

In the Matter of the Request of U S WEST )  
COMMUNICATIONS, INC., for Approval )  
of an Increase in its Rates and Charges. )

DOCKET NO. 97-049-08

ORDER ON REHEARING

ISSUED: February 17, 1998

By the Commission:

This matter was initiated by a petition requesting an increase in rates filed by U S WEST Communications, Inc. ("USWC") on April 8, 1997. On December 4, 1997, following extensive hearings, the Commission issued its Report and Order ("Report and Order") ruling on the issues raised by the parties, granting USWC a rate increase of \$683,417 and ordering the revenue spread and rate design of USWC's rates. USWC and AT&T Communications of the Mountain States, Inc., filed timely petitions for rehearing of the Report and Order. On January 12, 1998, the Commission issued its Order Granting Rehearing with respect to one issue raised by USWC. The issue was whether the rate increase included an appropriate calculation of interest on deferred re-engineering costs for the 1996 test year used in this docket. The Order Granting Rehearing denied rehearing with respect to all other issues raised by the parties.

On January 29, 1998, a hearing was held pursuant to notice on the deferred re-engineering cost interest issue. Thomas M. Dethlefs appeared for USWC, Michael L. Ginsberg, Assistant Attorney General, appeared for the Division of Public Utilities and Kent L. Walgren, Assistant Attorney General, appeared for the Committee of Consumer Services. Testimony was presented by Ingo Henningsen and Larry Fuller of the Division of Public Utilities. Mr. Henningsen testified that the revenue requirement approved in the Report and Order failed to include an appropriate calculation of interest on the re-engineering costs deferred in the 1996 test year. He testified that the revenue requirement impact of this error was an increase of \$231,674. Mr. Fuller testified that an appropriate spread of rates for this revenue requirement increase would be to increase residence and business dial tone line rates by \$0.01 per month and to reduce the residence call waiting rate reduction in the Report and Order from \$1.50 per month to \$1.45 per month. He testified that the impact of these rate changes would amount to a revenue increase of \$230,244. No party challenged this testimony or submitted any other evidence.

Based upon the foregoing, the Commission Finds and Concludes that the revenue requirement approved in the Report and Order should be increased by \$231,674 resulting in granting USWC an overall rate increase of \$915,091. The Commission further finds and concludes that the further rate increase provided by this order should be achieved by increasing USWC's rates for residence and business dial tone line by \$0.01 per month from the changes ordered in the Report and Order and by reducing the decrease in residence call waiting rates in the Report and Order from \$1.50 per month to \$1.45 per month. The Commission further Finds that it would be appropriate to allow USWC to implement these rate changes prospectively.

#### ORDER

NOW, THEREFORE, IT IS HEREBY ORDERED that:

1. USWC may increase its rates by an additional \$231,674 over the rate increase granted in the Report and Order.
2. The foregoing rate increase shall be accomplished by increasing the rates for residence and business dial tone line by \$0.01 per month and by increasing the rate for residence call waiting by \$0.05 per month. These changes are from the level of rates for those services established by the Report and Order.
3. USWC shall incorporate the revenue increase set forth above into its rates and schedules and may implement the above changes in rates effective March 12, 1998. USWC shall file appropriate revised tariff pages with the Commission

on or prior to this date.

4. Within 30 days of the issuance of this Order, any aggrieved party who is entitled under applicable statutes and rules to do so may petition the Supreme Court for review.

DATED at Salt Lake City, Utah, this 17th day of February, 1998.

/s/ Stephen F. Mecham, Chairman

(SEAL) /s/ Constance B. White, Commissioner

/s/ Clark D. Jones, Commissioner

Attest:

/s/ Julie Orchard  
Commission Secretary