

P-407/CP-90-547 ORDER REQUIRING THE FILING OF COST STUDIES AND  
PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Darrel L. Peterson  
Cynthia A. Kitlinski  
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Norma McKanna  
Patrice M. Vick

Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for  
Extended Area Service From the  
Loman Exchange to the  
International Falls, Ericsburg,  
and Ranier Exchanges

ISSUE DATE: April 26, 1991

DOCKET NO. P-407/CP-90-547

ORDER REQUIRING THE FILING OF  
COST STUDIES AND PROPOSED RATES

**PROCEDURAL HISTORY**

On July 26, 1990, subscribers in the Loman exchange submitted a petition for Extended Area Service (EAS) to the International Falls, Ericsburg and Ranier exchanges. All of these exchanges are served by Contel of Minnesota, Inc. (Contel).

On August 7, 1990, the Minnesota Department of Public Service (the Department) served notice on the parties establishing a time frame for processing the petition.

On September 20, 1990, Contel submitted traffic studies for the June 1990 billing cycle.

On December 19, 1990, the Department filed its report and recommendation.

On April 9, 1991, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

The new EAS legislation, Minn. Stat. § 237.161 (1990), provides that a request to install EAS will be granted when the following three criteria have been met:

1. the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition.
2. 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 extended area service is requested, as determined by a traffic study; and

3. polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor its installation, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1(a)(1-3) (1990).

#### The Adjacency Requirement

Loman, the petitioning exchange, is adjacent to the International Falls exchange because these two exchanges share a common boundary. Loman does not share a boundary with either the Ericsburg exchange or the Ranier exchange, the other exchanges to which it seeks EAS. However, International Falls, Ericsburg and Ranier have EAS to each other and, hence, constitute a local calling area.<sup>1</sup> Due to its common boundary with International Falls, therefore, Loman also borders on the International Falls-Ericsburg-Ranier local calling area. Therefore, Loman meets the EAS statutory requirement that it be adjacent to a local calling area to which it seeks extended area service.<sup>2</sup>

#### The Traffic Requirement

The traffic requirement is met if a traffic study shows that

- (3) 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 extended area service is requested.... [Emphasis added.]

Minn. Stat. § 237.161, subd. 1 (a) (3) (1990).

The traffic study filed in this case shows that during the study period more than 50% of Loman's subscribers made at least one call to the International Falls-Ericsburg-Ranier local calling area per month. This is adequate to meet the traffic requirement of Minn. Stat. § 237.161, subd. 1 (a) (3) (1990).

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<sup>1</sup> In the Sherburn/Fairmont EAS case, the Commission found that "local calling area" as used in the EAS statute consisted of "two or more exchanges which all have EAS to each other." In the Matter of a Petition for Extended Area Service From the Sherburn Exchange to the Fairmont Exchange, Docket P-405/CP-89-1080, ORDER REQUIRING COST STUDIES AND PROPOSED RATES AND ESTABLISHING COMMENT PERIOD, October 9, 1990 at page 3.

<sup>2</sup> The EAS statute requires that the petitioning exchange be "...contiguous [adjacent] to an exchange or local calling area..." to which it requests EAS. Minn. Stat. § 237.161, subd. 1 (a) (1) (1990).

## The Subscriber Support Requirement

The third and final criterion is that a Commission poll of Loman subscribers must show that 50% or more of subscribers responding to the poll favor installation of the proposed EAS routes.

To enhance the validity of the poll, the Commission is required to make available to the subscribers the rates to be charged for the proposed EAS routes. Minn. Stat. § 237.161, subd. 1 (a) (3). Therefore, prior to conducting the poll, the Commission will establish the appropriate rates to include with the polling instrument.

As part of its rate making process, the Commission will direct Contel, the telephone company serving Loman and the petitioned exchanges, and U S West Communications, Inc. (USWC), the telephone company providing intraLATA toll service in these exchanges, to file cost studies and proposed rates which meet the statutory criteria for such studies and rates. Minn. Stat. § 237.161, subds. 2 and 3 (1990). These studies and proposed rates and the comment period outlined in this Order will provide the Commission with the information it needs to determine the EAS rates that will be made available to Loman subscribers at the time of the polling.

### ORDER

1. The petition for extended area service (EAS) from the Loman exchange to the International Falls, Ericsburg, and Ranier exchanges meets the statutory requirements of adjacency and sufficient traffic.
2. Within 45 days of the date of this Order, Contel of Minnesota, Inc. (Contel), the telephone company serving the petitioning exchange (Loman)

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- a. They shall be based on all the requirements of Minn. Stat. §237.161, Section 1, Subd. 2 and 3 (1990);
  - b. They shall assign 50% of the costs to the Loman exchange and 50% of the costs to the International Falls-Ericsburg-Ranier local calling area (first rate alternative);
  - c. They shall assign 75% of the costs to the Loman exchange and 25% of the costs to the International Falls-Ericsburg-Ranier local calling area (second rate alternative);
3. Within 45 days of the filing required by Ordering Paragraph 2, the Department shall file a report and recommendation on the cost studies and proposed rates with the Commission and the Department and serve copies on Contel, USWC, and the petition sponsor. The Department's report shall indicate whether the cost studies meet the requirements of Minn. Stat. §237.161 (1990) and shall include a recommendation regarding the percent of costs that should be assigned to the Loman exchange and to the International Falls-Ericsburg-Ranier local calling area.
  4. Within 20 days following the filing of the Department's report required by Ordering Paragraph 2, interested parties desiring to submit comments on the Department's report and recommendation shall file their comments with the Commission and serve copies of their comments on Contel, USWC, and the petition sponsor.
  5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)