

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 Filing by United Telephone
Company to Revise its Tariff Concerning
Local Measured Service

ISSUE DATE: December 28, 1987

DOCKET NO. P430/M-87-525

ORDER GRANTING IN PART AND
DENYING IN PART REQUEST TO
REVISE TARIFF

PROCEDURAL HISTORY

On August 13, 1987 United Telephone Company of Minnesota (United or the Company) filed with the Public Utilities Commission (the Commission) a request to revise its tariff concerning local measured service (LMS). The Company proposed to extend LMS to five exchanges where it had not been offered previously. The Company also requested permission to extend LMS in the future to exchanges where it was technologically and economically feasible, without prior Commission approval.

The Department of Public Service (the DPS) investigated the proposed changes and reported to the Commission on November 10, 1987. The DPS recommended approval of the extension of LMS to the five new exchanges. The DPS also recommended approval of the second change, with the modification that technological feasibility alone be the criterion for LMS extension and with the requirement that the Company file tariff pages listing exchanges offering LMS as an administrative tariff change.

At the Commission meeting of December 8, 1987, the Company appeared, explained the proposed changes, and urged their adoption.

STATEMENT OF THE ISSUES

Two issues are before the Commission. One is whether to approve the extension of LMS to the five exchanges where it has not been offered previously. The other is whether to permit the Company to extend LMS to other exchanges as the technology becomes available, without prior Commission approval.

FINDINGS AND CONCLUSIONS

Extension of LMS to Five New Exchanges

The Company proposes to extend optional LMS to its Hastings, Chaska, Victoria, Long Prairie, and Browerville exchanges.

The Company stated that LMS is the most economical form of service for many customers, and that there are waiting lists for the service in these exchanges.

The Commission finds that extending optional LMS to these exchanges will provide more economical service to many customers and that it is in the public interest to approve the extension. The Commission will so approve.

Future Extension of LMS Without Prior Commission Approval

The Company proposes to extend LMS to other exchanges as the technology becomes available without prior Commission approval.

This would allow the Company to offer LMS to new customers before it is offered to existing customers through a marketing campaign. The Company also states that LMS is the most economical form of service for many customers and should therefore be offered as extensively as possible.

The Commission is wary of approving large scale extensions of LMS without considering and monitoring its effects. The Commission recognizes that many customers realize cost savings by using LMS. These savings represent revenue losses for the company, however, and the long term effects of those losses are not yet clear. At present, Commission consideration of each LMS extension appears to be warranted.

The Commission will therefore disapprove the Company's proposal to extend LMS in the future without prior Commission approval.

ORDER

1. The Company's proposal to extend optional local measured service to its Hastings, Chaska, Victoria, Long Prairie, and Browerville exchanges is approved.
2. The Company's proposal to extend optional local measured service to other exchanges as extension becomes economically and technologically feasible is denied.

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)