

P-421, 414/CP-93-11 ORDER REQUIRING FILINGS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

Chair
Commissioner
Commissioner
Commissioner
Commissioner

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

ISSUE DATE: April 13, 1994

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

ORDER REQUIRING FILINGS

PROCEDURAL HISTORY

On January 11, 1993, customers in the St. Peter exchange filed a petition for extended area service (EAS) to Mankato and North Mankato. St. Peter is served by US WEST Communications, Inc. (US WEST). The Mankato/North Mankato local calling area is served by Mankato Citizens Telephone Company (Mankato Citizens).

On July 23, 1993, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. In that Order the Commission found that the petition met the adjacency and traffic volume requirements of Minn. Stat. § 237.161. The Commission ordered US WEST and Mankato Citizens to file cost studies and proposed rates for future polling. The Commission set a requirement for the Department of Public Service (the Department) if the Department disagreed with the cost studies and proposed rates:

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.

On November 16, 1993, Mankato Citizens filed cost studies and proposed rates; cost studies and proposed rates were filed by US WEST on December 2, 1993. Both Mankato Citizens and US WEST used a stimulation factor of 5 in their filings.

On January 24, 1994, the Department filed comments. The Department recommended that the Commission order the companies to refile cost studies replacing the stimulation factor of 5 with a stimulation factor of 2. The Department did not calculate proposed rates using a stimulation factor of 2, nor request such a calculation from the telephone companies.

On January 31, 1994, Mankato Citizens and the Minnesota Telephone Association (MTA) filed comments. Both Mankato Citizens and the MTA advocated a stimulation factor of 4.

The matter came before the Commission for consideration on April 5, 1994.

FINDINGS AND CONCLUSIONS

The Commission recently adopted a stimulation factor of 3 in ten outstate EAS petitions. In the Matter of a Petition for EAS from Freeport to Melrose, etc., Docket No. P-500, 415/CP-93-1057, etc., ORDER ADOPTING STIMULATION FACTOR AND REQUIRING COST STUDIES AND PROPOSED RATES (March 25, 1994). In that Order the Commission noted that no empirical evidence directly related to the outstate stimulation factor has yet been offered. In the absence of such evidence, the Commission made a downward adjustment to 3 from the original outstate stimulation factor of 5. This adjustment corresponded with a previous downward adjustment from 7 to 4 for the metro stimulation factor, based on stimulation studies.

The Commission finds that the facts of this case are sufficiently similar to the facts of the ten outstate petitions to render a stimulation factor of 3 reasonable. The Commission will therefore adopt a stimulation factor of 3 for this EAS proceeding. The Commission will require US WEST and Mankato Citizens to refile cost studies and proposed rates using the adopted stimulation factor.

ORDER

1. Within 30 days of the date of this Order, US WEST and Mankato Citizens shall refile cost studies and proposed rates using a stimulation factor of 3.

In their filings, the companies shall provide three sets of proposed rates, reflecting alternative revenue requirement assignments of 75/25, 60/40, and 50/50.
2. Within 30 days of the refiling of cost studies and proposed rates, the Department shall file a report regarding the filings. If the Department recommends changes, it shall provide rates reflecting the changes, including alternative revenue requirement assignments of 75/25, 60/40, and 50/50.
3. Any party who wishes to file comments in response to the Department's report shall do so within 20 days of its filing.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)