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

|  |  |  |
| --- | --- | --- |
| IN THE MATTER OF THE APPLICATION OF U S WEST COMMUNICATIONS, INC.  FOR AUTHORITY TO INCREASE ITS RATES AND CHARGES FOR REGULATED TITLE 61 SERVICES. | )))))))) | CASE NO. USW-S-96-5NOTICE OF APPLICATIONINTERVENTION DEADLINENOTICE OF PREHEARING           CONFERENCEORDER NO.  26552 |

On June 28, 1996, U S WEST Communications, Inc. (U S WEST) filed an Application seeking a general increase in its rates for most “Title 61” services.  Title 61 services are generally comprised of basic local exchange services provided to all residential and business customers with five or fewer telephone lines. In 1989, U S WEST elected to remove most of its telecommunication services from the Commission’s regulation authority found in Title 61 of the Idaho Code.  U S WEST’s non-basic services such as long distance, WATS/800, and custom calling features, are now subject to oversight under the Commission’s Title 62 authority.  The Commission retains ratesetting authority for Title 61 services; it does not set the prices for Title 62 services.

U S WEST serves more than 400,000 customers located in 53 telephone exchanges across southern Idaho.  This general rate case does not pertain to the rates and services of customers located in U S WEST’s northern Idaho service territory (located between Grangeville and Lewiston ).

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that U S WEST seeks to increase its annual revenues from Title 61 operations by 58% or $38.054 million per year.  The Company maintains that its current revenue from Title 61 services is insufficient to cover all of its costs of providing Title 61 regulated telecommunication services including its cost of capital.  U S WEST maintains that the existing rates produce an unreasonably low return on its Title 61 investment in Idaho.

YOU ARE FURTHER NOTIFIED that in calculating its annual revenue requirement, the Company proposes to use its actual capital structure purportedly comprised of 44.4% debt and 55.6% equity.  The Company requests that the Commission authorize a return on equity of 13.0%.  Ultimately, the Company seeks an overall rate of return on its Title 61 rate base of 10.55%

YOU ARE FURTHER NOTIFIED that U S WEST proposes to obtain a significant portion of the requested revenue by substantially increasing the rates for residential telephone service.  In particular, the Company proposes to increase the monthly rates for unlimited local calling for customers in the three rate groups(footnote: 1) from the existing rates of $10.11, $11.01, or $12.00 to a uniform rate of $22.50.  Thus, the existing monthly local residential rates for single-party customers would increase for Rate Group 1 by $12.39; increase for Rate Group 2 by $11.49; and increase for Rate Group 3 by $10.50. This represents an increase in the residential monthly rate for one-party,  unlimited local calling ranging from 86% to 122%.  U S WEST proposes to increase these residential rates in three phases over a two-year period beginning in 1997 and ending in 1999.  Attachment 1 to this Order contains the proposed residential rates.  As set out in greater detail below, the proposed rates in this case may be changed if the regional calling plan under consideration in Case No. USW-S-96-4 is adopted.

YOU ARE FURTHER NOTIFIED that the Company proposes to restructure its local monthly single-party business rates for the three rate groups into a single uniform rate of $31.10 per month.  Business and public access line (PAL) pay telephone customers in Rate Group 1 would experience a monthly increase of $5.08 (or 29%).  The monthly rate for single-party business and PAL customers in Rate Group 2 would increase $2.61 (9%).  Rate Group 3 business and PAL customers would not experience any increase in their existing monthly rates of $31.10.  The monthly PAL rate will continue to include an allowance of 600 local calls per month before call usage charges are applied.  The proposed business rates are contained in Attachment 2.

YOU ARE FURTHER NOTIFIED that the Company proposes to increase its monthly rates for measured local service for both its residential and business customers.  Measured service customers pay a monthly flat-charge plus a per-minute usage fee.  The monthly flat charges for residential single-party measured service would increase from the existing levels of $5.19, $5.64 or $6.13 (depending on rate groups) to a uniform monthly rate of $15.50.  This represents an increase in the monthly measured local residential flat rate ranging from 153% to 199%.  The Company proposes to increase its measured service usage rate for local calls from $0.02 per minute to $0.03 per minute for calls made within the customer’s own exchange.  The usage charge for measured and PAL service will remain at $0.03 per minute for outbound calls to other exchanges within the local calling area. The Company also proposes to eliminate the existing discount for evening and weekend calls.(footnote: 2)  The Company further proposes that measured residential and business service include three hours of outbound local calling.  Calls in excess of the three-hour allowance will be billed at the per minute usage rate.

YOU ARE FURTHER NOTIFIED that the Company proposes to increase its rates for residential customers eligible for the Idaho Telephone Assistance Program (ITAP) to a uniform monthly rate of $12.00 for unlimited local calling or $9.00 for measured local calling.  ITAP assists low income customers who are over 60 years of age by providing eligible residential customers with a monthly credit of $3.50 on their phone bills.  ITAP customers subscribing to measured residential service will receive a 3-hour call allowance and pay the proposed usage rate of $0.03 per minute.  See Attachment 1.

YOU ARE FURTHER NOTIFIED that U S WEST proposes to restructure its monthly rates for vacation service.  Vacation service allows a customer to discontinue service at a particular location but reserves the telephone number until the service is reinstated.  The Company proposes to eliminate the existing one-time charge to suspend residential service of $20.00 and to reduce the restoration charge from $20.00 to $15.00.  The monthly rate for vacation service would be restructured from its existing charge of 50% of the basic local rate (depending on the rate group) to a uniform monthly charge of $10.00.  The rates to suspend and restore business vacation service would be changed from a one-time charge of $25.50 to $15.00, while the one-time restoration rate would be increased from $20.00 to $30.00.  The monthly rate for business vacation service would be changed from its existing level of 50% of the basic business rate (depending on the rate group) to a uniform monthly rate of $15.00.  See Attachment 2.

YOU ARE FURTHER NOTIFIED that the Company proposes to increase its non-recurring charge for the installation of residential local service from its existing rate of $30.00 to $31.00 regardless of the number of lines ordered.

YOU ARE FURTHER NOTIFIED that U S WEST also proposes to restructure its business rates for PAL service (with fraud protection), flat trunk service, and flat trunk service with hunting by increasing the lower Rate Group 2 and 3 charges to the existing Rate Group 3 rates.

YOU ARE FURTHER NOTIFIED that the proposed changes to U S WEST’s Title 61 rates contained in this general rate case do not include the stipulated rate increases contained in the separate proceeding to create four local calling regions, Case No. USW-S-96-4.  The Company proposes that any rate increases occasioned by the creation of the local calling regions in the 96-4 case be “overlayed” on the residential rates approved in this general rate case.  If approved, this would result in a uniform “in-region” rate of $24.42 and an “out-of-region” rate of $21.21 for unlimited local calling.  The flat monthly charge for measured service would be $14.21 and $17.42 for “in-region” and “out-of-region,” respectively.  The Commission has scheduled an evidentiary hearing to consider the local calling areas on September 4-6, 1996.

YOU ARE FURTHER NOTIFIED that the Application together with supporting workpapers, testimonies and exhibits, have been filed with the Commission and are available for public inspection during regular business hours at the Commission offices.

YOU ARE FURTHER NOTIFIED that U S WEST anticipates that the rate increases contained in this general rate, if approved, would probably occur in early 1997.  The Company did not submit tariffs requesting an immediate implementation of the rates.  On July 31, 1996, the Company amended its rate case Application seeking to implement the proposed rates contained in the attachments to this Order on September 1, 1996.  Given the complexity of this case and the previously scheduled demands on the Commission’s time, the Commission will be unable to consider the Application before September 1, 1996.  Consequently, the Commission finds that it is reasonable to suspend the rates in this Application pursuant to Idaho Code § 61-622.

YOU ARE FURTHER NOTIFIED that U S WEST’s intrastate revenue requirement for Title 61 services and every component of it, including both rate base and expenses, are at issue in this proceeding.  The Commission may grant, deny, or modify the revenue requirement and may find that a revenue requirement different from that proposed by any party is just, fair and reasonable.

YOU ARE FURTHER NOTIFIED that U S WEST’s Title 61 recurring and non-recurring rates and charges for all of its southern Idaho retail customers, including special contract customers, are at issue, and every component of every existing or proposed Title 61 rate and charge is at issue.  The Commission may approve, reject or modify the rates and charges proposed and may find that rates and charges different from those proposed by any party are just, fair, and reasonable.

YOU ARE FURTHER NOTIFIED that the Commission may approve, reject or modify existing or proposed relationships between and among rates and charges within, between or among rate groups.  The Commission may approve, reject or modify existing or proposed relationship among and between rate groups.  The Commission may also abolish, reduce or create rate groups and may change the relative difference among and between existing rate groups of customers.

YOU ARE FURTHER NOTIFIED that the tariffs, practices, rules and regulations, services, instrumentalities, equipment, facilities, classifications, and customer relations of U S WEST’s Title 61 services are at issue and the Commission may address any of  them in its Order.  The Company’s allocation of costs between Title 61 and Title 62 services is also at issue and the Commission may address such allocations in its Order.

DEADLINE FOR INTERVENTION

YOU ARE FURTHER NOTIFIED that 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 hearing must file a Petition to Intervene on or before August 26, 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.

NOTICE OF PREHEARING CONFERENCE

YOU ARE FURTHER NOTIFIED that the Commission has scheduled a prehearing conference in this matter to commence at 1:30 P.M. ON WEDNESDAY, SEPTEMBER 18, 1996, IN THE COMMISSION’S HEARING ROOM LOCATED AT 472 WEST WASHINGTON STREET, BOISE, IDAHO (208) 334-0300.  The purpose of the prehearing conference is to discuss a hearing schedule in this matter, and to address other preliminary or procedural matters.

YOU ARE FURTHER NOTIFIED that persons intending to participate in this proceeding as parties are advised to begin conducting discovery.  One of the purposes of the prehearing conference will be for the parties to discuss when discovery should end—not when it should begin.

YOU ARE FURTHER NOTIFIED that parties participating in the prehearing conference may offer to settle some or all of the issues in the general rate application and that 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 Application, including but not limited to revenue requirement and rate design, may be the 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 proceedings in this case will be held pursuant to the Commission's jurisdiction under Title 61 of the Idaho Code and that the Commission may enter any final Order consistent with its authority under Title 61.

YOU ARE FURTHER NOTIFIED that all proceedings in this matter will be conducted pursuant to the Commission's Rules of Procedure, IDAPA 31.01.01.000 et seq.

O R D E R

IT IS HEREBY ORDERED that persons desiring to intervene in this matter shall do so no later than August 26, 1996.

IT IS FURTHER ORDERED that a prehearing conference be convened in this matter on September 18, 1996, as set out in greater detail in the body of this Order.

IT IS FURTHER ORDERED that the proposed schedule of rates and charges of Title 61 telecommunication services in this case shall be suspended for a period of thirty (30) days plus five (5) months from September 1, 1996, or until such time as the Commission may issue an Order accepting, rejecting, or modifying the rates contained in this Application.

DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of August 1996.

                                                                                                                                       RALPH NELSON, PRESIDENT

                                                                                            MARSHA H. SMITH, COMMISSIONER

DENNIS S. HANSEN, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/N:usws965.dh

U S WEST PROPOSED MONTHLY RESIDENCE RATES

|  |  |  |  |
| --- | --- | --- | --- |
| Class of | Rate | Present | Proposed Rate |
| Service | Group | Rate | Phase 1 | Phase 2 | Phase 3 |
|  |  |  |  |  |  |
| Unlimited | RG1 | $10.11 | $15.50 | $19.00 | $22.50 |
| Local  | RG2 | $11.01 | $15.50 | $19.00 | $22.50 |
| Calling | RG3 | $12.00 | $15.50 | $19.00 | $22.50 |
|  |  |  |  |  |  |
| Measured\*  | RG1 | $5.19 | $8.50 | $12.00 | $15.50 |
| Local | RG1 | $5.64 | $8.50 | $12.00 | $15.50 |
| Calling | RG3 | $6.13 | $8.50 | $12.00 | $15.50 |
|  |  |  |  |  |  |
| Unlimited ITAP\*     | RG1 | $6.57 | $9.64 | $10.82 | $12.00 |
| Local | RG2 | $7.47 | $9.64 | $10.82 | $12.00 |
| Calling | RG3 | $8.46 | $9.64 | $10.82 | $12.00 |
|  |  |  |  |  |  |
| Measured ITAP | RG1 | $1.65 | $4.73 | $6.86 | $9.00 |
| Local  | RG2 | $2.10 | $4.73 | $6.86 | $9.00 |
| Calling | RG3 | $2.59 | $4.73 | $6.86 | $9.00 |
|  |  |  |  |  |  |
| P&L | RG1 | $10.11 | $15.50 | $19.00 | $22.50 |
| 1 Pty Service | RG2 | $11.01 | $15.50 | $19.00 | $22.50 |
| Station | RG3 | $12.00 | $15.50 | $19.00 | $22.50 |
|  |  |  |  |  |  |
| NON-RECURRING CHARGE | $30.00 | $31.00 |  |  |
| VACATION SERVICE |  |  |  |  |
| Suspend | $20.00 | $0.00 |  |  |
| Restore | $20.00 | $15.00 |  |  |
| Monthly | 50% | $10.00 |  |  |

\*The measure usage rate of $0.02 per minute would increase to $0.03 per minute; the evening and weekend discounts eliminated; and a 3-hour monthly calling allowance implemented.

Rate Group 1: American Falls, Bancroft, Bliss, Buhl, Castleford, Dietrich, Grace, Idaho City, Montpelier, Preston, Shoshone, Soda Springs, Thatcher, and Weiser.

Rate Group 2: Blackfoot, Burley, Declo, Eden-Hazelton, Emmett, Glenns Ferry, Gooding, Hagerman, Hailey, Jerome, Ketchum, Kimberly, Melba, Mountain Home, Murtaugh, New Plymouth, Payette, Rexburg, Twin Falls, and Wendell.

Rate Group 3: Boise, Caldwell, Downey, Eagle, Firth, Idaho Falls, Inkom, Kuna, Lava Hot Springs, McCammon, Meridian, Middleton, Nampa, Pocatello, Rigby, Ririe, Roberts, Shelley, and Star.

U S WEST PROPOSED MONTHLY BUSINESS RATES

|  |  |  |  |
| --- | --- | --- | --- |
| Class of | Rate | Present | Proposed Rate |
| Service | Group | Rate | Phase 1 | Phase 2 |
|  |  |  |  |  |
| Unlimited | RG1 | $26.02 | $28.49 | $31.10 |
|  | RG2 | $28.49 | $31.10 | $31.10 |
|  | RG3 | $31.10 | $31.10 | $31.10 |
|  |  |  |  |  |
| Measured\*  | RG1 | $13.15 | $15.00 | $17.00 |
| Message | RG1 | $14.38 | $15.00 | $17.00 |
| Lines/Trunks | RG3 | $15.69 | $17.00 | $17.00 |
|  |  |  |  |  |
| Unlimited      | RG1 | $31.61 | $34.08 | $36.69 |
| Trunks | RG2 | $34.08 | $36.69 | $36.69 |
|  | RG3 | $36.69 | $36.69 | $36.69 |
|  |  |  |  |  |
| Unlimited | RG1 | $39.61 | $42.08 | $44.69 |
| Trunks w/DID | RG2 | $42.08 | $44.69 | $44.69 |
|  | RG3 | $44.69 | $44.69 | $44.69 |
|  |  |  |  |  |
| Semi-Public | RG1 | $24.53 | $26.88 | $29.36 |
|  | RG2 | $26.88 | $29.36 | $29.36 |
|  | RG3 | $29.36 | $29.36 | $29.36 |
|  |  |  |  |  |
| Public Access | RG1 | $31.92 | $34.39 | $37.00 |
| Lines | RG2 | $34.39 | $37.00 | $37.00 |
|  | RG3 | $37.00 | $37.00 | $37.00 |
|  |  |  |  |  |
| VACATION SERVICE |  |  |  |
| Suspend | $25.50 | $0.00 |  |
| Restore | $25.50 | $30.00 |  |
| Monthly | 50% | $15.00 |  |

Note: The list of exchanges in each of the 3 rate groups is contained in Attachment 1 to this Notice.

\*The measure usage rate of $0.02 per minute would increase to $0.03 per minute; the evening and weekend discounts eliminated; and a 3-hour monthly calling allowance implemented.

**FOOTNOTES**

1:

Rate Group 1: American Falls, Bancroft, Bliss, Buhl, Castleford, Dietrich, Grace, Idaho City, Montpelier, Preston, Shoshone, Soda Springs, Thatcher, and Weiser.

Rate Group 2: Blackfoot, Burley, Declo, Eden-Hazelton, Emmett, Glenns Ferry, Gooding, Hagerman, Hailey, Jerome, Ketchum, Kimberly, Melba, Mountain Home, Murtaugh, New Plymouth, Payette, Rexburg, Twin Falls, and Wendell.

Rate Group 3: Boise, Caldwell, Downey, Eagle, Firth, Idaho Falls, Inkom, Kuna, Lava Hot Springs, McCammon, Meridian, Middleton, Nampa, Pocatello, Rigby, Ririe, Roberts, Shelley, and Star.

2:

The evening discount is currently 25% for calls made between 5:00 p.m. to 11:00 p.m., Sunday through Friday.  The weekend discount is currently 50% for calls made between 11:00 p.m. to 8:00 a.m. weekdays and between 11:00 p.m. Friday until 5:00 p.m. Sunday.

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

August 7, 1996