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**PSC DIRECTS LINCOLN TELEPHONE TO SURVEY CUSTOMERS
TO DETERMINE INTEREST IN EXPANDED LOCAL CALLING AREA**

The state Public Service Commission has directed Lincoln Telephone to mail PSC-approved ballots to all of its customers to ascertain customer acceptance of the company's proposal for extended area telephone service between Lincoln Tel's telephone exchanges and Qwest's Helena local calling region. Extended area service expands local calling areas so that customers' phone calls within an EAS area are local, not long-distance. However, local phone rates in an EAS area must increase to recover EAS costs.

If the PSC approves the EAS proposal as it now stands, Lincoln Telephone customers' monthly rates will increase by \$6.55 (with lower cost measured-service options available). Lincoln Tel provides telephone service in Lincoln and Canyon Creek.

In two recent hearings held by the PSC, the public testimony strongly supported EAS for Canyon Creek under the company's proposed rates. Testimony at the first hearing was generally in support of EAS for Lincoln, but opposing views were presented. Concerns about adequate public notice were expressed after the first hearing, so a second hearing was held to assure a full opportunity for customer comments. Public testimony in the second hearing was predominantly opposed to EAS for the Lincoln exchange.

Because of the apparent much stronger interest in EAS in the Canyon Creek exchange, the PSC also directed Lincoln Tel to submit separate cost and rate design information for Lincoln and Canyon Creek on a stand alone basis. Separate costs and rates will better inform customers of their rates if the PSC were to order EAS for only one of these exchanges. For example, preliminary calculations indicate that if EAS were to be approved for only the Canyon Creek exchange, the required monthly rate increase for Canyon Creek customers would be significantly higher than the \$6.55 proposed in the company's filing.

The proposed ballots to be used and the requested cost and rate design information will be submitted to the PSC by October 8.

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