is open Monday-Friday 8:30 to 5:00; the Pocatello CPC is open Monday-Friday 9:00-5:00. Ten of the eleven PALs in Boise and Pocatello have weekend hours. Many take payments at night as well. The hours of operation of the Boise and Pocatello PALs are provided in the flyers attached as Exhibits A and B to this Application.

¹⁰ The steps for getting from the qwest.com home page to the PAL query tool are described on the flyers attached as Exhibits A and B to this Application.

Boise or Pocatello PALs identified in footnotes 7 and 8 pay no additional fees or charges than they would had they made payment at a CPC.

9. PALs offer customers more choices and functionality than they were able to in 1990. In 1990, payments made at PALs were simply aggregated and forwarded by mail to Qwest's billing centers. Today, Qwest's PAL vendor electronically uploads payment information from each of the PALs and transmits that information to Qwest four times each business day. In the 1990 docket, the Commission indicated some concern that PALs alone were insufficient since they did not possess direct access to Qwest's billing systems. As such, the Commission indicated that customers facing disconnection due to late payment would not be able to avoid disconnection by visiting a PAL to make payment. This is no longer the case, as Qwest electronically receives notice of PAL payments four times a day. Once record of a customer payment is transmitted to Qwest, the customer's account is instantly noted to prevent disconnection.¹¹ In addition, unlike in 1990, there are a number of alternative methods now available to Qwest customers that can be used to make instant payment to avoid service interruption. These are discussed in paragraph 10 below. In the 1990 docket, the Commission also raised as a concern that cash payments might not be allowed at PALs, while they were at the CPCs. The Commission believed this difference unreasonably limited the choices available to the Company's customers. This is no longer a concern, as the PALs now accept cash in addition to other forms of payments.

10. Customers now have many additional methods of payment at their disposal. Qwest's Idaho customers have a multitude of alternative payment options in addition to paying by mail or at one of the 58 free PALs in the state. Customers, as they could in 1990, may

arrange with Qwest for direct/automatic withdrawal from their bank accounts.¹² Customers may provide a debit card, credit card or a check routing number to a Qwest billing representative over the telephone.¹³ They may also provide a check routing number or credit card number through an automatic Interactive Voice Response Unit (“IVRU”) system over the telephone.¹⁴ Qwest customers may also pay by debit card, credit card or check over the Internet.¹⁵ Each of these methods provides the advantage of instant payment without the time associated with having to visit a CPC or PAL. The payment methods available to Qwest customers are described on Qwest’s website.¹⁶

11. Qwest offers assistance to customers with special needs. Another concern expressed by Commission Staff and other intervenors in 1990 was the role CPCs could play in assisting the Company’s customers with special needs. Once again, Qwest is much better situated today to deal with these issues and Qwest provides several products and services to assist persons with disabilities with their telecommunications needs. Qwest operates a Special Needs Center (“Center”) to assist persons with disabilities. The Center’s¹⁷ responsibilities include: (a) handling service and sales issues related to the disabled community; (b) applying and following up on those accounts that are exempt from directory assistance charges because of

¹¹ Additionally, if a Qwest customer is extremely concerned that his or her service may get disconnected, the customer may immediately telephone Qwest with the receipt number provided by the PAL. This too will prevent interruption of service.

¹² Approximately 700,000 Qwest customers nationwide use this automatic payment method.

¹³ This method of payment was first available in 1997, the same year that Qwest switched to its current PAL vendor. The increase in the number of customer payment options and the number of available PALs has no doubt led to the decline in the use of the CPCs, as described in paragraph 7 above.

¹⁴ Over one million IVRU payments were made by Qwest customers nationwide in 2002.

¹⁵ Qwest is working to expand the capabilities of its IVRU system and its Internet payment tool to permit payment at times when the Qwest business office is not operating. This advance will allow even greater flexibility to customers.

¹⁶ The steps for getting from the qwest.com home page to the payment options screen are described on the flyers attached as Exhibits A and B to this Application.

¹⁷ Voice and TDD calls to the Center can be made to 1-800-223-3131. Faxes to the Center can be sent to 1-505-765-8203.

a verified disability; (c) applying and following up on those accounts that are TTY/TTD¹⁸ discounted for intra-LATA calling; and (d) serving as a point of contact for customers using Text Telephone Relay/Telecommunications Device for the Deaf. The Center can also, when requested, provide bills in Braille, in large font, in audio format (recorded to a tape and mailed to the customer) and via email (to be translated by a “talking modem”).

12. The Idaho telecommunications market has shifted from monopoly to competition.

In 1990, when the Commission addressed the closure of the two CPCs in Idaho, Qwest’s predecessor was essentially the only provider of local exchange services for residence and small business customers. Passage of the federal Telecommunications Act of 1996 was still years in the future and the familiar methods of gaining competitive entry in the local markets (i.e., resale, interconnection, collocation, and the purchase of unbundled network elements) were virtually unheard of. Deployment of cellular technology for voice communications was in its infancy. At that time, both the Commission and the local exchange customers had a different relationship with the company that is now Qwest.

13. The reality of 2003 is much different. The pervasive rate regulation of the monopoly era has largely transitioned into a role of regulatory oversight focused largely on the implementation of the 1996 Act. Recently, this Commission confirmed to the FCC that Qwest had successfully opened its markets in Idaho as required under the 1996 Act.

The Idaho legislature has also recognized these changes in the environment and enacted a number of statutory provisions including, in 1997, Idaho Code § 62-622(5) which provides that the Commission shall determine the “noneconomic regulatory requirements” for all telephone corporations providing basic local exchange service. The Commission’s 1990 decision to require Qwest’s predecessor to maintain the Boise and Pocatello CPCs has not been extended to

¹⁸ “TTY/TTD” is a telecommunications device for the deaf over teletypewriter technology.
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competitive providers or adopted as a rule of general applicability for local exchange companies or companies designated as eligible telecommunications carriers under Idaho Code § 62-610A through F. Any continuing mandate by the Commission that Qwest operate the CPCs would stand at odds with the statutory and market realities of the present day. Such a mandate would also serve to put Qwest at the competitive disadvantage of continuing to incur the costs of operating the CPCs when they are no longer necessary in Qwest's business judgment and are not required of competing carriers.

REQUEST FOR MODIFIED PROCEDURE

14. Qwest respectfully requests that the Commission consider this application under the modified procedure provisions (Rules 201 through 204) of IDAPA 31.01.01. Qwest believes that it has provided ample facts to support a preliminary finding under Rule 201 that the public interest may not require a hearing to consider the issues presented in this application. Qwest suggests that a three-week comment cycle would be appropriate and sufficient. Qwest will post a copy of the Commission's notice regarding the modified procedure in the CPCs to facilitate comments from users of the CPCs.

CONCLUSION AND PRAYER FOR RELIEF

15. Customer service is of central importance to Qwest, as is ensuring that Qwest's customers are able to pay their bills and that Qwest is able to operate as cost-effectively as possible. Unlike in 1990, Qwest customers now have at their disposal a myriad of payment options other than remitting their payments by mail or visiting a CPC. Qwest offers customers a variety of instant, economical alternatives, including payment by phone or over the Internet. For those customers desiring to pay in cash or in person, 58 free PALs exist in the state as of the date of this application. Others are likely to be added if the CPCs are closed. Qwest's proposal

would ensure a smooth transition for those Qwest customers still accustomed to visiting the Boise or Pocatello CPCs to make payment. As such, the Commission should approve this proposal expeditiously.

WHEREFORE, Qwest respectfully requests that this Commission enter an order, on modified procedure, approving Qwest's proposal to phase out the Boise CPC and the Pocatello CPC over a period of 90 days after entry of the Commission's order.

Submitted this 12th day of March, 2003.

Qwest Corporation



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Adam L. Sherr
Qwest
Attorneys for Qwest Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 12th day of March, 2003, the foregoing **APPLICATION OF QWEST CORPORATION FOR AUTHORITY TO PHASE OUT BOISE AND POCATELLO CUSTOMER PAYMENT CENTERS AND REQUEST FOR MODIFIED PROCEDURE** was served upon the following parties:

Jean D. Jewell, Secretary
Idaho Public Utilities Commission
472 West Washington Street
P.O. Box 83720
Boise, ID 83720-0074

X Hand Delivery
____ U. S. Mail
____ Overnight Delivery
____ Facsimile



Brandi L. Gearhart, PLS
Legal Secretary to Mary S. Hobson
Stoel Rives LLP

QWEST CUSTOMER NOTICE PAYMENT CENTER CLOSURE

EFFECTIVE JUNE 30, 2003, THE BOISE PAYMENT CENTER WILL BE CLOSED

Qwest values our customers and wants you to know there are many options available for making payments on your Qwest account:

- Sign up for Automatic Payment
- Pay by Credit Card over the Internet or by telephone
(MasterCard, Visa or Discover)
- Pay by check over the Internet or by telephone
- Pay by mail
- Visit a Walk-In Payment Location
(see reverse for payment locations in Boise)

Additional information on payment options can be found on our website:
www.qwest.com. Follow these steps:

RESIDENTIAL

- Click "Residential"
- Enter Area Code and Prefix
- Click "Continue"
- Click "Manage Your Account"

Residential Billing Inquiries:
1 800 244 1111

SMALL BUSINESS

- Click "Small Business"
- Select state (Idaho)
- Click "Manage Your Account"

Small Business Billing Inquiries:
1 800 603 6000



BOISE

WALK-IN PAYMENT LOCATIONS

ALL MAKES VACUUM 615 N Orchard	M-F 9 am - 530 pm SA 9 am - 4 pm
BOISE BOX OFFICE 111 Broadway	M-F 9 am - 6 pm SA 10 am - 2 pm
MR PAYROLL 6350 Fairview	M-F 10 am - 7 pm SA 10 am - 5 pm
SHIP N CHECK 8649 Franklin Rd 83709	M-F 10 am - 6 pm SA 10 am - 2 pm
SINGERS INSTA CASH #2 8411 Fairview Ave	M-F 10 am - 7 pm SA 10 am - 3 pm
SINGERS INSTA CASH #3 6942 State St	M-F 10 am - 6 pm
SINGERS INSTA CASH #4 111 Broadway Ave Ste 101	M-F 10 am - 7 pm SA 10 am - 3 pm
SINGERS INSTA CASH #8 8618 W Overland	M-F 10 am - 7 pm SA 10 am - 3 pm

Additional walk-in payment locations can be found on our website:
www.qwest.com. Follow these steps:

RESIDENTIAL

- Click "Residential"
- Enter Area Code and Prefix
- Click "Continue"
- Click "Manage Your Account"
- Click "View Other Payment Options"
- Click "Pay at a Walk-In Payment Location" then follow prompts

Residential Billing Inquiries:
1 800 244 1111

SMALL BUSINESS

- Click "Small Business"
- Select state (Idaho)
- Click "Manage Your Account"
- Click "View Other Payment Options"
- Click "Pay at a Walk-In Payment Location" then follow prompts

Small Business Billing Inquiries:
1 800 603 6000



QWEST CUSTOMER NOTICE PAYMENT CENTER CLOSURE

EFFECTIVE JUNE 30, 2003, THE POCA TELLO PAYMENT CENTER WILL BE CLOSED

Qwest values our customers and wants you to know there are many options available for making payments on your Qwest account:

- Sign up for Automatic Payment
- Pay by Credit Card over the Internet or by telephone
(MasterCard, Visa or Discover)
- Pay by check over the Internet or by telephone
- Pay by mail
- Visit a Walk-In Payment Location
(see reverse for payment locations in Pocatello)

Additional information on payment options can be found on our website:
www.qwest.com. Follow these steps:

RESIDENTIAL

- Click "Residential"
- Enter Area Code and Prefix
- Click "Continue"
- Click "Manage Your Account"

Residential Billing Inquiries:
1 800 244 1111

SMALL BUSINESS

- Click "Small Business"
- Select state (Idaho)
- Click "Manage Your Account"

Small Business Billing Inquiries:
1 800 603 6000



POCATELLO

WALK-IN PAYMENT LOCATIONS

	HOURS
R PLACE 245 Riverside Ct	SU-TH 6 am - 10 pm F-SA 7 am - 11 pm
RIDLEY'S 911 N Main St	DAILY 7 am - 11 pm
SUPER SAVE DRUG 701 E Center	M-F 9 am - 9 pm SA 9 am - 5 pm SU 11 am - 5 pm

Additional walk-in payment locations can be found on our website:
www.qwest.com. Follow these steps:

RESIDENTIAL

- Click "Residential"
- Enter Area Code and Prefix
- Click "Continue"
- Click "Manage Your Account"
- Click "View Other Payment Options"
- Click "Pay at a Walk-In Payment Location" then follow prompts

Residential Billing Inquiries:
1 800 244 1111

SMALL BUSINESS

- Click "Small Business"
- Select state (Idaho)
- Click "Manage Your Account"
- Click "View Other Payment Options"
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