

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF) QWEST CORPORATION TO PHASE OUT AND) CLOSE THE BOISE AND POCATELLO) CUSTOMER PAYMENT CENTERS.)	CASE NO. QWE-T-03-10 ORDER NO. 29270
--	---

On March 12, 2003, Qwest Corporation filed an Application to close its two remaining customer payment centers (CPCs) located in Boise and Pocatello. The Company generally maintains the continued operation of these two payment centers is not cost effective and closure would not adversely affect the public interest.

On April 9, 2003, the Commission issued a Notice of Application and Notice of Modified Procedure. The Commission requested that interested persons submit comment no later than May 7, 2003. The Commission subsequently adopted a stipulation proposed by the Commission Staff and Qwest to extend the comment period until May 16, 2003. The Commission received comments from Qwest, Staff, and approximately 33 members of the public. On May 21, 2003, Qwest submitted Reply Comments.

THE APPLICATION

Qwest asserted that the only remaining payment centers in its 14-state region are the Boise and Pocatello CPCs. Application at 2. Qwest proposed to phase out the two payment centers over “a 90-day period beginning May 1, 2003.” *Id.* at 4. If the Commission approves the closure of the payment centers, then the Company will post notices advising CPC customers that the centers will be closing. The Company also maintained that the notices will provide customers with information about website links and telephone numbers so that payment center customers can learn about the many alternative payment options available. *Id.* at 4. The Boise and Pocatello notices also identify the eight “walk-in” payment agencies in Boise and the three “walk-in” payment agencies in Pocatello.

Qwest advanced three primary reasons why it wanted to close the two CPCs. First, the Company insisted that the payment centers are “grossly inefficient, costing the Company over \$211,000 per year.” *Id.* at 4. This figure does not include the cost of renting space and utilities. On a per payment basis, the Company estimated that the average costs of processing a

payment through the Pocatello and Boise centers are \$2.27 and \$3.00, respectively. These costs compare to the cost of processing a payment made through the mail at only \$0.11. *Id.*

Second, the Company stated that usage of the Company operated payment centers has declined sharply in recent years. “The number of payments processed by [CPC] tellers has decreased by 38% since 1996, from a total of 112,820 in 1996 to 70,126 in 2002.” *Id.* at 5 (footnotes omitted). By comparison, the Company maintained that the use of its local payment agents has increased by 156%, from 91,369 in 1996 to 234,316 in 2002. The Company asserted that the two CPCs only process 1.43% of the total number of payments made by Idaho customers in 2002. *Id.*

Third, customers may still choose from an array of payment options. The Company stated the most common method of payment, which is by mail, is used by 84% of Idaho customers. In addition to mail payments, the Company has procured 58 payment agencies in Idaho including 8 in Boise and 3 in Pocatello. The local payment agencies provide walk-in, face-to-face service for customers desiring to pay their bills in person. Information about the nearest agencies locations is available on Qwest’s website (www.qwest.com). Most payment agents do not charge a fee for using their service. Qwest’s payment agents electronically upload payment information four times each business day. Thus, the customer’s account is timely updated to avoid disconnection in those cases where disconnection is pending.

Customers may also arrange with Qwest for direct/automatic withdrawals from their checking account or pay by credit card, debit card or a check routing number when speaking to a Qwest billing representative. In addition to communications with billing representatives, customers may also use Qwest’s “interactive voice response unit” to provide for automated payment via check routing number or credit card. Finally, customers may pay via debit card, credit card or check over the Internet.

The Application also addressed customers with special needs. Qwest operates a special needs call center to assist persons with disabilities with their telecommunications needs. *Id.* at 7. The center handles

- Service and sales issues related to the disabled;
- Follow up on those accounts that are exempt from directory assistance charges because of a verified disability;

- Follow up on those accounts that are TDY/TDD discounted for intra-LATA calling, and;
- Contacts with customers using text telephone relay/TDD apparatus.

The center has the capability when requested to provide bills in Braille, in large fonts, in audio format, and via e-mail (to be translated by a “talking modem”).

PUBLIC COMMENTS

The Commission received approximately 33 public comments, five from Boise and the balance from Pocatello. All the public comments except one¹ urged the Commission to require Qwest to retain the CPCs. All of the opposing comments expressed concern that closure of the CPCs represents a decline in the level of customer service provided by Qwest. The five Boise comments noted that the existing CPC on Main Street is conveniently located downtown and they like the availability of a “courtesy” phone. Some of these customers expressed concern that payment agencies would not accept partial payment for their bills.

Several Pocatello customers expressed concern about the loss and status of CPC employees. They did not want the CPC tellers to lose their jobs. Some Pocatello comments noted that closure of the CPC would disrupt their payment routine and that using the alternative local payment agents would be inconvenient. One commenter noted that the CPC provides important “face-to-face” contact versus the frustration in using complicated web or telephone menus to resolve problems.

QWEST COMMENTS

In its comments, Qwest maintained that the public “has shown little interest in this docket.” Comments at 2. Despite being required to conspicuously post a notice of the proceeding and distribute a handout to customers using the CPCs, Qwest insisted that the Commission only received about 31 written comments. *Id.* For the most part, Qwest’s comments respond to the points addressed by many of the public commenters.

Qwest urged the Commission to discount the relevance of several letters based upon the commenters’ alleged “misunderstanding of the Company’s proposal.” More specifically, several commenters urged the Commission to preserve the CPCs so that customers may continue

¹ Initially, the Mayor of Pocatello filed comments strongly opposing Qwest’s Application. In a subsequent letter, the Mayor retracted his statement and encouraged the Commission “to approve Qwest’s request” to close the two CPCs.

to transact business with an actual Company employee. The Company responded that the local payment agencies are intended to replace the two CPCs. The Company maintains that there are 11 outside payment agencies located in Boise and Pocatello that allow customers to transact business with a “live person.” Comments at 3. Four commenters also mentioned the Qwest employees that would lose their jobs following closure of the CPCs. The Company noted that all three employees in Pocatello will be eligible for a transfer to the Pocatello Customer Solution Center and that the two Boise employees will have similar opportunities.

Qwest argued that its local payment agencies constitute a sufficient and reasonable substitute to the two CPC locations. Qwest noted that local agencies accept cash for making payments; the 11 payment agencies located in Boise and Pocatello do not charge a fee for use of their services; and payments made at local agencies are downloaded and applied to customer accounts 4 times daily. Comments at 4-5.²

Given the wide variety of options for customers to pay their bills, Qwest maintained that fewer customers are using the CPC this year than in the previous year. Comparing January through April 2002 with the same 4 months of 2003, Qwest stated that payments made at the CPCs have declined by 24% in Boise and by 18% at Pocatello. The Company asserted that these declines demonstrate that “customers are aware and availing themselves of alternative, equally-convenient (if not more convenient) payment methods.” *Id.* at 6.

The Company also inferred that requiring it to retain the two CPCs is discriminatory. Qwest maintained that no other Idaho utility is required to maintain a CPC. *Id.* at 6. Qwest noted that United Water in Boise has two payment agencies; Intermountain Gas customers may make payments at either the Boise or Pocatello office; and Idaho Power does not have a Company-operated payment office anywhere in Idaho.

Although there is no downtown payment agent in Boise, Qwest observed that there is a payment agent located on Broadway Avenue (near St. Lukes RMC) and another one located in the Albertsons Market Place at 17th and State Streets.

² In fact, payments made at the CPCs result in a “notation” being made on the customer’s record. Payments are then applied to customer’s account balances after the payments are delivered overnight to the processing service center in Denver.

STAFF COMMENT

Staff noted that *Idaho Code* § 61-302 requires every public utility to furnish and provide such service “as shall promote the safety, health, comfort and convenience of its patrons . . . and the public, and shall be in all respects adequate, efficient, just and reasonable.” Staff calculated that if the CPCs were closed, an average of nearly 6,400 payments per month would have to be made at some other location or in some other manner. Staff Comments at 6. Staff observed that the use of the payment agencies has increased in recent years. Based upon the use and availability of the 58 local payment agencies, Staff did not oppose closure of the CPCs.

However, Staff recommended that the following six conditions be imposed as conditions for closure of the CPCs:

1. If there is a convenience fee or service charge for using payment options, this fee should be clearly posted so that customers are notified in advance of the charge.
2. Agencies should list the types of payment options available. Payment agents should accept cash, make change, accept partial payment, accept payment without bills or notices, accept checks and money orders, accept deposits as well as payment on bills, post payments within a reasonable amount of time, and provide receipts.
3. Maintain drop boxes at the closed CPCs for 12 months.
4. Require a downtown Boise payment agency (within five blocks of the existing CPC).
5. All payment agencies should be accessible to customers with physical disabilities.
6. Modify Qwest’s website to make it easier to find the location of payment agencies.

QWEST’S REPLY

Qwest submitted Reply Comments addressing some of Staff’s recommended conditions. These comments are set out in greater detail below.

1. Drop Boxes. Qwest believes that requiring it to maintain drop boxes at the two CPCs “could be counter-productive.” Reply Comments at 2. The Company expressed concern that the use of drop boxes does not provide the advantages of dealing with a payment agent, i.e., dealing with a live person, having payments immediately posted to accounts, or producing a

payment receipt. The Company also expressed concern with the efforts necessary to service the box and maintain the suggested signs at the box due to inclement weather and potential vandalism. *Id.*

2. Downtown Boise Payment Agent. Despite Qwest's efforts, the Company stated that it was unlikely that "Qwest can meet this requirement if it is imposed." *Id.* at 3. Qwest notes that it has not been able to find a suitable [agent] location downtown." Qwest states there are other payment locations which are conducive to customers traveling to payment locations, via the bus or automobile. Qwest also noted that the other Boise payment agencies tend to have longer hours than the Boise CPC.

3. Handicap Accessibility and Website Changes. Although "Qwest does not wish to suggest that Staff's suggestions [in this area are not meritorious]", these suggestions may exceed the appropriate scope of this docket. Reply Comments at 4. Qwest is not unique in dealing with customers who are elderly, handicapped, or experiencing financial difficulties. "If the Commission decides that it must impose requirements on the facilities used by Qwest's pay agents or on Qwest's website design, [the Commission] should be prepared to impose similar requirements on all Idaho telephone corporations and other utilities." *Id.*

DISCUSSION AND FINDINGS

As the Company noted in its Application, these Idaho centers are the only remaining CPCs in Qwest's 14-state region. At one time nearly all utilities and railroads, including Qwest's predecessors, had local offices in many of the communities they served. These local offices provided many services for customers in their respective communities including: ordering utility service, paying bills, answering inquiries and complaints. In addition, these offices were used by the utilities to maintain a local presence, house service technicians and employees, and conduct local operations. Over time, these local offices and their functions were consolidated into regional offices. Eventually utilities and railroads further consolidated the regional offices to a centralized or single office serving multiple states.

After reviewing the Application and the written comments filed in this matter, we find it reasonable for Qwest to close its Boise and Pocatello customer payment centers. We find that closing two payment centers will save the Company more than \$200,000 for a year. The number of payments processed at these two payment centers has declined substantially in recent

years, and there are many alternatives now available for customers to pay their Qwest bills, including 58 local payment agencies in Idaho.

The majority of the public comments urged the Commission to keep the payment centers open. These public comments expressed concern that closure of the CPCs represents a decline in customer service. It is true that closure of the customer payment centers may disrupt the routine of customers utilizing these centers and it does eliminate the last places in the State to speak with a Qwest representative in person. However, there are alternative ways for customers to pay their Qwest bills including the numerous local payment agencies. For example, Boise has eight payment agent locations and Pocatello has three locations. These payment agencies usually are open for longer hours than the Company payment centers. In addition, they offer one significant advantage over the existing CPCs – these local agents electronically upload payment information four times each day. CPCs did not do this.

We next address the Staff's six recommended conditions for allowing Qwest to close the CPCs. Staff recommended that the payment agencies clearly post whether there is a fee or service charge for use of their services and list the type of payment options available. Staff also recommended that the Commission should require the payment agents to accept cash, make change, accept partial payments, accept payments without bills or notices, accept checks and money orders, accept deposits, provide receipts, and post payments within a reasonable amount of time. It appears that most of these recommendations are already in use by the local payment agencies and if they are not, they should be. Consequently, we find that it is reasonable to adopt these recommendations. We believe it is appropriate that customers be apprised whether a fee or charge is imposed for paying their Qwest bills. Moreover, the agencies should list the types of payment options available.

The Staff also recommended that drop boxes be kept at the current CPC locations for one year after closure and that the Company obtain a local payment agency within five blocks of the Boise CPC. The Company objected to both conditions. We find that the use of drop boxes could be cumbersome and possibly counter-productive. Drop boxes have to be serviced and maintained. Use of the payment agencies offers the advantages of transacting business at a local payment office, provides face-to-face interaction, provides a receipt, and updates payment transactions four times daily. Although Qwest indicates that it has attempted to find a suitable payment location in downtown Boise, it has been unable to do so. While we believe that a

downtown payment agency is desirable, we will not condition closure of the CPCs on this recommendation. Nevertheless, we encourage the Company to continue searching for an appropriate payment location downtown.

Staff also recommended that those payment agencies closest to the CPCs be handicap accessible. In addition, Staff recommended that Qwest's website (www.qwest.com) be modified so that customers can find the location of payment agents more readily. Qwest objected to both of these recommendations. Qwest asserted that these recommendations may exceed "the appropriate scope of this docket." Reply Comments at 4. The Company insisted that if the Commission were to impose these requirements on the Company, "it should be prepared to impose similar requirements on all Idaho telephone corporations and utilities." *Id.*

We find Qwest's Reply Comments off the mark. Qwest is correct that it is not unique in having customers who are elderly or physically handicapped. However, we expect that Qwest's payment agencies are already handicap accessible. We find that the provisions of the Americans with Disabilities Act (ADA, 42 U.S.C. § 12101 *et seq.*) adequately address the Staff's concerns. Title III of the ADA covers public accommodations and services operated by private entities. Under the ADA people with disabilities are afforded equal access to a wide variety of "public accommodations," including a "service establishment." 42 U.S.C. § 12182(a) and § 12181(7). Thus, there is no need for the Commission to address the accessibility of the payment agencies because this issue is adequately covered by the ADA.

Turning next to Staff's recommendation about Qwest's website, we find that Staff's observations have merit. Although Qwest's Home Page lists "Customer Service" and "Residential" headings, trying to find a "Payment Location" under either heading is a 9 or 10-step process. We find that the list of local payment agencies may be made easier. Consequently, we direct the Company to work with our Consumer Assistance Staff to determine how information about the actual locations of payment agencies may be made more readily available to customers.

In its Application, Qwest proposed that the two CPCs be permanently closed effective July 31, 2003. Qwest had previously posted a notice in its CPCs regarding this case. This notice advised customers of the Company's proposal to close the CPCs "as of the end of July 2003." We find that it is reasonable to allow the Company to close the CPCs at the end of normal office hours on July 31, 2003.

ORDER

IT IS HEREBY ORDERED that Qwest Corporation's Application to close its two remaining service centers is granted as conditioned above.

IT IS FURTHER ORDERED that Qwest clearly post notices at the two CPCs advising customers that these payment centers will be closed at the end of normal office hours on July 31, 2003.


IT IS FURTHER ORDERED that Qwest work with Staff to determine how to make information regarding payment locations more readily accessible on Qwest's Home Page.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order. Within seven (7) days after any person has petitioned for reconsideration, any other person may cross-petition for reconsideration. See *Idaho Code* § 61-626.

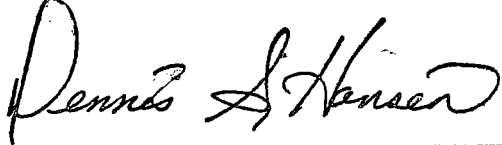
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 26th day of June 2003.



PAUL KJEILANDER, PRESIDENT

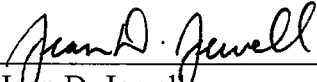


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

vid/O:QWET0310_dh2