

Service Date: April 14, 1988

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

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IN THE MATTER of the Montana )	UTILITY DIVISION
Public Service Commission's )	
Investigation of Federal Tax )	DOCKET NO. 86.11.62
Reform Act Impacts on Public )	SUB 4
Utility Revenue Requirements )	ORDER NO. 5273a

BACKGROUND

On November 24, 1986, the Montana Public Service Commission (MPSC of Commission), initiated this Docket with an Order to Show Cause that existing rates for public utilities remain just and reasonable following the Tax Reform Act of 1986 (TRA). Filings made pursuant to the Order included information found in and reconcilable with the Commission's minimum filing requirements. On June 8, 1987, the Commission issued Order No. 5236c in Docket No. 86.11.62 setting forth the Commission's decisions regarding general methodology for ratemaking to reflect the changes in revenue requirements caused by the TRA.

On June 17, 1987, General Telephone of the Northwest (GTNW) submitted a compliance filing in response to Commission requests for calculations adopting the methodology set forth in

Order No. 5236c. That filing set forth an annual revenue reduction of \$27,080. The filing used the adjusted test year adopted in Order No. 5242a as the basis for the tax calculations.

On June 22, 1987, the Commission issued Order No. 5242a in Docket No. 86.9.50, General Telephone of Northwest, Inc.'s (GTNW) application for a general rate increase. In that Order the Commission granted GTNW \$483,514 in additional annual revenues.

#### FINDINGS OF FACT

In Interim Order No. 5273 the Commission found that the annual revenue reduction of \$27,080 was calculated in compliance with Order No. 5236c and is was a reasonable revenue reduction for interim purposes in this docket.

Nothing further has come before the Commission concerning the effects of the TRA on GTNW's revenue requirement. Therefore, the Commission finds that it is appropriate to make the interim revenue reduction permanent and close this docket.

The Commission considered appropriate rate design for GTNW in Order No. 5242a. In the interim order in this Docket the Commission found that GTNW should use the rate design set forth in Order No. 5242a to apply this decrease in revenue to its rates. The Commission finds the same approach to be reasonable for the final resolution of this matter. Therefore, there will be no need for any rate changes as a result of this Order.

#### CONCLUSIONS OF LAW

1. General Telephone of the Northwest, Inc., offers regulated telecommunications services in the state of Montana and is

a public utility under § 69-3-101, MCA. The Commission has authority to supervise, regulate and control public utilities. § 69-3-102, MCA.

2. The Commission may regulate the mode and manner of all investigations and hearings of public utilities. § 69-3-103, MCA. The Commission may inquire into the management of the business of all public utilities, shall keep itself informed as to the manner and method in which the same is conducted, and shall have the right to obtain from any public utility all necessary information to enable the Commission to perform its duties. §69-3-106, MCA.

3. Public utilities are required to render their services at just and reasonable rates. §69-3-110, MCA. The Commission has a duty to enforce Montana's public utility laws, and may institute an investigation of the rates, tolls, charges, rules, practices and services of a public utility. §§ 69-3-110 and 324, MCA.

ORDER

1. General Telephone of the Northwest, Inc. is hereby granted a revenue decrease in the amount of \$27,080 annually.

DONE IN OPEN SESSION at Helena, Montana this 11th day of April, 1988, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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CLYDE JARVIS, Chairman

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HOWARD L. ELLIS, Commissioner

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TOM MONAHAN, Commissioner

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DANNY OBERG, Commissioner

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JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Purcell  
Acting 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.