

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE PETITION FOR)
EXTENDED AREA SERVICE BETWEEN) **CASE NO. GNR-T-01-12**
RURAL TELEPHONE COMPANY'S BOISE)
RIVER EXCHANGE AND CENTURYTEL OF)
THE GEM STATES' BRUNEAU AND GRAND) **ORDER NO. 29466**
VIEW EXCHANGES)

On July 15, 2001, the Commission received two petitions containing 104 signatures of persons with addresses in the communities of Pine, Featherville, Bruneau and Grand View. The petition requested toll-free extended area service (EAS) between the Bruneau and Grand View exchanges served by CenturyTel of the Gem State and the Boise River exchange served by Rural Telephone Company. On January 28, 2004, the petitions were resubmitted with an additional three signatures. In addition, one petition had been modified to include Rural Telephone's Prairie exchange. In this Order, the Commission denies the petition for failure to meet community interest standards and closes the case.

BACKGROUND

CenturyTel of the Gem State (CenturyTel) serves the Grand View and Bruneau exchanges. CenturyTel provides telephone service to approximately 1,700 customers in parts of Ada, Elmore, Lincoln and Blaine counties. CenturyTel's Bruneau and Grand View exchanges were provided with EAS to the Qwest exchanges of Mountain Home and Glens Ferry, as well as the Qwest exchanges in the original Qwest Treasure Valley calling area (Boise, Meridian, Caldwell, Nampa, Eagle, Emmett, Idaho City, Melba, Middleton, and Star) in January 2001. Order Nos. 28340 and 28501. CenturyTel's customers were not provided with EAS to the non-Qwest exchanges (i.e., Boise River and Prairie) that have EAS to the original Qwest Treasure Valley calling area exchanges, nor were they provided with EAS to the Qwest exchanges of Payette and Weiser.

The monthly rate for basic local exchange service for CenturyTel's customers was increased at that time to \$24.10 for residential customers and \$39.77 for businesses, plus a rural surcharge of \$3.50 for any customer located outside the base rate area. Although CenturyTel's

rates were increased to the level paid by customers of Idaho's rural Universal Service Fund (USF) companies, CenturyTel did not seek USF funding at that time.

Pine and Featherville are in Rural Telephone Company's Boise River exchange. Rural Telephone Company serves more than 500 customers in the Three Creek area of Twin Falls and Owyhee counties, the Shoup area in Lemhi County and in the Atlanta, Pine, Featherville and Tipanuk areas of Elmore County. The Prairie and Boise River exchanges were provided with EAS to the same Qwest exchanges identified above in January 2001 in Case No GNR-T-98-18. Rural's exchanges were not granted EAS to the non-Qwest exchanges that had EAS to the original Qwest Treasure Valley calling area, nor were they granted EAS to the Qwest exchanges of Payette and Weiser.

STAFF INVESTIGATION

Staff conducted an initial investigation to determine whether the requested EAS met criteria previously established by the Commission in Order No. 26311 such that the case should proceed. In its preliminary review, Staff noted that these exchanges do not share a common boundary and are separated by the Mountain Home exchange. The population centers of the Bruneau and Grand View exchanges are more than 50 miles from the community of Pine, with another 10 miles to Featherville. This distance includes approximately 20 miles of desert and/or irrigated desert and 30 miles of mountain roads. Bruneau and Grand View are located south of the Snake River whereas Pine and Featherville are located in the upper reaches of the Boise River.

The Bruneau and Grand View exchanges are primarily located in Owyhee County whereas Pine and Featherville are located in Elmore County. While a small, lightly populated section of both the Bruneau and Grand View exchanges lies within Elmore County, these residents already have toll-free access to the county seat in Mountain Home. No residents of CenturyTel exchanges need to call Rural Telephone exchanges to reach a county seat, and vice versa.

A similar situation exists for the schools. Most CenturyTel customers live in the Rimrock School District while most Rural Telephone customers reside in the Mountain Home School District. Although a small section of the Bruneau and Grand View exchanges is also located in the Mountain Home School District, these customers already have toll-free access to

any school that serves children in these areas. The schools serving all of these exchanges have toll-free access to the homes of all students in these exchanges.

Customers from all these exchanges primarily rely on medical facilities in Mountain Home or Boise. While the CenturyTel exchanges have limited medical facilities, their community clinics offer fewer services than either the Mountain Home or Boise medical facilities.

Although Staff did not request information regarding the costs of implementing EAS on these routes, the calling volumes are minimal. At Staff's request, CenturyTel provided data for the months of April, May and June 2001 that indicated not a single call was placed from either the Bruneau or Grand View exchanges to the Boise River exchange during this sampling period.

Because calling volumes are so small, Staff does not expect the implementation costs to be significant. However, as Rural is a recipient of USF funding, any costs that Rural might incur associated with implementing EAS over these routes would be paid for with USF funds that come from the general ratepayers of Idaho rather than Rural's ratepayers, who would receive the benefits of this EAS. While CenturyTel is not currently a recipient of USF, they have priced service above the threshold level and it is possible that the Company would seek to recover any increased costs from the USF.

Because the requested exchanges fail to meet any of the community-of-interest criteria spelled out in Commission Order No. 26311, Staff recommended that the petition be rejected and the case closed with no further investigation. In short, recreation is the primary link between these communities. Staff does not believe it is in the public interest to ask the general ratepayers of Idaho to pay the costs of allowing a few individuals to make toll-free calls to their homes while they are using recreational facilities.

DISCUSSION AND FINDINGS

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. 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.

In Case No. GNR-T-93-13, the Commission identified a number of primary and secondary factors to be used when evaluating EAS calling areas. Order No. 26311. To determine whether a community of interest exists to support EAS, the primary factors in addition to the calling data are as follows:

1. Geographic proximity (distance between exchanges);
2. The presence of geographic or other physical barriers (mountains, rivers, valleys) between exchanges;
3. County seat relationship (are both exchanges in the same county);
4. The relationship to school districts (do both exchanges share the same school district);
5. The proximity to medical facilities and services;
6. The willingness of customers to pay increased rates.

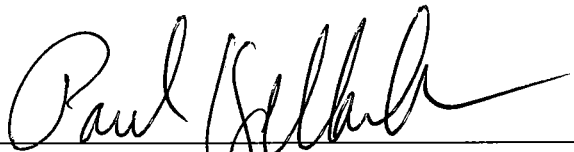
Staff's initial review demonstrated that the petitions fail to meet these six criteria. The Commission previously addressed the potential for EAS between these exchanges in Case Nos. GNR-T-98-18 and CGS-T-99-4. The Commission did not believe a significant community-of-interest existed between the communities in these exchanges at that time and the 2001 calling data indicates that calls are not frequently placed between these exchanges. In addition, the petitioners failed to substantiate any reasons for granting the EAS and did not indicate a willingness to pay for the cost of the requested EAS. The Commission is reluctant to use USF funds contributed by Idaho ratepayers generally to finance EAS between exchanges that have tenuous ties at best. Therefore, the Commission finds it would be unreasonable to further investigate EAS between these exchanges at this time.

ORDER

IT IS HEREBY ORDERED that the Petitions for EAS between Rural Telephone Company's Boise River exchange and CenturyTel of the Gem State's Bruneau and Grand View exchanges are denied, and this case is closed.

THIS IS A FINAL ORDER. Any person interested in this Order (or in issues finally decided by this Order) or in interlocutory Orders previously issued in this Case No. GNR-T-01-12 may petition for reconsideration within twenty-one (21) days of the service date of this Order with regard to any matter decided in this Order or in interlocutory Orders previously issued in this Case No. GNR-T-01-12. 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 14th day of April 2004.



PAUL KJELLANDER, PRESIDENT

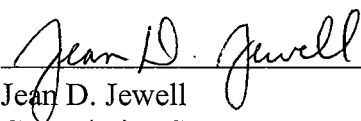


MARSHA H. SMITH, COMMISSIONER



DENNIS S. HANSEN, COMMISSIONER

ATTEST:



Jean D. Jewell
Commission Secretary

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