

Service Date: December 10, 1986

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 GENERAL TELEPHONE OF THE      | ) | UTILITY DIVISION       |
| NORTHWEST, INC. for authority to | ) | DOCKET NO. 86.9.50     |
| Increase Rates and for Approval  | ) | INTERIM ORDER NO. 5242 |
| of Tariff Changes.               |   |                        |

FINDINGS OF FACT

1. On September 30, 1986, General Telephone of the Northwest, Inc. (GTNW) filed an application to increase rates to generate an additional \$483,514 annually.
2. Concurrent with the application, GTNW requested the Commission grant \$278,770 in annual revenues on an interim basis. GTNW requested that this amount be recovered through a uniform 48.88% increase to basic access services.
3. GTNW's last general increase in rates was in March of 1983. Prior to that increase, the Company had not received a general rate increase since May, 1960.
4. GTNW used its embedded cost of debt of 8.52% to calculate its interim revenue requirement. The Commission finds this an appropriate interim mechanism, especially in light of the fact that GTNW's authorized rate of return has not been reviewed in several years.
5. GTNW's filing separates three deregulated services from its test year results of operations. These services are customer premises equipment (CPE) , private line, and station connections (inside wire). Private line is separated from financial results using standard Part 67 separations procedures. CPE and inside wire appear to only separate out costs directly attributable to those services.

6. This Commission has not yet ruled on the appropriateness of any given methodology for separating deregulated revenues and costs from regulated revenues and costs. The Commission accepts GTNW's private line adjustment for interim purposes because it appears to at least attribute some indirect and common costs to private line services. The Commission does not accept GTNW's CPE and inside wire adjustments. These adjustments do not appear to allocate any indirect or common costs such as billing, service order costs, or general overheads to these services. The Commission chooses not to endorse such methodology.

7. The Commission finds that GTNW's request for interim relief is in accordance with the interim filing rules and, with the exception of the adjustments in Finding No. 6, is reasonable. The Commission finds that GTNW has an interim revenue requirement of \$242,041 as follows:

|                            |                 |
|----------------------------|-----------------|
| Revenue Req. as Filed (1)  | \$278,770       |
| CPE Removal                | (13,481)        |
| Station Connection Removal | <u>(23,248)</u> |
| Revenue Requirement        | \$242,041       |

(1) See Steven Bringedahl's Exhibit No. 3E, Page 8 of 9.

8. GTNW proposed that any interim increase be recovered through a uniform percentage increase to basic access rates. The Commission finds this proposal to be reasonable given that GTNW's carrier access rates were recently set and currently GTNW concurs in Mountain Bell's toll rates.

#### 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 MCA Section 69-3-101.

2. The Montana Public Service Commission properly exercises jurisdiction over

GTNW'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 increases pending a hearing and final decision."

4. The rates approved herein are a reasonable means of providing interim relief to GTNW. The rebate provisions of 69-3-304, MCA, protect ratepayers in the event any revenue increases authorized by this Order are found to be unjustified in the Final Order in this Docket.

### ORDER

1. General Telephone of the Northwest, Inc. is hereby granted interim revenues in the amount of \$242,041 annually.

2. Rates shall be filed to reflect the revenue increase granted. Such rates will be effective upon filing and approval.

3. Interim revenues granted herein are subject to rebate should the Final Order in this Docket determine that a lesser increase is warranted. Such a rebate will include interest at a rate of 8.52% per annum.

DONE IN OPEN SESSION at Helena, Montana this 8th day of December, 1986, by a 4 to 1 vote.

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  
Dissenting

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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.