

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Barbara Beerhalter	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of a Proceeding to Deregulate
and Detariff the Embedded Customer
Premises Equipment Owned by Non-Bell
Telephone Companies Serving Customers
Within the State of Minnesota

ISSUE DATE: December 3, 1987

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ORDER AFTER SECOND INTERIM
REPORT

PROCEDURAL HISTORY

On October 26, 1984 the Federal Communications Commission (the FCC) issued its Third Report and Order in FCC Docket No. 81-893 (the Third Order). That Order required the states to adopt plans to detariff all embedded customer premises equipment (CPE) by December 31, 1987.

On January 22, 1986 the Minnesota Public Utilities Commission (the Commission) issued its Order Establishing Final Plan and Granting Conditional Approval and Certification. That Order established a plan, timetables, filing requirements, and enforcement procedures to carry out the detariffing required by the Third Order. The Order was amended and clarified on April 25, 1986 in an Order After Reconsideration. These Orders established a plan for detariffing and requested the Department of Public Service (the DPS) to monitor the companies' compliance with the plan.

On March 18, 1987 the DPS filed its Interim Report on Customer Premises Equipment Detariffing and Deregulation (First Interim Report). That report showed the compliance status of each company. On September 15 the Commission issued its Order After Interim Report, finding some companies to be in compliance with the plan and directing the DPS to report within 45 days on the compliance status of the others.

On November 6, 1987 the Commission granted the DPS an extension of time to submit its Second Interim Report. On November 19, 1987 the DPS filed its Second Interim Report.

The Second Interim Report shows the compliance status of each company. It recommends that the Commission find certain companies to be in compliance with the Commission's detariffing plan. It also recommends actions to ensure compliance by the remaining companies.

STATEMENT OF ISSUES

The issues before the Commission are whether to certify the compliance of the companies DPS finds to be in compliance and whether to adopt the DPS recommendations for ensuring compliance by the other companies.

FINDINGS AND CONCLUSIONS

The DPS has divided the companies according to their compliance status into five categories or "schedules." Copies of the schedules are attached at the end of this Order.

Schedule I companies are those which have either completed all the requirements of the detariffing plan or have been exempted from further filings thereunder by the Commission. The DPS recommends that the Commission certify the compliance of these companies and require no further filings from them.

Schedule II companies are those which have submitted affidavits verifying that they offered to sell their CPE at net book cost plus a reasonable selling cost. The DPS recommends that the Commission certify these companies as having complied with the detariffing plan and require no further filings from them.

Schedule III companies are companies in the process of complying with the detariffing plan. These companies have deregulation dates of November or December 1987. They have not filed their final accounting and notice information because it is not yet available. The DPS recommends that these companies be given until January 30, 1988 to make their final compliance filings.

Schedule IV companies are companies which have failed to supply either their tentative deregulation date or their final compliance filing, documenting their deregulation and detariffing. The DPS recommends that these companies be ordered to supply the missing information by December 1, 1987.

Schedule V companies are two companies which have informed the Commission they have modified and replaced their systems with "unregulated" terminal equipment. They have met none of the compliance requirements of the detariffing plan and have not indicated whether or not they have offered any of their embedded CPE for sale. The DPS recommends that these companies be ordered to explain to the Commission by December 1 why they should not be required to comply with the Commission's orders requiring embedded CPE to be offered for sale.

The Commission accepts the Second Interim Report as accurate and the DPS recommendations as reasonable. The Commission will order implementation of the DPS compliance recommendations, except that Schedule IV and V companies will be ordered to comply within ten days of the Commission's Order.

The Commission will instruct the DPS to report again on the compliance status of Schedule IV and V companies within fifteen days of their compliance deadlines. The Commission will instruct the DPS to report on the compliance status of Schedule III companies by February 15, 1988.

ORDER

1. Those companies listed on attached Schedules I and II are hereby found to be in compliance with the Commission's detariffing plan and are released from further compliance filings thereunder.
2. Those companies listed on attached Schedule III are hereby ordered to make their final compliance filings under the Commission's detariffing plan by January 30, 1988.
3. Those companies listed on attached Schedule IV are hereby ordered to supply the information missing from their compliance filings within ten days of the date of this Order.

4. Those companies listed on attached Schedule V are hereby ordered to explain to the Commission within ten days of the date of this Order why they should not be required to comply with the Commission's Orders requiring that embedded CPE be offered for sale.
5. The DPS is to report to the Commission on the compliance status of Schedule IV and V companies within fifteen days of their compliance deadlines. The DPS is to report on the compliance status of Schedule III companies by February 15, 1988.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)