

P-421, 414, 416/CP-93-11 ORDER REQUIRING COST STUDIES AND
PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

In the Matter of a Petition for
Extended Area Service From St.
Peter to Mankato and North
Mankato

ISSUE DATE: July 23, 1993

DOCKET NO. P-421, 414, 416/CP-
93-11

ORDER REQUIRING COST STUDIES AND
PROPOSED RATES

PROCEDURAL HISTORY

On January 11, 1993, subscribers in the St. Peter exchange filed a petition with the Commission for extended area service (EAS) to the Mankato and North Mankato exchanges. The Mankato and North Mankato exchanges constitute a local calling area.

On January 13, 1993, the Minnesota Department of Public Service (the Department) sent a letter to the relevant parties informing them of the date for protests of the petition and the due date for traffic studies.

On February 22, 1993, U S West Communications, Inc. (USWC) filed traffic studies.

On July 13, 1993, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

According to the extended area service (EAS) statute, the Commission must grant a petition to install EAS if 1) the petitioning exchange is contiguous to the petitioned exchange or local calling area, 2) at least 50% of the customers in the petitioning exchange make one or more calls per month to the petitioned exchange or local calling area, and 3) a majority of the customers in the petitioning exchange responding to a poll indicate that they favor its installation. Minn. Stat. § 237.161, subd. 1 (a) (1990).

In processing EAS petitions, the Commission's threshold determinations are whether the petition meets the statute's

adjacency and traffic requirements. If so, the Commission sets EAS rates which are then used in polling the subscribers of the petitioning exchange. Finally, if polling shows that there is adequate support among the subscribers, the Commission will order the affected telephone companies to install the EAS.

Adjacency

In this case, it is clear that the petitioning St. Peter exchange meets the adjacency requirement with respect to the Mankato/North Mankato local calling area. See the exchange maps on file with the Department.

Traffic Requirement

According to traffic studies filed by USWC, more than 50 percent of St. Peter's subscribers make one or more calls per month to the Mankato exchange alone. Accordingly, St. Peter's petition for EAS to the Mankato/North Mankato local calling area meets the statute's traffic requirement and will proceed for further consideration by the Commission.

Cost Studies and Proposed Rates

For the St. Peter-Mankato/North Mankato proposed EAS route, the Commission will now proceed to set EAS rates to be used in polling St. Peter subscribers to determine whether the final statutory requirement (adequate subscriber support) will be met. The costs of installing the route in question provide the foundation for such rates. In this case, USWC serves the petitioning exchange (St. Peter) and Mankato Citizens Telephone Company (Mankato) serves the petitioned local calling area. This Order, therefore, will direct USWC and Mankato to file cost studies and proposed rates consistent with the quality required in prior EAS cases.

ORDER

1. Within 60 days of this Order, U S West Communications, Inc. (USWC) and Mankato Citizens Telephone Company (Mankato) shall file cost studies and proposed rates for the St. Peter to Mankato/North Mankato EAS route and serve copies on the Minnesota Department of Public Service (the Department) and the petition sponsor.
2. The cost studies and proposed rates filed pursuant to Ordering Paragraph 1 shall be consistent with those filed previous Commission decisions for non-metropolitan area EAS routes.

3. In their filings pursuant to Ordering Paragraph 1, the Companies shall present three sets of rates: one set that reflects a 75/25 percent apportionment of costs between the petitioning exchange (St. Peter) and the petitioned local calling area (Mankato/North Mankato), another that reflects a 60/40 cost apportionment, and a third that reflects a 50/50 apportionment of such costs.
4. Within 45 days after the Companies file these items and serve copies on each other, the Department, and the petition sponsor, the Department shall file with the Commission its report and recommendations regarding these cost studies and proposed rates.
5. If the Department recommends changes, it shall set forth the rates that would be required by its recommendations for the three rate schedules: the 75/25, the 60/40, and the 50/50.
6. Any comments on the Department's reports and recommendations shall be filed within 20 days after the Department's filing.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Richard R. Lancaster
Executive Secretary

(S E A L)