(text box: 1)BEFORE THE IDAHO PUBLIC UTILITIES COMMISSION

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| IN THE MATTER OF THE JOINT PROPOSAL TO IMPLEMENT EXTENDED AREA SERVICE (EAS) REGIONS IN U S WEST COMMUNICA­TION’S SOUTHERN IDAHO SERVICE AREA. | )  )  )  )  )  )  ) | CASE NO. USW-S-96-4  NOTICE OF STIPULATION AND SETTLEMENT FILING  NOTICE OF PREHEARING CONFERENCE  DEADLINE FOR INTERVENTION |

On April 17, 1996, U S WEST Communications and the Commission Staff filed a Joint Motion urging the Commission to adopt a Stipulation and Settlement entered into between U S WEST and the Staff.  The parties requested that the Commission initiate a new docket, Case No. USW-S-96-4, to address the creation of four local calling or extended area service (EAS) regions in southern Idaho.

NOTICE OF FILED STIPULATION AND SETTLEMENT

YOU ARE HEREBY NOTIFIED that the Stipulation and Settlement entered into between the Staff and U S WEST addresses three major areas.  First, the parties propose that the Revenue Sharing Plan first adopted in 1989 as a method of allocating costs between the fully regulated (Title 61) and partially regulated (Title 62) services of U S WEST in its southern Idaho service area be terminated.  Second, the parties propose creating four EAS regions allowing customers within each region to make “local” calls to each exchange located within the region.  Approximately 82% of U S WEST’s customers are located within the proposed regions.  Third, the parties recommended that 1995 and 1996 revenue sharing funds be used to defray the cost of implementing the local calling regions.

A.  Termination of the Revenue Sharing Plan

YOU ARE FURTHER NOTIFIED that the parties propose that the operation of the Revenue Sharing Plan be terminated on April 15, 1996.  Termination of the Revenue Sharing Plan will not affect the calculation of the sharing amount for the 1995 sharing year.  At the time the Stipulation was filed, the parties estimated that operation of the Sharing Plan will result in a sharing amount of approximately $7.5 million.(footnote: 1)

YOU ARE FURTHER NOTIFIED that U S WEST has agreed to file a general rate case no later than September 30, 1996. The rate case will allow the Commission to allocate costs between Title 61 and Title 62 services pursuant to Idaho Code § 61-622A.

YOU ARE FURTHER NOTIFIED that the parties stipulate that two additional adjustments to the Revenue Sharing Plan are necessary upon its termination.  First, they calculate and propose that $652,000 should be added to the 1995 revenue sharing amount.  This amount represents the total of previous revenue sharing funds invested in the Tech II rural infrastructure projects in various exchanges that were recently sold.  Second, the three-year Tech II infrastructure program also included several accounting adjustments which resulted in net payments to the revenue sharing program each year over the next 10 years.  In addition to the 1995 payment of $337,000, the parties calculate that the net present value of the future payments is $1,791,215 or a total of $2,128,215.   The parties maintain that this amount should be included in the 1995 sharing year.

YOU ARE FURTHER NOTIFIED that the parties suggest that the interest rate payable on 1995 revenue sharing funds be changed to reflect the March 1996 one-year treasury bill rate of 5.44% per annum.  The parties propose that interest accrue on the 1995 sharing fund beginning on January 1, 1996 until September 30, 1996, or until the Commission enters an Order disposing of the remaining revenue sharing funds, whichever occurs first.

YOU ARE FURTHER NOTIFIED that the parties agree that revenue sharing funds for the 1996 sharing year be set at $1.5 million.  The parties propose that the 1996 sharing funds be made available for the Commission’s disposition at the same time the 1995 sharing funds become available.  The parties also propose that no interest shall be due or accrued on the 1996 revenue sharing funds.

YOU ARE FURTHER NOTIFIED that the parties propose that the existing monthly rural zone credit of $1.60 for 65,000 U S WEST customers be continued by using 1995 revenue sharing funds until zone charges are eliminated entirely when the EAS regions are implemented.  They calculate that approximately $312,000 of 1995 funds will be necessary to continue the credit until the Commission has established new rates in the impending rate case.

YOU ARE FURTHER NOTIFIED that U S WEST and the Staff propose that available 1995 and 1996 revenue sharing funds in Case No. USW-S-96-3 be utilized as credits to defray the monthly increase in residential rates for customers located within the local calling regions as outlined in greater detail below.

B.  Implementing EAS Regions

YOU ARE FURTHER NOTIFIED that the Staff and U S WEST propose the creation of  four local calling or EAS regions in southern Idaho.  The parties propose the following exchanges be included in the identified local calling regions:

1.Treasure Valley Region including the U S WEST exchanges of: Boise, Eagle, Idaho City, Middleton, Emmett, Caldwell, Melba, Nampa, Star, Kuna and Meridian.

2.The Magic Valley Region including the U S WEST exchanges of: Twin Falls, Jerome, Buhl, Castleford, Hagerman, Deitrich, Shoshone, Gooding, Bliss, Kimberly, Hazelton, Eden, Murtaugh and Wendell.

3.A Pocatello Region including the U S WEST exchanges of:  Pocatello, Inkom, American Falls, Lava Hot Springs, McCammon, Downey, Grace, Bancroft and Soda Springs.

4.An Idaho Falls Region including the U S WEST exchanges of: Idaho Falls, Rigby, Ririe, Roberts, Blackfoot, Shelley, Firth and Rexburg.

The parties recommend that the Commission hold a public hearing in each region.

YOU ARE FURTHER NOTIFIED that the parties propose that U S WEST be compensated for the cost of creating and operating the local calling or EAS regions in the following manner.  First, U S WEST will report its long-distance (toll) minutes for calling between all its exchanges within each region.  The toll minutes will be converted to “equivalent switched access minutes by multiplying the total [toll minutes] by .9551.”  Stipulation at 10.  U S WEST will also report the percentage of 10XXX calling originating in the EAS exchanges.  This percentage will then be multiplied by the total equivalent access minutes for the affected exchanges to yield an approximate number of 10XXX access minutes associated with the EAS conversion.  Next, the combined total minutes will be multiplied by the sum of U S WEST’s per minute originating and terminating access charges ($.082) to yield the total amount of cost recovery for EAS conversion.

YOU ARE FURTHER NOTIFIED that the parties suggest that the cost of implementing the new EAS regions will be spread upon residential customers located within the regions.  Although this will result in a tariffed monthly residential rate increase, that rate increase is proposed to be totally offset by use of the revenue sharing money as credits on customer bills until such time as the Commission establishes new rates in the general rate case.  Except as outlined below, the proposal does not include rate increases for business customers.

YOU ARE FURTHER NOTIFIED that the parties indicated that the creation of local calling areas will result in customers in 23 exchanges moving into a higher rate group. All residential customers located within an EAS region will be charged a single-party rate of $12.03 per month for local service. Monthly rates for residential customers in the ten smallest exchanges (rate group 1) will increase by $1.92 (from $10.11 to $12.03), while monthly residential rates for the 13 rate group 2 exchanges will increase by $1.02 (from $11.01 to $12.03). The parties propose that 1995 revenue sharing monies not be used as monthly credits for rate increases caused by rate group changes.  The monthly rates for single-line business customers will increase from $26.02 (rate group 1) and $28.49 (rate group 2) to $31.10 (rate group 3).

YOU ARE FURTHER NOTIFIED that it is proposed that when the new local calling regions are implemented, existing rural zone charges for those zone customers located in the calling regions will be eliminated.  For those rural zone customers located outside of a local calling region, monthly rural zone charges will be eliminated when the last EAS region is implemented.  The parties recommend that the lost rural zone revenue be recovered from customers within the EAS regions.

YOU ARE FURTHER NOTIFIED that the parties propose that customers residing outside the local calling regions will not experience any rate changes from implementation of the calling regions or elimination of the rural zone charge.

YOU ARE FURTHER NOTIFIED that the parties propose that 1995 and 1996 revenue sharing funds not used to fund rural zone credits or reimburse the Company for capital expenditures to implement the local calling regions, be used as credits for residential customers who experience rate increases by virtue of being included in an EAS region.  Such credits will be  applied in an equal amount to all residential customers residing in EAS regions.  As previously mentioned, it is suggested that revenue sharing funds not be used to offset rate increases caused by rate group changes.

YOU ARE FURTHER NOTIFIED that the parties propose that any remaining revenue sharing funds which have not been used as customer credits may be distributed by the Commission as it deems appropriate.

YOU ARE FURTHER NOTIFIED that U S WEST has stated it will continue its voluntary Service Guarantee Program.  Under the Guarantee Program, U S WEST offers a number of alternatives to any customer whose request for a primary service line is held for more than five days.  In those instances, the Company offers the affected customer: (1) a telephone number; (2) a telephone directory listing; (3) the choice of either voice messaging or remote call-forwarding services with no installation or the recurring charge for the duration of the customer’s held order; (4) a long-distance calling card; and (5) a waiver of the installation charge for the primary line.  If an order is held for more than 30 days, the customer will also be offered a choice of a credit in the amount for basic service for each month the order is held or a cellular telephone voucher.

YOU ARE FURTHER NOTIFIED that the Stipulation and Settlement Agreement  entered into between the Staff and U S WEST is available for public inspection and copying during regular business hours at the Commission offices.

NOTICE OF PREHEARING CONFERENCE

YOU ARE FURTHER NOTIFIED that the Commission has determined that a prehearing conference in this matter is appropriate.  Accordingly, the Commission will convene a prehearing conference in this matter at 1:30 P.M. ON TUESDAY, MAY 21, 1996, IN THE COMMISSION’S HEARING ROOM LOCATED AT 472 WEST WASHINGTON STREET, BOISE, IDAHO 83702 (208) 334-0300.   The purpose of the prehearing will be to discuss the scheduling for this proceeding.  The Staff and U S WEST will prefile direct testimony in support of the Settlement and Stipulation before the prehearing conference.

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that the Commission has established a deadline for intervention in this matter.  Persons desiring to intervene in this matter for the purpose of presenting evidence or cross-examining witnesses at hearing must file a Petition to Intervene with the Commission pursuant to this Commission's Rules of Procedure 72 and 73, IDAPA 31.01.01.072 and -.073.  PERSONS INTENDING TO PARTICIPATE AT THE PREHEARING CONFERENCE OR IN FUTURE HEARING MUST FILE A PETITION TO INTERVENE ON OR BEFORE MAY 17, 1996.  Persons desiring to present their views without parties' rights of participation and cross-examination are not required to intervene and may present their comments without prior notification to the Commission or the parties.

YOU ARE FURTHER NOTIFIED that the parties participating in the prehearing conference may offer to settle some or all of the issues included in the Stipulation and Settlement.  Persons desiring to participate in this matter as parties must intervene before and participate in the prehearing conference to preserve their rights with regard to issues which will be discussed during the conference.  All issues in the Stipulation may be the subject of discussion and settlement offer at the prehearing conference.

YOU ARE FURTHER NOTIFIED that all hearings and prehearing conferences in this matter will be held in facilities meeting the accessibility requirements of the Americans with Disabilities Act.  Persons needing the help of a sign language interpreter or other assistance of the kind that the Commission is obligated to provide under the Americans with Disabilities Act in order to participate in or to understand the testimony and argument at a public hearing may ask the Commission to provide a sign language interpreter or other assistance at the hearing.  The request for assistance must be received at least five (5) working days before the hearing by contacting the Commission Secretary at:

IDAHO PUBLIC UTILITIES COMMISSION

PO BOX 83720

BOISE, IDAHO  83720-0074

(208) 334-0338  (TELEPHONE)

(208) 334-3151  (TEXT TELEPHONE)

(208) 334-3762  (FAX)

YOU ARE FURTHER NOTIFIED that all hearings will be conducted pursuant to the Rules of Procedure adopted by the Idaho Public Utilities Commission.  IDAPA 31.01.01.000 et seq.

YOU ARE FURTHER NOTIFIED that the Commission has jurisdiction over this matter pursuant to Titles 61 and 62 of the Idaho Code.

DATED at Boise, Idaho this         day of May 1996.

Myrna J. Walters

Commission Secretary

Vld/N:USWS964.dh

**FOOTNOTES**

1:

On April 29, 1996, U S WEST filed its revenue sharing report for the 1995 sharing year in Case No. USW-S-96-3.  The Company reports that operation of the Sharing Plan results in $7.086 million in Title 61 revenue sharing funds.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

May 6, 1996