February 28, 1997

To: Parties of Record

RE: Case No.  USW-S-96-5—Notice of Settlement Conference

Dear Parties of Record:

On January 15, 1997, the parties convened a settlement conference in the above referenced case.  On February 3, 1997, the Commission Staff sent a letter to U S WEST and the other parties outlining the results of the settlement conference.  The letter also contained several settlement offers addressing particular issues related to this case.  On February 12, 1997, the parties convened a second settlement conference. Subsequent to that meeting, U S WEST and Staff signed a stipulated settlement relating to affiliate transactions, which is attached as exhibit 153 to the surrebuttal testimony of Staff witness Madonna Faunce.

In an effort to continue narrowing issues in dispute and explore the possibility of settling other issues, Commission Staff and U S WEST are planning to meet at noon on Tuesday, March 4, 1997, in the Commission Hearing Room to resume settlement discussion.  Pursuant to Commission Rule 272, this letter is to advise all parties of the settlement meeting on March 4 and to inform parties that they may attend the meeting.  The Commission Staff proposes to discuss the following topics at the settlement meeting: directory imputation, depreciation, cost of debt, capital structure, pension asset, curtailment loss, compensated absences, FAS 106, restructuring expenses, the lease of 1801 California Street, chart of accounts, documents of originating entry, employee concessions, President’s club and advertising. If you have questions, you may call me at 334-0314 or Don Howell at 334-0312.

Sincerely,

Susan Hamlin

Deputy Attorney General

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