

P-543, 430/CP-94-67 ORDER REQUIRING FILING OF COST STUDIES AND PROPOSED RATES

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 the Lowry Exchange to the  
Alexandria Exchange

ISSUE DATE: June 10, 1994

DOCKET NO. P-543, 430/CP-94-67

ORDER REQUIRING FILING OF COST  
STUDIES AND PROPOSED RATES

**PROCEDURAL HISTORY**

On January 24, 1994, customers in the Lowry exchange filed a petition seeking extended area service (EAS) to the Alexandria exchange. Lowry is served by Lowry Telephone Company (Lowry Telephone); Alexandria is served by United Telephone Company (United).

On March 10, 1994, Lowry Telephone filed a traffic study for the proposed EAS route.

On March 21, 1994, the Department of Public Service (the Department) filed a letter recommending that the Commission find that the traffic volume is sufficient and order Lowry Telephone and United to file cost studies and proposed rates.

The matter came before the Commission on June 7, 1994.

**FINDINGS AND CONCLUSIONS**

**I. Introduction**

Minn. Stat. § 237.161 provides that an EAS petition will be granted when:

1. The petitioning exchange is adjacent to the petitioned exchange or local calling area;
2. At least 50 percent of the customers in the petitioning exchange make one or more calls per month to the petitioned exchange or local calling area; and
3. Polling shows that a majority of the customers responding to the poll in the petitioned exchange favor EAS.

**II. Adjacency**

Commission maps show that the Lowry exchange is adjacent to the Alexandria exchange. The first statutory criterion has therefore been fulfilled.

**III. Traffic**

In each of the months included in Lowry Telephone's traffic study, more than 50% of Lowry customers placed one or more calls to the Alexandria exchange. The second statutory criterion has been met.

**III. Filing Requirements**

The EAS petition will now proceed toward the polling process. In order that EAS rate additives will be available for the process, the Commission will require Lowry Telephone and United to file cost studies and proposed rates. The companies should meet the following criteria in their filings:

1. The companies should use 12 months of traffic data in formulating their cost studies and proposed rates. If less than 12 months of data are available, the companies should annualize the data they have.
2. The cost studies should be consistent with previous Commission decisions for non-metropolitan EAS routes, should have consistent parameters, and should cover the same time period.
3. Lowry Telephone and United should present the following three alternative cost allocations: 75%/25%; 60%/40%; 50%/50%.

### **ORDER**

1. Within 45 days of the date of this Order, Lowry Telephone and United shall file cost studies and proposed rates following the criteria in the body of this Order.
2. Within 30 days of the filing of the above cost studies and proposed rates, the Department shall file its report and recommendation. If the Department recommends changes in the cost studies, it shall recalculate proposed rates, using its own assumptions, for the three cost allocation alternatives.
3. Parties who wish 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)