

Service Date: May 21, 1998

DEPARTMENT OF PUBLIC SERVICE REGULATION  
BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MONTANA

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IN THE MATTER OF the Application of ) UTILITY DIVISI  
ON )  
U S WEST COMMUNICATIONS, INC., to )  
Increase Rates for Residential Local ) DOCKET NO  
. D96.8.131 )  
Exchange Services to Reflect and Increase )  
in Depreciation Rates ) ORDER NO. 5937  
c

FINAL ORDER ON IMPLEMENTATION OF SECOND RATE INCREASE

On April 20, 1998, U S West Communications, Inc. (USW), fil  
ed before the Public  
Service Commission (PSC) a request for final approval to impleme  
nt a scheduled second phase  
rate increase reflecting increased depreciation expenses, as ini  
tially approved by the PSC on  
February 3, 1997, though Order No. 5937b in the above-entitled m  
atter. The referenced Order  
approved a first phase rate increase of \$0.76 per month on resid  
ential local exchange rates,  
effective March 2, 1997. It also approved second phase rate inc  
reases of \$0.39 per month on  
residential local exchange rates and \$1.15 per month on business  
local exchange rates, to be  
effective June 1, 1998, and conditioned on "satisfactory service  
standard performance" pursuant  
to a settlement agreement reached between the PSC and USW in a c  
ourt action relating to USW's  
service quality.

The PSC finds that USW has met the required "satisfactory s  
ervice standard performance"  
and concludes that the second phase rate increase should be appr  
oved. USW has also requested  
that the PSC consider coordinating the rate change with any rate  
change that may result from PSC

Docket No. D96.12.220, a USW repricing matter, tentatively scheduled for implementation on or about July 1, 1998. The PSC finds the request reasonable and will allow a coordination of the rate changes.

IT IS HEREBY ORDERED that USW's request for approval of the second phase implementation of the rate increases approved in Order No. 5937b is granted. The approved rate increases shall be effective June 1, 1998, but shall be implemented in conjunction with rate changes which may result from PSC action in Docket No. D96.12.220 or on July 1, 1998, whichever occurs first. For the period commencing on the effective date (June 1, 1998) and the date of implementation of rate changes which may result from PSC action in Docket No. D96.12.220, or on July 1, 1998, whichever occurs first, USW shall account for the rates uncollected and, upon implementation, shall amortize the accrued amounts uncollected, through rates, for a period of 12 months. With amortization of the accrued amounts the effective rate increases, through the period of amortization, will be \$0.42 per month on residential local exchange rates and \$1.25 per month on business local exchange rates

Done and dated this 18th day of May, 1998, by a vote of 5-0

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

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DAVE FISHER, Chair

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NANCY MCCAFFREE, Vice Chair

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— BOB ANDERSON, Commissioner

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— DANNY OBERG, Commissioner

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— BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson  
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.