

Service Date: July 5, 1984

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

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IN THE MATTER of the Application of)	UTILITY DIVISION
the Mountain States Telephone and)	
Telegraph Company (Mountain Bell)	DOCKET NO. 83.11.81
for Authority to Change Rates and)	
for Approval of Tariff Changes Due)	
to Divestiture.)	

IN THE MATTER of the Application of)	UTILITY DIVISION
the Mountain States Telephone and)	
Telegraph Company (Mountain Bell))	DOCKET No. 84.4.19
for Authority to Increase Rates and)	
for Approval of Tariff Changes for)	INTERIM ORDER NO. 5046b
Telecommunications Service.)	

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FINDINGS OF FACT

1. On April 26, 1984 Mountain Bell filed an application for authority to increase rates to generate an additional \$28,004,000 annually. Concurrently with the application for permanent rates Mountain Bell filed an application for an interim rate increase in the amount of \$9,125,000.

2. On December 30, 1983 the Commission issued Interim Order No. 5046 in Docket 83.11.81 (which has now been merged with the Company's general rate case, Docket No. 84.4.19). That Order granted the Company \$25,474,000 in additional annual revenues on an interim basis. Finding of Fact No. 8 in Order No. 5046 states:

Although Commission practice has consistently been to reject future test years, the

conditions affecting Mountain Bell service in 1984 are substantially different from conditions in 1982. Furthermore, the Commission will have repeated opportunities throughout 1984 to conform its interim findings to actual, experienced results.

3. Mountain Bell's request for \$9,125,000 is based on a revised 1984 budget which includes various Commission and accounting adjustments.

4. As stated in Finding No. 9 in Order No. 5046 the Commission strongly supports the historical test year concept and intends to retain that concept in analyzing rate cases on an ongoing basis. It is only because of the vast changes in Mountain Bell's operations which took place on January 1, 1984 as a result of divestiture that the Commission consents to a 1984 test year for interim purposes in this proceeding. The Commission also stated its intent to review and analyze actual results of operations as soon as they became available.

5. The Commission realizes that the budgeting process may be particularly difficult for Mountain Bell this year because of its new environment and its reduced operations. However this only serves to increase the Commission's hesitation in relying too heavily on forecasted results of operation. Therefore, at least for purposes of analyzing the need for any further interim relief for the Commission will place heavy emphasis on actual results of operations.

6. The Commission has received actual intrastate results of operations for January, February and March. There are significant variances from the revised budget in the following accounts: local service revenues, intraLATA toll, intrastate access charges, depreciation and amortization, commercial and marketing, other general, and operating rents. While these variances concern the Commission, the Commission also reviewed the earned rates of return for Montana intrastate for the first three months of 1984 in determining the need for interim relief. The earned rates of return were as follows: January - 8.44%, February - 9.22%; March - 12.74%. The March earned rate of return is significantly over the last authorized rate of return for Mountain Bell. The level of these earned returns do not indicate that Mountain Bell is entitled to any further interim relief at this time.

7. Mountain Bell is currently in the process of analyzing the variances between actual results of operations and budgeted estimates. The Commission may choose to further examine

the need for an interim when at least six months of actual intrastate operations are filed and all variations from the budget are adequately accounted for.

CONCLUSIONS OF LAW

1. Applicant, The Mountain States Telephone and Telegraph Company, is a corporation providing telephone and other communications services in the State of Montana, and as such, is a public utility in the meaning of 69-3-101, MCA.

2. The Montana Public Service properly exercises its jurisdiction over Applicant's Montana operations pursuant to Title 69, Chapter 3, MCA.

3. Section 69-3-304, MCA, provides in part:

“The Commission may, in its discretion, temporarily approve increase pending hearing of final decision.”

ORDER

1. The application of Mountain States Telephone and Telegraph Company for interim relief is hereby DENIED.

2. The Commission reserves the right to reconsider interim relief in this docket at a later date.

DONE AND DATED this 2nd day of July, 1984 by a 5 – 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

THOMAS J. SCHNEIDER

CLYDE JARVIS

HOWARD L. ELLIS

DANNY OBERG

JOHN B. DRISCOLL

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 with ten (10) days. See 38.2.4806, ARM.