

Service Date: April 13, 1983

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER Of The Consideration)
Of One-Way EAS Between Alberton)
And Missoula.)
_____)

UTILITY DIVISION
DOCKET NO. 82.3.19
ORDER NO. 4972

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83-15

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FINAL ORDER

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APPEARANCES

FOR THE ALBERTON TELEPHONE COMMITTEE:

Theodore Cowan, Esq., 311 Woody Street, Missoula, MT 59807

FOR THE MOUNTAIN STATES TELEPHONE AND TELEGRAPH COMPANY:

J. Walter Hyer, III, P.O. Box 1716, Helena, MT 59624

FOR THE MONTANA CONSUMER COUNSEL:

John Allen, Staff Attorney, Montana Consumer Counsel, 34
West Sixth Avenue, Helena, MT 59620

FOR THE COMMISSION:

Calvin K. Simshaw, Staff Attorney, Montana Public Service
Commission, 1227 Eleventh Avenue, Helena, MT 59620

BEFORE:

Thomas J. Schneider, Chairman
John B. Driscoll, Commissioner
Howard L. Ellis, Commissioner
Clyde Jarvis, Commissioner
Danny Oberg, Commissioner

FINDINGS OF FACTA. Background

1. During the past couple of years there has developed a move for extended area telephone service on the part of residents of the Alberton area. Their desire for EAS has been communicated to the Commission through correspondence and at public meetings conducted by Commissioner Turman and later by Commissioner Ellis. Most recently the Alberton residents have expressed a strong desire for EAS between Alberton and Missoula.

2. In June of 1981, Mountain Bell, at the request of the Commission, conducted a message usage study for traffic between Alberton and Missoula. The study reflected the following:

	Average Number of Toll Messages Per Main Station Per Month	Percent of Main Stations Originating at Least One (1) Toll Message Per Month
Alberton to Missoula	6.57	82.54%
Missoula to Alberton	0.07	3.12%

3. The results of the study did not meet the threshold requirements for determining the existence of a sufficient community of interest as established in the Commission's general rules on EAS; Title 38, Chapter 5, Sub-Chapter 13, ARM. Nonetheless, the results did indicate a significant calling pattern; if not back and forth between the communities, at least from Alberton to Missoula.

4. In light of a renewed request for EAS by Alberton residents, the Commission concluded that further consideration should

be given to a limited one-way EAS from Alberton to Missoula. The Commission initiated this docket for that purpose.

5. Pursuant to Commission order, Mountain Bell conducted a study and analysis to determine the increased revenue requirement necessary to allow for one-way EAS from Alberton to Missoula. Mountain Bell concluded that one-way EAS from Alberton to Missoula would necessitate an additional charge of \$19.44 to each Alberton customer for monthly phone service.

6. The Commission conducted a public hearing on January 10, 1983, at the Alberton Elementary School Lunchroom to consider the validity of Mountain Bell's revenue requirements and to take comments from the public.

B. Testimony at the Hearing

7. Lou Marquardt, District Staff Manager, Rate and Tariffs testified for Mountain Bell. Mr. Marquardt described the process applied by Mountain Bell in arriving at \$19.44 per month, per customer as the additional revenue requirement that would result from implementation of one-way EAS from Alberton to Missoula.

8. As outlined by Mr. Marquardt, one-way EAS would require \$29,098 per year additional equipment costs to handle stimulated Alberton to Missoula usage. There would also be \$23,873 annual loss in toll revenues. There would be a \$1,647 annual reduction in toll billing costs. The net result would be a need for \$51,324 in additional annual revenues. Divided by the 1983 average

number of customers in the Alberton exchange (220) this would result in an additional revenue requirement of \$19.44 per customer per month.

9. Eleven residents of the Alberton area gave public testimony at the hearing. They described their various needs for conducting calls to Missoula. All expressed the desire to have toll-free calling from Alberton to Missoula. However, none directly expressed a willingness to pay an additional \$19.44 per month in flat charges in order to have such toll-free calling.

DISCUSSION, ANALYSIS AND CONCLUSIONS

10. By giving further consideration to EAS from Alberton to Missoula, the Commission has in effect waived the threshold usage requirement in its EAS rules necessary to evidence sufficient community of interest. 38.5.1303, ARM.

11. Based upon the data contained in Finding of Fact No. 2 and the testimony of the Alberton area residents, the Commission concludes that there is a degree of community of interest flowing from Alberton to Missoula. The Commission further concludes that EAS from Alberton to Missoula should be implemented if the Alberton customers are willing to provide the additional revenue requirement such service would cause.

12. The Commission's rules on EAS require that if EAS is offered:

The incremental rates charged for the EAS arrangement will generate revenues within the affected exchanges sufficient to meet the increased intrastate revenue requirement resulting from provision of EAS. 38.5.1302(1)(b)

The Commission believes that this condition for obtaining EAS is entirely appropriate. Otherwise telephone subscribers in other areas of the state would be required to pick up costs that are directly attributable to a service provided only to subscribers of a given area.

13. The Commission finds in this case that the revenue requirement attributable to providing EAS from Alberton to Missoula would be \$19.44 per customer, per month. The validity of this calculation was adequately supported in the record through the testimony of Mr. Marquardt. There is nothing in the record to indicate that this number does not accurately reflect the revenue requirement that would be attributable to one-way EAS from Alberton to Missoula.

14. Consequently it must be determined whether the Alberton subscribers desire to have toll-free calling to Missoula if they are required to pay an additional \$19.44 in flat charges per month for the service. The Commission will direct Mountain Bell to conduct a written survey of those customers to determine if this is the case.

15. Throughout these proceedings the Alberton Telephone Committee have attacked the Commission's rules on EAS as being unfair. However, that attack was aimed only at the threshold usage criteria for establishing the existence of sufficient community of interest. The Committee has not objected to the requirement that customers of an exchange must pay the revenue requirement

associated with establishing EAS. As has already been observed, the Commission in effect waived the threshold usage criteria by further considering one-way EAS in this proceeding. Therefore, the Committee's objections to the EAS rules really have no bearing on issuing a decision in this case.

16. The Alberton Telephone Committee has also maintained throughout that the Commission should be considering two-way EAS between Missoula and Alberton rather than just one-way EAS from Alberton to Missoula. Had the Commission strictly applied the EAS rules to the data in Finding of Fact No. 2 there would have been no further consideration of any EAS involving Alberton. However, the Commission did feel that 6.57 average toll messages per customer per month from Alberton to Missoula did merit further consideration of one-way EAS from Alberton to Missoula. By the same token, the Commission determined that 0.07 toll messages per customer per month from Missoula to Alberton did not merit further consideration of any EAS from Missoula to Alberton. It is clear that Missoula customers are not going to vote to increase their flat phone rate to get EAS to Alberton when only 3.12 percent of them make even one call per month to Alberton. Attempts to obtain approval of two-way EAS would have proven futile as Missoula customers would easily have out-voted Alberton customers. Clearly Alberton customers are the ones who would benefit from EAS and they should be given the option of having it only if they themselves are willing to pick up the full cost.

17. The Alberton Telephone Committee in its proposed findings and order submitted through its counsel proposed that the Commission require Mountain Bell to submit proposed EAS rule changes. The Commission declines to do so.

18. The Commission does not feel that it is appropriate to institute changes in the EAS rules at this time. This is due to the tremendous state of transition that the telecommunications industry is in at this time. One of those transitions necessitated by the AT&T divestiture is the replacement of the division of revenue and settlements processes with a system of toll access charges. This will almost certainly cause an increase in flat monthly charges but a decrease in toll usage charges. Consequently what might appear as an attractive EAS service today might in fact be unattractive in the near future. Therefore it would not be prudent to take any steps which might encourage EAS during this period of transition.

19. Any future implementation of Local Measured Service could also significantly affect EAS proposals. Consequently the Commission will not direct Mountain Bell to propose EAS rule changes nor will the Commission on its own initiative institute a rulemaking proceeding for such purpose.

20. Any proposed findings submitted by the parties not adopted by the preceding finding are rejected as incorrect or irrelevant.

CONCLUSIONS OF LAW

1. Mountain Bell is a corporation providing telephone and other communications services within the State of Montana and as such is a "public utility" within the meaning of 69-3-101, MCA.

2. The Commission properly exercises jurisdiction over Mountain Bell's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. The Commission has properly adopted administrative rules addressing the implementation of extended area telephone service. ARM 38.5.1301 et seq.

4. With the exception of a special finding concerning community of interest, the Commission has followed the provisions of ARM 38.5.1301 et seq., in this matter.

ORDER

NOW, WHEREFORE THE MONTANA PUBLIC SERVICE COMMISSION ORDERS:

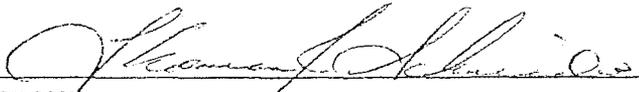
1. That Mountain Bell conduct a written survey by ballot of the customers in its Alberton exchange to determine if those customers desire EAS from Alberton to Missoula in return for a \$19.44 charge per customer per month.

2. That Mountain Bell submit the results of the survey to the Commission.

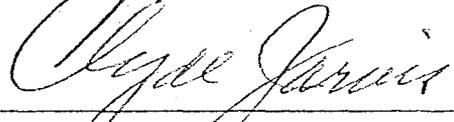
3. That if a simple majority of the affected customers vote in favor of such EAS, the Commission will order the EAS implemented.

DONE IN OPEN SESSION at Helena, Montana, this 11th day of April, by a 5-0 vote.

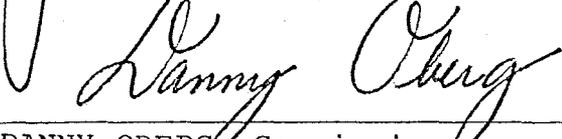
BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.


THOMAS J. SCHNEIDER, Chairman


HOWARD L. ELLIS, Commissioner


CLYDE JARVIS, Commissioner


JOHN B. DRISCOLL, Commissioner


DANNY OBERG, Commissioner

ATTEST:


Madeline L. Cottrill
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.