

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott	Chair
Edward A. Garvey	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayner	Commissioner
Phyllis A. Reha	Commissioner

In the Matter of a School District Extended
Area Service Petition Among the Exchanges of
New Richland, Clarks Grove, Ellendale, and
Hartland

ISSUE DATE: February 15, 2002

DOCKET NO. P-407,546,430/CP-98-542

ORDER SETTING EAS RATE ADDITIVES
AND REQUIRING POLLING

PROCEDURAL HISTORY

On April 20, 1998, the telephone subscribers in the New Richland, Hartland, Ellendale and Clarks Grove exchanges filed a petition for School District Extended Area Service (EAS) amongst those communities. These communities comprise Independent School District No. 2168. The New Richland exchange is served by Sprint Telephone Company (Sprint); the Hartland exchange is served by Manchester-Hartland Telephone Company (Manchester-Hartland); and the Clarks Grove and Ellendale exchanges are served by Citizens Telecommunications Company of Minnesota (Citizens).

On November 16, 1998, the Commission issued its ORDER REQUIRING THE FILING OF COST STUDIES AND PROPOSED RATES. The Order found, among other things, that the petition met threshold requirements of adjacency and school district residency. The Order required the incumbent local exchange carriers serving the three exchanges to determine the costs of installing and operating the proposed EAS route and to file proposed rate additives that would recover these costs. The Commission would then poll the exchanges' subscribers to determine whether they wanted EAS at those rates.

Between July 29, 1999 and September 14, 1999, the companies filed their cost studies and proposed rate additives. However, the Commission did not proceed directly to polling. Instead, in a series of Orders issued between November 1998 and May 2001 in this and other EAS dockets, the Commission addressed a series of new issues posed by the need to adapt EAS to the competitive telecommunications market mandated by state and federal law. With these issues largely settled, the Commission met on February 5, 2002 to again consider the petition of subscribers in New Richland, Hartland, Ellendale and Clarks Grove.

FINDINGS AND CONCLUSIONS

1. Factual and Legal Background

Extended area service is a service arrangement permitting neighboring telephone exchanges to become a single local calling area with toll-free calling. There are two kinds of EAS: standard EAS and school district EAS. Among other differences, the two have different adjacency, traffic, and polling requirements.

The criteria for establishing school district EAS routes, and the procedures for determining and allocating their costs, are set by statute.¹ Briefly, these criteria and procedures are as follows.

- (1) A petition for School District EAS must be signed by at least 15% of the subscribers in each exchange, or 600 subscribers in each exchange, whichever is less.
- (2) At least 10% of the customers in each exchange must be residents of the school district for which EAS is sought.
- (3) Each exchange must be contiguous to at least one other exchange in the petition.
- (4) The companies serving the exchanges must conduct traffic studies and cost studies to determine the cost of installing and operating the proposed EAS route.
- (5) The Commission must set EAS rates that apportion the costs equally among the exchanges, that do not disturb existing inter-class rate relationships, and that leave affected telephone companies income-neutral.
- (6) The Commission must poll subscribers in all the exchanges on whether they want EAS at the rates adopted by the Commission.
- (7) A majority of the subscribers in each exchange who return their EAS ballots must vote in favor of the proposed route.

II. Commission Action

The Commission finds that the cost studies filed by the companies comply with the requirements of the School District EAS statute. They reflect actual, specific costs and sound accounting methods. The Commission has adjusted the proposed rates filed by the companies and by the Department to

¹ Minnesota Laws 1997, Chapter 59.

reflect the statutory requirement to apportion EAS costs equally among the customers of all the exchanges, subject to preserving pre-existing inter-class rate relationships for both facilities costs and lost access revenues.

These adjustments yield the rates below:

EAS Rates for Polling New Richland, Clarks Grove/Ellendale, and Hartland			
New Richland (Sprint)			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
Residence	\$1.29	\$1.86	\$3.15
Business	\$2.58	\$3.73	\$6.31
Key/Trunk	\$2.99	\$4.34	\$7.33
Coin/Pay	\$2.53	\$3.67	\$6.20
School	\$1.90	\$2.75	\$4.65
Clarks Grove/Ellendale (Citizens)			
Residence	\$1.29	\$1.86	\$3.15
Business	\$2.57	\$3.73	\$6.30
Hartland (Manchester-Hartland)			
Residence	\$1.29	\$1.86	\$3.15
Business & Pay	\$1.95	\$2.81	\$4.76

The last step in the School District EAS decision-making process is to poll subscribers in the affected exchanges to determine if a majority in each exchange favors installing EAS at the rates proposed. The Commission will proceed to polling. It will also direct the companies to provide the information and cooperation required for a fair and efficient poll.

Finally, the Commission will require that both the polling materials sent to subscribers and any tariffs ultimately filed separately itemize the portion of the EAS rate additive that recovers facilities costs and the portion that recovers lost access revenues. This information may be helpful in

developing and implementing a universal service funding mechanism, which will replace, with explicit subsidies, subsidies that are now implicit.

The Commission will so order.

ORDER

1. The final cost studies filed by the companies are hereby accepted and approved.
2. All subscribers in the New Richland, Clarks Grove, Ellendale and Hartland exchanges shall be polled on whether they favor installing the School District EAS route proposed at the rates approved herein, which are shown below:

EAS Rates for Polling New Richland, Clarks Grove/Ellendale, and Hartland			
New Richland (Sprint)			
Service	Facilities-Based EAS Rate	Lost Access Recovery	Monthly EAS Rate
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Hartland (Manchester-Hartland)			
Residence	\$1.29	\$1.86	\$3.15
Business & Pay	\$1.95	\$2.81	\$4.76

3. The EAS rate additives approved herein shall be itemized, in polling materials and in any

tariffs ultimately filed, to show which portion of the rate additive will recover facilities costs and which portion will recover lost access revenues. The EAS rate additives shall not be itemized on customers' bills.

4. The affected telephone companies shall provide cooperation and assistance to Commission staff and Commission contractors during the polling process. Such cooperation and assistance shall include, but need not be limited to, the following:
 - (a) providing usable, deliverable addresses for all access lines in a format and under time frames set by Commission staff;
 - (b) providing proof of the accuracy of customer lists as requested by Commission staff.
5. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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