

ISSUE DATE: September 15, 1995

DOCKET NO. P-500,415/CP-93-1240

ORDER ACCEPTING COST STUDIES AND ADOPTING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Joel Jacobs
Tom Burton
Marshall Johnson
Dee Knaak
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from New Munich to Melrose and
Greenwald

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PROCEDURAL HISTORY

On November 22, 1993, customers in the New Munich exchange submitted a request for extended area service (EAS) to the Melrose and Greenwald exchanges. New Munich is served by Albany Mutual Telephone Association (Albany). Melrose and Greenwald, which have EAS to each other and are considered a local calling area, are served by Melrose Telephone Company (Melrose).

On September 16, 1994, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES in the above-captioned docket. In that Order the Commission found that the petition fulfilled the first two statutory EAS criteria: New Munich is adjacent to the petitioned exchanges, and sufficient traffic volume exists to support the petition. The Commission directed the affected telephone companies to file cost studies and proposed EAS rates.

Between November 14, 1994, and June 30, 1995, Albany and Melrose filed cost studies and proposed rates.

On August 2 and 18, 1995, the Department of Public Service (the Department) filed comments in support of the cost studies and proposed rates. The Department recommended that the telephone companies' June 30, 1995, revised filing should be considered the final, correct version. The Department also recommended that the Commission adopt a 75%/25% cost allocation between the petitioning and the petitioned exchanges. Finally, the Department recommended that the Commission accept Melrose Telephone Company's allocation of the revenue requirement assigned to the petitioned local calling area along a total, or straight, access line basis. Under this method, the rates would be equal in the Melrose and Greenwald exchanges.

On September 5, 1995, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

I. THE COST STUDIES

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

II. COST ALLOCATION BETWEEN THE PETITIONING EXCHANGE AND THE PETITIONED LOCAL CALLING AREA

In determining the proper cost allocation for EAS rate additives, the Commission must weigh the relative burdens and benefits to the petitioning exchange and the petitioned exchange or local calling area, the size of the exchanges, and financial impact.

In this case, the financial impact of EAS rate additives will fall more heavily on New Munich subscribers, with a total of 234 access lines, than on Melrose and Greenwald subscribers, with a total of 2,368 access lines. On the other hand, New Munich subscribers will gain the benefit of toll-free access to the Greenwald and Melrose exchanges, which include many of the region's schools, health facilities, and businesses.

Having examined the relative burdens and benefits, as well as the characteristics of the various affected exchanges, the Commission will allocate the EAS costs between the petitioning exchange and petitioned local calling area at 60%/40%.

III. COST ALLOCATION BETWEEN THE EXCHANGES IN THE PETITIONED LOCAL CALLING AREA

When subscribers seek EAS to a local calling area (rather than to a single exchange), the Commission often must determine the proper cost allocation between the exchanges which constitute the local calling area. In this case, the Commission agrees with the Department that Melrose's application of the straight access line allocation method is appropriate. This method is straightforward, easily calculated, and in this case allows the telephone company to maintain equal rates in the exchanges. The Commission recently applied this method in a similar situation in which the same telephone company served both exchanges in a petitioned local calling area.¹ The 40% of EAS costs assigned to the Melrose/Greenwald local calling area will be allocated on the straight access line basis.

ORDER

¹ In the Matter of a Petition for Extended Area Service from Nickerson to the Local Calling Area of Carlton/Duluth, Docket No. P-407,421/CP-93-846, ORDER ACCEPTING COST STUDIES AND SETTING RATES FOR POLLING (May 24, 1995).

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

NEW MUNICH

Class of Service	Base Rate	EAS Additive
Residence One Party	\$5.95	\$12.02
Business One Party	9.55	19.29

MELROSE AND GREENWALD

Class of Service	Base Rate	EAS Additive
Residence One Party	\$10.00	\$0.85
Residence One Party- Seasonal	10.00	0.85
Business One Party	10.00	0.85
Business One Party- Seasonal	10.00	0.85
Business PBX & Key System	15.00	1.27
Semi-Public Paystation	10.00	0.85
Customer Owned Payphone	19.00	1.61
School Classroom Service	10.00	0.85

2. Albany shall cooperate fully with Commission Staff and contractors to conduct a poll of access lines in the New Munich exchange and shall provide:
 - a. usable, deliverable addresses for all access lines in a format and according to a time frame established by Commission Staff;

- b. proof of the accuracy of the customer list as requested by Commission Staff;
 - c. a list of New Munich subscribers as of the date specified by Commission Staff for polling the New Munich exchange.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

