

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 AT&T
Communications of the Midwest, Inc. to
Change Its Rates for Telephone Service
Offered Within the State of Minnesota

ISSUE DATE: February 23, 1988

DOCKET NO. P-442/EM-87-862

ORDER STAYING ELIMINATION OF
TOLL DISCOUNT PLANS

PROCEDURAL HISTORY

On December 31, 1987, AT&T Communications of the Midwest, Inc. (AT&T/MW or the Company) filed a petition to revise its rates within the State of Minnesota with the Minnesota Public Utilities Commission (Commission). AT&T/MW also filed revised tariff pages, price lists, and cost study information. AT&T/MW proposed to revise rates for Message Telecommunications Service (MTS) and Wide Area Telecommunications Services (WATS) effective February 1, 1988. AT&T/MW also proposed to discontinue the Community Calling Plan and the Circle Calling Rate Break. At the request of Commission staff, AT&T/MW delayed the effective date for the proposed discontinuance of the Community Calling Plan and the Circle Calling Rate Break until March 1, 1988.

On February 16, 1988, the Commission met to consider AT&T/MW's petition. The Commission heard oral comments from AT&T/MW, the Minnesota Department of Public Service (DPS), the Residential Utilities Division of the Attorney General's Office (RUD-AG), the Minnesota Department of Administration (DOA), and the Minnesota Business Utilities Users Council (MBUUC).

At the February 16, 1988 meeting, the Commission determined that additional information was necessary and that it would not take final action on AT&T/MW's petition for a period of 60 days.

SUMMARY OF ISSUE

Should AT&T/MW be allowed to discontinue the Community Calling Plan and the Circle Calling Rate Break effective March 1, 1988?

FINDINGS AND CONCLUSIONS

The Community Calling Plan and Circle Calling Rate Break are discount MTS rate plans which offer toll discounts to short haul MTS customers in specific areas of the state where there is a need for toll relief opportunities as an alternative to Extended Area Service (EAS). These plans were provided on an intrastate basis by Northwestern Bell Telephone Company (NWB) prior to the January 1, 1984 divestiture of the Bell operating companies from American Telephone and Telegraph, Inc. The plans were continued by NWB on an intraLATA basis and by AT&T/MW on an interLATA basis after divestiture.

AT&T/MW argued that the plans are not appropriate for today's environment; that they were developed at a time when access charges did not exist, and thus, were never based on access costs; that these discount rates do not recover the access charges AT&T/MW must pay NWB; that withdrawal of these plans would have a minimal public impact since only a few customers actually participate in them; that customers on these plans are subsidized by other Minnesota customers; that these toll discount plans should be eliminated now as part of this case, rather than addressing this issue in the Metropolitan EAS case, Docket No. P-421/CI-87-76, which will not be completed for approximately a year; and finally, that the plans should be eliminated because the rates are below AT&T/MW's incremental cost and, therefore, are in violation of Minn. Stat. Section 237.60.

RUD-AG argued that the Circle Calling Rate Break and the Community Calling plans should not be eliminated at this time. RUD-AG indicated that these plans provide an alternative to high-cost toll service between communities with a community of interest and provide an alternative to EAS. RUD-AG stated that it is inappropriate to terminate these plans until the Commission concludes its current study of EAS in the Metro EAS case. RUD-AG recommended that once the Metro EAS case has been completed, the affected communities should be given sufficient time to apply for and receive EAS, if appropriate, prior to terminating these toll discount plans.

The DPS recommended continuing these plans and addressing the need for these services in the Metro EAS case. The DPS stated that discount toll plans are an important alternative to EAS when consumer needs warrant rate relief in calling a given area.

The Commission finds that the Community Calling Plan and the Circle Calling Rate Break should not be discontinued without further consideration of the issues raised by the parties. The existing record in this case does not provide adequate information regarding the number of customers using these plans, which categories or types of customers use these plans, or why customers subscribe to these plans. Additional information on these plans will give the Commission a more complete understanding of how customers subscribing to these plans would be affected if the plans are discontinued. This will provide a better understanding of what effect eliminating these plans would have on the demand for EAS in the future. The Commission concludes that it is not in the public interest to discontinue the Community Calling Plan or the Circle Calling Rate Break on March 1, 1988 as proposed by AT&T/MW. Therefore, the Commission will stay AT&T's proposal to discontinue these plans until May 1, 1988. This action does not address the final disposition of this issue and is intended only to preserve the availability of these plans until this issue is given further consideration in the continuing portions of this case.

ORDER

1. AT&T/MW's proposal to eliminate the Community Calling Plan and the Circle Calling Rate Break is stayed until May 1, 1988 pending the Commission's final determination in this matter.
2. This Order is effective immediately.

BY ORDER OF THE COMMISSION

Mary Ellen Hennen
Executive Secretary

(S E A L)