

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

* * *

RE: THE INVESTIGATION AND SUSPENSION)	
OF PROPOSED CHANGES AND ADDITIONS TO)	INVESTIGATION AND SUSPENSION
EXCHANGE AND NETWORK SERVICES TARIFF -)	DOCKET NO. 1766
TELEPHONE, MOUNTAIN STATES TELEPHONE)	
AND TELEGRAPH COMPANY, DENVER,)	COMMISSION ORDER
COLORADO 80202.)	ESTABLISHING EXCHANGE AREAS

July 19, 1989

STATEMENT

BY THE COMMISSION:

In Decision No. C89-178 issued in this docket, as modified by Decision No. C89-405, the Commission recognized that appropriate exchange areas would of necessity be determined from an evolving set of circumstances, and further recognized the likely reconfiguration of exchange areas in that decision as ongoing needs became apparent. Therefore, on February 15, 1989, the Commission established Docket No. 89M-083T to create a task force to provide for an ongoing review of exchange areas in the state and to make recommendations concerning further exchange area changes. The task force consisted of members of the Fixed Utilities Staff of the Commission (Staff) designated by the Chief of Fixed Utilities.

Various telephone utilities and other entities intervened in Docket No. 89M-083T including, among others, The Mountain States Telephone and Telegraph Company d/b/a U S WEST Communications (USWC) and the Colorado Office of Consumer Counsel (OCC). The task force submitted three reports to the Commission which suggested modifications to certain exchange areas. Comments concerning these recommendations were filed by USWC and the OCC.

Public hearings have already been held throughout the state in accordance with § 40-15-206(2), C.R.S. concerning the initial reconfiguration of exchange areas established in Decision No. C89-178. However, based upon the task force recommendations, the Commission found that it was advisable to consider further exchange area changes as an extension of the Investigation and Suspension Docket No. 1766 (I&S 1766) proceedings and reopened I&S 1766 for that limited purpose. The changes at issue were identified in Appendices A and B to Decision No. C89-892 which reopened I&S 1766. By that decision, further public hearings were

set on June 30, 1989 and July 3, and July 14, 1989. A subsequent hearing was held on July 14, 1989, to receive a stipulation from USWC, the OCC, and the Staff concerning the changes identified in Appendices A and B.

At the start of the hearing in this reopened proceeding, the Commission advised the parties that they were to identify what changes in exchange areas were advisable, what would be the costs involved to make the changes, and how any losses in toll revenues should be spread among ratepayers or rate groups. Finally, the Commission reminded the parties that it did not intend to delay implementation of the final Commission exchange area plan past January 1, 1990. Three members of the public from the Lake George exchange area appeared and presented testimony concerning their exchange area. The Commission conducted the hearing in an informal, roundtable manner, without objection. At the conclusion of the hearing, the matter was taken under advisement.

FINDINGS OF FACT

1. In Decision No. C89-178 the Commission stated that what has commonly been known as a "local calling area" is functionally equivalent to the statutory term "exchange area." Section 40-15-102(8), C.R.S., defines an "exchange area" as a geographic area established by the Commission, which consists of one or more central offices together with associated facilities which are used in providing basic local exchange service. Section 40-15-206(2), C.R.S., provides that rearrangements of exchange areas different from those in existence on July 2, 1987, shall require a public hearing and a determination by the Commission that such rearrangement will promote the public interest and welfare and will not adversely impact the public switched network of the affected local exchange provider or such provider's financial integrity.

2. Also in Decision No. C89-178, the Commission found that the community of interest standard established in the Otero case, Case No. 6415, was still appropriate for defining exchange areas in this proceeding. Under this standard, local exchange service should generally be offered to meet the primary communications needs of subscribers. Primary communications needs were identified to include calls for such purposes as health and safety, business, community, social, and governmental activities. On page 58 of Decision No. C89-178, the Commission elaborated upon the community of interest standard by stating objective criteria that would be used to determine a community of interest.

3. In addition, the Commission generally believes it advisable to correct reciprocity problems which may have been previously existing or may be created by changing exchange areas from those in existence on July 2, 1987. A "reciprocity problem" exists where a local non-toll call may be made in one direction, but not in the other between any two points. For example, if the calls from Calhan to Colorado Springs are included in Calhan's local exchange area, but the calls from Colorado Springs to Calhan are not, (and therefore are toll calls) the public may well perceive this to be an example of illogical action without

reasonable basis, rather than good planning; Moreover, the public seems invariably to discover ways to avoid the toll calls in these circumstances by "code calling". In this instance, the call volume data may not suggest changing the exchange area, but the goal of simple, understandable regulation suggests changing the exchange area, particularly if the area is contiguous to the existing exchange area.

4. The Commission has expressed a preference to modify exchange areas in such a way so as to minimize the revenue losses created, if any, and thereby minimize any further rate increases to the ratepayers. The Commission recognizes that other considerations such as those stated in paragraphs 2 and 3 may indicate appropriate rate adjustments. We, nonetheless, have kept this in mind when applying the standards we have discussed.

5. Finally, we have been confronted with whether it is appropriate to include entire "historic exchanges" within a community of interest, even where the call volumes demonstrate that only a portion of the historic exchange is actually called. For example, the Colorado Springs historic exchange is divided into twelve wire centers (generally "central offices" under the statute, although technically a "wire center" may be made up of one or more "central offices" which are synonymous with switches. [See, § 40-15-104(8), C.R.S. and The Mountain States Telephone and Telegraph Colorado Exchange and Network Services Tariff, page 14, Release 4]); namely, Main, East, Pikeview, Security, Air Force Academy, Fountain, Stratmoor, Monument, Black Forest, Green Mountain Falls, Manitou Springs, and Woodland Park. Persons living in the Lake George exchange area may only call the Colorado Springs Main and East wire centers in significant volumes. Staff generally argues those persons should have an exchange area which includes the entire historic exchange if they have significant call volumes to a portion of the historic exchange. USWC and the OCC argue that we can and should only include the wire centers which have sufficient call volumes, not the entire historic exchange--that is not the "whole pie" but only the appropriate "slice". We find this argument persuasive in appropriate circumstances. There is nothing in the statute that requires exchange areas to be mutually exclusive geographic areas. See § 40-15-102(8), C.R.S. We note that this can also affect the correction of reciprocity problems. If Bailey has access to the entire historic Denver Metro 65 exchange, in order to prevent a reciprocity problem, the historic Denver Metro 65 exchange simply gets bigger with the addition of Bailey. This may not always be desirable. However, we note also that we generally favor expansion of local exchange areas for ease of understanding and to promote larger communities with due regard to communities of interest, which may go beyond municipal, special district, county or other boundaries, and which may affect regional communities of interest.

6. It is with these principles in mind that we determine that certain exchange areas should be modified as stated in Appendix A to this decision. Generally, call volumes have dictated changes; however, correction of reciprocity problems has also been a factor, as well as a common sense approach based on the record of all information provided.

Doubtless not all will agree with our decisions based on the present record. We and others understand that changing circumstances will suggest ongoing evolution of designated exchange areas.

7. The changes in Appendix A result in revenue losses in the total approximate amount of \$3.1 million. The revenue losses should be allocated among the rate groups as stated in Appendix B to this decision. Residential customers will receive an additional monthly rate increase of 11¢ per line, (8¢ per month per line for lifeline rates) and business customers will receive an additional monthly rate increase of 32¢ per line, both of which are significantly lower than those originally proposed by the OCC.

8. Finally, the San Miguel County Commissioners filed a petition to intervene in this docket on July 13, 1989. This petition states good grounds, and should be granted.

CONCLUSIONS OF LAW

1. The modifications to exchange areas stated in Appendix A to this Decision contain one or more central offices and associated facilities which are used to provide basic local exchange service.

2. The rearrangement of the exchange areas stated in Appendix A to this Decision and the rates adjustments provided therefor will promote the public interest and welfare and will not adversely impact the public switched network of The Mountain States Telephone and Telegraph Company or any other local exchange provider or their financial integrity.

3. The rates established in this decision and stated in Appendix B are just and reasonable and not unduly discriminatory.

THEREFORE THE COMMISSION ORDERS THAT:

1. The Mountain States Telephone and Telegraph Company shall file an advice letter with appropriate tariff sheets and exchange area maps, before December 15, 1989, to be effective on January 1, 1990, which shall implement the exchange areas, rates, and other tariff changes adopted by the Commission in Decision No. C89-178 as modified by Decision No. C89-405 and by the Findings of Fact and Conclusions stated in this Decision and Appendices A and B.

2. The tariffs shall state the decision number of this Decision and Decision No. C89-178 as authority for the changes and shall state an effective date of January 1, 1990. The tariffs shall be filed without further notice and shall be self-executing in all respects, but shall be subject to suspension by the Commission if appropriate.

3. The San Miguel County Commissioners are granted intervenor status. They take this docket as they find it.

4. The 20-day time period provided for in § 40-6-114, C.R.S., within which to file an application for rehearing, reargument, or reconsideration shall begin on the first day after the mailing or service of this Decision by the Commission.

This Decision is effective immediately.

DONE IN OPEN MEETING July 19, 1989.

THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

Amos H. Cook
Robert L. Lehn
Larry J. Nakarado
Commissioners

1130n

Exchange Name	DROPS	ADDS
AGUILAR	LA VETA	BRANSON
AKRON		FT. MORGAN
ALAMOSA		CENTER DEL NORTE SAN LUIS SOUTH FORK CREEDE
ALLENSPARK		BLDR-TABLE MESA
ASPEN		GLENWOOD SPGS
BAILEY		DECKERS
BASALT		GLENWOOD SPGS
BAYFIELD		SILVERTON
BERTHOUD BOULDER	JOHNSTOWN-MILLIKEN	FT COLLINS
TABLE MESA W.C. GUNBARREL W.C.		ERIE ERIE
BRANSON		AGUILAR WESTON
BROOMFIELD Northglenn W.C.	ERIE FREDERICK	
BUENA VISTA		FAIRPLAY LEADVILLE
BURLINGTON		CHEYENNE WELLS
CALHAN	Monument W.C.	C.S.-PIKEVIEW C.S.-MAIN C.S.-EAST C.S.-A.F.ACAD C.S.-SECURITY
CANON CITY	CRIPPLE CRK STRATMOOR	Vineland W.C.

Exchange Name	DROPS	ADDS
CASTLE ROCK		KIOWA
LARKSPUR W.C.		ELIZABETH
CENTRAL CITY	BOULDER LOOKOUT MTN EVERGREEN	
COLO SPRINGS:		
BLACK FOREST		CALHAN
WOODLAND PARK		LAKE GEORGE
PIKEVIEW		CALHAN PEYTON CRIPPLE CREEK LAKE GEORGE
MAIN		CALHAN LAKE GEORGE PEYTON CRIPPLE CREEK
AIR FORCE ACADEMY		CALHAN PEYTON
EAST		CALHAN PEYTON CRIPPLE CREEK LAKE GEORGE
GREEN MTN FALLS		CRIPPLE CREEK LAKE GEORGE
MANITOU SPRINGS		CRIPPLE CREEK LAKE GEORGE
SECURITY		CALHAN PEYTON CRIPPLE CREEK LAKE GEORGE
COTTONWOOD(LAF/LSVL) FT. LUPTON		
CRAIG		RANGELY/DINOSAUR
CREEDE	CENTER SAGUACHE	ALAMOSA
CRESTED BUTTE	ASPEN	MONTROSE

Exchange Name	DROPS	ADDS
	BASALT CARBONDALE	
CRIPPLE CREEK		LAKE GEORGE C.S.-EAST C.S.-PIKEVIEW C.S.-SECURITY
DeBEQUE	RIFLE	GRD JUNCTION
DECKERS	MORRISON EVERGREEN	
DELTA		MONTROSE OLATHE
DENVER - SOUTHWEST ZONE		DECKERS BAILEY IDAHO SPRINGS
DENVER-LAKEWOOD ZONE		BAILEY CENTRAL CITY IDAHO SPRINGS
DENVER-ENGLEWOOD ZONE		DECKERS
DENVER-COLUMBINE ZONE		BAILEY DECKERS
DENVER-ARVADA ZONE		CENTRAL CITY IDAHO SPRGS
DENVER-GOLDEN ZONE		GEORGETOWN BAILEY IDAHO SPRINGS
DENVER-LITTLETON ZONE (INCL. DRY CR, ABERDEEN, HIGHLANDS AND LITTLETON)		DECKERS
DILLON		GEORGETOWN
DURANGO		CORTEZ DOLORES MESA VERDE
ERIE		BOULDER

Exchange Name	DROPS	ADDS
ESTES PARK	BERTHOUD LONGMONT	FT COLLINS
EVERGREEN	CENTRAL CITY	GEORGETOWN
FAIRPLAY	LEADVILLE LAKE GEORGE	
FLORENCE		VINELAND
FORT COLLINS		RED FEATHER LKS WALDEN ESTES PARK BERTHOUD
FT LUPTON		KEENESBURG
FRASER		KREMMLING GRAND LAKE
FREDERICK		COTTONWOOD
FRUITA	DELTA	
GARDNER	WESTCLIFFE	
GEORGETOWN	FRASER BRECKENRIDGE CENTRAL CITY	
GILCREST		HEAD
GLENWOOD SPRINGS		RIFLE SILT
GRANBY		KREMMLING
GRAND JUNCTION (INCL. CLIFTON)		COLLBRAN MESA DEBEQUE PARACHUTE
GRAND LAKE		FRASER KREMMLING
GREELEY		WELDONA HUDSON

Exchange Name	DROPS	ADDS
		KEENESBURG MEAD
HOT SULPHUR SPRINGS		GRAND LAKE
HUDSON		LA SALLE GREELEY
JOHNSTOWN-MILLIKEN		MEAD
KEENESBURG		GREELEY LA SALLE
KREMMLING		GRAND LAKE FRASER
LA JARA		SAN LUIS
LA VETA	AGUILAR- WESTON	
LAKE GEORGE	FAIRPLAY	GRN MTN FALLS MANITOU SPRGS C.S.-MAIN C.S.-EAST C.S.-PIKEVIEW C.S.-SECURITY
LA SALLE		HUDSON KEENESBURG MEAD
LAS ANIMAS		LAMAR
LEADVILLE	FAIRPLAY	SALIDA
LOOKOUT MTN		BAILEY GEORGETOWN IDAHO SPRINGS
LOVELAND	WINDSOR	ESTES PARK MEAD
LYONS		ESTES PARK
MAYBELL		RANGELY/DINOSAUR MEEKER

Exchange Name	DROPS	ADDs
MEAD	FREDERICK	
MONTE VISTA		CREEDE SAGUACHE
MONTROSE		TELLURIDE NORWOOD CRESTED BUTTE
MORRISON		IDAHO SPRINGS
NEDERLAND		CENTRAL CITY
NORWOOD	OURAY	MONTROSE
OAK CREEK		YAMPA
PALISADE		COLLBRAN PARACHUTE
PARACHUTE	COLLBRAN MESA GLENWOOD SPGS NEWCASTLE SILT	GRAND JUNCTION
PARKER		ELBERT KIOWA
PEYTON	Monument W.C.	C.S.-PIKEVIEW C.S.-MAIN C.S.-EAST AIR FORCE ACAD C.S.-SECURITY
PLATTEVILLE		FORT LUPTON HEAD
PUEBLO		FLORENCE CANON CITY
MAIN & WEST MAIN VINELAND SUNSET	CCS-STRATMOOR CCS-FOUNTAIN FOWLER WALSENBURG	
RANGELY/ DINOSAUR	FRUITA	

<u>Exchange Name</u>	<u>DROPS</u>	<u>ADDS</u>
RED FEATHERS LKS		WALDEN
RIDGWAY		NORWOOD TELLURIDE
RIFLE	COLLBRAN	
SALIDA SILVERTON	TELLURIDE	LEADVILLE OURAY BAYFIELD
STEAMBOAT SPGS		YAMPA
STERLING	OTIS	FT. MORGAN
TELLURIDE	SILVERTON	MONTROSE
TWO BUTTES		CAMPO
WALDEN	GRANBY HOT SULHUR SPGS KREMMLING	FT. COLLINS RED FEATHER LKS
WALSENBURG	PUEBLO-SUNSET	
WARD		NEDERLAND
WESTCLIFFE	GARDNER	
WESTON	LA VETA	BRANSON
YAMPA	KREMMLING	STEAMBOAT SPGS

RATES FOR STAFF/OCC/USWC PROPOSAL

-- Increase Residential and Business rates
 for all lines, for each Rate Group equally.

Res	Lines	Rate Increment	Revenue	
RG 1	223,597	\$0.11	\$295,148	
LF *	5,554	0.08	5,332	
RG 2	281,310	0.11	371,329	
LF *	4,768	0.08	4,577	
RG 3	679,852	0.11	897,405	
LF *	7,824	0.08	7,511	
Bus			\$1,581,302	
RG 1	61,251	\$0.32	\$235,204	
RG 2	76,488	0.32	293,714	
RG 3	254,294	0.32	976,489	
			\$1,505,407	
				* Add'l Rev
				Recovered
				Target \$3,086,709
				\$3,109,045

				(\$22,336) Diff

* Lifeline rates accounted for and shown.

Note: This rate design maintains the rate relationship between Res &
 Bus rates established in I & S 1766, Decision No. C89-178.