

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a School District Extended Area Service Petition among the Exchanges of Granger, Fountain, Cherry Grove, Harmony and Preston

ISSUE DATE: July 17, 2001

DOCKET NO. P-401,551,407,532/CP-99-12

**ORDER ON RECONSIDERATION
REQUIRING ITEMIZATION OF EAS
RATES ON BALLOT MATERIALS AND
IN TARIFFS**

PROCEDURAL HISTORY

On January 7, 1999, telephone subscribers in the Granger, Fountain, Cherry Grove, Harmony and Preston exchanges filed a petition for School District Extended Area Service (EAS) between these five exchanges. These exchanges make up Independent School District No. 2198.

The Granger exchange is served by Ace Telephone Association. The Fountain and Cherry Grove exchanges are served by Citizens Telecommunications of Minnesota. The Harmony exchange is served by Harmony Telephone Company. The Preston exchange is served by CenturyTel of Minnesota, Inc.

On July 19, 1999, the Commission issued its ORDER REQUIRING TRAFFIC STUDIES, COST STUDIES, AND PROPOSED RATES. Among other things, the Order found that the petition met threshold requirements of adjacency and school district residency.

On June 6, 2001, in its ORDER REQUIRING FURTHER FILINGS, the affected companies were directed to file new EAS rate additives based on cost studies set forth in the Order. Further, the Commission ordered that the EAS rate additives adopted in this case be itemized, in polling materials and on subscribers' bills, to show which portion of the additive will recover facilities costs and which portion of the additive will recover lost access revenues.

On June 14, 2001, the Minnesota Independent Coalition (MIC),¹ filed a petition for reconsideration of the provision in the June 6, 2001 Order requiring the affected companies to separately list lost access and facilities costs on customers' monthly bills.

¹ MIC's members include Ace Communications Group and Harmony Telephone Company.

This matter came before the Commission on June 19, 2001.

FINDINGS AND CONCLUSIONS

I. Background

In this Order the Commission addresses, on its own motion, whether to reconsider its decision to require separate itemization of the EAS rate components into facilities costs and lost access revenues on customers' bills and in polling materials. The Commission considers whether itemization should be required and, if so, in what materials.

II. Commission Action on Reconsideration

Having heard the arguments of the parties and in the interests of fairness and consistency with other EAS dockets raising the itemization issue, the Commission, on its own motion, will reconsider this issue in this docket. By doing so, the Commission has no need to address the motion for reconsideration filed by the parties.

III. Positions of Parties on the Issue of EAS Rate Itemization

A. DOC's Position

The DOC argued that the EAS rate additive should be broken down into the facilities-related component and the lost access component for both balloting and consumer billing. It argued that by doing so the Commission would be making clear to the consumer the components that make up the EAS rate additive. It argued that this information should be available to the consumer.

B. The Position of the Minnesota Independent Coalition (MIC)

MIC agreed that tracking of EAS lost access revenues might be helpful, but MIC argued that such tracking could be accomplished in a different, more efficient way than separately itemizing facilities costs and lost access revenues on customer bills. MIC argued that itemizing on customer bills would increase administrative costs and cause customer confusion and that listing lost access and facilities costs as separate line items on customer bills would just be adding to a voluminous list of taxes and fees which already appear on customer bills. Doing so would lead to customer confusion without providing useful information.

MIC proposed that facilities costs and lost access revenues be listed separately on the EAS ballot,² thus making the information available to customers at the time the customer must choose either to vote for or against EAS. Further, MIC proposed that the recovery of EAS facility costs and lost access be recorded separately in different sub-accounts in the records of the affected local exchange carriers (LECs). These elements could also be listed separately in the LEC's local service tariffs.

² At oral arguments, MIC clarified that itemization should be in the materials accompanying the ballot.

C. Office of the Attorney General's Residential and Small Business Utilities Division (OAG-RUD)

In oral arguments before the Commission the OAG-RUD recommended that itemization be required in the informational material with the EAS ballot, where the itemized items could be explained.

The OAG-RUD took the position that on monthly customer bills, unless there was information explaining the separate items, itemization could be confusing.

D. Commission Analysis and Action

The Commission recognizes that there are benefits to customers being informed of the components that make up the EAS rate additives. However, the Commission also recognizes that the costs involved and the benefits obtained must be carefully weighed.

The Commission finds that it is reasonable to require that the EAS rate additives be separated into the facilities based costs and the lost access revenues in the balloting materials that are sent to customers in the petitioning exchange. First of all, the balloting information that is distributed to those eligible to vote should be clear and complete for the voters to understand what they are voting on. Further, the information provided in the balloting materials can be directly used by the voters to make a decision as to whether to support EAS or not. Clearly, the benefits from separately itemizing the EAS components on the ballot materials outweigh any additional time or expense required. The Commission will so order.

The Commission accepts that size and space restrictions on the ballot itself would generally preclude the separate itemization of the EAS components on the ballot. Also, there is the possibility of confusion if the ballot itself is not clear and precise. For these reasons the Commission will not order that there be separate itemization on the ballot.

As to the question of separate itemization of the EAS components on the customer monthly bills, the Commission has listened to the arguments on both sides of the issue and agrees that such itemization would not lead to greater customer control or understanding and may very well lead to customer confusion by adding to an already extensive list of other items on the customer monthly bills. The benefits from separately itemizing the EAS components on the customer's bills do not outweigh the confusion and the added administrative costs to the affected telephone companies.

Further, the Commission is persuaded that there are more efficient ways that the Commission can meet its goal of tracking the lost access revenue than itemizing on customer bills. The Commission will order that the customer monthly bills set forth the EAS additive in a single EAS number which is to include both the facilities component and the lost access revenues, if the proposed EAS is implemented.

In the interest of providing that the components of the EAS rate additive be accessible to the public, the Commission will also order that the affected telephone companies file the breakdown of the EAS rates in their respective tariffs, if the proposed EAS route is implemented.

The Commission notes that its analysis and decisions in this docket are consistent with those made in related EAS dockets on the same date herein.³

ORDER

1. The affected telephone companies shall provide a single EAS number which reflects both the facilities costs and the lost access revenues in customers' monthly bills, if the proposed EAS routes are implemented.
2. The balloting materials and (if the proposed EAS routes are implemented) the affected telephone companies' tariffs shall itemize EAS rate additives so as to indicate the portion of the EAS rate additive that recovers facilities costs and the portion that recovers lost access revenues.
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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³ ORDER ON RECONSIDERATION REQUIRING ITEMIZATION OF EAS RATES ON BALLOT MATERIALS AND IN TARIFFS, Docket No. P409, 432/CP-97-1756; ORDER ON RECONSIDERATION REQUIRING ITEMIZATION OF EAS RATES ON BALLOT MATERIALS AND IN TARIFFS, Docket No. P407, 522 405/CP-98-1642.