

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER SMITH
COMMISSIONER HANSEN
COMMISSION SECRETARY
JOE CUSICK
NANCY HARMON
LEGAL
WORKING FILE

FROM: CAROLEE HALL

V2N-7-03-05

DATE: JULY 10, 2003

RE: VERIZON NORTHWEST, INC. (VERIZON) TARIFF ADVICE 03-12,
REQUESTING COMMISSION AUTHORIZATION TO IMPLEMENT AN
INTERSTATE, INTRALATA LOCAL CALLING PLAN AND RATE
INCREASE FOR THE CUSTOMERS IN THE ROCK CREEK
EXCHANGE TO CALL SPOKANE, WASHINGTON.

INTRODUCTION

On July 8, 2003, Verizon filed its Tariff Advice No. 03-12 seeking Commission approval to implement an interstate intraLATA local calling area from the Rock Creek exchange into Spokane, Washington. The filing also requests a rate increase of \$4.95 per month for residential customers and \$16.30 for business customers. Currently there are nine (9) residential customers and one (1) business customer who would be affected by this proposal. Staff has been working with the customers of the Rock Creek exchange and the Company since January 2003 to resolve this issue

BACKGROUND

In late January 2003, the Consumer Division received an inquiry from a Verizon customer in the Rock Creek calling area. The customer, Mr. Dan Hopson, asked why after ten years the nine customers in Rock Creek were still not able to call Spokane toll free as the neighboring customers of Setters are. The Consumer Division forwarded Mr. Hopson's inquiry to the Telecom Staff for further investigation.

Staff contacted Mr. Hopson who explained that for more than ten years he and his neighbors were using a Foreign Exchange (FX) line for their toll calling into Spokane. Due to a reassessment by Verizon, the FX line was going to be assessed interstate charges, unlike it had in the past. This reassessment resulted in a significant rate increase for Mr. Hopson. Mr. Hopson has the only business line in the Rock Creek exchange.

After further discussions with Mr. Hopson he explained that Rock Creek had, on many occasions, attempted to obtain a calling plan that mirrored the neighboring community of Setters; however, for some unknown reason they were never successful in getting it completed and felt that it had been overlooked on a number of occasions. Setters is located approximately three miles north of Rock Creek. Both Setters and Rock Creek are in the Spokane LATA and sit on the border between Idaho and Washington.

Currently, the Setters customers who subscribe to Verizon's "Community Plus Service" have unlimited calling to the following areas: Setters, Rockford, WA., Rock Creek, Spokane, WA and Tensed/Bluebell. The nine (9) customers in the Rock Creek exchange, using Verizon's "Community Plus Service" have unlimited calling to: Rock Creek, Fairfield, WA., Evergreen, Setters, Tensed/Bluebell.

Staff contacted Verizon to discuss the concerns of the Rock Creek customers and to see if there could be an informal resolution reached among the parties. After extensive research into the calling areas the Company came back with a proposal.

Verizon proposed that the Rock Creek calling area be opened up to reflect the Setters calling area under two conditions. First, the Company requested that the rates for the Rock Creek customers be increased to mirror the rates that the Setters customers currently pay for the same calling area. Secondly, the Company questioned if there were any Federal Communications Commission (FCC) guidelines or state jurisdictional issues that would prohibit the implementation of this interstate intraLATA local calling plan.

On April 15, 2003, Mr. Hopson provided Staff with a list of Rock Creek customer's names, addresses and phone numbers. He had personally contacted each customer and provided Staff with the result of his own personal survey. He asked each of the customers if they would be willing to pay an additional \$4.95 per month to have local calling into Spokane. His results showed that nine out of nine (100%) said "yes." Staff contacted each of the customers and did a follow up telephone survey to confirm Mr. Hopson's findings. Staff was only able to reach eight out of the nine customers on Mr. Hopson's list. All eight commented that they "absolutely

needed it" and would be "delighted" if they could call Spokane toll free. The ninth person was not at home when I called, however, his son voted "yes" for him. All of the customers were more than willing to pay the additional charge of \$4.95 per month and indicated to Staff that they did all of their shopping in Spokane as it was too far to drive over the mountain pass into Plummer/ Worley. They also explained that their doctors and prescription medications were purchased in Spokane and by having toll free calling, it would be a financial benefit.

On April 16, 2003, Staff contacted the Federal Communications Commission and asked what, if any, action would be required to implement a one way interstate intraLATA toll free calling area from the Rock Creek exchange into Spokane, Washington. The response that Staff received (which is attached for your convenience) was that the provision of interstate, intraLATA expanded local calling service between Idaho and Washington would not need to be approved by the FCC. However, this is subject to Verizon filing appropriate interstate regulatory filings with the FCC. Essentially, because it is a one way interstate, intraLATA calling plan, and the Company agrees to implement it for its customers, the Idaho Commission has the authority to grant it.

DISCUSSION

Because there are only nine customers involved with this interstate intraLATA local calling plan into Spokane, Staff did not request any cost studies as the revenue will be de-minimus. Currently the residential rate in the Rock Creek exchange is \$15.10 per month. With the rate increase of \$4.95 the new rate will be \$20.05 and will afford the customers a local calling plan that they have wanted for more than ten years. The current business rate is \$24.35 per month and will increase to \$40.65 per month. There is only one business customer in the Rock Creek exchange, Mr. Hopson, who has shown that he is more than willing to pay this rate for the opportunity to call Spokane toll free and thereby eliminate the increased expense of paying interstate rates for his FX line.

The customers, Company and Staff have worked very hard to resolve this issue informally as well as addressing the jurisdictional and FCC issues. Staff believes that the Rock Creek exchange customers will receive a great benefit with the implementation of this calling plan, which will offset the rate increase requested by the Company. Moreover, this rate increase will be for Verizon's Community Plus Service and does not affect the other two calling plans (Basic Calling Service and Community Calling Service) offered by the Company, therefore

should a customer wish to not have the Spokane calling area they can choose a less expensive, more limited, calling plan.

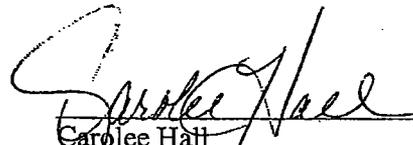
STAFF RECOMMENDATION

Staff recommends that the Commission grant the interstate, intraLATA local calling plan into Spokane, Washington for the Rock Creek exchange customers along with the rate increase requested by the Company. The rate increase for Community Plus Service will be as follows:

SERVICE	CURRENT	NEW RATE
Residential One-Party	\$15.10	\$20.05
Business One-Party	24.35	40.65
Business Multi-Line	27.35	45.35
Central Office Located Trunk	20.73	38.73
CentrNet CustoPAK	40.90	58.90

COMMISSION DECISION

Does the Commission wish to approve the local calling plan with the proposed rate increase to become effective August 29, 2003?


Carolee Hall

u/chall/DECISION MEMOS/Verizon 03-12 Rock Creek LCP

Carolee Hall

From: Dennis Johnson [DCJOHNSO@fcc.gov]
Sent: Wednesday, April 23, 2003 8:57 AM
To: Carolee Hall
Subject: Expanded local calling

Ms. Hall,

Thank you for your question regarding the provision of interstate, intraLATA expanded local calling service between Idaho and Washington. Because the service you described is intraLATA, the FCC would not need to approve the service for the purposes of expanding the calling region. This statement is, however, without prejudice to any interstate tariffs or other appropriate regulatory filings that must be filed with the FCC. If you have any further questions please call me at 202.418.0809. Thank you,

Dennis Johnson
Attorney
Federal Communications Commission