

P-407, 421/CP-87-747; P-407, 421/CP-91-246 ORDER ALLOWING RECOVERY OF
BALLOTING COSTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Marshall Johnson
Cynthia A. Kitlinski
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From Iron Trails United Communities

ISSUE DATE: July 26, 1994

DOCKET NO. P-407, 421/CP-87-747

In the Matter of a Petition for Extended Area
Service From Finlayson to Sandstone

DOCKET NO. P-407, 421/CP-91-246

ORDER ALLOWING RECOVERY OF
BALLOTING COSTS

PROCEDURAL HISTORY

From September 21 through November 5, 1993, the Commission conducted an extended area service (EAS) poll in the Iron Trail Exchanges and in the Finlayson exchange. GTE Minnesota (GTE or the Company) serves four Iron Trail exchanges (Aurora, Bear River, Greaney and Palo) and the Finlayson exchange.

On December 7, 1993, the Commission issued its ORDER CERTIFYING POLLING RESULTS in both the Iron Trail EAS docket (747) and the Finlayson EAS docket (246). Among other things, the Commission directed companies seeking recovery of nonrecurring ballot-related charges to request that recovery at least 120 days before the planned implementation date.

On May 23, 1994, GTE filed a request to recover its balloting costs.

On July 20, 1994, the Commission met to consider the Company's request.

FINDINGS AND CONCLUSIONS

GTE proposed to charge its subscribers in Aurora, Bear River, Greaney and Finlayson \$1.50 per access line, thereby recovering almost all of its balloting costs.

GTE did not request recovery of balloting costs from its Palo customers; Palo voted against EAS. While recovery from subscribers in an exchange that rejects EAS is not clearly unreasonable, neither is GTE's proposal not to recover costs from Palo subscribers unreasonable.

Minnesota Laws 1990, Chapter 513, in section 2, which addresses Metropolitan EAS states in pertinent part:

The ballot or questionnaire sent to each customer must ... be returnable to the commission, *at no cost to the customers*, within 60 days of the date the ballot or questionnaire was mailed. (emphasis supplied)

The EAS statute also requires that EAS rate additives be income neutral for the telephone companies serving the EAS route. Minn. Stat. § 237.161, subd. 3 (b) (1992).

In cases involving metropolitan exchanges, the Commission has balanced the sections cited

above and stated:

[t]he Commission, therefore, will permit the companies to recover all their non-recurring EAS costs, *except the postage necessary to return the EAS ballots to the Commission*, through a one month surcharge. (Emphasis added.)¹

The Commission finds that the precedent established in the cited cases applies to the present case. That the exchanges currently under examination are not metropolitan exchanges is not a material difference on this issue.

The process for determining the maximum nonrecurring charge per access line is:

- Step 1: multiply the number of returned ballots times \$.31 (postage);
- Step 2: subtract the product of Step 1 from the Commission's billed balloting costs: and
- Step 3: divide the remainder of Step 2 by the number of access lines balloted.

Using this formula, the maximum nonrecurring costs is slightly higher in each of the four exchanges (\$1.57 to \$1.59 per access line) than the \$1.50 proposed by GTE. At the same time, the \$1.50 figure is higher than it would have been if GTE had sought to recover costs from Palo, the exchange in which EAS was rejected.

In context, the \$1.50 figure is within the range of reasonableness and will be approved.

ORDER

1. GTE Minnesota's (GTE's or the Company's) request to assess a one-time charge of \$1.50 in the Aurora, Bear River, Greaney, and Finlayson exchanges is approved.
2. Thirty (30) days prior to distribution, GTE shall file a proposed customer notice explaining the charge for approval by Commission Staff.
3. GTE shall include the approved customer notice in the next available billing.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

¹ See, e.g., In the Matter of the Petition of Certain Subscribers in the Waconia Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area, etc., Docket Nos. P-430, 421/CP-86-5, P-407, 421, 430, 405, 426/CP-88-839, P-430, 421, 407, 405, 426/CI-90-441, and P-430, 421, 407, 405, 426/CI-90-442, ORDER ADOPTING GUIDELINES FOR EXTENDED AREA SERVICE RATES FOR THE WACONIA, MAYER, COLOGNE, AND NORWOOD EXCHANGES (February 1, 1991) at pages 21-22.

(S E A L)