

ORIGINAL



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BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

JEFF HATCH-MILLER, Chairman
MARC SPITZER
WILLIAM A. MUNDELL
MIKE GLEASON
KRISTIN K. MAYES

IN THE MATTER OF THE FORMAL
COMPLAINT AGAINST CITIZENS UTILITIES
RURAL COMPANY, INC. dba FRONTIER
CITIZENS UTILITIES RURAL COMPANY,
FILED BY BETTY BINGAMAN.

DOCKET NO. T-01954B-05-0640

NOTICE OF FILING TESTIMONY

Citizen's Utilities Rural Company ("Citizens" or the "Company"), through undersigned counsel, hereby files the direct testimony of Stephen Pebley and Curt Hutsell in the above-captioned Complaint.

RESPECTFULLY SUBMITTED this 6th day of January, 2006.

SNELL & WILMER L.L.P.

Robert J. Metli
Attorneys for Citizens Utilities Rural Company, Inc.,
dba Frontier Citizens Utilities Rural Company

Original and 13 copies filed this 6th day of January, 2006, with:

Docket Control
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Phoenix, Arizona 85007

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In The Matter Of The Formal Complaint Against Citizens
Utilities Rural Company, Inc. Dba Frontier Citizens
Utilities Rural Company, Filed By Betty Bingaman

Docket No. T-01945B-05-0640

Copies hand-delivered this 6th day of January, 2006, to:

ALJ Lyn Farmer
Arizona Corporation Commission
1200 West Washington
Phoenix AZ 85007-2927

Ernest Johnson
Director, Utilities Division
Arizona Corporation Commission
1200 West Washington
Phoenix AZ 85007-2927

Christopher Kempley
Chief Counsel, Legal Division
Arizona Corporation Commission
1200 West Washington
Phoenix AZ 85007-2927

Copies mailed this 6th day of January, 2006, to:

Ms. Betty Bingaman
11078 Alvis Road, Box 145
Yucca, AZ 86438

Kevin Saville
Associate General Counsel
Citizens Communications Company
2378 Wilshire Boulevard
Mound, MN 55364

Curt Hutsell
State Regulatory Manager
Citizens Utilities Rural Company, Inc.
4 Triad Center
Salt Lake City, UT 84180



BEFORE THE ARIZONA CORPORATION COMMISSION

JEFF HATCH-MILLER
CHAIRMAN
WILLIAM A. MUNDELL
COMMISSIONER
MARC SPITZER
COMMISSIONER
MIKE GLEASON
COMMISSIONER
KRISTEN K. MAYES
COMMISSIONER

IN THE MATTER OF THE FORMAL) DOCKET NO. T-01945B-05-0640
COMPLAINT AGAINST CITIZENS)
UTILITIES RURAL COMPANY, INC. dba)
FRONTIER CITIZENS UTILITIES RURAL)
FILED BY BETTY BINGAMAN)

TESTIMONY OF

STEPHEN PEBLEY

CITIZENS UTILITIES RURAL COMPANY, INC.

dba FRONTIER CITIZENS UTILITIES RURAL

JANUARY 6, 2006

1 **INTRODUCTION**

2
3 **Q. Please state your name and give your business address.**

4 A. My name is Stephen Pebley. My business address is 3405 Northern
5 Avenue, Kingman, Arizona 86409.
6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am employed by Citizens Utilities Rural Company ("Citizens" or "the
9 Company") as Director, Operations.
10

11 **Q. Please describe your current Citizens' duties and responsibilities.**

12 A. I am Director of Operations for Mohave County, Arizona and Needles
13 California. I am responsible for overseeing customer phone service
14 operations, including, all outside plant and central office equipment, in the
15 area.
16

17 **Q. Please describe your professional experience.**

18 A. I have worked in the telephone industry for 33 years in various duties as
19 installer/repairman, outside plant, central office and engineering, to
20 supervisory positions in operations.
21

22 **Q. Have you previously testified before this Commission?**

23 A. No.
24

25 **Q. Have you previously testified before any other state regulatory
26 commissions?**

27 A. No.
28
29

1 **SUMMARY OF TESTIMONY**

2
3 **Q. What is the purpose of your testimony?**

4 A. The purpose of my testimony is to address certain issues raised by Ms.
5 Bingaman in her formal complaint against Citizens. I have reviewed the
6 facts as explained in Ms. Bingaman's complaint and reviewed the
7 circumstances associated with Citizens providing telephone service and
8 estimated costs for providing telephone service to Ms. Bingaman. Ms.
9 Bingaman's complaint involves Citizens' charges for a line extension to her
10 and her husband's residence near Yucca, Arizona. The address of the
11 residence is 11078 Alvis Road. These issues include the costs of providing
12 service to Ms. Bingaman's home, the charges Citizens assessed her
13 neighbors for extending service to them and the differences in costs of
14 buried and aerial telephone cable facilities. Mr. Curt Huttzell, Manager of
15 Government and External Affairs, will address the issues associated with
16 Citizens' tariff terms and charges in his testimony to be filed concurrently
17 with my testimony.

18
19 **Q. Please summarize your testimony.**

20 A. When the Bingamans applied for service Citizens did not have a record of
21 providing service to the Bingaman's address. As a result, a Citizens'
22 engineer inspected the location where service was to be provided to
23 determine whether Citizens had telephone facilities running directly to or
24 close to the address where service was requested. Because telephone
25 plant facilities were not installed to the requested service address, Citizens'
26 calculated the cost to provide telephone service to the Bingaman residence.
27 Once this engineering study was completed and an estimate of the costs to
28 extend telephone plant facilities to the Bingaman address was developed,
29

1 Citizens sent two letters dated May 3, 2005 and May 27, 2005 to the
2 Bingamans describing the line extension charges and asking if the customer
3 was willing to pay the estimated cost for the line/facility extension to
4 receive service. The Bingamans have been unwilling to pay the line
5 extension costs estimated by Citizens and as a result Citizens has not
6 installed phone service to the Bingaman residence.
7

8 **RESPONSES TO THE BINGAMAN COMPLAINT**
9

10 **Q. Are you familiar with the area near Yucca where the Bingaman**
11 **residence is located?**

12 A. Yes. I have personally surveyed the site where the Bingaman home is
13 situated, and in my capacity as Director of Operations in Mohave County, I
14 am familiar with Citizens' outside plant facilities in and around that area.
15

16 **Q. Are you also familiar with the cost estimates Citizens provided to**
17 **Ms. Bingaman for extending telephone plant facilities to serve the**
18 **Bingaman residence?**

19 A. Yes. I have reviewed the cost data and the line extension quote Citizens
20 provided to Ms. Bingaman, and the estimate is reasonable and consistent
21 with my experience in the industry.
22

23 **Q. Please describe how Citizens arrived at the line extension charges**
24 **proposed to Ms. Bingaman.**

25 A. Mr. and Mrs. James (Betty) Bingaman initially placed an order for service
26 on February 25, 2005. Since this was a new home and Citizens was not
27 already providing telephone service to the requested service address, an
28 engineering study was conducted. Based on the distance from the
29

1 Bingaman residence to existing Citizens' telephone plant, it was determined
2 that line extension charges totaling \$9,200 would apply. This charge was
3 based on the need to place nine telephone poles to carry approximately
4 2,375 feet of telephone cable from the existing Citizens' telephone plant
5 facilities to the Bingaman residence. The total cost of construction to install
6 service to the Bingaman residence was estimated to be \$10,196.97;
7 however, based on Citizens' tariff provision, the line extension charge the
8 Bingamans were required to pay was \$9,200. On May 3, 2005, Citizens
9 sent a letter to Mr. James Bingaman explaining the line extension estimated
10 costs and explaining that the customer will be required to pay the \$9,200
11 extension charge and enclosing a standard Line Extension Telephone
12 Service Agreement. A copy of the letter is attached as Exhibit A to my
13 testimony. Citizens' engineers subsequently re-visited the site, and
14 determined that three new electric power poles had been constructed
15 between Citizens' existing telephone plant facilities and the Bingaman
16 residence. Citizens also determined that these electric power poles could be
17 used to serve the Bingaman residence and therefore the total estimated
18 cost to provide service to the Bingaman residence was reduced to
19 \$8,839.00. Based on this change, Citizens sent a second letter to the
20 Bingamans dated May 27, 2005 explaining that the line extension estimate
21 to provide service was reduced to \$7,872 and explaining that the customer
22 would be required to pay these charges to receive telephone service. A
23 copy of the letter is attached as Exhibit B to my testimony.

24
25 **Q. Ms. Bingaman asserts that she was told that the charge for her to**
26 **establish telephone service with Citizens was only \$60.00 and this**
27 **would be the only charges she would incur. Please respond to this**
28 **point?**

1 A. Ms. Bingaman is referring to Citizens' standard \$60.00 charge to establish
2 telephone service. This \$60.00 charge applies whenever a customer
3 subscribes to service with Frontier and is typically the only charge a
4 customer incurs to subscribe to service if Citizens' telephone line facilities
5 are already running to the customer's requested service request. As
6 explained above, however, if Citizens does not have telephone line facilities
7 running to a customer location, Citizens must first undertake an
8 engineering study to determine the costs to provide service to the location.
9 Until Citizens conducts this review, it cannot determine whether additional
10 line extension costs would apply under its tariff. Accordingly, Citizens could
11 not provide Ms. Bingaman with a total cost estimate for installing new
12 telephone service to her residence at the time she initially inquired about
13 Citizens' telephone service.

14
15 **Q. Ms. Bingaman asserts that certain of her neighbors were not**
16 **required to pay line extension charges when Citizens provided**
17 **telephone service to them. Is she correct?**

18 A. Yes. The neighbors named by Ms. Bingaman in her complaint were not
19 assessed line extension charges when service to them was installed. These
20 neighbors include the following homeowners:

- 21 Jerry and Opal Gruhlke
- 22 John and Sandy Newman
- 23 Steph and Trisha Spanello
- 24 Don and Fran Smith
- 25 Glynn and Carol Ross
- 26 Gene and Jeanette Baker

27
28 **Q. Why were Ms. Bingaman's neighbors not assessed a line extension**
29

1 **charge associated with Citizens providing phone service?**

2 A. The neighbors Ms. Bingaman identified were served by a single, direct
3 buried telephone cable route that Citizens placed in 1998. The route for the
4 telephone cable used to serve these customers is shown on a map of the
5 area, which is attached as Exhibit C to this testimony. Citizens did not
6 assess line extension charges because the total costs to place the direct
7 buried telephone cable was less than these customers' local service charges
8 for 7 years. As Mr. Curt Huttshell explains in his testimony, Citizens will
9 extend its telephone lines to reach applicants without imposing a line
10 construction charge if the costs of constructing the required line extension
11 will not exceed 7 years of expected revenue from the individual or
12 individuals requesting service.

13
14 **Q. Are you proposing to serve the Bingaman's in the same manner as**
15 **their neighbors?**

16 A. No. At the time of placement for Ms. Bingaman's neighbors, Citizens could
17 place and bury telephone cable at a depth of 36 inches. However, since
18 1998, Mohave County has enacted an ordinance which requires Citizens to
19 bury a telephone cable at a depth of 48 inches. The requirement to bury
20 cable an additional 12 inches substantially increases the costs of installing
21 service. The line extension estimate Citizens has provided to Ms. Bingaman
22 is therefore based upon using aerial cable to provide service to her home,
23 which was substantially less costly than providing buried cable at the
24 county-required depth of 48 inches.

25
26 **Q. Ms. Bingaman also contends that another of her neighbors, Gilbert**
27 **Kleckner, received a line extension quote from Citizens several**
28 **thousand dollars less than the quote she received. Is she correct?**

1 A. Yes. However, the lower line extension quoted Mr. Kleckner was due to the
2 fact that there are existing power poles running from Citizens' existing
3 telephone plant facilities to Keckner's property. Power poles going to the
4 Bingaman house are in the opposite direction from Citizens' existing
5 telephone plant facilities.

6
7 **Q. Do you believe Citizens has provided Ms. Bingaman with the least**
8 **cost, most efficient estimate of line extension charges for Citizens**
9 **to provide telephone service to the Bingaman residence?**

10 A. Yes. Based on my review of the circumstances in this case, including the
11 location of the Bingaman residence, the location of Citizens' existing
12 telephone plant facilities and considering the circumstances surrounding
13 Citizens providing telephone service to Ms. Bingaman's neighbors, it is my
14 opinion that the \$7,872 line extension estimate provided by Citizens uses
15 the least cost, most efficient means for Citizens to provide telephone
16 service to the Bingaman residence.

17
18 **Q. Does this conclude your testimony at this time?**

19 A. Yes.
20
21
22
23
24
25
26
27
28
29

EXHIBIT A

Pebbley
Exhibit A

frontier
A Charter Communications Company
www.FrontierOnline.com

3405 Northern Ave.
P.O. Box 3609
Kingman, AZ 86402-3609

May 3, 2005

Mr. James R. Bingaman
P. O. Box 145
Yucca, AZ 86438

Re: Line Extension charges to 11078 S. Alvis Rd., Yucca, AZ, Golden Valley Ranchos, Unit 9 South, Blk. F, Lot 14 in T18N, R17W, Sec. 35 - Service Order #92895753

Dear Mr. Bingaman:

Thank you for your order for telephone service in our Yucca exchange. Since telephone facilities are not available at your location, new construction will be required.

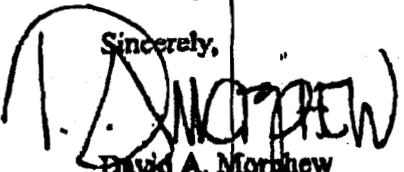
Our Engineering Department has estimated the total cost of construction to be \$10,196.97. Our tariff, approved by the Arizona Corporation Commission, provides for a credit to be deducted from line extension charges equal to seven years local exchange revenue. Therefore, the line extension charges you will be required to pay are \$9,200.00. This estimate is for one-line residential service.

Enclosed is our standard Line Extension Telephone Service Agreement for your review and signature. Please note Section 4 explains any difference in construction costs will be either credited or billed accordingly. All line extension charges and successive line extension charges are computed on a per line basis.

Please sign both copies of the Agreement and return in the self-addressed envelope to my attention with a check for \$9,200.00. A fully executed copy will be returned to you. If we have not received your signed Agreement within 30 days of the date of this letter, we will assume that you are not interested in proceeding and your order will be canceled until further notice from you.

Should you have any questions, please do not hesitate to contact me at (928) 757-0204.

Sincerely,


David A. Morphet
Engineering Manager

DAM/sf

cc: M. Loreque
C. Hendrix
File

EXHIBIT B

LINE EXTENSION TELEPHONE SERVICE AGREEMENT

This Agreement, dated this _____, by and between CITIZENS UTILITIES RURAL COMPANY, INC., hereafter referred to as the Company, and JAMES BINGAMAN, P. O. BOX 145, YUCCA, AZ 86438, hereafter referred to as the Owner.

WITNESSETH

1. The Company will furnish, own, operate, and maintain the facilities necessary to furnish requested telephone service from its existing point of service located at the front of 11246 S. Bennie Rd. in our Yucca exchange, by placing approximately 2,375 feet of c-wire, which will be placed on a newly constructed pole line to the Owner's location at 11078 S. Alvis Rd., Yucca, AZ (Golden Valley Ranchos, Unit 9 South, Blk F, Lot 14 in T18N, R17W, Sec. 35).
2. Owner will, before line construction work is started, pay to the Company the sum of \$9,200.00, the agreed construction charge computed in accordance with the Company's tariff presently on file with the Arizona Corporation Commission. All line extension charges and successive line extension charges are computed on a per line basis.
3. Owner agrees to pay to the Company the appropriate non-recurring service connection charges, monthly recurring charges, and applicable special charges as set forth in the Company's regularly published and filed tariff. (Any special charges will be noted in Section 6 of this Agreement.)
4. Upon completion of construction, the actual cost of construction will be computed. If actual costs are less than the estimated cost, as stated herein, Company agrees to refund to the Owner the difference. If the actual costs of construction are greater than estimated cost, the Owner agrees to pay the Company the difference.
5. Owner hereby agrees to pay the cost of any easements, permits, or other authorizations acceptable to the Company for the installation, operation and maintenance of the facilities required in order to provide requested service.
6. This Agreement shall be binding upon the respective executors, administrators, successors, and assigns of the parties hereto, and shall at all times be subject to the rates, rules and regulations of the Company's said filed tariff and to changes or modifications approved by or prescribed by any regulatory agency having jurisdiction.
7. Special Provisions: Owner agrees to subscribe to single-party telephone service for a period of seven (7) years or pay the value thereof.

ACCEPTED: _____, 20____

CITIZENS UTILITIES RURAL COMPANY, INC.

By: _____

Title: David A. Morphew
Engineering Manager

ACCEPTED: _____, 20____

OWNER: James Bingaman

By: _____

Title: James Bingaman - Owner

EXHIBIT C

May 27, 2005

Mr. James R. Bingaman
P. O. Box 145
Yucca, AZ 86438

Re: **REVISED** - Line Extension charges to 11078 S. Alvis Rd., Yucca, AZ, Golden Valley Ranchos, Unit 9 South, Blk. F, Lot 14 in T18N, R17W, Sec. 35 - Service Order #92895753

Dear Mr. Bingaman:

Thank you for your order for telephone service in our Yucca exchange. Since telephone facilities are not available at your location, new construction will be required.

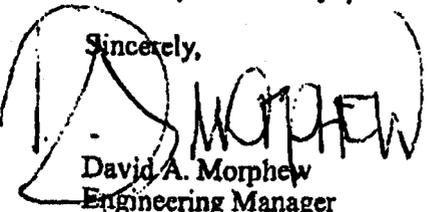
Our Engineering Department has re-estimated the total cost of construction to be \$8,839.00 because we can now attach to several new UniSource power poles. Our tariff, approved by the Arizona Corporation Commission, provides for a credit to be deducted from line extension charges equal to seven years local exchange revenue. Therefore, the line extension charges you will be required to pay are \$7,872.00. This estimate is for one-line residential service.

Enclosed is our standard Line Extension Telephone Service Agreement for your review and signature. Please note Section 4 explains any difference in construction costs will be either credited or billed accordingly. All line extension charges and successive line extension charges are computed on a per line basis.

Please sign both copies of the Agreement and return in the self-addressed envelope to my attention with a check for \$7,872.00. A fully executed copy will be returned to you. If we have not received your signed Agreement within 30 days of the date of this letter, we will assume that you are not interested in proceeding and your order will be canceled until further notice from you.

Should you have any questions, please do not hesitate to contact me at (928) 757-0204.

Sincerely,


David A. Morphew
Engineering Manager

DAM/sf

cc: M. Loreque
File

EXHIBIT D

1 **INTRODUCTION**

2
3 **Q. Please state your name and give your business address.**

4 A. My name is Curt Huttzell. My business address is 3 Triad Center, Suite
5 160, Salt Lake City, Utah 84180.
6

7 **Q. By whom are you employed and in what capacity?**

8 A. I am employed by Citizens Communications Company as Manager,
9 Government and External Affairs.
10

11 **Q. Please describe your current duties and responsibilities.**

12 A. My responsibilities involve the management of state government and
13 regulatory affairs for Citizens Communications Company's three rural
14 incumbent local exchange companies ("ILECs") operating in Arizona, which
15 include Citizens Utilities Rural Company ("Citizens" or "the Company").
16 Citizens does business in Arizona as Frontier Citizens Utilities Rural and
17 provides local exchange telephone services in Mohave County, including the
18 larger communities of Kingman, Bullhead City and Lake Havasu City and
19 the smaller communities Yucca, Wickieup and Oatman. I am responsible
20 for the implementation of all regulatory policies, oversight of all regulatory
21 activities, including intrastate rates and tariffs, and the management of
22 state regulatory and legislative proceedings and relations on behalf of
23 Citizens. I have similar responsibilities for Citizens' other two affiliated
24 ILECs operating in Arizona, Citizens Telecommunications of the White
25 Mountains (d/b/a Frontier Communications of the White Mountains) and
26 Navajo Communications Company, Inc.
27

28 **Q. Please describe your education and professional experience.**
29

1 A. I have been awarded B.S. and M.A. degrees in economics from Central
2 Missouri State University and the Ph.D. in economics from the University of
3 Nebraska.

4
5 I joined Citizens in July of 1999. Prior to joining Citizens, I was a Senior
6 Economic Analyst with the consulting firm of INDETEC International. The
7 domestic clients that I served while with INDETEC included U S WEST,
8 BellSouth, Pacific Bell, Nevada Bell, GTE, Bell Atlantic and Cincinnati Bell.
9 My international clients included the South Africa Telecommunications
10 Regulatory Authority, Empresa de Telecomunicaciones de Santa fe de
11 Bogotá and the Vodafone Network (Australia).

12
13 I have also served as Utility Economist within the Telecommunications
14 Section of the Utah Division of Public Utilities and as Research Economist on
15 the Telecommunications Department Staff of the Missouri Public Service
16 Commission. While with the Utah Division and the Missouri Commission, I
17 worked on many issues, including state universal service funds, unbundling
18 and interconnection, the structure of exchange access charges, incentive
19 regulation, and network modernization

20
21 **Q. Have you previously testified before this Commission?**

22 A. Yes. I testified before this Commission in Midvale Telephone Exchange's
23 most recent general rate case, Docket No. T-02532A-00-0512, and in
24 Autotel's arbitration proceeding with Citizens, Docket No. T-03234A-03-
25 0188.

26
27 **Q. Have you previously testified before any other state regulatory**
28 **commissions?**

1 A. Yes. While employed on regulatory staffs in Missouri and Utah, I testified
2 before the Public Service Commissions in both states. While serving as a
3 consultant, I testified before the Idaho Public Utilities Commission, the Iowa
4 Utilities Board, the Montana Public Service Commission, the Nebraska Public
5 Service Commission and the Washington Utilities and Transportation
6 Commission. Since joining Citizens, I have testified before the Utah Public
7 Service Commission and the New Mexico Public Regulation Commission.
8

9 **SUMMARY OF TESTIMONY**

10
11 **Q. What is the purpose of your testimony?**

12 A. The purpose of my testimony is to respond to the formal complaint of Ms.
13 Betty Bingaman against Citizens. Her complaint involves Citizens' charges
14 for a line extension to her residence located at 11078 Alvis Road near
15 Yucca, Arizona. Specifically, my testimony addresses the terms and
16 conditions for line extensions as found in Section 14 of Citizens' Arizona
17 Telephone Services Tariff on file with this Commission. Mr. Stephen Pebley,
18 Citizens' Director of Operations for Mohave County, addresses the
19 relationship of Ms. Bingaman's residence to the Company's existing outside
20 plant and the resulting costs of extending telephone service to her home.
21

22 **Q. Please summarize your testimony.**

23 A. Providing telephone service at the Bingaman residence requires the
24 Company to extend approximately 2,375 feet of telephone cable from
25 Citizens' least expensive point of access to its existing cable and facilities.
26 Consequently, Citizens has proposed a line extension charge of \$7,872
27 associated with extending its cable and facilities and providing telephone
28 service to Ms. Bingaman's residence. The line extension quote that Citizens
29

1 provided Ms. Bingaman is in accordance with Section 14.1 of Citizens'
2 Telephone Services Tariff on file with the Commission. Unlike her closest
3 neighbors, the least-cost method of reaching Ms. Bingaman's residence
4 from Citizens' existing facilities is with aerial plant. The neighbors identified
5 in Ms. Bingaman's complaint as not having been assessed line extension
6 charges were not so assessed because the cost of the cable route placed to
7 serve them did not at the time exceed seven times the combined estimated
8 annual exchange revenue as provided in Citizens' tariff. Citizens quoted
9 another neighbor named in her complaint substantially less for a line
10 extension because this particular neighbor's house is located closer to an
11 existing pole line than her house. Citizens has observed the terms of its
12 local tariff on file with the Commission and provided Ms. Bingaman with a
13 line extension quote based on the most efficient means of serving her home
14 from the Company's existing facilities. Accordingly, the Bingaman
15 Complaint should be dismissed.

16
17 **BACKGROUND**

18
19 **Q. Describe how excess line construction charges are addressed in**
20 **Citizens' tariff on file with the Commission.**

21 A. Section 14.1.2 of Citizens Telephone Services Tariff on file with the
22 Commission explains that under normal conditions, Citizens will extend its
23 telephone lines to a customer location without imposing a construction
24 charge. However, the tariff explains that if the cost of constructing the
25 telephone line extension exceeds seven times the estimated annual
26 exchange revenue from the customer seeking service, the Company will
27 collect a line extension construction charge for the costs of the line
28 extension in excess of 7 years of revenue. The tariff also provides that
29

1 the construction charges to be assessed on an applicant for services are to
2 be paid in advance. A copy of section 14.1.2 of Citizens' tariff on file with
3 the Commission is attached hereto as Exhibit A.
4

5 **Q. What is the rationale for including line extension construction**
6 **charges in Citizens' tariff?**

7 A. The line extension construction charges in Citizens' Tariff are intended to
8 prevent the unreasonable burdening of the general body of existing
9 ratepayers from extraordinary construction costs of extending telephone
10 plant facilities to customers in more remote areas where telephone plant
11 facilities currently do not exist.
12

13 **Q. How did the Company come is assess Ms. Bingaman a line extension**
14 **charge?**

15 A. Mr. and Mrs. James (Betty) Bingaman placed an order for telephone service
16 with Citizens on February 25, 2005 for their residence at 11078 Alvis Road,
17 Yucca, Arizona. Because this was a new home, Citizens conducted an
18 engineering study to determine if it had facilities in place near the
19 Bingaman's residence to provide telephone service. Based on the distance
20 from the least-cost point of access to the existing Company telephone
21 facilities to the Bingaman residence, Citizens determined that line extension
22 charges in the amount of \$9,200, as described in section 14.1 of its tariff
23 on file with this Commission, would apply. The line extension charge was
24 based on the need to construct nine aboveground telephone poles to
25 extend approximately 2,375 feet of telephone cable to reach the Bingaman
26 home. In May 2005 Frontier re-visited the Bingaman residence location
27 and it was determined that three new power poles had recently been
28 constructed between Citizens' lowest cost point of access to its existing
29

1 telephone plant and the Bingaman residence, thereby eliminating the need
2 for the Company to install all of the nine aboveground telephone poles to
3 provide service to the Bingaman residence. As a result, Citizens revised
4 the line extension charge estimate to reflect these reduced costs. Citizens
5 subsequently provided the revised line extension charge total of \$7,872 to
6 the Bingamans.

7
8 **Q. What is the nature of Ms. Bingaman's complaint?**

9 A. Ms. Bingaman's complaint argues that she should not be required to pay
10 the tariffed line extension charge (beyond the standard \$60 service
11 activation charge) associated with Citizens providing telephone service to
12 her residence. Ms. Bingaman also raises an issue with respect to neighbors
13 who she believes paid substantially less or nothing for line extensions. Ms.
14 Bingaman requests that Citizens install telephone service with no additional
15 line extension charges and thereby in effect, ignore its tariff provisions
16 regarding line extension costs.

17
18 **RESPONSES TO THE BINGAMAN COMPLAINT**

19
20 **Q. Please explain the terms under which Citizens will extend its
21 facilities to Ms. Bingaman.**

22 A. Pursuant to the terms and conditions in Section 14.1 of its Telephone
23 Services Tariff, Citizens would extend its telephone facilities and lines
24 without charge to Ms. Bingaman if the cost of constructing the required line
25 extension did not exceed seven times the estimated annual exchange
26 revenue from the Bingaman's telephone exchange service with Citizens.
27 However, per the terms of its Tariff, because the line extension
28 requirements for providing service to the Bingaman residence exceed seven
29

1 times the estimated revenue, a line extension construction charge for the
2 facilities in excess of the allowances specified above must be paid in
3 advance by the Bingamans.
4

5 **Q. Has Citizens observed Section 14.1 of its Telephone Services Tariff**
6 **in providing Ms. Bingaman with a line extension quote?**

7 A. Yes. The Company has calculated and advised Ms. Bingaman that the line
8 extension construction cost to provide telephone service to her home would
9 be \$7,872. Citizens has complied with all the provisions of Section 14.1 of
10 its Telephone Services Tariff in assessing Ms. Bingaman this line extension
11 charge.
12

13 **Q. Ms. Bingaman asserts that various neighbors named in her**
14 **complaint are served by buried facilities while her line extension**
15 **quote is based on aerial facilities. Please explain.**

16 A. All of the neighbors identified in her complaint as not having been assessed
17 line extension charges are served by buried telephone facilities. As
18 explained in the testimony of Mr. Pebley, however, Mohave County
19 ordinances have changed since Citizens installed the Bingaman neighbors'
20 telephone service, and the more recent ordinances require burying
21 telephone cable at a greater depth than was required at the time her
22 neighbors' service was installed. Burying telephone cable at a greater
23 depth increases the costs of installation. As Mr. Pebley explains, with the
24 increase in the required depth of buried facilities, the least expensive, most
25 efficient way to serve the Bingaman residence from Citizens' existing plant
26 is with aerial facilities.
27

28 **Q. Ms. Bingaman also contends that Citizens quoted another neighbor**
29

1 **of hers, Gilbert Kleckner, several thousand dollars less for**
2 **extending telephone service to his residence. Please explain.**

3 A. Citizens did provide Mr. Kleckner with a considerably less expensive line
4 extension quote than the Bingamans' quote, but as explained by Mr.
5 Pebley, the difference is accounted for by the fact that the electric
6 company's pole line runs from Citizens' existing facilities toward Mr.
7 Kleckner's property while it runs in the opposite direction from Ms.
8 Bingaman's property.

9
10 **CONCLUSION AND RECOMMENDATIONS**

11
12 **Q. What is your recommendation to the Commission regarding Ms.**
13 **Bingaman's complaint?**

14 A. I recommend the Commission dismiss the Bingaman Complaint. In
15 providing a line extension quote to the Bingamans, the Company has
16 followed its tariff on file with the Commission and assessed the Bingamans
17 the appropriate tariffed line extension charge. To extend facilities to the
18 Bingaman residence without a line extension charge as requested by Ms.
19 Bingaman would unduly burden the general body of ratepayers and would
20 be inconsistent with Citizens Telephone Services Tariff.

21
22 **Q. Does this conclude your testimony at this time?**

23 A. Yes.
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29