

P-407/CP-93-785 ORDER ACCEPTING COST STUDIES AND SETTING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm  
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Chair  
Commissioner  
Commissioner  
Commissioner  
Commissioner

In the Matter of a Petition for Extended Area  
Service between Big Falls, Little Fork,  
Kabetogamma, and International Falls

ISSUE DATE: February 16, 1995

DOCKET NO. P-407/CP-93-785

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**PROCEDURAL HISTORY**

On August 16, 1993, the Commission received a petition for extended area service (EAS) from subscribers in four exchanges: Big Falls, Little Fork, Kabetogamma, and International Falls. GTE-Minnesota (GTE) serves all four exchanges.

Because the petition was unclear regarding the specific EAS routes, the Commission construed the petition in an Order dated April 4, 1994. The Commission found that the following five EAS routes merited further consideration: Little Fork to Big Falls; Little Fork to the International Falls calling area (which includes International Falls, Ericsburg and Ranier); Little Fork to Kabetogamma; Big Falls to Little Fork; and Big Falls to the International Falls calling area.

On August 16, 1994, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. In that Order the Commission found that the following routes met the adjacency and traffic volume criteria of Minn. Stat. § 237.161: Little Fork to the International Falls calling area; Big Falls to Little Fork; and Big Falls to the International Falls calling area. The Commission ordered GTE to submit cost studies and proposed rates for the three routes.

On September 21, 1994, GTE filed the required cost studies and proposed rates.

On November 7, 1994, the Department of Public Service (the Department) filed a report and recommendations.

On February 7, 1995, the matter came before the Commission for consideration.

**FINDINGS AND CONCLUSIONS**

**I. RECOMMENDATIONS OF THE DEPARTMENT**

The Department stated that GTE's cost studies are appropriate and consistent with past Commission requirements.

The Department recommended that the Commission adopt a 75%/25% cost allocation for the

Little Fork to International Falls and Big Falls to International Falls routes. The Department noted that the petitioning exchanges in these routes are significantly smaller than the petitioned exchange and will hence receive a much greater benefit. The Department also looked to the cumulative impact on International Falls' rates from two petitions for EAS from small surrounding communities. For these reasons the Department recommended that the petitioning exchanges bear the greatest share of the cost that is permissible under the EAS statute.

The Department recommended a 60%/40% cost allocation for the Big Falls to Little Fork EAS route. Although Big Falls is smaller and will receive the greater benefit, the two exchanges do not differ as widely in size as do the exchanges in the other two routes under this petition. The Department also noted that Little Fork had originally petitioned for EAS to Big Falls, although the petition failed for lack of traffic volume. For these reasons, the Department recommended a 60%/40% allocation.

## **II. COMMISSION ACTION**

The Commission finds that the cost studies submitted by GTE conform to Commission requirements and are acceptable.

In determining the proper cost allocation, the Commission looks at the relative burdens and benefits to the petitioning and petitioned exchanges, the size of the exchanges, and financial impact. In this case the Commission agrees with the Department's reasoning regarding the proper allocations. A 75%/25% allocation for the petitions to International Falls will allow the petitioning exchanges to assume the greater part of the burden as they gain the benefits of access to a significantly larger exchange. This allocation will also prevent International Falls from being overburdened by the cumulative impact of multiple EAS petitions.

The Commission also agrees with the Department's reasoning on the proper allocation for Big Falls to Little Fork. Although Big Falls will be receiving the greater benefit, the fact that Little Fork also petitioned for EAS makes a 60%/40% allocation the best choice.

**ORDER**

1. The Commission accepts GTE's cost studies and adopts the following EAS rate additives:

Little Fork to International Falls LCA

Little Fork

Residential	\$22.68	
Business		45.36

International Falls

Residential	\$ 0.91	
Business		1.82

Big Falls to Little Fork

Big Falls

Residential	\$ 5.10	
Business		10.20

Little Fork

Residential	\$ 1.11	
Business		2.22

Big Falls to International Falls LCA

Big Falls

Residential	\$ 9.89	
Business		19.78

International Falls

Residential	\$ 0.13	
Business		0.26

2. In preparing rates for balloting, GTE shall:
- a. Cooperate fully with Commission Staff and the Commission's contractor to conduct a poll of all access lines in the Big Falls and Little Fork exchanges;
  - b. Provide a useable, deliverable address for each access line in a format and according to a timeframe established by Commission Staff;
  - c. Provide proof of the accuracy of the customer list as requested by Commission Staff;
  - d. Provide a list of Big Falls and Little Fork subscribers as of the date specified by Commission Staff for polling the exchanges.

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)