JUL 21 1997
RECEIVED
AUG 04 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.	)))	DOCKET NO. TC96-168

CONFIDENTIALITY AGREEMENT FAX Received: JUL 28 1997

This Confidentiality Agreement is made as of the 17th day of July, 1997, by and between U S WEST Communications, Inc. ("U S WEST") and the TELECOMMUNICATIONS ACTION GROUP, a coalition of certified telecommunications companies operating in South Dakota ("TAG").

RECITAL

1. U S WEST hereby states and agrees that it will, under the terms of the following Confidentiality Agreement, allow inspection and review of certain data and information claimed by U S WEST to be of a confidential nature to the signators of this Agreement. The information sought to be reviewed is cost studies and related information relevant to the provisioning of switched access services by U S WEST in South Dakota pursuant to ARSD chapters 20:10:27 through 20:10:29.

2. In connection with this case, TAG desires to have access to and to review certain documents of U S WEST.

3. U S WEST submits that many, if not all, of the documents TAG wishes to review contain confidential information, trade secrets, proprietary information and/or other information which, if disclosed to competitors of U S WEST or others, could result in irreparable damage and injury to U S WEST.

4. U S WEST and TAG desire to provide a means by which the documents described in Recital No. 3 can be provided to the TAG for review, but, at the same time, protected from disclosure which could result in irreparable damage or injury to U S WEST.

THEREFORE, U S WEST and TAG agree as follows:

1. For purposes of this Agreement, the following terms shall be defined in the following manner.

(a) "Documents" shall mean and include all documents data, information, studies, computer programs, and other matters furnished in any for in response to any interrogatories or requests for information, subpoenas, depositions, or other modes of discovery that are claimed to be a trade secret or confidential in nature shall be furnished under the terms of this Agreement, as constituting trade secret, confidential, commercial, and financial information (here referred to as 'confidential'), and shall neither be used or disclosed except for the purpose of this proceeding, and solely in accordance with this Agreement. Any and all documents recorded or graphic matters of any kind of a nature whatsoever shall extend to any subsequent compilation, summary, quotation, precis, or reproduction thereof prepared at any subsequent time in any subsequent form or proceeding, in whole or in part.

To the extent there may be information which a party believes requires extraordinary protection beyond that provided for in this Agreement, the party shall file the information with the Commission, only, under seal together with a Motion seeking such extraordinary protection. The Motion shall state the grounds for seeking the relief and advise all other parties of the request and the subject matter of the material at issue.

208

(b) "Confidential Information" shall mean and include any documents and all contents thereof which are marked "CONFIDENTIAL", "PROPRIETARY" or in some similar manner by U S WEST.

(c) "Use of Confidential Information and Persons Entitled to Review." All confidential information made available pursuant to this Agreement shall be given solely to the Commission or counsel for the parties and shall not be used or disclosed except for purposes of this proceeding; provided, however, that access to any specific confidential information may be authorized by counsel, solely for the purpose of this proceeding, to those persons indicated by the parties as being their experts or advisors in this matter. For purposes of this Agreement, disclosure shall be strictly limited to persons employed by TAG who are directly involved in this case as an attorney, expert or witness. Disclosure shall not be made to any person who is in any manner whatsoever involved in the provisioning, marketing, pricing, or management of any switched access, long distance, or local exchange services by TAG, or any affiliated enterprise.

(d) "Disclose", "make disclosure of", or "disclosure" shall mean and include the dissemination to any person, firm, corporation or other entity of the contents of a document, whether that dissemination is by means of the transmittal or transfer of the original or a copy of that document or any verbal or other dissemination of the contents of said document. No access to confidential information shall be authorized under the terms of paragraph (c) of this Agreement until the person and/or authorized persons, authorized by counsel to have access signs a Nondisclosure Agreement in the form that is attached and incorporated as Exhibit A. The Nondisclosure Agreement shall require the persons to whom disclosure is to be made to certify in writing that they have read this Agreement, agree to be bound by its terms, and certify that they are not involved in any manner

whatsoever in the provisioning, marketing, pricing, or management of any switched access, long distance, or local exchange service by TAG, and that if they should become involved in the future, they will not disclose or otherwise use any information provided under this Agreement. The Nondisclosure Agreement shall contain the signatory's full name, permanent address, and employer, and the name of the party with whom the signatory is associated. This Nondisclosure Agreement shall be delivered to counsel for the providing party and the Commission at the time of review of the documents, or as soon thereafter as practicable.

2. All Confidential Information and the disclosure thereof shall be subject to the following restrictions:

(a) TAG shall not disclose any Confidential Information to anyone other than an Authorized Person(s) for the sole purpose of TAG's review and analysis of the case.

(b) Whether U S WEST has provided Confidential Information to TAG in hard copy or in some other form, TAG shall make no copies or reproductions of any kind or nature whatsoever of the Confidential Information so supplied.

(c) The foregoing notwithstanding, TAG may not disclose Confidential Information to an Authorized Person(s) unless, prior to the disclosure of such Confidential Information, said Authorized Person(s) has signed a Non-Disclosure Agreement.

3. Delivery of Documentation. Where feasible, Confidential Information will be marked as such and delivered to counsel. In the alternative, the Confidential Information may be made available for inspection and then reviewed by counsel, experts and authorized persons, as defined in paragraph (c), in a place and time mutually agreed on by the parties.

4. In the event TAG objects to U S WEST's designation of a document or its contents as Confidential Information, the materials shall be treated as Confidential Information until a contrary ruling by the Commission or, if appropriate, a Court of competent jurisdiction. Prior to the time any objection to a designation of Confidential Information is brought before the Commission or a Court of competent jurisdiction for resolution, TAG and U S WEST shall attempt to resolve the objection by agreement. If TAG and U S WEST are unable to reach an agreement, then either of them may bring the objection before the Commission or Court of competent jurisdiction in accordance with the applicable rules of that forum. The party bringing the objection before the Commission or Court of competent jurisdiction has the burden of satisfying the Commission or Court of the need for protection or production.

5. In the event TAG desires to disclose Confidential Information to a person, firm, corporation or entity other than an Authorized Person, TAG shall designate the Confidential Information it wishes to disclose, identify the persons or entities to whom it wishes to make disclosure and advise U S WEST in writing of its desire to make such disclosure. If, after U S WEST's receipt of such communication from TAG, U S WEST and TAG are unable to agree on the terms and conditions of such disclosure, such disclosure may be made only on such terms and conditions as the Commission or, if appropriate, a Court of competent jurisdiction may order.

6. Nothing in this Agreement shall preclude U S WEST from using or disclosing any Confidential Information for any purpose or to any person.

7. Nothing in this Agreement shall preclude U S WEST from refusing to make any disclosure of any Confidential Information to TAG even if TAG agrees that such disclosure shall be in accordance with the terms of this Confidentiality Agreement.

8. All persons who are afforded access to any confidential information by reason of this Agreement shall neither use nor disclose the confidential information for purposes of business or competition, or any other purpose other than the purposes of preparation for and conduct of this proceeding, and then solely as contemplated here, and shall take all reasonable precautions to keep the confidential information secure and in accordance with the purposes and intent of this Agreement. No party receiving confidential information pursuant to this Agreement may copy, microfilm, microfiche, or otherwise reproduce such confidential information without the written consent of U S WEST

9. The parties and non-parties further retain the right to question, challenge, and object to the admissibility of any and all data, information, studies, and other matters furnished under the terms of this Agreement or a Commission issued Protective Order on the grounds of relevancy or materiality.

10. This Agreement shall in no way constitute a waiver of the rights of any party or person to contest any assertion or finding of trade secret, confidentiality, or privilege, or to appeal any determination of the Commission or assertion by a party.

11. The provisions of this Agreement are specifically intended to apply to information supplied by any party to this proceeding, and any nonparty that supplies documents , testimony, or other information pursuant to process issued by this the Commission.

12. Within ten (10) days after the final disposition of the case, including any and all appeals therefrom, all hard copy, other originals and any reproductions of all documents containing Confidential Information subject to this Confidentiality Agreement shall be returned to U S WEST.

13. The provisions of this Confidentiality Agreement, insofar as they restrict the disclosure and use of Confidential Information governed by this Confidentiality Agreement, shall, without the written permission of U S WEST or further order of the Commission or, if appropriate, a Court of competent jurisdiction, continue to be binding after the conclusion of the case.

WHEREFORE, the undersigned have set their hands and seals as of the date set forth above.

U S WEST COMMUNICATIONS, INC

By: _____

Date: July 24 1997

TAG ACTION GROUP (TAG), A COALITION OF CERTIFIED TELECOMMUNICATION COMPANIES OPERATING IN SOUTH DAKOTA

By: _____

Date: July 17 1997

EXHIBIT A

NONDISCLOSURE AGREEMENT

I hereby agree that I have read the CONFIDENTIALITY AGREEMENT and agree to be bound by the terms thereof. I hereby certify that I am not involved in any manner whatsoever in the provisioning, marketing, pricing, or management of any switched access, long distance or local exchange service by TAG, and that if I should become involved in the future, I will not disclose or otherwise use any information provided under this Agreement.

TELE-TECH INC.
Name of Tag Member, Employer or Firm

JERRY R. NEEMAN
Individual's Name (Print Please)

President of company

Detailed Description of Position and Responsibilities with Employer or Firm

500 WEST 10TH ST
SIOUX FALLS, S. DAK. 57104
Business Address

7-19-97
Date

Signature

U S WEST, Inc.
1801 California Street Suite 5
Denver, Colorado 80202
303 672-2810
FAX 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

RECEIVED
JUL 1997
PUBLIC UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

July 17, 1997

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Mr. Jacobson:

Enclosed for filing in the above-referenced docket is U S WEST Communications responses to Data Requests Nos. 1, 3, 4, 7, 9, 10, 11, 12, 13, 14, 16, 18, 19, and 20 from Set No. 1. Also from Set No. 2 enclosed are responses to Data Request Nos. 1 and 4.

Yours truly,

William P Heaston (KSH)

William P. Heaston

Enclosures

U S WEST, Inc.
1801 California Street Suite 5
Denver, Colorado 80202
303 672-2810
FAX 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

RECEIVED
JUL 22 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

July 21, 1997

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Ms. Cremer:

Enclosed for filing in the above-referenced docket is U S WEST Communications responses to Set 1, Data Requests Nos. 5, 6, 8 and 21. Also enclosed from Set No. 2 is response to Data Request No. 5.

Yours truly,

William P Heaston
(DLH)

William P. Heaston

Enclosures

217

CERTIFICATE OF SERVICE

I hereby certify that an original of the responses to Data Request Nos. 5, 6, 8 and 21 from Set 1 and Data Request No. 5 from Set 2 of U S WEST Communications, Inc. was sent via overnight delivery on the 21st day of July, 1997, to the following:

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Diana L Moody

U S WEST, Inc.
1801 California Street Suite 5
Denver, Colorado 80202
303 672-2810
FAX 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

RECEIVED
JUL 24 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

July 21, 1997

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Ms. Cremer:

Enclosed for filing in the above-referenced docket is U S WEST Communications supplemental responses to Set 1, Data Requests Nos. 14 and 19.

Yours truly,

William P Heaston
(DLH)

William P. Heaston

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that an original of the supplemental responses to Data Request Nos. 14 and 19 of U S WEST Communications, Inc. was sent via overnight delivery on the 21st day of July, 1997, to the following:

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Diana L. Massey

U S WEST, Inc.
1801 California Street Suite 5
Denver, Colorado 80202
303 672-2810
FAX 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

RECEIVED
JUL 24 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

July 23, 1997

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Ms. Cremer:

Enclosed for filing in the above-referenced docket is U S WEST Communications' responses to Set 1, Data Requests Nos. 2, supplemental 12, 15 and 17. Also enclosed is U S WEST Communications' responses to Set 2, Data Request No. 2.

Yours truly,

William P. Heaston (DLH)

William P. Heaston

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that an original of the supplemental responses to Data Request Nos. 2, supplemental 12, 15, and 17 from Set 1 and No. 2 from Set 2 of U S WEST Communications, Inc. was sent via overnight delivery on the 23rd day of July, 1997, to the following:

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Diana L. Massey

M E M O R A N D U M

RECEIVED
JUL 2 4 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

DATE: July 28, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

- PUC Set 1, # 15 supplemental response.
- PUC Set 3, # 1
- PUC Set 3, # 12
- PUC Set 4, # 3
- PUC Set 4, # 6

For all of the above (except the supplemental response) I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC. I will send the copies in two different boxes.

Please call me at (402) 422-8758 if you have any questions.

U S WEST, Inc.
1801 California Street Suite 5
Denver, Colorado 80202
303 672-2870
Fax 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

VIA OVERNIGHT DELIVERY

July 28, 1997

RECEIVED
JUL 2 8 1997
SOUTH DAKOTA PUC
UTILITIES COMMISSION

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Ms. Cremer:

Enclosed for filing in the above-referenced docket is U S WEST Communications' responses to Set 2, Data Requests Nos. 2 supplemental and 3 . Also enclosed is U S WEST Communications' responses to (Verbal) Set 3, Data Request Nos. 6, 7, 8, 9 and 10.

Yours truly,

William P. Heaston (DLH)

William P. Heaston

Enclosures

024

CERTIFICATE OF SERVICE

I hereby certify that an original of the supplemental responses to Data Request Nos. 2 Supplemental and 3 from Set 2 and Nos. 6, 7, 8, 9, and 10 from Verbal Set 3 of U S WEST Communications, Inc. was sent via overnight delivery on the 28th day of July, 1997, to the following:

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Diana L. Mossay

RECEIVED
JUL 30 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

MEMORANDUM

DATE: July 29, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC dOK

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

PUC Set 3, # 2

PUC Set 4, # 1

PUC Set 5, # 3

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

Attachments

RECEIVED
JUL 31 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

M E M O R A N D U M

DATE: July 30, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

- PUC Set 3, # 3 ✓
- PUC Set 3, # 14 ✓
- PUC Set 3, # 17 ✓
- PUC Set 3, # 18 ✓
- PUC Set 3, # 20 ✓
- PUC Set 4, # 7 ✓
- PUC Set 5, # 1 ✓
- PUC Set 5, # 2 ✓

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

M E M O R A N D U M

DATE: July 31, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 01 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC98-107:

Supplement to PUC Set 1, #8

PUC Set 3, # 19

PUC Set 3, # 21

PUC Set 3, # 22

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

RECEIVED
AUG 04 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

MEMORANDUM

DATE: August 1, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

PUC Set 3, # 23 ✓
PUC Set 5, # 4 ✓
PUC Set 6, # 1
PUC Set 6, # 3
PUC Set 6, # 5
PUC Set 6, # 15

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

M E M O R A N D U M

DATE: August 5, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Dennis DeLeon, USWC

RECEIVED
AUG 11 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

Supplement to PUC Set 2, # 2

PUC Set 6, # 2

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

M E M O R A N D U M

DATE: August 6, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: memo only to Dennis DeLeon, USWC

RECEIVED
AUG 07 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC98-107:

PUC Set 6, # 7

PUC Set 6, # 8

PUC Set 6, # 9

PUC Set 6, # 10

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

Attachments

U S WEST, Inc.
1801 California Street, Suite 5
Denver, Colorado 80202
(303) 672-2810
FAX 303 295-7069

William P. Heaston
Senior Attorney

RECEIVED
AUG 08 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA OVERNIGHT DELIVERY

August 7, 1997

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capital Building
500 East Capitol Avenue
Pierre, South Dakota 57501-5070

RE: TC96-107 (Switched Access Rate Study)

Dear Ms. Cremer:

Enclosed for filing in the above-referenced docket is U S WEST Communications' response to Set 06, Data Request No. 0004.

Yours truly,

William P Heaston

William P. Heaston

Enclosures

CERTIFICATE OF SERVICE

I hereby certify that an original of the response to Data Request No. [illegible] from Set No. 06 of U S WEST Communications, Inc., was sent via overnight delivery on the 7th Day of August, 1997, to the following:

Ms. Karen Cremer
South Dakota Public Utilities Commission
State of South Dakota
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501-5070

Connie Scott

M E M O R A N D U M

DATE: August 7, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC

RE: Delivery of South Dakota Data Requests

CC: Dennis DeLeon, USWC
Dianna Massay, USWC

RECEIVED
AUG 08 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

- Supplemental to PUC Set 4 #3
- Supplemental to PUC Set 4 #6
- PUC Set 6, # 6
- PUC Set 6, # 11
- PUC Set 6, # 12
- PUC Set 6, # 13
- PUC Set 6, # 14
- PUC Set 7, # 1
- PUC Set 7, # 2
- PUC Set 7, # 3
- PUC Set 7, # 8
- PUC Set 7, # 9
- PUC Set 7, # 10
- PUC Set 7, # 11

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

M E M O R A N D U M

DATE: August 7, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC DK

RE: Delivery of South Dakota Data Requests

CC: Dennis DeLeon, USWC
Dianna Massey, USWC

RECEIVED
AUG 08 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

- Supplemental to PUC Set 4 #3 ✓
- Supplemental to PUC Set 4 #6 ✓
- PUC Set 7, # 1 ✓
- PUC Set 7, # 2 ✓

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

M E M O R A N D U M

DATE: August 14, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Jim Phillips, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 15 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 8, Requests # 9,10.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-4483 if you have any questions.

RECEIVED
AUG 15 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

M E M O R A N D U M

DATE: August 14, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Jim Phillips, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 15 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

On 8/14/97, Jim Phillips delivered in Omaha, Nebraska responses for the following data requests to Harlan Best, SD Commission Staff:

South Dakota Docket TC96-107, PUC Set. 7, Request # 4.

South Dakota Docket TC96-107, PUC Set. 8, Requests # 4,5,6,7,8,11.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-4483 if you have any questions.

M E M O R A N D U M

DATE: August 18, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Jim Phillips, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 19 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 4 Request # 2.

South Dakota Docket TC96-107, PUC Set. 8, Requests # 6,14,15.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-4483 if you have any questions.

M E M O R A N D U M

DATE: August 19, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Jim Phillips, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 20 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 3 Request # 11.

South Dakota Docket TC96-107, PUC Set. 4 Request # 2, Supplement.

South Dakota Docket TC96-107, PUC Set. 7 Request # 15.

South Dakota Docket TC96-107, PUC Set. 8, Requests # 2,3,6.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-4483 if you have any questions.

RECEIVED
AUG 2 1 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

M E M O R A N D U M

DATE: August 21, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Jim Phillips, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 4 Request # 6. ✓

South Dakota Docket TC96-107, PUC Set. 7 Request # 14. ✓

South Dakota Docket TC96-107, PUC Set. 8, Requests # 1. ✓

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-4483 if you have any questions.

M E M O R A N D U M

DATE: August 22, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

RECEIVED
AUG 25 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 3 Request # 5.

South Dakota Docket TC96-107, PUC Set. 4 Request # 9.

South Dakota Docket TC96-107, PUC Set. 7 Request # 6,12.

South Dakota Docket TC96-107, PUC Set. 8, Requests # 6,12.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

RECEIVED
AUG 25 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

M E M O R A N D U M

DATE: August 25, 1997

TO: Harlan Best, South Dakota Commission Staff

FROM: Deb Kramer, USWC

RE: Delivery of South Dakota Data Requests

CC: Diana Massey, USWC

Enclosed please find a copy of the following data request responses to South Dakota Docket TC96-107:

South Dakota Docket TC96-107, PUC Set. 3 Request # 4.

South Dakota Docket TC96-107, PUC Set. 7 Request # 5,7,13.

South Dakota Docket TC96-107, PUC Set. 8, Requests # 13.

For all of the above responses, I have provided you with two copies. One copy is for the Commission Staff and the other copy is for the PUC.

Please call me at (402) 422-8758 if you have any questions.

Responses to
data Requests
not microfilmed.

243-9532

LAW OFFICES
OLINGER, LOVALD, ROBBENNOLT & McCAHREN, P.C.
117 EAST CAPITOL
P.O. BOX 66
PIERRE, SOUTH DAKOTA 57501-0066

RONALD D. OLINGER
JOHN S. LOVALD
JAMES ROBBENNOLT
LEE C. "KIT" McCAHREN
WADE A. REIMERS

TELEPHONE [illegible]
AREA CODE 605
FAX [illegible]

August 27, 1997

William Bullard, Jr., Executive Director
SD PUC, State Capital
500 E Capitol
Pierre SD 57501

RECEIVED
AUG 27 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: TC 96-107

Dear Mr. Bullard:

This letter is to advise you that AT&T Communications of the Midwest, Inc. will not be filing Direct Testimony in the above-captioned docket. However, we do reserve the right to file rebuttal testimony.

Yours very truly,

John S. Lovald

JOHN S. LOVALD
Attorney at Law

JSL:mmh

Cc: William P. Heaston
Donald A. Low
David A. Gerdes
Robert C. Riter, Jr.
Tamara A. Wilka
Richard P. Tieszen
Robert G. Marmet

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
303 672-2810
Facsimile 303 295-7069

William P. Heaston
Senior Attorney

U S WEST

VIA OVER NIGHT DELIVERY

August 26, 1997

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol Avenue
Pierre, South Dakota 57501

Re: In The Matter of The Investigation Of U S WEST Communications, Inc., Of Switched Access Rates for U S WEST Communications, Inc. Docket No. TC96-107

Dear Mr. Bullard:

Enclosed for filing the in above-referenced docket are the following documents:

Direct Testimony of Deborah L. Hayek
Direct Testimony of Debra K. Kramer
Direct Testimony of Wayne Culp.

Please file stamp an extra copy of this letter, enclosed, and return to me in the enclosed self-addressed stamped envelope. Thank you.

Yours truly,

Marjorie Burns
Legal Secretary

Enclosures
WPH:mob

9534

RECEIVED
AUG 7 · 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

U S WEST COMMUNICATIONS, INC.

DIRECT TESTIMONY

OF

WAYNE CULP

South Dakota Public Utilities Commission
Docket TC96-107
Filed August 27, 1997

9535
EXHIBIT
32

Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS ADDRESS.

A. My name is Wayne G. Culp, and I am employed by U S WEST Communications, Inc. (U S WEST[1]) as a Director-State Finance. My business address is 1314 Douglas On The Mall, Room 1350, Omaha, Nebraska 68102.

Q. HAVE YOU TESTIFIED BEFORE THIS COMMISSION BEFORE?

A. Yes, I testified in this docket in the October 1996 hearing. I have also testified in South Dakota in TC94-121 and TC91-040A and I presented the Company's position in rule makings RM92-001 and RM94-001. I have also testified before utility commissions in Montana, New Mexico and Wyoming.

Q. PLEASE STATE YOUR QUALIFICATIONS.

A. In February 1991, I became the State Finance Director for South Dakota. I have worked with the Federal Communication Commission (FCC) interstate and intrastate separations methods and procedures (47 C.F.R. Part 36) since 1990. Early in my separations experience I represented Mountain Bell in Montana reviewing independent telephone company toll cost studies following the methods negotiated between United States Independent Telephone Association (U.S.I.T.A.) and AT&T Long Lines. In South Dakota since 1991, I have participated with each phase of development of the SD switched access rules. My education and work experience are included in an attachment to my October 1996 prefiled testimony.

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

[1] U S WEST refers to U S WEST Communications Group. This is different and separate from U S WEST Media Group, Inc. which contains the Company's cable and international operations.

A. I represent U S WEST in these proceedings as a revenue requirement and switched access cost expert. My purpose is to defend the U S WEST switched access cost study, including the inputs, filed with the PUC in this docket in 1996. This study uses the fully allocated cost model mandated by the Commission's rules, and the output mechanically calculates an overall switched access cost per minute of use of approximately 6.4 cents. The cost study uses the model supplied by the Commission and strictly follows the methods established in South Dakota rules.

Q. WHAT IS THE U S WEST SWITCHED ACCESS COST OF SERVICE RECOMMENDATION TO THE COMMISSION?

A. The following table shows the revenue requirement and cost per minute produced by the cost study:

Intrastate Switched Access Revenue Requirement ($ Millions)	
Common Line	17.8
Local Switching	4.1
Common Transport	6.3
Subtotal	28.3
Estimated Cost per Minute	6.4 cents

Q. WHY DID U S WEST ACCEPT THE STAFF'S COST STUDY POSITION IN THE OCTOBER 1996 HEARING?

A. At the 1996 hearing I explained to the Commission that the Company continued to support the U S WEST cost study but was willing to accept the Staff's cost study position. The Company was hoping to simplify the cost justification

process and to minimize the arguments over differences that had relatively small impact on the final costs.

Q. DOES THE COMPANY CONTINUE TO ACCEPT THE STAFF'S ORIGINAL POSITION?

A. The Company would continue to accept the Staff's cost study as revised in October 1996. However, U S WEST has not seen the Staff's 1997 revisions so the Company will stand behind U S WEST's 1996 submitted testimony and cost study.

Q. DID THE COMPANY REVISED ITS COST STUDY SINCE THE OCTOBER 1996 HEARING?

A. No, the cost study has not been revised. It is my understanding, based upon advice of legal counsel, that Judge Zinter remanded the Commission's decision in this docket stating that the Commission must determine an appropriate cost and price for switched access. Therefore, the Company believes that the proper cost study for the Commission to accept is the cost study U S WEST filed in the October 1996 hearing.

Q. DID U S WEST USE THE SAME METHOD IN DEVELOPING THE COST STUDY IN DOCKET TC93-108 AS IN DOCKET TC96-107?

A. Yes. The Commission rules are the same now as they were in the TC93-108 docket. Further, the inputs in TC96-107 are applied in the same manner as accepted in U S WEST's cost study in TC93-108. The TC93-108 study was reviewed with an onsite investigation by staff representatives Charlie Bolle, Harlan Best, and Dave Jacobson. The current cost model inputs use 1995

ledger data and include ratemaking adjustments specific to 1995 operations while the TC93-108 cost study used 1992 ledger data and was adjusted using the same methodology.

Q. DID YOU FOLLOW THE SOUTH DAKOTA PUC RULES IN PREPARING THE SWITCHED ACCESS COST STUDY?

A. Yes, the cost study I presented in TC96-107 strictly follows the South Dakota PUC rules in 20:10:27 through 20:10:29, including the use of the spreadsheet computer model provided by the Commission.

Q. WHY WERE SEVERAL VERSIONS OF THE SWITCHED ACCESS COST STUDY PREPARED IN 1996?

A. On June 21, 1996 U S WEST filed the original cost study (version 1). The PUC Staff had revised the PUC provided computer model, and asked U S WEST to rerun the program using the Staff revised computer model. U S WEST input the data into the revised computer model and filed that study on July 19, 1996 (version 2). The current U S WEST version contains updates to traffic factors for the sale of 55 exchanges and updates for the Conversation Minute Miles and Conversation Minute studies implemented in July 1996 (version 3). The current version from my testimony in the October 1996 hearing is the basis that should be used to determine switched access rates. The output report for the U S WEST current cost study using the Commission supplied computer model is attached to my testimony in the October 1996 hearing.

Q. DID THE DIFFERENT VERSIONS SIGNIFICANTLY CHANGE THE COST OUTPUTS?

A. No, all three versions calculate a composite switched access cost above 6 cents.

Q. WHAT ROLE DID YOU HAVE IN PREPARING THE STUDY?

A. I was and continue to be the leader of the team that prepared the cost study. I had the same role in Docket TC93-108. In this role I pulled together the individual team members and instructed them as to what was necessary to prepare the cost study. Each member is an expert in their area. Individual team members then coordinated with me so I could ensure the integrity of the cost study. For example, I ensured that the expenses and taxes matched the investment which in turn matched the minutes of use and traffic factors. I checked the inputs for reasonableness and I ran sensitivity analyses by varying the inputs to the cost model.

Q. WHO ELSE WAS PART OF THE U S WEST SWITCHED ACCESS COST STUDY TEAM?

A. Team members in 1996 were Patricia Taylor, Jim Phillips, and Cindy Crawford. Barbara Wilcox, who provided rebuttal testimony at the October 1996 hearing is the Company switched access product expert. Dr. Wilcox provides the final rates based upon the costs, and market data. In January 1997, Ms. Taylor and Ms. Crawford moved on to other jobs, and Debra Kramer and Deborah Hayek have been assigned to the team. Ms. Kramer is a revenue requirement expert and she has reviewed and analyzed the test period financial results and adjustments. Ms. Kramer also was the Company focal manager in the discovery process for this docket, ensuring the Staff data responses were adequately answered. Ms. Hayek is an interstate separations expert. Also assisting our team was Mark Johnson, who is an expert in separations traffic studies, and Bill

Easton, who is the Company depreciation expert. Both Ms. Hayek and Mr. Johnson answered numerous data requests from the PUC Staff concerning the inputs to the cost study and showed how the interstate system was used to develop expense, investment, and traffic factor inputs used in the switched access cost study. Bill Easton and Kathleen Tuttle answered the many PUC Staff data requests concerning depreciation.

Q. WHAT RATEMAKING PRINCIPALS WERE USED IN DEVELOPING THE SWITCHED ACCESS COST STUDY?

A. As in most revenue requirements presented to the Commission by the larger utilities, the Company analyzed and adjusted the test year ledger cost data. In analyzing the actual ledger data, the cost study team reviews actual entries to determine which accounting activity is appropriate for ratemaking. The inputs are adjusted to remove abnormal and out of period booked costs. Future or pro forma activity and costs are also identified for inclusion in the cost study. This Commission opened Docket TC91-040A to investigate the adoption of a uniform access methodology and in that docket the adjustment process was discussed by staff witness Robert Towers. I have attached Mr. Tower's direct testimony in that case as Schedule 1. Pages 9 through 15 of his testimony describe the adjustment process.

Q. WHAT TEST PERIOD WAS USED?

A. The 1995 test period was used. Specifically, South Dakota PUC rule number 20:01:27:07 requires all local exchange carriers (LECs) to file cost studies at least once every three years. U S WEST last filed a switched access cost study

in TC93-108 which used a 1992 calendar test period, so the Company had to use a 1995 test year to comply with the South Dakota rule.

Q. WHAT WAS THE SOURCE OF DATA FOR THE SWITCHED ACCESS COST STUDY?

A. The study uses financial cost data directly from the South Dakota U S WEST ledger. This ledger follows the Universal System of Accounts prescribed in South Dakota rule 20:10:27:04 and 47 C.F.R. Part 32. This is also the same financial cost data U S WEST uses in the interstate Part 36/Part 69 separation process with the FCC and in U S WEST's ARMIS filings with the FCC. The traffic factor inputs come from the same studies and reports as those used with the interstate separation process.

Q. DID YOU DO ANY PERSONAL VERIFICATION OF THE INPUTS AND THE OUTPUTS TO THE COST STUDY?

A. Yes I did. I verified that the inputs matched to the Company ledger and that the ratemaking adjustments are properly included. Then I analyzed the inputs and outputs for reasonableness.

Q. WHY DO YOU RELY ON OTHER PEOPLE IN PREPARING THE SWITCHED ACCESS COST MODEL?

A. I must rely on the reports and data provided by others in the Company because they are the people responsible for managing the recording of the transactions. The Company stresses accuracy by periodically and carefully reviewing the internal controls (checks and balances) already in place. These controls are verified by the internal auditing group under the supervision of the Audit

Committee of the Board of Directors. Also I personally review and analyze the Company financial and management reports for South Dakota. I am satisfied when the reports of the Company appear reasonable when compared with my own analysis of South Dakota financial reports.

Q. ARE THERE OTHER CHECKS FOR REASONABLENESS THAT YOU PERFORMED?

A. Yes. First, particularly with South Dakota, I expect growth in revenues and expenses to be moderate and consistent. When significant extraordinary events occur, such as the sale of 55 rural exchanges, or changes in rates, investment, or depreciation expense, I analyze the financial reports to ensure they reflect the expected amount. In 1995 and on an ongoing basis, I review revenues, comparing the revenue per customer to the actual tariffed prices. Similarly, I review expenses, particularly watching head count data, depreciation, and taxes as they are the source to the bulk of the expenses. In reviewing the cost study inputs in this filing, I closely reviewed the test period adjustments and their effect on the output of the cost model. I also reviewed the traffic factors. The traffic factors have changed only slightly from year to year.

Q. WHAT VERIFICATIONS OF COST STUDY INPUTS ARE PERFORMED BY OTHERS?

A. Note that the vast majority of inputs are the adjusted expense, taxes, and investment amounts which are pulled from the Company ledger. At U S WEST the task of verifying the ledger is coordinated by Corporate Accounting and U S WEST's external auditors. The external auditing firm is staffed with

professional auditors and conduct their audits in conformance with generally accepted auditing standards.

The external auditor verifies that the financial reports "present fairly" the financial transactions of the Company "in all material respects" and in "conformance with generally accepted accounting principles". The auditor's financial statement, notes, and opinion are contained in the Company's Form 10K submitted to the SEC and shareholders.

U S WEST also has an internal auditing group and one aspect of their role[2] is to study and evaluate internal controls. Following standards established by the Institute of Internal Auditors (IIA), internal auditors evaluate the ability of the Company systems to meet objectives of:

- Reliability and integrity of information.
- Compliance with policies, plans, procedures, laws, and regulations.
- Safeguarding of assets
- Economical and efficient use of resources.
- Accomplishment of established objectives and goals for operations or programs.

Q. WHAT REPORTING IS DONE TO THE FCC?

A. The FCC's Part 43 rules are the basis for requiring periodic reports from communication common carriers. In its CC Docket No. 86-182 (FCC 87-242), released 9/17/87, the FCC established the reporting requirement for certain

[2] The description of the role of internal auditors comes from the Handbook of Accounting and Auditing, Second Edition, by Robert S. Kay and D. Gerald Seafoss both of Touche Ross & Co., 1989.

Class A and Tier 1 Telephone Companies (such as U S WEST) to file Automated Reporting Management Information Systems (ARMIS) Reports with the FCC. ARMIS is a publicly available data base of the FCC.

Q. WHAT IS THE PURPOSE OF THE ARMIS REPORTS?

A. Per the FCC Order (CC Docket No. 86-182) that established ARMIS reporting requirements, "The purpose of this proceeding is to establish an automated system for collecting, in a logical and consistent manner, the financial and operating data required by this Commission (FCC) to administer our accounting, joint cost, jurisdictional separations, rate base disallowance, and access charge rules. This automated system is intended to facilitate the timely and efficient analysis of revenue requirements and rates of return, to provide an improved basis for audit and other oversight functions, and to enhance our ability to quantify the effects of alternative policy proposals."

Q. WHAT VERIFICATION IS REQUIRED OF THE ARMIS REPORTS?

A. First, the FCC requires that certification of the accuracy and correctness of each ARMIS Report must be completed by an officer of the corporation. Second, as ordered in CC Docket No. 86-111, released 2/6/87, the FCC requires an independent auditing firm to audit the Company's FCC Report 43-03 ARMIS Report and the Cost Allocation Manual (CAM).

Coopers and Lybrand, as independent external auditors, conducted their audit of the 1995 FCC Report 43-03 in accordance with generally accepted auditing standards as follows:

9545

June 22, 1996 and a pro forma adjustment is included to remove the expense, investment and minutes of use associated with the sold exchanges on an annual basis. Another pro forma adjustment is included for the depreciation represcription that was accepted by the Commission in Docket TC94-121. Depreciation expense which was increased in February 1996, needs to be included in the 1995 test period costs. Both of these adjustments clearly follow the known and measurable test in the PUC's rules.

Q. HOW IS THE MANNER IN WHICH COMMON LINE COSTS ARE RECOVERED IN THE FCC RULES DIFFERENT THAN IN THE SOUTH DAKOTA SWITCHED ACCESS RULES?

A. The FCC C.F.R. Part 69 rules establishes a subscriber line charge (SLC) sometimes referred to as an end user common line charge (EUCL). The revenue generated from the SLC is an offset to the common line cost pool and the remainder of the revenue requirement is assigned to the carrier common line charge which is paid by the IXCs. In South Dakota's switched access rules, all of the common line pool is assigned to the carrier common line charge. Therefore, the intrastate carrier common line charge is much larger than the interstate charge.

Q. HAS THE COMMON LINE COST CHANGED IN RECENT COST STUDIES?

A. The cost has changed only slightly. In TC91-040A Staff witness Tom Weiss showed a common line cost of about 4 cents per minute. I have attached, as Schedule 2, Mr. Weiss's testimony showing the costs he recommended in TC91-040A. The final cost study accepted by the Staff in TC93-108 shows about 3.6 cents per minute. Sheet A of the TC93-108 cost study is attached as Schedule

3. Finally the carrier common line rate in the Company's cost study in Docket 96-107 is 4 cents.

Q. WHAT ADJUSTMENT DID YOU MAKE FOR DEREGULATION OF PAY TELEPHONES AND THE FCC'S ORDER?

A. The U S WEST cost study presented in the October 1996 hearing did not adjust for the deregulation of pay telephones. The South Dakota switched access rules virtually mirror the FCC Part 36 and Part 69 rules, so in both cases the cost of the pay telephones is included in Information Origination/Termination (IOT) investment and expense. Following the rules, IOT costs are allocated to the switched access rate elements. With the deregulation of pay telephones on April 15, 1997, the South Dakota switched access rules should be changed and the rates should not include the cost for pay telephones.

Q. WHY ARE THE COST STUDY OUTPUTS JUST AND REASONABLE?

A. The cost study inputs represent fair and reasonable test period financial and operating results and are consistent with inputs in earlier cost studies. Further, U S WEST has strictly followed the Commission's rules and when compared to other LECs' intrastate switched access costs, U S WEST's costs are reasonable.

As a follow on note, U S WEST serves 60% of the South Dakota local exchange market. Further, when compared to LECA (South Dakota's Local Exchange Carrier Association which represents an average of almost all of the independent companies) and Dakota Telephone Corporative, U S WEST will continue to have a lower switched access rate, even with the implementation of the rates which equal the costs from the Commission's computer model. The other South

Dakota LECs file their cost studies following the same rules as U S WEST and all of these companies have much higher access rates. In eleven dockets, the PUC voted immediately after their hearing to accept the LECs' cost studies and change their rates. None of the intervenors in this case intervened in any of the other eleven dockets. In 1997, additional switched access studies were filed and again none of the intervenors in Docket TC96-107 have filed to intervene in the other LEC filings. The rates filed for by these LECs are higher than U S WEST's. As a representative of U S WEST, I simply ask that the Commission be consistent in applying its rules and handle our case in the same way it has handled the other LEC's cases.

Q. WHAT IS YOUR RECOMMENDATION TO THE PUC IN THIS DOCKET?

A. The facts in this filing show that the U S WEST cost study clearly follows the South Dakota PUC switched access rules. The inputs to the study are based upon actual incurred South Dakota financial cost data. All of the adjustments to the input data are clearly identified in the attachments to my October 1996 testimony. For reference I showed in my October 1996 prefiled testimony how the PUC handled similar adjustments in Dockets TC93-108 and TC94-121. I recommend that the PUC accept and approve the U S WEST switched access cost study. Further, the PUC should approve the tariffs that match this study.

Q. DOES THIS CONCLUDE YOUR DIRECT TESTIMONY?

A. Yes.

List of Attached Schedules

Schedule 1	Testimony of Robert G. Towers, Docket TC91-040A
Schedule 2	Supplemental Direct Testimony of Thomas H Weiss, Docket TC91-040A
Schedule 3	U S WEST cover letter dated May 19, 1994 and "Sheet A" that contains the final U S WEST switched access cost study in Docket TC93-108.

9550

Schedule 1

Testimony of Robert G. Towers, Docket TC91-040A

BEFORE THE

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ADOPTION OF A UNIFORM ACCESS METHODOLOGY	)))	DOCKET TC91-040A

Testimony of
Robert G. Towers

On Behalf
of the
Commission Staff

February 1992

9552

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

In the Matter of the Investigation Into the Adoption of a Uniform Access Methodology
Docket No. TC91-040A

Testimony of Robert G. Towers
on Behalf of the Commission Staff

February 1992

I. QUALIFICATIONS

Q. Mr. Towers, please state your full name, describe your occupation and indicate your business address.

A. Robert G. Towers. I am a public utility rate consultant and a principal in the firm Chesapeake Regulatory Consultants, Inc. My office is at 184 Duke of Gloucester Street in Annapolis, Maryland, 21401-2523.

Q. Does the Appendix to this testimony describe your education and summarize your experience in public utility regulation?

A. Yes, it does.

Q. Have you testified previously before this Commission?

Q. Have you testified previously before this Commission?

A. Yes. I have testified on behalf of the South Dakota Commission Staff and consulted with the Staff in numerous electric, gas and telephone utility rate cases. My earliest testimony in South Dakota was heard by the Commission in 1976. These cases have involved all of the investor-owned gas and electric utilities in the State and Northwestern Bell Telephone Company, now U S West Communications, Inc. ("USWest" or "USWC").

0554

II. OVERVIEW OF STAFF FINDINGS AND RECOMMENDATIONS

Q. What is the purpose of your testimony in this case?

A. I will provide an overview of the combined findings and recommendations of Messrs. Thomas M. Weiss, Basil L. Copeland, Jr. and myself, working together as a team of consultants to the Commission Staff.

Q. What were the team's responsibilities?

A. We were retained by the Commission (a) to develop a uniform methodology for measuring the access costs which are incurred by South Dakota local exchange carriers (LECs) and, simultaneously, (b) to investigate the feasibility and propriety of establishing uniform access rates, based on statewide average costs, and of administering this rate design through a statewide access revenue pool. Both tasks were limited to costs, rates or revenues associated with intrastate access services.

Q. What are the "access costs" that you are attempting to measure and translate into rates?

A. These are the costs, incurred by LECs, of making their

telephone networks available to interexchange carriers (IXCs) for the purpose of allowing the IXCs to provide intrastate toll services between end users.

Q. Were your responsibilities limited to determining statewide average access costs and rates based on these average costs?

A. No. The scope of the investigation launched by the Commission required us to consider alternative methods of converting access costs into rates. The use of statewide average costs and mandatory revenue pooling is only one of several alternatives we considered.

Q. Who will describe your analyses and present your recommendations?

A. Testimony is being presented by each member of the team. Generally stated, Mr. Weiss has conducted the required technical, cost allocations and rate design analyses with input from Mr. Copeland and myself. Mr. Copeland has addressed cost of capital/rate of return issues and the economic issues relevant to access pricing. I have addressed the considerations involved in the determination of access service revenue requirements. We will each

testify on the issues for which we are responsible.

The cost allocation methodology that we recommend for measuring access costs will be presented and explained by Mr. Weiss. He will also present the results of applying this methodology uniformly to each LEC for which cost data are available and he will identify and discuss the rates required for alternative rate designs.

Q. What are the team's recommendations?

A. We are recommending that access rates be determined on the basis of LEC embedded costs, allocated to South Dakota intrastate access service using a uniform cost allocation methodology. Access service revenue requirements would be determined in a manner that is similar to the Commission's revenue requirement determinations for other regulated services and would include a reasonable return on access service net investment rate base. Access rates would reflect carrier common line, local switching and local transport costs, but they would not reflect the costs of services which the Commission has declared to be competitive -- Inside wiring and Billing and collection.

Three alternative rate designs are presented for the Commission's consideration. In each case, access rates

0557

would be based on minutes of use and would be the same for originating and terminating messages. The three rate design options, listed in descending order of preference, are:

(1) Rates reflecting identifiable statewide average access costs (a composite of all cost companies) and a requirement that all LECs "pool" access revenues. Monthly, each LEC would recover its costs from the revenue pool. The surrogate costs presently used for "average schedule" companies would not enter into the determination of the statewide average cost and average schedule LECs choosing to remain so would be compensated at the statewide average cost level.

Uniform statewide access rates would remove IXC incentives to avoid areas with high access costs and rates. Moreover, the regulatory imposition of level access costs on IXCs is consistent with the IXCs statutory requirement to establish uniform statewide rates for intrastate toll services. LECs (other than average schedule companies) would still recover their company-specific costs through the pool. Mr. Weiss has determined that, based on present cost data, the initial statewide average rate would be about 5.1 cents per minute of use. (Exhibit____(TRW-3))

(2) Rates based upon LEC-specific (or voluntary pool-specific) costs and a provision for voluntary pooling.

Rates based on company-specific costs would result in a consistency between the Commission's determination

of access charges and its determinations of local service rates for regulated LECs. However, as shown in Mr. Weiss' Exhibit_____(THW-3), this approach would result in access charges ranging from about 5.3 cents to 18.0 cents per minute.

(3) Rates elected by each LEC (or voluntary pool) from within a cost-based range, extending from a floor equal to USWest's Commission-approved access charge to a cap equal to the independent LEC's (ILEC's) (or pool) company or pool-specific access cost determined by application of the uniform methodology. For those ILEC's whose local service rates are or might be regulated by the Commission (none are at present), an ILEC adopting a rate below its company-specific access cost (or receiving such compensation from a pool) would have the burden of justifying recovery of the access service revenue deficiency from local service customers.

To the extent that ILECs adopt USWest's access charges as their own, this alternative would reduce the administrative burden on the Commission. The adoption of USWest's access charge of about 5.3 cents per minute would result in a rate that is about 5 percent lower than statewide average cost (9.4 cents).

I should note that none of the costs which I have cited include company-specific costs for the so-called "average schedule" ILECs and, at this juncture, GTE's costs have not been incorporated. It is our view that, except under the

third rate option (the "Floor" and "Cap" alternative), the average cost of South Dakota intrastate access should be used as the surrogate for the costs of companies for which no cost data are available. GTE's costs, which were received too late for inclusion, will be incorporated in a supplemental filing.

The costs that we have developed reflect a 12.0% return on equity capital and they are suggested to be the basis for initial access rates; these rates would be adjusted annually on a schedule set by the Commission.

As I mentioned before, Mr. Copeland will discuss the economic justification of the rate design alternatives and the significance of the resulting access rates. Mr. Weiss will discuss the telecommunications policy implications of the alternative approaches and, in addition, he is supporting the cost allocation and rate computations.

9560

III. REVENUE REQUIREMENTS

Q. What are the appropriate standards for measuring access service revenue requirements?

A. Particularly since 1975, when it was empowered to regulate the rates of gas and electric utilities, the Commission has developed a body of practices for measuring a regulated company's revenue requirements. These practices have evolved from the application of ratemaking principles and have had, as their objective, the establishment of rates which are "just and reasonable". Like the electric, gas and local service telephone rates which the Commission has traditionally regulated, rates for non-competitive telecommunications services -- including access service -- also must be "just and reasonable".

Many specific and legitimate questions can be raised in attempting to measure the revenue requirements associated with a rate-regulated service at any point in time. However, there are a few principles that, when applied consistently and in context, will result in rates that are just and reasonable. I would apply these principles to the measurement of access service revenue requirements. And, since these principles have been applied already in the Commission's regulation of USWest's local service rates, the practices in these cases are

9561

instructive if not dispositive of the issues here.

Q. Briefly, what are these ratemaking principles?

A. The principles that I am referring to include the following:

(1) Revenue requirements should reflect verifiable costs and operating conditions. Conversely, revenue requirements should not reflect speculative costs or conditions.

(The term "cost", as I am using it, encompasses all elements of the revenue requirement -- operating expenses, depreciation, taxes and the elements of allowable operating income, namely the several components of rate base and the cost of capital.)

This "actual cost" principle is implemented by adopting a recent "test year" for which actual costs have been recorded and then, as required, adjusting these actual results to reflect changes that are also "known" and "measurable".

(2) Costs includable in revenue requirements should be limited to costs that are associated with the level of operations reflected in the rate determination.

Usually this "matching" principle is applied by using actual booked costs associated with the actual test year level of operations. However, booked costs sometimes have to be adjusted to eliminate the effects of abnormal, non-recurring events in order to make them representative, on a continuing basis, of the costs associated with the test year level of operations.

The matching principle also dictates that costs associated with future operations (or, in some circumstances, past operations) should not be considered even though they may have been incurred during the test year.

(3) Includable costs should be limited to those which are necessary for the provision of service at the test year level.

Costs which are not "reasonable" or "necessary" to providing adequate and reliable service should not be included in rates that must be sanctioned as just and reasonable.

(4) Finally, and notwithstanding the limitations that

might be imposed from time to time by principles (1) through (3), the ratemaking process must provide the regulated company with a reasonable opportunity to recover all of its reasonable and necessary costs over time. These costs include a return allowance which reflects the financial and business risks associated with the regulated service.

Q. Specifically, how should these principles be applied in the determination of access service revenue requirements?

A. The procedure is straightforward.

(1) Adopt an actual test year for the LEC (or pool);

(2) Allocate test year costs to intrastate access service pursuant to the "FCC 36/69" uniform methodology developed and recommended by Mr. Weiss;

(3) Adjust the test year costs, as necessary, to reflect significant (to access service) known and measurable changes; however, to insure that an appropriate matching of these adjusted costs with the test year and rate-effective period, I would limit such adjustments to the

impact of the known change during the year in which the access rate will be collected (the "rate year");

(4) Exclude costs that are either unnecessary or unrelated to test year operations; for example, I would exclude Plant held for future use and Telephone plant under construction from rate base (while, concurrently, providing the LEC the opportunity to capitalize AFUDC on these (prudent) investments). Legitimate one-time costs should be amortized over an appropriate benefit period;

(5) Establish a return allowance (allowable earnings or operating income) based upon (i) a measure of investor-supplied capital required for the regulated operations (rate base) and (ii) an allowable rate of return, representing the entity's cost of investor capital. Mr. Copeland discusses the appropriate rate of return for this case; and

(6) Establish a rate base which represents the investor capital committed to access service operations during the test year; in general, rate base would consist of the allocated average net investment in telephone plant in service plus an allowance for working capital.

Q. How would you measure the working capital component of rate base?

A. Generally, I would recommend that a comprehensive lead-lag study be undertaken to establish the need for any cash working capital allowance. Typically, a LEC cannot justify a cash allowance because local service is billed before service is rendered. However, this is not true for access service; access service compensation will be billed and received by the LEC after the end of the service period.

Knowing that there is a significant access charge collection lag and further recognizing that requiring every LEC to prepare a lead-lag study would place a substantial burden on them, the Commission Staff and, ultimately, on the Commission, I recommend that 15 days of cash operating expenses be imputed to access service as a measure of net working capital requirements. While this allowance does not explicitly consider the lags in tax payments and delayed payments of interest on debt that generate working cash, it also does not consider the full, unavoidable revenue collection lag. Fifteen days represents one-half of the monthly service period.

Q. Do the costs and rates developed by Mr. Weiss conform to your

recommendations?

A. His determinations conform in their general format to the procedures I have recommended. That is, revenue requirements are calculated as the sum of all operating expenses, depreciation, taxes and a return allowance with the return allowance calculated to reflect Mr. Copeland's recommended rate of return. Rate base includes the elements I described. However, his cost inputs are those provided by each LEC in this proceeding and reflect a mixture of adjusted actual costs and estimates. In the future, once the procedure is established by the Commission, the individual filings should be reviewed in greater detail for conformity with the known and measurable, test year and rate year concepts incorporated into the methodology.

Q. What procedures should the Commission adopt for administering the access charge ratemaking plan?

A. The appropriate procedure depends upon the rate design alternative which the Commission adopts.

* Statewide average cost rates with mandatory pooling -- If this option is adopted, the Statewide average cost should

be determined annually for the following year. A test year would be established and cost data submitted to the pool for consolidation. The results would be presented to the Commission for approval and, as approved, implemented for a twelve month period. It should be feasible to collect calendar year data three months after the end of the year and to implement a rate change by August 1.

* Company-specific (or voluntary pool) cost-based rates -- With this option, filings can and should be staggered so that the Commission's resources to process each filing in a timely manner will not be strained unduly.

* Floor/cap rates -- Under this plan USWest would make annual filings on a schedule approved by the Commission -- probably one involving a calendar year test year. USWest and ILECs using the USWest rate (their floor) should be able to implement the rate by June 1. For ILECs electing to use their own costs (the cap), filings would be staggered, as under the Company-specific cost option.

Q. I have no other questions at this time.

ROBERT G. TOWERS
Senior Consultant
Chesapeake Regulatory Consultants, Inc.
184 Duke of Gloucester Street
Annapolis, Maryland 21401-2523
(301) 858-6408
Local: (410) 280-0044

Mr. Towers is President of Chesapeake Regulatory Consultants, Inc. Over the past thirty years he has assisted clients in dealing with a wide range of ratemaking policy, accounting, financial, economic and operational issues affecting rates and services offered by all types of utilities. He has testified in more than 160 public utility rate proceedings before regulatory commissions in 26 states and the District of Columbia, the Federal Energy Regulatory Commission and its predecessor the Federal Power Commission.

EMPLOYMENT

1986 - Present	President and Senior Consultant Chesapeake Regulatory Consultants, Inc. Annapolis, Maryland
1970 - 1986	Vice President and Senior Consultant Hess & Lim, Inc. Greenbelt, Maryland
1960 - 1970	Consultant Martin Toscan Bennett Associates Washington, D.C.

As a consultant with each of the firms listed above, Mr. Towers participated extensively in wholesale and retail rate proceedings before federal and state regulatory agencies on behalf of the firms' clients. His participation involved analyses of a broad range of ratemaking concept, accounting, financial, operational, allocation and rate design issues raised by the utility's rate filings or otherwise uncovered. Tasks performed included analysis of the utility's supporting documentation, assistance with discovery and cross-examination, presentation of affirmative testimony, assistance with the preparation of legal briefs and other pleadings, and assistance in settlement negotiations. The subject utilities included electric, gas, steam and water distribution companies; electric generating utilities; gas and products pipeline companies; waste water systems; transit companies; and telecommunication companies.

Clients served by Mr. Towers have included numerous state regulatory commissions and their staffs; consumer advocate agencies of state governments; federal government agencies (as consumers of utility services); cities (as consumers of utility services and as representatives of their citizens); civic organizations; municipally-owned and cooperative utility systems; industrial consumers; and investor-owned utilities (principally as purchasers of utility services from others).

EDUCATION

June 1960 Bachelor of Science Degree in Economics
University of Maryland
College Park, Maryland
Phi Eta Sigma and
Phi Kappa Phi Honor Societies

PROFESSIONAL ORGANIZATIONS

American Economic Association
American Water Works Association

PUBLICATIONS & SPECIAL APPEARANCES

Article "Cost of Debt Capital in Allowed Rates of Return" published in Public Utilities Fortnightly, Vol. 68, No. 1.

Paper "Ratemaking Consideration of Construction Work in Progress" presented to the Conference of State Utility Consumer Advocates, University of Chicago, June 1979.

Paper on CWIP treatment presented to the Iowa State Regulatory Conference, Iowa State University, May 1980.

EXPERT TESTIMONY

Mr. Towers has presented testimony to the following regulatory authorities in more than 160 proceedings.

Arkansas Public Service Commission
Connecticut Public Utilities Control Authority
Delaware Public Service Commission
District of Columbia Public Service Commission
Florida Public Service Commission
Hawaii Public Utilities Commission

Idaho Public Utilities Commission
Iowa Public Utilities Board
Maryland Public Service Commission
Massachusetts Department of Public Utilities
Minnesota Public Utilities Commission
Mississippi Public Service Commission
Montana Public Service Commission
New Mexico Public Service Commission
New York Public Service Commission
Ohio Public Utilities Commission
Pennsylvania Public Utility Commission
Rhode Island Public Utilities Commission
South Dakota Public Utilities Commission
Texas Public Utility Commission
Texas Railroad Commission
Vermont Public Service Board
Virginia State Corporation Commission
Washington Utilities and Transportation Commission
West Virginia Public Service Commission
Wisconsin Public Service Commission
Wyoming Public Service Commission

Federal Energy Regulatory Commission
Federal Power Commission

Schedule 2

Supplemental Direct Testimony of Thomas H Weiss, Docket TC91-040A

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

All Local Exchange Telephone Companies in South Dakota

South Dakota PUC Docket No. TC91-040A

Supplemental Direct Testimony of
Thomas H. Weiss

on behalf of
The South Dakota Public Utilities Commission Staff

February 1992

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Mr. Weiss, please state your business address and occupation.

A. I am an engineer employed as Vice President and Senior Consulting Engineer with Baker G. Clay & Associates, Inc. Our business address is 170 Jennifer Road, Suite 250, Annapolis, Maryland 21401.

Q. Are you the same Thomas H. Weiss who earlier filed direct testimony on behalf of the Commission Staff in this Docket?

A. Yes, I am.

II. PURPOSE OF THE TESTIMONY

Q. What is the purpose of this supplemental direct testimony at this time?

A. My purpose is to explain three adjustments to my Exhibit___(THW-3), as it was originally filed:

1. To update the original version of Exhibit___(THW-3) to reflect the intrastate

9573

carrier access costs associated with GTE exchanges in South Dakota;

1. To revise the original version of Exhibit___(THW-3) to correct for the omission of two (2) categories of Average Schedule Companies' revenues; and

2. To revise the original version of Exhibit___(THW-3) to remove estimated intrastate access Billing and Collection revenues from Average Schedule Companies' total revenues per minute as originally reported.

III. THE ADJUSTMENTS

Q. Please explain the adjustment to reflect the intrastate carrier access costs associated with GTE exchanges in South Dakota.

A. During the time when I was preparing my original direct testimony in this docket, GTE corrected its original response to Item 1 of Staff's first set of data requests to the LECs. Accordingly, at that time it was not possible to include GTE cost results in the original version of Exhibit___(THW-3). At page 16 of my original direct testimony, I requested that the Commission allow me to update that exhibit at a later time. The seventeen page document described as Exhibit___(THW-3), (Updated, Revised 2/22/92), filed herewith, reflects GTE's costs of intrastate carrier access.

Q. What is the effect of including GTE's results with the results for the other Cost Companies as you reported them earlier?

A. By including GTE, two effects are evident: 1) the overall cost of capital increases to 10.71 percent from 10.65 percent as originally filed; 2) the costs of each category of intrastate access cost increases marginally, with the combined overall cost of intrastate access for all the Cost Companies increasing to $0.0943 per minute from $0.0940 per minute as reported earlier.

Q. Please explain your second adjustment.

A. In preparing the original version of Exhibit___(THW-3), I inadvertantly neglected to pick-up some Average Companies' revenues for inclusion on Page 17 of the exhibit. The Updated, Revised version of Exhibit___(THW-3), included herewith, reflects those revenues previously omitted. Specifically, Page 17 of the Updated and Revised version of Exhibit___(THW-3) now includes revenues from two additional settlement categories, Intertoll Dial Switching, and Interexchange Toll Line Haul, which were omitted from the original exhibit. The revenues per minute for nine Average Schedule companies are affected:

Baltic	Interstate	James Valley
Roberts	Sioux Valley	Split Rock
Tri-County	Union	Western.

Q. Please explain the third adjustment.

A. The information submitted to the Staff in response to Staff's request for Average Schedule companies' revenues does not include detail sufficient to separate Billing and Collection

(B&C) costs from the total settlement figures. Accordingly, when preparing the original version of Exhibit___(THW-3), from the data reported by the Cost Companies, I attempted to estimate B&C costs per minute as a function of total access lines. The result of that exercise was that no viable relationship could be predicted. I realize, however, that B&C costs are not insignificant and, therefore, I have developed the average of such costs for the non-USWC Cost Companies. That average, $0.015 per minute, is removed from the revenues reported for the Average Schedule Companies under the far-right column on Page 17 of the Updated, Revised version of Exhibit___(THW-3), included herewith.

Q. Are all of the adjustments which you have just described carried over and reflected in the summary results which you report at Page 1 of the Updated, Revised version of Exhibit___(THW-3)?

A. Yes, they are.

Q. Does that conclude your supplemental direct testimony at this time?

A. Yes, it does.

Exhibit___(TJH-3)
Page 1 of 17
(Updated, Revised
2/22/92)

SUMMARY OF INTRASTATE CARRIER ACCESS SERVICE COSTS PER MINUTE OF ACCESS (1)
South Dakota Local Exchange Carriers

Company	CCL	LS	Info.	LT	Total
(A)	(B)	(C)	(D)	(E)	(F)
RBOC COMPANIES (2):					
1. Qwest D. Sioux Tribe *	$0.0460	$0.0438	$0.0003	$0.0277	$0.1177
2. Golden West Telec. Coop. *	0.0408	0.0336	0.0002	0.0354	0.1099
3. Interstate Telec. *	0.0559	0.0461	0.0006	0.0201	0.1227
4. Kennett Coop. Telco. *	0.0286	0.0759	0.0000	0.0396	0.1452
5. Kadoka Telco. *	0.0428	0.0464	0.0001	0.0448	0.1341
6. Kennebec Tel. Coop. *	0.0317	0.0629	0.0010	0.0294	0.1349
7. Midstate Communications *	0.0224	0.0801	0.0000	0.0000	0.1025
8. Mount Rushmore Tel. Coop. *	0.0423	0.0459	0.0002	0.0430	0.1313
9. Valley Telecom. Coop. *	0.0350	0.0699	0.0003	0.0199	0.1251
10. West River Coop. Telco. *	0.0447	0.0436	0.0003	0.0820	0.1802
11. West River Telecom. Coop. *	0.0443	0.0457	0.0000	0.0000	0.0900
12. Western Coop. Tel.	0.0343	0.0248	0.0010	0.0203	0.1204
13. USWC	0.0403	0.0049	0.0075	0.0310	0.0837
14. GTE	0.0539	0.0043	0.0000	0.0066	0.0647
15. RBOC COMPANIES COMBINED	$0.0464	$0.0163	$0.0063	$0.0310	$0.0942
AVERAGE SCHEDULE COMPANIES:					
16. Armour Mut. Telco. *	--	--	--	--	$0.0445
17. Castle Telecom Coop. *	--	--	--	--	0.0436
18. Faulkton Municipal Tel. *	--	--	--	--	0.0497
19. Hughes Municipal Tel. *	--	--	--	--	0.0855
20. Union Mut. Telco. *	--	--	--	--	0.0860
21. Kennebec Tel. Telco. *	--	--	--	--	0.0775
22. Interstate Telecom. Coop. *	--	--	--	--	0.0854
23. Lynn Valley Coop. *	--	--	--	--	0.0570
24. Northwest Telephone Co. *	--	--	--	--	0.0494
25. Roberts Co. Tel. Coop. *	--	--	--	--	0.0743
26. Sioux Valley Telco. *	--	--	--	--	0.0668
27. Splitrock Telecom. Coop. *	--	--	--	--	0.0701
28. Tri-County Mutual *	--	--	--	--	0.0918
29. Union Telco. *	--	--	--	--	0.0879
30. Viborg Telco. *	--	--	--	--	0.0771
31. Western Telec. *	--	--	--	--	0.0681
32. Golden Telephone Co.	--	--	--	--	0.1088
33. Mt. Commerce Telephone Co.	--	--	--	--	0.0719
34. AVE. SCHED. COS. COMBINED	--	--	--	--	$0.0699

NOTES: (1) - Per Average Schedule companies, revenue per billed minute (Ln. 5502) is reported in lieu of costs.

(2) - Capital Costs 10.71%
(12.000% on Equity)

22-Feb-92
01:51 PM

FROM DIGGER'S DAY 57501 02-25-92 02:53PM PAGE 013

Exhibit___(TMM-3)
Page 2 of 17
(Updated, Revised
2/22/93)

CHEYENNE RIVER SIOUX TRIBE TELEPHONE AUTHORITY
Cost of Interstate Carrier Access Service
SPF=0.25; Vtd. DEM

1990 Projected to 1991, Projected to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$563,756	$439,844	$0	$314,121
2. CWC	2,781	3,334	46	1,721
3. Total Net Investment	$566,537	$443,378	$46	$317,843
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$60,676	$47,484	$5	$34,042
6. Fixed Charges @ 3.1%	(18,808)	(14,164)	(1)	(10,151)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$42,573	$33,322	$3	$23,888
9. FED. INC. TAX @ 0.00%	$0	$0	$0	$0
10. Expenses and Other Taxes	$62,263	$21,000	$1,000	$28,827
11. Deprec. and Amort.	31,983	32,869	0	26,772
12. S. D. Taxes @ 3.00%	5,410	4,990	34	3,864
13. TOTAL EXP. & OTHER TAXES	$119,656	$118,859	$1,122	$88,756
14. TOTAL INTRALATA COST	$180,332	$166,343	$1,127	$122,777
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$21,313	$16,715	$0	$12,043
16. CWC	107	374	0	309
17. Total Net Investment	$21,420	$17,089	$0	$12,334
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$2,294	$1,830	$0	$1,321
20. Fixed Charges @ 3.1%	(664)	(544)	0	(393)
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$1,610	$1,295	$0	$928
23. FED. INC. TAX @ 0.00%	$0	$0	$0	$0
24. Expenses and Other Taxes	$2,402	$1,748	$0	$1,211
25. Deprec. and Amort.	1,983	1,251	0	1,031
26. S. D. Taxes @ 3.00%	204	346	0	274
27. TOTAL EXP. & OTHER TAXES	$4,573	$3,357	$0	$2,549
28. TOTAL INTERLATA COST	$6,867	$5,187	$0	$3,872
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$187,199	$171,532	$1,127	$126,650
30. Applicable Minutes	4,072,781	4,072,781	4,072,781	4,072,781
31. Indicated Rate	$0.0460	$0.0438	$0.0003	$0.0277

25-Feb-93
01:31 PM

G:\WORK\REG264\EXH19A7A.WK3

9378

03-25-93 03:53PM

Exhibit___(TSM-3)
Page 3 of 17
(Updated, Revised
2/22/92)

GOLDEN WEST TELECOMMUNICATIONS COOPERATIVE, INC.
Cost of Intrastate Carrier Access Service
PPF=0.25; Utd. DEM

1990 Projected to 1991, Projected to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$1,868,405	$1,356,859	$0	$1,269,873
2. CWC	19,939	16,365	230	18,474
3. Total Net Investment	$1,888,335	$1,373,224	$230	$1,288,348
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$202,261	$147,072	$25	$137,983
6. Fixed Charges @ 5.76%	(108,679)	(79,033)	(13)	(74,148)
7. Amortize ITC	(16,976)	(11,953)	0	(14,179)
8. Net Taxable Income	$76,583	$56,106	$11	$49,655
9. FED. INC. TAX @ 34.00%	$39,459	$28,903	$6	$25,580
10. Expenses and Other Taxes	$405,816	$333,176	$4,647	$378,123
11. Depres. and Amort.	261,146	230,009	0	240,719
12. S. D. Taxes @ 3.00%	24,935	20,474	226	23,113
13. TOTAL EXP. & OTHER TAXES	$711,897	$603,659	$4,975	$689,954
14. TOTAL INTRALATA COST	$954,615	$767,791	$5,006	$809,337
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$110,708	$81,240	$3	$72,856
16. CWC	1,104	1,914	13	2,120
17. Total Net Investment	$111,812	$83,154	$13	$74,980
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$11,979	$8,906	$1	$8,030
20. Fixed Charges @ 5.76%	(6,396)	(4,758)	(1)	(4,291)
21. Amortize ITC	(1,005)	(713)	0	(814)
22. Net Taxable Income	$4,572	$3,435	$0	$2,925
23. FED. INC. TAX @ 34.00%	$2,353	$1,770	$0	$1,507
24. Expenses and Other Taxes	$25,714	$41,138	$291	$45,729
25. Depres. and Amort.	16,646	14,916	0	14,825
26. S. D. Taxes @ 3.00%	1,227	2,129	15	2,347
27. TOTAL EXP. & OTHER TAXES	$41,587	$58,183	$296	$62,919
28. TOTAL INTERLATA COST	$54,912	$68,166	$298	$71,642
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$991,527	$835,847	$5,305	$880,979
30. Applicable Minutes	26,816,301	24,909,120	24,909,120	24,909,120
31. Indicated Rate	$0.0400	$0.0336	$0.0002	$0.0354

22-Feb-92
01:31 PM

Exhibit___(THW-3)
Page 4 of 17
(Updated, Revised
2/22/92)

KENNEBEC TELEPHONE COMPANY, INC.
Cost of Intrastate Carrier Access Service
SPFe0.23; Wtd. DEM

1990 Projected to 1991, Preformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$95,989	$59,625	$0	$28,719
2. CWC	1,256	1,206	22	499
3. Total Net Investment	$97,339	$60,831	$22	$29,218
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$10,414	$6,515	$2	$3,129
6. Fixed Charges @ 2.22%	(1,968)	(1,231)	(0)	(591)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$8,447	$5,284	$2	$2,538
9. FED. INC. TAX @ 17.40%	$1,779	$1,113	$0	$535
10. Expenses and Other Taxes	$28,851	$25,024	$511	$11,589
11. Depres. and Amort.	9,230	5,802	0	2,864
12. S. T. Taxes @ 3.00%	1,205	1,203	14	558
13. TOTAL EXP. & OTHER TAXES	$39,286	$25,139	$527	$14,951
14. TOTAL INTRALATA COST	$51,829	$42,787	$538	$18,615
INTERSTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 2.00%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 17.40%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Depres. and Amort.	0	0	0	0
26. S. T. Taxes @ 3.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$51,829	$42,787	$538	$18,615
30. Applicable Minutes	927,056	927,056	927,056	927,056
31. Indicated Rate	$0.0559	$0.0461	$0.0200	$0.0201

22-Feb-92
01:31 PM

Exhibit___(THM-3)
Page 5 of 17
(Updated, Revised
2/22/92)

McCOOK COOPERATIVE TELEPHONE COMPANY
Cost of Intrastate Carrier Access Service
SPF=0.29; Wtd. DEM

1990 Projected to 1991, Preformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$97,508	$375,461	$0	$246,393
2. CWC	759	1,954	0	1,436
3. Total Net Investment	997,767	$377,415	$0	$248,819
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$19,471	$40,421	$0	$26,705
6. Fixed Charges @ 6.04%	(5,906)	(22,798)	0	(10,190)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$6,565	$17,623	$0	$12,515
9. FED. INC. TAX @ 18.43%	$1,031	$3,952	$0	$2,828
10. Expenses and Other Taxes	$17,906	$43,447	$0	$36,343
11. Deprec. and Amort.	10,473	45,108	0	34,477
12. S. S. Taxes @ 7.65%	1,453	4,112	0	3,227
13. TOTAL EXP. & OTHER TAXES	$30,930	$92,667	$0	$76,047
14. TOTAL INTRALATA COST	$48,432	$137,070	$0	$107,520
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	0.00%	0.00%	0.00%	0.00%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 6.04%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 18.43%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Deprec. and Amort.	0	0	0	0
26. S. S. Taxes @ 7.65%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$48,432	$137,070	$0	$107,520
30. Applicable Minutes	1,807,031	1,807,031	1,807,031	1,807,031
31. Indicated Rate	$0.0268	$0.0759	$0.0000	$0.0595

22-Feb-92
01:31 PM

Exhibit___(TMW-3)
Page 6 of 17
(Updated, Revised
2/22/92)

MIDSTATE TELEPHONE COMPANY
Cost of Interstate Carrier Access Service
SPF=0.25; Wtd. DEM

1990 Projected to 1991, Proformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTERSTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$785,671	$869,753	$0	$877,552
2. CWC	2,628	3,201	23	3,144
3. Total Net Investment	$791,299	$902,954	$23	$880,716
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$84,748	$96,706	$2	$94,325
6. Fixed Charges @ 4.05%	(32,029)	(36,548)	(1)	(35,648)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$52,719	$60,158	$2	$58,677
9. FED. INC. TAX @ 34.00%	$27,150	$30,991	$1	$30,227
10. Depreciation and Other Taxes	$56,449	$59,743	$543	$60,813
11. Deprec. and Amort.	73,942	65,908	8	72,431
12. S. U. Taxes @ 3.00%	7,605	8,147	17	8,221
13. TOTAL DEP. & OTHER TAXES	$137,936	$143,878	$568	$140,465
14. TOTAL INTRALATA COST	$249,843	$271,567	$543	$274,017
INTERSTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 4.05%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Depreciation and Other Taxes	$0	$0	$0	$0
25. Deprec. and Amort.	0	0	0	0
26. S. U. Taxes @ 3.00%	0	0	0	0
27. TOTAL DEP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTERSTATE ACCESS COST OF SERVICE	$249,843	$271,567	$543	$274,017
30. Applicable Minutes	5,831,575	5,857,537	5,857,537	5,857,537
31. Indicated Rate	$0.0428	$0.0464	$0.0001	$0.0468

22-Feb-92
01:31 PM

S:\WORK\MIDSTATE\EXHIBITA.WK3

Exhibit___(THG-3)
Page 7 of 17
(Updated, Revised
2/22/92)

BADGER TELEPHONE COOPERATIVE
Cost of Intrastate Carrier Access Service
SPF=0.25; Wtd. DEM

1990 Projected to 1991, Proformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE INVESTMENT:				
1. Net Inv., ex CWC, TPUC	$421,779	$755,752	$6	$422,027
2. CWC	2,430	4,844	248	2,348
3. Total Net Investment	$424,212	$760,596	$248	$424,375
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$66,853	$81,448	$26	$45,451
6. Fixed Charges @ 6.26%	(25,452)	(32,251)	(10)	(17,583)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$40,401	$49,229	$16	$27,447
9. FED. INC. TAX @ 34.00%	$20,813	$25,350	$8	$14,139
10. Expenses and Other Taxes	$53,437	$105,319	$5,664	$51,732
11. Depres. and Amort.	44,778	160,143	0	43,431
12. S. D. Taxes @ 3.00%	5,793	11,545	176	5,304
13. TOTAL EXP. & OTHER TAXES	$103,168	$277,007	$5,840	$120,197
14. TOTAL INTRASTATE COST	$191,834	$384,847	$5,874	$179,787
INTERSTATE-INTRALATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 6.26%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Depres. and Amort.	0	0	0	0
26. S. D. Taxes @ 3.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTRALATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$191,834	$384,847	$5,874	$179,787
30. Applicable Minutes	6,653,081	6,119,436	6,119,436	6,119,436
31. Indicated Rate	$0.0317	$0.0629	$0.0010	$0.0294

20-Feb-92
01:31 PM

STOCKHOLM-STRANDBURG TELEPHONE COMPANY
Cost of Intrastate Carrier Access Service
SPF=0.25; Wtd. DEM

1990 Projected to 1991, Proformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$29,397	$91,125	$0	$0
2. CWC	193	581	0	0
3. Total Net Investment	$29,590	$91,706	$0	$0
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$3,169	$9,822	$0	$0
6. Fixed Charges @ 2.29%	(679)	(2,104)	0	0
7. Amortize ITC	(160)	(289)	0	0
8. Net Taxable Income	$2,330	$7,429	$0	$0
9. FED. INC. TAX @ 13.00%	$346	$1,110	$0	$0
10. Expenses and Other Taxes	$4,479	$13,565	$0	$0
11. Deprec. and Amort.	2,944	6,253	0	0
12. S. T. Taxes @ 2.84%	228	639	0	0
13. TOTAL EXP. & OTHER TAXES	$7,647	$20,397	$0	$0
14. TOTAL INTRALATA COST	$11,004	$31,040	$0	$0
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 4.24%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Deprec. and Amort.	0	0	0	0
26. S. T. Taxes @ 5.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$11,004	$31,040	$0	$0
30. Applicable Minutes	387,680	387,680	387,680	387,680
31. Indicated Rate	$0.0284	$0.0801	$0.0000	$0.0000

12-Feb-93
01:31 PM

Exhibit___(TMN-3)
Page 9 of 17
(Updated, Revised
2/22/92)

SULLY BUTTES TELEPHONE COOPERATIVE, INC.
Cost of Intrastate Carrier Access Service
EPF=0.25; Wtd. DEM

1990 Projected to 1991, Preformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$1,043,027	$1,551,405	$0	$1,004,797
2. CWC	5,774	8,421	41	5,909
3. Total Net Investment	$1,048,801	$1,559,826	$41	$1,010,616
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$112,327	$167,087	$7	$108,431
6. Fixed Charges @ 4.72%	(49,508)	(73,618)	(3)	(47,711)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	862,827	993,439	$4	$60,659
9. FED. INC. TAX @ 34.00%	822,345	$48,135	$2	$31,849
10. Expenses and Other Taxes	$128,618	$186,245	$1,434	$131,198
11. Expens. and Amort.	111,136	202,291	0	122,461
12. R. E. Taxes @ 3.00%	11,898	18,649	45	12,181
13. TOTAL EXP. & OTHER TAXES	$251,434	$407,115	$1,479	$266,340
14. TOTAL INTRALATA COST	$396,328	$422,308	$1,487	$406,048
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 4.72%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Expens. and Amort.	0	0	0	0
26. R. E. Taxes @ 3.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$396,328	$422,308	$1,487	$406,048
30. Applicable Minutes	9,300,203	9,442,174	9,442,174	9,442,174
31. Indicated Rate	$0.0425	$0.0459	$0.0002	$0.0430

Exhibit___(THW-3)
Page 10 of 17
(Updated, Revised
2/22/92)

VALLEY TELECOMMUNICATIONS COOPERATIVE ASSOCIATION
Cost of Interstate Carrier Access Service
SPF=0.25; Std. DEN

1990 Projected to 1991, Performed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$337,008	$558,843	$0	$161,492
2. CWC	1,661	4,044	46	1,153
3. Total Net Investment	$338,666	$562,887	$46	$162,645
4. Cost of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$35,300	$60,223	$5	$17,419
6. Fixed Charges @ 3.80%	(12,662)	(21,686)	(2)	(6,266)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$22,638	$38,699	$3	$11,153
9. FED. INC. TAX @ 34.00%	$11,610	$19,884	$2	$5,746
10. Expenses and Other Taxes	$34,706	$91,022	$1,092	$25,942
11. Depr. and Amort.	36,199	67,448	0	18,926
12. S. T. Taxes @ 3.00%	3,703	7,369	34	2,125
13. TOTAL EXP. & OTHER TAXES	$76,608	$165,843	$1,126	$46,993
14. TOTAL INTRALATA COST	$123,418	$246,013	$1,133	$70,158
INTRASTATE-INTERLATA:				
1. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
2. CWC	0	0	0	0
3. Total Net Investment	$0	$0	$0	$0
4. Cost of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$0	$0	$0	$0
6. Fixed Charges @ 4.24%	0	0	0	0
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$0	$0	$0	$0
9. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
10. Expenses and Other Taxes	$0	$0	$0	$0
11. Depr. and Amort.	0	0	0	0
12. S. T. Taxes @ 3.00%	0	0	0	0
13. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
14. TOTAL INTERLATA COST	$0	$0	$0	$0
15. TOTAL INTRASTATE ACCESS COST OF SERVICE	$123,418	$246,013	$1,133	$70,158
16. Applicable Minutes	3,321,791	3,321,791	3,321,791	3,321,791
17. Settlement Rate	$0.0338	$0.0699	$0.0003	$0.0199

22-Feb-92
01:31 PM

[illegible]\ACCESS.WK3

9586

Exhibit___(THW-3)
Page 11 of 17
(Updated, Revised
2/22/92)

WEST RIVER COOPERATIVE TELEPHONE COMPANY
Cost of Interstate Carrier Access Service
gPP=0.25; Wtd. DEM

1990 Projected to 1991, Preformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
[illegible]-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$441,682	$302,308	$0	$372,671
2. CWC	3,814	4,668	0	3,291
3. Rate Of Investment	$444,705	$307,148	$0	$375,962
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$49,843	$41,444	$0	$40,266
6. Fixed Charges @ 2.42%	(16,912)	(9,613)	0	(9,358)
7. Amortized ITC	0	0	0	0
8. Net Taxable Income	$33,014	$31,840	$0	$30,918
9. FED. INC. TAX @ 19.85%	$13,160	$7,902	$0	$7,674
10. Franchise and Gross Taxes	$40,987	$100,738	$0	$76,525
11. Regul. and Amort.	61,339	36,916	0	46,244
12. S. D. Taxes @ 2.00%	4,439	4,355	0	3,583
13. Total Rev. & Other Taxes	$134,376	$144,009	$0	$126,652
14. TOTAL INTRALATA COST	$217,034	$213,374	$0	$174,592
[illegible]-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Rate Of Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 2.42%	0	0	0	0
21. Amortized ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 19.85%	$0	$0	$0	$0
24. Franchise and Gross Taxes	$0	$0	$0	$0
25. Regul. and Amort.	0	0	0	0
26. S. D. Taxes @ 2.00%	0	0	0	0
27. Total Rev. & Other Taxes	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$217,034	$213,374	$0	$174,592
30. Switched Minutes	3,337,309	3,337,309	3,337,309	3,337,309
31. Switched Rate	$0.0667	$0.0638	$0.0000	$0.0529

22-Feb-92
01:31 PM

[illegible]

9587

[illegible] 02-25-92 02:53PM P018 R15

Exhibit___(THW-3)
Page 12 of 17
(Updated, Revised
2/22/92)

WEST RIVER TELECOMMUNICATIONS COOPERATIVE
Cost of Interstate Carrier Access Service
SPF=0.25; Wtd. DEM

1990 Projected to 1991, Proformed to 1995

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
2. CWC	0	0	0	0
3. Total Net Investment	$0	$0	$0	$0
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$0	$0	$0	$0
6. Fixed Charges @ 0.00%	0	0	0	0
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	$0	$0	$0	$0
9. FED. INC. TAX @ 0.00%	$0	$0	$0	$0
10. Expenses and Other Taxes	$0	$0	$0	$0
11. Deprec. and Amort.	0	0	0	0
12. S. D. Taxes @ 0.00%	0	0	0	0
13. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
14. TOTAL INTRALATA COST	$0	$0	$0	$0
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 4.24%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Expenses and Other Taxes	$0	$0	$0	$0
25. Deprec. and Amort.	0	0	0	0
26. S. D. Taxes @ 3.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$46,394	$48,809	$0	$0
30. Applicable Minutes	1,002,041	1,002,041	1,002,041	1,002,041
31. Indication Rate	$0.0463	$0.0487	$0.0000	$0.0000

22-Feb-92
01:21 PM

Exhibit___(TTH-3)
Page 13 of 17
(Updated, Revised
2/22/92)

DAKOTA COOPERATIVE TELEPHONE COMPANY, INC.
Cost of Intrastate Carrier Access Service
DPfeb.25; Wtd. DEM

1990 Projected to 1991, Projected to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$1,215,693	$1,367,789	$0	$727,175
2. CWC	7,173	10,377	421	5,184
3. Total Net Investment	$1,222,868	$1,378,166	$421	$732,359
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$130,960	$147,692	$45	$78,467
6. Fixed Charges @ 4.50%	(55,007)	(62,002)	(19)	(33,041)
7. Amortize ITC	0	0	0	0
8. Net Taxable Income	875,853	985,519	324	566,863
9. FED. INC. TAX @ 34.00%	$39,891	$44,885	$13	$25,751
10. Franchise and Other Taxes	$163,689	$234,458	$9,933	$117,281
11. Depres. and Amort.	17,327	157,887	0	72,511
12. S. D. Taxes @ 3.00%	10,857	18,842	309	9,645
13. TOTAL EXP. & OTHER TAXES	$191,853	$410,369	$10,242	$199,438
14. TOTAL INTRALATA COST	$361,914	$602,656	$10,301	$303,196
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$0	$0	$0	$0
16. CWC	0	0	0	0
17. Total Net Investment	$0	$0	$0	$0
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$0	$0	$0	$0
20. Fixed Charges @ 4.50%	0	0	0	0
21. Amortize ITC	0	0	0	0
22. Net Taxable Income	$0	$0	$0	$0
23. FED. INC. TAX @ 34.00%	$0	$0	$0	$0
24. Franchise and Other Taxes	$0	$0	$0	$0
25. Depres. and Amort.	0	0	0	0
26. S. D. Taxes @ 3.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$0	$0	$0	$0
28. TOTAL INTERLATA COST	$0	$0	$0	$0
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$361,914	$602,656	$10,301	$303,196
30. Applicable Minutes	10,390,614	10,602,808	10,602,808	10,602,808
31. Indicated Rate	$0.0348	$0.0568	$0.0010	$0.0286

[illegible]
01131 PM

[illegible]

9580

Exhibit___(TSM-3)
Page 14 of 17
(Updated, Revised
2/22/93)

USWC
Cost of Intrastate Carrier Access Service
SPF=0.23; DEM & Ox. MCU

1990 Actuals, Preformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$27,799,684	$7,521,599	$126,443	$23,796,910
2. CWC	255,486	69,744	96,819	219,326
3. Total Net Investment	$28,054,172	$7,601,643	$223,262	$24,016,219
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$3,003,441	$814,134	$23,913	$2,572,137
6. Fixed Charges @ 3.11%	(872,441)	(236,422)	(6,950)	(747,371)
7. Amortize ITC	(147,837)	(41,058)	(469)	(130,010)
8. Net Taxable Income	$1,981,962	$536,676	$16,274	$1,694,356
9. Fed. Inc. Tax @ 34.00%	$1,010,728	$276,346	$8,334	$872,983
10. Insurance and Other Taxes	$5,730,218	$1,697,105	$2,335,915	$5,336,119
11. Interest and Amort.	3,736,690	999,335	16,649	3,022,743
12. S. D. Taxes @ 6.00%	0	0	0	0
13. TOTAL EXP. & OTHER TAXES	$9,466,916	$2,696,441	$2,352,597	$8,419,360
14. TOTAL INTRALATA COST	$13,312,217	$3,739,008	$2,406,265	$11,736,349
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$2,983,343	$804,170	$47,915	$2,732,334
16. CWC	25,497	6,743	31,336	26,143
17. Total Net Investment	$3,008,840	$810,913	$79,250	$2,758,477
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$321,947	$86,765	$8,482	$295,430
20. Fixed Charges @ 3.11%	(93,571)	(25,115)	(2,465)	(85,823)
21. Amortize ITC	(17,946)	(4,749)	(254)	(14,486)
22. Net Taxable Income	$210,430	$56,870	$5,770	$195,080
23. Fed. Inc. Tax @ 34.00%	$108,405	$29,007	$2,972	$100,503
24. Insurance and Other Taxes	$425,236	$212,759	$762,302	$434,668
25. Interest and Amort.	386,758	112,735	6,041	354,084
26. S. D. Taxes @ 6.00%	0	0	0	0
27. TOTAL EXP. & OTHER TAXES	$1,022,094	$325,534	$768,343	$1,072,439
28. TOTAL INTERLATA COST	$1,434,438	$450,426	$779,733	$1,354,144
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$14,746,655	$4,190,332	$3,185,998	$13,088,303
30. Applicable Minutes	346,644,789	422,077,043	422,077,043	422,077,043
31. Indicated Rate	$0.0425	$0.0099	$0.0075	$0.0310

03-04-97
01:31 PM

Exhibit ___(TSH-1)
Page 15 of 17
(Updated, Revised
2/22/92)

GTE
Cost of Interstate Carrier Access Service
SPF=0.25; Wtd. DEM (**)

1990, Projected to 1995

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$1,280,234	$771,754	$0	$164,788
2. CWC	13,969	8,157	0	1,886
3. Total Net Investment	$1,308,203	$779,911	$0	$166,386
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$139,973	$77,103	$0	$17,823
6. Fixed Charges @ 5.93%	(77,309)	(42,796)	0	(9,827)
7. Amortiz ITC	(10,072)	(5,873)	0	(2,353)
8. Net Taxable Income	$44,193	$25,325	$0	$5,643
9. FED. INC. TAX @ 34.00%	$22,794	$13,149	$0	$2,861
10. Expenses and Other Taxes	$205,273	$176,914	$0	$39,147
11. Depres. and Amort.	169,365	142,854	0	31,117
12. S. U. Taxes @ 5.00%	35,230	21,520	0	4,797
13. TOTAL EXP. & OTHER TAXES	$233,432	$241,303	$0	$75,661
14. TOTAL INTRALATA COST	$438,719	$422,736	$0	$95,431
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$112,434	$44,050	$0	$8,442
16. CWC	1,295	2,492	0	131
17. Total Net Investment	$113,828	$46,411	$0	$8,573
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$12,191	$4,971	$0	$229
20. Fixed Charges @ 5.93%	(6,752)	(2,753)	0	(153)
21. Amortiz ITC	(1,353)	(327)	0	(39)
22. Net Taxable Income	$4,684	$1,660	$0	$84
23. FED. INC. TAX @ 34.00%	$2,164	$870	$0	$48
24. Expenses and Other Taxes	$20,274	$54,020	$0	$2,905
25. Depres. and Amort.	16,760	8,088	0	401
26. S. U. Taxes @ 5.00%	3,017	3,418	0	193
27. TOTAL EXP. & OTHER TAXES	$40,051	$46,526	$0	$3,498
28. TOTAL INTERLATA COST	$30,991	$71,838	$0	$3,807
29. TOTAL INTRASTATE ACCESS COST OF SERVICE (**)	$739,718	$494,574	$0	$97,758
30. Applicable Minutes	13,618,038	14,484,437	14,484,437	14,484,437
31. Indicated Rate	$0.0543	$0.0343	$0.0000	$0.0068

** -- CCL costs adjusted downward by 24% to reflect SPF = 0.25. $1,340,05
(GTE cost study shows SPF = 0.34) $1,121.00

Exhibit___(TBH-3)
Page 16 of 17
(Updated, Revised
2/22/93)

ALL COST COMPANIES COMBINED

Cost of Intrastate Carrier Access Service

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$26,388,339	$16,882,609	$126,443	$29,438,344
2. CWC	397,692	137,876	97,908	364,491
3. Total Net Investment	$26,677,391	$16,219,685	$224,371	$29,684,833
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$3,928,149	$1,737,128	$24,030	$3,179,346
6. Fiscal Charges	(1,277,028)	(434,440)	(7,208)	(1,699,696)
7. Amortize ITC	(201,068)	(62,133)	(699)	(146,242)
8. Net Taxable Income	$2,450,084	$1,048,555	$16,341	$2,634,384
9. FED. INC. TAX	$1,221,314	$500,951	$8,416	$1,317,712
10. Revenue and Other Taxes	$7,341,387	$3,169,717	$2,388,883	$4,310,344
11. Depres. and Amort.	4,439,124	2,188,538	16,469	3,878,981
12. S. H. Taxes	112,550	121,227	915	75,[illegible]
13. TOTAL REV. & OTHER TAXES	$11,813,181	$5,471,784	$2,398,467	$8,322,[illegible]
14. TOTAL INTRALATA COST	$16,761,578	$7,447,793	$2,430,224	$14,373,[illegible]
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$3,224,923	$1,826,534	$47,933	$2,510,[illegible]
16. CWC	28,112	13,434	11,349	26,[illegible]
17. Total Net Investment	$3,253,108	$1,849,968	$59,282	$2,536,[illegible]
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$348,437	$112,452	$6,405	$[illegible]
20. Fiscal Charges	(137,468)	(36,175)	(2,490)	(98,[illegible])
21. Amortize ITC	(20,306)	(5,991)	(224)	(13,[illegible])
22. Net Taxable Income	$220,663	$70,283	$3,778	$[illegible]
23. FED. INC. TAX	$112,652	$35,546	$2,072	$[illegible]
24. Revenue and Other Taxes	$477,676	$317,437	$[illegible]	$[illegible]
25. Depres. and Amort.	432,109	137,648	4,041	[illegible]
26. S. H. Taxes	4,450	4,113	15	[illegible]
27. TOTAL REV. & OTHER TAXES	$1,114,235	$460,998	$[illegible]	$1,047,[illegible]
28. TOTAL INTERLATA COST	$1,[illegible]	$[illegible]	$[illegible]	$1,[illegible]
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$18,[illegible]	$[illegible]	$[illegible]	$[illegible]
30. Applicable Minutes	438,[illegible]	307,[illegible]	307,[illegible]	307,[illegible]
31. Incremental Rate	$0.0406	$0.0163	$0.0063	$0.0[illegible]

NOTE: This schedule EXCLUDES West River Telcom. Coop. (no data).

22-Feb-93
01:31 PM

Exhibit___(TMI-3)
Page 17 of 17
(Updated, Revised
2/22/92)

AVERAGE SCHEDULE COMPANIES

1990 Interstate Revenue per Billed Access Minute

Avg. Schedule Companies	1990 Revenues	Billed Minutes	Rev. per Billed Minute: Total	Rev. per Billed Minute: Ex. BAC(1)
1. [illegible] Independent Telco.	$165,814	1,306,348	$0.[illegible]	$0.[illegible]
2. [illegible] Telecom Corp.	$136,462	1,865,264	$0.[illegible]	$0.[illegible]
3. [illegible] Rural/Area Tel.	$127,600	1,578,516	$0.[illegible]	$0.[illegible]
4. [illegible] Consolidated Tel.	$[illegible],726	13,153,168	$0.[illegible]	$0.[illegible]
5. [illegible] of South Mont. Telco.	$[illegible],853	771,652	$0.[illegible]	$0.[illegible]
6. [illegible] Co. Telco.	$[illegible],006	1,467,434	$0.[illegible]	$0.[illegible]
7. [illegible]Wide Telecm. Corp.	$1,170,961	11,826,268	$0.[illegible]	$0.[illegible]
8. [illegible] Valley Corp.	$[illegible],696	5,334,376	$0.[illegible]	$0.[illegible]
9. [illegible]ermont Telephone Co.	$[illegible],073	432,982	$0.[illegible]	$0.[illegible]
10. [illegible]berta Co. Tel. Comp.	$[illegible],318	294,756	$0.[illegible]	$0.[illegible]
11. [illegible] Valley Telco.	$[illegible],[illegible]	11,131,406	$0.[illegible]	$0.[illegible]
12. [illegible]ilbrook Telecm. Corp.	$[illegible],781	3,313,008	$0.[illegible]	$0.[illegible]
13. [illegible]-County Manual	$[illegible],[illegible]	[illegible],000	$0.[illegible]	$0.[illegible]
14. [illegible] Telco.	$117,333	1,[illegible],736	$0.[illegible]	$0.[illegible]
15. [illegible]dom Telco.	$[illegible],[illegible]	[illegible],[illegible]	$0.[illegible]	$0.[illegible]
16. [illegible]ntana Telco.	$[illegible],[illegible]	1,[illegible],[illegible]	$0.[illegible]	$0.[illegible]
17. [illegible]dale Telephone Co.	$[illegible],113	1,[illegible],[illegible]	$0.[illegible]	$0.[illegible]
18. [illegible]. Rochester Telephone Co.	$[illegible],[illegible]	[illegible],[illegible]	$0.[illegible]	$0.[illegible]
19. [illegible], ALL AVG. SCHED. COS.	$6,[illegible],[illegible]	53,472,437	$0.[illegible]	$0.[illegible]

[illegible] -- (1) BAC reflected at the average of the cost companies, $0.0136/min.

[illegible]
01:31 PM

[illegible]

[illegible] 2

[illegible] Interstate Telecommunications Separation - Part 32

	Investment Summary	Total Company	Factor/ Allocator	Interstate	Interstate				
					Message Telephone Service		Private Line		TOTAL INTERSTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
25	Other Assets, Net	0	n/a	0	0	0	0	0	0
27	Accumulated Depr./Amort	(26,[illegible],614)	836	(17,840,312)	(434,386)	(7,386,192)	0	(329,646)	(8,140,102)
28	Accum. Def. Inc. Taxes, Net	(3,[illegible],927)	837	(2,366,987)	(68,531)	(1,183,841)	0	(41,968)	(1,294,340)
29	Oth. Liab. & Def. Cr., Net	0	Dir	0	0	0	0	0	0
30	TOTAL NET PLANT	$15,441,499		$15,442,968	$256,788	$4,375,406	$0	$165,347	$4,798,536
32	Materials and Supplies	397,532	831	290,219	5,780	96,648	0	4,885	107,313
34	Rural Tel. Bank Stock	135,952	835	91,644	2,256	38,441	0	1,393	42,228
35	Cash Working Capital	237,479	Formula	193,503	5,486	66,425	0	2,385	74,196
36	Equit Assoc Investment	0	Dir	0	0	0	0	0	0
38	TOTAL NET INVESTMENT	$16,220,642		$11,198,327	$270,306	$4,577,921	$0	$174,209	$5,022,335

[illegible]

[illegible] PIERRE S. DAK. 57501

Exhibit [illegible] (MDM-1)
Page 38 of 41

Schedule 2, Page 32

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

All Local Exchange Telephone Companies in South Dakota

South Dakota PUC Docket No. TC91-040B

Supplemental Direct Testimony of
Thomas H. Weiss

on behalf of
The South Dakota Public Utilities Commission Staff

February 1992

I. WITNESS IDENTIFICATION AND QUALIFICATIONS

Q. Mr. Weiss, please state your business address and occupation.

A. I am an engineer employed as Vice President and Senior Consulting Engineer with Baker G. Clay & Associates, Inc. Our business address is 170 Jennifer Road, Suite 250, Annapolis, Maryland 21401.

Q. Are you the same Thomas H. Weiss who earlier filed direct testimony on behalf of the Commission Staff in this Docket?

A. Yes, I am.

II. PURPOSE OF THIS TESTIMONY

Q. What is the purpose of this supplemental direct testimony at this time?

A. My purpose is to explain three adjustments to my Exhibit___(THW-1), as it was originally filed:

1. To update the original version of Exhibit___(THW-1) to reflect the intrastate

carrier access costs associated with GTE exchanges in South Dakota;

1. To revise the original version of Exhibit___(TRW-1) to correct for the omission of two (2) categories of Average Schedule Companies' revenues; and

2. To revise the original version of Exhibit___(TRW-1) to remove estimated intrastate access Billing and Collection revenues from Average Schedule Companies' total revenues per minute as originally reported.

III. THE ADJUSTMENTS

Q. Please explain the adjustment to reflect the intrastate carrier access costs associated with GTE exchanges in South Dakota.

A. During the time when I was preparing my original direct testimony in this docket, GTE corrected its original response to Item 1 of Staff's first set of data requests to the LECs. Accordingly, at that time it was not possible to include GTE cost results in the original version of Exhibit___(TRW-1). At page 8 of my original direct testimony, I requested that the Commission allow me to update that exhibit at a later time. The single page document described as Exhibit___(TRW-1), (Updated, Revised 3/22/02), filed herewith, reflects GTE's costs of intrastate carrier access.

Q. What is the effect of including GTE's results with the results for the other Cost Companies as you reported them earlier?

A. By including OTR, two effects are evident: 1) the overall cost of capital increases to 10.71 percent from 10.65 percent as originally filed; 2) the costs of each category of intrastate access cost increases marginally, with the combined overall cost of intrastate access for all the Cost Companies increasing to $0.0943 per minute from $0.0940 per minute as reported earlier.

Q. Please explain your second adjustment.

A. In preparing the original version of Exhibit___(THW-1), I inadvertantly neglected to pick-up some Average Companies' revenues for inclusion on the exhibit. The Updated, Revised version of Exhibit___(THW-1), included herewith, reflects those revenues previously omitted. Specifically, the Updated and Revised version of Exhibit___(THW-1) now includes revenues from two additional settlement categories, Intertoll Dial Switching, and Interexchange Toll Line Haul, which were omitted from the original exhibit. The revenues per minute for nine Average Schedule companies are affected:

Baltic	Interstate	James Valley
Roberts	Sioux Valley	Split Rock
Tri-County	Union	Western.

Q. Please explain the third adjustment.

A. The information submitted to the Staff in response to Staff's request for Average Schedule companies' revenues does not include detail sufficient to separate Billing and Collection

(B&C) costs from the total settlement figures. Accordingly, when preparing the original version of Exhibit___(THW-1), from the data reported by the Cost Companies, I attempted to estimate B&C costs per minute as a function of total access lines. The result of that exercise was that no viable relationship could be predicted. I realize, however, that B&C costs are not insignificant and, therefore, I have developed the average of such costs for the non-USWC Cost Companies. That average, $0.015 per minute, is removed from the revenues per minute reported for the Average Schedule Companies under Column (F) of the Updated, Revised version of Exhibit___(THW-1), included herewith.

Q. Does that conclude your supplemental direct testimony at this time?

A. Yes, it does.

Exhibit___(TSP-1)
Page 1 of 1
(Updated, Revised
2/22/92)

SUMMARY OF INTRASTATE CARRIER ACCESS SERVICE COSTS PER MINUTE OF ACCESS (1)
South Dakota Local Exchange Carriers

Company	CCL	LS	Info.	LT	Total
(A)	(B)	(C)	(D)	(E)	(F)
OWN COMPANIES (2):					
1. Cheyenne R. Sioux Tribe *	$0.0440	$0.0438	$0.0003	$0.0277	$0.1177
2. Golden West Telcm. Coop. *	0.0491	0.0336	0.0002	0.0354	0.1183
3. Interstate Telco. *	0.0579	0.0441	0.0004	0.0313	0.1337
4. Kadoka Coop. Telco. *	0.0268	0.0739	0.0001	0.0362	0.1371
5. Midstate Telco. *	0.0428	0.0454	0.0013	0.0324	0.1219
6. Northern Tel. Coop. *	0.0317	0.0429	0.0009	0.0306	0.1061
7. Stockholm-Strandburg *	0.0224	0.0501	0.0000	0.0430	0.1155
8. Union Center Tel. Coop. *	0.0423	0.0639	0.0008	0.0437	0.1513
9. Valley Queen Tel. Coop. *	0.0580	0.0499	0.0003	0.0317	0.1399
10. West River Coop. Telco. *	0.0647	0.0636	0.0018	0.0350	0.1651
11. West River Telcm. Coop. *	0.0443	0.0427	0.0010	0.0328	0.1208
12. Western Coop. Tel.	0.0542	0.0648	0.0017	0.0375	0.1582
13. [illegible]	0.0455	0.0599	0.0007	0.0368	0.1429
14. [illegible]	0.0538	0.0543	0.0000	0.0388	0.1469
15. [illegible] COMPANIES COMBINED	$0.0496	$0.0543	$0.0005	$0.0372	$0.1416
AVERAGE SCHEDULE COMPANIES:					
16. Beresford Tel. Telco. *	--	--	--	--	$0.1661
17. Bridgewater Telcm Comp. *	--	--	--	--	0.1555
18. Brookings Municipal Tel. *	--	--	--	--	0.1555
19. Faith Mun. Telco. *	--	--	--	--	0.1555
20. Hanson Co. Telco. *	--	--	--	--	0.1555
21. Hanson Co. Telcm. Coop. *	--	--	--	--	0.1555
22. Jones Valley Coop. *	--	--	--	--	0.1555
23. McCook Cooperative Telephone Co. *	--	--	--	--	0.1555
24. Roberts Co. Tel. Coop. *	--	--	--	--	0.1555
25. Sioux Valley Telco. *	--	--	--	--	0.1555
26. Splitrock Telcm. Coop. *	--	--	--	--	0.1555
27. Tri-County Mutual *	--	--	--	--	0.1555
28. Union Telcm. *	--	--	--	--	0.1555
29. Vivian Telco. *	--	--	--	--	0.1555
30. Western Telco. *	--	--	--	--	0.1555
31. Beresford Telephone Co.	--	--	--	--	0.1555
32. Mt. Rushmore Telephone Co.	--	--	--	--	0.1555
33. AVG. SCHED. COS. COMBINED	--	--	--	--	$0.1555
34. ALL COMPANIES COMBINED	--	--	--	--	$0.1536
35. "PEELER" COMPANIES (3)	--	--	--	--	$0.1555
36. ADJUSTED "PEELER" COS.(3)	--	--	--	--	$0.1555

NOTES: (1) - For Average Schedule companies, revenue per billed minute (ex. BAS) is reported in lieu of costs.

(2) - Capital Cost: 10.71%
(12.5000% on Equity)

(3) - Reflects the "Peeler" Companies revenues at the avg. of the Cost Companies (Col. (F), Line 15).

22-Feb-92
01:31 PM

South Dakota

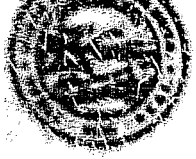
Public Utilities Commission

State Capitol, Pierre, South Dakota 57501-5070

Telephone (605) 773-3201
Fax (605) 773-3809
Consumer Complaints Hotline 1-800-332-1782
Transportation/Warehouse Division (605) 773-3706

Jim Burg
Chairman
Ken Hofferbert
Vice-Chairman
Laska Schoenfelder
Commissioner

Wynnell Davenport
Executive Director



March 13, 1992

TO ALL PARTIES:

RE: DOCKETS TC91-040A AND TD91-040B

Enclosed herewith, please find corrected exhibits to Tom Weiss' Supplemental Direct Testimony in the referenced dockets. Pages 1, 15, and 16 of Exhibit ___(THW-1), (Corrected 3/12/92) are associated with Docket No. TC91-040A. Page 1 of 1 of Exhibit ___(THW-1), (Corrected 3/12/92), relates to Docket No. TC91-040B. The original exhibits neglected to pick up GTE's costs of providing Information service. The enclosed exhibits correct that error.

For cost companies, the total combined cost per minute is increased from $0.0942 to $0.0948. For GTE, its total cost per minute is increased from $0.0947 to $0.1172.

If you have any questions on the above, please give me a call at your convenience.

Sincerely,

Rolayne Ailts

ROLAYNE AILTS
Staff Attorney

RA:ss

Enc.

9600

Exhibit___(THW-1)
Page 1 of 1
(Corrected 3/12/92)

SUMMARY OF INTRASTATE CARRIER ACCESS SERVICE COSTS PER MINUTE OF ACCESS (1)
South Dakota Local Exchange Carriers

	Company	CCL	LS	Info.	LT	Total
	(A)	(B)	(C)	(D)	(E)	(F)
	COST COMPANIES (2):					
1.	Cheyenne R. Sioux Tribe *	$0.0460	$0.0438	$0.0003	$0.0277	$0.1177
2.	Golden West Telco. Coop. *	0.0400	0.0336	0.0002	0.0354	0.1091
3.	Kennebec Telco. *	0.0559	0.0461	0.0006	0.0201	0.1227
4.	McCook Coop. Telco. *	0.0268	0.0759	0.0000	0.0395	0.1422
5.	Midstate Telco. *	0.0428	0.0464	0.0001	0.0468	0.1361
6.	Sanborn Tel. Coop. *	0.0317	0.0629	0.0010	0.0294	0.1249
7.	Stockholm-Strandburg *	0.0284	0.0801	0.0000	0.0000	0.1085
8.	Sully Buttes Tel. Coop. *	0.0423	0.0659	0.0002	0.0430	0.1513
9.	Valley Telecom. Coop. *	0.0350	0.0699	0.0003	0.0199	0.1251
10.	West River Coop. Telco. *	0.0647	0.0636	0.0000	0.0520	0.1802
11.	West River Telecom. Coop. *	0.0463	0.0487	0.0000	0.0000	0.0950
12.	Dakota Coop. Tel.	0.0342	0.0568	0.0010	0.0285	0.1204
13.	GTNC	0.0403	0.0099	0.0075	0.0310	0.0888
14.	GTE	0.0535	0.0343	0.0226	0.0068	0.1172
15.	COST COMPANIES COMBINED	$0.0408	$0.0163	$0.0070	$0.0310	$0.0948
	AVERAGE SCHEDULE COMPANIES:					
16.	Armour Ind. Telco. *	--	--	--	--	$0.0643
17.	Bellis Telecom Coop. *	--	--	--	--	0.0606
18.	Bureau/Ford Municipal Tel. *	--	--	--	--	0.0657
19.	Brookings Municipal Tel. *	--	--	--	--	0.0533
20.	Faith Muni. Telco. *	--	--	--	--	0.0652
21.	Hanson Co. Telco. *	--	--	--	--	0.0593
22.	Interstate Telecom. Coop. *	--	--	--	--	0.0640
23.	James Valley Coop. *	--	--	--	--	0.3876
24.	Jefferson Telephone Co. *	--	--	--	--	0.0696
25.	Roberts Co. Tel. Coop. *	--	--	--	--	0.0743
26.	Sioux Valley Telco. *	--	--	--	--	0.0661
27.	Swiftcreek Telcom. Coop. *	--	--	--	--	0.0701
28.	Tri-County Mutual *	--	--	--	--	0.0913
29.	Union Telco. *	--	--	--	--	0.0599
30.	Vivian Telco. *	--	--	--	--	0.0771
31.	Western Telco. *	--	--	--	--	0.0681
32.	Dakota Telephone Co.	--	--	--	--	0.1085
33.	NE. Nebraska Telephone Co.	--	--	--	--	0.0719
34.	AVG. SCHED. COS.--COMBINED	--	--	--	--	$0.0699
35.	ALL COMPANIES COMBINED	--	--	--	--	$0.0842
36.	"POOLER" COMPANIES (*)	--	--	--	--	$0.0945
37.	ADJUSTED "POOLER" COS.(3)	--	--	--	--	$0.1038

NOTES: (1) - For Average Schedule companies, revenue per billed minute (ex. BSC) is reported in lieu of costs.

(2) - Capital Cost: 10.71%
(12.000% on Equity)

(3) - Reflects the "Pooler" Companies revenues at the avg. of the Cost Companies (Col. (F), Line 15).

12-Mar-92
04:44 PM

B:\WORK\SDC204\EXHIBITA.WK3

9601

SUMMARY OF INTRASTATE CARRIER ACCESS SERVICE COSTS PER MINUTE OF ACCESS (1)
South Dakota Local Exchange Carriers

Company	CCL	LS	Info.	LT	Total
(A)	(B)	(C)	(D)	(E)	(F)
COST COMPANIES (2):					
1. Cheyenne R. Sioux Tribe *	$0.0460	$0.0438	$0.0003	$0.0277	$0.1177
2. Golden West Telco. Coop. *	0.0400	0.0336	0.0002	0.0354	0.1091
3. Kennebec Telco. *	0.0559	0.0461	0.0006	0.0201	0.1227
4. McCook Coop. Telco. *	0.0268	0.0759	0.0000	0.0595	0.1622
5. Midstate Telco. *	0.0428	0.0464	0.0001	0.0468	0.1361
6. Sanborn Tel. Coop. *	0.0317	0.0629	0.0010	0.0294	0.1249
7. Stockholm-Strandburg *	0.0284	0.0801	0.0000	0.0000	0.1085
8. Sully Buttes Tel. Coop. *	0.0423	0.0659	0.0002	0.0430	0.1513
9. Valley Telcom. Coop. *	0.0350	0.0699	0.0003	0.0199	0.1251
10. West River Coop. Telco. *	0.0647	0.0436	0.0000	0.0520	0.1802
11. West River Telcom. Coop. *	0.0463	0.0487	0.0000	0.0000	0.0950
12. Dakota Coop. Tel.	0.0342	0.0568	0.0010	0.0285	0.1204
13. USWC	0.0403	0.0099	0.0075	0.0310	0.0888
14. GTE	0.0535	0.0343	0.0226	0.0068	0.1172
15. COST COMPANIES COMBINED	$0.0406	$0.0165	$0.0070	$0.0310	$0.0948
AVERAGE SCHEDULE COMPANIES:					
16. Armour Ind. Telco. *	--	--	--	--	$0.3545
17. Battle Telcom Coop. *	--	--	--	--	0.4600
18. Beresford Municipal Tel. *	--	--	--	--	0.0832
19. Brookings Municipal Tel. *	--	--	--	--	0.0533
20. Faith Muni. Telco. *	--	--	--	--	0.0633
21. Hanson Co. Telco. *	--	--	--	--	0.0893
22. Interstate Telcom. Coop. *	--	--	--	--	0.5813
23. James Valley Coop. *	--	--	--	--	0.0876
24. Jefferson Telephone Co. *	--	--	--	--	0.0496
25. Roberts Co. Tel. Coop. *	--	--	--	--	0.0743
26. Sioux Valley Telco. *	--	--	--	--	0.0665
27. Splitrock Telcom. Coop. *	--	--	--	--	0.0781
28. Tri-County Mutual *	--	--	--	--	0.0915
29. Union Telco. *	--	--	--	--	0.0599
30. Vivian Telco. *	--	--	--	--	0.4771
31. Western Telco. *	--	--	--	--	0.0661
32. Kadoka Telephone Co.	--	--	--	--	0.1085
33. Mt. Rushmore Telephone Co.	--	--	--	--	0.0719
34. AVG. SCHED. COS. COMBINED	--	--	--	--	$0.0699

NOTES: (1) - For Average Schedule companies, revenue per billed minute (ex. BSC) is reported in lieu of costs.

(2) - Capital Cost: 10.71%
(12.000% on Equity)

09-Mar-93
04:35 PM

GTE
Cost of Intrastate Carrier Access Service
SPF=0.25; Wtd. DEM (**)

1990, Proformed to 1993

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$1,289,234	$711,754	$0	$164,700
2. CWC	13,969	8,157	13,268	1,806
3. Total Net Investment	$1,303,203	$719,911	$13,268	$166,506
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$139,573	$77,103	$1,421	$17,833
6. Fixed Charges @ 5.93%	(77,308)	(42,706)	(787)	(9,877)
7. Amortize ITC	(16,072)	(8,873)	0	(2,053)
8. Net Taxable Income	$46,193	$25,523	$634	$5,902
9. FED. INC. TAX @ 34.00%	$23,796	$13,148	$327	$3,041
10. Expenses and Other Taxes	$305,078	$176,914	$306,614	$39,167
11. Deprec. and Amort.	193,505	142,864	0	31,117
12. G. R. Taxes @ 5.00%	34,840	21,580	16,230	4,797
13. TOTAL EXP. & OTHER TAXES	$533,422	$341,358	$322,844	$75,081
14. TOTAL INTRALATA COST	$680,719	$422,736	$324,591	$93,881
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$112,624	$64,009	$0	$2,442
16. CWC	1,206	2,402	24	131
17. Total Net Investment	$113,828	$66,411	$24	$2,573
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$12,191	$4,971	$3	$276
20. Fixed Charges @ 5.93%	(6,752)	(2,753)	(1)	(153)
21. Amortize ITC	(1,355)	(529)	0	(29)
22. Net Taxable Income	$4,084	$1,688	$1	$94
23. FED. INC. TAX @ 34.00%	$2,104	$870	$1	$48
24. Expenses and Other Taxes	$26,274	$14,820	$562	$2,995
25. Deprec. and Amort.	16,760	8,088	0	481
26. G. R. Taxes @ 5.00%	3,017	3,618	30	196
27. TOTAL EXP. & OTHER TAXES	$46,051	$26,526	$592	$3,592
28. TOTAL INTERLATA COST	$52,991	$31,838	$595	$3,887
29. TOTAL INTRASTATE ACCESS COST OF SERVICE (**)	$739,710	$494,574	$325,186	$97,768
30. Applicable Minutes	13,818,038	14,404,627	14,404,627	14,404,627
31. Indicated Rate	$0.0535	$0.0343	$0.0226	$0.0068

** -- CCL costs adjusted downward by 26% to reflect SPF = 0.25. (GTE cost study shows SPF = 0.34)

09-Mar-92
04:35 PM

R:\MORE\SDC204\EXHIBITA.WK3

ALL COST COMPANIES COMBINED

Cost of Intrastate Carrier Access Service

(A)	CCL (B)	LS (C)	Info. (D)	LT (E)
INTRASTATE-INTRALATA:				
1. Net Inv., ex CWC, TPUC	$36,380,339	$16,082,609	$126,463	$29,420,344
2. CWC	297,052	137,076	111,175	264,491
3. Total Net Investment	$36,677,391	$16,219,685	$237,638	$29,684,835
4. Rate of Return	10.71%	10.71%	10.71%	10.71%
5. RETURN ON INVESTMENT	$3,928,149	$1,737,128	$25,451	$3,179,246
6. Fixed Charges	(1,277,020)	(634,440)	(7,787)	(1,069,600)
7. Amortize ITC	(201,065)	(62,133)	(689)	(146,242)
8. Net Taxable Income	$2,450,064	$1,040,555	$16,975	$2,624,004
9. FED. INC. TAX	$1,221,314	$500,951	$8,742	$1,017,712
10. Expenses and Other Taxes	$7,061,507	$3,169,717	$2,687,494	$4,310,344
11. Deprec. and Amort.	4,639,126	2,180,830	16,649	3,834,981
12. S. R. Taxes	112,550	121,237	17,148	75,309
13. TOTAL EXP. & OTHER TAXES	$11,813,181	$5,471,784	$2,721,311	$8,222,634
14. TOTAL INTRALATA COST	$16,761,578	$7,647,730	$2,754,815	$14,273,350
INTRASTATE-INTERLATA:				
15. Net Inv., ex CWC, TPUC	$3,224,988	$1,036,534	$47,953	$2,619,863
16. CWC	28,112	13,434	31,373	28,732
17. Total Net Investment	$3,253,100	$1,049,968	$79,326	$2,643,595
18. Rate of Return	10.71%	10.71%	10.71%	10.71%
19. RETURN ON INVESTMENT	$348,407	$112,452	$8,496	$283,085
20. Fixed Charges	(107,406)	(36,173)	(2,471)	(90,710)
21. Amortize ITC	(20,306)	(5,991)	(254)	(15,339)
22. Net Taxable Income	$220,695	$70,285	$5,771	$199,040
23. FED. INC. TAX	$112,862	$35,546	$2,973	$102,057
24. Expenses and Other Taxes	$577,676	$317,437	$763,345	$492,561
25. Deprec. and Amort.	432,109	137,040	6,041	352,339
26. S. R. Taxes	4,450	6,113	45	3,859
27. TOTAL EXP. & OTHER TAXES	$1,114,235	$460,590	$769,431	$1,041,759
28. TOTAL INTERLATA COST	$1,555,198	$602,597	$780,646	$1,439,566
29. TOTAL INTRASTATE ACCESS COST OF SERVICE	$18,316,776	$8,250,327	$3,535,461	$15,712,915
30. Applicable Minutes	450,608,451	507,486,395	507,486,395	507,486,395
31. Indicated Rate	$0.0406	$0.0163	$0.0070	$0.0310

NOTE: This schedule EXCLUDES West River Telcom. Coop. (no data).

09-Mar-92
04:35 PM

Schedule 3

U S WEST cover letter dated May 19, 1994 and "Sheet A" that contains the final U S WEST switched access cost study in Docket TC93-108.

U S WEST Communications, Inc.
1314 Douglas On-The-Mall
Omaha, Nebraska 68102

U S WEST COMMUNICATIONS

May 19, 1994

Mr. Marshall Damgaard
Executive Director
Public Utilities Commission
500 East Capitol
Pierre, SD 57501

Dear Mr. Damgaard:

Attached please find one original and one copy of the U S WEST Communications, Inc. (USWC) fully distributed cost study utilizing the South Dakota Cost Model update provided by Harlen Best received on May 16, 1994. This will replace the USWC Cost study provided in my letter dated May 12, 1994. A computer diskette is also attached.

If you have any questions regarding this filing, please contact either Linda Sharp on 402-422-7028 or me on 402-422-8064.

Sincerely,

Wayne E. Kittelson
Docket Manager

[illegible]
[illegible]

******* FCC PART 69 *******

Interstate Toll Revenue Requirement Summary	Part 36 Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other
(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
INTRALATA:								
Net Investment	$70,047,041	J13	$30,083,421	$6,735,091	$118,732	$24,152,241	$0	$8,957,557
Rate of Return	9.70%		9.70%	9.70%	9.70%	9.70%	9.70%	9.70%
Return on Rate Base	$6,794,563		$2,918,092	$653,304	$11,517	$2,342,767	$0	$868,883
Return Adjustments	0	J18-20	0	0	0	0	0	0
Net Return on Rate Base	$6,794,563		$2,918,092	$653,304	$11,517	$2,342,767	$0	$868,883
Income Taxes	2,093,766	J31-32	899,283	201,304	3,549	721,893	0	267,737
Expenses and Other Taxes	33,397,995	J33-35,	9,034,705	1,937,577	93,700	7,671,030	562,665	14,098,317
Total IntraLATA Rev. Req.	$42,286,324		$12,852,080	$2,792,185	$108,766	$10,735,690	$562,665	$15,234,938
INTERLATA:								
Net Investment	$9,186,415	P13	$5,513,889	$1,502,190	$27,525	$2,056,391	$0	$86,420
Rate of Return	9.70%		9.70%	9.70%	9.70%	9.70%	9.70%	9.70%
Return on Rate Base	$891,082		$534,847	$145,712	$2,670	$199,470	$0	$8,383
Return Adjustments	0	P18-20	0	0	0	0	0	0
Net Return on Rate Base	$891,082		$534,847	$145,712	$2,670	$199,470	$0	$8,383
Income Taxes	275,363	P31-32	165,290	45,023	825	61,698	0	2,527
Expenses and Other Taxes	3,246,193	P33-35,	1,630,804	448,461	41,461	472,082	37,914	407,272
Total InterLATA Rev. Req.	$4,412,637		$2,330,141	$639,197	$45,135	$933,250	$37,914	$418,182
TOTAL INTERSTATE REV. REQ.	[illegible]		[illegible]	$3,431,381	[illegible]	$11,668,940	$600,579	$15,653,119
[illegible]			[illegible]	[illegible]		[illegible]		
[illegible]	[illegible]		[illegible]	[illegible]		[illegible]		

4095

CERTIFICATE OF SERVICE

I hereby certify that on this 26th day of August, 1997, an original and ten copies of the DIRECT TESTIMONY OF WAYNE CULP, DIRECT TESTIMONY OF DEBRA K. KRAMER, AND DIRECT TESTIMONY OF DEBORAH L. HAYEK was sent via over-night delivery to:

William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol Avenue
Pierre SD 57501

In addition, a true and correct copy was placed in the United States Mail, postage prepaid, addressed as follows:

Donald A. Low, Esq.
Sprint Communications Company L.P.
8140 Ward Parkway - 5E
Kansas City MO 64114

Brian B. Meyer
Meyer & Rogers
PO Box 89
Onida SD 57564-0089

John S. Lovald
Olinger Lovald Robbennolt & McCahren PC
117 E. Capitol
PO Box 66
Pierre SD 57501

Mary Tribby, Esq.
AT&T Law Department
1875 Lawrence St.
Denver CO 80202

Thomas J. Welk
Boyce Murphy McDowell & Greenfield
P. O. Box 5015
Sioux Falls, SD 57117-5015

David A. Gerdes
May Adam Gerdes & Thompson LLP
503 S. Pierre St.
PO Box 160
Pierre SD 57501-0160

Robert G. Marnet
PO Box 269
Centerville SD 57014

Robert C. Riter, Jr.
Riter Mayer Hofer Wattier & Brown
319 S. Coteau
PO Box 280
Pierre SD 57501-0280

Karen Cremer
Counsel for Staff
500 E. Capitol
Pierre SD 57501

Wayne Culp
U S WEST Communications, Inc.

RECEIVED
AUG
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

U S WEST COMMUNICATIONS, INC.

DIRECT TESTIMONY

OF

DEBRA K. KRAMER

South Dakota Public Utilities Commission
Docket TC96-107
Filed August 27, 1997

9609

Q. **PLEASE STATE YOUR NAME.**

A. My name is Debra K. Kramer

Q. **FOR WHOM DO YOU WORK, WHAT IS YOUR POSITION, AND WHAT IS YOUR WORK ADDRESS?**

A. I am employed by U S WEST Communications. My title is Finance Manager, and I work at 1314 Douglas On The Mall, Omaha, Nebraska.

Q. **WHAT ARE YOUR WORK DUTIES AND RESPONSIBILITIES?**

A. I am responsible for the financial analysis for South Dakota and North Dakota, I prepare financial information and reports for the PUC Staff, I calculate revenue requirements, and additionally I am the Company's Subject Matter Expert on Statement of Financial Accounting Standards No. 106, Other Postretirement Benefits (OPEB).

Q. **HAVE YOU EVER TESTIFIED BEFORE IN A REGULATORY HEARING?**

A. No.

Q. **WHAT IS YOUR EDUCATION AND WORK EXPERIENCE?**

A. I received a Bachelor of Science in Business Administration degree from the University of Nebraska at Omaha in May 1981, with a major in

Accounting. In May 1981, I successfully passed the Certified Public Accountant (C.P.A.) Exam on the first sitting. I currently maintain a State of Nebraska Certified Public Accountant inactive permit. Every year since 1981, I have attended approximately 30 or more hours of Continuing Professional Education in order to keep abreast of current accounting issues.

For three years prior to graduating from college, I worked as an accounting intern at a local Certified Public Accounting firm. After graduation, I worked for two years as a Staff Accountant at a local Certified Public Accounting firm. There my duties included the compilation of interim and year end financial statements and in charge responsibility for audit engagements.

In my next position I was employed for two years at Blue Cross & Blue Shield of Nebraska (BCBS), were I was a Senior Accountant for Budget and Federal Program Cost Reporting. My responsibilities at BCBS included the compilation of monthly and quarterly costs reports and the annual budget for the Medicare and Federal Employee Program. Additionally, I coordinated and supervised the preparation of the BCBS total Company corporate budget.

At my next position, I worked for two years at Northern Plains Natural Gas Company, a subsidiary of ENRON Corp., were I was an Income Tax Specialist. My duties included the preparation of partnership and corporate federal and state income tax returns.

I have been employed with USWC for ten years, since July 1987. I have held several positions here which include Corporate Books Supervisor (one year), Regulatory Finance Analyst for Iowa and Minnesota (two years), Product Manager of Financial Services for the Interexchange Carrier Market Unit (one year), and Finance Analyst for the Current Year Commitment Budget (two years). Now my current position serves dual roles as the Subject Matter Expert for Other Postretirement Benefits (4 years) and the Finance Manager responsible for regulatory analysis for North Dakota and South Dakota (8 months).

Q. WHAT IS YOUR ROLE ON THE U S WEST SWITCHED ACCESS COST STUDY TEAM?

A. I assumed Patricia Taylor's financial analysis responsibilities for South Dakota in January. I reviewed the test period adjustments made to the cost study inputs, I reviewed the South Dakota switched access rules, and I assisted the team on accounting issues. I also answered discovery from

the PUC staff and played a key role in coordinating and reviewing responses from all other respondents to the interrogatories.

Q. HAVE YOU REVIEWED THE INPUTS TO THE U S WEST SWITCHED ACCESS COST STUDY?

A. Yes, I compared the test period adjustments to the inputs to the South Dakota cost study and I reviewed the individual adjustments.

Q. TO THE BEST OF YOUR KNOWLEDGE, DO THE ADJUSTED COST STUDY INPUTS REPRESENT THE ACTUAL EXPERIENCED EXPENSES AND INVESTMENTS OF U S WEST IN SOUTH DAKOTA?

A. Yes they do.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.

RECEIVED
AUG 27 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

U S WEST COMMUNICATIONS, INC.

DIRECT TESTIMONY

OF

DEBORAH L. HAYEK

South Dakota Public Utilities Commission
Docket TC96-107
Filed August 27, 1997

9614

EXHIBIT
2

Q. PLEASE STATE YOUR NAME.

A. My name is Deborah L. Hayek.

Q. FOR WHOM DO YOU WORK, WHAT IS YOUR POSITION, AND WHAT IS YOUR WORK ADDRESS?

A. I am employed by U S WEST Communications. My title is Jurisdictional Accounting Analyst and I work at 1314 Douglas On The Mall, Omaha, Nebraska.

Q. WHAT ARE YOUR WORK DUTIES AND RESPONSIBILITIES?

A. As Jurisdictional Accounting Analyst I am responsible for Separation Information System (SIS) methods and procedure as well as providing staff support for the SIS line organization. I am also responsible for Expense and Tax methods into the system.

My responsibilities include:

1) Preparation and review of Expense and Tax Basic Studies.

2) SIS methods and procedure entail the introduction of logic changes, system testing, documentation and providing impact results to SIS3, whenever possible. I coordinate the introduction of all methods and logic changes to the system to comply to Part 32, 36, 64, 65 and 69 rules. I work with Separations, Regulatory Finance, Accounting Standards, Tax

Department and Part 64 personnel to introduce all changes to the SIS3 system in a timely and accurate manner.

Q. HAVE YOU EVER TESTIFIED BEFORE IN A REGULATORY HEARING?

A. No.

Q. WHAT IS YOUR WORK EXPERIENCE AND EDUCATION?

A. My career began with Northwestern Bell, now known as U S WEST Communications, December 18, 1967. For the first 16 years of my career I worked in the Operator Services Department in the positions of Operator, Service Assistant, Force Scheduling Clerk, and Group Manager. During this time I attended the University of Nebraska at Omaha and obtained a Bachelor of Science Degree in Education in 1972.

December 1, 1983 I transferred to the Division of Revenue Department as Staff Supervisor - Separation. I was responsible for coordinating the monthly inputs of investment, traffic usage, and expense and tax for the 5 states of the Northwestern Bell Region on the following systems:

- Interstate Settlement Information System (ISIS) in 1983
- Separation Information System (BOC SIS) from 1984 through 1987

- Integrated Separations Access Analysis Cost System (Isaacs or PC SIS), a Bellcore product, from 1988 through May, 1990.

I attended the Separations Training Course, at the Bell Communications Technical Education Center at Lisle, Illinois, in February, 1984. Understanding Separation, Access Charges, and Settlements, provided by Ernst & Young Telecommunications Group in Omaha, Nebraska, in September, 1989.

In March, 1990 I accepted the added responsibilities of Jurisdictional Accounting Analyst for the 14 states of U S WEST. In 1992 and 1993, I chaired the SIS Rewrite Committee which was involved in the redesign of the ISAACS to the current Separation Information System (SIS3) for U S WEST. I also chaired a sub-committee of the group on system validation. SIS3 was introduced in 1994.

In 1994, I returned to the University of Nebraska at Omaha to work toward a degree in the College Of Business and further my degree in the College of Education. In 1993 I earned a Certificate in Business Computing from the University of Nebraska at Omaha, Nebraska Business Development Center.

Q. WHAT IS YOUR ROLE ON THE U S WEST SWITCHED ACCESS COST STUDY TEAM?

A. I am a separations expert. I provided a detailed explanation to the PUC staff on how the Separations Information System is designed. I also explained how the system directs you to specific FCC rules of Part 36, 65, and 69 by which Separations adheres to. I identified for the PUC staff where and how Part 32 and Part 64 (Dereg) data enters our system. Additionaliy I discussed that the M-15 report, systems point of entry report, is the best place by which to validate U S WEST ledger and Part 64 reports.

I reviewed and validated Part 36 input that were used from the Separations Information System as the starting point to the cost study inputs. I provided documentation and explanations of SIS system logic arriving to the Part 36 numbers. I answered and provided documentation to discovery questions from the PUC staff. I reviewed the South Dakota rules and I assisted the team on separations issues.

Q. HAVE YOU REVIEWED THE INPUTS TO THE U S WEST SWITCHED ACCESS COST STUDY?

A. Yes, I compared separation reports from our interstate systems to the inputs of the South Dakota access filing.

Q. TO THE BEST OF YOUR KNOWLEDGE, DO THE COST STUDY INPUTS REPRESENT THE ACTUAL EXPERIENCED EXPENSES AND INVESTMENTS OF U S WEST IN SOUTH DAKOTA?

A. Yes they do.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes it does.

9619

LAW OFFICES
RITER, MAYER, HOFER, WATTIER & BROWN, LLP
Professional & Executive Building
319 South Coteau Street
P. O. Box 280
Pierre, South Dakota 57501-0280

R. C. RITER (1932-1994)
E. B. MAYER
ROBERT B. HOFER
ROBERT C. RITER, JR.
JERRY L. WATTIER
JOHN L. BROWN

KATHY A. PFEIFLE

TELEPHONE
[redacted]
TELECOPIER
[redacted]

RECEIVED
AUG 29 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

August 27, 1997

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol
Pierre, SD 57501

Re: TC 96-107
IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR US WEST COMMUNICATIONS, INC.

Dear Mr. Bullard:

Encosed please find hand delivered to you, original and 10 copies of the following testimony submitted by the Telecommunications Action Group (TAG):

1. Testimony of W. Thomas Simmons,

2. Testimony of Fred Thurman,

3. Testimony of Jerry Noonan, with attachments,

4. Testimony of Howard Susskind. (By separate cover we are filing a Request for Confidential Treatment and sealed documents reviewed by Mr. Susskind for a portion of his testimony.) and

5. Copies of the first page of each document for you to date stamp.

I also enclose original Certificate of Service. Please file the same.

Thank you.

Very truly yours,
RITER, MAYER, HOFER, WATTIER & BROWN, LLP

By:

RCR Jr-wb

Enclosures
cc: W. Thomas Simmons

9620

RECEIVED
AUG 2 7 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT) PREFILED TESTIMONY OF
OF SWITCHED ACCESS RATES FOR U.S.) W. THOMAS SIMMONS
WEST COMMUNICATIONS, INC.) TC 96-107

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is W. Thomas Simmons. My business address is 410 S. Phillips Avenue, Sioux Falls, South Dakota 57102.

Q. WHAT IS YOUR OCCUPATION AND WHO ARE YOU REPRESENTING?

A. I am Vice President and General Manager of Midco Communications of Sioux Falls, South Dakota, and also Vice President of the Telecommunications Action Group (TAG), which is a coalition of certified telecommunication companies operating in South Dakota, which coalition has been granted authority to intervene in this matter.

Q. WHAT IS THE NATURE OF THIS TESTIMONY?

A. This testimony is presented to the commission so it may consider whether U.S. West Communications' application to increase it access charge should be granted in any respect.

Q. HAVE YOU PREVIOUSLY OFFERED TESTIMONY IN THIS MATTER?

A. Yes, I offered testimony at the initial hearing on this matter in October, 1996, and would by this reference offer that testimony again, without specifying each and every element thereof.

Q. YOU PREVIOUSLY INDICATED WHAT IMPACT THE PROPOSED INCREASE WOULD HAVE UPON MIDCO. WHAT KIND OF IMPACT DO YOU BELIEVE IT WOULD HAVE UPON THE CONSUMERS IN SOUTH DAKOTA?

9621
EXHIBIT
17

A. The members of TAG handle a substantial number of small business customers' intrastate long distance needs in South Dakota. We have been able to offer these small businesses competitive and reasonable rates for intrastate long distance calls. I believe that we fill a very important competitive opportunity for the small business customers in South Dakota. The increase suggested would severely impact our ability to provide these rates, thus increasing the telecommunication costs of these small businesses.

Q. DO YOU BELIEVE THAT THE OPPORTUNITIES YOU OFFER ARE SOLELY IN COST OR ARE THERE OTHER AREAS WHERE SMALL SOUTH DAKOTA COMPANIES OFFER NEEDED COMPETITION?

A. I believe our competition expands beyond solely the cost element. We do not telemarket our services to business customers. Our account representatives meet with potential customers to assess their needs and provide suggestions for solutions. We provide small business customers with constant updates in telecommunications services. We demonstrate new ways for our customers to use telecommunications services to improve their business operations and ensure that they are operating as efficiently as possible. We also provide our customers with an analysis of their services to help them understand their usage, and understand where efficiences could be improved. If we do not provide a service needed by our customers, we help them find a provider. Our account representatives are on a first name basis with most of their accounts and pride themselves in personal

customer service and satisfaction. We consider our South Dakota customers business partners.

Q. WHAT KIND OF IMPACT WOULD THE RATE INCREASE PROPOSED BY U.S. WEST COMMUNICATIONS HAVE ON YOUR CUSTOMERS AND THE CONSUMING PUBLIC?

A. If a significant increase is approved, it would cause small companies such as ours to either significantly raise rates or reduce services. Both of these would negatively impact competition and the public would suffer accordingly through higher prices or fewer services for the same prices. The public interest would therefore clearly suffer.

Q. DO YOU BELIEVE THE ACCESS RATE SOUGHT SHOULD BE APPROVED? IF NOT, DO YOU HAVE ANY SUGGESTIONS IN THAT REGARD?

A. No I do not believe the access rate sought should be approved because of the negative impact it would have upon our customers in South Dakota and small South Dakota telecommunication companies such as Midco, who have competitively filled a demand of South Dakota small businesses. It seems to me that increases in the access fees run contrary to the present intentions expressed by the Federal Communications Commission, which speak of drastic reductions on per minute access fees in favor of a subscriber line charge and IXC flat line charge. If, however, the Commission deems a rate increase herein appropriate, it would seem to me that such should not be more than a 25% increase, which would raise it to approximately $.04. That could still cause a rate shock to the consuming public. An increase beyond that level would never be

attempted in the competitive market place. In the non-regulated market, a significant increase of that amount would mean a loss of business unless the services were not offered by other sources. Merely because we are in a regulated industry, U.S. West Communications should not be authorized to increase by more than 100% a significant portion of the U.S. West's access charges to companies such as Midco, which has an anti-competitive impact.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

RECEIVED

AUG 27 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR US WEST COMMUNICATIONS, INC.	) TC 96-107) CERTIFICATE OF SERVICE)	

I, Robert C. Riter, Jr., certify that true and correct copies of

1. Testimony of W. Thomas Simmons,

2. Testimony of Fred Thurman,

3. Testimony of Jerry Noonan, with attachments, and

4. Testimony of Howard Susskind

were mailed by first class mail to each of the following on the 27th day of August, 1997:

William P. Heaston
Senior Attorney
US West Communications, Inc.
1801 California, Room 5100
Denver, CO 80202

Thomas J. Welk
Tamara A. Wilka
Attorneys at Law
P. O. Box 5015
Sioux Falls, SD 57117-5015

Robert G. Marmet
Attorneys at Law
P. O. Box 269
Centerville, SD 57014

Donald A. Low
Senior Attorney
Sprint Communications Company
9140 Ward Parkway SE
Kansas City, MO 64114

and that true and correct copies of said documents were hand delivered to each of the following on the 27th day of August, 1997:

John S. Lovald
Attorney at Law
P. O. Box 66
Pierre, SD 57501

Richard P. Tieszen
Attorney at Law
P. O. Box 626
Pierre, SD 57501

Bob Sahr
David A. Gerdes
Attorneys at Law
P. O. Box 160
Pierre, SD 57501

Ms. Karen Cremer
Public Utilities Commission
500 E. Capitol
Pierre, SD 57501

and that true and correct copies of the above were faxed to the following on the 27th day of August, 1997:

962

William P. Heaston - 303-295-7069
Thomas Welk/Tamara Wilka - 605-334-0618
Robert Marmet - 605-263-3995
Donald Low - 913-624-5681

Robert C. Riter, Jr.

RECEIVED
AUG 2 ' 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U.S. WEST COMMUNICATIONS, INC.	)))	PREFILED TESTIMONY OF FRED L. THURMAN TC 96-107

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

A. My name is Fred L. Thurman. My business address is 110 South Phillips Avenue, Suite 202, Sioux Falls, South Dakota 57104-6727.

Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?

A. I am employed by FirsTel, Inc. and am its President. Among other things, my job responsibilities relate to regulatory matters. FirsTel, Inc. is a member of Telecommunications Action Group (TAG). This testimony is presented on behalf of TAG.

Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND AND PROFESSIONAL EXPERIENCE.

A: I am a 1973 graduate of the University of South Dakota with a B.S. degree in accounting. I have been a certified public accountant in South Dakota for 23 years. I worked with the accounting firm now known as McGladrey & Pullen, LLP for six years upon my graduation from the University of South Dakota and have been a partner in the accounting firm now known as Thurman, Comes, Foley and Company for the past 17 years. That partnership, as the certified public accountants for Dial Net from its start up in 1984 until 1993, provided general accounting, management advisory, and tax related services to Dial Net. I was the partner in charge of that account.

9627
EXHIBIT 24

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. This testimony is presented to the Commission so it can consider whether U.S. West Communication's application to increase its access charge should be granted in any respect. I previously offered testimony relative to these issues in October, 1996 and ask that the testimony offered at that time be included by this reference as part of my testimony herein.

Q. HAVE YOU PREVIOUSLY OFFERED TESTIMONY IN THIS MATTER?

A. Yes. I offered testimony at the initial hearing on this matter in October, 1996; and by this reference, I offer that testimony again, without reiterating each element thereof.

Q. WHAT IS THE AFFECT OF THE PROPOSED ACCESS RATE INCREASE UPON THE CONSUMING PUBLIC WITH WHOM YOU DO BUSINESS?

A. Similar to many other small South Dakota based telecommunications companies, FirsTel provides services to many small business people in smaller South Dakota communities. Many of the bigger telecommunications company who are based outside of South Dakota concentrate their competitive efforts in the large communities within our state. Accordingly, there is little competition in the small communities and most of it is between South Dakota based telecommunications companies such as the members of TAG. If the interstate access rates are increased such as U.S. West suggests, the small businesses in the small communities will carry the heaviest burden.

Q. WHY WOULD THE BUSINESSES IN THE LARGER COMMUNITIES NOT EXPERIENCE THE SAME DIFFICULTY?

A. In the larger communities some of the major competitors, such as A T & T, McLeod and MCI, will compete for the accounts of small businesses. They do business in many states with only a small part of their revenue from South Dakota customers. They are able to absorb or spread out the proposed rate increase over all of their customers. FirsTel and other members of TAG do business all over South Dakota, including its larger communities. We do not have enough revenues from other states so as to absorb a significant portion of the access rate increase. We will probably find ourselves required to minimize rate increases in the large communities to remain competitive, which will then mean that small businesses in our smaller towns will experience significant rate increases as higher access costs are passed on to them.

Q. IN ADDITION TO COST ISSUES, WILL THE CUSTOMERS IN SMALL COMMUNITIES SUFFER IN OTHER WAYS?

A. Yes. FirsTel and other South Dakota based telecommunications companies want to offer bundled services in small communities; however, that will be very difficult if the access rates increase so significantly that reasonable margins in these communities are eliminated. At this time, only companies such as FirsTel are willing to spend the time, effort and money to efficiently market in the small communities; this rate increase may severely jeopardize those efforts.

Q. ARE THERE OTHER SERVICE ISSUES WHICH WILL BE AFFECTED?

A. Yes. It is very convenient for the small businesses

to have one carrier who will spend the time with that small business and consult with him or her relative to telecommunications issues. When no reasonable margin exists in the small communities, telecommunications carriers will be forced to eliminate that service and provide only the very basic competitive services in those areas.

Q. DO YOU BELIEVE THAT THE PROPOSED INCREASE IN ACCESS RATES WILL IMPACT SMALL SOUTH DAKOTA BASED TELECOMMUNICATIONS COMPANIES? IF SO, WHY?

A. Yes. I believe several small South Dakota companies who employ dozens of South Dakotans will be required to reduce staff as either some services will be eliminated, or net income will be decreased so substantially that the companies will not be able to afford the same number of employees. Also, the net income for some companies may be so significantly decreased that they will have to consider a complete change in business strategy, which will impact consumers, employees and the companies' viability.

Q. DO YOU HAVE ANY FINAL COMMENTS?

A. Yes. I do not believe that the rate proposed is in the public interest. A significant increase such as suggested runs contrary to the intention of the modifications in the federal law for more efficient competition, and would negatively impact opportunities offered to customers in South Dakota.

Q. DOES THIS CONCLUDE YOUR TESTIMONY?

A. Yes.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED
AUG 2 7 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In The matter of the establishment of Switched Access Rates for U.S. West Communications, Inc.	)))	**Prefiled Testimony of Jerry R. Noonan Docket TC96-107**

Q. Please state your name, title and business address?

A. My name is Jerry R. Noonan. I am the president of Tele-Tech, Inc. 500 West 10th Street, Sioux Falls, S. Dakota and a member of TAG.

Q. Please summarize briefly your educational background and experience in the field of telecommunications?

A. I am a practicing CPA having been in active practice for the last 30 years. I have been actively involved in owning and operating a telecommunications company since 1984.

Q. What is the purpose of your testimony?

A. The main purpose of my testimony is to offer exhibits and testimony of my review of U S West documents provided to its shareholders, U. S West documents supplied to the Public Utilities Commission and documents supplied to me such as Cost Model information and other pertinent financial information documents used to make and conclude on various matters relating to the review.

Q. Have you previously offered testimony in this matter?

A. Yes, I offered testimony at the initial hearing on this matter in October, 1996, and by this reference. I offer that testimony again, without reiterating each element thereof.

Q. Would you explain each of you exhibits A through F.2 and how they relate to your review and conclusions.

A. The first two columns of exhibit A have been taken from the actual numbers contained in the 1995 annual report to stockholders for the U.S. West Communications Group See exhibit E and exhibit E.1. Access lines used in the review and calculations have also been taken from the U.S. West annual report. See Exhibit E.2. South Dakota access lines have been taken from Sheet V, Line 271 of the cost model inputs calculated September 16, 1996 and entitled "Working Loops."

Q. What are your conclusions relating to Exhibit A?

9631

EXHIBIT 36

A Dividing total access lines into the total audited asset carrying value for 1995 yields a $1,117.06 asset value per access line. This calculation reviews the asset value per access line. It determines the amount of assets needed to support one access line.

Q How did you approximate the asset cost U.S. West has in each access line in South Dakota?

A I first took the total net plant shown on Sheet C, Line 61 of the 9-16-96 cost model which totaled $226,233,198 and divided it by the 309,076 access lines. I approximated the current asset value and other asset values by the percentage (.016722093) of South Dakota property, plant and equipment net book asset value to total U.S. West Group plant and equipment, net asset value shown on the 1995 U.S. West Group annual report.

Q How did you review the reasonableness and accuracy of this percentage?

A This percentage was checked against the 1996 centrally assessed properties for South Dakota. Exhibit E.7 indicates that U.S. West assets in South Dakota are 2.3187%. Bill Curtis, a U.S. West corporate accountant in Denver indicated in a video conference with PUC staff and myself that upper corporate accounting personnel used a 2% reasonableness test to check the overall accuracy of the numbers.

Q What do you conclude from this review?

A In my judgment, U.S. West uses an overall percentage review to ascertain the reasonableness and accuracy of its calculations as to revenue requirements from South Dakota and expenses allocated to the South Dakota ledger for purposes of expense allocations. Further I believe these are based upon access lines.

Q How would this help the commission in its establishment of switched access rates?

A Overall income per access line can be very helpful in reviewing whether consumers or inter exchange carriers should pay more for any regulated components of U.S. West's five major revenue components both regulated and unregulated. In other words the PUC should first look at the whole revenue picture before they can determine any one piece of the revenue picture. I believe a reasonable percentage test is approximately 2% of the overall revenue requirements for the U.S. West Group. This seems reasonable when you consider So.Dak. access lines as a percentage of total Group access lines. For example if you take access line percentages and apply them to the total revenue of the Group you get the following:

309,076/14,847,000 = .0208174 times $9,484,000,000 = $197,432,000
267,225/14,847,000 = .0180459 times $9,484,000,000 = $171,147,000

After giving consideration to the sale of exchanges the revenue requirement as a percentage of total group revenue comes extremely close to the total revenue requirements of $171,532,712 set forth on Exhibit B

Q What additional review have you made of the total revenue of U S West?

A On exhibit A, I started with the total revenue requirements set forth in Sheet "B" of the 9-16-96 submitted cost model before the separation process begins. This totaled $171,275,412. I then assumed that South Dakota consumers should reasonably yield the same revenue percentages as the U.S. West Group as a whole. From exhibit A you can see that the group yields 45.80% from local service, 25.07% from interstate access, 7.88% from intrastate access, 12.54% from long distance and 8.71% from other services. Using the same percentages as the group, South Dakota consumers should generate $78.4 million from local service, 42.9 million from interstate access, $13.5 million from intrastate access, 21.4 million from U S West long distance customers and $14.9 million from other services

Q How did you arrive at total revenue generated from U S West customers in South Dakota

A Exhibit A.1 summarizes the income reported to the PUC (See Exhibit G) Calculations were made to determine the unregulated interstate access revenue set forth on Exhibit G

Q Why the large difference between U S West Group other service revenue and S Dak reported other service revenue?

A While the U S West Group realizes $55.63 per access line, I was only able to determine $4.1 million or $13.52 per access line from So Dak Customers (See Exhibit G)

Q What happens to the approximately $10.8 million of other service revenue that is not reported to the South Dakota PUC?

A Based upon conversations with U S. West and PUC staff, certain revenues do not need to be brought into the model calculations. Such revenues and related costs are not included before revenue items are placed into the inputs of the cost model for the separations process. These are unregulated revenues and are treated the same as interstate revenues. They are not reported to the PUC nor included in the Cost Model

Q What significance do you place on this?

A This revenue stream and related costs is not reviewed or considered in the separations process, however it appears to be a significant factor in making a decision about

increasing any rates albeit it local or access. If you factor in this additional unregulated revenue in to the revenue mix and use the after exchange sale numbers, gross revenue per access line would exceed that of the U.S West Group calculated as follows

Reported to PUC with interstate calculated	$175,184,669
Other services estimated at $55.63 per access line	14,905,942
Less reported	(4,179,779)
Total Revenue	$185,910,832

Revenue per access line at 309,076 access lines $601.74
Revenue per access line at 267,928 access lines after exchange sale $694.16

These revenue streams need to be supplied to the commission and considered in the process even though they are not regulated. They are material to the rate making process and procedures The current cost model does not capture components of other service revenue They must be considered in the commission's decision. They represent a greater revenue stream (8.71%) than the interstate access revenue stream (7.88%)

Q What other significant revenue streams did you review?

A If you will note on exhibit A.1 long distance Network Revenue for the U S West Group is $80.08 per access line. If you apply that same revenue per access line to S Dak access lines the revenue requirement would only be approximately $21 million If you consider the 1995 income which U.S. West reported to the P U C., which is $34.3 million, that constitutes $111.11 per access line. One can only conclude that South Dakota competition has not made a significant dent in U S West's long distance revenue else revenue per access line would be closer to the Group's revenue per access line Correspondingly S. Dak. interstate and intrastate revenue per access line would be closer to the Group's revenue per access line.

Q What other concerns do you have regarding long distance network revenue?

A If you review exhibit B which was taken from Sheet B of the 9-16-96 Cost Model and reformatted into conventional accounting format, you will note that the total intrastate revenue requirement after separations requires $42.7 million dollars or $138.10 per access line If you examine the actual reported revenue U S West has received per access line you get the following:

Intrastate Access Service	$12,511,089
Long Distance Network Revenue	$34,342,154
Total	$46,853,243

These two revenue streams already yield more than the $42,684,134 revenue requirement calculated in the 9-16-96 Cost Model. These two revenue streams yield $131.99 per access line, while the Group earns $130.39 per access line.

Q Why does the model calculations then result in a doubling of access fees?

A The model calculations take total minutes into consideration in arriving at access rates. See Exhibit H. Total minutes include U.S. West minutes and Interexchange minutes. See Exhibit F-2.

The calculation does not consider the revenue generated from U.S. West minutes in the form of long distance network revenue generated. When you take the revenue generated per minute you get the following results.

U.S. West minutes $34,342,154 divided by 277,600,554 = 1237 cents per M
Interexchange carriers $12,511,089 divided by 166,556,149 = .0751 cents per M

Simply dividing combined minutes into total revenue requirements does not yield a proper imputation calculation as can be seen from the above calculations. The current access rates give appropriate spreads to U.S. West retail price and a wholesale price for interexchange access charges. 1237 subtracted from the wholesale price of .0751 gives a .0486 cent margin or a 39.28% spread between U.S. West retail rates and Interexchange wholesale rates. This is an adequate margin to continue competition in U.S. West territory.

Q Turning to cost allocations in the model, what review did you make of expenses allocated to access costs?

A Exhibit C represents allocated expenses taken from the Cost Model of 9-16-96. The expenses were reclassified into plant Specific Fixed Operating Expenses, Non-Specific Plant Expenses, Depreciation expenses and Centrally Assessed Personal Property Taxes. Marketing and customer operations, Business Office and Customer Service expenses were then grouped. Finally Corporate Planning and O/H allocation expenses were summarized.

Exhibit A-1 shows the summary of such expenses. As can be seen from Exhibit C interstate access is charged with various expenses for which no interexchange carrier would receive any benefit. For example, how can U.S. West marketing costs benefit an interexchange carrier? Why should Operator expenses be allocated to interexchange carrier costs? How does an interexchange carrier benefit from U.S. West Business Office and Customer Service expense allocations? Last but not least, how does an Executive and Planning and General & Administrative expense allocation benefit an interexchange carrier? These expenses should not be born by interexchange carriers.

Q What expenses should be allocated to interexchange carrier costs?

A Only the specific network unbundled costs should be allocated. Based on Exhibit A.1, the specific unbundled costs would be $298.04 or $24.84 per month per access line. For imputation purposes a prorated share of U.S. West Groups overhead should be allocated to access. See Exhibit D.

Q Have you reviewed depreciation expenses allocated in the Cost Model?

A Yes. As you can see from Exhibit C more than 44.2 million of depreciation has been charged to the South Dakota ledger. The net undepreciated property, plant and equipment included in the rate base at December 31, 1995 was $226,233,198. If the 44.2 million of depreciation were correct, the entire remaining undepreciated costs would be recovered in 5.1 years (44.2million times 5.1 years) if the depreciation were straight lined for the remaining years.. This calculation would strongly indicate that the $44.2 million depreciation expenses for 1995 is overstated.

Q Have you reached any conclusions as to what the access charge should be?

A Yes. I have prepared Exhibit D. Exhibit D assumes that U.S. West will do as well in South Dakota as the Group. Therefore the Group percentages were used to allocate the revenue for each segment. In other words, revenue segments were broken into classifications as if the South Dakota customers were generating the same percentage of income as the Group. Further, certain expenses such as customer operations expenses for marketing, etc. where allocated to U.S. West segments. Accordingly revenue from access should be approximately $13,490,377. Dividing total U.S. West minutes with Interexchange minutes (Exhibit F.4) calculates to a .0303730 access rate calculated as follows

U.S. West minutes imputed	277,600,554 times .0303730 = $8,431,561
Interexchange carriers	166,556,149 times .0303730 = $5,058,809
Total revenue requirements	444,156,703 times .0303730 = 13,490,370

Q Why have you included the other attached Exhibits to this testimony?

A They are supporting documents for verification of items used in my calculations.

Q Does this conclude your written testimony?

A Yes.

[redacted] EXHIBIT A

[redacted]
[redacted] Consolidated Balance Sheet
[redacted] 31, 1998 and 1997

	1998	US West % of Consolidated	Per Access Line 10,423,000	1997	US West %	Per Access Line 14,267,000	Inc. Dec. $	Inc. Dec. %	Per Access Line [redacted]
[redacted]									
[redacted]	$ 2,092,000,000		$ 174.98	$ 2,292,000,000		$ 154.37	$ [redacted]	Percentage	$ [redacted]
[redacted], plant and equipment, net	$ 14,008,000,000		$ 608.07	$ 13,529,000,000		$ 911.23	$ [redacted]	Actual	$ [redacted]
[redacted]	$ 827,000,000		$ 53.62	$ 784,000,000		$ 51.48	$ [redacted]	Percentage	$ [redacted]
	$ 16,915,000,000		$1,036.67	$ 16,595,000,000		$1,117.58	$ [redacted]		$ [redacted]
[redacted]									
[redacted]	$ 3,467,000,000		$ 224.78	$ 3,807,000,000		$ 242.94	$ [redacted]	Percentage	$ [redacted]
[redacted]	$ 5,694,000,000		$ 367.22	$ 5,686,000,000		$ 382.18	$ [redacted]	Percentage	$ [redacted]
[redacted]						$ -			
[redacted]	$ 2,907,000,000		$ 194.78	$ 2,351,000,000		$ 158.53	$ [redacted]	Percentage	$ [redacted]
[redacted]	$ 1,470,000,000		$ 95.63	$ 1,462,000,000		$ 98.47	$ [redacted]	Percentage	$ [redacted]
						$ -			
[redacted]	$ 3,917,000,000		$ 253.95	$ 3,478,000,000		$ 234.12	$ [redacted]	Percentage	$ [redacted]
	$ 16,915,000,000		$1,036.67	$ 16,580,000,000		$1,117.58	$ [redacted]	Percentage	$ [redacted]
[redacted]									
[redacted]									
[redacted]									
[redacted]									
[redacted]	$ 4,770,000,000	47.33%	$ 336.29	$ 4,344,000,000	45.87%	$ 292.58	$ [redacted]	65.80%	$ [redacted]
[redacted]	2,907,000,000	24.67%	182.54	2,578,000,000	25.07%	$ 190.17	$ [redacted]	38.67%	$ [redacted]
[redacted]	770,000,000	7.64%	48.92	747,000,000	7.88%	$ 50.31	$ [redacted]	7.86%	$ [redacted]
[redacted]	1,109,000,000	10.99%	71.32	1,189,000,000	12.54%	$ 80.09	$ [redacted]	12.54%	$ [redacted]
[redacted]	932,000,000	9.25%	60.49	629,000,000	6.71%	$ 53.60	$ [redacted]	8.71%	$ [redacted]
[redacted]	$ 10,079,000,000	100.00%	$ 653.48	$ 9,484,000,000	100.00%	$ 684.79	$ [redacted]	[redacted]	$ [redacted]
[redacted]	$7,730,000,000	76.76%	$ 501.75	$7,309,000,000	77.04%	$ 492.09	$ [redacted]	[redacted]	$ [redacted]
[redacted]	$ 2,340,000,000	23.22%	$ 151.71	$ 2,178,000,000	22.96%	$ 146.70	$ [redacted]	[redacted]	$ [redacted]
[redacted]	-445,000,000	-4.42%	$ (28.85)	-427,000,000	-4.50%	$ (28.76)	$ [redacted]	[redacted]	$ [redacted]
[redacted]	59,000,000	0.59%	$ 3.83	138,000,000	1.43%	$ 9.19	$ [redacted]	[redacted]	$ [redacted]
[redacted]	-41,000,000	-0.41%	$ (2.66)	-41,000,000	-0.43%	$ (2.76)	$ [redacted]	[redacted]	$ [redacted]
[redacted]	$ 1,913,000,000	18.98%	$ 124.03	$ 1,846,000,000	19.46%	$ 124.31	$ [redacted]	[redacted]	$ [redacted]
[redacted]	-406,000,000	-4.03%	$ (26.33)	-662,000,000	-6.98%	$ (44.59)	$ [redacted]	[redacted]	$ [redacted]
[redacted]									
[redacted]	34,000,000	0.34%	$ 2.20	-6,000,000	-0.06%	$ (0.40)	$ [redacted]	[redacted]	$ [redacted]
[redacted]	$ 1,249,000,000	12.39%	$ 80.98	$ 1,178,000,000	12.40%	$ 79.31	$ [redacted]	[redacted]	$ [redacted]
[redacted]							$ [redacted]		$ [redacted]
[redacted]	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]	[redacted]	$ [redacted]	$ [redacted]	[redacted]	$ [redacted]
[redacted]							$ [redacted]		$ [redacted]
[redacted]							10.24%		
							$ [redacted]	[redacted]	$ [redacted]

[redacted]
[redacted] operating income taxes from PUC's revised rule dated 9-16-98.

[redacted] as reported, calculated using equity percentages as presented in U.S.West
[redacted] Company annual reports adjusted to intercompanies for the year ended
[redacted] to 1998, Exhibit E-1

[redacted] net rate base of $229,233,193 and
[redacted] property, plant and equipment of $13.529 billion dollars.

963

EXHIBIT A-1

Exhibit A-1

[illegible] Communications Group Consolidated Balance Sheet and Income Statement for year ended December 31, 1995		Per Access Line	So.Dak. % Based on 267,928 AL Per Model	After Sale of Exchanges Per Model	Per Access Line Reported to PUC	Per Access Line Reported to PUC
		14,847,000	0.018045935	267,928		308,678
[illegible]						
Current Assets	2,292,000,000	154.37	41,361,283	154.37		133.82
Property and Equipment	13,529,000,000	911.23	226,233,198	844.38		731.97
Other Assets	764,000,000	51.46	13,787,094	51.46		44.61
	16,585,000,000	1117.06	281,381,576	1050.21		910.40
Liabilities and Equities						
Current Liabilities	3,607,000,000	242.94	65,091,688	242.94		210.60
Long-Term Debt	5,669,000,000	383.18	102,663,325	383.18		332.16
Postretirement and other post-employment benefit obligations	2,351,000,000	158.35	42,425,984	158.35		137.27
Deferred income taxes, credits & other	1,462,000,000	98.47	26,383,157	98.47		85.36
[illegible] Group Equity	3,476,000,000	234.12	44,817,411	167.27		145.03
	16,585,000,000	1117.06	281,381,576	1050.21		910.40
Operating Revenues						
Local Service	4,344,000,000	292.58	78,391,543	292.58	82,326,669	266.66
Interstate Access Service	2,378,000,000	160.17	42,913,234	160.17	41,525,948	134.43
Intrastate Access Service	747,000,000	50.31	13,480,314	50.31	12,511,089	40.50
Long-Distance Network Revenue	1,189,000,000	80.08	21,456,617	80.08	34,342,154	111.17
Other Services	828,000,000	55.63	14,905,942	55.63	4,179,779	13.53
	9,484,000,000	638.78	171,147,649	638.78	175,154,999	566.89
Operating Expenses						
Plant Specific Operating Expenses			22,583,020	84.29	22,583,020	73.12
Non-Specific Plant Expenses			17,167,515	64.08	17,167,515	55.58
Depreciation Expenses			44,294,277	165.32	44,294,277	143.41
Non-Income Taxes Allocable			8,072,091	30.13	8,072,091	26.13
			92,116,903	343.81	92,116,903	298.24
Marketing, customer operations			10,046,881	37.50	10,046,881	32.51
Business Office and Customer Service			10,822,392	40.39	10,822,392	35.02
Corporate Planning and CWI allocation			28,015,648	104.56	28,015,648	90.69
			48,884,921	182.46	48,884,921	158.22
Total Operating Expenses	7,306,000,000	492.09	141,001,824	526.27	141,001,824	456.46
Net Income before Interest and Taxes	2,178,000,000	146.70	30,145,825	112.51	34,152,845	110.60
Interest	(427,000,000)	-28.76	(9,737,793)	-36.34	(9,737,793)	-31.51
Gain or loss on sale of rural exchanges	136,000,000	9.16	0		0	0.00
Other expenses	(41,000,000)	-2.76	0		0	0.00
Income before taxes	1,846,000,000	124.33	20,408,032	76.17	24,446,052	79.09
Income Taxes	(662,000,000)	-44.59	(6,413,329)	-23.94	(6,413,329)	-20.75
Extraordinary items	(8,000,000)	-0.54				
Net income	1,176,000,000	79.21	13,994,703	52.23	18,031,723	58.34

EXHIBIT B

Sheet1

SDPUC

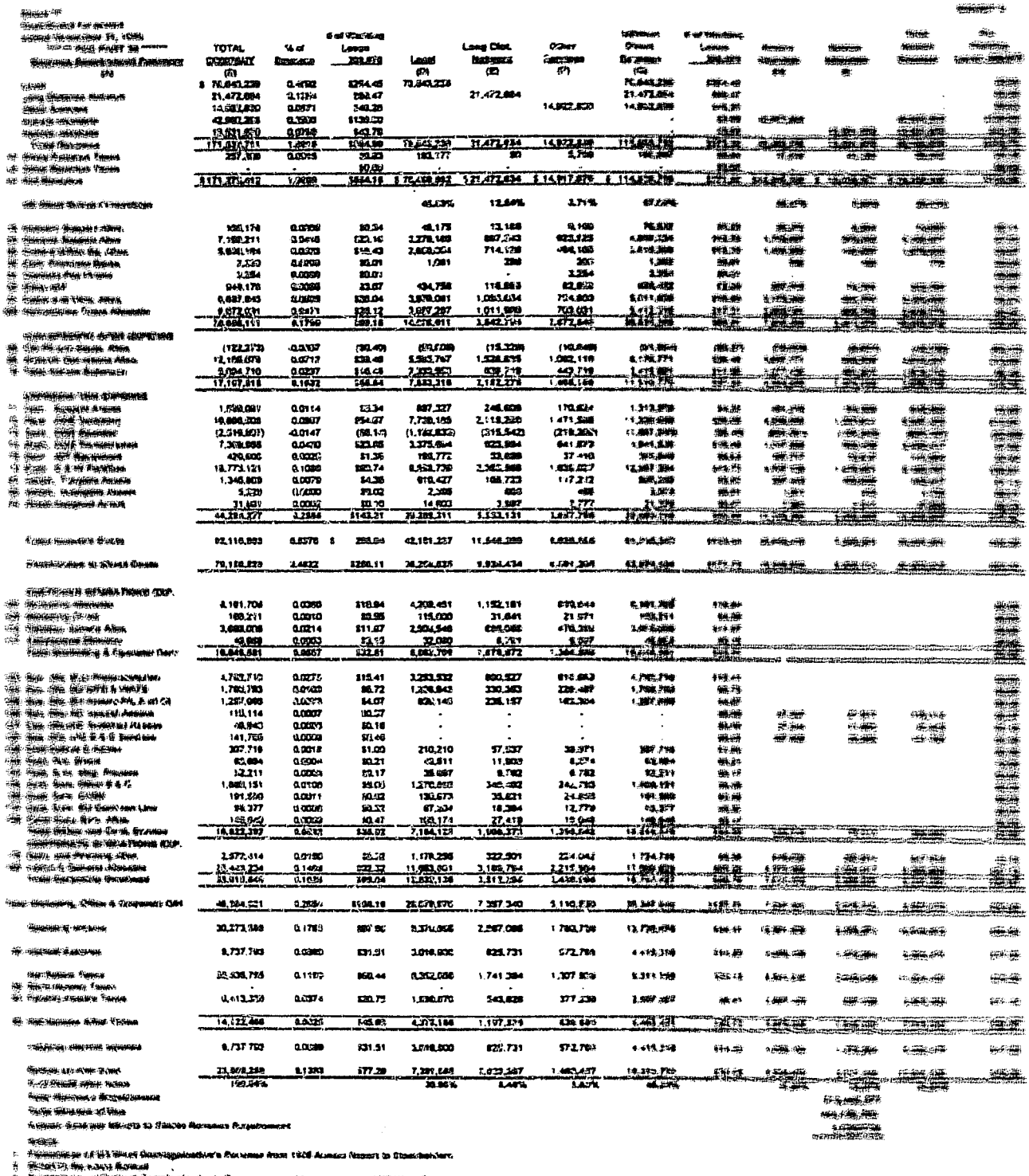
FCC PART 36 Separations Requirement Summary	TOTAL COMPANY	Source Allocator	Interstate and Other	Message Telephone Service: Intral.ATA	Message Telephone Service: Intral.ATA	Private Line			
(A)	(B)	(C)	(D)	(E)	(F)	(G)			
TOTAL REVENUE:	171,532,712		128,784,453	11,346,009					
Gross Receipts Taxes	257,299	Formula	193,177	17,019					
Other Revenue Taxes	-	V251	-	-					
Net Revenues	171,275,612		128,591,276	11,328,990					
Operating Expenses and Taxes	141,001,824	H96	105,246,934	8,989,351					
Depreciation	-	V249	-	-					
Corporations	-	H52	-	-					
Total Operating Expenses	141,001,824		105,246,934	8,989,351					
Operating Income	30,273,588		23,344,644	2,339,639					
Interest Expense	9,737,793	H44	7,519,086	752,814					
Capital Lease Expense	-	H48	-	-					
Capitalized Payroll Taxes	-	H36	-	-					
Depreciation Adjustment	-	H35	-	-					
Other Income Adjustments	-	V248	-	-					
Other Revenue Adjustments	-	V250	-	-					
Net Before Taxes	20,535,795		15,825,558	1,577,825					
State Income Taxes	-	Formula	-	-					
Federal Income Taxes	6,413,329	Formula	4,942,322	492,505					
Net Income After Taxes	14,122,466		10,883,236	1,084,320					
Additional interest expense	9,737,793		7,519,086	752,814					
Return on rate base	23,860,259		18,402,322	1,837,134					
Rate Base	230,758,662		177,972,169	17,767,253					
Rate of Return	10.34%		10.34%	10.34%					
	23,860,260		18,402,322	1,837,134					

EXHIBIT C

Sheet2

	TOTAL COMPANY (B)	% of Revenue	Source Allocator (C)	Interstate and Other (D)	Intrastate (E)	Intrastate (F)	Intrastate (G)	Intrastate (H)	Intrastate (I)
	171,532,712			128,784,495	11,348,008	27,528,736			
	257,299		Formula	193,177	17,019	41,293			
	171,273,413	1.0000		128,591,275	11,330,989	27,487,443			
	105,178	0.0006	H14	81,130	8,193	13,981			
	7,159,211	0.0418	H14	5,522,321	555,612	952,213			
	5,696,194	0.0333	H21	4,516,892	333,145	571,756			
	2,380	0.0000	H24	2,365	-	-	-	-	-
	3,254	0.0000	G18	1,972	420	862			
	949,178	0.0055	H23	711,884	94,872	142,423	-	-	
	8,667,645	0.0505	H31	6,512,809	822,700	1,347,136	821	84,139	
	22,583,039	0.1319		17,351,325	1,814,739	2,887,524	4,369	885,488	
	(122,273)	-0.0007	H35	(94,316)	(9,489)	(15,967)	(99)	(2,570)	
	12,195,078	0.0712	H33	9,408,782	946,435	1,903,771	2,547	598,548	
	5,094,710	0.0297	V180	4,489	-	5,089,221	-	-	
	17,167,515	0.1002		9,318,955	936,946	6,977,025	2,451	595,988	
	1,959,081	0.0114	H13	1,511,156	152,040	247,413	408	50,064	
	16,896,508	0.0987	H19	14,678,693	753,344	1,264,472			
	(2,516,907)	-0.0147	H16	(1,782,964)	(669)	(733,234)	-	-	
	7,369,935	0.0430	H20	5,291,472	521,917	891,954	4,715	660,256	
	429,600	0.0025	H25	321,861	42,918	64,821	-	-	
	16,773,121	0.1006	H31	14,105,988	1,781,892	2,701,270	1,735	182,236	
	1,345,809	0.0079	H40	1,038,102	104,448	185,641	384	57,134	
	9,229	0.0000	H41	4,033	408	644	1	144	
	31,881	0.0002	V190	27,800	4,051	-	-	-	
	44,290,277	0.2586		35,386,129	3,378,308	4,364,791	7,531	950,468	
	6,161,705	0.0360	G35	4,620,472	207,341	1,134,191	973	198,728	
	169,211	0.0010	V192	169,211	-				
	3,669,006	0.0214	G24	2,203,289	719	1,464,997			
	40,958	0.0003	G19	42,350	2,065	2,523			
	10,040,881	0.0587		7,035,302	210,125	2,601,711	973	198,728	
	4,762,710	0.0278	G36	4,067,156	-	10,540	2,443	82,571	
	1,768,793	0.0103	G37	1,207,609	40,347	394,569		65,268	
	1,257,866	0.0073	G38	342,940	153	907,494	48	7,196	
	115,114	0.0007	G39	104,460	9,570		1,084		
	48,943	0.0003	G40	41,327	7,580		36		
	141,755	0.0008	G41	97,970	42,591		194		
	307,718	0.0018	G42	272,954	31,495	3,270			
	63,604	0.0004	V205	19,324	-	43,970			
	52,211	0.0003	G43	33,121	7,909	11,470			
	1,869,191	0.0109	G44	1,432,553	158,302	278,000	-		
	191,580	0.0011	G45	93,790	93,790				
	98,377	0.0006	V209	98,377	-				
	146,640	0.0009	H48	116,678	5,346	22,234	81	1,101	
	10,902,382	0.0632		8,011,089	406,286	1,466,171	1,873	157,136	
	2,572,414	0.0150	H50	1,956,632	148,777	401,787	577	55,268	
	25,443,234	0.1486	H50	19,362,681	1,481,413	4,052,925	5,864	556,350	
	28,015,648	0.1636		21,319,293	1,631,189	4,454,712	6,441	611,618	
	8,072,291	0.0471	H36	6,228,479	626,450	994,759	1,488	222,703	
	141,001,824	0.8232		105,248,633	8,520,330	23,721,570	27,353	1,998,360	
	30,273,589	0.1768		23,344,645	2,126,797	3,765,873	4,320	607,178	
	9,737,793	0.0569	H44	7,519,098	732,614	1,186,437	1,228	297,966	
	20,535,796	0.1199		15,825,559	1,577,323	2,579,436	4,098	309,212	
	6,413,329	0.0374	Formula	4,942,322	482,506	852,441	1,222	174,858	
	14,122,457	0.0825		10,883,237	1,064,513	1,787,214	1,934	384,780	
	9,737,793	0.0569		7,519,098	732,614	1,186,437	1,228	297,966	
	23,860,250	0.1393		18,402,335	1,837,130	2,983,451	4,555	682,746	
	230,750,862			177,272,168	17,787,231	32,980,362	47,948	4,263,153	
	10.34%			10.34%	10.34%	10.34%	10.34%	10.34%	
	23,860,250			18,402,335	1,837,130	2,983,451	4,555	682,746	

EXHIBIT D



Page 1

9641

EXHIBIT D-1

Sheet4

	Interstate Common Line	Intrastate Local Switching	Interstate Common Line	Intrastate Local Switching	TOTAL COMPANY (B)	%	
	(A)						
	10,895,680	2,200,819	6,943,573	1,930,501	21,968,573		
	(16,716)	(2,440)	(10,407)	(2,900)	(33,547)		
	(155,858)		(270)		(156,354)		
	10,078,276	2,197,179	6,972,812	1,927,601	21,778,868		
	8,209	1,372	5,402	1,185	16,169		
	211,731	155,464	177,994	163,387	707,126		
	184,579	130,622	102,624	109,067	516,892		
	-	-	-	-	-		
	142,623	-	-	-	142,623		
	-	-	94,672	-	94,672		
	1,194,740	-	793,097	-	1,987,836		
	638,334	105,391	414,610	91,742	1,250,077		
	2,380,706	491,769	1,587,403	365,271	4,766,273		
	(10,739)	(1,381)	(6,917)	(1,116)	(22,149)		
	1,099,799	137,799	689,900	111,307	2,038,791		
	-	-	-	-	-		
	1,088,960	136,317	682,982	110,191	2,018,611		
	57,918	42,548	48,481	44,877	193,302		
	-	838,174	-	697,003	1,535,177		
	-	-	-	-	-		
	429,094	-	250,653	-	679,747		
	84,821	-	42,918	-	107,738		
	2,587,690	-	1,717,881	-	4,305,571		
	38,603	29,213	33,339	30,671	133,826		
	408	68	259	55	805		
	-	-	-	-	-		
	3,179,633	910,003	2,093,331	772,419	6,955,377		
	4,988,837	748,919	2,909,029	579,726	8,126,846		
	668,004	115,274	137,512	30,428	972,218		
	-	-	-	-	-		
	-	1,088	718	-	1,815		
	-	-	-	-	-		
	(668,004)	116,379	138,231	30,428	974,033		
	6,728	1,125	-	-	7,854		
	-	-	-	-	-		
					-		
					-		
			5,013	1,109	6,122		
					-		
	1,279		31,486		34,764		
					-		
					-		
					-		
				41,194	41,194		
					-		
	112	26	574	526	1,238		
	10,119	1,151	37,073	42,829	91,149		
	116,863	16,474	90,610	20,300	246,277		
	1,155,277	182,737	596,222	301,654	2,435,890		
	1,272,140	201,211	686,832	222,044	2,682,167		
	1,271,282	318,732	1,167,086	216,330	3,747,330		
	2,117,636	430,287	1,448,934	334,389	4,379,256		
	-	-	-	-	-		
	2,117,636	430,287	1,448,934	384,389	4,379,256		
	-						
	(471,893)	(95,815)	(308,435)	(81,409)	(906,623)		
	1,645,742	334,472	1,140,498	302,980	3,472,633		
	15,918,271	3,234,081	11,029,957	2,930,274	33,110,583		
	10.34%	10.34%	10.34%	10.34%	10.34%		
	1,645,742	334,472	1,140,498	302,980	3,423,692		

EXHIBIT D-2

FCC PART 69

Interstate toll
Revenue Requirement Summary

Line		Part 36 Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)
	INTRALATA SHEET N-1			N-L7 .4529%	N-L7 .098125	N-L7 -0-	N-L7 .209175	-0-	N-L7 .209464
15	Net Investment	$32,958,531	N3	$15,918,271	$3,234,061	$0	$8,903,920	$0	$8,904,278
16	Rate of Return	10.34%		10.34%	10.34%	10.34%	10.34%	10.34%	10.34%
17									
18	Return on Rate Base	$3,407,912		$1,645,742	$334,402	$0	$713,885	$0	$713,902
19	Return Adjustments	0	P18-20	0	0	0	0	0	0
20									
21	Net Return on Rate Base	$3,407,912		$1,645,742	$334,402	$0	$713,885	$0	$713,902
22	Income Taxes	977,170	P31-32	471,883	95,885	0	204,691	0	204,701
23	Expenses and Other Taxes	25,879,423	P33-35, 40	9,733,045	1,770,332	1,065,106	3,352,855	963,689	8,994,397
24									
25	Total IntraLATA Rev. Req	$30,264,505		$10,850,680	$2,200,619	$1,065,106	$4,271,411	$963,689	$10,913,001
26									
27									
28									
29	INTERLATA SHEET Q-52	Q-52		Q-52	Q-52		Q-52	Q-52	Q-52
30	Net Investment	$11,775,312	P13	$11,029,957	$2,630,274	$0	$3,774,378	$0	$40,707
31	Rate of Return	10.34%		10.34%	10.34%	10.34%	10.34%	10.34%	10.34%
32									
33	Return on Rate Base	$1,837,997		$1,140,498	$302,990	$0	$390,270	$0	$4,209
34	Return Adjustments	0	P18-20	0	0	0	0	0	0
35									
36	Net Return on Rate Base	$1,837,997		$1,140,498	$302,990	$0	$390,270	$0	$4,209
37	Income Taxes	493,837	P31-32	306,436	81,409	0	104,860	0	1,131
38	Expenses and Other Taxes	9,030,824	P33-35, 40	5,536,639	1,946,101	3,147	1,531,883	361,489	21,560
39									
40	Total InterLATA Rev. Req	$11,362,379		$6,983,573	$1,930,501	$3,147	$2,026,794	$361,489	$26,849
41									
42									
43									
44									
45	TOTAL INTRASTATE REV REQ	$41,626,884		$17,834,253	$4,131,120	$1,068,253	$6,298,205	$1,325,178	$10,939,850

ACCESS ELEMENT RESULTS OF USE

ACCESS RATE PER MINUTE

[illegible] / Condensed Combined Balance Sheets

[illegible]	[illegible]	[illegible]
[illegible]		
[illegible]	$ 2,083	$ 2,293
[illegible], plant and equipment — net	14,004	13,529
[illegible]	827	764
[illegible]	$16,913	$16,585
[illegible] AND EQUITY		
[illegible]	$ 3,447	$ 3,407
[illegible]	5,464	5,499
[illegible] and other postemployment benefit obligations	2,387	2,351
[illegible] income taxes, credits and other	1,690	1,663
[illegible] Group equity	3,917	3,675
[illegible] and equity	$16,915	$16,585

[illegible] / Condensed Combined Statements of Cash Flows

[illegible]	[illegible]	[illegible]	[illegible]
[illegible]			
[illegible]	$ 1,249	$ 1,176	$ 1,152
[illegible] to net income	2,126	2,379	2,359
[illegible] in operating assets, liabilities and other — net	(63)	(339)	(451)
[illegible] provided by (used for):			
[illegible] activities	3,304	3,219	3,059
[illegible] activities	(2,230)	(2,268)	(2,176)
[illegible] activities	(1,168)	(779)	(773)
[illegible] (decrease) in cash and cash equivalents	(72)	56	40
[illegible] balance, cash and cash equivalents	172	116	76
[illegible] balance, cash and cash equivalents	$ 100	$ 172	$ 116

U S WEST / Condensed Combined Statements of Operations

Year Ended December 31, (Dollars in millions except per share amounts)	1995	1996			
Operating revenues:					
Local service	45.20%	47.32%	$ 4,770	$4,356	$4,067
Switched access service	25.07%	24.87%	2,507	2,378	2,269
Wholesale access service	7.88%	7.64%	770	747	729
Long-distance network service	12.54%	10.91%	1,100	1,109	1,039
Other services	8.71%	9.25%	932	828	788
	100.00%	100.00%	10,079	9,418	8,892
Operating expenses	77.04%	76.78%	7,739	7,304	7,056
INCOME FROM OPERATIONS	22.96%	23.21%	2,340	2,114	1,836
Other income			445	427	334
Equity in losses of rural telephone exchanges	3.50%	5.40%	59	134	82
Other expense — net			41	41	39
Income before income taxes, extraordinary item and cumulative effect of change in accounting principle	19.46%	18.98%	1,913	1,866	1,809
Provision for income taxes	6.98%	6.92%	698	682	659
INCOME BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGES IN ACCOUNTING PRINCIPLE	12.48%	12.05%	1,215	1,184	1,150
Extraordinary item — early extinguishment of debt — net of tax	(.09%)		-	(18)	-
Income before cumulative effect of change in accounting principle	12.40%		1,215	1,166	1,150
Cumulative effect of change in accounting principle — net of tax	—	.33%	34	-	-
NET INCOME	12.40%	12.39%	1,249	$1,166	$1,150
EARNINGS PER COMMON SHARE [1]					
Income before extraordinary item and cumulative effect of change in accounting principle			$ 2.53	$ 2.52	$ 2.53
Extraordinary item — early extinguishment of debt			-	(0.03)	-
Cumulative effect of change in accounting principle			0.07	-	-
EARNINGS PER COMMON SHARE			$ 2.60	$ 2.49	$ 2.53
Average common shares outstanding (thousands) [1]			477,549	470,714	453,314

[1] Effective September 1, 1996, each share of U S WEST, Inc. common stock was converted into one share each of U S WEST Communications Group common stock and U S WEST Media Group common stock. Earnings per common share for 1995 and 1996 have been presented on a pro forma basis to reflect the two classes of stock as if they had been outstanding during all periods. For periods prior to the recapitalization, the average common shares outstanding are assumed to be equal to the average common shares outstanding for U S WEST, Inc.

connecting each CL

Connecting with family and friends. Connecting with the community. Connecting with the world.

U S WEST Communications Group provides integrated communications solutions that meet customers' needs and improve their lives. Our aim is to help each of our 25-million-plus customers achieve what he or she wants most — a life connected to family, friends and community. By focusing on the customer and linking employee rewards to customer satisfaction, we can deliver one-stop telecommunications services — local telephone dial tone; long distance; custom calling features, and a host of high-speed networking and equipment needs — with speed, accuracy and convenience.

U S WEST Communications Group / Financial Highlights

[illegible]	1996	1995	1994	1993	1992
[illegible]					
[illegible]	$10,079	$ 9,484	$ 9,176	$ 8,870	$ 8,530
[illegible]	1,249	1,176	1,150	[illegible]	[illegible]
[illegible]	2.62	2.50	2.38	-	-
[illegible]	2.14	2.14	2.14	-	-
[illegible]	$ 4,462	$ 4,220	$ 4,026	$ 3,740	$ 3,583
[illegible]	44.3%	44.5%	43.9%	42.2%	41.7%
[illegible]	$ 1,164	$ 1,107	$ 1,099	$ 999	$ 930
[illegible]	2.44	2.35	2.32	-	-
[illegible]	$16,915	$16,585	$15,944	$15,623	$15,655
[illegible]	6,498	6,754	6,126	5,673	5,181
[illegible]	3,917	3,476	3,178	2,752	2,483
[illegible]	32.0%	35.6%	37.0%	33.5%	33.7%
[illegible]	62.4%	66.0%	65.5%	67.4%	66.3%
[illegible]	$ 2,806	$ 2,739	$ 2,477	$ 2,328	$ 2,385
[illegible]	15,424	14,796	14,299	13,803	13,301
[illegible]	52,039	47,801	43,768	40,594	37,413
[illegible]	10,451	9,504	8,587	7,827	6,956
[illegible]	48,037	50,825	51,402	52,196	55,242
[illegible]	45,427	47,934	47,493	49,648	52,423
[illegible]	29.5	32.4	33.2	36.0	39.4
[illegible]	477,549	470,716	453,316	-	-
[illegible]	480,457	473,635	469,343	-	-

[illegible] 1995, each share of U S WEST Inc. common stock was converted into one share each of U S WEST Communications Group common stock and U S WEST Media Group common stock. Earnings and dividends per common share for 1995 and 1994 have been presented on a pro forma basis to reflect the new capital structure. Weighted average shares outstanding for 1994 for periods prior to the recapitalization, the average and common shares outstanding are equivalent to the sum of the average and common shares outstanding of U S WEST Inc.

[illegible] before interest, taxes, depreciation, amortization and other ("EBITDA"). EBITDA also excludes gains on sales of rural telephone exchanges and a restructuring charge.

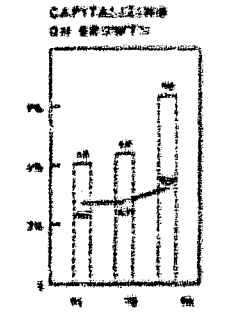
[illegible] 1996, 1995 and 1994 normalized income and normalized earnings per common share calculations. 1992 normalized income excludes $1,345 for the cumulative effect of changes in accounting principles.

[illegible] have been restated to conform to the current-year presentation.

which we competed. And we increased by 57 percent our sales of added services like Caller ID and Voice Messaging.

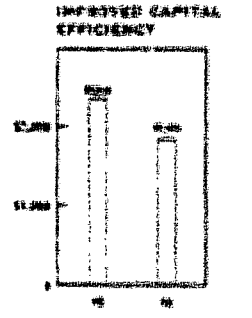
We worked hard to be sure that state and federal regulators considered all the facts and responded to our concerns in setting the rules for competition in telecommunications.

We feel good that from the inception of trading in our target stock in November 1995 to the end of 1996, our total shareowner return was nearly 21 percent. This included a combination of growth in the stock price and payout of our 53½-cent quarterly dividend. Excluding one-time items, our 1996 earnings per share improved 3.8 percent, to $2.44. Our operating cash flow — which includes money we saved through continued cost cutting — improved 22 percent in 1996 to $3.3 billion, and of that total, $2.8 billion was used to expand and modernize our network.



Local service revenue growth

Access line growth



Capital spending per access line gained improved by 22 percent in 1996.

OPPORTUNITIES AND CHALLENGES AHEAD If 1996 was a year of getting ready for competition, 1997 will be the year of experiencing it. We're ready — with a team that combines experienced telecommunications professionals with new managers hired from competitive industries.

We know we'll lose some share in certain markets. But our new opportunities in data, wireless, interLATA long distance and, eventually, video, will more than offset these losses. And by cutting costs, we'll be able to keep our services competitive.

We know our focus must continue to be on winning the loyalty and trust of every customer — one customer at a time. We recently began a program that will get our employees more involved in talking and listening to customers, and which will strengthen our ties to the communities we serve.

Our new campaign emphasizes that "Life's Better Here." We're doing our part to keep it that way — for our customers, our employees, our communities, and our owners.

Sincerely,

Richard D. McCormick
Chairman and Chief Executive Officer
U S WEST, Inc.

Sol Trujillo
President and Chief Executive Officer
U S WEST Communications Group

Outlook for 1996 and Beyond

The new telecommunications reform bill creates unprecedented opportunities for growth. Among them: the opportunities to enter new businesses, including long-distance, wireless and cable television. We're excited about — and ready for — this new era of competition and customer choice.

We're confident we'll be a strong competitor because we have:

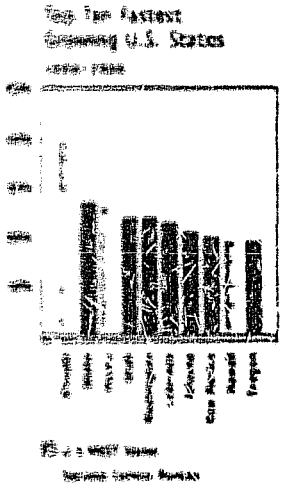
- *a century-long relationship with our customers;*
- *a proven ability to develop new markets; and*
- *extensive experience in delivering multiple services over two-way networks.*

Also in our favor: Our region is not an easy one for local-service competitors to enter. Customers are scattered throughout our 14 states, and our strongest growth is centered outside our top-five metro areas. Many of our fastest-growing cities are in hard-to-serve areas, where the cost to duplicate our network would be prohibitive. In addition, we're working diligently to reduce costs and make sure our prices (and margins) are fully competitive.

We're also ready to compete aggressively for new business. We're expanding our high-speed data services for businesses, and preparing to enter the interLATA long-distance, wireless and cable television markets, so we can offer customers full-service communication packages. We want to be the first choice among customers for communications, information and entertainment products and services. So we're integrating our efforts to assure superior service, enhance our network, build customer loyalty, expand our products and services and ensure a fair competitive environment. We explain these efforts in more detail elsewhere in this report.

As the transition continues toward a fully-competitive communications marketplace, we ask ourselves: How will we continue to differentiate ourselves from others?

Our answer: We'll keep getting better and better. Until we are the best.



SOL TRUJILLO
President and Chief Executive Officer, U S WEST Communications Group

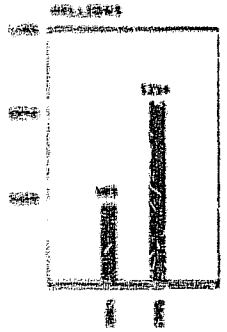
STRATEGY 5. ENSURE A FAIR COMPETITIVE ENVIRONMENT

In 1995, we fought for telecommunications reform and sought to improve our competitive position through the following initiatives:

1995 Public Policy Highlights

- ***Capital recovery.*** *In 1995, the FCC and six state commissions agreed with U S WEST that depreciation rates should reflect the changing competitive environment and that capital recovery should be accelerated. This enabled us to recover an additional $134 million of annual depreciation.*
- ***Price rebalancing.*** *Currently, in most U S WEST states, our pricing is regulated by state commissions. A fair competitive environment requires two things: 1) basic residential rates must reflect their costs, and 2) prices for competitive services, such as long-distance and access, must be decreased. In 1995, five states passed legislation providing additional competitive flexibility and allowing more rebalancing. Rates were rebalanced in Arizona, Minnesota, South Dakota, Utah and Wyoming.*
- ***Rural exchange sales.*** *We continued efforts to improve operating efficiencies and optimize cash flows by selling selected rural telephone exchanges. In 1995, we sold a total of 95,000 rural access lines, which generated cash proceeds of $214 million.*

Cash Proceeds from Rural Exchange Sales
millions



In 1996, we'll continue to pursue initiatives in capital recovery, price rebalancing and sales of additional rural exchanges. We'll selectively transition to price cap regulation in areas where it makes economic sense. We're also taking a leadership role as the FCC and state commissions implement the policies embedded in the Telecommunications Act of 1996. We're advocating a fair and reasonable approach to interconnection (allowing competitors access to our networks), resale (allowing competitors to buy our products and services and re-sell them), flexible pricing, and the establishment of competitively-neutral universal service funds.

EXHIBIT E-6

1996 CENTRALLY ASSESSED PROPERTIES
VALUATIONS

[redacted]	COMPANY	UNIT VALUE	FINAL STATE VALUE	STATE %
[redacted]	[redacted] C/O AIRBORNE FREIGHT CORP		$ 977,100	
	[redacted]	$ 122,000	$ 122,000	
	[redacted] CORPORATION		$ 1,307,900	
	[redacted] AVIATION, DBA UNITED EXPRESS		$ 1,513,200	
	[redacted] INC		$ 2,959,600	
	[redacted]		$ 1,709,200	100.0000
	[redacted] AIR LINES INC		$ 1,988,900	100.0000
	[redacted], INC.		$ 5,301,700	
	[redacted] AIRLINES INC		$ 256,600	
	[redacted]		$ 1,633,500	
	[redacted]		$ 5,717,200	100.0000
[redacted]		$ 122,000	$ 23,697,100	
[redacted]	[redacted] ELEVATOR CO	$ 60,000	$ 60,000	100.0000
[redacted]		$ 60,000	$ 60,000	
[redacted]	[redacted] GAS COMPANY	$ 385,000	$ 385,000	100.0000
	[redacted]	$ 1,000,000	$ 1,000,000	100.0000
	[redacted] LINE COMPANY	$ 146,000,000	$ 15,560,700	10.6554
	[redacted] COMPANY - LP	$ 9,600,000	$ 962,900	10.0300
	[redacted] PIPELINE CO	$ 800,000,000	$ 166,516,800	20.8100
	[redacted] GAS COMPANY	$ 1,258,000,000	$ 12,560,800	1.0078
	[redacted] PIPELINE COMPANY	$ 11,200,000	$ 11,100,000	100.0000
	[redacted] PIPE LINE CO	$ 275,000,000	$ 8,683,100	3.1567
	[redacted] PIPELINE	$ 170,000,000	$ 7,670,700	4.7100
[redacted]		$ 2,571,085,000	$ 224,440,200	
[redacted]	[redacted] L.C. [redacted], INC	$ 1,890,000	$ 247,000	14.4938
	[redacted] CENTRAL RAILROAD	$ 850,000	$ 574,000	100.0000
	[redacted]	$ 4,275,000,000	$ 54,127,000	1.9581
	[redacted] & EASTERN RAILWAY	$ 55,500,000	$ 22,834,000	51.7500
	[redacted] & EASTERN COMPANY	$ 75,000	$ 65,000	86.6667
	[redacted] & EASTERN COMPANY	$ 395,000	$ 312,000	100.0000
	[redacted] & WESTERN RR	$ 17,900,000	$ 161,000	0.9016
	[redacted] & MANAGEMENT	$ 390,000	$ 390,000	100.0000
	[redacted]	$ 256,000,000	$ 218,000	0.1423
	[redacted] CORPORATION	$ 9,000,000,000	$ 6,697,000	0.0744
[redacted]		$ 13,600,000,000	$ 85,725,000	
[redacted]	[redacted] ELECTRIC POWER COOPERATIVE	$ 1,400,000,000	$ 11,350,700	0.8107
	[redacted] & LIGHT CO	$ 300,000,000	$ 123,898,600	41.2996
	[redacted] POWER ASSOCIATION	$ 384,000,000	$ 138,200	0.0360
	[redacted] COUNTIES POWER DISTRICT	$ 31,500,000	$ 4,613,100	14.6447
	[redacted] COUNTY COMPANY	$ 2,930,000,000	$ 36,415,100	1.2431
	[redacted] UTILITIES	$ 320,000,000	$ 47,469,100	14.8341
	[redacted] GAS & TRANSMISSION	$ 1,380,000	$ 303,800	22.0145
	[redacted] POWER DISTRICT	$ 479,000,000	$ 352,000	0.1100
	[redacted] POWER CO	$ 1,110,000,000	$ 112,594,900	1.0728

EXHIBIT E-7

1996 CENTRALLY ASSESSED PROPERTIES
VALUATIONS

[illegible]	COMPANY	UNIT VALUE	FINAL STATE VALUE	STATE %
[illegible]	NORTHWESTERN PUBLIC SERVICE CO	$ 270,000,000	$ 188,592,600	72.4440
[illegible]	OTTER TAIL POWER CO & BIG STONE PLANT	$ 403,000,000	$ 72,724,600	18.7883
[illegible]	WESTERN MINN. MUN. POWER AGENCY	$ 136,900,000	$ 10,044,500	7.3218
[illegible]	WHITE RIVER ELECTRIC PLANT	$ 30,000	$ 30,000	100.0000
[illegible]		$ 9,159,810,000	$ 608,523,200	
[illegible]	AT&T AND ASAT COMMUNICATIONS INC	$ 15,700,000,000	$ 28,489,700	0.1814
[illegible]	CELLULAR NETWORK OF SD, INC	$ 2,200,000	$ 2,200,000	100.0000
[illegible]	GLACIAL LAKES CELLULAR LP	$ 3,670,000	$ 3,670,000	100.0000
[illegible]	MCI TELECOMMUNICATIONS CORP	$ 5,400,000,000	$ 4,320,000	0.0800
[illegible]	% DAKOTA LIMITED PARTNERSHIP	$ 1,300,000	$ 1,300,000	100.0000
[illegible]	% CODAK LIMITED PARTNERSHIP	$ 450,000	$ 450,000	100.0000
[illegible]	% HUTCHINSON LIMITED PARTNERSHIP	$ 1,070,000	$ 1,070,000	100.0000
[illegible]	% CUSTER LIMITED PARTNERSHIP	$ 400,000	$ 400,000	100.0000
[illegible]	SDI CUSTER RSA, LP	$ 130,000	$ 130,000	100.0000
[illegible]	% MARSH LIMITED PARTNERSHIP	$ 1,300,000	$ 1,300,000	100.0000
[illegible]	SDI JACKSON RSA, LP	$ 412,000	$ 412,000	100.0000
[illegible]	% MILLY LIMITED PARTNERSHIP	$ 2,400,000	$ 2,400,000	100.0000
[illegible]	% CAMERON LIMITED PARTNERSHIP	$ 1,775,000	$ 1,775,000	100.0000
[illegible]	% MARSON LIMITED PARTNERSHIP	$ 1,500,000	$ 1,500,000	100.0000
[illegible]	NETWORK, INC	$ 9,800,000	$ 9,770,100	100.0000
[illegible]	CELLULAR LIMITED	$ 9,000,000	$ 9,000,000	100.0000
[illegible]	CENTEL COMMUNICATIONS COMPANY, LP	$ 3,600,000,000	$ 4,295,100	0.1231
[illegible]	SWBT	$ 14,100,000,000	$ 125,512,400	0.3183
[illegible]	WESTERN WIRELESS CORPORATION	$ 560,000,000	$ 43,535,000	7.7738
[illegible]		$ 39,397,407,000	$ 443,464,700	
[illegible]	C & J OWNERS, INC	$ 142,500	$ 142,500	100.0000
[illegible]	FARR WEST RESIDENTIAL CORP	$ 5,000	$ 5,000	100.0000
[illegible]	GRAND CANYON COMPANY, INC.	$ 35,000	$ 35,000	100.0000
[illegible]	OPTIONS EXHIBITS PUBLIC WORKS	$ 8,600	$ 8,600	100.0000
[illegible]	PARK WEST DEVELOPMENT INC	$ 55,000	$ 55,000	100.0000
[illegible]		$ 246,400	$ 246,400	
[illegible]		$ 64,735,710,400	$ 1,186,361,500	

EXHIBIT F

1801 California Street
Room 2110
Denver, CO 80202
June 6, 1997

SD 97001

SWITCHED ACCESS
RATE CHANGE
IN SOUTH DAKOTA

Dear Interexchange Carrier Customer,

On a previous letter (SD-96014-F, dated June 26, 1996), you were notified of a filing made by U S WEST Communications (USWC) in South Dakota to increase the intrastate Switched Access rates. At the time this letter was issued, USWC was anticipating an effective date of July 27, 1996. Applicable Rate Impact Statements were issued to those Carrier customers affected by the filing. This filing has been pending approval since that time.

SD 97001 is now being issued to further notify you USWC plans to implement Switched Access rates on June 13, 19997, which were filed in South Dakota (Case TC96-107, originally filed on June 28, 1996) as described above. This is a result of Judge Zinter's decision dated May 27, 1997 which reverses the Commission's January 31, 1997 decision to dismiss this filing.

For your convenience, since the initial Rate Impacts were issued in 1996, included with this letter is a copy of the 1996 customer notification letter, SD 96014-F, as well as another copy of the applicable Rate Impact Statements (the data did not change from the 1996 filing).

Should you have any questions, please contact your Account Team representative.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments: (1) Previous Notification Letter
(2) Rate Impact Statements (if applicable)

Exhibit F

EXHIBIT F-1

1801 California Street
Room 2130
Denver, CO 80202
June 26, 1996

SD 96014-F

Access Services

Increase in Switched Access Rates

Dear Interexchange Carrier Customer,

This letter is being issued to notify you of a tariff filing in South Dakota to increase the intrastate Switched Access rates. The anticipated filing date is June 28, 1996.

This filing is required to recover the revenue requirement generated by a Switched Access cost study filed with the Commission on June 21, 1996. The effective date of both filings is, of course, dependent on approval of the PUC, but is expected to be around July 27, 1996.

For your planning purposes, applicable Rate Impact Statements for those Carrier customers affected by this filing are attached.

Should you have any questions, please contact your Account Team Representative, or you may call Ron Lewis on 402-422-7335.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments (if applicable)

EXHIBIT F-2

Exhibit F

	TTH	Others	Total	
CCL Orig N-P	7,399	167	7,566	
CCL Orig PREM	2,094,210	67,029,788	69,123,998	
CCL Term N-P	15,042	8,947	23,989	
CCL Term PREM	157,778	97,242,818	97,400,596	
Total	2,274,429	164,281,720	166,556,149	37.53
U.S. WEST MINUTES INCLUDED IN TOTAL			277,600,554	62.47
			444,156,703	100.000

	TTH	Other	Total	Per Minute
Current	$85,796.32	$5,157,318.82	$5,243,115.14	0.03148
Proposed	$187,892.74	$11,126,737.59	$11,294,630.33	0.067813

EXHIBIT G

U S WEST COMMUNICATIONS

Summary of Intrastate Operations

For the Years Ended December 31, 1996 and 1995

	1996	PER AL	1995	PER AL	Difference	Percentage Increase (Decrease)
[illegible]						
[illegible]	$83,885,353	313.09	$82,325,699	272.37	$1,559,654	1.89
[illegible]	13,011,029	48.56	12,511,089	41.39	499,940	4.00
[illegible]	32,619,572	121.75	34,342,154	113.62	(1,722,582)	-5.02
[illegible]	(3,974,908)	-14.84	(4,179,779)	-13.83	204,871	-4.90
[illegible]	361,674	1.35	270,522	0.90	91,152	33.69
[illegible]	$125,902,720	469.91	$125,269,685	414.44	$633,035	0.51
[illegible]			4,179,779			
[illegible]			41,825,948			
[illegible]			171,275,912			
[illegible]	$18,917,836	70.61	$19,097,155	63.18	($179,319)	-0.94
[illegible]	34,048,678	127.08	29,002,274	95.95	$5,046,404	17.40
[illegible]	2,113,841	7.89	3,316,835	10.97	($1,202,994)	-36.27
[illegible]	4,504,085	16.81	4,267,248	14.12	$236,837	5.55
[illegible]	8,206,343	30.63	5,681,701	18.80	$2,524,642	44.43
[illegible]	(475,258)	-1.77	(93,595)	-0.31	($381,663)	407.78
[illegible]	17,607,919	65.72	17,702,604	58.57	($94,685)	-0.53
[illegible]	16,972,226	63.35	15,486,184	51.23	$1,486,042	9.60
[illegible] (FIT)	5,714,827	21.33	4,966,517	16.43	$748,310	15.07
[illegible] (FIT)	3,523,055	13.15	5,191,308	17.18	($1,668,253)	-32.14
[illegible]	1,583,512	5.91	554,536	1.83	$1,028,976	185.56
[illegible]	380,676	1.42	913,922	3.02	($533,246)	-58.35
[illegible]	$113,097,740	422.12	$106,086,589	350.98	$7,011,051	6.61
[illegible]	$12,804,980	47.79	$19,182,996	63.47	($6,378,016)	-33.25
[illegible]	$174,557,206	651.61	$204,206,877	675.60	($29,649,671)	-14.52
[illegible]			22,027,321			
			226,233,198			
[illegible]	267,928		302,259		(34,331)	-11.36
[illegible]	0		0		0	0.00
[illegible]	7.336		9.394			-3.058
[illegible]	10.171		15.313			-5.142

[illegible]
[illegible] 31, [illegible]

U S WEST COMMUNICATIONS

	FCC PART 69 Intrastate [illegible] Revenue Requirement Summary	Part 36 Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	INTRALATA									
15	Net Investment	$30,545,655	J13	$14,[illegible]	[illegible]	$0	$[illegible]	$0	$[illegible]	OK
16	Rate of Return	9.62%		9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	
17										
18	Return on Rate Base	$2,937,335		$1,410,794	$281,273	$0	$915,380	$0	$620,103	OK
19	Return Adjustments	0	J16-20	0	0	0	0	0	0	OK
20										
21	Net Return on Rate Base	$2,937,335		$1,410 794	$281,273	$0	$915 380	$0	$620,103	OK
22	Income Taxes	755,946	J31-32	363,006	74 948	0	156,336	0	150,556	OK
23	Expenses and Other Taxes	23,710,274	J33-35, 40	8,760,075	1,761,968	1,036,783	3,327,384	936,067	9,889,000	1 238881342183
24										
25	Total IntraLATA Rev. Req	$28,403,655		$10,533,873	$2,128,192	$1,036,783	$4,101,080	$936,067	$10,665,660	1 259049853845
26										
27										
28										
29	INTERLATA.									
30										
31	Net Investment	$16,314,521	P13	$10,199,806	$2,746,577	$0	$3,328,266	$0	$37,866	OK
32	Rate of Return	9.62%		9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	
33										
34	Return on Rate Base	$1,566,100		$980,908	$264,329	$0	$339,311	$0	$3,642	OK
35	Return Adjustments	0	P16-20	0	0	0	0	0	0	OK
36										
37	Net Return on Rate Base	$1,569,100		$980,908	$264,329	$0	$339,311	$0	$3,642	OK
38	Income Taxes	380,613	P31-32	235,015	63,330	0	81,295	0	873	OK
39	Expenses and Other Taxes	9,025,548	P33-35, 40	5,564,622	1,537,984	3,062	1,517,730	380,890	21,258	OK
40										
41	Total InterLATA Rev. Req.	$10,994,248		$6,780,545	$1,865,843	$3,062	$1,938,336	$380,890	$25,773	OK
42										
43										
44										
45	TOTAL INTRASTATE REV. REQ	$40,307,904		$17,314,418	$3,993,835	$1,039,844	$6,039,416	$1,316,957	$10,691,432	
	ACCESS ELEMENT MINUTES OF USE			444,155,703	448 389,621		448 389,621			
	ACCESS RATE PER MINUTE	$0 081459		$0 038983	$0 008947		$0 013579			

EXHIBIT H

Schedule 3

* Received from [illegible] — [illegible] of U S West Office

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

RECEIVED

AUG [illegible] 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC	)	PREFILED TESTIMONY OF HOWARD SUSSKIND TC 96-107

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS

A. My name is Howard Susskind. My business address is [illegible] Annandale, Virginia 22003.

Q. WHAT IS YOUR OCCUPATION?

A. I am a principle in International Protocol, LLC, a [illegible] consulting practice specializing in business planning and development, technical infrastructure planning and government relations.

Q. WHY ARE YOU OFFERING TESTIMONY HEREIN?

A. On behalf of Telecommunications Action Group I reviewed [illegible] to offer expert testimony thereon.

Q. PLEASE TELL US ABOUT YOUR EDUCATIONAL BACKGROUND

A. I hold a Bachelor of Science in Physics from Princeton University and a Master of Science in Engineering and Applied Math from Cornell University. Additionally, I hold a Master of Business Administration from the Johnson School of Management at Cornell.

Q. WOULD YOU PLEASE ADVISE THE COMMISSION OF YOUR PROFESSIONAL BACKGROUND?

A. After receiving my Masters in Business Administration, I began work with Southern Telecommunications Corp. In that capacity I was the lead policy manager for regulatory cost proceedings, industry structure, access cost structure and pricing and network design and technology. After approximately one year with that company, I was employed by Cable and Wireless, Inc. of Vienna, Virginia. I began as manager of access analysis and ultimately became a senior manager of network policy and finally, the Director of Finance and Business Development, the Cable and Wireless Internet Exchange. Thereafter, I became a co-founder and partner in International Protocol, LLC. I have attached as an exhibit, Exhibit A, a copy of my educational and professional experience.

9657

EXHIBIT

[illegible]

Q HAVE YOU HAD OPPORTUNITIES TO SHARE YOUR PROFESSIONAL EXPERTISE IN OTHER SETTINGS?

A. Yes. I have been a frequent speaker on telecommunications issues, particularly involving access issues including pricing and charges. In the past four years I have spoken on telecommunications issues at approximately 26 different conferences, forums or speaking engagements, not only in the United States but worldwide. I attach, as Exhibit B, a copy of those speaking engagements and other seminars which I have attended on issues pertinent to those involved herein.

Q. WHAT TYPES OF STRATEGY, ANALYSIS OR IMPLEMENTATION PROJECTS HAVE YOU CONDUCTED DURING YOUR EMPLOYMENT?

A. I have been involved in many projects relating to access costs, price issues, rate issues, resale issues, margin studies, cost/benefit analysis, and local exchange services.

Q HAVE YOU BEEN INVOLVED ON THE FEDERAL LEVEL WITH LOCAL ACCESS ISSUES?

A. Yes. While I was employed as Director of Finance and Business Development, Cable & Wireless Internet Exchange, I guided Cable and Wireless, Inc. through the local competition reform proceeding at the Federal Communications Commission. I was able to save Cable and Wireless, Inc. over $2 million per month in carrier costs by redesigning the access network. During the most recent FCC access charge reform proceeding, I worked closely with the FCC economists who were drafting the Commission's plan, and briefed two commissioners on the effects of the chairman's plan on the long distance industry.

Q SINCE FOUNDING INTERNATIONAL PROTOCOL, LLC, HAVE YOU HAD OPPORTUNITY TO WORK IN TELECOMMUNICATIONS INFRASTRUCTURE PLANNING?

A Yes. My clients have included competitive local and long distance telephone companies, internet service providers, international carriers and manufacturers. We have also advised the United States Government, investment banks and private companies on telecommunications issues.

Recently, I have advised a number of clients on the effects that the FCC's Access Charge Reform Order will have on their business.

Q HAVE YOU REVIEWED THE EFFECTS OF US WEST SOUTH DAKOTA'S INCREASED INTRASTATE SWITCHED ACCESS CHARGE ON THE MEMBER COMPANIES OF TAC?

A Yes I have received the impact statements prepared for the companies by US West, and have reviewed the effects of individual rate elements and the overall impact

Q CAN YOU SUMMARIZE THE IMPACT ON THE MEMBER COMPANIES OF TAG?

A The aggregate impact for the companies is summarized in the table below. Individual company impacts have been provided under seal, as have the financial statements supporting the same

US West South Dakota Intrastate Switched Access Charges [1]			
Current	Proposed	Increase	Change
$737,294	$1,527,076	$789,782	107%

[1] As reported to the Companies in US West's South Dakota Annual Intrastate Switched Access Filing Impact Studies

Q DO THE MEMBER COMPANIES OF TAG MAKE UP A SIGNIFICANT PORTION OF THE TOTAL SOUTH DAKOTA INTRASTATE TOLL MARKET?

A Yes As the table below indicates, the four companies purchase more than 84% of the originating intrastate access minutes sold by US West in South Dakota. This would indicate that the group of companies represent a very significant portion of all intrastate toll minutes which are NOT provided by US West. This obviously is due in part to the size of their share of interstate services, either within South Dakota or nationwide

Service	Combined Demand [1]	Market Demand [2]	Combined Share [3]
Intrastate Originating CCL Minutes	11,308,525.00	69,131,564.00	16.4%

[1] Combined demand is total for TAG companies
[2] Market demand is for all purchasers of intrastate access, i.e. suppliers of intrastate toll excluding US West Dakota Telecom
[3] Combined Share is demand from TAG companies divided by Market demand

Q HAVE YOU REVIEWED FINANCIAL STATEMENTS OF THE TAG MEMBER COMPANIES?

A Yes

Q WERE THESE FINANCIAL STATEMENTS AUDITED?

A Financial statements for three of the companies had been independently audited. The statements of the fourth company had been "reviewed" internally for the time period chosen

Q WERE THE FINANCIALS OF THIS COMPANY, WHICH HAD NOT BEEN AUDITED FOR THE TIME PERIOD CHOSEN, CONSISTENT WITH THE AUDITED FINANCIALS WHICH WERE SUBMITTED FOR THE SUBSEQUENT CALENDAR YEAR?

A Yes

Q CAN YOU TELL US HOW THE TIME PERIODS OF THE US WEST-PROVIDED IMPACT STATEMENTS AND THE CORPORATE FINANCIAL STATEMENTS MATCHED UP?

A For two of the member companies the calendar year utilized in the financial statements overlapped exactly with the calendar year US West used to compute impact statements. For the other two member companies, the fiscal year utilized in the financials covers the last six months of the calendar year used by US West in its impact statements, and the first six months of the next calendar year

Q IS IT LIKELY THAT THIS PHASING DIFFERENCE SUBSTANTIVELY INFLUENCED THE OUTCOME?

A Not likely. There would only be an effect if the companies' percentage growth rates were significant compared to the percentage cost increases. Combined revenues (hence access costs) for these two companies were growing at approximately 5% per year during this time period, while access costs are proposed to increase over 100%. Thus the six-month timing difference for two of the companies should not introduce significant error.

Q HOW DID YOU USE THE MEMBER COMPANIES' FINANCIAL STATEMENTS IN YOUR ANALYSIS?

A The forecasted increase in South Dakota intrastate switched access costs, as provided by US West, was flowed through the financial statements of each company, with the assumption that the increase in access costs contributes directly to the cost of goods sold, also referred to as "deductions from revenue" or "carrier cost". It was further assumed that due to contracts with customers and price pressure from competitors, notably US West, prices do not increase to reflect this increase in cost. Therefore revenues remain constant. Furthermore, it was assumed that other non-access-related expenses such as depreciation, interest and general and administrative costs remain unchanged. For companies making direct provisions for income taxes, income tax was recalculated based upon a constant percentage of adjusted Operating Margins. For partnership entities making profit distributions, no tax effects were considered.

Q CAN YOU SUMMARIZE THE PROFITABILITY IMPACT OF THE INCREASED ACCESS CHARGES ON THE MEMBER COMPANIES OF TAG?

A The aggregate impact for the companies is summarized in the table below. Individual company impacts have been provided under seal.

Net Revenue		Operating Margin		Net Income			Net Income as a Percent of Revenue	
Current	Proposed	Current	Proposed	Current	Proposed	Change	Current	Proposed
$5,059,698	$4,269,916	$1,501,781	$712,000	$1,068,730	$447,209	-58.1%	21.1%	10.5%

Q APPARANTLY LONG DISTANCE SERVICES, AND INTRASTATE TOLL IN PARTICULAR, MAKE UP A VARYING SHARE OF EACH OF THE MEMBERS BUSINESSES. IS THERE A MEMBER WHOSE FINANCIAL STATEMENTS ARE MOST REPRESENTATIVE OF A "PURE PLAY" LONG DISTANCE SWITCHED VOICE PROVIDER WHO HAS MADE A NICHE FOR ITSELF IN THE SOUTH DAKOTA INTRASTATE TOLL MARKET?

A Yes, one of the members is most like this. Its Net Income is reduced by over 100%, and its Net Income as a percentage of Revenue is reduced from over 10% to less than 0%.

Q HOW ARE SWITCHED INTRASTATE TOLL SERVICES PROVIDED BY INTEREXCHANGE CARRIERS?

A In order to make an intrastate toll call over the network of an interexchange carrier, the end user originates its call over the switched access facilities of the interexchange carrier. The carrier pays intrastate switched access charges to US West. The carrier then terminates the call over its switched access facilities. Again the carrier pays intrastate switched access charges to US West.

Q PLEASE COMPARE PER MINUTE INTRASTATE SWITCHED ACCESS CHARGES BEFORE AND AFTER THE RATE INCREASE.

A. The cost of a round-trip intrastate access minute is calculated below. According to US West demand figures, the 50+ mile band is actually the most common call, and within that band, average call mileage is at least 100 miles. In any case, transport mileage has a de minimis effect on the total per minute cost.

Service	3 14 cost Rates	New Rate	
Orig CCL Premium	0 006692	0 040575	Originator
Local Switching Premium	0 008357	0 010371	"
Interconnect Premium	0 005230	0 005600	"
Tandem Switching Charge	0 007700	0 007700	"
Tandem Transport Fix 50+ Miles	0 000311	0 000311	"
Tandem Transport Var 50+ Miles	0 000020	0 000020	Originator
Tandem Transport Fix 50+ Miles	0 000311	0 000311	Terminator
Tandem Transport Var 50+ Miles	0 000020	0 000020	"
Tandem Switching Charge	0 007700	0 007700	"
Interconnect Premium	0 005230	0 005600	"
Local Switching Premium	0 008357	0 010371	"
Term CCL Premium	0 006692	0 040575	Terminator
Total @100 Miles	0.060530	0.133132	

Q. WHAT TYPE OF CUSTOMERS DO TAG MEMBER COMPANIES SERVE IN SOUTH DAKOTA?

A. The companies provide long distance services to business and residential customers.

Q. WHAT TYPE OF CUSTOMERS DO TAG MEMBER COMPANIES PROVIDE INTRASTATE TOLL TO IN SOUTH DAKOTA?

A. South Dakota is a single-LATA state. Thus intrastate calls must be intraLATA calls. There is no intraLATA presubscription in South Dakota, hence no dialing parity. Thus, it is very difficult for TAG member companies, or any other interexchange carriers, to provide access to switched customers who must manually dial a special access code every time they want to make an intraLATA toll call over their pre-selected long distance carrier rather than over US West. Therefore TAG members provide a majority of their intrastate toll services in South Dakota to small business customers who have computers to automatically dial the access codes.

Q. YOU CALCULATED THE ROUND-TRIP COST OF INTRASTATE ACCESS. PLEASE COMPARE THIS TO THE TARIFFED RETAIL INTRASTATE TOLL RATES WHICH US WEST OFFERS TO MEDIUM AND LARGE BUSINESS CUSTOMERS.

A These figures are compared in the table below:

	Rate per Minute	Source
US West South Dakota Intrastate Access - Switched Access Charges		
Switched Access Cost (End-to-End) – Current	$0.061	US West cost study Exhibit Statement B
Switched Access Cost (End-to-End) – Proposed	$0.133	
US West South Dakota Intrastate Toll - Retail Discount Plans		
Volume Calling Connection (Day)	$0.160	
Volume Calling Connection (Eve)	$0.140	
Volume Calling Connection (NW)	$0.140	US West Communications, Inc.
Volume Calling Connection, over $500 (Day)	$0.144	State of South Dakota Exchange
Volume Calling Connection, over $500 (Eve)	$0.126	
Volume Calling Connection, over $500 (NW)	$0.126	and Network Services Catalog
		Section 6.1
Guaranteed Rate Calling Connection 3-Year Term, 50 Hours Use	$0.130	
Guaranteed Rate Calling Connection 3-Year Term, 100 Hours Use	$0.125	
Guaranteed Rate Calling Connection 3-Year Term, 1000 Hours Use	$0.115	

Q WHAT IS THE SIGNIFICANCE OF THE COST OF INTRASTATE ACCESS RELATIVE TO US WEST'S RETAIL PRICE OF INTRASTATE TOLL?

A As a result of the increased access costs, US West has placed interexchange carriers who provide intrastate toll services in a very serious price squeeze. At a price of $0.115 per minute US West recovers its full historical allocated costs and a generous rate of return for both its intrastate switched access service and its retail intrastate toll service. Carriers such as the member companies of TAG, however, would be forced to purchase the access services which are inputs of their intrastate toll service for $0.115 per minute and while selling against US West's own retail product PRICED BELOW $0.115. And the interexchange carrier has not even begun to recover any of its own switching, billing, or general and administrative costs.

Q AND THE END RESULT FOR TAG MEMBER COMPANIES WOULD BE?

A TAG member companies would be driven from the retail intrastate toll marketplace and take a significant loss for providing service to remaining customers under contract.

Q AND THE END RESULT FOR CUSTOMERS WOULD BE?

A Competitors provide price, feature and service quality discipline in the marketplace. The effect of the increased access charges would be to destroy competition, removing such positive discipline from the marketplace. Consumers could hardly benefit from this.

Q DOES THIS CONCLUDE YOUR TESTIMONY?

A Yes.

0662

Exhibit A

Howard Sussking
2250 Clarendon Boulevard, Suite 2026
Arlington, Virginia 22201
(703) 243-6846

Experience

1997-Present **INTERNATIONAL PROTOCOL, LLC** [redacted]
Partner
Co-founder and Partner in consulting firm specializing in [redacted] policy issues. Clients include new and existing telecom providers who require [redacted] business plans for entry into diversified telecom markets. Work performed includes development of a local exchange business for a long distance provider, entry into the Internet access business by a satellite operator, development of a [redacted] voice business for a fiber facilities owner, creation of a long distance voice service for an Internet access provider, and expansion of existing services into new cities and countries.

CABLE & WIRELESS, INC. [redacted]

1995-1997 **Director, Finance & Business Development, Cable & Wireless Internet Exchange**
Responsible for start-up and profitability of the world's first truly global TCP/IP backbone. Oversight for all products, pricing, ICE customer proposals, international business development, and operating costs. Further responsibility for all [redacted] and infra-Cable & Wireless Group business development. Development of business cases and investment plans for profitable introduction of new network-based services, requiring technical, financial and strategic analysis expertise. Frequent interaction with global corporate customers and large multinational prospects. Responsible for negotiations with providers of domestic and international network facilities and networking equipment. Representative at industry forums, trade associations and regulatory agencies on a global scale.

1994-1995 **Sr. Manager, Network Analysis, Policy Formulation & Business Development**
Corporate focal point for financial and business planning of long-term network planning strategies. Contribution to network cost reduction of $2 million per month. Management of strategic operating consortia, joint ventures, and negotiations with other carriers and local access providers. Management of domestic regulatory planning and pricing initiatives. Internal consultant for industry intelligence, competitive analysis, and business issues for management. Support of executives in a broad variety of [redacted]

Additional responsibilities include: Network optimization and cost reduction, strategic financial & technical planning for CWI's entrance into Local Exchange Services, management of all interaction with Bell Operating Companies, and strategic and operational planning for potential new voice and data network-based businesses.

1993-1994 **Manager, Access Analysis**
Manager of all issues concerning the planning, financial analysis, pricing, policy management and regulation of local access. Key issues included [redacted] interconnection, pricing plans, network unbundling, and new regulatory models.

1992-1993 **ROCHESTER TEL TELECOMMUNICATIONS CORP.** [redacted]
Manager, Regulatory and Financial Analysis
Lead policy manager for regulatory issues involving [redacted] and pricing, and network design and technology, including the Response To Open Video Plan. Financial analysis of new network businesses, such as [redacted]

Education

CORNELL UNIVERSITY [redacted]
Johnson Graduate School of Management
Master of Business Administration, May 1992 Concentrations: Finance & Operations

Graduate School of Engineering
Master of Science in Engineering, August 1991 Concentrations: Systems & Mathematics

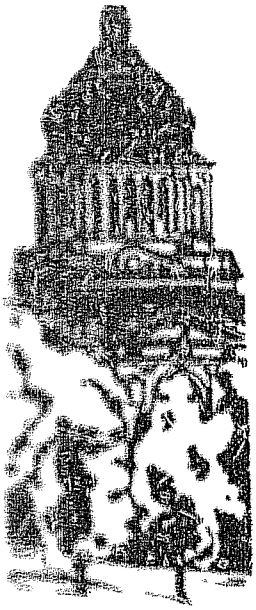
PRINCETON UNIVERSITY [redacted]
Bachelor of Science in Physics, June 1987 Minor Field: Mechanical Engineering

EXHIBIT B

Conferences, Forums and Speaking Engagements

- CompTel Educational Seminar - July 24-25, 1997, Minneapolis, MN (Speaker)
- CompTel Summer Business Conference - June 9-11, 1997, Montreal, Canada (Speaker)
- CompTel Annual Trade Show & Exposition - February 17-19, 1997, Palm Springs, CA (Speaker)
- North American Network Operators Group (NANOG), February 10-11, 1997, San Francisco, CA
- Yankee Group Europe Internet Conference - February 3-4, 1997, Amsterdam, The Netherlands (Speaker)
- CompTel Access Charge Reform Board Meeting 2 - January 9, 1997, Washington, DC (Speaker)
- CompTel Access Charge Reform Board Meeting 1 - December 13, 1996, Washington, DC (Speaker)
- ALTS Annual Meeting & Exhibition - November 11-13, 1996, Orlando, FL
- US Federal Networking Council Advisory Committee - October 21-22, Arlington, VA
- CWIX Austrian Internet Development Event - August 13-14, 1996, Vienna, Austria (Speaker)
- ISPI Conference Internet Event - August 7-9, 1996, San Francisco, CA
- Commonwealth Telecom Organization Internet Conference - August 6, 1996, Coventry, UK (Speaker)
- US Chamber of Commerce Global Internet Event - July 31, 1996, Washington, DC
- Cable & Wireless Global Internet Customers' Conference - June 26, 1996, New York, NY
- FCC International Bureau Competitive Networks Meeting - June 4, 1996, Washington, DC (Speaker)
- ALTS Spring Conference, May 1-3, 1996, San Francisco, CA
- Council of Great City Schools Telecom Conference - April 12, 1996, New Orleans, LA (Speaker)
- CompTel Telecom Act Conference - March 29, 1996, Crystal City, VA
- Cable & Wireless Global Internet Conference - March 11-13, 1996, McLean, VA (Speaker)
- Bell Atlantic Internet Ventures Strategy Meeting - March 1, 1996, Reston, VA (Speaker)
- Jupiter OnLine Commerce Trade Show - February 26-28, 1996, New York, NY
- NYNEX Fall Carrier Conference, RBOC Entry - October 24-28, 1995, Chatham Bars, MA (Speaker)
- Cable & Wireless Internet Founders Conference - October 11-13, 1995, Palo Alto, CA (Speaker)
- CompTel Fall Conference - October 8-11, 1995, New Orleans, LA
- Ameritech Executive Conference - July 7-8, 1995, Chicago, IL
- CompTel Summer Conference - May 11-14, 1995, Seattle, WA
- NYNEX Spring Carrier Conference - May 23-25, 1995, Lake George, NY
- MFS Interconnect Negotiation Sessions - May 16, 1995, Oak Brook, IL (Speaker)
- MCI Metro Customer Planning Session at CompTel, March 24, 1995, Washington, DC
- NYNEX Carrier Conference - March 14-15, 1995, Westchester, NY
- Ameritech Access Reform Negotiations at CompTel - March 10, 1995, Washington, DC
- CompTel Winter Conference - February 12-15, 1995, Nashville, TN (Speaker)
- CompTel Local Competition Seminar-December 8&9, 1994, New Orleans, LA (Speaker)
- BellSouth Carrier Business Development Conference - December 1, 1994, Atlanta, GA

- Telecomm Reports Access Conference - December 2, 1994, Washington, DC (Speaker)
- GTE Carrier Business Meeting - November 21, 1994, Irving, TX
- ALTS Fall Conference - October 30-November 2, 1994, San Diego, CA
- NYNEX Fall Carrier Conference - October 19 & 20, 1994, Newport, RI
- Small IXC Joint Venture Planning Meeting - October 3, 1994, Phoenix, AZ (Speaker)
- CompTel Fall Business Conference - October 2-5, 1994, Phoenix, AZ
- Small IXC Joint Venture Planning Meeting - August 22, 1994, Rochester, NY (Speaker)
- NYNEX Access Product Planning Session - August 5, 1994, Boston, MA
- NYNEX Interexchange Market Workshop - July 27 & 28, 1994, Rye Brook, NY
- CompTel Small Carriers Issues Seminar - July 21 & 22, 1994, Chicago, IL (Speaker)
- CompTel Summer Business Conference - June 12-15, 1994, Toronto, Canada
- New York State Telecomm Association Planning Session - May 25, 1994, Boston, MA
- NYNEX Spring Interexchange Carrier Conference - May 23-25, 1994, Boston, MA
- ALTS Spring Conference - May 4-6, 1994, Washington, DC
- Interexchange Access Coalition Planning Conference - April 22, 1994, Jackson, MS
- Telestrategies Industry Forum - April 19 & 20, 1994, Washington, DC (Speaker)
- Bell Atlantic Access Pricing Seminar - April 11, 1994, Arlington, VA (Speaker)
- NYNEX Carrier Product Development Seminar - March 30, 1994, New York, NY
- WilTel Carrier Customer Seminar - March 16 & 17, 1994, The Woodlands, TX
- CompTel Winter Business Conference - February 6-9, 1994, Anaheim, CA
- Cable & Wireless Customer Industry Forum - January 19-21, 1994 Jupiter, FL (Speaker)
- NYNEX USPP Planning Session - January 14, 1994, Washington, DC
- NYNEX Access Reform Committee Session - January 5, 1994, Washington, DC
- CompTel Access Policy Planning Session - December 6, 1993, Washington, DC
- NYNEX Fall Interexchange Carrier Conference, November 15-17, 1993, Greenwich, CT
- CompTel Fall Business Conference - October 17-20, 1993, Orlando, FL
- CompTel LEC Access Tariff Review - September 17, 1993, Washington, DC (Speaker)
- CompTel Switched Access Seminar - July 22 & 23, 1993 Baltimore, MD (Speaker)
- Bell Atlantic Local Transport Restructure Seminar - June 22, 1993, Arlington VA
- NYNEX Spring Interexchange Carrier Conference - May 24-26, 1993, Rye Brook, NY
- CompTel Competitive Local Access Conference - May 4 & 5, 1993 New Orleans, LA
- Bell Atlantic transport & Collocation Seminar - March 23 & 24, 1993, Arlington, VA
- NYNEX Local transport Restructure Workshop - January 14, 1993, White Plains, NY



South Dakota Public Utilities Commission

State Capitol Building, 500 East Capitol Avenue, Pierre, South Dakota 57501-5070

August 27, 1997

Mr. William P. Heaston
Senior Attorney
U S WEST Communications
1801 California, Suite 5100
Denver CO 80202

Ms. Tamara A. Wilke
Attorney at Law
Boyce, Murphy, McDowell & Greenfield
P. O. Box 5015
Sioux Falls, SD 57117-5015

Mr Donald A. Low
Senior Attorney
Sprint Comunications Company
8140 Ward Parkway
Kansas City, MO 64114

Mr. Richard P Tieszen
Mr. Thomas H Harmon
Tieszen Law Office
P. O. Box 626
Pierre, SD 57501-0626

Mr. David A. Gerdes
Attorney at Law
May, Adam, Gerdes & Thompson
P. O. Box 160
Pierre, SD 57501-0160

Mr John S Lovald
Attorney at Law
Olinger, Lovald, Robbennolt & McCahren
P O Box 66
Pierre, SD 57501-0066

Mr. Robert C. Riter, Jr.
Attorney at Law
Riter, Mayer, Hofer, Wattier
& Brown
P. O. Box 280
Pierre, SD 57501-0280

Mr Robert G Marmet
Attorney at Law
DCT
P O Box 66
Irene, SD 57037

Re: In the Matter of the Establishment of Switched Access Rates for U S WEST Communications, Inc
Docket TC96-107

Dear Counsel:

Enclosed each of you will find copies of Testimony of Gregory A. Rislov, Harlan Best and Robert L. Knadle in the above captioned matter. This is intended to serve upon you by mail.

Very truly yours,

Karen E. Cremer

Karen E. Cremer
Staff Attorney

KEC:dk
Enc.

0606

Capitol Office
Telephone (605)773-3201
FAX (605)773-3809

Transportation/
Warehouse Division
Telephone (605)773-5280
FAX (605)773-3225

Consumer Hotline
1-800-332-1782

TTY Through
Relay South Dakota
1-800-877-1113

Internet
puc@pierre.state.sd.us

Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

Richard D. Kneip
Executive Director

Karen E. Cremer
Staff Attorney
Kristen C. Edmunds
Staff Attorney
Charlie Hoffe
Staff Analyst
Karen E. Cremer
Staff Attorney
Kathleen Trumbauer
Utility Analyst
Gregory Rislov
Staff Attorney
Lynn Hammond
Staff Analyst
Lon Hoyt
Staff Analyst
Duane Ackerman
Staff Analyst
Bob Knadle
Deputy Kolbo
Scott J. Ludwigsen
Jeffrey P. Lawrence
Terry Nelson
Gregory A. Rislov
Darren Suzuki
Harold M. Wegman
Rolayne Ailts Wiest

RECEIVED

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCH ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.

DOCKET NO. TC96-107
TESTIMONY OF GREGORY A. RISLOV
ON BEHALF OF THE COMMISSION STAFF
AUGUST, 1997

9667

EXHIBIT

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT
OF SWITCHED ACCESS RATES FOR
U S WEST COMMUNICATIONS, INC

Docket No. TC96-107
ON REHEARING
Testimony of Gregory A. Rislov
On Behalf of the Commission Staff
August 1997

Q. Please state your name, address, and present position

A. My name is Gregory A. Rislov; my business address is Public Utilities Commission (PUC), State Capitol Building, Pierre S.D. 57501. I am currently employed as director of the Fixed Utilities Division of the PUC.

Q. What is your educational background and experience?

A I graduated in 1976 from the University of South Dakota in Vermillion with a Bachelor of Science degree in Business Administration majoring in Accounting. In 1980 I received a Master of Business Administration degree from the same institution. I began work with the PUC as a utility analyst in July 1976. I was named Director of the Fixed Utilities Division in April of 1984. Although the main focus of my work has been statutorily prescribed analyses of utility operations and administration of rate cases and other dockets, I also become involved in general and policy matters related to utility regulation. I have testified before Senate, House, and various interim legislative committees on a variety of matters with a

9858

potential affect on rates and costs of service. I have appeared before the public when directed by the Commissioners, on behalf of the PUC

Q. Have you previously testified before this Commission?

A. Yes, in approximately fifty major electric, natural gas, and telecommunications dockets. I have participated in many dockets where settlement was reached with no need for testimony preparation.

Q What is the purpose of your testimony in this proceeding?

A The Commission on Page One, Paragraph One, in its PREHEARING ORDER ON REOPENING RECORD, TC96-107, dated July 3, 1997, rejected the analyses presented by staff witnesses Best, Knadle, and Risley at hearing on October 9 and 10, 1996. Paragraph Two and subsequent paragraphs of the Commission's Order list or specify additional analyses the Commission wants conducted, the results of which are to be presented at the subsequent hearing. My testimony covers, in part, the steps staff has taken to address the Commission's concerns listed in the Prehearing Order.

COMPLIANCE WITH THE COMMISSION'S PREHEARING ORDER ON REOPENING RECORD

Q What has the staff done to comply with the Commission's Order?

A Staff witness Best will present the report that details the verification processes performed by staff.

Q The Commissioners authorized the hiring of consultants to assist staff in the

process. What functions did the consultants perform?

A. No consultants were hired.

Q. Why?

A. Several reasons. Our list of eligibles was reduced by our desire to avoid the appearance of any conflicts of interests. Because the scope of this docket's participants is so broad,and U S WEST (USWC) is so large, this criteria eliminated many seemingly potential candidates. We then conducted inquiries directed toward determination of what type of assistance would be most beneficial, certified public accountants or statistical experts. The statistical experts who were contacted, once the scope and timing of our analyses was explained, indicated they would be unable to assist us. The CPAs contacted were also concerned about the scope and timing. As a result, none of our contacts were able to offer any satisfactory services in the time allotted

Q. What services was staff interested in receiving?

A. We were interested in utilizing a CPA's input to explore possibilities for achieving auditing types of analyses that could maximize our output in the time allotted While we knew we could perform an analysis, we had hoped to improve our efficiency when doing so.

Q. Page Two, Paragraph Two, Subparagraph "f" of the Commission's Order directs staff to provide "an analysis of how consumer's interests are affected by any proposed switched access increase." What has staff done to satisfy this directive?

A. We have spent a considerable amount of time among staff on how best to comply with this directive. We expect the resellers to comment as they are undoubtedly affected. I shall discuss the issue at some length, but also note that the Commission has established no standards of guidance on this issue. In any case, this concept is not easily defined or resolved.

Q. Why? The question appears to be straightforward.

A. It is not. There are many interests that may be affected by the outcome of this or any other revenue requirements docket, potentially both short and long term. The "consumers' interests" may be used to justify either an increase or a decrease.

Q. How could an increase be in the consumers' interests?

A. If I am a USWC local service customer, which most South Dakotans are, and if we assume USWC is entitled to an opportunity to recover costs of providing fully regulated services, any switched access revenues lost can be added to my local cost of service. If I make few intraLATA toll calls, I may realize little benefit from the reduction in switched access rates.

Q. Why do you qualify your answer by using the word "may?"

A. Because there are exceptions which could possibly make cost shifting unnecessary. For example, if we assume switched access rates are above marginal costs, and we further assume that the "fully regulated" revenue requirement is substantially spread between switched access and local service, large growth in switched access usage may help offset the total fully regulated revenue requirement. I don't know the magnitude of growth necessary, but it

would need to be quite large

Q. You made the statement above that " any switched access revenues that can be added to my local cost of service " Aren't these services separate?

A. They are separate services, but they are provided in large part by shared facilities. This normally means that costs, if they are to be recovered, must be reflected in rates for one service or the other. This was the driving force for switched access costing rules. Companies and customers wanted input and certainty as to which costs should be included in the switched access cost of service. So, although the services are considered separate, they are being provided via jointly used facilities. These facilities bear a cost of service which normally are assigned, if they are to be recovered, to one service or the other.

Q. Why must they be assigned? The Telecommunications Act of 1996 has changed the market and the way we view costs, has it not?

A The Act has brought about change. But it has not changed our switched access rules. They remain intact. They require assignment of costs. The costs are then translated into rates.

Q. If we make the assumption that "revenue requirements" eliminated from the switched access cost of service are not shifted to basic local service rates. How can an increase in switched access rates be in the consumers' interests?

A. If we assume that revenue requirements can't or won't be shifted, it may be in the short-term best interest of customers to allow considerably less than the rule-defined cost of service. If this is to become the prevailing policy there needs to be a refinement of how best to effect this policy. This refinement could be new

rules, adherence to a new costing methodology, or some other means which are cognizant of social measures. There needs to be a benchmark or starting point outlining this new policy.

Q. Is this in the long-term consumer interests'?

A. Again, this is dependent on assumptions.

Q. What assumptions?

A. Financial assumptions, market assumptions, and I would expect legal assumptions related to a monopoly market structure with its related obligation to serve and opportunity for cost recovery.

Q. Could you expand on the financial and market assumptions?

A Yes. For virtually any business firm the overriding goal is to achieve a positive financial result. Few, if any businesses are interested in losing money, or could sustain operations with negative financial results. Local exchange companies (LECs) operate as multiproduct firms. Multiproduct firms must examine the performance of all their products in order to determine their overall financial result. Individual monopoly services may be costed and priced to achieve social goals, but in the end the firm must still cover its aggregate costs. So ultimately a negative revenue shift from one product must be borne by a positive shift to another. This may result in a subsidy with all of its attendant negative economic effects.

Q Won't low access rates benefit everyone in the long run?

0673

A. Low access rates, if they are passed on to the end user, should promote toll usage and should benefit toll users and toll providers. They may spur business activity. But the average South Dakota residential customer, assuming all toll calls both originate and terminate in a USWC exchange and switched access rates move from 3.14 cents to 6.28 cents (a 100% increase) for both originating and terminating, will experience an increase of about $3.00 per month, or alternatively, will save only $3.00 per month absent the increase. (Testimony of staff witness Knadle, page 6).

Q. Won't lower access rates promote toll competition, which should result in consumer benefits?

A. Lower access rates will promote resale competition. Low access rates will inhibit facilities-based competition given the facilities' and products' status quo.

Q. Given all you have stated, it appears you are averse to low rates. Is that true?

A. No. I would prefer to have all services provided free of charge. So far no provider has offered free service, nor has any court decreed it be offered. What we have is a set of rules which staff has attempted to follow. As a fundamental proposition I would prefer that competition, not regulation, orders the market. But given that we have only one ubiquitous facilities provider, we must rely on regulation for costing, and our regulation is governed by a set of rules.

Q. You keep referring to costing, yet it is the prices everyone is concerned about. Is there a difference between pricing and costing?

A. Yes. When everything is said and done, most people are not concerned about the service cost per se, they are concerned about the price they must pay for the

service. Costs are generally an aggregate measure. For example, labor may be $5 million, taxes may be $15 million, insurance may be $3 million etc. Costs are recovered based on how prices are established. Prices may involve a fixed monthly charge (local service), a per minute of usage charge (access charges) or a combination of the two. Prices may reflect a social engineering component i.e., costs are purposely transferred to and recovered from other services in order to achieve a social goal.

Q. How may this distinction affect a customer?

A. One example is access charges. Our rates are based on minutes of use. The FCC invokes both a fixed monthly charge and a per minute of use rate. If the fixed monthly charge is assessed directly to the end user an opportunity is obviously created for the toll provider to offer a lower per minute of use rate. If the customer is the toll provider, the toll provider costs are reduced. If the customer is the end user, costs may be either higher or lower with a two-part rate. We could, for example, design a two-part rate which would maintain the per minute-of-use rates currently paid by resellers, and assess the balance directly to end users.

Q Does a two-part rate have advantages over a per minute of use rate?

A. Yes. Telecommunications service is capital intensive, and services are offered over fixed cost, shared facilities. This means a considerable percentage of costs are not directly identifiable to each specific service, but must be allocated. Allocations may cause one service to subsidize another. Subsidization leads to resource allocation inefficiencies. Further, whenever costs are allocated among services, and rates include allocated costs, ratepayer groups have an interest in shifting costs to other ratepayer groups. This means allocations can lead to

controversy and customer dissatisfaction. A two-part rate helps lessen these complaints.

Q. What do you mean by resource allocation inefficiency?

A. Competitive markets react to the needs and wants of consumers. Consumers indicate their needs and wants by virtue of their purchases. Price affects purchasing. With explainable exceptions, an overpriced item will be underproduced, while an underpriced item will be overproduced. A competitive market theoretically self-corrects production, but a regulated one does not. So an improperly allocated cost reflected in the price will cause an item to be either over-produced or under-produced.

Q How does a two-part rate lessen this inefficiency?

A. By lessening the allocation problem. If the end user becomes directly responsible for paying a portion of fixed costs, the products will more closely reflect costs that are specifically due to their production.

Q. Does this mean fixed costs are not a legitimate cost of providing the service?

A. Not at all. As I stated earlier, fixed costs are a major portion of providing telecommunications services. The problem I'm addressing is cost responsibility and rate design. We know the cost exists. We argue over who should pay. We argue over who is the true cost causer. Does the end user cause the cost, or do the services delivered over the facilities cause the cost? Which view best serves the public interest? Which view is more palatable? Fixed costs are legitimate costs, but nobody likes paying them.

Q. If a two part rate is beneficial, why hasn't it been used for switched access?

A. It has, like most rate design alternatives, less desireable aspects for some customers, and it is not clear that our rules allow a two part rate.

Q. What are the negative aspects?

A. A relatively small user of switched access would pay more because the fixed portion of the rate is assessed regardless of usage. A pure per minute-of-use rate is assessed only when a call is made. Another negative is the bill would list an additional fixed charge. Even customers who benefit under a two part rate may perceive a negative effect.

Q. Does the per minute-of-use rate more equitably track costs than a two part rate?

A. The issue has been subject to much debate for years, and in fact is still being debated at the federal level. The debate focuses on when costs are caused on the switched access system. Are they caused when the facilities are made available or when the service is actually used? Our own ratemaking suggests we have incorporated both propositions for developing rates for services. There is considerable economic support for assigning identifiable fixed costs to the end user for both equity and economic efficiency purposes.

Q. Are you recommending a two-part rate?

A. It's not clear to me that our rules allow anything other than per minute of use rates.

Q. If they did, would you recommend a two part rate?

A. The industry lobbied hard for several years for this Commission to establish switched access rules. As soon as the rules were used, the complaints started pouring into the Commission. The costing rules still exist, so in spite of the objections, staff is required to follow the rules. Given this, rate design may be the best near term option if the Commission chooses to respond to the reseller's objections.

Q. What is staff's response to costs of service filed by other parties to this proceeding?

A. U S WEST is required to file its cost of service. No other party developed an independent cost study. Staff's filed cost of service was below U S WEST's original filed cost of service.

Q. It was speculated that staff's original cost of service, which was rejected, would have resulted in an increase that was unreasonable and which would have resulted in rate shock. Is that true?

A. The per minute increase would have been about 100% over the then existing rate. While the number is very large, that statistic alone fails to explain whether or not it constituted rate shock.

Q. Why?

A. The staff cost of service filed in TC96-107 was less than the cost of service filed in the previous USWC switched access proceeding, Docket TC93-108. The settlement in TC93-108 specified a phase-in which would have moved the rate upward. The phase-in was bypassed, so the low rate continued in effect. The cost study direction was well known to virtually all parties several years ago. It

was and is unrealistic to consider the three cent rate as an established costing target based on present Commission rules. Although the current cost study results have been criticized, they have actually yielded lower costs of service than the cost studies filed in the previous docket. Once it became obvious that USWC wished to depart from mirroring the federal per minute of-use rate, the rules provided the only insight for rates.

Q. Even though the cost study results were not unexpected, 100% seems unreasonably large, doesn't it?

A. Yes it does, but percentages always need to be put in some context before passing judgement. An average USWC residential end user would experience an approximate $3.00 per month increase. A reseller operating primarily in USWC's South Dakota territory will see an approximate doubling of access costs, and access costs are a very significant portion of the reseller's costs. Other reselling companies operate in many jurisdictions, so the proposed change in switched access rates may have little effect on their total costs. In sum, the effect of a 100% increase depends on the circumstances of the provider and the end user.

Q. Why didn't staff pursue a phase-in plan to mitigate rate shock?

A. We are not convinced a phase-in offers any improvement for rate shock concerns. A true phase-in does not require a company to forego revenues. Any phase-in period undercollections are accumulated as a type of regulatory asset, are subject to carrying charges, and are adders to the base cost during the latter stages of the phase-in. Considering that new switched access cost studies must be filed no less than every three years, and using the three years as a phase-in period, a phase-in could arguably lead to an extremely undesireable rate at the

final year. If the commissioners would choose to broaden or change the timing constraints we assumed, a less objectionable phase-in could be fashioned

Q Is a rate increase of any type in the public interest?

A If rates are required to track costs, if service costs increase because of new or improved services, if the customers want new and improved services, if universal service is still a goal, and if sales growth is not adequate to absorb the increased costs, the answer is yes. The alternative is to move backward in development of the system or to refuse to provide service

BACKGROUND ON COST OF SERVICE

Q What test year was employed?

A The year ended December 31, 1995.

Q What was the general format of USWC's original filing?

A USWC filed on a per books basis with the following major categories of adjustment:

1 Both the "per books" data and adjustments were adjusted to reflect the sale of exchanges;

2 - USWC labelled certain adjustments as "accounting adjustments." These adjustments were made to incorporate Commission precedent

3 USWC made certain "out of period" adjustments; and

4 USWC constructed various "pro forma" adjustments

Q Can you explain how staff's current filing differs from USWC's?

A No. While we could compare the previously filed costs of service, the requirement for simultaneous filings in the current rehearing and the opportunity for USWC to revise its original filing means no comparison can be made at this time.

Q Can you contrast the staff's current filing with USWC's original filing?

A Yes. Staff is recommending a number of changes which include both adjustments and corrections. Staff witnesses Knadle and I will address various cost of service issues. Staff witness Best, with assistance from other staff, is responsible for verifying the correctness of the inputs and compliance with the access rules. Staff witness Best shall also be responsible for the exhibits which develop the cost of service and rates. I shall therefor make recommendations to staff witness Best for incorporation into his exhibits

COST OF SERVICE ADJUSTMENTS

Q What adjustments do you recommend be made to USWC's filed cost of service?

A 1) USWC should not be allowed to include "Pension Asset" in rate base

2) Any portion of the "1994 Federal Tax True-up" which is short-term in nature should be removed as an adjustment to rate base

3) Remove the reconciliation reserve reversal

4) Return on equity should be set at 11.5%, which was the rate used in TC94-121.

Q What is the "pension asset?"

A The pension asset results from pension funding being in excess of pension expense. In essence USWC is asking for this excess funding to be considered the same as an investment in plant - as a capital outlay furnished by shareholders for the benefit of ratepayers.

Q Does overfunding benefit ratepayers?

A One could hypothesize benefit or disbenefit based on time value of money analyses or possibly interperiod ratepayer cost responsibilities. Either way I don't see a supposed measure of ratepayer benefit being the issue.

Q What is or are the issue(s)?

A This Commission should not be constrained to mere acceptance of USWC's pension funding efforts. If the approved labor costs include an accepted level of pension expense, the rates should reflect that expense absent further Commission directives. I understand the FCC considers both underfunding and overfunding in rate base, and I can in an intuitive sense understand why they do so. But I also know this Commission has not directed any approach to either under- or overfunding. Given this circumstance, I don't believe USWC's request is appropriate for South Dakota ratemaking.

Q What is the "1994 Federal Tax True-up?"

A. USWC must estimate, accrue, and pay estimated taxes during the year. When actual taxes are determined, the estimate which has been accrued on the books must be "trued-up" with the actual taxes.

Q. This appears appropriate. Why do you take issue with this true-up process?

A. The true-up was not completed until November of 1995, and at that point USWC recorded all related tax adjustments on their books. One adjustment affected the balance of the deferred tax reserve. In this instance the reserve balance was reduced by the true-up effect. This true-up effect is short-term in nature as it arises due to the difference between accruals of estimated versus actual taxes. This Commission has in the past ruled that these short-term turnarounds should not become part of the rate base calculation.

Q Why did the Commission exclude reserve adjustments related to the short term turnaround of estimated versus actual taxes?

A The deferred reserve arises because of tax-timing differences between per books and per tax return results. Differing expense levels for items such as depreciation are commonly understood to lead to the tax-timing differences. Simply stated, when the tax deduction differs from the book expense a tax-timing differential arises. This difference is carried in the deferred reserve until the difference has been amortized. However, the deferral arising from the difference between estimated and actual tax bears little practical resemblance to the depreciation tax-timing difference. It is short-term. It is subject to annual variation. It annually changes. It should not be locked into the deferred reserve for ratemaking purposes.

Q Why have you recommended elimination of the reconciliation reserve reversal?

A USWC informed us that "...this reconciliation is an ongoing process and no out-of-period adjustment is necessary." It appears the same logic applied to the 1994 federal tax true-up adjustment applies here.

Q What are you recommending as the proper return on equity?

A I stated earlier an 11.5% equity return should be used to determine cost of capital.

Q What equity return appears in the USWC cost of service?

A USWC Witness Culp incorporated a 12.8% return on equity in the original filing.

Q Why are you recommending a rate below USWC's request?

A Several reasons. The Settlement in Docket TC94-121 reflected an 11.5% return on equity, and as indicators such as the prime rate have remained fairly constant, the 11.5% should still be representative.

Q How did staff determine 11.5% to be reasonable?

A We have resolved several major dockets in the past three years. Throughout this time we maintained contact with the consultant who was hired to perform rate of return analyses. The return recommendations have reflected the input

Q Do you have any specific comments regarding USWC's requested return?

A It should be noted that USWC's internally generated estimates consider both discounted cash flow and capital asset pricing model analysis, along with

comparability studies. This Commission has routinely adopted results based upon discounted cash flow and comparable earnings tests. It should also be noted that USWC operates in a variety of states under differing regulatory standards and policies. Overall U S WEST studies may or may not reflect an appropriate South Dakota allowable equity return.

Q I have no further questions.

9695

CERTIFICATE OF SERVICE
DOCKET NO. TC96-107

I hereby certify that copies of the Testimony of Gregory A. Rislov, Harlan Best and Robert L. Knadle were served on the following by mailing the same to them by United States Post Office First Class mail, postage thereon prepaid, at the address shown below on this the 27th day of August, 1997.

Mr. William P. Heaston
Senior Attorney
U S WEST Communications
1801 California, Suite 5100
Denver CO 80202

Mr. Donald A. Low
Senior Attorney
Sprint Communications Company
8140 Ward Parkway
Kansas City, MO 64114

Mr. David A. Gerdes
Attorney at Law
May, Adam, Gerdes & Thompson
P. O. Box 160
Pierre, SD 57501-0160

Mr. Robert C. Riter, Jr.
Attorney at Law
Riter, Mayer, Hofer, Wattier
& Brown
P. O. Box 280
Pierre, SD 57501-0280

Ms. Tamara A. Wilka
Attorney at Law
Boyce, Murphy, McDowell & Greenfield
P. O. Box 5015
Sioux Falls, SD 57117-5015

Mr. Richard P. Tieszen
Mr. Thomas H. Harmon
Tieszen Law Office
P. O. Box 626
Pierre, SD 57501-0626

Mr. John S. Lovald
Attorney at Law
Olinger, Lovald, Robbennolt & McCahren
P. O. Box 66
Pierre, SD 57501-0066

Mr. Robert G. Marmet
Attorney at Law
DCT
P. O. Box 66
Irene, SD 57037

Karen E. Cremer

Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

968

BEFORE THE

PUBLIC UTILITIES COMMISSION

STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.	)))	TC96-107

Testimony Of Harlan Best
On Behalf of the Commission Staff

August 27, 1997

9697

EXHIBIT

BEFORE THE

PUBLIC UTILITIES COMMISSION

STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.	)))	TC96-107

Testimony of Harlan Best
On Behalf of the Commission Staff
August 27, 1997

Q Please state your name and business address.

A My name is Harlan D. Best. My business address is the State Capitol Building, Pierre, South Dakota 57501.

Q What is your education and work experience?

A I graduated from the University of South Dakota in May of 1975 with a Bachelor of Science degree in Business Administration, majoring in Accounting. I received my public accountant's license in July of the same year. I commenced employment with the South Dakota Public Utilities Commission (Commission) in October of 1975 as a utility analyst. I was named Deputy Director of the Fixed Utilities Division in April of 1987. I have attended a number of seminars and workshops on utility related matters since my employment with the Commission.

Q Have you previously presented testimony before this Commission?

A Yes. I have presented written and oral testimony and exhibits on numerous occasions before this Commission primarily on telecommunications, but also on electricity issues.

Q What is the purpose of your testimony?

A The purpose of my testimony is to give my opinion to the Commission, based on ARSD 20:10:27 to 20:10:29, if U S WEST Communications' (U S WEST) switched access cost study submitted in this docket satisfies the requirements of the present administrative rules and should be approved by the Commission.

Q In your capacity as an analyst for the Commission, did you review the application for switched access rates submitted by U S WEST?

A Yes.

Q When did U S WEST file its application to revise its switched access rates?

A The application from U S WEST was received by the Commission on June 24, 1996.

Q The Commission in its Prehearing Order On Reopening Record issued on July 3, 1997, rejected staff's initial analysis because responses to data requests were not filed under oath by U S WEST. In staff's review of the application submitted by U S WEST, did staff submit additional data requests to U S WEST?

A Yes. Staff submitted its initial data request to U S WEST on July 3, 1997, and additional requests followed on July 14, July 21, July 22, July 23, July 24, July 25, July 31, August 5 and August 12, 1997.

9688

Q Were the responses filed by U S WEST under oath?

A An affidavit regarding the responses was filed by U S WEST witness Culp

Q I notice that a number of the data requests were submitted on five consecutive days in July. Why was that?

A During the week of July 21, 1997, Greg Rislov, Bob Knadle, Tammi Stangohr and I were in Omaha at U S WEST's offices and met with a number of U S WEST employees. The purpose of this site visit was to comply with the Commission order requiring staff to "conduct an on-site investigation . . to verify numbers used by U S WEST as inputs to its cost study and to determine the accuracy of those numbers...". Six of the employees appeared via video conference phone or via teleconference. Bob Knadle and I visited the U S WEST site in Omaha again on August 13 and 14 to continue our on-site investigation of the numbers used by U S WEST.

Q Has staff prepared a report on its findings during the on-site investigation?

A Yes. The report is attached to my testimony as Schedule A.

Q During Staff's on-site investigation in Omaha, what did Staff review?

A Prior to conducting any review, staff and Jerry Noonan, from the intervenor Telecommunications Action Group, received an overview of U S WEST's accounting structure from Bill Curtis and Dave Corning. Both men are located in Denver and appeared via video teleconference. Staff and Mr. Noonan were informed that in order to ensure compliance with legal and ethical standards of

9690

business conduct. U S WEST has adopted a company-wide Code of Business Ethics and Conduct and Compliance Program which employees must sign annually. The Code of Business Ethics and Conduct establishes standards which guide the conduct of all employees of U S WEST. All employees are responsible for complying with the following requirements. financial statements and all books and records on which they are based must be accurate, timely and complete and not misleading; records must accurately reflect transactions; and no false statements or entries may be made in books, correspondence or communications. It is also company policy that all employees strictly comply with the Foreign Corrupt Practices Act (FCPA) and with U S WEST internal accounting controls. The FCPA requires companies whose securities are registered with the Securities and Exchange Commission to maintain accurate books and records and a system of internal accounting controls with respect to both domestic and international transactions and asset transfers.

Mr. Curtis and Mr. Corning further explained the number of transactions that took place during 1995 for U S WEST and for U S WEST South Dakota. Inputs to the accounting process are performed for payroll, accounts payable and assets. The inputs are checked to ensure that they net to zero. Centralized prorates or headquarters prorates are performed based on the prior year state percentage of each account. The prorates are updated before year-end if something out of the ordinary occurs, i.e., the sale of exchanges. Corporate

Accounting reviews monthly results, prior to close, to ensure the overall accuracy of the financial results. Traffic records and inventory controls are maintained separate from the accounting function. Having inventory, continuing property records and outside plant records separate from the accounting function allows for checks and balances of transactions performed by U S WEST employees.

Q Can you describe the process that you went through to analyze the application?

A The initial step was to verify the "per book" expenses and investments for the test period ending December 31, 1995. In response to a Staff data request U S WEST submitted copy a of its 1995 general ledger. The general ledger is maintained in compliance with Part 32 of the Uniform System of Accounts for Telecommunications Companies as required by this Commission. ARSD 20:10:27:04. The Uniform System of Accounts is a historical financial accounting system which reports the results of operational and financial events in a manner which enables both management and regulators to assess these results within a specified accounting period. The Uniform System of Accounts also provides the financial community and others with financial performance results. Section 32.1 of the FCC USOA. U S WEST Communications, Inc. and U S WEST, Inc. each submit a Form 10-K with the United States Securities and Exchange Commission (SEC) annually.

Staff then reviewed report M-15 for the removal of deregulated items from the total company numbers. The results of the M-15 review were compared with

the report submitted by U S WEST to the Federal Communications Commission. Removing the deregulated amounts from the total company amounts results in numbers that are subject to separations as determined by Part 36 for the interstate jurisdiction and ARSD 20:10:28 for the intrastate jurisdiction. When the South Dakota administative rules for switched access went into effect January 31, 1997, they were the same rules as those in effect on the interstate jurisdiction except for the Federal Communications Commission's end user monthly charge which is designed to recover some of the costs associated with the carrier common line charge. U S WEST has made a number of regulatory adjustments to the Part 36/ARSD 20:10:27 results. Staff accepted some of the adjustments, rejected some and made some of our own to arrive at the numbers that are used on Sheet V of the Commission switched access cost study. Once the numbers are entered on Sheet V and Sheet G, the program runs itself. The cost study applies the rules as set forth in ARSD 20:10:29.

Q What does Part 64 - Dereg have to do with Part 32 the Uniform System of Accounts, Part 36 for interstate, and ARSD 20:10:28 for intrastate separations?

A Part 64 - Miscellaneous Rules Relating To Common Carriers, otherwise known as Dereg or Part X, removes that investment or expense associated with providing Nonregulated products and services from that investment or expense associated with providing Regulated telephone service. Staff reviewed U S WEST Report M-15 which removes the nonregulated investments and expenses. The Report M-

S693

15 was tracked to the Report M-1 and to the Report A-1 and these in turn were tracked to the general ledger.

Q Just a quick review, was the starting point by Staff for the dollar amounts used in this proceeding the "per book" general ledger amounts which are maintained by U S WEST in accordance with the FCC Uniform System of Accounts, Part 32, less the Part 64 - Nonregulated Activities of U S WEST?

A No. By doing what has been explained above results in investment and expense account amounts that are "allocated to property costs, revenues, expenses, taxes, and reserves between intrastate toll and all other." ARSD 20:10:28:02. The company may now adjust for known and measurable changes, such as the exchange sales, if the company wishes to adjust the test period. Known and measurable changes are allowed under ARSD 20:10:27:14. Once the adjustments are included, the investment and expense amounts are now ready to be entered into Sheet V of the Commission's switched access cost study. The cost study allocates investments and expenses to arrive at access charges for carrier common line, local switching and local transport. ARSD 20:10:29.

Q Has Staff accepted all of the proposed adjustments made by USWC witness Culp?

A No.

Q Which adjustments were eliminated or modified by Staff?

A Staff Witnesses Rislov and Knadle will make recommendations to various cost of service issues which are incorporated into my Schedule B. Schedule B is the

Commission's switched access cost study. Sheets A through V. Sheet W shows the per book amounts, removal of the deregulated amounts, the resulting subject to separation numbers, the removal of pay phone investment and expense as required by the Federal Communications Commission as of April 15, 1997, the removal of the sold exchanges, a column for the other adjustments as detailed on Sheet X, and the total number which is the input number shown on Sheet V

Q Does your Schedule 2 include an adjustment for the sale of 55 exchanges by USWC that occurred on June 22, 1996?

A Yes. Staff updated the investment amounts to remove the sold exchanges to the date of transfer. U S WEST's filing had an estimated investment amount.

Q Did U S WEST and Staff follow ARSD 20:10:27 to 20:10:29 in the preparation of their respective switched access cost studies?

A Yes. The present administrative rules were followed except for staff's adjustment to remove pay phone costs. The administrative rules as written allow for the inclusion of pay phone costs.

Q What switched access rate is staff recommending in this docket?

A Based on the present administrative rules, with an adjustment to remove pay phone costs, the overall rate is 6.0905 cents. The initial cost elements are carrier common line 3.8905 cents, local switching .8610 cents, and local transport 1.3390 cents. This rate is based on a return on equity of 11.5%, for an overall rate of return of 9.62%.

Q Does this conclude your testimony?

A Yes.

Schedule A

ON-SITE INVESTIGATION REPORT
IN TC96-107
CONDUCTED BY THE SDPUC STAFF

August 27, 1997

ORDER REQUIRING INVESTIGATION:

On July 3, 1997, the Public Utilities Commission (Commission) ordered " staff to conduct an on-site investigation which shall consist of a review in this docket to verify numbers used by U S WEST as inputs to its cost study and to determine the accuracy of those numbers used by U S WEST and the validity of their use in the cost study and to prepare a report to be filed with staff's prefiled testimony with this Commission for consideration at the reopened hearing in this matter. Staff shall, at a minimum, provide the following information to the Commission as a result of this investigation:

a a review of inputs which staff deems significant and which are required by Commission rules for cost studies, which were used by U S WEST in its cost study. The purpose of such review shall be to determine the accuracy of the inputs for use under the Commission's rules on cost studies, and

b provide evidence that this review consists of no less than reviewing a sampling of U S WEST's records which would be compiled by U S WEST in the formulation of its inputs to its cost study, and

c an analysis of differences, if any, which may be found in the data used by U S WEST in the formulation of its inputs actually used and what staff deems appropriate under the Commission's rules for cost studies; and

d reviews performed on U S WEST's inputs shall not be exclusively based upon secondary sources such as ARMIS reports; and

e all responses to staff's data requests shall be under oath and filed with the Commission for inclusion in the docket; and

f an analysis of how consumers' interests are affected by any proposed switched access increase."

OVERVIEW OF INVESTIGATION:

Staff submitted eight separate sets of data requests to U S WEST consisting of 104 questions. U S WEST submitted all responses under oath.

Staff began its investigation with a general overview of the accounting system used by U S WEST during the test period ending December 31, 1995. U S WEST's system is designed to accomodate an extremely large entity that must comply with multiple regulatory requirements of multiple regulatory jurisdictions. U S WEST had, for example, over 80 million transactions to record during the test year. U S WEST is required by the Federal Communications Commission and this Commission to maintain its accounts of telecommunications property, revenues, and

9693

expenses in accordance with the uniform system of accounts for telecommunications companies in 47 C F R. Part 32. The general ledger of U S WEST is maintained in compliance with this requirement. A copy of the 1995 general ledger was obtained and was the starting point for staff's investigation in this switched access cost study docket. Staff also reviewed other annual and monthly financial reports as well as reports on minutes of use, internal audits, minutes of board meetings, continuing property records, and more specialized or individualized transactional reports.

Staff uncovered no discrepancies in the amounts recorded by U S WEST for Part 32 investments and expenses inputted to the cost study. However, staff did discover that minutes of use as shown on Sheet A of the cost study were incorrect and that dial equipment minutes, host/remote switching minutes and relative toll/local messages allocation factors on Sheet G of the cost study were incorrect.

STAFF'S INVESTIGATION:

Each employee of U S WEST is required to sign, annually, a Code of Business Ethics and Conduct statement. "Books" are defined as documents and records containing accounting, inventory, financial, securities and corporate business information. "Records" are defined as all recorded U S WEST information, such as time reports; product test reports; vendor, client and service reports; expense accounts; and authorizations and approvals. All employees are responsible for complying with the following requirements: records and reports must be accurate, timely, and complete and not misleading; records must accurately reflect transactions; and no false statements or entries may be made in books, correspondence or communications. The accounting system and financials were audited by Coopers & Lybrand LLP for 1995 and the independent accountants issued an unqualified opinion for 1995. Based on a decision by the Audit Committee of the Board of Directors to consolidate the auditing into one firm, Arthur Anderson LLP was retained as the independent auditor beginning in 1996. Arthur Anderson had previously been retained to do the audit of U S WEST Media Group.

Total journal transactions for U S WEST during 1995 totaled over 81.25 million. For U S WEST South Dakota, the same type of journal transactions was approximately 3.4 million. Payroll processing functions accounted for almost half of the respective transactions. There are also headquarters prorates, the allocation of costs among all 15 regulatory jurisdictions, and centralized prorates, the allocation of costs among 2 or more regulatory jurisdictions, that take place.

The 1995 general ledger provides monthly balances for all accounts in accordance with the uniform system of accounts, 47 C.F.R. Part 32, as required by the Federal Communications Commission and this Commission, ARSD 20:10:27:04. Telecommunications plant in service amounts were determined by staff by averaging the beginning-of-the-month balance with the ending-of-the-month balance, totaling the 12 monthly average balances and dividing the total by 12. Expense amounts were the respective amounts at the end of 1995, adjusted for any post

[illegible] closing entries. Data Request (DR) 6 - 01. These amounts were then compared to U S WEST's filing. No material differences were found.

To get to numbers subject to separations it is required that the de-regulated items be removed. U S WEST report M-15 removes the de-regulated amounts from the total company amounts. The M-15's for each month in 1995 and the December 1994 report were totaled and compared to the Part 64 report filed with the Federal Communications Commission. There were no discrepancies. The Federal Communications Commission has issued orders and rules, 47 C F R Part 64, that require the removal of deregulated items. Coopers & Lybrand L.L.P audited U S WEST's compliance with the Federal Communications Commission's orders and rules and issued an unqualified opinion letter. The result is Part 36 or ARSD 20:10:28, subject to separations amounts. From these amounts U S WEST removed investment and expense related to the sale of the 55 exchanges and made regulatory known and measurable changes to arrive at the inputs used by U S WEST. On June 13, 1997, U S WEST implemented switched access rates that reflected the above plus the removal of pay phone costs that were ordered by the Federal Communications Commission on April 15, 1997.

Telecommunications plant in service accounts for Land, Motor Vehicles, Garage Work Equipment, Other Tools, Special Tools, Buildings, Furniture, Artwork, Office Equipment, Company Communications Equipment, Private Branch Exchange and Key System Intrasystems, General Purpose Computers, Analog Switching Equipment, Digital Switching Equipment, Step-by-Step Switching Equipment, Crossbar Switching Equipment, Operator Systems, Radio Systems, Terrestrial Mircowave, Circuit Equipment, Public Telephone Equipment, and Other Terminal Equipment, representing approximately 52 percent of plant in service, were compared to continuing property records and the actual cost records (DR 1 - 15) maintained by U S WEST. These records were further compared to the amounts maintained by the financial part of the business for any differences. The differences between the 1995 general ledger and the continuing property records for Other Work Equipment and General Purpose Computers were further clarified in DR 3 - 22. U S WEST stated that it requires specific detailed data, such as tag numbers and asset item codes, to record the investment in the continuing property records. When tag numbers or asset item codes were attached to the investment, then the out-of-balances were corrected. Three of the accounts in the continuing property records were checked and verified for arithmetic accuracy. There were no material discrepencies. Staff had also requested detailed property records for outside plant (DR 1 - 15), however U S WEST maintains a "living" continuing property record for outside plant. That is, when U S WEST adds, reclassifies, or retires plant, the continuing property record changes and the previous month's data are no longer available. Because of the way U S WEST handles the outside plant property records, staff was unable to verify the investment as of December 31, 1995, by using a continuing property record.

The U S WEST adjustment to remove the 55 exchanges sold on June 22, 1996, was updated to the date of sale. DR 3 - 20, DR 5 - 01, DR - 02 and DR 7 - 06.

Expense accounts for September 1995 were reviewed on a sample basis. The expense

accounts and subaccounts were ranked in descending dollar amount order, DR 8 - 04. Twenty-three of the 111 expense accounts and subaccounts had amounts in excess of $100,000 and account for $9.4 million out of the total expense of $10.5 million. Staff then selected and requested support for five of the 23 accounts and subaccounts and one subaccount that was slightly less than $100,000. The six chosen by staff were Customer Service Expense - Customer Service Operations, $777,180.40; Access Expense - Intrastate, $452,961.17; Product Management Expense, $177,230.67; General Purpose Computers Expense - Operations, $141,651.13; Amortization Expense - Tangible Capital Leases, $128,453.15; and Circuit Equipment Expense - Other Digital Equipment Expense, $68,032.02. DR 8 - 05. There were 6,903 transactions during September 1995 to Customer Service Expense - Customer Service Operations which totaled $777,180.40. The other five sample expense accounts or subaccounts had 1 transaction, 2,894 transactions, 333 transactions, 5 transactions and 91 transactions during September. Based on U S WEST's response to DR 8 - 05, staff then requested further detail on a random basis, DR 8 - 06. Payroll transactions impact each account and subaccount and were reviewed for processes leading to headquarters prorates and centralized prorates in each of the expense accounts or subaccounts sampled. No discrepancies were found.

A detailed breakdown of the sample accounts is provided in response to DR 8 - 05. The OTC_SCE for Customer Services Expense - Customer Service Operations shows that this subaccount includes transactions for headquarters prorate EXTCs, 'A' payroll EXTCs, management award plan accrual EXTCs, estimates EXTCs, reversal of estimates EXTCs, miscellaneous journal transactions/adjustments EXTCs, centralized reprographics clearance EXTCs, centralized office service clearance EXTCs, labor EXTCs, invoices EXTCs, cash EXTCs, CRIS - billed toll and measured service EXTCs, CRIS - other charges and credits EXTCs, transportation expense EXTCs, and prorates and transfers EXTCs. The expenditure type codes (EXTCs) identify transactions. The EXTCs for this subaccount related to basic wages and salaries; overtime, premium and operator information service hours paid/not worked, paid absence - excluding short period sickness and benefits; short period sickness; special payments, centralized administrative services; USW pension and savings plan; taxes; insurance - employee related; plant labor costs; personal expenses - work schedule, overtime and travel, awards and recognition - treated as employee compensation; public telephone commissions, corporate transactions; and material and supplies.

Staff then went another level down in detail and requested that U S WEST provide support for a random selection of the dollar amounts that make up the above subaccount totals, DR 8 - 06. The first amount selected was for the headquarters prorate EXTC that related to plant labor costs, specifically plant operations administrative expense - basic - salaries and wages, for interexchange services. U S WEST provided further detail for this transaction. The reason this OTC_SCE EXTC was selected was that it was a single transaction and in staff's opinion would be easy to track. The Responsibility Code Charge, DR 8 - 08, shows that this transaction was from the interexchange carriers market unit. As this item of the selection is a headquarters prorate it is necessary to "get behind" the number that is prorated to South Dakota. The headquarters prorate is based on each jurisdiction's portion of the total expense. For account

of 1 this means that South Dakota's percentage of the headquarters expense is 2.039 percent.

The second amount selected was identified as 'A' payroll, type of expediture was special payments, with a responsibility code for home and personal services and for mass markets service operations, in interexchange services for paychecks. Amount three that was selected reversed estimates for operator information services wages for interexchange services. Expenses are closed at the end of each month, but the end of a payperiod may not coincide with the end of the month, so an estimate is made for hours to be worked. The estimate is not always accurate so an adjustment must be made. The responsibility codes in this selection were for operator and information services and for business and general services market unit. The fourth amount selected was an allocation to South Dakota in business and residence services for a headquarters prorate on post retirement benefits current year costs for life insurance. Item five of the selection was also a headquarters prorate in business and residence services of wages and salary but this time for FICA taxes from the interexchange carriers market unit. Selection item six was a centralized prorate for accounts payable for a collection commission on telephone accounts referred to a collection agency, specifically Accent Service Company, Inc. Accent Service Company, Inc. is located in Omaha and does collection work for U S WEST for accounts in Iowa, Minnesota, North Dakota, South Dakota and Nebraska. The seventh amount selected was from the customer record information system for public telephone commissions paid to owners or tenants of premises upon which public telephone stations are located for toll service. The eighth transaction booked a liability for public telephone commissions compensation. The final amount selected was for local network operations payroll associated with public telephone commissions.

The Access Expense - Intrastate expense account had one transaction during September in the amount of $452,961.17. The detail provided to staff shows this amount is the responsibility of the Carriers and Information Providers Division (Bob Hawk, supervisor) for labor and unseparable costs for exchange carrier marketing. On August 20, 1997, U S WEST provided a complete itemization of the $452,961.17 down to the amount which is due each individual exchange carrier.

Product Management Expense was the third account sampled by staff. Costs in this account include competitive analysis, test market planning, and demand forecasting. The first cost selected was of 'A' payroll for a special payment - merit award in public policy/relations. Selection two was a headquarters prorate that reversed the post retirement benefits life insurance expense. Item three turned out to be a corporate transaction to recognize caller identification customer premise equipment liability account that was understated. Selection four is an account payable invoice for contracted services for equipment and processing fees for inmate systems.

General Purpose Computers - Operations was the fourth subaccount sampled. Two headquarters prorates were selected for review. The first was basic wages and salaries and the second was post retirement benefits for health management.

9702

The fifth subaccount sampled was Amortization Expense - Tangible. The OTC SCE identified the transactions as capital leases. Staff selected the largest dollar amount for further investigation. Capital Leases are amortized on a straight line basis over the term of the lease. The transaction was tracked to the Capital Rents Report V01.05 for September 1995. The second transaction selected was for capital lease accruals of a 1994 AT&T volume purchase rebate in association with software leases.

The final subaccount sampled was Circuit Equipment Expense - Other Digital Equipment Expense. Staff selected two labor amounts for investigation. The first selection was basic salaries and wages for local network operations and the second selection was for labor benefits for local network operations.

MINUTES OF USE:

The minutes of use numbers appearing on Sheet A of the cost study program were modified by U S WEST upon discovery by U S WEST that an incorrect factor had been applied. For 2 Way WATS the factor used in the original filing was the 800 service factor not the factor for WATS and the Res - 6 Second Timing factor used was the same 800 service factor not the MTS factor. This correction increased the originating access minutes associated with Res - 6 Second Timing by 4,049,810 and decreased the originating access minutes associated with 2 Way WATS by 12,847. Local switching minutes of use were increased by 4,116,947 and carrier common line minutes of use were increased by 4,123,371.

Staff further discovered that U S WEST had adjusted the minutes of use associated with the sale of exchanges for only 51 exchanges, instead of the 55 that were sold. When the minutes of use are updated for the additional 4 exchanges, the local switching minutes of use are reduced to 446,181,820 and the carrier common line minutes of use are reduced to 444,012,3e3. Minutes that were included originally as U S WEST minutes are now independent company minutes.

In reviewing the interexchange access billings for Express Communications and Dakota Cooperative Telecommunications it was discovered that U S WEST underbilled Express Communications by approximately 25,000 minutes and underbilled Dakota by approximately 1.6 million minutes. (See discussion below for further explanation of these modifications.) The minutes of use shown on Sheet A included Express and Dakota at the actual minutes of use that were billed by U S WEST during the test period. DR 1 - 03. Incorporating the Express and Dakota modifications, local switching minutes of use increase to 447,766,513 and carrier common line minutes of use increase to 445,597,058.

If the minutes of use are further updated to remove the additional 9 exchanges that were sold on June 1, 1997, the local switching minutes of use are reduced to 435,805,409 and carrier common line minutes of use are reduced to 433,618,542.

970

State of South Dakota

MICROFILM

CERTIFICATE OF AUTHENTICITY

This is to certify that the microphotograhic images appearing on the this roll of microfilm

Starting with: NG99-007

Ending with: TC96-107

are accurate reproduction of the records of

Agency: COMM & REG/P.U.C./P.U.C. FIX UTIL

Record Title: DOCKETS, FORMAL AND INFORMAL

Contents: 10-8-99 - 5-2-97

(Inclusive Dates/Alphabetic number)

And were microfilmed in the regular course of business according to the provisions of SDCL 1-27-4

It is further certified that the photographic process used for microfilming of the above records was in a manner and on microfilm which meets the recommended requirements of ADMIN. 10:04:01 and 10:04:03 for microphotographic reproductions.

Camera I.D. # IL 70

RDB Number: 91-011

Disposal Date: 10 YEARS

11-29-01

Date Microfilmed

Roll Number: 152

Reduction Ratio: 40:1

Exposures: 6826

Camera Operator Signature

MICROFILM PROJECT REGISTRATION FORM

PROJECT OFFICIAL: DELAINE KOLBO
ADDRESS: COMMERCE AND REGULATION
PUBLIC UTILITIES COMMISSION
CAPITOL BUILDING
PIERRE, SD 57501
TELEPHONE: 773-3706

DEPARTMENT
DIVISION
OFFICE
PROGRAM
BILLING CODE

PROJECT TITLE: DOCKETS, FORMAL AND INFORMAL

SERIES NO.: PUC-68 R.D.B. NO.: [illegible] RETENTION: [illegible]

SPECIFICATIONS:

1. CAMERA: IMAGELINK 70
2. REDUCTION: 40:1
3. MODE: SINE/DUPLEX
4. MYLAR CERTIFICATES: NONE REQUIRED
5. FILM WRITING: YES/SEE PROCEDURES
6. TARGETS: YES/SEE PROCEDURES
7. BLIP: YES SEE PROCEDURES
8. SEQUENTIAL NO.: NONE REQUIRED
9. FORMAT: [illegible]
10. PAPER DISP: [illegible]
11. PREPPING: [illegible]
12. DATA ENCODING: NONE REQUIRED

ORIGINAL FILM	DUPLICATE FILM
FILM TYPE: 16mm/2.5 mil SILVER HALIDE	FILM TYPE: [illegible]
FILM DISPOSITION: RM SECURITY VAULT	FILM DISPOSITION: [illegible]
PROCESSED BY: HUGHES IMAGE SYSTEMS	DUPLICATED BY: [illegible]
INSPECTED BY: HUGHES IMAGE SYSTEMS	INSPECTED BY: [illegible]
INSPECTION TYPE: QUALITY STANDARDS	INSPECTION TYPE: [illegible]

FILMING PROCEDURES

This series is arranged numerically by docket number then alphabetically by name of [illegible] each docket. Prepare the certificate of authenticity by using the latest volume to record the start and end lines; and by using inclusive dates to complete the [illegible] the beginning of each roll of film (the beginning of each new project or the beginning of each series within a project) film the following documents in the order listed: [illegible] resolution target (3X), density sheet (20# plain white paper) (3X), and certificate of authenticity (the filming procedures and the certificate). Prepare flash [illegible] to indicate the file folder information, which will include the docket number, the [illegible] and inclusive documents in each file. Feed the documents into the [illegible] the feeder is facing straight in. Use film writing to indicate the file and [illegible] Place a medium blip on each flash target and a small blip on all [illegible] Advance film until the next flash target is encountered, then repeat the above [illegible] the end of each roll of film (or the end of each project). File the following documents in the order listed: certificate of authenticity (the certificate and the filming procedures), density sheet (20# plain white paper) (3X), resolution target (3X), and [illegible]

Camera B - Mode 2

Camera C - Mode 10

[signature] 5-4-97
RECORDS OFFICER SIGNATURE DATE

RECORDS MANAGEMENT PROGRAM
MICROFILM PROJECT REGISTRATION FORM
FORM RM-17/REV. 9/95

[signature] 5-5-97
RECORDS MANAGER SIGNATURE DATE

MICROFILM PROJECT REGISTRATION FORM

PROJECT OFFICIAL: DELAINE KOLBO
ADDRESS: COMMERCE AND REGULATION
PUBLIC UTILITIES COMMISSION
CAPITOL BUILDING
PIERRE, SD 57501
TELEPHONE: 773-3705

DEPARTMENT
DIVISION
OFFICE
PROGRAM
RECORD CODE

PROJECT TITLE: DOCKETS, FORMAL AND INFORMAL

SERIES NO.: PUC-68 R.D.B. NO.: 91-[illegible] RETENTION: [illegible]

SPECIFICATIONS:

1. CAMERA: IMAGELINK 70
2. REDUCTION: 40:1
3. MODE: CINE/DUPLEX
4. MYLAR CERTIFICATES: NONE REQUIRED
5. FILM WRITING: YES/SEE PROCEDURES
6. TARGETS: YES/SEE PROCEDURES
7. BLIP: YES/SEE PROCEDURES
8. SEQUENTIAL NO.: NONE REQUIRED
9. FORMAT: OPEN REEL/BOX
10. PAPER DISP: RETURN TO AGENCY
11. PREPPING: AGENCY TO PREP
12. DATA ENCODING: NONE REQUIRED

ORIGINAL FILM

FILM TYPE: 16mm/2.5 mil SILVER HALIDE
FILM DISPOSITION: RM SECURITY VAULT
PROCESSED BY: HUGHES IMAGE SYSTEMS
INSPECTED BY: HUGHES IMAGE SYSTEMS
INSPECTION TYPE: QUALITY STANDARDS

DUPLICATE FILM

FILM TYPE: 16mm 2.5 mil SILVER
FILM DISPOSITION: RETURN TO AGENCY
DUPLICATED BY: HUGHES IMAGE SYSTEMS
INSPECTED BY: R.C.C.
INSPECTION TYPE: IMAGE BY IMAGE

FILMING PROCEDURES

This series is arranged numerically by docket number then alphabetically by date within each docket. Prepare the certificate of authenticity by using the docket books to complete the start and end lines; and by using inclusive dates to complete the [illegible] At the beginning of each roll of film (the beginning of each new project or the beginning of each splice within a project) film the following documents in the order listed: start target, resolution target (3X), density sheet (20# plain white paper) (3X), and certificate of authenticity (the filming procedures and the certificate). Prepare flash targets to indicate the file folder information, which will include the docket number, the file title, and inclusive documents in each file. Feed the documents into the feeder of the camera so the Header is facing straight in. Use film writing to indicate the roll and frame numbers. Place a medium blip on each flash target and a small blip on all subsequent documents. Straight film until the next flash target is encountered. Then repeat the above process. At the end of each roll of film (or the end of each project, film the following documents in the order listed: certificate of authenticity (the certificate and the filming procedures), density sheet (20# plain white paper) (3X), resolution target (3X), and end target.

Camera B - Mode 2
Camera C - Mode 10

Sue Cichos 5-4-99
RECORDS OFFICER SIGNATURE DATE

RECORDS MANAGEMENT PROGRAM
MICROFILM PROJECT REGISTRATION FORM
FORM RM-17/REV. 9/95

Susan Peterson 5-5-99
RECORDS MANAGER SIGNATURE DATE

State of South Dakota

MICROFILM

CERTIFICATE OF AUTHENTICITY

This is to certify that the microphotograhic images appearing on the this roll of microfilm

Starting with: TC 96-107

Ending with: _____

are accurate reproduction of the records of

Agency: COMM & REG/P.U.C./P.U.C. FIX UTIL

Record Title: DOCKETS, FORMAL AND INFORMAL

Contents: 5-22-97

(Inclusive Dates/Alphabetic number)

And were microfilmed in the regular course of business according to the provisions of SDCL 1-27-4

It is further certified that the photographic process used for microfilming of the above records was in a manner and on microfilm which meets the recommended requirements of ADMIN. 10:04:01 and 10:04:03 for microphotographic reproductions.

Camera I.D. # IL 70

Roll Number 153

RDB Number: 91-011

Reduction Ratio: 48:1

Disposal Date: 10 YEARS

Exposures: _____

11-30-01

Date Microfilmed

Camera Operator Signature

TC96-107

KC/MB DJ CB
BK

C.H. - Service Quality

DOCKET NO. Reopening Final Report Rate of Return

In the Matter of IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
5/27 97	Proposed Order of Remand; -
5/29 97	Notice of Entry of Order of Remand issued by Comm; -
5/29 97	Amended Certificate of Service; -
5/30 97	Amended Order of Remand; -
6/2 97	Notice of Entry of Amended Order of Remand; -
6/17 97	Final Access Service Tariff -
6/23 97	Order for and Notice of Prehearing Conference and Intervention Deadline -
7/3 97	Prehearing Order re Reopening Docket; -
7/8 97	Transcript of Hearing held on 7/3/97 -
7/16 97	Objections to Prehearing Order, dated July 3, 1997 -
7/18 97	US West's Response to Data Request Set 1, Data Request 1-1 to 1-5
7/22 97	Consumer Intervenors Set 1 to US West, Data Requests 1-1 to 1-21
7/22 97	US West's Response to Set 1, Data Requests 1-1 to 1-21
7/22 97	US West's Supplemental Response to Set 1, Data Requests 1-1 to 1-21
7/24 97	US West's Response to Set 1, Data Requests 1-1 to 1-21
7/24 97	Confidential Agreement -
7/24 97	US West's Response to Set 1, No 15 Supp Response; Set 2, Nos 1 to 3;
7/29 97	US West's Response to Set 2, No 2 Supp 3; Response to Set 3, Nos 1 to 3;
7/30 97	US West's Response to Set 3, No 2; Set 4, No 1; Set 5, No 3;
7/30 97	US West's Response to 01-0015 Set 3 No 1; Set 3, No 2; Set 3, No 3; Set 3, No 4; Set 3, No 5;
7/31 97	US West's Response to Set 3, No 3; Set 3, No 4; Set 3, No 5;
8/1 97	US West's Response to Set 1, No 8 Supp; Set 3, No 1; Set 3, No 2;
8/4 97	US West's Response to Set 3, No 2; Set 5, No 1; Set 6, No 1; Set 6, No 2;
8/6 97	US West's Response to Set 2, No 2 Supp; Set 6, No 2;
8/7 97	US West's Response to Set 6, No 7; Set 6, No 8; Set 6, No 10;

STATE PUBLISHING CO., PIERRE, SOUTH DAKOTA

EXPRESS COMMUNICATIONS MINUTES OF USE ERROR

Specifically, staff was conducting a review of U S WEST intrastate access minutes of use (MOU) data by comparing input source documents received from Express Communications and U S WEST. Staff's review was based on U S WEST's submission of data pursuant to DR 1 - 03. This response was a depiction of monthly amounts of MOU for minutes terminating to U S WEST exchanges and meet point billing to ILEC exchanges. These were then tied to a series of confidential spread sheets depicting the actual amounts billed to Express. Staff then reviewed IABS reports submitted by Express to U S WEST for 1993. The Express IABS documents where a discrepancy was found related to one specific entity, Golden West Communications for traffic originated at both the Sioux Falls tandem and the Rapid City tandem. The Express IABS data showed higher MOU than the U S WEST report. U S WEST erroneously recorded the Rapid City MOU for both Sioux Falls and Rapid City. The actual Sioux Falls MOU was not recorded. The difference was 24,505 minutes of underrecorded usage. U S WEST did not bill for this usage (less than $50).

DAKOTA COOPERATIVE MINUTES OF USE ERROR.

As above, staff obtained through DR 1 - 03 test year monthly amounts related to MOU. These were also traced to confidential spread sheets depicting the actual amounts billed to Dakota. They were further traced to IABS reports submitted by Dakota to U S WEST for 1993. The review showed that four months, August and October through December showed a large percentage decline in dollars billed to Dakota Cooperative for access. U S WEST was asked to explain this inconsistency. The reason given was an incorrectly formatted usage data tape submitted by Dakota. When the problem was discovered, the tape had already been destroyed, so a true-up amount had to be negotiated with Dakota Cooperative. The Commission cost study does not use revenues as an input, so the negotiated revenues received from Dakota Cooperative are not an issue. The imputed or negotiated MOU may have been an issue, but U S WEST's negotiated MOU appear reasonable. The issue is that U S WEST failed to include the "negotiated" MOU in its test year cost study. This correction will increase MOU by approximately 1,600,000.

TRAFFIC FACTORS USED BY U S WEST:

In reviewing the support literals for the traffic factors used by U S WEST on Sheet G of the cost study, DR 1 - 04, staff discovered three allocations that were incorrect. The dial equipment minutes allocation factor was incorrectly calculated when the wrong minutes of use were picked up for Message Intrastate IntraLATA for January 1993 post rate from the MOU dial equipment minutes literal. The same number was picked up for the InterLATA and IntraLATA minutes. This same number was then also incorrectly picked up for Minutes of Use - Miles for Host/Remote, DR 4 - 02. The literal used by U S WEST for Relative Toll/Local Messages did not include minutes for local usage. Report A-6, Line 81 is the support for Relative Toll/Local Messages and does show local minutes. In DR 8 - 02, U S WEST agreed that the local minutes

should have been included in the total minutes.

DEPRECIATION:

The switched access rates are dependent on investment, expenses, separations, and minutes of use used both as a separations basis and a billing determinant. Depreciation expense is the single largest expense component of the Federal Communications Commission's system of accounts "6000" category expenses, of which there are 111 separate accounts appearing in the cost study.

The following steps were taken to verify per books depreciation expense:

1. Depreciable investment as depicted on Sheet "G" of DR 3 - 16 was tied to ledger investment.
2. Tied Sheet "D" separations of DR 3 - 16 to study separations
3. Tied Sheet "A" - page one depreciation rates on DR 3 - 16 to Federal Communications Commission Order 93-40 which authorizes the per books rates.
4. Tied depreciation rates on Sheet "G" of DR 3 - 16 to Sheet "A" depreciation rates.
5. Tied DR 8 - 09 (details September 1, 1995, Federal Communications Commission approved rate changes) to DR 3 - 16 Sheet "A"
6. The CR6 report (Sheet "H" of DR 3 - 16) was tied to Sheet "A" of DR 3 - 16 for the reserve, and to Sheet "C" of DR 3 -16 for investment balances, reserves, and reserve ratios.
7. The CR6 report (Sheet "H" of DR 3 - 16) was tied to Sheet "G" of DR 3 - 16, the ledger investment on a MR basis, to Sheet "C" of DR 3 - 16, plant investment by means, and to Sheet "G" of DR 3 - 16, which develops the accruals.

For some plant items costing less than $500, there is a grouping and amortization is used to develop a period expense rather than depreciation. Therefor these items must be accounted for in an investment/depreciation analysis separately from the strict depreciable plant and related depreciation.

8. Tied DR 3 - 16 Statement "B" amortization "FRCs" to Statement "H" of DR 3 - 16.
9. Tied Statement "H" of DR 3 - 16 amortization to the general ledger.

South Dakota has in the past ordered AFUDC instead of CWIP, has ordered flow-through of certain tax-timing differences, has ordered depreciation which varies from the Federal Communications Commission, etc. These differences lead to different starting points and different results in computing depreciable plant, accumulated reserves, and depreciation rates. Although these differences may not be large, they must be accounted for and reconciled. The following steps relate to reconciling these "offbook" adjustments as they appear in the depreciation amounts.

10. Journal entries for Account 6561 - Depreciation Expense - Telecommunications Plant in Service were provided. These entries tied to Sheet "G" of DR 3 -16, which is a monthly summary of 1995 depreciation accrual data. Sheet "G" ties to Sheet "I", which is a summary of 1995 "MR" and "Offbook" depreciation accrual data

11. Tied both DR 3 -16 and DR 6 - 14 to Sheets "I" and "G".

OTHER ERRORS FOUND:

Staff discovered that U S WEST had included offbook adjustments in the "gross-up" calculation to get intrastate numbers to a total state level for inclusion in the Commission's switched access cost study. Offbook adjustments are 100% intrastate so "gross-up" is unnecessary.

Maintenance, Engineering, Network Operations, and Network Administration Expense were impacted by U S WEST's adjustments for known and measurable changes. When the adjustments were allocated to Network Support Expense, General Support Expense, Central Office Switching Expense, Operator Systems Expense, Central Office Transmission Expense, Information Origination/Termination Expense, Cable and Wire Facilities Expense, and Network Operations Expense for inclusion in Sheet V, the amounts allocated to Cable and Wire Facilities Expense and Network Operations Expense were not included in the adjustment. This means that $1,167,000 of expenses were not included in the cost study.

U S WEST assigned Depreciation Expense for the sale of 55 exchanges in their filing. In the process of spreading the depreciation expense associated with the sale of exchanges to Land and Support Assets, Central Office - Switching, and Operator Systems a "clerical error" occurred and the assignment was incorrect.

Sheet "A" 27-Aug-97 09:31:57 AM
ENDING DECEMBER 31, 1995
Revised 9/28/95

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Intrastate Toll Revenue Requirement Summary	Part 36 Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
	INTRALATA									
15	Net Investment	$31,076,579	J13	$14,941,529	$3,105,787	$0	$6,497,497	$0	$6,530,765	O K
16	Rate of Return	9.62%		9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	
17										
18	Return on Rate Base	$2,988,613		$1,436,916	$298,778	$0	$624,860	$0	$628,059	O K
19	Return Adjustments	0	J18-20	0	0	0	0	0	0	O K
20										
21	Net Return on Rate Base	$2,988,613		$1,436,916	$298,778	$0	$624,860	$0	$628,059	O K
22	Income Taxes	779,500	J31-32	374,810	77,934	0	162,991	0	163,825	O K
23	Expenses and Other Taxes	29,645,913	J33-35, 40	8,773,497	1,670,437	1,107,636	3,302,217	1,001,835	10,790,292	O K
24										
25	Total IntraLATA Rev. Req.	$30,414,086		$10,585,223	$2,047,149	$1,107,636	$4,090,067	$1,001,835	$11,582,176	O K
26										
27										
28										
29	INTERLATA									
30										
31	Net Investment	$16,772,361	P13	$10,387,689	$2,832,556	$0	$3,468,828	$0	$83,048	O K
32	Rate of Return	9.62%		9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	
33										
34	Return on Rate Base	$1,612,956		$997,973	$272,409	$0	$335,518	$0	$7,987	O K
35	Return Adjustments	0	P18-20	0	0	0	0	0	0	O K
36										
37	Net Return on Rate Base	$1,612,956		$997,973	$272,409	$0	$335,518	$0	$7,987	O K
38	Income Taxes	392,291	P31-32	242,471	66,247	0	81,594	0	1,942	O K
39	Expenses and Other Taxes	5,918,881	P33-35, 40	5,811,264	1,466,338	3,294	1,403,345	405,535	69,595	O K
40										
41	Total InterLATA Rev. Req.	$10,924,128		$7,051,708	$1,804,994	$3,294	$1,820,457	$405,535	$79,524	O K
42										
43										
44	TOTAL INTRASTATE REV REQ	$41,338,214		$17,636,931	$3,852,143	$1,110,930	$5,910,524	$1,407,370	$11,661,701	
	ACCESS ELEMENT WEIGHTS OF USE			100.000000	100.000000		100.000000			
	ACCESS RATE PER MINUTE	$0.000000		$0.000000	$0.000000		$0.000000			

[illegible] "B" [illegible] [illegible]
[illegible] DECEMBER 31, 1995

[illegible] WEST Communications [illegible]

	******* FCC PART 36 ******* Revenue Requirement Summary	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	State Income Tax Rate	0.00%	---	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	
14	Federal Income Tax Rate	31.23%	---	31.23%	31.23%	31.23%	31.23%	31.23%	31.23%	
15	Gross Receipts Tax Rate	0.15%	---	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%	
16										
17										
18	Net Investment	$218,389,075	C68	$168,520,942	$15,763,398	$27,125,116	$44,459	35,915,157	$49,848,133	O K
19	Rate of Return	9.62%	---	9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	
20										
21	Return on Rate Base	$21,000,401		$16,206,541	$1,612,124	$2,608,604	$4,276	$568,856	$4,793,860	O K
22										
23	AFUDC	0	H43	0	0	0	0	0	0	O K
24	ITC Amortization	0	H30	0	0	0	0	0	0	O K
25	Other Return Adjustments	0	V242	0	0	0	0	0	0	O K
26										
27	Net Return	$21,000,401		$16,206,541	$1,612,124	$2,608,604	$4,276	$568,856	$4,793,860	O K
28										
29	Contributions	0	H52	0	0	0	0	0	0	O K
30	Interest Expense	9,737,793	H44	7,524,339	750,636	1,195,639	1,984	265,201	2,213,454	O K
31	Capital Lease Expense	0	H46	0	0	0	0	0	0	O K
32	Capitalized Payroll taxes	0	H36	0	0	0	0	0	0	O K
33	Depreciation Adjustment	0	H36	0	0	0	0	0	0	O K
34	Other Income Adjustments	0	V249	0	0	0	0	0	0	O K
35										
36	After Tax Income	$11,262,608		$8,682,202	$861,488	$1,412,973	$2,291	$303,655	$2,580,406	O K
37										
38	State Income Taxes	$0	Formula	$0	$0	$0	$0	$0	$0	O K
39	Federal Income Taxes	5,114,693	Formula	3,942,780	391,220	641,693	1,041	137,897	1,171,830	O K
40	Operating Expenses and Taxes	142,084,822	H66	109,420,738	9,864,348	24,505,512	27,356	3,022,945	36,440,162	O K
41	Uncollectibles	581,530	V249	431,345	276	150,644	3	736	150,213	O K
42	Other Revenue Adjustments	0	V250	0	0	0	0	0	0	O K
43										
44	Net Revenue	$159,183,926		$122,796,953	$11,253,332	$26,797,842	$32,624	$3,724,710	$41,933,210	O K
45	Gross Receipts Taxes	319,693	Formula	164,739	16,880	40,195	49	5,931	63,056	O K
46	Other Revenue Taxes	0	V251	0	0	0	0	0	0	O K
47										
	TOTAL REVENUE REQUIREMENT	$159,503,631		$122,961,692	$11,270,212	$26,837,637	$32,673	$3,730,641	$41,996,266	O K

[illegible] 31-Aug-97 [illegible]

ENDING DECEMBER 31, 1996

U S WEST Communications TCR-107

	******* FCC PART 36 ******* Investment Summary	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Land and Support Investment	$85,078,706	D33	$65,677,029	$6,580,607	$10,479,629	$17,446	$2,332,996	$19,401,676	O K
14										
15	COE Operator Equipment	$1,302,053	D45	$922,377	$357	$379,319	$0	$0	$379,676	O K
16	COE Switching Equipment	99,901,550	D60	84,439,826	4,332,820	7,128,875	0	0	11,461,704	O K
17	COE Transmission Equipment	109,335,319	D85	78,595,457	7,701,344	13,263,777	69,464	9,774,276	30,828,861	O K
18										
19	Total COE	$209,538,902		$163,806,660	$12,034,530	$20,791,972	$69,464	$9,774,276	$42,670,241	O K
20	Info. Orig./Term. Equipment	2,661,307	D94	1,995,980	265,441	399,885	0	0	665,326	O K
21	Cable and Wire Facilities	221,314,842	D137	166,473,941	20,999,182	31,791,566	18,815	2,031,137	54,840,701	O K
22										
23	Total COE, IOT, C&WF	$433,515,051		$332,336,581	$33,299,153	$52,983,423	$88,279	$11,805,413	$98,176,269	1.717950914754
24										
25	Total Capital Leases	$3,260,087	D173	$4,832,512	3484,201	$770,420	$1,284	$171,662	$1,427,574	O K
26										
27	Leasehold Improvements	$8,463	D186	$5,526	$654	$1,040	$2	$232	$1,928	O K
28										
29	Intangible Assets	$139,098	D209	$107,378	$10,759	$17,119	$239	$3,814	$31,721	O K
30										
31										
32	Total Tele. Plt. In Service	$522,001,195		$402,982,026	$40,376,373	$64,242,639	$107,038	$14,314,117	$119,039,167	2.08302322015
33										
34	Plant Held, Future Use	$0	D214-215	$0	$0	$0	$0	$0	$0	O K
35	TPUC, Short-term	4,643,103	D216-217	3,607,076	351,397	559,119	932	124,579	1,036,027	O K
36	TPUC, Long-term	509,671	D218-219	393,366	39,414	62,713	104	13,973	116,205	O K
37	Tel. Plt. Adjustment	0	D220-221	0	0	0	0	0	0	O K
38										
39	Total Other Tel. Plt.	$5,052,673		$3,900,442	$390,811	$621,832	$1,036	$138,552	$1,152,231	O K
40										
41										
42	TOTAL TELEPHONE PLANT	$527,053,868		$406,882,468	$40,767,184	$64,864,471	$108,074	$14,452,669	$120,191,398	2.102376644229

	******* FCC PART 36 ******* Investment Summary	TOTAL COMPANY	Source/ Allocator	Interstate	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
56	Other Assets, Net	0	V105	0	0	0	0	0	0	O K
57	Accumulated Depr /Amort	(266,256,726)	E34	(204,556,664)	(21,028,959)	(33,392,099)	(54,320)	(7,234,702)	(61,700,060)	-1 064624623B7
58	Accum Def Inc. Taxes, Net	(47,591,314)	E47	(37,597,930)	(3,280,810)	(5,287,854)	(10,340)	(1,414,380)	(9,993,384)	O K
59	Oth Liab & Def Cr , Net	581,940	V106	464,764	23,406	54,877	150	18,743	97,176	O K
60										
61	TOTAL NET PLANT	$213,787,769		$165,192,638	$16,479,840	$26,249,395	$43,564	$5,822,330	$48,595,130	O K
62										
63	Materials and Supplies	480,522	H31	361,751	45,632	69,084	41	4,414	119,170	O K
64	Rural Tel. Bank Stock	0	H35	0	0	0	0	0	0	O K
65	Cash Working Capital	4,100,354	Formula	2,966,552	237,926	895,639	854	88,413	1,133,832	O K
66	Equal Access Investment	0	—	0	0	0	0	0	0	O K
67										
68	TOTAL NET INVESTMENT	$218,369,075		$168,520,942	$16,763,398	$27,125,118	$44,459	$5,915,157	$49,848,133	O K
69										

[redacted] 07:07 AM

[redacted] U S WEST Communications TOC-107

	***** FCC PART 36 ***** Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Intrastate and Other	Intrastate Message Telephone Service InterLATA	Intrastate Message Telephone Service IntraLATA	Intrastate Private Line InterLATA	Intrastate Private Line IntraLATA	TOTAL INTRASTATE	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	LAND AND SUPPORT ASSETS									
14										
15	Land, Allocable	$1,445,213	H33	$1,115,641	$111,783	$177,882	$296	$39,630	$329,572	O K
16	Land, Direct	0	V22	0	0	0	0	0	0	O K
17										
18	Total Land	$1,445,213		$1,115,641	$111,783	$177,882	$296	$39,630	$329,572	O K
19										
20	Motor Vehicles	$4,537,023	H33	$3,502,383	$350,926	$558,371	$930	$124,413	$1,034,640	O K
21	Aircraft	0	H33	0	0	0	0	0	0	O K
22	Special Purpose Vehicles	0	H33	0	0	0	0	0	0	O K
23	Garage Work Equipment	48,003	H33	37,058	3,713	5,906	10	1,319	10,947	O K
24	Other Work Equipment	4,461,455	H33	3,444,647	345,081	549,071	915	122,340	1,017,407	O K
25	Buildings, Allocable	65,226,492	H33	50,351,991	5,045,092	8,027,415	13,375	1,786,918	14,874,501	O K
26	Buildings, Direct	0	V29	0	0	0	0	0	0	O K
27	Furniture	559,483	H33	431,897	43,275	68,856	115	15,342	127,587	O K
28	Office Equipment	2,647,780	H33	2,198,361	220,268	350,470	584	78,091	649,419	O K
29	General Purpose Computers	5,953,257	H33	4,595,654	460,468	732,687	1,221	163,246	1,357,504	O K
30										
31	Total Support Assets	$83,833,493		$64,561,380	$6,468,823	$10,292,760	$17,149	$2,293,366	$19,072,105	O K
32										
33	Tot Land and Support Assets	$85,072,706		$65,677,020	$6,580,607	$10,470,629	$17,446	$2,332,996	$19,401,676	O K
34										
35										
36	CENTRAL OFFICE EQUIPMENT									
37										
38	CAT 1 Oper Sys , TSPS	$0	C32	$0	$0	$0	$0	$0	$0	O K
39	CAT 1 Oper Sys , Other TSPS	0	C31	0	0	0	0	0	0	O K
40	CAT 1 Oper Sys , Aux Pos	0	C33	0	0	0	0	0	0	O K
41	CAT 1 Oper Sys , Other	1,302,053	V28	922,377	557	378,319	0	0	378,876	O K
42										
43	Total CAT 1	$1,302,053		$922,377	$557	$378,319	$0	$0	$378,876	O K
44										
45										
46	CAT 2 Hardware Sw Allocable	$7,308,261	C35	$5,176,761	$517,676	$1,613,824	$0	$0	$2,131,500	O K
47	CAT 2 Hardware Sw Direct	0	V30	0	0	0	0	0	0	O K
48										
49	Total CAT 2	$7,308,261		$5,176,761	$517,676	$1,613,824	$0	$0	$2,131,500	O K

Case "D" 27-Aug-97 09:31:07 AM
ENDING DECEMBER 31, 1995

U S WEST Communications TC96-107

					Intrastate					
					Message Telephone Service		Private Line			
	******* FCC PART 36 ******* Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Interstate and Other	InterLATA	IntraLATA	InterLATA	IntraLATA	TOTAL INTRASTATE	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
63	CAT 3 Local Sw. Allocable	$88,593,269	G15	$79,883,045	$3,954,626	$4,755,598	$0	$0	$8,710,224	O K
64	CAT 3 Local Sw Direct	0	V40	0	0	0	0	0	0	O K
65										
66	Total CAT 3	$88,593,269		$79,883,045	$3,954,626	$4,755,598	$0	$0	$8,710,224	O K
67										O K
68	Total COE Sw. CAT 2&3	$95,931,530		$84,439,828	$4,332,929	$7,128,875	$0	$0	$11,461,704	O K
69										
70										
71	COE TRANSMISSION:									
72										
73	CAT 4.12 Exchange Trunk	$12,714,162	123	$9,005,651	$41,703	$0	$22,749	$3,644,063	$3,708,511	O K
74	CAT 4.12 Exch. Tr. Direct	23,275,793	V42	20,451,042	0	0	11,940	2,812,810	2,824,750	O K
75	CAT 4.13 Exch. Ln. Message	37,317,809	G13	27,988,357	3,722,116	5,607,337	0	0	9,329,452	O K
76	CAT 4.13 PL, WATS, Local	1,888,631	F13	1,569,503	0	0	2,563	316,465	319,128	O K
77	CAT 4.13 Direct	0	V45	0	0	0	0	0	0	O K
78	CAT 4.23 Message	15,401,992	G16	9,335,951	1,985,713	4,080,288	0	0	6,066,001	O K
79	CAT 4.23 PL, WATS	4,563,853	F24	1,530,800	0	0	32,115	3,000,938	3,033,053	O K
80	CAT 4.23 Direct	0	V46	0	0	0	0	0	0	O K
81	CAT 4.3 H/R Message	14,192,110	G29	8,644,144	1,951,812	3,595,152	0	0	5,547,965	O K
82	CAT 4.3 WATS	0	V50	0	0	0	0	0	0	O K
83	CAT 4.3 Direct	0	V51	0	0	0	0	0	0	O K
84										
85	Total COE CAT 4	$109,339,319		$78,526,457	$7,701,344	$13,283,777	$69,464	$9,774,276	$30,828,861	O K
86										
87										
88	INFORMATION ORIGINATION/TERMINATION									
89										
90	CAT 1 Other IOT Equipment	$2,491,209	G19	$1,980,979	$255,441	$254,789	$0	$0	$510,230	O K
91	CAT 1 Contract Pay Phones	844	G19	0	0	0	0	0	0	O K
92	CAT 2 CP Equipment	1	V53	1	0	0	0	0	0	O K
93										
94	Total IOT Equipment	$2,492,054		$1,980,980	$255,441	$254,789	$0	$0	$510,230	O K
95										
96										

Sheet "D"
ENDING DECEMBER 31, 1996 27-Aug-97 08:31:07 AM

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
111	CABLE AND WIRE FACILITIES:									
112										
113	CAT 1.1 IntraLATA PL/WATS	10,207,204	F31	$8,477,005	$0	$0	$0	$1,730,199	$1,730,199	O K
114	CAT 1.2 InterLATA PL/WATS	14,557	F31	0	0	0	14,557	0	14,557	O K
115	CAT 1.3 Joint Message	204,028,235	G13	153,019,576	20,349,781	30,656,778	0	0	51,006,559	O K
116	Other CAT 1 C&WF	0	V74	0	0	0	0	0	0	O K
117										
118	Total CAT 1 C&WF	$214,247,996		$161,496,581	$20,349,781	$30,656,778	$14,557	$1,730,199	$52,751,315	O K
119										
120	CAT 2 C&WF	$2,248,334	G28	$2,125,350	$70,090	$0	$868	$52,026	$122,984	O K
121	CAT 2 C&WF, Wideband	19,120,372	V76	13,010,457	0	0	37,361	6,072,554	6,109,915	O K
122										
123	Total CAT 2 C&WF	$21,368,706		$15,135,807	$70,090	$0	$38,229	$6,124,580	$6,232,899	O K
124										
125	CAT 3 Joint Message	1,893,167	G17	1,035,646	207,775	449,746	0	0	$657,521	O K
126	CAT 3 PL/WATS etc.	423,084	F36	170,782	0	0	3,390	248,912	252,302	O K
127	CAT 3 Direct	525	V70	28	0	498	0	0	498	O K
128										
129	Total CAT 3 C&WF	$2,116,776		$1,206,455	$207,775	$450,243	$3,390	$248,912	$910,320	O K
130										
131	CAT 4 Message	$2,701,536	G29	$1,645,455	$371,537	$684,545	$0	$0	$1,056,082	O K
132	CAT 4 WATS	0	V81	0	0	0	0	0	0	O K
133	CAT 4 Direct	0	V82	0	0	0	0	0	0	O K
134										
135	Total CAT 4 C&WF	$2,701,536		$1,645,455	$371,537	$684,545	$0	$0	$1,056,082	O K
136										
137	TOTAL C&WF	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
138										
139										
140	CAPITAL LEASES									
141										
142	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
143	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
144										
145	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K

	****** FCC PART 36 ****** Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
160										
161	COE Operator	$0	H16	$0	$0	$0	$0	$0	$0	O K
162	COE Tandem Switch	0	H17	0	0	0	0	0	0	O K
163	COE Local Switch	0	H18	0	0	0	0	0	0	O K
164	COE Transmission	0	H20	0	0	0	0	0	0	O K
165	COE Direct	0	V89	0	0	0	0	0	0	O K
166										
167	Total COE Leases	$0		$0	$0	$0	$0	$0	$0	O K
168										
169	IOT Leases	$0	V90	$0	$0	$0	$0	$0	$0	O K
170										
171	C&WF Leases	$0	V91	$0	$0	$0	$0	$0	$0	O K
172										
173	TOTAL CAPITAL LEASES	$5,260,087		$4,832,512	$484,201	$770,428	$1,284	$171,662	$1,427,574	O K
174										
175										
176	LEASEHOLD IMPROVEMENTS									
177										
178	Land and Support Assets	$8,453	H14	$6,526	$654	$1,040	$2	$232	$1,929	O K
179	COE Switching	0	H16	0	0	0	0	0	0	O K
180	COE Operator	0	H16	0	0	0	0	0	0	O K
181	COE Transmission	0	H20	0	0	0	0	0	0	O K
182	IOT	0	V86	0	0	0	0	0	0	O K
183	C&WF	0	V87	0	0	0	0	0	0	O K
184	Other	0	V88	0	0	0	0	0	0	O K
185										
186	TOTAL LEASEHOLD IMPROVEMENT	$8,453		$6,526	$654	$1,040	$2	$232	$1,929	O K
187										
188										
189	TPIS EXCL ACCT No 2680	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Sheet "D"
ENDING DECEMBER 31, 1996 27-Aug-97 08:31:57 AM

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Plant Investment Detail	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
204	INTANGIBLE ASSETS									
205										
206	Allocable Acct No 2690	$139,090	H36	$107,378	$10,759	$17,119	$29	$3,814	$31,721	O K
207	Direct Acct. No. 2690	0	V100	0	0	0	0	0	0	O K
208										
209	Total Intangible Assets	$139,090		$107,378	$10,759	$17,119	$29	$3,814	$31,721	O K
210										
211										
212	OTHER TELEPHONE PLANT									
213										
214	Held for Fut Use - Alloc	$0	---	$0	$0	$0	$0	$0	$0	O K
215	Held for Fut Use - Direct	0	---	0	0	0	0	0	0	O K
216	TPUC, Short-term - Alloc	4,543,102	H35	3,507,075	351,397	659,119	932	124,579	1,036,027	O K
217	TPUC, Short-term - Direct	0	V134	0	0	0	0	0	0	O K
218	TPUC, Long-term - Alloc	509,571	H35	393,366	33,414	62,713	104	13,973	116,205	O K
219	TPUC Long-term - Direct	0	V126	0	0	0	0	0	0	O K
220	Tele Plt Adjust - Alloc	0	H35	0	0	0	0	0	0	O K
221	Tele Plt Adjust - Direct	0	V104	0	0	0	0	0	0	O K
222										
223	Total Other Telephone Plant	$5,052,673		$3,900,442	$330,811	$621,032	$1,036	$138,552	$1,152,231	O K

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Reserves and Deferrals	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	ACCUM. DEPRECIATION, TPIS									
14										
15	Support Assets	$25,485,835	H13	$19,673,715	$1,971,237	$3,136,502	$5,226	$698,855	$5,811,820	O K
16	COE Switching	44,035,532	H19	39,565,047	2,030,186	3,340,299	0	0	5,370,486	O K
17	COE Operator	944,388	H16	669,007	259	275,123	0	0	275,382	O K
18	COE Transmission	58,849,073	H20	42,251,392	4,144,835	7,149,251	37,385	5,260,480	16,591,981	O K
19	IOT Equipment	1,176,965	H25	882,724	117,392	176,850	0	0	294,241	O K
20	Cable and Wire Facilities	132,541,821	H31	99,698,597	12,576,077	19,039,464	11,268	1,216,416	32,843,224	O K
21	Other Plant	178,774	V135	156,104	22,670	0	0	0	22,670	O K
22										
23	Total Accum. Depr., TPIS	$264,106,880		$202,897,085	$20,862,656	$33,117,519	$53,879	$7,175,750	$61,209,804	1.076245796387
24										
25	ACCUM. AMORTIZATION									
26										
27	Accum. Depreciation, PHFU	$0	H38	$0	$0	$0	$0	$0	$0	O K
28	Accum. Amort., Tangible Inv	2,121,705	H40	1,637,863	164,108	291,118	435	58,181	483,842	O K
29	Accum. Amort., Intang. Inv	29,131	H41	21,716	2,178	3,462	6	771	6,415	O K
30	Accum. Amort., Other	0	V139	0	0	0	0	0	0	O K
31										
32	Tot. Accum. Amortization	$2,149,836		$1,659,579	$166,286	$294,580	$441	$58,952	$490,257	O K
33										
34	Total Accum. Depr./Amort.	$266,256,716		$204,556,664	$21,028,939	$33,382,099	$54,320	$7,234,702	$61,700,060	1.076245796387
35										
36										
37	ACCUM DEP/AMT BASE NET									
38										
39	Support Assets	[illegible]	H13	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
40	COE Switching	[illegible]	V119	[illegible]	[illegible]	[illegible]	0	0	[illegible]	O K
41	COE Operator	[illegible]	H16	[illegible]	[illegible]	[illegible]	0	0	[illegible]	O K
42	COE Transmission	[illegible]	H20	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
43	IOT Equipment	[illegible]	H25	[illegible]	[illegible]	[illegible]	0	0	[illegible]	O K
44	Cable and Wire Fac.	[illegible]	H31	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
45	Other Plant	[illegible]	V135	[illegible]	[illegible]	0	0	0	[illegible]	O K
46										
47	Total Accum Dep Inv Base	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K

	******* FCC PART 36 ******* Functional Distribution of Selected Investments	TOTAL COMPANY	Joint Use Messags	Private Line				Extended Area Service	Other	
				Interstate		Intrastate				
				InterLATA	IntraLATA	InterLATA	IntraLATA			
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	TRANS. CCT EQUIPMENT									
14										
15	Working Loops	305,076	294,330	0	0	21	2,495	0	12,229	O K
16	Avg Cost per Loop	126.79	126.79	126.79	126.79	126.79	126.79	126.79	126.79	
17										
18	CAT 4.13 Exch Ln Invest	$39,167,440	$37,317,009	$0	$0	$2,663	$316,485	$0	$1,550,503	
19										
20										
21	Circuit Terminations	16,788	12,949	2	0	27	2,523	0	1,285	O K
22	Avg Cost per Termination	1,189.43	1,189.43	1,189.43	1,189.43	1,189.43	1,189.43	1,189.43	1,189.43	
23										
24	CAT 4.23 Other IX	$19,965,814	$15,401,962	$2,378	$0	$32,115	$1,000,938	$0	$1,528,421	
25										
26										
27	C&WF INVESTMENT									
28										
29	Working Loops	305,076	294,330	0	0	21	2,495	0	12,229	
30	Loops Factor	1.000000	0.962390	0.000000	0.000000	0.000068	0.008177	0.000000	0.039944	
31	CAT 1 Exchange C&WF	$214,247,891	$204,928,735	$0	$0	$14,547	$1,728,179	$0	$8,477,935	O K
32										
33										
34	Equipment & Circuit Mixes	1,096,337	1,053,212	332	0	1,316	43,841	0	156,402	O K
35	IX Ckt. Mix Factor	1.000000	0.960975	0.000303	0.000000	0.001200	0.039997	0.000000	0.142645	
36	CAT 3 Interoffice C&WF	$2,139,389	$1,992,167	$361	$0	$3,269	$294,917	$0	$1,573,672	

EXHIBIT

Sheet "G" 27-Aug-97 08:31:07 AM
ENDING DECEMBER 31, 1995

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Physical Allocation Factors	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Subscriber Plant Fact (SPF)	1.000000	SPF	0.750000	0.099741	0.150259	0.000000	0.000000	0.250000	O K
14										
15	Dial Equipment Minutes (DEM)	1.000000	DEM	0.901683	0.044638	0.053679	0.000000	0.000000	0.098317	O K
16										
17	Conversation Minute-Miles	1.000000	CMM	0.611632	0.122714	0.265624	0.000000	0.000000	0.388338	O K
18	Conversation Minutes	1.000000	CM	0.606154	0.128926	0.264920	0.000000	0.000000	0.393846	O K
19	Subscriber Minutes (SLU)	1.000000	SLU	0.901865	0.044400	0.053735	0.000000	0.000000	0.098135	O K
20										
21	TSPS Processor Time	0.000000	TSP	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
22	Wtd. Stand. Work Sec., Toll	0.000000	WST	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
23	Wtd. Stand. Work Sec., Aux	1.000000	WSA	0.707266	0.000000	0.292734	0.000000	0.000000	0.292734	O K
24	Wtd. Stand. Work Sec., Comb.	1.000000	WSC	0.600514	0.000196	0.399290	0.000000	0.000000	0.399486	O K
25										
26	COE CAT 2 Minutes	1.000000	CT2	0.623511	0.051750	0.324739	0.000000	0.000000	0.376489	O K
27										
28	Exchange Trunk Minutes	1.000000	ETM	0.945300	0.031174	0.000000	0.000386	0.023140	0.054700	O K
29	MOU-Mi., Host/Remote	1.000000	HRM	0.609081	0.137528	0.253391	0.000000	0.000000	0.390919	O K
30										
31	C&WF CAT 4, WATS	0.000000	CT4	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
32										
33	Equal Access MOU	1.000000	EAU	0.873221	0.126779	0.000000	0.000000	0.000000	0.126779	O K
34										
35	Carrier Billing	1.000000	CB	0.748852	0.012636	0.184671	0.000341	0.053299	0.251148	O K
36	EU Presubscription Factor	1.000000	CPTF	0.917551	0.000000	0.082211	0.000000	0.000237	0.082448	O K
37	EU MTS & WATS Factor	1.000000	CMTS	0.728783	0.032719	0.238497	0.000000	0.000000	0.271217	O K
38	EU Access, PIC and All Other Factor	1.000000	EPIC	0.872868	0.000000	0.127132	0.000000	0.000000	0.127132	O K
39	IX Special Access Factor	1.000000	ISPX	0.999999	0.000001	0.000000	0.000000	0.000000	0.000001	O K
40	IX Switched Access Factor	1.000000	ISWX	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
41	IX Billing & Collection Services Factor	1.000000	IBC	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
42	User Revenue Percent	1.000000	CR	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
43	Number Units in Use	1.000000	CNIU	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
44	Number Units Percent	1.000000	PNIU	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
45	CABS Percent	1.000000	CAB	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K
46	Custom Procedures Percent	1.000000	CP	0.844760	0.155240	0.000000	0.000000	0.000000	0.155240	O K

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Internal Allocation Factors	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Support Assets	1.000000	D31	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
14	Land and Support Assets	1.000000	D33	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
15										
16	COE Operator	1.000000	D43	0.708402	0.000274	0.291324	0.000000	0.000000	0.291598	O K
17	COE Tandem Switching	1.000000	D49	0.623511	0.051750	0.324739	0.000000	0.000000	0.376489	O K
18	COE Local Switching	1.000000	D66	0.901683	0.044638	0.053679	0.000000	0.000000	0.098317	O K
19	COE Total Switching	1.000000	D68	0.880485	0.045160	0.074335	0.000006	0.000000	0.119515	O K
20	COE Transmission	1.000000	D85	0.718034	0.070438	0.121496	0.000635	0.089397	0.281966	O K
21	Total COE	1.000000	C19	0.723403	0.058268	0.160689	0.000336	0.047324	0.208597	O K
22										
23	Info Orig/Term CAT 1	1.000000	D90	0.750000	0.099741	0.150259	0.000000	0.000000	0.250000	O K
24	Info Orig/Term CAT 2	1.000000	D92	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
25	Total IOT	1.000000	D94	0.750000	0.099741	0.150259	0.000000	0.000000	0.250000	O K
26										
27	C&WF CAT 1	1.000000	D119	0.753764	0.094982	0.150340	0.000078	0.000776	0.246236	O K
28	C&WF CAT 2	1.000000	D120	0.943300	0.031174	0.000000	0.024340	0.001186	0.056700	O K
29	C&WF CAT 3	1.000000	D124	0.849840	0.098516	0.317082	0.001801	0.117330	0.430050	* 0.479751 CT
30	C&WF CAT 4	1.000000	D133	0.862815	0.137223	0.317961	0.000000	0.000000	0.455184	O K
31	Total C&WF	1.000000	D137	0.782204	0.094684	0.119069	0.000073	0.004173	0.217796	O K
32										
33	Total Company	1.000000	C21	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
34										
35	CPE	1.000000	C22	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
36	CPE and Ass Ins Wire	1.000000	D175	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
37										
38	Pb Dist Pull Line	0.000000	D176	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
39										
40	Total Telephone Plant	1.000000	C23	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
41	Total Telephone Plant	1.000000	C24	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
42										
43	Comp Sys PPE	1.000000	C26	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
44	Non Telephone Plant	1.000000	C27	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
45	Total Non Telephone	1.000000	C28	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
46	Total Company	1.000000	D178	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
47										
48	Total Co Cost Data	1.000000	C29	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
49										
50	Total Co Direct Expenses	1.000000	C30	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K
51										
52	Corporate Operations Expense	1.000000	C31	0.771956	0.077347	0.123070	0.000205	0.027422	0.228044	O K

U S WEST Communications TC96-157

	******* FCC PART 36 ******* Operating Expenses and Taxes	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				TOTAL INTRASTATE	
					Message Telephone Service		Private Line			
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	PLANT SPEC OPER EXPENSE									
14										
15	Network Support, Alloc	$105,372	H14	$81,342	$8,150	$12,966	$22	$2,889	$24,029	O K
16	Network Support, Direct	0	V149	0	0	0	0	0	0	O K
17										
18	Total Network Support Exp	$105,372		$81,342	$8,150	$12,966	$22	$2,889	$24,029	O K
19										
20	General Support, Alloc	$7,160,025	H14	$5,519,506	$553,035	$879,953	$1,466	$196,065	$1,630,519	O K
21	General Support, Direct	0	V151	0	0	0	0	0	0	O K
22										
23	Total General Support Exp	$7,160,025		$5,519,506	$553,035	$879,953	$1,466	$196,065	$1,630,519	O K
24										
25	Central Office Eq Alloc	$5,668,726	H31	$4,372,136	$321,445	$512,635	$1,913	$269,193	$1,105,186	O K
26	Central Office Eq , Direct	0	V153	0	0	0	0	0	0	O K
27										
28	Total COE Exp	$5,668,726		$4,372,136	$321,445	$512,635	$1,913	$269,193	$1,105,186	O K
29										
30	Cust Premises Equip	$2,083	I52A	$2,083	$0	$0	$0	$0	$0	O K
31	Comput Sys Prgrm	0	Q11A	0	0	0	0	0	0	O K
32	Other IOT	133,629	I05A	103,054	10,294	16,411	0	0	26,705	O K
33	IOT Direct	0	V154	0	0	0	0	0	0	O K
34										
35	Total IOT Exp	$135,712		$105,137	$10,294	$16,411	$0	$0	$26,705	O K
36										
37	Cable & Wire, Alloc	$6,339,963	A07	$4,888,234	$488,823	$779,218	$1,299	$178,389	$1,447,729	O K
38	Cable & Wire, Direct	0	V155	0	0	0	0	0	0	O K
39										
40	Total C&WF Exp	$6,339,963		$4,888,234	$488,823	$779,218	$1,299	$178,389	$1,447,729	O K
41										
42	Total Plt Spec, Oper Exp	$19,409,786		$14,966,355	$1,381,747	$2,200,183	$4,700	$647,401	$4,234,031	O K
43										
44	Total Plt Spec Oper Exp	$19,409,786		$14,966,355	$1,381,747	$2,200,183	$4,700	$647,401	$4,234,031	O K

U S WEST Communications TC96-187

	******* FCC PART 36 ******* Operating Expenses and Taxes	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
58	NON-SPECIFIC OPER. EXP.:									
59										
60	Oth. Pll. and Equip., Alloc.	($122,440)	H36	($94,510)	($9,470)	($15,069)	($25)	($3,356)	($27,922)	O K
61	Oth. Pll. and Equip., Direct	0	V177	0	0	0	0	0	0	O K
62										
63	Total Oth. Pll. & Equip.	($122,440)		($94,510)	($9,470)	($15,069)	($25)	($3,356)	($27,922)	O K
64										
65	Network Operations, Alloc	$13,039,377	H33	$10,065,827	$1,008,560	$1,604,755	$2,674	$357,561	$2,973,550	O K
66	Network Operations, Direct	0	V179	0	0	0	0	0	0	O K
67										
68	Total Network Oper. Exp.	$13,039,377		$10,065,827	$1,008,560	$1,604,755	$2,674	$357,561	$2,973,550	O K
69										
70	Total Access Expenses	$5,634,856	V180	$4,489	$0	$5,630,367	$0	$0	$5,630,367	O K
71										
72	Depr., Support Assets	$1,946,257	H13	$1,502,425	$150,534	$239,574	$399	$53,375	$443,832	O K
73	Depr., COE Switching	14,412,782	H16	12,640,253	651,199	1,071,376	0	0	1,722,575	O K
74	Depr., COE Operator	(29,954)	H16	(16,045)	(2)	(13,907)	0	0	(13,909)	O K
75	Depr., COE Transmission	7,369,711	H20	5,291,762	518,139	855,389	1,665	400,757	2,077,949	O K
76	Depr., CPE Equipment	318,969	H23	256,944	21,524	37,791	0	0	59,315	O K
77	Depr., CSVC Facilities	14,772,157	H21	11,621,558	1,181,249	1,969,350	1,332	198,668	3,150,599	O K
78	Depr., Poly	0	H26	0	0	0	0	0	0	O K
79										
80	Total Depreciation Expense	$40,790,922		$31,496,897	$2,522,643	$4,160,373	$3,397	$652,812	$7,339,457	O K
81										
82	Amort. Tangible Assets	$1,905,801	A40	$1,508,387	$152,064	$239,670	$403	$53,977	$446,114	O K
83	Amort. Intangible Assets	1,237	A41	979	99	156	0	35	290	O K
84	Other Amortization	0	V180	0	0	0	0	0	0	O K
85	Total Amortized Assets	31,231	V180	24,719	2,493	3,929	7	885	7,314	O K
86										
87	Total Amortization Exp.	$1,938,269		$1,534,085	$154,656	$243,755	$410	$54,917	$453,718	O K
88										
89	Total Exp. and Taxes	$59,178,224		$46,830,807	$4,722,302	$7,440,230	$6,256	$1,178,629	$13,347,417	O K
90										
91	Total Operating Oper. Exp.	$59,178,224		$46,830,807	$4,722,302	$7,440,230	$6,256	$1,178,629	$13,347,417	O K

Sheet T
ENDING DECEMBER 31, 1995

27-Aug-97

08:31:07 AM

U S WEST Communications TC96-107

	******* FCC PART 36 ******* Operating Expenses and Taxes	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate					
					Message Telephone Service		Private Line		TOTAL INTRASTATE	
					InterLATA	IntraLATA	InterLATA	IntraLATA		
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
105	CUSTOMER OPERATIONS EXPENSE:									
106										
107	Marketing, Allocabls	$6,151,023	G35	34,634,958	$207,991	$1,137,747	$995	$195,332	$1,546,066	O K
108	Marketing, Direct	189,211	V192	189,211	0	0	0	0	0	O K
109										
110	Total Marketing Expense	$6,360,234		$4,804,169	$207,991	$1,137,747	5995	$198,332	$1,545,066	O K
111										
112	Operator Service, Alloc	$3,603,030	G24	$2,283,773	$745	$1,518,512	$0	$0	$1,519,257	O K
113	Operator Service, Direct	0	V194	0	0	0	0	0	0	O K
114										
115	Total Operator Service	$3,603,030		$2,283,773	$745	$1,518,512	$0	$0	$1,519,257	O K
116										
117	Classified Directory	$0	V195	$0	$0	$0	$0	$0	$0	O K
118	Alphabetical Directory	45,972	G19	43,897	2,161	2,616	0	0	4,777	O K
119	Foreign Directory	0	G46	0	0	0	0	0	0	O K
120										
121	Total Directory	$45,972		$43,897	$2,161	$2,616	$0	$0	$4,777	O K
122										
123	Bus Ofc - EU Presubscription	$4,936,664	G35	$4,637,539	$0	$10,373	$2,531	$33,587	$299,063	O K
124	Bus Ofc - EU MTS & WATS	1,631,333	G37	1,334,543	$1,149	277,884	0	17,653	296,686	O K
125	Bus Ofc - EU Access, Pri. & all Other	1,303,604	G38	315,467	150	940,348	16	1,454	988,137	O K
126	Bus Ofc - IXC Special Access	116,313	G39	108,276	2,160	0	1,121	0	11,961	O K
127	Bus Ofc - IXC Switched Access	50,731	G40	42,837	7,352	0	32	0	7,894	O K
128	Bus Ofc - IXC T & C Services	108,754	G41	101,046	44,388	0	294	0	45,426	O K
129	Com Collect & Admin	0	G42	0	0	0	0	0	0	O K
130										
131	Total Business Office	$8,186,399		$6,740,908	$55,099	$1,228,605	$4,027	$152,660	$1,490,491	O K
132										
133	Cust Svc - Basic	$56,915	V196	$56,915	$0	$0	$0	$0	$0	O K
134	Cust Svc - Sig. Process	$6,119	G43	$6,119	0	0	0	0	0	O K
135	Cust Svc - Other SIC	1,257,479	G44	1,257,479	0	0	0	0	0	O K
136	Cust Svc - CABS	0	G45	0	0	0	0	0	0	O K
137	Cust Svc - EU Common Line	0	G50	0	0	0	0	0	0	O K
138										
139	Total Customer Service	$1,320,513		$1,320,513	$0	$0	$0	$0	$0	O K
140										
141	Total Customer Ops.	$19,516,151		$15,192,260	$265,996	$2,368,980	$5,022	$350,992	$3,034,990	O K
142										

Sample

	******* FCC PART 36 ******* Operating Expenses and Taxes	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
156	Other Cust. Serv., Alloc.	$151,997	H48	$120,534	$5,459	$23,668	$65	$2,272	$31,463	O K
157	Other Cust. Serv., Direct	0	V211	0	0	0	0	0	0	O K
158										
159	Total Other Cust. Serv.	$151,997		$120,534	$5,459	$23,668	$65	$2,272	$31,463	O K
160										
161	TOTAL CUSTOMER OPER. EXP.	$21,100,694		$15,774,551	$602,308	$4,355,954	$5,033	$362,249	$5,326,143	O K
162										
163										
164	"BIG-THREE" EXPENSES									
165										
166	Total Plt. Spec., ex Support	$15,150,092	44	$11,629,662	$1,251,408	$1,935,034	$2,672	$331,115	$3,520,429	O K
167	Total Network Oper. Exp	13,039,377	68	10,065,827	1,008,960	1,004,755	2,674	357,561	2,973,550	O K
168	Total Customer Operations	21,100,694	161	15,774,551	602,308	4,355,954	5,033	362,249	5,326,143	O K
169										
170	TOTAL "BIG THREE" EXPENSES	$49,290,162		$37,470,040	$2,862,676	$7,295,743	$10,379	$1,070,924	$11,820,122	O K
171										
172										
173	CORPORATE OPERATIONS EXPENSE									
174										
175	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
176	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
177										
178	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
179										
180	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
181	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
182										
183	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
184										
185	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
186										
187										
188	[illegible]									
189										
190	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
191	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
192										
193	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
194										
195	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
196										
197										
198	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U S WEST Communications TC96-107

	******* FCC PART 69 ******* IntraLATA Revenue Requirement Summary	Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Net Investment	$31,076,679	K52	$14,941,529	$3,106,787	$0	$6,497,497	$0	$6,530,765	O K
14	Rate of Return	9.62%	B19	9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	O K
15										
16	Return on Rate Base	$2,988,613		$1,436,916	$298,778	$0	$624,860	$0	$628,059	O K
17										
18	AFUDC	0	N37	0	0	0	0	0	0	O K
19	ITC Amortization	0	N37	0	0	0	0	0	0	O K
20	Other Return Adjustments	0	Direct	0	0	0	0	0	0	O K
21										
22	Net Return	$2,988,613		$1,436,916	$298,778	$0	$624,860	$0	$628,059	O K
23										
24	Interest Expense	1,420,631	N87	702,393	146,042	0	305,431	0	306,995	O K
25	Capitalized Payroll Taxes	0	N37	0	0	0	0	0	0	O K
26	Depreciation Adjustment	0	N37	0	0	0	0	0	0	O K
27	Other Income Adjustments	0	Direct	0	0	0	0	0	0	O K
28										
29	After Tax Income	$1,567,982		$734,523	$152,735	$0	$319,429	$0	$321,064	O K
30										
31	State Income Taxes	$0	28	0	0	0	0	0	0	O K
32	Federal Income Taxes	$778,540	29	$364,618	$77,926	0	$158,601	0	$161,395	O K
33	Operating Expenses and Taxes	$4,436,618	C150	$1,801,508	$1,042,224	$1,100,882	$1,200,832	$1,000,182	$291,970	O K
34	Uncollectibles	$18,309	Direct	$18,309	$0	$0	$0	$0	$0	O K
35	Other Revenue Adjustments	0	Direct	0	0	0	0	0	0	O K
36										
37	Sum for Gross Receipts Tax	$9,230,411	100.0000%	$2,921,352	$1,268,927	$1,100,882	$1,683,864	$1,000,182	$1,255,184	O K
38										
39										
40	Gross Receipts Tax	$7,385	37	$2,338	$1,015	$881	$1,348	$800	$1,004	O K
41										
42										
43	TOTAL INTRALATA REVENUES	$9,237,796		$2,923,690	$1,269,942	$1,101,763	$1,685,212	$1,000,982	$1,256,188	O K
44										

U S WEST Communications TC96-107

	******* FCC PART 69 ******* IntraLATA Investment Summary	Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Land and Support Assets	$12,803,624	L25	$2,385,530	$1,888,497	$0	$4,441,463	$0	$4,088,114	O K
14										
15	Central Office Equipment	$28,676,171	L70	$5,607,337	$4,755,598	$0	$10,049,718	$0	$8,263,519	O K
16	Info Term /Orig. Equipment	399,885	L78	399,885	0	0	0	0	0	O K
17	Cable and Wire Facilities	33,822,704	L117	30,656,778	0	0	1,134,788	0	2,031,137	O K
18										
19	Total COE, IOT, C&WF	$62,898,760		$36,664,000	$4,755,598	$0	$11,184,506	$0	$10,294,656	O K
20										
21	Total Tangible Assets	$943,362	L141	$174,183	$139,047	$0	$327,067	$0	$301,065	O K
22										
23	Total Tele Plt ex Intang	$76,645,746		$39,225,713	$6,782,182	$0	$15,933,052	$0	$14,643,815	O K
24	Total Intangible Assets	20,933	L144	10,794	1,837	0	4,331	0	3,977	O K
25										
26	Total Plant In Service	$76,666,679		$39,236,511	$6,783,969	$0	$15,937,382	$0	$14,647,792	O K
27	Total Plt Held Future Use	0	L147	0	0	0	0	0	0	O K
28	Total $1 PUC	533,668	L183	348,954	60,787	0	102,304	0	330,983	O K
29	Total LT PUC	36,680	L184	33,246	4,727	0	10,901	0	84,800	O K
30	Total Tel Plt Adjust	0	L185	0	0	0	0	0	0	O K
31										
32	TOTAL TELEPHONE PLANT	$77,437,864		$39,618,711	$6,849,484	$0	$16,050,588	$0	$14,919,081	O K
33										
34	less:									
35	Accum Depr Plt in Serv	46,445,358	W15	23,998,436	3,970,180	0	7,997,328	0	10,479,414	O K
36	Accum Depr Prop	0	W17	0	0	0	0	0	0	O K
37	Accum Depr Tangible Plt	346,288	W18	181,756	30,894	0	69,888	0	63,750	O K
38	Accum Amort Intangible	4,283	W19	2,196	373	0	874	0	840	O K
39	Accum Amort Other	0	W20	0	0	0	0	0	0	O K
40	Accum Def Inc Taxes Net	5,202,246	W21	2,629,916	1,048,438	0	1,068,015	0	1,455,877	O K
41										
42	plus:									
43	Other Assets	0	W22	0	0	0	0	0	0	O K
44										
45	NET TELEPHONE PLANT	25,440,689		12,806,407	1,800,599	0	6,914,483	0	3,919,200	O K
46										
47	less:									
48	Deferred Inc Taxes	0	L201	0	0	0	0	0	0	O K
49	Investment Tax Credits	53,340	L202	27,004	5,120	0	10,170	0	11,046	O K
50	Cust Deposits	208,455	L203	105,555	20,008	0	39,750	0	43,142	O K
51	Equip Leases Investment	0	L207	0	0	0	0	0	0	O K
52										
53	NET INVESTMENT	25,178,894		12,673,848	1,775,471	0	6,864,563	0	3,865,012	O K
54										

U S WEST Communications TC96-107

	******* FCC PART 69 ******* IntraLATA Investment Detail	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	LAND AND SUPPORT ASSETS									
14										
15	Land Assets, Message	$177,862	N26	33,139	26,234	0	61,699	0	56,790	O K
16	Land Assets, Private Line	39,630	N28	7,384	5,845	0	13,747	0	12,654	O K
17										
18	Total Land Assets	$217,492		$40,522	$32,079	$0	$75,446	$0	$69,444	O K
19										
20	Support Assets, Message	$10,292,766	N28	$1,917,715	$1,518,153	$0	$3,570,485	$0	$3,286,414	O K
21	Support Assets, Private Line	2,293,366	N28	427,292	338,269	0	795,552	0	732,257	O K
22										
23	Total Support Assets	$12,586,132		$2,345,007	$1,856,418	$0	$4,366,036	$0	$4,018,670	O K
24										
25	Total Land and Supp Assets	$12,803,624		$2,385,530	$1,888,497	$0	$4,441,483	$0	$4,088,114	O K
26										
27	CENTRAL OFFICE EQUIPMENT									
28										
29	Operator Sys , DA	$0	(F)	$0	$0	$0	$0	$0	$0	O K
30	Operator Sys , Other	1,302,953	(I)	0	0	0	0	0	1,302,953	O K
31										
32	Total Operator Systems	$1,302,953		$0	$0	$0	$0	$0	$1,302,953	O K
33										
34	Toll/Aux Switching	$2,373,277	(G)	$0	$0	$0	$2,373,277	$0	$0	O K
35	Toll/Aux Assigned	0	Direct	0	0	0	0	0	0	O K
36										
37	Total Toll/Aux Switching	$2,373,277		$0	$0	$0	$2,373,277	$0	$0	O K
38										
39	Local Switching	$4,749,998	(E)	$0	$4,749,998	$0	$0	$0	$0	O K
40	Local Assigned	0	Direct	0	0	0	0	0	0	O K
41										
42	Total Local Switching	$4,749,998		$0	$4,749,998	$0	$0	$0	$0	O K
43										
44	Total Switching	$8,426,228		$0	$4,749,998	$0	$2,373,277	$0	$0	O K

U S WEST Communications TC9/-107

	******* FCC PART 69 ******* IntraLATA Investment Detail	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
58	COE Exch. Trunk	$3,644,063	Direct	$0	$0	$0	$0	$0	$3,644,063	O K
59	COE Exch. Line - Message	5,607,337	(D)	5,607,337	0	0	0	0	0	O K
60	COE Exch. Line - PL etc	316,465	(I)	0	0	0	0	0	316,465	O K
61	COE Exch. Line - Assigned	0	Direct	0	0	0	0	0	0	O K
62	COE Interexchange, Message	4,050,268	(G)	0	0	0	4,050,268	0	0	O K
63	COE Interexchange, PL	3,000,038	(I)	0	0	0	0	0	3,000,038	O K
64	COE Interexchange, Assigned	0	(G)	0	0	0	0	0	0	O K
65	COE H/R Message	3,596,153	(G)	0	0	0	3,596,153	0	0	O K
66	COE H/R Assigned	0	Direct	0	0	0	0	0	0	O K
67										
68	Total COE Transmission	$29,245,243		$5,607,337	$0	$0	$7,646,421	$0	$15,991,485	O K
69										
70	Total Central Office Equip	$36,078,171		$6,607,337	$4,714,196	$0	$10,049,719	$0	$14,706,919	O K
71										
72	NOT EQUIPMENT									
73										
74	Public Telephone	$299,883	(M)	$299,883	$0	$0	$0	$0	$0	O K
75	Coinless Pay Phone	0	(M)	0	0	0	0	0	0	O K
76	Customer Premises Equipment	0	(M)	0	0	0	0	0	0	O K
77										
78	Total NOT Equipment	$299,883		$299,883	$0	$0	$0	$0	$0	O K
79										
80	CABLE AND WIRE FACILITIES									
81										
82	Exchange (L and M)	$1,256,788	(L)	$0	$0	$0	$0	$0	$1,256,788	O K
83	Exchange (Message)	$1,256,788	(M)	$1,256,788	0	0	0	0	0	O K
84	Exchange (Assigned)	0	Direct	0	0	0	0	0	0	O K
85										
86	Total Exchange Line Cable	$2,513,576		$1,256,788	$0	$0	$0	$0	$1,256,788	O K
87										
88	Exchange Trunk, Message	$0	Direct	$0	$0	$0	$0	$0	$0	O K
89	Exchange Trunk, PL	$2,434	(M)	0	0	0	0	0	$2,434	O K
90										
91	Total Exchange Trunk Cable	$2,434		$0	$0	$0	$0	$0	$2,434	O K
92										
93	Interexchange, Message	$104,744	(G)	$0	$0	$0	$104,744	$0	$0	O K
94	Interexchange PL, Assig	$42,434	(I)	0	0	0	0	0	$42,434	O K
95	Interexchange Assigned	$0	(G)	0	0	0	0	0	0	O K
96										
97	Total Interexchange Cable	$147,178		$0	$0	$0	$104,744	$0	$42,434	O K

U S WEST Communications TC95-107

	******* FCC PART 69 ******* IntraLATA Investment Detail	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
111	H/R C&WF, Message	$684,545	(G)	$0	$0	$0	$684,545	$0	$0	O K
112	H/R C&WF, WATS	0	(I)	0	0	0	0	0	0	O K
113	H/R C&WF, Assigned	0	Direct	0	0	0	0	0	0	O K
114										
115	Total Host/Remote C&WF	$684,545		$0	$0	$0	$684,545	$0	$0	O K
116										
117	Total Cable and Wire Facil	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
118										
119	TANGIBLE ASSETS									
120										
121	Land and Support Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
122										
123	COE Operator Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
124	COE Tandem Switching Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
125	COE Local Switching Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
126	COE Transmission Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
127										
128	Total COE Leases	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
129										
130	COE Equipment Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
131										
132	C&WF Leases	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
133										
134	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
135										
136	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
137	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
138										
139	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
140										
141	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
142										
143	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
144										
145	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
146										
147	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
148										
149										
150	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* IntraLATA Investment Detail	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
161	PLANT UNDER CONSTRUCTION:									
162										
163	Short-term	$583,698	N46	$349,904	$60,507	$0	$142,305	$0	$130,983	O K
164	Long-term	76,686	N46	39,246	6,787	0	15,961	0	14,692	O K
165										
166	Total Plt Under Const	$750,384		$389,150	$67,294	$0	$158,266	$0	$145,674	O K
167										
168										
169	TELEPHONE PLANT ADJUSTMENT	$0	N46	$0	$0	$0	$0	$0	$0	O K
170										
171	CLASS B RTB STOCK	$0	N37	$0	$0	$0	$0	$0	$0	O K
172										
173	MATERIALS AND SUPPLIES	$72,607	N37	$37,612	$6,531	$0	$13,771	$0	$13,693	O K
174										
175	CASH WORKING CAPITAL	$861,662	N37	$446,534	$77,553	$0	$163,431	$0	$170,092	O K
176										
177	EQUAL ACCESS INVESTMENT	$0	Direct	$0	$0	$0	$0	$0	$0	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* IntraLATA Reserves and Deferrals	Part 36 IntraLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	ACCUM DEPRECIATION, TPIS									
14										
15	Support Assets	$3,835,357	N28	$714,591	$595,704	$0	$1,330,457	$0	$1,224,605	O K
16	COE Switching	3,340,299	L44	0	2,228,278	0	1,112,021	0	0	O K
17	COE Operator	275,123	L32	0	0	0	0	0	275,123	O K
18	COE Transmission	12,409,761	L60	3,437,139	0	0	4,705,441	0	4,267,182	O K
19	IOT Equipment	176,850	L76	176,850	0	0	0	0	0	O K
20	Cable and Wire Facilities	20,255,879	L117	18,359,857	0	0	679,607	0	1,216,416	O K
21	Other Plant	0	N37	0	0	0	0	0	0	O K
22										
23	Total Accum. Depr., TPIS	$40,293,269		$22,688,436	$2,793,982	$0	$7,827,525	$0	$6,983,325	O K
24										
25	ACCUM AMORTIZATION									
26										
27	Accum Depreciation, PP&E	$0	N37	$0	$0	$0	$0	$0	$0	O K
28	Accum Amort, Tangible Int	319,299	N37	$144,734	$63,924	$0	$63,924	$0	$63,924	O K
29	Accum Amort, Intang Int	4,253	N37	$2,766	$1,277	$0	$1,277	$0	$1,277	O K
30	Accum Amort, Other	0	N37	$0	$0	$0	$0	$0	$0	O K
31										
32	Tot Accum Amortization	$323,552		$147,500	$65,201	$0	$65,201	$0	$65,201	O K
33										
34	Total Accum Depr Amort	$40,616,821		$22,835,936	$2,859,183	$0	$7,892,726	$0	$7,048,526	O K
35										
36										
37	ACCUM DEF INC TAXES NET									
38										
39	Support Assets	$1,340,124	N28	$249,607	$208,172	$0	$464,779	$0	$427,766	O K
40	COE Switching	1,166,824	L44	0	778,549	0	388,275	0	0	O K
41	COE Operator	(96,118)	L32	0	0	0	0	0	(96,118)	O K
42	COE Transmission	4,335,212	L60	1,200,837	0	0	1,643,966	0	1,490,409	O K
43	IOT Equipment	61,760	L76	61,760	0	0	0	0	0	O K
44	Cable and Wire Fac	7,076,180	L117	6,414,180	0	0	237,307	0	424,693	O K
45	Other Plant	0	N37	0	0	0	0	0	0	O K
46										
47	Total Accum Def Inc Taxes	$14,188,982		$7,926,384	$986,721	$0	$2,734,327	$0	$2,541,750	O K

U S WEST Communications TC95-107

	******* FCC PART 69 ******* Apportionment Factors	Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Central Office Equipment	$28,676,171	L72	35,607,337	$4,755,585	$0	$10,049,718	$0	$2,263,519	O K
14	Info. Orig./Term. Eqpt.	399,685	L76	399,685	0	0	0	0	0	O K
15	C&W Facilities	33,822,704	L117	30,556,778	0	0	1,134,788	0	2,031,137	O K
16										
17	Total	$62,898,760		$36,664,000	$4,755,585	$0	$11,184,500	$0	$10,294,656	O K
18	Factor	1.000000		0.582905	0.075607	0.000000	0.177818	0.000000	0.163670	O K
19										
20	Sum Sw., Trans., Other	$26,234,760	17	$0	$4,755,585	$0	$11,184,500	$0	$10,294,656	O K
21	Factor	1.000000		0.000000	0.181271	0.000000	0.426324	0.000000	0.392405	O K
22										
23	Central Office Equipment	$28,676,171	L72	$4,507,337	$4,755,585	$0	$10,049,718	$0	$9,363,519	O K
24	Info. Orig./Term. Eqpt.	399,685	L76	399,685	0	0	0	0	0	O K
25	C&W, Excl Exch Message	2,156,904	L117-43	0	0	0	1,134,788	0	2,031,137	O K
26										
27	Total	$31,232,760		$4,907,022	$4,755,585	$0	$11,184,500	$0	$11,394,656	O K
28	Factor	1.000000		0.157107	0.152287	0.000000	0.358155	0.000000	0.364850	O K
29										
30	Common Support Facilities	$12,800,924	L29	$2,183,538	$1,970,412	$0	$6,645,460	$0	$0,000,514	O K
31	Central Office Equipment	28,676,171	72	4,507,337	4,755,585	0	10,049,718	0	9,363,519	O K
32	Info Orig/Term Eqpt	399,685	76	399,685	0	0	0	0	0	O K
33	C&W Facilities	33,822,704	117	30,556,778	0	0	1,134,788	0	2,031,137	O K
34	Digital Switch Maintenance	0	L127	0	0	0	0	0	0	O K
35										
36	Total	$75,699,484		$37,646,338	$6,726,000	$0	$17,829,966	$0	$13,497,170	O K
37	Factor	1.000000		0.497350	0.088858	0.000000	0.235577	0.000000	0.178315	O K
38										
39	Sum Com Sup Fac Trans	$26,234,760	17	$13,045,438	$2,330,475	$0	$6,176,847	$0	$4,681,999	O K
40	Factor	1.000000		0.497350	0.088858	0.000000	0.235577	0.000000	0.178515	O K
41										
42	Com Sup Fac Trans	12,800,924	Direct	6,365,900	1,137,137	0	3,014,887	0	2,284,999	O K
43	Com Sup Fac Trans	13,433,836	Comp	6,679,538	1,193,338	0	3,161,960	0	2,398,000	O K
44										
45	Total Com	$26,234,760	17	$13,045,438	$2,330,475	$0	$6,176,847	$0	$4,681,999	O K
46	Factor	1.000000		0.497350	0.088858	0.000000	0.235577	0.000000	0.178515	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Apportionment Factors	Part 36 IntraLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
30	Interstate Equiv Factor	0.000000	Direct	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
31	Wtd Std Work Seconds	1.000000	Direct	0.000000	0.000748	0.523956	0.000000	0.000000	0.475284	O K
62										
63	"BIG THREE" Expenses	$14,036,685	O171	$3,519,747	$568,377	$807,424	$1,341,793	$730,209	$7,071,135	O K
64	Factor	1.000000		0.250763	0.040350	0.057522	0.095592	0.052021	0.503761	O K
65										
66	Net Investment	$31,076,579	J13	$14,941,529	$3,103,787	$0	$6,497,497	$0	$6,530,765	O K
67	Factor	1.000000		0.480797	0.099872	0.000000	0.209080	0.000000	0.210151	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	PLANT SPEC OPER EXPENSE:									
14										
15	Network Support, Alloc.	$15,856	N37	$8,160	$1,392	$0	$3,273	$0	$3,013	O K
16	Network Support, Direct	0	Direct	0	0	0	0	0	0	O K
17										
18	Total Network Support Exp.	$15,856		$8,160	$1,392	$0	$3,273	$0	$3,013	O K
19										
20	General Support, Alloc.	$1,076,018	N30	$200,480	$158,710	$0	$373,263	$0	$343,566	O K
21	General Support, Direct	0	Direct	0	0	0	0	0	0	O K
22										
23	Total General Support Exp	$1,076,018		$200,480	$158,710	$0	$373,263	$0	$343,566	O K
24										
25	Central Office Eq., Alloc	$841,630	N31	$164,611	$139,607	$0	$295,024	$0	$242,388	O K
26	Central Office Eq., Direct	0	Direct	0	0	0	0	0	0	O K
27										
28	Total COE Exp	$841,630		$164,611	$139,607	$0	$295,024	$0	$242,388	O K
29										
30	Cust. Premises Equip	$0	L76	$0	$0	$0	$0	$0	$0	O K
31	Other NDT	$30,161	[illegible]	$30,161	0	0	0	0	0	O K
32	NDT Direct	0	Direct	0	0	0	0	0	0	O K
33										
34	Total NDT Exp	$30,161		$30,161	$0	$0	$0	$0	$0	O K
35										
36	Cable & Wire, Alloc	$1,264,137	W52	$1,264,449	$0	$0	$[illegible]	$0	$[illegible]	O K
37	Cable & Wire, Direct	0	Direct	0	0	0	0	0	0	O K
38										
39	Total Cable Exp	$1,264,137		$1,264,449	$0	$0	$[illegible]	$0	$[illegible]	O K
40										
41	TOTAL PLT SPEC OPER EXP	$2,347,801		$1,467,860	$299,709	$0	$[illegible]	$0	$[illegible]	O K
42										
43	TOTAL PLT SPEC OPER EXP	$2,347,801		$1,467,860	$299,709	$0	$[illegible]	$0	$[illegible]	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
57	NON-SPECIFIC OPER. EXP.:									
58										
59	Oth. Plt. and Equip., Alloc.	($18,426)	N18	($10,741)	($1,393)	$0	($3,276)	$0	($3,016)	O K
60	Oth. Plt. and Equip., Direct	0	Direct	0	0	0	0	0	0	O K
61										
62	Total Oth. Plt. & Equip.	($18,426)		($10,741)	($1,393)	$0	($3,276)	$0	($3,016)	O K
63										
64	Network Operations, Alloc.	$1,962,316	N18	$1,143,644	$148,365	$0	$348,934	$0	$321,173	O K
65	Network Operations, Direct	0	Direct	0	0	0	0	0	0	O K
66										
67	Total Network Oper. Exp.	$1,962,316		$1,143,644	$148,365	$0	$348,934	$0	$321,173	O K
68										
69	Total Access Expenses	$5,090,367	Direct	$0	$0	$0	$0	$0	$5,090,367	O K
70										
71	Depr., Support Assets	$292,695	L23	$54,571	$43,201	$0	$101,603	$0	$93,320	O K
72	Depr., COE Switching	1,071,379	L44	0	714,700	0	356,679	0	0	O K
73	Depr., COE Operator	(6,105)	L32	0	0	0	0	0	(6,105)	O K
74	Depr., COE Transmission	1,594,220	L63	430,473	0	0	629,318	0	534,429	O K
75	Depr., IOT Equipment	47,791	L76	47,791	0	0	0	0	0	O K
76	Depr., C&W Facilities	2,860,882	L117	2,600,244	0	0	85,354	0	172,283	O K
77	Depr., PHFU	0	L147	0	0	0	0	0	0	O K
78										
79	Total Depreciation Expense	$5,929,063		$3,133,181	$757,901	$0	$1,143,648	$0	$794,133	O K
80										
81	Amort., Tangible Assets	$302,933	L161	$37,845	$21,857	$0	$73,219	$0	$169,012	O K
82	Amort., Intangible Assets	737	L164	456	46	0	182	0	53	O K
83	Other Amortization	0	Direct	0	0	0	0	0	0	O K
84	Direct Assigned Assets	0	Direct	0	0	0	0	0	0	O K
85										
86	Total Amortization Exp.	$303,669		$38,301	$21,903	$0	$73,401	$0	$169,065	O K
87										
88	Total Depr. and Amort.	$6,232,732		$3,171,482	$779,804	$0	$1,217,049	$0	$963,198	O K
89										
90	TOTAL NON-SPEC. OPER. EXP.	$14,266,943		$4,304,385	$926,776	$0	$1,562,707	$0	$6,473,075	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
104	CUSTOMER OPERATIONS EXPENSE:									
105										
106	Marketing, Allocable	$1,337,079	N37	$689,705	$117,350	$0	$275,991	$0	$254,033	O K
107	Marketing, Direct	0	Direct	0	0	0	0	0	0	O K
108										
109	Total Marketing Expense	$1,337,079		$689,705	$117,350	$0	$275,991	$0	$254,033	O K
110										
111	Operator Service, Alloc	$1,518,512	N51	$0	$1,136	$795,652	$0	$0	$721,724	O K
112	Operator Service, Direct	0	Direct	0	0	0	0	0	0	O K
113										
114	Total Operator Service	$1,518,512		$0	$1,136	$795,652	$0	$0	$721,724	O K
115										
116	Classified Directory	$0	Direct	$0	$0	$0	$0	$0	$0	O K
117	Alphabetical Directory	2,615	(F)	0	0	2,615	0	0	0	O K
118	Foreign Directory	0	Direct	0	0	0	0	0	0	O K
119										
120	Total Directory	$2,615		$0	$0	$2,615	$0	$0	$0	O K
121										
122	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
123	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
124	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
125	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
127	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
128	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
129	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
130	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
131										
132	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
133										
134	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
135	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
136	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
137	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
138	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
139	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
140	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
141										
142	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 IntraLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
158	Other Cust. Serv., Alloc.	$25,940	142	$80	$27	$9,157	$32	$8,281	$8,364	O K
159	Other Cust. Serv., Direct	0	Direct	0	0	0	0	0	0	O K
160										
161	Total Other Cust. Serv.	$25,940		$80	$27	$9,157	$32	$8,281	$8,364	O K
162										
163	TOTAL CUSTOMER OPER. EXP.	$3,624,404		$696,742	$119,697	$807,424	$276,807	$730,209	$991,525	O K
164										
165	"BIG-THREE" EXPENSES:									
166										
167	Total Plt. Specific Exp	$3,378,025	41	$1,689,902	$299,709	$0	$717,328	$0	$671,086	O K
168	Total Plt. Non-specific Exp	7,034,257	62 + 67 +69	1,133,103	146,872	0	345,658	0	5,408,524	O K
169	Total Customer Operations	3,624,404	163	696,742	119,697	807,424	276,807	730,209	991,525	O K
170										
171	TOTAL "BIG THREE" EXPENSES	$14,036,685		$3,519,747	$566,377	$807,424	$1,341,793	$730,209	$7,071,135	O K
172										
173	CORPORATE OPERATIONS EXPENSE									
174										
175	Exec. and Planning, Alloc.	$476,392	NM	$118,457	$19,227	$27,453	$45,339	$26,761	$239,955	O K
176	Exec. and Planning, Direct	0	Direct	0	0	0	0	0	0	O K
177										
178	Total Exec. and Planning	$476,392		$118,457	$19,227	$27,453	$45,339	$26,761	$239,955	O K
179										
180	Admin. & General, Allocated	$4,711,997	NM	$1,193,324	$194,025	$271,649	$448,519	$264,780	$2,379,699	O K
181	Admin. & General, Direct	0	Direct	0	0	0	0	0	0	O K
182										
183	Total Admin. and Gen.	$4,711,997		$1,193,324	$194,025	$271,649	$448,519	$264,780	$2,379,699	O K
184										
185	TOTAL CORPORATE OPERATIONS	$5,188,389		$1,311,781	$213,252	$299,102	$493,858	$291,541	$2,619,654	O K
186										
187	NON-INCOME TAXES									
188										
189	Non-income Taxes, Allocated	$1,161,125	0.67	$293,980	$47,804	$67	$111,547	$65	$707,661	O K
190	Non-income Taxes, Direct	0	Direct	0	0	0	0	0	0	O K
191										O K
192										
193	Total non-income taxes	$1,161,125		$293,980	$47,804	$67	$111,547	$65	$707,661	O K
194										
195	TOTAL OPER. EXP. AND TAXES	$23,990,605		$5,822,249	$947,130	$1,114,047	$2,224,005	$1,048,015	$10,835,109	O K

EXHIBIT

U S WEST Communications TC96-107

	******* FCC PART 69 ******* InterLATA Revenue Requirement Summary	Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Net Investment	$16,772,361	Q52	$10,367,889	$2,832,596	$0	$3,468,828	$0	$83,048	O K
14	Rate of Return	9.62%	B19	9.62%	9.62%	9.62%	9.62%	9.62%	9.62%	O K
15										
16	Return on Rate Base	$1,612,886		$997,073	$272,409	$0	$335,518	$0	$7,987	O K
17										
18	AFUDC	$0	T37	0	0	0	0	0	0	O K
19	ITC Amortization	0	T37	0	0	0	0	0	0	O K
20	Other Return Adjustments	0	Direct	0	0	0	0	0	0	O K
21										
22	Net Return	$1,612,886		$997,073	$272,409	$0	$335,518	$0	$7,987	O K
23										
24	Interest Expense	$752,623	T67	465,236	127,106	0	156,553	0	3,727	O K
25	Capitalized Payroll Taxes	0	T37	0	0	0	0	0	0	O K
26	Depreciation Adjustment	0	T37	0	0	0	0	0	0	O K
27	Other Income Adjustments	0	Direct	0	0	0	0	0	0	O K
28										
29	After Tax Income	$860,264		$531,837	$145,302	$0	$178,965	$0	$4,260	O K
30										
31	State Income Taxes	$0	29	$0	$0	$0	$0	$0	$0	O K
32	Federal Income Taxes	392,261	29	242,477	66,247	0	81,554	0	1,942	O K
33	Operating Expenses and Taxes	8,902,192	U195	5,500,833	1,488,812	3,258	1,833,442	405,264	45,512	O K
34	Uncollectibles	278	Direct	271	0	0	0	0	7	O K
35	Other Revenue Adjustments	0	Direct	0	0	0	0	0	0	O K
36										
37	Basis for Gross Receipts Tax	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
38										
39										
40	Gross Receipts Tax	[illegible]	37	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
41										
42										
43	TOTAL REVENUE REQUIREMENT	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	O K
44										

Sheet "C" 27-Aug-97 08:31:07 AM
ENDING DECEMBER 31, 1995

U S WEST Communications TC96-107

	******* FCC PART 69 ******* InterLATA Investment Summary	Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Land and Support Assets	$6,598,052	R25	$2,019,860	$2,603,179	$0	$2,515,041	$0	$59,973	O K
14										
15	Central Office Equipment	$12,092,053	R70	$3,722,116	$3,954,626	$0	$4,315,728	$0	$99,582	O K
16	Info. Term /Org. Equipment	265,441	R78	265,441	0	0	0	0	0	O K
17	Cable and Wire Facilities	21,017,997	R117	20,349,781	0	0	649,402	0	18,814	O K
18										
19	Total COE, IOT, C&WF	$33,375,491		$24,337,338	$3,954,626	$0	$4,965,131	$0	$118,397	O K
20										
21	Total Tangible Assets	$486,140	R141	$149,053	$147,492	$0	$185,179	$0	$4,416	O K
22										
23	Total Tele Plt ex Intang	$40,459,683		$26,506,251	$6,105,297	$0	$7,665,351	$0	$182,785	O K
24	Total Intangible Assets	10,787	R144	7,113	1,608	0	2,019	0	48	O K
25										
26	Total Plant In Service	$40,470,471		$26,513,364	$6,106,905	$0	$7,667,369	$0	$182,833	O K
27	Total Plt. Held Future Use	0	R147	0	0	0	0	0	0	O K
28	Total ST PUC	352,320	R153	230,820	53,166	0	68,751	0	1,582	O K
29	Total LT PUC	39,516	R154	25,880	5,963	0	7,707	0	178	O K
30	Total Tel. Plt. Adjust	0	R159	0	0	0	0	0	0	O K
31										
32	TOTAL TELEPHONE PLANT	$40,862,317		$26,770,074	$6,166,034	$0	$7,743,827	$0	$184,582	O K
33										
34	Dep									
35	Accum Depr - Plt in Serv	20,016,534	R23	14,138,268	2,476,412	0	3,448,179	0	83,675	O K
36	Accum Depr PHFU	0	R27	0	0	0	0	0	0	O K
37	Accum Amort Tangible Plt	564,347	R28	199,481	94,329	0	30,791	0	739	O K
38	Accum Amort Intangible	2,182	R29	1,438	325	0	408	0	10	O K
39	Accum Amort Other	0	R30	0	0	0	0	0	0	O K
40	Accum Def Inc Taxes Net	1,291,163	R47	1,042,948	224,312	0	123,830	0	73	O K
41										
42	Adv									
43	Other Accrls	0	R48	0	0	0	0	0	0	O K
44										
45	NET TELEPHONE PLANT	20,987,090		11,387,939	3,371,696	0	4,110,164	0	101,291	O K
46										
47	Corp & Misc Stock	0	R171	0	0	0	0	0	0	O K
48	Materials and Supplies	43,973	R172	30,016	6,907	0	6,927	0	223	O K
49	Cash Working Capital	238,778	R173	167,044	38,578	0	34,662	0	1,494	O K
50	Other Special Investment	0	R177	0	0	0	0	0	0	O K
51										
52	NET INVESTMENT	21,269,841		11,585,000	3,417,181	0	4,151,753	0	103,008	O K
53										

U S WEST Communications TC96-107

	******* FCC PART 69 ******* InterLATA Investment Detail	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	LAND AND SUPPORT ASSETS									
14										
15	Land Assets, Message	$112,080	T28	$34,311	$34,028	$0	$42,722	$0	$1,019	O K
16	Land Assets, Private Line	0	T28	0	0	0	0	0	0	O K
17										
18	Total Land Assets	$112,080		$34,311	$34,028	$0	$42,722	$0	$1,019	O K
19										
20	Support Assets, Message	6,458,823	T28	$1,980,299	$1,963,945	$0	$2,465,781	$0	$58,798	O K
21	Support Assets, Private Line	17,149	T28	5,250	5,207	0	6,537	0	156	O K
22										
23	Total Support Assets	$6,485,973		$1,985,549	$1,969,152	$0	$2,472,318	$0	$58,954	O K
24										
25	Total Land and Supp Assets	$6,598,052		$2,019,860	$2,003,179	$0	$2,515,041	$0	$59,973	O K
26										
27	CENTRAL OFFICE EQUIPMENT									
28										
29	Operator Sys., OA	$0	(F)	$0	$0	$0	$0	$0	$0	O K
30	Operator Sys., Other	$47	(I)	0	0	0	0	0	$47	O K
31										
32	Total Operator Systems	$597		$0	$0	$0	$0	$0	$597	O K
33										
34	Tandem Switching	$379,352	(D)	$0	$0	$0	$379,352	$0	$0	O K
35	Tandem Assigned	0	Direct	0	0	0	0	0	0	O K
36										
37	Total Tandem Switching	$379,352		$0	$0	$0	$379,352	$0	$0	O K
38										
39	Local Switching	$3,964,636	(E)	$0	$3,964,636	$0	$0	$0	$0	O K
40	Local Assigned	0	Direct	0	0	0	0	0	0	O K
41										
42	Total Local Switching	$3,964,636		$0	$3,964,636	$0	$0	$0	$0	O K
43										
44	Total Switching	$4,343,988		$0	$3,964,636	$0	$379,352	$0	$0	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* InterLATA Investment Detail	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
111	H/R C&WF, Message	$371,537	(G)	$0	$0	$0	$371,537	$0	$0	O K
112	H/R C&WF, WATS	0	(I)	0	0	0	0	0	0	O K
113	H/R C&WF, Assigned	0	Direct	0	0	0	0	0	0	O K
114										
115	Total Host/Remote C&WF	$371,537		$0	$0	$0	$371,537	$0	$0	O K
116										
117	Total Cable and Wire Facil.	$21,017,997		$20,349,781	$0	$0	$649,402	$0	$18,814	O K
118										
119	TANGIBLE ASSETS.									
120										
121	Land and Support Leases	$485,484	T28	$148,621	$147,394	$0	$185,057	$0	$4,413	O K
122										
123	COE Operator Leases	$0	32	$0	$0	$0	$0	$0	$0	O K
124	COE Tandem Switching Leases	0	34	0	0	0	0	0	0	O K
125	COE Local Switching Leases	0	39	0	0	0	0	0	0	O K
126	COE Transmission Leases	0	68	0	0	0	0	0	0	O K
127										
128	Total COE Leases	$0		$0	$0	$0	$0	$0	$0	O K
129										
130	IOT Equipment Leases	$0	78	$0	$0	$0	$0	$0	$0	O K
131										
132	C&WF Leases	$0	117	$0	$0	$0	$0	$0	$0	O K
133										
134	Total Capital Leases	$485,484		$148,621	$147,394	$0	$185,057	$0	$4,413	O K
135										
136	Leasehold Impr - Alloc	$556	T37	$432	$49	$0	$123	$0	$3	O K
137	Leasehold Impr - Direct	0	Direct	0	0	0	0	0	0	O K
138										
139	Total Leasehold Improvements	$556		$432	$49	$0	$123	$0	$3	O K
140										
141	Total Tangible Assets	$486,040		$149,053	$147,443	$0	$185,180	$0	$4,416	O K
142										
143										
144	TOTAL INTANGIBLE ASSETS	$10,797	T37	$7,953	$1,808	$0	$1,034	$0	$1	O K
145										
146										
147	SUBSCRIBER LINE CHARGES	$0	T46	$0	$0	$0	$0	$0	$0	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* InterLATA Investment Detail	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
161	PLANT UNDER CONSTRUCTION:									
162										
163	Short-term	$352,328	T46	$230,820	$53,156	$0	$66,751	$0	$1,592	O K
164	Long-term	39,516	T46	25,869	6,003	0	7,487	0	179	O K
165										
166	Total Plt Under Const.	$391,847		$256,710	$59,129	$0	$74,238	$0	$1,770	O K
167										
168										
169	TELEPHONE PLANT ADJUSTMENT	$0	T46	$0	$0	$0	$0	$0	$0	O K
170										
171	CLASS B RTB STOCK	$0	T37	$0	$0	$0	$0	$0	$0	O K
172										
173	MATERIALS AND SUPPLIES	$46,073	T37	$30,118	$6,907	$0	$8,547	$0	$204	O K
174										
175	CASH WORKING CAPITAL	$238,780	T37	$167,444	$35,569	$0	$44,682	$0	$1,065	O K
176										
177	EQUAL ACCESS INVESTMENT	$0	Direct	$0	$0	$0	$0	$0	$0	O K

U S WEST Communications TC96-107

	******* FCC PART 65 ******* InterLATA Reserves and Deferrals	Part 36 InterLATA Total	Source or Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	ACCUM DEPRECIATION, TPIS:									
14										
15	Support Assets	$1,978,463	T28	$605,034	$600,057	$0	$753,387	$0	$17,965	O K
16	COE Switching	2,030,186	R44	0	1,852,976	0	177,210	0	0	O K
17	COE Operator	259	R32	0	0	0	0	0	259	O K
18	COE Transmission	4,158,221	R68	2,006,312	0	0	2,122,423	0	53,485	O K
19	IOT Equipment	117,392	R78	117,392	0	0	0	0	0	O K
20	Cable and Wire Facilities	12,587,344	R117	12,187,150	0	0	388,917	0	11,267	O K
21	Other Plant	22,670	T37	14,948	3,379	0	4,242	0	101	O K
22										
23	Total Accum Depr., TPIS	$20,918,534		$14,930,069	$2,456,412	$0	$3,446,179	$0	$83,077	O K
24										
25	ACCUM AMORTIZATION									
26										
27	Accum Depreciation, PHFU	0	T37	$0	$0	$0	$0	$0	$0	O K
28	Accum Amort., Tangible Inv	164,543	T37	103,494	24,524	0	30,791	0	734	O K
29	Accum Amort., Intang. Inv	2,162	T37	1,438	325	0	408	0	10	O K
30	Accum Amort., Other	0	T37	0	0	0	0	0	0	O K
31										
32	Tot Accum Amortization	$166,705		$104,933	$24,849	$0	$31,199	$0	$744	O K
33										
34	Total Accum Depr Amort	$21,085,239		$15,035,736	$2,481,261	$0	$3,477,378	$0	$83,821	O K
35										
36										
37	ACCUM DEF INC TAXES NET									
38										
39	System Assets	$354,873	T28	$108,750	$107,530	$0	$135,000	$0	$3,593	O K
40	COE Switching	364,542	R44	0	332,566	0	31,776	0	0	O K
41	COE Operator	59	R32	0	0	0	0	0	59	O K
42	COE Transmission	746,129	R68	360,056	0	0	380,847	0	9,626	O K
43	IOT Equipment	21,058	R78	21,058	0	0	0	0	0	O K
44	Cable and Wire Fac	2,258,314	R117	2,186,970	0	0	69,781	0	2,023	O K
45	Other Plant	4,066	T37	2,681	606	0	781	0	18	O K
46										
47	Total Accum Def Inc Taxes	$3,784,040		$2,699,515	$440,702	$0	$618,384	$0	$15,439	O K

Copy

Sheet "F" 27-Aug-97 08:31:07 AM
ENDING DECEMBER 31, 1995

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Apportionment Factors	Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	Central Office Equipment	$12,092,053	R70	$3,722,116	$3,954,626	$0	$4,315,728	$0	$99,582	O K
14	Info Orig./Term. Eqpt.	265,441	R79	265,441	0	0	0	0	0	O K
15	C&W Facilities	21,017,997	R117	20,349,781	0	0	649,402	0	18,814	O K
16										
17	Total	$33,375,491		$24,337,338	$3,954,626	$0	$4,965,131	$0	$118,397	O K
18	Factor	1.000000		0.729198	0.118489	0.000000	0.148765	0.000000	0.003547	O K
19										
20	Sum: Sw., Trans., Other	$8,038,154	17	$0	$3,954,626	$0	$4,965,131	$0	$118,397	O K
21	Factor	1.000000		0.000000	0.437548	0.000000	0.549352	0.000000	0.013100	O K
22										
23	Central Office Equipment	$12,092,053	R70	$3,722,116	$3,954,626	$0	$4,315,728	$0	$99,582	O K
24	Info Orig./Term. Eqpt.	265,441	R78	265,441	0	0	0	0	0	O K
25	C&WF, Excl Exch Message	668,216	R117-83	0	0	0	649,402	0	18,814	O K
26										
27	Total	$13,025,710		$3,987,557	$3,954,626	$0	$4,965,131	$0	$118,397	O K
28	Factor	1.000000		0.306130	0.303602	0.000000	0.381179	0.000000	0.009089	O K
29										
30	General Support Facilities	$6,598,052	R25	$2,019,860	$2,003,179	$0	$2,515,041	$0	$59,973	O K
31	Central Office Equipment	12,092,053	13	3,722,116	3,954,626	0	4,315,728	0	99,582	O K
32	Info Orig./Term. Eqpt.	265,441	14	265,441	0	0	0	0	0	O K
33	C&W Facilities	21,017,997	15	20,349,781	0	0	649,402	0	18,814	O K
34	Equal Access Investment	0	R177	0	0	0	0	0	0	O K
35										
36	Total	$39,973,543		$26,357,197	$5,957,805	$0	$7,480,171	$0	$178,369	O K
37	Factor	1.000000		0.659284	0.149054	0.000000	0.187158	0.000000	0.004463	O K
38										
39	Sum Com Lin Sw Trans	$33,375,491	36	$24,337,338	$3,954,626	$0	$4,965,131	$0	$118,397	O K
40	Factor	1.000000		0.729198	0.118489	0.000000	0.148765	0.000000	0.003547	O K
41										
42	CCL Cal 3 Factor	1.000000	Check	0.000000	0.000000	0.000000	1.000000	0.000000	0.000000	O K
43	IXC Cal 1 Factor	1.000000	Check	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
44										
45	Total DEM	$40,457,477	999	$26,357,197	$5,957,805	$0	$7,480,171	$0	$178,369	O K
46	Factor	1.000000		0.651400	0.147270	0.000000	0.184875	0.000000	0.004409	O K

Exhibit No. 3
Page 3

Sheet "T" 27-Aug-97 08:31:07 AM
ENDING DECEMBER 31, 1995

U S WEST Communications TC96-187

	******* FCC PART 69 ******* Apportionment Factors	Part 36 InterLATA Total	Source	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
60	Interstate Equiv. Factor	0.000000	Direct	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
61	Wtd Std Work Seconds	1.000000	Direct	1.000000	0.000000	0.000000	0.000000	0.000000	0.000000	O K
62										
63	"BIG THREE" Expenses	$3,393,119	U171	$2,026,022	$473,700	$2,193	$603,030	$272,633	$15,542	O K
64	Factor	1.000000		0.597097	0.139606	0.000646	0.177721	0.080349	0.004581	(0)
65										
66	Net Investment	16,772,361	P13	10,367,889	2,832,596	0	3,488,828	0	83,048	O K
67	Factor	1.000000		0.618163	0.168885	0.000000	0.208011	0.000000	0.004951	O K

U S WEST Communications TC96-197

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
13	PLANT SPEC OPER EXPENSE									
14										
15	Network Support, Alloc.	$8,172	T37	$5,388	$1,218	$0	$1,529	$0	$36	O K
16	Network Support, Direct	0	Direct	0	0	0	0	0	0	O K
17										
18	Total Network Support Exp	$8,172		$5,388	$1,218	$0	$1,529	$0	$36	O K
19										
20	General Support, Alloc.	$554,501	T39	$169,749	$168,347	$0	$211,364	$0	$5,040	O K
21	General Support, Direct	0	Direct	0	0	0	0	0	0	O K
22										
23	Total General Support Exp.	$554,501		$169,749	$168,347	$0	$211,364	$0	$5,040	O K
24										
25	Central Office Eq., Alloc.	$333,358	T31	$102,613	$109,023	$0	$118,976	$0	$2,745	O K
26	Central Office Eq., Direct	0	Direct	0	0	0	0	0	0	O K
27										
28	Total COE Exp.	$333,358		$102,613	$109,023	$0	$118,976	$0	$2,745	O K
29										
30	Cust. Premises Equip	$0	R76	$0	$0	$0	$0	$0	$0	O K
31	Other IOT	53,224	T43	53,224	0	0	0	0	0	O K
32	IOT Direct	0	Direct	0	0	0	0	0	0	O K
33										
34	Total IOT Exp.	$53,224		$53,224	$0	$0	$0	$0	$0	O K
35										
36	Cable & Wire, Alloc.	$847,698	T33	$420,747	$0	$0	$426,192	$0	$759	O K
37	Cable & Wire, Direct	0	Direct	0	0	0	0	0	0	O K
38										
39	Total CWF Exp.	$847,698		$420,747	$0	$0	$426,192	$0	$759	O K
40										
41	TOTAL PLT SPEC OPER EXP	$1,788,953		$1,181,721	$278,588	$0	$758,063	$0	$8,581	O K
42										
43	TOTAL PLT SPEC. ex SUPPORT	$1,234,360		$978,144	$109,631	$0	$546,699	$0	$3,304	O K

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
57	NON-SPECIFIC OPER. EXP :									
58										
59	Oth. Plt. and Equip., Alloc.	($9,496)	T18	($6,924)	($1,125)	$0	($1,413)	$0	($34)	O K
60	Oth. Plt. and Equip., Direct	0	Direct	0	0	0	0	0	0	O K
61										
62	Total Oth. Plt. & Equip.	($9,496)		($6,924)	($1,125)	$0	($1,413)	$0	($34)	O K
63										
64	Network Operations, Alloc.	$1,011,234	T19	$737,390	$119,820	$0	$150,437	$0	$3,587	O K
65	Network Operations, Direct	0	Direct	0	0	0	0	0	0	O K
66										
67	Total Network Oper. Exp.	$1,011,234		$737,390	$119,820	$0	$150,437	$0	$3,587	O K
68										
69	Total Access Expenses	$0	Direct	$0	$0	$0	$0	$0	$0	O K
70										
71	Depr., Support Assets	$150,937	R23	$46,206	$45,825	$0	$57,534	$0	$1,372	O K
72	Depr., COE Switching	651,189	R44	0	594,330	0	56,839	0	0	O K
73	Depr., COE Operator	(6)	R32	0	0	0	0	0	(6)	O K
74	Depr., COE Transmission	523,789	R68	251,274	0	0	265,816	0	6,699	O K
75	Depr., IOT Equipment	31,724	R78	31,724	0	0	0	0	0	O K
76	Depr., C&W Facilities	1,782,772	R117	1,725,093	0	0	55,083	0	1,596	O K
77	Depr., PNFU	0	R147	0	0	0	0	0	0	O K
78										
79	Total Depreciation Expense	$3,140,304		$2,053,297	$640,155	$0	$435,272	$0	$9,661	O K
80										
81	Amort., Tangible Assets	$104,371	R141	$32,001	$31,883	$0	$39,737	$0	$948	O K
82	Amort., Intangible Assets	405	R144	257	69	0	78	0	2	O K
83	Other Amortization	0	Derive	0	0	0	0	0	0	O K
84	Direct Assigned Amort	4,081	Direct	0	0	0	0	0	4,081	O K
85										
86	Total Amortization Exp	$108,857		$32,258	$31,952	$0	$39,815	$0	$4,831	O K
87										
88	Total Depr. and Amort	$3,249,261		$2,085,555	$672,107	$0	$475,087	$0	$14,492	O K
89										
90	TOTAL NON-SPEC OPER EXP	$4,250,999		$2,816,020	$790,929	$0	$625,510	$0	$18,040	O K

U S WEST Communications TCRS-197

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
104	CUSTOMER OPERATIONS EXPENSE									
105										
106	Marketing, Allocable	$208,987	T37	$137,799	$31,148	$0	$39,107	$0	$933	O K
107	Marketing, Direct	0	Direct	0	0	0	0	0	0	O K
108										
109	Total Marketing Expense	$208,987		$137,799	$31,148	$0	$39,107	$0	$933	O K
110										
111	Operator Service, Alloc.	$745	T61	$745	$0	$0	$0	$0	$0	O K
112	Operator Service, Direct	0	Direct	0	0	0	0	0	0	O K
113										
114	Total Operator Service	$745		$745	$0	$0	$0	$0	$0	O K
115										
116	Classified Directory	$0	Direct	$0	$0	$0	$0	$0	$0	O K
117	Alphabetical Directory	2,161	(F)	0	0	2,161	0	0	0	O K
118	Foreign Directory	0	Direct	0	0	0	0	0	0	O K
119										
120	Total Directory	$2,161		$0	$0	$2,161	$0	$0	$0	O K
121										
122	Bus. Ofc., EU Presubscription	0	T40	$0	$0	$0	$0	$0	$0	O K
123	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O K
124	Bus. Ofc., EU PL	16	(H)	0	0	0	0	0	16	O K
125	Bus. Ofc., EU Message	51,149	(H)	0	0	0	0	51,149	0	O K
126	Bus. Ofc., EU Reserved	0	(I)	0	0	0	0	0	0	O K
127	Bus. Ofc., IX Special Access	1,123	(I)	0	0	0	0	0	1,123	O K
128	Bus. Ofc., IX Switched Access	7,857	T40	5,204	1,176	0	1,477	0	0	O K
129	Bus. Ofc., IX Billing and Collection	44,562	(H)	0	0	0	0	44,562	0	O K
130	Bus. Ofc., Coin Collection & Admissns	0	(D)	0	0	0	0	0	0	O K
131	Bus. Ofc., Reserved	0	(I)	0	0	0	0	0	0	O K
132										
133	Total Business Office	$104,707		$5,204	$1,176	$0	$1,477	$95,711	$1,139	O K
134										
135	Cust. Serv., Mag. Process	$7,401	(H)	0	0	0	0	7,401	0	O K
136	Cust. Serv., Other BAC	$65,214	(H)	0	0	0	0	$65,214	0	O K
137	Cust. Serv., CABS	$6,280	T2	0	43,444	0	54,545	0	1,301	O K
138	Cust. Serv., EU Common Line	0	(H)	0	0	0	0	0	0	O K
139										
140	Total Customer Service	$272,309		$0	$43,444	$0	$54,545	$172,615	$1,301	O K
141										
142	Total BO, CS, CE, Dir	$379,849		$5,949	$44,620	$2,161	$56,022	$268,326	$2,440	O K

Sheet "D" 27-Aug-97 08:31:07 AM
ENDING DECEMBER 31, 1996

U S WEST Communications TC96-107

	******* FCC PART 69 ******* Operating Expenses and Taxes	Part 36 InterLATA Total	Apportion	Common Line	Local Switching	Information	Common Transport	Billing and Collection	Other	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	
158	Other Cust. Serv., Alloc	$5,523	142	$86	$649	$31	$814	$3,907	$35	O K
159	Other Cust. Serv., Direct	0	Direct	0	0	0	0	0	0	O K
160										
161	Total Other Cust. Serv.	$5,523		$86	$649	$31	$814	$3,907	$35	O K
162										
163	TOTAL CUSTOMER OPER. EXP.	$594,428		$143,834	$76,417	$2,193	$95,943	$272,633	$3,408	O K
164										
165	"BIG-THREE" EXPENSES.									
166										
167	Total Plt. Specific Exp.	$1,798,953	41	$1,151,721	$278,588	$0	$358,063	$0	$8,581	O K
168	Total Plt Non-specific Exp.	1,001,739	62 + 67 +69	730,466	116,695	0	149,024	0	3,554	O K
169	Total Customer Operations	594,428	163	143,834	76,417	2,193	95,943	272,633	3,408	O K
170										
171	TOTAL "BIG THREE" EXPENSES	$3,393,119		$2,026,022	$473,700	$2,193	$603,030	$272,633	$15,542	O K
172										
173	CORPORATE OPERATIONS EXPENSE									
174										
175	Exec. and Planning, Alloc.	$151,602	T64	$90,521	$21,165	$98	$26,943	$12,181	$694	O K
176	Exec. and Planning, Direct	0	Direct	0	0	0	0	0	0	O K
177										
178	Total Exec. and Planning	$151,602		$90,521	$21,165	$98	$26,943	$12,181	$694	O K
179										
180	Admin. & General, Allocable	$1,499,463	T64	$895,325	$209,334	$969	$266,487	$120,480	$6,868	O K
181	Admin. & General, Direct	0	Direct	0	0	0	0	0	0	O K
182										
183	Total Admin. and Gen	$1,499,463		$895,325	$209,334	$969	$266,487	$120,480	$6,868	O K
184										
185	TOTAL CORPORATE OPERATIONS	$1,651,065		$985,846	$230,499	$1,067	$293,430	$132,661	$7,562	O K
186										
187	NON-INCOME TAXES									
188										
189	Non-income Taxes, Allocable	$408,767	T27	$243,980	$57,431	$0	$72,507	$0	$2,849	O K
190	Non-income Taxes, Direct	0	Direct	0	0	0	0	0	0	O K
191										O K
192										
193	Total Non-income Taxes	$408,767		$243,980	$57,431	$0	$72,507	$0	$2,849	O K
194										
195	TOTAL OPER EXP AND TAXES	$6,053,379		$3,399,682	$761,617	$3,259	$1,035,967	$405,294	$27,560	O K

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

COMPANY NAME U S WEST Communications TC96-107
PERIOD ADDRESSED ENDING DECEMBER 31, 1995
RUN DATE AND TIME 27-Aug-97 05:31:07 AM

NOTES SEE SHEET "G" TO INPUT PART 36 ALLOCATION FACTORS

	******* FCC PART 36 *******	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
	PLANT INVESTMENT DETAIL								
21	Land, Allocable	1,446,213	---	---	---	---	---	---	---
22	Land, Direct	0	---	0	0	0	0	0	0
23	Motor Vehicles	4,537,023	---	---	---	---	---	---	---
24	Aircraft	0	---	---	---	---	---	---	---
25	Special Purpose Vehicles	0	---	---	---	---	---	---	---
26	Garage Work Equipment	48,003	---	---	---	---	---	---	---
27	Other Work Equipment	4,461,455	---	---	---	---	---	---	---
28	Buildings, Allocable	65,220,482	---	---	---	---	---	---	---
29	Buildings, Direct	0	---	0	0	0	0	0	0
30	Furniture	559,493	---	---	---	---	---	---	---
31	Office Equipment	2,847,780	---	---	---	---	---	---	---
32	General Purpose Computers	5,953,257	---	---	---	---	---	---	---
33	CAT 1 Oper. Sys., TSPS	0	---	---	---	---	---	---	---
34	CAT 1 Oper. Sys., Other TSPS	0	---	---	---	---	---	---	---
35	CAT 1 Oper. Sys., Aux. Pos	0	---	---	---	---	---	---	---
36	CAT 1 Oper. Sys., Other	1,302,053	---	922,377	357	379,319	0	0	379,676
37	CAT 2 Tandem Sw. Allocable	7,308,251	---	---	---	---	---	---	---
38	CAT 2 Tandem Sw. Direct	0	---	0	0	0	0	0	0
39	CAT 3 Local Sw. Allocable	88,593,290	---	---	---	---	---	---	---
40	CAT 3 Local Sw. Direct	0	---	0	0	0	0	0	0
41	CAT 4.12 Exchange Trunk	12,714,162	---	---	---	---	---	---	---
42	CAT 4.12 Exch Tr Direct	33,276,793	---	25,451,843	0	0	11,940	1,813,010	7,824,750
43	CAT 4.13 Exch Ln Mtg, PL & WATS	28,137,440	---	---	---	---	---	---	---
44	Reserved	0	---	---	---	---	---	---	---
45	CAT 4.23 Direct	0	---	0	0	0	0	0	0
46	CAT 4.23 Message, PL & WATS	12,888,814	---	---	---	---	---	---	---
47	Reserved	0	---	---	---	---	---	---	---
48	CAT 4.33 Direct	0	---	0	0	0	0	0	0
49	CAT 4.34/5 Message	16,845,180	---	---	---	---	---	---	---
50	CAT 4.34/5 WATS	0	---	0	0	0	0	0	0
51	CAT 4.34/5 Direct	0	---	0	0	0	0	0	0
52	CAT 4 Other COE Equipment	2,861,300	---	---	---	---	---	---	---
53	CAT 4 Carrier Pay Phone	0	---	0	0	0	0	0	0

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

U S WEST Communications TC96-187
ENDING DECEMBER 31, 1995

	******* FCC PART 35 *******	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
70	CAT 2 CP Equipment	1	---	1	0	0	0	0	0
71	Reserved	0	---	---	---	---	---	---	---
72	Reserved	0	---	---	---	---	---	---	---
73	CAT 1 3 Joint Msg., Cat. 1.1 & 1.2 PL	214,247,998		---	---	---	---	---	---
74	Other CAT 1 C&WF	0	---	0	0	0	0	0	0
75	CAT 2 C&WF	2,248,334	---	---	---	---	---	---	---
76	CAT 2 C&WF, Wideband	19,120,372	---	13,010,457	0	0	37,361	6,072,554	6,109,915
77	CAT 3 Joint Message & PL/WATS	2,116,250	---	---	---	---	---	---	---
78	Reserved	0	---	---	---	---	---	---	---
79	CAT 3 Direct	525	---	28	0	498	0	0	498
80	CAT 4 Message	2,701,536	---	---	---	---	---	---	---
81	CAT 4 WATS	0	---	0	0	0	0	0	0
82	CAT 4 Direct	0	---	0	0	0	0	0	0
83	Allocable Support Leases	6,260,087	---	---	---	---	---	---	---
84	Direct Support Leases	0	---	0	0	0	0	0	0
85	COE Operator	0	---	---	---	---	---	---	---
86	COE Tandem Switch	0	---	---	---	---	---	---	---
87	COE Local Switch	0	---	---	---	---	---	---	---
88	COE Transmission	0	---	---	---	---	---	---	---
89	COE Direct	0	---	0	0	0	0	0	0
90	IOT Leases	0	---	0	0	0	0	0	0
91	C&WF Leases	0	---	0	0	0	0	0	0
92	Leasehold Imp Land etc	8,453	---	---	---	---	---	---	---
93	Leasehold Imp COE Switching	0	---	---	---	---	---	---	---
94	Leasehold Imp COE Operator	0	---	---	---	---	---	---	---
95	Leasehold Imp COE Trans	0	---	---	---	---	---	---	---
96	Leasehold Imp IOT	0	---	0	0	0	0	0	0
97	Leasehold Imp C&WF	0	---	0	0	0	0	0	0
98	Leasehold Imp Other	0	---	0	0	0	0	0	0
99	Allocable Acct No 2680	1,701,699	---	---	---	---	---	---	---
100	Direct Acct No 2680	0	---	0	0	0	0	0	0
101	Materials and Supplies	448,972	---	---	---	---	---	---	---
102	Misc Rate	0	---	---	---	---	---	---	---
103	Tax Pr Adjust - Alloc	0	---	---	---	---	---	---	---
104	Tax Pr Adjust - Direct	2	---	0	0	0	0	0	0
105	Other Assets, Net	0	---	0	0	0	0	0	0
106	Other Liab. Def Cr. Net	784,940	---	444,744	21,488	18,877	888	51,845	91,198

Sheet "X" Input Documentation, Page 3

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

27-Aug-97 @ 01:07 AM

U S WEST Communications TC96-107
ENDING DECEMBER 31, 1995

	******* FCC PART 36 *******	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
123	TPUC -- Short Term, Alloc	4,543,102	---	---	---	---	---	---	---
124	TPUC -- Short Term, Direct	0	---	0	0	0	0	0	0
125	TPUC -- Long Term, Alloc.	506,571	---	---	---	---	---	---	---
126	TPUC -- Long Term, Direct	0	---	0	0	0	0	0	0
127									
128	RESERVES AND DEFERRALS:								
129	Acc. Depr. Support Assets	25,485,535	---	---	---	---	---	---	---
130	Acc. Depr. COE Switching	44,935,532	---	---	---	---	---	---	---
131	Acc. Depr. COE Operator	944,388	---	---	---	---	---	---	---
132	Acc. Depr. COE Transmission	58,843,873	---	---	---	---	---	---	---
133	Acc. Depr. IOT Equipment	1,176,965	---	---	---	---	---	---	---
134	Acc. Depr. Cable and Wire Facilities	132,541,821	---	---	---	---	---	---	---
135	Acc. Depr. Other Plant	178,774	---	156,104	22,670	0	0	0	22,670
136	Accum. Amort., Tangible Inv.	2,121,705	---	---	---	---	---	---	---
137	Accum. Amort., Intang. Inv	28,131	---	---	---	---	---	---	---
138	Accum. Amort., Other	0	---	0	0	0	0	0	0
139	Acc. Def. IT Support Assets	11,023,178	---	---	---	---	---	---	---
140	Acc. Def. IT COE Switching	15,395,799	---	---	---	---	---	---	---
141	Acc. Def. IT COE Operator	(18,226)	---	---	---	---	---	---	---
142	Acc. Def. IT COE Trans	11,525,145	---	---	---	---	---	---	---
143	Acc. Def. IT IOT Equipment	743,004	---	---	---	---	---	---	---
144	Acc. Def. IT C&WF	8,911,952	---	---	---	---	---	---	---
145	Acc. Def. IT Unclassified	10,462	---	9,356	1,106	0	0	0	1,106
146									
147	OPERATING EXPENSES AND TAXES								
148	Network Support, Alloc	105,372	---	---	---	---	---	---	---
149	Network Support, Direct	0	---	0	0	0	0	0	0
150	General Support, Alloc	7,150,633	---	---	---	---	---	---	---
151	General Support, Direct	0	---	0	0	0	0	0	0
152	Central Office Eq., Alloc	5,664,335	---	---	---	---	---	---	---
153	Central Office Eq., Direct	0	---	0	0	0	0	0	0
154	Cust. Premises Equip	7,053	---	---	---	---	---	---	---
155	Customer Pay Phone Eq	0	---	---	---	---	---	---	---
156	Other IOT	515,670	---	---	---	---	---	---	---
157	IOT Direct	0	---	0	0	0	0	0	0
158	Cable & Wire, Alloc	8,326,051	---	---	---	---	---	---	---
159	Cable & Wire, Direct	0	---	0	0	0	0	0	0

27-Aug-97 08:31:07 AM

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

U S WEST Communications TC96-107
ENDING DECEMBER 31, 1995

	******* FCC PART 36 *******	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
176	Oth. Plt. and Equip., Alloc	(122,440)	---	---	---	---	---	---	---
177	Oth. Plt. and Equip., Direct	0	---	0	0	0	0	0	0
178	Network Operations, Alloc	13,038,577	---	---	---	---	---	---	---
179	Network Operations, Direct	0	---	0	0	0	0	0	0
180	Total Access Expense	5,094,956	---	4,489	0	5,090,367	0	0	5,090,367
181	Depr., Support Assets	1,646,257	---	---	---	---	---	---	---
182	Depr., COE Switching	14,412,762	---	---	---	---	---	---	---
183	Depr., COE Operator	(20,956)	---	---	---	---	---	---	---
184	Depr., COE Transmission	7,369,711	---	---	---	---	---	---	---
185	Depr., IOT Equipment	318,060	---	---	---	---	---	---	---
186	Depr., C&W Facilities	18,772,172	---	---	---	---	---	---	---
187	Amort., Tangible Assets	1,345,411	---	---	---	---	---	---	---
188	Amort., Intangible Assets	5,229	---	---	---	---	---	---	---
189	Other Amortization	0	---	0	0	0	0	0	0
190	Direct Assigned Amort	31,681	---	27,600	4,081	0	0	0	4,081
191	Marketing, Allocator	6,181,023	---	---	---	---	---	---	---
192	Marketing, Direct	169,211	---	169,211	0	0	0	0	0
193	Operator Service, Alloc	3,501,030	---	---	---	---	---	---	---
194	Operator Service, Direct	0	---	0	0	0	0	0	0
195	Classified Directory	0	---	0	0	0	0	0	0
196	Alphabetical Directory	48,672	---	---	---	---	---	---	---
197	Foreign Directory	0	---	---	---	---	---	---	---
198	Bus. Ofc. Ops. Preferences	4,324,464	---	---	---	---	---	---	---
199	Bus. Ofc. Ops. Trunks & Ports	1,101,822	---	---	---	---	---	---	---
200	Bus. Ofc. Ops. Access, PL & all Other	1,249,604	---	---	---	---	---	---	---
201	Bus. Ofc. IOC Special Access	119,318	---	---	---	---	---	---	---
202	Bus. Ofc. IOC Switched Access	66,230	---	---	---	---	---	---	---
203	Bus. Ofc. IOC Switched Services	109,574	---	---	---	---	---	---	---
204	Bus. Ofc. C&W Services	0	---	---	---	---	---	---	---
205	Bus. Ofc. Direct	88,672	---	88,672	0	0	0	0	0
206	Bus. Ofc. Ops. Preference	34,912	---	---	---	---	---	---	---
207	Bus. Ofc. Other IOC	1,497,424	---	---	---	---	---	---	---
208	Bus. Ofc. C&W	108,078	---	---	---	---	---	---	---
209	Bus. Ofc. IOT Common Eqp.	109,864	---	109,864	0	0	0	0	0
210	Other Bus. Ofc. Plant	111,187	---	---	---	---	---	---	---
211	Other Bus. Ofc. Switch	0	---	0	0	0	0	0	0
212	Bus. Ofc. Plant Direct	1,018,047	---	---	---	---	---	---	---
213	Bus. Ofc. Plant Alloc	0	---	0	0	0	0	0	0

[illegible] Page 1

[illegible] INTRASTATE ACCESS COST MODEL

U S WEST Communications TC96-107
ENDING DECEMBER 31, 1995

	****** FCC PART 36 ******	TOTAL COMPANY	Source/ Allocator	Interstate and Other	Intrastate				
					Message Telephone Service		Private Line		TOTAL INTRASTATE
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
230	Admin & General, Allocable	25,801,504	---	---	---	---	---	---	---
231	Admin & General, Direct	0	---	0	0	0	0	0	0
232	Non-income Taxes, Allocable	7,848,752	---	---	---	---	---	---	---
233	Non-income Taxes, Direct	0	---	0	0	0	0	0	0
234									
235	OTHER INCOME STATEMENT.								
236	State Income Tax Rate	0.00%	---	---	---	---	---	---	---
237	Federal Income Tax Rate	31.23%	---	---	---	---	---	---	---
238	Gross Receipts Tax Rate	0.15%	---	---	---	---	---	---	---
239	Rate of Return	9.62%	---	---	---	---	---	---	---
240	AFUDC	0	---	---	---	---	---	---	--
241	ITC Amortization	0	---	---	---	---	---	---	---
242	Other Return Adjustments	0	---	0	0	0	0	0	0
243	Contributions	0	---	---	---	---	---	---	---
244	Interest Expense	9,737,793	---	---	---	---	---	---	---
245	Capital Lease Expense	0	---	---	---	---	---	---	---
246	Capitalized Payroll taxes	0	---	---	---	---	---	---	---
247	Depreciation Adjustment	0	---	---	---	---	---	---	---
248	Other Income Adjustments	0	---	0	0	0	0	0	0
249	Uncollectibles	591,596	---	431,388	276	159,644	2	286	160,208
250	Other Revenue Adjustments	0	---	0	0	0	0	0	0
251	Other Revenue Taxes	0	---	0	0	0	0	0	0
252									

27-Aug-97 08:31:07 AM

SOUTH DAKOTA PUC INTRASTATE ACCESS COST MODEL

U S WEST Communications TC96-107
ENDING DECEMBER 31, 1995

	******* FCC PART 36 *******	TOTAL COMPANY	Source/ Allocator	Other	Interstate		Intrastate		TOTAL INTRASTATE
					Private Line		Private Line		
					InterLATA	IntraLATA	InterLATA	IntraLATA	
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
271	Working Loops	308,078	---	12,229	0	0	21	2,496	2,517
272	Equivalent Interexchange Ckt Mles	2,056,337	---	166,402	352	0	3,310	243,041	246,351
273	Interexchange Circuit Terminations	18,786	---	1,265	2	0	27	2,523	2,550

	A	B	C (12 mo ave bal)	D	E	F	G	H	I	J (k*line 94)	K	L	
1	TC96-107 USHC switched access study		Total Company	Categ	Total Part 36	Pay Phone			Exc Sale	Oth Adj	Adj Number	Sheet V	Line No
3	2111- land		1,674,777 04	40,629	1,634,148		1,634,148	0 00246392	(177,804)	(11,131)		1,445,213	21
4													
5	2112 - motor vehicles		4,943,923 24	308,718	4,635,205		4,635,205	0 00698684	(66,608)	(31,574)		4,537,023	23
6	2113 - garage work equipment		51,827 91	2,786	49,042		49,042	0 00007394	(705)	(334)		48,003	26
7	2116 - other work equipment		4,776,029 49	217,028	4,559,001		4,558,001	0 00687243	(65,499)	(31,046)		4,461,455	24
8	2121 - buildings		75,455,981 50	1,632,762	73,823,220		73,623,220	0 11100713	(7,695,223)	(501,505)		65,226,492	28
9	2122 - furniture & artwork		597,548 57	25,958	571,591		571,591	0 00086183	(8,214)	(3,894)		559,483	30
10	2123 - office equipment		3,043,813 22	134,507	2,909,406		2,909,406	0 00438673	(41,808)	(19,818)		2,847,780	31
11	2124 - general purpose computers		6,347,667 86	265,581	6,082,087		6,082,087	0 00917041	(87,400)	(41,430)		5,953,257	32
12	sum 5 to 12			2,787,340	92,428,552		92,428,552		(8,165,456)			83,633,493	
13									(270,233)				
14	2210 - central office - switching				122,072		122,072	0 00018408		(832)		121,240	
15	2220 - operator systems				1,155,399		1,155,399	0 00174208		(7,870)		1,147,529	
16	2230 - central office - transmission				33,512		33,512	0 00005053		(228)		33,284	
17	sum 14 to 16 -- Cat 1 Oper. Sys. Other				1,310,983		1,310,983					1,302,053	36
18													
19	2210 - central office - switching				7,170,501		7,170,501	0 01081149		(48,844)		7,121,657	
20	2220 - operator systems				278		278	0 00000042		(2)		276	
21	2230 - central office - transmission				187,606		187,606	0 00028287		(1,278)		186,328	
22	sum 19 to 21 -- Cat 2 Tandem Sw Allocable				7,358,384		7,358,384					7,308,261	37
23													
24	2210 - central office - switching				105,766,943		105,766,943	0 15947258	(19,208,420)	(720,461)		85,838,062	
25	2220 - operator systems				4,105		4,105	0 00000619		(28)		4,077	
26	2230 - central office - transmission				2,769,999		2,769,999	0 00417853		(18,869)		2,751,130	
27	sum 24 to 26 -- Cat 3 Local Sw Allocable				108,541,047		108,541,047					88,593,269	39
28													
29	2210 - central office - switching				1,191,179		1,191,179	0 00179603		(8,114)		1,183,065	
30	2220 - operator systems				486		486	0 00000073		(3)		483	
31	2230 - central office - transmission				11,609,697		11,609,697	0 01750479		(79,083)		11,530,614	
32	sum 29 to 31 -- Cat 4 12 Exchange Trunk				12,801,362		12,801,362					12,714,162	41
33													
34	2210 - central office - switching				2,181,665		2,181,665	0 00329059		(14,861)		2,166,804	
35	2220 - operator systems				887		887	0 00000134		(6)		881	
36	2230 - central office - transmission				21,252,878		21,252,878	0 03204452		(144,749)		21,108,129	
37	sum 34 to 36 -- Cat 5 12 Exchange Trunk Direct				23,435,429		23,435,429					23,275,793	43
38													
39	2210 - central office - switching				4,958,175		4,958,175	0 00747853		(33,768)		4,924,407	
40	2220 - operator systems				1,830		1,830	0 00000276		(12)		1,818	
41	2230 - central office - transmission				36,882,873		36,882,873	0 05563154		(251,214)		36,631,659	
42	2210 - central office - switching				175,877		175,877	0 02652475		(1,198)		174,679	
43	2220 - operator systems				71		71	0 00000011		(0)		71	
44	2230 - central office - transmission				1,707,425		1,707,425	0 25751460	(1,163,183)	(11,630)		532,612	
45	sum 39 to 44 -- Cat 6 12 Ex Line Neg, PL & metrib				44,903,348		44,903,348					42,265,246	49
46													
47	2210 - central office - switching				3,644,129		3,644,129	0 00549569		(24,824)		3,619,305	
48	2220 - operator systems				662		662	0 00000100		(4)		658	
49	2230 - central office - transmission				29,320,918		29,320,918	0 04423855	(1,981,183)	(199,752)		27,139,983	
50	2210 - central office - switching				708,826		708,826	0 10691774		(4,829)		703,997	
51	2220 - operator systems				257		257	0 00000039		(2)		255	
52	2230 - central office - transmission				5,696,779		5,696,779	0 00859268		(38,808)		5,657,971	
53	sum 47 to 52 - Cat 8 12 Exp, PL & metrib				39,927,569		39,927,569					37,280,169	51
54													
55	2210 - central office - switching				1,330,180		1,330,180	0 20070000		(9,063)		1,321,117	
56	2220 - operator systems				361		361	0 00005446		(2)		359	
57	2230 - central office - transmission				10,690,810		10,690,810	0 16130000		(72,849)		10,617,961	
58	sum 55 to 57 - Cat 9 12 Exp				12,021,351		12,021,351					11,939,437	53
59													
60	sum 2210 - central office - switching		100,100,000 00	000,000	000,000,000		000,000,000		(00,000,000)			000,000,000	
61	sum 2220 - operator systems		1,000,000 00		0,000,000		0,000,000					0,000,000	
62	sum 2230 - central office - transmission		000,000,000 00		000,000,000		000,000,000					000,000,000	
63	sum 60 to 62 - Cat 10 Other			000,000	000,000,000		000,000,000					000,000,000	
64													
65	sum 1 to 63 - Cat 11 Total												

	B	C	D	E	F	G	H	I	J	K	L	Line No
1	TC96-107 USWC switched access study	Total Company	Dereg	Total Part 36	Pay Phone			Exc Sale	Oth Adj	Adj Number	Sheet V	Line No
2	B	C (12 mo ave avs)	D	E	F	G	H	I	J (H*line 94)	K	L	
65	2310 - information origination/termination -- Cat 1 Ot IOT Eq	6,530,016.76	260,721	6,269,296	3,076,079	3,193,219		(510,162)	(21,751)		2,661,305	52
66	2351 - public tele terminal equipment -- Cat 1 Coinless	32,239.44		32,239	32,239	0			0		0	53
67	2310 - information origination/termination -- Cat CP Eq			0		0			0		0	70
68	sum 65 to 67	6,562,258.20	260,721	6,301,537	3,108,318	3,193,219	0.00481465	(510,162)	(21,751)		2,661,306	
69												
70	2410 - cable & wire facilities			11,589,665		11,589,665	0.01747459	(63,663,087)	(78,946)		(52,152,368)	
71				0		0			0			
72	2410 - cable & wire facilities			266,321,417		266,321,417	0.40155235		(1,814,121)		264,507,296	
73	sum 70 to 72 -- Cat 1.3 Joint Msg; Cat 1.1 & 1.2 PL			277,911,082		277,911,082		(63,663,087)			214,247,996	73
74												
75	2410 - cable & wire facilities -- Cat 2			2,263,754		2,263,754	0.00341323		(15,420)		2,248,334	75
76	2410 - cable & wire facilities -- Cat 2 Wideband			19,251,509		19,251,509	0.02902691		(131,137)		19,120,372	76
77												
78	2410 - cable & wire facilities			8,933,161		8,933,161	0.01348918	(9,049,633)	(60,851)		(177,323)	
79	2410 - cable & wire facilities			2,232,722		2,232,722	0.00336644		(15,209)		2,217,513	
80	sum 78 to 79 -- Cat 3 Joint Msg & PL/WATS			11,165,883		11,165,883		(9,049,633)			2,116,250	77
81												
82	Cat 3 Direct			529		529	0.00000080		(4)		525	79
83	2410 - cable & wire facilities -- Cat 4 Msg			2,720,085		2,720,085	0.00410124		(18,526)		2,701,536	80
84												
85	total 2410 - cable & wire facilities	313,312,822.99		313,312,823		313,312,823		(72,712,720)			240,600,103	
86	above - 87			313,312,294		313,312,294					313,312,294	
87												
88	2681 - capital leases	6,323,393.32	20,372	6,303,021		6,303,021	0.00950353		(42,935)		6,260,087	83
89	2682 - leasehold improvements	8,910.39	399	8,511		8,511	0.00001283		(58)		8,453	92
90	sum 88 to 89 (2680 - amortization tangible assets)		20,771	6,311,533		6,311,533					6,268,540?	
91												
92	2690 - intangibles	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
93												
94	total 2001 - telecommunications plant in service	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1	[illegible]	
95	above - 82?	[illegible]		[illegible]	[illegible]	[illegible]					[illegible]	
96												
97	1220 - inventories (material and supplies)	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
98	1410 - other noncurrent assets	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	
99	4040 - customer deposits	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
100	2002 - TPUC short term	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
101	2004 - TPUC long term	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
102									[illegible]			
103	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
104	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
105	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
106	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
107	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
108	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
109	[illegible]		[illegible]	[illegible]		[illegible]			[illegible]		[illegible]	[illegible]
110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
111	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]				[illegible]	
112												
113	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
114	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]				[illegible]	[illegible]
115		[illegible]	[illegible]						[illegible]			
116	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
117	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
118	[illegible]			[illegible]		[illegible]	[illegible]		[illegible]		[illegible]	[illegible]
119	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
120	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
121	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]
122	[illegible]			[illegible]		[illegible]			[illegible]		[illegible]	[illegible]
123	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	
124	[illegible]			[illegible]		[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	
125		[illegible]										
126	[illegible]	[illegible]	[illegible]	[illegible]		[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

127	6530 - network operations expense	1,867,487.00	20,870	1,846,617		1,846,617	1,846,617	(364,000)	201,824	5	1,684,441	69
128												
129	6610 - service vice marketing expense	4,993,602.84	110,979	4,882,623		4,882,623	4,882,623	(600,000)	107,853	6	3,842,476	
130	6620 - operator systems expense	693.75		694		694	694		27	7	1,025	
131	6790 - other plant maintenance expense	1,992,480.41	946	1,991,534		1,991,534	1,991,534	(758,000)	52,938	8	1,286,259	
132	sum 129 to 131	6,986,776.99	131,849	6,854,926		6,854,926					5,129,760	69
133									Prime 207			
134	6710 - inf orgterm expense	37,943.90	34,956	2,987		2,987	0.00226644	(928)	230		2,289	134
135	6810 - inf orgterm expense	4,047.00		4,047	4,047	0	0.00000000	0	0		0	135
136	6910 - inf orgterm expense\	2,193,372.00	1,612,529	1,180,843	474,578	706,267	0.53611156	(232,094)	59,447		533,620	136
137	sum 134 to 136	2,234,662.90	1,647,315	1,187,847	478,625	709,024	1.00000000	(233,000)	59,679	9	535,703	
138												
139	6410 - cable & wire facilities expense	9,677,645.22		9,677,645		9,677,645	9,677,645	(1,010,000)	258,418	10	8,926,063	158
140												
141	6510 - other property, plant & equipment expense	(129,856.35)	10,418	(137,274)		(137,274)	(137,273)	15,000	(166)	11	(122,440)	176
142												
143	6530 - network operations expense	14,753,521.67	1,032,443	13,721,079		13,721,079	13,721,078	(1,526,000)	844,298	12	13,039,377	178
144												
145	6540 - access expense	5,686,711.28		5,686,711		5,686,711	5,686,710	(630,000)	38,144	13	5,094,856	180
146												
147	total 6610, 20, 6210, 29, 30, 6310, 6410, and 6530	46,724,052.18	2,517,659	44,206,393		44,206,393					40,417,281	
148	6561 - depr exp TPIS - 2110	3,985,019.00	137,974	3,747,045		3,747,045	3,747,045				3,747,045	
149	6565 - amort exp other - 2110	115,920.00	4,884	111,036		111,036	111,036				111,036	
150	sum 148 to 149	4,000,939.00	142,858	3,858,081		3,858,081	3,858,081	(243,000)	(1,668,824)	14	1,946,257	181
151												
152	6561 - depr exp TPIS - 2210	10,209,866.00	65,125	10,144,740		10,144,740	10,144,740				10,144,740	
153	6565 - amort exp other - 2210	(5,232.00)	0	(5,232)		(5,232)	(5,232)				(5,232)	
154	sum 152 to 153	10,204,633.00	65,125	10,139,508		10,139,508	10,139,508	(2,496,000)	6,769,274	15	14,412,782	182
155												
156	6561 - depr exp TPIS - 2220	43,093.00	0	43,093		43,093	43,093		(64,049)	16	(20,956)	183
157												
158	6561 - depr exp TPIS - 2230	11,739,592.00	0	11,739,592		11,739,592	11,739,642				11,739,592	
159	6565 - amort exp other - 2230	8,328.00	15	8,313		8,313	8,313				8,313	
160	sum 158 to 159	11,747,920.00	15	11,747,905		11,747,905	11,747,955	(2,224,000)	(2,154,194)	17	7,369,711	184
161												
162	6561 - depr exp TPIS - 2310	479,136.00	49,536	429,600	111,736	317,864	429,600	(26,000)	26,196	18	318,060	185
163												
164	6561 - depr exp TPIS - 2410	16,566,121.00	0	16,566,121		16,566,121	16,566,121	(4,161,000)	6,367,051	19	18,772,172	186
165		43,041,842.00	257,534	42,784,308		42,784,308	42,784,358	(9,150,000)	9,275,453			
166	6563 - amort expense tangible	1,350,286.87	4,476	1,345,811		1,345,811	1,345,809				1,345,811	187
167												
168	6564 - amort expense intangible	5,419.32	190	5,229		5,229	5,229				5,229	188
169												
170	6560 - depr & amort expense (equal access)	31,881.00		31,881		31,881	31,861				31,881	190
171												
172	total depr & amort	44,429,429.19	262,200	44,167,229	111,736	44,055,493	44,167,277	(9,150,000)			34,905,493	
173	6560-2005 plant adj			0	0	0					0	
174	sum 172 to 173	44,429,429.19	262,200	44,167,229	111,736	44,055,493	44,167,229				44,055,493	
175									Prime 209			
176	6610 - marketing	7,205,226.00	614,266	6,590,962		6,590,962		(723,515)	313,576		6,181,023	191
177	6610 - marketing	169,211.00		169,211		169,211			0		169,211	192
178	sum 176 to 177	7,374,439.00	614,266	6,760,173		6,760,173	0.30790076	(723,515)	313,576		6,350,234	
179												
180	6620 - services (operator service, alloc.)	3,917,776.00		3,917,776		3,917,776	0.17844014	(295,476)	181,729		3,803,030	193
181	6620 - services (operator service direct)			0		0	0.00000000	0	0		0	194
182	6620 - services (classified directory)			0		0	0.00000000	0	0		0	195
183	6620 - services (alphabetical directory)	50,142.00		50,142		50,142	0.00228378	(3,784)	2,325		48,683	196
184	6620 - services (foreign directory)			0		0	0.00000000	0	0		0	197
185												
186	6620 - services (pos. adj. EU preselection)	5,085,635.00		5,085,635		5,085,635	0.23161178	(384,493)	235,807		4,936,984	198
187	6620 - services (pos. adj. EU MTS & WATS)	1,388,589.00		1,388,589		1,388,589	0.06323712	(142,747)	87,311		1,331,153	199
188	6620 - services (pos. adj. EU access, pri & all oth)	1,342,937.00		1,342,937		1,342,937	0.06116479	(101,609)	62,295		1,303,604	200

1	TC9S-107 USWC switched access study	Total Company	Dereg	Total Part 36	Pay Phone			Exc Sale	Oth Adj	Adj Number	Sheet V	Line No
2	B	C (12 mo ave ave)	D	E	F	G	H	I	J (H"line 94)	K	L	
189	6620 - services (bus. ofc. IXC special access)	122,919 00		122,919		122,919	0 00559850	(9,302)	5,702		119,319	201
190	6620 - services (bus. ofc. IXC switched access)	52,262.00		52,262		52,262	0 00238034	(3,955)	2,424		50,731	202
191	6620 - services (bus. ofc. IXC B&C services)	151,409 00		151,409		151,409	0.00689612	(11,458)	7,023		146,974	203
192	6620 - services (coin collect & admin.)	328,582 00		328,582	328,582	0	0.00000000	0	0		0	204
193	sum 189 to 192	8,970,333.00		8,970,333	328,582	8,641,751					8,368,646	
194												
195	6620 - services	46,899.00		46,899		46,899	0 00213608	(3,549)	2,175		45,525	
196	6620 - services	21,112.00		21,112		21,112	0.00096157	(1,598)	979		20,494	
197	sum 195 to 196 (customer service, direct)	68,011 00		68,011		68,011					66,019	205
198												
199	6620 - services (customer service, msg process)	55,750 00		55,750		55,750	0 00253921	(4,219)	2,586		54,117	206
200	6620 - services (customer service, other B&C)	1,995,886 00		1,995,886		1,995 886	0 09090519	(151,038)	92,581		1,937,429	207
201	6623 - customer services CABS	204,570 00		204,570		204,570	0 00931740	(15,481)	9,489		198 578	208
202	6620 - customer services EU common line)	105,046 00		105,046		105,046	0 00478445	(7,948)	4,873		101,969	209
203	sum 199 to 202 plus 197	2,429,263 00		2,429,263		2,429,263					2,359,113	
204												
205	6620 - other customer services, ebpc	724,617 00	566,234	158,383		150,383	0 00713177	(11,649)	7,263		151 997	210
206												
207	total 6620 - services (180 + 183 + 193 + 203 + 205)	16,092,331 00	566,234	15,524 097	328,582	15,195,515		(1,661,483)			13,534 030	
208												
209	207 plus 178 (total 6610 + 6620)	23,464,779 00	1,182,500	22,244,279	328,582	21,555,698	1 00000000	(2,385,000)	1 016 433	29	20 589 121	
210									(Line 21)			
211	6710 - executive and planning, ebpc	1,998,184 43	83,499	1 901 685		1 901 685	0 08819248	(212 381)	905 438		2 918 742	212
212	6720 - general and administrative, ebpc	19,875,291 34	849 301	18 926 918		18 926 698	0 87801744	(2 150 619)	8 996 153		25 901 151	213
213	sum 211 to 212 (total corporate operations)	21,873,491 77	932,815	20 937 967		20 824 647	1 00000000	(2 363 000)	9 901 602	29	28 819 749	
214												
215	7210 - operating other taxes	1 276,183 00	49 494	1 272 000		1 272 000			577 023	29	1 849 754	232
216												
217	interest expense	6,000,000 00	255,000	5 745 000		5 745 000	5 745 000				5 745 000	244
218												
219	depreciation - telecommunications	999 999 99		999 999		999 999	999 999				999 999	249

U S WEST COMMUNICATIONS
TCWA-97 Test Period Ending 12/31/96
Adjustments

		A Commission Ordered Offbook	B Disallowed Corporate Advertising	C Interest on Customer Deposits	D Pioneer Expense	E Bellcore Contributions	F Interest Synchronization	G Commission Ordered Rate Base	H Pension Asset
1	Maintenance								
2	Engineering								
3	Network Operations								
4	Network Administration								
5	Access								
6	Other								
7	Total of above								
8									
9	Customer Operations	122,018							
10	Corporate Operations	2,098	(83,517)		(48,786)	(1,566)			
11	Property & Other Operating Taxes								
12	Uncollectibles								
13	Total of above	124,116	(83,517)		(48,786)	(1,566)			
14									
15	Other Operating Income and Expense			66,999					
16	Depreciation and Amortization	(456,688)							
17	Universal Service Fund								
18	Link Up America								
19	Total of above	(456,688)		66,999					
20									
21	Total Operating Expense	(332,572)	(83,517)	66,999	(48,786)	(1,566)			
22									
23	Income From Operations Before Taxes	332,572	83,517	(66,999)	48,786	1,566			
24									
25	Federal Income Taxes	327,591	29,231	(23,450)	17,075	548	(320,983)		
26	State and Local Income Taxes								
27									
28	Total Expense Adjustment	4,981	54,286	(43,549)	31,711	1,018			
29									
30	Telephone Plant in Service	5,613,384							
31	Property Held For Future Use								
32	Materials and Supplies								
33	Depreciation Reserve	(371,134)							
34	Deferred Tax Reserve	1,019,836							
35	Customer Deposits			585,969					
36	Other Rate Base Adjustments							6,314,000	0
37	Net Rate Base Adjustment	4,994,082		(585,969)				(6,314,000)	0

Schedule B
Sheet X, Page 1 of 2

U S WEST COMMUNICATIONS
[illegible] Test Period Ending [illegible]
Adjustments

		I AT&T Rebate	J Reconciliation Reserve Reversal	K Federal Tax Reserve Adjustment	L 1986 - 1990 Tax Audit Payment	M Prior Period Property Tax Adjustment	N Investment Tax Credit Amortization	O 1994 Federal Tax True-up	P 1995 Management Salary
1	Maintenance	56,000							22,313
2	Engineering								12,690
3	Network Operations								18,638
4	Network Administration								1,255
5	Access								0
6	Other								8
7	Total of above	56,000							55,104
8									
9	Customer Operations								37,162
10	Corporate Operations			0					56,092
11	Property & Other Operating Taxes					630,000			
12	Uncollectibles								
13	Total of above			0		630,000			93,254
14									
15	Other Operating Income and Expense								
16	Depreciation and Amortization								
17	Universal Service Fund								
18	Link Up America								
19	Total of above								
20									
21	Total Operating Expense	56,000		0		630,000			148,358
22									
23	Income From Operations Before Taxes	(56,000)		0		(630,000)			(148,358)
24									
25	Federal Income Taxes	(19,600)		0	320,823	(220,500)	474,000	0	(51,925)
26	State and Local Income Taxes								
27									
28	Total Expense Adjustment	(36,400)		0	(320,823)	(409,500)	(474,000)	0	(96,433)
29									
30	Telephone Plant in Service								
31	Property Held For Future Use								
32	Materials and Supplies								
33	Depreciation Reserve								
34	Deferred Tax Reserve				296,000			0	
35	Customer Deposits								
36	Other Rate Base Adjustments								
37	Net Rate Base Adjustment				(296,000)			0	

Schedule X, page 2 of [illegible]

U S WEST Communications
1998-99 Test Period Ending 12/31/98
Adjustments

		Q 1998 Management Salary	R 1998 Occupational Wage	S 1998 Occupational Wage	T Employee Level	U Represcribed Depreciation	V Inflation	W Inter area Rent Compensation	X Other Post Retirement Benefits
1	Maintenance	116,121	103,000	414,524			192,057		(126,544)
2	Engineering	66,271	9,000	21,975			35,152		30,552
3	Network Operations	98,471	12,000	37,669			40,340		366,914
4	Network Administration	6,542	2,000	6,093			3,337		2,962
5	Access	0	0	0			38,144		
6	Other	40	0	338			(552)		
7	Total of above	287,445	126,000	480,599			308,478		273,884
8									
9	Customer Operations	193,564	73,000	266,297			155,018		151,374
10	Corporate Operations	292,372	10,000	39,783			150,886	9,341,145	37,095
11	Property & Other Operating Taxes						47,653		
12	Uncollectibles								
13	Total of above	485,936	83,000	326,080			353,557	9,341,145	188,469
14									
15	Other Operating Income and Expense								
16	Depreciation and Amortization					9,732,141			
17	Universal Service Fund								
18	Link Up America								
19	Total of above					9,732,141			
20									
21	Total Operating Expense	773,381	209,000	806,679	46,000	9,732,141	662,035	9,341,145	462,354
22									
23	Income From Operations Before Taxes	(773,381)	(209,000)	(806,679)	(46,000)	(9,732,141)	(662,035)		(462,354)
24									
25	Federal Income Taxes	(270,683)	(73,150)	(282,338)	(16,100)	(3,406,249)	(231,712)		(161,824)
26	State and Local Income Taxes								
27									
28	Total Expense Adjustment	(502,698)	(135,850)	(524,341)	(29,900)	(6,325,892)	(430,323)		(300,530)
29									
30	Telephone Plant in Service		14,354						(3,245,550)
31	Property Held For Future Use								
32	Materials and Supplies								
33	Depreciation Reserve					5,390,228			
34	Deferred Tax Reserve								
35	Customer Deposits								
36	Other Rate Base Adjustments								
37	Net Rate Base Adjustment		14,354			(5,390,228)			(3,245,550)

[redacted]

		Total Adjustments	Adjustment Number
1	Maintenance	777,471	
2	Engineering	175,639	
3	Network Operations	574,232	
4	Network Administration	22,189	
5	Access	38,144	12
6	Other	(166)	13
7	Total of above	1,567,511	
8			
9	Customer Operations	1,018,433	20
10	Corporate Operations	9,795,602	21
11	Property & Other Operating Taxes	677,653	22
12	Uncollectibles	0	
13	Total of above	11,491,689	
14			
15	Other Operating Income and Expense	66,999	
16	Depreciation and Amortization	9,275,453	
17	Universal Service Fund	0	
18	Link Up America	0	
19	Total of above	9,342,452	
20			
21	Total Operating Expense	22,467,651	
22			
23	Income From Operations Before Taxes	(13,126,506)	
24			
25	Federal Income Taxes	(3,909,246)	
26	State and Local Income Taxes	0	
27			
28	Total Expense Adjustment	(9,538,243)	
29			
30	Telephone Plant in Service	2,382,218	1
31	Property Held For Future Use	0	
32	Materials and Supplies	0	
33	Depreciation Reserve	5,028,094	2
34	Deferred Tax Reserve	1,315,636	3
35	Customer Deposits	585,969	1
36	Other Rate Base Adjustments	6,314,000	1
37	Net Rate Base Adjustment	(10,661,701)	

						Adjustment Number
Col Y Lines 1,2,3 and 4 Allocation						
total South Dakota - 6110	119,604	0.004168	3,194			4
6120	8,082,128	0.277584	215,814			5
6210	4,402,862	0.151212	117,563			6
6220	994	0.000034	27			7
6230	1,892,852	0.065004	50,539			8
6310	2,234,963	0.076761	59,679			9
6410	9,677,645	0.332383	258,418			10
6531 & 6533	2,705,256	0.092913	72,237	72,237		
	29,115,932	1	777,471			
maintenance - above accounts			777,471			
engineering - 6535				175,639		
network operations -6534				574,232		
network administration - 6532				22,189		
				844,298		11
2110	-0.1695	(1,649,598)		1,549,532		
2210	0.7108	6,917,606				
2220	-0.0066	(64,232)				
2230	-0.2127	(2,070,026)				
2310	0.0031	30,170				
2410	0.6749	6,568,222				
	1	9,732,141				
2110	0.0421	(19,227)	(1,668,824)			14
2210	0.3248	(148,332)	6,769,274			15
2220	-0.0004	183	(64,049)			16
2230	0.1843	(84,168)	(2,154,194)			17
2310	0.0087	(3,973)	26,196			18
2410	0.4405	(201,171)	6,367,051			19
		(456,688)	9,275,453			

Sheet X, Page 4 of 6

Sch 6

RECEIVED
AUG 2 7 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCH ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.

DOCKET NO. TC96-107
TESTIMONY OF ROBERT L. KNADLE
ON BEHALF OF THE COMMISSION STAFF
AUGUST, 1997

EXHIBIT
39

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT
OF SWITCHED ACCESS RATES FOR U S
WEST COMMUNICATIONS, INC.

DOCKET NO. TC96-107

TESTIMONY OF ROBERT L. KNADLE
ON BEHALF OF THE COMMISSION STAFF
August, 1997

Q. Please state your name, business address and current position.

A. My name is Robert L. Knadle and my business address is Public Utilities Commission, State Capitol Building, Pierre, South Dakota 57501. I am presently employed as a utility analyst with the Fixed Utilities Division of the Public Utilities Commission.

Q. Please describe your educational background and experience.

A. I have been with the Public Utilities Commission since March of 1980. I received a Bachelor of Science Degree in Commercial Economics from South Dakota State University in December of 1979. I have attended a number of seminars and workshops on utility related matters since my employment with the Commission.

Q. Have you previously presented testimony before this Commission?

A. Yes. I have presented written and oral testimony and exhibits on numerous occasions before this Commission primarily on electric and natural gas matters

Q. Are you familiar with U S WEST's application for the establishment of switched access

9765

rates in South Dakota?

A. Yes. I have reviewed the Company's prefiled testimony, exhibits, working papers and data responses that were supplied by U S WEST at the request of Commission Staff.

Q. What is the purpose of your testimony in this proceeding?

A. I shall comment and make recommendations to Staff Witness Best regarding the following U S WEST adjustments to operating income. My recommendations are based from U S WEST's 1995 actual cost of service:

1. Property tax
2. AT&T rebate
3. Inflation
4. Wages and employee levels
5. Interest synchronization

Q. What is your recommendation with regard to U S WEST's property tax adjustment?

A. U S WEST's adjustment removes the impact of a property tax entry made in December of 1995 related to tax years 1994 and before. Staff has requested and received from the Company via FAX on October 1, 1996, and in data response 3-19 the actual property tax paid for the test year. My recommendation would be to adjust the property taxes booked during the test year to reflect the actual 1995 property taxes paid the following year. The effect of this recommendation would be to replace the Company's proposed adjustment of $538,000 (total state amount) or $590,000 (intrastate amount) with $630,000 (total state amount) or $433,000 (intrastate amount).

Q Could you explain U S WEST's proposed adjustment for the AT&T rebate?

A The AT&T volume purchase rebate agreement provided that, with the purchase of specified levels of software, AT&T would rebate a percentage of those purchase dollars. AT&T provided a volume purchase rebate to the Company that was recognized in June 1995. The Company's adjustment purports to remove the portion of the rebate not applicable to the test year. Staff received additional data on the adjustment via FAX on September 27, 1996, and in data response 3-19. The data indicated that the adjustment was calculated incorrectly. The amount should be a $56,000 (total state amount) credit or a $37,000 (intrastate amount) credit instead of $139,000 (total state amount) or $91,000 (intrastate amount). I would recommend that Staff Witness Best incorporate the corrected amount in his exhibits.

Q Has U S WEST proposed an adjustment for inflation?

A Yes. The Company has presented an adjustment that applies one-half of the percentage increase in the consumer price index, which was approximately 2.8%, to test year operation and maintenance expenses not otherwise adjusted. By applying one-half of the consumer price index you are in essence annualizing the expense into the cost of service. The adjustment is consistent with court precedent. I have reviewed the adjustment and recommend that it be accepted.

Q Has U S WEST proposed an adjustment for interest synchronization?

A Yes

9767

Q. Please explain what the adjustment accomplishes.

A. Interest synchronization is an iterative process to synchronize the tax deduction for interest on debt with proforma rate base and the rate of return determination.

Q. What is your recommendation in regard to this adjustment?

A. I recommend that Staff Witness Best incorporate this adjustment into the cost of service. The adjustment should reflect Staff's proforma rate base and rate of return recommendation and be calculated in the same manner as was done by U S WEST.

Q. Please explain U S WEST's proposed adjustments for wage increases and employee levels.

A. The Company has annualized salary increases during the test year of 3.06% effective May 1, 1995, for management, 4.4% effective October 29, 1995, for Business Resources Inc. and a lump sum amount in lieu of a base rate increase for occupational employees and has adjusted the test year expense level to include wage increases granted on May 1, 1996, of 5.0% for management employees and January 1, 1996, of 3.60% for occupational employees. The Company has adjusted test year employee levels to reflect the levels as of December 31, 1995, to account for any changes in work force that the Company has experienced as was done in prior dockets.

Q. What is your recommendation in regard to the above-mentioned adjustments?

A. I recommend that U S WEST's proposed adjustments for wage increases and employee levels should be considered in the cost of service because they are known and measurable

changes and such adjustments should match test year costs with related revenues and investment. Staff has also reviewed the Company's employee levels through August of 1996, but will not propose any further adjustment.

Q. Could you provide a synopsis of Staff's recommendation in Docket TC93-108?

A. USWC filed for a switched access rate of $.069832 per minute which reflected a 10.79% overall rate of return on investment. Staff recommended an overall rate of return on investment of 9.70% and a switched access rate that would be phased-in and the first year phased-in rate would be $.04995 per minute. By incorporating the 9.70% rate of return into U S WEST's switched access cost study, the access rate per minute is $.067394. The Commission approved a settlement agreement that was filed by USWC, Commission Staff, DCT, SDITC, AT&T, MCI, LDDS, and Sprint that provided for a first year phased-in rate of $.0314 per minute of use with the rate to be reviewed by the Commission at the end of one year from the effective date of the rate which was December 29, 1994. The rate of return for switched access services was set at 9.7%.

Q. Have you done an analysis of what the effect of an increase in switched access rates could have on an average USWC residential customer?

A. Yes. I have taken USWC's 1995 residential message telecommunications service (MTS) minutes obtained from data response 1-3 and divided that amount by the year end 1995 residential access lines from the Access Lines and Service Report submitted to the Commission on an annual basis, to arrive at a monthly average of approximately 48 toll

minutes for the typical residential customer. If the switched access rate increases from 3.14 cents per minute to 6.28 cents per minute or increases 100%, and that the increase is totally passed on to the end-user with no corresponding decrease in the toll rate, the maximum per minute effect of an increased switched access rate results. The effect on the residential customer under this scenario would be an approximate monthly increase of $3.00 [3.14 cents originating times 48 minutes plus 3.14 cents terminating times 48 minutes].

Q. Has Staff reran the switched access cost model to determine what effect specific adjustments to the cost of service have on the access rate per minute?

A. Staff reran the model that included the sale of the 55 exchanges without the pro forma adjustment for represcribed depreciation, for a change in the return on equity and for the sale of the additional 9 exchanges that took place on June 1, 1997. The results are as follows:

A. By eliminating the adjustment for represcribed depreciation the rate would decrease by $.003408 per minute or to $.057497 per minute.

B. By changing the return on equity from 11.5% to 11.0% the rate would decrease by $.00038 per minute or to $.060525 per minute.

C. By incorporating the adjustment for the sale of the additional 9 exchanges the rate would increase by $.000162 per minute or to $.061067 per minute.

Q. Please explain the adjustment for represcribed depreciation.

A. The Commission approved revised depreciation rates in Docket TC94-121. The Company implemented those revised rates in February 1996. The adjustment simply changes the amount of test year depreciation expense to the level authorized by the

Commission in Docket TC94-121.

Q. Are you recommending that the above-mentioned adjustments be made?

A. No. They are for information purposes only and to provide context for the value of specific changes.

Q. In your opinion, is the rate of $.060905 per minute proposed by Staff in the public interest?

A. Yes. The rate is determined in accordance with the current switched access rules which were developed in the public interest.

Q. Does this conclude your testimony at this time?

A. Yes.

LAW OFFICES
RITER, MAYER, HOFER, WATTIER & BROWN, LLP
Professional & Executive Building
319 South Coteau Street
P.O. Box 280
Pierre, South Dakota 57501-0280

[illegible]

TELEPHONE
[illegible]
TELECOPIER
[illegible]

[illegible]

RECEIVED

August 27, 1997

SC
UTIL

Mr. William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol
Pierre, SD 57501

Re: TC 96-107
IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR US WEST COMMUNICATIONS, INC.

Dear Mr. Bullard:

Enclosed herewith please find original and three copies of Request for Confidential Treatment and one sealed document with confidentiality information therein for filing. I only enclose one copy of the sealed documents per my visit of this morning with Camron.

Thank you.

Very truly yours,

RITER, MAYER, HOFER, WATTIER & BROWN, LLP

By: [signature]

RCR Jr-wb

Enclosure

cc: Camron Hoseck
W. Thomas Simmons

0720

BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U.S. WEST COMMUNICATIONS, INC.	)))	REQUEST FOR CONFIDENTIAL TREATMENT TC 96-107

Submitted contemporaneously herewith under seal as foundational materials for the testimony of Howard Susskind, are:

1. Internal audited and reviewed financial statements of the members of TAG participating herein and a summary of the impact upon each company should the proposed intrastate access rate be approved and confidential treatment of that filing is hereby requested under ARSD 20:10:01:41.

2. Confidentiality is requested throughout these proceedings and until final resolution when the documents should either be destroyed or returned to Mr. Susskind.

3. Robert C. Riter, Jr., Riter, Mayer, Hofer, Wattier & Brown, LLP, 319 S. Coteau - P. O. Box 280, Pierre, SD 57501-0280, (605) 224-5825 and Howard Susskind, International Protocol, LLC, 8622 Ordinary Way, Suite 100, Annandale, VA 22003, (703) 241-6846, should be contacted regarding this request.

4. The documents submitted are proprietary information of each company and contain trade secret information. While they are important to analyze the impact of the requested rate modification upon TAG members and the consuming public, they should be protected from competitors and the public domain.

5. The factual basis for the confidentiality request is as set forth above.

DATED this 27th day of August, 1997.

RITER, MAYER, HOFER, WATTIER
& BROWN, LLP

By: _____
Robert C. Riter, Jr.
A member of said firm
319 S. Coteau - P. O. Box 280
Pierre, SD 57501-0280
Attorneys for Telecommunications
Action Group

9774

Begin

Confidential

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR US WEST COMMUNICATIONS, INC.	TC 96-107

NOTICE

The information in this file is designated confidential under Chapter 20:10:01 of the rules of the South Dakota Public Utilities Commission. Disclosure of any such confidential information to a person other than commission members, employees, or agents is prohibited unless otherwise permitted by the commission.

Front of Envelope

Financial Effect of US West South Dakota Intrastate Switched Access Charge Increase

Interexchange Company-Specific Detail and Consolidated Results

	US West South Dakota Intrastate Switched Access Charges [5]				Net Revenue		Operating Margin		Net Income			Net Income as a Percent of Revenue	
	Current	Proposed	Increase	Change	Current	Proposed	Current	Proposed	Current	Proposed	Change	Current	Proposed
Company A [1]	$518,477	$1,077,497	$561,020	109%	$1,319,000	$757,980	$603,000	$41,980	$355,000	($35,760)	-110.1%	9.8%	-1.0%
Company B [2]	$118,687	$244,915	$126,228	106%	$2,298,501	$2,172,273	$609,659	$483,431	$393,096	$266,868	-32.1%	5.0%	3.4%
Company C [3]	$85,796	$167,893	$82,096	96%	$545,969	$463,893	$55,460	($26,635)	$54,145	($27,950)	-151.6%	3.8%	-1.9%
Company D [4]	$16,334	$36,772	$20,438	125%	$896,208	$875,770	$233,662	$213,224	$264,489	$244,051	-7.7%	9.3%	8.6%
Total	$737,294	$1,527,076	$789,782	107%	$5,059,696	$4,269,916	$1,501,781	$712,000	$1,066,730	$447,209	-58.1%	6.8%	2.8%

[1] US West-provided Access Impact, year ended December 31, 1995. Audited Financial Statements, year ended June 30, 1996.
[2] US West-provided Access Impact, year ended December 31, 1995. Reviewed Financial Statements, year ended December 31, 1995.
[3] US West-provided Access Impact, year ended December 31, 1995. Audited Financial Statements, year ended June 30, 1996.
[4] US West-provided Access Impact, year ended December 31, 1996. Audited Financial Statements, year ended December 31, 1996
[5] As reported to the Companies in US West's South Dakota Annual Intrastate Switched Access Filing Impact Studies
[6] Combined increase in Access Costs exceeds combined decrease in Net Income because of reduced provision for income tax due to reduced Operating Margin
Combined increase in Access Costs does equal combined decrease in Net Revenue or Operating Margin.

Methodology

The increase in South Dakota intrastate switched access costs was adopted from US West-provided impact statements for each long distance company. This increase was flowed through the financial statements of each company, with the assumption that the increase in access costs contributes directly to the cost of goods sold, also referred to as "deductions from revenue" or "carrier cost". It was further assumed that due to contracts with customers and price pressure from competitors, notably US West, prices do not increase to reflect this increase in cost. Therefore, revenues remain constant. Furthermore, it was assumed that other non-access related expenses such as depreciation, interest and general and administrative costs remain unchanged. For companies making direct provisions for income taxes, income tax was recalculated based upon a constant percentage of adjusted Operating Margin. For partnership entities making profit distributions, no tax effects were considered.

US WEST SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING - 6/26/96 - QUANTITIES BASED ON 1995 ACTUALS

Service	Carrier Quantity	Current Rates	Proposed Rates	Current Cost	Proposed Cost	Cost Increase
CCL Orig Non-Premium	0.00	0.003011	0.018259	0.00	0.00	0.00
CCL Orig Premium	7,640,603.00	0.006692	0.040575	51,130.92	310,017.47	258,886.55
CCL Term Non-Premium	53.00	0.003011	0.018259	0.16	0.97	0.81
CCL Term Premium	7,810,194.00	0.006692	0.040575	52,285.82	316,898.62	264,632.80
DS1/DS3 Multiplexer	0.00	357.200000	357.200000	0.00	0.00	0.00
DS1/VG Multiplexer	0.00	300.000000	300.000000	0.00	0.00	0.00
ET DS1 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET DS1 Fix 0 to 8	0.00	150.000000	150.000000	0.00	0.00	0.00
ET DS1 Fix 8 to 25	0.00	200.000000	200.000000	0.00	0.00	0.00
ET DS1 Fix 25 to 50	0.00	250.000000	250.000000	0.00	0.00	0.00
ET DS1 Fix 50+ Miles	0.00	250.000000	250.000000	0.00	0.00	0.00
ET DS1 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET DS1 Var 0 to 8	0.00	11.000000	11.000000	0.00	0.00	0.00
ET DS1 Var 8 to 25	0.00	15.000000	15.000000	0.00	0.00	0.00
ET DS1 Var 25 to 50	0.00	17.000000	17.000000	0.00	0.00	0.00
ET DS1 Var 50+ Miles	0.00	17.000000	17.000000	0.00	0.00	0.00
ET DS3 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET DS3 Fix 0 to 8	0.00	590.900000	590.900000	0.00	0.00	0.00
ET DS3 Fix 8 to 25	0.00	593.750000	593.750000	0.00	0.00	0.00
ET DS3 Fix 25 to 50	0.00	598.500000	598.500000	0.00	0.00	0.00
ET DS3 Fix 50+ Miles	0.00	619.400000	619.400000	0.00	0.00	0.00
ET DS3 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET DS3 Var 0 to 8	0.00	51.250000	51.250000	0.00	0.00	0.00
ET DS3 Var 8 to 25	0.00	51.150000	51.150000	0.00	0.00	0.00
ET DS3 Var 25 to 50	0.00	51.110000	51.110000	0.00	0.00	0.00
ET DS3 Var 50+ Miles	0.00	57.920000	57.920000	0.00	0.00	0.00
ET VG Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET VG Fix 0 to 8	0.00	14.200000	14.200000	0.00	0.00	0.00
ET VG Fix 8 to 25	0.00	16.600000	16.600000	0.00	0.00	0.00
ET VG Fix 25 to 50	0.00	23.600000	23.600000	0.00	0.00	0.00
ET VG Fix 50+ Miles	0.00	40.350000	40.350000	0.00	0.00	0.00
ET VG Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
ET VG Var 0 to 8	0.00	2.700000	2.700000	0.00	0.00	0.00
ET VG Var 8 to 25	0.00	2.250000	2.250000	0.00	0.00	0.00
ET VG Var 25 to 50	0.00	1.900000	1.900000	0.00	0.00	0.00
ET VG Var 50+ Miles	0.00	1.550000	1.550000	0.00	0.00	0.00
Entrance Facility DS1	96.60	150.000000	150.000000	14,490.00	14,490.00	0.00
Entrance Facility DS3	0.00	1,282.500000	1,282.500000	0.00	0.00	0.00
Entrance Facility VG	0.00	17.400000	17.400000	0.00	0.00	0.00
Interconnect Non-Premium	242.39	0.002354	0.002524	0.57	0.61	0.04
Interconnect Premium	16,656,253.78	0.005230	0.005609	87,112.21	93,424.93	6,312.72
Local Switching Non-Premium	53.00	0.003761	0.004667	0.20	0.25	0.05
Local Switching Premium	15,484,990.00	0.008357	0.010371	129,408.06	160,594.83	31,186.77
Tandem Switching Charge	16,899,907.41	0.007700	0.007700	130,129.29	130,129.29	0.00
Tandem Transport Fix 0 Mile	49,158.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Fix 0 to 8	665,291.00	0.000237	0.000237	157.67	157.67	0.00
Tandem Transport Fix 8 to 25	935,553.81	0.000273	0.000273	255.41	255.41	0.00
Tandem Transport Fix 25 to 50	2,434,179.17	0.000308	0.000308	749.73	749.73	0.00
Tandem Transport Fix 50+ Miles	12,105,851.81	0.000311	0.000311	3,764.92	3,764.92	0.00
Tandem Transport Var 0 Mile	46,775.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Var 0 to 8	3,691,367.00	0.000015	0.000015	55.37	55.37	0.00
Tandem Transport Var 8 to 25	19,037,134.04	0.000018	0.000018	342.67	342.67	0.00
Tandem Transport Var 25 to 50	85,537,429.66	0.000019	0.000019	1,625.21	1,625.21	0.00
Tandem Transport Var 50+ Miles	2,249,438,242.77	0.000020	0.000020	44,988.76	44,988.76	0.00
Totals				516,476.96	1,077,496.70	561,019.74
						108.65%

Income Statement ($000s) - Year Ended June 30, [redacted]

	[redacted]	[redacted]	[redacted]
Revenues			
Gross Revenue	[redacted]	[redacted]	[redacted]
Deductions from Revenue	[redacted]	[redacted]	[redacted]
Net Revenue	[redacted]	[redacted]	
Operating Expenses			
General and Administrative	[redacted]	[redacted]	[redacted]
Operating Margin	[redacted]	[redacted]	
Other Expense			
Depreciation and Amortization	[redacted]	[redacted]	[redacted]
Interest, net, and gain on disposal of assets	[redacted]	[redacted]	[redacted]
Provision for Income Taxes	[redacted]	[redacted]	[redacted]
Total Other Expense	[redacted]	[redacted]	
Net Income	[redacted]	[redacted]	
Net Income as Percent of Gross Revenue	[redacted]	[redacted]	

US WEST SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING - 6/26/96 - QUANTITIES BASED ON 1995 ACTUALS

Service	Carrier Quantity	Current Rates	Proposed Rates	Current Cost	Proposed Cost	Cost Increase
CCL Orig Non-Premium	102.00	0.003011	0.018259	0.31	1.86	1.55
CCL Orig Premium	1,211,605.00	0.006692	0.040575	8,106.05	49,163.87	41,057.81
CCL Term Non-Premium	94.00	0.003011	0.018259	0.28	1.72	1.43
CCL Term Premium	2,262,061.00	0.006692	0.040575	15,137.71	91,783.13	76,645.41
DS1/DS3 Multiplexer	0.00	357.200000	357.200000	0.00	0.00	0.00
DS1/VG Multiplexer	0.00	300.000000	300.000000	0.00	0.00	0.00
DT DS1 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS1 Fix 0 to 8	0.00	150.000000	150.000000	0.00	0.00	0.00
DT DS1 Fix 8 to 25	0.00	200.000000	200.000000	0.00	0.00	0.00
DT DS1 Fix 25 to 50	0.00	250.000000	250.000000	0.00	0.00	0.00
DT DS1 Fix 50+ Miles	0.00	250.000000	250.000000	0.00	0.00	0.00
DT DS1 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS1 Var 0 to 8	0.00	11.000000	11.000000	0.00	0.00	0.00
DT DS1 Var 8 to 25	0.00	15.000000	15.000000	0.00	0.00	0.00
DT DS1 Var 25 to 50	0.00	17.000000	17.000000	0.00	0.00	0.00
DT DS1 Var 50+ Miles	0.00	17.000000	17.000000	0.00	0.00	0.00
DT DS3 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS3 Fix 0 to 8	0.00	590.900000	590.900000	0.00	0.00	0.00
DT DS3 Fix 8 to 25	0.00	593.750000	593.750000	0.00	0.00	0.00
DT DS3 Fix 25 to 50	0.00	598.500000	598.500000	0.00	0.00	0.00
DT DS3 Fix 50+ Miles	0.00	619.400000	619.400000	0.00	0.00	0.00
DT DS3 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS3 Var 0 to 8	0.00	51.260000	51.260000	0.00	0.00	0.00
DT DS3 Var 8 to 25	0.00	51.150000	51.150000	0.00	0.00	0.00
DT DS3 Var 25 to 50	0.00	51.110000	51.110000	0.00	0.00	0.00
DT DS3 Var 50+ Miles	0.00	57.920000	57.920000	0.00	0.00	0.00
DT VG Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT VG Fix 0 to 8	0.00	14.200000	14.200000	0.00	0.00	0.00
DT VG Fix 8 to 25	0.00	16.600000	16.600000	0.00	0.00	0.00
DT VG Fix 25 to 50	0.00	23.600000	23.600000	0.00	0.00	0.00
DT VG Fix 50+ Miles	0.00	40.350000	40.350000	0.00	0.00	0.00
DT VG Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT VG Var 0 to 8	0.00	2.700000	2.700000	0.00	0.00	0.00
DT VG Var 8 to 25	0.00	2.250000	2.250000	0.00	0.00	0.00
DT VG Var 25 to 50	0.00	1.900000	1.900000	0.00	0.00	0.00
DT VG Var 50+ Miles	0.00	1.550000	1.550000	0.00	0.00	0.00
Entrance Facility DS1	24.11	150.000000	150.000000	3,616.50	3,616.50	0.00
Entrance Facility DS3	0.20	1,282.500000	1,282.500000	256.50	256.50	0.00
Entrance Facility VG	0.00	17.400000	17.400000	0.00	0.00	0.00
Interconnect Non-Premium	534.66	0.002354	0.002524	1.26	1.35	0.09
Interconnect Premium	3,948,686.60	0.005230	0.005609	20,651.63	22,148.18	1,496.55
Local Switching Non-Premium	196.00	0.003761	0.004667	0.74	0.91	0.18
Local Switching Premium	3,490,431.00	0.008357	0.010371	29,169.53	36,199.25	7,029.72
Tandem Switching Charge	4,033,004.75	0.007700	0.007700	31,054.14	31,054.14	0.00
Tandem Transport Fix 0 Mile	25,469.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Fix 0 to 8	213,969.00	0.000237	0.000237	50.71	50.71	0.00
Tandem Transport Fix 8 to 25	295,986.93	0.000273	0.000273	80.80	80.80	0.00
Tandem Transport Fix 25 to 50	722,466.35	0.000308	0.000308	222.52	222.52	0.00
Tandem Transport Fix 50+ Miles	3,061,939.54	0.000311	0.000311	952.26	952.26	0.00
Tandem Transport Var 0 Mile	24,333.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Var 0 to 8	1,126,675.00	0.000015	0.000015	16.90	16.90	0.00
Tandem Transport Var 8 to 25	6,355,451.80	0.000018	0.000018	114.40	114.40	0.00
Tandem Transport Var 25 to 50	26,124,003.67	0.000019	0.000019	496.36	496.36	0.00
Tandem Transport Var 50+ Miles	437,814,195.22	0.000020	0.000020	8,756.28	8,756.28	0.00
Totals				116,686.89	244,314.66	127,627.78
						109.35%

Income Statement ($000s) - Year Ended December 31, 1995

	1995 (Reviewed)	1995 (Adjusted)	Notes
Revenues			
Sales	$7,838	$7,838	Unchanged
Cost of Sales			
Line Costs	$5,002	$5,128	Adjusted for increase in access charges
Direct Labor	$288	$288	Unchanged
Dialer Costs	$162	$162	Unchanged
Switch Costs	$82	$82	Unchanged
Other	$6	$6	Unchanged
Total Cost of Sales	$5,540	$5,666	
Net Revenue	$2,299	$2,172	
Operating Expenses			
Selling	$926	$926	Unchanged
General and Administrative	$579	$579	Unchanged
Sales Support	$184	$184	Unchanged
Cellular	$0	$0	Unchanged
Total Operating Expenses	$1,689	$1,689	
Operating Margin	$610	$483	
Other Income			
Finance charges and contract penalties	$37	$37	Unchanged
Other Income	$6	$6	Unchanged
Interest Expense	($221)	($221)	Unchanged
Deferred Compensation	($37)	($37)	Unchanged
Loss on sale of Equipment	($1)	($1)	Unchanged
Total Other Expense	($217)	($217)	
Net Income	$393	$267	
Net Income as Percent of Gross Revenue	5.0%	3.4%	

US WEST SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING - 6/26/96 QUANTITIES BASED ON 1995 ACTUALS

Service	Carrier Quantity	Current Rates	Proposed Rates	Current Cost	Proposed Cost	Cost Increase
CCL Orig Non-Premium	7,399.00	0.003011	0.018259	22.28	135.10	112.82
CCL Orig Premium	2,094,210.00	0.006692	0.040575	14,014.45	84,972.57	70,958.12
CCL Term Non-Premium	15,042.00	0.003011	0.018259	45.29	274.65	229.36
CCL Term Premium	157,778.00	0.006692	0.040575	1,055.85	6,401.84	5,345.99
DS1/DS3 Multiplexer	0.00	357.200000	357.200000	0.00	0.00	0.00
DS1/VG Multiplexer	0.00	300.000000	300.000000	0.00	0.00	0.00
DT DS1 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS1 Fix 0 to 8	0.00	150.000000	150.000000	0.00	0.00	0.00
DT DS1 Fix 8 to 25	0.00	200.000000	200.000000	0.00	0.00	0.00
DT DS1 Fix 25 to 50	0.00	250.000000	250.000000	0.00	0.00	0.00
DT DS1 Fix 50+ Miles	0.00	250.000000	250.000000	0.00	0.00	0.00
DT DS1 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS1 Var 0 to 8	0.00	11.000000	11.000000	0.00	0.00	0.00
DT DS1 Var 8 to 25	0.00	15.000000	15.000000	0.00	0.00	0.00
DT DS1 Var 25 to 50	0.00	17.000000	17.000000	0.00	0.00	0.00
DT DS1 Var 50+ Miles	0.00	17.000000	17.000000	0.00	0.00	0.00
DT DS3 Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS3 Fix 0 to 8	0.00	590.900000	590.900000	0.00	0.00	0.00
DT DS3 Fix 8 to 25	0.00	593.750000	593.750000	0.00	0.00	0.00
DT DS3 Fix 25 to 50	0.00	598.500000	598.500000	0.00	0.00	0.00
DT DS3 Fix 50+ Miles	0.00	619.400000	619.400000	0.00	0.00	0.00
DT DS3 Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT DS3 Var 0 to 8	0.00	51.260000	51.260000	0.00	0.00	0.00
DT DS3 Var 8 to 25	0.00	51.150000	51.150000	0.00	0.00	0.00
DT DS3 Var 25 to 50	0.00	51.110000	51.110000	0.00	0.00	0.00
DT DS3 Var 50+ Miles	0.00	57.920000	57.920000	0.00	0.00	0.00
DT VG Fix 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT VG Fix 0 to 8	0.00	14.200000	14.200000	0.00	0.00	0.00
DT VG Fix 8 to 25	0.00	16.600000	16.600000	0.00	0.00	0.00
DT VG Fix 25 to 50	0.00	23.600000	23.600000	0.00	0.00	0.00
DT VG Fix 50+ Miles	14.18	40.350000	40.350000	572.18	572.18	0.00
DT VG Var 0 Mile	0.00	0.000000	0.000000	0.00	0.00	0.00
DT VG Var 0 to 8	0.00	2.700000	2.700000	0.00	0.00	0.00
DT VG Var 8 to 25	0.00	2.250000	2.250000	0.00	0.00	0.00
DT VG Var 25 to 50	0.00	1.900000	1.900000	0.00	0.00	0.00
DT VG Var 50+ Miles	2,240.44	1.550000	1.550000	3,472.68	3,472.68	0.00
Entrance Facility DS1	21.48	150.000000	150.000000	3,222.00	3,222.00	0.00
Entrance Facility DS3	0.00	1,282.500000	1,282.500000	0.00	0.00	0.00
Entrance Facility VG	591.47	17.400000	17.400000	10,291.58	10,291.58	0.00
Interconnect Non-Premium	22,814.96	0.002354	0.002524	53.71	57.59	3.88
Interconnect Premium	2,347,686.80	0.005230	0.005609	12,278.40	13,168.19	889.79
Local Switching Non-Premium	22,443.00	0.003761	0.004667	84.41	104.74	20.33
Local Switching Premium	2,252,308.00	0.008357	0.010371	18,822.54	23,358.69	4,536.15
Tandem Switching Charge	2,354,850.87	0.007700	0.007700	18,132.35	18,132.35	0.00
Tandem Transport Fix 0 Mile	10,251.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Fix 0 to 8	110,074.00	0.000237	0.000237	26.09	26.09	0.00
Tandem Transport Fix 8 to 25	270,746.98	0.000273	0.000273	73.91	73.91	0.00
Tandem Transport Fix 25 to 50	460,450.21	0.000308	0.000308	141.82	141.82	0.00
Tandem Transport Fix 50+ Miles	1,161,699.87	0.000311	0.000311	361.29	361.29	0.00
Tandem Transport Var 0 Mile	9,685.00	0.000000	0.000000	0.00	0.00	0.00
Tandem Transport Var 0 to 8	602,981.00	0.000015	0.000015	9.04	9.04	0.00
Tandem Transport Var 8 to 25	4,508,168.70	0.000018	0.000018	81.15	81.15	0.00
Tandem Transport Var 25 to 50	16,215,105.37	0.000019	0.000019	308.09	308.09	0.00
Tandem Transport Var 50+ Miles	136,361,351.61	0.000020	0.000020	2,727.23	2,727.23	0.00
Totals				85,736.32	167,992.74	82,256.42
						95.89%

Income Statement ($000s) - Year Ended June 30, 1996

	1996 (Audited)	1996 (Adjusted)	Notes
Revenues			
Gross Revenue	$1,442	$1,442	Unchanged
Cost of Sales	($896)	($979)	Adjusted by increase in access charges
Net Revenue	$546	$464	
Expenses			
Facilities Operating Expenses	$32	$32	Unchanged
Selling Expenses	$126	$126	Unchanged
Fixed Expenses	$146	$146	Unchanged
General & Admin	$187	$187	Unchanged
Total Expenses	$491	$491	
Operating Margin	$55	($27)	
Other Expense			
Interest Income	$1	$1	Unchanged
Total Other Expense	$1	$1	
Net Income	$54	($28)	
Net Income as Percent of Gross Revenue	3.8%	-1.9%	

[redacted] SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING - 7/16/9[illegible] - QUANTITIES BASED ON 1996 ACTUALS

[redacted]	Carrier Quantity	Current Rates	Proposed Rates	Current Cost	Proposed Cost	Cost Increase
[redacted]	0.00	0.003011	0.018259	0.00	0.00	0.00
[redacted]	354,606.00	0.006692	0.040575	2,373.02	14,388.14	12,015.12
[redacted]	223.00	0.003011	0.018259	0.67	4.07	3.40
[redacted]	208,513.00	0.006692	0.040575	1,395.37	8,460.41	7,065.05
[redacted]	0.00	357.200000	357.200000	0.00	0.00	0.00
[redacted]	2.36	300.000000	300.000000	708.00	708.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	150.000000	150.000000	0.00	0.00	0.00
[redacted]	0.00	200.000000	200.000000	0.00	0.00	0.00
[redacted]	0.00	250.000000	250.000000	0.00	0.00	0.00
[redacted]	0.00	250.000000	250.000000	0.00	0.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	11.000000	11.000000	0.00	0.00	0.00
[redacted]	0.00	15.000000	15.000000	0.00	0.00	0.00
[redacted]	0.00	17.000000	17.000000	0.00	0.00	0.00
[redacted]	0.00	17.000000	17.000000	0.00	0.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	590.900000	590.900000	0.00	0.00	0.00
[redacted]	0.00	593.750000	593.750000	0.00	0.00	0.00
[redacted]	0.00	598.500000	598.500000	0.00	0.00	0.00
[redacted]	0.00	619.400000	619.400000	0.00	0.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	51.260000	51.260000	0.00	0.00	0.00
[redacted]	0.00	51.150000	51.150000	0.00	0.00	0.00
[redacted]	0.00	51.110000	51.110000	0.00	0.00	0.00
[redacted]	0.00	57.920000	57.920000	0.00	0.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	14.200000	14.200000	0.00	0.00	0.00
[redacted]	0.00	16.600000	16.600000	0.00	0.00	0.00
[redacted]	0.00	23.600000	23.600000	0.00	0.00	0.00
[redacted]	0.00	40.350000	40.350000	0.00	0.00	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	0.00	2.700000	2.700000	0.00	0.00	0.00
[redacted]	0.00	2.250000	2.250000	0.00	0.00	0.00
[redacted]	0.00	1.900000	1.900000	0.00	0.00	0.00
[redacted]	0.00	1.550000	1.550000	0.00	0.00	0.00
[redacted]	4.72	150.000000	150.000000	708.00	708.00	0.00
[redacted]	0.00	1,282.500000	1,282.500000	0.00	0.00	0.00
[redacted]	90.08	17.400000	17.400000	1,567.39	1,567.39	0.00
[redacted]	223.00	0.002354	0.002524	0.52	0.56	0.04
[redacted]	579,943.95	0.005230	0.005609	3,033.11	3,252.91	219.80
[redacted]	223.00	0.003761	0.004667	0.84	1.04	0.20
[redacted]	563,139.00	0.008357	0.010371	4,706.15	5,840.31	1,134.16
[redacted]	120,233.95	0.007700	0.007700	925.80	925.80	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	289.00	0.000237	0.000237	0.07	0.07	0.00
[redacted]	2,793.88	0.000273	0.000273	0.76	0.76	0.00
[redacted]	37,126.93	0.000308	0.000308	11.44	11.44	0.00
[redacted]	328,778.14	0.000311	0.000311	102.25	102.25	0.00
[redacted]	0.00	0.000000	0.000000	0.00	0.00	0.00
[redacted]	380.00	0.000015	0.000015	0.01	0.01	0.00
[redacted]	64,377.12	0.000018	0.000018	1.16	1.16	0.00
[redacted]	1,439,497.61	0.000019	0.000019	27.35	27.35	0.00
[redacted]	38,610,459.34	0.000020	0.000020	772.21	772.21	0.00
[redacted]				16,334.12	36,771.88	20,437.76
						125.12%

Income Statement ($000s) - Year Ended December 31, 1996

	1996 (Unaudited)	1996 (Adjusted)	Notes
Revenues			
Sales	$2,853	$2,853	Unchanged
Cost of Sales	($1,957)	($1,977)	Adjusted by increase in access charges
Long Distance Net Revenue	$896	$876	
Expenses			
Total Expenses	$563	$563	Unchanged
Operating Margin	$234	$213	
Other Income	$31	$31	Unchanged
Net Income	$264	$244	
Net Income as Percent of Gross Revenue	9.3%	8.6%	

J. Noonan Company, Inc.
500 WEST 16TH STREET
SIOUX FALLS, SD 57104-9511
1-605-332-8000
FAX 1-605-338-5918

Date: Aug. 6 1997

Page: 1 of 6

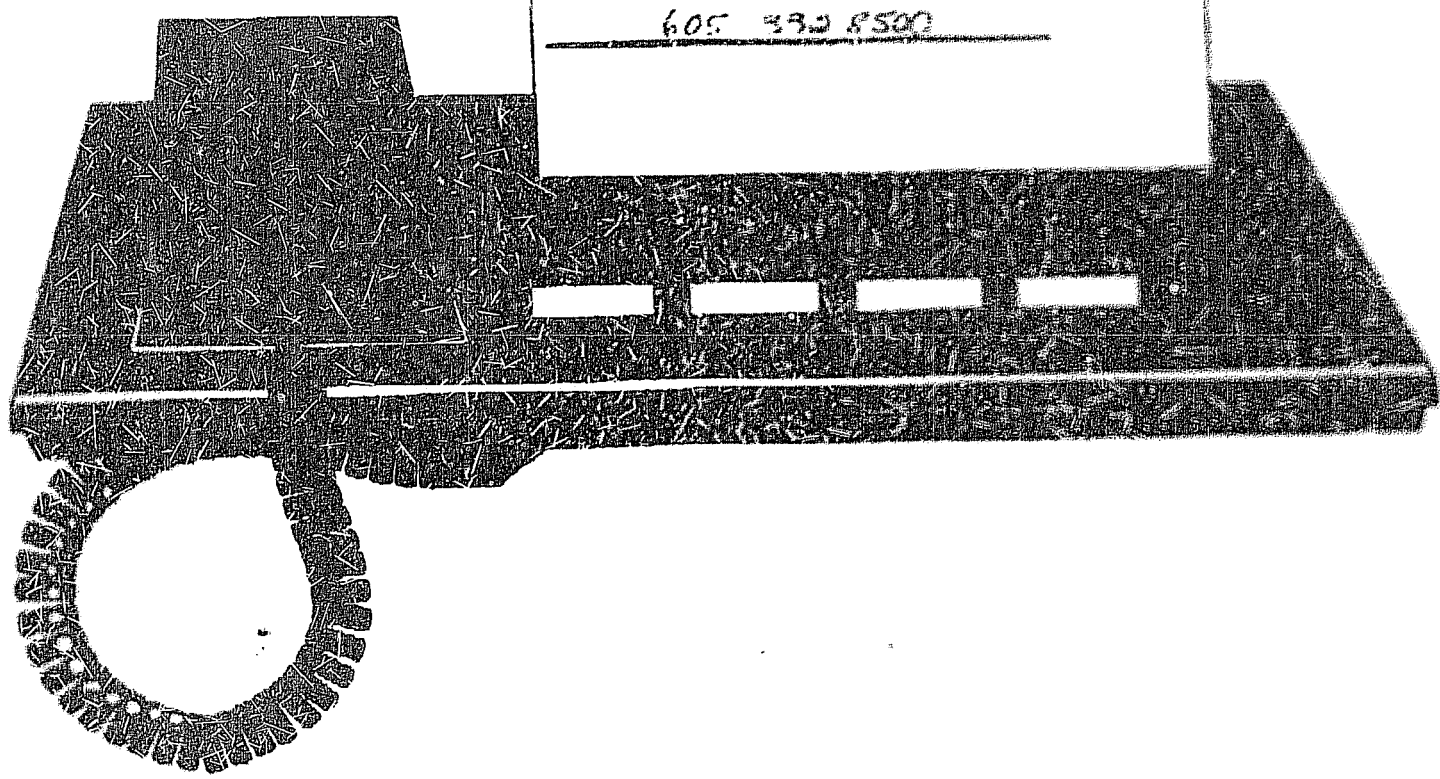
Company To: 314-889-32
1-403-243-6446

Attn: Howard Sussman

From: JERRY NOONAN

Fax #: 605-338-5918

Phone #: 605 339 8500



[illegible]

TCG

U S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
06/26/95

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
CCL ORIG N-P (Equal Access)	7,399.80	167.00	.003011	.018259	22.28	135.10	112.82	.50	3.05	2.55
CCL ORIG PREM (Equal Access)	2,094,210.00	67,029,788.00	.006692	.040575	14,014.45	84,972.57	70,958.12	448,563.34	2,719,733.65	2,271,170.31
CCL TERM N-P (Non-Equal Access)	15,042.80	8,967.00	.003011	.018259	45.29	274.65	229.36	26.94	163.36	136.42
CCL TERM PREM (Access)	157,778.00	97,242,348.00	.006692	.040575	1,055.85	6,401.84	5,345.99	650,748.94	3,945,627.34	3,294,878.40
DS1/DS3 MULTIPLEXER	.00	12.85	357.200000	357.200000	.00	.00	.00	4,590.02	4,590.02	.00
DS1/VG MULTIPLEXER	.00	103.28	300.000000	300.000000	.00	.00	.00	30,984.00	30,984.00	.00
DT DS1 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 0 TO 8	.00	.81	150.000000	150.000000	.00	.00	.00	121.50	121.50	.00
DT DS1 FIX 08 TO 25	.00	.00	200.000000	200.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 25 TO 50	.00	.00	250.000000	250.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 50 + MILE	.00	32.47	250.000000	250.000000	.00	.00	.00	8,117.50	8,117.50	.00
DR DS1 VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DR DS1 VAR 0 TO 8	.00	4.86	11.000000	11.000000	.00	.00	.00	53.46	53.46	.00
DR DS1 VAR 08 TO 25	.00	.00	15.000000	15.000000	.00	.00	.00	.00	.00	.00
DR DS1 VAR 25 TO 50	.00	.00	17.000000	17.000000	.00	.00	.00	.00	.00	.00
DR DS1 VAR 50 + MILE	.00	4,441.40	17.000000	17.000000	.00	.00	.00	75,503.80	75,503.80	.00
DT DS3 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 0 TO 8	.00	.00	590.900000	590.900000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 08 TO 25	.00	.00	593.750000	593.750000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 25 TO 50	.00	.00	598.500000	598.500000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 50 + MILE	.00	.99	619.400000	619.400000	.00	.00	.00	613.21	613.21	.00
DT DS3 VAR 3 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 0 TO 8	.00	.00	51.260000	51.260000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 08 TO 25	.00	.00	51.150000	51.150000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 25 TO 50	.00	.00	51.110000	51.110000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 50 + MILE	.00	56.43	57.920000	57.920000	.00	.00	.00	3,268.43	3,268.43	.00
DT VG FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT VG FIX 0 TO 8	.00	.00	14.200000	14.200000	.00	.00	.00	.00	.00	.00
DT VG FIX 08 TO 25	.00	.00	16.600000	16.600000	.00	.00	.00	.00	.00	.00
DT VG FIX 25 TO 50	.00	.00	23.600000	23.600000	.00	.00	.00	.00	.00	.00
DT VG FIX 50 + MILE	14.18	3.12	40.350000	40.350000	572.16	572.16	.00	125.89	125.89	.00
DT VG VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT VG VAR 0 TO 8	.00	.00	2.700000	2.700000	.00	.00	.00	.00	.00	.00
DT VG VAR 08 TO 25	.00	.00	2.250000	2.250000	.00	.00	.00	.00	.00	.00
DT VG VAR 25 TO 50	.00	.00	1.900000	1.900000	.00	.00	.00	.00	.00	.00
DT VG VAR 50 + MILE	2,744.44	1,134.48	1.550000	1.550000	3,472.68	3,472.68	.00	1,711.94	1,711.94	.00
DT FACILITY DS1	21.48	1.98	153.000000	153.000000	3,222.00	3,222.00	.00	85,482.00	85,482.00	.00
DT FACILITY DS3	.00	12.68	1,282.500000	1,282.500000	.00	.00	.00	16,159.50	16,159.50	.00
DT FACILITY VG	101.47	181.46	17.400000	17.400000	88,291.58	10,291.58	.00	2,809.60	2,809.60	.00
INTERCONNECT N-PREM (Equal Access)	22,214.36	15,157.01	.003154	.003524	33.71	37.58	3.86	43.68	46.84	3.15
INTERCONNECT PREM (Access)	2,347,284.82	164,415,488.36	.005230	.005669	12,276.40	13,148.18	871.77	864,482.51	1,034,371.24	69,888.73
DSC SW N-PREM (Equal Access)	22,443.00	9,129.00	.001741	.001867	84.41	104.75	20.33	34.80	42.54	8.14
DSC SW PREM (Access)	2,252,198.00	165,361,446.00	.001357	.001571	10,833.14	25,358.69	4,514.55	1,824,134.83	1,715,481.79	111,334.96
ACCESS SW CHARGE	2,354,836.67	142,243,237.11	.007700	.007700	18,133.39	18,133.39	.00	1,094,277.32	1,094,277.32	.00

[illegible]

[redacted]

[redacted]

[redacted]

U S WEST COMMUNICATIONS
SOUTH DAKOTA ARENA INTRASTATE SWITCHED ACCESS FILING
06/25/96

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
TT FIX 0 MILE	10,251.00	948,310.00	.000000	.000300	.00	.00	.00	.00	.00	.00
TT FIX 0 TO 8	110,074.00	12,506,856.00	.000237	.000237	26.09	26.09	.00	2,964.12	2,964.12	.00
TT FIX 08 TO 25	270,746.98	23,996,880.91	.000275	.000273	73.91	73.91	.00	6,551.35	6,551.35	.00
TT FIX 25 TO 50	460,450.21	38,497,635.64	.000308	.000308	141.82	141.82	.00	11,857.27	11,857.27	.00
TT FIX 50 + MILE	1,168,699.87	98,059,898.93	.000311	.000331	361.29	361.29	.00	30,496.63	30,496.63	.00
TT VAR 0 MILE	9,685.00	912,656.00	.000000	.000000	.00	.00	.00	.00	.00	.00
TT VAR 0 TO 8	602,961.00	67,813,626.00	.000015	.000015	9.04	9.04	.00	1,017.20	1,017.20	.00
TT VAR 08 TO 25	4,508,168.70	419,642,055.63	.000018	.000018	81.15	81.15	.00	7,553.56	7,553.56	.00
TT VAR 25 TO 50	16,215,105.37	1,341,418,554.42	.000019	.000019	308.09	308.09	.00	25,486.95	25,486.95	.00
TT VAR 50 + MILE	136,368,351.61	4,827,445,425.62	.000020	.000020	2,727.23	2,727.23	.00	296,568.91	296,568.91	.00
TELE TECH INC TOTALS:							$2,096.42			
CURRENT $ 85,796.32			PERCENT							
PROPOSED $ 167,892.74		DIFFERENCE $ 82,096.42		CHANGE	95.69 %					
OTHER CARRIER TOTALS:			PERCENT							
CURRENT $ 5,157,318.82										
PROPOSED $ 11,126,737.59		DIFFERENCE $ 5,969,418.77		CHANGE	115.75 %					

[redacted]

[redacted]

Tele-Tech, Inc. Summary of Income and Expenses for year ended June 30, 1997 & 1996	Long-Distance Segment 1997	Long-Distance Segment 1996
Revenue:		
4000 LD Usage Revenue	992,366	1,110,244
4003 800 Usage Revenue	412,659	311,687
4005 Voice Message Revenue	355	125
4007 Operator Services	3,021	1,874
4010 Cellular Sign-Up Revenue	10	0
4112 Dialer Rental Revenue	90	6
4300 Access Charge Revenue	22,187	14,671
4500 Finance Charges	3,145	5,967
4700 Interest Income	1,493	1,980
4710 Dividends-MI. CMA	147	1,881
4900 Other income	219	270
4910 Volume Discounts	(6,170)	(2,443)
	1,429,522	1,443,477
Cost of sales:		
5050 FGA US West	33,973	35,921
5052 FGA Independents	250	1,441
5055 FGB US West	115,464	161,160
5057 FGB Independents	157,624	120,877
5060 FGD US West	130,514	141,369
5062 FGD Independents	82,712	31,681
5300 Outbound-Wiltel	179,593	164,611
5410 800-Costs	224,340	236,244
5450 Credit Card Charges	141	0
	924,611	896,483
	504,911	546,994
Expenses:		
Variable Operating Expenses:		
5510 Equipment Maintenance	520	2,393
5520 Installation Costs	26,465	29,294
Total variable expenses	26,985	31,687
Selling Expenses:		
6010 Commissions Advertising & Selling Exp.	116,508	117,581
6040 Bad debt & billing adj.	6,420	8,297
Total Selling Expenses	122,928	125,877

START

OF

RETAKE

Tele-Tech, Inc. Summary of Income and Expenses for year ended June 30, 1997 & 1996	Long-Distance Segment 1997	Long-Distance Segment 1996
Revenue:		
4000 LD Usage Revenue	992,366	1,110,244
4003 800 Usage Revenue	412,659	311,487
4005 Voice Message Revenue	355	125
4007 Operator Services	3,021	1,874
4010 Cellular Sign-Up Revenue	10	6
4112 Dialer Rental Revenue	90	0
4300 Access Charge Revenue	22,187	14,471
4500 Finance Charges	3,145	5,987
4700 Interest Income	1,493	1,985
4710 Dividends-ML CMA	147	1,581
4900 Other income	219	270
4910 Volume Discounts	(6,170)	(2,463)
	1,429,522	1,445,477
Cost of sales:		
5050 FGA US West	31,971	16,903
5052 FGA Independents	250	3,681
5055 FGB US West	115,464	161,160
5057 FGB Independents	157,624	128,637
5060 FGD US West	130,514	141,966
5062 FGD Independents	82,712	31,681
5300 Outbound-Wiltel	179,593	165,411
5410 800-Costs	224,340	224,244
5450 Credit Card Charges	141	0
	924,611	896,483
	504,911	549,994
Expenses:		
Variable Operating Expenses:		
5510 Equipment Maintenance	520	3,395
5520 Installation Costs	26,463	28,294
Total variable expenses	26,983	31,689
Selling Expenses:		
6010 Commissions Advertising & Selling Exp.	116,508	117,241
6040 Bad debt & billing adj.	6,420	8,297
Total Selling Expenses	122,928	125,577

	Fixed Expenses:		
7022	Fixed costs voice mail	2,363	3,155
7025	T-1 Equipment	4,182	34,646
7050	AT&T Zone 3 & 7	1,854	2,235
7055	Operators	8,728	6,317
7057	Operator Fringe benefits	1,471	891
7060	Interest	61	1,092
7070	Depreciation	39,737	31,316
7085	Equipment Lease expense	34,853	14,819
7088	Office Equip. Maint.	789	2,122
7090	Rent & Utilities	24,279	23,949
7095	Building maintenance	1,737	4,053
7100	Insurance	1,666	1,671
	Total Fixed Expenses	132,220	166,475
	General & Admin:		
8010	Officer and Office salaries	33,000	33,000
8030	Office salaries	42,503	51,600
8040	Fringe benefits	15,250	11,795
8045	Telephone expense	15,037	17,391
8050	Office supplies	16,742	14,187
8060	Legal and accounting	19,871	11,661
8061	Network Administrator	34,136	11,100
8065	Dues & Subscriptions	1,000	678
8070	Postage	9,789	6,115
8073	Donations	358	172
8080	Other Administrative Exp.	712	2,241
	Total General & Admin	188,497	166,577
	Total Expenses	490,630	490,589
	Income Before L/L Equity	14,281	99,460
9160	Hacker Losses	797	1,315
	Net Income	13,484	54,145

Verification

State of South Dakota)
County of Minnehaha)

Jerry R. Noonan, being first duly sworn, deposes and says that he is the President of the corporation providing the attached financial records and information and that he has read the within and foregoing financial information and know the contents thereof and that the same is true of his own knowledge.

Jerry R Noonan

Subscribed and sworn to before me this 06 day of Aug., 1997.

Karen M Noonan
Notary Public

Notary Printed Name: KAREN M. NOONAN
My Commission Expires: May 05, 2005

END

OF

RETAKE

	TTH	Others	Total	
CCL Orig N-P	7,399	167	7,566	
CCL Orig PREM	2,094,210	67,029,788	69,123,998	
CCL Term N-P	15,042	8,847	23,889	
CCL Term PREM	157,778	97,242,818	97,400,596	
Total	2,274,428	164,281,720	166,556,149	97 115
U.S. WEST MINUTES INCLUDED IN TOTAL			[illegible]	6 1 847
			444,154,363	166 556

	TTH	Other	Total	Per Minute
Current	$85,796.32	$5,157,318.82	$5,243,115.14	0.03148
Proposed	$167,892.74	$11,126,737.59	$11,294,630.33	0.067813

August 6, 1997

Howard Susskind
International Protocol, LLP
2250 Clarendon Blvd #2026
Arlington, VA 22201

Dear Howard,

Enclosed please find the financial information and the US West Intrastate impact statement for Midco Communications.

Please call us with any questions.

Sincerely,

Mary Lohnes
Regulatory Affairs Manager

cc: Tom Simmons

enclosures

Public Utilities Commission

Board of Directors
Midco Communications, Inc.

Board of Directors
Midcontinent Media, Inc.

The August 31, 1996 and 1995 financial statements of Midcontinent Media, Inc. were audited by the company's independent certified public accountants. A report was issued dated October 11, 1996 with an unqualified opinion on those financial statements.

The independent certified public accountants' audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole of Midcontinent Media, Inc. and subsidiaries as of and for the years ended August 31, 1996 and 1995. Information on the subsidiary operating companies (such as Midco Communications, Inc.) was subjected to the auditing procedures and was found to be fairly stated in all material respects, in relation to the consolidated financial statements of Midcontinent Media, Inc. taken as a whole.

The accompanying information related to Midco Communications, Inc. agrees with the financial records used to prepare the above referenced audited financial statements for all overlapping periods. Furthermore, the information and all estimates contained therein have been subject to the systems of internal audit of Midcontinent Media, Inc. As such, in my opinion, the accompanying information is fairly stated, in all material respects.

Jeffrey O. Martinson
Director of Financial Reporting
Midcontinent Media, Inc.

August 5, 1997

Midco Communications
Income Statements
(In Thousands)
Years Ended June 30

	1997	1996
Revenues		
Gross revenues	$ 3,568	$ 3,620
Deductions from revenue	(2,507)	(2,301)
Net Revenue	1,061	1,319
Operating Expenses		
General and administrative	817	716
Operating Margin	244	603
Other Expense (Income)		
Depreciation and amortization	61	62
Interest, net, and gain on disposal of assets	1	3
Provision for income taxes	62	183
Total Other Expense (Income)	124	248
Net Income	$ 120	$ 355

Midco Communications
Minutes of Usage
(In Thousands)
Years Ended June 30

	1997	1996
Outbound Minutes	19,348	17,382
Tollfree Minutes	7,436	6,097
Total Minutes of Usage	26,784	23,479

1801 California Street
Room 2110
Denver, CO 80202
June 6, 1997

SD 97001

SWITCHED ACCESS
RATE CHANGE
IN SOUTH DAKOTA

Dear Interexchange Carrier Customer,

On a previous letter (SD-96014-F, dated June 26, 1996), you were notified of a filing made by U S WEST Communications (USWC) in South Dakota to increase the intrastate Switched Access rates. At the time this letter was issued, USWC was anticipating an effective date of July 27, 1996. Applicable Rate Impact Statements were issued to those Carrier customers affected by the filing. This filing has been pending approval since that time.

SD 97001 is now being issued to further notify you USWC plans to implement Switched Access rates on June 13, 19997, which were filed in South Dakota (Case TC96-107, originally filed on June 28, 1996) as described above. This is a result of Judge Zinter's decision dated May 27, 1997 which reverses the Commission's January 31, 1997 decision to dismiss this filing.

For your convenience, since the initial Rate Impacts were issued in 1996, included with this letter is a copy of the 1996 customer notification letter, SD 96014-F, as well as another copy of the applicable Rate Impact Statements (the data did not change from the 1996 filing).

Should you have any questions, please contact your Account Team representative.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments: (1) Previous Notification Letter
(2) Rate Impact Statements (if applicable)

1801 California Street
Room 2130
Denver, CO 80202
June 26, 1996

SD 96014-F

Access Services

Increase in Switched Access Rates

Dear Interexchange Carrier Customer,

This letter is being issued to notify you of a tariff filing in South Dakota to increase the intrastate Switched Access rates. The anticipated filing date is June 28, 1996.

This filing is required to recover the revenue requirement generated by a Switched Access cost study filed with the Commission on June 21, 1996. The effective date of both filings is, of course, dependent on approval of the PUC, but is expected to be around July 27, 1996.

For your planning purposes, applicable Rate Impact Statements for those Carrier customers affected by this filing are attached.

Should you have any questions, please contact your Account Team Representative, or you may call Ron Lewis on 402-422-7335.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments (if applicable)

110 South Phillips • Suite 301
Sioux Falls, SD 57104-6717
605-332-3232
Fax 605 332 8004 • 1-800-628-8172

Facsimile Cover Sheet

To: HOWARD SUSKIN
Company:
Phone:
Fax: 703-317-8332

From: NEIL SCHMID
Company: FIRSTEL
Phone: (605)332-3232
Fax: (605)332-8004

Date: 8-22-97
Pages including this cover page: 5

Comments: USW IMPACT STUDY FOR FIRSTEL

1801 California Street
Room 2130
Denver, CO 80202
June 26, 1996

SD 96014-F

Access Services

Increase in Switched
Access Rates

Dear Interexchange Carrier Customer,

This letter is being issued to notify you of a tariff filing in South Dakota to increase the intrastate Switched Access rates. The anticipated filing date is June 28, 1996.

This filing is required to recover the revenue requirement generated by a Switched Access cost study filed with the Commission on June 21, 1996. The effective date of both filings is, of course, dependent on approval of the PUC, but is expected to be around July 27, 1996.

For your planning purposes, applicable Rate Impact Statements for those Carrier customers affected by this filing are attached.

Should you have any questions, please contact your Account Team Representative, or you may call Ron Lewis on 402-422-7535.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments (if applicable)

1801 California Street
Room 2110
Denver, CO 80202
June 6, 1997

SD 97001

SWITCHED ACCESS
RATE CHANGE
IN SOUTH DAKOTA

Dear Interexchange Carrier Customer,

On a previous letter (SD-96014-F, dated June 26, 1996), you were notified of a filing made by U S WEST Communications (USWC) in South Dakota to increase the intrastate Switched Access rates. At the time this letter was issued, USWC was anticipating an effective date of July 27, 1996. Applicable Rate Impact Statements were issued to those Carrier customers affected by the filing. This filing has been pending approval since that time.

SD 97001 is now being issued to further notify you USWC plans to implement Switched Access rates on June 13, 19997, which were filed in South Dakota (Case TC96-107, originally filed on June 28, 1996) as described above. This is a result of Judge Zinter's decision dated May 27, 1997 which reverses the Commission's January 31, 1997 decision to dismiss this filing.

For your convenience, since the initial Rate Impacts were issued in 1996, included with this letter is a copy of the 1996 customer notification letter, SD 96014-F, as well as another copy of the applicable Rate Impact Statements (the data did not change from the 1996 filing).

Should you have any questions, please contact your Account Team representative.

Sincerely,

C. E. Osborn

C. E. Osborn
Vice President - Diversified Carrier Markets
U S WEST Communications

Attachments: (1) Previous Notification Letter
(2) Rate Impact Statements (if applicable)

980

[redacted]

[redacted]

67

Q S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
06/26/98

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
CCL ORIG N-P	.00	7,566.00	.003011	.018259	.00	.00	.00	22.78	138.15	115.37
CCL ORIG PREM	7,640,603.00	61,483,395.00	.006692	.040575	51,130.92	310,017.47	258,886.55	411,446.88	2,494,688.75	2,083,241.87
CCL TERM N-P	53.00	23,936.00	.003011	.018259	.16	.97	.81	72.07	437.05	364.98
CCL TERM PREM	7,810,194.00	89,590,402.00	.006692	.040575	52,265.82	316,898.62	264,632.80	599,538.97	3,635,130.56	3,035,591.59
DS1/DS3 MULTIPLEXER	.00	12.85	357.200000	357.200000	.00	.00	.00	4,590.02	4,590.02	.00
DS1/VG MULTIPLEXER	.00	103.28	300.000000	300.000000	.00	.00	.00	30,984.00	30,984.00	.00
DT DS1 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 0 TO 8	.00	.81	150.000000	150.000000	.00	.00	.00	121.50	121.50	.00
DT DS1 FIX 08 TO 25	.00	.00	200.000000	200.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 25 TO 50	.00	.00	250.000000	250.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 50 + MILE	.00	32.47	250.000000	250.000000	.00	.00	.00	8,117.50	8,117.50	.00
DT DS1 VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 0 TO 8	.00	4.86	11.000000	11.000000	.00	.00	.00	53.46	53.46	.00
DT DS1 VAR 08 TO 25	.00	.00	15.000000	15.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 25 TO 50	.00	.00	17.000000	17.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 50 + MILE	.00	4,441.40	17.000000	17.000000	.00	.00	.00	75,503.80	75,503.80	.00
DT DS3 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 0 TO 8	.00	.00	590.900000	590.900000	.00	.00	.00	.00	.00	.00
T DS3 FIX 08 TO 25	.00	.00	593.750000	593.750000	.00	.00	.00	.00	.00	.00
T DS3 FIX 25 TO 50	.00	.00	598.500000	598.500000	.00	.00	.00	.00	.00	.00
T DS3 FIX 50 + MILE	.00	.99	619.400000	619.400000	.00	.00	.00	613.21	613.21	.00
T DS3 VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
T DS3 VAR 0 TO 8	.00	.00	51.260000	51.260000	.00	.00	.00	.00	.00	.00
T DS3 VAR 08 TO 25	.00	.00	51.150000	51.150000	.00	.00	.00	.00	.00	.00
T DS3 VAR 25 TO 50	.00	.00	51.110000	51.110000	.00	.00	.00	.00	.00	.00
T DS3 VAR 50 + MILE	.00	56.43	57.920000	57.920000	.00	.00	.00	3,268.43	3,268.43	.00
T VG FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
T VG FIX 0 TO 8	.00	.00	14.200000	14.200000	.00	.00	.00	.00	.00	.00
T VG FIX 08 TO 25	.00	.00	16.600000	16.600000	.00	.00	.00	.00	.00	.00
T VG FIX 25 TO 50	.00	.00	23.600000	23.600000	.00	.00	.00	.00	.00	.00
T VG FIX 50 + MILE	.00	17.30	40.350000	40.350000	.00	.00	.00	698.06	698.06	.00
VG VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
VG VAR 0 TO 8	.00	.00	2.700000	2.700000	.00	.00	.00	.00	.00	.00
VG VAR 08 TO 25	.00	.00	2.250000	2.250000	.00	.00	.00	.00	.00	.00
VG VAR 25 TO 50	.00	.00	1.900000	1.900000	.00	.00	.00	.00	.00	.00
VG VAR 50 + MILE	.00	1,344.92	1.550000	1.550000	.00	.00	.00	5,184.63	5,184.63	.00
T FACILITY DS1	96.00	514.76	150.000000	150.000000	14,400.00	14,400.00	.00	77,214.00	77,214.00	.00
T FACILITY DS3	.00	12.40	1,292.500000	1,292.500000	.00	.00	.00	16,159.50	16,159.50	.00
T FACILITY VG	.00	752.21	17.600000	17.600000	.00	.00	.00	13,100.98	13,100.98	.00
INTERCONNECT N PREM	247.39	61,729.60	.002356	.002525	.47	.63	.16	98.87	103.61	4.74
INTERCONNECT PREM	15,408,253.28	170,104,918.38	.002759	.002809	87,312.21	93,424.93	6,112.72	469,648.32	954,159.49	84,669.16
E 911 N-PREM	53.00	31,518.00	.000361	.000447	.19	.23	.04	118.51	147.04	28.53
E 911 PREM	15,434,990.00	152,277,144.00	.000357	.000371	129,498.06	140,154.41	11,156.35	1,272,310.11	1,378,215.45	105,676.34
USOC TO CHANGE	10,895,907.23	97,404,750.29	.000700	.000700	130,129.29	130,129.29	.00	981,260.16	981,260.16	.00

[redacted]

[redacted]

[redacted]

[redacted]

U S WEST COMMUNICATIONS
SOUTH DAKOTA ARBOR INITIATION UNIFIED ACCESS FILING
06/26/96

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
TT FIX 0 MILE	49,158.00	909,403.00	.000000	.000000	.00	.00	.00	.00	.00	.00
TT FIX 0 TO 8	665,291.00	11,951,619.00	.000237	.000237	157.67	157.67	.00	2,832.53	2,832.53	.00
TT FIX 08 TO 25	935,553.81	23,332,074.08	.000273	.000273	255.41	255.41	.00	6,369.66	6,369.66	.00
TT FIX 25 TO 50	2,434,179.17	36,523,906.68	.000308	.000308	749.73	749.73	.00	11,249.36	11,249.36	.00
TT FIX 50 + MILE	12,165,851.81	87,115,746.99	.000311	.000311	3,764.92	3,764.92	.00	27,093.00	27,093.00	.00
TT VAR 0 MILE	46,775.00	875,369.00	.000000	.000000	.00	.00	.00	.00	00	.00
TT VAR 0 TO 8	3,691,367.00	64,725,240.00	.000015	.000015	55.37	55.37	.00	970.88	970.88	.00
TT VAR 08 TO 25	19,037,134.04	405,113,120.29	.000018	.000018	342.67	342.67	.00	7,292.04	7,292.04	.00
TT VAR 25 TO 50	85,537,429.66	1,272,096,230.13	.000019	.000019	1,625.21	1,625.21	.00	24,169.83	24,169.83	.00
TT VAR 50 + MILE	2,249,438,242.77	12,714,368,534.46	.000020	.000020	44,988.76	44,988.76	.00	254,287.37	254,287.37	.00

MIDCO COMMUNICATIONS TOTALS:

CURRENT	$ 516,476.97			PERCENT	
PROPOSED	$ 1,077,496.71	DIFFERENCE	$ 561,019.74	CHANGE	108.62 %

OTHER CARRIER TOTALS:

CURRENT	$ 4,726,638.20			PERCENT	
PROPOSED	$ 10,217,133.66	DIFFERENCE	$ 5,490,495.46	CHANGE	116.16 %

[redacted]

[redacted]

CARRIER

FCC

U S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
06/26/96

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
CCL ORIG H-P	102.00	7,464.00	.003011	.018259	.31	1.86	1.56	22.47	136.29	113.81
CCL ORIG PREM	1,211,605.00	67,912,393.00	.006692	.040575	8,108.06	49,160.87	41,052.81	454,469.73	2,755,545.35	2,301,075.61
CCL TERM H-P	94.00	23,895.00	.003011	.018259	.28	1.72	1.43	71.95	436.30	364.35
CCL TERM PREM	2,262,061.00	95,138,535.00	.006692	.040575	15,137.71	91,785.13	76,645.41	636,667.08	3,860,246.06	3,223,578.98
DS1/DS3 MULTIPLEXER	.00	12.85	357.200000	357.200000	.00	.00	.00	4,590.02	4,590.02	.00
DS1/VG MULTIPLEXER	.00	103.28	300.000000	300.000000	.00	.00	.00	30,984.00	30,984.00	.00
DT DS1 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 0 TO 8	.00	.81	150.000000	150.000000	.00	.00	.00	121.50	121.50	.00
DT DS1 FIX 08 TO 25	.00	.00	200.000000	200.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 25 TO 50	.00	.00	250.000000	250.000000	.00	.00	.00	.00	.00	.00
DT DS1 FIX 50 + MILE	.00	32.47	250.000000	250.000000	.00	.00	.00	8,117.50	8,117.50	.00
DT DS1 VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 0 TO 8	.00	4.66	11.000000	11.000000	.00	.00	.00	53.46	53.46	.00
DT DS1 VAR 08 TO 25	.00	.00	15.000000	15.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 25 TO 50	.00	.00	17.000000	17.000000	.00	.00	.00	.00	.00	.00
DT DS1 VAR 50 + MILE	.00	4,441.40	17.000000	17.000000	.00	.00	.00	75,503.80	75,503.80	.00
DT DS3 FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 0 TO 8	.00	.00	590.900000	590.900000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 08 TO 25	.00	.00	593.750000	593.750000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 25 TO 50	.00	.00	598.500000	598.500000	.00	.00	.00	.00	.00	.00
DT DS3 FIX 50 + MILE	.00	.99	619.400000	619.400000	.00	.00	.00	613.21	613.21	.00
DT DS3 VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 0 TO 8	.00	.00	51.260000	51.260000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 08 TO 25	.00	.00	51.150000	51.150000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 25 TO 50	.00	.00	51.110000	51.110000	.00	.00	.00	.00	.00	.00
DT DS3 VAR 50 + MILE	.00	56.43	57.920000	57.920000	.00	.00	.00	3,268.43	3,268.43	.00
DT VG FIX 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT VG FIX 0 TO 8	.00	.00	14.200000	14.200000	.00	.00	.00	.00	.00	.00
DT VG FIX 08 TO 25	.00	.00	16.600000	16.600000	.00	.00	.00	.00	.00	.00
DT VG FIX 25 TO 50	.00	.00	23.600000	23.600000	.00	.00	.00	.00	.00	.00
DT VG FIX 50 + MILE	.00	17.30	40.350000	40.350000	.00	.00	.00	698.06	698.06	.00
DT VG VAR 0 MILE	.00	.00	.000000	.000000	.00	.00	.00	.00	.00	.00
DT VG VAR 0 TO 8	.00	.00	2.700000	2.700000	.00	.00	.00	.00	.00	.00
DT VG VAR 08 TO 25	.00	.00	2.250000	2.250000	.00	.00	.00	.00	.00	.00
DT VG VAR 25 TO 50	.00	.00	1.900000	1.900000	.00	.00	.00	.00	.00	.00
DT VG VAR 50 + MILE	.00	1,344.22	1.550000	1.550000	.00	.00	.00	3,184.63	3,184.63	.00
ENT FACILIT DS1	24.11	567.29	150.000000	150.000000	3,616.50	3,616.50	.00	88,087.50	88,087.50	.00
ENT FACILIT DS3	.20	12.40	1,282.500000	1,282.500000	256.50	256.50	.00	15,903.00	15,903.00	.00
ENT FACILIT VG	.00	752.93	17.400000	17.400000	.00	.00	.00	13,100.98	13,100.98	.00
INTERCONNECT M-PREM	334.44	40,837.31	.002334	.002534	1.76	1.35	.99	96.11	103.07	6.96
INTERCONNECT PREM	3,948,484.60	192,812,401.50	.005210	.005609	20,601.03	42,148.14	1,496.11	934,190.30	1,075,175.21	69,265.91
LCC SW M-PREM	196.00	31,367.00	.000761	.000827	.74	.91	.16	117.97	146.19	28.22
LCC SW PREM	3,490,431.00	164,266,823.00	.000857	.000931	29,169.59	36,199.26	1,029.73	1,372,777.66	1,703,611.77	110,833.18
TANDEM SW CHARGE	4,011,664.75	169,161,653.45	.002750	.002760	11,031.74	11,031.74	.00	1,443,161.53	1,443,161.53	.00

THIS CONVERSION INCLUDES DIRECTORY ASSISTANCE, 800 RECORDING, CNP AND U S WEST DEX MONTHLY AND CHARGES
QUANTITIES BASED ON 1995 ACTUALS
NOT FOR USE OR DISCLOSURE OUTSIDE U S WEST WITHOUT WRITTEN AGREEMENT

EXHIBIT 3

FIRSTEL

FIL

U S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
06/26/96

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
TT FIX 0 MILE	25,489.00	933,072.00	.000000	.000000	.00	.00	.00	.00	.00	.00
TT FIX 0 TO 8	213,969.00	12,402,941.00	.000237	.000237	50.71	50.71	.00	2,939.50	2,939.50	.00
TT FIX 08 TO 25	295,986.93	23,971,640.96	.000273	.000273	80.80	80.80	.00	6,544.26	6,544.26	.00
TT FIX 25 TO 50	722,466.35	38,235,619.50	.000308	.000308	222.52	222.52	.00	11,776.57	11,776.57	.00
TT FIX 50 + MILE	3,061,939.54	96,159,659.26	.000311	.000311	952.26	952.26	.00	29,905.65	29,905.65	.00
TT VAR 0 MILE	24,333.00	897,811.00	.000000	.000000	.00	.00	.00	.00	.00	.00
TT VAR 0 TO 8	1,126,675.00	67,289,932.00	.000015	.000015	16.90	16.90	.00	1,009.35	1,009.35	.00
TT VAR 08 TO 25	6,355,451.80	417,794,802.53	.000018	.000018	114.40	114.40	.00	7,520.31	7,520.31	.00
TT VAR 25 TO 50	26,124,003.67	1,331,509,656.12	.000019	.000019	496.36	496.36	.00	25,298.68	25,298.68	.00
TT VAR 50 + MILE	437,814,195.22	14,525,992,582.01	.000020	.000020	8,756.28	8,756.28	.00	290,519.85	290,519.85	.00

FIRSTEL TOTALS:

CURRENT	$ 118,686.89		PERCENT	
PROPOSED	$ 244,914.65	DIFFERENCE $ 126,227.76	CHANGE	106.35 %

OTHER CARRIER TOTALS:

CURRENT	$ 5,124,428.26		PERCENT	
PROPOSED	$ 11,049,715.70	DIFFERENCE $ 5,925,287.44	CHANGE	115.63 %

THIS COMPILATION REFLECTS DIRECTORY ASSISTANCE, ICB RECORDING,
ONE AND O E MESS TOLL CONVERSIONS AND CHANGES
COMPUTED BASED ON TAPE RECORDS
NOT FOR USE OR DISCLOSURE OUTSIDE U S WEST WITHOUT WRITTEN AUTHORIZATION

FIRSTEL, INC.

STATEMENTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 1996 AND 1995

	1996 (Revised)	1995 (Restated)
SALES	$10,152,729	$ 7,412,361
COST OF SALES		
Line costs	4,126,491	3,091,807
Direct labor	161,951	206,475
Dialer costs	191,551	141,897
Switch costs	101,477	81,551
Other	3,941	6,359
	4,585,411	3,528,089
GROSS PROFIT (29.4% in 1996 and 29.3% in 1995)	5,567,318	3,884,272
OPERATING EXPENSES		
Selling	1,197,860	986,113
General and administrative	601,096	370,079
Sales support	218,938	185,669
Cellular	18,842	
	2,036,736	1,541,861
INCOME FROM OPERATIONS	3,530,582	2,342,411
OTHER INCOME (EXPENSE)		
Finance charges and contract penalties	34,710	36,793
Other income	362	3,541
Interest expense	(193,978)	(238,933)
Deferred compensation	(139,541)	(90,848)
Loss on sale of equipment	(1,150)	(1,128)
NET INCOME	$ 3,230,985	$ 2,051,836

INCOME TAX RATE IS 35% FOR DISTRIBUTIONS

See notes to financial statements

9803

Verification

State of South Dakota)
)ss
County of Brown)

I, Greg Von Wald, being first duly sworn, deposes and says that I am the General Manager of the Partnership providing the attached financial records and information and that I have read the within and foregoing financials and know the contents thereof and that the same is true of my own knowledge.

Greg Von Wald
General Manager
Tel Serv

Subscribed and sworn to before me this 5th day of August, 1997.

Joyce L. Krause
Notary Public

Notary Print Name: Joyce L Krause

My Commission Expires: 4/13/01

Verification

State of South Dakota)
)ss
County of Brown)

I, Greg Von Wald, being first duly sworn, deposes and says that I am the General Manager of the Partnership providing the attached financial records and information and that I have read the within and foregoing financials and know the contents thereof and that the same is true of my own knowledge.

Greg Von Wald
General Manager
Tel Serv

Subscribed and sworn to before me this 5th day of August, 1997

Notary Public

Notary Print Name: Teresa L. Krause

My Commission Expires: 8/13/01

Tel Serv
TELECOMMUNICATIONS
125 South Second Street
Aberdeen, South Dakota 57401
(605) 225-1837 • 1-800-874-9224

August 4, 1997

Howard Susskind
2250 Clavendon Blvd. #2026
Arlington, VA 22201

RE: TC96-107

Dear Howard:

Enclosed is the information you requested from Tel Serv so that you may develop a TAG response to TC96-107.

Please note that our financials are from Jan to Dec vice July to June. I did enclose the audited financials for 1996 which varies slightly from the unaudited version. This is because we sold some equipment that we carried as demonstration equipment and carried the profit on our income statement as profit when it actually should have showed up on our Balance Sheet as increase equity. This was corrected on the audited financials. Unfortunately, the audited financials don't break out our long distance reseller business as a separate line item. That is why I enclosed our unaduited financials. Tel Serv sells equipment and service as well as long distance

Should you have any questions, please give me a call.

Sincerely,

Greg Von Wald
General Manager

Tel Serv

AT&T

April 29, 1996

Public Utilities Commission
Fixed Utilities Division
Attn: Harlan Best
State Capitol
Pierre, SD 57501-5070

RE: PUC Ltr of March 15, 1996

The following report is provided as requested in the reference.

1) REPORT OF REVENUES

Gross Operating revenue from public switching during 1995 was $993,820. The 1995 year end balance sheet and income statement are attached as an enclosure. All working papers concerning this company's switching revenues are held at 125 South 2nd St., Aberdeen, SD. There has been no significant changes in the financial position of this company relating to its operations in South Dakota.

2) REPORT OF SERVICE AREA

Tel Serv presently serves only the State of South Dakota. While Tel Serv has customers throughout the entire state, the vast majority of business is from customers in the Northeast quadrant of the state. Tel Serv has primarily business customers with the total number of customers being about 243.

3) PERCENT OF INTERSTATE USAGE

TOTAL TRAFFIC CARRIED	INTERSTATE TRAFFIC	PIU
6,576,376	5,161,350	78.5%

4) ACCESS

Interstate Outbound--LEC Feature Group A & B, direct connection, and Local lines to our switch and direct access to the Local AT&T POP for outbound interstate

125 South Second Street • Aberdeen, South Dakota 57401

Intrastate Outbound--LEC Feature Group A & B, direct connection, and Local lines to our switch and Feature Group A and direct access to the Local AT&T POP outbound intrastate.

Interstate Inbound--Direct access from the AT&T POP to the switch then direct connection, local lines and Feature Group A outbound.

Intrastate Inbound--Direct access from the AT&T POP to the switch then direct connection, local lines and Feature Group A outbound.

5) INTRASTATE ORIGINATING AND TERMINATING MINUTES OF USE

Feature Group	Intrastate MOU	Interstate MOU	% Intrastate
A & B	1,415,026	5,161,350	21.5%
C & D		NONE	

Sincerely,

Greg Von Wald
General Manager

Tel Serv
TELECOMMUNICATIONS
125 South Second Street
Aberdeen, South Dakota 57401
(605) 225-1837 • 1-800-874-9224

Lucent Technologies

May 12, 1997

Public Utilities Commission
Fixed Utilities Division
Attn: Harlan Best
State Capitol
Pierre, SD 57501-5070

RE: PUC Ltr of April 1, 1997

The following report is provided as requested in the reference:

1) Report of Revenues

Gross Operating revenue from public switching during 1996 was $1,134,746. The 1996 year end balance sheet and income statement are attached as an enclosure. All working papers concerning this company's switching revenues are held at 125 South 2nd St., Aberdeen, SD. There has been no significant changes in the financial position of this company relating to its operations in South Dakota.

2) Report of Service Area

Tel Serv presently serves only the State of South Dakota. While Tel Serv has customers throughout the entire state, the vast majority of business is from customers in the Northeast quadrant of the state. Tel Serv has primarily business customers with the total number of customers being about 278.

3) Percent of Interstate Usage

Total Traffic Carried	Interstate Traffic	PIU
7,981,071	6,398,971	80.2%

4) Access

Interstate Outbound--LEC Feature Group A&B, direct connection, and Local lines to our switch and direct access to the Local AT&T POP for outbound interstate

Intrastate Outbound--LEC Feature Group A & B, direct connection, and Local lines to our switch and Feature Group A and direct access to the Local AT&T POP outbound intrastate

Interstate Inbound--Direct access from the AT&T POP to the switch then direct connection, local lines, Feature Group A and direct access to the Local AT&T POP outbound

Intrastate Inbound--Direct access from the AT&T POP to the switch then direct connection, local lines, Feature Group A and direct access to the Local AT&T POP outbound

5) Intrastate Originating and Terminating Minute of Use

Feature Group	Intrastate MOU	Interstate MOU	% Intrastate
A & B	1,582,100	6,398,971	19.8
C & D	NONE		

Sincerely,

Greg Von Wald
General Manager

[redacted]

Post-it Fax Note 7671 | Pages 2

To Gaee Von Wald | From Ben Stone

Co./Dept. TEL SERV | Co. USWC

Phone # 605-225-1837 | Phone # 303-896-5503

Fax # 605-622-6075 | Fax #

1996 DATA
YOU REQUESTED.

Ben

[redacted]

ALP

U S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
7/1/97

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
CCL ORIGINP	0.00	1,027.00	$0.003011	$0.018209	$0.00	$0.00	$0.00	$3.09	$18.70	$15.60
CCL ORIGPREM	354,006.00	71,464,063.00	$0.000662	$0.040578	$2,373.02	$14,388.14	$12,015.12	$470,376.50	$2,000,281.01	$1,422,116.51
CCL TERMINP	259.00	2,363.00	$0.003511	$0.018259	$0.67	$4.07	$3.40	$7.18	$43.51	$36.34
CCL TERMPREM	208,519.00	117,549,201.00	$0.000662	$0.040578	$1,398.37	$8,660.41	$7,098.08	$766,639.66	$4,786,661.27	$3,982,021.61
DS1/DS3 MULTIPLEXER	0.00	17.02	$367.200000	$367.200000	$0.00	$0.00	$0.00	$6,076.64	$6,076.64	$0.00
DS1/VG MULTIPLEXER	2.30	50.54	$300.000000	$300.000000	$709.00	$709.00	$0.00	$17,662.00	$17,662.00	$0.00
DT DS1 FIX 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 FIX 0 TO 8	0.00	0.00	$160.000000	$160.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 FIX 08 TO 25	0.00	0.00	$200.000000	$200.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 FIX 25 TO 50	0.00	0.00	$250.000000	$250.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 FIX 50 + MILE	0.00	35.26	$250.000000	$250.000000	$0.00	$0.00	$0.00	$8,020.00	$8,020.00	$0.00
DT DS1 VAR 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 VAR 0 TO 8	0.00	0.00	$11.000000	$11.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 VAR 08 TO 25	0.00	0.00	$15.000000	$15.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 VAR 25 TO 50	0.00	0.00	$17.000000	$17.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS1 VAR 50 + MILE	0.00	4,977.78	$17.000000	$17.000000	$0.00	$0.00	$0.00	$79,522.26	$79,522.26	$0.00
DT DS3 FIX 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 FIX 0 TO 8	0.00	0.00	$490.000000	$490.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 FIX 08 TO 25	0.00	0.00	$593.750000	$593.750000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 FIX 25 TO 50	0.00	0.00	$599.500000	$599.500000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 FIX 50 + MILE	0.00	1.15	$619.400000	$619.400000	$0.00	$0.00	$0.00	$712.31	$712.31	$0.00
DT DS3 VAR 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 VAR 0 TO 8	0.00	0.00	$51.250000	$51.250000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 VAR 08 TO 25	0.00	0.00	$51.150000	$51.150000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 VAR 25 TO 50	0.00	0.00	$51.110000	$51.110000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT DS3 VAR 50 + MILE	0.00	45.55	$67.830000	$67.830000	$0.00	$0.00	$0.00	$3,706.66	$3,706.66	$0.00
DT VG FIX 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG FIX 0 TO 8	0.00	0.00	$14.200000	$14.200000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG FIX 08 TO 25	0.00	0.00	$18.400000	$18.400000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG FIX 25 TO 50	0.00	0.00	$23.600000	$23.600000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG FIX 50 + MILE	0.00	0.00	$40.350000	$40.350000	$0.00	$0.00	$0.00	$4,116.41	$4,116.41	$0.00
DT VG VAR 0 MILE	0.00	0.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG VAR 0 TO 8	0.00	0.00	$3.700000	$3.700000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG VAR 08 TO 25	0.00	0.00	$4.800000	$4.800000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG VAR 25 TO 50	0.00	0.00	$6.000000	$6.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT VG VAR 50 + MILE	0.00	2,324.94	$10.450000	$10.450000	$0.00	$0.00	$0.00	$24,194.18	$24,194.18	$0.00

[redacted]

[redacted]

[redacted]

U S WEST COMMUNICATIONS
SOUTH DAKOTA ANNUAL INTRASTATE SWITCHED ACCESS FILING
1/1/97

SERVICE	CARRIER QUANTITY	OTHER CARRIER QUANTITY	CURRENT RATES	PROPOSED RATES	CARRIER CURRENT REVENUE	CARRIER PROPOSED REVENUE	CARRIER DIFF	OTHER CARRIER CURRENT REVENUE	OTHER CARRIER PROPOSED REVENUE	OTHER CARRIER DIFF
ENT FACILITY DS1	4.72	823.68	$150.000000	$150.000000	$708.00	$708.00	$0.00	$123,552.00	$123,552.00	$0.00
ENT FACILITY DS3	0.00	10.44	$1,350.000000	$1,350.000000	$0.00	$0.00	$0.00	$14,094.00	$14,094.00	$0.00
ENT FACILITY VG	80.08	106.41	$17.400000	$17.400000	$1,457.38	$1,457.38	$0.00	$1,851.73	$1,851.73	$0.00
INTERCONNECTION-FIXED	288.00	3,972.00	$0.002354	$0.002354	$0.52	$0.68	$0.04	$7.34	$9.51	$0.17
INTERCONNECTION-PER M	370,643.66	204,987,491.91	$0.000220	$0.000220	$3,092.11	$3,292.91	$919.80	$1,078,136.58	$1,146,830.93	$77,694.36
LOOP DS1 N-FIXED	288.00	3,410.00	$0.000701	$0.000807	$0.84	$1.04	$0.20	$12.09	$12.81	$0.72
LOOP DS1 PER M	883,139.00	190,398,211.00	$0.000867	$0.010971	$4,706.15	$5,840.31	$1,134.16	$1,808,894.54	$1,971,487.80	$162,593.27
TANDEM SW CHARGE	120,239.96	151,676,677.96	$0.007700	$0.007700	$926.00	$926.00	$0.00	$1,168,380.68	$1,168,380.68	$0.00
DT TT FIX 0 MILE	0.00	1,118,869.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT TT FIX 0 TO 8	288.00	14,768,818.00	$0.000287	$0.000287	$0.07	$0.07	$0.00	$3,464.91	$3,464.91	$0.00
DT TT FIX 08 TO 25	2,793.08	17,871,843.75	$0.000273	$0.000273	$0.76	$0.76	$0.00	$4,876.92	$4,876.92	$0.00
DT TT FIX 25 TO 50	37,136.63	97,017,469.72	$0.000306	$0.000306	$11.44	$11.44	$0.00	$11,401.38	$11,401.38	$0.00
DT TT FIX 50 + MILE	280,760.24	108,017,543.87	$0.000911	$0.000911	$102.28	$102.28	$0.00	$31,727.39	$31,727.39	$0.00
DT TT VAR 0 MILE	0.00	1,078,227.00	$0.000000	$0.000000	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
DT TT VAR 0 TO 8	288.00	70,821,094.00	$0.000016	$0.000016	$0.01	$0.01	$0.00	$1,134.02	$1,134.02	$0.00
DT TT VAR 08 TO 25	64,377.12	341,008,610.67	$0.000018	$0.000018	$1.16	$1.16	$0.00	$6,163.99	$6,163.99	$0.00
DT TT VAR 25 TO 50	1,436,487.61	1,906,811,413.22	$0.000019	$0.000019	$27.30	$27.30	$0.00	$34,810.46	$34,810.46	$0.00
DT TT VAR 50 + MILE	38,810,486.94	15,121,598,801.14	$0.000020	$0.000020	$778.21	$778.21	$0.00	$302,431.09	$302,431.09	$0.00

Section TOTALS:

CURRENT	$10,394.12			PERCENT	
PROPOSED	$30,771.09	DIFFERENCE	$20,497.70	CHANGE	196.19%

OTHER CARRIER TOTALS:

CURRENT	$6,490,011.60			PERCENT	
PROPOSED	$12,386,252.40	DIFFERENCE	$5,896,240.80	CHANGE	120.66%

[redacted]

[redacted]

[redacted]

TEL SERV OF SOUTH DAKOTA
ABERDEEN, SOUTH DAKOTA

FINANCIAL STATEMENTS
AS OF DECEMBER 31, 1996
(With Independent Auditor's Report)

CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
Balance Sheets	3
Statements of Operations	4
Statement of Partners' Equity	5
Statement of Cash Flows	6
Notes to Financial Statements	7
SUPPLEMENTARY INFORMATION:	
Independent Auditor's Report on the Supplementary Information	11
Schedules of Sales and Gross Margin	12
Schedules of General and Administrative Expenses	13
Schedules of Other Income	14

9814

Eide Helmeke PLLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT

To the Partners
Tel Serv of South Dakota
Aberdeen, South Dakota

We have audited the balance sheet of Tel Serv of South Dakota (a partnership) as of December 31, 1996, and the related statement of operations, partners' equity, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed in the following paragraph, we conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Because we were not engaged as auditors until after December 31, 1995, we were not present to observe the physical inventory taken at that date, and we have not satisfied ourselves by means of other auditing procedures about inventory quantities. Also, in accordance with the terms of our engagement, we have not applied audit procedures necessary to satisfy ourselves about the classification and amounts comprising the balance sheet at December 31, 1995. The amount of the inventory at December 31, 1995, and other significant aspects of the balance sheet at that date, including classification and amounts, materially affect the determination of the results of operations and cash flows for the year ended December 31, 1996. Accordingly, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the accompanying statement of operations, partners' equity, and cash flows for the year ended December 31, 1996, or on the consistency of application of accounting principles with the preceding year.

In our opinion, the balance sheet referred to in the first paragraph presents fairly, in all material respects, the financial position of Tel Serv of South Dakota as of December 31, 1996, in conformity with generally accepted accounting principles.

The accompanying 1995 and 1994 balance sheets and statements of operations were compiled by us in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the 1995 and 1994 balance sheets and statements of operations and, accordingly, do not express an opinion or any other form of assurance on them.

Management has elected to omit from the 1995 and 1994 financial statements substantially all of the disclosures and the statements of partners' equity and cash flows required by generally accepted accounting principles. If the omitted disclosures and statements of partners' equity and cash flows were included in the financial statements, they might influence the user's conclusions about the Company's 1995 and 1994 financial position, results of operations, and cash flows. Accordingly, these financial statements are not designed for those who are not informed about such matters.

Eide Helmeke PLLP

February 21, 1997
Aberdeen, South Dakota

TEL SERV OF SOUTH DAKOTA
BALANCE SHEETS
DECEMBER 31, 1996, 1995 AND 1994

	1996	1995 (Unaudited)	1994 (Unaudited)
ASSETS			
CURRENT ASSETS:			
Cash on hand and in bank	$ 16,582	$ 152,123	$ 13,384
Accounts receivable	357,016	213,370	156,855
Lease receivables	27,601	165,395	176,138
Other receivables	5,135	13,786	15,912
Note receivable - partner	125,000	-	-
Inventory	268,328	111,534	72,108
Prepaid expenses	53,798	17,942	6,144
Total current assets	853,480	674,150	440,541
PROPERTY AND EQUIPMENT	1,177,657	817,151	694,690
Less accumulated depreciation	(689,124)	(550,161)	(483,341)
Net property and equipment	488,533	266,990	211,349
OTHER ASSETS:			
Goodwill (net of accumulated amortization)	1,417	9,917	18,417
Total assets	$ 1,343,430	$ 951,057	$ 670,307
LIABILITIES AND PARTNERS' EQUITY			
CURRENT LIABILITIES:			
Operating notes payable	$ 245,353	$ 90,000	$ 78,000
Current portion of long-term debt	76,973	124,655	114,237
Accounts payable	329,058	131,183	91,683
Accrued commissions payable	58,166	44,561	-
Accrued taxes payable	23,536	17,374	11,777
Accrued interest payable	17,825	-	-
Customer deposits and refunds payable	15,168	2,539	
Deferred revenue	91,137	68,809	6,286
Other payables	5,025	3,210	3,883
Total current liabilities	862,243	485,314	305,866
LONG TERM DEBT, net of current portion	997	77,973	382,606
Total liabilities	863,240	563,186	688,472
PARTNERS' EQUITY	480,190	387,871	281,835
Total liabilities and partners' equity	$ 1,343,430	$ 951,057	$ 670,307

TEL SERV OF SOUTH DAKOTA
STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995 (Unaudited)	1994 (Unaudited)
SALES	$ 2,853,047	$ 2,614,307	$ 1,566,883
COST OF SALES	1,956,839	1,897,139	1,053,440
Gross margin	896,208	717,168	513,363
EXPENSES:			
General and administrative	471,181	358,672	299,984
Depreciation	152,332	99,752	71,354
Interest	39,033	26,874	32,110
Total expenses	662,546	485,298	403,448
OTHER INCOME	30,827	2,161	7,374
NET INCOME	$ 264,489	$ 234,031	$ 117,289

See Notes to Financial Statements.

TEL SERV OF SOUTH DAKOTA
STATEMENT OF PARTNERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 1996

BALANCE, JANUARY 1, 1996	$ [illegible]
Partner withdrawals	[illegible]
Step-up of partnership basis pursuant to partner withdrawals	[illegible]
1996 net income	[illegible]
BALANCE, DECEMBER 31, 1996	$ [illegible]

See Notes to Financial Statements.

TEL SERV OF SOUTH DAKOTA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 1996

CASH FLOWS FROM OPERATING ACTIVITIES:	
Net income	$ 264,489
Adjustments to reconcile net income to net cash provided by operating activities:	
Depreciation and amortization	160,801
Gain on sale of equipment	(26,917)
Changes in assets and liabilities:	
Receivables	(55,241)
Inventory	(156,794)
Prepaid expenses	(35,836)
Payables	250,699
Deferred revenue	46,328
Net cash provided by operating activities	452,529
CASH FLOWS FROM INVESTING ACTIVITIES:	
Note receivable issued	(125,000)
Proceeds from the sale of property and equipment	30,343
Purchase of property and equipment	(274,471)
Net cash used in investing activities	(369,128)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from operating notes payable	415,000
Principal reduction of long-term debt	(384,309)
Partner withdrawals	(250,000)
Net cash used in financing activities	(219,309)
NET DECREASE IN CASH	(135,941)
CASH AT BEGINNING OF YEAR	152,133
CASH AT END OF YEAR	$ 16,192
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:	
Cash paid during year for interest	$ 21,268
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING AND FINANCING ACTIVITIES:	
Step-up in basis of partnership assets pursuant to partner withdrawals	$ 108,109

See Notes to Financial Statements.

TEL SERV OF SOUTH DAKOTA
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1996

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts receivable - The Company utilizes the direct write-off method for bad debts. No allowance for bad debts has been provided as no material write-offs are anticipated for receivables at December 31, 1996, respectively.

Inventory - Inventory is valued at lower of cost or market using the first-in, first-out (FIFO) method.

Property and equipment - Property and equipment are stated at cost. Additions, renewals and betterments are capitalized, whereas expenditures for maintenance and repairs are charged to expense. The cost and related accumulated depreciation of assets retired or sold are removed from the appropriate asset and depreciation accounts, and the resulting gain or loss is reflected in income.

It is the policy of the Company to provide depreciation using straight-line and accelerated methods over the estimated useful life of the individual units of property and equipment.

Goodwill - Goodwill is being amortized using the straight-line method over its estimated useful life of five years.

Lease income - The Company has sold telecommunications equipment accounted for as capital leases. Lease payments received are recorded as a reduction of the lease receivable (principal portion) and interest income. The Company is leasing telecommunications equipment and services accounted for as operating leases. Monthly payments received from customers leasing equipment from the Company are recognized as income in the period to which they relate. Payments received in advance of the period to which they relate are reflected on the balance sheet as deferred revenue.

Pension costs - Pension costs are funded as accrued.

Advertising and marketing costs - The Company's advertising and marketing costs are expensed when incurred. Advertising and marketing cost charged to expense totaled $30,223 for the year ended December 31, 1996.

Income taxes - Tel Serv of South Dakota is a partnership. Therefore, no tax liability or benefit is presented in these financial statements because partnership earnings and losses are reported by the partners on their individual income tax returns, and they are taxed accordingly.

Use of estimates - Accounting estimates are an integral part of the financial statements prepared by management and are based upon management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events and affect the reported amounts of assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

(continued on next page)

NOTE 2 - NATURE OF OPERATIONS

The Company is organized as a partnership under the laws of the State of South Dakota and is engaged in the business of selling, leasing, and servicing telecommunication equipment, and is a provider of long distance telephone services. The Company grants credit to customers who are located primarily in South Dakota.

NOTE 3 - CONCENTRATION OF CREDIT RISK

The Company maintains cash balances in a financial institution located in Aberdeen, South Dakota. The cash balances are insured by the Federal Deposit Insurance Corporation up to $100,000. The Company's uninsured cash balances totaled $29,013 at December 31, 1996.

NOTE 4 - NOTE RECEIVABLE - PARTNER

The note receivable - partner is an unsecured loan to Norg Sanderson bearing interest at 8.75%, maturing on December 31, 1997.

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment are as follows:

Leasehold improvements	$ 85,832
Telephone equipment	360,388
Switch equipment	368598
Video conferencing equipment	250,868
Office equipment	78404
Vehicles	33,567
	$ 1,177,657

NOTE 6 - OPERATING NOTES PAYABLE

The following is a summary of operating notes payable at December 31, 1996

First Bank of South Dakota, bears interest at 8.75%, matures July 10, 1997, secured by Company assets.	$ 34,353
Dacotah Bank, bears interest at 9.25%, matures April 24, 1997, secured by business assets, personally guaranteed by partners of Company.	211,000
	$ 245,353

(continued on next page)

NOTE 7 - LONG TERM DEBT

First Bank of South Dakota, payable in monthly installments of $11,000, including interest at 8.75%, maturing July 1997, secured by assignment of leases and related equipment.	$ 72,190
Dacotah Bank, payable in monthly installments of $302, including interest at 9%, matures October 1998, secured by a vehicle.	2,901
Norwest Bank, payable in monthly installments of $171, including interest at 8%, maturing May 1998, secured by a vehicle	2,881
	77,972
Less current portion	76,975
	$ 997

Following are maturities of long-term debt for the year ending December 31:

1997	$ 76,975
1998	997
	$ 77,972

NOTE 8 - RETIREMENT PLAN

The Company has a 401(k) plan covering all employees meeting certain eligibility requirements. The Company makes contributions to the plan equal to 2% of all eligible employees' compensation. Contributions totaled $3,087 for the year ended December 31, 1996.

NOTE 9 - LEASES

The Company is leasing telecommunications equipment and services to Student Loan Finance Corporation (a related party). The original lease term of seven years expires in 1997, with an option to renew for another seven years. Lease payments received during 1996 totaled $107,084.

The Company is leasing telecommunications equipment and services to Education Assistance Corporation (a related party). The original lease term of seven years expires in 1997, with an option to renew for another seven years. Lease payments received during 1996 totaled $25,880.

(continued on next page)

NOTE 9 - LEASES - *(continued)*

The Company is leasing telecommunications equipment and services to Eide Helmeke PLLP. The original lease term of seven years expires in 1997, with an option to renew for another seven years. Lease payments received during 1996 totaled $6,300.

Future minimum lease payments under the terms of the above leases are as follows for the year ended December 31:

1997	$ 46,421

Information relating to leased telecommunications equipment and services is as follows:

Cost	$ 106,556
Accumulated depreciation	51,424
Lease payments received included in income	139,264

The Company is leasing its building from Aberdeen Real Estate Partnership on a year-to-year basis. Lease payments totaled $11,043 in 1996.

NOTE 10 - WITHDRAWAL OF PARTNERSHIP INTERESTS

In 1996, the Company acquired withdrawing partners' 50% interests through a distribution of cash of $250,000 and admitted a new partner with no injection of assets into the partnership. Because this transaction constituted a change in the controlling interest in the partnership by the continuing partners, the Company utilized the "goodwill method" of accounting for the withdrawal of the partnership interests, and the resulting increase in the basis of partnership assets of $108,830 is reflected in the Company's property and equipment.

# # # # #

Eide Helmeke PLLP
Certified Public Accountants & Consultants

INDEPENDENT AUDITOR'S REPORT ON THE SUPPLEMENTARY INFORMATION

To the Partners
Tel Serv of South Dakota
Aberdeen, South Dakota

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information on pages 12 through 14 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information, except for that portion marked "unaudited," on which we express no opinion, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Eide Helmeke PLLP

February 21, 1997
Aberdeen, South Dakota

TEL SERV OF SOUTH DAKOTA
SCHEDULES OF SALES AND GROSS MARGIN
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996			1995 (Unaudited)			1994 (Unaudited)		
	Sales	Gross Margin	Margin %	Sales	Gross Margin	Margin %	Sales	Gross Margin	Margin
Long distance	$ 1,134,746	$ 381,390	33.6%	$ 993,820	$ 342,383	34.5%	$ 891,071	$ 292,976	32.9%
Phone systems and service	525,256	139,275	26.5%	576,454	133,203	23.1%	453,420	115,127	25.4%
Lease and service agreements	156,002	148,274	95.0%	108,874	85,112	78.2%	114,337	95,586	83.6%
Video conferencing	1,037,043	227,269	21.9%	935,159	156,470	16.7%	107,975	9,674	9.0%
Total sales and gross margin	$ 2,853,047	$ 896,208	31.4%	$ 2,614,307	$ 717,168	27.4%	$ 1,566,803	$ 513,363	32.8%

TEL SERV OF SOUTH DAKOTA
SCHEDULES OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	1995 (Unaudited)	1994 (Unaudited)
Salaries	$ 202,822	$ 150,526	$ 111,358
Payroll taxes	23,834	16,669	14,233
Employee benefits	7,770	6,978	6,951
Pension plan	3,087	1,625	2,469
Advertising and marketing	30,223	25,351	24,034
Data processing and bookkeeping	27,129	24,194	26,995
Dues and subscriptions	6,380	2,968	1,541
Insurance and bonds	18,541	16,034	8,131
Meetings, conventions and travel	19,382	22,012	17,459
Professional fees	4,671	7,068	764
Repairs and maintenance	5,044	2,684	2,442
Rent - office and equipment	14,118	12,941	13,369
Licenses and fees	2,312	1,648	2,036
Supplies and postage	25,199	24,806	18,095
Consulting fees	35,989	3,360	2,463
Property taxes	2,164	2,218	-
Telephone	13,945	11,891	13,483
Utilities	4,045	4,347	4,967
Auto expenses	8,415	4,403	6,988
Amortization	8,900	8,500	8,500
Contributions	2,398	4,248	1,653
Bad debts	2,780	1,921	3,536
Bank and credit card charges	2,390	1,919	1,328
Miscellaneous	245		2,781
Total general and administrative expenses	$ 421,191	$ 356,052	$ 306,896

TEL SERV OF SOUTH DAKOTA
SCHEDULES OF OTHER INCOME
FOR THE YEARS ENDED DECEMBER 31, 1996, 1995 AND 1994

	1996	[illegible]	[illegible]
Maintenance contracts	$ 2,238	$ 1,357	$ [illegible]
Interest	7,559	233	[illegible]
Gain (loss) on sale of equipment	20,917	(1,657)	[illegible]
Other	122	[illegible]	[illegible]
Total other income	$ 30,837	$ [illegible]	$ [illegible]

Before the Public Utilities Commission
of the State of South Dakota

In the Matter of the Establishment
of Switched Access Rates for
US West Communications, Inc.

Docket TC96-107

Background Material of Telecommunications
Action Group (T.A.G.)

PROVIDED UNDER SEAL.

2/26/97

Copy of Envelope

RECEIVED
AUG - 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

William Bullard, Jr.
Executive Director
South Dakota Public Utilities Commission
State of South Dakota
500 East Capitol Avenue
Pierre, SD 57501

August 27, 1997

Dear Mr. Bullard,

Enclosed is the original and ten copies of an Affidavit of Wayne Culp.

Yours truly,

Wayne Culp

Enclosure

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED
AUG 14 1997
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE ESTABLISHMENT OF SWITCHED ACCESS RATES FOR U S WEST COMMUNICATIONS, INC.) Docket No. TC96-167

AFFIDAVIT OF WAYNE CULP

FAX Received 8/11/97

I, Wayne Culp, being first duly sworn, state:

1) I am employed by U S WEST Communications, Inc. ("U S WEST") as a Director-Rate Finance for South Dakota.

2) I am an authorized agent of U S WEST for purposes of responding to data requests dated July 3, 1997; July 14, 1997; July 21, 1997, July 24, 1997, July 31, 1997, August 5, 1997, and August 12, 1997. I have read U S WEST's responses to the foregoing data requests.

3) I do not have personal knowledge as to all of the facts recited in U S WEST's responses to these data requests, but the information has been gathered by and from employees or representatives of U S WEST.

4) These responses are true to the best of my knowledge, information and belief and are based on the information supplied by such employees or representatives which represents such information as is available to U S WEST.

5) The cost study filed by U S WEST and attached to my pre-filed testimony dated September 30, 1996 was prepared using the computer program provided by the Commission.

Wayne Culp

STATE OF NEBRASKA

COUNTY OF DOUGLAS

Subscribed and sworn to before me on this 12th day of August, 1997 by

WAYNE CULP.

Witness my hand and official seal.

GENERAL NOTARY-State of Nebraska
MARY J. HOLMES
My Comm. Exp. Aug. 2, 2000

Notary Public for the State of Nebraska

My commission expires 8-2-2000