

Service Date: February 22, 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 Application of  
U S WEST Communications, Inc. for Approval  
of Centrex Prime Service.

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UTILITY DIVISION

DOCKET NO. N98.12.284  
ORDER NO. 6146

FINAL ORDER

INTRODUCTION

1. On December 4, 1998, U S WEST Communications, Inc. (U S WEST) filed a tariff application entitled "Introduction of Centrex Prime." The Montana Public Service Commission (Commission) staff sent discovery regarding this filing to U S WEST on December 21, 1998 and discovery responses were received on January 21, 1999. Also on January 21, 1999, U S WEST filed a revised tariff page removing certain restrictions on resellers that were included in the original filing. This item was noticed on the 1/19/99 Commission agenda. No party has intervened in this docket.

FINDINGS OF FACT AND COMMISSION DECISION

2. Centrex Prime offers a platform to deliver integrated Video, Voice, Image, and Data services. Centrex Prime includes both digital and analog access lines - an improvement over Centrex Plus, which included only basic (analog) lines. It is designed to serve the voice communications needs of companies with 50 to 100,000 telephones. Centrex Prime has

increased functionality over both Centrex Plus and Centrex 21, two of U S WEST's previously offered Centrex products. Centrex Plus was grandfathered in 1997 and Centrex 21 was approved in April, 1998.

3. According to U S WEST, the rates for Centrex Prime will be set on an individual case basis following a set of standard pricing guidelines. These guidelines take into account the switching requirements of the designed system and the number of lines in the system. U S WEST explained that pricing for Centrex Prime would take into consideration the underlying costs of providing the service and the feature richness of the product in comparison to single line business exchange service (1FB) and Centrex 21. U S WEST states that guideline rates would be above cost as estimated by total service long run incremental cost (TSLRIC). U S WEST has offered other services on an individual case basis, including integrated services digital network (ISDN) and special access products.

4. Centrex Prime will be offered throughout U S WEST's Montana exchanges. Certain features and functions may not be available in all areas, however, depending upon the capabilities of the central office.

5. U S WEST's initial Centrex Prime filing included two restrictions on resellers. First, U S WEST proposed to allow resellers to sell Centrex Prime only "as a business system to a single business." Second, the U S WEST proposed to restrict the use of Centrex Prime as a toll aggregation tool for unaffiliated end user customers. Both restrictions were eliminated in a revised tariff page filed in conjunction with the data responses.

6. With the introduction of Centrex Prime, U S WEST offers a replacement for the grandfathered Centrex Plus service. U S WEST's Centrex 21 filing, approved in April 1998, did not adequately replace Centrex Plus. Its functionality is limited and it was designed for small and medium sized business customers. Centrex Prime, on the other hand, offers functions that

had been available with Centrex Plus, but are not available with Centrex 21. Testimony in other dockets currently before the Commission suggests that some companies have been unable to enter the local exchange market in Montana because of the unavailability of Centrex Plus. This new service may both expand options for Montana businesses and provide a new means by which resellers may compete in the local exchange market.

7. Due to the individualized nature of Centrex Prime applications, it may be appropriate to price these systems on an individual case basis, as proposed by U S WEST. However, in order to ensure fair treatment of both customers and resellers, it is important that the Commission remain aware of the rates at which these services are being sold and the associated discounts offered for long-term contracts.

8. The Commission approves U S WEST's Centrex Prime tariff, with the requirement that U S WEST file each Centrex Prime contract for approval before the contract can go into effect. These filings should include all provisions of the contract, including an explanation of any discounts therein.

#### CONCLUSIONS OF LAW

1. The Commission has authority to supervise, regulate and control public utilities. Section 69-3-102, MCA. U S WEST is a public utility offering regulated telecommunications services in the State of Montana. Section 69-3-101, MCA.

2. The Commission has authority to do all things necessary and convenient in the exercise of the powers granted to it by the Montana Legislature and to regulate the mode and manner of all investigations and hearings of public utilities and other parties before it. Section 69-3-103, MCA.

3. The Montana Public Service Commission is the state agency charged with regulating telecommunications carriers in Montana and properly exercises jurisdiction in this Docket pursuant to Title 69, Chapter 3, MCA.

4. Adequate public notice and an opportunity to be

heard has been provided to all interested parties in this Docket, as required by the Montana Administrative Procedure Act, Title 2, Chapter 4, MCA.

ORDER

THEREFORE, based on the foregoing, IT IS ORDERED that U S WEST's Centrex Prime service is approved as discussed herein.

U S WEST shall file all Centrex Prime contracts for Commission approval. Such contracts shall be effective upon approval by the Commission.

DONE AND DATED this 9th day of February, 1999, by a vote of 5-0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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DAVE FISHER, Chairman

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NANCY MCCAFFREE, Vice Ch

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BOB ANDERSON, Commission

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GARY FELAND, Commissione

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BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson  
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.

See In the Matter of the Application of U S WEST Communications, Inc. to Discontinue Centrex Plus Service and the Application of PTI Communications to Discontinue Digitrex II Service, Docket No. D96.2.15, Order No. 5905c (Feb. 25, 1997), reconsideration denied Order No. 5905d (June 10, 1997).

For example, ISDN capability is only available in ISDN equipped switches.

See, e.g., In the Matter of the Investigation into U S WEST Communications, Inc.'s Compliance with Section 271(c) of the Telecommunications Act of 1996, Docket No. D97.5.87, testimony of Mr. Lyle Patrick on behalf of McLeod USA, Inc. Also, similar testimony was given in D96.2.15, the docket concerning U S WEST's request to withdraw Centrex Plus.

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