

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey
Joel Jacobs
Marshall Johnson
LeRoy Koppendrayer
Gregory Scott

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from the Heron Lake Exchange to the
Windom Exchange

ISSUE DATE: March 18, 1999

DOCKET NO. P-421/CP-96-1420

ORDER ACCEPTING COST STUDIES AND
ESTABLISHING RATES FOR POLLING

PROCEDURAL HISTORY

On November 12, 1996, subscribers in the Heron Lake exchange submitted a petition requesting extended area service (EAS) to the Windom Exchange. At the time of the petition, US WEST Communications, Inc. (US WEST) served both the Heron Lake and the Windom exchange.

On August 13, 1997, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. In that Order the Commission found that the Heron Lake and Windom exchanges are adjacent and that sufficient interexchange traffic existed to fulfill the EAS traffic requirement. The Commission ordered the affected telephone companies to submit cost studies.

On October 1, 1997, US WEST sold the Heron Lake exchange, along with 31 other rural exchanges, to Northland Telephone Company d/b/a PTI Communications (PTI). PTI in turn sold the Minnesota exchanges to Century Telephone, now doing business as CenturyTel of Minnesota (CenturyTel). CenturyTel, therefore, currently owns the Heron Lake exchange.

On March 12 and 13, 1998, US WEST and CenturyTel submitted cost studies and proposed EAS rate additives. The companies submitted revised cost studies between July 6 and 9, 1998.

On July 9, 1998, the Department of Public Service (the Department) filed comments. The Department recommended acceptance of the filed cost studies, with certain adjustments to more accurately reflect line counts within each class of service. Neither US WEST nor CenturyTel objected to the Department's adjustments. The Department recommended allocating 75% of the total revenue requirement to Heron Lake and 25% to Windom, based upon the fact that only Heron Lake customers will have the opportunity to vote on the proposed EAS route.

On March 9, 1999, the matter came before the Commission for consideration.

FINDINGS AND CONCLUSIONS

I. THE EAS CRITERIA

The Commission's February 23, 1996 Order in Docket No. P-999/CI-94-296¹ established three criteria for a successful EAS petition:

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. COMMISSION ACTION

In its August 13, 1997 Order, the Commission found that the Heron Lake/Windom proposal met the first two criteria for a successful EAS petition. The petition must now proceed to polling to determine if a majority of responding customers in the petitioning exchange support EAS to the petitioned exchange. To make an informed decision in the polling process, the subscribers must know the EAS additive that will be assessed if the petition succeeds. The Commission must determine the revenue allocation in order to determine the appropriate EAS additive.

In this case, the Commission accepts the Department's recommended 75%/25% revenue allocation between the Heron Lake exchange and the Windom exchange. The allocation is consistent with previous Commission decisions in similar sets of facts. The allocation properly balances the burdens and benefits between the petitioning and the petitioned exchange. The Commission will accept the rate additives developed by the Department, based upon the 75%/25% revenue allocation.

The rate additives are as follows:

EAS Rates for Heron Lake:

¹ In the Matter of an Investigation into the Appropriate Local Calling Scope, in Accordance with Minn. Stat. § 237.161(1994).

Class of Service	Base Rate*	75%
One Party Residential	\$14.56	\$4.08
One Party Business	\$36.08	\$10.11
Trunk/Centron/Centrex	\$38.72	\$10.62
Payphone	\$36.08	\$10.11

*The base rate includes EAS to Dundee and Okabena.

EAS additives for Windom:

Class of Service	Base Rate*	25%
One Party Residential	\$14.19	\$0.18
One Party Business	\$35.14	\$0.46
Trunk/Centron/Centrex	\$37.21	\$0.48
Payphone	\$35.14	\$0.46

*The base rate includes EAS to Delft and Jeffers.

ORDER

1. The Commission accepts US WEST's and CenturyTel's revised cost studies.
2. The Commission approves a 75%/25% revenue allocation between the Heron Lake and Windom exchanges, resulting in EAS rate additives as shown in the body of this Order.
3. The Commission orders CenturyTel to cooperate fully with Commission Staff and contractors to conduct a poll of telephone subscribers in the Heron Lake exchange. In doing so, CenturyTel must abide by the following directives:
 - provide usable, deliverable addresses for all access lines in a format and according to a schedule established by Commission Staff
 - provide proof of the accuracy of the customer list as requested by Commission Staff
 - provide a list of Heron Lake subscribers as of the date specified by Commission Staff for polling the Heron Lake exchange.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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