

ISSUE DATE: June 4, 1998

DOCKET NO. P-999/M-97-506

ORDER REGARDING REQUESTS FOR WAIVERS FROM RATE CENTER  
CONSOLIDATION REQUIREMENTS

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Edward A. Garvey	Chair
Joel Jacobs	Commissioner
Marshall Johnson	Commissioner
LeRoy Koppendrayer	Commissioner
Gregory Scott	Commissioner

In the Matter of a Relief Plan for the Exhaust of  
the 612 Area Code

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**PROCEDURAL HISTORY**

On November 13, 1997, the Commission issued its ORDER ESTABLISHING AREA CODE RELIEF PLAN, SETTING POLICIES FOR NUMBER CONSERVATION, AND ESTABLISHING TASK FORCE. In that Order the Commission adopted seven number conservation measures to forestall prefix exhaust in the (612) area code. Among the measures was a requirement that incumbent local service providers consolidate contiguous rate centers<sup>1</sup> in the (612) area code.<sup>2</sup> Any provider requesting a waiver from this requirement was required to file the request by January 2, 1998.

Between December 31, 1997, and March 26, 1998, Lakedale Telephone Company (Lakedale), GTE Minnesota (GTE), Sprint Minnesota, Inc. (Sprint), and US WEST Communications, Inc. (US WEST) filed requests for waivers and time extensions.

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<sup>1</sup> Rate centers are the geographic areas that correspond to a set of Vertical and Horizontal coordinates used by local exchange carriers to determine the distance for billing toll calls.

<sup>2</sup> Under current technology, new local service providers need a separate central office code for each rate center served. The primary benefit of rate center consolidation is that new local service providers serving multiple rate centers with a single switch can be assigned fewer central office codes.

On January 30 and March 6, 1998, the Department of Public Service (the Department) filed comments. The Department recommended granting the time extension requests and the US WEST, Sprint, and GTE requests for waivers and denying the Lakedale request for a waiver of the rate center consolidation requirement.

On May 19, 1998, the matter came before the Commission for consideration.

## FINDINGS AND CONCLUSIONS

### **I. THE GTE REQUEST FOR WAIVER**

GTE submitted a request for waivers from rate center consolidation for portions of two rate center clusters in the Twin Cities area.

In the western part of the Twin Cities area, GTE has seven contiguous rate centers--Mound, Maple Plain, St. Bonifacius, Watertown, Delano, Mayer, and New Germany. At present, the six rate centers other than New Germany have extended area service (EAS) to the Twin Cities local calling area. Subscribers in New Germany have petitioned for EAS to the metro area; voting on the petition has been successful and EAS will eventually be implemented. GTE asked for a waiver of the rate center consolidation requirement for the New Germany exchange because it does not presently share a local calling scope with the other six exchanges.

In the northeastern part of the Twin Cities, GTE has five contiguous rate centers--Wyoming, Lindstrom, Scandia-Marine, Taylors Falls, and Almelund. Each of the five rate centers has a unique local calling scope that has been designed to accommodate specific communities of interest. At least some of the calling scopes were established through the EAS process under Minn. Stat. § 237.161. Several of the various calling scopes include local calling to Wisconsin exchanges. For these reasons, GTE asked that it not be required to consolidate the five toll rate centers.

The Department noted the problems that would arise if rate centers serving exchanges with different local calling areas were consolidated. Following such a consolidation, a new provider would be assigned a single CO code, but a call to the prefix might be a local or a toll call. Other local service providers would be unable to determine whether calls terminating to the prefix should be billed as local or toll calls. Because consolidation of rate centers serving exchanges with differing local calling areas would result in continuing confusion, the Department concluded that such consolidation was unwarranted. The Department therefore recommended that the Commission grant GTE its requested waivers.

The Commission agrees with the Department's analysis of this situation. Under the circumstances outlined by GTE, the negative impact on affected subscribers and service providers from rate center consolidation would outweigh the benefits of the consolidation. The Commission will grant GTE its requested waivers from rate center consolidation requirements. The Commission

will, however, require GTE to consolidate the New Germany exchange into the western consolidated rate center once EAS from New Germany to the Twin Cities local calling area is implemented.

## **II. THE US WEST REQUEST FOR WAIVER**

Under a separate docket, US WEST had previously consolidated 21 (612) area code toll rate centers into one. In this docket, US WEST examined its remaining eight rate centers in the (612) area to determine if further consolidation were possible. US WEST concluded that one toll rate center, Isanti, has the same local calling area as the Twin Cities rate center and could therefore be merged into that previously consolidated toll rate center. The other seven rate centers<sup>3</sup> each have unique calling scopes which differ from the Twin Cities metro calling area and which have been designed to accommodate separate, specific communities of interest. US WEST asked for a waiver of the rate consolidation requirement for those seven rate centers.

The Commission agrees with US WEST that consolidation of the seven unique rate centers would weaken the community of interest associated with their local calling areas, require customer adjustments, and likely result in customer confusion and complaints. The Commission will therefore grant US WEST's request for a waiver of the rate consolidation requirement for these rate centers.

## **III. THE SPRINT REQUEST FOR WAIVER**

Sprint's Norwood wire center is contiguous to a local calling area composed of four other Sprint rate centers--Cologne, Waconia, Chaska, and Victoria. Norwood has EAS to the Plato exchange, while the other four rate centers do not. If Sprint consolidated its five rate centers, it would be necessary for Norwood to lose its EAS to Plato, or for Plato to have EAS with the full metro calling area so that its calling scope mirrored that of the four other rate centers. Neither of these options has been developed through the normal EAS statutory process or voted upon by subscribers. Sprint therefore asked for a waiver of the rate center consolidation requirement for the Norwood exchange.

The Commission will grant Sprint its request for a waiver. The benefits of rate consolidation are outweighed in this instance by the problems inherent in changing established local calling patterns for the affected subscribers.

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<sup>3</sup> Cambridge, North Branch, Princeton, Red Wing, St. Croix Beach (Afton), Stillwater, and Wabasha.

#### **IV. THE LAKEDALE REQUEST FOR WAIVER**

Lakedale stated that it has only two exchanges--Montrose and Waverly--in the (612) area code. Each exchange has only one prefix and a relatively low number of subscribers. Lakedale asked for a waiver from rate center consolidation of the two exchanges because they are relatively small and a rate center consolidation would not result in prefix assignment efficiencies. Lakedale argued that there is no competitor currently asking to serve the exchanges; consolidation in this case would therefore not reduce the number of prefixes required by a new local service provider. Lakedale also noted that number pooling will eventually allow a new provider to serve an exchange with a 1,000 number block rather than an entire new prefix. For these reasons, Lakedale argued, the potential benefits of rate consolidation would be far outweighed by the administrative burden to Lakedale.

The Commission has determined that rate center consolidation, as one piece of an overall prefix conservation scheme, should be required of all local service providers in the (612) area code. Other providers are complying with the requirement or are requesting waivers based on the lack of calling scope compatibility. Lakedale's arguments--that consolidation in its case will save only one prefix; that number pooling will reduce the benefits of consolidation in the future; that a competitor has not yet appeared to reap the benefits of prefix reduction; or that the uncertainties and burdens of rate center consolidation render it undesirable--are not persuasive. Most of Lakedale's arguments are not unique to its circumstances and do not justify a special exemption from rate center consolidation. Having considered Lakedale's arguments on the merits of rate center consolidation, the Commission remains convinced of the benefits of this conservation measure as one piece of a comprehensive prefix conservation program.

The Commission will deny Lakedale's request for a waiver of the rate center consolidation requirement for its Montrose and Waverly exchanges.

#### **V. THE REQUESTS FOR TIME EXTENSIONS**

US WEST, Sprint, GTE, and Lakedale all asked for time extensions to implement required rate center consolidations. The companies explained that more time was needed to analyze technical requirements, test billing and operating support systems, and send the necessary nationwide notices.

The Department recommended granting the time extension requests.

The Commission agrees with the companies and the Department that further time is warranted to bring about rate center consolidations with minimal negative impact to customers and service providers. Although the companies' time extension requests differed, the Commission will grant a time extension to a single date--August 17, 1998--in order to reduce administrative confusion. An extension until August 17 will provide the companies 90 days from the Commission's meeting on this matter. It is also a longer period than any company, with the exception of Lakedale, requested.

The Commission will grant GTE, US WEST, Sprint, and Lakedale a time extension until August 17, 1998 to implement the rate center consolidations discussed in this Order.

**ORDER**

1. The Commission grants US WEST, GTE, and Sprint their requests for waivers from rate center consolidation requirements.
2. The Commission denies Lakedale's request for a waiver from rate center consolidation requirements for its Montrose and Waverly exchanges.
3. The Commission grants US WEST, GTE, Sprint, and Lakedale time extensions until August 17, 1998 to implement the rate center consolidations discussed in this Order.
4. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar  
Executive Secretary

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