(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 PUBLIC HEARING |

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.  U S WEST characterized the rate rebalancing proposed in its Application as “revenue neutral.”  The Company proposed to reduce its access charges by 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 proposed 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 stated 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 proposed 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.  If approved, this rate design will set business rates at a level nearly 2.1 times residential rates.  The changes in rates proposed by U S WEST are included in Exhibit 1, attached to the Company’s Application.

U S WEST noted 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 submitted 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.

PROCEDURAL HISTORY

U S WEST noted 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 now 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 occurred in January 1993.  U S WEST’s local service rates have not increased since that date.  U S WEST concluded 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.”

On December 1, 1998, the Commission issued a Notice of Modified Procedure in this case soliciting comments from interested persons in response to U S WEST’s Application.  The Commission Staff supported U S WEST’s proposal to reduce its access and long distance charges and to increase its local exchange rates.  Staff believed 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.

NOTICE OF PUBLIC HEARING

YOU ARE HEREBY NOTIFIED that in addition to the written comments submitted in response to the Notice of Modified Procedure, the Commission has also elected to conduct a public hearing in this proceeding.  The purpose of the public hearing is to solicit input from members of the public with respect to any and all matters pertaining to U S WEST’s Application.  That hearing will be conducted commencing at 7:00 P.M., PACIFIC STANDARD TIME, ON TUESDAY, JANUARY 19, 1999, AT THE LEWISTON COMMUNITY CENTER, 1424 MAIN STREET, LEWISTON, IDAHO.

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

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DATED at Boise, Idaho this day of January 1999.

Myrna J. Walters

Commission Secretary

bp/N:USW-T-98-20

**COMMENTS AND ANNOTATIONS**

Text Box 1:

**TEXT BOXES**

Office of the Secretary

Service Date

January 5, 1999