

ISSUE DATE: October 23, 1997

DOCKET NO. P-421, 415/CP-97-1016

ORDER REQUIRING COST STUDIES AND PROPOSED RATES

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
Gregory Scott
Don Storm

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From the Watkins Exchange to the
Cold Spring, St. Cloud Exchanges

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PROCEDURAL HISTORY

On June 27, 1997, subscribers in the Watkins exchange submitted a petition for Extended Area Service (EAS) to Cold Spring and St. Cloud. Melrose Telephone Company (Melrose) serves the Watkins exchange and U S WEST Communications, Inc., (USWC) serves the Cold Spring and St. Cloud exchanges.

On August 28, 1997, Melrose submitted a traffic study for the months of March 1997 through July 1997. The traffic study showed that an average of 64 percent of the subscribers in the Watkins exchange made three or more calls to the Cold Spring-St. Cloud local calling area.

On September 11, 1997, the Minnesota Department of Public Service (the Department) filed comments. The Department received no protest regarding the validity of the petition, and stated the number of signatures on the petition exceeded the 15 percent required by the Commission.

The Commission met on October 7, 1997 to consider this matter.

FINDINGS AND CONCLUSIONS

I. BACKGROUND

The Commission Order in Docket No. P-999/CI-94-296 (February 23, 1996) states three criteria which, if met, require the installation of EAS. They are:

1. The petitioning exchange is adjacent to an exchange or local calling area to which EAS is requested in the petition.
2. At least 50 percent of the customers in the petitioning exchange make three or more calls

per month to the exchange or local calling area to which EAS is requested, as determined by a traffic study.

3. Polling by the Commission shows that a majority of the customers responding to a poll in the petitioning exchange favor the installation, unless all parties and the Commission agree that no polling is necessary.

II. CRITERIA

A. Adjacency

As shown by the official exchange maps on file with the Department, the Watkins exchange shares a border with the Cold Springs which has EAS with the St. Cloud exchange, thereby forming the Cold Springs/St. Cloud local calling area (LCA). In these circumstances, the adjacency requirement is met.

B. Traffic

The traffic study filed by Melrose regarding Watkins' traffic shows that an average of 64 percent of the subscribers in the Watkins exchange made three or more calls to the Cold Spring/St. Cloud local calling area. This is adequate showing that the petition meets the traffic criterion.

III. NEXT STEPS

Having concluded that the Watkins petition meets the first two EAS criteria (adjacency and traffic), the Commission will proceed to poll the Watkins subscribers to determine whether the third and final EAS criterion (adequate subscriber support) is met.

Prior to conducting such a poll, however, the Commission will set EAS rates for the proposed route: Watkins to the Cold Spring/St. Cloud LCA. As an assist to the Commission in setting such rates, the Commission will direct Melrose and USWC to file cost studies and proposed rates within 60 days of this Order and provide such information in a manner described more fully in the Ordering Paragraphs.

ORDER

1. Within 60 days of the date of the Order, Melrose Telephone Company and U S WEST Communications, Inc., the affected telephone companies in this matter, shall file cost studies and proposed rates.

2. In connection with their cost studies and proposed rates, the affected telephone companies (the Companies) shall provide supporting information as requested by Commission staff and the Minnesota Department of Public Service (the Department) and use cost study methodologies that are consistent with previous Commission decisions for non-metropolitan area EAS routes, including the use of a stimulation factor of 3.
3. The companies' proposed rates shall show the petitioning exchange bearing 75 percent, 60 percent and 50 percent of the EAS revenue requirement.
4. Within 45 days following the filing of cost studies and proposed rates by the companies, the Department shall file a report and recommendation regarding proposed rates.
5. Parties shall have 20 days to respond to the Department's report.
6. The Executive Secretary shall have authority to vary the above deadlines if the Executive Secretary deems necessary.
7. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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