

DT 99-107

MERRIMACK COUNTY TELEPHONE COMPANY

**Petition to Include the New London Exchange in the
Local Calling Area of the Bradford Exchange**

Order Granting Opportunity to Poll Citizens

O R D E R N O. 23,607

December 22, 2000

On July 16, 1999, the New Hampshire Public Utilities Commission (Commission) received a petition from Bernard D. Lamach (Petitioner) requesting expansion of the local calling area for the Bradford (938) exchange to include the New London (526) exchange. The New London exchange is assigned to the Kearsarge Telephone Company (KTC).

A traffic study was conducted pursuant to Puc 410.04. The study showed that an average of 4 calls per line are made each month, and that 27 percent of lines make 3 or more calls per month. The average number of calls per line and the percent of lines making 3 or more calls per month did not satisfy the requirement of 5 calls per line per month and 40 percent making 3 or more calls per month which is necessary to establish a community of interest under Puc 410.04.

On November 1, 1999, concurrent with the results of the study, the Commission received a letter from Mr. Lamach requesting "consideration of this issue be postponed until

after the NH House acts on HB 387 as it should allow the PUC more flexibility in these matters."

House Bill 387 proposed that when the Commission uses a community of interest standard to limit requests to add additional exchanges to a local calling area, the Commission should not reject requests solely because few calls are currently being made between the exchanges that would become local calls if the request were granted. That bill further provided that if few calls are currently being made, the Commission should consider the likelihood of significant increases in the number of calls between the exchanges if the request is granted and these calls become local calls, especially where public school district boundaries indicate that this is likely to occur. House Bill 387 was enacted as Chapter 33, Laws of 2000 and included a new RSA 378:17-a, which became effective on June 2, 2000.

On July 6, 2000, the Commission issued an Order of Notice in this docket scheduling a hearing for August 23, 2000, to determine the likelihood of significant increases in the number of calls to the New London exchange from the Bradford exchange if toll charges were eliminated and to hear evidence about how such a change would impact the public school district.

The public hearing was held on August 23, 2000, at the Bradford Area Community Center. The Commission received numerous comments at that hearing and also received correspondence before and after the hearing.

The comments offered by the public make it clear that a community of interest exists between the Bradford residents and New London and that traffic between the Bradford and New London exchanges will increase if toll charges are eliminated. We are therefore convinced that it is appropriate to proceed to a ballot despite the results of the earlier traffic study.

As noted above, during the last session of the Legislature, RSA 378:17-a, II was enacted, which provides that the Commission should not reject requests for extended area of service solely on the basis of a low current number of calls. The Legislature also stated that in general it is desirable for municipalities that send most of their students to the same public school district to have at least most of those students' homes within each other's local calling areas and indicated that the Commission should consider the likelihood of significant increases in the number of calls between exchanges if the request is granted, especially where public school district boundaries indicate that this is likely to

occur. 2000 N.H. Laws, Chapter 33:1.

We find it appropriate to proceed because we believe, based on the testimony provided, that the number of calls to the New London exchange will increase if toll charges are eliminated, in large part because students attending the same public school would have an opportunity to make local calls if the local calling area were expanded as requested.

The Commission requested Staff to contact Merrimack County Telephone Company (MCT) and KTC pursuant to Puc 410.06 (a) to determine the lost revenue as a result of the proposed EAS expansion.

MCT and KTC filed the requested information. MCT's analysis finds a \$47,292 annual net revenue loss as a result of the proposed EAS expansion. For a one party residential and business customer, expanded calling to the New London exchange would cost an additional \$2.13 per month.

KTC's analysis finds a \$42,864 annual net revenue loss as a result of the proposed EAS expansion. Expanded calling to Bradford would cost an additional \$0.87 per month for a one-party residential customer and \$0.98 per month for a one-party business customer.

Staff analyzed the information submitted by MCT and KTC

and determined that MCT's and KTC's recommendation for the proposed basic rate increase for each local calling area expansion is reasonable.

We will therefore proceed to the next step of polling the customers in the Bradford and New London exchanges to see if they are in favor of expanding their local calling areas.

In order to insure maximum effective participation, the polling ballot will be designed, distributed and tabulated by the Commission. The ballot question shall include a statement of the increased rates necessitated by the expanded local calling area. Because rates will increase in both exchanges, pursuant to 410.07, billed customers in both the Bradford and New London exchanges shall be polled. The poll shall be considered conclusive if ballots are returned by 25% or more of the billed customers in the Bradford exchange. The outcome of a conclusive vote will be determined by a simple majority of the returned ballots from the combined Bradford and the New London billed customers. The ballot shall be conducted according to the following schedule:

Ballot sent by Commission January 8,
2001

Ballot returned by January 29,

2001

Ballot tabulated by February 5,

2001

Based upon the foregoing, it is hereby

ORDERED, that a poll be conducted of the Bradford and New London billed customers to vote on the addition of two-way local calling between the Bradford and New London exchanges based on the schedule outlined above; and it is

FURTHER ORDERED, that the ballot specify local rate increases for all affected classes of service.

By order of the Public Utilities Commission of New Hampshire this twenty-second day of December, 2000.

Douglas L. Patch
Chairman

Susan S. Geiger
Commissioner

Nancy Brockway
Commissioner

Attested by:

Claire D. DiCicco
Assistant Secretary