

Service Date: April 16, 1989

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 Regulated Members of the TELEPHONE)	
EXCHANGE CARRIERS OF MONTANA (TECOM))	DOCKET NO. 89.3.4
for Authority to Decrease Rates for)	
Intrastate Access Services.)	INTERIM ORDER NO. 5404

FINDINGS OF FACT

1. On March 23, 1989, the Regulated Members of the Telephone Exchange Carriers of Montana (TECOM) consisting of Lincoln Telephone Company, Project Telephone Company, and Southern Montana Telephone Company, (Applicants), filed an application with the Montana Public Service Commission (Commission) for authority to decrease rates for intrastate carrier access services.

2. Applicants, as well as the unregulated members of TECOM, recover their costs of providing access to their local networks for origination and completion of interexchange long distance calls by imposing access charges on the interexchange carriers who utilize those services. Applicants' access service costs have been established using FCC Part 67 and 69 cost studies. Applicants' current access charge rates are based upon 1986 cost studies.

3. Applicant's rate decrease proposals filed in this Docket are based upon updated 1987 Part 67 and 69 cost studies. Applicants submit that current access rates are in excess of the rates needed to allow recovery of access costs as identified in the 1987 studies and propose an average rate reduction of 4.24%. The proposed rate reduction would be spread as follows:

Rate Element	Current Rate per Minute	Proposed Rate per Minute	% Decrease
Carrier Common Line	\$.0433	\$.0431	.46%
End Office	.0315	.0311	1.27%
Local Transport	.0361	.0320	11.36%
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	\$.1109	\$.1062	4.24%
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4. The proposed rates shown above are calculated in a manner consistent with the Commission's last Order No. 5336a Docket No. 84.12.84 with two exceptions. The revised rates use updated 1987 cost studies and they include, for the first time, costs and volumes for InterBel Telephone Cooperative. InterBel is a new TECOM member and an unregulated cooperative telephone company. Previously, traffic between InterBel and Northwestern Telephone Systems was handled on a joint basis and was not part of the TECOM carrier access pool. Inclusion of InterBel in the TECOM pool means that Northwestern Telephone Systems is paying carrier access charges to TECOM for the first time.

5. Concurrent with the Application for a rate decrease, the Applicants filed a Stipulation signed by U S West Communications, AT&T Communications, TECOM, and the Montana Consumer Counsel. The stipulation states that the parties "following opportunity to review the 1987 cost study results and rate calculations hereby jointly state and agree that the revised rates set forth below represent an appropriate update to the current TECOM access rates."

6. The Commission finds that, pending full consideration of the Stipulation, it is reasonable to implement this rate reduction on an interim basis and that implementation of the proposed rates, together with continued participation in the TECOM pool, will allow Applicants a reasonable opportunity to recover their access costs.

CONCLUSIONS OF LAW

1. The Applicants, Lincoln Telephone Company, Project Telephone Company, and Southern Montana Telephone Company, are corporations providing regulated telecommunications services within the State of Montana and, as such, are public utilities within the meaning of Section 69-3-101, MCA.

2. The Montana Public Service Commission is properly exercising jurisdiction in this Docket pursuant to Applicants request under Sections 69-3-302 and 69-3-904 (1)(b), MCA.

3. Section 69-3-304, MCA, provides in part, "the commission may, in its discretion, temporarily approve increases pending a hearing or final decision."

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

ORDER

1. Applicants request for a rate reduction is hereby GRANTED on an interim basis.

3. Interim rates approved herein shall be effective for services rendered on and after April 16, 1989.

DONE AND DATED this 10th day of April, 1989, in open session by a 4 to 0 vote.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

CLYDE JARVIS, Chairman

HOWARD L. ELLIS, Commissioner

WALLACE W. "WALLY" MERCER, Commissioner

DANNY OBERG, Commissioner

ATTEST:

Ann Purcell
Acting Commission Secretary

(SEAL)

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