(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. TO REDUCE ACCESS AND TOLL PRICES AND RAISE LOCAL EXCHANGE PRICES. | )  )  )  )  )  )  ) | CASE NO. USW-T-98-20  NOTICE OF APPLICATION  NOTICE OF MODIFIED PROCEDURE  ORDER NO.  27812 |

NOTICE OF APPLICATION

YOU ARE HEREBY NOTIFIED that on October 30, 1998, U S WEST filed an Application for approval of changes in its rates for telecommunications services provided pursuant to Title 61 of the Idaho Code.  The changes in rates proposed by U S WEST are included in Exhibit 1, attached to the Company’s Application.

U S WEST characterizes the rate rebalancing proposed in its Application as “revenue neutral.”  The proposed rates represent an overall reduction in access charges of nearly 50% from an effective composite rate of 8.21¢ per minute to the proposed effective composite rate of 4.10¢ per minute.

U S WEST also proposes reductions to its message telecommunications services (interLATA toll) rates of approximately 50%.  The standard toll schedule, as proposed, will offer a daytime rate of 15¢ per minute and a night, evening and weekend rate of 10¢ per minute.  Optional toll calling plans are reduced accordingly.

U S WEST states that the changes it is proposing will reduce revenues received through access charges and long-distance rates in the amount of approximately $2.2 million annually.  The Company proposes to offset these reductions in revenues by an increase to local residential exchange service of approximately $6 per month and an increase to local business exchange rates of approximately $5.90 per month.  This rate design will set business rates at a level nearly 2.1 times residential rates.

U S WEST notes that the Commission Staff conducted an audit of the Company earlier this year and concluded that U S WEST’s current earning levels were slightly below the Staff recommended levels.  Consequently, U S WEST submits that its proposal in this case is consistent with the results of Staff’s audit and is in the public interest because it furthers state and federal policy objectives to reduce access charges, remove subsidies from rates and move all rates closer to their underlying costs.

U S WEST notes that existing rates for services provided to the Company’s northern Idaho customers were established in Case No. PNB-T-89-2, in Order No. 23347 issued on October 15, 1990.  That Order, U S WEST contends, approved the Company’s universal one-party service and network modernization plan for the eight exchanges the Company serves in Lewis, Nez Perce and Idaho Counties.  Local exchange rates were increased by that Order over a three-year period coincident with the construction of the network modernization plan.  The last such rate increase incurred in January 1993.  U S WEST’s local service rates have not increased since that date.  U S WEST concludes that its rate rebalancing proposal is “a substantial step toward achieving the goal of removing implicit subsidies from intrastate access and toll charges and moving local exchange rates closer to their true costs.”  Application at pp. 4-5.

The Company proposes to inform its northern Idaho customers of the proposed rate changes through dissemination of the message attached to the Application as Exhibit 2.  Since U S WEST’s proposed rates will not go into effect without the Commission’s approval and, perhaps, alteration, the Company believes that it is not necessary that the notice be provided concurrent with the filing of the Application.  U S WEST proposes that it disseminate the attached notice either in customer bills or as a separate mailing.  U S WEST proposes that its Application be processed under Modified Procedure pursuant to Rules 201-204 of the Commission’s Rules of Procedure, IDAPA 31.01.01.  Notwithstanding its request for Modified Procedure, U S WEST filed its proposed rate changes as Tariff Advice No. 98-19-N.

Staff Analysis

The Commission Staff supports U S WEST’s proposal to reduce its access and long distance charges and to increase its local exchange rates.  Staff believes that the reduction in the Company’s access charges is consistent with the mandates of Idaho Code § 62-523 requiring the removal of implicit subsidies in utility rates.  Staff has not yet fully analyzed U S WEST’s rate rebalancing nor the contentions made by U S WEST in its Application.  Staff does agree, however, that the audit it conducted of U S WEST earlier this year revealed that the Company is earning slightly below Staff’s recommended level.

Finally, U S WEST has requested an effective date for its proposed tariff advice of December 1, 1998.  Staff agrees that this matter should be processed as expeditiously as possible but believes that it cannot be accomplished prior to that date.  Consequently, Staff recommends that the Commission issue an Order suspending the proposed effective date of December 1, 1998, until such time as the Commission can resolve the Company’s Application.

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.

NOTICE OF MODIFIED PROCEDURE

YOU ARE FURTHER NOTIFIED that the Commission has determined that the public interest may not require a formal hearing in this matter and will proceed under Modified Procedure pursuant to Rules 201 through 204 of the Idaho Public Utilities Commission's Rules of Procedure, IDAPA 31.01.01.201 through -.204.

YOU ARE FURTHER NOTIFIED that any person desiring to state a position on this Application may file a written comment in support or opposition with the Commission within twenty-one (21) days from the date of this Notice.  The comment must contain a statement of reasons supporting the comment.  Persons desiring a hearing must specifically request a hearing in their written comments.  Written comments concerning this application shall be mailed to the Commission and the Applicant at the addresses reflected below:

COMMISSION SECRETARYPETER BUTLER

IDAHO PUBLIC UTILITIES COMMISSIONU S WEST COMMUNICATIONS, INC.

PO BOX 837201600 7TH AVENUE, STE 3206

BOISE, IDAHO  83720-0074SEATTLE, WASHINGTON 98191

Street Address for Express Mail:MARY S. HOBSON

STOEL RIVES, LLP

472 W WASHINGTON ST101 SOUTH CAPITOL BLVD., STE 1900

BOISE, IDAHO  83702-5983BOISE, IDAHO 83702-5958

These comments should contain the case caption and case number shown on the first page of this document.

YOU ARE FURTHER NOTIFIED that if no written comments are received within the time limit set, the Commission will consider this matter on its merits and enter its Order without a formal hearing.  If written comments are received within the time limit set, the Commission will consider them and, in its discretion, may set the same for formal hearing.

YOU ARE FURTHER NOTIFIED that the Commission will convene a public hearing for the purpose of obtaining testimony from members of the public.  The Commission will issue a notice in the near future scheduling a hearing in this case for the purpose of receiving comments from members of the public.

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)

O R D E R

U S WEST has requested an effective date for its proposed rate changes of December 1, 1998.  Because of the need to conduct public hearings in this case and because of other constraints on the Commission’s time, it is necessary to suspend that proposed effective date, pursuant to Rule 123 of the Commission’s Rules of Procedure (IDAPA 31.01.01.123) and Idaho Code § 61-622, for a period of thirty (30) days plus five (5) months or until such time as the Commission issues a final Order in this matter, whichever occurs first.

IT IS HEREBY ORDERED that the proposed December 1, 1998, effective date of the rate changes proposed by U S WEST in this case is suspended for a period of thirty (30) days plus five (5) months or until the Commission issues a final Order in this matter, whichever occurs first.  DONE by Order of the Idaho Public Utilities Commission at Boise, Idaho this                  day of November 1998.

                                                                                                                                      DENNIS S. HANSEN, PRESIDENT

                                                                                           RALPH NELSON, COMMISSIONER

MARSHA H. SMITH, COMMISSIONER

ATTEST:

Myrna J. Walters

Commission Secretary

vld/O:USW-T-98-20.bp

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

December 1, 1998