

Service Date: November 10, 1999

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

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IN THE MATTER OF the Petition of)	UTILITY DIVISION
Ronan Telephone Company for Suspension of)	
Provisions of the 1996 Telecommunications Act,)	DOCKET NO. D99.4.111
pursuant to 47 U.S.C. § 251(f)(2) and 253(b))	ORDER NO. 6174d

SUPPLEMENTAL PROCEDURAL ORDER

Introduction

On November 3, 1999 the Montana Public Service Commission (Commission) issued Order No. 6174c in this Docket, denying the petition of Ronan Telephone Company (RTC) "conditioned upon the further development of the record pursuant to direction in a supplemental procedural order to be issued within seven days. . . ." The Commission noted that prior to making a final decision it would give the opportunity for some additional argument and evidence on specific issues in a supplemental proceeding. The Commission held the record in this Docket open for receipt of evidence from the supplemental proceeding as well as from the arbitration proceedings that were suspended as a result of this petition. Notice of Commission Action, Docket Nos. D99.4.112 and D99.4.113, June 4, 1999. This Supplemental Procedural Order addresses the supplemental proceeding in this Docket, it does not address the arbitration proceedings.

This Order is issued pursuant to Commission direction in Order No. 6174c. Paragraphs 6, 7, 8 and 10 through 29 of Procedural Order No. 6174, issued in this Docket on June 14, 1999, are adopted into this Order by reference.

Schedule

The schedule for the supplemental proceeding described above is as follows:

<u>Deadline</u> (receipt date)	<u>Action</u>
December 15, 1999	Ronan Testimony and Exhibits on the Specific Questions Listed Below
January 5, 2000	Discovery (data requests) on Ronan
January 18, 2000	Ronan Responses

February 1, 2000	Intervenor Testimony
February 10, 2000	Discovery on Intervenors
February 22, 2000	Intervenor Responses
March 2, 2000	Rebuttal Testimony
March 9, 2000	Discovery on Ronan
March 16, 2000	Ronan Responses
March 20, 2000	Prehearing Memoranda
March 23, 2000	Hearing to Commence

Supplemental Issues

On December 15, 1999, RTC, at its discretion, may file testimony and exhibits addressing the following supplemental issues, questions and requests for further analysis. If RTC files, the procedural schedule above will control subsequent deadlines. If RTC chooses not to file, the Commission will address any motions for reconsideration of Order No. 6174c and will issue a final decision in this Docket.

1. Please describe the differences, if any, and as RTC understands them, between the wireless services and technology that would be offered by MWI in RTC's service territory, and the wireless services and technology offered currently in RTC's service territory.

2. Please describe the differences in wireline technology and services provided by RTC, compared to the wireline technology and services, as RTC understands them, that would be offered by Blackfoot.

3. Please discuss whether RTC is a natural monopoly.

4. Please estimate the number of subscribers that would take MWI service, and discuss the basis of the estimate.

5. Please estimate the percent of RTC customers that would drop RTC service in favor of MWI service, and discuss the basis of the estimate.

6. Please estimate the effect that MWI's entry into RTC's service territory would have on rates charged by existing wireless providers.

7. Please estimate how much lower RTC's rates (basic business exchange or other) would have to be to deter competitive wireline and wireless entry by Blackfoot and MWI.

8. Assume an interconnection agreement with MWI with reciprocal compensation rates of \$.01, \$.03, \$.05, \$.07 and \$.09. Please compute the revenues lost to RTC at each of these rates, using the Exhibit 2 model in Jay Preston's direct testimony. (The analysis should include five tables, each assuming a different rate.)

9. Please revise your response to number 8, using RTC's estimate of the flow of local traffic to and from RTC and MWI.

10. Please respond to numbers 8 and 9 again, assuming an interconnection between Blackfoot and RTC.

11. Please estimate the flow of local traffic between RTC and MWI, and RTC and Blackfoot, that would occur as a result of the interconnection agreements. If the estimated flows vary for MWI and Blackfoot, please explain.

12. Regarding the assumption that the loss of the three largest customers leads to the loss of the 100 largest customers, explain the process by which the loss of these large customers leads to a "death spiral," assuming the reciprocal compensation rates at number 8.

13. Please address measures that could be used to mitigate potential harm from competitive entry (e.g., flexible pricing, forbearance, expanded services, Montana universal service fund for rural carriers), and analyze the efficacy of such measures in the face of competition from MWI and Blackfoot.

14. Please estimate the effect on RTC's authorized rate of return on equity if RTC were to lose its largest customer. Please repeat the estimate using the loss of the three largest customers. Please repeat the estimate using the loss of the six largest customers. Please repeat the estimate using increments of 10 up to the 100 largest customers.

15. Regarding the NECA support mechanism, what would be the revenue impact on RTC, as an average schedule company, if the RTC petition were denied and RTC interconnected with MWI and Blackfoot at the reciprocal compensation rates assumed at number 8 (.01, .03, .05, .07, .09)? Please address the same question assuming RTC were a cost company.

16. As an average schedule company, what revenue stream support would change if RTC interconnected with MWI and Blackfoot at the reciprocal compensation rates assumed at number 8? What is the dollar amount associated with each change for the reciprocal compensation

rates assumed at number 8? If RTC were a cost company, how would revenue stream support change using the reciprocal compensation rates assumed at number 8?

17. Please address any other issues that RTC thinks are raised by Order No. 6174c. The response here should not repeat argument or analysis made in previous testimony, exhibits or briefs, nor should it repeat any arguments made on reconsideration of Order No. 6174c.

BY THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman
NANCY MCCAFFREE, Vice Chair
BOB ANDERSON, Commissioner
GARY FELAND, Commissioner
BOB ROWE, Commissioner