

March 27, 1995

DOCKET NO. P-501/CP-92-41

ORDER APPROVING NONRECURRING CHARGE

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm	Chair
Tom Burton	Commissioner
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
Dee Knaak	Commissioner

In the Matter of a Petition for Extended Area
Service From Cotton to Duluth

ISSUE DATE: March 27, 1995

DOCKET NO. P-501/CP-92-41

ORDER APPROVING NONRECURRING
CHARGE

PROCEDURAL HISTORY

On January 16, 1992, customers in the Cotton exchange filed a petition requesting extended area service (EAS) to the Duluth exchange.

On November 28, 1994, the Commission issued its ORDER CERTIFYING POLLING RESULTS, directing Arrowhead Communications (Arrowhead), the telephone company serving Cotton, and U S West Communications, Inc. (USWC), the telephone company serving Duluth, to implement the EAS route.

On February 27, 1995, Arrowhead filed a request to charge its Cotton customers a nonrecurring charge of \$2.05 for polling costs.

On March 21, 1995, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

At the Commission's direction, Arrowhead incurred certain expenses in connection with the polling that was required to determine whether there was adequate subscriber support to warrant ordering the installation of the proposed EAS route. The question posed in this docket is whether Arrowhead will be allowed to recover some or all of these costs and, if so, how?

Minn. Stat. § 237.161, subd. 3 (b) (1992) requires the Commission to establish EAS rates that are *income neutral* to each affected telephone company at the time the Commission sets those rates. Another portion of the EAS statute requires that EAS ballots sent to subscribers in exchanges petitioning to become part of the Minneapolis/St. Paul metropolitan calling area (MCA) must be returnable to the Commission at *no cost* to the customers. Laws 1990, Chapter

513, Section 2.

On January 25, 1991, the Commission issued an Order involving several petitions for EAS to the MCA. In this Order, the Commission balanced the return-postage-at-no-cost-to-the-customers provision cited above with the income neutrality section of the law. The Commission stated:

The [EAS] statute specifically provides that subscribers shall not bear the postage cost of returning their EAS ballots to the Commission. At the same time, however, the companies are entitled to achieve income neutrality pursuant to Minn. Stat. 237. 161, subd. 3 (b) (1990). The 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.¹

In several subsequent cases involving non-MCA EAS petitions, the Commission has allowed the telephone company serving the petitioning exchange to recover its polling costs *minus* the cost of return postage. In these cases, the Commission has followed the precedent established regarding MCA petitions. The fact that the matters under consideration did not involve petitions for EAS to the MCA, the Commission found, did not make a material difference.²

In the instant case, the Commission will decide the matter consistent with its precedent and allow Arrowhead to recover its polling costs minus the cost of postage.

¹ In the Matter of the Petition of Certain Subscribers in the Belle Plaine Exchange for Extended Area Service to the Minneapolis/St. Paul Metropolitan Calling Area [and three other joined EAS petitions], Docket Nos. P-405, 421/CP-86-55, P-520, 421/CP-86-537, P-421, 407/CP-87-536, and P-407, 421, 430, 405, 426/CI-90-440, ORDER ADOPTING GUIDELINES FOR EXTENDED AREA SERVICE RATES FOR THE BELLE PLAINE, NEW PRAGUE, WATERTOWN AND NEW GERMANY EXCHANGES AND VARYING TIME FOR FILING FOR RECONSIDERATION (January 25, 1991) page 14.

² See, e.g., In the Matter of a Petition for Extended Area Service from Tower to Virginia, Embarrass, and Ely; In the Matter of a Petition for Extended Area Service from Nickerson to Askov, Carlton, and Moose Lake, Docket Nos. P-407, 421/CP-90-777; P-407, 421/CP-89-105, ORDER PARTIALLY GRANTING REQUEST FOR RECOVERY OF POLLING COSTS. See also In the Matter of a Petition for Extended Area Service from Kimball to St. Cloud, Docket No. P-415, 421/CP-92-1010, ORDER APPROVING RECOVERY OF NON-RECURRING COSTS (January 18, 1995).

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.

In this case, the Commission will authorize Arrowhead to recover the resulting number, \$2.05, in a one-time charge to its subscribers in the Cotton exchange.

ORDER

1. Arrowhead Communications' (Arrowhead's) request for authority to assess a one-time charge of \$2.05 per access line to each of its subscribers in the Cotton exchange is approved.
2. Within 10 days of this Order, Arrowhead shall submit to Commission Staff a proposed notice, explaining the charge.
3. Arrowhead shall serve the approved notice on its Cotton subscribers in the same billing period that the charge is assessed.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)