Service Date: JUL 25 1984

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

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IN THE MATTER of the Second Investigation of INTRASTATE ACCESS CHARGES For Telecommunications.	)))	UTILITY DIVISION DOCKET NO. 84.4.15 INTERIM ORDER NO. 5055b

ORDER ON MOTION FOR RECONSIDERATION

FINDINGS OF FACT

1. On November 10, 1983 the Commission issued Order No. 5018a in Docket No. 83.6.47, the Commission's first investigation into intrastate access charges. The Findings of Fact of the Order directed companies to implement carrier access charges which mirror the interstate carrier charges and to shift 10 percent of NTS revenue requirements from toll usage rates to a state customer access line charge (CALC).

2. On May 1, 1984 the Commission initiated Docket No. 84.4.15 for the purpose of further investigating access charges. At that time the Commission requested interested parties to comment on the effect that recent changes in the Federal Communications Commission (FCC) access charge plan should have on implementation of an intrastate access charge plan. Comments were received from AT&T Communications of the Mountain States, Inc. (ATTCOM), the Montana Consumer Counsel, General Telephone of the Northwest, Inc., Mountain Bell, Northwestern Telephone Systems, Inc., and the Rural Montana Telephone Systems.

3. On June 19, 1984 the Commission issued Order No. 5055a in this docket which directed companies to mirror the carrier access charges filed with the FCC for interstate purposes in May, 1984. At the time parties filed comments preliminary estimates showed that the revised carrier charges would approximate the original carrier access charges plus the bulk billing resulting in no need for any exchange access price increases and allowing the Commission to eliminate the bulk billing situation.

4. Subsequent to the time that companies filed comments in this docket, the FCC adopted access charges which were approximately 8 percent lower than anticipated. On June 26, 1984 Mountain Bell filed a Motion for Reconsideration of Order No. 5055a stating that to mirror the May, 1984 carrier access charges would result in $1.146 million less in revenues on an annual basis than the original carrier access charges plus the bulk billing.

5. It was not this Commission's intent to decrease Mountain Bell's revenues. The Commission would like to continue the status quo as much as possible during the period between this interim order and a final order in this docket. Therefore, the Commission finds that the most appropriate mechanism to recover the $1.146 million in revenues is to continue the bulk bill arrangement reducing it to a level of $1.146 million annually.

6. On July 6, 1984 ATTCOM filed a Petition for Reconsideration of Order No. 5055a. ATTCOM requested that the Commission follow through on its stated intent in Order No. 5018a, Docket No. 83.6.47 to transfer 10 percent of the nontraffic sensitive revenue requirements from intrastate toll usage rates to basic exchange rates.

7. AT&T Communication argues in its motion that by mirroring the interstate carrier common line charge the Commission has in effect raised the

level of intrastate inter-LATA support of NTS costs. (AT&T Communication Petition for Reconsideration at page 4.) The Commission in its First Access Charge Investigation clearly stated that its intent was to maintain the level of NTS cost support from intrastate inter-LATA services at the pre-divestiture level:

> In order that the MTS contribution toward local network NTS costs remain at the pre-divestiture level, it is necessary that the revenues Mountain Bell receives from AT&T Communications for intrastate inter-LATA access equal pre-divestiture intrastate inter-LATA MTS revenues minus the intrastate inter-LATA MTS costs transferred at divestiture. If the revenues generated by implementation of carrier access charges on January 1, 1984 are not sufficient to maintain the pre-divestiture level of NTS costs support, Mountain Bell will need to collect additional revenues from AT&T Communications beyond the intrastate inter-LATA carrier access charge. Any additional revenues necessary to maintain the pre-divestiture level of support should be identified by Mountain Bell in its divestiture filing and be incorporated in any requested interim relief. To the extent the need for such additional revenues is identified and justified, they should be collected by Mountain Bell from AT&T Communications by a bulk billing on a monthly basis. Mountain Bell is directed to file a plan for such bulk billing in it's November 22, 1983 divestiture filing. (Finding No. 72, Order No. 5018a, Docket No. 83.6.47).

The pre-divestiture level of NTS cost support from intrastate inter-LATA services was identified in Docket No. 83.11.81. Therein Mountain Bell filed proposed mirrored interstate carrier access charges which together with a bulk billing would maintain the pre-divestiture intrastate inter-LATA support level. All interested parties were allowed an opportunity to comment on Mountain Bell's filing (Notice of Opportunity to Comment on Interim Rate Request, issued December 7, 1983). No party including AT&T Communications challenged whether the Mountain Bell filing appropriately maintained the pre-divestiture support level.

8. The Commission established access charges based upon the support level identified in the Mountain Bell filing (Interim Order No. 5046, Docket No. 83.11.81). The Interim Order in this Docket contemplated maintaining that same support level (Interim Order No. 5055a, Docket No. 84.4.15). The order issued today also attempts to maintain that same level of support.

9. By challenging the appropriateness of the current level of support, AT&T Communications is prematurely addressing the primary issue in the Commission's Second Investigation of Access Charges (see Notice of Final Issues, issued July 10, 1984). There are not sufficient facts in AT&T Communications' Petition to Reconsider, nor has there yet been an opportunity for parties with opposing positions to make their case such that the Commission would be in a position to alter the existing level of contribution. Movement away from the level of contribution described in the First Access Charge Investigation and which has been in place since January 1, 1984 should only be made after a hearing with full opportunity for discovery and cross-examination of expert witnesses. Such opportunities are provided for in the Procedural Order issued in this docket on June 25, 1984.

10. Implementation of the shift of 10 percent of NTS cost support from intrastate inter-LATA services to end user charges identified in the First Access Charge Investigation was conditioned upon implementation of similar charges by the FCC. Such charges have not yet come to pass. Those factors which have caused the FCC to move slowly in this area must also be addressed by this Commission (appropriately at the hearing in this docket) before the Commission can consider complementing such a shift.

11. ATTCOM also requests the Commission to clarify its intent regarding Finding No. 24, Order No. 5018a which held that "other interexchange carriers will pay the same charges for intrastate access unless they make a

showing that their access is not comparable to that received by AT&T Communications". It was not the Commission's intent to reverse this finding in adopting revised carrier access charges. The Commission reaffirms its decision on this point.

CONCLUSIONS OF LAW

1. The Montana Public Service Commission properly exercises jurisdiction over the investor-owned telephone companies providing telephone service in Montana pursuant to Title 69, Chapter 3, MCA. The telephone cooperative companies who participated in this docket have done so voluntarily with the understanding that such participation in no way confers jurisdiction over their operations.

2. The intrastate access charges approved herein are just and reasonable and constitute a proper exercise of the Commission's authority to implement interim rates pending hearing and final resolution of a docket.

ORDER

1. Mountain Bell's Motion for Reconsideration is hereby GRANTED.

2. AT&T Communications of the Mountain States, Inc.'s Motion for Reconsideration is hereby DENIED.

3. Tariffs approved herein are to be effective June 18, 1984.

DONE IN OPEN SESSION this 23rd day of July 1984 by a 3 - 1 vote, at Helena, Montana.

DOCKET NO. 84.4.15, INTERIM ORDER NO. 5055b

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

Clyde Jarvis, Commissioner

John B. Driscoll, Commissioner

Howard L. Ellis, Commissioner

Danny Oberg, Commissioner
Dissenting

ATTEST:

Madeline L. Cottrill
Commission 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 ARM 38.2.4806.