

Colorado

Public Utilities Commission



For Your Information

T-1

HOW LOCAL CALLING AREAS ARE DETERMINED

The Colorado Public Utilities Commission (PUC) determines the specific areas that customers in a telephone exchange may call without incurring long-distance charges. These areas are called local calling areas.

At one time, the PUC determined local calling areas on a case-by-case basis using guidelines that included call volumes and other "community of interest" standards. In 1994, rules were developed that could be applied on a consistent basis to all requests for expanded local calling areas. Those rules were modified in 1999.

After reading this information, you will know what criteria are used in evaluating local calling areas, and procedures that are required in order to expand local calling areas.

DETERMINING "COMMUNITY OF INTEREST"

Under the current rules, there are two methods that may be used to show that a "community of interest" exists to warrant local calling between telephone exchanges – a "calling volume standard" and an "alternate criteria standard."

The calling volume standard establishes minimum calling rates between exchanges that must be met before expansion can be considered. To add the entire **Denver metro area**, which is made up of many individual exchanges, the minimum required call volume is an average of 24 calls per customer per month, with at least half of the customers making eight calls per month.

To add the entire **Colorado Springs metro area**, the calling rate must average eight calls per customer per month, and at least three calls per month made by half of the customers. To add **Pueblo, Fort Collins, Grand Junction** or **Greeley** exchanges, the calling rate must average six calls per customer per month, with at least two calls per month made by half of the customers.

For local calling expansions that do not include any of the aforementioned communities, the calling rate must equal or exceed an average of four calls per customer per month, with at least 50 percent of the customers making at least two calls per month.

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ALTERNATE CRITERIA STANDARD

If communities do not meet the calling volume standard, they may still seek expanded local calling through a second method called the “alternate criteria standard.” Under this standard, communities must present clear and convincing evidence that a community of interest exists between exchanges that do not meet the required calling rates.

Criteria to be used by the PUC in making its determination under this standard include customer calling patterns between communities; local calling for 9-1-1, government, school, business, police and fire, and medical purposes; and the location of primary business, employment, housing and transportation centers.

The PUC may also consider factors such as the level of local and long distance telephone competition, and the availability of optional calling plans.

When seeking expansion under the alternate criteria standard, the request must be signed by a majority of elected representatives of the city, town or county from the requesting local exchange area.

WHO PAYS FOR THE EXPANSION?

Under the calling volume standard and the alternate criteria standard, rate increases from local calling expansions are usually spread to all customers of the telephone companies affected.

There is an option in the rules that allows communities to impose a rate increase for expanded local calling only on customers in the affected communities. This is called Incremental Extended Area Service.

CUSTOMER SURVEYS

In communities where proposed expanded local calling would result in a rate increase of more than 0.5 percent a month, a survey of residential customers is required. The survey must explain the proposed expansion of the local calling area and the resulting increase in local rates. A majority of the customers in each of the exchanges must approve the expansion.

If the survey results are favorable, the PUC would then hold public hearings to make a determination that the expansion is in the public interest.

CALLING AREAS REVIEWED EVERY TWO YEARS

The Commission conducts a statewide review of calling areas every two years and makes recommendations to expand local calling for those communities that meet the call volume criteria.

In between those reviews, communities can petition the PUC for consideration of expanded local calling or incremental extended area service. The petition may come from a government entity, the local telephone company, or at least 15 percent or 500, whichever is less, of the customers in an exchange. Only one petition per 12-month period may be submitted.

The rules do allow for local telephone companies, if they so choose, to offer a lower-priced alternative to flat-rated local service for customers who would like smaller calling areas. For example, when several small eastern plains telephone companies added the Denver metro area to their local calling areas a few years ago, they offered an option for customers who didn't make many calls to Denver. That option retained the customer's previous smaller local calling areas and monthly rates, with a measured, per-minute rate for local calls to the new expanded area.

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