

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO**

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| IN THE MATTER OF THE |) | |
| APPLICATION OF U S WEST |) | |
| COMMUNICATIONS, INC. |) | DOCKET NO. 97A-540T |
| FOR SPECIFIC FORMS OF |) | |
| PRICE REGULATION |) | |
| | | |
| THE APPLICATION OF THE MOUNTAIN |) | |
| STATES TELEPHONE AND TELEGRAPH |) | |
| COMPANY DOING BUSINESS AS U S WEST |) | |
| COMMUNICATIONS, INC., FOR APPROVAL |) | DOCKET NO. 90A-665T |
| OF A FIVE YEAR PLAN FOR RATE AND |) | |
| SERVICE REGULATION AND FOR A |) | |
| SHARED EARNINGS PROGRAM |) | |

AMENDMENT TO STIPULATION AND SETTLEMENT AGREEMENT

U S WEST Communications, Inc. ("U S WEST" or "Company"), the Staff of the Colorado Public Utilities Commission ("Staff"), and the Colorado Office of Consumer Counsel ("OCC"), collectively referred to as the "Parties," hereby incorporate the following additional terms into the Stipulation and Settlement Agreement filed with the Commission on October 29, 1998 in the above captioned dockets. The Parties agree that the incorporation of these additional terms is just, reasonable, and in the public interest.

1. When U S WEST initially receives support from the Colorado High Cost Support Mechanism and files an advice letter to lower its rates pursuant to Rule 4 CCR 723-41-8.7.2.2, the Parties agree that U S WEST shall file to lower its rates for switched access service and toll service each by 1/3 of

U S WEST receipts from the mechanism. The Parties further agree that U S WEST shall file to lower selected business local exchange services collectively by the remaining 1/3 of U S WEST's receipts from the High Cost Support Mechanism. Staff and OCC shall support U S WEST's filings.

2. Following the reductions for switched access services contemplated by this Agreement and Amendment, switched access rates may not be increased except through an advice letter filing on 30-day notice as is the current procedure.
3. No person is precluded from recommending, nor is the Commission precluded from considering further modifications to switched access rates during the term of the plan.
4. On January 4, 1999, U S WEST shall file interim tariffs and supporting workpapers effective on one day notice to reduce and restructure the local transport element of switched access service \$12 million consistent with the effective interstate local transport structure with no increase to any existing rate element and without creating any new rate elements (not existing in the current interstate local transport structure). Staff and OCC agree to recommend that these interim tariffs should be allowed to go into effect by operation of law.
5. On January 15, 1999, U S WEST shall file permanent tariffs to reduce switched access rates. Some portions of the tariffs may become effective in more than thirty days because the filing shall encompass the \$12 million

access reduction set to take place on January 4, 1999 on an interim basis, the potential \$7 million access rate reduction set to take place in the event the Commission determines not to assess the HCSM surcharge on residential and business basic local exchange customers, and the projected access rate reduction associated with the implementation of the HCSM (1/3 of the currently estimated \$57 million U S WEST is expected to receive from the HCSM).

6. If the Commission suspends the permanent tariffs, the Parties agree to recommend that the Commission consider the filing on an expedited basis. Specifically, the Parties agree to recommend to the Commission:
 - Discovery or audit may commence on January 4, 1999.
 - Discovery responses shall be due within five business days of receipt unless otherwise agreed to by the proponent and respondent. All other Commission rules regarding discovery shall continue to apply.
 - U S WEST shall file testimony, workpapers and appropriate cost studies on January 15, 1999 and provide a copy to the Parties and any other person who makes a written request.
 - Intervenors shall file answer testimony on March 16, 1999.
 - Rebuttal and cross-answer shall be filed on April 12, 1999.
 - The hearing commence on April 22, 1999, or as soon thereafter as the Commission may accommodate.

- At the hearing, parties other than U S WEST who present specific alternative rate design plans may present oral rebuttal and U S WEST may have oral rebuttal to address new issues raised at the hearing.
 - All filings, discovery and audit requests, and discovery and audit responses shall be hand-delivered to parties in the Denver metropolitan area and overnight mailed to everybody else.
7. Staff and OCC agree not to oppose the manner in which U S WEST implements the toll reductions contemplated by this Agreement provided that U S WEST complies with the pricing provisions in the Stipulation. Staff and OCC reserve the right to challenge the level of toll reductions implemented by U S WEST if they believe that U S WEST has not complied with the Stipulation.

Dated this 23rd day of November, 1998.

Respectfully submitted,

Approved as to Form:

U S WEST

By: _____

By: _____

Kathryn E. Ford, Esq.
1801 California St., Suite 5100
Denver, CO 80202
(303) 672-2776
Attorney for U S WEST

Paul R. McDaniel
Director, Regulatory Affairs
1801 California St., Suite 4700
Denver, CO 80202
(303) 896-4552

STAFF OF THE COLORADO PUBLIC
UTILITIES COMMISSION

By: _____

By: _____

Mana L. Jennings-Fader, Esq.
Gregory E. Sopkin, Esq.
Assistant Attorneys General
Regulatory Law Section
1525 Sherman St., 5th Floor
Denver, CO 80203
(303) 866-5267
Attorneys for the Staff of the
Public Utilities Commission

Bruce N. Smith
Director, Colorado Public Utilities
Commission
1580 Logan St., 2nd Floor
Denver, CO 80203
(303) 894-2000, Ext. 304

COLORADO OFFICE OF CONSUMER
COUNSEL

By: _____

By: _____

Ann E. Hopfenbeck, Esq.
Michelle A. Norcross, Esq.
Assistant Attorneys General
Civil Litigation Section
1525 Sherman St., 5th Floor
Denver, CO 80203
(303) 866-5182
Attorneys for the Colorado Office
of Consumer Counsel

Kenneth V. Reif, Esq.
Director, Colorado Office of
Consumer Counsel
1580 Logan St., S. 610
Denver, CO 80203
(303) 894-2121

Approved: