DECISION MEMORANDUM

TO:COMMISSIONER HANSEN

COMMISSIONER SMITH

COMMISSIONER NELSON

COMMISSIONER KJELLANDER

MYRNA WALTERS

TONYA CLARK

DON HOWELL

STEPHANIE MILLER

JOE CUSICK

CAROLEE HALL

TERRI CARLOCK

DAVID SCOTT

WORKING FILE

FROM:WELDON STUTZMAN

DATE:FEBRUARY 10, 1999

RE:CASE NO. ALB-T-98-03; APPLICATION OF ALBION TELEPHONE COM­PANY AND WESTEL, INC. FOR AUTHORIZATION OF MERGER

On November 13, 1998, an Application was filed by Albion Telephone Company and Westel, Inc. requesting an Order from the Commission authorizing the merger of the two companies.  Westel is a wholly-owned subsidiary of Albion Telephone, which would be the surviving corpora­tion.  Albion and Westel provide basic local exchange and other telecommunication services in Cassia and Oneida Counties, as well as to the communities of Malad, Arco, Howe and Moore located in southeastern Idaho.

On December 7, 1998, the Commission issued a Notice of Application and Notice of Modified Procedure.  Written comments were filed during the comment period (on December 28,1998) only by the Commission Staff. Staff’s comments were filed prior to a settlement conference convened by Albion/Westel and Staff on January 6, 1999 in a separate but related case.

In its comments, Staff recommended approval of the merger of the two companies, but after identifying concern over particular issues, suggested that approval come with  conditions.  First, Staff recommended that the merged company implement uniform rates for CLASS and Custom Calling features, and second, Staff recommended a single access rate of $.062635 for the company.  The Stipulation reached in the related case (consolidated Case Nos. GNR-T-96-9 and GNR -T-97-6) addresses each of these issues. As a result, Staff agreed in the Stipulation to support the merger of the two companies.  Staff agrees with the companies that a merger would reduce administrative costs and simplify operations for the companies, which should translate into more efficient operations for customers.  Staff recommends that the Commission issue an Order approving the merger of Albion Telephone Company and Westel, Inc. Staff also recommends that the Order contain language to resolve the concerns addressed by Staff and as agreed to by the parties. Accordingly, the Commission’s Order should require the merged companies to (1) adopt uniform rates, on a revenue neutral basis, for custom calling and CLASS features, and (2) implement a uniform intrastate access charge of $.062635. Revised tariffs and supporting cost studies should be filed by Albion within 90 days of the Order.

Commission Decision

Should the Application of Albion Telephone and Westel, Inc. for authorization to merge the two companies be approved, including language in the Order as recommended by Staff?

Weldon Stutzman

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