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OPEN MEETING AGENDA ITEM

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To: ACC_DOMAIN.ADMIN_PO(WMundell)
Date: 8/6/03 5:20PM
Subject: Granite Mountain Exchange

Midvale Telephone Exchange
Docket No. T-02532A-03-0039

Commissioner Mundell,

Thank you for your office's help regarding the Granite Mountain Telephone Exchange. Hercules has been especially helpful and thanks to you for pushing the staff to get the report finished.

I have a list of questions that I would ask be clarified during the open meeting on Tuesday. I know that many of my neighbors will be attending the meeting and most of them do not know the whole history of this telephone battle and will be confused. Please clarify the following:

1. The report talks about the logic of bringing in a new carrier vs. forcing Qwest to serve population growth areas outside of the current Phoenix local calling area. Although Midvale probably provided us with phone service sooner than having to wait on a court battle decision, there are certainly more issues to overcome such as costs, numbering, EAS, etc. What has been done is done but I would like staff to go into the history a little because I am afraid that my neighbors will not understand the proposed rate hike without some history.
2. Midvale has estimated the costs associated with granting EAS to be \$71,000. I talked to Karen Williams at Midvale and asked her if there was any way possible that they could come up with those additional funds before the first quarter of next year. She told me that would be impossible. I guess when they promised to cover the costs, she didn't promise that it would be immediate. This process of changing to EAS seems to be a 4 month process but staff recommends giving Midvale one year because of funding problems. Because of the history behind this whole mess and having people that live across the street from Qwest service being without phone service for 7 years, I propose that Arizona Universal Service Funds be used to change over to EAS so that we don't waste another 6 months.
3. When I talked to Ms. Williams, she informed me that they would be doing a rate study "sooner rather than later" because they agreed to come up with the fees to change over to EAS. I assume that after this rate study is complete, we will be charged even more monthly to pay back these costs to Midvale. Our basic rate is \$24 right now and adding \$10.45 for EAS makes our basic rate, without paying back the \$71,000, at \$34.45. Customers of Qwest across the street are being charged \$13.18 for basic service. This is another reason to use Arizona Universal Service Funds. As I told you in the meeting, we are willing to pay more for local service because of the history of the area but I don't think we need to make Midvale wealthy.
4. Staff's report also notes (and verified by Ms. Williams) that Midvale will lose approximately \$10.45 access fee per phone line if EAS is granted. Midvale never conducted a rate study for our area as we were lumped in with their other service areas in Arizona so I'm not sure how they came up with this number. Was Midvale really counting on us having to dial long distance for every call in their bid for our service or is this something that just made their contract a little sweeter? Like I indicated before, we don't mind paying our fair share for local service but I would like to know the truth as we, the customers of Midvale, are a little wary of what they tell us is true.

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Please do not conclude from my questions that I am not grateful for the time

and effort the Commission has gone to for this small customer base. We all gave a sigh of relief when we were notified that staff had understood our dilemma and thank you again to your office.

I look forward to seeing you Tuesday and I hope that these areas of concern will be addressed then.

Michele Johnson

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