

Service Date: April 19, 1990

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)	UTILITY DIVISION
of U S WEST COMMUNICATIONS for Au-)	
thority to add Integrated Services)	DOCKET NO. 89.8.35
Digital Network to its Montana)	
Tariff)	INTERIM ORDER 5468
_____)	

FINDINGS OF FACT

On August 2, 1989, U S West Communications (USWC or Company) filed tariffs requesting approval of Integrated Services Digital Network (ISDN) tariffs proposing to price ISDN service on a case-by-case basis.

USWC's ISDN tariff filing was assigned Docket No. 89.8.35 and a Notice of Opportunity for Public Hearing was issued on October 6, 1989. No requests for hearing were received by the Commission. However, AT&T expressed concern with the filing, and indicated that it was negotiating with USWC on tariff language. Specifically, AT&T did not want to see USWC bundle an access line into any ISDN package.

On February 20, 1990, the Commission received an amendment to USWC's filing that separates the access line from ISDN service, satisfying AT&T's concern. Additionally, the revised tariff states that USWC will present each ISDN contract to the Commission for approval on a case-by-case basis.

USWC's ISDN service is capable of providing end-to-end digital transmission for simultaneous transmission of voice and/or data over a single pair of wires on the public switched network. The configuration that USWC proposes consists of three distinct channels: two "B", or bearer channels, and one "D", or data channel, (known as 2B+B ISDN access). The B channels carry voice and data while the D channel is used to handle packet and signaling data.

In its filing, USWC states that it is appropriate to price ISDN services on a case-by-case basis because each ISDN installation will be unique and costs will depend upon a variety of factors such as customer location, technology and usage. USWC argues that introducing ISDN to large customers at this time will allow ISDN to reach its full potential and ensure that ISDN will be available to smaller customers in the future.

USWC did not file marginal cost of service studies for the ISDN services with its filing. The Commission understands that the marginal cost of providing ISDN service will depend upon individual customer's ISDN configuration. The Commission requires USWC to file marginal cost support along with any ISDN proposed contract presented to the Commission for its approval. However, the Commission notes that unless the required cost of service studies have been explicitly approved by the Commission in a prior general rate case, the Commission will most likely approve all such contracts on an interim basis until an appropriate costing methodology is approved in a USWC general rate case.

In considering the above findings, the Commission approves USWC's ISDN tariff filing, as revised, on an interim basis.

It is important to note that the tariffs being approved on an interim basis herein do not include specific rates for the ISDN services. USWC maintains that ISDN rates must be developed on a customer specific basis. Section 69-3-301, MCA, clearly requires that public utility schedules filed with the Commission must show all "rates, tolls and charges" established and in force. In order to comply with this statute, USWC shall be required to submit any proposed rates for ISDN services for thorough PSC review. No ISDN service may be offered by USWC within Montana until and unless such proposed rates are formally approved by the Commission. See Tariff A 14.1.B. Only after such approval, may the services be provided. All such rates shall be filed with the Commission and open to public inspection.

CONCLUSIONS OF LAW

USWC furnishes regulated telecommunications service within the State of Montana and is a "public utility" under the regulatory jurisdiction of the Montana Public Service Commission pursuant to Section 69-3-101, MCA. The Commission has authority to supervise, regulate, and control public utilities. Section 69-3-102, MCA.

The Commission has provided adequate public notice and an opportunity to be heard herein, pursuant to the Montana Administrative Procedure Act and Title 69 of the Montana Code Annotated.

The Commission may approve this filing on an interim basis, pursuant to Section 69-3-304, MCA, and any rates or charges which may eventually be assessed by USWC following Commission approval thereof, are subject to the rebate and surcharge provisions (including interest) of that section.

The tariff approved herein contains regulations and service provisions which are just and reasonable. Section 69-3-201, MCA. However, the terms and conditions of any proposed service arrangement between USWC and a customer, including rates and charges, must be reviewed and approved by the Commission before any ISDN service is provided to a customer within Montana. Section 69-3-301 and 69-3-302, MCA.

ORDER

USWC's revised filing of ISDN tariffs is hereby APPROVED on an interim basis.

This docket shall be consolidated into the next USWC general rate case.

DONE IN OPEN SESSION at Helena, Montana, this 27th day of March, 1990, by a 5 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

JOHN B. DRISCOLL, Commissioner

ATTEST:

Ann Peck
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.