

P-548, 430/CP-93-854 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 the
Miltona Exchange to the
Alexandria Exchange

ISSUE DATE: December 22, 1993

DOCKET NO. P-548, 430/CP-93-854

ORDER REQUIRING COST STUDIES AND
PROPOSED RATES

PROCEDURAL HISTORY

On August 30, 1993, the Lake Miltona Property Owners Association filed a petition for extended area service (EAS) from the Miltona exchange of Midwest Telephone Company (Midwest) to the Alexandria exchange of United Telephone.

On September 15, 1993, the Minnesota Department of Public Service (the Department) notified parties that any protests regarding the validity of the petition should be filed by October 20, 1993. The Department further requested Midwest to file a traffic study by November 4, 1993.

No filing contesting the validity of the petition was received.

On November 8, 1993, Midwest filed a traffic study for June through October 1993.

On November 18, 1993, the Department recommended that the Commission require Midwest and United to file cost studies and proposed rates.

On December 14, 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

Miltona is completely separated from the exchange sought in this petition (Alexandria) by the Carlos exchange. Miltona shares no boundary whatsoever with Alexandria. In the absence of exchange to exchange adjacency, a petition seeking to establish EAS between Miltona and Alexandria should specifically request EAS to a local calling area (such as the Carlos/Alexandria local calling area¹) that 1) contains Alexandria and 2) is adjacent to Miltona. Since the present petition fails to do that, a strict application of the EAS statute to the letter of the petition would require dismissal of the petition for lack of adjacency.

In this case, however, the Commission will interpret Miltona's petition as a request for EAS to the Alexandria/Carlos local calling area, thereby finding adjacency and forwarding the request for further consideration. Reasons for viewing Miltona's petition in that light include the fact that Miltona already has EAS to Carlos. In that circumstance, it is likely that petitioners thought it would be redundant and unnecessary to refer to Carlos. Moreover, from a practical administrative standpoint, the Commission recognizes that rejecting the petition in its present form would simply result in another filing which corrects the defect cited here, by specifically naming the Miltona-Carlos/Alexandria local calling area (LCA) as the desired EAS route.² Rejecting the petition would start the process all over again. Petition sponsors would be required to gather new

¹ The Carlos and Alexandria exchanges have EAS to each other and, hence, constitute a local calling area.

² The traffic data shows a strong caller connection between Miltona and Alexandria, strongly suggesting that if the present petition were found deficient and dismissed, a corrected petition would be filed shortly.

signed petitions; the companies would have to conduct and file new traffic studies; and the Department would be obliged to prepare and file a new report and recommendations.

The Commission always prefers looking to substance over form. Accordingly, it will save the time and effort of all involved by proceeding to treat the matter as a petition for EAS to the Carlos/Alexandria LCA. Viewed in that practical light, the petition meets the adjacency requirement and the Commission will proceed to determine whether the petition meets the other EAS criteria: traffic and subscriber support.

C. Traffic

Midwest's traffic studies show that more than 50 percent of Miltona's subscribers made one or more calls per month to Alexandria. Accordingly, the Commission finds that the Miltona petition meets the second statutory criterion: adequate traffic.

D. Cost Studies and Proposed Rates

Before proceeding to poll Miltona subscribers to determine whether the third criterion (adequate subscriber support) will be met for the proposed EAS route, the Commission will adopt EAS rates for this route to give Miltona 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 Midwest and United to file sound cost studies and proposed rates as specified in the Ordering Paragraphs of this Order.

ORDER

1. Within 45 days of the date of this Order, Midwest Telephone Company (Midwest), the company serving the petitioning Miltona exchange, and United Telephone Company (United), the company serving the Alexandria and Carlos exchanges, shall file cost studies and proposed rates based on at least six months, and preferably 12 months of traffic data. If 12 months of data is unavailable, the companies shall annualize the data. The proposed rates must be based on all five of the Alexandria prefixes: 760, 762, 763, 766, and 846. Three sets of proposed rates shall be filed: one set should assign 75 percent of the costs to the Miltona exchange; another set, 60 percent to Miltona; and, the third set, 50 percent of the costs to the Miltona exchange. The companies shall serve copies of these filings on the Department and the petition sponsor the same day they file them with the Commission.

2. Within 60 days after the Companies have filed their cost studies and proposed rates, the Department shall file its report and recommendations. If the Department recommends any changes to the cost studies or rates, it shall file its alternative rates using the same 75-60-50 percent cost split and including its calculations.

On the same day it files its report and recommendations with the Commission, the Department shall serve copies of its report on the petition sponsor and the telephone companies.

3. Parties will have 20 days after the Department files its report and recommendations to comment on the Department's filing.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)