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

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| IN THE MATTER OF THE PETITION FROM WEISER AND PAYETTE RESIDENTS REQUESTING EXTENDED AREA SERVICE (EAS) BETWEEN THESE COMMUNITIES. | )))))) | CASE NO.  USW-S-96-6                     USW-T-96-6ORDER NO. 27774 |

On November 4, 1994, the Commission received a petition containing more than 180 signatures from U S WEST Communications, Inc. customers living in Weiser, New Plymouth and Payette for toll-free calling(footnote: 1) between Weiser, New Plymouth, Payette, Midvale, Cambridge, Fruitland, Ontario, Oregon, and the U S WEST Boise Region.  Additional petitions were filed in late 1997.  Local exchange service in the petitioning communities is provided by U S WEST.  Cambridge Telephone Company, Farmers Mutual Telephone Company, Inc., Midvale Telephone Company and Malheur Home Telephone Company provide local exchange service in the other communities.

On August 26, 1998, the Commission consolidated this case with USW-T-97-6 for public and technical hearings.  Order No. 27680.  Intervention was granted to Citizens Telephone Company and to the Idaho Telephone Association (ITA).  Order Nos. 27725 and 27748.  The technical hearing was held September 24, 1998, and testimony taken from Staff witness, Wayne Hart, ITA witness, Ray Hendershot, and John Souba, U S WEST witness.  A public hearing was held to take public testimony in Payette on October 7, 1998.

Based on the record, public testimony, the technical evidence of the parties, and the law, the Commission grants the Petition and authorize U S WEST to implement EAS as set out in greater detail below.

BACKGROUND

On November 4, 1994, the Commission received a Petition containing more than 180 signatures from U S WEST customers living in Weiser, New Plymouth and Payette for toll-free calling between Weiser, New Plymouth, Payette, Midvale, Cambridge, Fruitland, Ontario, Oregon, and the U S WEST Treasure Valley Regional exchanges.  Additional petitions were filed in late 1997 in support of toll-free calling. Local exchange service in the petitioning communities is provided by U S WEST.  Cambridge, Farmers, Midvale and Malheur Home Telephone Company provide local exchange service in the other communities.

Farmers is a telephone cooperative and is not regulated by the Idaho Public Utilities Commission.  With respect to the extension of EAS to Ontario, Oregon, Cambridge and Midvale exchanges, on October 27, 1997, the Commission decided it would consider those requests separately after it concluded consideration of the U S WEST exchanges. Moreover, because the establishment of an EAS to Ontario would cross a state boundary, the Commission cannot unilaterally grant the petition even after public hearing because it would require the concurrence of the Oregon Public Utilities Commission and ultimately the approval of the Federal Communications Commission.  The Commission earlier denied a Petition for EAS to Ontario.  See Case No MTB-T-90-7, Order No.  23827.

The Petitions state that Payette and Weiser are only twelve (12) miles apart and that granting EAS would have a positive impact on the school district, city and county governments, law enforcement, health care, and commerce.  The Petitions maintain that because of the close proximity of these neighboring communities there are frequent calls between these towns and that schools, medical facilities, law enforcement, county government and businesses that serve Washington County are located in Weiser.  They further maintain that residents of south Washington County who have a Payette phone number are assessed a toll to call these facilities.  Finally, the Petitions claim that because residents of Weiser and Payette have close ties between the communities there should be no toll access charge and EAS calling will make it easier for residents to make calls between these communities for their daily activities.

THE TECHNICAL HEARING

Prefiled direct and rebuttal testimony was received from U S WEST, Staff and ITA.  The technical hearing was held September 24, 1998, and additional testimony taken from Staff witness, Wayne Hart, ITA witness, Ray Hendershot, and John Souba, U S WEST witness.

1.  Testimony of Staff Witness -- Wayne Hart.  Staff witness, Wayne Hart, testified that while these communities are fairly self contained, having most essential services readily available, he found that these farming communities shared a growing dependence on the Treasure Valley.  Tr. 89 and 92.  Hart further testified that New Plymouth customers averaged more than 11.4 calls per month into the Treasure Valley (more than half of those to Boise) and Payette and Weiser customers averaged more than 6 calls per month into the Treasure Valley (about half of those to Boise).  Tr. 90-91.  Hart testified in favor of these Petitions and stated:

Q.  What do you conclude about the community of interest?

A.  These communities lie on the outer edge of what is typically referred to as the Treasure Valley.  There is no question that there is a heavy reliance on Boise and the other large cities in the Treasure Valley extended calling area for many specialized needs.  These rural communities are growing more dependent upon the larger metropolitan cities, and this dependency is likely to continue to grow.  Many businesses, including those regulated by this Commission, have closed their rural branch offices in these cities and centralized their operations in the metropolitan cities.  The business districts in these towns, although stronger than some small towns, show the same kinds of changes that are occurring to small towns throughout the country.  Many of the goods and services that were once available locally are now only available from Boise, Caldwell or Nampa.  The calling volumes to the region, while lower than previous EAS cases in which I have testified, support the Petitioners’ claim that these communities are part of the Treasure Valley.

Tr. 92-93.

2.  Testimony of Idaho Telephone Association Witness -- Ray Hendershot.  ITA witness, Ray Hendershot, testified that granting the Petitions was not justified because Payette is the county seat and each of the communities have medical facilities, doctors, dentists, stores and schools, the community of interest with the Treasure Valley did not exist.  Tr. 131; 133; 135; 138-139.  Hendershot suggested that if the Commission granted these Petitions, it would be abandoning the community of interest standard it had previously announced.  Id. He testified, however, that he had not reviewed the traffic studies for the affected routes.  Tr. 136.

Hendershot also testified that if the Petitions were granted, it would create pressure on some of the ITA members to propose similar EAS plans and recommended that the Commission create a smaller sub-region for EAS among New Plymouth, Payette and Weiser.  Tr. 142-143.   Hendershot testified that the Commission judges requests for EAS on the individual merits of the requests.  Tr. 147.

3.  Testimony of U S WEST Witness -- John Souba.  Souba testified that there is clearly a community of interest among the Payette, New Plymouth and Weiser exchanges and between these exchanges and the existing U S WEST Treasure Valley Region based on calling data.  Tr. 14.  In  addition, he testified that Weiser and Payette exchanges have a common exchange boundary, as do the Payette and New Plymouth exchanges.  Tr. 15.  New Plymouth has a common boundary with both Emmett and Caldwell exchanges which are already members of the Treasure Valley Region.  Id.  He also expressed some concerns regarding possible arbitrage but agreed those concerns were not great.  Tr. 16-20.

4.  Testimony Regarding U S WEST Costs and Rate Increases. Both Souba and Hart testified regarding the effect granting these Petitions would have on U S WEST customers’ rates.  Souba and Hart testified that New Plymouth, Weiser and Payette U S WEST customers’ rates would increase approximately $5.80 per month if EAS among the petitioning communities and into the Treasure Valley Region exchanges(footnote: 2) was granted in this case.  Tr. 58-59; 64; 68; 93-94.  The in-region rates for all U S WEST regions would also increase approximately $0.30 per month.  Souba and Hart testified that these rate increases include costs already incurred by U S WEST in accommodating previously approved EAS Orders in GNR-T-96-6, GNR-T-97-3, GNR-T-97-8, GNR-T-96-5, GNR-T-97-7 and GNR-T-97-14 and assumes the Commission grants the outstanding EAS Petition in USW-T-97-6 (Mountain Home and Glenns Ferry).  Id. In each of the previously decided cases, the Commission acknowledged that U S WEST would incur costs and that the method for calculating those costs would be determined in USW-T-98-3.  Order Nos. 27538, 27450, 27456, 27657, and 27633.  Id.  Both Souba and Hart testified the increases were consistent with those Orders.

PUBLIC TESTIMONY

The October 7, 1998, public hearing was attended by more than 100 persons of which  26 individuals testified.  A new petition containing 134 signatures was filed at the hearing.  The New Plymouth School District, the Payette School District, the Weiser School District, the Mayor of New Plymouth on behalf of New Plymouth, the New Plymouth Chamber of Commerce, Payette County Juvenile Probation Office, and the Washington County Senior Center all supported EAS.  Every public witness spoke in favor of the EAS petition and urged the Commission to grant EAS except Jay Garrett, representing Farmers Mutual Telephone Company, Fruitland, Idaho.  Tr. 251.  Those witnesses speaking in favor of EAS specifically indicated that they would experience substantial savings in monthly toll charges if EAS were granted and acknowledged that they would be willing to pay the additional five ($5) to six ($6) dollars per month to have EAS.  Several witnesses testified that granting EAS would improve access to out-of-area medical facilities, promote economic development, and foster better school and family communications.  Several witnesses expressed their frustration with paying long distance fees to talk to the neighbor across the highway or to call their children’s school.

Jay Garrett was the only person who testified against the proposal.  He testified that if the Commission granted the request it would encourage Farmers’ shareholders to want a similar EAS plan.  Tr. 251-255.  However, in response to Commission questions, he also indicated that Farmers’ customers currently only pay $9.75 per month and they receive capital credits back each year.  Tr. 255.  He indicated that he estimated that it would cost Farmers ratepayers about $23.71 to implement a similar plan and that he was aware that in other areas customers were currently paying over $24.00 per month.  Tr. 255-256.

FINDINGS OF FACT

The Commission finds that these Petitioners’ have established that a community-of-interest exists that justifies granting EAS in this case.  Comparisons of the calling data to the EAS standards set out in our Order No. 26311 support the granting of EAS in this case.  As noted above, the public overwhelmingly supported EAS at the rates proposed by the parties.

Moreover, the Commission finds the proposed rates for providing EAS are just and reasonable.  In addition, the proposed rates are based on the method approved by this Commission in Order No. 27633 for calculating U S WEST costs for implementing EAS.  Implementing EAS will allow these U S WEST customers a greatly expanded local calling area.

Finally, the Commission understands the concerns expressed by the ITA about the possible effect on its members created by granting EAS to the Weiser, Payette and New Plymouth customers.  However, the Commission judges each petition on its own merits and does not find that those concerns outweigh the evidence in support of EAS in this case.  The special circumstances of the rural, independent telephone companies will be addressed if and when EAS cases directly affecting them are heard.

O R D E R

IT IS HEREBY ORDERED that the petitions requesting EAS between the Weiser, Payette and New Plymouth exchanges and the U S WEST Treasure Valley calling region is granted.  IT IS FURTHER ORDERED that U S WEST take the necessary actions to implement EAS as authorized by this Order.  The parties shall advise us of the cut-over dates within fourteen (14) days of the service date of this Order.

IT IS FURTHER ORDERED that U S WEST notify its customers of the impending rate changes and the scheduled implementation of EAS.  U S WEST shall also waive any non-recurring charge for a period of sixty (60) days to allow residential customers to switch to local measured service.

IT IS FURTHER ORDERED that U S WEST file local service tariffs in conformance with the rates set out in this Order.

IT IS FURTHER ORDERED that U S WEST’s EAS costs in this case be recovered under the methodology adopted in Case No. USW-T-98-3 and Order No. 27633.

THIS IS A FINAL ORDER.  Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. USW-T-96-6 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 or in interlocutory Orders previously issued in this Case No. USW-T-96-6.  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                  day of November 1998.

                                                                                                                                       DENNIS S. HANSEN, PRESIDENT

                                                                                            RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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**FOOTNOTES**

1:

  Toll-free calling between exchanges is provided via a service arrangement known as extended area service (EAS).  The costs associated with converting a former long-distance toll route to a toll-free EAS route are recovered from the affected customers by increasing their rates for local service.  Approximately 75% of Idaho’s exchanges have EAS calling to other exchanges.

2:

  Boise, Caldwell, Emmett, Idaho City, Kuna, Melba, Meridian, Middleton, Nampa,and Star exchanges.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

November 4, 1998