

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

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Chair
Commissioner
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In the Matter of a Petition for Extended Area Service from the Granada Exchange to the Fairmont, East Chain, Northrop and Truman Exchanges

ISSUE DATE: September 28, 2001

DOCKET NO. P-405, 529/CP-00-1604

ORDER DENYING PETITION IN PART AND REQUIRING COST STUDIES AND PROPOSED RATES

PROCEDURAL HISTORY

On November 27, 2000, telephone subscribers in the Granada telephone exchange filed a petition requesting extended area service (EAS) to the Fairmont, East Chain, Northrop and Truman exchanges.¹ The Granada exchange is served by Granada Telephone Company (Granada) and the Fairmont, East Chain, Northrop and Truman exchanges are served by Frontier Communications of Minnesota (Frontier).

On February 28, 2001, Granada filed a traffic study.

On March 13, 2001, the Minnesota Department of Commerce (the Department) filed comments. The Department verified that more than 15 percent of subscribers in the Granada exchange had signed the petition and that there was no protest concerning the validity of the petition. The Department recommended that the commission direct the affected telephone companies to file cost studies and proposed rates. The Department also recommended that the Commission direct the Companies to exclude recovery of lost access revenues from their proposed rates.

The Commission met on June 19, 2001 and on September 4, 2001 to consider this matter.

FINDINGS AND CONCLUSIONS

I. LEGAL STANDARD

In its February 23, 1996 Order in Docket No. P-999/CI-94-296, the Commission established that a requested EAS route will be installed if three criteria are met. These criteria are:

¹ See Attachment A, a schematic diagram showing the geographic relationship of these exchanges.

1. The petitioning exchange is adjacent to an exchange or local calling area (LCA) 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. ANALYSIS AND ACTION

The four petitioned exchanges (Fairmont, Northrop, Truman, and East Chain) do not constitute a local calling area because they do not have EAS to each other. The Commission, therefore, will first analyze Granada's petition as requesting four separate EAS routes: Granada to Fairmont; Granada to Northrop; Granada to Truman; and Granada to East Chain.

Following that, the Commission will analyze three additional routes raised by this petition: Granada to the Fairmont-East Chain LCA; Granada to the Fairmont-Northrup LCA; and Granada to the Fairmont-Truman LCA.²

A. Exchange to Exchange Routes

1. Granada to Fairmont Proposed EAS Route

The official exchange maps on file with the Department show that the Granada exchange is adjacent to the Fairmont exchange. This route, therefore, meets the first criterion: adjacency.

In addition, Granada's traffic study shows that 75 percent of Granada customers make three or more calls per month to the Fairmont exchange. Therefore, this route also meets the second criterion: adequate traffic.

Consequently, the Commission will proceed to poll Granada customers to see if the third and final criterion is met: adequate customer support. Before doing so, however, the Commission will establish the EAS rates that would apply in Granada and Fairmont so that this information may be made known to Granada customers before they vote on the proposed EAS. To assist the

² Although the Fairmont and Truman exchanges are not adjacent to each other and therefore would not qualify for EAS to each other under the current EAS requirements, a petition for EAS between the two exchanges was received and approved by the Commission in the years when adjacency was not a criterion for EAS. Since the exchanges have EAS to each other, they form an LCA, as the Commission has defined that term, and will be treated as such.

Commission in establishing these rates, the Commission will direct the affected companies (Granada and Frontier) to file cost studies and propose rates.³

2. Granada to Northrop Proposed EAS Route

The official exchange maps on file with the Department show that the Granada exchange is adjacent to the Northrop exchange. This route, therefore, meets the first criterion: adjacency.

Granada's traffic study, however, shows that only 13.7 percent of Granada customers make three or more calls per month to the Northrop exchange. Therefore, this route does not meet the second criterion (adequate traffic) and will be denied.

3. Granada to Truman Proposed EAS Route

The official exchange maps on file with the Department show that the Granada exchange is adjacent to the Truman exchange. This route, therefore, meets the first criterion: adjacency.

Granada's traffic study, however, shows that only 22.3 percent of Granada customers make three or more calls per month to the Truman exchange. Therefore, this route does not meet the second criterion (adequate traffic) and will be denied.

4. Granada to East Chain Proposed Route

The official exchange maps on file with the Department show that the Granada exchange is not adjacent to the East Chain exchange. This route, therefore, does not meet the first criterion: adjacency. In addition, Granada's traffic study shows that only 20.9 percent of Granada customers make three or more calls per month to the East Chain exchange.

Failure to meet any of the three criteria results in denial of the requested route. Therefore, this route, which meets neither the first criterion (adjacency) nor the second criterion (adequate traffic) will be denied.

B. Exchange to LCA Routes

1. Adjacency

As the official exchange maps maintained by the Department shows, Granada is physically adjacent to the Fairmont exchange and is, therefore, also adjacent to any LCA of which the

³ The Commission notes that the Commission has already decided the issue raised by the Department in its March 13, 2001 comments regarding lost access revenues. On June 25, 2001, the Commission issued an Order in the Almelund EAS matter clarifying that EAS rates **should** include recovery of lost access revenue. See the Commission's June 25, 2001 ORDER ESTABLISHING RATES FOR POLLING AND REQUIRING FURTHER FILINGS in Docket No. P-407, 405, 413, 520, 426, 427, 430, 421/CP-97-1237. In the current docket, therefore, the Commission will expect proposed rates for the Granada-Fairmont route that are calculated consistent with that decision.

Fairmont exchange is a part. Since the petition requested EAS to East Chain, Northrup, and Truman, the three relevant LCAs of which Fairmont is a part are 1) the Fairmont-East Chain LCA; 2) the Fairmont-Northrup LCA; and 3) the Fairmont-Truman LCA.

2. The Traffic Requirement

The traffic requirement between a petitioning exchange and an adjacent LCA is met when 50 percent or more of the customers in the petitioning exchange make three or more calls per month to anywhere in that LCA. It is not required that the customers meet that calling level with respect to each exchange comprising that exchange. Achieving that level of calling to one of the exchanges satisfies the requirement as to the entire calling area.

The traffic study filed in this matter showed that between July 2000 and December 2000, over 75 percent of the Granada customers made three or more calls per month to Fairmont, which (as indicated previously) is part of three distinct LCAs. Since the traffic from Granada to Fairmont meets the Commission's traffic criteria with respect to the Granada-Fairmont route, the traffic requirement for routes between Granada and all the Fairmont LCAs (Fairmont-Truman LCA; Fairmont-Northrup LCA; and the Fairmont-East Chain LCA) is also satisfied.

C. Next Steps

1. Routes Meeting the First Two EAS Criteria (Adjacency and Traffic)

As indicated by the foregoing analysis, the following routes meet the first two EAS criteria (adjacency and traffic): 1) Granada to Fairmont; 2) the Fairmont-East Chain LCA; 3) the Fairmont-Northrup LCA; and 4) the Fairmont-Truman LCA.

The Commission will proceed, therefore, to poll Granada customers to determine whether the third and final criterion (adequate customer support) is met for these routes. Before doing so, however, the Commission will establish the EAS rates that would be required for these routes, so that Granada customers can be informed about the cost of their choices before they cast their ballots.

To assist the Commission in setting the EAS rates for these routes, the Commission will require the affected telephone companies to file cost studies and proposed rates for each of these four routes.

2. Routes Not Meeting the Traffic Criterion

The foregoing analysis also indicated that the following routes did not meet the traffic criterion and therefore, do not warrant further consideration by the Commission: Granada to East Chain; Granada to Northrup; and Granada to Truman.

ORDER

1. The Petition is denied with respect to the following routes: Granada to East Chain; Granada to Northrup; and Granada to Truman.

2. Within 90 days of this Order, the affected telephone companies (Granada and Frontier) shall file cost studies and proposed rates with respect to the following proposed EAS routes:

- 1) Granada to Fairmont;
- 2) Granada to the Fairmont-East Chain LCA;
- 3) Granada to the Fairmont-Northrup LCA; and
- 4) Granada to the Fairmont-Truman LCA.

In their filings, the companies shall propose rates recovering their own costs of providing EAS. The companies shall provide supporting information as requested by the Commission staff and the Department.

3. Within 60 days following the filing of cost studies and proposed rates by the companies, the Department shall file a report and recommendation regarding proposed rates.
4. The parties shall have 20 days to respond to the Department's report.
5. The Executive Secretary shall have the authority to vary the above deadlines if the Executive Secretary deems necessary.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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