

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 Request by Allnet
Communications, Inc. to Change Tariff
Language Concerning its Volume Discount

ISSUE DATE: April 29, 1988

DOCKET NO. P-437/M-87-726

ORDER APPROVING REQUEST AND
REQUIRING FILING

PROCEDURAL HISTORY

On November 6, 1987, Allnet Communications, Inc. (Allnet or the Company) filed a proposed tariff change with the Minnesota Public Utilities Commission (the Commission). The Company proposed to substitute its Federal Communications Commission (FCC) volume discount schedule for its Minnesota volume discount schedule on file with the Commission.

In a Report of Investigation and Recommendation, dated March 14, 1988, the Minnesota Department of Public Service (Department of DPS) recommended that the Commission approve the Company's request.

FINDINGS AND CONCLUSIONS

The Commission must decide whether to approve the Company's proposed tariff change.

Allnet's filing relates to the volume discount available to subscribers of its Option A services. Option A Basic service is long distance service with rates that are sensitive to distance of call, length of call, and day of the week the call is made. Option A Travel service is an inward WATS (800) service with rates that are sensitive to the length of call and day of the week the call is placed.

The Company has separate volume discount schedules for interstate and intrastate traffic. Interstate traffic is governed by Allnet's tariff on file with the FCC; intrastate traffic is governed by its tariff on file with the Minnesota Commission. However, when a customer has a blend of intra- and interstate calls, the FCC volume discount schedule applies and the FCC volume discount is applied to

all calls. The Company does not have the ability to charge different volume discount rates depending on whether the call is intra- or inter-state. Therefore, Allnet's Minnesota volume discount schedule would apply only when a customer has 100% intrastate calling. Allnet is not aware of any Minnesota customers with 100% intrastate calling.

Allnet proposed to remove the Minnesota specific volume discount schedule from its Minnesota tariff and replace it with the Company's FCC volume discount schedule.

The Commission finds that the Company is proposing a miscellaneous rate change under Minn. Stat. § 237.075 (1986). The proposed change on Allnet's Minnesota tariffs would reduce the percentage discount applying to customers with higher usage who place calls during the evening and night/weekend period. However, the actual monthly bills paid by the Company's Minnesota customers would not be effected. Allnet currently does not apply the Minnesota volume discounts because no customer has solely intrastate calling.

The Commission finds that the revenue impact of the Company's proposal will be zero, because currently the FCC volume discount overrides the intrastate discount when the customer has a mixture of intrastate and interstate calls. Since no Minnesota customer has 100% intrastate calling, customers will continue to be charged the volume discount rates they have been charged in the past. Further, the Commission will retain its authority to approve or disapprove volume discount rate changes because the volume discount schedule will remain in the Minnesota tariff. The Commission concludes that the rates being proposed by the Company are fair and reasonable under Minn. Stat. § 237.06 (1986) and will approve them.

However, the Commission will require the Company to file answers to the following questions within 30 days of the date of this Order:

1. Why were the volume discount rates for Minnesota significantly different the Company's federal discount rates?;
2. How long has Allnet applied the FCC discount rates to Minnesota intrastate calling?;
3. Did the Company's application of the FCC discount rates to Minnesota intrastate calling violate Minn. Stat. § 237.075 (1986)?; and
4. Is the Company proposing that the FCC tariff in some way supersedes the Minnesota tariff and preempts the Commission from reviewing changes to the Company's Minnesota tariff?

The Commission will also require the Company to include a copy of the customer notice which was sent to Minnesota customers prior to implementation of the FCC tariff discounts in Minnesota.

ORDER

1. The Commission hereby approves the Company's volume discount tariff as described above.
2. Within 30 days of the issue date of this Order, the Company shall submit the filing described above to the Commission and the Minnesota Department of Public Service.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)