

P-405, 421/CP-86-55; P-520, 421/CP-86-537; P-421, 407/CP-87-536;
P-407, 421, 430, 405, 426/CI-90-440; P-430, 421/CP-86-5; P-407,
421, 430, 405, 426/CP-88-839; P-430, 421, 407, 405, 426/CI-90-
441; P-430, 421, 407, 405, 426/CI-90-442 ORDER AFTER
RECONSIDERATION OF THE COMMISSION'S JANUARY 25 AND FEBRUARY 1,
1991 ORDERS AND ORDER ESTABLISHING RATE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson	Chair
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner
Patrice M. Vick	Commissioner

In the Matter of the Petition of Certain Subscribers in the Belle Plaine Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area P-405, 421/CP-86-55

In the Matter of the Petition for Extended Area Service from Mayer to the Minneapolis/St. Paul Metropolitan Calling Area P-407, 421, 430, 405, 426/CP-88-839

In the Matter of the Petition of Certain Subscribers in the New Prague Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area P-520, 421/CP-86-537

In the Matter of a Commission Investigation into Extended Area Service Between Cologne and the Minneapolis/St. Paul Metropolitan Calling Area P-430, 421, 407, 405, 426/CI-90-441

In the Matter of the Petition of Certain Subscribers in the Watertown Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area P-421, 407/CP-87-536

In the Matter of a Commission Investigation into Extended Area Service Between Norwood and the Minneapolis/St. Paul Metropolitan Calling Area P-430, 421, 407, 405, 426/CI-90-442

In the Matter of a Commission Initiated Investigation into Extended Area Service Between New Germany and the Minneapolis/St. Paul Metropolitan Calling Area P-407, 421, 430, 405, 426/CI-90-440

ISSUE DATE: March 8, 1991

In the Matter of the Petition of Certain Subscribers in the Waconia Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area P-430, 421/CP-86-5

ORDER AFTER RECONSIDERATION OF THE COMMISSION'S JANUARY 25 AND FEBRUARY 1, 1991 ORDERS AND ORDER ESTABLISHING RATE

PROCEDURAL HISTORY

On January 25, 1991, the Commission issued its ORDER ADOPTING GUIDELINES FOR EXTENDED AREA SERVICE RATES FOR THE BELLE PLAINE, NEW PRAGUE, WATERTOWN AND NEW GERMANY EXCHANGES AND VARYING TIME FOR FILING FOR RECONSIDERATION. In this Order, the Commission 1) adopted the principles that would govern the EAS rates that it would adopt in a subsequent order for Belle Plaine, New Prague, Watertown and New Germany and, as necessary, for the existing MCA exchanges; 2) directed the Minnesota Department of Public Service (the Department) to submit proposed extended area service (EAS) rates consistent with these principles by February 4, 1991; 3) required that comments on the Department's proposed rates be filed by February 12, 1991; 4) reduced the time for filing petitions for reconsideration and answers; 5) authorized companies incurring polling expenses to submit plans for recovering these expenses in a one-month surcharge no later than 120 days prior to the start-up of the new EAS; and 6) required the companies to submit a proposed methodology for studying EAS stimulated growth in calling within the MCA to provide the Commission with a firm base for determining the stimulation factor in these and future cases.

On February 1, 1991, the Commission issued a similar order regarding the Waconia, Mayer, Cologne and Norwood exchanges. In its February 1, 1991 Order, the Commission 1) considered for the first time the impact of EAS costs on Optional Local Measured Service (OLMS) rates and determined the method for setting rates to recover a portion of EAS costs through OLMS rate increases; 2) affirmed rate setting principles that it adopted in its January 25, 1991 Order for Belle Plaine, New Prague, Watertown and New Germany and adopted those principles for four additional Metro-EAS exchanges: Waconia, Mayer, Cologne and Norwood; 3) directed the DPS to submit proposed EAS rates consistent with these principles for the Waconia, Mayer, Cologne and Norwood exchanges by February 11, 1991; 4) reduced the time for filing petitions for reconsideration and eliminated the filing of answers to such petitions; 5) authorized companies incurring polling expenses to submit plans for recovering these expenses in a one-month surcharge no later than 120 days prior to the start-up of the new EAS; and 6) required the companies to submit a proposed methodology for studying EAS stimulated growth in calling within the metropolitan calling area (MCA) to provide the Commission with a firm base for determining the stimulation factor in these and future cases.

On February 4, 1991, the Department filed a Request for Reconsideration of the Commission's January 25, 1991 Order.

On February 5, 1991, Contel of Minnesota, Inc. (Contel) filed a Petition for Reconsideration and Clarification of the Commission's January 25, 1991 Order.

On February 11, 1991, the Department filed a request for Reconsideration and Clarification of the Commission's February 1, 1991 Order and Contel filed a Petition for Reconsideration and Clarification of the same order.

On February 12, 1991, Contel filed reply comments, the Department filed Tables of Final EAS Rates for the Petitioning Exchanges Submitted by the Affected Telephone Companies, and Eckles Telephone Company (Eckles) filed comments in response to the rates for its New Prague exchange.

On February 14, 1991, US West Communications, Inc. (USWC) filed its Reply to the Department's Request for Reconsideration.

On February 15, 1991, the Commission met to consider this matter.

On February 28, 1991, Eckles filed a third proposal to alter the residential EAS rates for the New Prague exchange.

On March 5, 1991, the Commission met to consider Eckles' proposal.

FINDINGS AND CONCLUSIONS

I. ISSUES RAISED FOR RECONSIDERATION OR CLARIFICATION

The issues raised in the Department's Requests for Reconsideration and Contel's Petitions for Reconsideration and Clarification of the Commission's January 25, 1991 and February 1, 1991 Orders are addressed as follows.

1. Alleged Informal Rulemaking

The availability of EAS will stimulate subscribers to increase the number and duration of calls to other exchanges and wire centers within the metropolitan calling area (MCA). Telephone companies must expand their facilities and increase their systems to accommodate this increased demand or subscribers will experience unacceptable levels of busy signals. The needed increase will require telephone companies to install additional facilities and incur considerable operating expenses. At the same time, the EAS rate statute requires rates to be calculated to leave the telephone companies income neutral, i.e. to neither gain nor lose income because of EAS. Minn. Stat. § 237.161, subd. 3 (b). To assure that rates would produce income neutrality,

therefore, the Commission directed that rates be calculated to include recovery of increased facility and operating costs required to accommodate an anticipated 600% increased demand.

The Department argues that the Commission is prohibited from using a 600 percent stimulation factor to estimate increased calling because to do so illegally adopts a new quality of service rule. According to the Department, an assumption underlying the 600 percent stimulation factor that the companies proposed and that the Commission adopted is achievement of a 99 percent complete-dialing rate. The Department argues that this amounts to Commission adoption of a new complete-dialing standard, i.e. that central offices must now have the capacity to complete dialing of dialed numbers on 99% of telephone calls without encountering an all-trunks busy signal.

The Commission finds no such connection between authorization of a 600 percent stimulation factor and its Service Requirements Rule, Minn. Rules, Part 7810.5300. Adopting a method for estimating EAS stimulated growth for purposes of calculating EAS rates is quite distinct from adopting a call-completion standard such as is set forth in Minn. Rules, 7810.5300. Simply stated, the Commission is not now requiring companies to assure 99 percent completion. Even if the Commission were requiring a 99% completion rate, there would be no conflict with the rule. The Rule requires that calls be completed "at least 97%" of the time. A 99% call-completion rate would be, as described in the rule, "at least 97%" and hence consistent with, rather than in conflict with, the standard enunciated in the rule. Likewise, Minn. Rule, Part 7810.5000 states that "...service shall meet or exceed the standards set forth in this chapter."

The Commission finds it has not adopted a new call completion requirement, that the standard enunciated in Minn. Rule 7810.5300 is clear, and that the matter requires no further clarification.

2. Stimulation Factor

The EAS stimulation factor is based on the estimated growth in calls to the MCA due to the availability of EAS that newly admitted exchanges will experience. The stimulation factor is used to estimate the amount of new facilities and additional operational expenses that will be necessary to accommodate that growth. The Department requested that the Commission reconsider its adoption of a stimulation of 600 percent or a stimulation factor of 7. The Department argued that in adopting the stimulation factor of 7 the Commission did not give the Oregon study and the Isanti study adequate consideration. The Department believes that a stimulation factor of 5, or 400 percent, more closely approximates the stimulation that is likely to occur.

The Oregon study does not provide an adequate basis for changing the Commission's decision on the stimulation factor. Unlike the current proposal, the Oregon study involves optional, one-way EAS. Moreover, the Oregon study indicates that EAS will not be actually implemented in the Portland calling area until the second half of 1991. There are no actual figures from Portland, therefore, to indicate whether the lower stimulation factor used in Oregon will result in adequate EAS.

Results from the Isanti study are also of questionable value in calculating EAS rates. In contrast to the 600% stimulation adopted by the Commission which is based upon an industry wide standard, the Isanti study reflects only the experience of one exchange.

The Commission continues to believe that calculating rates assuming 600% stimulation is the most prudent way to protect the interests of the subscribers in quality service, especially since the settle up process will protect subscribers if experience shows that the stimulation factor of 7 was too high.

3. Settle Up Process

The Department requests that the Commission clarify its Orders by specifying what issues will be considered in the settle up process and set the date for consideration of the settle up issues. Regarding the issues to be part of the settle up process, the Department expressed the concern that the process not re-litigate all the issues previously determined in this matter. The Department recommended that the settle up process should be limited to those factors that were unknown at the time of setting the rates. As to the timing of the process, the Department recommended that it take place 90 days after the submission of the stimulation studies.

The Commission agrees that the issues for the settle up process should be specified and restricted to those which cannot be determined at this time. Accordingly, the Commission will clarify that the only issues to be considered in the settle up process are what modifications in EAS rates, if any, should be made in light of 1) actual lost access contribution for calls between exchanges that will be added and any cost savings associated with more than one exchange being added to the MCA and 2) the level of stimulation that has actually occurred once an exchange has been added to the MCA.

Regarding the timing of the settle up process, the Commission believes that it is premature to set a date. Timing for the process will be determined at the time the Commission adopts the stimulation study methodology to be used by the affected telephone companies.

4. Recalculation of Contel's Rates

In its January 25 and February 5, 1991 Orders, the Commission directed calculation of EAS rates for Contel's exchanges based on the return on equity then in effect for Contel: 14.57%. Subsequently, the Commission adopted a new return on equity for Contel: 12.3%. See ORDER ACCEPTING OFFER OF SETTLEMENT AND STIPULATION issued February 13, 1991 in Docket No. P-407/CI-90-906. The Commission finds that it is appropriate at this time to order these rates be calculated using the current return on equity, 12.3%.

5. Method of Studying EAS Stimulation

The Department requested that the Commission clarify its Orders regarding the study of EAS-stimulated growth in the call traffic. Each Order contains an ordering paragraph which states:

Within 90 days of this Order, the companies shall submit a methodology for studying EAS stimulated growth in call traffic between the petitioning exchanges and the MCA.

The Department proposed specific items it wanted the Commission to require the studies to contain. USWC opposed the requested clarification. USWC suggested that the companies be allowed, as provided in the Commission's Orders, to propose a study methodology before the Department's ideas were inserted.

The Commission believes that a collaborative process should begin at once. Therefore, the Commission will amend its Orders to direct the companies to meet with the Department and the Office of the Attorney General within the 90 day period established in the Orders (January 25 and February 1, 1991) to discuss the study methodology. Additionally, the Commission will amend its January 25 and February 1, 1991 Orders to provide that once the companies have filed their proposed methodology, parties shall have 30 days to file comments.

6. Lost Revenues vs. Lost Access Contribution

Contel requested clarification of the following statements appearing on page 8 of each of the Commission's Orders:

However, once EAS is installed, the LEC no longer provides this service for toll carriers for calls destined for end users within the newly formed EAS calling area. Instead, the LEC charges its subscribers EAS rates which must cover all or most of the costs associated with providing telecommunications service within the new EAS calling area. At the same time, the LEC experiences the elimination of costs associated with the service to toll carriers for calls between its subscribers and end users in exchanges belonging

to the new EAS calling area.

Contel objected that it does not experience elimination of costs if EAS is implemented. According to Contel, it is more accurate to state that Contel reassigns its existing investment and costs to the local (EAS) jurisdiction.

The Commission does not find that clarification is necessary. If the provision of access is eliminated, so are the costs of providing it. These costs may be reassigned to the local (EAS) jurisdiction, but as access costs they are eliminated. More important is that Contel has filed revised filings with the Department to properly reflect this reassignment of costs from access to EAS which results in the company remaining income neutral.

7. System Construction

The Commission stated at page 8 of each Order:

The companies propose to build all new facilities to carry EAS traffic to the MCA....

Contel objected that it would be using existing facilities to the extent possible, that most of the cost to provide EAS is related to the local loop switching facilities which will be reassigned from access to EAS, and that new facilities will be used only as needed.

The Commission finds that its earlier statement had been based upon company information that was incomplete. With the addition of new information supplied with its Petition for Reconsideration, it is still not clear what proportion of the facilities needed to provide EAS will be new. The Commission will clarify its Orders on this point, however, to recognize that the companies plan to use existing facilities where possible.

II. ADDITIONAL ISSUES

1. Adjacent Exchange Rate Comparisons

In filing their proposed EAS rates in compliance with the Commission's January 25 and February 1, 1991 Orders, the companies filed two different sets of rates reflecting two different methods for comparing the proposed rates with the highest rates in the adjacent MCA exchanges. Such comparison is required when setting EAS rates in the petitioning exchange because Minn. Stat. § 237.161, subd. 3 (a) (1990) requires that

Rates within the existing metropolitan local calling

area may not be raised as a result of the addition of a local exchange...until the rates in the added exchange are at least equal to the highest rates in an adjacent exchange within the metropolitan local calling area.... (Emphasis added.)

The two methods are: 1) the rates in the petitioning exchange (i.e. basic plus the new EAS additive) can be compared to the current rates in the adjacent exchange; or 2) the rates in the petitioning exchange can be compared to the current rates in the adjacent exchange plus the EAS additive that the adjacent exchange would experience if the petitioning exchange were added to the MCA.

The Commission will require EAS rates to be calculated using the second comparison method. It is not a speculative matter whether EAS additives will be added to the rates of adjacent MCA exchanges when the petitioning exchange joins the MCA. Such increases are inevitable. To ignore these increases when calculating the rates for petitioning exchanges would result in EAS rates for the petitioning exchange that are lower than the rates in the adjacent exchange in violation of Minn. Stat. § 237.161, subd. 3 (a) (1990).

2. Eckles Proposals for its New Prague Exchange

On February 4, 1991, the Department filed proposed EAS rates for all the petitioning exchanges, including for the New Prague exchange of Eckles Telephone Company (Eckles). Under the rates calculated in accordance with the Commission's January 25 and February 1, 1991 Orders, New Prague residential subscribers would see their R-1 rate rise 429% from \$6.05 for basic service to \$25.97 for basic service plus EAS.

Eckles did not contest the cost methodology adopted by the Commission in the January 25, 1991 Order. Nor did Eckles contend that the Department had incorrectly applied this methodology in calculating its proposed rates for New Prague. Eckles argued, however, that special factors existing in New Prague require relief from the rates resulting from the Commission's proper and properly applied rate guidelines. The unique New Prague factor cited by Eckles is the relationship between the New Prague rates and the rates of the adjacent MCA exchange, New Market. In New Prague, the current R-1 rate is almost 70% of the B-1 rate. In contrast, New Market's R-1 rate is only about 40% of the B-1 rate in zone one. As a result of this unique factor, cumulative application of the statutory requirements that the relationship between the rates for classes of basic local service remain the same and that rates within the existing MCA not be raised until the rates in the added exchange (New Prague) are at least equal

to the highest rates in an adjacent exchange¹ results in Eckles bearing 95% of the costs of adding New Prague to the MCA. As a result New Prague rates rise steeply (429%) and residential customers bear the heaviest burden.

Eckles proposed three ways to stem the precipitous rise in rates that EAS would bring its residential customers:

First, Eckles proposed that the Commission authorize it to amend its rate design to conform to the local rate design in New Market, i.e. to set identical rates for New Prague and New Market customers. Under this alternative, the New Prague exchange would bear about 52% of the costs required to bring New Prague into the MCA. Rates of MCA subscribers would rise to absorb 48% of the costs of bringing EAS to New Prague but a New Market subscriber would pay no more than a comparable New Prague customer. Eckles believes that the resulting rates would be fair and equitable as required by the statute. Minn. Stat. § 237.161, subd. 3 (b) (1990).

The main result of Eckles' first proposal is to shift much of the cost of providing EAS to New Prague subscribers from the New Prague subscribers to existing MCA subscribers. The Commission rejects this proposal. The unique factor that drives the precipitous increase in New Prague rates is the fact that New Prague's business-residence rate ratio is extremely low, 1.5 to 1 while the ratio in New Market and elsewhere throughout the state is approximately 2.5 to 1.

In these circumstances, the Commission finds that it would not be "fair and equitable" as required by Minn. Stat. § 237.161, subd. 3 (b) (1990) to saddle existing MCA subscribers with a higher percentage of the costs of bringing EAS to New Prague just to spare New Prague residential customers from experiencing the dramatic consequences of Eckles' aberrant business/residential rate ratio.

Under Eckles' second proposal, the Commission would not require that New Prague business and residential rates to rise until all rates equaled or exceeded the rates in New Market by class of service. Instead the Commission would only require New Prague's EAS rates to absorb EAS costs until its R-1 rate (with EAS additive) equalled New Market's residential rate. Eckles argued that the statute does not explicitly require the Commission to use business rates as the basic reference point and gives the Commission discretion to choose residential rates as the relevant basis for comparison. Eckles urges that using the highest

¹ Both requirements are contained in Minn. Stat. § 237.161, subd. 3 (a) (1990).

residential rates would result in a more equitable rate design.

Eckles' second proposal is also unacceptable. The Commission does not find that Minn. Stat. § 237.161, subd. 3 (a) (1990) gives the Commission the discretion to approve business rates in New Prague that would be lower than the business rates in New Market. The statute clearly selects "the highest rates in an adjacent exchange" as the point of reference. Minn. Stat. § 237.161, subd. 3 (a) (1990). Since the highest rates in the adjacent New Market exchange are the business rates, the Commission must use these business rates as the point of comparison between the exchanges' rates and require that New Prague's business rates must be at least equal to New Market business rates before MCA subscribers would become responsible to pay any of the costs of providing EAS in New Prague.

For its third proposal, Eckles proposed that business EAS rates would be as calculated under the Commission's January 25, 1991 Order but that the residential basic plus the EAS rate additive would be reduced as follows:

R-1	Town	\$19.39
R-1	Rural	\$23.35
R-2	Town	\$14.35
R-2	Rural	\$16.96

Under this proposal, Eckles drops its proposal to allocate only 52% of the costs of providing EAS to New Prague. Instead, Eckles proposes to use the 95/5% allocation that results from the principles adopted by the Commission in its January 25, 1991 Order. Five percent of the costs will be recovered through increasing the rates of existing MCA subscribers. The 95% costs allocated to the New Prague exchange will be accounted for in two ways. Some will be recovered through EAS rate additives to New Prague's current business and residential rates. The balance of the 95% costs, the amount not recovered through the additives approved for New Prague's current business and residential rates will be absorbed by Eckles.

The Commission will approve this proposal. This proposal avoids inappropriate allocation of costs to the rates of existing MCA subscribers that tarnished Eckles' first proposal. Nor is it based on the incorrect application of the "highest rates" comparison requirement of Minn. Stat. § 237.161, subd. 3 (a) (1990) that was fatal to Eckles' second proposal. Under Eckles' third proposal, all of the rates will equal or exceed the rates in the New Market exchange by class of service.

One aspect of Eckles' third proposal requires discussion. The third proposal does not maintain the same ratio between business rates and residential rates. By adding the full EAS additive to business rates and only part of the EAS additive to residential

rates, the new rate design increases the business/residential ratio. The Commission does not view this as a defect, however. The statute does not mandate the same "ratio", but only requires that rate changes due to EAS maintain the same "relationship" between existing classes of service. Minn. Stat. § 237.161, subd. 3 (a) (1990). In its February 11, 1991 Order at page 11, the Commission rejected the notion that the statute required maintenance of the same rate ratios, noting that the statute's use of the term "relationship" rather than "ratio" indicates a more flexible standard.

The Commission is further inclined to accept the rates proposed in Eckles' third proposal because the resulting business/residential ratio moves toward rather than away from the statewide average and is achieved through the company's willingness to waive its right under the EAS statute to income neutral rates and to absorb a certain level of EAS costs rather than passing them all on to its residential subscribers in the form of EAS additives.

It is Eckles' understanding stated on the record before the Commission that the Commission's approval of the EAS rates proposed in Eckles' third proposal does not preclude the Commission from fully considering the fairness and reasonableness of Eckles' rates in the course of the Eckles' over-earning investigation, Docket No. P-520/M-90-1091. In the proceeding leading to this Order, the Commission has limited its review to an examination of the fairness and reasonableness of the EAS additive portion of these rates and specifically does not alter, approve, or make findings regarding the current fairness and reasonableness of any company's current rates.

III. RATE ADDITIVES FOR POLLING

The Commission finds that the following EAS additives² conform to the requirements of Minn. Stat. § 237.161 (1990) and the specific guidelines established in its January 25 and January 1, 1991 Orders as modified and clarified in this Order.

BELLE PLAINE

Residence, one-party.....	\$13.24
Residence, two-party.....	11.26
Business, one-party.....	29.67
Business, two-party.....	23.05

² Note that these figures only represent the rate that a subscriber would pay to recover the costs of providing EAS between the particular exchange and the MCA, i.e. the EAS additive. It does not include the amount that the subscriber will continue to pay for basic local service.

Business, Trunk..... 43.57
Semi-Public..... 29.67
Customer-Owned Coin Telephone. 29.67

COLOGNE

Residence, one-party.....\$ 9.11
Residence, two-party..... 8.38
Residence, four-party..... 7.38
Business, one-party..... 18.22
Business, Trunk..... 22.87
Semi-Public..... 18.22
Customer-Owned Pay Telephone.. - 0 -
Optional Local Measured Service:
 Residence, one-party.....\$ 0.70
 Business, one-party..... 5.72
 Trunk..... 5.72

MAYER

Residence, one-party.....\$15.44
Residence, two-party..... 15.44
Business, one-party..... 30.88
Business, Key..... 30.88
Business, Trunk..... 30.88
School Rate..... 23.16
Semi-Public Paystations..... 30.88
Customer-Owned Pay Phone:
 Flat Rate..... 30.88
 Metered..... 30.88

NEW GERMANY

Residence, one-party.....\$14.68
Residence, two-party..... 14.68
Business, one-party..... 29.36
Business, Key..... 29.36
Business, Trunk..... 29.36
School Rate..... 22.02
Semi-Public Paystations..... 29.36
Customer-Owned Pay Phone:
 Flat Rate..... 29.36
 Metered..... 29.36

NEW PRAGUE

Residence, one-party - Town.....\$13.34
Residence, one-party - Rural..... 16.05
Residence, multi-party - Town..... 9.43
Residence, multi-party - Rural..... 11.66
Business, one-party - Town..... 28.82
Business, one-party - Rural..... 31.29

Key System Access - Town.....	34.20
Key System Access - Rural.....	36.78
PBX Line Access.....	45.88
Direct Dial Trunks.....	51.23
Payphones.....	49.04

NORWOOD

Residence, one-party.....	\$15.16
Residence, two-party.....	13.95
Residence, four-party.....	12.28
Business, one-party.....	30.33
Business, Trunk.....	38.06
Semi-Public.....	30.33
Customer-Owned Pay Telephone...	9.66
Optional Local Measured Service:	
Residence, one-party.....	\$ 3.54
Business, one-party.....	18.70
Trunk.....	18.70

WACONIA

Residence, one-party.....	\$14.94
Residence, two-party.....	13.74
Residence, four-party.....	12.10
Business, one-party.....	29.87
Business, Trunk.....	37.49
Semi-Public.....	29.87
Customer-Owned Pay Telephone...	7.03
Optional Local Measured Service:	
Residence, one-party.....	\$ 1.28
Business, one-party.....	16.22
Trunk.....	16.22

WATERTOWN

Residence, one-party.....	\$21.26
Residence, two-party.....	21.26
Business, one-party.....	42.52
Business, Key.....	42.52
Business, Trunk.....	42.52
School Rate.....	31.89
Semi-Public Paystations.....	42.52
Customer-Owned Pay Phone:	
Flat Rate.....	42.52
Metered.....	42.52

Accordingly, the Commission adopts these EAS rate additives to be used for polling in the Belle Plaine, New Prague, Watertown, New Germany, Waconia, Mayer, Cologne, and Norwood exchanges.

ORDER

1. The Minnesota Department of Public Service's request for specification of the issues to be considered in the settle up process is granted as set forth in the Findings and Conclusions section of this Order at page 5. The Department's request that the Commission determine that the settle up process would take place 90 days after the submission of the stimulation studies is denied.
2. The Minnesota Department of Public Service's request that Contel's EAS rates be calculated using the 12.3 percent return on equity recently adopted for Contel is granted.
3. Ordering paragraph 7 of the Commission's Order dated January 25, 1991 and Ordering Paragraph 6 of the Commission's Order dated February 1, 1991 are amended to direct the companies to meet with the Department and the Residential Utilities Division of the Office of the Attorney General (RUD/OAG) within the 90 day periods established in those Orders to discuss the methodology for studying EAS stimulated growth in call traffic between the petitioning exchanges and the metropolitan calling area (MCA). The companies shall continue to be required to submit their proposed methodology to the Commission within the time frame established in the January 25 and February 1, 1991 Orders. Once the parties have filed their proposed methodology, parties shall have 30 days in which to file comments.
4. Contel's request that the Commission's January 25 and February 1, 1991 Orders be clarified to recognize that the companies plan to use existing facilities where possible is granted.
5. The EAS rates adopted for these exchanges shall comply with the requirements of Minn. Stat. § 237.161, subd. 3 (a) (1990) by requiring that EAS rates in the petitioning exchange be at least equal to the current rates in the adjacent MCA exchange with the highest rates plus the EAS additive that the adjacent exchange would experience if the petitioning exchange were added to the MCA.
6. The EAS rate additives for the Belle Plaine, New Prague, Watertown, New Germany, Waconia, Mayer, Cologne, and Norwood exchanges as set forth in this Order at pages 11-13 conform to the requirements of Minn. Stat. § 237.161 (1990) and the specific guidelines established in the Commission's January 25 and February 1, 1991 Orders as modified and clarified in this Order. These EAS rate additives are hereby adopted and shall be used for polling in these exchanges.

7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)