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

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| IN THE MATTER OF THE PETITION FROM ELMORE COUNTY RESIDENTS REQUESTING EXTENDED AREA SERVICE BETWEEN MOUNTAIN HOME AND BOISE AND BETWEEN GLENNS FERRY, HAMMETT, KING HILL AND BOISE. | )  )  )  )  )  )  ) | CASE NO.  USW-T-97-6  ORDER NO. 27790 |

On February 6, 1997, the Commission received a Petition containing more than 600 signatures from U S WEST Communications, Inc. customers residing in Elmore County for toll-free calling(footnote: 1) between Mountain Home and Boise and between Glenns Ferry, Hammett, King Hill and Boise.  Local exchange service is provided by U S WEST Communications, Inc.  Notice of the Petition was issued on March 13, 1997.

On August 26, 1998, the Commission consolidated this case with USW-T-96-6 for public and technical hearings.  Order No. 27680.  Intervention was granted to Rural Telephone Company, Citizens Telephone Company and to the Idaho Telephone Association (ITA).  Order Nos. 26870,  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 hearing was held to take public testimony in Mountain Home on October 8, 1998.

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

BACKGROUND

On February 6, 1997, approximately 600 U S WEST customers filed Petitions with the Commission seeking an extended area service (EAS) between Mountain Home and Boise and between Glenns Ferry, Hammett, King Hill and Boise.

The Mountain Home Petition stated that there are over 600 people living in Mountain Home who commute to jobs in Boise.  It further stated that the Mountain Home Air Force Base has over 400 employees who live in Boise and commute to the base.  The Petition further alleged that: Mountain Home is in the Boise economic impact area; a majority of the businesses in Mountain Home call Boise more than any other long distance location; far more data base, Internet services are and will be available in the Boise area; medical specialists are available in Boise; certain specialty services (architects, engineers, surveyors) are only available in Boise, and; local governments make numerous calls to state agencies in Boise.

The Glenns Ferry, Hammett, King Hill Petition stated that the requested extended area service is necessary to further economic development and to save money for existing businesses and residents in those communities by making communication with state government agencies, business suppliers, manufacturers, health care providers and friends and family members affordable.

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 these communities share common borders and that Glenns Ferry already has EAS to Mountain Home.  Tr. 80.  Neither shares a border with an exchange in the U S WEST Treasure Valley Region.  Id.  Mountain Home is 43 miles from Boise, while Glenns Ferry is 65 miles from Boise.  Id.  The Mountain Home and Glenns Ferry exchanges share a contiguous boundary and are separated from the Treasure Valley Regional calling area by a stretch of desert.  Id.  However, Hart testified that changes in technology, better roads, higher speed limits and growth in both directions have now made the trip between Boise and Mountain Home practical.  He further testified that while these communities have most essential services readily available, he found that specialized medical care exists in Boise and calls would be long distance.  Tr. 82.

Hart further testified that Mountain Home customers averaged 5 to 8 calls per month into the Treasure Valley (nearly all of those to Boise) and Glenns Ferry customers averaged 5 to 6 calls per month into the Treasure Valley (nearly all of those to Boise).  Tr. 84.  Hart testified that this calling data was consistent with parties’ recommendations for calling data made in the GNR-T-97-13 case.(footnote: 2)  Tr. 84.  The information provided for Mountain Home and Glenns Ferry indicated that between 50% and 60% of the customers made 3 or more calls per month into the Boise exchange but approximately one third of the lines in Mountain Home and Glenns Ferry did not place any calls to the Boise exchange.  Tr. 84-85.  Hart testified in favor of these Petitions and stated:

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

A.  While the community of interest between Mountain Home and Glenns Ferry and the other communities in the Treasure Valley extended calling area is not as strong as the other EAS cases in which I have testified, it is within the range that I would consider acceptable.  There is no question that Mountain Home and Glenns Ferry are a part of the regional economy of the Treasure Valley.  Many of the goods and services that were once available locally are now only available from Boise.  Listening to the rush hour traffic reports, its clear that many individuals from the Mountain Home and Glenns Ferry areas work in the Treasure Valley as well.

Tr. 85-86.

2.  Testimony of Idaho Telephone Association Witness -- Ray Hendershot.  ITA witness, Ray Hendershot, testified that granting the Petitions was not justified because Mountain Home and Glenns Ferry already have local schools, Mountain Home is the county seat and each of the communities have all essential services.  Tr. 137.  He further testified that Mountain Home is forty (40) miles from Boise and that the regional economy is dominated by Mountain Home Air Force Base and agriculture and, therefore, the community of interest with the Treasure Valley did not exist.  Tr. 137 and 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 suggested that it may increase ITA member draws on the universal service fund.  Tr. 142-143.   Hendershot also acknowledged that the Commission judges requests for EAS on the individual merits of the requests and that nothing requires the Commission to adjust the rural independent telephone company’s revenue requirement by using universal service funds in order to fund EAS.  Tr. 147-152.

3.  Testimony of U S WEST Witness -- John Souba.  Souba testified that there is a community of interest between the Mountain Home and Glenns Ferry exchanges and the existing U S WEST Treasure Valley Region based on callling data.  Tr. 20.  He stated:

My analysis shows a solid level of calling into the Boise area EAS region that is consistent with the level of calling that has justified expansion of the exchanges into the eastern Idaho EAS region.  Calling volumes for Glenns Ferry into the region averaged just under six calls per line per month while calling from Mountain Home to Boise was slightly higher at seven calls per line per month.

This level of calling is not extreme but it is well within the range that this Commission has recognized for expansion of EAS in the past.

Tr. 20-21.  Finally, he testified that U S WEST has forty-eight (48) exchanges served from within southern Idaho and forty (40) of these, or eighty-three percent (83%), are currently included in one of U S WEST’s three EAS regions.  Tr. 24.  If all five of the exchanges in this case and in USW-T-96-6 (Payette, Weiser and New Plymouth) are approved for inclusion in U S WEST’s Treasure Valley Region, ninety-four percent (94%) of U S WEST’s southern Idaho exchanges would be included within one of the three EAS regions.  Id.  Souba testified that this is good policy because it is equitable.  Id.

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 Mountain Home, Glenns Ferry, and Hammett U S WEST customers’ rates would increase approximately $5.80 per month if EAS into the Treasure Valley Region exchanges(footnote: 3) 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.  Id.  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-96-6 (Payette, Weiser and New Plymouth).  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 8, 1998, public hearing was attended by more than 100 persons of which  21 individuals testified.  Senator Robbi King, Representative Jim Jones, the Mountain Home School District, the Mayor of Mountain Home on behalf of Mountain Home, Mountain Home City Councilmen Fred Prouty, Tom Rist, and Grace Townsend all testified in support of EAS into the U S WEST Treasure Valley Region.  Every other public witness spoke in favor of the EAS petition and urged the Commission to grant EAS.  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.

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 Mountain Home and Glenns Ferry  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 Mountain Home, Glenns Ferry and Hammett 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-97-6 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-97-6.  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

O:uswt976.cc2

**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:

 ITA recommended the Commission adopt a threshold greater than five calls per month per line.  Order No.  26311, p. 7.

3:

 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 9, 1998