

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott

Chair

Edward A. Garvey

Commissioner

Marshall Johnson

Commissioner

LeRoy Koppendrayer

Commissioner

Phyllis Reha

Commissioner

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Shelly L. Eggert  
Manager-Regulatory  
Qwest Corporation  
200 South Fifth Street, Suite 390  
Minneapolis, MN 55402

SERVICE DATE: FEBRUARY 21, 2002  
DOCKET NO. P-421/AM-01-1840

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In the Matter of Qwest's Proposed Rate Change for Local Directory Assistance

The above entitled matter has been considered by the Commission and the following disposition made:

**Accept the proposal filed February 8, 2002, to increase local directory assistance from \$0.50 to \$0.55 per call without modifying tariffs regarding call allowances or the hospital exemption, as recommended by the Department of Commerce and the Office of Attorney General's Residential and Small Business Utilities Division.**

**This decision is issued by the Commission's consent calendar subcommittee, under a delegation of authority granted under Minn. Stat. § 216A.03, subd. 8 (a). Unless a party, a participant, or a Commissioner files an objection to this decision within ten days of receiving it, it will become the Order of the full Commission under Minn. Stat. § 216A.03, subd. 8 (b).**

The Commission agrees with and adopts the recommendations of the Department of Commerce.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

(S E A L)

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## **Minnesota Public Utilities Commission**

### *Staff Briefing Papers*

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Meeting Date: February 19, 2002

Agenda Item #\_

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Company: Qwest Corporation (Qwest)

Docket No. P421/AM-01-1840

In the Matter of Qwest's Proposed Rate Change for Local Directory Assistance

Issue: Commission approval of Qwest's proposed rate increase for Local Directory Assistance

Staff: Lillian A. Brion

651-297-7864

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### ***Relevant Document***

Qwest's Filing

December 14, 2001

OAG's Comments

December 31, 2001

DOC's Comments

January 3, 2002

Qwest's Revised Filing

January 23, 2002

Qwest's Revised Filing

February 8, 2002

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The attached materials are workpapers of the Commission Staff. They are intended for use by the Public Utilities Commission and are based upon information already in the record unless noted otherwise.

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***Statement of the Issue***

Commission approval of Qwest's proposal to increase the rate of local directory assistance from \$0.50 to \$0.55 per call.

***Background***

On December 14, 2001, Qwest Corporation (Qwest) filed a notification of its proposal to increase the rate for local directory assistance (DA) from \$0.50 to \$0.55 per call, and to remove the call allowance and hospital exemption. Qwest included a sworn certificate that the proposed price is above the total service long run incremental cost of the service. Qwest notified its customers of the proposed rate

increase through bill inserts in November, and has proposed an effective date of January 2, 2002.

The Residential and Small Business Utilities Division of the Office of the Attorney General (OAG) filed comments on December 31, 2001. The OAG objects to Qwest's proposal and believes that the changes result in more than 10 percent increase in DA, and therefore, not allowed under Qwest's AFOR Plan.

On January 3, 2002, the Department of Commerce (DOC) filed its objection to Qwest's proposal on the grounds that the proposal violates the terms of the AFOR Plan, specifically Section IV, Part F, subpart 2. According to the DOC, the proposed price increase from \$0.50 to \$0.55 in itself reflects a 10 percent price increase. In addition, the elimination of the free call allowance and hospital exemption would substantially increase the effective price of local DA, and violate the 10 percent per year price cap on the service. The DOC says it will request additional data since Qwest has not provided data to illustrate the impact of the rate change.

On January 23, 2002, Qwest revised its proposal and withdrew the removal of the call allowance and hospital exemption. As revised, the proposed rate change increases DA from \$0.50 to \$0.55 per call but retains the one call allowance per month and the exemption for DA charges for calls from hospitals. Qwest indicated that the DA rates will not change until February 1, 2002.

On February 8, 2002, Qwest revised the filing to clarify the inclusion of residence service in the call allowance section as requested by the OAG.

### ***Staff Analysis and Recommendation***

#### **LOCAL DIRECTORY ASSISTANCE**

Local Directory Assistance has long been established to supplement telephone number information contained in the telephone directory. The DA allowances were supposed to provide updated telephone number information brought about by new service, moves, service or listing changes, etc. not included in the latest publication of the telephone

directory. The previous 3 or 5 free calls provided by Qwest had since been reduced to one call allowance per month.

#### **RATE CHANGE ALLOWED BY QWEST'S AFOR PLAN**

Qwest's AFOR Plan, which took effect on January 1, 1999, lists Business Call Waiting and Local DA (including one free call allowance) as the only 2 services classified as Flexibly Priced Services, Category A. As such, the rates for the two services can only be increased after three years, and only if any increase does not exceed 10 percent in each of the remaining years (AFOR Plan, Section F.2).

Section G.2 provides that Qwest may implement price increases for flexibly priced services 20 days after filing with the Commission and the provision of notice to affected customers. If an objection is filed to the proposed change, the Commission must make a final determination within 90 days of the filing date and may reject or modify the change if it finds that the proposed price is below the applicable price floor or is not fair or reasonable under Minn. Stat. §237.06. Any price increases implemented by Qwest while an objection is pending are subject to refund upon the Commission's final determination.

Staff has learned that both the DOC and OAG no longer object to the DA rate change, as revised in the January 23<sup>rd</sup> and February 8<sup>th</sup> filings. .

### ***Commission Options***

1. Accept the revised proposal to increase local directory assistance from \$0.50 to \$0.55 per call.
2. Reject the revised proposal to increase local directory assistance from \$0.50 to \$0.55 per call.

### ***Staff Recommendation***

Option 1.