

IDAHO PUBLIC UTILITIES COMMISSION

Case No. QWE-T-05-12, QWE-T-05-13

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Qwest removes telecommunications services from price regulation

Boise – Qwest Corporation has notified the Idaho Public Utilities Commission that it intends to remove its telecommunications services from price regulation effective Aug. 1 in both its northern and southern Idaho territories. Qwest's filing does not change its current rates.

The Idaho Legislature amended the Telecommunications Act of 1988 earlier this year to allow telephone corporations to elect to set their own rates rather than have them established by the commission. In its southern Idaho territory, all of Qwest's services (caller ID, voice messaging, call waiting) other than local exchange service have been deregulated since 1989. In northern Idaho, all of Qwest's services were subject to commission-approved rates.

Qwest maintains that removing price regulation will allow the company to more effectively respond to the competitive marketplace.

Qwest initially sought price deregulation from the Idaho commission in 2003, but the commission denied the company's petition, ruling that cell phone service did not yet provide effective competition to landline telephone service. In 2004, Qwest asked the Idaho Legislature to amend the statute to allow price deregulation. The company's 2004 attempt failed, but an amended version this year passed the House by a 48-22 vote. In the Senate, HB 244, ended in a tie vote with the Senate president pro tem breaking the tie in favor of the bill.

Qwest will be under a price cap during a three-year transition period that limits rates to no more than the maximum rate already set by other regulated companies operating in rural Idaho. Annual increases in monthly charges can be no more than 10 percent above rates now in place. The commission can extend the three-year transition to five years if the commission finds that such action is necessary to protect the public interest. After the transition period is expired, Qwest is free to adjust rates to any amount.

The commission retains authority to regulate the company in non-economic matters relating to customer service, billing practices and quality of service.