

WELDON B. STUTZMAN
DEPUTY ATTORNEY GENERAL
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074
(208) 334-0318
IDAHO BAR NO. 3283

RECEIVED
2007 MAR 21 AM 10: 24
IDAHO PUBLIC
UTILITIES COMMISSION

Street Address for Express Mail:
472 W WASHINGTON
BOISE ID 83702-5983

Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF CUSTER TELEPHONE)
COOPERATIVE, INC. AND MIDVALE) **CASE NO. CUS-T-07-2**
TELEPHONE EXCHANGE, INC.'S JOINT)
PETITION FOR AMENDMENT OF THEIR)
RESPECTIVE CERTIFICATED SERVICE) **COMMENTS OF THE**
AREA BOUNDARIES.) **COMMISSION STAFF**
)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its Attorney of record, Weldon B. Stutzman, Deputy Attorney General, and in response to the Notice of Application and Notice of Modified Procedure issued in Order No. 30261 on February 28, 2007, submits the following comments.

BACKGROUND

On February 15, 2007, Custer Telephone Cooperative, Inc. and Midvale Telephone Exchange, Inc. filed a Joint Petition for Amendment of Certificated Service Area Boundaries. Midvale is an incumbent telephone provider regulated by the Commission pursuant to Title 61, *Idaho Code*. The Joint Petition states that the companies' certificated service areas are contiguous, and Custer and Midvale participated in construction of a fiber optic ring to provide broadband service in their certificated areas west of Sunbeam, Idaho. As part of that project, the Companies agreed to a meet-point that was within Midvale's certificated service area. The

parties agreed to jointly seek amendment of their respective boundaries to adjust Custer's certificated area to encompass its facilities up to the agreed upon meet-point.

At the time Custer and Midvale completed construction of the new meet-point, there were no customers of Midvale in the area encompassing the meet-point. According to the Joint Petition, there are now six residential customers in the subject area who currently receive service from Custer. Granting the Joint Petition would remove the area from Midvale's certificated area and place it within Custer's certificated area.

STAFF REVIEW

According to the Joint Petition, Custer's principal place of business is in Challis, Idaho and it maintain central offices in Challis, May, Elk Bend and Clayton. Clayton is contiguous with the area in question in this Joint Petition. Because of the close proximity between the Clayton central office and those six customers located in the northern portion of Midvale's Stanley exchange it appears that it will be much more efficient for Custer to monitor and serve those customers.

Midvale is currently a state Universal Service Fund recipient pursuant to *Idaho Code* §§ 62-610. The last audit performed on Midvale was prior to the meet point agreement entered into between Midvale and Custer. During its last audit of Midvale's books and plant, Staff calculated a revenue requirement and Universal Service Fund disbursement. The six customers currently served by Custer within the Midvale/Stanley exchange were not a part of Midvale's revenue requirement calculation, therefore, there will be no change in the existing revenue requirement if this amendment is approved.

STAFF RECOMMENDATION

Because there be will no change in current revenue requirement to the ratepayers of Idaho and given the contiguous location of the six customers currently being served by Custer, Staff recommends approval of the Joint Petition for the amendment of the companies' certificated service areas.

Respectfully submitted this 21st day of March 2007.



Weldon B. Stutzman
Deputy Attorney General

Technical Staff: Carolee Hall

i:\misc:comments\cust07.2wsch.doc

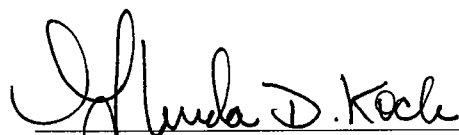
CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 21ST DAY OF MARCH 2007, SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE NO. CUS-T-07-01, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE FOLLOWING:

DENNIS THORNOCK, MGR
CUSTER TELEPHONE COOP INC
1111 SOUTH MAIN
PO BOX 324
CHALLIS ID 83226

MICHAEL C CREAMER
GIVENS PURSLEY LLP
PO BOX 2720
BOISE ID 83701

LANE WILLIAMS
MIDVALE TELEPHONE EXCHANGE INC
PO BOX 7
MIDVALE ID 83645


SECRETARY