

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott
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Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service from Nicollet to Mankato or Mankato,
St. Peter and Cambria

ISSUE DATE: January 7, 2002

DOCKET NO. P-414,416,421/CP-97-44

ORDER CERTIFYING POLLING RESULTS
AND ORDERING IMPLEMENTATION

PROCEDURAL HISTORY

On January 10, 1997 telephone subscribers in the Nicollet exchange filed a petition seeking extended area service (EAS) to the neighboring exchanges of Mankato, St. Peter, and Cambria. At that time the Nicollet and St. Peter exchanges were served by U S WEST Communications, Inc.; the Mankato exchange by Mankato Citizens Telephone Company; and the Cambria exchange by Mid-Communications, Inc (Mid-Comm).

On August 22, 1997 the Commission issued an Order finding that the proposed EAS route met threshold requirements of adjacency and traffic volume. The Order required the three telephone companies then serving the four exchanges to determine the costs of installing and operating EAS routes between Nicollet and each of the three other exchanges and to file proposed rates that would recover these costs. The Commission would then poll Nicollet subscribers to determine whether they wanted EAS at those rates.

The companies duly filed their cost studies and proposed rates, and the Commission issued an Order requiring polling. Before polling occurred, however, the Commission issued another Order postponing it. A new carrier, Crystal Communications, had entered the market and captured a large portion of U S WEST's clientele in Nicollet and St. Peter, making U S WEST's cost studies and proposed rates obsolete, and creating a need to poll Crystal's customers. The Commission therefore issued an Order requiring the affected companies, including Crystal, to file updated cost studies and proposed rates.

On January 11, 2000 these companies filed updated costs studies and proposed rates. On January 21, 2000 the Department of Commerce filed comments including technical adjustments and recommending excluding lost toll revenues and lost access charges from the proposed rates. U S WEST and Mankato Citizens filed reply comments opposing the exclusion of lost access charges and toll contribution, saying this represented a major departure from past practice which could only be done through rulemaking.

On May 5, 2000, the Commission issued its Order Establishing Rates for Polling in this Extended Area Service (EAS) case. Among other things, that Order excluded lost access charges and toll revenues in calculating EAS rate additives, instead relying on the affected companies to develop other mechanisms to recover these lost revenue streams.

The following parties filed timely petitions for reconsideration: Mankato Citizens Telephone Company and Mid-Communications, Inc., filing jointly; U S WEST Communications, Inc.; Sprint Minnesota, Inc.; and the Minnesota Telephone Association. Since Sprint and the Minnesota Telephone Association were not parties to the original proceeding, they also filed petitions to intervene, which were granted by operation of law under Minn. Rules 7829.0800, subp. 5.

On May 30, 2000, the Minnesota Department of Commerce filed comments opposing reconsideration and supporting the May 5 Order.

On July 25, 2000, the Commission issued an Order affirming the May 5 Order which had, among other things, directed that all subscribers in the Nicollet exchange be polled on whether they favor installing either of two EAS routes: 1) between Nicollet and Mankato and 2) between Nicollet and Mankato, St. Peter, and Cambria.

Between September 12 and October 29, 2001, telephone subscribers in the Nicollet exchange were polled.

The Commission met to consider this matter on November 20, 2001.

FINDINGS AND CONCLUSIONS

The third and final EAS standard that the Nicollet petition must meet is subscriber support, i.e. more than half of the polled subscribers returning their ballots must favor implementation of the proposed EAS.

In this petition, two EAS routes were proposed and were, therefore, voted on separately: 1) an EAS route between Nicollet and the Mankato exchange and 2) a longer EAS route between Nicollet and the Mankato, St. Peter, and Cambria exchanges. In addition, the polling was complicated by the fact that some Nicollet customers are served by Crystal and others are served by Qwest. The polling results are as follows:

For the Nicollet-Mankato EAS route - - -

Voting Exchange (Company Serving)	Petitioned Exchange(s)	Res. EAS Rate	Bus. EAS Rate	% Voting	Yes		No	
					#	%	#	%
Nicollet (Qwest)	Mankato	\$0.94	\$2.33	56.3	76	58.9	53	41.1
Nicollet (Crystal)	Mankato	\$0.00	\$0.50	68.1	307	76.2	96	23.8
Nicollet Combined Company/ Exchange-Wide Results (Qwest & Crystal)					383	72	149	28

Regarding the proposed Nicollet-Mankato EAS route: a majority of subscribers responding favored implementation of this route, both on a company-wide and exchange-wide basis. A majority of Nicollet’s Qwest subscribers responding favored implementation: 58.9%. A majority of Nicollet’s Crystal subscribers responding favored implementation: 76.2%. And exchange-wide, a majority of Nicollet subscribers responding favored implementation of this route: 72%.

Accordingly, the Commission will order implementation of this route.

For the Nicollet-Mankato-St. Peter- Cambria route - - -

Voting Exchange (Company Serving)	Petitioned Exchange(s)	Res. EAS Rate	Bus. EAS Rate	% Voting	Yes		No	
					#	%	#	%
Nicollet (Qwest)	Mankato, St. Peter and Cambria	\$1.95	\$4.83	56.8	71	54.6	59	45.4
Nicollet (Crystal)	Mankato, St. Peter and Cambria	\$5.00	\$10.00	67.6	183	45.75	217	54.25
Nicollet Combined Company/ Exchange-Wide Results (Qwest & Crystal)	Mankato, St. Peter and Cambria				254	47.9	276	52.1

As to the more extensive EAS route (Nicollet-Mankato-St. Peter-Cambria), a majority of responding subscribers served by Qwest favored implementation of this route (54.6%) but a majority of responding subscribers served by Crystal voted against implementation of this route and overall, more Nicollet subscribers responding voted against implementation of this more extensive route than favored it.¹ Since EAS is an exchange-wide service, the exchange-wide subscriber results are determinative.

Accordingly, the more extensive route does not have adequate subscriber support and will not be implemented.

¹ Forty-seven percent (47.9%) of all Nicollet subscribers responding favored implementation while 52.1% opposed it.

ORDER

1. The Commission hereby certifies the results of polling conducted in this matter and reported herein, as set forth in the text of this Order.
2. Accordingly, the Commission approves the Nicollet-Mankato EAS route proposed in this matter.
3. The affected telephone companies - Crystal Communications (Crystal), QWEST Communications (QWEST), and Mankato Telephone Company (Mankato) - shall implement the service (Nicollet-Mankato EAS) for their Nicollet customers within 12 months following the date of this Order.
4. Within 60 days of the Order, Crystal and QWEST shall coordinate the implementation of EAS in the Nicollet exchange with Mankato Citizens Telephone Company (the company serving the petitioned Mankato exchange) and file implementation schedules. If, for some reason, the implementation schedules change, the companies shall immediately notify the Commission and explain the reason(s) for the change(s).
5. Within 10 days of the date of this Order, Crystal and QWEST shall file the first of two proposed customer notices for approval by Commission staff. The notices for customers in the Nicollet exchange should list the results of the polling, the EAS additives, and the proposed implementation date (s). After receiving Commission staff approval, the Companies shall serve the notices in the first possible billing cycle in their respective exchanges.
6. Crystal and QWEST shall send final, Commission approved, notices to customers in the Nicollet exchange, either by bill insert or separate billing. The final notices shall describe the service, instruct customers on dialing, and list the additional monthly rates, the date of implementation, and any other pertinent information. The companies shall issue notices one month before they implement EAS.
7. At least 120 days before the planned implementation dates, Crystal and QWEST shall make any requests for recovery of non-recurring costs. The Department shall have 30 days to comment on the proposed charges.
8. Ninety (90) days before the anticipated implementation dates for these EAS routes, Mankato Telephone Company shall file proposed customer notices for customers in the petitioned exchange for approval by Commission staff. The notices must describe the service, instruct customers on dialing, and list the additional rates to be paid and the date of implementation. The companies shall send the notices during billing cycles that conclude at least one month, but not more than two months, before EAS is implemented.
9. At least 30 days before implementation of EAS, Crystal and QWEST shall file tariff sheets reflecting Commission Orders that establish the rates and terms for EAS between Nicollet and Mankato, whereupon Docket No. P414, 416, 421/CP-97-44 will be closed.

10. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

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