

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

* * *

IN THE MATTER Of The Application)
Of MOUNTAIN BELL For Authority To)
Introduce Special Hour Discounts)
On MTS.)

✓ UTILITY DIVISION
DOCKET NO. 83.4.33
DEFAULT ORDER NO. 4987

✓ 83-23

FINDINGS OF FACT

1. On April 4, 1983, Mountain Bell (Applicant, Telephone Company) filed an application with the Montana Public Service Commission requesting that the Commission, pursuant to jurisdiction granted by Sections 69-3-101 et seq., MCA, authorize the Applicant to introduce a new special hour discount on Message Telecommunication Service (MTS). The special discount would be made for selected hours and selected days as determined by the Telephone Company. The discounted rates would only apply on dial station-to-station service between points within Montana. The rate would be determined by the Telephone Company and would apply only if it were less than the regular rate for a dial station-to-station call.

2. On May 2, 1983, the Commission issued a Notice Of Opportunity For Public Hearing. The notice provided that "(i) if . . . no hearing is requested by May 30, 1983, the Commission will consider the matter and a default order may be issued."

3. The notice was served, among others, on the Montana Consumer Counsel and competitive providers of MTS-like services.

No protests or requests for hearing were received.

4. In considering the application, the Commission has identified three concerns: 1) is the proposal equitable, 2) is it efficient, and 3) does it present anticompetitive ramifications.

5. The Commission finds that the concerns identified above are satisfied if the discounted MTS sales generate net revenues. The generation of net revenues ensures that no single entity is made worse off by the discounted sales. Furthermore, in that the net revenue condition requires discounted rates greater than the off-peak marginal MTS usage costs, the discounted rates will generate efficient stimulation of sales and foster competition.

6. The Commission finds that the tariff, as filed, does not provide sufficient assurance that the net revenue condition will be met, nor does the filing specify contemplated accounting treatment for any such net revenues. Therefore, the Commission grants approval to the discount MTS proposal on an experimental basis, only.

7. The authorized discount MTS tariff provision shall expire 90 days from its date of approval. If the Telephone Company submits analysis which confirms the beneficial -- or net revenue -- properties of the discount MTS concept as well as proposed revenue accounting treatment, then the Commission will reconsider the proposal on a permanent and/or modified basis.

8. The Commission would also request that any future filing of the discount MTS tariff include a more elaborate

pricing statement setting forth, for example, the upper and lower bounds of the discounted price.

CONCLUSIONS OF LAW

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

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

3. The Commission has the authority to inquire into the management of the business of Mountain Bell and is required to keep itself informed as to the manner and method in which the same is conducted. MCA, Section 69-3-106(1).

ORDER

1. The Mountain States Telephone and Telegraph Company proposal authorizing special discounts for MTS is approved on an experimental basis.

2. The experimental authorization shall expire 90 days from the date of this order.

DONE IN OPEN SESSION at Helena, Montana, this 3rd day of June, 1983 by a 4 - 0 vote.

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BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION.

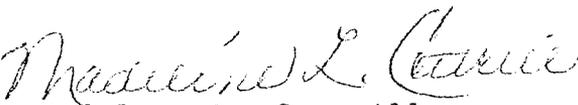

Thomas J. Schneider, Chairman


Clyde Jarvis, Commissioner


Howard L. Ellis, 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.