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

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| IN THE MATTER OF THE APPLICATION OF U S WEST COMMUNICATIONS, INC.  FOR AN INTERCONNECTION COST ADJUSTMENT MECHANISM. | )  )  )  )  )  )  ) | CASE NO. USW-T-97-2  NOTICE OF APPLICATION |

YOU ARE HEREBY NOTIFIED that on January 10, 1997, U S WEST Communications, Inc.  (U S WEST) filed an Application for Adoption and Implementation of an Interconnection Cost Adjustment Mechanism (ICAM).  U S WEST operates a landline network for the provision of local and intraLATA telecommunication services in Idaho.  U S WEST requests that the Commission initiate a proceeding to adopt and implement a mechanism for the recovery of certain extraordinary interconnection costs that U S WEST has or will incur and which are attributable to U S WEST’s Idaho operations.

YOU ARE FURTHER NOTIFIED that in its Application, U S WEST asserts that provisions of the Telecommunications Act of 1996 (Act) impose on it the mandated duties of resale, number portability, dialing parity and access to rights-of-way.  U S WEST further contends that Section 251(c) of the Act imposes additional obligations on the Company as an incumbent local exchange carrier, including the duties of interconnection and unbundled access of its products for potential competitors.  U S WEST contends the Act contains no mechanism for financing or paying for network rearrangements required to comply with the Act’s mandates.  U S WEST asserts the necessary network rearrangements include unplanned network upgrades, the acceleration of planned upgrades, extensions or modifications of network facilities or operational support systems including data bases and electronic interfaces, all of which are necessary to provide U S WEST’s competitors with interconnection, access to unbundled network elements and the ability to resell U S WEST’s retail services.

YOU ARE FURTHER NOTIFIED that U S WEST’s Application states that through the third quarter of 1996 it has incurred region wide costs of over $16 million for network rearrangements, including systems costs to start the process of making software changes to allow for service assurance, capacity provisioning, billing and service delivery for competitive local exchange carriers.  U S WEST states that it incurred costs to expand network capacity in its tandems and interoffice facilities in order to accommodate competitors’ anticipated traffic demands on U S WEST’s network, and that the Company incurred start-up costs associated with the establishment of service centers to process competitor service orders.

YOU ARE FURTHER NOTIFIED that U S WEST proposes the ICAM to recover the totality of the network rearrangement costs.  U S WEST proposes that an ICAM be implemented to recover the cost for interconnection services from competitive local exchange carriers rather than U S WEST retail service end users.  Alternatively, U S WEST proposes recovery of its interconnec­tion costs by a monthly surcharge assessed on all access lines sold out of the exchange tariffs or price lists and all unbundled loops sold out of the access services catalog.  U S WEST proposes that an ICAM surcharge be in effect for a 36-month period.

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 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.

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 as a party at any hearing in this case must file a Petition to Intervene on or before February 3, 1997.  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 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.

DATED at Boise, Idaho this day of January 1997.

Myrna J. Walters

Commission Secretary

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**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

January 15, 1997