

P-405/GR-93-2 NOTICE AND ORDER FOR HEARING

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 the Application of Vista Telephone Company of Minnesota for Authority to Increase its Rates for Telephone Service in the State of Minnesota	ISSUE DATE: April 8, 1993
	DOCKET NO. P-405/GR-93-2
	NOTICE AND ORDER FOR HEARING

PROCEDURAL HISTORY

I. The Company's Filing

On March 1, 1993 Vista Telephone Company of Minnesota filed a petition seeking a general rate increase of \$6,463,057 or 18%, effective April 30, 1993. On April 8, 1993 the Commission issued an Order accepting the filing as of March 29, 1993 and suspending the proposed rates under Minn. Stat. § 237.075, subd. 2 (1992).

A copy of the Company's rate increase proposal is on file in the offices of the Department of Public Service, 121 Seventh Place East, Suite 200, St. Paul, Minnesota 55101, and is open for public inspection during regular office hours.

Copies are also available for public inspection at the Company's office at 14450 Burnhaven Drive, Burnsville, Minnesota 55337.

FINDINGS AND CONCLUSIONS

II. Jurisdiction and Referral for Contested Case Proceedings

The Commission has jurisdiction over proposed rate changes under Minn. Stat. § 237.075 (1992). If the Commission is unable to resolve all significant issues regarding the reasonableness of the proposed rates on the basis of the filing itself, the Commission is to refer the matter to the Office of Administrative Hearings for contested case proceedings. Minn. Stat. § 237.075, subd. 2 (1992).

The Commission finds that it cannot satisfactorily resolve all questions regarding the reasonableness of the proposed rates on the basis of the Company's filing. The Commission will therefore refer the matter to the Office of Administrative Hearings for contested case proceedings.

III. Proposed Revenue Requirement

The Company filed financial schedules indicating a revenue deficiency of \$6,463,057. Those schedules are summarized as follows:

	Current	Proposed
Rate Base	\$33,952,526	\$66,779,071
Rate of Return	11.67%	10.77%
Required Return	3,962,260	7,192,106
Net Operating Income	3,962,260	3,351,135
Income Deficiency	-0-	3,840,971
Revenue Conversion Factor	-----	1.682662
Revenue Deficiency	-0-	6,463,057

The Company has filed a proposed rate schedule to recover the \$6,463,057 revenue deficiency claimed. The Commission has suspended implementation of the proposed rate schedule by separate Order. By further Order, the Commission will direct the Company to place an interim rate schedule into effect. Interim rates are subject to refund if the Commission ultimately orders a lower overall revenue increase than is recovered through interim rates. Minn. Stat. § 237.075, subd. 3 (1992).

IV. Issues to be Addressed

Parties shall address the following issues in the course of the contested case proceedings ordered herein:

- (1) Is the test year revenue increase sought by the Company reasonable or will it result in unreasonable and excessive earnings by the Company?
- (2) Is the rate design proposed by the Company reasonable?
- (3) Are the Company's proposed capital structure and return on equity reasonable?

The parties may also raise and address other issues relevant to the Company's proposed rate increase.

V. Procedural Outline

A. Administrative Law Judge

The Administrative Law Judge assigned to this case is Karl W. Sonneman. His address and telephone number are as follows: 111 Riverfront, Suite 409, Winona, Minnesota 55987; (507) 454-8885.

B. Hearing Procedure

Hearings in this matter will be conducted in accordance with the Administrative Procedure Act, Minn. Stat. §§ 14.57-14.62 (1992); the rules of the Office of Administrative Hearings, Minn. Rules, parts 1400.5100 to 1400.8400; and, to the extent that they are not superseded by those rules, the Commission's Rules of Practice and Procedure, Minn. Rules, parts 7830.0100 to 7830.4400. Copies of these rules and statutes may be purchased from the Print Communications Division of the Department of Administration, 117 University Avenue, St. Paul, Minnesota 55155; (612) 297-3000.

Under these rules parties may be represented by counsel, may appear on their own behalf, or may be represented by another person of their choice, unless otherwise prohibited as the unauthorized practice of law. They have the right to present evidence, conduct cross-examination, and make written and oral argument. Under Minn. Rules, part 1400.7000, they may obtain subpoenas to compel the attendance of witnesses and the production of documents.

Any party intending to appear at the hearing must file a notice of appearance (Attachment A) with the Administrative Law Judge within 20 days of the date of this Notice and Order for Hearing. Failure to appear at the hearing may result in facts and issues being resolved against the party who fails to appear.

Parties should bring to the hearing all documents, records, and witnesses necessary to support their positions. They should take note that any material introduced into evidence may become public data unless a party objects and requests relief under Minn. Stat. § 14.60, subd. 2 (1992).

Any questions regarding discovery under Minn. Rules, parts 1400.6700 to 1400.6800 or informal disposition under Minn. Rules, part 1400.5900 should be directed to Katherine L. McGill, Special Assistant Attorney General, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101-2147; (612) 296-9644.

The times, dates, and places of public and evidentiary hearings in this matter will be set by order of the Administrative Law Judge after consultation with the Commission and intervening parties. Public hearings shall be held prior to evidentiary hearings if possible.

C. Intervention

Persons wishing to become formal parties to this proceeding shall promptly file petitions to intervene with the Administrative Law Judge. They shall serve copies of such petitions on all current parties and on the Commission. Minn. Rules, part 1400.6200.

D. Prehearing Conference

A prehearing conference will be held in this matter on Monday, April 19, 1993 at 1:30 p.m. in the Small Hearing Room, Public Utilities Commission, 121 Seventh Place East, Suite 350, St. Paul, Minnesota 55101-2147.

Persons participating in the prehearing conference should be prepared to discuss time frames and scheduling. Other matters which may be discussed include the locations and dates of public hearings, discovery procedures, and similar issues.

E. Time Constraints

The Commission is required to act on the Company's filing within ten months of its completed filing, or the proposed rates are deemed approved. Minn. Stat. § 237.075, subd. 2 (1992). This ten-month period can be extended for two months, if the parties submit a settlement which is rejected by the Commission. Minn. Stat. § 237.075, subd. 2 (1992).

The Commission asks the Office of Administrative Hearings to conduct contested case proceedings in light of these time constraints and requests that the Administrative Law Judge submit his final report by November 29, 1993, to allow the Commission adequate opportunity for thorough consideration of the case.

F. Application of Ethics in Government Act

The lobbying provisions of the Ethics in Government Act, Minn. Stat. §§ 10A.01 et seq. (1992), apply to general rate cases. Persons appearing in this proceeding may be subject to registration, reporting, and other requirements set forth in that Act. All persons appearing in this case are urged to refer to the Act and to contact the Minnesota Ethical Practices Board, telephone number (612) 296-1720, with any questions.

G. Ex Parte Communications

Restrictions on ex parte communications with Commissioners and reporting requirements regarding such communications with Commission staff apply to this proceeding from the date of this Order. Those restrictions and reporting requirements are set forth at Minn. Rules, parts 7845.7300-7845.7400, which all parties are urged to consult.

ORDER

1. A contested case proceeding shall be held on the Company's proposed rate increase. The proceeding shall begin with a Prehearing Conference on Monday, April 19, 1993 at 1:30 p.m.

2. This Order will be served on the Company, which shall mail copies of the Order to all municipalities and counties in its service area and to such other persons as the Department of Public Service may request.
3. Public hearings shall be held in this matter at locations within the service area of the Company.
4. The Company shall give the following notices of the evidentiary and public hearings:
 - a) Individual written notice to each customer, which may be in the form of a bill insert, and shall be served at least ten days before the first day of hearings.
 - b) Written notice to the governing bodies of all municipalities and counties in the area affected and to all parties in the Company's last two rate cases. These notices shall be mailed at least ten days before the first day of hearings.
 - c) Display advertisements in legal newspapers of affected counties and other newspapers of general circulation within the Company's service area. These advertisements shall appear at least ten days before the first day of hearings. They shall include the heading **RATE INCREASE NOTICE**, which heading shall appear in bold face type no smaller than 30 points.
 - d) The above notices shall contain the information required in Minn. Rules, part 7830.3200, subp. 2. The Company shall submit proposed notices to the Executive Secretary for approval prior to publication or service.
5. The Commission authorizes the Executive Secretary to enter Orders on behalf of the Commission varying time requirements for the filing of pleadings and other documents and determining the conduct of this proceeding, according to the standards set forth in Minn. Rules, part 7830.4400. Any party adversely affected by such an Order may file a motion for reconsideration, vacation, or modification, no later than ten days from the date of its entry or one day before any filing deadline or occurrence of an act directed in such Order. Such motions will be heard by the Commission.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)

BEFORE THE MINNESOTA OFFICE OF ADMINISTRATIVE HEARINGS
Suite 1700
100 Washington Square
Minneapolis, Minnesota 55401-2138

FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
Suite 350
121 Seventh Place East
St. Paul, Minnesota 55101-2147

In the Matter of the
Application of Vista Telephone
Company of Minnesota for
Authority to Increase its
Rates for Telephone Service in
the State of Minnesota

MPUC Docket No. P-405/GR-93-2

OAH Docket No.

NOTICE OF APPEARANCE

Name, Address, and Telephone Number of Administrative Law Judge:

Karl W. Sonneman, 111 Riverfront, Suite 409, Winona,
Minnesota 55987; (507) 454-8885

TO THE ADMINISTRATIVE LAW JUDGE:

You are advised that the party named below will appear at the
above hearing.

NAME OF PARTY:

ADDRESS:

TELEPHONE NUMBER:

PARTY'S ATTORNEY OR OTHER REPRESENTATIVE:

OFFICE ADDRESS:

TELEPHONE NUMBER:

SIGNATURE OF PARTY OR ATTORNEY: _____

DATE: _____