

P-430, 421/SA-91-464 ORDER GRANTING JOINT PETITION AND REQUIRING
FURTHER FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner

In the Matter of a Request for a Boundary Change from Subscribers in Section 33, Ravenna Township, Dakota County

ISSUE DATE: June 26, 1992

DOCKET NO. P-430, 421/SA-91-464

ORDER GRANTING JOINT PETITION AND REQUIRING FURTHER FILINGS

PROCEDURAL HISTORY

On May 20, 1991, telephone subscribers in Section 33, Ravenna Township (Ravenna), Dakota County, Minnesota, filed a petition with the Commission requesting a boundary change. The petitioners, who are served by US WEST Communications, Inc. (US WEST) from the Red Wing exchange, wished to be included in the Hastings exchange, which is served by United Telephone Company (United). Hastings is part of the Twin Cities metropolitan local calling area; Red Wing is not.

On March 2, 1992, the Commission issued its ORDER REFERRING MATTER FOR INVESTIGATION. In that Order the Commission found that the petitioners' request for a boundary change could only be granted if the Commission found under Minn. Stat. § 237.16, subd. 5 that the existing service was inadequate. The Commission ordered the Department of Public Service (the Department) to initiate an investigation to determine the adequacy of the telephone service received by petitioners.

On March 13, 1992, United and US WEST filed a joint petition requesting a revision in the common boundary between the Hastings exchange and the Red Wing exchange. The proposed change would transfer subscribers in Section 33 from US WEST's Red Wing exchange to United's Hastings exchange. Present subscribers in Section 33 would have the option of continuing their Red Wing exchange service or receiving service from the Hastings exchange. Any new customers in Section 33 would be required to receive service from United.

On April 1, 1992, and April 21, 1992, the Department filed reports and recommendations. The Department stated that an independent consultant had found that US WEST's service was

adequate. The Department recommended that the Commission grant the companies' joint petition.

The matter came before the Commission on June 9, 1992.

FINDINGS AND CONCLUSIONS

Positions of the Parties

United and US WEST have agreed to change the boundary between their Hastings and Red Wing exchanges. Under their proposal, US WEST would transfer its distribution cable to United for approximately \$15,000. The transfer would also result in new construction and rerouting costs to United of approximately \$117,000.

The Department stated that the companies' new posture requires that the joint petition be analyzed on a different basis from the previous petition. Before, the companies had opposed the boundary revision; thus, any revocation of a part of US WEST's service territory would have been involuntary. Under such circumstances, an analysis of the adequacy of service under Minn. Stat. § 237.16, subd. 5 was required. In contrast, the present petition is joined in by both companies. The proper analysis is thus under Minn. Stat. § 237.16, subd. 4, "the public convenience and necessity" standard for the expansion of United's service territory. Under this analysis, the Department stated, the transfer of customers from US WEST's exchange to United's should be allowed.

Commission Analysis

The Commission agrees with the Department that the companies' joint petition should be analyzed under Minn. Stat. § 237.16, subd. 4, which states in part:

No company shall construct or operate any line, plant or system, or any extension thereof, or acquire ownership or control thereof, either directly or indirectly, without first obtaining from the commission a determination that the present or future public convenience and necessity require or will require such construction, operation, or acquisition, and a new certificate of territorial authority;

The Commission finds that under this analysis the joint petition should be granted. Both affected telephone companies support the petition, which is in accordance with the previous petition submitted by Ravenna subscribers. No party has expressed opposition to the boundary revision. Any financial impact on

United ratepayers will be minimal. An important protection is provided by the term of the agreement which allows current Section 33 subscribers to choose between US WEST and United service. The Commission will allow the joint petition, with certain modifications and compliance requirements to be discussed below.

Modifications to the Petition

There has been a history of confusion among many Section 33 residents regarding the telephone exchange which serves them. In some cases, residents moved into the area believing they would be served by one exchange and found out they would be served by another. Opinions differed as to whether service from another exchange was "grandfathered" to certain residences or not.

To avoid confusion at the time of the revision of the boundary and in the future, the Commission will require that US WEST and United jointly undertake a survey of the southern and eastern boundary of Section 33. The survey should ensure that only subscribers actually residing in Section 33, Ravenna Township, Dakota County, will have the option of obtaining service from United or US WEST. The survey must be in sufficient detail to ensure that new subscribers in the area may accurately determine their service provider.

The Commission will further modify the companies' joint petition to cover the issue of the costs of the boundary revision. The costs of the survey, transfer of facilities, new construction, and other associated costs will be reviewed in the next general rate case filed by US WEST and by United. The Commission will review these costs in the context of the rate case proceedings, and will make no determination at this time as to whether such costs may be recovered.

ORDER

1. The joint petition submitted by US WEST and United is approved.
2. Within 60 days of the date of this Order, US WEST and United shall submit a compliance filing including the following:
 - a. The results of a joint survey of the southern and eastern boundary of Section 33, Ravenna Township, Dakota County;
 - b. A list of all subscribers in Section 33 and the telephone exchange from which each subscriber elects to receive service;

- c. A proposed construction plan and timetable; and
 - d. A proposed customer notice to be sent to all subscribers in Section 33.
3. US WEST shall make notations in its records to indicate exception customers in Section 33, if any, receiving Red Wing exchange service. When any exception customer discontinues service or sells the property, new service shall be provided from United's Hastings exchange.
 4. United and US WEST shall notify the Commission in writing following completion of the boundary change.
 5. United and US WEST shall cooperate with the Department to ensure that the boundary change is reflected in official exchange boundary maps.
 6. If US WEST and United wish to recover any part of their transfer costs in their next general rate cases, the companies shall provide documentation of their expenses for Commission review.
 7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

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