(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE TARIFF ADVICE SUBMITTED BY RURAL TELEPHONE COMPANY INTRODUCING VACATION SERVICE. | ))))) | CASE NO. RUR-T-99-1ORDER NO. 27956 |

On February 9, 1999, Rural Telephone Company submitted revisions to its Local Tariff IPUC No. 2 to the Commission to add a vacation service.  Currently, Rural does not offer vacation service.  All residential customers presently pay one rate.

In its Tariff Advice, Rural proposes to price vacation service at one half the total monthly network access line rate and to bill any additional items as a fixed monthly service or surcharge.  The service would only be available for residential customers.  A line connection charge would apply to suspension or restoration of service.  Rural requested an effective date of March 12, 1999.

BACKGROUND

Rural provides service in some of the more remote areas of the state that are popular for those seeking recreational opportunities.  Rural’s largest exchange, Boise River, covers the Pine and Featherville area along the South Fork of the Boise River and serves an area that is very popular for recreational property owners.

STAFF RECOMMENDATION

Staff stated that according to U.S. Census Bureau statistics, over 80 percent (80%) of the housing structures in the Pine and Featherville area along the South Fork of the Boise River are recreational or vacation homes.  Depending upon the season, this exchange contains between 60 percent (60%) and 80 percent (80%) of Rural’s customers.  Recreational property owners may also be located in Rural’s Prairie, Atlanta and Shoup exchanges.  Staff stated that it estimates that more than 50 percent (50%) of Rural’s customers may be likely candidates for this type of service.

Rural also receives a significant part of its revenues from both the federal and state universal service programs.  The Commission is currently considering expanded area service for four of Rural’s exchanges in Case Nos. GNR-T-97-9 and GNR-T-98-18.  The decision in these cases may also impact the analysis that Staff believes is appropriate for the Commission’s consideration of vacation service.  A decision in these cases is not expected for at least 90 days.

Staff recommended that the Commission suspend this Tariff Advice for six (6) months to allow a thorough analysis of the issues surrounding offering this service to Rural customers.  It stated that the revenue impacts were unknown at this time.  Furthermore, it was concerned about the effect offering this service would have on the Commission’s consideration of expanded area service for four of Rural’s exchanges in Case Nos. GNR-T-97-9 and GNR-T-98-18.

FINDINGS OF FACT

The Commission has jurisdiction over Rural Telephone Company and this matter by virtue of Title 61, Idaho Code and specifically Idaho Code §§ 61-303, -503, -507, -622 and -623.  The Commission finds that Rural submitted this Tariff Advice proposing to implement changes to its tariffs by offering vacation service of local service with an effective date of March 12, 1999.

The Commission further finds that the potential rate impacts of offering vacation service may be very significant.  As a Title 61 rate regulated company, any action reducing the revenues Rural receives from one class of customers (those who request vacation service) may require an increase to the rates affecting other classes of customers.  Any action reducing the revenues Rural receives from a portion of its customers may also impact revenues it will receive from Idaho’s Universal Service Fund as well as on its other customers.  Therefore, the Commission finds that the Tariff Advice is of sufficient importance and complexity to require an investigation into the reasonableness of the proposed change and that it has authority under Idaho Code §§ 61-301, -307, -315, -222 and -623 to suspend this Tariff Advice for thirty (30) days plus five (5) months.  Given the demands upon the Commission’s time, the Commission will be unable to consider the Tariff Advice immediately.  Consequently, the Commission finds that it is reasonable and in the public interest to suspend the Tariff advice for a period of thirty (30) days plus five (5) months from the proposed effective date of March 12, 1999.

O R D E R

IT IS THEREFORE ORDERED that the Tariff Advice, submitted by letter dated February 9, 1999, should be, and hereby is, suspended for a period of thirty (30) days plus five (5) months from March 12, 1999, or until such time as the Commission may issue an Order accepting or rejecting or modifying the Tariff Advice.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of March 1999.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

March 4, 1999