

**CHAPTER 7810
PUBLIC UTILITIES COMMISSION
TELEPHONE UTILITIES**

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7810.0100 DEFINITIONS.

Subpart 1. **Scope.** For the purposes of this chapter, the following meanings will be ascribed to the phrases listed below.

Subp. 2. **Average busy season, busy hour traffic.** "Average busy season, busy hour traffic" means the average traffic volume for the busy season, busy hours.

Subp. 3. **Base rate area.** "Base rate area" means that contiguously developed portion or portions within each exchange service area as set forth in the telephone utility's tariff, maps, or descriptions. Main station service within this contiguous area is furnished at uniform rates without mileage charges.

Subp. 4. **Business service.** "Business service" means telecommunications service provided a customer where the use is primarily or substantially of a business, professional, institutional, or otherwise occupational nature.

Subp. 5. **Busy hour.** "Busy hour" means the two consecutive half-hours during which the greatest volume of traffic is handled in the office.

Subp. 6. **Busy season.** "Busy season" means that period of the year during which the greatest volume of traffic is handled in the office.

Subp. 7. **Calls.** "Calls" means customers telephone messages attempted.

Subp. 8. **Central office.** "Central office" means a switching unit, in a telecommunications system which provides service to the general public, having the necessary equipment and operating arrangements for terminating and interconnecting subscriber lines and trunks or trunks only. There may be more than one central office in a building.

Subp. 9. **Channel.** "Channel" means a path for communication between two or more stations or telephone utility offices, furnished in such a manner as the carrier may elect, whether by wire, radio, or a combination thereof and whether or not by a single physical facility or route.

Subp. 10. **Class of service.** "Class of service" means a description of telecommunications service furnished by a customer which denotes such characteristics as nature of use (business or residence) or type of rate (flat rate or message rate). Classes of service are usually subdivided in "grades," such as individual line, two-party, or four-party.

Subp. 11. **Commission.** "Commission" means the Minnesota Public Utilities Commission.

Subp. 12. **Customer or subscriber.** "Customer or subscriber" means any person, firm, partnership, corporation, municipality, cooperative organization, governmental agency, etc., provided with telecommunications service by any telephone utility.

Subp. 13. **Customer trouble report.** "Customer trouble report" means any oral or written report from a subscriber or user of telecommunications service relating to a physical defect or to difficulty or dissatisfaction with the operation of telecommunications facilities. One report shall be counted for each oral or written report received even though it may duplicate a previous report or merely involve an inquiry concerning progress on a previous report. Also, a separate report shall be counted for each telephone or PBX switchboard position reported in trouble when several items are reported by one customer at the same time, unless the group of troubles so reported is clearly related to a common cause.

Subp. 14. **Exchange.** "Exchange" means a unit established by a telephone utility for which a separate local rate schedule is provided. It may consist of one or more central offices together with associated plant facilities used in furnishing telecommunication services in that area.

Subp. 15. **Exchange service area.** "Exchange service area" means the geographical territory served by an exchange, usually embracing a city, town, or village and its environs.

Subp. 16. **Farmer line.** "Farmer line," see "service station line."

Subp. 17. **Grade of service.** "Grade of service" means the number of parties served on a telephone line, such as one-party, two-party, four-party, etc.

Subp. 18. **Individual line service.** "Individual line service" means a classification

of exchange service which provides that only one main station shall be served by the circuit connecting such station with the central office equipment.

Subp. 19. Intercept service. "Intercept service" means a service arrangement provided by the utility whereby calls placed to a disconnected or discontinued telephone number are intercepted and the calling party is informed that the called telephone number has been disconnected, or discontinued, or changed to another number, or that calls are being received by another telephone, etc.

Subp. 20. Interexchange trunks. "Interexchange trunks" means transmission paths, including the conductor or conductors and associated equipment, connecting two exchanges.

Subp. 21. Line. "Line" means a general term used in the communication industry in several different senses, the most important of which are:

A. the conductor or conductors and supporting or containing structures extending between customer stations and central offices, or between central offices whether they be in the same or different communities;

B. the conductors and circuit apparatus associated with a particular communication channel;

C. any communication channel between two points disregarding the method of its derivation.

Subp. 22. Local calling area. "Local calling area" means the area within which telecommunication service is furnished customers under a specific schedule or exchange rates. A local calling area may include one or more exchange service areas or portions of exchange service areas.

Subp. 23. Local exchange service. "Local exchange service" means telecommunication service provided within local exchange service areas in accordance with the tariffs. It includes the use of exchange facilities required to establish connections between stations within the exchange and between stations and the toll facilities serving the exchange.

Subp. 24. Local message. "Local message" means a completed call between stations located within the same local calling area.

Subp. 25. Local message charge. "Local message charge" means the charge that applies for a completed telephone call that is made when the calling station and the stations to which the connection is established are both within the same local calling area, and a local message charge is applicable.

Subp. 26. Local service charge. "Local service charge" means the charge for furnishing facilities to enable a customer to send or receive telecommunications within the local service calling area. This local service calling area may include one or more exchange service areas.

Subp. 27. Long distance telecommunications service. "Long distance telecommunications service" means that part of the total communication service rendered by a utility which is furnished between customers in different local service areas in accordance with the rates and regulations specified in the utility's tariff.

Subp. 28. Message. "Message" means a completed customer telephone communication.

Subp. 29. Outside plant. "Outside plant" means the telecommunications equipment and facilities installed on, along, over, or under streets, alleys, highways, or on private rights-of-way between the central office and customers' locations or between central offices.

Subp. 30. Party line service. "Party line service" means a classification of exchange service which provides for a number of main stations to be served by the same central office line.

Subp. 31. Public telephone service. "Public telephone service" means an individual line customer service equipped with a coin collecting telephone instrument installed for the use of the general public in locations where the general public has access to these telephones.

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Subp. 32. **Station.** "Station" means a telephone instrument or other terminal device.

Subp. 33. **Service station line.** "Service station line" means those facilities owned and maintained by a customer or group of customers, which lines are connected with the facilities of a telephone utility for communication service.

Subp. 34. **Subscriber line.** "Subscriber line" means the wires or channels used to connect the telephone equipment at the subscriber's premises with the central office.

Subp. 35. **Switching service.** "Switching service" means switching performed for service station lines.

Subp. 36. **Tariff.** "Tariff" means the entire body of rates, tolls, rentals, charges, classifications, and rules, adopted and filed with the commission by a telephone utility or other carriers.

Subp. 37. **Telephone utility.** "Telephone utility" means any person, firm, partnership, cooperative organization, or corporation engaged in the furnishing of telecommunication service to the public under the jurisdiction of the commission.

Subp. 38. **Toll connecting trunks.** "Toll connecting trunks" means a general classification of trunks carrying toll traffic and ordinarily extending between a local office and a toll office, except trunks classified as tributary circuits.

Subp. 39. **Toll stations.** "Toll stations" means a telephone connected to a toll line or directly to a toll board.

Subp. 40. **Traffic.** "Traffic" means a telephone call volume, based on number and duration of messages.

Statutory Authority: *MS s 237.10*

7810.0200 SCOPE.

This chapter shall apply to any telephone utility operating within the state of Minnesota, under the jurisdiction of the Public Utilities Commission. This chapter governs the furnishing of communications service and facilities to the public by communications utilities subject to the jurisdiction of the commission. The purpose of this chapter is to establish reasonable service standards to the end that adequate and satisfactory service will be rendered to the public.

If unreasonable hardship to a utility or to a customer results from the application of any rule herein prescribed, application may be made to the commission for the modification of the rule or for temporary or permanent exemption from its requirements.

The adoption of this chapter shall in no way preclude the commission from altering or amending it, pursuant to its statutory procedure, or from making such modifications with respect to its application as may be found necessary to meet exceptional conditions.

This chapter shall in no way relieve any utility from any of its duties under the laws of this state or from any other rules or directives of this commission.

Statutory Authority: *MS s 237.10*

7810.0300 STATUTORY AUTHORITY.

The Public Utilities Commission law provides that the commission shall have the power to make such reasonable rules as it deems necessary to carry out the provisions of this law and any other law relating to the commission.

Statutory Authority: *MS s 237.10*

RECORDS AND REPORTS

7810.0400 RETENTION OF RECORDS.

Each telephone utility shall maintain records of its operations in sufficient

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detail to permit review of its service performance, and such records shall be made available to the commission upon request. All records required by this chapter shall be preserved for the period of time specified in the current edition of the Federal Communications Commission's records retention schedule, unless otherwise specified by the commission.

Statutory Authority: *MS s 237.10; 237.11*

7810.0500 DATA TO BE FILED WITH THE COMMISSION.

Subpart 1. Tariffs. Each telephone utility shall have its tariff on file with the commission in accordance with the rules governing the filing of tariffs as prescribed by the commission.

Subp. 2. Exchange maps. Each telephone utility shall have on file with the commission an exchange area boundary map for each of its exchanges within the state. Each map shall clearly show the boundary lines of the area which the telephone utility holds itself out to serve in connection with the exchange. Exchange boundary lines shall be located by appropriate measurement to an identifiable location where that portion of the boundary line is not otherwise located on section lines, waterways, railroads, roads, etc. Maps shall include location of highways, section lines, geographic township and range lines, railroads, and water ways outside municipalities. Maps generally shall contain detail as shown on county highway maps. The map scale and other detail shall be shown as required by the commission. Data associated with the exchange map shall be immediately available for public information at each business office for the area served by said office. Each telephone utility filing an original or revised map shall submit proof of notice of the proposed boundary to any other telephone utility adjoining the area in which a boundary line is to be established or changed.

Subp. 3. Service reports. Each utility shall furnish to the commission, at such times and in such form as the commission may require, the results of any tests, summaries, or records. The utility shall also furnish the commission with any information concerning the utility's facilities or operations which may be requested.

Statutory Authority: *MS s 237.07; 237.10; 237.11; 237.16*

7810.0600 REPORT TO COMMISSION CONCERNING DISRUPTION OF SERVICE.

Each telephone utility shall report promptly to the commission any specific occurrence or development which disrupts the service of a substantial number of its customers or which may impair the utility's ability to furnish service to a substantial number of customers.

Statutory Authority: *MS s 237.10; 237.11*

7810.0700 METER READING RECORDS.

When meters are used in connection with telecommunications service the meter reading records from which the customers' bills are prepared shall show identifying number or means to determine readily the customer's name, address, and service classification, meter readings, date of meter reading, and multiplier or constant, if used.

As nearly as practicable, meters shall be read at monthly intervals.

Statutory Authority: *MS s 237.10*

7810.0800 BILLING RECORDING EQUIPMENT.

Where mechanical and/or electronic means are used for recording information that will affect a customer's bill, such equipment shall be frequently inspected to see that it is functioning properly and the utilities shall keep records of such inspections.

Statutory Authority: *MS s 237.10*

7810.0900 LOCATION OF RECORDS.

Unless otherwise authorized by the commission, all records required by this chapter shall be kept within the state or shall be made available to the commission or its authorized representatives at any time upon request.

Statutory Authority: *MS s 237.10; 237.11*

CUSTOMER RELATIONS**7810.1000 INFORMATION AVAILABLE TO CUSTOMER AND PUBLIC.**

Subpart 1. Access to information provided. Business offices shall be staffed to provide customers and others with convenient access to qualified personnel, including supervisory personnel where warranted, to provide information relating to services and rates, accept and process applications for service, explain charges on customers' bills, adjust charges made in error and to generally act as representatives of the utility. If one business office serves several communities, toll-free calling from such communities to that office shall be provided.

Subp. 2. Information available to public. Access to the following information shall be made available at the business office upon request:

A. copies of all tariffs as described in this chapter applicable to the area served by the business office;

B. maps showing exchange, base rate area and zone boundaries, if applicable, in sufficient size and detail from which all customer locations can be determined and mileage or zone charges quoted;

C. publicly announced information as to the present intended future availability of specific classes of service at an applicant's location;

D. publicly announced information concerning plans for major service changes in the area served by the business office; and

E. information pertaining to services and rates as proposed in pending tariff or rate change filing.

Statutory Authority: *MS s 237.07; 237.10; 237.11*

7810.1100 COMPLAINT PROCEDURES.

Subpart 1. Personnel available to hear inquiries and complaints. The utility shall establish such procedures whereby qualified personnel shall be available during regular business hours to receive and, if possible, resolve all customer inquiries, requests, and complaints.

Subp. 2. Investigation of complaints. If any complaint cannot be promptly resolved, the utility shall contact the customer within five business days and at least once every 14 calendar days thereafter, and advise the customer regarding the status of its investigation until: the complaint is mutually resolved; or the utility advises the customer of the results of its investigation and final disposition of the matter; or the customer files a written complaint with the Public Utilities Commission or the courts.

Subp. 3. Notification to Public Utilities Commission of complaint. When the Public Utilities Commission forwards a customer complaint to the utility, the utility shall notify the commission within five business days regarding the status or disposition of the complaint.

Statutory Authority: *MS s 237.07; 237.10; 237.11*

7810.1200 RECORD OF COMPLAINT.

Each utility shall keep a record of all complaints received by it from its customers which shall be classified as directed by the Public Utilities Commission. The record shall show the name and address of the customer, the date and nature of the complaint, and its disposition and date thereof. The utility shall keep records of the customer complaints in such a manner as will enable it to review and analyze its procedures and actions.

Statutory Authority: *MS s 237.07; 237.10; 237.11*

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7810.1300 REPORTING COMPLAINTS TO COMMISSION.

Each utility shall file an annual report on or before May 1 with the Public Utilities Commission containing the following information:

A. the total number of resolved and unresolved complaints by class of service and type of complaint;

B. the total number of lines in each class of service and the total number of lines increased during the past year; and

C. the names, addresses, and telephone numbers of personnel designated and authorized to receive and respond to the requests and directives of the Public Utilities Commission regarding customer inquiries, service requests, and complaints. The utility shall keep this information current and if changes occur, the utility must inform the commission immediately of these changes.

All information must be verifiable and available for inspection and investigation by commission staff.

The utility must provide upon notice by the commission, an up-to-date report of this type prior to any hearing before the commission, or upon any official request of the commission.

The commission shall initially mail copies of the type of form to be used for this report to all utilities regulated hereunder.

Each utility shall initially file the prescribed annual report on or before May 1, 1979. This initial report will cover the utility's operations during the previous calendar year.

Statutory Authority: *MS s 237.07; 237.10; 237.11*

CUSTOMER BILLING; DEPOSIT AND GUARANTEE REQUIREMENTS**7810.1400 CUSTOMER BILLING.**

Subpart 1. **Bill.** Bills to customers shall be typed or machine-printed, rendered regularly, and shall contain an itemized listing of all charges and the period of time covered by the billing. Statements itemizing message toll charges shall be included in bills to customer.

Subp. 2. **Adjustment of bill due to interruption of service.** In the event a customer's service is interrupted otherwise than by negligence or willful act of the customer and it remains out of order for 24 hours after being reported to the utility, adjustments shall be made to the customer, based upon the pro rata part of the month's charge for the period of days and that portion of the service and facilities rendered useless or inoperative. The refund may be accomplished by a credit on a subsequent bill for telephone service. If in the case of such interruption, service is restored on or before the day after it is reported or found by the company, no allowance will be made.

Subp. 3. **Explanation of rates and charges.** Upon the request of any customer or applicant, the utility shall provide an explanation of the rates, charges, and provisions applicable to the service furnished or available to such customer or applicant, and shall provide any information and assistance necessary to enable him to obtain the most economical communications service conforming to his stated needs. Applicants for telephone service shall be advised as to alternate services available to meet their stated communications requirements. This information may include printed explanations of alternate services and rates. Correspondingly, the utility shall notify its customers of any services and shall provide an estimate of the initial billing for basic monthly service, including fractional monthly amounts, plus any other applicable charges.

Statutory Authority: *MS s 237.10*

7810.1500 DEPOSIT AND GUARANTEE REQUIREMENTS.

The utility may require a deposit or guarantee of payment from any custom-

er or applicant who has not established good credit with that utility. Deposit or guarantee of payment requirements as prescribed by the utility must be based upon standards which bear a reasonable relationship to the assurance of payment. The utility may determine whether a customer has established good credit with that utility, except as herein restricted:

A. A customer, who within the last 12 months has not had his service disconnected for nonpayment of a bill and has not been liable for disconnection of service for nonpayment of a bill, and the bill is not in dispute, shall be deemed to have established good credit.

B. A utility shall not require a deposit or a guarantee of payment based upon income, home ownership, residential location, employment tenure, nature of occupation, race, color, creed, sex, marital status, age, national origin, or any other criteria which does not bear a reasonable relationship to the assurance of payment or which is not authorized by this chapter.

C. No utility shall use any credit reports other than those reflecting the purchase of utility services to determine the adequacy of a customer's credit history without the permission in writing of the customer. Any credit history so used shall be mailed to the customer in order to provide the customer an opportunity to review the data. Refusal of a customer to permit use of a credit rating or credit service other than that of a utility shall not affect the determination by the utility as to that customer's credit history.

Statutory Authority: *MS s 237.10*

7810.1600 DEPOSIT.

When required, a customer may assure payment by submitting a deposit. A deposit shall not exceed an estimated two months' gross bill or existing two months' bill where applicable. All deposits shall be in addition to payment of an outstanding bill or a part of such bill as has been resolved to the satisfaction of the utility, except where such bill has been discharged in bankruptcy. A utility shall not require a deposit or a guarantee of payment without explaining in writing why that deposit or guarantee is being required and under what conditions, if any, the deposit will be diminished upon return. The deposit shall be refunded to the customer after 12 consecutive months of prompt payment of all bills to that utility. The utility may, at its option, refund the deposit by direct payment or as a credit on the bill. With notice any deposit of a customer shall be applied by the utility to a bill when the bill has been determined by the utility to be delinquent. Each utility shall issue a written receipt of deposit to each customer from whom a deposit is received and shall provide a means whereby a depositor may establish a claim if the receipt is unavailable.

Interest shall be paid on deposits in excess of \$20 at the rate of six percent per year. Interest on deposits shall be payable from the date of deposit to the date of refund or disconnection. The utility may, at its option, pay the interest at intervals it chooses but at least annually, by direct payment, or as a credit on bills.

Upon termination of service, the deposit with accrued interest shall be credited to the final bill and the balance shall be returned within 45 days to the customer.

Statutory Authority: *MS s 237.10*

7810.1700 GUARANTEE OF PAYMENT.

The utility may accept, in lieu of a deposit, a contract signed by a guarantor satisfactory to the utility whereby payment of a specified sum not exceeding the deposit requirement is guaranteed. The term of such contract shall be for no longer than 12 months, but shall automatically terminate after the customer has closed and paid the account with the utility, or at the guarantor's request upon 60 days' written notice to the utility. Upon termination of a guarantee contract or whenever the utility deems same insufficient as to amount or surety, a cash

deposit or a new or additional guarantee may be required for good cause upon reasonable written notice to the customer. The service of any customer who fails to comply with these requirements may be disconnected upon notice as prescribed in part 7810.2300. The utility shall mail the guarantor copies of all disconnect notices sent to the customer whose account he has guaranteed unless the guarantor waives such notice in writing.

Statutory Authority: *MS s 237.10*

DISCONNECTION OF SERVICE; SERVICE DELAY

7810.1800 DISCONNECTION OF SERVICE WITH NOTICE; PERMISSIBLE REASONS.

With notice a utility may disconnect service to any customer for any reason stated below. Notice must comply with the requirements of part 7810.2300:

- A. for failure of the customer to pay a bill for utility service when due;
- B. for failure of the customer to meet the utility's deposit and credit requirements;
- C. for failure of the customer to make proper application for service;
- D. for customer's violation of any of the utility's rules on file with the commission;
- E. for failure of the customer to provide the utility reasonable access to its equipment and property;
- F. for customer's breach of the contract for service between the utility and the customer;
- G. for a failure of the customer to furnish such service, equipment, and/or rights-of-way necessary to serve said customer as shall have been specified by the utility as a condition of obtaining service; or
- H. when necessary for the utility to comply with any order or request of any governmental authority having jurisdiction.

Statutory Authority: *MS s 237.10*

7810.1900 DISCONNECTION OF SERVICE WITHOUT NOTICE; PERMISSIBLE REASONS.

Without notice a utility may disconnect service to any customer for any reason stated below:

- A. in the event of tampering with the utility's equipment;
- B. in the event of a condition determined to be hazardous to the customer, to other customers of the utility, to the utility's equipment, the public, or to employees of the utility; or
- C. in the event of a customer's use of equipment in such a manner as to adversely affect the utility's equipment or the utility's service to others.

Statutory Authority: *MS s 237.10*

7810.2000 NONPERMISSIBLE REASONS TO DISCONNECT SERVICE.

A utility may not disconnect service to any customer for any reason stated below:

- A. delinquency in payment for services rendered to a previous customer who occupied the premises unless said customer continues to occupy the premises;
- B. failure to pay for equipment or service not approved by the commission as an integral part of the utility service; or
- C. failure to pay for a bill to correct a previous underbilling due to an inaccurate meter or billing error if the customer agrees to payment over a reasonable period of time.

Failure to pay for business service at a different location and a different telephone number shall not constitute sufficient cause for disconnection of residence service or vice versa.

Statutory Authority: *MS s 237.10*

7810.2100 MANNER OF DISCONNECTION.

Service shall not be disconnected on any Friday, Saturday, Sunday, or legal holiday, or at any time when the utility's business offices are not open to the public, except where an emergency exists.

Statutory Authority: *MS s 237.10*

7810.2200 RECONNECTION OF SERVICE.

In the event service has been disconnected for valid cause by the utility, the utility may charge a reconnect fee based on the cost of reconnection as stated in the utility's tariff on file with the commission. Notwithstanding the above provision, the utility shall not charge a reconnect fee for disconnection of service pursuant to part 7810.1900, item B, except if the hazard is caused by customer provided equipment.

Statutory Authority: *MS s 237.10*

7810.2300 NOTICE REQUIREMENTS.

All notices required by this chapter must precede the action to be taken by at least five days excluding Sundays and legal holidays. No notice may be given until the condition of which it informs presently exists. When required by this chapter, notice of impending action by the utility shall be by first class mail. Notice shall be sent to the address where service is rendered or to the address where the bill is sent if different from the address where service is rendered.

In lieu of mailing, notices may be delivered by a representative of the utility. Such notices must be in writing and receipt of them must be signed by the customer, if present, or some other member of the customer's family of responsible age, or the utility representative must make an affidavit under oath that he delivered the notice to the customer, his residence, or his business. A record of all notices and all affidavits required by this chapter must be kept on file by the utility and must be made available to the commission. Disconnection notices shall contain the date on or after which disconnection will occur, reason for disconnection, and methods of avoiding disconnection in normal, easy-to-understand language.

Statutory Authority: *MS s 237.10*

7810.2400 BILL DISPUTES.

Whenever the customer advises the utility's designated representative prior to the disconnection of service that any part of the bill as rendered or any part of the service which affects the amount of the bill is in dispute, the utility shall: investigate the dispute promptly; advise customer of investigation and its result; attempt to resolve dispute; withhold disconnection of service until the investigation is completed and the customer is informed of the findings of fact. Upon the findings of the utility, the customer must submit payment in full of any bill which is due. If the dispute is not resolved to the satisfaction of the customer, he or she must submit the entire payment and may designate the disputed portion to be placed in escrow with the utility. Such payment shall be called an escrow payment.

Statutory Authority: *MS s 237.10*

7810.2500 ESCROW PAYMENTS.

To submit a payment in escrow, the customer must make payment of the amount due as shown on the bill through an escrow payment form clearly marked

and provided by the utility. The escrow payment form must provide space for the customer to explain why the utility's resolution of the dispute is unsatisfactory to the customer. The form must be in three copies, one of which will be retained by the customer. A copy of the escrow payment form must be forwarded by the customer to the Public Utilities Commission. By submitting the escrow payment form to the commission, the customer shall be deemed to have filed an informal complaint against the utility, pursuant to the commission's rules of practice, parts 7830.0100 to 7830.4300. Any escrow payment to the utility may be applied by the utility as any normal payment received by the utility. After escrow payment has been made, the customer and the utility may still resolve the dispute to their mutual satisfaction.

Upon settlement of the dispute, any sums found to be entitled to be refunded to the customer shall be supplemented by a six percent per annum interest charge from the date of payment to the date of return by the utility.

Statutory Authority: *MS s 237.10*

7810.2600 UTILITY WAIVER OF RIGHT TO DISCONNECT AND EMERGENCY STATUS BY CUSTOMER.

A customer may apply to the utility to waive its rights to disconnect. If the utility refuses to waive its right to disconnect, the customer may apply to the commission for emergency status. If the commission determines a customer has a probable hardship which may result in the disconnection of service for nonpayment, it may declare an emergency status to exist and order the utility to continue service for a period not to exceed 30 days.

Statutory Authority: *MS s 237.10*

7810.2700 NO OBLIGATION TO SUSPEND DISCONTINUANCE OF SERVICE UNLESS CURRENT BILLS PAID BY CUSTOMER.

Notwithstanding anything herein to the contrary, the utility shall not be obligated to suspend discontinuance of service upon the filing for review with the commission, unless the customer shall pay, when due, all current bills rendered during the pendency. If, following the first filing for review with the commission, the same customer or any other person files for any subsequent review by the commission pertaining to the same account, such subsequent filings shall not relieve the customer from the obligations to pay for service rendered after the first filing. If subsequent requests for review are filed during the pendency of the first review, all designated disputed payments or portions thereof made after the first filing shall be considered to be made into escrow.

Statutory Authority: *MS s 237.10*

7810.2800 DELAY IN INITIAL SERVICE OR OF UPGRADING EXISTING SERVICE.

During such periods of time as telephone utilities may not be able to supply initial telephone service to an applicant or upgrade existing customers within 30 days after the day applicant desires service, the telephone utility shall keep a record by exchanges showing the name and address of each applicant for service, the date of application, date service desired, the class and grade of service applied for, together with the reason for the inability to provide the new service or higher grade to the applicant. When, because of shortage of facilities, a utility is unable to supply main telephone service on dates requested by applicants, first priority shall be given to furnishing those services which are essential to public health and safety. In cases of prolonged shortage or other emergency, the commission may require establishment of a priority plan subject to its approval for clearing held orders, and may request periodic reports concerning the progress being made. Ninety percent of the utility's commitments to customers as to the date of installation of regular service orders shall be met excepting customer-caused delays and acts of God.

Statutory Authority: *MS s 237.10*

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DIRECTORIES

7810.2900 CONTENT OF DIRECTORIES.

Telephone directories shall be regularly published, listing the name, address when practical, and telephone number of all customers, except public telephones and numbers unlisted at customer's request. The name of the telephone utility, the area included in the directory, the year and month of issue, shall appear on the front cover. Information pertaining to emergency calls such as for the police and fire departments shall appear conspicuously in the front part of the directory pages. The directory shall contain such instructions concerning placing local and long distance calls, calls to repair and directory assistance services, and location of telephone company business offices as may be appropriate to the area served by the directory. Upon issuance, a copy of each directory shall be distributed to all customers served by that directory and a copy of each directory shall be furnished to the commission, upon request.

Statutory Authority: *MS s 237.10*

7810.3000 DIRECTORY ASSISTANCE.

Directory assistance or intercept operators shall maintain records of all telephone numbers (except telephone numbers not listed or published at customer request) in the area for which they are responsible for furnishing directory assistance service.

Each telephone utility shall make every effort to list its customers with directory assistance as necessary for the directory assistance operators to provide the requested telephone numbers based on customer names and post office addresses to eliminate "not found" numbers where the address is different from the address normally associated with an exchange directory.

Statutory Authority: *MS s 237.10*

7810.3100 CHANGES OR ERROR OF LISTED NUMBER.

In the event of an error in the listed number of any customer, the telephone utility shall intercept all calls to the listed number for a reasonable period of time provided existing central office equipment will permit and the number is not in service. In the event of an error or omission in the name listing of a customer, such customer's correct name and telephone number shall be in the files of the information or intercept operators and the correct number furnished the calling party, either upon request or interception.

Whenever any customer's telephone number is changed after a directory is published, the utility shall intercept all calls to the former number for a reasonable period of time, and give the calling party the new number, provided existing central office equipment will permit, and the customer so desires. Provided, however, the telephone utility may refuse to take such action for good and sufficient reason.

When additions or changes in plant, records, or operations which will necessitate a large group of number changes are scheduled, reasonable notice shall be given to all customers so affected even though the additions or changes may be coincident with a directory issue.

Statutory Authority: *MS s 237.10*

ENGINEERING

7810.3200 CONSTRUCTION OF TELEPHONE PLANT.

Construction of a telephone plant shall be subject to the provisions of the current National Electrical Safety Code or such other appropriate regulation as may be prescribed.

Statutory Authority: *MS s 237.10*

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7810.3300 MAINTENANCE OF PLANT AND EQUIPMENT.

Each telephone utility shall adopt and pursue a maintenance program aimed at achieving efficient operation of its system so as to permit the rendering of safe and adequate service. Maintenance shall include keeping all plant and equipment in good state of repair consistent with safety and adequate service performance. Broken, damaged, or deteriorated parts which are no longer serviceable shall be repaired or replaced. Adjustable apparatus and equipment shall be readjusted as necessary when found by preventive routines or fault location tests to be in unsatisfactory operating condition. Electrical faults, such as leakage or poor insulation, noise, induction, cross talk, or poor transmission characteristics, shall be corrected to the extent practicable within the design capability of the plant affected.

Statutory Authority: *MS s 237.10*

7810.3400 GRADE OF SERVICE.

Subpart 1. **Number of customers on line limited by grade of service.** Within the base rate area no utility shall connect more customers on any line than are contemplated under the grade of service charged the customer on such line, except on an emergency and temporary basis authorized by the commission.

Subp. 2. **Rural customers.** On rural lines where multiparty service is provided, no more than eight customers shall be connected to any one circuit, unless approved by the commission. All rural circuits now serving more than eight shall be changed to meet this requirement within a five-year period following adoption of these rules. The telephone utility may regroup customers in such a manner as may be necessary to carry out the provision of this part. Upon completion of delay in the meeting of this requirement a report to that effect shall be filed with the commission. The commission shall recognize that there are certain sparsely populated areas within our state where these standards could prove unreasonable.

Statutory Authority: *MS s 237.10*

7810.3500 INTEREXCHANGE TRUNKS.

When trunk lines or toll circuits for communication are furnished by one or more telephone utilities between exchanges, the circuits connecting such exchanges shall be nongrounded. No customer's instruments, other than toll stations, shall be regularly connected thereto.

Statutory Authority: *MS s 237.10*

7810.3600 GROUNDED CIRCUITS.

On and after the effective date of these rules, no additional telephone lines shall be constructed as single wire with ground return. All existing grounded telephone lines shall be converted to nongrounded circuits.

Statutory Authority: *MS s 237.10*

7810.3700 SELECTIVE RINGING.

Each telephone utility shall have as an ultimate objective the provision of full selective ringing for all telecommunication services.

Statutory Authority: *MS s 237.10*

7810.3800 SWITCHING SERVICE.

Effective with the adoption of these rules, telephone utilities shall not provide switching service to lines which do not meet the technical criteria of these rules. Also, effective with the adoption of these rules, each telephone utility shall eliminate nonconforming switching service according to the following provisions:

A. upon conversion to dial service or any other plan approved by the commission;

B. all others shall be changed to company-owned stations within a period of five years.

Statutory Authority: *MS s 237.10*

7810.3900 EMERGENCY OPERATIONS.

Each telephone utility shall make reasonable provisions to meet emergencies resulting from failures of lighting or power service, sudden and prolonged increases in traffic, illness of operators, or from fire, storm, or acts of God, and each telephone utility shall inform employees as to procedures to be followed in the event of emergency in order to prevent or mitigate interruption or impairment of telecommunications service. It is essential that all companies shall make reasonable provisions for emergency power. In offices without installed emergency power facilities, there shall be a mobile power unit available which can be delivered on short notice, and which can be readily connected. Each central office shall contain as a minimum four hours of battery reserve. In exchanges exceeding 5,000 lines, a permanent auxiliary power unit shall be installed.

Statutory Authority: *MS s 237.10*

7810.4000 CONSTRUCTION WORK NEAR UTILITY FACILITIES.

Even though all contractors working in the vicinity of utility lines or structures are responsible for exercising due diligence in preventing damage to utility property or interruption to utility services, telephone utilities shall, when requested, furnish to contractors appropriate information concerning the location of underground conduit, cable, etc., in order to prevent any interruption of service to telephone customers. Nothing in this part is intended to affect the responsibility, liability, or legal rights of any party under applicable laws or statutes.

Statutory Authority: *MS s 237.10*

INSPECTIONS, TESTS, SERVICE REQUIREMENTS

7810.4100 ACCESS TO TEST FACILITIES.

Each telephone utility shall provide or have access to test facilities which will enable it to determine the operating and transmission capabilities of circuit and switching equipment, either for routine maintenance or for fault location.

Statutory Authority: *MS s 237.10*

7810.4200 METER AND RECORDING EQUIPMENT TEST FACILITIES.

Each utility furnishing telephone service, where local exchange billing is based on the number and/or duration of messages, shall provide the necessary facilities, instruments, and equipment for testing its metering or recording equipment. Any utility may be exempted from this requirement by the commission, provided that satisfactory arrangements are made for test of its meters and recording equipment by another utility or approved agency. The overall accuracy of the test equipment and test procedure shall be sufficient to enable test of meters and recording equipment within the requirements of this chapter.

Statutory Authority: *MS s 237.10*

7810.4300 ACCURACY REQUIREMENTS.

All meters and/or recording devices used to record data and prepare customers' bills shall be in good mechanical and electrical condition, shall be accurately read, and shall not involve approximations. All meters and/or recording devices shall accurately perform the following.

For message rate service, where timing of length of message is not involved, the meter and/or recording device shall show accurately the number of completed messages sent by the station which it is measuring. For message rate and/or toll service when in addition to recording the calls it is necessary to time the calls, the meter and/or recording device shall show accurately the number of calls and

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the talking time involved in each call and the station making such call. When the recording equipment provides coded information that is used to automatically prepare customer bills, accurate interpretation of such coded information is required.

Statutory Authority: *MS s 237.10*

7810.4400 INITIAL TEST.

Every telephone meter and/or recording device shall be tested prior to its installation, either by the manufacturer, the utility, or any approved organization equipped for such testing.

Statutory Authority: *MS s 237.10*

7810.4500 AS-FOUND TESTS.

All meter and/or recording devices tested in accordance with this chapter for routine or complaint tests shall be tested in the condition "as found" in connection with the customer's service prior to removal or adjustment in any respect.

Statutory Authority: *MS s 237.10*

7810.4600 ROUTINE TESTS.

Each utility shall adopt appropriate practices for test and maintenance of its meters and/or recording devices to assure the integrity of their operation.

Statutory Authority: *MS s 237.10*

7810.4700 TEST RECORDS.

A record of all meter and/or recording equipment tests and adjustments and data sufficient to allow checking of the results shall be recorded. Such record shall include: the identifying number of the meter and/or recording device; its type; the date and kind of test; and the results as found at each test. The record of tests of each meter and/or recording device shall be maintained for at least two years.

Statutory Authority: *MS s 237.10*

7810.4800 CUSTOMER REQUEST FOR TESTING AND REVIEW.

Upon request of any customer the telephone utility shall make a test of any meter and/or recording device related to his billing. Such requests should not be made more often than once every three months unless unusual circumstances exist.

In the event a dispute, relating to meter and/or recording device billing, is not reconciled between the customer and the utility, the utility shall direct its personnel to inform the customer that he may appeal to the commission for further review of the matter.

Statutory Authority: *MS s 237.10*

7810.4900 ADEQUACY OF SERVICE.

Each utility shall employ reasonable engineering and administrative procedures to determine the adequacy of service being provided to the customer. Traffic studies shall be made and records maintained to the extent and frequency necessary to determine that sufficient equipment and an adequate operating force are provided during the busy hour, busy season. Each telephone utility shall provide emergency service in all exchanges operated in which regular service is not available at certain periods during the 24 hours of the day. When service is not continuous for the full 24-hour day, proper arrangements shall be made for handling emergency calls during the off-periods by the use of alarms maintained in proper conditions with someone conveniently available so that emergency calls will be given prompt attention.

Each utility shall employ adequate procedures for assignment of facilities. The assignment record shall be kept up to date and checked periodically to determine if adjustments are necessary to maintain proper balance in all groups.

Statutory Authority: *MS s 237.081; 237.10*

7810.5000 UTILITY OBLIGATIONS.

Each telephone utility shall provide telephone service to the public in its service area in accordance with its rules and tariffs on file with the commission. Such service shall meet or exceed the standards set forth in this chapter. Each telephone utility has the obligation of continually reviewing its operations to assure the furnishing of adequate service. Each telephone utility shall maintain records of its operations in sufficient detail as is necessary to permit such review and such records shall be made available for inspection by the commission upon request at any time within the period prescribed for retention of such records. Each utility shall make measurements to determine the level of service for each item included in these rules. Each utility shall provide the commission or its staff with the measurements and summaries thereof for any of the items included herein on request of the commission or its staff. Records of these measurements and summaries shall be retained by the utility as specified by the commission.

Where a telephone utility is generally operated in conjunction with any other enterprise, suitable records shall be maintained so that the results of the telephone operation may be determined upon reasonable notice and request by the commission.

Statutory Authority: *MS s 237.081; 237.10*

7810.5100 TELEPHONE OPERATORS.

Suitable practices shall be adopted by each telephone utility concerning the operating methods to be employed by operators with the objective of providing efficient and pleasing service to the customers. Telephone operators shall be instructed to be courteous, considerate, and efficient in the handling of all calls, and to comply with the provisions of the Communications Act of 1934 in maintaining the secrecy of communications. All operator-handled calls shall be carefully supervised and disconnects made promptly. When an operator is notified by a customer that he has reached a wrong number on a direct-dialed call, the customer shall be given credit on his bill when the claim has been substantiated.

Statutory Authority: *MS s 237.081; 237.10*

7810.5200 ANSWERING TIME.

Adequate forces shall be provided at local manual offices in order to assure that 95 percent of the calls will be answered within ten seconds. Ninety percent of repair service calls, calls to the business office, and other calls shall be answered within 20 seconds. An "answer" shall mean that the operator or representative is ready to render assistance and/or ready to accept information necessary to process the call. An acknowledgment that the customer is waiting on the line shall not constitute an answer.

Statutory Authority: *MS s 237.081; 237.10*

7810.5300 DIAL SERVICE REQUIREMENTS.

Sufficient central office capacity and equipment shall be provided to meet the following minimum requirements during average busy season, busy hour:

A. Dial tone within three seconds on at least 98 percent of telephone calls. Dial tone delays of more than 2.6 percent of calls on a continuing basis indicates a need for investigative or corrective action.

B. Complete dialing of called numbers on at least 97 percent of telephone calls without encountering an all-trunks busy condition within the central office.

Statutory Authority: *MS s 237.081; 237.10*

7810.5400 INTEROFFICE TRUNKS.

Local interoffice trunks shall be provided so that at least 95 percent of telephone calls offered to the group will not encounter an all-trunks-busy condi-

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tion. For toll connecting trunks, this figure shall be at least 97 percent. When the completion rate falls below 95 percent on a continuing basis investigative or corrective action should be initiated.

Statutory Authority: *MS s 237.081; 237.10*

7810.5500 TRANSMISSION REQUIREMENTS.

Telephone utilities shall furnish and maintain adequate plant, equipment, and facilities to provide satisfactory transmission of communications between customers in their service areas. Transmission shall be at adequate volume levels and free of excessive distortion. Levels of noise and cross talk shall be such as not to impair communications.

Statutory Authority: *MS s 237.081; 237.10*

7810.5600 MINIMUM TRANSMISSION OBJECTIVES.

The transmission objectives set forth herein are based upon the use of standard telephone sets connected to a 48-volt dial central office and measured at a frequency of 1,000 cycles per second. With the foregoing conditions a subscriber line that provides satisfactory pulsing and supervision normally will provide acceptable and adequate transmission. Such line shall, in general, have a loop resistance not exceeding the operating design of the associated central office equipment. The overall transmission loss, including terminating equipment, on local interoffice trunks shall be no more than ten decibels. Whenever feasible, the overall transmission loss, including terminating equipment, on intertoll trunks and on terminating links shall be no more than five decibels. Because these trunks may be only one of several connected links, on some toll routes it may be necessary to provide better facilities of high grade in order to keep overall net circuit losses within reasonable limits and to provide satisfactory message transmission.

Statutory Authority: *MS s 237.081; 237.10*

7810.5700 PUBLIC TELEPHONE SERVICE.

In each exchange located in an incorporated village the telephone utility shall supply at least one coin telephone that will be available to the public on a 24-hour basis. This coin telephone shall be located in a prominent location in the exchange and shall be lighted at night. The utility may also establish other public telephone service locations where the public convenience will be served. This requirement may be waived by the commission in cases of abusive vandalism or damage.

Statutory Authority: *MS s 237.081; 237.10*

7810.5800 INTERRUPTIONS OF SERVICE.

Each telephone utility shall make all reasonable efforts to prevent interruptions of service. When interruptions occur, the utility shall reestablish service with the shortest possible delay. The minimum objective should be to clear 95 percent of all out-of-service troubles within 24 hours of the time such troubles are reported. In the event that service must be interrupted for purposes of working on the lines or equipment, the work shall be done at a time which will cause minimal inconvenience to customers. Each utility shall attempt to notify each affected customer in advance of the interruption. Emergency service shall be available, as required, for the duration of the interruption.

Every telephone utility shall inform the commission, as soon as possible, of any major catastrophe such as that caused by fire, flood, violent wind storms, or other acts of God which apparently will result in prolonged and serious interruption of service to a large number of customers.

Statutory Authority: *MS s 237.081; 237.10*

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7810.5900 CUSTOMER TROUBLE REPORTS.

Arrangements shall be made to receive customer trouble reports 24 hours daily and to clear trouble of an emergency nature at all hours, consistent with the bona fide needs of the customer and personal safety of utility personnel.

Each telephone utility shall maintain an accurate record of trouble reports made by its customers. This record shall include appropriate identification of the customer or service affected, the time, date, and nature of the report, the action taken to clear trouble or satisfy the complaint, and the date and time of trouble clearance or other disposition. This record shall be available to the commission or its authorized representatives upon request at any time within the period prescribed for retention of such records.

It shall be the objective to so maintain service that the average rate of all customer trouble reports in an exchange is no greater than 6.5 per 100 telephones per month. A customer trouble report rate of more than 8.0 per 100 telephones per month by repair bureau on a continuing basis indicates a need for investigative or corrective action.

Statutory Authority: *MS s 237.081; 237.10*

7810.6000 PROTECTIVE MEASURES.

Each utility shall exercise reasonable care to reduce the hazards to which its employees, its customers, and the general public may be subjected. The utility shall give reasonable assistance to the commission in the investigation of the cause of accidents and in the determination of suitable means of preventing accidents.

Statutory Authority: *MS s 237.10*

7810.6100 SAFETY PROGRAM.

Each utility shall adopt and execute a safety program, fitted to the size and type of its operations. As a minimum, the safety program should:

- A. require employees to use suitable tools and equipment in order that they may perform their work in a safe manner;
- B. instruct employees in safe methods of performing their work; and
- C. instruct employees who, in the course of their work, are subject to the hazard of electrical shock, asphyxiation, or drowning, in accepted methods of artificial respiration.

Statutory Authority: *MS s 237.10*

ACCOUNTING

7810.6200 TELEPHONE ACCOUNTING RULES.

For purposes of accounting regulations the commission has grouped all telephone companies into the following classes:

- A. Class A: companies having average annual gross operating revenues of \$250,000 or more;
- B. Class B: companies having average gross operating revenues of \$100,000 but not more than \$250,000;
- C. Class C: companies having average annual gross operating revenues exceeding \$50,000 but not more than \$100,000; and
- D. Class D: companies having average gross operating revenues not exceeding \$50,000.

Statutory Authority: *MS s 237.10*

7810.6300 DETERMINATION OF CLASS.

The class to which a telephone company belongs shall be determined by the average of its annual gross operating revenues for the three preceding years. If,

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at the end of any calendar year, this average is greater than the maximum or less than the minimum for the class in which the company has been grouped, it shall be automatically grouped in the higher or lower class in which it falls. A telephone company beginning a new operation or extending its existing operations shall be classified in accordance with a reasonable estimate of its prospective annual gross operating revenues.

A telephone company may, at its option, place itself in any group higher than the one in which it falls on the basis of its average annual gross operating revenues. Notice of such action shall be promptly filed with the commission. A telephone company presently reporting as a class B company but having annual gross operating revenues of less than \$100,000 may continue reporting as a class B company.

Statutory Authority: MS s 237.10

7810.6400 RECORDS AND ACCOUNTS IN ACCORDANCE WITH UNIFORM SYSTEM OF ACCOUNTING.

A telephone company shall maintain its records and accounts in accordance with the applicable uniform system of accounts, and shall file its annual report for the previous calendar year on or before May 1 of each year on the report forms furnished by the commission. Applicable schedules of such report forms shall be completed in full.

Class A and class B telephone companies shall maintain their accounts in accordance with the uniform systems of accounts for class A and class B telephone companies prescribed by the Federal Communications Commission. Class C telephone companies shall maintain their accounts in accordance with the uniform system of accounts for telephone companies prescribed by this commission. Class D telephone companies shall maintain such records as will enable them to complete the annual report form prescribed and furnished by the commission.

Statutory Authority: MS s 237.10

7810.6500 FIELD ANNUAL REPORTS.

All telephone companies requesting a rate adjustment shall present exhibits including a detailed income statement and balance sheet for the latest calendar year as shown in regularly filed annual reports. Exhibits should also include the latest available data. An income statement for any period other than a calendar year must be for a full 12-month period. All telephone companies subject to reporting requirements of the commission shall file with each annual report a copy of annual stockholders report if such a report is printed. Should a company furnish quarterly reports to stockholders a copy of each such report shall also be filed with the commission. All telephone companies who furnish quarterly reports to a federal regulatory commission shall regularly file a copy of such reports with the commission.

Statutory Authority: MS s 237.10

LOBBYING EXPENDITURES**7810.6600 DEFINITIONS.**

Subpart 1. Scope. For the purpose of parts 7810.6600 to 7810.6800, the following definitions shall apply.

Subp. 2. Lobbying expenditure. "Lobbying expenditure" means a purchase, payment, distribution, loan, advance, deposit, or gift of money or anything of value made for the purpose of influencing legislation or administrative action or supporting the election of any candidate to office. Lobbying expenditures also include the pro rata portion of salaries of lobbyists which represents the portion of their duties related to lobbying.

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Subp. 3. **Lobbyist.** "Lobbyist" means any individual or association engaged for pay or other consideration or authorized by a telephone utility to spend money who, during a calendar year, spends more than five hours in any month or more than \$250, not including travel expenses and membership dues, in any year, for the purpose of attempting to influence legislative or administrative action by communicating or urging others to communicate with public officials. No person engaged in formal rate cases before a regulatory body is by reason of such engagement a lobbyist.

Subp. 4. **Public official.** "Public official" means any:

- A. member of the legislature;
- B. person holding constitutional office in the executive branch and his chief administrative deputy;
- C. member of a state board or commission which has rulemaking authority, as "rule" is defined by Minnesota Statutes, section 14.02, subdivision 4;
- D. person employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher or attorney in the office of legislative research;
- E. person employed by the executive branch in any positions specified in Minnesota Statutes, section 15A.081; and
- F. member of the metropolitan council, metropolitan transit commission, metropolitan sewer board, or metropolitan airports commission.

Subp. 5. **Utility nonoperating expense.** "Utility nonoperating expense" means expenditures associated with activities other than those resulting from the regular activity of supplying service to the consumer.

Subp. 6. **Utility operating expense.** "Utility operating expense" means expenditures associated with the direct or regular activity of supplying service to the consumer.

Statutory Authority: *MS s 237.10*

7810.6700 SCOPE.

Parts 7810.6600 to 7810.6800 apply to each telephone utility regulated under Minnesota Statutes, chapter 237.

Each telephone utility shall maintain accounts and records relating to lobbying expenditures and make them available for inspection by the commission upon request.

Statutory Authority: *MS s 237.10*

7810.6800 ACCOUNTING TREATMENT OF LOBBYING EXPENDITURES.

Each telephone utility shall cause subaccounts to be established for the sole purpose of recording lobbying expenditures.

Lobbying expenditures for utility operating expense shall be charged to a subaccount of other expenses.

Lobbying expenditures for utility nonoperating expense shall be charged to a subaccount of miscellaneous deductions from income.

The above accounts shall be effective the first day of January of the year following the year in which this part becomes effective for any lobbying expenditures subsequent to that date.

Statutory Authority: *MS s 237.10*

DEPRECIATION CERTIFICATION FOR TELEPHONE REGULATION

7810.6900 DEFINITIONS.

Subpart 1. **Accumulated provision for depreciation.** "Accumulated provision

for depreciation” or “depreciation reserve” means the total charges for retirements, net salvage, and the annual provision for depreciation accrual(s) recorded by the utility under an approved method of depreciation accounting.

Subp. 2. Amortization. “Amortization” means the gradual extinguishment of an amount in an account by distributing such amount over a fixed period, over the probable service life of an asset or liability to which it applies, or over a period during which it is anticipated the benefit will be realized.

Subp. 3. Annual provision for depreciation accrual. “Annual provision for depreciation accrual” means the annual amount of depreciation charged to expenses and/or clearing accounts.

Subp. 4. Cost of removal. “Cost of removal” means the cost of demolishing, dismantling, removing, tearing down, or abandoning of physical assets, including the cost of transportation and handling incidental thereto.

Subp. 5. Depreciation. “Depreciation,” as applied to depreciable utility plant, means the loss in service value not restored by current maintenance, incurred in connection with the consumption of prospective retirement of utility plant in the course of service from causes which are known to be in current operation and against which the utility is not protected by insurance. Among the causes to be given consideration are wear and tear, decay, action of the elements, inadequacy, obsolescence, changes in the art, changes in demand, and requirements of public authorities. (For purposes of parts 7810.6900 to 7810.8000, references to depreciation will include amortization unless otherwise stated.)

Subp. 6. Depreciation accounting. “Depreciation accounting” means a system of accounting which aims to distribute cost or other basic value of tangible capital assets, less salvage (if any), over the estimated useful life of the unit (which may be a group of assets) in a systematic and rational manner. It is a process of allocation, not of valuation.

Subp. 7. Group plan. Under a “group plan,” depreciation charges are accrued on the original cost of all property included in each depreciable plant account using a composite rate based on average service life of the components properly weighed. Upon retirement of any depreciable property, its full service value is charged to the depreciation reserve whether or not the particular item has attained the average service life.

Subp. 8. Net salvage. “Net salvage” means salvage of property retired less the cost of removal.

Subp. 9. Original cost. “Original cost” means the cost of property to the person first devoting it to public service.

Subp. 10. Probable service life. “Probable service life” of a unit means that period of time extending from the date of its installation to the forecasted date when it will probably be retired from service.

Subp. 11. Public utility. “Public utility” means any telephone utility as defined in part 7810.0100, subpart 37, operating within the state of Minnesota and under the jurisdiction of the commission.

Subp. 12. Salvage. “Salvage” means the amount received for assets retired, less any expenses incurred in connection with the sale or in preparing the assets for sale; or if retained, the amount at which the materials recoverable is chargeable to materials and supplies, or other appropriate accounts.

Subp. 13. Straight-line method. “Straight-line method” means the plan under which the original cost of an asset adjusted for net salvage is charged to operating expenses and/or to clearing accounts and credited to the accumulated provision for depreciation through equal annual charges over its probable service life.

Subp. 14. Service value. “Service value” means the difference between original cost and net salvage value of utility plant.

Statutory Authority: *MS s 237.22*

DEPRECIATION CERTIFICATION

7810.7000 DEPRECIATION RATES.

Each utility has the prime responsibility for proposing the depreciation rates and methods that will be used. The commission shall certify by order to the utility the depreciation rates and methods which it considers reasonable and proper. Any allocation or adjustment of the depreciation reserve will require specific justification and certification by the commission.

Statutory Authority: *MS s 237.22*

7810.7100 CLASS A AND CLASS B UTILITIES.

Class A and B utilities, as defined in part 7810.6200, shall maintain continuing property records.

Class A and B utilities, as defined in part 7810.6200, shall maintain accounts covering the classes of depreciable telephone plant in accordance with the uniform system of accounts for class A and B telephone utilities as prescribed by the Federal Communications Commission.

Statutory Authority: *MS s 237.22*

7810.7200 CLASS C UTILITIES.

Class C utilities, as defined in part 7810.6200, shall maintain accounts covering the classes of depreciable telephone plant in accordance with the uniform system of accounts for class C telephone utilities as prescribed by the Federal Communications Commission.

Statutory Authority: *MS s 237.22*

7810.7300 CLASS D UTILITIES.

Class D utilities, as defined in part 7810.6200, shall maintain accounts covering the classes of depreciable telephone plant in accordance with the uniform system of accounts for class D telephone utilities as recommended by the Federal Communications Commission.

Statutory Authority: *MS s 237.22*

7810.7400 RETENTION OF ACCOUNTS AND RECORDS FOR DEPRECIATION STUDIES.

All telephone utilities shall retain data in sufficient detail to conduct depreciation certification studies for the purpose of determining depreciation accruals and reserves by depreciable telephone plant account. Depreciable plant accounts are those specified by the Federal Communications Commission for the class to which a telephone company belongs.

All telephone utilities shall maintain, and have available for inspection by the commission upon request, adequate accounts and records related to depreciation practices as defined herein.

Statutory Authority: *MS s 237.22*

7810.7500 REVIEW OF DEPRECIATION RATES.

All telephone utilities shall review their depreciation rates annually to determine if they are still generally appropriate. Depreciation certification studies shall be made so that all depreciable plant accounts shall have been analyzed at least every five years. Depreciable plant accounts are those specified by the Federal Communications Commission's uniform system of accounts for the class to which a telephone company belongs.

Statutory Authority: *MS s 237.22*

7810.7600 OPTION TO FOLLOW RULES FOR LARGER CLASS OF UTILITIES.

Any utility may at its option follow the depreciation rules prescribed herein for a larger class of utilities.

A petition for depreciation certification may be submitted by the utility or requested by the commission because of unusual circumstances.

Statutory Authority: *MS s 237.22*

7810.7700 FILING REQUIREMENTS FOR DEPRECIATION CERTIFICATION STUDIES.

Initially upon commission notification, and at least every five years thereafter, each public utility (class A, B, C, and D) shall file a petition for depreciation certification and the following depreciation schedules, for each year since the last certification, in the form prescribed by the commission.

A. Plant in service (by each appropriate depreciable plant account applicable to its class): beginning and ending plant balances; additions and retirements; adjustments and transfers.

B. Analysis of depreciation reserve (based on depreciation studies by each appropriate depreciable plant account applicable to its class): beginning and ending reserve balances; depreciation accruals and plant retirements; cost of removal and gross salvage value; transfers, adjustments, and other debits (credits).

C. Summary of annual depreciation accruals, based on depreciation studies by each appropriate depreciable plant account applicable to its class: plant balance; estimated net salvage; depreciation reserve; probable service life; and depreciation accrual and rate.

Statutory Authority: *MS s 237.22*

7810.7800 INFORMATION PROVIDED WITH PETITION FOR CERTIFICATION.

In addition, all utilities shall provide with the petition for depreciation certification:

A. a list of accounts upon which the utility has made studies of the estimates of service life and salvage, the dollar effects and the results of these studies, and the utility-recommended depreciation rates for the accounts; and

B. a list of any major future additions or retirements to the plant accounts which the utility believes may have a material effect on the current certification results.

All utilities shall furnish any additional documentation necessary to support findings of the study.

Statutory Authority: *MS s 237.22*

7810.7900 PRESCRIBED METHODS FOR DEPRECIATION CERTIFICATION STUDIES.

The commission prescribes the straight-line method for calculating depreciation accruals. Any exceptions to these methods will require specific justification and certification by the commission. No specific methods are prescribed by the commission in estimating service lives and salvage values. The methods selected by each utility will be reviewed for appropriateness by the department staff as part of the utility's certification filing.

Statutory Authority: *MS s 237.22*

7810.8000 PETITION FOR CERTIFICATION PROCEDURE.

Utilities shall petition the commission for certification of depreciation rates and methods as prescribed by the commission's rules of practice for petitions.

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Prior to the initial certification of a utility's depreciation rates and methods, the depreciation rates and methods effective as of January 1, 1977, are to be used. Depreciation rates and methods, once certified by order, are binding on all future rate proceedings and will remain in effect until the next certification or until the commission shall determine otherwise. If a utility is unable to comply by January 1, 1978, with any of the provisions of parts 7810.6900 to 7810.8000, the utility shall petition the commission within three months of the effective date of these rules for a temporary exception. The petition shall include the justification for noncompliance, the duration of the desired exception, and the plan for compliance.

Statutory Authority: *MS s 237.22*