

P-416, 414/CP-93-554 ORDER ADOPTING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
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Commissioner

In the Matter of a Petition for Extended Area
Service from Madison Lake to St. Peter

ISSUE DATE: November 28, 1994

DOCKET NO. P-416, 414/CP-93-554

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PROCEDURAL HISTORY

On May 6, 1993, customers in the Madison Lake exchange filed a petition seeking extended area service (EAS) to the St. Peter exchange. Madison Lake has 1,094 customers and is served by Mid-Communications, Inc. (Mid-Com). St. Peter has 5,693 customers and is served by US WEST Communications, Inc. (US WEST).

On March 25, 1994, the Commission issued its ORDER ADOPTING STIMULATION FACTOR AND REQUIRING COST STUDIES AND PROPOSED RATES.

On April 8, 1994, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES.

In May, 1994, the telephone companies filed cost studies and proposed rates showing alternative cost allocations of 75%/25%, 60%/40%, and 50%/50%.

On June 24, 1994, Mid-Com submitted a letter requesting that the Commission apportion the costs of providing EAS between the petitioning and petitioned exchange on a 50%/50% basis. Mid-Com reasoned that the costs should be apportioned evenly because "most of the impetus came from St. Peter subscribers."

On July 29, 1994, the Department of Public Service (the Department) filed its report and recommendation. The Department stated that it did not find any unusual interest in the EAS petition on the part of St. Peter customers. The Department recommended a 75%/25% cost allocation, because customers in the petitioning exchange are allowed to vote on the petition while customers in the petitioned exchange are not.

The matter came before the Commission for consideration on November 1, 1994.

FINDINGS AND CONCLUSIONS

The EAS statute, Minn. Stat. § 237.161, provides that the Commission shall grant an EAS petition when the following criteria are 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. 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; and
3. 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.

In its previous Orders the Commission has determined that this petition fulfills the statutory adjacency and traffic volume requirements. The Commission must now adopt rates so that customers will have the proposed EAS rate additives available to them when they vote on the EAS petition.

Minn. Stat. § 237.161 provides that between 50% and 75% of costs must be allocated to the petitioning exchange in a non-metro EAS petition such as this one.

The Department's reasoning does not persuade the Commission to adopt a 75%/25% cost allocation. Since the EAS statute provides for an allocation range between 50% and 75% for the petitioning exchange in a non-metro petition, the legislature must not have meant for the allocation to be determined by the voting status of the exchange.

Neither is the Commission persuaded by Mid-Com's letter that a 50%/50% cost allocation should be adopted. The Department's investigation did not uncover any facts which would favor a 50% cost allocation over other options.

The Commission finds that EAS costs should be allocated in this case on a 60%/40% basis. The ratio of access lines between Madison Lake and St. Peter is approximately 1:5, which is a lower ratio than is often found between petitioning and petitioned exchanges. In this case, therefore, the petitioned exchange is receiving a noticeable benefit through EAS--the expansion of its local calling area by approximately 20%. While the greater benefit is certainly flowing to the petitioning exchange, there is reason for the petitioned exchange to assume more than the minimum allocation.

The Commission will adopt proposed rates on the basis of a 60%/40% cost allocation, resulting in the following EAS rate additives:

MADISON LAKE

Residence One Party	\$2.38
Seasonal Residence	2.68
Business One Party	3.99
Multi Line Access	3.99
Digital Business	3.46
Guaranteed Paystation	5.08

ST. PETER

1 FR	\$0.26
2 FR	0.24
1 FB	0.66
Trk	0.73
Semi Pub	0.66

ORDER

1. The Commission adopts the above rates for EAS balloting of Madison Lake customers.
2. Mid-Communications shall cooperate fully in the balloting process, including supplying accurate customer lists and other information requested by the Commission Staff or the Commission's balloting contractor.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)