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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF DIRECT COMMUNICA­TIONS ROCKLAND, INC.’S APPLICATION FOR AUTHORITY TO INCREASE RATES AND DISBURSEMENTS FROM THE IDAHO USF.                                                                         IN THE MATTER OF THE PETITIONS REQUESTING EXTENDED AREA SERVICE (EAS) BETWEEN ARBON AND AMERICAN FALLS, ARBON AND POCATELLO, AND BETWEEN ROCKLAND AND AMERICAN FALLS.                                                                        IN THE MATTER OF THE PETITIONS FROM RESIDENTS IN BEAR LAKE COUNTY REQUESTING INCLUSION IN THE SOUTHEASTERN IDAHO EXTENDED CALLING AREA OF U S WEST COMMUNICATIONS, INC. | ))))))))))))))))))) | CASE NO. ROK-T-97-1CASE NO.  GNR-T-96-5CASE NO.  GNR-T-97-7MOTION TO ADOPT STIPULA­TION AND SETTLEMENT AGREE­MENT AND TO ISSUE A PROPOSED ORDER  |

COMES NOW the Commission Staff, Direct Communications Rockland, Inc. (Rockland), and its subsidiary Lakeside Communications, Inc. (Lakeside), by and through their respective attorneys of record, and move that the Commission adopt the attached Stipulation and Settlement Agreement executed by the Staff, Rockland and Lakeside in the above-referenced cases.

BACKGROUND

Public hearings in these cases were held on November 5-6, 1997.  On February 4, 1998, Staff convened a settlement conference to discuss disputed issues with Rockland and Lakeside.  Staff, Rockland and Lakeside subsequently entered into the attached Stipulation and Settlement Agreement resolving the disputed issues between the parties.

THE SETTLEMENT AGREEMENT

Essentially, the Stipulation represents a settlement of all issues between Staff and Rockland/Lakeside concerning the implementation of extended area service (EAS) in those companies’ respective exchanges.  Under the terms of the Agreement, customers in the affected exchanges would receive toll-free calling into the entire U S WEST Communications’ eastern Idaho calling region.  One-party residential monthly rates would be set at $24.10 with one-party monthly business rates set at $42.  Although these rates are higher than originally proposed, the parties to the Settlement Agreement assert that the proposed rates are just and reasonable.  The parties calculate that the higher rates are justified by: (1) adoption of the “3x” traffic stimulation factor; (2) recovery of the EAS costs; (3) elimination of any additional USF disbursements; (4) suspension of any rate case until 1999; and (5) accommodation of the intrastate revenue and traffic shifts when converting toll routes to local EAS routes.

PRAYER

The parties strongly believe that the Stipulation and Settlement Agreement represents a reasonable resolution of the disputed issues.  The parties do not believe that a hearing in this settlement is warranted but are ready to provide evidentiary support if necessary.  The parties move that the Commission issue a proposed order adopting the Agreement in its entirety and decide such other issues that remain.  Utilizing a proposed order would allow the public and other parties to comment upon the Settlement Agreement and other issues decided in the Order.

RESPECTFULLY submitted this               day of February 1998.

Brad M. Purdy

Deputy Attorney General

vld/N:ROK-T-97-1.bp2