

BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

IN THE MATTER OF U S WEST) CASE NO. USW-T-00-2
COMMUNICATIONS RECOVERY OF ITS)
CAPITAL COSTS FOR IMPLEMENTING EAS)
IN SOUTHERN IDAHO.) ORDER NO. 28276

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On December 21, 1999, U S WEST Communications, Inc. filed a request to recover \$826,305 in capital costs it incurred installing additional facilities required to expand the local calling areas in the Payette, Weiser, New Plymouth, Mountain Home and Glenss Ferry local exchanges. The Commission approved the expanded area service (EAS) in Order Nos. 27774 and 27790. At the time those EAS requests were considered, U S WEST estimated the costs of necessary improvements to implement EAS at approximately \$1 million. The Commission previously approved the use of residual revenue sharing funds to cover the cost of implementing EAS. See Order Nos. 26672 and 27100. Based upon our review of the Application and Staff's recommendation, we find it reasonable to reimburse the Company for its one-time capital costs from remaining revenue sharing funds.

In Order No. 26672 issued November 1, 1996, the Commission authorized U S WEST to implement three regional calling areas in its southern Idaho service territory. The Commission also authorized U S WEST to recover its necessary capital investment for network facilities or improvements required to implement EAS from funds remaining in the revenue sharing plan. In subsequent Orders, the Commission reaffirmed its prior decision to authorize U S WEST to recover its reasonable and prudent capital investment for implementing EAS from remaining revenue sharing funds. See Order No. 27633 and Order No. 28091.

In this case, U S WEST has calculated that the necessary construction and capital costs to implement EAS for the exchanges of Payette, Weiser, New Plymouth, Mountain Home, and Glenss Ferry total \$826,305. The Company provided documentation to support its claim, specifically identifying 16 separate projects which were at least partially necessary to handle the increased calling for the EAS region. Staff reviewed the documentation and determined U S WEST's allocation to be reasonable to allow recovery of a portion of each of the projects. Staff specifically noted that the allocation factors identified by U S WEST were within the range Staff would consider reasonable for each project. In addition, Staff noted that the total request is less than the \$1 million estimate provided at the time the Commission approved implementation of the EAS expansion. The Company has indicated it will use the same accounting treatment on this request as followed in previous cases. The installed plant is fully expensed and thus will have no impact on rate base.

Based upon our review of U S WEST's Application and Staff's recommendation, we find it reasonable to reimburse the Company for its capital costs associated with implementing EAS in the exchanges of Payette, Weiser, New Plymouth, Mountain Home and Glenss Ferry. As already mentioned, prior Commission Orders consistently note that remaining revenue sharing funds may be used to reimburse the Company for its capital costs associated with implementing EAS. In this case, U S WEST was required to improve or add additional plant to accommodate increased traffic for the EAS areas approved by the Commission in Order Nos. 27774 and 27790. Accordingly, the Commission approves U S WEST's Application in this case and directs the USF Administrator to reimburse U S WEST \$826,305 from remaining revenue sharing funds. Use of revenue sharing funds to reimburse U S WEST in this case will leave a balance of approximately \$3.5 million in the revenue sharing fund.

ORDER

IT IS HEREBY ORDERED that U S WEST's Application for reimbursement of EAS capital costs is granted. The Company shall receive reimbursement of its capital costs for implementing EAS in Payette, Weiser, New Plymouth, Mountain Home and Glens Ferry in the amount of \$826,305.

IT IS FURTHER ORDERED that the USF Administrator reimburse U S WEST the amount of \$826,305 from the remaining revenue sharing funds in her custody.

THIS IS A FINAL ORDER. Any person interested in this Order may petition for reconsideration within twenty-one (21) days of the service date of this Order. 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
day of .

DENNIS S. HANSEN, PRESIDENT

MARSHA H. SMITH, COMMISSIONER

PAUL KJELLANDER, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

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