

November 13, 2018

MEMORANDUM

TO: The Public Service Commission
FROM: Mike
SUBJECT: D2018.10.69 – Hot Springs Telephone Company Petition for detariffing optional local service calling features

PURPOSE

Summarize Hot Springs Telephone Company's ("HSTC") request to detariff optional local calling service features.

BACKGROUND

On October 3, 2018, HSTC filed a Petition that requested rates for certain optional local calling services be detariffed ("Petition"). Docket D2018.10.69 was created to process the Petition. The Petition was noticed on the Montana Public Service Commission's ("Commission") Agenda No. 18-10-23. The Commission has not received any comment or objection to the Petition.

The specific optional services for which HSTC requests the rates be detariffed are listed in Exhibit A of this memorandum. HSTC has requested the Commission waive the tariffing requirements of §§69-3-805(1)(e) and 69-3-301 MCA, pursuant to §69-3-805(2), as well as a waiver of the competitive criteria in ARM 38.5.2711, pursuant to the "good cause" rule in ARM 38.2.305. In the alternative, HSTC is requesting to detariff the rates for optional local services, pursuant to the public policy and public interest standards in § 69-3-802, MCA, without specific detailed competitive findings, as permitted by § 69-3-807(4). The relevant rule/statutes are provided below:

Mont. Code Ann. § 69-3-805(1)(e): Before any person or entity provides telecommunications service within the state of Montana, it shall file with the Commission a notice including initial price tariffs or price lists for regulated telecommunications services, including a narrative description of the regulated telecommunications to be offered and the geographic area and markets to be served.

Mont. Code Ann. § 69-3-301: Every public utility shall file with the commission, within a time fixed by the commission, schedules which shall be open to public inspection, showing all rates, tolls, and charges which it has established and which are in force at the time for any service performed by it within the state or for any service in connection therewith or performed by any public utility controlled or operated by it.

Mont. Code Ann. § 69-3-805(2): The Commission may waive any of the requirements set forth in subsection (1).

ARM 38.5.2711(4): A petition for an alternative to specific rates, tariffs, or fares pursuant to 69-3-807(2)(a) through (e) shall contain the following information:

- a) a complete description of the service proposed to be detariffed;

- b) the number and type of customer affected;
- c) the service territory in which the proposed detariffed service will be offered;
- d) the name and address of alternative service providers offering the service in the territory;
- e) the justification for detariffing the service; and
- f) an affidavit that all persons and entities on the telecommunications mailing list have been notified as required in part (3) of this rule.

ANALYSIS

HSTC wishes to detariff prices for the optional services in question in order to allow the company greater flexibility for pricing of bundled services. HSTC only wishes to remove the rates for the optional services from the tariff – terms and conditions for the optional services will remain in tariff in order to provide certainty to both company and the customer. If there is a question or dispute concerning the nature of the service provided, the tariff would control and the Commission would still have authority.

HSTC states it does not anticipate raising the rates for any of the optional services at any time in the near future. The detariffing is requested in order to allow HSTC to bundle certain optional services together and offer those bundled packages as a whole to customers at one price, instead of requiring customers to pay for each stand-alone service separately. If HSTC does decide to raise rates for any optional, stand-alone service, it will provide customers with at least a thirty day notice ahead of time.

The area served by HSTC lies entirely within the Flathead Indian Reservation. The company has about 750 customers. HSTC has requested the Commission waive the requirements of ARM 38.5.2711(4), which requires a company to conduct a competition study before any service may be detariffed. Although HSTC has not completed an in-depth analysis of competition in the area, HSTC did provide some indicators of competition. HSTC states there are at least two cellular companies serving the Flathead Indian Reservation: AT&T and T-Mobile. In addition to cellular competition, Access Montana and Blackfoot Telephone also provide fiber to residents in HSTC's service territory. The company estimates that out of the optional services it is asking to be detariffed, the two services that are most popular are Voice Mail and Caller ID. HSTC estimates that about 200-250 customers are utilizing those two services.

The Commission has previously waived all tariff and price list filing requirements for all competitive local exchange carriers in a Notice of Commission Action dated August 17, 2000. The Commission has also granted requests from Qwest dba CenturyLink and Frontier Communications to waive requirements to file tariffs or prices lists in Dockets D2013.11.78 and D2017.9.75, respectively. In this case, HSTC is not requesting that its rate for basic telephone service for residential or business customers be detariffed – only the optional services contained in Exhibit A. In staff's opinion, considering the increased competition in the telecommunications

industry due to evolving technologies, and the Commission's decisions in the past to detariff similar services for other companies, it would be reasonable to grant HSTC's request in its Petition.

STAFF RECOMMENDATION

Approve Hot Springs Telephone Company's request to detariff the rates for the optional services listed in Exhibit A of their Petition.

EXHIBIT A

HSTC Petition for Detariffing General Exchange Tariff

Table of Custom Calling and Optional Features

Name of Service	Description of Service	Tariff Schedule No.	Tariff Sheet No.
Automatic Wake Up Service	Enables the customer to program his telephone to make a call to his telephone number at a specific time selected by the customer. When the call is answered at the specified time, an announcement is generated stating that the call is a "wake-up/reminder".	D4	2, 7, 8
Call Forwarding	Automatically forwards incoming calls to a pre-determined number when the called number is busy or there is no answer in a certain time interval. This service includes: Call Forwarding Variable (all calls), Call Forwarding Busy Line (busy calls only) and Call Forwarding Don't Answer (only when no answer)	D4	2, 7, 8
Call Return	Allows the customer to automatically redial the telephone number of the most recent incoming call. The Company's equipment will make repeated attempts to establish the call, for a thirty (30) minute period beginning with the customer's activation of Call Return, if the telephone number for the most recent incoming call can be identified. The feature cannot be activated for calls originating from a line that is forwarded or from a line not associated with a telephone number, e.g., multi-line hunt groups.	D4	2, 7, 8
Call Screening	Allows the customer to block the last incoming call or calls from a maximum of six (6) specified telephone numbers. To block specified telephone number, the customer may construct or modify a telephone number screening list by dialing a unique code. The Company equipment will screen incoming calls against the customer's list and block those on the list. If facilities are unavailable to provide incoming call screening via the customer's list, standard call completion will occur. To block unknown telephone numbers, a customer can dial a special code after an unwanted call and block the number. Callers whose numbers are blocked are directed to a Company recorded announcement.	D4	4, 7, 8
Call Trace	Allows the customer to initiate a trace of the last incoming call completed by dialing an activation code immediately after terminating the call. If a trace is successful, the Company's equipment will record the telephone directory number, date, and time of the call. The results of the trace will not be provided to the customer directly. For further action to be taken, the customer is required to contact the Company's Business Office during normal working hours and work days. Call Trace detail will be retained by the Company and	D4	3, 7, 8

Exhibit A – HSTC Petition for Detariffing

Name of Service	Description of Service	Tariff Schedule No.	Tariff Sheet No.
	made available for ten (10) business days after the trace has been initiated.		
Call Transfer	Service enables the customer to transfer an incoming call to a third party/number and then hang up without disconnecting the connection to the third party/number. A customer must also be subscribed to Three Way Calling to be able to implement this service. This service functions for both local and long distance calls.	D4	3, 7, 8
Call Waiting	Enables a customer to receive an incoming call when his central office line is in use. The called party hears a tone indicating an incoming call is waiting. The customer can then put the current call on hold or disconnect, and then receive the incoming call. This feature is not available on central office lines arranged for trunk hunting.	D4	3, 7, 8
Caller ID / Caller ID Blocking	<p>Allows the customer to receive the calling party's directory number on incoming calls. The calling number will be delivered to he called party's Customer Premise Equipment (CPE). The directory number is transmitted during the silent interval between the first and second ring of the called party's line. A Caller ID Display Device (unregulated premise equipment, provided separately) is required to display the calling party's telephone number. Caller ID subscribers must provide and connect their own compatible premises equipment.</p> <p>1. Customers (both those subscribing to Caller ID and those not subscribing to Caller ID) may prevent the display of their directory number of activating Caller ID Blocking immediately prior to making a call. Caller ID Blocking is available to all customers on a pe4 call basis at No Recurring Charge and is activated by dialing a specific access code.</p>	D4	5, 6, 7, 8
Distinctive Ring (Or Teen) Service	Distinctive Ring (which may also be referred to as Teen Service) provides an alternative ring pattern (distinctive ring code) for incoming calls on an individual single party access line. The alternative ring pattern is provided by assigning an additional telephone number to the access line. The alternative ring pattern will consist of a "two ring" pattern on the "tip" side of the line. .	D1	1, 2
Installation Charges	Installation charges for all custom calling services	D4	9
Preferred Call Forwarding	Enables the customer to forward incoming calls from a maximum of six (6) specified telephone numbers to another telephone number. The customer can construct or modify a telephone number screening list by dialing an activation code. The Company equipment will screen incoming calls against the customer's list and	D4	4, 7, 8

Exhibit A – HSTC Petition for Detariffing

Name of Service	Description of Service	Tariff Schedule No.	Tariff Sheet No.
	forward only calls from telephone numbers included on the list. Calls forwarded by this feature are subject to all applicable local and long distance charges. These calls are also subject to transmission limitations.		
Priority Ringing	Provides the customer with a distinctive alerting signal, ring or call waiting tone (if the customer has subscribed to Call Waiting), when the customer is called from a maximum of six (6) preselected telephone numbers. The customer can construct or modify a telephone number screening list by dialing a unique code. The Company equipment will screen incoming calls against the customer's list and provide a distinctive ringing pattern for telephone numbers on the customer's list.	D4	3, 7, 8
Repeat Dialing	Enables the customer to automatically redial the last outgoing telephone number dialed. When the recalled telephone number is busy, the Company's equipment will make repeated attempts to establish the call for a thirty (30) minute period beginning with the customer's activation.	D4	2, 7, 8
Special Call Acceptance	Allows a customer to designate a maximum of six (6) telephone numbers from which calls will be accepted. The customer can construct or modify a telephone number screening list by dialing a unique code. The Company equipment will screen incoming calls against the customer's list and complete calls from numbers on the customer's list. Calls from all other numbers will be routed to a recorded announcement.	D4	4, 7, 8
Speed Calling	Permits a customer to place calls by dialing an abbreviated code instead of the normal full directory number. The customer may customize his menu of memorized speed call numbers. Speed Calling is available with either eight number capacity or 30 number capacity.	D4	4, 7, 8
Three Way Calling	Provides for holding an existing call and by dialing a prefix code and the telephone number of a third telephone, extending the call to that telephone. This feature only allows one of the three telephones to be outside the local service area of the telephone establishing the three way call.	D4	5, 7, 8
Toll Control with PIN	Toll Control with PIN (Personal Identification Number) allows controlled access to long distance calling from any access line with this feature. Any attempts to dial a long distance call will receive a tone request for the PIN number assigned to the access line. Only upon entry of the correct PIN number will the call be completed.	D4	5, 7, 8