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UTILITIES COMMISSION

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Attorney for the Commission Staff

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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.) **COMMENTS OF THE**
) **COMMISSION STAFF**
)

COMES NOW the Staff of the Idaho Public Utilities Commission, by and through its attorney of record, Donald L. Howell, II, Deputy Attorney General, and submits the following comments in response to the Notice of Application, Notice of Modified Procedure and Order No. 29218 issued on April 9, 2003.

THE APPLICATION

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.

Qwest proposes to close the two remaining Customer Payment Centers (CPCs) in its 14-state region; one located in Pocatello, Idaho and the other in Boise, Idaho. A similar proposal was filed with the Commission in 1990 in Case No. MTB-T-90-1. Those proceedings were stayed and

the CPCs remained open. A monitoring plan was established to track customer payment information in an attempt to create a record sufficient to allow the Commission to determine whether non-Company owned payment agents could provide service equal to that provided by the CPCs. In 1997 the Commission allowed the Company to discontinue the tracking and reporting of data until such time as the Company sought to close the CPCs (Order No. 23596).

CPC OPERATIONS

The CPCs continue to be used by many Qwest customers. There were 63,211 payments made and processed by the tellers of the Qwest Pocatello and Boise CPCs in 2002 (37,567 in Pocatello and 25,644 in Boise).¹ Another 13,177 payments were received in the drop boxes at those locations (6,495 in Pocatello and 6,682 in Boise). Another 933 payments were mailed to a CPC (699 in Pocatello and 234 in Boise). For some reason, customers who mailed payments to the CPC did not use the self-addressed envelope provided with the bill.

The reasons vary as to why customers continue to pay their telephone bill in person. Some customers may simply find it convenient because the payment center is near where they live, shop or work. Others may just like the idea of saving money, and although the \$.37 for a stamp isn't a large amount, some people like the idea of saving \$4.44 a year. Others like the satisfaction of dropping that payment off personally, because they have face-to-face personal contact with the representative of the telephone company, or it has become part of the normal routine to personally pay their bills. Some customers believe (erroneously) that when payments are made in person, there is a speedier posting to their account, especially in instances of a pending disconnection.

While CPCs provide personal contact with a telephone company representative, they do not provide customers an opportunity to resolve all customer-related issues. The tellers at the CPCs can pull up a customer's account to verify an amount owing or to confirm if a payment has posted, but the teller is not empowered to negotiate payment arrangements, answer billing questions, take orders for new service, or resolve disputes. Returned telephone equipment cannot be dropped off at either CPC. Customers wanting to change or add services, disconnect service or question a long distance charge are provided the appropriate Qwest telephone number and instructed to call the Company for specialized assistance.

¹ In its response to Staff's Production Request, Qwest revised the numbers given in its Application.

Both CPCs are physically accessible to customers with disabilities and can accept cash payments and make change for payments made in excess of the exact amount. The CPCs accept payments even without the bill or disconnection notice and payment may be made by personal check, cashier check or money order. CPCs also accept payments for deposits and provide receipts for all transactions. The CPCs have drop boxes for customers who simply want to make the payment, but do not require a receipt.

Customers in need of a local or out-of-area telephone directory cannot pick one up at either CPC. Boise customers are advised to go to the QwestDex Boise location and all other customers are instructed to call 1-800-422-8793 to receive a directory.

ALTERNATIVE LOCAL PAYMENT AGENTS

One of the alternatives available to customers wanting to continue to pay in person would be to use one of the 11 Qwest payments agents. There are eight payment agents in the Boise area and three in Pocatello. (See Attachments A and B -- Maps of current CPC and payment agent locations.) In Pocatello there is a payment agent, the Super Save Drug, approximately three blocks away from the CPC. The closest payment agent to the Boise CPC is nearly a mile away. These agents are businesses engaged in other commercial activities such as vacuum sales, check cashing and payday loan service, or grocery and drug stores. In addition to their primary businesses, these companies accept payments on behalf of Qwest. Customers can pay their telephone bill and an employee of that business processes the payment electronically and hands the customer a receipt.

Qwest states that the eleven payment agents in Pocatello and Boise provide all the same services as the CPCs. Attachment C is a chart showing a comparison of services provided by the CPCs and by the payment agents. The tellers at the CPCs can pull up a customer's record and provide limited information, where the payment agents cannot, and CPCs provide drop boxes for payments not requiring receipts. Other than that, payment agents perform similar functions as the CPCs. That has not always been the case. There was a large disparity between functions of the CPCs and the payments agents as noted in Case No. MTB-T-90-1, where Staff witness Stokes testified that "Agents may not even be able to accept partial payment of bills, cash payments or payment of deposits." (p. 11, lines 16-18.)

There are a total of 58 payment agents across southern Idaho. In 2002, those payment agents processed 234,316 customer payments. Qwest has a contract with First Data Corporation to manage the business relationship with the payment agents. All First Data Corporation payment agents in Idaho currently allow customers to pay Qwest bills without charge for their service. Qwest pays First Data Corporation a fixed-unit rate for each walk-in payment. In addition, Qwest has an Independent Agency Agreement with ACE Cash Express businesses. The agreement allows the retail chain to accept Qwest payments from customers for a \$1 convenience fee. The \$1 fee is assessed and retained by ACE Cash Express. There are two ACE payment locations, one in Nampa and the other in Mountain Home. The ACE locations transmit payments via an electronic file in the same manner as the other payment agents. None of the payment agents have drop boxes available for the use of Qwest customers. Qwest did not verify that all the payment agents were accessible to customers with disabilities, since accessibility was not a requirement to becoming a First Data Corporation agent.

Using a payment agent has some advantages over using the CPCs, such as the extended hours of operation. Two payment agents in Pocatello accept and process payments 7 days a week and all but one payment agent in Boise are open Monday through Saturday. In contrast, the hours of operation for the CPC in Boise are from 8:30 a.m. to 5:00 p.m. Monday through Friday and Pocatello from 9:00 a.m. to 5:00 p.m. Monday through Friday. Payments received by an agent are electronically transmitted four times daily to Qwest, and information is recorded on the customer's record that a payment was made; however, actual posting to the customer's account may take up to 48 hours.

Customers in imminent danger of being disconnected who use a payment agent or CPC must call the Company and provide the receipt number as proof of payment. The payment agents provide a receipt with a payment tracking code that is familiar throughout the Company as a proof of payment. This tracking code is then noted on the customer's account by a Qwest consultant, which stops the pending disconnection. Customers who make a payment at the Qwest CPCs receive a basic payment receipt containing no tracking code, which may create an additional challenge if customers contact a Qwest representative. Since the two CPCs in Idaho are the only Company-owned payment centers within Qwest's 14-state region, Qwest representatives are not as familiar with CPC operations or even aware of their existence. Therefore, they may be hesitant to accept the customer's claim that a payment has been made.

Payments made at a CPC are noted on the customer's account by a Qwest teller and billing receipts are sent via overnight mail to the processing center in Denver. Payments made either at a CPC or a payment agent should post within a 48-hour period of time; however, it is more likely that payments taken at a CPC actually take longer to post than if paid at one of the payment agents since the receipts are mailed to another location for posting. Neither of the CPCs have the capability of processing electronic checks, yet some of the payment agents do. Qwest did not provide information regarding which agents have the electronic check capability; however, Staff notes that this information is provided on Qwest's website.

OTHER PAYMENT OPTIONS

Other options are available for customers to pay their telephone bill besides paying by mail or personally making a payment at a CPC or payment agent. Customers can have direct/automatic payments withdrawn from checking accounts. Options available today, but unavailable in 1990 include payment by debit card, credit card or a check routing number over the telephone. Customers can also connect to the Qwest automatic Interactive Voice Response Unit and pay by using a check routing number or credit card. Customers with access to computers have several payment options using Internet transactions including debit card, credit card or check. For customers who do not have access to computers, the options include debit card, credit card or check by phone. These optional payment choices may have fees attached, depending on the vendor used. Customers can make a calculated decision to use a fee-based service or use an alternate method of payment.

Staff notes that customers searching Qwest's Website may find it cumbersome to locate the walk-in payment locations. The Home Page does not make it obvious where the payment agent information may be found. The Attachments to the Application in this case indicate customers can click on "Residential" then enter their area code and phone number, and then click four other times then follow the prompts that ask for the city or ZIP code. The typical rule of thumb for Internet use is that three clicks of the mouse should take you where you want to go. It would be much more user-friendly to add a link to payment agent information on the Home Page.

As for Website contents, Staff notes that clear disclosure is provided if personal checks are accepted, or the location is an electronic check site. The website also lists the address and

hours of operation as well as other details about payment agent functions. However, Staff notes that the language "QWEST PRINTED MEDIA REQUIRED TO PAY" may be confusing to customers and suggests that specific reference be made to Qwest bills or notices rather than "printed media".

Face to face contact between customers and utility representatives has been on the decline in Idaho and throughout the country over the past several years. Utilities have steadily been replacing local offices in favor of centralizing functions. The increased efficiency and reduced costs of central processing has made satellite offices uneconomical. The two Qwest CPCs in Idaho are the only Company-owned centers operating in its 14-state region. According to Qwest, the costs of operating these two facilities is over \$211,000 per year, yet the number of payments processed by Qwest tellers constitute only 1.43% of the total number of payments processed for Idaho customers in 2002. Staff has verified that the cost per transaction using a payment agent is less than the cost per transaction at the CPC.

STAFF OBSERVATIONS

The focus of the Commission is to satisfy the requirements contained in *Idaho Code* § 61-302, "Every public utility shall furnish, provide and maintain such service, instrumentalities, equipment and facilities as shall promote the safety, health, comfort and convenience of its patrons, employees and the public, and as shall be in all respects adequate, efficient, just and reasonable." Even though the Commission's Telephone Customer Relations Rules do not require face-to-face contact, the expectation is that companies will generally be responsive to the needs of its customers. Consumer complaints, orders for connection and disconnection, and changes in services can all be handled by Qwest even though the Company does not have a place for people to go to meet personally with a Company representative. Currently the tellers at CPCs do little more than take and process payments. To the extent that Qwest can sufficiently meet the needs of its customers without having a local office for customers to pay the bills, Staff does not oppose closure of the CPCs.

If the CPCs are closed, an average of nearly 6400 payments per month will have to be made in some other manner. If the payment agents can provide equivalent service to effectively meet the needs of Qwest customers, the changes customers will have to make will be minimal. A variety of alternative methods are available for these same patrons.

Staff recognizes that the Commission has not imposed standards for payment agents used by any utility under its jurisdiction. However, Staff maintains that certain requirements are both reasonable and necessary in light of the increasing frequency of utility office closures. These include:

- (1) All payment agents should be physically accessible to customers with disabilities. Customers paying in person should not be turned away due to inaccessibility.
- (2) That the customers be clearly notified if there is a convenience fee or service charge for using the payment options available (e.g., electronic checks, check by phone, Internet, credit card, debit card).
- (3) For the convenience of the customers, those agents that do not have the ability to process electronic checks have signs posted informing customers of that fact.
- (4) That payment agents accept cash, make change, accept partial payments, accept payments without bills or notices, accept checks and money orders, accept deposits as well as payment on bills, post payments within a reasonable amount of time and provide receipts.

With the exception of handicap accessibility at some sites, Staff believes that the existing Qwest payment agents in Boise and Pocatello meet all the requirements.

PUBLIC COMMENTS

The Commission received a total of 33 comments from customers and employees of Qwest. All comments originally were against closing the CPCs. The Mayor of Pocatello, Roger W. Chase, originally submitted comments against the closure of the Pocatello CPC, but has since retracted his original letter and submitted a letter in support of Qwest's business decision to close the Pocatello CPC as long as Qwest continues to provide a variety of convenient options for customers to pay their telephone bills.

All the customers opposing closure were genuinely concerned that the closure of the CPCs represents a decline in the level of customer services provided by the Company. There were no public comments received requesting a public hearing. There were five comments received from the Boise area stating that the CPC on Main Street was convenient, and they liked

the availability of the courtesy phone. Some customers believed that the exact amount would be necessary if payment was made anywhere except the CPC, and another customer thought that by making a payment at the CPC was the fastest way to pay the telephone bill.

Convenience and friendly customer service was mentioned in many of the 28 comments from the Pocatello area. Customers feel the employees of Qwest are part of the community and they don't want the tellers to lose their jobs. Some customers have a routine of paying the bills in person because they like the face-to-face contact. Other customers stated it would be a hassle to pay the bill elsewhere because they have had to stand in line when using a payment agent. Another customer asked if the savings involved would be significant enough that the rates would be lowered. One employee of Qwest noted how important the human contact is for the elderly, since they can become very frustrated with the complicated menu when trying to reach the company by phone to resolve a problem.

Staff notes that there are some misconceptions as to what the payment agents offer and what functions they are capable of providing. The savings in closing the CPCs could offset the upward pressure on rates, since any reduction in costs benefits all customers. However, a monetary value cannot be placed on how the customer feels having face-to-face contact with Company personnel. There are so few customers using the CPCs related to the total number of Qwest customers, that to keep the CPCs open is not a cost-effective way of providing a payment service. In this instance, Staff maintains that preserving the convenience and inherent value of face-to-face contact with Qwest for those customers who patronize the CPCs is not sufficient reason for prohibiting closure of the CPCs.

STAFF RECOMMENDATIONS

Staff recommends that Qwest be allowed to close the Boise and Pocatello CPCs if a payment agent is secured in the near proximity to where the existing CPCs are currently located prior to closure. In Pocatello the Super Saver Drug store located approximately three blocks away would be adequate. In Boise, however, the closest payment agent is nearly a mile away. Staff recommends that a payment agent be secured in the downtown Boise area, within five blocks of the Boise CPC.

Staff also recommends that those payment agents closest to the CPCs be handicapped accessible so that there is no loss of functionality in the transition between the CPCs and

payment agents. Qwest should verify that the Super Saver Drug in Pocatello is handicapped accessible. The downtown Boise payment agent should also be handicapped accessible.

Staff also recommends that drop boxes be kept at the current locations for at least one year after closure of the CPC to help customers with the transition of the CPC closure. If Qwest chooses to discontinue the use of drop boxes after a year's time, a sign should be put on the drop box advising of the pending closure 60 days prior to actual closure. If the payments received in the drop box will not be processed immediately, a sign should be posted alerting customers of the timeframe involved for payments to post as well as the availability of other payment options, including the location of the nearest payment agent.

Staff also recommends that Qwest verify that the payment agents located in Boise and Pocatello are accessible to the handicapped prior to closure of the CPCs and meet all the criteria specified on page 7 of Staff's comments.

Staff also recommends that Qwest's Website be modified to more clearly advise customers of what they need to bring with them when using a payment agent. Staff also recommends that a link be added to Qwest's Home Page for payment agent information. Finally, Staff recommends that Qwest make provisions to expeditiously handle payments that are mailed to the CPC locations.

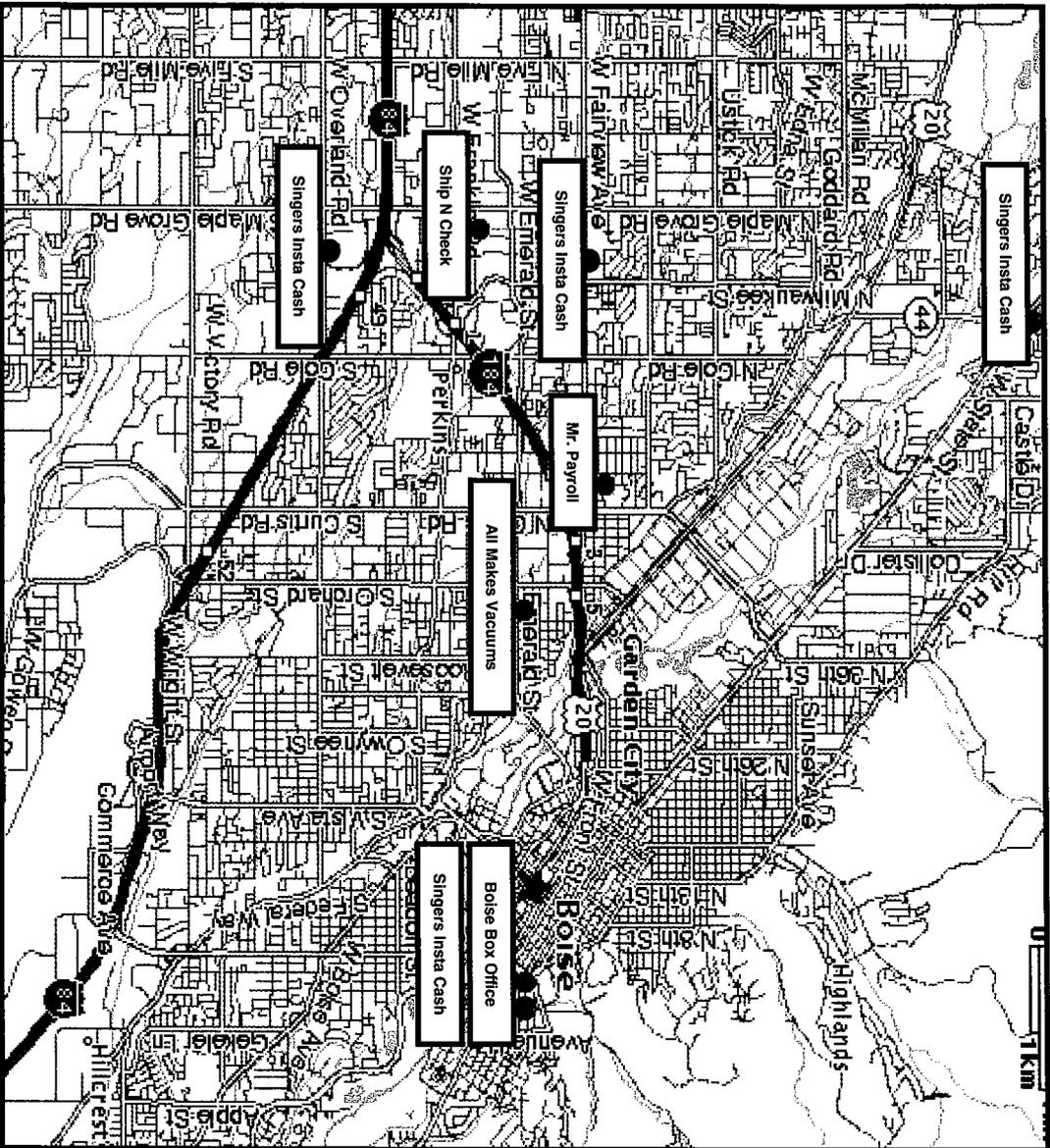
Respectfully submitted this 16th day of May 2003.



Donald L. Howell, II
Deputy Attorney General

Technical Staff: Carol Cooper

i:umisc:comments/qwet03.10dhcj



The * (star) represents the current locations of the CPCs (Customer Payment Centers)(Boise - 999 Main Street; Pocatello - 455 W. Lewis). The rectangles represent the current locations of Payment Agents.

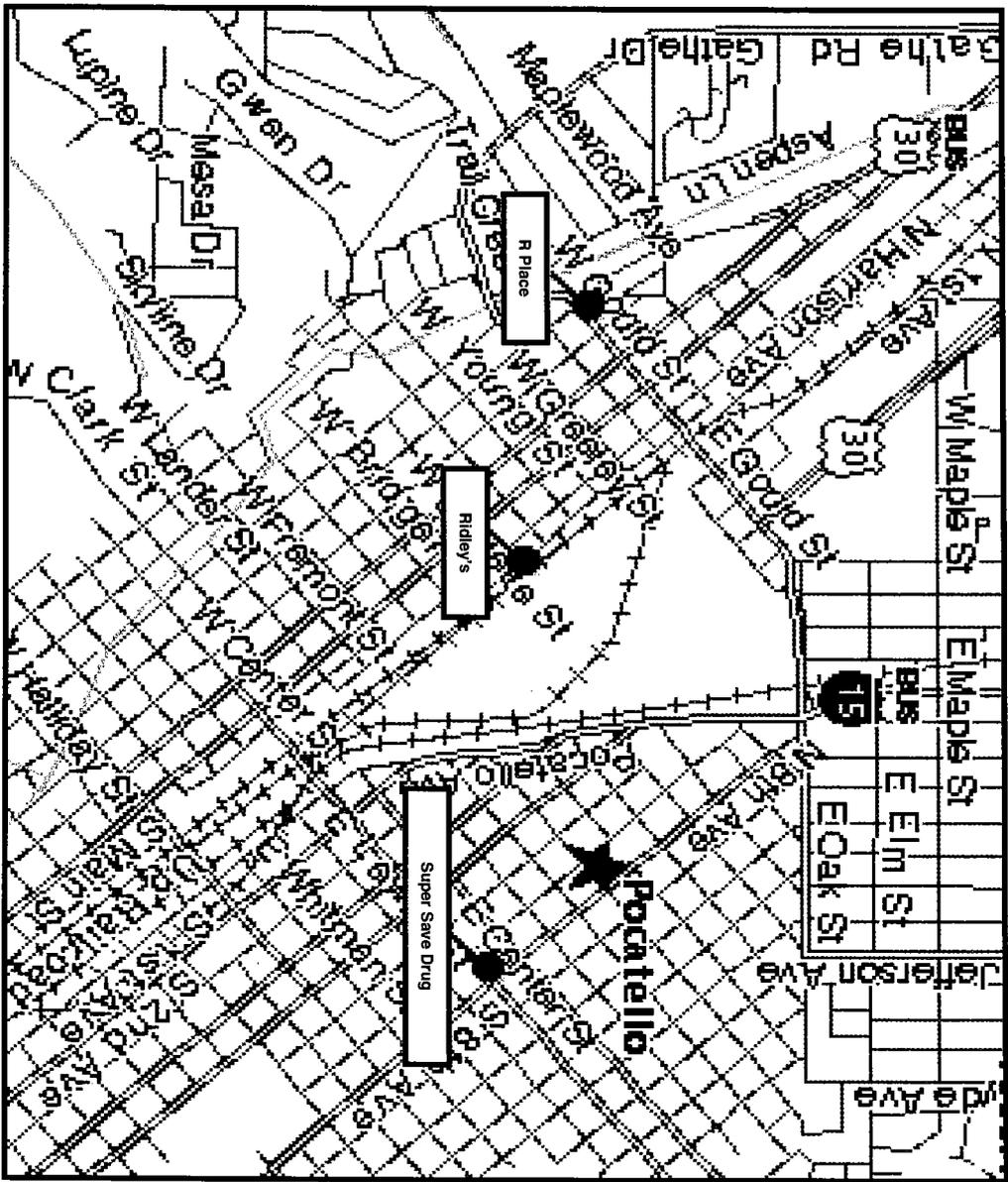
QWEST BOISE

HOURS

ALL MAKES VACUUM 615 N Orchard	M-F 9 am - 6:30 pm SA 9 am - 4 pm
BOISE BOX OFFICE 111 Broadway	M-F 9 am - 6 pm SA 10 am - 2 pm
MR PAYROLL 6350 Fairview	M-F 10 am - 7 pm SA 10 am - 5 pm
SHIP N CHECK 8649 Franklin Rd 83709	M-F 10 am - 6 pm SA 10 am - 2 pm
SINGERS INSTA CASH #2 8411 Fairview Ave	M-F 10 am - 7 pm SA 10 am - 3 pm
SINGERS INSTA CASH #3 6942 State St	M-F 10 am - 6 pm
SINGERS INSTA CASH #4 111 Broadway Ave Ste 101	M-F 10 am - 7 pm SA 10 am - 3 pm
SINGERS INSTA CASH #8 8618 W Overland	M-F 10 am - 7 pm SA 10 am - 3 pm

Attachment A
Case No. QWE-T-03-10
Staff Comments
C. Cooper, Staff
5/16/03





The * (star) represents the current locations of the CPCs (Customer Payment Centers)(Boise - 999 Main Street; Pocatello - 455 W. Lewis). The rectangles represent the current locations of Payment Agents.

**QWEST
POCATELLO**

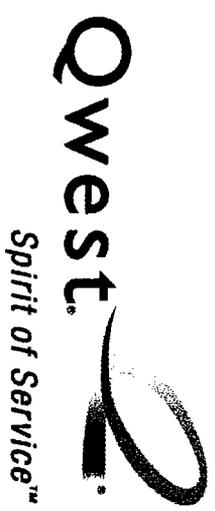
Attachment B
Case No. QWE-T-03-10
Staff Comments
C. Cooper, Staff
5/16/03

HOURS

R PLACE
245 Riverside Ct
SU-TH 6 am - 10 pm
F-SA 7 am - 11 pm

RIDLEY'S
911 N Main St
DAILY 7 am - 11 pm

SUPER SAVE DRUG
701 E Center
M-F 9 am - 9 pm
SA 9 am - 5 pm
SU 11 am - 5 pm



COMPARISON OF SERVICES

	Customer Payment Centers Pocatello and Boise	Payment Agents Pocatello and Boise	All Other Southern Idaho Payment Agents
Accept cash and make change	Yes	Yes	Yes
Accept payment for less than full amounts due.	Yes	Yes	Yes
Accept payment if customer does not have copy of bill or notice.	Yes	Yes	Yes
Accept payment if customer does not have the payment stub.	Yes	No	No
Accept personal checks or Money Orders	Yes	Yes	Yes
Process electronic checks	No	Some, but not all.	Some, but not all.
Accept payments for Deposits as well as bills.	Yes	Yes	Some, but not all.
Provide Receipts for payments	Yes	Yes	Yes
Drop Box Available	Yes	No	No
Evening and Weekend Hours	No	Yes	Yes
Pick up Directories	No	No	No
Charge Fee for Payment	No	No	Some, but not all.
Make Payment Arrangements	No	No	No
Timely Post Payments	Yes	Yes	Yes
Handicapped Accessible	Yes	Maybe	Maybe

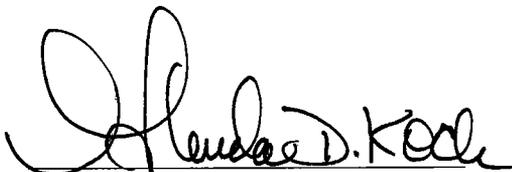
Attachment C
Case No. QWE-T-03-10
Staff Comments
C. Cooper, Staff
05/16/03

CERTIFICATE OF SERVICE

I HEREBY CERTIFY THAT I HAVE THIS 16TH DAY OF MAY 2003,
SERVED THE FOREGOING **COMMENTS OF THE COMMISSION STAFF**, IN CASE
NO. QWE-T-03-10, BY MAILING A COPY THEREOF, POSTAGE PREPAID, TO THE
FOLLOWING:

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