

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION FROM THE)	
RESIDENTS OF THE SHOUP AREA REQUESTING)	CASE NO. GNR-T-01-3
EXTENDED AREA SERVICE INTO SALMON,)	
IDAHO.)	NOTICE OF MODIFIED
)	PROCEDURE
)	
)	NOTICE OF COMMENT
)	DEADLINE
)	
)	ORDER NO. 29613

On February 21, 2001, the Idaho Public Utilities Commission received a Petition from approximately 26 residents of the Shoup, Idaho area requesting toll-free extended area service (EAS) into Salmon, Idaho. The Shoup exchange is located in northern Lemhi County and is served by Rural Telephone Company. Although the exchange has approximately 40 residential and 10 business telephone customers, there is presently no toll-free calling to any other exchange. On April 3, 2001, the Commission issued a Notice of Petition and Intervention Deadline. Order No. 28694. Having concluded its investigation, Staff recommends approval of the Petition for EAS between the Shoup exchange and the exchanges of North Fork and Salmon. The Commission now seeks comment on whether this EAS petition should be approved in light of the relatively modest rate increases it would require.

BACKGROUND

The Shoup exchange is located in northern Lemhi County and is served by Rural Telephone Company. The exchange has approximately 42 residential and 15 business telephone customers. There is presently local calling only within the exchange.

Salmon, Idaho is the county seat of Lemhi County and is served by CenturyTel of Idaho. CenturyTel has approximately 4,200 customers in Lemhi County and operates 3 adjoining exchanges with Salmon, North Fork and Leadore. The Salmon extended area exchange runs from Leadore to the Montana border and interconnects with the Shoup exchange approximately 22 miles north of Salmon. The petitioners have requested local calling into the North Fork and Salmon exchanges.

The petitioners allege that one of the many reasons they are requesting toll-free EAS to Salmon, Idaho is that it is prohibitively expensive for Shoup residents to dial outside their exchange area to contact local physicians, the local medical facility, schools, social services, Internet providers, law enforcement and emergency services.

While EAS creates toll-free calling among exchanges, the costs associated with converting a former long-distance toll route to a toll-free EAS route must be recovered from all customers within those exchanges by increasing rates for local service. In Order No. 26311, the Commission adopted a set of standards or criteria to evaluate when EAS should be implemented. Those criteria are: call volume and call distribution (how many customers in an exchange call the other exchange); geographic proximity (distance between exchanges); the presence of geographic or other physical barriers (mountains, rivers, valleys) between exchanges; county seat relationship (are both exchanges in the same county); the relationship to school district (do both exchanges share the same school district); the proximity to medical facilities and services; and the willingness of customers to pay increased rates to cover the costs for converting those routes to toll free routes. The Commission balances these community-of-interest standards against the costs and rate impacts of providing EAS. When EAS costs are disproportionate to customer needs and benefits, the Commission has denied requests for EAS.

STAFF REVIEW AND RECOMMENDATION

In its review of the Petition, Staff noted that Shoup is a community with many seasonal cabins and recreational businesses related to fishing and floating the adjacent Salmon River. Shoup has a small cafe which includes a post office as well as two other small convenience stores that Staff is aware of. For services such as health care, government agencies, schools, churches, businesses and almost all shopping, Shoup residents must travel approximately 35 miles to Salmon. Unlike Shoup, Salmon has at least one Internet service provider.

Staff has received responses to production requests from both Rural Telephone Company and CenturyTel of Idaho regarding the costs associated with the proposed EAS. If EAS is approved, Staff proposes that the rates of Rural Telephone customers increase from \$21.63 per month to \$24.10 for residential service, and from \$40.68 to \$42.00 for business service to pay for the extended area service. In addition, Rural Telephone would increase its Idaho USF draw by approximately \$5,400 (1.7%) annually to cover its remaining EAS costs. The rates of CenturyTel customers in Salmon and

North Fork would increase from \$21.75 per month to \$21.84 for residential service, and from \$39.77 per month to \$39.86 for business service.

The most recent Shoup calling data collected in July 2004 indicates that most business customers and many residential customers call into Salmon frequently. For example, 86% of Shoup's business customers made at least one phone call to Salmon during the month while over 60% of residential customers made at least one phone call to Salmon.

In light of these facts and the evaluation standards set forth in Order No. 26311, Staff supports EAS between the Shoup exchange and the exchanges of North Fork and Salmon.

NOTICE OF MODIFIED PROCEDURE

YOU ARE HEREBY NOTIFIED that the Commission has reviewed the filings of record in Case No. GNR-T-01-3. The Commission has preliminarily determined that the public interest may not require workshops or hearings to consider the issues presented in this case, and that the issues raised by the Company's filing may be processed under **Modified Procedure**, i.e., by written submission rather than by hearing. IDAPA 31.01.01.125, .201-204. In so doing, the Commission notes that Modified Procedure and written comment have proven to be an effective means for obtaining public input and participation.

YOU ARE FURTHER NOTIFIED that the Commission may not hold a hearing in this proceeding unless it receives written protests or comments opposing the use of Modified Procedure and stating why Modified Procedure should not be used. IDAPA 31.01.01.203.

YOU ARE FURTHER NOTIFIED that if no protests or comments are received within the deadline, the Commission may consider the matter and enter its Order without a hearing. If protests or comments are filed within the deadline, the Commission will consider them and may set the matter for hearing or may decide the matter and issue its Order on the basis of the written positions before it. IDAPA 31.01.01.204.

NOTICE OF COMMENT DEADLINE

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Petition may file a written comment in support or opposition with the Commission **within 21 days from the service date of this Notice**. The comment must contain a statement of reasons supporting the comment. IDAPA 31.01.01.202.02. Persons desiring a hearing must specifically request a

hearing in their written comments. Written comments concerning this Petition shall be mailed to the Commission at the address reflected below:

COMMISSION SECRETARY
IDAHO PUBLIC UTILITIES COMMISSION
PO BOX 83720
BOISE, IDAHO 83720-0074

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

These comments should contain the case caption and case number shown on the first page of this document. Persons desiring to submit comments via e-mail may do so by accessing the Commission's home page located at www.puc.state.id.us. Click the "Comments and Questions" icon, and complete the comment form, using the case number as it appears on the front of this document.

YOU ARE FURTHER NOTIFIED that the Petition in this case is available for public inspection during regular business hours at the Commission offices located at 472 West Washington Street, Boise, Idaho, (208) 334-0300.

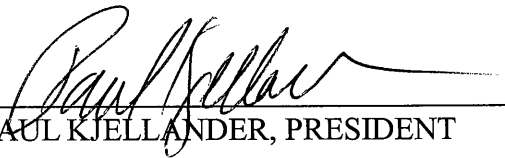
YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 *et seq.*

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Title 61 of the Idaho Code.

ORDER

IT IS HEREBY ORDERED that this case be processed under Modified Procedure and the foregoing schedule be adopted.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho, this 13th
day of October 2004.



PAUL KJELLANDER, PRESIDENT




MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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