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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
COMMENTS OF QWEST CORPORATION**

Qwest Corporation ("Qwest" or the "Company"), by and through its undersigned attorneys, submits the following comments pursuant to the Commission's April 9, 2003 Notice of Application/Notice of Modified Procedure ("Notice") and the May 5, 2003 Stipulation For Extension of the Public Comment Period ("Stipulation)." The Notice provided a 28-day comment period and the Stipulation extended the period to May 16, 2003.

I. INTRODUCTION

The Commission should grant Qwest's March 12, 2003 application and permit Qwest to phase out its Boise and Pocatello Customer Payment Centers ("CPCs"). The CPCs are not cost-efficient, are experiencing declining use by Idaho customers, and have been replaced by

alternative live, telephonic and electronic methods of payment. The Commission's 1990 order requiring that the CPCs remain open until the Commission could oversee and review extensive, burdensome data collection is a vestige of an earlier, pre-competitive period. The lack of extensive public comment and the decline in usage of the CPCs in the first four months of 2003 further demonstrate that the Commission should grant Qwest's application. In these comments, Qwest will discuss and respond to the few issues raised in public comments filed with the Commission, will discuss the need for a level regulatory playing field and will update the Commission on the status of locating new outside payment agents in Boise and Pocatello.

II. DISCUSSION

A. **The public has shown little interest in this docket.**

The Notice and Stipulation allowed the public a combined 37 days to provide written comments. In addition, Qwest was required to conspicuously post a notice of this proceeding at the CPCs and to prepare and distribute a handout summarizing its proposal to customers using the CPCs. Despite these extensive steps to advise the public, few members of the public have submitted comments.

1. **Few comments have been received and none justifies forcing Qwest to maintain the costly CPCs.**

Despite the extensive steps to encourage public involvement, only 31 signed public comments have been received by Qwest's count.¹ Of these, one commenter pointed out that businesses need to streamline operations in order to be competitive. Among comments objecting to phase-out of the CPCs, most reflected a misunderstanding of the options available to

¹ Qwest draws the Commission's attention to the fact that Roger W. Chase, the Mayor of Pocatello, who filed comments strongly opposing Qwest's application on April 17, 2003 (those comments were posted on the Commission website), has retracted his negative comments and now supports Qwest's application, "this seems to be a reasonable proposal and I encourage you to approve Qwest's request." (letter dated, May 12, 2003)

customers as well as a misperception of the functionality of the outside Payment Agency Locations (“PALs”). Qwest discusses the issues raised in the public comments below.

a. Misunderstanding of available options

- Live personal contact. Several individuals stated that the CPCs are needed to preserve personal contact so that a customer does not have to deal with an impersonal machine or a person over the phone when paying his or her bill. This will not change with the phase-out of the CPCs. There are presently eleven outside payment agent locations in Boise and Pocatello that allow customers to make payments with the assistance of a live person.

Some customers, however, over estimate the services they can expect to receive from a “live person” at the Qwest CPCs. In Qwest’s experience, customers at times demand services from the Qwest tellers that they are unable to provide. For example some customers believe that because the teller is a Qwest employee the teller can change a billing address, take a service order, or restore service. In fact these services are not provided at the CPC because Qwest tellers do not have the training or the system capability to perform any service beyond accepting payments from customers. Similarly, personnel at Qwest’s PALs cannot perform these functions, but they are able to provide a level of service equal or superior to that provided by the CPCs.

- Loss of jobs. Four commenters mentioned loss of jobs at the Pocatello CPC as a concern that should influence the Commission’s decision. While Qwest values its employees and is mindful that every job matters, the Commission should understand that the Pocatello CPC employs three persons, all of whom will be eligible for transfer to a position in Qwest’s Pocatello Customer Solutions Center or other positions pursuant to Qwest’s labor agreement. The two employees of the Boise CPC will have similar opportunities. One is set to retire after having worked with the Company for 28 years, while the other is also eligible for transfer to an alternate position within Qwest pursuant to Qwest’s labor agreement.

- Service to the elderly and customers with special needs. Three individuals commented that the CPCs are critical for serving Qwest's disabled and elderly customers. As detailed in Qwest's application, Qwest pays special attention to its less able-bodied customers and, for that reason, has dedicated significant resources and effort in developing its Special Needs Center, in providing TTY/TTD services, and in offering large font, Braille, e-mail and audio billing formats. *See Qwest's Application*, ¶11. It should be noted that in the Idaho towns and cities in which Qwest does not operate a CPC the Commission has not heard any significant outcry about Qwest's service to its elderly and special needs customers.

b. Misperception of PAL Functionality

- Payment agent locations do make cash payments and deposits. Three individuals commented that the CPCs must remain open to offer Qwest customers the ability to make payments and tender deposits in cash. This is simply not a concern because all of Qwest's outside payment agent locations in Idaho accept cash for making payments and for paying deposits.

- Customers do not pay a fee when making a payment at a PAL. One commenter stressed that it is unfair for customers to have to pay a fee to outside payment agents in order to make a payment. Again, this comment simply indicates a misunderstanding of the facts. None of the eleven outside payment agent locations in Boise and Pocatello charge customers a fee. In fact, as mentioned above, there are currently 56 non-fee payment agent locations statewide.

- Payments made at PALs are downloaded and applied to customers' accounts four times daily. Two individuals touted the convenience and importance of having a payment immediately noted on one's account when payment is made at the CPC. This is, again,

a misunderstanding. In fact, payment agents actually offer superior capability in applying payments to customer accounts. When a customer makes a payment at a Qwest CPC the teller will make a notation on the customer record of the payment. Record of the payment is sent overnight to the Regional Processing Service (“RPS”) Center in Denver where payment is actually applied to the customer account balance. This is generally accomplished within two business days of making the payment.

Alternatively, customers who make their payments at a payment agent have an advantage in two respects. First, Qwest downloads customer payment information from the payment agents four times daily. This means payments are reflected on the customer’s account balance immediately upon receipt of the downloaded data. Second, customers making a payment at an outside payment agent location receive a paper receipt with a tracking number that the customer can use to immediately notify the Qwest billing office that a payment has been made. This may prove valuable to a customer who, for example, is facing imminent disconnection due to delinquent payment and wants assurance that his payment at the agent location has forestalled disconnection. Qwest customers paying at the CPC do not receive a receipt with a similar tracking number.

2. Use of the CPCs continues to decline.

In Qwest’s application, it provided data concerning the dramatic decline in the use of the CPCs between 1996 and 2002. Yet another indication that CPCs are being displaced by other forms of payment is that the pace of the decline in use remains dramatic. Looking at the months of January through April 2002 and 2003, the year-over-year CPC usage declined 24% at the

Boise payment center and 18% at the Pocatello payment center.² This recent decline demonstrates that Qwest customers are aware and availing themselves of alternative, equally-convenient (if not more convenient) payment methods. It also helps to explain why most customers have shown very little interest in Qwest's proposal to phase out the CPCs.

B. The Commission should take advantage of its opportunity to level the playing field.

In its application, Qwest noted that the Boise and Pocatello CPCs are the Company's only two remaining CPCs. No other commission prohibited closure of the CPCs in 1990, and Qwest notes that there are no statutes or Commission rules that set standards for utility operation of customer payment centers or for phase-out of such centers.

In addition, Qwest is unaware of any other Idaho utility being *required* to maintain a CPC. Qwest provides alternate payment locations through outside payment agents at eight separate locations in Boise and three in Pocatello. Seven of the Boise locations also act as agents for Idaho Power Company (IPC) and all three Pocatello locations are available for both IPC and Qwest customers. IPC is not required, and does not maintain, a company-operated payment location anywhere in Idaho. United Water offers its Boise customers two alternatives for making a payment in person. Intermountain Gas provides no option for making a payment in person other than at headquarters locations in Boise and Pocatello. Today, Qwest customers have more opportunities to pay a bill in person than any other Idaho utility customer.

Qwest is not aware that any other telephone company is required to maintain payment centers in the same manner as Qwest. In fact, Qwest understands that within the last few years, another incumbent local exchange carrier (ILEC) informally advised Staff that it intended to

² Broken down by CPC, there has been a 24% decline in the Boise CPC (dropping from 11,939 payments in January through April 2002 to 9,666 for that period in 2003), and an 18% decline in the Pocatello CPC (dropping from 16,086 payments in January through April 2002 to 13,597 for that period in 2003).

close two company-operated payment centers in separate communities. Qwest further understands that, without any formal Commission proceeding, Staff advised that ILEC that the Commission would not intervene or object as long as the company's customers had outside payment agent locations available to them. The ILEC has closed those payment centers.

As of today, Qwest has 56 no-fee outside payment agents under contract in Idaho: eight in Boise and three in Pocatello³. Qwest should not be held to a higher standard for the availability, location, or functionality of its outside payment agents than other Idaho utilities. Instead, Qwest should be free to make business decisions that are in the best interests of the Company, as well as the customers, regarding the manner in which customers pay their bills. In today's competitive, non-monopoly environment continuing to hold Qwest to the unique requirement that it maintain expensive, unnecessary payment centers cannot be justified. While it is true that the Commission's 1990 order has never been vacated, it is equally true that the Commission has the authority to rule that the restrictions and data-collection mandates set forth in the 1990 order are no longer appropriate. *Idaho Code* § 61-624. Given the stark changes in the competitive environment, the measurable inefficiency of operating the CPCs, the number of outside payment agent locations available to Qwest customers, the number and variety of alternative payment methods now available, the treatment of other similarly-situated utilities, the dramatic decline in use of the CPCs, and the lack of public interest in this docket the Commission should rescind its 1990 order and grant Qwest's application.

C. Status update on locating additional outside payment agents in Boise and Pocatello.

In its application, Qwest indicated that if the CPCs are phased out, additional payment agent locations would likely be opened. Since that time, Qwest has worked with its payment

³ See Attachment A to Qwest's Supplemental Response to Request No. 1, First Production Request of the Commission Staff.

agent location vendor, First Data Corporation (“FDC”), in an effort to identify and secure additional payment agents to serve CPC customers in Boise and Pocatello. Today, Qwest offers the eight payment agents in Boise depicted on Attachment A to these comments. These locations include Singers InstaCash located at 111 Broadway near St. Luke’s Hospital. In addition FDC has closed a contract with Wireless USA located at 1782 West State Street, a location across the street from the site of the original Albertson’s grocery store in the Albertson’s Marketplace. The Singers InstaCash and Wireless USA locations offer reasonable proximity to the downtown Boise area while other agents offer more convenient locations for customers who live, work or shop in other parts of the city.

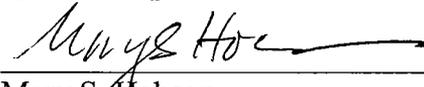
Qwest customers in Pocatello have a convenient payment alternative to the Pocatello CPC with Qwest’s payment agent Super Save Drug. In addition to Super Save Drug and the two other payment agents already available in Pocatello, FDC has closed a contract with D&M Trading Post located at 1238 North Main. *See*, Attachment A. With this addition Pocatello customers will have four alternate payment locations to pay their Qwest bill, which means Qwest provides more alternatives than any other utility in Pocatello.

III. CONCLUSION

For the foregoing reasons and those stated in Qwest’s application, Qwest respectfully requests that the Commission grant Qwest’s application in this case without further condition.

Submitted this 16th day of May, 2003.

Qwest Corporation



Mary S. Hobson
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Adam L. Sherr
Qwest
Attorneys for Qwest Corporation

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 16th day of May, 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

Donald L. Howell, II
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 X Hand Delivery
 U. S. Mail
 Overnight Delivery
 Facsimile


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

QWEST - BOISE

PAYMENT AGENTS

CURRENT LOCATIONS

HOURS

- ALL MAKES VACUUM
615 N Orchard
M-F 9 am - 5:30 pm
SA 9 am - 4 pm
- MR PAYROLL
6350 Fairview
M-F 10 am - 7 pm
SA 10 am - 5 pm
- PAYDAY
8050 Fairview
M-F 9 am - 6 pm
SA 9 am - 4 pm

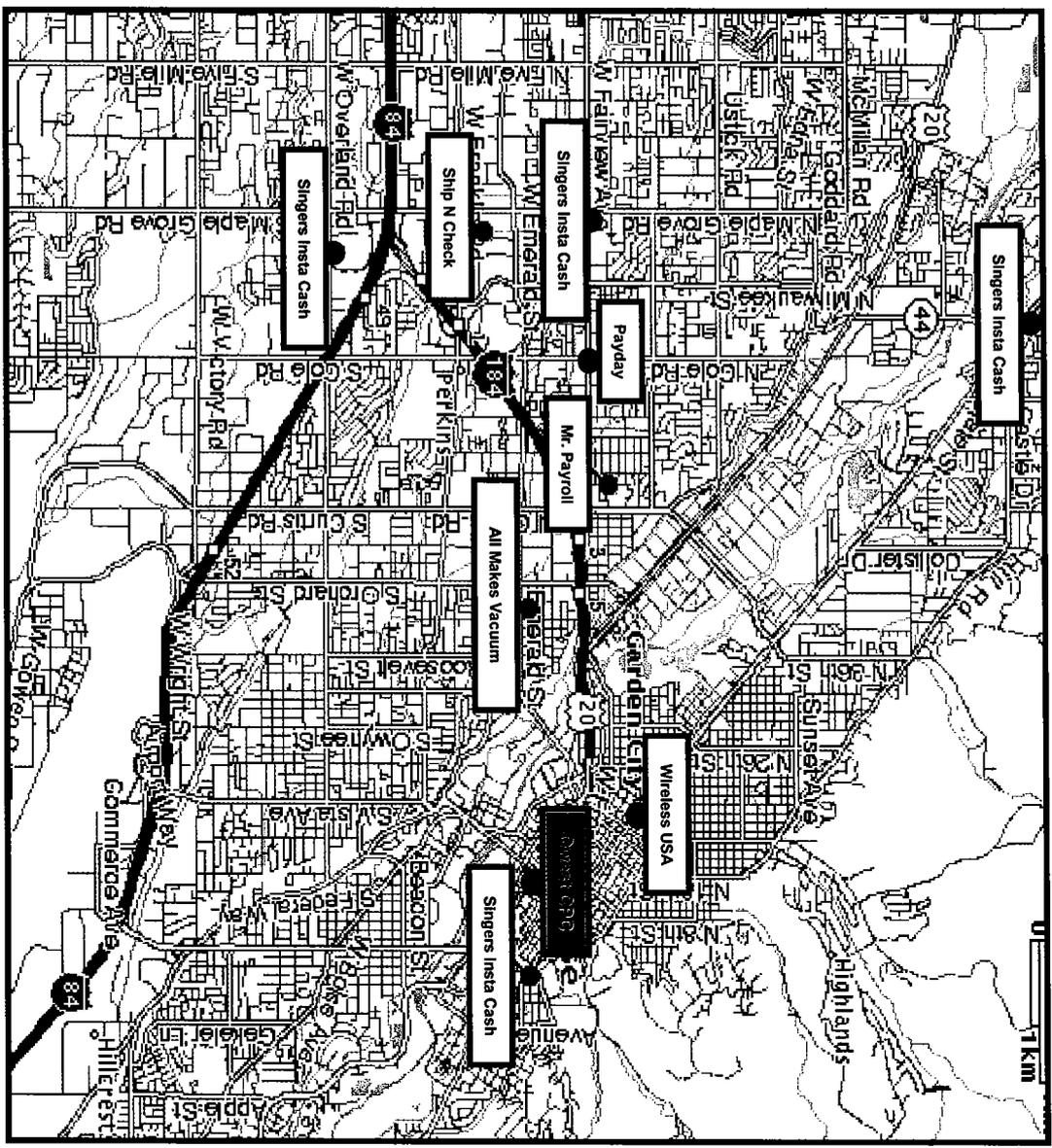
- QWEST CUSTOMER
PAYMENT CENTER
999 Main
M-F 8:30 am - 5 pm

- 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

PROPOSED LOCATIONS

HOURS

- WIRELESS USA
1782 W State
M-F 10 am - 7 pm
SA 10 am - 6 pm



- Current Locations
- Proposed Locations



