

P-430, 421/CP-91-35 ORDER REQUIRING TRAFFIC STUDIES, COST STUDIES
AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner
Norma McKanna	Commissioner
Darrel L. Peterson	Commissioner

In the Matter of the Petition of
Certain Subscribers in the
Plainview Exchange for Extended
Area Service to the Rochester
Metropolitan Calling Area

ISSUE DATE: January 3, 1992

DOCKET NO. P-430, 421/CP-91-35

ORDER REQUIRING TRAFFIC STUDIES,
COST STUDIES AND PROPOSED RATES

PROCEDURAL HISTORY

On January 22, 1991, certain subscribers in the Plainview exchange filed a petition requesting extended area service (EAS) with the Rochester exchange. The Plainview exchange is served by United Telephone Company (United); the Rochester exchange is served by US WEST.

In January and February of 1991, United conducted two separate studies of the traffic between Plainview and the Rochester exchange. In neither study did more than 5% of the Plainview customers make more than one call per month to the Rochester exchange.

On April 8, 1991, the Department of Public Service (the Department) recommended that this docket be closed because the traffic level requirement of Minn. Stat. § 237.161 (1990) had not been met.

On April 19, 1991, Mrs. Owen Benton, a United subscriber in the Plainview exchange, filed a letter challenging the results of the traffic studies. Mrs. Benton urged the Commission to order United to conduct a new traffic study in the summer of 1991.

In its June 11, 1991 ORDER REQUIRING FURTHER TRAFFIC STUDY, the Commission found that the Plainview petition met the statutory adjacency requirement and directed United to study the traffic from the Plainview exchange to the Rochester exchange during July and August 1991.

On September 30, 1991, United filed the traffic study required by the Commission's June 11, 1991 Order. This study showed that well over 50% of the Plainview customers placed one or more calls to the Rochester exchange during the period studied.

On December 23, 1991, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The EAS statute provides that the Commission shall grant a request to install EAS when three criteria have been met:

1. Adjacency: the petitioning exchange is contiguous to an exchange or local calling area to which extended area service is requested in the petition;
2. Adequate Traffic: 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. Subscriber Support: a poll of subscribers in the petitioning exchange shows that a majority of the customers responding to a poll conducted by the Commission favor the installation of the proposed EAS, unless all parties and the Commission agree that no polling is necessary. Minn. Stat. § 237.161, subd. 1 (a) (1-3) (1990).

The Commission has previously found that Plainview was adjacent to a local calling area (LCA) consisting of Rochester, the petitioned exchange, and Elgin, an exchange to which Plainview already had EAS. In these circumstances, Plainview met the statutory EAS adjacency requirement. In the Matter of the Petition of Certain Subscribers in the Plainview Exchange for Extended Area Service to the Rochester Metropolitan Calling Area, Docket No. P-430, 421/CP-91-35, ORDER REQUIRING FURTHER TRAFFIC STUDY (June 11, 1991).

Regarding the second statutory criterion, adequate traffic to the petitioned exchange, it appears that United's previously filed traffic studies, which found inadequate traffic from Plainview to Rochester, were erroneous and should be disregarded. The company explained that upon reexamination it became apparent that those studies had not recorded usage correctly. Both United and the Department vouched for the reliability of United's most recently filed study which shows that more than 50% of Plainview subscribers placed calls per month to the Rochester exchange during the studied period. This newly conducted traffic study is acceptable. Accordingly, the Commission finds that the Plainview petition meets the statutory EAS traffic requirement.

The Commission will proceed to poll Plainview subscribers to determine whether the third and final criterion is met, i.e. whether there is the required level of subscriber support for the installation of EAS. Before doing so, however, the Commission will establish EAS rates for the proposed route for inclusion on the ballots. This will assist Plainview subscribers to make an informed choice by letting them see the impact installation of EAS would have on their rates.

To provide a sound basis for establishing such rates, the Commission will direct the companies providing local service to the petitioning and petitioned exchanges to file cost studies and EAS rates for this proposed route. The cost studies, in turn, must be grounded in reliable and comparable traffic data. To assure that the traffic studies that are the foundation of the cost studies are dependable, the Commission will require the companies to meet with the Department and develop compatible traffic study methodology for the proposed Plainview to Rochester EAS route.

The companies will file cost studies and proposed rates, the Department will comment on those proposals, and interested parties will comment upon the Department's recommendations according to a timetable set forth in the Ordering Paragraphs.

ORDER

1. The Plainview petition for extended area service (EAS) to the Rochester exchange meets the traffic requirement of Minn. Stat. § 237.161, subd. 1 (a) (3) (1990).
2. Within 30 days of this Order, the local exchange company serving the petitioning Plainview exchange, United Telephone Company (United), and the local exchange company serving the petitioned Rochester exchange, U S West Communications, Inc. (USWC), shall
 - a. confer with each other and with the Department and develop a mutually agreeable traffic study methodology; and
 - b. file with the Department compatible traffic studies for the proposed EAS route in this case.
3. Within 45 days of the filing of the traffic studies with the Department, the companies shall file cost studies and proposed rates for the proposed EAS. The proposed EAS rates shall
 - a. include an estimate of nonrecurring polling costs;
 - b. be based upon a 400% stimulation factor;
 - c. use 1992 cost elements, including a gross receipts tax factor of 0%; and
 - d. include two schedules: one in which the EAS rates for the petitioner Plainview recover 75% of the EAS costs and another in which the Plainview rates recover 50% of the EAS costs.

4. Within 45 days of the filing of the proposed rates, the Department shall file with the Commission and serve upon the companies and the petition sponsor its report and recommendation regarding the traffic studies, the cost studies, and the proposed rates, including a recommendation regarding the rates that should be included on the ballots.
5. Within 20 days of the filing of the Department's report and recommendation, interested persons may file comments.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)