

P-519, 403/CP-89-703 REQUIRING FILING OF COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Norma McKanna	Commissioner
Robert J. O'Keefe	Commissioner
Patrice Vick	Commissioner

In the Matter of a Petition for Extended Area Service From the Easton Exchange to the Wells Exchange

ISSUE DATE: July 5, 1990

DOCKET NO. P-519, 403/CP-89-703

ORDER REQUIRING FILING OF COST STUDIES AND PROPOSED RATES

PROCEDURAL HISTORY

On August 23, 1989, customers within the Easton exchange filed a petition requesting extended area service (EAS) from the Easton exchange to the Wells exchange.

On December 15, 1989, following the submission of traffic studies, cost studies, and community of interest information by the telephone company serving the Easton exchange (Easton Telephone Company) and the telephone company serving the Wells exchange (the Blue Earth Valley Telephone Company), the Minnesota Department of Public Service submitted a stipulation of facts.

On April 27, 1990, the Minnesota legislature enacted legislation regulating the installation of extended area service in Minnesota. The legislation specifies the circumstances under which the establishment of extended area telephone service is required. Minn. Stat. § 237.161 (1990).

On June 26, 1990, the Commission met to consider the implications of this legislation for petitions from three greater Minnesota area exchanges seeking EAS to areas other than to the metropolitan calling area, including the Easton EAS petition.¹

¹ On June 26, 1990, in addition to the petition from the Easton exchange which is the subject of this Order, the Commission addressed EAS petitions from the Nickerson and Winnebago exchanges, Docket No. P-407, 421/CP-89-105 and Docket No. P-403/CP-89-930 respectively.

FINDINGS AND CONCLUSIONS

Regulation Under the New EAS Statute

Section 1 of Minn. Stat. § 237.161 (1990) requires the Commission to grant petitions for installation of extended area service when three objective criteria are met. The criteria are:

Adjacency: The petitioning exchange must be adjacent to an exchange or local calling area to which extended area service is requested.

Sufficient Traffic: A traffic study must indicate that at least 50 percent of the customers in the petitioning exchange make one or more calls per month to the exchange or local calling area to which service is requested.

Customer Support: Polling by the Commission must show that a majority of the customers responding to the poll in the petitioning exchange favor its installation, unless all parties including the Commission agree that no polling is necessary.

The New Statutory Requirements and Procedures as Applied to the Easton Petition for EAS

The Easton exchange meets the first of the three criteria of Minn. Stat. § 237.161, Sec. 1, adjacency. It is adjacent to the exchange for which EAS is requested: the Wells exchange.

The second criterion, sufficient traffic, is also met. The accounting firm for the Easton Telephone Company and Blue Earth Valley Telephone Company has submitted a traffic study of the Easton to Wells route for the period July 21, 1989 to August 21, 1989 which shows that 72% of the Easton subscribers placed at least one call to the Wells exchange during the study period.

The final criterion is that 50% or more of Easton's subscribers responding to a Commission poll must support installation of the EAS. However, before such a poll may be conducted the legislation requires that the EAS rates must be available to subscribers. In order to establish appropriate rates, therefore, the Commission will require the telephone companies serving the Easton and Wells exchanges to file cost studies and proposed EAS rates which meet the requirements of Minn. Stat. § 237.161, Sec. 1, Subd. 2 and 3 within forty-five (45) days of this Order.²

Finally, the Commission will establish appropriate comment periods for the Minnesota Department of Public Service (the Department) and other interested parties.

² The accounting firm which serves both the Easton Telephone Company and the Blue Earth Valley Telephone Company has submitted cost studies regarding the Easton-Wells route. The Commission makes no finding herein whether those studies do or do not meet the new statutory requirements. If either company believes that its currently filed study meets these requirements, it should indicate why it believes so in its filing.

ORDER

1. Within 45 days of the date of this Order, the telephone company serving the Easton exchange (Easton Telephone Company) and the telephone company serving the Wells exchange (Blue Earth Valley Telephone Company) shall file cost studies and proposed rates for EAS between the Easton and Wells exchanges and serve a copy on the Department, the petitioners in this matter and each other.
2. The rate proposal required by Ordering Paragraph 1 shall meet the requirements of Minn. Stat. § 237.161, Section 1, Subd. 2 and 3 and shall include a rate schedule that assigns 50% of the costs to the Easton exchange and a rate schedule that assigns 75% of the costs to the Easton exchange. If either telephone company believes that the cost study previously submitted on its behalf meets the requirements of Minn. Stat. § 237.161, Section 1, Subd. 2 and 3, its filing shall so indicate and present the basis for that belief.
3. Within 45 days of the filing of any cost study and proposed rates required by Ordering Paragraph 1, the Minnesota Department of Public Service shall file its report and recommendations regarding these filings and serve a copy thereof on the affected telephone companies (Easton Telephone Company and Blue Earth Valley Telephone Company) and the petitioners. In its report, the Department shall indicate whether the cost studies meet the requirements of Minn. Stat. § 237.161 and include a recommendation of what percent of costs should be assigned to the Easton exchange.
4. Within 20 days following the Department's filing, interested parties may file comments on the Department's report and recommendation.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)