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

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| IN THE MATTER OF THE APPLICATION OFU S WEST COMMUNICATIONS, INC.’S PROPOSAL TO DISCONTINUE ZONE CONNEC­TION CHARGES AND REVISE LINE EXTENSION AND CONSTRUCTION CHARGES | )  )  )  )  )  )  )  ) | CASE NO.  USW-T-98-6  ORDER NO.  27622 |

On December 4, 1997, U S WEST Communications, Inc. filed Tariff Advice 97-15-S and corresponding Transmittal 97-36-SC to discontinue its zone connection charges and revise line extension and construction charges. In U S WEST’s previous rate case, the Commission ordered the Company to either update the zone maps used in determining the amount of zone connection charges or eliminate the charges.  See Order No. 27100.  U S WEST filed Tariff Advice 97-15-S to comply with the Commission’s Order.  On May 14, 1998, U S WEST submitted a substitute proposal with a proposed effective date of June 15, 1998.  After reviewing the Tariff Advice, the Commission issued Order No. 27563 to suspend the proposed effective date of June 15, 1998.  The Commission also on June 8, 1998, issued a Notice of Modified Procedure to process this Tariff Advice No. 97-15-S.

Comments were filed during the comment period by U S WEST and the Commission Staff.  Staff noted that U S WEST’s proposal eliminates the zone connection charge, reduces the line extension allowance from the current $3,000 per line to $1,600 per line, and revises the land development portion of the tariff to make it simpler and easier to administer.  Staff did  not dispute  U S WEST’s claim that the revised tariff would result in a revenue loss of approximately $300,000. Staff stated that U S WEST is willing to accept the reduced revenue as a reasonable alternative to the laborious task of redrawing and maintaining zone maps for each of the Company’s exchanges.  Staff also believed the Company’s proposal to reduce the allowance of the line extension from $3,000 to $1,600 represents a reasonable compromise between the two goals of universal service and minimizing the rate impacts to existing ratepayers of adding new customers.  Staff recommended approval of Tariff Advice No. 97-15-S as proposed.

In its comments, U S WEST discussed its proposal to eliminate the rural zone maps and charges and reduce the credit for line extension, and also discussed the change in the tariff regarding arrangements for land developers.  Under the existing tariff, U S WEST stated that the developer and U S WEST use a land development agreement which requires the developer to “loan” to U S WEST a portion of the cost of provisioning a new area.  If the developer successfully sells a certain percentage of the dwellings within a five-year period, the developer is entitled to a refund of the loaned funds. According to U S WEST, the new proposal more closely ties the costs of providing service to the new development to the project itself and shelters the general body of ratepayers from supporting high cost developments.  Under the proposed tariff, U S WEST will compare the cost of providing facilities to the new development to the statewide average, and if the costs exceed the average, the developer is responsible for paying the difference.

No opposing comments were filed in response to the Commission’s Notice of Modified Procedure, and Staff therefore recommended that U S WEST Tariff Advice No. 97-15-S be approved.

Based on our review of the proposed tariff and the record in this case, the Commission finds it reasonable and appropriate to approve U S WEST’s Tariff Advice 97-15-S.  The proposed tariff to discontinue zone connection charges is an appropriate response by U S WEST to the Commission’s directive in Order No. 27100 to either update the zone maps used in determining the amount of zone connection charges or eliminate the charges.  Accordingly, we find that Tariff Advice 97-15-S should be approved.

O R D E R

IT IS HEREBY ORDERED that U S WEST’s Tariff Advice 97-15-S to discontinue zone connection charges and revise line extension and construction charges is approved.

THIS IS A FINAL ORDER.  Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order.  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 July 1998.

                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                      RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, 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

July 9, 1998