

**P-408/ES-90-28** ORDER APPROVING CERTIFIED 911 SYSTEM COST

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 <b>East Otter Tail Telephone Company's</b> Request for Approval of Certified Actual Costs Associated with the <b>Todd County</b> 911 Emergency Telephone Services System	ISSUE DATE: November 27, 1991
	DOCKET NO. <b>P-408/ES-90-280</b>
	ORDER APPROVING CERTIFIED 911 SYSTEM COSTS

PROCEDURAL HISTORY

On February 4, 1986, the Minnesota Public Utilities Commission (the Commission) approved Todd County's final plan for the establishment of a 911 Emergency Telephone Services System.

On May 6, 1987, East Otter Tail Telephone Company (the Company) placed a portion of a 911 Emergency Telephone System into service for the Bertha exchange in Todd County.

On August 1, 1989, the Company replaced a portion of a 911 Emergency Telephone System for the Bertha exchange in Todd County.

On June 25, 1991, the Company certified the actual costs it incurred for the provision of 911 Emergency Telephone Service in Todd County. There are two sets of certifications which reflect costs incurred from May 6, 1987 to July 31, 1989 (Attachment A) and costs incurred from August 1, 1989 to June 25, 1991 (Attachment B). The different time periods represent tariff changes reflecting the switch from single bill to multiple bill from each carrier for special access and different host and remote network configurations that required changes in the special access arrangements.

East Otter Tail is now requesting Commission approval of actual 911 system costs. Commission approval is necessary before the Department of Administration (DOA) will make payments for 911 system costs.

FINDINGS AND CONCLUSIONS

Minn. Stat. Section 403.11, subd. 3 states:

Subd. 3 (METHOD OF PAYMENT; CERTIFICATION.) A public utility incurring reimbursable costs under subdivision 1 or 2 shall certify those costs to the commissioner of administration. The certification shall be in a form as prescribed by the commissioner after consultation with the public service commission. If the commissioner and the commission approve the certified costs as appropriate and accurate, the commissioner shall pay the certified costs from money appropriated for that purpose within 90 days following receipt by the commissioner of the certified costs. The commissioner of administration shall estimate the amount required to reimburse public utilities for the state's obligations under subdivisions 1 and 2 of this section and the governor shall include the estimated amount in the biennial budget request.

East Otter Tail has certified, in writing, that the elements of 911 services and associated costs indicated on Attachments A and B reflect only charges for services actually rendered in the direct provision of 911 service in Todd County.

The amount appearing on line 1b of Attachment A is the actual capital cost the Company incurred to install central office equipment necessary to switch calls to 911 trunks. The amount appearing on line 1c of Attachment A is the actual cost associated with moving or rearranging existing central office equipment because of 911 installation. The amounts appearing on lines 1b and 1c of Attachment A are traceable to specific telephone company job orders which will be retained in the Company's records. These amounts are one-time costs which will be reimbursed by the State of Minnesota and which will be excluded from the Company's rate base. These amounts are not claimed for reimbursement on Attachment B.

The amount appearing on line 2 of Attachment A and Attachment B is the annual recurring cost associated with the 911 central office equipment. This amount reflects maintenance, administration and gross earnings tax factors. Depreciation is not reflected in this amount since the Company will be reimbursed for 100% of its capital cost. Income taxes are not reflected in this amount because only expenses are recovered and consequently there are no taxable profits.

All other charges listed on Attachment A and Attachment B are in accordance with the Company's tariffs.

The Commission finds that the costs for 911 Emergency Telephone Service in Todd County which have been certified by the Company are appropriate and accurate.

911 system costs will be recertified on an annual basis to reflect revised maintenance and administration expense factors.

Policy References:

Minn. Stat. Section 403.11 System Costs

Minn. Rules, pt. 1215.1400 Funding Eligibility/Payment of  
Recurring Costs

Minn. Rules, pt. 1215.1500 Funding Eligibility/Payment of  
Central Office Modification Costs

ORDER

1. The costs identified on Attachment A and Attachment B accompanying this Order are approved as appropriate and accurate.
2. The Company shall certify 911 system costs annually based on the Company's most recent annual report on file with the Commission.
3. This Order does not approve payment of any 911 system costs. Any possible future approval of payment for system costs shall be granted by the Commissioner of the Department of Administration in accordance with the provisions of Minn. Stat. Section 403.11.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster  
Executive Secretary

(S E A L)

