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BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| INTHE MATTER OF THE JOINT APPLICA­TION OF FREMONT TELCOM CO. AND  APPLICATION OF U S WEST COMMUNICATIONS, INC. FOR AN ORIGINAL AND AN AMENDED CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY, RESPECTIVELY. | )  )  )  )  )  )  ) | CASE NO. USW-T-97-17                      FRE-T-97-1  COMMENTS OF THE  COMMISSION STAFF |

COMES  NOW  the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Cheri C. Copsey, Deputy Attorney General, and in response to Order No. 27168 and the Notice of Application and Notice of Modified Procedure issued on October 20, 1997, submits the following comments.

BACKGROUND

On September 4, 1997, Fremont Telcom Company and U S WEST Communications, Inc. filed a joint Application to amend U S WEST’s Certificate of Public Convenience and Necessity and for Fremont to receive a new Certificate of Public Convenience and Necessity.  This Application was filed as part of a series of joint Applications with U S WEST and various other pur­chasers including:  Fremont Telcom Co.,  Silver Star Telephone Company,  Columbine Telephone Company, Inc,  Cambridge Telephone Company,  Council Telephone Company,  Direct Communications Lakeside, Inc.,  Farmers Mutual Telephone Cooperative,  Project Mutual Telephone Cooperative Association, Inc., Midvale Telephone Ex­change, Inc., and Sawtooth Telephone, Inc.  The parties jointly filed to amend their respective Certificates of Public Convenience and Necessity or be issued new Certificates of Public Convenience and Necessity in compliance with the Commission’s Order Nos. 26198, 26242 and 26353.  See Order Nos. 27166 and 27168.

This Application was filed in compliance with the Commission's Order No. 26353 which approved the sale by U S WEST of ten (10) exchanges in Southern Idaho to six (6) purchasers, including Fremont.  Order No. 26353, p. 22.  All of the applicant utilities, except Fremont and Westel, limited their applications to the service areas of the purchased exchanges as indicated in U S WEST's Certificate of Public Convenience and Necessity.  However, Fremont and Westel requested the addition of currently unserved and uncertificated areas.  On October 17, 1997, the Commission issued a Notice of Modified Procedure to consider the Application of Fremont for the additional area.  Order No. 27168.  On October 20, 1997, the Commission granted that portion of this Application to amend U S WEST’s Certificate of Public Convenience and Necessity.  Order No. 27166.

Fremont purchased the Ashton, Island Park, and St. Anthony, Idaho, exchanges from

U S WEST.  This joint Application also requested inclusion of the balance of Fremont County.  Fremont is currently the only local exchange telecommunications company providing service in Fremont County.  All of the area requested is contiguous to the exchanges purchased from

U S WEST.

Staff reviewed the additional areas requested in this Application and finds Fremont’s description of these areas as unserved and uncertificated is accurate.  The areas include, for the most part, federal or state owned lands, with minimal private property and few, if any, residences.  The areas are generally separated from exchanges operated by other companies by either mountain ranges or miles of unserved area.  The primary exception to this would be the western border of the area requested by Fremont, which is contiguous with Mud Lake Mutual Telephone Cooperative’s service area in Jefferson and Clark Counties.  However, the Mud Lake Coop has few, if any, customers or facilities near this border.  Staff is not aware of any requests for service from the additional areas.  Fremont is qualified, both technically and financially, to provide local exchange telecommunications service in the proposed areas.  No other companies have expressed an interest in serving these areas, and competition from other land-based telecommunications companies is not expected.  If land-based telecommunications services are to be provided to these areas, it would probably be in the public interest for such services to be provided by Fremont.

There is some possibility that it may not be in the public interest for this area to be included in the certificated service areas of this company.  In a separate proceeding (Case No. GNR-T-97-17), this Company has requested designation as Rural Telephone Company and Eligible Telecommunications Carrier pursuant to 47 U.S.C § 153(37).  If this request is granted, this would preclude any other carrier, including wireless carriers, from qualifying for payments from the federal universal service support program, should these competitors provide service to these areas.

The ability to obtain universal service support for the few customers that may someday reside in this area may encourage wireless carriers to make the investment that might make wireless service to these areas, as well as others, possible.

Wireless service may be the most appropriate service for such isolated areas.  It may require significantly less investment to provide, and may be the most economical, for both the new customers of the wireless carrier, as well as the existing customers of the wireline companies.  Thus, including these areas in these Companies certificated service areas might result in fewer services being offered to these areas, as well as the existing customers.

In addition, including large unserved areas in any carrier’s certificate is not always in the public’s best interests.  This Commission granted a similar request to Cambridge Telephone Company, only to revoke that decision when it was found that Pine Telephone Company could provide service to the Hell’s Canyon area at a lower cost (Case No. U-1141-1).  That case involved substantial litigation before concluded.

However, the probability that it will not be in the public interest for these areas to be included in Fremont’s certificate is remote.  Including these areas in the Company’s certificate at this time provides some benefit to potential customers, as it clarifies the requirements for obtaining service.  Therefore, Staff recommends the Company’s request be granted.

Respectfully submitted this                  day of November 1997.

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Cheri C. Copsey

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