

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE APPLICATION OF |) | |
| QWEST CORPORATION TO PHASE OUT AND |) | CASE NO. QWE-T-03-10 |
| CLOSE THE BOISE AND POCATELLO |) | |
| CUSTOMER PAYMENT CENTERS. |) | NOTICE OF APPLICATION |
| |) | |
| |) | NOTICE OF MODIFIED |
| |) | PROCEDURE |
| |) | |
| |) | ORDER NO. 29218 |

On March 12, 2003, Qwest Corporation filed an Application to close its two remaining customer payment centers (CPCs) located in Boise and Pocatello. Qwest maintains that continued operation of these two payment centers is not cost-effective and the closures would not adversely affect the public interest. The Company has requested that the Commission process its Application via Modified Procedure.

BACKGROUND

As part of a region-wide restructuring, Qwest's predecessor (U S WEST Communications) filed a proposal to consolidate several of its residential marketing and collection centers. This plan included a proposal to close the Boise and Pocatello payment centers. In Order No. 23179 issued in June 1990, the Commission ordered U S WEST to continue operating the payment centers until the Commission could subsequently determine whether the use of alternative payment agent locations (PALs) could provide service equivalent to that provided by the CPCs. The Company now proposes to close these two CPCs.

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that Qwest asserts that the only remaining payment centers in its 14-state region are the Boise and Pocatello CPCs. Application at 2. Qwest proposes to phase out the two remaining payment centers over "a 90-day period beginning May 1, 2003." *Id.* at 4. If the Commission approves the closure of the payment centers, then the Company will post notices advising CPC customers that the centers "will be closing as of the end

NOTICE OF APPLICATION
 NOTICE OF MODIFIED PROCEDURE
 ORDER NO. 29218

of July 2003.”¹ The Company also maintains that the notices will provide customers with information about website links and telephone numbers so that payment center customers can learn about the many alternative payment options at their disposal. *Id.* at 4. The Boise and Pocatello notices also identify the eight Boise “walk-in” payment agents and the three Pocatello “walk-in” payment agents.

YOU ARE FURTHER NOTIFIED that Qwest lists three primary reasons why it desires to close the two remaining payment centers. First, the Company insists that the payment centers are “grossly inefficient, costing the Company over \$211,000 per year.” *Id.* at 4. This figure does not include the cost of renting space and utilities. On a per payment basis, the Company estimates that the average cost of processing a payment through the Pocatello and Boise centers are \$2.27 and \$3.00, respectively. These costs compare to the cost of processing a payment made through the mail at only \$0.11. *Id.*

Second, the Company insists that usage of the payment centers has declined sharply in recent years. “The number of payments processed by tellers has decreased by 38% since 1996, from a total of 112,820 in 1996 to 70,126 in 2002.” *Id.* at 5 (footnotes omitted). By comparison, the Company maintains that the use of its payment agent locations (PALs) has increased by 156%, from 91,369 in 1996 to 234,316 in 2002. The Company maintains that the two CPCs only process 1.43% of the total number of payments made by Idaho customers in 2002. *Id.*

Third, customers may still choose from an array of payment options. The Company notes that the most common method of payment is by mail, which is used by 84% of Idaho customers. In addition to mail payments, the Company maintains 58 PALs in Idaho including 8 in Boise and 3 in Pocatello. The Application states that information about the nearest PAL is obtainable by entering the city, state or zip code on Qwest’s website (www.qwest.com). There is no fee or charge for using payment agents. In addition, Qwest’s PAL vendors electronically upload payment information four times each business day. Thus, the Company insists that customer accounts are updated to avoid disconnection in those cases where disconnection is pending.

¹ However, the proposed notices attached as Exhibits A and B to the Application state that the payment centers will be closed effective June 30, 2003. In other words, the payment centers would be closed in 60 days after the notices are distributed “beginning May 1, 2003.” Application at 4.

YOU ARE FURTHER NOTIFIED that the Application maintains that customers may also arrange with Qwest for direct/automatic withdrawals from their checking account or pay by credit card, debit card or a check routing number when speaking to a Qwest billing representative. In addition to communications with billing representatives, customers may also use Qwest's "interactive voice response unit" to provide for automated payment via check routing number or credit card. Finally, Qwest says that customers may pay via debit card, credit card or check over the Internet.

YOU ARE FURTHER NOTIFIED that the Application also addresses customers with special needs. Qwest operates a special needs call center to assist persons with disabilities with their telecommunications needs. *Id.* at 7. The center handles:

- Service and sales issues related to the disabled;
- Follows up on those accounts that are exempt from directory assistance charges because of a verified disability;
- Follows up on those accounts that are TDY/TDD discounted for intra-LATA calling, and;
- Serves as a point of contact for customers using text telephone relay/TDD apparatus.

The center also has the capability when requested to provide bills in brail, in large fonts, in audio format, and via e-mail (to be translated by a "talking modem").

YOU ARE FURTHER NOTIFIED that given the availability of competitive local exchange companies, Qwest asserts in its Application that requiring Qwest to maintain its two payment centers would place it at a competitive disadvantage when competitors are not required to maintain payment centers.

WAIVER REQUEST

YOU ARE FURTHER NOTIFIED that for several years, Qwest tracked and reported the monthly number of payments made at the two payment centers and PALs. As set out in its Application, the Company discontinued collecting data in 1997 with the Commission's approval. However, the Commission at that time required that if Qwest sought to close the payment centers, then all previous tracking data requirements would be re-implemented. Order No 23596 at 3-4; Letter to Qwest Idaho Vice President (April 30, 1997). This data included: (1) the

number of payments processed by payment center tellers and PAL agents; (2) the number of payments placed in external drop boxes; (3) the number of payments placed in internal drop boxes; (4) the number of payments received by other company employees and delivered to the payment centers; (5) the type and scope of customer questions received at the CPCs; (6) the number of requests for telephone books, service related complaints, and requests from special need customers.

YOU ARE FURTHER NOTIFIED that despite the requirement to submit tracking data with this Application to close the two remaining payment offices, Qwest acknowledges that its Application does not contain the required tracking data. Application at 3. Qwest states that requiring it to submit the data “would be onerous. More importantly, doing so is unnecessary given the stark differences between 1990 and 2003 in terms of the many additional modes of payment available to Qwest customers and the steep decline in the use of the CPCs by Qwest customers.” *Id.* Accordingly, Qwest requested that the Commission “waive its data collection mandates from the prior case.”

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission’s Rules of Procedure, IDAPA 31.01.01.201 through –204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-eight (28) days from the service date of this Order. The comment must contain a statement of reasons supporting the comment. Persons desiring a hearing must specifically request a hearing in their written comments. Written comments concerning this application may be mailed to the Commission and the Applicant at the addresses 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

ADAM L. SHERR
QWEST CORPORATION
1600 7TH AVENUE, ROOM 3206
SEATTLE, WA 98191
E-mail: asherr@qwest.com

SUSAN MOHR
REGULATORY AFFAIRS MANAGER
QWEST CORPORATION
PO BOX 7888
BOISE, ID 83723-7888
E-mail: smohr@qwest.com

All 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. These comments must also be sent to the Applicant at the e-mail address(es) listed above.

YOU ARE FURTHER NOTIFIED that the Application and exhibits can be reviewed at the Commission's office and may be viewed on the Commission's Website at www.puc.state.id.us under the "File Room" icon.

YOU ARE FURTHER NOTIFIED that if no written comments or protests are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing. If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

DISCUSSION

As indicted above, prior Commission Orders require Qwest to submit certain categories of data in any application to close the Boise and Pocatello payment centers. In addition to the tracking data, U S WEST committed to provide a customer survey produced by an independent third-party to obtain additional information from customers who actually used the payment centers. Joint Staff and U S WEST Communications' proposal submitted in Case No. MTB-T-90-1 at 5 (August 24, 1990). Rather than submit the data and survey, Qwest asked the Commission to "waive" these requirements.

NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 29218

For purposes of processing this case, the Commission finds it need not decide at this time whether the waiver request should be granted. Interested persons may wish to comment on this issue. In addition, it is our understanding that the Commission Staff has served a production request on the Company that seeks data relevant to this Application. Consequently, the Commission reserves judgment on the issue of granting the waiver request.

ORDER

IT IS HEREBY ORDERED that this Application be processed under Modified Procedure. Persons interested in submitting written comments regarding this Application should do so within twenty-eight (28) days of the service date of this Order.

IT IS FURTHER ORDERED that Qwest conspicuously post a Notice of this proceeding at its two payment centers advising customers of the Company's proposal to phase out and close the centers. The Notice shall clearly state that the proposed closure is subject to the Commission's approval.

IT IS FURTHER ORDERED that Qwest shall prepare a handout summarizing its proposal to close the payment centers. The handout shall be distributed to customers using the Boise and Pocatello CPCs. The handout should advise customers of the proposal to phase out the CPCs and inform interested customers how they may file a comment with the Commission.

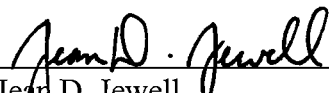
DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this 8th
day of April 2003.


PAUL KJELLANDER, PRESIDENT


MARSHA H. SMITH, COMMISSIONER

Commissioner Hansen Dissents Without Opinion
DENNIS S. HANSEN, COMMISSIONER

ATTEST:


Jean D. Jewell
Commission Secretary

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NOTICE OF APPLICATION
NOTICE OF MODIFIED PROCEDURE
ORDER NO. 29218