

P-404, 421, 405, 407, 427, 430, 426, 520/CP-92-287

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 the Enfield Exchange to the Minneapolis/St. Paul Metropolitan Calling Area

ISSUE DATE: October 18, 1995

DOCKET NO. P-404, 421, 405, 407, 427, 430, 426, 520/CP-92-287

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PROCEDURAL HISTORY

On April 9, 1992, subscribers in the Enfield exchange filed a petition seeking extended area service (EAS) to the Minneapolis/St. Paul Metropolitan Calling Area (the MCA). Enfield is served by the Bridge Water Telephone Company (Bridge Water).

On January 30, 1995, the Commission issued its ORDER REQUIRING COST STUDIES, PROPOSED RATES AND A LOWER COST ALTERNATIVE. In that Order the Commission found that the petition had met the first two criteria under the EAS statute--adjacency and sufficient traffic volume. The Commission ordered the affected telephone companies to file cost studies and proposed rates so that the petition could proceed to the third statutory criterion, subscriber preference.

Between May 19, 1995, and May 23, 1995, the affected telephone companies filed cost studies and proposed rates.

On July 6, 1995, the Department of Public Service (the Department) filed comments.

The matter came before the Commission for consideration on October 3, 1995.

FINDINGS AND CONCLUSIONS

I. PROPOSED RATES AND ALLOCATION

The Department supported the telephone companies' proposed rates, which were for the most part calculated using the weighted number of access lines. The Department noted that United Telephone Company alone used the relative traffic apportionment method, but did not specifically object to its use.

The proposed rates reflect an allocation of 79.65% of EAS costs to the Enfield subscribers, and 20.35% of costs to the MCA. This allocation exceeds the usual maximum allocation of 75% to

the petitioning exchange under Minn. Stat. § 237.161, subd. 3, because of another provision of the same subsection:

Rates within the existing metropolitan local calling area may not be raised as a result of the addition of a local exchange under this subdivision until the rates in the added exchange are at least equal to the highest rates in an adjacent exchange within the metropolitan calling area, provided that the rates in the added exchange may not exceed the amount necessary to recover 100 percent of the costs and ensure that the rates are income neutral for the telephone company serving the added exchange.

In this case, costs in excess of 75% must be allocated to the Enfield exchange to bring the rates to parity with those of the adjacent metropolitan exchange, Monticello.

The Commission finds the companies' methods of calculating and allocating rates appropriate and acceptable.

II. PROPOSED LOWER COST ALTERNATIVE

Minn. Stat. § 237.161 requires that EAS rates to the MCA must include a lower priced alternative to the basic flat-rate EAS additive. Bridge Water filed a lower priced alternative, Optional Extended Area Measured Service (OEAMS), which includes two elements:

1. a flat monthly EAS additive of \$8.00 for one party residential subscribers and \$14.00 for one party business subscribers;
2. plus the following per minute of use charges:

<u>Class of Service</u>	<u>Initial Minute of Use</u>	<u>Additional Minutes of Use</u>
Residence	\$0.12	\$0.03
Business	\$0.24	\$0.06

The Commission agrees with the Department that Bridge Water's proposed lower priced alternative is appropriate and acceptable.

ORDER

1. The Commission accepts the proposed cost studies and adopts the proposed EAS rate additives for Enfield subscribers¹ (see below) and the proposed EAS rate additives for existing MCA subscribers (see Attachment A).

Class of Service	Base Rate	Monthly EAS Additive
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¹ The rates as proposed by Bridge Water were amended by Commission Staff to remove an error in the basic monthly COCOT rate. Bridge Water did not object to the correction.

Residence One Party	\$10.28	\$23.71
Business One Party	\$15.89	\$36.64
PBX Trunks	\$25.03	\$57.72
Key System Line	\$16.61	\$38.30
Customer Owned Payphone	\$25.03	\$57.72
Semi-Public Paystation	\$19.25	\$44.39

2. Bridge Water shall cooperate fully with Commission Staff and contractors to conduct a poll of access lines in the Enfield 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 Enfield subscribers as of the date specified by Commission Staff for polling the Enfield exchange.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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