

P-407, 421/CP-93-594; P-407, 421/CP-93-595; P-407, 421/CP-93-596;  
P-407, 421/CP-93-597 ORDER REQUIRING COST STUDIES AND PROPOSED  
RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Marshall Johnson	Commissioner
Cynthia A. Kitlinski	Commissioner
Dee Knaak	Commissioner

In the Matter of a Petition for Extended Area Service From Meadowlands to Hibbing	ISSUE DATE: December 8, 1993 DOCKET NO. P-407, 421/CP-93-594
In the Matter of a Petition for Extended Area Service From Meadowlands to Floodwood	DOCKET NO. P-407, 421/CP-93-595
In the Matter of a Petition for Extended Area Service From Meadowlands to Alborn With Access to Duluth and its EAS	DOCKET NO. P-407, 421/CP-93-596
In the Matter of a Petition for Extended Area Service From Meadowlands to Brookston With Access to Duluth and Cloquet and Their EAS	DOCKET NO. P-407, 421/CP-93-597 ORDER REQUIRING COST STUDIES AND PROPOSED RATES

**PROCEDURAL HISTORY**

On June 28, 1993, the Commission received four petitions from the Meadowlands exchange requesting extended area service (EAS): one petition to Floodwood, one to Hibbing, and two to the Duluth area. GTE Minnesota (GTE) serves Meadowlands.

On August 12, 1993, and on October 12, 1993, GTE supplied traffic information.

On November 30, 1993, the Commission met to consider this matter.

**FINDINGS AND CONCLUSIONS**

**A. Required Statutory Findings**

The EAS statute provides that the Commission shall grant a request to install EAS 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) (1992).

#### **B. Adjacency**

**Petition 1: Meadowlands to Hibbing - Docket No. P-407, 421/CP-93-594**

Based on the official exchange boundary maps on file with the Department, the Commission finds that the Meadowlands exchange is contiguous or adjacent to the Hibbing exchange.

**Petition 2: Meadowlands to Floodwood - Docket No. P-407, 421/CP-93-595**

Likewise, the exchange boundary maps show that the Meadowlands exchange is contiguous or adjacent to the Floodwood exchange.

**Petition 3: Meadowlands to Alborn with Access to Duluth and its EAS Area - Docket No. P-407, 421/CP-93-596**

This petition, in effect, requests that EAS be established between nine exchanges: Meadowlands-Alborn-Duluth-Brookston-Cloquet-Barnum-Brimson-Carlton-Superior, Wisconsin. The only exchange with which Meadowlands shares a boundary is Alborn. By reason of this boundary, Meadowlands is adjacent to the Alborn exchange within the meaning of the EAS statute and any local calling area to which Alborn belongs. Since Alborn and Duluth have EAS to each other, they constitute a local calling area as defined by the Commission in previous Orders. With respect to EAS between Meadowlands and the Alborn-Duluth local calling area, then, the adjacency criterion is met.

The petition fails with respect to the six remaining desired exchanges, however: Brookston, Cloquet, Barnum, Brimson, Carlton, and Superior, Wisconsin. None of these exchanges is adjacent to Meadowlands nor are any of them part of a local calling area which is adjacent to Meadowlands. There is no EAS between Alborn and any of these exchanges. Hence, Alborn is not part of a local calling area that includes the six exchanges. The fact that Duluth has EAS to these six exchanges is not relevant for two reasons. First, because the six exchanges and Duluth do not all have EAS to each other, they fail to constitute a local calling area. Second and more fundamentally, even if Duluth and the six named exchanges did constitute a local calling area, this would not render Meadowlands adjacent to that local calling area. Only if Alborn, the exchange

adjacent to Meadowlands, was a member of a local calling area which included these six exchanges would the statutory requirement be met with respect to those exchanges.

In sum, the portion of this petition which meets the adjacency requirement and deserves further consideration is the Meadowlands-Alborn/Duluth LCA route.

**Petition 4: Meadowlands to Brookston With Access to Duluth and Cloquet - Docket No. P-407, 421/CP-93-597**

Based on the official exchange boundary maps on file with the Department, the Commission finds that the Meadowlands exchange is not contiguous or adjacent to the Brookston exchange. Nor, as noted in the analysis of the previous petition, is Meadowlands adjacent to any local calling area which includes Brookston. Accordingly, this petition will be dismissed.

**C. Traffic**

GTE filed traffic studies calculating percentages of use on the basis of customer accounts rather than on the preferred basis (access lines) which the companies have used in previous EAS cases approved by the Commission. In explanation of this departure from the preferred practice, GTE stated that it is not capable of filing traffic studies on an access line basis until next year, when its system is converted. In light of this unusual circumstance and since there are only 463 accounts with a minimal number of multiple line accounts, the customer account will be allowed to serve as a proxy for access lines.

Upon review of the Company's traffic studies, therefore, the Commission concludes that the traffic criterion is met with respect to the three petitions which met the adjacency requirement: Meadowlands-Hibbing, Meadowlands-Floodwood, and Meadowlands-Alborn/Duluth LCA.

**D. Cost Studies and Proposed Rates**

Before proceeding to poll Meadowlands subscribers to determine whether the third criterion (subscriber support) will be met for any of the routes which have survived to date, the Commission will adopt EAS rates for each of these routes to give Meadowlands subscribers a clearer picture regarding the rate impact of implementing EAS. To assist the Commission in establishing fair EAS rates for polling purposes, the Commission will require GTE<sup>1</sup> and USWC<sup>2</sup> to file sound cost studies and proposed rates as specified in the Ordering Paragraphs of this Order.

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<sup>1</sup> In addition to serving the petitioning exchange, Meadowlands, GTE serves the petitioned exchange Floodwood and the Alborn exchange in the petitioned Alborn/Duluth LCA.

<sup>2</sup> USWC serves the petitioned Hibbing exchange and the Duluth exchange in the petitioned Alborn/Duluth LCA.

ORDER

1. The petitions for EAS in Docket Nos. Docket No. P-407, 421/CP-93-594 (Meadowlands to Hibbing) and P-407, 421/CP-93-595 (Meadowlands to Floodwood) meet the adjacency and traffic requirements of the EAS statute and merit further consideration.
2. The petition for EAS in Docket No. P-407, 421/CP-93-596 (Meadowlands to Alborn with Access to Duluth and its EAS Area) meets the adjacency and traffic requirements of the EAS statute with respect to the Meadowlands to Alborn/Duluth LCA and merits further consideration to that extent.
3. The petition for EAS in Docket No. P-407, 421/CP-93-597 (Meadowlands to Brookston With Access to Duluth and Cloquet) fails to meet the EAS statute's adjacency requirement and is therefore dismissed. Docket No. P-407, 421/CP-93-597 is hereby closed.
4. Within 60 days of this Order, GTE and USWC shall file cost studies and proposed rates, with respect to the routes approved in this Order for further consideration, using cost study methodologies consistent with previous Commission decisions for non-metropolitan area EAS routes.
5. The Companies shall file three sets of proposed rates filed pursuant to Ordering Paragraph 4 showing the petitioning exchange bearing 75 percent, 60 percent, and 50 percent of the EAS revenue requirement respectively.
6. Within 45 days after the Companies file their cost studies and proposed rates, the Minnesota Department of Public Service (the Department) shall file a report and recommendations regarding these filings. If the Department recommends any changes to the cost studies or proposed rates, the Department shall file three sets of new proposed rates reflecting the 75 percent, 60 percent, and 50 percent allocations to the petitioning exchange.
7. Interested parties shall have 20 days to respond to the Department's report and recommendations.
8. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)