

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 Petitions of Access Plus, Inc.
to Make Miscellaneous Tariff Changes and to
Establish Rates for Minneapolis/St. Paul Area

ISSUE DATE: December 30, 1987

DOCKET NOS. P452/M-87-160
P452/M-87-748

ORDER APPROVING MISCELLANEOUS
TARIFF CHANGES AND ESTABLISHING
RATES FOR MINNEAPOLIS/ST. PAUL
AREA

PROCEDURAL HISTORY

On March 23, 1987 Access Plus, Inc. (Access Plus or the Company) filed with the Minnesota Public Utilities Commission (the Commission) a petition for approval of miscellaneous changes in its tariff. The proposed changes were to add service in three new areas, to adjust off-peak prices of its basic service, and to add two new pricing plans. Docket No. P452/M-87-160.

On November 13, 1987 Access Plus filed a petition for approval of proposed long distance rates for customers in the Minneapolis/St. Paul area. Docket No. P452/M-87-748.

The Department of Public Service investigated both requests and recommended Commission approval, pending the completion of Commission rulemaking proceedings on geographical deaveraging.

STATEMENT OF THE ISSUE

The issue before the Commission is whether the tariff changes and rates the Company proposes require Commission action by violating statutory requirements of fairness and reasonableness, specifically in relation to the issue of geographical deaveraging.

FINDINGS AND CONCLUSIONS

Miscellaneous Tariff Changes

The Company proposes three miscellaneous tariff changes: adding service to three new areas, adjusting off-peak prices of basic service, and adding two new pricing plans.

The three new areas the Company proposes to serve are Winona, Mankato, and the Twin Cities. Rate schedules in Winona and Mankato are to be the same as in the five cities the Company currently serves. Twin Cities rates will be addressed more fully below, but all three proposed rate schedules exceed costs in all categories. The Commission finds no evidence that extension of service to these areas at the rates proposed is unreasonable or contrary to the public interest. The Commission will therefore take no action to prevent the extension of service or to suspend the rates.

The adjustments to off-peak rates proposed by the Company are minor. They will have little revenue impact, since 80% of the Company's customers are business customers and 90% of the Company's usage occurs during peak hours. The adjusted rates still exceed costs. The Commission finds no evidence that the adjustment is unreasonable or contrary to the public interest. The Commission will therefore take no action to suspend the rates.

The two new pricing plans proposed by the Company are WATS plans intended for the benefit of large volume users. The WATS rates are slightly lower than the Company's present volume discount rates and will result in slightly reduced revenues. The rates still exceed costs, however. Furthermore, the Company anticipates recovering the lost revenues by attracting new customers with the lower rates. The Commission finds no evidence that the new pricing plans are unreasonable or contrary to the public interest. The Commission will therefore take no action to suspend the rates.

The Commission notes that the miscellaneous tariff changes approved above continue a certain amount of geographical deaveraging found in the Company's current rate structure. As discussed more fully below, the Commission intends to examine the issue of geographical deaveraging in a comprehensive manner in the near future. The Company actions considered herein may be affected by the outcome of this proceeding.

Rates for Minneapolis/St. Paul Area

The Commission finds no evidence that the rates the Company proposes for the Twin Cities are unreasonable in relation to the costs involved. They are averaged as to calls originating in the Twin Cities. They are deaveraged, however, as to calls to the Twin Cities originating elsewhere. These calls would be billed at a higher rate than Twin Cities-originated calls.

The Company states, and the Commission finds, that charging averaged rates for calls both to and from the Twin Cities would place the Company at a competitive disadvantage. Encouraging competition in the long distance market is an important Commission goal. Furthermore, the Commission has approved limited geographical deaveraging by other companies when it was necessary to foster competition. The Commission will therefore take no action to suspend the

Company's proposed rates, subject to the outcome of a future Commission proceeding on the geographical deaveraging issue.

The Commission continues to disapprove of geographical deaveraging, for the reasons set forth in its Order in Docket No. P-442/NA-84-212. The issues involved are serious, complex, and beyond the scope of any individual tariff filing. The Commission will undertake comprehensive examination of the issue in the near future. In the mean time, the Commission will not put the Company at a competitive disadvantage by disapproving the proposed rates.

ORDER

1. The Commission will take no action to suspend the rates or prevent the extension of service discussed herein.
2. The rates and extension of service discussed herein may be affected by a future Commission proceeding which will address the issue of geographical deaveraging in a comprehensive manner.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)