

*Public
Service
Commission
of Utah*

1999
ANNUAL REPORT

FOR THE PERIOD
JULY 1, 1998
TO JUNE 30, 1999



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Public Service Commission of Utah

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Letter to the Governor, Members of the Senate and Members of the House of Representatives

July 1, 1999

*Honorable Michael O. Leavitt
Governor, State of Utah
Honorable Members of the Senate
Honorable Members of the House of Representatives*

It is a pleasure for the Public Service Commission of Utah to present the Annual Report for Fiscal Year 1999. We submit this in accordance with Utah Code § 54-1-10, which requires a reporting of activities during the fiscal year ending June 30, 1999.

This annual report highlights key issues and activities of the Commission throughout the past year. We have put forth great effort in the continued regulation of Utah's utilities and are pleased to share our accomplishments with you.

We express our appreciation for your encouragement and assistance during this past year. We look forward to your continued support and gladly accept our duties in serving the Utah public.

*Respectfully submitted,
Stephen F. Mecham, Commission Chairman
Constance B. White, Commissioner
Clark D. Jones, Commissioner*

Public Service Commissioners



Commission Chairman

Stephen F. Mecham

Chair: October 5, 1992-March 1, 2003

Commissioner: March 1, 1989-September 1991

Governor Michael O. Leavitt reappointed Stephen F. Mecham to the Public Service Commission of Utah on March 1, 1997. He was first appointed to the Commission in March 1989. He left the Commission in September 1991, to serve as Chief of Staff to Governor Norman H. Bangerter. On October 5, 1992, he returned to the Commission as Chairman. His current term expires March 1, 2003.

Chairman Mecham is a member of the National Association of Regulatory Utility Commissioners (NARUC) Telecommunications Committee. He is also a member of the Western Conference of Public Service Commissioners (WCPSC). He served as the President of the Western Conference in 1996. During his tenure as President, Chairman Mecham and the Commission hosted the annual meeting of the Western Conference in June 1996, held at Snowbird, Utah.

Prior to coming to the Commission in 1989 Mr. Mecham practiced law, served as Administrative Assistant for Regulatory Agencies to Governor Bangerter, and subsequently was appointed Executive Director of the Utah Commission on Criminal and Juvenile Justice.

Chairman Mecham earned both his Bachelor and Juris Doctor degrees from the University of Utah.



Commissioner

Constance B. White

Reappointed: March 1, 1999-March 1, 2005

Original Term: March 1, 1995-March 1, 1999



Constance B. White was appointed to her first term as Commissioner of the Public Service Commission by Governor Michael O. Leavitt on March 1, 1995. She was reappointed to a second term, ending March 1, 2005.

Commissioner White currently serves as a member of the Board of Directors of

the National Association of Regulatory Utility Commissioners (NARUC) and was appointed to its Committee of Electricity. She also is active in the Western Conference of Public Service Commissioners (WCPSC).

She was a member of the Governor's Task Forces on Boards and Commission, as well as being a member of the Utah Small Business Advisory Council. Commissioner White has also served the Utah State Bar as the Chair of the Securities section and as a member of the Securities Advisory Committee and Women Lawyers of Utah. She currently serves on the Board of Utah Dispute Resolution.

Prior to coming to the Public Service Commission, Ms. White served in Governor Leavitt's cabinet as the Executive Director for the Utah Department of Commerce. Before that, she practiced law in the private sector, worked for the Securities Division of the Department of Commerce, and served as legal counsel to the Department.

Commissioner White and her husband, Rob, live in Salt Lake City and have one daughter and one son.

Commissioner

Clark D. Jones

Commissioner

July 1, 1995-March 1, 2000



Clark D. Jones was appointed to the Public Service Commission of Utah on July 1, 1995. Prior to his appointment, Mr. Jones was Chairman and President of Summit Family Restaurants, Inc. (formerly JB's Restaurants, Inc.) a Salt Lake City, Utah based restaurant company. Summit Family Restaurants operated

and franchised over 100 JB's Family Restaurants, operated 16 Home Town Buffet restaurants, and six Galaxy Diners in nine western states.

Mr. Jones graduated from the University of Nevada, and completed his post-graduate study at the University of Utah in Salt Lake City. Mr. Jones served as an officer in the United States Army Artillery Branch for two years following school. He is a Certified Public Accountant and was a partner in the firm of Main, LaFrentz and Co. (now KPMG Peat Marwick), prior to joining Summit Family Restaurants in 1970.

Commissioner Jones currently serves as a member of the National Association of Regulatory Utility Commissioners (NARUC), on the Committee of Natural Gas. He is also a member of the Western Conference of Public Service Commissioners (WCPSC).

Mr. Jones serves on the Board of Directors of The Gas Research Institute Advisory Board and the National Restaurant Association. He is past Chairman of the Utah Opera Company and past President of the Sugarhouse Rotary Club.

Commissioner Jones and his wife, Pam, reside in Sandy. They have five children and 13 grandchildren.

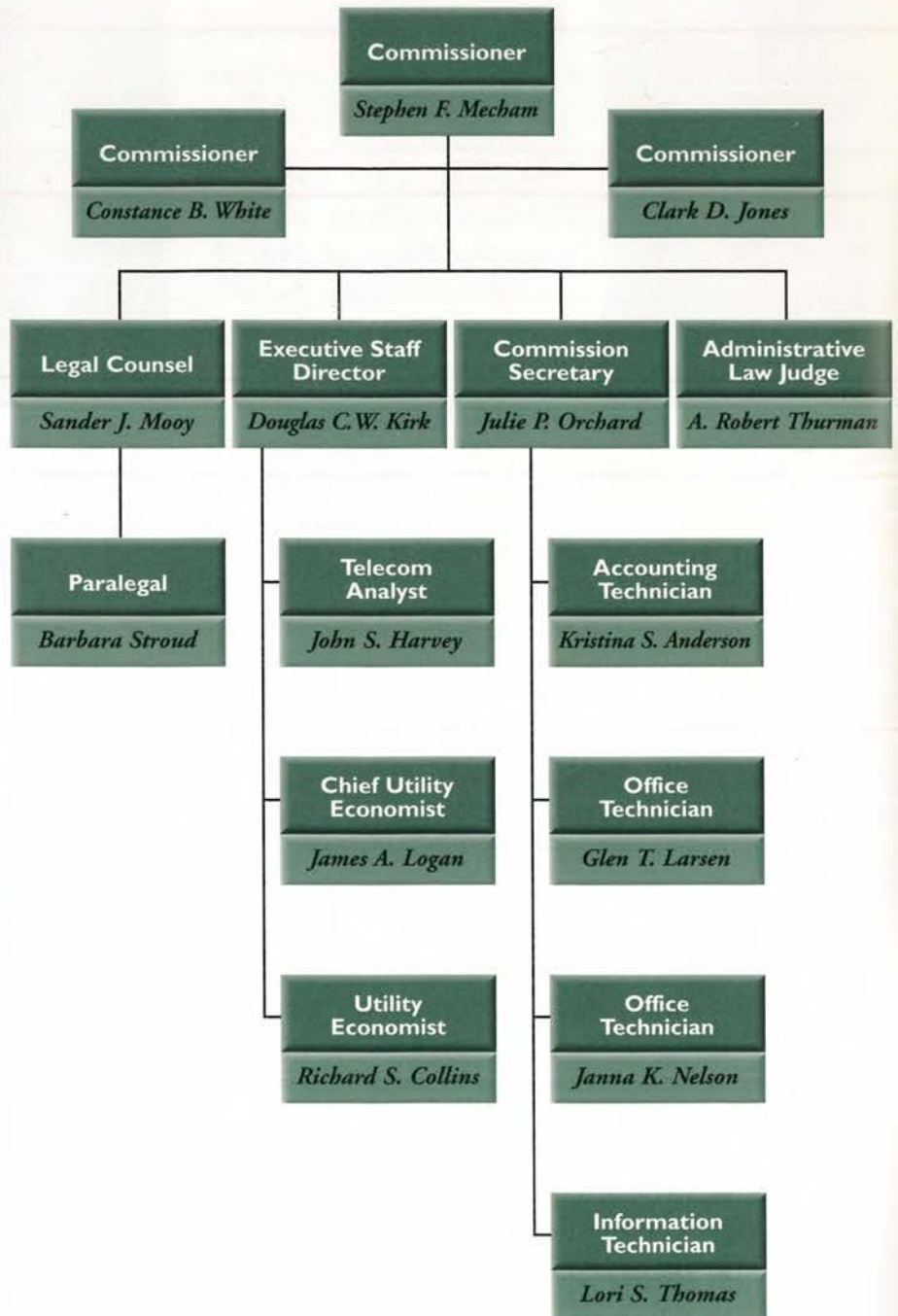
Public Service Commission

PERSONNEL — JUNE 30, 1999

- Chairman Stephen F. Mecham
- Commissioner Constance B. White
- Commissioner Clark D. Jones
- Commission Secretary Julie P. Orchard
- Executive Staff Director Douglas C. W. Kirk
- Legal Counsel Sander J. Mooy
- Administrative Law Judge A. Robert Thurman
- Telecom Analyst John S. Harvey
- Chief Utility Economist James A. Logan
- Utility Economist Richard S. Collins
- Paralegal Barbara Stroud
- Accounting Technician Kristina S. Anderson
- Office Technician Glen T. Larsen
- Office Technician Janna K. Nelson
- Information Technician Lori S. Thomas

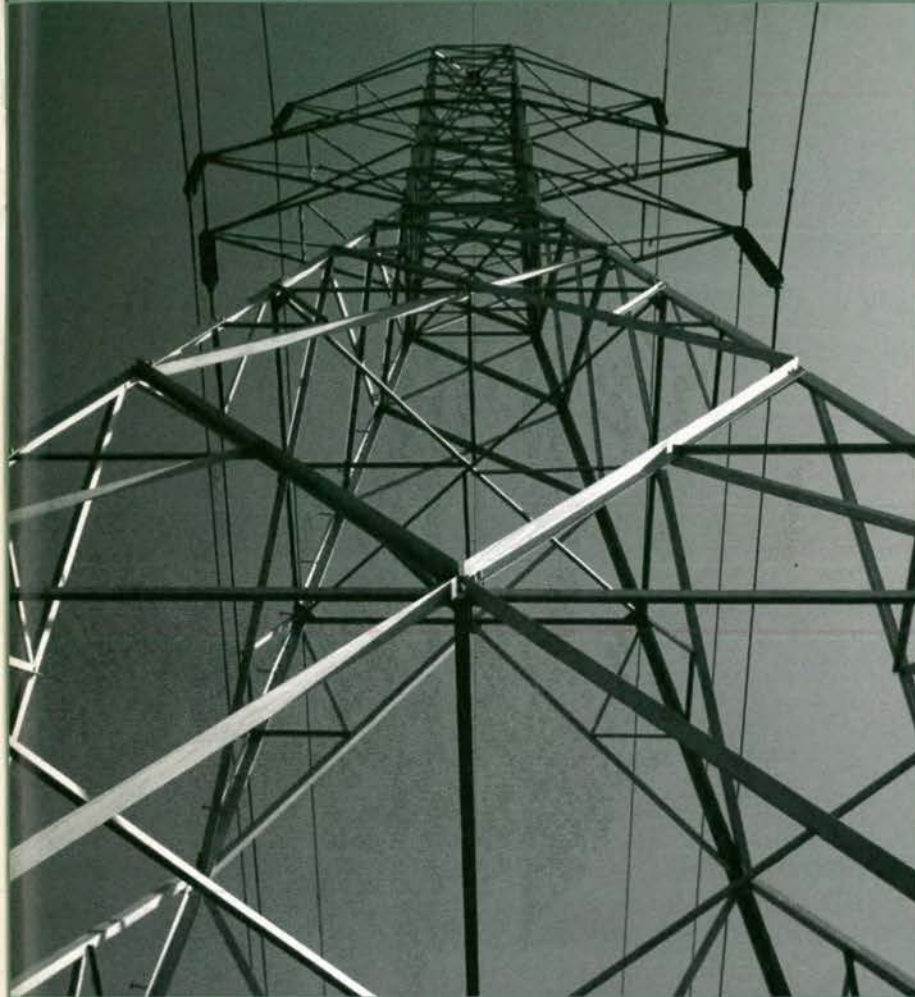
ORGANIZATION CHART

JUNE 1999



1999

History of the Public Service Commission



Origins of the PSC

The Commission has served the citizens of the State through economic regulation of Utah's public utility companies since the passing of the Public Utilities Act of 1917. These privately owned, government-regulated, companies provide the telecommunications, electricity, natural gas, water, and sewage systems that deliver important services to Utah households and businesses. • Utility systems are key structural elements of Utah's economy. Collectively, all such

structural elements are known as "infrastructure." Roads, railways, other modes of transportation and communications, and other network-based services like electricity, natural gas and water, facilitate the flow of goods and services between buyers and sellers. Thus this infrastructure is a prerequisite for economic growth. • Utility companies are certificated monopolies. With recent exceptions, primarily in the telecommunications industry, each is the sole provider of utility service in designated geographic areas of the State called "certificated service territories." • Federal and State law obligates the Commission to promote and protect the public interest by ensuring that public utility service is adequate in quality and reliability, and is available to everyone at reasonable prices. •

History

The Regulatory Process of Utah

The Commission has been an independent entity with a small clerical, legal, and technical advisory staff since 1983. • The Commission employs 15 persons. Each commissioner is appointed by the Governor to a six-year term. The Commission has an administrative secretary and clerical staff; an executive staff director and technical staff; a legal counsel and paralegal staff; and an administrative law judge. •

The Division of Public Utilities, Department of Commerce, performs public utility audits and investigations, helps to resolve customer complaints, and enforces Commission orders. As a result of a reorganization in 1983, the Division has been empowered to represent an impartially determined, broad public interest before the Commission. It does so with legal assistance from the Office of the Attorney General.

Also functioning within the Department of Commerce is the Committee of Consumer Services, the state agency advocate for the interests of residential, small commercial and agricultural customers. The Committee, established by the legislature in 1977, consists of six citizens appointed by the Governor. It employs an administrative secretary and an eight-member clerical and technical staff. Legal assistance is provided by the Attorney General.

How the Commission Works

As a regulatory decision making body, the Commission exercises a delegated legislative power. Each regulatory decision is reached quasi-judicially—that is to say, the decision must be based on evidence of record gathered in open public hearings in docketed proceedings. All dockets are closely scheduled, but the due process rights of parties, carefully observed by the Commission, govern their timing.

Cases presented before the Commission raise issues of law, economics, accounting, finance, and engineering. In the course of a hearing, participating parties may include the public utility concerned in the matter, the Division of Public Utilities (representing an impartial view of the overall public interest), and the Committee of Consumer Services (representing the particular group interests of residential, small commercial and agricultural customers). Parties present the sworn testimony and evidence of expert witnesses on matters at issue. Witnesses are cross-examined by the attorneys assisting each party.

In cases where tens of millions of dollars may be at stake, or important issues of regulatory policy arise, a number of other intervenors, representing interests as diverse as low-income customers and large industrial customers, may also participate. They too will employ expert witnesses and attorneys. Involvement is key because regulatory decisions distribute outcomes as gains or losses to particular parties.

The task of the Commission is to reach decisions that balance the often-competing interests of concerned parties, in pursuit of outcomes that protect and promote the overall public interest. These decisions, reviewable by the Utah Supreme Court, must be drawn directly from the evidentiary record created in open public hearings.

During fiscal year 1999, 385 cases were docketed. Of these, 293 were resolved by written Commission order. The more important cases, whether for regulatory policy or financial implications, are highlighted in discussions of electricity, natural gas, telecommunications, and water, which follow in the next sections of the report.

Overview of Electric Utilities

The principle electric utility regulated by the Commission is PacifiCorp, an investor-owned utility doing business in the state as Utah Power and Light Company. PacifiCorp provides more than 80 percent of the electricity consumed by Utah's households and businesses. Other Utah customers are served either by municipal utilities, which are not regulated by the Commission, or by rural electric cooperatives, which are subject to minimal state regulation. Thus, most of the Commission's work in the electric industry arises from regulation of PacifiCorp. •



Electric

Overview of Electric Utilities (Cont.)

A New Plan

In the period immediately preceding the fiscal year, PacifiCorp pursued a strategy of global acquisitions, unregulated energy trading, wholesale sales, and diversification into businesses such as natural gas. Senior management's attention to the core retail electric business in its several-state service area was diverted.

After significant expenditure of resources, the failure of this strategy became evident during the fiscal year as the company experienced significant losses. PacifiCorp's president and others were replaced with new senior executives and this quickly resulted in a "refocus" program. The hallmark was a return to the core retail and wholesale electric service businesses in the western U. S., disposal of unrelated domestic and international businesses, and a concerted push to provide higher quality retail electric service more efficiently. The Company announced its intention to exit the retail electric business in Montana and California, and in November 1998 sold its Montana electric distribution assets to Flathead Electric Cooperative. An agreement signed in July 1999 contemplates sale of California distribution assets to Nor-Cal Electric Authority.

Commission Involvement

Activities of the company subject to the regulatory jurisdiction of the Commission were equally eventful during the fiscal year. Utah electricity customers were the beneficiaries of both refunds and price (rate) decreases of large magnitude. The quality and reliability of electric service were placed under study. A 1997 joint petition by the Division and the Committee sought substantial electricity price decreases, among other things. However, that year the legislature blocked the proceeding, freezing prices at January 31, 1997 levels. This purpose was to study whether regulatory changes might be necessary in view of the movement in some states and the nation to restructure the electric industry. However, an interim price decrease, totaling \$12.4 million, was granted. The legislative study proved inconclusive, so general rate case proceedings were permitted to go forward during this fiscal year. A number of important decisions were reached.

In orders issued April 16 and July 7, 1998, the Commission determined the method by which PacifiCorp's generation, transmission and general costs are to be shared among the Company's state jurisdictions, a prerequisite for setting Utah electricity prices. Differences in cost-sharing methods associated with the 1989 merger of Pacific Power and Light and Utah Power and Light Companies were to be eliminated over a five-year period. As an outcome of the rate case, however, the Commission decided that Utah customers due to the price freeze should offset the present value of these future costs, \$71 million, against some \$111 million of overpayments from March 14, 1997 to February 28. The net amount, \$40 million, was refunded to customers. The rate case concluded with a Report and Order issued March 4, 1999, which decreased PacifiCorp's Utah revenues \$85 million, or 12 percent, annually, and reduced electricity prices accordingly.

The Merger

On December 6, 1998, PacifiCorp signed an Agreement and Plan of Merger with ScottishPower of Glasgow, Scotland. After approval by both companies' boards of directors, and subsequently by shareholders in June 1999, the merger received clearance from federal regulatory authorities. California approved



the merger June 10, 1999. An application for approval is now pending before the commissions of Utah, Oregon, Wyoming, Idaho and Washington. Utah hearings have been completed and a decision by the Commission is expected soon.

Restructuring

Regulation of PacifiCorp and of the other Utah providers by the Commission took place during the fiscal year in the context of forces, both political and economic, changing the electric utility industry. Some of these forces arose at the national and some at the state levels. Indicative of the national ones were the moves, as yet unfruitful, to pass national legislation restructuring the industry.

“Restructuring” generally refers to splitting the generation, transmission, and distribution functions now vertically integrated and performed internally by the utility into separate functional entities, perhaps even separate companies. Though both transmission and distribution would remain monopoly functions, generation, once deregulated, could be competitive. A gain in efficiency and consequent lower service prices are expected as new firms begin to generate electricity from plants they build and own themselves, competing directly with generation plants now controlled by utilities.

The assessment of restructuring in Utah during the fiscal year was inconclusive in that all parties could not be shown to benefit if it were to occur. Nationally, the Federal Energy Regulatory Commission in May 1999 issued a notice of proposed rulemaking which, if adopted, would require implementation of regional transmission organizations by December 15, 2001. These organizations would be responsible for the monopoly transmission function, removing it from the long-time control of integrated electric public utility companies, with the object of lessening utilities’ market power over generation facilities. At the state level, the Oregon legislature in July 1999 approved a bill to introduce generation competition and customer choice by October 2001 through development of a portfolio of service supply options for that state’s large industrial customers.

Electric Dockets

KEY:

Docket Number

Short Title

Status as of June 30, 1999

97-035-01

In the Matter of the Investigation into the Reasonableness of Rates and Charges of PacifiCorp, dba Utah Power and Light Company.

Report and Order issued March 4, 1999. The Commission reduces annual revenue requirement by \$85.36 million, based on an adjusted 1997 test year and an allowed rate of return on equity of 10.5 percent. Rates are based on fully distributed, embedded cost of service. This occurs by eliminating the merger fairness adjustment, a lump-sum addition to Utah jurisdictional revenue requirement previously needed to ensure fair apportionment of total system revenue requirement among the states. The present value of remaining merger fairness payments is netted against a refund owed customers for 1997 and 1998. The refund is a result of legislative action which suspended this Docket making existing rates interim and subject to refund. The refund net of the fairness adjustment is \$40.26 million, an amount spread to classes of service on the basis of relative revenues and distributed to customers on the basis of service usage during the 1997-1998 refund period. Four task forces are established to examine issues important in view of industry restructuring and the proposed merger of PacifiCorp and Scottish Power: cost allocation, special industrial contracts, low-income customer issues, and energy efficiency and renewable resources.

97-035-04

In the Matter of the Proceeding to Establish an Allocation Methodology to Separate PacifiCorp’s Assets, and Revenues Between Various States.

Report and Order issued July 7, 1998. The Commission herein orders a merger fairness adjustment of \$43.2 million for 1996. This amount increases

Electric Dockets (Cont.)

jurisdictional revenue requirement as determined by the Rolled-In allocation method. It will decrease by one-fifth annually thereafter, to \$34.56 million for 1997, \$25.92 million for 1998, \$17.28 million for 1999, and \$8.64 million for 2000, reaching zero on January 1, 2001.

97-035-11

In the Matter of the Application of Utah Power and Light for an Order Approving the 8th Amendment to the Electric Supply Agreement Between PacifiCorp and Texaco Exploration and Production.

Report and Order approving service agreement issued July 20, 1999.

97-2035-06

In the Matter of the Acknowledgment of PacifiCorp's Integrated Resource Plan.

Report and Order issued April 21, 1999. The RAMPP-5 Report is not acknowledged because of deficiencies outlined in this Order. Deficiencies will be rectified and improvements will be made in RAMPP-6 as ordered.

98-2035-04

In the Matter of the Application of PacifiCorp and Scottish Power plc for an Order Approving the Issuance of PacifiCorp Common Stock.

Scheduled proceedings for merger approval are underway.

98-2035-05

In the Matter of PacifiCorp's Integrated Resource Plan, RAMPP6.

Good cause appearing the Commission ordered a one-year extension for filing the report.

99-2035-01

In the Matter of Service Quality Complaints Against PacifiCorp and PacifiCorp's Service Quality Performance Since the 1989 Merger of UP&L and PP&L.

Scheduled proceedings are underway.

99-2035-02

In the Matter of PacifiCorp Avoided Energy Costs.

No action pending at this time.

99-2035-03

In the Matter of the Application for an Order Approving the Sale of its Interest in (1) The Centralia Steam Electric Generating Plant, (2)

The Ratebased Portion of the Centralia Coal Mine, and (3) Related Facilities; for a Determination of the Amount of and the Proper Ratemaking Treatment of the Gain Associated with the Sale; and for an EWG Determination.

Scheduled proceedings are underway.

98-032-01

In the Matter of the Application of Raft River Electric Cooperative for Commission Approval of an REA and CFC Loan totaling 7.1 Million Dollars.

Report and Order issued December 21, 1999. Applicant having requested Commission approval for incurring new indebtedness totaling 7.1 million dollars, and the transaction appearing to be warranted and prudent, the Commission approved the same.

98-066-01

In the Matter of the Application of Dixie-Escalante Rural Electric Association for Authority to Issue Securities in the form of Promissory Notes and a New Line of Credit.

Report and Order issued December 31, 1998. Dixie-Escalante is hereby authorized to issue the proposed securities and take the proposed actions described in this Report and Order or on other terms and conditions substantially consistent with this Report and Order.

98-506-01

In the Matter of the Application of Deseret Generation and Transmission Co-operative for Authority to Issue Securities and Enter into Contracts.

Report and Order issued October 29, 1998. Deseret is hereby authorized to participate in the Proposed Settlement on other terms and conditions substantially consistent with this Report and Order.

99-022-01

In the Matter of the Application of Bridger Valley Electric Association for Authority to Borrow Up to \$8,000,000.00 from the National Rural Utilities Cooperative Finance Corporation.

Report and Order issued April 16, 1999. Bridger Valley is authorized to borrow up to \$8,000,000.00 from the CFC, and to enter into and execute those instruments necessary to complete the loan transaction contemplated in the petition with certain provisions set out in the Order.

99-031-01

In the Matter of the Application of MT. Wheeler Power, Inc., for Authority to Issue Securities.

Report and Order issued February 17, 1999. The issuance of securities appearing to be in the public interest, the Commission approved the petition.

99-035-02

In the Matter of the Application of Utah Power & Light Company for an Order Approving an Electric Service Agreement Between PacifiCorp and Mobil Exploration & Producing U.S. Inc.

No action pending at this time.

99-506-01

In the Matter of the Application of Deseret Generation & Transmission Co-Operative for Authority to Issue Securities of Not More than \$18.25 Million in the Form of Secured Promissory Notes and Not More than \$1.92 Million in the Form of Equipment Lease Guarantees.

Order issued July 12, 1999. Deseret is hereby authorized to enter into a secured reimbursement agreement with CFC in connection with the Settlement between Deseret and the City of Riverside, and to apply cash proceeds of such Settlement to finance the proposed Rotor Upgrade Project.

Electric Utilities

Electric Utility Companies Operating in the State of Utah Under the Jurisdiction of the Public Service Commission

Bridger Valley Electric Association Inc

Urie Jct Hwy 30 S
PO Box 399
Mountain View WY 82939

Deseret Generation & Transmission Cooperative

5295 S 300 W Ste 500
Murray UT 84107-4764

Dixie Escalante Rural Electric Association Inc

71 E Hwy 56
HC 76 Box 95
Beryl UT, 84714-5197

Empire Electric Association Inc

801 N Broadway
PO Box K
Cortez CO 81321-0676

Flowell Electric Association Inc

495 N 3200 W
HC 61 Box 180
Fillmore UT 84631

Garkane Power Association Inc

56 E Center St
PO Box 790
Richfield UT 84701

Moon Lake Electric Association Inc

188 W 200 N
PO Box 278
Roosevelt UT 84066-0278

Mt Wheeler Power Inc

1600 Great Basin Blvd
PO Box 1110
Ely NV 89301-1110

PacifiCorp

Attn: Robert G Strong—Tax Manager
825 NE Multnomah St
Ste 1900
Portland OR 97232

PacifiCorp

dba Utah Power & Light Company

One Utah Center
201 S Main St Ste 700
Salt Lake City UT 84140-0007

Raft River Rural Electric Cooperative Inc

250 N Main St PO Box 617
Malta ID 83342

Strawberry Electric Service District

745 N 500 E
PO Box 70
Payson UT 84651

Strawberry Water Users Association

745 N 500 E
PO Box 70
Payson UT 84651

Wells Rural Electric Company

1451 N Humboldt Ave
PO Box 365
Wells NV 89835-0365

Overview of Natural Gas Utilities

New Public Policy

A significant public policy accomplishment of the fiscal year is the extension of natural gas service to several rural Utah communities previously deemed uneconomical to serve. • In May 1998, the Commission rejected an application for service by the town of Panguitch on grounds that the service could only occur if subsidized, a matter of policy the Commission believed better decided by the legislature. This decision triggered a new law that does permit •



Natural

extension of subsidized service when specific terms—the amount town residents must pay and the magnitude of the subsidy from all other customers—can be met. During the fiscal year the Commission approved applications for Panguitch, Cedar Fort, and Brian Head. Applications for new service for the communities of Oak City, Joseph, Sevier, and Fayette, were also approved, but service to these communities does not require subsidy.

Questar Gas Rates

Twice annually, as permitted by law, Questar Gas Company files a “pass-through” application to adjust the commodity and associated cost portions of its Utah natural gas rates. The remaining costs, including the operation and management of distribution facilities, are recovered in general rate case proceedings. About 60 percent of the total costs of procuring, managing and supplying natural gas to customers in Utah, some \$250 million annually, is for the gas itself. Expedited pass-through proceedings allow timely recovery of gas costs actually incurred. New rates are established on a projected basis. When actual costs vary from those projected, the difference is maintained in a special balancing account and an appropriate rate adjustment is made in the following pass-through proceeding.

Natural Gas Costs

The commodity and associated cost portions of natural gas rates declined during the fiscal year. The cost of natural gas purchased on the market during the fiscal year was slightly less than the prior period. The largest source of the decline was a balancing account credit because actual costs from the prior period were lower than those projected. A pass-through case filed at the end of the fiscal year, however, seeks an



increase in rates to recover increases in the costs of purchased gas. While cost of gas varies, a common element of fiscal year pass-through cases was an increase in the costs of gathering, transportation and storage.

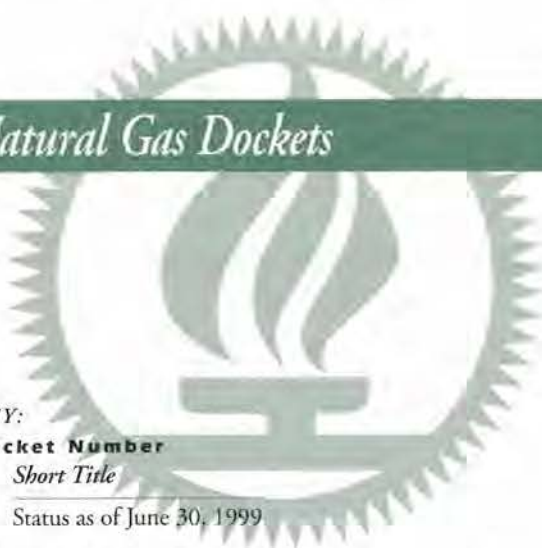
The law requires quick action by the Commission to approve, modify, or reject a pass-through application. Therefore, when examination of an application reveals unusual problems, new rates for gas are approved on an interim basis, and regulatory consideration of the problems continues. During the fiscal year one such issue, a request for approval of a natural gas processing contract, arose. Scheduled proceedings are underway. Two issues from prior pass-through cases concerning gathering and storage were resolved during the fiscal year.

Utah Gas Service Company

Much the same process for approving gas cost changes applies to Utah's other local distribution company, Utah Gas Service Company. Decisions were reached on two pass-through cases filed during the fiscal year. The first required no change in rate levels. The second resulted in a net decrease in gas rates.

Gas

Natural Gas Dockets



KEY:

Docket Number

Short Title

Status as of June 30, 1999

95-057-30

In the Matter of the Application of Mountain Fuel Supply Company to Adjust Rates for Natural Service in Utah. Order issued March 29, 1999.

The December 18, 1997 Letter Agreement reached between the Division and Mountain Fuel Supply Company is in the public interest and that the rates, terms, and conditions provided are just and reasonable, therefore it is hereby approved with an effective date of September 1, 1997.

96-057-12

In the Matter of the Application of Mountain Fuel Supply Company to Adjust Rates for Natural Service in Utah.

The December 18, 1997 Letter Agreement reached between the Division and Mountain Fuel Supply Company is in the public interest and that the rates, terms, and conditions provided are just and reasonable, therefore it is hereby approved with an effective date of September 1, 1997.

97-057-11

In the Matter of the Application of Mountain Fuel Supply Company to Adjust Rates for Natural Service in Utah.

See 97-057-18

97-057-18

In the Matter of the Application of Questar Gas Company for a Continuation of Previously Authorized Rates and Charges Pursuant to its Purchased Gas Adjustment Clause.

Report and Order issued March 18, 1998. The application of Questar Gas Company in Docket No. 97-057-18 to continue the rates established in the Amended Application in Docket No. 97-057-11

on October 8, 1997, is hereby approved and the rate requested in the application is made final.

98-057-01

In the Matter of the Application of Hildale City and Intermountain Municipal Gas for an Order Granting Access for Transportation of Interstate Natural Gas over the Pipelines of Questar Gas for Hildale, Utah.

September 1, 1999. The Commission concludes that it has authority to require Questar Gas Company to provide the transportation service requested by Hildale, if found to be in the public interest. Scheduled proceedings are underway.

98-057-07

In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah.

Report and Order issued July 2, 1999. The rates proposed in the Company's Application will be implemented on an interim basis effective July 1, 1998.

98-057-10

In the Matter of Mountain Fuel's Confidential IRP Quarterly Purchase Reports Covering the Period from May 1997 through July 1998.

Proprietary Reports have been filed with the Commission.

98-057-13

In the Matter of the Application of Questar Gas Company to Adjust Rates for Natural Gas Service in Utah.

Interim Report and Order issued January 7, 1999. Further action pending.

99-057-02

In the Matter of the Request of Trillium USA regarding Questar Gas Company and compressed Natural Gas (CNG) Fueling Operations.

June 8, 1999. The Commission has determined that matters relating to Trillium's request dealing with CNG pricing must be addressed in a general rate proceeding. Increasing the price of a utility's services or products must occur after a hearing to determine whether the change is just and reasonable. U.C.A. 54-7-12. Repricing of a utility's services and products occurs in a general rate proceeding to ensure that the overall tariff provisions, which include the rates for all services and products, are just and rea-

sonable. To the extent that Trillium deems necessary, it may seek to intervene and participate in any rate proceedings to advocate its position on a just and reasonable rate for CNG.

99-057-03

In the Matter of the Application of Questar Gas Company for Approval of Terms of Gas Service to Customers in Fayette.

Report and Order issued April 21, 1999. The Commission, for good cause shown, grants Mountain Fuel's application for approval of an extension area charge for application to customers of Fayette.

99-057-05

In the Matter of the Application of Questar Gas Service Company for Approval of Terms of Gas Service to Customers in Cedar Fort.

Report and Order issued May 3, 1999. The Commission, for good cause shown, grants Mountain Fuel's application for approval of an extension area charge for application to customers of Cedar Fort.

98-059-01

In the Matter of the Application of Utah Gas Service Company to Make Its Annual Report for its Gas Balancing Account.

Report and Tentative Order issued September 21, 1998. By this Order, the Public Service Commission of Utah approves the Report of Utah Gas Service Company on its Gas Balancing Account for the period March, 1997, through February 1998; no changes in rate levels are requested or authorized.

99-059-01

In the Matter of the Application of Utah Gas Service Company, Corp., for Authorization to Make Adjustments in its Gas Balancing Account and to Incorporate Changes in the Cost of Gas that Utah Gas Service Company Purchases from Others.

Report and Order issued April 27, 1999. By this Order, the Public Service Commission of Utah approves the application of Utah Gas Service Company to make adjustments in that company's Gas Balancing Account, together with related rate decrease adjustments, and also approves increases in rates due to projected increases in the cost of gas purchased from others, resulting in a combined net decrease in gas rates.

Natural Gas Utilities

Natural Gas Utilities Operating in the State of Utah Under the Jurisdiction of the Public Service Commission

Questar Gas Company

180 E 100 S
PO Box 45360
Salt Lake City UT 84145-0360

Utah Gas Service Company

5000 S Quebec St
Ste 650
Denver CO 80237

Wendover Gas Company

PO Box 274
Wendover, UT 84083
460 Mesa St
West Wendover, NV 89883

Overview of Telecommunications Utilities

Industry Reform

The 1995 Utah Telecommunications Reform Act and the 1996 Federal Telecommunications Act substantially alter the purposes and practices of regulation in Utah. While still responsible for the rates, terms and conditions of utility service, the Commission must now oversee a broad transition from regulated monopoly to market competition in this industry. All efforts rest



on the belief that when competitors must vie to provide service, customers will get better quality and lower priced service. • Our November 18, 1998 Annual Report describes our efforts to shepherd the industry along this path and our assessment of the status of the transition. The Commission during October 1999 will issue the second annual telecommunications report. •



Telecomm

From Monopoly to Competition

Moving from regulated monopoly to competition is complex because the industry is a capital-intensive, network-based business. New entrants and would-be competitors must rely on the incumbent monopoly provider just to provide services to their own customers. The new entrant is free to concentrate on serving only the few, most profitable customers. If deregulated too soon, the incumbent firm could use its control of the network to restrict entry and prevent competition. But loss of its most profitable customers could harm the incumbent and all its remaining customers. These are reasons federal and state law place the Commission as both referee and judge, to prevent or resolve conflicts among incumbents and new entrants, to impose reasonable standards of service quality and business conduct, and to ensure fair treatment of customers.

Interconnection Agreements

By the close of the fiscal year, some 40 companies had applied for and received Certificates of Public Convenience and Necessity from the Commission allowing them to provide local telephone service to Utah customers. The Commission arbitrated, reviewed and approved 32 "interconnection agreements"—terms by which the incumbent and the competitor will interconnect facilities to provide effective and efficient service.

The competitor who must interconnect with US West's, or another incumbent's network, provides service to its customers in one of three ways:

1. a combination of its own facilities and the incumbent's facilities
2. leasing the required components of the incumbent's network
3. reselling the incumbent's service under the competitor's own name.

At the end of the fiscal year, one incumbent firm, US West Communications, Inc. provided over 92.4 percent of Utah's 1.2 million telephone lines. In its own service territory, US West provides 97 percent of the lines. Independent incumbent firms and competitors provide the rest. Competitors operate in US West's service territory only, where they provide about 34,000 lines today. Almost all are business, not household, lines.

As the largest incumbent, US West remains a regulated company. But the 1995 State Act, in the interest of promoting the transition to competition, provides a facilitating regulatory regime. Thus, after just and reasonable prices for US West's services were established in the last general rate case, completed December 4, 1997, a three-year price freeze has been imposed. Immediately following the freeze, the Commission must implement a new form of regulation in which prices will vary according to an index based on factors such as inflation, changes in industry productivity, and quality of service. The price freeze is in effect, and development of the price index is underway.

Interaction of incumbents and competitors occupied much of the Commission's time during the fiscal year. Of the approximately 140 telecommunications dockets addressed, 62 directly dealt with the transition from monopoly to competition as certificate applications, mergers and acquisitions, approval and enforcement of interconnection agreements, resolution of complaints, approval of special contracts for regulated services, and other service issues.

As may be noticed in the following enumeration of dockets, such cases were in addition to the Commission's regulatory responsibilities.

Telecommunications Dockets

KEY:

Docket Number

Short Title

Status as of June 30, 1999

Certificates of Public Convenience and Necessity for New Telecommunications Companies

98-2026-01

In the Matter of the Petition of the Division of Public Utilities for Declaratory Order Canceling the Certificate of Public Convenience and Necessity of the Westlink Company.

Report and Order issued September 21, 1998. The certificated telephone corporation having requested termination of its certificate, we cancel the same.

98-2222-01

In the Matter of the Petition of the DPU for a Declaratory Order Canceling the Certificate of Public Convenience and Necessity of Krause Rentals dba Rent America.

Report and Order issued September 21, 1998: The certificated telephone corporation having requested termination of its certificate, we cancel the same.

98-2239-01

In the Matter of the Application of Convergent Communications Services for a Certificate to Compete as a Telecommunications Corporation and to Offer Public Telecommunications Services (To Acquire Certificate Issued to Its Parent Corporation, Convergent Communications Inc. in Docket No 97-2239-01).

Report and Order issued December 16, 1998. By this Order, the Public Service Commission of Utah approves the application of Convergent Communications Services, Inc., and issues to it a Certificate to Compete as a Telephone and Telecommunications Corporation and to offer Public Telephone and Telecommunications Services in Utah.

98-2251-01

In the Matter of the Application of North County Communications Corp for a Certificate of Public Convenience and Necessity to Provide Local Resale Telecommunications Services.

Report and Order issued October 1, 1998. Applicant having failed to provide requested information or otherwise pursue its application, the Commission denied the same.

98-2252-01

In the Matter of the Application of Intellicall Operator Service for a Certificate of Authority to Provide Local Exchange Services in the State of Utah.

Report and Order issued December 23, 1998. Applicant having failed to provide requested information in a timely manner to complete its application, the Commission denied the same. Order Denying Reconsideration issued March 26, 1999. Applicant having failed to raise any issue not heretofore considered, the Commission denied the petition for reconsideration.

98-2253-01

In the Matter of the Application of SUPRA Telecommunications and Information Systems for a Certificate of Public Convenience and Necessity to Operate as a Telecommunications Provider in the State of Utah.

Report and Order issued January 15, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of SUPRA Telecommunications and Information Systems, Inc., for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

98-2257-01

In the Matter of the Application of Z-Tel Communications for a Certificate Authorizing it to Provide Local Exchange Service as a Telecommunications Reseller in the State of Utah.

Report and Order issued January 11, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Z-Tel Communications, Inc. for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000

access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

98-2258-01

In the Matter of the Application of Momentum Telecom for Authorization to be a Competitive Local Exchange Carrier in Utah.

Report and Order issued March 23, 1999. Applicant having failed to furnish requested information, the Commission denied the Application.

98-2259-01

In the Matter of the Application of ICG Telecom Group for a Certificate of Public Convenience and Necessity to Provide Local Exchange Telecommunications Services in Utah.

Report and Order issued March 22, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of ICG Telecom Group, Inc. for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within the service territory of any incumbent telephone corporation with fewer than 50,000 access lines within the State.

98-2260-01

In the Matter of the Application of Airswitch Corporation for a Certificate Authorizing it to Provide Dedicated Internet Access Services Within the State of Utah.

Report and Order issued January 8, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Airswitch Corporation for a Certificate of Public Convenience and Necessity authorizing Applicant to provide dedicated Internet access services within the State of Utah.

98-2261-01

In the Matter of the Application of JATO Communications Corp., for a Certificate of Public Convenience and Necessity to provide local exchange telecommunications and emerging competitive telecommunications services on a resold basis.

Second Report and Order issued August 16, 1999. No detriment to the public interest appearing, the Commission approves the transfer of operating authority.

98-2262-01

In the Matter of the Application of Prepaid Cellular Services for resale of Local Exchange Service, Interexchange Service and Prepaid Calling Cards.

Report and Order issued April 12, 1999. Applicant having failed to furnish requested information, the Commission denied the Application.

98-2263-01

In the Matter of the Application of Advanced Telecommunications for a Certificate Authorizing it to Provide Local Exchange Service as a Telecommunications Reseller in the State of Utah.

Report and Order issued April 6, 1999. By this Report and Order, the Public Service Commission of Utah, grants the request of Advanced Telecommunications, Inc. for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange service throughout US West Communication, Inc.'s service territory within the State of Utah.

98-2264-01

In the Matter of the Application of Eclipse Communications Corp for a Certificate of Authority to Provide both Switched and Dedicated Resale and Facilities Based Local Exchange Services in the State of Utah.

Report and Order issued March 17, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Eclipse Communications Corporation for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

98-2266-01

In the Matter of the Application of Level 3 Communications for Authority to Operate as a Competitive Local Exchange Carrier Providing Resold Local Exchange Service.

Report and Order issued March 8, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Level 3 Communications, LLC, for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000

access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

98-2267-01

In the Matter of the Application of CCCUT Inc dba CONNECT! for a Certificate Authorizing it to Provide Local Service as a Telecommunications Reseller in the State of Utah.

Report and Order issued April 29, 1999. By this Report and Order, the Public Service Commission of Utah, grants the request of CCCUT, INC., dba CONNECT! for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange service throughout US West Communication, Inc.'s service territory within the State of Utah.

99-2180-01

In the Matter of the Application of All West / Utah, Inc. for a Certificate Authorizing it to Provide Local Exchange.

On February 1, 1999, the docket number was changed as to reflect that it is a new application, not merely an extension of All West Communications. The new number for All West / Utah is now 99-2270-01.

99-2242-01

In the Matter of the Petition of the Division of Public Utilities for a Declaratory Order to Cancel the Certificate of Public Convenience and Necessity of U.S. Telco, Inc.

Report and Order issued May 7, 1999. Petitioner having sought cancellation of its operating authority, and the Division of Public Utilities, Utah Department of Commerce, having concurred, the Commission granted the petition.

99-2252-01

In the Matter of the Application of Intellicall Operator Services dba ILD for a Certificate of Authority to Provide Local Exchange Services in the State of Utah.

Report and Order issued May 27, 1999. The Commission grants the request of Intellicall Operator Services, Inc. dba ILD, for a Certificate of Public Convenience and Necessity authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled





by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

99-2270-01

In the Matter of the Application of All West / Utah, Inc. for a Certificate Authorizing it to Provide Local Exchange Services.

Report and Order issued July 14, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of All West / Utah, Inc. ("Applicant"), for a Certificate of Public Convenience and Necessity ("Certificate") authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State. The Commission, having considered the record in this proceeding and the applicable law, hereby makes, adopts, and enters the following Report and Order.

99-2271-01

In the Matter of the Application of Williams Communications, Inc. for a Certificate Authorizing it to Provide Local, Interexchange Service and Other Public Telecommunications Services.

Notice of Intervention issued August 30, 1999 in behalf of US West Communications, Inc.

99-2272-01

In the Matter of the Application of Emery Telecommunications & Video, Inc. / dba Emery Telecommunications for a Certificate Authorizing it to Provide Local Exchange Services.

Report and Order issued July 1, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Emery Telecommunications & Video, Inc., dba Emery Telecommunications ("Applicant"), for a Certificate of Public Convenience and Necessity ("Certificate") authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State. The Commission, having considered the record in this proceeding and the applicable law, hereby makes, adopts, and enters the following Report and Order.



Telecommunication Dockets (Cont.)

99-2273-01

In the Matter of the Application of Megsinet-CLEC, Inc. for a Certificate of Public Convenience and Necessity for the Purpose of Providing Local Exchange Services.

Action Request issued March 16, 1999 and a recommendation due from the Division of Public Utilities on May 15, 1999. No further proceedings have taken place.

99-2274-01

In the Matter of the Application of Concert Communications Sales LLC for Authority to Provide Competitive Local Exchange and Intrastate Toll Telecommunications Service in the State of Utah.

Notice to ILECs issued July 26, 1999. The Commission proposes, pursuant to § 63-46b-4(3), on its own motion, to convert the matter to an informal proceeding and to grant said application summarily.

99-2275-01

In the Matter of the Application of DSLnet Communications, LLC for a Certificate of Public Convenience and Necessity to Provide Switched and Dedicated, Resold and Facilities-Based Interexchange Services Within the State of Utah.

Report and Order issued July 14, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of DSLnet Communications, LLC ("Applicant"), for a Certificate of Public Convenience and Necessity ("Certificate") authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

99-2276-01

In the Matter of the Request of Farmers Telephone Company, Inc. for Authority to Provide Local Exchange Services in Utah to Hovenweep National Monument.

Report and Order issued July 20, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of Farmers Telephone Company, Inc. ("Applicant"), for a Certificate of Public Convenience and Necessity ("Certificate") authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is

owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

99-2277-01

In the Matter of the Application of DIECA Communications, Inc. for a Certificate of Public Convenience and Necessity to Provide Switched and Dedicated, Resold and Facilities-Based Local Exchange and Facilities-Based Interexchange Services Within the State.

Action Request issued May 10, 1999 and a recommendation from the Division of Public Utilities due July 9, 1999. No further proceeding have taken place.

99-2278-01

In the Matter of the Application of NET-tel Corporation for a Certificate of Public Convenience and Necessity for the Purpose of Providing Local Exchange Services.

Action Request issued May 14, 1999 and a recommendation from the Division of Public Utilities due July 13, 1999. No further proceedings have taken place.

99-2279-01

In the Matter of the Application of Teltrust Communications Services, Inc. Also Known as "Teltrust" and/or "TCS" for Authority to Compete as a Competitive Local Exchange Carrier.

Notice issued August 16, 1999. The Commission proposes, pursuant to § 63-46b-4(3), on its own motion, to convert the matter to an informal proceeding and to grant said application summarily.

99-2281-01

In the Matter of the Petition of FirstWorld Communications, Inc. for Authority to Compete as a Telecommunications Corporation and to Offer Public Telecommunications Services.

Protective Order issued September 28, 1999.

99-2282-01

In the Matter of the Application of Accelerated Connections, Inc. for a Certificate of Authority to Provide Local Exchange Services and Other Telecommunications Services in the State of Utah.

Report and Order issued August 26, 1999. By this Report and Order, the Public Service Commission of Utah grants the request of ACCELERATED

CONNECTIONS, INC. ("Applicant" or "ACI"), for a Certificate of Public Convenience and Necessity ("Certificate") authorizing Applicant to provide local exchange services within the State of Utah, except within any local exchange with fewer than 5,000 access lines that is owned or controlled by an incumbent telephone corporation with fewer than 30,000 access lines within the State.

99-2283-01

In the Matter of the Application of NOW Communications, Inc. for Authority to Provide Competitive Local Exchange Telecommunications Service.

Notice issued September 21, 1999. The Commission proposes, pursuant to § 63-46b-4(3), on its own motion, to convert the matter to an informal proceeding and to grant said application summarily.

US West Dockets

90-049-03

In the Matter of the Application of US WEST for Approval of Incentive Regulation Plan.

A possible resolution is to be rendered in February of 2000.

88-049-18

In the Matter of an Investigation into the Reasonableness of the Rates and Charges of the Mountain States Telephone and Telegraph Company.

April 19, 1999, the Commission approves a settlement of this long-standing dispute regarding whether US West Communications, Inc., is required to refund earnings in excess of its authorized rate of return in 1986 through 1989 based upon exceptions to the rule against retroactive rate making. Pursuant to the settlement, US West will refund \$43,200,000 to its Utah basic exchange service customers through a single monthly bill credit and it will be released from all claims relating to its earnings during the period from 1986 through 1989. In addition, the Commission approves a settlement between US West and certain interexchange carriers pursuant to which US West has settled those carriers' claims for \$2,975,000.

97-049-06

In the Matter of the Investigation by the PSC to Establish Service Standard for US WEST Comm.

A Report and Order was issued September 3, 1998 closing the Docket.

98-049-05

In the Matter of US WEST Utah Implementation Plan for Toll Dialing Parity.

December 31, 1998, a Report and Order was issued Granting Temporary Extension of Exemption from Rule R746-355-3 E and Requesting Comments on Petition of US West.

98-049-08

In the Matter of the Interconnection Agreement Between US WEST and DDK Cask.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement, April 23, 1999.

98-049-16

In the Matter of the Negotiated Resale / Interconnection Agreement Between US WEST and Magnacom Wireless.

Report and Order issued July 8, 1999. The parties to the Agreement, having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

98-049-17

In the Matter of the Interconnection Agreements Between US WEST and Dakota Services.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. August 20, 1998.

98-049-18

In the Matter of the Filing by US WEST of its 1998 Depreciation Technical Update Program.

Report and Order issued December 9, 1998. The Commission orders technical updates to the remaining lives and depreciation rates for the US West Communications, Inc. intrastate investments using plant balances as of January 1, 1998. We also Order establishment of a special 5-year amortization of investments with original values of \$2,000, or less,

Telecommunication Dockets (Cont.)

in accounts 2115, 2116, 2122, 2123.1, 2123.2, and 2124. We further acknowledge that the Ordered increase to the depreciation rate for the 1A Analog Electronic Switching Systems account 2211 is based on confirmation from US West that it will retire the remaining investments by mid-year 2000. All depreciation rate and remaining life changes, and the special 5-year amortization, are to be applied for all accrual and amortization bookings beginning January 1, 1998.

98-049-21

In the Matter of the Agreement for Local Wireline Network Interconnection and Service Resale Agreement Between US WEST Communications, Inc. and Cable Plus Company, L.P. and Agreement to Adopt.

Correspondence from Sandy Mooy dated June 2, 1999 regarding Requirements to Operate in Utah. No further action pending.

98-049-23

In the Matter of the Interconnection Agreement Between US WEST and Knight Communications.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. September 3, 1998.

98-049-24

In the Matter of the Application of US WEST for Exemption of IntraLATA Long Distance Services from Regulation.

Report and Order issued January 12, 1999. US West may price the Subject Services by means of a price list or competitive contract pursuant to Utah Code Ann. § 54-8b-2.3, but shall be exempt from the procedures and conditions of Subsection § 54-8b-2.3(2)(b) with respect to obtaining pricing flexibility for the Subject Services. This paragraph is intended to provide the same pricing flexibility to US West that is granted to all other Utah certificated facility-based providers of the Subject Services.

98-049-25

In the Matter of the Interconnection Agreement Between US WEST and Compass Telecommunications.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. September 29, 1998.

98-049-26

In the Matter of the Agreement for Service Resale Between US WEST Communications, Inc. and AFN Consultants, Inc.

The approval of Service Resale Agreement between US West Communications, Inc. and AFN Consultants, Inc. dated August 17, 1998, has hereby been denied. December 1, 1999.

98-049-27

In the Matter of the Contract Between USWC and LDS Church for the Provision of Toll Services.

Report and Order issued November 5, 1998: Approving Contract Toll Service Contract for the LDS Church.

98-049-28

In the Matter of the Negotiated Resale Agreement Between US WEST and BG Enterprises.

The approval of the Negotiated Resale Agreement, between US West Communications, Inc. and BG Enterprises, dated August 17, 1998, has hereby been denied. December 9, 1998.

98-049-29

In the Matter of the Negotiated Resale Agreement Between US WEST and Preferred Carrier Services.

The Negotiated Resale Agreement between US West Communications, Inc. and Preferred Carrier Services has hereby been denied. December 9, 1998.

98-049-35

In the Matter of the Interconnection Agreement Between US WEST and NET-tel Corporation.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. December 23, 1998.

98-049-37

In the Matter of the Interconnection Agreement Between US WEST and Ernest Communications.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. December 22, 1998.

98-049-38

In the Matter of the Interconnection Agreement Between US WEST and Jato.

Report and Order issued April 15, 1999. The parties to the Agreement having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

98-049-39

In the Matter of the Interconnection Agreement Between US WEST and Qtel.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. December 28, 1998.

98-049-40

In the Matter of the Agreement for Interconnection, Resale and Unbundled Elements Between Advanced Communications Group Inc and US WEST.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. February 23, 1999.

98-049-41

In the Matter of a Contract Amendment to Toll Service Pricing Plan Agreement AR-485 Between US WEST and the State of Utah.

Order issued February 4, 1999. A Contract Amendment between US West Communications, Inc. and State of Utah was approved and effective immediately.

98-049-42

In the Matter of the Contract Amendment to the Pricing Plan Agreement U21000 Between US WEST and TRW.

Report and Order issued February 4, 1999 approving the Amendment.

98-049-43

In the Matter of the Amendment to the Guaranteed Pricing Plan Agreement U16923.

Report and Order issued December 28, 1998 Approving Contract Approval to Establish a Contract with First Security Information Technology to provide Toll Service.

98-049-47

In the Matter of the Contract Amendment to Toll Service Pricing Plan Agreement U212224 Between US WEST and Washington Mutual.

The Commission approves the contract and is effective immediately.

99-049-T01

In the Matter of Approval for the Revised Pages of the Utah Exchange & Network Services Tariff, Re: Obsolete Single Number Service (SNS).

An Approval Letter was issued February 17, 1999.

99-049-01

In the Matter of the Complaint Against AT&T, MCI and Sprint by US WEST Regarding In State Long Distance Slamming.

The formal complaint against AT&T, MCI and Sprint filed by US West Communications, Inc. has hereby been dismissed. July 13, 1999.

99-049-02

In the Matter of the Petition for Extended Area Service (EAS) for the Coalville-Henefer Area.

Correspondence dated February 5, 1999 and February 8, 1999 from Julie Orchard, Commission Secretary. No further action pending at this time.

99-049-03

In the Matter of the Petition for Extended Area Service (EAS) for the Roosevelt Area Filed by Shar Benson.

Correspondence dated February 8, 1999 from Julie Orchard, Commission Secretary. No further action pending at this time.

99-049-05

In the Matter of the Request by US WEST Communications, Inc. for Declaration of Compliance with R746-365-4(B)(2)(c) (iv) or Alternative Temporary Exemption.

Scheduled proceedings are underway.

Telecommunication Dockets (Cont.)

99-049-06

In the Matter of the Interconnection Agreement Between US WEST and COVAD Communications Company.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. April 7, 1999.

99-049-08

In the Matter of the Interconnection Agreement Between US WEST and TOPP Comm.

The Interconnection Agreement at issue being defective as involving a non-certificated carrier, the Commission rejects the Interconnection Agreement. April 28, 1999.

99-049-09

In the Matter of the Interconnection Agreement Between US WEST and CCCUT dba CONNECT!

Report and Order issued May 19, 1999. The parties to the Agreement having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

99-049-11

In the Matter of the Interconnection Agreement Between US WEST and South Central Utah Telephone Association.

Report and Order issued April 27, 1999: The parties to the Agreement having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

99-049-14

In the Matter of the Application of US WEST Communications, Inc. for Approval of Accounting Plan for Deregulation of Operator Services.

Correspondence dated August 16, 1999, from Sandy Mooy regarding Deregulation of Operator Services. No further action pending.

99-049-17

In the Matter of the Petition of US WEST Communications, Inc. for Pricing Flexibility.

Motion for Order to Show Cause filed with the Commission August 30, 1999.

99-049-18

In the Matter of the Interconnection Agreement Between US WEST and Intellicall Operator Services dba ILLD.

Report and Order issued June 23, 1999. The parties to the Agreement having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

99-049-19

In the Matter of the Filed Contract Between USWC, Inc. and AFS Incorporated to Provide Guaranteed Calling Connection Rate Pricing.

No detriment to the public interest appearing, the Commission approved the contract. July 15, 1999.

99-049-20

In the Matter of the Investigation of the Resale Discount Rates of USWC, Inc. for Services Provided to Other Utah Certified Local Exchange Carriers.

September 9, 1999. The Division of Public Utilities filed a Memo Regarding Revision to Avoided Cost Study.

99-049-21

In the Matter of the Interconnection Agreement Between USWC, Inc. and Computer Business Sciences, Inc.

Recommendations from the Division of Public Utilities is due August 17, 1999.

99-049-22

In the Matter of the Arbitrated Interconnection Agreement Between USWC, Inc. and Nextlink, Utah, Inc.

Notice of Adoption Under Section 252(i) of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 was filed with the Commission September 30, 1999 on behalf of ELI.

99-049-23

In the Matter of the Contract Agreement U23163 Between Legacy Mortgage and USWC to Provide Guaranteed Calling Connection Rate Pricing.

No detriment to the public interest appearing, the Commission approved the proposed contract. August 26, 1999.

99-049-25

In the Matter of the Agreement for Interconnection Between USWC, Inc. and ACI Corp.

The parties to the agreement having submitted the same for Commission Approval; and the agreement appearing to conform to the requirements of § 252(e)(1) of the Federal Telecommunications Act of 1996 and applicable FCC regulations; and the agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the agreement appearing to be in the public interest, the Commission approved the agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter. August 18, 1999.

Other Telecommunications Dockets

98-051-03

In the Matter of the Wireless Interconnection Agreement Between Beehive Telephone Co and Airtouch Comm.

The proposed Interconnection Agreement appearing to be in the public interest, the Commission approved the same. August 26, 1999.

97-2201-01

In the Matter of the Application of Bear Lake Comm. for a One-Time Distribution from the Utah USF for the Beaver Mountain Area Project.

Applicant having been unable to complete a system extension during 1998, through no fault of its own, the timetable for completion is extended to August 31, 1999.

98-2208-03

In the Matter of the Petition of Nextlink Utah for Arbitration of a Second Interconnection Agreement with US WEST Communications.

Report and Order issued May 6, 1999. The Commission announced its award in favor of Nextlink on the issues of alternate routing of SS7 access, extended loops, and SPOT frame access limitation; it announced its award in favor of US West Communications, Inc., on the issues of affording access to customer rate information and access to AIN triggers.

98-2210-01

In the Matter of the Application of Winstar Wireless Inc and Winstar Wireless of Utah Inc for Authority to Merge and to Transfer License.

The proposed merger and transfer of authority appearing to be in public interest, the Commission granted the application January 6, 1999.

98-2218-04

In the Matter of the Joint Notice of Citizens Utilities Company, Citizens Newco Company, and Citizens Telecommunications Company of Utah, Citizens Telecommunications Company, Navajo Communications and ELI of Proposed Transfer of Control.

The proposed transfer of control appearing to present no detriment to the public interest, the Commission approved the same. February 23, 1999.

98-2224-01

In the Matter of the Petition of Sterling International Funding Inc dba Reconex for a Name Change to 1-800-Reconex, Inc.

Petitioner having properly filed a corporate name change with the Division of Corporations, Utah Department of Commerce, the Commission approved the name change. February 10, 1999.

98-2241-01

In the Matter of the Joint Application of Teleglobe and Exel Comm for Approval of Agreement and Plan of Merger.

The proposed merger appearing to be in the public interest, the Commission approved the same August 26, 1998.

Telecommunication Dockets (Cont.)

98-2250-02

In the Matter of In the Matter of the Negotiated Resale/Interconnection Agreement Between US WEST Communications, Inc., COMM South Companies, Inc.

Report and Order issued July 21, 1998. The parties to the Agreement, having submitted the same for Commission approval; and the Agreement appearing to conform to the requirements of 252(e)(1) of the Federal Telecommunications Act of 1996, and applicable FCC regulations; and the Agreement appearing to conform to applicable Utah law and Commission Regulations; and approval of the Agreement appearing to be in the public interest, the Commission approved the Agreement, subject to possible modification pending the outcomes in related dockets involving the same subject matter.

99-046-01

In the Matter of the Application for an Increase of Rates and Charges by Manti Telephone.

Applicant having proved its case for a rate increase, Division of Public Utilities, Utah Department of Commerce having recommended approval, no opposition appearing, and the rates appearing to be just and reasonable and in the public interest, the Commission approved the application April 30, 1999.

99-051-01

In the Matter of Universal Service Funding for Beehive Telephone Co, Inc.

Notice of Prehearing issued July 19, 1999. Action pending.

99-051-02

In the Matter of Local Service Within the Cedar City Area of Iron County, Utah.

The affected subscribers having expressed a desire for Extended Area Service, the Commission approved the proposed agreement September 22, 1999.

99-087-01

In the Matter of AT&T Communications of the Mountain States, Inc.'s IntraLATA Toll Dialing Parity Plan, as Required by the March 23, 1999 Order of the FCC.

Proceedings are underway.

99-087-02

In the Matter of the Petition of AT&T Communications of the Mountain States, Inc., and Sprint Communications Company L.P. for a Commission Order Requiring the Release of all IntraLATA Toll Carrier "Freezes" Instituted Without Prior Customer Authorization.

Joint Motion for Dismissal filed June 23, 1999 by AT&T Communications of the Mountain States, Inc. and Sprint Communications Company LP.

99-087-03

In the Matter of AT&T Communications of the Mountain States, Inc.'s Request for Approval of Its Digital Link Service Dialing Parity Implementation Plan and TCG UTAH's Request for Approval of Its Dialing Parity Implementation Plan.

Motion for Waiver filed June 3, 1999 by AT&T Communications of the Mountain States, Inc. ("AT&T") and TCG Utah ("TCG").

99-095-01

In the Matter of the Application of MCI WorldCom, Inc., WorldCom Network Services, Inc., MFS Communications Company, Inc., MCI Communications Corp., MCI Telecommunications Corp, WorldCom Technologies, Inc. for the Authority to Reorganize and for Related Transactions.

The Division of Public Utilities, Utah Department of Commerce, having recommended approval, and no detriment to the public interest appearing, the Commission approved the application September 8, 1999.

99-2202-01

In the Matter of the First Amendment to Agreement for Local Wireline Network Interconnection and Service Resale for the State of Utah.

The proposed amendment appearing to present no detriment to the public interest, the Commission approved the same June 10, 1999.

99-2202-02

In the Matter of Electric Lightwave, Inc.'s IntraLATA Equal Access Implementation Plan.

Recommendation due from Division of Public Utilities July 26, 1999.

99-2210-01

This Matter is pertaining to Winstar Wireless' IntraLATA Toll Dialing Parity Plan, as Required by the Recent FCC Order.

Application filed April 22, 1999.

99-2211-01

This Matter is Pertaining to TCG Utah's Dialing Parity Plan, as Required by the Recent FCC Order.

Letter filed with the Commission July 29, 1999 regarding Maps of AT&T Local Services.

99-2214-01

In the Matter of the Application of Excel Operations, Telco Holdings, for Approval of Pro Forma Reorganization and Assignment of License.

Approval of the proposed reorganization and transfer of authority appearing to be in the public interest, the Commission approved the same May 5, 1999.

99-2218-01

In the Matter of Citizens Telecommunications Company's Agreement to Sell its Business Customer Base Located Outside of Its Affiliated Local Exchange Carriers.

Recommendation due from the Division of Public Utilities August 11, 1999.

99-2230-01

In the Matter of the IntraLATA Dialing Parity Plan for Intermedia Communications Inc.

Correspondence was filed May 19, 1999 responding to the requirements to file IntraLATA Dialing Parity Plan. No further actions pending at present.

99-2231-01

In the Matter of the Request of Tel-Link L.L.C. for Waiver of Commission Rule, and Request for Information Adjudication.

Issued a Notice of Hearing April 28, 1999.

99-2239-01

In the Matter of the IntraLATA Dialing Parity Plan for Convergent Communications Services, Inc.

Recommendation due from the Division of Public Utilities July 26, 1999.

99-2246-01

In the Matter of the Merger of Global Crossings LTD. and Frontier Corporation and Transfer of Control of Various Telecommunications Service Providers Operating in or Certificated in the State of Utah.

The Commission approves the acquisition and merger of Global Crossings Ltd. and Frontier Corporation and the transfer of control of Frontier Corporation's Utah operating subsidiaries September 13, 1999.

99-2248-01

In the Matter of Teligent, Inc.'s IntraLATA Toll Dialing Parity Plan, as Required by the March 23, 1999 Order of the FCC RE: Teligent, Inc.'s IntraLATA Toll Dialing Parity Plan, as Required by the Recent FCC Order.

Further proceedings pending.

99-2250-01

In the Matter of the IntraLATA Dialing Parity Plan for Comm South Companies, Inc.

A recommendation from the Division of Public Utilities due August 11, 1999.

99-2269-01

In the Matter of the Joint Application of Cherry Communications Incorporated, WAXS Inc., Maxxis Group, Inc. And Maxxis Communications, Inc. for Approval of Acquisition of Assets and for Assignment of Authorization.

Letter of Acknowledgement issued March 26, 1999 from the Commission. No further action pending.

94-999-01

In the Matter of the Phase III Part C Investigation into Collocation and Expanded Interconnection.

Report and Order issued June 2, 1999. USWC Unbundled Network Element TELRIC Costs and Prices are set for Unbundled Network elements, including the Two- and Four-Wire loop; the sub-loop unbundling elements Network Interface Device, Loop Distribution, Loop Feeder, and Loop Concentrator/Digital Loop Carrier; the local switching, non-traffic sensitive elements End Office Analog Line Port and Local Switching per Minute of Use; and the Tandem Switching Minute-of-Use. Policy decisions are made with respect to loop conditioning (grooming), extension charges, and Feature Groups One and Two. For this Docket only, we adopt the definition of urban, suburban and rural exchanges recommended by USWC and the Division of Public Utilities. Choice of a Total Element Long-Run Incremental Cost cost-estimation model and related input assumptions is deferred to a later Docket.

98-R365-01

In the Matter of the Proposed Rule for Inter-carrier Service Quality.

Report and Order issued July 1, 1999 denying rehearing on Rule No. R746-365, Inter-carrier Service Quality.

Telecommunication Utilities

CLECs Operating in the State of Utah Under the Jurisdiction of the Public Service Commission

1-800-Reconex Inc
fka Sterling International Funding Inc
2500 Industrial Ave
PO Box 40
Hubbard OR 97032

Advanced Telecommunications Inc
730 Second Ave S Ste 410
Minneapolis MN 55402

AirSwitch Corporation
717 N Main St Ste 205
PO Box 513
Springville UT 84663

All West / Utah Inc
50 W 100 N
PO Box 588
Kamas UT 84036-0588

AT&T Communications of the Mountain States Inc
Attn: L J Godfrey
675 E 500 S Ste 330
Salt Lake City UT 84102

Brooks Fiber Communications of Utah Inc
Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202

CCCUT Inc
dba Connect
124 W Capitol Ave Ste 250
Little Rock AR 72201

Citizens Telecommunications Company
dba Citizens Telecom
Attn: Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Comm South Companies Inc
Attn: Toby Wilson
6830 Walling Ln
Dallas TX 75231

Convergent Communications Services Inc
Attn: Karen Bedell
400 Inverness Dr E Ste 400
Englewood CO 80112



DIECA Communications Inc
dba Covad Communications Company
2330 Central Expy
Santa Clara CA 95050

DSLnet Communications LLC
545 Long Wharf Dr 5th Fl
New Haven CT 06511

Eclipse Communications Corporation
3650 131st Ave SE Ste 400
Bellevue WA 98006

Electric Lightwave Inc
Attn: Kathleen Beigh
4400 NE 77th Ave
PO Box 4678
Vancouver WA 98662

Emery Telecommunications & Video Inc
dba Emery Telecommunications
455 E Hwy 29
PO Box 629
Orangeville UT 84537-0629

Excel Telecommunications Inc
C/O Excel Communications Inc
Attn: Brenda Owens—Tax Dept
8750 N Central Expy Ste 1500
Dallas TX 75231
Ron McClenan, Regulatory
Joel Ballew, Complaints

FirstWorld Communications Inc
Attn: Victoria Aguilar
8390 E Crescent Pky Ste 300
Greenwood Village CO 80111

Frontier Telemangement Inc
Attn: Michael J Nighan
180 S Clinton Ave
Rochester NY 14646

GST Telecom Utah Inc
fka GST Lightwave (UT) Inc
Attn: Jane Delahanty—Regulatory Dept
4001 Main St
Vancouver WA 98663

ICG Telecom Group Inc
161 Inverness Dr W
Englewood CO 80112

Intellicall Operator Services Inc
dba ILD
16200 Addison Rd Ste 100
Addison TX 75001

Intermedia Communications Inc
Attn: Prince Jenkins
3625 Queen Palm Dr
Tampa FL 33619-1309

JATO Operating Corp
fka JATO Communications Corp
1099 18th St Ste 700
Denver CO 80202-1908

LCI International Telecom Corp
dba Qwest Communications Services
Attn: David LeNard
4250 N Fairfax Dr
Arlington VA 22203-1607

Level 3 Communications LLC
Attn: Thomas Stortz
1450 Infinite Dr
Louisville CO 80027

MCI Metro Access Transmission Services LLC

Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202

MCI WorldCom Communications Inc

fka Worldcom Technologies Inc

Attn: Susan Travis
707 17th St Ste 3600
Denver CO 80202

Tom Dixon, Complaints
Ranee Klindworth, Tariff A

McLeodUSA Telecommunications Services Inc

Attn: Kay Noeth
215 S State St 10th Fl
Salt Lake City UT 84111

New Edge Network Inc

dba New Edge Networks
fka Access 21 Corporation
Attn: Stacey Waddell
3000 Columbia House Blvd
Vancouver WA 98661

NEXTLINK Utah Inc

Attn: Rex Knowles
111 E Broadway Ste 1000
Salt Lake City UT 84111

NorthPoint Communications Inc

222 Sutter St 7th Fl
San Francisco CA 94108

NOW Communications Inc

1695 High St Ste B
Jackson MS 39205

Quintelco Inc

1 Blue Hill Plz
PO Box 1665
Pearl River NY 10965

Qwest Communications Corporation

Attn: Carol P Kuhnaw
4250 N Fairfax Dr
Arlington VA 22203-1607

**Rhythms Links Inc
fka Accelerated Connections Inc**

7337 S Revere Pky
Englewood CO 80112

Sprint Communications Company LP

Attn: Natalie Wales
1850 Gateway Dr 7th Fl
San Mateo CA 94404

Supra Telecommunications and Information Systems Inc

2620 SW 27th Ave
Miami FL 33133

TCG Utah

2440 S 1070 W Ste B
Salt Lake City UT 84119-1554

**Telco Holdings Inc
dba Dial & Save**

C/O Excel Communications Inc
Attn: Brenda Owens—Tax Dept
8750 N Central Expy Ste 1500
Dallas TX 75231

Teligent Services Inc

Terri Natoli
8065 Leesburg Pike Ste 400
Vienna VA 22182

Tel-Link LLC

Michelle McKay
1001 Third Ave W Ste 354
Bradenton FL 34205

**Tel-Save Inc
dba The Phone Company of
New Hope**

6805 Route 202
New Hope PA 18938

Williams Communications Inc

2600 One Williams Ctr
Tulsa OK 74172

**WinStar Wireless Inc
fka WinStar Wireless of Utah Inc**

1577 Spring Hill Rd Ste 600
Vienna VA 22182

Z-Tel Communications Inc

Attn: Robert Curtis
777 S Harbour Island Blvd Ste 990
Tampa FL 33602

**ILECs Operating in the
State of Utah Under the
Jurisdiction of the Public
Service Commission**

Albion Telephone Company Inc

Hwy 77 PO Box 98
Albion ID 83311

Bear Lake Communications Inc

45 W Center St
PO Box 7
Fairview UT 84629

Beehive Telephone Company Inc

2000 E Sunset Rd
Lake Point UT 84074-9779

**Century Tel of Eagle Inc
fka Eagle Telecommunications
Incl/Colorado**

805 Broadway
PO Box 9901
Vancouver WA 98668-8701

Central Utah Telephone Inc

45 W Center St
PO Box 7
Fairview UT 84629

**Citizens Telecommunications
Company of Utah**

Attn: Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Emery Telephone

455 E Hwy 29
PO Box 629
Orangeville UT 84537-0629

Farmers Telephone Company Inc

26077 Hwy 666
PO Box 369
Pleasant View CO 81331-0369

Gunnison Telephone Company

29 S Main St
PO Box 850
Gunnison UT 84634-0850

**Industrial Communications
dba David R Williams**

PO Box 25670
Honolulu HI 96825

Manti Telephone Company Inc

34 W Union St
Manti UT 84642

**Navajo Communications
Company Inc**

Aloa Stevens
9672 S 700 E Ste 101
Sandy UT 84070-3555

Skyline Telecom

45 W Center St PO Box 7
Fairview UT 84629

**South Central Utah Telephone
Association Inc**

45 N 100 W PO Box 555
Escalante UT 84726

**Uintah Basin Telecommunications
Association Inc**

dba UBTA Communications
3800 S US 40 PO Box 398
Roosevelt UT 84066

Union Telephone Company

850 N Hwy 414
PO Box 160
Mountain View WY 82939

US WEST Communications Inc

Regulatory Affairs
250 Bell Plaza Rm 1603
PO Box 30960
Salt Lake City UT 84130-0960

Overview of Water Utilities

Water Service

There is no utility service more crucial to Utah's citizens than safe, clean, water at affordable rates. For this reason, privately owned water companies have been under the Commission's jurisdiction since its inception. • However, for the overwhelming majority of Utahns, water is delivered either by municipal systems or quasi-governmental special improvement or water districts. The Commission has no jurisdiction over such entities. Irrigation water, delivered by irrigation cooperatives, is likewise not subject to Commission jurisdiction. •



Water

Nevertheless, there are Utah residents, primarily in sparsely populated rural areas, who receive their water from privately owned water utilities subject to Commission jurisdiction. Today, there are 33 certified water companies. In recent years, relatively few new culinary water companies have been organized, and most of these have been formed more with a view toward serving as a marketing tool for real estate development than as economically viable enterprises in their own right.

Water Companies

Many of the new water companies have been set up as non-profit cooperatives with the intent that control and ownership, with all the responsibilities attendant thereto, will devolve on the lot owners as the lots are sold. In the meantime, many developers subsidize their water companies to enable them to offer attractive rates.

The Commission's policy is to exercise its jurisdiction, which under the law it is required to do, so long as the developer retains effective voting control of the water company. Once the lot owners/water users have attained voting control, the Commission relinquishes jurisdiction—again as required by law.

In uncontested cases, the Commission adjudicates the status of a water company informally, and those companies, which appear to be bona-fide cooperatives, are issued informal letters of exemption without the formal entry of a Commission order. Those companies found to be subject to Commission jurisdiction are issued Certificates of Convenience and Necessity by formal Commission order.

Commission Jurisdiction

As with other utilities, the Commission exercises regulatory jurisdiction over rates. Rate cases in the water context are relatively infrequent. Filing and processing a rate case is somewhat costly, so companies tend to apply only when the need for an increase is acute.

During fiscal year 1999, the Commission issued five new Certificates of Convenience and Necessity and five letters of exemption. The Commission heard one rate case and issued a formal order in one customer complaint case. The Commission canceled one Certificate in a case where the company's assets had been transferred to a regulation-exempt entity.

Water Dockets

KEY:

Docket Number

Short Title

Status as of June 30, 1999

97-2240-01

In the Matter of the Application for a Certificate of Convenience and Necessity to Operate as a Public Utility Rendering Water Service of Hidden Creek Water Company.

Report and Order issued November 23, 1998. Applicant having demonstrated its fitness to serve, and no opposition to the application appearing, we grant the certificate.

98-2254-01

In the Matter of the Complaint of DPU Against Dale Clark and Boulder King Ranch Estates Water Company.

The Commission issued a letter of Exemption on April 19, 1999.

98-2256-01

In the Matter of the Application for a Certificate of Convenience and Necessity to Operate as a Public Utility Rendering Water Service of Lake Mountain Mutual Water Company.

Report and Order issued January 22, 1999. Applicant having demonstrated its fitness to serve, and no opposition to the application appearing, we grant the certificate.

Water Dockets (Cont.)

99-2280-01

In the Matter of the Application of Legacy Sweet Water, Inc. for a Certificate of Public Convenience and Necessity to Operate as a Public Utility Rendering Service, or for an Exemption from Public Service Commission Regulation.

Applicant having demonstrated its fitness to serve, and no opposition to the application appearing, we grant the certificate.

99-2183-01

In the Matter of the Letter of Exemption for Cross Hollow Hills Water Users Association and Cancellation for the Certificate of Convenience and Necessity for Cross Hollow Hills Joint Venture.

Report and Order issued April 27, 1999. On the recommendation of the Division of Public Utilities, Utah Department of Commerce, and on the finding that Petitioner has transferred all its utility plant to a non-profit mutual water company exempt from Commission Regulation, the Commission canceled Petitioner's Certificate of Convenience and Necessity.

99-2184-01

In the Matter of the Rate Increase Application of Harmony Heights Water Company.

Report and Order issued April 23, 1999. Applicant's proposed rates appearing to be just and reasonable, and the rates having been previously approved by Applicant's shareholders, we approve the same subject to refund in the event of further Commission action pursuant to a timely-filed, meritorious protest.



Water Utilities

Water Utilities Operating in the State of Utah Under the Jurisdiction of the Public Service Commission

Bridgerland Water Co Inc

PO Box 314
Logan UT 84323-0314

Chekshani Water Company Inc

Chekshani Cliffs Corporation
916 N Main St
Las Vegas NV 89101

Color Country Owners Association

Attn: Darwin Lamb
2135 W 2875 N
Cedar City UT 84720

Community Water Company Inc

2726 E Wasatch Dr No 5
PO Box 58767
Salt Lake City UT 84158-0767
Cyndi Wright

Dammeron Valley Water Works

1 Dammeron Valley Dr E
Dammeron Valley UT 84783

Duck Creek Pines, LLC dba Duck Creek Pines Water Company

2230 N University Pky Ste 7B
Provo UT 84604

Durfee Creek Inc Association

2550 S 2570 W
PO Box 271037
Salt Lake City UT 84127-1037

East Kanab Water Company

1240 E 100 S Ste 10
Saint George UT 84790-3068

Elk Ridge Estates Water Company

PO Box 723
Cedar City UT 84721

Falcon Crest Water Company Inc

Attn: John Walden
502 E New Haven Ave
Melbourne FL 32901

Golden Gardens Water Co Inc

1280 E Woodstock Ave
Salt Lake City UT 84121-1652

Harmony Heights Water Company

Darrow Jessen
PO Box 487
New Harmony UT 84757

Hidden Creek Water Company

5225 Alvera Cir
Salt Lake City UT 84117

Highlands' Water Company Inc

5880 N Highland Dr
Mountain Green UT 84050

Homespun Village Water Company

2021 Hideout Cir
Riverton UT 84065

KWU Inc

dba Kayenta Water Users

800 N Kayenta Pky
Ivins UT 84738

**Lake Front Estates Water Users
Association**

PO Box 567
Panguitch UT 84759

**Lake Mountain Mutual Water
Company**

2750 N University Ave Ste 100
Provo UT 84604

Lakeview Water Corporation

6486 E Hwy 39 Ste 8
Huntsville UT 84317

Legacy Sweet Water Inc

3480 E Canyon Rd
Spanish Fork UT 84660

Little Plains Water Company Inc

2894 Cartland Dr
Apple Valley UT 84737

New Paria Water Company

Attn: Steven Beckwith
PO Box 3688
Page AZ 86040

Pine Valley Irrigation Company

753 S Lexington Dr
Saint George UT 84770

SCSC Inc

515 E 100 S Ste 200
Salt Lake City UT 84102

**Sheraden Hills Water Users
Association**

1736 Summertree Dr
Cedar City UT 84720-7525

Sherwood Water Company

3140 N 2000 W
Delta UT 84624

Silver Springs Water Company Inc

4575 N Silver Springs Dr
Park City UT 84098

Wanship Cottage Water Company

149 S Main St
PO Box 176
Coalville UT 84017

West Slope Water Company

2547 N 400 W
PO Box 1081
Cedar City UT 84721-1081

White Hills Water Company Inc

2891 Kenwood St
PO Box 9440
Salt Lake City UT 84109-0440

Wilkinson Water Company Inc

3940 W Old Hwy Rd
Morgan UT 84050

**Winchester Hills Water
Company Inc**

5830 N 1090 W
Saint George UT 84770

**Combined
Water & Sewer**

Storm Haven Water Company Inc

4782 S Cove Ln
Heber City UT 84032-9641

Wolf Creek Water & Sewer Co Inc

296 E 3250 N
Ogden UT 84414

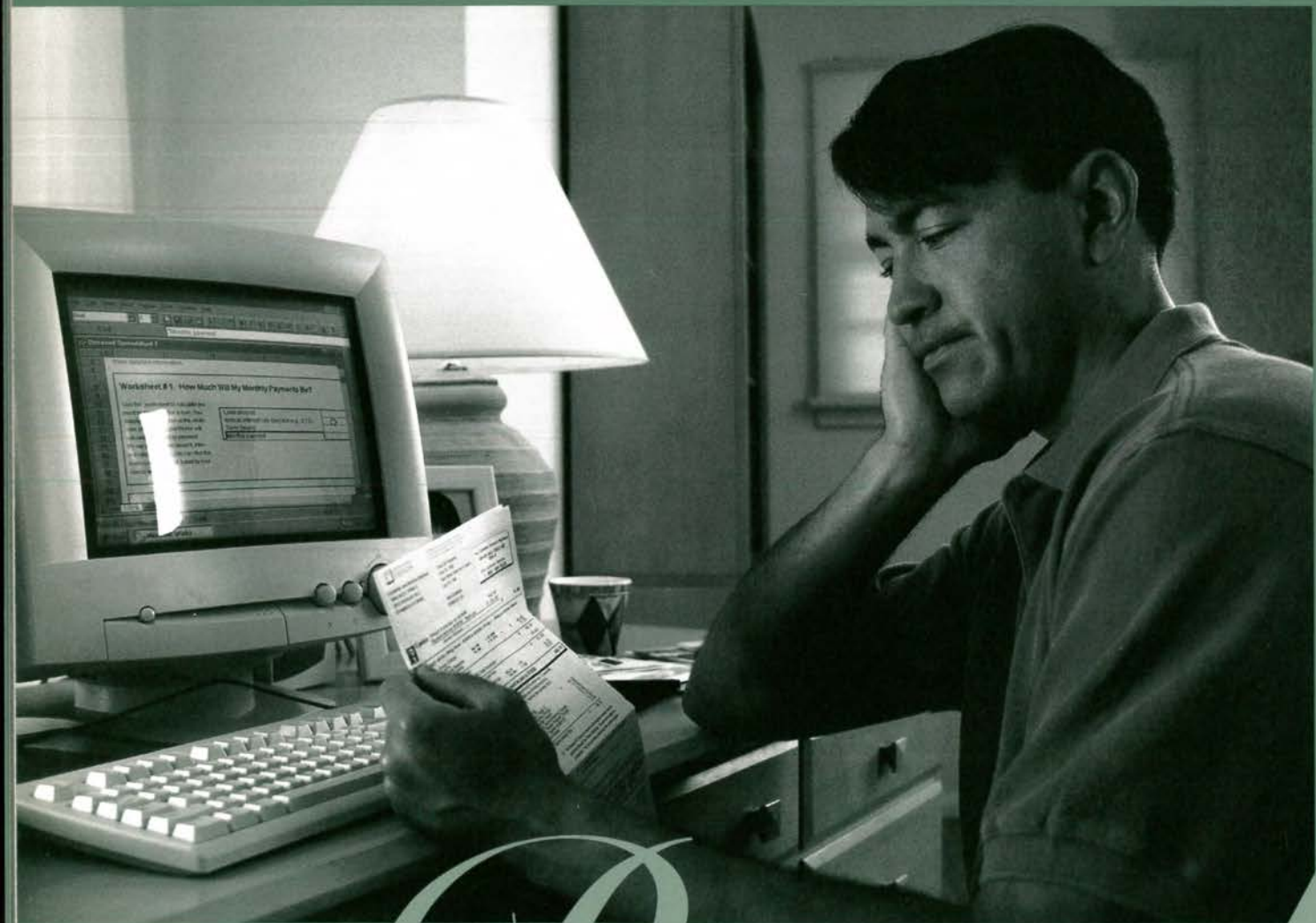
Sewer

Mountain Sewer Corporation

6486 E Hwy 39 Ste 8
Huntsville UT 84317

Complaint Resolution

If a privately owned company is a monopoly, it is in position to exploit its customers. Since that company is the sole provider of a good or service, its dissatisfied customers have nowhere else to turn to acquire the service or product at a better price or quality. • This picture changes in the case of services provided by regulated public utility companies, because of necessity. Households and businesses depend on these services. The Commission is the intermediary between public utility monopolies and customers.



Resoulu

The Role of the Division

A dissatisfied customer who cannot resolve service problems through contact with the utility comes to state regulators for help. A walk-in, local call, or a toll-free 800 number connects the customer with the staff of the Division of Public Utilities. The Division staff discusses the problem with both the complainant and the utility. Often this dialogue is enough to resolve the conflict. In other instances, the utility itself takes action to correct the problem upon Division contact.

The Role of the Committee

At times, a customer facing service difficulty may ask the Committee of Consumer Services for help. Though following the same sort of process as the division does, if the Committee learns that other customers face similar problems, it may petition the Commission for action having wider applicability. An example might be changes in late payment arrangements to assist low-income customers or others having difficulty paying their bills.

The Role of the Commission

Oftentimes customers contact the Commission to converse directly with a Commissioner, the administrative secretary or a member of the technical staff. This has the dual benefit of giving the customer direct contact with either an expert or a decision-maker, while it keeps the Commission aware of circumstances of utility service current in the community. But in cases where informal processes do not satisfy the customer, he or she is free to pursue formal action at the Commission.

Formal Complaints

In cases involving factual disputes over which the Commission has jurisdiction, the Commission resolves a formal complaint by hearing before the administrative law judge, who establishes the facts on the record and renders a recommended decision.

Docketed complaint cases resolved by the Commission through formal processes during the fiscal year are listed on the right. By far the larger numbers of customer complaints are resolved, however, in the informal ways mentioned.

Complaint Resolution Dockets

KEY:

Docket Number

Short Title

Status as of June 30, 1999

Electric Dockets

97-035-09

In the Matter of the Complaint Filed by Cindy Nichols vs UP&L.

Report and Order issued August 18, 1998. The Commission grants partial judgment on the pleadings. The Commission determines that Nichols does not have standing for other employees' claims, but may proceed individually. The Commission determines that U.C.A. '54-4-1 is insufficient authority to grant the wage relief requested.

98-035-02

In the Matter of the Complaint Gordon S. Crofts II vs Utah Power and Light.

The Commission received notification on August 13, 1998 that the matter had been settled. No further action pending.

99-035-01

In the Matter of the Formal Complaint Filed by American Whirlpool Systems, Inc. Against Utah Power & Light.

Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-035-03

In the Matter of the Formal Complaint Filed by David M. and Leslie A. Furbush Against Utah Power & Light.

On May 24, 1999, Utah Power requested that the Complaint be dismissed with prejudice. No further action pending at this time.

99-035-04

In the Matter of the Formal Complaint Filed by Jeffrey A. Heil, Heil Farms Inc. Against Utah Power & Light.

Complainants having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-035-05

In the Matter of the Formal Complaint of Sharon Linda Ferrin Against Utah Power & Light.

Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.



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Complaint Resolution Dockets (Cont.)

99-035-06

In the Matter of the Formal Complaint Filed by Beth Hillman Against Utah Power & Light.

Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-030-01

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Dee Hullinger, Where Life Support Equipment is Used.

The account at issue having been brought current, the Commission denied the petition.

99-030-02

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Peggy McReynolds, Where Life Support Equipment is Used.

The account at issue having been brought current, the Commission denied the petition.

99-030-03

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Carma Ponton, Where Life Support Equipment is Used.

Complainant notified the Commission that the above-captioned matter has been settled and the complaint withdrawn. The matter was dismissed.

99-030-04

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Bruce Curry, Where Life Support Equipment is Used.

Moon Lake Electric Association having petitioned for Commission authorization to terminate, for nonpayment of applicable charges, the Utility service of Bruce Curry, at premises where life support equipment is allegedly located, and Bruce Curry having failed timely to oppose said request by requesting a hearing or otherwise, we grant the petition.

99-030-05

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Kris-Paul Nielsen, Where Life Support Equipment is Used.

Moon Lake Electric Association having petitioned for Commission authorization to terminate, for nonpayment of applicable charges, the Utility service of Kris-Paul Nielsen, at premises where life support

equipment is allegedly located, and Kris-Paul Nielsen having failed timely to oppose said request by requesting a hearing or otherwise, we grant the petition.

99-030-06

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of Nancy Gallagher, Where Life Support Equipment is Used.

Moon Lake Electric Association having petitioned for Commission authorization to terminate, for nonpayment of applicable charges, the Utility service of Nancy Gallagher, at premises where life support equipment is allegedly located, and Nancy Gallagher having failed timely to oppose said request by requesting a hearing or otherwise, we grant the petition.

99-030-07

In the Matter of the Request of Moon Lake Electric Association for Discontinuance of Service to the Residence of John Havercroft, Where Life Support Equipment is Used.

Moon Lake Electric Association having petitioned for Commission authorization to terminate, for nonpayment of applicable charges, the Utility service of John Havercroft, at premises where life support equipment is allegedly located, and John Havercroft having failed timely to oppose said request by requesting a hearing or otherwise, we grant the petition.

98-028-02

In the Matter of the Informal Complaint of Fish Lake Cabin Owners Association Against Garkane Power Association, Inc.

No action pending at this time.

Natural Gas Dockets

98-057-05

In the Matter of the Complaint of Janet E. Schneck vs Questar Gas Company.

Report and Order issued September 28, 1998. The parties having achieved a settlement of this matter and having filed a Stipulation for Dismissal, we dismiss.

98-057-08

In the Matter of the Complaint of William Grunder vs Questar Gas Service Company.

Report and Order issued April 6, 1999. Complainant having shown he never contracted for the amount claimed by the Respondent, the Commission found in his favor and abated the amount claimed by Respondent.



98-057-09

In the Matter of the Complaint of Swappers Market vs Questar Gas Company.

The parties having stipulated to dismissal, the Commission dismissed the matter January 26, 1999.

98-057-11

In the Matter of the Complaint of John and Larue Green vs Questar Gas Company.

Report and Order issued March 10, 1999. Complainants having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss. Applicant was denied rehearing on May 6, 1999.

99-057-01

In the Matter of the Complaint of Bill Van Dyke vs Questar Gas Company.

Report and Order issued March 10, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

Telecommunications Dockets

98-049-19

In the Matter of the Complaint of Tory Berger vs US WEST.

Report and Order issued September 14, 1998. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss subject to Complainant filing a document showing specific charges in violation of Respondent's tariff.

98-049-20

In the Matter of the Complaint and Request for Relief of Tel-Save Against US WEST for Violation of Sections 201 b and 202 of the Communications Act of 1934, as Amended, Violation of Utah Code Ann 54-3-2 and 54-3-8.

Report and Order issued December 20, 1998. The Commission held that it had jurisdiction to regulate Respondent's policies and procedures regarding customers' setting and lifting of Primary Interexchange Carrier freezes and denied Respondent's motion to dismiss; on the merits, the Commission held that Respondent's procedures and policies regarding PIC freezes were mandated under a previous Commission Order, and since the Commission is not disposed to revisit the issue at this time, the Commission dismissed the complaint.

98-049-22

In the Matter of the Formal Complaint by Cindy Young Against U S WEST Communications, Inc.

No action pending.

98-049-30

In the Matter of the Complaint of Jeff Middleton vs Mountain States Telephone dba US WEST.

Report and Order issued April 13, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

98-049-31

In the Matter of the Complaint of Rosalind Enoch vs Mountain States Telephone dba US WEST.

Report and Order issued January 13, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

98-049-32

In the Matter of the Formal Complaint by Don A. Caldwell vs US WEST Communications, Inc.

Complainant above-named notified the Commission by letter dated April 29, 1999, that respondent has dropped its claim against him for unpaid service charges and that, accordingly, Complainant considered the complaint satisfied and wished to withdraw the same. Accordingly, we dismissed the case.

98-049-33

In the Matter of the Complaint of Silver Creek Communications vs Mountain States Telephone and Telegraph Company dba US WEST Communications.

Report and Order issued April 20, 1999. The Commission held that it lacked jurisdiction to afford Complainant any relief beyond the pronouncement of its interpretation of Respondent's tariff and the announcement of the Commission's intention to hold respondent to the Commission's interpretation.

98-049-34

In the Matter of the Complaint of Colonial Village Motel vs US WEST.

Report and Order issued April 28, 1999. Complainant above-named notified the Commission by letter dated April 29, 1999, that respondent has dropped its claim against him for unpaid service charges and that, accordingly, Complainant considered the complaint satisfied and wished to withdraw the same. The Complaint was dismissed.

Complaint Resolution Dockets (Cont.)

98-049-36

In the Matter of the Complaint Against US WEST by ELI requesting the PSC Enforce an Interconnection Agreement Between ELI and US WEST.

Report and Order was issued January 22, 1999. US West shall comply with the terms of the Interconnection Agreement and pay ELI reciprocal compensation for all local traffic (including ISP traffic) terminated by ELI pursuant to the terms of the Interconnection Agreement; and the determination that traffic is out of balance by more than 10% may be based upon six-month traffic studies which consider or include time prior to the January 12, 1998 approval date, of the Interconnection Agreement.

98-049-46

In the Matter of the Complaint of John Merrill vs Mountain States Telephone and Telegraph dba US WEST.

Report and Order issued April 13, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-049-04

In the Matter of the Formal Complaint Filed by Merrill E. Skenandore Against US WEST Communications.

Notice of hearing issued April 1, 1999. No action pending.

99-049-15

In the Matter of the Formal Complaint Filed by William J. Sivill Against US WEST Communications.

Report and Order issued June 29, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-049-16

In the Matter of the Formal Complaint Filed by Robert A. Sanchez Against US WEST Communications.

Report and Order issued June 3, 1999. The complaint in this matter having centered around service problems, and Complainant having voluntarily terminated his service from Respondent, the Commission dismissed the matter as moot.

99-049-24

In the Matter of the Formal Complaint Filed by Steven Rasmussen Against US WEST Communications.

Report and Order issued August 10, 1999. Complainant having failed to show any violation

of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-049-26

In the Matter of the Formal Complaint Filed by Paula K. Smith Against US WEST Communications.

Report and Order issued August 10, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-052-01

In the Matter of the Complaint of Julian Hatch vs South Central Utah.

Report and Order issued March 29, 1999. Complainant having failed to allege any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-052-02

In the Matter of the Formal Complaint by Roger B & Patricia Limb Against South Central Telephone.

Report and Order issued September 7, 1999. Complainant having failed to show any violation of Respondent's published tariffs or of the applicable statutes and Commission rules, we dismiss.

99-095-02

In the Matter of the Investigation of the Customer Complaints of Security Services Group and Keating Technologies Against MCI / WorldCom.

STATUS: Report and Order issued September 24, 1999. MCIW, therefore, requests that the Commission not enter an order to show cause against MCIW as request by the Division. No further action has been taken.

99-2204-01

In the Matter of the Formal Complaint Filed by Elizabeth LaMont Against Qwest Communications.

The complaint was filed June 24, 1999. No further action has been taken.

99-2224-01

In the Matter of the Complaint of Boyd Yost, Complainant, vs Reconex, Respondent.

The complaint was filed June 2, 1999. No further action has been taken.

Water Dockets

No Complaints Filed



Performance

Performance of Utah's Regulated Utilities

A September 16, 1999 *Salt Lake Tribune* article describes how prices for different goods and services have changed along the Wasatch Front. First Security Bank's analysis looks at ten different categories of goods and services and finds that only one, utility services, has declined over the study's ten-year horizon. This compares favorably to the national average that shows 120 percent increase in prices for utility services. The First Security study includes water, sewer, gas, and electric services in its utility price index.

Looking solely at utility services regulated by the Commission, the average residential customer has experienced a 28% decline in Utah Power's rates since 1988, an 18% decline in US West rates and a 4% (approximately) increase in Questar Gas rates. It should be noted that almost

60% of Questar Gas rates are determined by the gas purchase, which fluctuate considerably year to year. These percentage changes do not include the effects of inflation, which makes today's dollar worth less than in the past. When factoring in the effects of inflation, Utah Power's rates have declined by almost 50%; Questar's rates have declined by 27%, and US West's by 42%.

With these Commission approved lower rates, one might worry about the financial health of our regulated companies. A financially strong utility company is a prerequisite for good service as the companies must raise capital to maintain and expand its infrastructure. In fact, the Commission takes explicit account of the financial health of the regulated companies when setting rates and Utah utilities have not experienced difficulties raising capital either internally or in the financial markets.

