

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 Petition for Extended Area Service from the Crane Lake Exchange to the Orr Exchange

ISSUE DATE: March 20, 2002

DOCKET NO. P-551, 407/CP-00-891

ORDER SETTING EAS RATE ADDITIVES AND REQUIRING POLLING

**PROCEDURAL HISTORY**

On June 28, 2000, telephone subscribers in the Crane Lake exchange filed a petition for extended area service (EAS) to the neighboring Orr exchange. On June 29, 2001, the Commission issued an Order determining that the petition, as supplemented in subsequent filings, met the requirements of the School District EAS statute.

The Order required the companies serving the two exchanges to determine the costs of installing and operating the proposed School District EAS route and to file proposed rate additives to recover these costs. The Commission would then poll the exchanges' subscribers to determine whether they wanted EAS at those rates.

The Crane Lake exchange is served by Citizens Telecommunications of Minnesota; the Orr exchange is served by CenturyTel of Minnesota, Inc. These companies duly filed their cost studies and proposed rate additives. On November 8, 2001, the Department of Commerce filed comments supporting the cost studies and proposed rates as consistent with the School District EAS statute.

On March 5, 2002, the matter came before the Commission.

**FINDINGS AND CONCLUSIONS**

**I. Factual and Legal Background**

Extended area service (EAS) 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.<sup>1</sup> 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**

### **(1) Cost Studies and Proposed Rates Accepted**

The Commission finds that the cost studies and proposed rates filed by the companies comply with the requirements of the School District EAS statute. The cost studies reflect actual, specific costs and sound accounting methods. The proposed rates allocate EAS costs equally among the customers of all the exchanges, with minor adjustments required to preserve pre-existing inter-class rate relationships. The Commission will therefore accept and adopt the cost studies and the rates based upon them, which are set forth below.

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<sup>1</sup> Minnesota Laws 1997, Chapter 59.

<b>EAS Rates for Crane Lake</b>			
Service	Facilities-Related Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.15	\$0.22	\$0.37
Business	\$0.30	\$0.46	\$0.76
<b>EAS Rates for Orr</b>			
Residence	\$0.15	\$0.22	\$0.37
Business	\$0.38	\$0.56	\$0.94

**(2) Polling Ordered**

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 itemize separately the portion of the EAS rate additive that recovers facilities costs and the portion that recovers lost access revenues and lost toll contribution. This information may be helpful in developing and implementing a universal service funding mechanism or in future rate re-balancing initiatives. To ease administration and prevent confusion, however, monthly bills should show only the total EAS rate.

The Commission will so order.

**ORDER**

1. The final cost studies filed by the companies are hereby accepted and approved.
2. The EAS rates set forth below are hereby approved:

<b>EAS Rates for Crane Lake</b>			
Service	Facilities-Related Rate	Lost Access Recovery	Total Monthly EAS Rate
Residence	\$0.15	\$0.22	\$0.37
Business	\$0.30	\$0.46	\$0.76
<b>EAS Rates for Orr</b>			
Residence	\$0.15	\$0.22	\$0.37
Business	\$0.38	\$0.56	\$0.94

3. All subscribers in the Crane Lake and Orr exchanges shall be polled on whether they favor installing the EAS route proposed at the rates approved for that exchange.
4. The components of 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 and toll contribution. The components of the EAS rate additives shall not be itemized on customers' bills.
5. 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.
6. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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