

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 the Petition of Certain Customers of the Dakota Exchange for the Establishment of Extended Area Service Between the Dakota Exchange and the LaCrosse/Onalaska, Wisconsin Exchange

ISSUE DATE: February 4, 1988

DOCKET NO. P-401/CP-86-319

FINDINGS OF FACT, CONCLUSIONS OF LAW AND ORDER

PROCEDURAL HISTORY

On June 9, 1986, the Minnesota Public Utilities Commission (the Commission) received a petition from certain subscribers of the Dakota, Minnesota exchange for the installation of extended area service (EAS) between the Dakota exchange and the Wisconsin exchange of LaCrosse/Onalaska. The Dakota exchange is served by Ace Telephone Company (Ace). The LaCrosse/Onalaska exchange is served by Century Telephone of Wisconsin.

On March 3, 1987, the Commission issued its Order Granting Variances from Existing EAS Rules and Order Initiating Joint Investigation (March 3, 1987 Order). The Commission's March 3, 1987 Order initiated an investigation and established a schedule for Commission review of this interstate EAS petition.

On August 20, 1987, the Department of Public Service (DPS) submitted its preliminary report as required by the March 3, 1987 Order.

On October 29, 1987, the Commission issued its Order Requiring Further Investigation (October 29, 1987 Order). The Commission's October 29, 1987 Order required the DPS to submit additional information so the Commission could determine whether a community of interest exists between the Dakota exchange and the LaCrosse/Onalaska exchange as required by Minn. Rules, part 7815.1000, items D, E, F and G.

On December 28, 1987, the DPS submitted a supplemental report containing the additional information requested by the Commission. On January 11, 1988, the DPS submitted a revised copy of its December 28, 1987 report. The January 11, 1988 report corrected toll traffic figures from the December 28, 1987 report.

On January 6, 1988, the Commission received comments in response to the DPS's August 20, 1987 and December 28, 1987 reports from the petition sponsor, Mr. Lindon Saline.

On January 12, 1988, AT&T Communications of the Midwest, Inc. (AT&T/MW) submitted comments in response to the DPS's reports.

## BACKGROUND

Petitions for EAS are reviewed and investigated under the requirements of the Commission's Extended Area Service Rule, Minn. Rules, parts 7815.0700 through 7815.1500 (the EAS Rule). The petition review process under the EAS Rule results in a stipulation of facts (stipulation) entered into by the DPS and the telephone companies serving the exchanges involved. The stipulation contains A) the results of the traffic study; B) the cost study used to develop the proposed rates; C) the proposed rates; D) the size of the exchanges involved; E) the location of government, commercial, employment, and social centers for persons living within the petitioning exchange; F) the location of schools serving the petitioning exchange; G) the location of medical, emergency medical, law enforcement, and fire protection services serving the petitioning exchange; H) the list of additional facilities that will be needed and existing facilities that will be used to provide the service; J) the results of an informational polling (if ordered by the Commission); and K) the average monthly toll billings per main station over the proposed route.

In the March 3, 1987 Order, the Commission found that the present EAS Rule, Minn. Rules, parts 7815.0700 through 7815.1500, was written and approved prior to divestiture and did not envision the complications arising out of interstate EAS routes where EAS would replace service provided not by one single toll carrier, but by many competing toll carriers. Therefore, in the March 3, 1987 Order, the Commission varied its EAS Rules to permit a modified time schedule and review process. Under this modified process, the Commission would look at the traffic study, average toll bills, and community of interest data (items A, D, E, F, G and K under Minn. Rules, part 7815.1000) to determine whether to continue the investigation or to end the investigation because the proposed EAS route was not required by the public interest.

The DPS's August 20, 1987 report contained traffic study and average toll billing information from AT&T/MW which was considered proprietary pursuant to the provisions of Minn. Rules, part 7830.2900. The August 20, 1987 report also contained community of interest information which was supplemented by the information in the January 11, 1988 report.

The January 11, 1988 report contained traffic study information from Ace. This information included a breakdown between residential and business calling and was not considered proprietary.

## FINDINGS AND CONCLUSIONS

Based on the information contained in its August 20, 1987 report, the DPS recommended that the

Commission deny the EAS petition. The DPS explained that the community of interest data, the toll traffic and toll billing information, and an analysis of the adequacy of the present service did not support establishment of the EAS route. However, in its December 28, 1987 and January 11, 1988 reports, the DPS stated that the additional information on tolling calling patterns and employment suggested that there may be a benefit to Dakota subscribers in having EAS to LaCrosse. Therefore, the DPS recommended that the Commission direct that cost studies and proposed rates be developed and that an informational polling be conducted.

In response to the DPS's reports, Mr. Lindon Saline stated that the best means for testing the need for EAS from Dakota to LaCrosse/Onalaska would be to make a realistic rate proposal to the subscribers and let them decide whether or not they are willing to pay for the additional service.

In its comments, AT&T/MW argued that implementation of the proposed EAS route would not be in the public interest. AT&T/MW stated the evidence does not indicate a need for EAS and that AT&T/MW would be disenfranchised if the EAS route were granted.

Under Minn. Rules, part 7815.1400, the Commission shall order the installation of EAS if it finds that such an action is required by the public interest.

The Commission finds that Dakota exchange subscribers do not need to call LaCrosse for government, school or school district services. Additionally, emergency medical, law enforcement and fire protection services are provided within the Dakota exchange or can be reached by a 911 call.

Community of interest information concerning the location of commercial, employment and social centers for persons living within Dakota was also provided in the DPS's August 20, 1987 and January 11, 1988 reports. According to the August 20, 1987

report, several small businesses located in the exchange form a commercial center for Dakota residents.

Employment needs are met through local farming and the small businesses in Dakota. Additionally, according to estimates by the petition sponsor and the mayor of Dakota, just over half of the working Dakota residents are employed in LaCrosse. The mayor also estimated that as many as half the Dakota residents are retired.

Information regarding social centers for the residents of Dakota indicated several churches are located in the exchange. Entertainment and restaurants are provided either in Winona, MN or LaCrosse, WI.

The Commission also finds that the information obtained for the Villard-Glenwood and Alexandria (Docket No. P-430/CP-86-236), Osakis-Alexandria (Docket No. P-552, P-430/CP-86-724) and Miltona-Alexandria (Docket No. P-548, P-430/CP-86-729) EAS petitions demonstrated a stronger community of interest than the information obtained for the Dakota-LaCrosse/Onalaska EAS petition. The following community of interest information was similar to that found between Dakota and LaCrosse: Many Villard subscribers work in Glenwood and Alexandria and many Osakis and Miltona subscribers work in Alexandria. Alexandria serves as a commercial and social center for Villard, Osakis and Miltona subscribers. Many Villard, Osakis and Miltona subscribers see doctors in Alexandria. Alexandria also has the area's largest hospital.

The Villard, Osakis and Miltona EAS petitions exhibited the following additional community of interest information: Subscribers in Villard need to call Glenwood to reach their county government offices and the high school which Villard students attend part-time. Osakis subscribers located in Douglas County need to call Alexandria for their county government offices. Finally, Miltona subscribers need to call Alexandria for county government offices and the junior and senior high schools which the majority of Miltona students attend. However, even with this additional information, the Commission did not find that a strong enough community of interest existed to support any of the three proposed EAS routes.

The Commission also finds that the traffic study indicates that calling patterns from Dakota to LaCrosse/Onalaska is not balanced among Dakota subscribers. For example, 24 percent of Dakota residential subscribers made 70 percent of all residential toll calls to LaCrosse/Onalaska. Similarly, 29 percent of Dakota business subscribers made 82 percent of all business toll calls to LaCrosse/Onalaska. Overall, 24 percent of Dakota subscribers made 72 percent of all calls to LaCrosse/Onalaska.

The Commission finds that the disparate toll calling pattern found in calls from Dakota to LaCrosse/Onalaska is similar to the results of the traffic studies conducted in the Villard-Alexandria and Glenwood, Osakis-Alexandria and Miltona-Alexandria EAS petitions. For example, 20 percent of Villard subscribers made 76 percent of all calls to Alexandria and 20 percent of Villard subscribers made 78 percent of all calls to Glenwood; 20 percent of Osakis subscribers made 70 percent of all calls to Alexandria; and 20 percent of Miltona subscribers made 72 percent of all calls to Alexandria. Based in part on the traffic study information, the Commission found that none of these three EAS petitions were required by the public interest.

The community of interest information does not indicate that there are strong ties which bind the two communities together. LaCrosse does provide some commercial, employment and social opportunities for Dakota subscribers. However, government, schools, emergency medical, law enforcement and fire protection services are not provided through the LaCrosse exchange. The traffic study indicates that a minority of Dakota subscribers are making the vast majority of toll calls to LaCrosse/Onalaska.

While there are obviously a few individuals with a strong need to call LaCrosse/Onalaska, that need is not community-wide. Without such a community-wide need to call LaCrosse/Onalaska, the Commission finds that EAS, which requires each class of customer to pay the same rate regardless of their level of usage, would not be in the best interest of the affected subscribers.

The petition sponsor argued that the best method for testing the need for the proposed EAS route would be to develop realistic rates, poll the subscribers and let them decide whether they are willing to pay for the additional service. The Commission disagrees. Minnesota Rules, part 7815.1000, item J, does provide for the informational polling of subscribers in one or both of the affected exchanges. However, this polling is not a referendum vote of subscribers, but rather an additional source of information for the Commission to use in determining whether the proposed EAS route is in the public interest. Under the EAS rule, such a polling is optional.

In this proceeding, the Commission finds that the traffic study and community of interest information provide the Commission with clear and sufficient information to base its decision. Developing proposed rates and conducting an informational polling would be an unnecessary and burdensome expense to Ace and Century Telephone of Wisconsin and their ratepayers, the Commission, the DPS, and the Wisconsin Public Service Commission.

The Commission finds that the purpose of its interexchange calling rules (which includes EAS) is to provide the flexibility required to meet the needs of customers who reside within the various telephone exchanges, reflect the geographical boundaries of individual customer calling patterns and the individuals' community of interest, offer customers fair and economical rates consistent with the customers' needs, and use telephone facilities most efficiently.

Under Minn. Rules, part 7815.1400, the Commission shall order the installation of EAS if it finds that such an action is required by the public interest. The Commission finds that it has sufficient information before it upon which it can make a determination. Based on the above findings, the Commission concludes that establishment of EAS between Dakota, MN and LaCrosse/Onalaska, WI is not required by the public interest. Therefore, the petition for EAS between Dakota, MN and LaCrosse/Onalaska, WI shall be denied.

In response to AT&T/MW's argument that it would be disenfranchised if the EAS route were granted, the Commission makes no finding here. This issue will apparently be addressed in the consolidated metro EAS case, Docket No. P-421 et al./CI-87-76, through the formal contested case proceeding.

ORDER

1. The petition for extended area service between Dakota, Minnesota and LaCrosse/Onalaska, Wisconsin is hereby denied.
2. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen  
Executive Secretary

(S E A L)