



Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

94 50
AUG 14 2000

August 8, 2000

The Honorable Judith Robson, Co-Chair
Joint Committee for Review of Administrative Rules
State Capitol, Room 15 South
Madison, WI 53702

The Honorable Glenn Grothman, Co-Chair
Joint Committee for Review of Administrative Rules
State Capitol, Room 15 North
Madison, WI 53702

Re: Modification of Rules on Extended Area Telephone Service

1-AC-200

Dear Senator Robson and Representative Grothman:

At its open meeting today, the Commission approved a scope statement related to a modification of our agency's rules on extended area telephone service (EAS).

As you know, on June 21 the Joint Committee for Review of Administrative Rules (JCRAR) held a hearing to discuss concerns relative to customer balloting in EAS proceedings. JCRAR requested that the Commission begin the rule promulgation process to codify what are currently Commission procedures relative to this balloting process. Today's Commission action was taken in response to your Committee's request.

I have enclosed for your information a copy of the scope statement approved today. If you should have any questions concerning this issue, please contact Paul Nelson, the Commission's Legislative Liaison, at (608) 266-1383.

Sincerely,

Ave M. Bie
Chairperson

AMB:PMN:pmn:K:\amb\Letters\2000\JCRAR - EAS rules.doc

Enclosure

cc: Rep. Seratti
Ron Sklansky

PUBLIC SERVICE COMMISSION OF WISCONSIN

Modification of Rules on Extended Area Telephone Service

Docket 1-AC-200

A. Objective of Rule:

Extended area telephone service is a telephone service that allows customers in one exchange to call customers in other exchanges that are outside the customers' usual local calling area without incurring toll charges. PSC ch. 167 contains the process for consideration of petitions seeking the establishment of extended area service (EAS) arrangements. One step in the process is to conduct a survey of customer willingness to pay the rate increase that would result if an EAS petition were granted. The objective of this rule package is to set forth details concerning the balloting process that is used to conduct this survey. Such details include:

- What information must be included in the ballot mailing.
- How to determine whether ballots have been timely submitted.
- How unmarked ballots will be handled.
- How to ballot a customer with several telephone lines.

After a hearing about concerns with the balloting process, the Legislature's Joint Committee for Review of Administrative Rules (JCRAR) requested that the details concerning the current balloting process be added to PSC ch. 167.

B. Existing Policies Relevant to Rule, New Policies Proposed, and Analysis of Alternatives:

If certain threshold conditions on petitions and current calling volumes between the involved exchanges are met, the present rule requires that utilities conduct a survey of customer willingness to pay for the rate increase that would result if an EAS petition were granted. The present rule has only very general information on the process for conducting the balloting and considering the results. Recently, the Public Service Commission (Commission) has initiated various process clarifications and improvements on EAS balloting. The rule modification to be considered in this proceeding will provide details regarding these matters, as requested by the JCRAR. Most, if not all, of these details will be processes the Commission has already placed into effect.

C. Statutory Authority:

Wis. Stat. §§ 196.02(3) and 227.11(2).

D. Time Estimates for Rule Development:

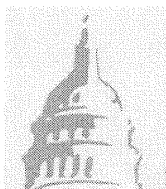
It is estimated that the review and subsequent rulemaking proceeding will take approximately 120 staff hours.

E. Other Resources Necessary to Develop Rule:

None.

GAE:slg:t:\rules\167-eas\scope\statement.doc

AUG 16 2000



STATE REPRESENTATIVE 36TH ASSEMBLY DISTRICT

Lorraine M. Seratti

August 16, 2000

The Honorable Judith Robson, Co-Chair
Joint Committee for Review of Administrative Rules
State Capitol, 15 South
Madison, WI 53702

The Honorable Glenn Grothman, Co-Chair
Joint Committee for Review of Administrative Rules
State Capitol, Room 15 North
Madison, WI 53702

Dear Senator Robson and Representative Grothman:

Thank you for holding the hearing on June 21, 2000. In your letter of July 6, 2000, to Ave Bie, Chairperson of the Public Service Commission, you detailed Mr. Gary Evenson's proposed agency modifications of Chapter PSC 167. On behalf of my constituents, I believe the issue of the counting of unmarked ballots as "no votes" is clearly unacceptable. In addition, counting of unreturned ballots as "no votes" is also unacceptable. Like any other democratic election, the counting of ballots, marked either "no" or "yes" returned to PSC, should be the only way that ballots are counted and the outcome of the election tabulated.

I am pleased that there are proposed changes that will instruct the voters of the actual number of "yes" votes that will be needed to advance an extended service request. I believe it is important to be specific at the very beginning of the process so that customers know exactly how many ballots are distributed and how many ballots are necessary for a request to prevail or to be rejected.

I respectfully ask that the Joint Committee for Review of Administrative Rules request to the Public Service Commission, that these specific clarifications be included in the rule draft that is anticipated to be delivered to the Clearinghouse by September 1, 2000.

Sincerely,

A handwritten signature in cursive script that reads "Lorraine M. Seratti".

Lorraine M. Seratti
State Representative
36th Assembly District

LMS:mjb

cc: Roger Newhouse

KEEP IN TOUCH WITH LORRAINE!

P.O. Box 8953
18 North, State Capitol
Madison, WI
53708-8953

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E-MAIL:
Rep.Seratti@
legis.state.wi.us

Visit the State of
Wisconsin Legislature at:
www.legis.state.wi.us

COMMITTEE ASSIGNMENTS

*Chair, Small Business and
Economic Development*

*Vice-Chair, Tourism and
Recreation Committee*

*Joint Committee on Review
of Administrative Rules*

*Joint Legislative Council
Committee*

Governor's Council on Forestry

Housing Committee



P.O. Box 7882
MADISON, WI 53707-7882
(608) 266-2253

P.O. Box 8952
MADISON, WI 53708-8952
(608) 264-8486

JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

July 6, 2000

Ave Bie, Chairperson
Public Service Commission
P.O. Box 7854
Madison, WI 53707-7854

Dear Chairperson Bie:

On June 21, 2000, the Joint Committee for the Review of Administrative Rules held a hearing on ch. PSC 167, relating to elections for extended area telephone service. The hearing was prompted by a request from Representative Lorraine M. Seratti that expressed concerns about the policies of the Public Service Commission regarding the following issues:

1. The distribution, collection and counting of election ballots.
2. The duration of the election period.
3. The definition of a customer.
4. The eligibility of a customer to vote.
5. Notification of the number of customers eligible to vote.

At the hearing on June 21, a representative of the Commission, Gary Evenson, presented testimony regarding ch. PSC 167 and agency modifications of the ch. PSC 167 procedures for conducting an extended service election. The modifications and statements of policy contained in Mr. Evenson's testimony included all of the following:

1. There will be a specific and firm deadline for the consideration of returned ballots.
2. The postmark date on ballots will be used to determine if they are timely.
3. Only official ballots will be counted.
4. Unmarked ballots will be counted as "no" votes.
5. There will be no release of preliminary ballot counts.
6. The number of "yes" votes that will be needed to advance the extended area service request will be included in the material that is mailed to customers.
7. The telephone company will be instructed not to mail ballots to employees who are provided with free local telephone service.
8. The telephone company will include in its mailing the number of customers served by the requesting exchange at the time of the ballot mailing.
9. A customer with several lines will be considered a single customer, if the lines are in the same classification of service.

The Joint Committee has concluded that the procedures and statements of policy outlined by Mr. Evenson meet the definition of the term "rule" as contained in s. 227.01 (13), Stats., and requests that the Public Service Commission begin the rule promulgation process to modify ch. PSC 167 accordingly. The Joint Committee requests the PSC to respond to this letter by July 21, 2000 and have delivered a rule draft to the Clearinghouse by September 1, 2000.

Sincerely,

Senator Judith B. Robson
JCRAR Co-Chair

Representative Glenn Grothman
JCRAR Co-Chair

Roger H. Newhouse
1002 Harding Street
Niagara, WI 54151
August 12, 2000

Representative Lorraine M. Seratti
State Capitol Building
Room 18 North
P.O. Box 8953
Madison, WI 53708-8953

Dear Representative Seratti,

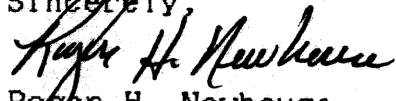
Pleased find enclosed my latest correspondence with the
Public Service Commission of Wisconsin.

We (the petitioners) of Niagara who support Extended Area
Telephone service (EAS) with bordering Michigan appeal to
your legislative support. Again, we're not asking you to
take sides on this matter. However, we do request that you
carefully monitor our present situation as we're on the
threshold of having another customer survey (or vote) on
the proposition.

In my letter to the Public Service Commission of Wisconsin
(PSC) you'll notice that I've made a few requests of behalf
of my fellow petitioners. We believe these requests are
relevant, and therefore should be implemented.

We believe that your overseeing this matter to its near
final outcome will insure a satisfactory conclusion for
all parties involved. Thank You.

Sincerely,



Roger H. Newhouse
Contact Representative for the Petitioners

Roger H. Newhouse
1002 Harding Street
Niagara, WI 54151
August 12, 2000

Mr. Thomas Gross
Public Service Commission of Wisconsin
610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

Dear Mr. Gross

I've just received your correspondence dated August 11, 2000 that pertains to our Niagara, WI petition seeking Extended Area Telephone Service (EAS) with neighboring Michigan.

We, (the petitioners) who support EAS are now in favor of moving the process forward. However, we request your agencies consideration of the following propositions:

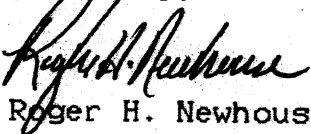
- 1.) We would like to have another option on the rate proposals in addition to the three submitted by the Niagara Telephone Company. Please consider raising the per call to \$.15 and in conjunction lower the monthly flat rate accordingly. Telephone subscribers believe that a \$.15 cent call would be simpler to tally as opposed to an odd or indiscriminate number like the proposed \$.14 cent.
- 2.) If the next customer survey is going to be done by U.S. mail please consider that a solitary mailing be ordered specifically for that purpose only. Also, please consider having the survey mailing take place between monthly phone bills.

Another allied suggestion would be to shorten the mailing timeframe that surveyed customers have in returning their ballots, i.e. 7-10 days. This would be another safeguard to ensure that potential valid ballots reach their proper destination. Finally, let's again have the mailing envelopes clearly identified, i.e. BALLOTS ENCLOSED.

Enclosed for your reading pleasure is a copy of our local July 4, 2000 newspaper. Many petitioners are sure that the Niagara Telephone Company with its expanding monetary prowess can easily afford the small postage pittance as outlined above.

For the record I would like to state that the Niagara Telephone Company with its new communications line into Kingsford, MI has remained silent about offering its home based Niagara customers a similar proposition even though the the line runs through our town.

Sincerely,



Roger H. Newhouse

Joint Committee for Review of Administrative Rules

June 21, 2000

Extended Area Service Petitions

Public Service Commission Procedures

Gary A. Evenson, Assistant Administrator
Telecommunications Division
Public Service Commission of Wisconsin

Good afternoon. My name is Gary Evenson. I am an Assistant Administrator in the Telecommunications Division of the Public Service Commission.

Extended Area Service (EAS) is a calling arrangement between two exchanges that treats calls as local. Requests for EAS are addressed in the rules of the Commission at Wis. Admin. Code ch. PSC 167. A copy of those rules has been made available to you. Also provided as a handout is a three-page document titled *Local Calling in Wisconsin*, which provides background about local calling arrangements and charges.

The process for the consideration of a petition to create an EAS arrangement between exchanges has several steps. Put simply, the process is: petition; traffic study; cost study; rate determination; ballot; and hearing. In general, the steps have thresholds to be met, before the petition can advance to the next step. These various provisions are described more fully in both the EAS rules and in the *Local Calling* handout.

One of the steps in this process is a ballot of the affected customers to determine if they are willing to pay the rate increase that would be needed to recover the costs of providing the

new EAS. The purpose of my testimony is to explain the Commission's procedures on EAS balloting.

When a case reaches this point in process, and the Commission has determined the rate increment needed for the requested EAS, the telephone company that serves the exchange of the petitioners is instructed to prepare a ballot and a written explanation of the ballot. The Commission staff reviews those materials before they are mailed. The company then mails this material to customers. The mailing includes a ballot card that is stamped and addressed to the Public Service Commission. Customers indicate their preference on the card and mail it to the Commission by a given deadline. After that deadline, the Commission staff counts the ballots. At least 50 % of the customers of an exchange need to vote affirmatively for the EAS at the indicated rates for the matter to proceed. If 50 % do not return "yes" ballots, the Commission's EAS rules specify, "the petition shall be denied."

Since the adoption of the EAS rules in 1983, there have been many petitions handled under the rules process. A few of those have reached the ballot process. In general, the process has worked well. Some ballot results met the threshold requirements and others did not.

In late 1999, the Commission had before it petitions from customers of the Florence and Niagara exchanges for EAS with Iron Mountain, Michigan. The balloting of the Niagara customers was very contested in the area; the returned "yes" ballots were very close to 50%. Because this ballot was so close (the final result was under 50 % in favor of the EAS arrangement), questions and concerns were raised about the balloting process. Although, under the rules, the Commission was required to deny the petition, the Commissioners recognized that customer skepticism about the process was real, and that improvements in the Commission

process could be made. As a result, the Commission has modified the procedures that apply to balloting for EAS.

These procedures include:

- A specific and firm deadline for the consideration of returned ballots.
- Use of the postmark date on ballots to determine if they are timely.
- A requirement that only official ballots will be counted.
- Unmarked ballots will be counted as “no” votes.
- No release of preliminary ballot counts.
- The number of “yes” votes that will be needed to advance the EAS request shall be included in the material that is mailed to customers.
- The telephone company is instructed not to mail ballots to employees who are provided with free local telephone service. The rules state that ballots go only to customers “who would experience a rate increase if the petition for extended area service is granted.”

Other issues that have been raised are “who is a customer?” and “how many ballots can a customer receive?” These are obviously relevant questions as they affect who can vote on the EAS matter.

Under the EAS rules, ballots are distributed to all customers who would experience a rate increase. At the time a telephone company is mailing ballots as required under the rules, the Commission staff will inform the company that the number of customers that will be affected be included in the letter issued with the ballot. This would be based on the number of customers served by the exchange at the time the ballots are mailed. (This number could fluctuate slightly during the balloting process as new customers enter the service territory or others disconnect

their service; however, such changes are generally minimal and the number in the letter would be fairly close to final.) Under the rules, a majority of customers need to vote in favor of the EAS proposal in order to consider it further. Accordingly, as noted above, the letter with the ballots will also indicate the number of favorable votes that would be necessary to further the consideration of the EAS proposal.

The EAS rules refer to “customers.” Customer, however, is not defined in that chapter of the Administrative Code. In another chapter of the Code, concerning general standards for telecommunications service (Wis. Admin. Code ch. PSC 165), a customer is described as “Any person, firm, partnership, corporation, municipality, cooperative organization, governmental agency, etc., provided with telecommunication service by any telecommunications utility.” In the statutes that govern the Commission’s responsibilities (Wis. Stat. ch. 196), there is a definition of “consumer” that also is relevant. A consumer under Wis. Stat. § 196.213 is “A person billed for one or more local telecommunications service access lines not to exceed one person per access line. A person billed for more than one access line may not be considered a consumer for each access line for which he or she is billed.” Given these definitions, a customer with several lines is considered a single customer, if those lines are in the same classification of service. For instance, a business customer with six lines still only gets one ballot. In general, the same holds true for residential customers. A residence with two lines would get one ballot. There are circumstances where a person may have a residence line and a business line at the same location. Because these are considered separate classifications of service, in that instance, that person would receive two ballots.

I hope that my comments have explained or clarified the process of EAS balloting. The EAS process includes customer interest as a key component of considering

service and rate changes, so a process that is fair and understandable to those involved is important. The Commission has instituted the procedural changes described earlier to improve this process.

Thank you for your attention. I am of course willing to take your questions.

GAE:t:staff\gae\EAS for JCRAR 6-00



Public Service Commission of Wisconsin

JUL 21 2000

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

July 20, 2000

The Honorable Judith B. Robson
Senate Co-Chair, Joint Committee for Review of Administrative Rules
State Capitol Room 15 South
Madison, WI 53702

The Honorable Glenn Grothman
Assembly Co-Chair, Joint Committee for Review of Administrative Rules
State Capitol Room 15 North
Madison, WI 53702

Re: Request of the Joint Committee for Review of Administrative Rules for
Modification of the Commission's Existing Rules on Extended Area
Telephone Service in Wis. Admin. Code Ch. PSC 167

Dear Senator Robson and Representative Grothman:

I am replying to your letter of July 6, 2000, in which you confirm the request of the Joint Committee for Review of Administrative Rules (JCRAR) that the Commission modify Wis. Admin. Code Ch. PSC 167 relative to Extended Area Service proceedings. This was an issue that you addressed at your meeting of June 21, 2000, relative to the procedures used by the Commission for the balloting of customers about changes to Extended Area Service arrangements. Members of the Commission staff participated in that meeting, and they have also relayed the JCRAR concerns about the balloting process.

I will be placing on the Commission agenda at the earliest possible date your request that we adopt rules addressing the points in your letter. If the full Commission concurs with your request to proceed on rulemaking, we will move expeditiously to address the promulgation of rules relative to Extended Area Service balloting procedures.

Senator Robson and Representative Grothman
Page 2

Thank you for sharing your concerns and suggestions. If you or any of the JCRAR members have questions of this matter, please contact Gary Evenson, Assistant Administrator of the Telecommunications Division, at (608) 266-6744.

Sincerely,



Ave M. Bie
Chairperson

AMB:GAE:tmg:k:\AMB\Letters\Sen. Robson, Rep. Grothman 7-20-00

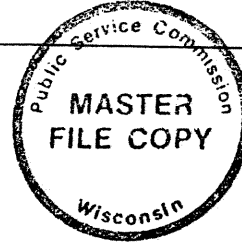
cc: Senator Welch
Senator Shibilski
Senator Grobschmidt
Senator Schultz
Representative Seratti
Representative Black
Representative Gunderson
Representative Kreuser
Ron Sklansky



Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854



January 12, 1999

Mr. Lawrence Strickling, Chief
Common Carrier Bureau
Federal Communications Commission
Portals
445 Twelfth Street, S.W.
Washington, DC 20554

Re: Petition of Customers of the Niagara Exchange of Niagara Telephone
Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-100

Petition of Customers of the Florence Exchange of Niagara Telephone
Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-101

Follow up on my November 6, 1998, Letter

Dear Mr. Strickling:

We are still very interested in getting input from the Federal Communications Commission (FCC) on the issues raised in my November 6, 1998, letter. (Attached).

The Public Service Commission of Wisconsin (Commission) is proceeding to investigate the initiation of some local calling arrangements between Iron Mountain, Michigan, and the Wisconsin exchanges of Niagara and Florence. Before this matter reaches the decision stage at this Commission, it would be very useful to have an understanding of the FCC views on the questions I raised in my earlier letter.

As noted in the November letter, if you have questions or want to discuss this further, please contact Tom Gross of my staff or call me directly. My number is (608) 266-1567. Thank you.

Sincerely,

Scot Cullen, P.E.
Administrator
Telecommunications Division

RSC:GAE:reb:t:\ss\letter\strickling ltr gae
Attachment
cc: Bill Celio, Michigan PSC

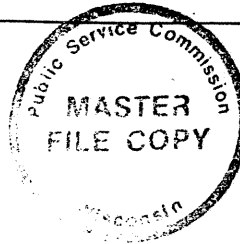


Public Service Commission of Wisconsin

Joseph P. Mettner, Chairman
John H. Farrow, Commissioner
Ave M. Bie, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

November 6, 1998



Lawrence Strickling, Chief
Common Carrier Bureau
Federal Communications Commission
Portals
445 Twelfth Street, S.W.
Washington, D.C. 20554

- Re: Petition of Customers of the Niagara Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-100
- Petition of Customers of the Florence Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-101

Dear Mr. Strickling:

The Public Service Commission of Wisconsin (Commission) is currently investigating two customer petitions to establish interstate extended area service (EAS). Customers in the Wisconsin exchanges of Florence and Niagara have petitioned for EAS with the Iron Mountain, Michigan exchange. Florence and Niagara are associated with Michigan's Upper Peninsula LATA, so the traffic in question is intraLATA, interstate traffic.

In attempting to coordinate our investigation with the Michigan Public Service Commission, staff at that commission raised the question of jurisdiction over this interstate matter. Accordingly, we have the following questions:

1. Is this interstate EAS issue one on which the Federal Communications Commission (FCC) wishes to exert jurisdiction, or can this local calling matter be addressed by the states?
2. Does the FCC have a position on the conversion of interstate, intraLATA toll traffic to local traffic, assuming that the respective state commissions can agree on a plan?
3. If the state commissions cannot agree, would the FCC resolve a dispute in such a case?

Lawrence Strickling, Chief
Dockets 4160-TV-100 and 4160-TV-101
Page 2

We are in the midst of proceedings on these petitions and would appreciate your prompt input. Thank you for your attention to this matter. Question may be addressed to Tom Gross at (608) 267-2337 or by e-mail at grosst@psc.state.wi.us.

Sincerely,



Scot Cullen, P.E.
Administrator
Telecommunications Division

RSC TAG:jah:slg:jah:t:ss/fcc/4160-TV-100 & 101-FCC-11-98-TAG

cc: William Celio, Michigan Public Service Commission
MFC/Records Management



Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

June 2, 1999

Ms. Darla Neargarth
HC1, Box 502
Florence, WI 54121-9739



Mr. Roger Newhouse
1002 Harding Street
Niagara, WI 54151-1122

Re: Petition of Customers of the Niagara Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-100

Petition of Customers of the Florence Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-101

Dear Ms. Neargarth and Mr. Newhouse:

Enclosed is a summary of the costs submitted by Niagara Telephone Company (NTC) for establishing both (1) flat rate extended area service (EAS), and (2) message rate EAS which charges customers 12 cents per call to Iron Mountain. You will note that rates are different in the two exchanges. This is due mainly to the current difference in calling levels per customer; higher calling level means more revenue lost when the service is no longer toll. In both cases, calls from Iron Mountain would remain toll calls.

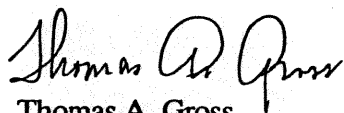
Staff reviewed the materials submitted by the company and made adjustments to arrive at the figures shown here. Since it is possible for one exchange to approve the service while the other rejects it, is not practical to average the rates to arrive a common figure. Ultimately, NTC may want to move toward equality of rates where services are equal among customers; however, the rates shown here are those that customers will initially be required to pay if approved by the Commission.

At this time, I would like your feedback regarding the practicality of continuing to consider flat-rate EAS. It appears to me that requiring all customers to pay such a high rate and obtaining approval of that rate from a majority of customers may not be feasible. (The rate shown for your exchange would be added to the current rate customers pay. For residential service, this is \$8.20 plus the \$3.50 federal end-user charge, or \$11.70 total.) The alternative of a much lower monthly rate increment with customers paying 12 cents for each all to Iron Mountain may be a more practical approach which puts much of the cost on those using the service. I feel that asking customers which alternative they prefer could be confusing and not yield good results. It is also not practical to survey regarding flat-rate service, for example, and then survey again on the message rate option if the flat rate fails to receive a majority favorable response.

Ms. Darla Nearingth
Mr. Roger Newhouse
Docket 4160-TV-100
Page 2

Please let me know if you agree that the customer survey should ask whether customers are willing to pay the incremental rate shown so that calls to Iron Moutain would be priced at 12 cents per call. I can be reached at (800) 225-7729 if you have questions or wish to respond by phone.

Sincerely,



Thomas A. Gross
Principal Rate Analyst
Telecommunications Division

TAG:slg:reb:t:\ss\letter\nearingth & newhouse ltr 5-99

NIAGARA TELEPHONE COMPANY

SUMMARY OF EAS STUDY

05/07/99
09:08 AM

<u>FLAT RATE METHOD (SCENARIO #1)</u>	<u>NIAGARA</u>	<u>FLORENCE</u>	<u>TOTAL</u>
LOSS OF INTERSTATE ACCESS REVENUES	\$97,878	\$53,387	\$179,967
LOSS OF INTERSTATE BILLING AND COLLECTING REVENUES	\$20,802	\$9,615	\$30,417
DECREASE IN SERVICE BUREAU COST	(\$8,090)	(\$3,739)	(\$11,829)
LOSS OF INTRASTATE FX REVENUE	\$37,536	\$25,944	\$63,480
TERMINATING ACCESS COSTS DUE TO AMERITECH	\$100,546	\$80,532	\$181,078
CAPITAL EXPENDITURE ANNUAL REVENUE REQUIREMENT	<u>\$20,810</u>	<u>\$17,342</u>	<u>\$38,153</u>
TOTAL LOSS OF REVENUE AND ADDITIONAL COSTS	\$269,482	\$183,081	\$481,266
1998 AVERAGE NUMBER OF ACCESS LINES	<u>1,472</u>	<u>1,179</u>	<u>2,651</u>
EAS COST PER ACCESS LINE PER MONTH - FLAT RATE	<u>\$15.26</u>	<u>\$12.94</u>	<u>\$15.13</u>

NIAGARA TELEPHONE COMPANY

SUMMARY OF EAS STUDY

05/07/99
10:10 AM

12 CENTS PER MESSAGE METHOD (SCENARIO #2) <u>(FLORENCE & NIAGARA - EAS PRICED AT 12 CENTS PER CALL)</u>	<u>NIAGARA</u>	<u>FLORENCE</u>	<u>TOTAL</u>
LOSS OF INTERSTATE ACCESS REVENUES	\$97,878	\$53,387	\$179,967
LOSS OF INTERSTATE BILLING AND COLLECTING REVENUES	\$20,802	\$9,615	\$30,417
DECREASE IN SERVICE BUREAU COST	(\$8,090)	(\$3,739)	(\$11,829)
LOSS OF INTRASTATE FX REVENUE	\$37,536	\$25,944	\$63,480
TERMINATING ACCESS COSTS DUE TO AMERITECH	\$100,546	\$80,532	\$181,078
CAPITAL EXPENDITURE ANNUAL REVENUE REQUIREMENT	\$20,810	\$17,342	\$38,153
BILLING AND COLLECTING COST TO BILL 12 CENTS PER MSG	<u>\$67,398</u>	<u>\$53,983</u>	<u>\$121,381</u>
TOTAL LOSS OF REVENUE AND ADDITIONAL COSTS	\$336,880	\$237,064	\$602,647
REVENUE GENERATED AT 12 CENTS PER CALL	<u>\$224,660</u>	<u>\$179,942</u>	<u>404,602</u>
REVENUE WINDFALL (SHORTFALL)	<u>(\$112,220)</u>	<u>(\$57,122)</u>	<u>(\$198,045)</u>
PER ACCESS LINE PER MONTH ADDITIONAL	\$6.35	\$4.04	\$6.23



Public Service Commission of Wisconsin

Ave M. Bie, Chairperson
Joseph P. Mettner, Commissioner
John H. Farrow, Commissioner

~~MAR 15 2000~~
MAR 16 2000
610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

March 14, 2000

Mr. Roger H. Newhouse
1002 Harding Street
Niagara, WI 54151

Re: Balloting Issues

Dear Mr. Newhouse:

Thank you for your letter of February 28, 2000, in which you asked some specific process questions about extended area service (EAS).

1. Who will work on a Niagara EAS petition? Work assignments are made based on professional expertise, subject matter experience, and general staff availability and responsibilities. I anticipate that Tom Gross and Gary Evenson of the Telecommunications Division will be handling any future Niagara EAS matters. Tom Gross is our lead analyst responsible for calling area issues and Gary Evenson, as Assistant Administrator, oversees these matters. Depending on workloads at the time of the filing of any future petition, however, it is possible that other assignments would be made based on the criteria I noted above. We are aware of your concerns about the last Niagara EAS balloting, and we will be very focused on the effective processing of any future ballot situation. Based on our experience, and your input, we have fine tuned our ballot-handling practices in general. For instance, the materials will re-emphasize that only official ballots will be accepted and that unmarked and unreturned ballots are equivalent to "no" votes; preliminary ballot totals will not be released; a firm due date for ballots will be established using a postmark date; and the ballot counting will be conducted very shortly after that due date.
2. What is a customer? Under the EAS rules (Wis. Admin. Code ch. PSC 167), ballots are distributed to all customers who would experience a rate increase. At the time Niagara Telephone Company would issue ballots as required under the rules, the Public Service Commission (Commission) will require the number of customers be included in the letter issued with the ballot. This would be based on the number of customers served by the Niagara exchange at the time the ballots are mailed. This number could fluctuate slightly during the balloting process as new customers enter the service territory or others disconnect their service; however, such changes are generally minimal and the number in the letter would be fairly close to final. Under the rules, a majority of customers need to vote in favor of the EAS proposal in order to consider it further. Accordingly, the letter

with the ballots will indicate the number of favorable votes that would be necessary to further the consideration of the EAS proposal.

3. How many ballots can a customer receive? The EAS rules refer to customers, although customer is not defined in that chapter of the Administrative Code. In another chapter of the code, concerning general standards for telecommunications service (Wis. Admin. Code ch. PSC 165), a customer is described as "Any person, firm, partnership, corporation, municipality, cooperative organization, governmental agency, etc., provided with telecommunication service by any telecommunications utility." In the statutes that govern the Commission's responsibilities (Wis. Stat. ch. 196), there is a definition of "consumer" which seems relevant here. A consumer under Wis. Stat. § 196.213 is "A person billed for one or more local telecommunications service access lines not to exceed one person per access line. A person billed for more than one access line may not be considered a consumer for each access line for which he or she is billed."

So, given these definitions, a customer with several lines is considered a single customer, if those lines are in the same classification of service. For instance, a business customer with six lines still only gets one ballot. In general, the same holds true for residential customers. A residence with two lines would get one ballot. As you point out, there are circumstances where a person may have a residence line and a business line at the same location. Because these are considered separate classifications of service, in that instance, that person would receive two ballots.

4. Can telephone company employees vote? The EAS rules indicate that a ballot would be "distributed to all customers who would experience a rate increase if the petition for extended area telephone service is granted." It is our understanding* that employees of the Niagara Telephone Company do get free local service from Niagara Telephone Company, but they pay for their long distance calls. If extended area service were provided to Niagara Telephone Company, it seems possible they would pay less for their service; however, it also appears that they would not have to pay the increased rate applicable to adding the extended area service. Accordingly, it is staff's intention to inform Niagara Telephone Company that EAS ballots not be distributed to employees of Niagara Telephone Company who get free local service. Those employees would not be included in the customer number discussed in item 2 above.

In your letter you also asked that EAS ballots be sent in a mailing separate from telephone bills. This is matter that we will address at the time balloting is considered, following receipt of a petition. We will follow up on that matter at that time.

Mr. Roger H. Newhouse
Page 3

Thank you for your continued interest in this subject.

Sincerely,



Scot Cullen, P.E.
Administrator
Telecommunications Division

RSC:GAE:slg:reb:t:\ss\letter\newhouse ltr 3-00

cc: Representative Lorraine Seratti
Senator Roger Breske
Sydney Peterson, Niagara Telephone Company
Paul Nelson, PSC
Bert Garvin, PSC

considered all revenue requirement shall generally be allocated to the exchange that would be provided with the service.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.08 Customer survey. (1) Subsequent to the determination of rate increments necessary to provide the requested extended area service, or reasonable variations of the requested service, the commission shall direct the utilities to conduct a survey of customer willingness to pay the necessary rate increments. The survey shall be approved by the commission and distributed to all customers who would experience a rate increase if the petition for extended area telephone service is granted.

(2) Unless at least 50% of the customers in one of the surveyed exchanges respond favorably to the requested service, or to a variation of the requested service, the petition shall be denied, and the commission need not consider any petition for extended area telephone service between those exchanges for 2 years.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.09 Hearing. (1) If at least 50% of the customers in one of the exchanges surveyed in accordance with s. PSC 167.08 respond favorably to the requested extended area service at the proposed rate increment, the commission shall hold a public hearing to consider whether the petition should be granted.

(2) In determining whether to grant or deny the petition for extended area telephone service, the commission shall consider such factors as adequacy of existing telephone service between the exchanges, costs and benefits of the proposed service and community of interest between the exchanges.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.10 Metroplan. If the petition requests Milwaukee metroplan telephone service, the commission may consider the entire metroplan area to which extended area service is requested, or a variation thereof, as one exchange.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

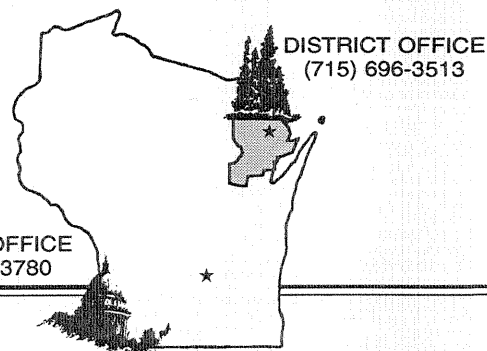
Changes to rule:

- 1) Distribution of ballots process
- 2) Time frame of election process
- 3) Time frame for reconsideration of election process. (2 yrs.)

LORRAINE M.
SERATTI

STATE REPRESENTATIVE
36TH ASSEMBLY DISTRICT

P.O. Box 8953, State Capitol, Madison, WI 53708-8953
Toll-Free Legislative Hotline: 1 (800) 362-9472



May 4, 2000

Senator Judith Robson
Joint Committee on Finance Co-Chair
Room 15 South, State Capitol
Madison, WI 53707

Representative Glenn Grothman
Joint Committee on Finance Co-Chair
Room 15 North, State Capitol
Madison, WI 53708

Dear Judy and Glenn,

As a member of the JCRAR, I am renewing my appeal to hold a hearing on PSC Rule 167 related to elections for extended area telephone service.

The committee is scheduled to meet on May 10th and I feel it is imperative that the election process for extended area telephone service be fair, clear and consistent before another election is held anywhere in the state.

Specifically, I am asking that the committee request of the PSC to incorporate into a rule the policy of the agency related to elections for extended are telephone service as it relates to the following:

- 1) The distribution, collection and counting of ballots,
- 2) The timeframe in which the election concludes,
- 3) The definition of a telephone customer, e.g., business, residential, multi-line accounts, etc.,
- 4) The clarification of the exact timeframe and criteria for reconsideration of the election process,
- 5) The clarification of the criteria used to determine how many "customers" are eligible to vote and a process for notification to the public of the number of customers prior to conducting a survey in any given exchange.

As I have expressed earlier, far too many irregularities have occurred which have resulted in the public's trust being broken. You have a chance to restore that trust by adding this item to your hearing notice for next week.

Thank you for your prompt consideration of this important issue.

Sincerely,

Lorraine M. Seratti
36th District Representative

Chair: Small Business and Economic Development Committee • **Vice Chair:** Mandates Committee

Member: Ways and Means Committee • Children and Families Committee • Rural Affairs Committee
Special Committee on State and Federal Relations • Legislative Council • Governor's Council on Forestry
Council of State Government's, Midwest and Canada Relations Committee

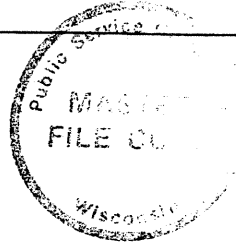


Public Service Commission of Wisconsin

Joseph P. Mettner, Chairman
John H. Farrow, Commissioner
Ave M. Bie, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

Ms. Mary Joanis
Ameritech-Wisconsin
722 North Broadway, 17th Floor
Milwaukee, WI 53202-4396



- 640
00:01
- Re: Petition of Customers of the Niagara Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-100
- Petition of Customers of the Florence Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-101
- Results of Traffic Study and Request for Cost Studies

Dear Ms. Joanis:

At its open meeting of December 10, 1998, the Commission accepted the traffic studies submitted by Niagara Telephone Company regarding calling from the Niagara and Florence exchanges to Iron Mountain, Michigan. The Commission found that this traffic satisfies Wis. Admin. Code § PSC 167.06, and it is directing Niagara Telephone Company to submit a study of its costs to implement various forms of extended area service (EAS). In order to obtain complete cost information, your assistance is required in coordinating the submission of cost/revenue loss information from Ameritech Michigan.

The Michigan Public Service Commission staff has indicated that it might support some form of EAS between Iron Mountain and the Wisconsin communities if there was no cost to Michigan customers. Since Ameritech-Michigan would incur some expense and/or revenue loss under any scenario, it is necessary to determine those costs in order to make provision for their reimbursement. We seek cost information for three scenarios: (1) one-way, flat-rate EAS from Florence and Niagara into Iron Mountain, (2) calling to Iron Mountain from Florence and Niagara priced at 12 cents per call, and (3) calls from Florence, Niagara, Aurora, and Spread Eagle to Iron Mountain priced at 12 cents per call.

Calling arrangements from Iron Mountain to Niagara Telephone Company exchanges would not change.

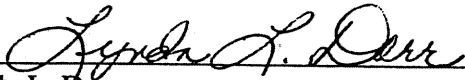
Ms. Mary Joanis
Dockets 4160-TV-100 and 4160-TV-101
Page 2

For scenarios 1 and 2, costs should be reported separately for the Florence and Niagara exchanges. In each case the report should indicate the cost (materials & labor) of facilities to handle additional traffic, the loss of toll revenues, savings in access charges and in billing and collection costs. The report should also indicate the net annual revenue requirement in each case. This information should be submitted to the Commission within sixty days of the date of this letter.

Questions on this matter may be addressed to Tom Gross at (608) 267-2337.

Dated at Madison, Wisconsin, December 11, 1998

By the Commission:



Lynda L. Dorr
Secretary to the Commission

LLD:TAG:slg:g:\letter orders\pending4160-TV-100 & 4160-TV-101 Joanis TAG

cc: RM/MFC
RM/Orders
Roger Newhouse
Darla Nearing
Sidney Peterson, Niagara Telephone Company

See Attached Notice of Appeal Rights.

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.



Public Service Commission of Wisconsin

Joseph P. Mettner, Chairman
John H. Farrow, Commissioner
Ave M. Bie, Commissioner

130 + 00:01
640 → 00:01
00:02

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

Mr. Sidney Peterson
Niagara Telephone Company
P.O. Box 3
Niagara, WI 54151-0003



Re: Petition of Customers of the Niagara Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-100

Petition of Customers of the Florence Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan 4160-TV-101

Results of Traffic Study and Request for Cost Studies

Dear Mr. Peterson:

At its open meeting of December 10, 1998, the Commission considered the traffic studies you submitted for the Niagara to Iron Mountain and Florence to Iron Mountain routes. The Commission finds this traffic adequate in both cases to meet the criteria contained in the rules for extended area service (EAS), specifically Wis. Admin. Code § PSC 167.06(1). Therefore, in accordance with Wis. Admin. Code § PSC 167.07, a cost study should be submitted for each of these routes.

Each cost study should identify the cost of materials and labor associated with new facilities to handle the anticipated increase in traffic under three scenarios for the pricing of calls to the Iron Mountain exchange. In each case, assume that the price of calling from Iron Mountain would remain as it is today. The scenarios are: (1) flat rate extended area service, (2) calls to Iron Mountain from Florence and Niagara priced at 12 cents per call, and (3) calls to Iron Mountain from all four of your exchanges priced at 12 cents per call. The report should also include lost access revenues, and, where appropriate, the anticipated revenue from usage. Capital expenditures should also indicate the annual revenue requirement for recovering the cost, based on pertinent taxes, return on equity, etc.

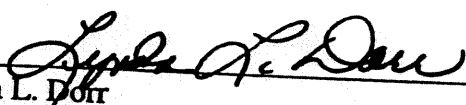
Calling arrangements from Iron Mountain to the Niagara Telephone Company exchanges would not change.

Mr. Sidney Peterson
Dockets 4160-TV-100 and 4160-TV-101
Page 2

This cost study should be submitted to the Commission within 60 days of the date of this letter.
Questions on this matter may be addressed to Tom Gross at (608) 267-2337.

Dated at Madison, Wisconsin, December 11, 1998

By the Commission:


Lynda L. Dorf
Secretary to the Commission

LLD:TAG:slg:reb:g\letter orders\pending\4160-TV-100 & 101 Peterson TAG

cc: RM/MFC
RM/Orders
Mary Joanis, Ameritech Wisconsin
Roger Newhouse
Darla Nearing

See attached Notice of Appeal Rights.

Mr. Sidney Peterson
Docket 4160-TV-100 and 4160-TV-101
Page 3

Notice of Appeal Rights

Notice is hereby given that a person aggrieved by the foregoing decision has the right to file a petition for judicial review as provided in Wis. Stat. § 227.53. The petition must be filed within 30 days after the date of mailing of this decision. That date is shown on the first page. If there is no date on the first page, the date of mailing is shown immediately above the signature line. The Public Service Commission of Wisconsin must be named as respondent in the petition for judicial review.

Notice is further given that, if the foregoing decision is an order following a proceeding which is a contested case as defined in Wis. Stat. § 227.01(3), a person aggrieved by the order has the further right to file one petition for rehearing as provided in Wis. Stat. § 227.49. The petition must be filed within 20 days of the date of mailing of this decision.

If this decision is an order after rehearing, a person aggrieved who wishes to appeal must seek judicial review rather than rehearing. A second petition for rehearing is not an option.

This general notice is for the purpose of ensuring compliance with Wis. Stat. § 227.48(2), and does not constitute a conclusion or admission that any particular party or person is necessarily aggrieved or that any particular decision or order is final or judicially reviewable.

Revised 9/28/98

Rec'd

PUBLIC SERVICE COMMISSION OF WISCONSIN

Memorandum



November 9, 1998

FOR COMMISSION AGENDA

TO: The Commission

FROM: Scot Cullen, Administrator *SC*
Thomas Gross, Principal Rate Analyst *TG*
Telecommunications Division

RECEIVED #4
12-10-98

NOV 12 1998

Commissioners' Office

RE: Petition of Customers of the Niagara Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan

4160-TV-100 ✓

Petition of Customers of the Florence Exchange of Niagara Telephone Company for Extended Area Service With the Iron Mountain Exchange of Ameritech Michigan

4160-TV-101

Results of Traffic Study and Request for Cost Studies

Suggested Minute: The Commission approved a letter to Niagara Telephone Company directing it to submit a study of the cost of providing local service from the Niagara and Florence exchanges to the Iron Mountain, Michigan, exchange. The Commission approved a letter to Ameritech-Wisconsin requesting that it coordinate submission of cost information for Ameritech-Michigan.

Background

On April 8, 1998, the Commission received a petition from customers of the Niagara exchange of Niagara Telephone Company (NTC) requesting extended area service (EAS) with the Iron Mountain, Michigan exchange. On May 20, 1998, the Commission received a similar petition from customers of NTC's Florence exchange. Iron Mountain is served by Ameritech-Michigan. Notices of Investigation were issued on April 24 and June 17, 1998, respectively. By letter dated April 16, 1998, staff notified NTC of the first petition and requested traffic data as provided in the EAS rules, Wis. Admin. Code ch. PSC 167.

Traffic Study Results

Traffic data submitted by NTC at Commission staff request indicates that calling from the Niagara exchange clearly exceeds the criteria set by the EAS rules, Wis. Admin. Code § PSC 167.06(1), while calling from the Florence exchange is marginal. The results of the traffic study covering five months ending June 10, 1998, are:

Calling to Iron Mountain, MI From:	Five-Month Average		Best Month	
	Ave. Calls Per Customer	% of Customers with > 2 Calls	Ave. Calls Per Customer	% of Customers with > 2 Calls
Niagara	16.5	70.5	19.2	74.6
Florence	7.6	46.2	8.6	51.5
EAS Rules Criteria	5.0	50	5.0	50

At Florence, the average number of calls exceeds the rules criterion, but the percent of customers making three or more calls is a closer call. The rules do not specify the number of months for which traffic must be studied; we seek "representative" traffic not biased by factors that may cause short-term anomalies. In the five months of the traffic study, usage in the May billing period exceeded that of any of the previous three months and the June billing period was highest of all. There appears to be a seasonality of calling which would be highest in the summer months. Even if the annual average does not exceed 50 percent of customers placing three or more calls, it is likely to be close to that figure. Under Wis. Admin. Code § PSC 167.06(3), the Commission may waive or vary the traffic requirement in special or unusual situations. Florence petitioners should be given the benefit of the doubt and costs should be studied for both exchanges.

Cost Studies

The EAS rules provide that a cost study should be submitted to the Commission from which the Commission may determine the additional revenue requirement attributable to the proposed EAS. In a "normal" EAS case, once the traffic threshold has been passed, a cost study of establishing two-way EAS is contemplated by the EAS rules. In this case, there is a need to modify the direction for cost studies because of the strong interest in calling to Iron Mountain, and because two-way service is not favored by the Michigan Public Service Commission.

The rules provide that, in general, when there is a significant difference in the interest among customers for calling between the exchanges, the entire revenue requirement would be allocated to the exchange with the greatest customer interest. Though we do not have data on calling from Iron Mountain to Florence and Niagara, it is probable, given the relative populations,¹ that calling per customer from Iron Mountain is less than one-tenth of the per customer calling in the reverse direction. Therefore, it is reasonable to allocate the entire revenue requirement for the expanded calling to NTC customers in the affected exchanges. From the revenue requirement, the Commission will determine the rate increases needed to pay for the EAS and will direct NTC to survey customers regarding their willingness to pay the higher rates.

Because this is an interstate matter, the staff contacted the Michigan Public Service Commission (MPSC) to determine its interest in these matters. MPSC staff responded by letter dated July 23, 1998 (attached) stating that no new EAS arrangements had been approved in Michigan in 20 years. MPSC staff concluded that the Michigan Commission is not likely to

¹ Iron Mountain/Kingsford population is 14,005. Niagara (city) population is 2,053. Florence (town) population is 2,293. In each case, there are additional communities in the exchange, these figures are provided in order to indicate relative size.

approve two-way EAS in the instant cases. MPSC staff believes that approval of the Federal Communications Commission (FCC) would be required.

MPSC staff expressed willingness to support any plan for calling from the two Wisconsin exchanges if: (a) Ameritech-Michigan is compensated for lost revenues, and (b) increased costs of any plan would not be at the expense of Michigan consumers. For calling from Iron Mountain to the two Wisconsin exchanges, the MPSC staff suggested those calls should remain priced at toll rates. It further expressed the view that the present two-way EAS arrangements between Iron Mountain and the other two NTC exchanges (Aurora and Spread Eagle) should continue.

The MPSC staff has expressed reluctance to support either two-way EAS for the Niagara and Florence exchanges or removal of existing EAS with the Aurora and Spread Eagle exchanges. Wisconsin Commission staff suggests that, ultimately, it may be reasonable that calling to Iron Mountain from all four NTC exchanges be treated alike.

Wisconsin treats local calling to other exchanges in three ways: (1) as traditional EAS, defined as unlimited calling included in the customer's monthly local service rate,² (2) at per message charges, and (3) at per minute charges under the extended community calling (ECC) plan.³ ECC rates are 5 cents per minute in most areas, although the rate at NTC is 7 cents per minute.

In approving interstate EAS between La Crosse, Wisconsin, and Hokah, Minnesota, this Commission authorized a per minute rate of 5 cents so that the company serving La Crosse (CenturyTel of Wisconsin, Inc.), could recover its costs. Such a plan was deemed reasonable because demand for calling to Hokah was not pervasive throughout the La Crosse exchange,

² Sometimes this is identified as a separate, nonoptional charge on customers bills.

³ One company gives customers the option of paying 5 cents/minute for EAS calls. For another company this rate is mandatory for EAS calls.

which is not the case for calling to Iron Mountain at Florence and Niagara. Hokah customers have unlimited calling to La Crosse as part of their basic local service.

In the instant cases, the Wisconsin communities of NTC have relatively high per customer demand for the calling at issue. In such cases, per minute charges do not seem an appropriate way to fulfill customer interests; the petitions seek EAS which is generally not priced per minute of use. While flat-rate service will be considered, it seems likely that a message-rate service may be more palatable to the MPSC and such pricing has been suggested by NTC management. Message-rate pricing puts much of the financial burden on those using the service. Ameritech, with two-thirds of the Wisconsin residential market, prices all local calling in this manner. GTE offers this form of pricing as an option to residential customers.

The Hokah-La Crosse example and the one-way, optional Metroplan service available in 15 exchanges in southeast Wisconsin demonstrate the feasibility of price differences for calling in opposite directions on a given route. The major drawback to different prices for calls in opposite directions on a given route is that customers will respond to price signals and find a way to substitute the cheaper call for the more expensive call.

Given the response of MPSC staff, it is not likely that calling from Iron Mountain to the four Wisconsin exchanges will change. For calling to Iron Mountain, staff believes it would be appropriate to consider three options: (1) flat rate EAS for Niagara and Florence exchange customers, (2) per message charges of 12 cents⁴ for calls placed by Niagara and Florence exchange customers, and (3) per message charges of 12 cents which would apply to all Iron Mountain calls placed by all NTC customers, including those in the Aurora and Spread Eagle exchanges.

⁴ The 12 cents per message is GTE North Incorporated's existing EAS rate.

For each option, NTC should submit a study of its costs. These costs should include, for NTC: lost access revenues, cost of additional facilities, and billing costs. For each option, NTC should also provide the total annual revenue requirement. A letter requesting this information is attached.

In order to comply with MPSC staff's position that no costs accrue to Michigan customers, it is necessary to ascertain the costs that Ameritech-Michigan would incur under each of the scenarios discussed above. Arrangements may then be made for NTC to reimburse those costs. It is appropriate to seek the assistance of Ameritech-Wisconsin in obtaining this cost information from Ameritech-Michigan. A letter to this effect is attached.

The Michigan Commission staff has raised the issue of FCC involvement in this case. Past experience in Wisconsin indicates that the FCC would defer to the state commissions regarding interstate EAS. To address the question of the interest of the FCC in these EAS matters, staff has written to the FCC to determine its views.

RSC:TAG:slg:reb:t:\ss\cmemo\4160-tv-100 & 4160-tv-101 cmemo tag

Attachments



Public Service Commission of Wisconsin

Cheryl L. Parrino, Chairman
Daniel J. Eastman, Commissioner
Joseph P. Mettner, Commissioner

610 North Whitney Way
P.O. Box 7854
Madison, WI 53707-7854

April 16, 1998

Mr. Sydney Peterson
Niagara Telephone Company
1141 Main Street
Niagara, WI 54151-1417

Re: Petition of Customers of the Niagara Exchange of Niagara
Telephone Company for Extended Area Service With the
Iron Mountain Exchange of Ameritech- Michigan

4160-TV-100

Dear Mr. Peterson:

The Commission has received a petition from approximately 591 customers of the Niagara exchange requesting extended area service (EAS) with the Iron Mountain, Michigan exchange (774, 776, and 779 in area code 906). The petition satisfied the requirement of § PSC 167.05(1), Wis. Adm. Code for a valid EAS petition. In accordance with further provisions of ch. PSC 167, a traffic study should now be conducted.

Assuming that the traffic satisfies the criteria of § PSC 167.06(1) an economic (cost) study will be required. By copy of this letter to Ameritech-Michigan and the Michigan Public Service Commission, we solicit the cooperation and assistance of those parties in this investigation. Copies of the Wisconsin EAS rules are enclosed for those parties.

Questions on this matter may be addressed to me at (608) 267-2337.

Sincerely,

Thomas A. Gross
Principal Rate Analyst
Telecommunications Division

TAG:\slgt:\staff\tag\4160-tv-100a-4-98

Enclosure

cc: Ameritech-Michigan (w/enc)
Howard Bradshaw, MPSC (w/enc)
Roger Newhouse (without/enc)



State of Michigan
John Engler, Governor

Department of Consumer & Industry Services
Kathleen M. Wilbur, Director

Public Service Commission

6545 Mercantile Way
P.O. Box 30221
Lansing, MI 48909-7721
Telephone: 517-334-6445
TTY: 517-373-7489

Commissioners

John G. Strand
John C. Shea
David A. Svanda

July 23, 1998

Wisconsin Public Service Commission
610 North Whitney Way
P. O. Box 7854
Madison, WI 53707 7854
Attn: Scot Cullen

4160-TV-100
4160-TV-101

Dear Mr. Cullen:

My Staff and I have reviewed your letter, and the copies of the petitions from the customers of the two Wisconsin exchanges seeking EAS with the Iron Mountain, Michigan exchange. It is still not entirely clear what specific participation is being asked of the Michigan Public Service Commission and its Staff in the Wisconsin Public Service Commission investigation. I can not speak for the Commission, but I will offer the Communications Division Staff's reaction to the EAS and other calling options you and your Staff are exploring for these exchanges. We appreciate and understand the difficult questions and controversies associated with the entire concept of EAS, but we must also work within the confines of our Michigan statutes and direction given from our Commission over time regarding this issue.

First of all, since the traffic between the Florence and Niagara, Wisconsin exchanges and the Iron Mountain, Michigan exchange is classified as interstate intraLATA, we believe the jurisdiction lies with the Federal Communications Commission (FCC). While it has been the experience of the Wisconsin Commission, that if the two states can reach agreement, the FCC has not opposed changes to the classification of traffic for interstate intraLATA exchanges, nevertheless, it would seem some type of FCC approval would be required.

As your letter acknowledges, the Michigan Staff is not eager to open the topic of EAS in Michigan. As for the Commission, Elizabeth Durbin and I explained the MPSC has not approved any new EAS areas in Michigan in well over twenty years. The most recent statewide investigation into the matter resulted in the approval of an optional discount toll calling plan for adjacent exchanges where EAS is not available. The adjacent exchange toll calling plans are offered by Ameritech and GTE as required by Michigan law. All providers of regulated toll services in Michigan must also offer, pursuant to Michigan law, an optional discount toll plan for calling to exchanges within 20 miles of a customer's home exchange. These plans are for intrastate calling.

Attachment A to your letter lists several rate options being considered by the Wisconsin Staff. In general, the Michigan Staff would not stand in the way of Wisconsin obtaining FCC approval of any alterations in the calling from the two Wisconsin exchanges to the Iron Mountain Michigan exchange, subject to two conditions. Those conditions are, that Ameritech Michigan would be

MFC
Tel/TAG

compensated for any lost revenues and increased costs associated with any change from present arrangements would not be at the expense of Michigan consumers. Option B of the listed options for calling from Wisconsin to Michigan proposes the other two exchanges of the Niagara Telephone Company, Aurora and Spread Eagle, be converted to whatever plan is adopted for the Florence and Niagara exchanges. The Aurora and Spread Eagle exchanges presently have two way EAS with Iron Mountain (these exchanges already had EAS at divestiture) . Staff opposed elimination of existing EAS. That question was raised in the last review of EAS in Michigan in the context of making all EAS vs. toll calling equal in all exchanges. The Commission rejected that concept and did not alter any existing EAS arrangements.

Turning to the listed options for calling from the Iron Mountain exchange to the Wisconsin exchanges, option C1 is the only supportable option, in Staff's view. The Commission has not approved any changes to the adjacent exchange toll calling plans. This possibly eliminates option C2. As stated above, Staff would not support any changes to existing EAS areas, thereby eliminating options C3 and D.

Do not hesitate to contact Elizabeth Durbin or myself if you would like to discuss this matter further.

Sincerely,



William J. Celio, Director
Communications Division

cc: Elizabeth Durbin

Attachment A

Calling from Wisconsin Exchanges

A1 Flat Rate

A2 Per call pricing (e.g., 12 cents per call)

A3 Per minute pricing (e.g., 7 cents per minute) (prices are theoretical at this point)

B Convert Aurora and Spread Eagle to the same plan.

Calling from Iron Mountain

C1 Remain Toll

C2 Convert to pricing like the Michigan intraLATA toll plan

C3 Adopt pricing like that for calling to Iron Mountain

D Price calls to Aurora and Spread Eagle like calls to Florence and Niagara

NOTE: While any combination is possible, the goal is to avoid a huge difference in pricing for calling in opposite directions. We would consider reimbursement by Niagara to Ameritech for its net costs/revenue loss

These plans are options raised by the Commission staff. We have had no input on the viability or desirability of these options from customers or providers at this point.

Mr. William Celio
Dockets 4160-TV-100/4160-TV-101
Page 2

The petitioners are served by the Niagara and Florence exchanges of Niagara Telephone Company (Niagara). Niagara's other two exchanges, Aurora and Spread Eagle, have two-way EAS with Iron Mountain. We recognize a need to balance the competing interests of providing equity in the services offered at the different exchanges and of minimizing the reduction in the level of service available at any particular exchange.

Several potential plans for eliminating toll-charges for customers in the Florence and Niagara exchanges are shown on Attachment A. We realize that a one-way price reduction would increase costs by increasing the volume of traffic terminating at Iron Mountain. Further, significant price differences can produce uneconomic customer behavior. If the Michigan Commission is not willing to consider any of these, please let me know immediately.

Thank you for your consideration of this matter. The staff person handling this matter in Wisconsin is Tom Gross. Please call him at (608) 267-2337 if you have questions on this matter. I can be reached at (608) 266-1567 if you wish to discuss procedural issues.

Sincerely,



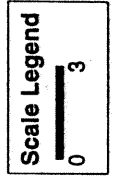
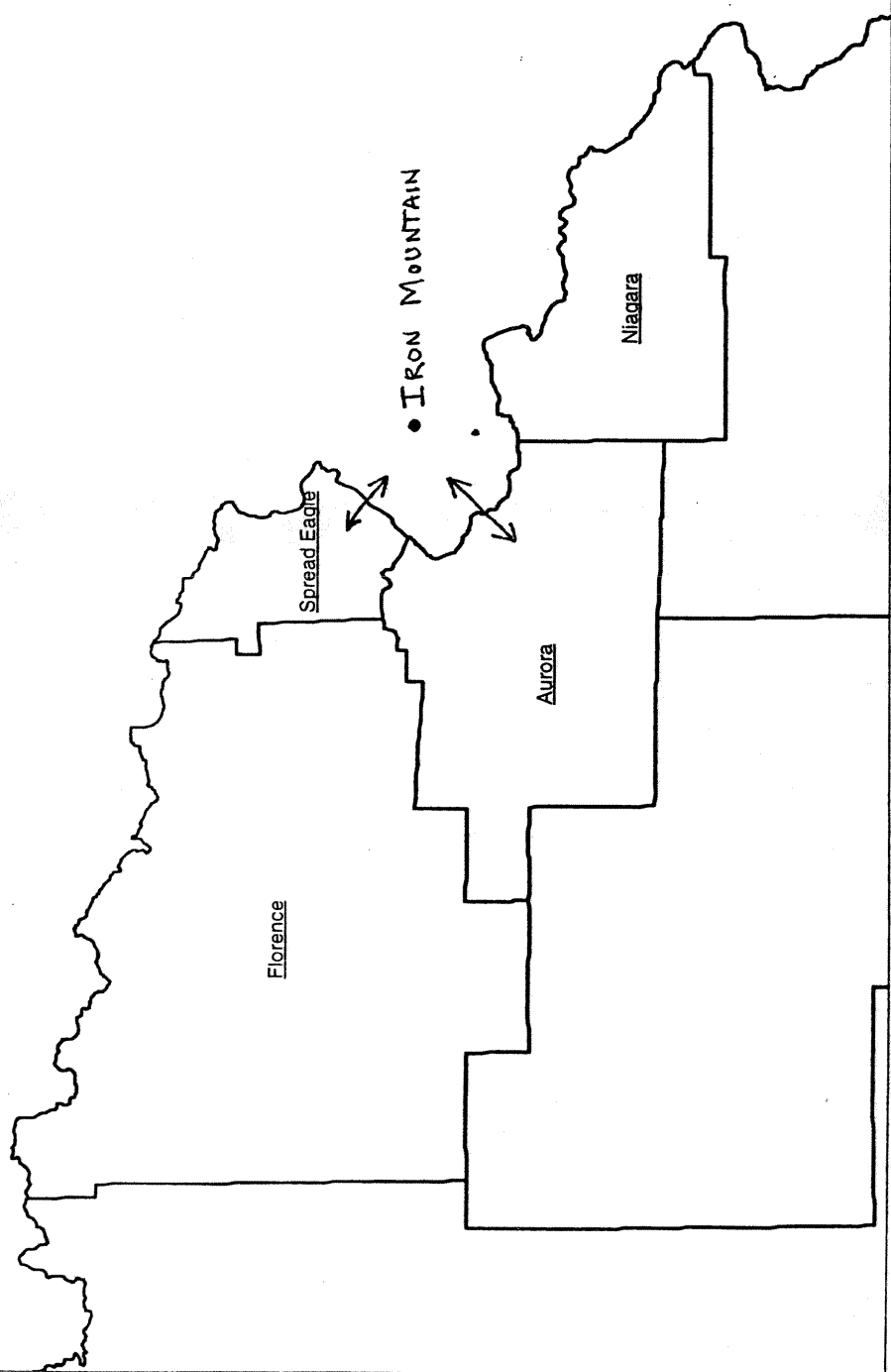
Scot Cullen, P.E.
Administrator
Telecommunications Division

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Attachments

cc: Mary Joanis, Ameritech Wisconsin
Niagara Telephone Company

Niagara Telephone Company



Unofficial Text (See Printed Volume). Current through date and Register shown on Title Page.

Chapter PSC 167

EXTENDED AREA TELEPHONE SERVICE

PSC 167.01	Purpose.
PSC 167.02	Definitions.
PSC 167.03	Petition; contents.
PSC 167.04	Petition; procedural provisions; challenge.
PSC 167.05	Petition; criteria for consideration.

PSC 167.06	Traffic study.
PSC 167.07	Economic study.
PSC 167.08	Customer survey.
PSC 167.09	Hearing.
PSC 167.10	Metroplan.

PSC 167.01 Purpose. The purpose of this chapter is to set forth requirements for consideration of petitions requesting extended area telephone service and to require customers receiving new extended area service to bear the costs of such service.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.02 Definitions. (1) "Community of interest" means that customers of one exchange have substantial telecommunication requirements with respect to another exchange, as determined by the measurable use of communications services between the exchanges and by such factors as the location of schools, medical services, shopping and civic, cultural and social agencies and organizations and the like.

(2) "Extended area telephone service" means telephone service in which customers in one exchange may call customers in another exchange or combination of exchanges without incurring toll charges.

(3) "Metroplan" means the contiguous exchanges in and around Milwaukee currently served by either metroplan or metrozone service as provided by the Wisconsin telephone company tariff, and any future additions thereto.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.03 Petition; contents. (1) A petition for extended area telephone service shall be filed with the commission and shall contain:

(a) The name of the telephone utility serving the petitioners' exchange;

(b) The name of the telephone utility serving the exchange or exchanges with which extended area service is desired;

(c) The name, address and telephone number of a representative selected by the petitioners to whom notices, orders, and other correspondence may be sent;

(d) The name, address, telephone number and signature of each petitioner. There shall be no more than one petitioner per billing number. If the petitioner is a business customer, the signature shall be that of an authorized agent or representative;

(e) A statement that the petitioners desire extended area service for the named exchange or exchanges.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.04 Petition; procedural provisions; challenge. (1) The representative designated in the petition shall certify that the signatures on the petition are valid.

(2) Petitioners shall serve a copy of the petition on the telephone utility serving their exchange and on the telephone utility serving the exchange or exchanges with which extended area telephone service is requested.

(3) Copies of the petition for extended area telephone service shall be kept on file for inspection during the pendency of the request at the commission and at the telephone utilities.

(4) Any person wishing to challenge the validity of a petition for extended area telephone service may do so by filing a written

protest with the commission identifying the grounds for the challenge within 30 days of the filing of the petition.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.05 Petition; criteria for consideration.

(1) The commission shall consider a petition meeting the requirements of s. PSC 167.03 only if the petition is signed by at least 10% of the customers in the exchange from which extended area telephone service is requested.

(2) The commission shall also consider a request for extended area telephone service if submitted by a telephone utility providing service in an exchange for which extended area telephone service is requested. Such a request shall be treated as a petition for purposes of ss. PSC 167.06 to 167.10.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.06 Traffic study. (1) If a petition meets the requirements of s. PSC 167.05, the commission shall direct the utilities involved to undertake a study of representative traffic between the exchanges for which extended area service is requested. To warrant further examination of extended area service, the traffic study must indicate that:

(a) The customers in at least one of the exchanges place an average of not fewer than 5 messages per month, per customer, to the exchange with which extended area service is requested; and

(b) 50% of the customers in at least one of the exchanges place not fewer than 3 messages per month to the exchange with which extended area service is requested.

(2) If the criteria of sub. (1) (a) and (b) are not met, the commission shall deny the petition for extended area service. The commission need not consider a petition for extended area service between the same exchanges for 2 years from the date of denial.

(3) The commission may waive or vary the provisions of this section of the rules in special or unusual situations involving requests for extended area service where none of the involved exchanges serves more than 10,000 access lines.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.07 Economic study. (1) If the criteria of s. PSC 167.06 (1) (a) and (b) are satisfied, the commission shall direct the telephone utilities to conduct and submit to the commission an economic study of the requested extended area service. The study shall contain information from which the commission can determine the additional revenue requirement for each exchange necessary to provide the requested service and the rate increments for each class of customer necessary to meet the additional revenue requirement.

(2) Revenue requirements shall be allocated among exchanges in recognition of the ratio or the calling volume data (on a per customer basis) obtained from the traffic studies. In cases where the ratio is greater than 10:1, all revenue requirement shall generally be allocated to the exchange from which the larger calling volume originates. In cases where one-way service is being

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considered all revenue requirement shall generally be allocated to the exchange that would be provided with the service.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.08 Customer survey. (1) Subsequent to the determination of rate increments necessary to provide the requested extended area service, or reasonable variations of the requested service, the commission shall direct the utilities to conduct a survey of customer willingness to pay the necessary rate increments. The survey shall be approved by the commission and distributed to all customers who would experience a rate increase if the petition for extended area telephone service is granted.

(2) Unless at least 50% of the customers in one of the surveyed exchanges respond favorably to the requested service, or to a variation of the requested service, the petition shall be denied, and the commission need not consider any petition for extended area telephone service between those exchanges for 2 years.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

PSC 167.09 Hearing. (1) If at least 50% of the customers in one of the exchanges surveyed in accordance with s. PSC 167.08 respond favorably to the requested extended area service at the proposed rate increment, the commission shall hold a public hearing to consider whether the petition should be granted.

(2) In determining whether to grant or deny the petition for extended area telephone service, the commission shall consider such factors as adequacy of existing telephone service between the exchanges, costs and benefits of the proposed service and community of interest between the exchanges.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

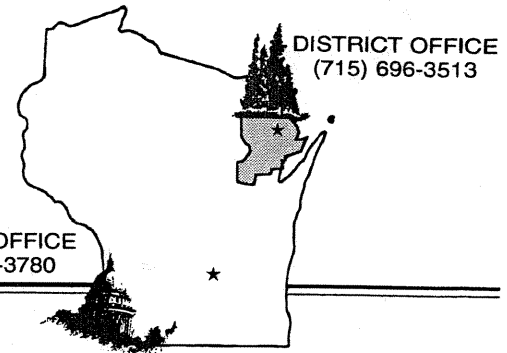
PSC 167.10 Metroplan. If the petition requests Milwaukee metroplan telephone service, the commission may consider the entire metroplan area to which extended area service is requested, or a variation thereof, as one exchange.

History: Cr. Register, July, 1983, No. 331, eff. 8-1-83.

LORRAINE M.
SERATTI

STATE REPRESENTATIVE
36TH ASSEMBLY DISTRICT

P.O. Box 8953, State Capitol, Madison, WI 53708-8953
Toll-Free Legislative Hotline: 1 (800) 362-9472



May 4, 2000

Senator Judith Robson
Joint Committee on Finance Co-Chair
Room 15 South, State Capitol
Madison, WI 53707

Representative Glenn Grothman
Joint Committee on Finance Co-Chair
Room 15 North, State Capitol
Madison, WI 53708

Dear Judy and Glenn,

As a member of the JCRAR, I am renewing my appeal to hold a hearing on PSC Rule 167 related to elections for extended area telephone service.

The committee is scheduled to meet on May 10th and I feel it is imperative that the election process for extended area telephone service be fair, clear and consistent before another election is held anywhere in the state.

Specifically, I am asking that the committee request of the PSC to incorporate into a rule the policy of the agency related to elections for extended are telephone service as it relates to the following:

- 1) The distribution, collection and counting of ballots,
- 2) The timeframe in which the election concludes,
- 3) The definition of a telephone customer, e.g., business, residential, multi-line accounts, etc.,
- 4) The clarification of the exact timeframe and criteria for reconsideration of the election process,
- 5) The clarification of the criteria used to determine how many "customers" are eligible to vote and a process for notification to the public of the number of customers prior to conducting a survey in any given exchange.

As I have expressed earlier, far too many irregularities have occurred which have resulted in the public's trust being broken. You have a chance to restore that trust by adding this item to your hearing notice for next week.

Thank you for your prompt consideration of this important issue.

Sincerely,

Lorraine M. Seratti
36th District Representative

LMS/dh
Chair: Small Business and Economic Development Committee • **Vice Chair:** Mandates Committee
Member: Ways and Means Committee • Children and Families Committee • Rural Affairs Committee
Special Committee on State and Federal Relations • Legislative Council • Governor's Council on Forestry
Council of State Government's, Midwest and Canada Relations Committee

SENATOR JUDITH B. ROBSON
CO-CHAIRMAN



REPRESENTATIVE GLENN GROTHMAN
CO-CHAIRMAN

P.O. Box 7882
MADISON, WI 53707-7882
(608) 266-2253

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(608) 264-8486

JOINT COMMITTEE FOR REVIEW OF ADMINISTRATIVE RULES

July 6, 2000

Ave Bie, Chairperson
Public Service Commission
P.O. Box 7854
Madison, WI 53707-7854

Dear Commissioner Bie:

On June 21, 2000, the Joint Committee for the Review of Administrative Rules held a hearing on ch. PSC 167, relating to elections for extended area telephone service. The hearing was prompted by a request from Representative Lorraine M. Seratti that expressed concerns about the policies of the Public Service Commission regarding the following issues:

1. The distribution, collection and counting of election ballots.
2. The duration of the election period.
3. The definition of a customer.
4. The eligibility of a customer to vote.
5. Notification of the number of customers eligible to vote.

At the hearing on June 21, a representative of the Commission, Gary Evenson, presented testimony regarding ch. PSC 167 and agency modifications of the ch. PSC 167 procedures for conducting an extended service election. The modifications and statements of policy contained in Mr. Evenson's testimony included all of the following:

1. There will be a specific and firm deadline for the consideration of returned ballots.
2. The postmark date on ballots will be used to determine if they are timely.
3. Only official ballots will be counted.
4. Unmarked ballots will be counted as "no" votes.
5. There will be no release of preliminary ballot counts.
6. The number of "yes" votes that will be needed to advance the extended area service request will be included in the material that is mailed to customers.
7. The telephone company will be instructed not to mail ballots to employees who are provided with free local telephone service.
8. The telephone company will include in its mailing the number of customers served by the requesting exchange at the time of the ballot mailing.
9. A customer with several lines will be considered a single customer, if the lines are in the same classification of service.

The Joint Committee has concluded that the procedures and statements of policy outlined by Mr. Evenson meet the definition of the term "rule" as contained in s. 227.01 (13), Stats., and requests that the Public Service Commission begin the rule promulgation process to modify ch. PSC 167 accordingly. The Joint Committee requests the PSC to respond to this letter by July 21, 2000 and have delivered a rule draft to the Clearinghouse by September 1, 2000.

Sincerely,

Senator Judith B. Robson
JCRAR Co-Chair

Representative Glenn Grothman
JCRAR Co-Chair