

ISSUE DATE: June 18, 1999

DOCKET NO. P-407, 551/CP-96-323

ORDER ESTABLISHING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from Lafayette to New Ulm

ISSUE DATE: June 18, 1999

DOCKET NO. P-407, 551/CP-96-323

ORDER ESTABLISHING RATES FOR
POLLING

PROCEDURAL HISTORY

On March 27, 1996, subscribers in the Lafayette telephone exchange filed a petition for Extended Area Service (EAS) to the New Ulm exchange. U S West Communications, Inc. (USWC) serves the Lafayette exchange; New Ulm Telecom (New Ulm) serves the New Ulm exchange.

On April 15, 1996, the Minnesota Department of Public Services (the Department) sent a letter to the petitioning sponsor requesting traffic information from USWC.

On May 14, 1996, USWC submitted a twelve-month traffic study from April 1995 to March 1996. The study showed that for each month during the study period, the number of Lafayette subscribers making three or more calls to the New Ulm exchange exceeded 50 percent of the lines in the Lafayette exchange.

On May 24, 1996, the Department filed comments stating that the petition was valid. The Department recommended that the Commission order the affected telephone companies to file cost studies and proposed rates.

On October 4, 1996, the Commission issued its ORDER REQUIRING COST STUDIES AND PROPOSED RATES. In its Order, the Commission found that the Lafayette exchange was adjacent to the New Ulm exchange and that the calling volume from Lafayette to New Ulm met the Commission traffic criterion.

On February 10 and 11, 1997, the affected companies filed cost studies and proposed rates.

On March 28, 1997, the Department proposed rates and further actions to be taken.

On May 26, 1998, CenturyTel of Minnesota (Century)¹ filed a modified cost study schedule for the proposed route.

On September 11, 1998, the Department filed supplemental comments based upon the new studies submitted by Century. The Department recommended a 60/40 allocation of costs.

The Commission met on June 8, 1999 to consider this matter.

FINDINGS AND CONCLUSIONS

The Commission finds that USWC and New Ulm have calculated their revenue requirement correctly, using the Commission-approved methodology (facilities cost plus lost access revenue). The Commission will, therefore accept the Companies' cost studies. The Commission has repeatedly rejected the Department's objection that the Companies must subtract lost access cost.² The Commission finds no reason to vary from its precedent on this issue.

Regarding cost allocation, the Commission accepts the Department's recommendation that the costs should be shared between the petitioning Lafayette exchange and the petitioned New Ulm exchange on a 60/40 basis. The Commission has the discretion to allocate between 50 percent and 75 percent of the costs to the petitioning exchange. The Commission generally begins its cost sharing analysis allocating 75 percent of the costs to the petitioning exchange but reducing that percentage when equity so directs.

Although it was the Lafayette customers (not New Ulm's) that took the initiative to seek this EAS route, it may be reasonably assumed that New Ulm ratepayers who receive EAS-stimulated calls from Lafayette benefit from such calls. In addition, all New Ulm ratepayers benefit indirectly from the greater economic and social bond between New Ulm and its adjacent exchange, Lafayette, which may be assumed to be strengthened by the increase of calls to it that will be stimulated by this EAS route.

More important, the Commission notes that in this case moving to a 60/40 cost split increases the New Ulm EAS rate additive by only \$0.13 while reducing the EAS rate for Lafayette customers by \$2.66.

¹ Century now serves the petitioning Lafayette exchange. Effective October 1, 1997, Northland Telephone Company d/b/a PTI Communications (PTI) acquired the Lafayette exchange from USWC along with 31 other rural exchanges. PTI subsequently sold its Minnesota exchanges to Century Telephone, which has now changed its name to CenturyTel of Minnesota (Century).

² See, e.g., the Commission's Order in Docket No. P-404, 520,405, 426,421, 430/CP-96-564, the New Germany EAS docket.

In these circumstances, the Commission finds a 60/40 cost split reasonable and will adopt rates for polling that reflect that split.

Moving on to poll the Lafayette customers about the proposed EAS route, the Commission will direct Century (the Company serving the Lafayette exchange) to cooperate in the polling.

ORDER

1. The Commission accepts the Companies' cost studies and assigns an allocation of 60% of the revenue requirement to the Lafayette exchange.
2. The Commission approves the resultant EAS rate additives for the Lafayette and New Ulm exchanges, calculated by Century and the Department as follows:

EAS Additives for Lafayette:

Class of Service	Base Rate*	60%
One Party Residential	\$14.45	\$10.66
One Party Business	\$35.80	\$26.42
Pay Telephone	\$35.80	\$26.42

*The Base Rate includes EAS to New Sweden.

EAS Additives for New Ulm:

Class of Service	Base Rate	40%
One Party Residential	\$11.50	\$0.28
One Party Business	\$18.50	\$0.45
Trunk	\$27.50	\$0.67
Semi-public	\$23.61	\$0.83
COPT	\$57.50	\$2.01

3. CenturyTel of Minnesota shall cooperate fully with Commission staff and contractors to conduct a poll of telephone subscribers in the Lafayette exchange:
 - a. Century shall provide usable, deliverable addresses for all access lines in a format and according to a schedule established by Commission staff.
 - b. Century shall provide proof of the accuracy of the customer list as requested by Commission staff.
 - c. Century shall provide a list of Lafayette subscribers as of the date specified by

Commission staff for polling the Lafayette exchange.

4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

This document can be made available in alternative formats (i.e., large print or audio tape) by calling (651) 297-4596 (voice), (651) 297-1200 (TTY), or 1-800-627-3529 (TTY relay service).