

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Gregory Scott
Marshall Johnson
LeRoy Koppendrayer
Phyllis A. Reha

Chair
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Reconsideration
of the Certification of the EAS Balloting
Results Approving Extended Area Service from
the Callaway Exchange to the Detroit Lakes
Exchange

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ORDER DENYING RECONSIDERATION
AND ACCEPTING FILING AS A PETITION
TO REMOVE EAS

PROCEDURAL HISTORY

On October 31, 1997 telephone subscribers in the Callaway exchange filed a petition seeking extended area service (EAS) to the neighboring exchanges of Detroit Lakes and White Earth-Ogema. The Callaway exchange is served by Callaway Telephone Company (Callaway). The Detroit Lakes exchange is currently served by Qwest Communications Inc. (Qwest), and the White Earth-Ogema exchange is served by Twin Valley Ulen Telephone Company.

On July 14, 1999, the Commission issued an Order denying the request for EAS between Callaway and White Earth-Ogema based on its finding that the Callaway/White Earth-Ogema route did not meet the traffic volume threshold requirement. However, the Commission did find that the Callaway/Detroit Lakes route met the threshold requirements of adjacency and traffic volume and directed the incumbent local exchange carriers serving Callaway and Detroit Lakes to determine the cost of installing and operating the proposed routes and to develop proposed rates to recover those costs. The Commission would then poll Callaway subscribers to determine whether they wanted EAS at those rates.

The companies duly filed their cost studies and proposed rates, but the Commission did not proceed directly to polling. Instead, in a series of Orders issued between November 1998 and May 2001, 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 November 20, 2001 to again consider the Callaway EAS petition.

On November 30, 2001, the Commission issued its ORDER SETTING EAS RATE ADDITIVES AND REQUIRING POLLING. Telephone subscribers in the Callaway exchange were polled between February 6 and March 25, 2002.

On June 6, 2002 the Commission issued its ORDER CERTIFYING POLLING RESULTS AND REQUIRING IMPLEMENTATION. The Order directed Callaway Telephone and Qwest to implement EAS between Callaway and Detroit Lakes within 12 months of the date of the Order.

On June 25, 2002, a petition was filed by Boyd L. Bradbury from the Callaway exchange and signed by approximately 191 Callaway residents opposed to the rate increase resulting from the vote in favor of EAS between Callaway and Detroit Lakes.

On August 12, 2002, Callaway Telephone filed an implementation date of May, 2003 for EAS between Callaway and Detroit Lakes.

The Commission met on September 17, 2002, to consider this matter.

FINDINGS AND CONCLUSIONS

I. Background

A. Polling Results

The results of the polling showed that a majority of the voting subscribers in the Callaway Exchange voted in favor of EAS to the Detroit Lakes exchange.¹ The results were as follows:

Voting Exchange	Petitioned Exchange(s)	Residential EAS Rate	Business EAS Rate	% Voting	Yes		No	
					#	%	#	%
Callaway	Detroit Lakes	\$16.55	\$16.55	67.8	120	57.7	88	42.3

B. The Petition

The Petitioners gave several reasons for their request that the Commission suspend the process establishing EAS between Callaway and Detroit Lakes. Several of these are summarized as follows:

¹Commission records indicate that there were 307 customer lines in Callaway that met voting eligibility requirements.

- The information mailed to voters was confusing. Many voters did not understand that their telephone rates would more than double.
- There were no public forums, no attempt to articulate the salient points of EAS, no communication with the Callaway exchange voters other than a confusing, small print document accompanying the ballot.
- Some eligible voters did not receive a ballot. A small number of Callaway exchange voters are “snowbirds” and these voters don’t usually return by March when the vote was held. The petition requested that the actual mailing list be compared against actual eligible voters.
- The vote was not equitable. Callaway businesses have multiple lines and therefore would have more votes. Businesses use telephone service as a means towards profit while individuals have telephone service out of necessity.
- The rate increase as a result of EAS service to Detroit Lakes is unreasonable. The current charge, including taxes, is \$15.21 per month/per line. The EAS would raise the monthly charge to over \$34.00 per month/per line. There is no alternative to this service except to use cellular service.
- The vote totals don’t tabulate correctly. The Public Utilities Commission found 120 “yes” votes and 88 “no” votes. The petitions submitted showed that 106 voters claimed to have voted “no.” In addition to these “no” discrepancies 29 voters who voted “yes” have changed their minds. Furthermore, 56 voters on the petition did not vote or were not given an opportunity to vote. These 56 are opposed to EAS.

The Petitioners argued that 191 voters are opposed to EAS as documented in the petitions submitted. They argued that there were probably more individuals who have not signed the petition who are opposed to this EAS and that it would be a disservice to Callaway voters to allow this EAS to become a reality.

In oral comments to the Commission Mr. Bradbury, the petition sponsor, argued that many voters did not understand that every line would be charged the higher rate. He indicated that often people have two lines and use the second line only for internet access. In that situation, he argued, the second line gets no benefit of EAS.

C. Comments of the DOC

At the meeting before the Commission the DOC argued that when two-thirds of Callaway customers sign a petition after the vote saying they do not want EAS to Detroit Lakes it appears that something went wrong. The DOC argued that in this situation a re-vote would be appropriate.

II. Commission Action

After reviewing the record, the EAS process, and hearing the arguments of the parties, the Commission will deny the request to reconsider its June 6, 2002 ORDER CERTIFYING POLLING RESULTS AND REQUIRING IMPLEMENTATION. The Commission will not

disturb the results of a balloting procedure that was conducted according to standard procedures, had the participation of 67.8% of eligible voters and showed no irregularities. The Commission supports the integrity of the process and will not grant reconsideration.

However, the Commission recognizes that 191 people, over two-thirds of the number of telephone lines in the Callaway exchange, have signed the petition objecting to this EAS going into effect. The Commission will accept this as a petition to remove EAS from the Callaway exchange to the Detroit Lakes exchange. This will allow the Commission to apply consistent standards and procedures in the removal process without disturbing the integrity of the EAS process.

ORDER

1. The petition for reconsideration is denied.
2. The petition containing 191 signatures opposing installation of EAS is accepted as a petition to remove EAS, subject to the customary opportunity to challenge the validity of the signatures.
3. The Executive Secretary is authorized to establish the polling procedures for the vote on removal of EAS and to give appropriate notices.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)

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