

In the Matter of _

IN THE MATTER OF THE FILING BY U
S WEST COMMUNICATIONS, INC. FOR
APPROVAL OF TARIFF PAGES FOR
ITS ACCESS SERVICE TARIFF
IMPLEMENTING ITS INTRALATA TOLL
DIALING PARITY PLAN

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
5/3 99	Filed and Docketed;
5/16 99	Weekly Filings;
5/20 99	Petition to Intervene by SDITC;
5/21 99	Petition to Intervene by AT&T;
6/1 99	U.S. West's Petition for Cost Recovery Charge;
6/1 99	Request for Confidential Treatment of Information;
6/22 99	Order Denying Intervention;
7/20 99	Revised Tariff Pages;
8/4 99	Order for and Notice of Hearing;
9/3 99	Petition of Sprint to Intervene;
9/3 99	Direct testimony of Robert H. Brinkman;
9/3 99	Request for Confidential Treatment of Information;
9/3 99	Direct testimony of Daniel L. Galt;
9/13 99	U.S. West's Motion for a 30-day Continuance of Hearing Date and for Expedited Consideration;
9/14 99	Order Denying Intervention;
9/17 99	Testimony of Darlene Best;
9/17 99	AT&T's Motion for Extension of Time to File Testimony;
9/20 99	Amended Section 8 of Cost Study;
9/30 99	Direct testimony of Mary Jane Packer (AT&T);
10/1 99	Order Denying Motion; Amended Order for and Notice of Hearing;
10/10 00	Direct testimony of Robert H. Brinkman;

10/18/99 Motion for Admission by Resident Practicing Attorney (Alex M. Duarte);
10/18/99 Proposed Order Admitting Nonresident Attorney (Alex M. Duarte);
11/1/99 Stipulation and Settlement Agreement;
11/3/99 Transcript of Hearing held on 11/2/99;
11/30/99 Amended Stipulation and Settlement Agreement;
12/21/99 Order Approving Amended Stipulation and Agreement;
1/12/00 Order Approving Revised Tariff Pages;
1/12/00 Docket Closed;
1/21/00 Errata Notice.



125 South Dakota Avenue, 8th Floor
Sioux Falls, South Dakota 57194

April 30, 1999

RECEIVED

MAY 03 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. William Bullard, Executive Director
Public Utilities Commission
State Capitol Building
Pierre, South Dakota 57501

Dear Mr. Bullard:

Please find attached the following pages from the Access Service Tariff:

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These pages are referenced in U S WEST's Intralata Toll Dialing Parity Plan. If you have any questions, please call me.

Sincerely,

Colleen E. Sevold
Manager-Regulatory Affairs

Attachment

U S WEST COMMUNICATIONS, INC.

Access Service

Tariff

SECTION 1

Page 8

Release 2

State of South Dakota

Issued: 4-30-99

Effective: 7-22-99

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(N)
(N)

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(N)

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6. SWITCHED ACCESS SERVICE

6.7 RATE TERMS AND CONDITIONS (Cont'd)

6.7.14 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE

The Equal Access and Network Reconfiguration Recovery Charge is a charge to recover those costs that the Company incurs solely in connection with implementation of intraLATA equal access. These costs represent network reconfiguration and system and switch upgrades required to provide 1+ intraLATA equal access.

These costs will be recovered over a period not to exceed three (3) years beginning July 22, 1999. The Equal Access and Network Reconfiguration Recovery Charge will be reviewed on an annual basis and will be adjusted as necessary to ensure recovery of these costs.

The Equal Access and Network Reconfiguration Recovery Charge is assessed to the IC based on the total number of intrastate intraLATA originating access minutes of use (MOU) and to the Company based on its total intrastate intraLATA originating MTS MOU. The rates are set forth in 6.8.5, following.

6.8 RATES AND CHARGES

6.8.1 SWITCHED TRANSPORT

A. Entrance Facility Monthly Rates

	USOC	MONTHLY RATE
1. Voice Grade, per point of termination	EF2XX	\$ 17.40
2. DS1, per DS1	EF2XX	150.00
3. DS3, per DS3	EF2XX	1,282.50

U S WEST COMMUNICATIONS, INC.

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6. SWITCHED ACCESS SERVICE

6.8 RATES AND CHARGES (Cont'd)

6.8.3 INTERCONNECTION CHARGE

**RATE PER
ACCESS MINUTE**

- Interconnection

\$0.004681

6.8.4 MESSAGE UNIT CREDIT

**FGA
ACCESS MINUTE[1]**

- Rate per originating

\$(0.001726)

6.8.5 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE

(N)

RATE

- Per originating minute

\$0.001136

(N)

[1] () equals a negative amount.

U S WEST COMMUNICATIONS, INC.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES (Cont'd)

13.3.2 RESTORATION PRIORITY

Existing Restoration Priority (RP) was superseded by Telecommunications Service Priority (TSP), as specified in Section 13.3.7, following, on September 10, 1990. Existing RP arrangements remain in effect for thirty (30) months until March 10, 1993. If RP Service is converted to TSP, the customer will incur the Priority Restoration Level Implementation Nonrecurring Charge as specified in 13.4.3.D., following.

13.3.3 PRESUBSCRIPTION

A. Description

Presubscription is a procedure whereby an end user or payphone service provider (PSP) may select and designate to the Company an IC to access without dialing an access code. This procedure applies for both interLATA and intraLATA calls. This IC is referred to as the end user's or PSP's primary IC (PIC). An end user or PSP may select one primary IC for both interLATA and intraLATA service, or they may choose to have two primary ICs, one for interLATA service and a different IC for intraLATA service.

The Presubscription procedure applies to Telephone Exchange Service lines and/or trunks, Switched Access Lineside connections, Centrex-type lines and Public Access Line (PAL) Service.

- For presubscription pay telephones, the PSP will select and designate to the Company an IC to access, without dialing an access code, for intraLATA calls.

Should a caller wish to use the services of an IC other than the primary IC, it is necessary for the caller to dial the IC's access code(s) to reach that IC's service(s).

The terms, conditions, rates and charges for interLATA presubscription are found in F.C.C. No. 5, Section 13.

The terms and conditions for intraLATA presubscription are following.

(T)

(C)

(C)

(T)

(T)

(N)

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION (Cont'd)

B. Terms and Conditions

(N)

1. Charge Application for Presubscription

- a. End users or PSPs placing orders for new service will be asked to select a primary IC at the time they place an order with the Company for Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service. There will be no charge for this selection.
- b. Subsequent to the installation of Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service, for any change in selection, including a change from one access code to another access code for the same IC, a nonrecurring charge applies.
- c. For a period of 30 days after July 22, 1999, an end user or PAL subscriber may make one PIC change without charge.
- d. Following the expiration of the 30 day waiver period, a one time bulk-bill will be issued to all participating intraLATA carriers assessing to them the total of all intraLATA PIC change charges waived during the mandated waiver period for end user customers choosing to change to them.
- e. The nonrecurring charge for a primary IC change is billed to the end user who is the subscriber to the Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or to the PSP of PAL Service. However, an IC may, at its option, elect to pay the charge for any end user and/or PSP. When applicable, the nonrecurring charge for a PIC change is set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION (Cont'd)

B. Terms and Conditions

(N)

1. Charge Application for Presubscription

- a. End users or PSPs placing orders for new service will be asked to select a primary IC at the time they place an order with the Company for Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service. There will be no charge for this selection.
- b. Subsequent to the installation of Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service, for any change in selection, including a change from one access code to another access code for the same IC, a nonrecurring charge applies.
- c. For a period of 30 days after July 22, 1999, an end user or PAL subscriber may make one PIC change without charge.
- d. Following the expiration of the 30 day waiver period, a one time bulk-bill will be issued to all participating intraLATA carriers assessing to them the total of all intraLATA PIC change charges waived during the mandated waiver period for end user customers choosing to change to them.
- e. The nonrecurring charge for a primary IC change is billed to the end user who is the subscriber to the Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or to the PSP of PAL Service. However, an IC may, at its option, elect to pay the charge for any end user and/or PSP. When applicable, the nonrecurring charge for a PIC change is set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. Terms and Conditions (Cont'd)

(N)

2. Dispute Application for Presubscription

If the end user or PSP disputes a PIC change, the Company will investigate the origin of the change and shall restore the end user or PSP to their previous PIC. If the change was due to a Company error, the end user or PSP will be returned to their previous primary IC free of charge. If the change was submitted by an IC, and the IC is unable to produce the signed end user or PSP Letter of Agency (LOA), the nonrecurring charges will be assessed to the unauthorized IC.

If there is a conflict between an end user, a PSP or their respective agent, on one hand, and the IC on the other hand, over the designation of the primary IC, the Company will honor the designation selected by the end user, a PSP or their respective agent, regardless of any contractual obligations the end user, PSP or agent may have with one or more ICs.

If there is a conflict between an end user and/or a PSP, on one hand, and their agent on the other hand, over the designation of the primary IC, the Company will honor the designation selected by the end user and/or PSP regardless of any contractual obligations the end user and/or PSP may have with one or more ICs or agents.

The nonrecurring charge for an Unauthorized PIC change is set forth in D., following.

3. PIC Restoral

PIC Restoral is the recovery of charges assessed by the Company for unauthorized PIC changes made to end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. The unauthorized carrier will be assessed the PIC Restoral charges incurred to restore the end user to their previous primary IC. If the change was due to a Company error, the end user or PSP will be returned to their previous primary IC free of charge.

When a business or residence end user denies authorizing a PIC change, the Company will restore the end user to their previous IC. All PIC change charges assessed by the Company to the end user as a result of the disputed PIC change will be credited to the end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service.

The PIC Restoral charge will be assessed per line or trunk associated with the Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. Rates and charges for PIC Restoral are set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. (Cont'd)

(N)

4. Cancellation of Interexchange Participation for Presubscription

If an IC elects to discontinue all of its Feature Group D service in an end office prior to the conversion date or after the introduction of Feature Group D in the converting end office, the IC is obligated to do the following:

- Notify the Company of the cancellation of their Feature Group D service, and;
- Contact all end users or PSPs that are presubscribed to the canceling IC as their primary IC. Inform these end users or PSPs of the cancellation and request that the end users or PSPs contact the Company to select a new primary IC.

The Company will bill the canceling IC the service order charge described in C., following, for each end user or PSP that this IC has currently predesignated to them.

Such charge will not apply to the canceling IC where the canceling IC transfers or assigns its Feature Group D services and the associated 101XXXX code to another IC in such a manner that the Company does not change the end users' or PSPs' records or the end users' or PSPs' PIC designation, or if another IC elects to pay the service order charge on behalf of the canceling IC.

C. IC Initiated Conversions for Presubscription

When an IC requests that their end user or PSP be changed from one access code to another access code on a mass conversion basis, (e.g., an IC using two or more PIC designations or an IC assuming ownership of another IC's end users, etc.) charges will be as set forth in D., following.

U S WEST COMMUNICATIONS, INC.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION (Cont'd)

D. Rates and Charges

(N)

NONRECURRING CHARGE

1. The charges for a PIC change are as follows:

• Per Telephone Exchange Service line or trunk	\$ 5.00
• Per Switched Access Lineside connection	5.00
• Per Centrex-type line	5.00
• Per PAL	5.00

2. The charges for a PIC Restoral are as follows:

• Per Telephone Exchange Service line or trunk	10.00
• Per Switched Access Lineside connection	10.00
• Per Centrex-type line	10.00

3. The charges for an IC Initiated Conversion are as follows:

• Per Telephone Exchange Service line or trunk	0.75
• Per Switched Access Lineside connection	0.75
• Per Centrex-type line	0.75
• Per PAL	0.75

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of April 29, 1999 through May 5, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact
Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINT

CT99-004 In the Matter of the Complaint filed by James Frankenstein, Redfield, South Dakota, against U S WEST Communications, Inc. Regarding Poor Service and Request to have Lines Updated.

The Complainant states that they have had poor service for several years. The Complainant requests that U S WEST fix the service and upgrade their system so that they may connect to the internet and use Caller ID. The Complainant states: "We feel we should have access to these services like everyone else."

Staff Analyst: Leni Healy
Staff Attorney: Camron Hoseck
Date Filed: 04/22/99
Intervention Deadline: N/A

ELECTRIC

EL99-006 In the Matter of the Application of Black Hills Corporation for an Order Authorizing the Issuance of Stock Options under Black Hills Corporation 1999 Stock Option Plan.

On May 5, 1999, the Commission received an application from Black Hills Corporation, which operates its electric utility under the assumed name of Black Hills Power and Light Company, requesting the approval of Black Hills Corporation's 1999 Stock Option Plan providing for the granting of options to acquire up to 700,000 shares of the Company's authorized but unissued Common Stock.

Staff Analyst: Bob Knadle
Staff Attorney: Karen Cremer
Date Filed: 05/05/99
Intervention Deadline: 05/21/99

EL99-007 In the Matter of the Filing by Black Hills Power and Light Company for Approval of its 1998 Economic Development Plan Annual Report and 1999 Economic Development Plan.

On May 5, 1999, the Commission received a filing from Black Hills Power and Light Company of: (1) a report of its 1998 economic development activity as required by SD Public Utilities Commission docket EL95-003; and (2) setting forth its 1999 economic development plan in accordance with the same docket.

Staff analyst: Michele Farris
Staff Attorney: Camron Hoseck
Date filed: 05/05/99
Intervention Deadline: 05/21/99

TELECOMMUNICATIONS

TC99-050 In the Matter of the Establishment of Switched Access Revenue Requirement for Vivian Telephone Company d.b.a Golden West Communications, Inc.

Vivian Telephone Company filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.

Staff Analyst: Harlan Best/Keith Senger
Staff Attorney: Karen Cremer
Date Filed: 04/29/99
Intervention Deadline: 05/21/99

TC99-051 In the Matter of the Application of NET-tel Corporation d/b/a NET-tel Communications Corporation (FL) for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

Application by NET-tel Corporation d/b/a NET-tel Communications Corporation for a Certificate of Authority to provide interexchange, intrastate, inbound, outbound and travel card services in South Dakota.

Staff Analyst: Dave Jacobson
Staff Attorney: Camron Hoseck
Date Filed: 04/30/99
Intervention Deadline: 05/21/99

TC99-052 In the Matter of the Application of Columbia Telecommunications, Inc. d.b.a. aXessa for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

On April 30, 1999, the Commission received an application by Columbia Telecommunications, Inc. d.b.a. aXessa for a Certificate of Authority to provide resold interexchange telecommunications services in the state of South Dakota. Proposed services include both inbound and outbound intraLata toll services.

Staff Analyst: Bob Knadle
Staff Attorney: Karen Cremer
Date Filed: 04/30/99
Intervention Deadline: 05/21/99

TC99-053

**In the Matter of the Filing by U S WEST Communications, Inc. for Approval of
Tariff Pages for its Access Service Tariff Implementing its IntraLATA Toll Dialing
Parity Plan.**

U S WEST Communications has filed for Commission approval Access Service Tariff pages implementing U S WEST's IntraLATA Toll Dialing Parity Plan. U S WEST has filed an Equal Access and Network Reconfiguration Recovery Charge and rates, terms and conditions for Presubscription.

Staff Analyst: Harlan Best
Staff Attorney: Karen Cremer
Date Filed: 05/03/99
Intervention Deadline: 05/21/99

TC99-054

**In the Matter of the Filing by Fort Randall Telephone Company and Mount
Rushmore Telephone Company to Establish Switched Access Rates.**

Mt. Rushmore Telephone Company and Fort Randall Telephone Company filed a combined switched access cost study similar to an interstate filing with a combined study area. The switched access rates will be used by both companies. Mt. Rushmore was granted a waiver from filing switched access cost studies in TC93-034.

Staff Analyst: Harlan Best/Keith Senger
Staff Attorney: Karen Cremer
Date Filed: 05/03/99
Intervention Deadline: 05/21/99

**You may receive this listing and other PUC publications via our website or via internet e-mail.
You may subscribe or unsubscribe to the PUC mailing lists at <http://www.state.sd.us/puc/>**

SDITC

South Dakota Independent
Telephone Coalition, Inc.

Richard D. Coit
Executive Director
rcaditc@ad.cybernet.net

May 19, 1999

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

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MAY 20 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Docket TC99-053

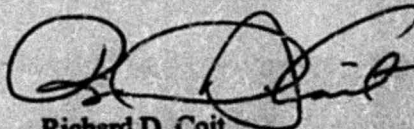
Dear Bill:

Enclosed for filing with the Commission are the original and 10 copies of SDITC's Petition to Intervene in the above referenced docket.

Please distribute this Petition to the Commission and Staff as necessary.

Thank you for your assistance.

Sincerely,



Richard D. Coit
Executive Director and
General Counsel

cc: Colleen E. Sevold



RECEIVED

MAY 20 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY US)
WEST COMMUNICATIONS, INC. FOR)
APPROVAL OF TARIFF PAGES FOR ITS) DOCKET TC99-053
ACCESS SERVICE TARIFF IMPLEMENTING)
ITS INTRALATA TOLL DIALING PARITY)
PLAN)

SDITC Petition to Intervene

The South Dakota Independent Telephone Coalition ("SDITC") hereby petitions the Commission for intervention in the above captioned proceeding pursuant to SDCL 1-26-17.1 and ARSD §§ 20:10:01:15.02, 20:10:01:15.03 and 20:10:01:15.05. In support hereof, SDITC states as follows:

1. SDITC is an incorporated organization representing the interests of numerous cooperative, independent and municipal telephone companies operating throughout the State of South Dakota.

2. As expressly noted in the Bylaws of SDITC, duly adopted by the Coalition, "one of the primary purposes for the formation and existence of the South Dakota Independent Telephone Coalition is representation by the Coalition before the South Dakota Public Utilities Commission." The member companies of SDITC have delegated to the SDITC Board of Directors and its President the authority to intervene on their behalf in PUC proceedings which will or might potentially impact their common interests.

3. A number of SDITC member local exchange carriers ("LECs") have recently filed with the Commission "Implementation Plans" for IntraLATA Toll Dialing Parity". This Commission by Order dated April 2nd issued in Docket TC99-030 (In the Matter of the FCC Order Establishing New Deadlines for Implementation of IntraLATA Dialing Parity by Local Exchange Carriers) determined that any LECs desiring cost recovery for the costs associated with intraLATA toll dialing parity should pursue such recovery in separate proceedings. US WEST has made its filing in this matter pursuant to the Commission's Order in Docket TC99-030. If the SDITC member LECs implementing intraLATA toll dialing parity intend to seek recovery of the related conversion costs, they will also have to do so in other proceedings,

separate from the current proceedings initiated by the Commission to review the Implementation Plans.

3. The filing of US WEST in this matter seeks to establish an "Equal Access and Network Reconfiguration Recovery Charge." The Commission's review of this charge and other terms within the revised tariff sheets filed by US WEST will require the Commission to apply and interpret the provisions of 47 C.F.R. § 51.215 and ARSD § 20:10:28:126 which relate specifically to Dialing Parity cost recovery.

4. All of the SDITC member LECs, like US WEST, are subject to these federal and state cost recovery provisions. Consequently, any Commission decisions made in this proceeding concerning the application of these provisions have the potential to impact those SDITC member LECs that will either soon be converting to intraLATA toll dialing parity or have recently upgraded to such capability.

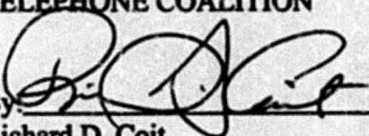
5. SDITC seeks intervention in this proceeding based on the interests of its member companies which stand to be impacted by the Commission determinations in this Docket. SDITC has not yet determined its position regarding the specific cost recovery proposals set forth in US WEST's filing.

6. Based on all of the foregoing, SDITC, as an authorized representative of its member companies, is an interested party to this proceeding and seeks intervening party status.

Dated this 19th day of May 1999.

Respectfully submitted:

THE SOUTH DAKOTA INDEPENDENT
TELEPHONE COALITION

By: 

Richard D. Coit

Executive Director and General Counsel

CERTIFICATE OF SERVICE

I hereby certify that the original and ten (10) copies of the foregoing Petition to Intervene in Docket TC99-053 were sent by First Class Mail on May 19, 1999 to the following:

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

and that a copy of the foregoing Petition to Intervene was sent by First Class Mail, USPS on May 19, 1999 to the following:

Colleen E. Sebold
US West Communications, Inc.
Manager-Regulatory Affairs
125 South Dakota Avenue, 8th Floor
Sioux Falls, South Dakota 57194



Richard D. Coit
Executive Director and
General Counsel
SDITC
207 East Capitol Avenue, Suite 206
Pierre, SD 57501



Michel L. Singer
Attorney

Room 1575
1875 Lawrence Street
Denver, CO 80202
303 298-6527

May 20, 1999

Via Overnight Delivery

Mr. Bill Bullard
Executive Director
SD Public Service Commission
500 East Capital Avenue
Pierre, SD 57501

RECEIVED

MAY 21 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: U S WEST's Dialing Parity Tariff, Docket No. TC99-053

Dear Mr. Bullard:

Enclosed are an original and ten copies of AT&T Communications of the Midwest Inc.'s Petition for Leave to Intervene regarding U S West's South Dakota IntraLATA Dialing Parity Tariff.

Please feel free to call me if there are any questions.

Sincerely,

Michel L. Singer

Michel L. Singer 90

Enclosures

RECEIVED

MAY 21 1999

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
TARIFF PAGES FOR ITS ACCESS SERVICE) Docket No. TC99-053
TARIFF IMPLEMENTING ITS INTRALATA TOLL)
DIALING PARITY PLAN.)**

**AT&T COMMUNICATIONS OF THE MIDWEST, INC.'S
PETITION FOR LEAVE TO INTERVENE**

AT&T Communications of the Midwest, Inc. ("AT&T"), by and through its attorneys, requests pursuant to ARSD 20:10:01:15.02 that it be permitted to intervene and granted status as a party in the above matter. In support of its petition to intervene, AT&T states as follows:

1. On May 3, 1999, U S WEST filed tariff pages implementing its IntraLATA Toll Dialing Plan and introducing an Equal Access and Network Reconfiguration Recovery Charge in its South Dakota Access Services Tariff. The Commission opened a new docket to determine approval of these tariff pages.

2. AT&T is a telecommunications company certified by this Commission to do business in the State of South Dakota.

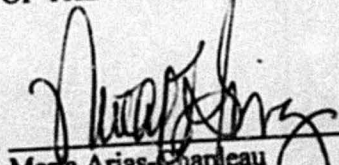
3. AT&T will directly compete with U S WEST in providing intraLATA toll dialing parity to South Dakota consumers, and AT&T will likely be subject to any charge approved by the Commission in this proceeding. Therefore, AT&T has a substantial, direct and unique interest in this proceeding.

WHEREFORE, AT&T respectfully requests that this Commission grant AT&T's petition for leave to intervene.

DATED this 20th day of May, 1999.

Respectfully submitted,

AT&T COMMUNICATIONS
OF THE MIDWEST, INC.

A handwritten signature in dark ink, appearing to read "Michel L. Singer", is written over a horizontal line.

Maria Arias-Chapreau
Michel L. Singer
1875 Lawrence Street, Suite 1575
Denver, CO 80202
(303) 298-6527
(303) 298-6301 (Facsimile)

ATTORNEYS FOR AT&T
COMMUNICATIONS OF
THE MIDWEST, INC

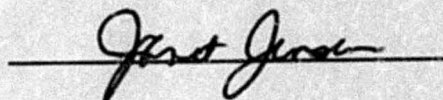
CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of May, 1999, the original and 10 copies of AT&T Communications of the Midwest, Inc.'s Petition for Leave to Intervene regarding U S West's South Dakota IntraLATA Dialing Parity Tariff filing, Docket No. TC99-053, were delivered via overnight delivery to:

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

and a true and correct copy was delivered by U S mail on this 20th day of May, 1999 to:

Todd Lundy
Senior Attorney
U S WEST Communications, Inc.
1801 California Street, Suite 5100
Denver, CO 80202

A handwritten signature in dark ink, appearing to read "Todd Lundy", is written over a horizontal line.

TC99-053

BOYCE, MURPHY, McDOWELL & GREENFIELD, L.L.P.

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Jeffrey C. Clapper

Of Counsel
John R. McDowell

J.W. Boyce (1884-1915)
John S. Murphy (1924-1964)

May 28, 1999

William Bullard, Executive Director
SD Public Utilities Commission
500 E. Capitol
Pierre, SD 57501

Re: In The Matter Of The Cost Recovery For Dialing Parity Implementation
Docket No. TC99-

Dear Bill:

Please find enclosed for filing the original and ten (10) copies of the following:

1. U S West Communications, Inc.'s Petition For Cost Recovery Charge
2. Request for Confidential Information and
3. U S WEST Communications - South Dakota - 1999 - 1+ IntraLATA Equal Access
(Full 2 PIC Option)

Sincerely yours,

BOYCE, MURPHY, McDOWELL &
GREENFIELD, L.L.P.



Thomas J. Welk

TJW/vjj
Enclosures

cc: Todd Lundy
Colleen Sevold
Jon Lehner

RECEIVED

JUN 01 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE PUBLIC UTILITIES COMMISSION
OF SOUTH DAKOTA

JUN 01 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

TC-99-

IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WESTU S WEST COMMUNICATION'S, INC.'S
PETITION FOR COST RECOVERY
CHARGE

The Public Utilities Commission of the State of South Dakota ("Commission") in TC 99-030 entitled "In the Matter of the FCC Order Establishing New Deadlines for Implementation of IntraLATA Dialing Parity By Local Exchange Carriers" entered an order dated April 2, 1999 stating that if any local exchange carrier believed that it was requesting cost recovery that such company should file for cost recovery in a separate proceeding before the Commission in accordance with FCC rules. Pursuant to the Commission's Order, U S WEST Communications, Inc. ("U S WEST"), a local exchange company, files this petition requesting recovery of U S WEST costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests the Commission to approve an equal access recovery charge ("EARC") of \$.001136 per minute of use in accordance with the attached South Dakota intraLATA equal access cost study, which is attached hereto, to be effective upon U S WEST's implementation of intraLATA equal access in South Dakota. U S WEST requests that this charge be recovered over a three (3) year period of time with true ups annually. U S WEST also requests, pursuant to the attached request for confidential treatment of information, that certain portions of the cost study be treated as confidential.

Dated this 28th day of May, 1999.



Thomas J. Welk
BOYCE, MURPHY, MCDOWELL &
GREENFIELD, L.L.P.
P.O. Box 5015
Sioux Falls, SD 57117-5015
(605)336-2424

Todd Lundy
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, Colorado 80202
Telephone: (303) 672-2783
Attorneys for U S WEST Communications, Inc.

TC 99-053

U S WEST COMMUNICATIONS

SOUTH DAKOTA

1999

1 + INTRALATA EQUAL ACCESS

(FULL 2-PIC OPTION)

April, 1999

**U S WEST COMMUNICATIONS
SOUTH DAKOTA
1999
1 + INTRALATA EQUAL ACCESS
(FULL 2-PIC OPTION)**

INDEX

TAB	TOPIC
1	Executive Summary
2	Study Assumptions
3	Study Summary
4	Summary of Capital & Expense Items
5	Switching
6	Support Systems Modifications
7	Factors and Labor Rates
8	EARC
Attachment One	Vendor Proprietary Pages

SOUTH DAKOTA INTRALATA EQUAL ACCESS COST STUDY

EXECUTIVE SUMMARY

A. Purpose of Study

The purpose of this study is to identify the nonrecurring costs to U S WEST Communications associated with the implementation and conversion of intralATA Equal Access in SOUTH DAKOTA in 1999.

These costs are being identified in response to the order of the Public Utilities Board in the state of SOUTH DAKOTA. (TC99-030), and also in support of U S WEST Communication's 1 + Implementation Plan.

This cost study also develops a rate per minute of use to be recuperated over the length of the recovery period.

B. Description of Service

IntralATA Equal Access enables telephone customers to designate and utilize the carrier of their choice for toll calling within their own LATA.

The customer's ability to designate a preferred carrier for the transport of their intralATA toll traffic is referred to as pre-subscription. The intralATA equal access method which has been identified by the Equal Access and Pre-subscription Implementation Committee for the provision of intralATA presubscription is technically referred to as the "Full 2-PlC" method (Primary Interexchange Carrier or "PIC").

C. Methodology

Switch Costs: The Right To Use Fee (RTU) identifies the capital lease cost U S WEST incurs for the feature associated with providing the 1 + intralATA option. The generic expense identifies the cost U S WEST incurs for an update of the PDA (Peripheral Data Unit) for the 1A switches that provide intralATA equal access in SOUTH DAKOTA. The hardware expense identifies additional hardware needed within each switch to provide the feature of 1 +. Lucent, Nortel, and Ericsson are the three suppliers of the switching software, features, and hardware needed to provide intralATA equal access.

Feature loading expenses were developed by the U S WEST engineering groups and are required to activate the feature for each line in an office.

Support Systems Modification Costs: The costs of modifications to existing support systems were based on estimates from the U S WEST Project Overhead and Client Support group. These expenses are identified for the provisioning of service and the establishment or update of the associated programs and databases.

CRIS-Eastern

CRIS will be involved with populating and expanding databases on all SOUTH DAKOTA end-user accounts with their intralATA carrier of choice. This includes

applications groups from the front end of the system that reads the AMA data to the back end of the system that prints the carrier of choice phrases to sorting the toll properly on the end-users bill. This includes the establishing and editing of new Field Identifiers (FIDs) and Universal Service Order Codes (USOCs) associated with this project.

Additional costs will be incurred due to memory upgrades that will be made to existing Amdahl mainframe systems.

Kevin Zuelke (402) 422-7810

Customer Notification

Customer notification of the 2-PLC option will be done via letter as prescribed by the State Corporate Commission. Costs will be incurred from printing and mailing the notification.

Kelly Champagne (612) 569-2369

Global Project Management (GPM)

Global Project Management provides a liaison between all the support systems and corporate finance to ensure budget support and coordination of project implementation.

Ray Hansen (303) 592-6268

H&PS and BGS

Service Representatives in Home and Personal Services (H&PS) and Business and Government Services (BGS) will need to be trained on incorporating the 2 - PLC option into the intralATA business office environment. The costs for the development of a methods package for training U S WEST business office personnel were based on estimates from the U S WEST Methods Design Group.

Kelly Champagne (612) 569-2369

Sherry Praemuer (602) 351-5314

Integrated Access Billing System (IABS)

IABS processes access charges and prepares Inter Exchange Carrier (IEC) bills. The 1 + IntralATA requirements change IABS in several areas: Usage Post must recognize this message class and retain its identity for the rest of IABS processing.

Usage Rating must recognize the message class and rate it appropriately and pass the correct information to Billing. Billing must change the bill to separately identify the 1 + IntralATA charges. Where applicable, the Equal Access Recovery Charge must be added to the billing process. Journals must journal the billed amounts appropriately for 1 + IntralATA charges. Adjustments and Disputes must accommodate adjustments and disputes in 1 + IntralATA charges. Additional costs will be incurred due to memory upgrades that will be made to existing Amdahl mainframe systems.

Dorothy Polen (303) 624-9635

Interrelated Front End (IFE)

IFE gathers information and generates service order records for BGS.

Interconnect Services, and Internal Communications (ICS). The service order records are converted into customer service orders for processing by down stream systems. The 1+ requirements will require IFE to be enhanced to allow for the intralATA carrier.

Specifically, this will entail a screen change to allow for selection of the intralATA carrier, to store it, and to place it in the service order record. Testing will be required to ensure existing IFE capabilities are not impacted by the change.

Pat Jiواني (303) 624-4016

MARCH

MARCH is the system that will input the recent change messages into the central offices. It is the last system in the service order provisioning process before the customer gets the service that they have requested. This system will need modifications so that it will be capable of provisioning customer lines with the 2-PIC option.

Cheryl Heiberg (208) 385-8222

Regional Service Order Logistics and Reference System (RSOLAR)

RSOLAR is the regional service order processor. RSOLAR also utilizes

Minimal Input (MI) to return items from accounts to a screen for order input. 1+ changes are being made to RSOLAR on FIDs to be returned on MI. Pending order dumps will also be done.

Cindy Fox (402) 422-5968)

Regional Subscription System (RSS)

RSS is the system which processes PIC change requests from the Access Carrier (AC). It also communicates all end user activity to the PIC'd to carrier regarding changes in service via the service order stream using CARE. (Customer Account Record Exchange). The reason the RSS system has changes for IntralATA 1+ is to allow the ACs to do PIC changes on both InterLATA and IntralATA services. Other costs will be incurred due to memory upgrades that will be made to existing Amdahl mainframe systems.

Kathy Bruggerman (303) 441-6192

System Delivery Support Center (SDSC)

The SDSC is the control center where the software support staff for all systems operate and maintain programs that need modification due to implementation of 1+ intralATA equal access.

Ray Hansen (303) 592-6268

Service Order Negotiation and Retrieval (SONAR)

SONAR is used as the front end system used by the SSC's to input service orders into the regional Service Order Processing (SOP) systems. SONAR presents screens specific to products, order entries needed, etc., to the service representative for input into the necessary fields. Fields and screens do not currently exist to allow the service representative to input Predesignated IntralATA Carrier (LPIC), Date (EDT), and Local carrier change charge data in SONAR. The changes create a new screen to allow or force input of this data, display the intralATA carriers available for selection, and send the necessary FIDs and data to the service orders for residence (RES) and business (BUS) orders. Since SONAR handles approximately 90-95% of RES service orders and

50-70% of BUS service orders, this change was necessary to allow these orders to be processed by the service representative through SONAR vs. forcing these to be done in the SOP system. Manual input into the SOP system (SOLAR) is not an option since most service representatives do not know how to use SOLAR for service order input and the work force does not exist to allow this as an option.

Cleo Nelson (303) 896-0395

Service Order Processing and Distribution (SOPAD)

SOPAD is used for the editing and distribution of service orders in the central region.

The planned changes for SOPAD due to implementation of 1 + intranet/ATA equal access in SOUTH DAKOTA involve converting all SOUTH DAKOTA service orders and inserting the LPIC field identifier (FID) and data. This allows for the editing of the LPIC FID after implementation.

Joe Frisina (303) 965-8283

D. DESCRIPTION OF TOTAL SERVICE LONG RUN INCREMENTAL COSTS

Total Service Long Run Incremental Cost (TSLRIC) studies are performed by U S WEST to estimate the economic cost of providing services. The U S WEST TSLRIC studies identify the forward-looking costs associated with the provision of the total quantity of a service in the long run. These forward-looking studies identify the costs that are likely to be incurred in the future, and consider the latest forward-looking technologies and methods of operation that are currently available. These studies are not embedded or historical, and do not measure the impact of prior investment decisions.

U S WEST TSLRIC studies identify recurring and nonrecurring costs. Recurring costs are the ongoing costs associated with providing a service. Recurring costs are generally investment-related and include both capital costs and operating expenses. These costs are often presented as a cost per month or per unit of usage (e.g., minute of use) and are incurred throughout the time period the service is provided to a customer. Nonrecurring costs are the one-time costs that are incurred at the time a customer establishes, discontinues or changes service. These costs normally result from a customer order, and are predominantly labor-related.

The U S WEST recurring TSLRIC studies identify the long run costs associated with providing a service—reflecting a time period over which all inputs (including changes in the size of facilities, levels of investment, etc.) can be adjusted. In addition, these studies identify the replacement cost for the total service. The studies consider the replacement cost of a network that is "built from scratch," assuming the existing location of network "nodes" or switches, and consider the efficiencies associated with building a network to serve total demand, assuming a single carrier. These studies identify the average incremental cost of providing the entire quantity of the service, rather than the costs associated with a small increment in demand.

The U S WEST recurring and nonrecurring TSLRIC studies identify costs on a unitized basis (e.g., per minute of use, per access line, per order) and disaggregate the cost results into the following components:

Total Direct Costs are the forward-looking costs that are caused by offering the service in the long run. These costs would not be incurred if the service were not offered. Total Direct Costs

reflect the per-unit forward looking cost associated with providing the entire service in the most efficient manner, holding constant the production of all other services produced by the firm. In a recurring cost study, Total Direct Costs include the capital costs (e.g., depreciation, cost of money, income taxes) and maintenance costs associated with the investment required to provision a service, along with other service-specific costs such as product management expense. In a nonrecurring cost study, Total Direct Costs include the one-time labor expenses associated with establishing or changing service, along with other service-specific costs such as product management expense. Total Direct Costs are sometimes referred to as the Total Service Long Run Incremental Cost (TSLRIC) of a service.

Network Support Costs include network administration and engineering costs. These costs are not directly associated with a single service, but are generally caused by the provision of a group of services. These costs are sometimes categorized as shared or group-related costs.

Total Direct plus Network Support Costs represent the sum of the Total Direct Costs and the Network Support Costs associated with a service. This measure is similar to what is sometimes referred to as "TSLRIC plus Shared" cost.

Directly Attributable Costs include various costs such as accounting and finance expenses and the cost of computer systems. These costs are not directly associated with a single service or a specific service group. However, these costs vary with the provision of network elements or the network functions that are used to produce services and service groups.

Total Direct plus Network Support plus Directly Attributable Costs represent the sum of Total Direct Costs, Network Support Costs and Directly Attributable Costs.

Common Costs are associated with the enterprise as a whole. These costs do vary based on the total size of the firm, but do not vary based on the size of a particular service or service group. These costs are avoidable only with the elimination of the entire firm, and are sometimes referred to as general overhead costs.

Fully Allocated Costs represent the sum of "Common costs" and the "Total Direct plus Network Support plus Directly Attributable Costs."

ASSUMPTIONS:

1 + IntraLATA Equal Access costs were identified specifically for SOUTH DAKOTA.

Translation input labor for each switch was averaged at 20 hours per each host and 10 hours per each remote office.

U S WEST Communications will be treated as a carrier and fall under all policies and regulatory rules as other carriers.

LABOR RATES: Wage and salary expense estimates are based on 1999 directly assigned labor rates.

SWITCHED COSTS: Costs for the Ericsson, Lucent, and Nortel switches are based on the most recent prices received from the vendors for the implementation and activation of the features associated with providing the 1 + option. These prices are considered "Vendor Proprietary" and are provided in a separate attachment.

SUPPORT SYSTEM MODIFICATION:

- CRIS: No separate pages on the telephone bill.
- IntraLATA calls would print last on the telephone bill.
- IntraLATA informational needs would be made to fit in the existing billing systems.

Originating minutes of use were developed from Intrastate Switched Access and IntraLATA MTS usage in SOUTH DAKOTA.

Study Summary

F. STUDY SUMMARY

Study Name	<i>SOUTH DAKOTA 1+ INTRALATA EQUAL ACCESS</i>	
Study Requester		
Type of Study	<i>Total Service Long Run Incremental Costs (TSLRIC)</i>	
Product or Service Name	<i>TOLL & Switched ACC</i>	
Study Applications		
Completion Date	<i>April 15, 1999</i>	
Cost Analyst	<i>J. E Cushman</i>	
Study Review	<i>Reviewer S. L. Hill</i>	<i>Date</i>
		<i>April 15, 1999</i>
Cost Models Used	<i>Model</i>	<i>Version and/or Release Date</i>
	<i>Retail Cost Program</i>	<i>(Version 1.07) 3/26/99</i>
	<i>Cost Factor Databases</i>	<i>3/26/99 (Vintage: 98V2)</i>
Cost Factors Used	<i>Factor</i>	<i>Effective Date</i>
	<i>Capital Recovery</i>	<i>10/98</i>
	<i>Land</i>	<i>05/96</i>
	<i>Building</i>	<i>05/96</i>
	<i>Commercial Factors</i>	<i>10/98</i>
	<i>Network Support Factors</i>	<i>10/98</i>
	<i>Directly Attributable Factors</i>	<i>06/98</i>
	<i>Common Cost</i>	<i>10/98</i>
	<i>Cost Of Money</i>	<i>11.3%</i>
Inflation		
Major Cost Drivers	<i>1. Forecasted Intralata minutes of use</i> <i>2. Vendor prices for RTU, generic, and hardware.</i> <i>3. Recovery Period</i>	

JUN 01 1999

BEFORE THE PUBLIC UTILITIES COMMISSION
OF SOUTH DAKOTASOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

TC-99-

IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WESTREQUEST FOR CONFIDENTIAL
TREATMENT OF INFORMATION

Pursuant to ARSD 20:10:01:41, U S WEST Communications, Inc. ("U S WEST") requests confidential treatment as follows:

1. Confidential protection is sought for those portions that are designated as "proprietary" in the U S WEST Communications South Dakota 1999 1+ IntraLATA Equal Access (Full 2-PIC Option) dated April, 1999. The pages are marked as confidential and are provided in a sealed envelope.

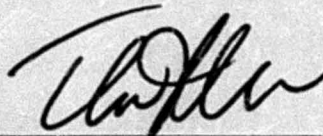
2. The exhibits must be protected for the life of this docket. When the docket is closed all protected information must be returned to U S WEST.

3. The person to be notified is Colleen Sevold, U S WEST Communications, Inc., 125 S. Dakota Avenue, 8th floor, Sioux Falls, SD 57194, telephone (605) 335-4596.

4. The claim for protection is based on ARSD 20:10:01:39(4) and SDCL 37-29-1(4).

5. The pages marked as confidential contain company proprietary information. Disclosure of these documents will provide actual and potential competitors with information which could provide them with a unique and unfair competitive advantage. Accordingly, U S WEST respectfully requests that the Commission grant this request for confidential protection.

Dated this 28th day of May, 1999.



Thomas J. Welk
Attorney for U S WEST Communications, Inc.

Begin

Confidential

CONFIDENTIAL 1

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
TARIFF PAGES FOR ITS ACCESS SERVICE)
TARIFF IMPLEMENTING ITS INTRALATA)
TOLL DIALING PARITY PLAN)**

**ORDER GRANTING
INTERVENTION**

TC99-053

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. On May 20, 1999, the South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene and on May 21, 1999, AT&T Communications of the Midwest, Inc. filed its Petition to Intervene. At its regularly scheduled June 8, 1999, meeting, the Commission considered SDITC's and AT&T's request for intervention.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and 47 U.S.C. § 251 and 252.

The Commission found that the petitions to intervene were timely filed and demonstrated good cause to grant intervention. It is therefore

ORDERED that SDITC and AT&T's requests for intervention are hereby granted.

Dated at Pierre, South Dakota, this 22nd day of June, 1999.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: *Helaine Kalbs*

Date: 6/23/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

TC99-053



125 South Dakota Avenue, 8th Floor
Sioux Falls, South Dakota 57194

July 20, 1999

RECEIVED

JUL 23 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Mr. William Bullard, Executive Director
Public Utilities Commission
State Capitol Building
Pierre, South Dakota 57501

FAX Received JUL 20 1999

Dear Mr. Bullard:

On April 30, 1999 U S WEST filed with the Commission pages from our Access Service Tariff for the cost recovery of Dialing Parity with an implementation date of July 22, 1999. In addition, on May 28, 1999, U S WEST filed a Petition for Cost Recovery Charges which requested the implementation of the EARC charges to be effective with the implementation of Dialing Parity on July 22, 1999.

The revised tariff pages are enclosed which change the waiver period for a PIC change from 30 to 60 days as ordered by the Commission on July 22, 1999. This letter is to inform the Commission that these tariff changes will be implemented July 22, 1999.

If you have any questions, please call me on 605-335-4596.

Sincerely,

A handwritten signature in cursive script that reads "Colleen E. Sevold".

Colleen E. Sevold
Manager-Regulatory Affairs

Attachment

U S WEST COMMUNICATIONS, INC.

Access Service Tariff

SECTION 1

Page 8

Release 2

State of South Dakota
Issued: 4-30-99

Effective: 7-22-99

1. APPLICATION AND REFERENCE

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(N)
(N)

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(N)
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6. SWITCHED ACCESS SERVICE

6.7 RATE TERMS AND CONDITIONS (Cont'd)

6.7.14 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE

The Equal Access and Network Reconfiguration Recovery Charge is a charge to recover those costs that the Company incurs solely in connection with implementation of intraLATA equal access. These costs represent network reconfiguration and system and switch upgrades required to provide 1+ intraLATA equal access.

These costs will be recovered over a period not to exceed three (3) years beginning July 22, 1999. The Equal Access and Network Reconfiguration Recovery Charge will be reviewed on an annual basis and will be adjusted as necessary to ensure recovery of these costs.

The Equal Access and Network Reconfiguration Recovery Charge is assessed to the IC based on the total number of intrastate intraLATA originating access minutes of use (MOU) and to the Company based on its total intrastate intraLATA originating MTS MOU. The rates are set forth in 6.8.5, following.

6.8 RATES AND CHARGES

6.8.1 SWITCHED TRANSPORT

A. Entrance Facility Monthly Rates

	USOC	MONTHLY RATE
1. Voice Grade, per point of termination	EF2XX	\$ 17.40
2. DS1, per DS1	EF2XX	150.00
3. DS3, per DS3	EF2XX	1,282.50

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6. SWITCHED ACCESS SERVICE

6.8 RATES AND CHARGES (Cont'd)

6.8.3 INTERCONNECTION CHARGE

RATE PER
ACCESS MINUTE

\$0.004681

- Interconnection

6.8.4 MESSAGE UNIT CREDIT

FGA
ACCESS MINUTE[1]

\$(0.001726)

- Rate per originating

6.8.5 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE

RATE

\$0.001136

- Per originating minute

(N)

(N)

[1] 0 equals a negative amount.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES (Cont'd)

13.3.2 RESTORATION PRIORITY

Existing Restoration Priority (RP) was superseded by Telecommunications Service Priority (TSP), as specified in Section 13.3.7, following, on September 10, 1990. Existing RP arrangements remain in effect for thirty (30) months until March 10, 1993. If RP Service is converted to TSP, the customer will incur the Priority Restoration Level Implementation Nonrecurring Charge as specified in 13.4.3.D., following.

13.3.3 PRESUBSCRIPTION

A. Description

Presubscription is a procedure whereby an end user or payphone service provider (PSP) may select and designate to the Company an IC to access without dialing an access code. This procedure applies for both interLATA and intraLATA calls. This IC is referred to as the end user's or PSP's primary IC (PIC). An end user or PSP may select one primary IC for both interLATA and intraLATA service, or they may choose to have two primary ICs, one for interLATA service and a different IC for intraLATA service.

The Presubscription procedure applies to Telephone Exchange Service lines and/or trunks, Switched Access Lineside connections, Centrex-type lines and Public Access Line (PAL) Service.

- For presubscription pay telephones, the PSP will select and designate to the Company an IC to access, without dialing an access code, for intraLATA calls.

Should a caller wish to use the services of an IC other than the primary IC, it is necessary for the caller to dial the IC's access code(s) to reach that IC's service(s).

The terms, conditions, rates and charges for interLATA presubscription are found in F.C.C. No. 5, Section 13.

The terms and conditions for intraLATA presubscription are following.

(T)

(C)

(C)

(T)

(T)

(N)

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13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION (Cont'd)

B. Terms and Conditions

(N)

1. Charge Application for Presubscription

- a. End users or PSPs placing orders for new service will be asked to select a primary IC at the time they place an order with the Company for Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service. There will be no charge for this selection.
- b. Subsequent to the installation of Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service, for any change in selection, including a change from one access code to another access code for the same IC, a nonrecurring charge applies.
- c. For a period of 60 days after July 22, 1999, an end user or PAL subscriber may make one PIC change without charge.
- d. Following the expiration of the 60 day waiver period, a one time bulk-bill will be issued to all participating intraLATA carriers assessing to them the total of all intraLATA PIC change charges waived during the mandated waiver period for end user customers choosing to change to them.
- e. The nonrecurring charge for a primary IC change is billed to the end user who is the subscriber to the Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or to the PSP of PAL Service. However, an IC may, at its option, elect to pay the charge for any end user and/or PSP. When applicable, the nonrecurring charge for a PIC change is set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. Terms and Conditions (Cont'd)

(N)

2. Dispute Application for Presubscription

If the end user or PSP disputes a PIC change, the Company will investigate the origin of the change and shall restore the end user or PSP to their previous PIC. If the change was due to a Company error, the end user or PSP will be returned to their previous primary IC free of charge. If the change was submitted by an IC, and the IC is unable to produce the signed end user or PSP Letter of Agency (LOA), the nonrecurring charges will be assessed to the unauthorized IC.

If there is a conflict between an end user, a PSP or their respective agent, on one hand, and the IC on the other hand, over the designation of the primary IC, the Company will honor the designation selected by the end user, a PSP or their respective agent, regardless of any contractual obligations the end user, PSP or agent may have with one or more ICs.

If there is a conflict between an end user and/or a PSP, on one hand, and their agent on the other hand, over the designation of the primary IC, the Company will honor the designation selected by the end user and/or PSP regardless of any contractual obligations the end user and/or PSP may have with one or more ICs or agents.

The nonrecurring charge for an Unauthorized PIC change is set forth in D., following.

3. PIC Restoral

PIC Restoral is the recovery of charges assessed by the Company for unauthorized PIC changes made to end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. The unauthorized carrier will be assessed the PIC Restoral charges incurred to restore the end user to their previous primary IC. If the change was due to a Company error, the end user or PSP will be returned to their previous primary IC free of charge.

When a business or residence end user denies authorizing a PIC change, the Company will restore the end user to their previous IC. All PIC change charges assessed by the Company to the end user as a result of the disputed PIC change will be credited to the end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service.

The PIC Restoral charge will be assessed per line or trunk associated with the Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. Rates and charges for PIC Restoral are set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. (Cont'd)

(N)

4. Cancellation of Interexchange Participation for Presubscription

If an IC elects to discontinue all of its Feature Group D service in an end office prior to the conversion date or after the introduction of Feature Group D in the converting end office, the IC is obligated to do the following:

- Notify the Company of the cancellation of their Feature Group D service, and;
- Contact all end users or PSPs that are presubscribed to the canceling IC as their primary IC. Inform these end users or PSPs of the cancellation and request that the end users or PSPs contact the Company to select a new primary IC.

The Company will bill the canceling IC the service order charge described in C., following, for each end user or PSP that this IC has currently predesignated to them.

Such charge will not apply to the canceling IC where the canceling IC transfers or assigns its Feature Group D services and the associated 101XXXX code to another IC in such a manner that the Company does not change the end users' or PSPs' records or the end users' or PSPs' IC designation, or if another IC elects to pay the service order charge on behalf of the canceling IC.

C. IC Initiated Conversions for Presubscription

When an IC requests that their end user or PSP be changed from one access code to another access code on a mass conversion basis, (e.g., an IC using two or more PIC designations or an IC assuming ownership of another IC's end users, etc.,) charges will be as set forth in D., following.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES 13.3.3 PRESUBSCRIPTION (Cont'd)

(N)

D. Rates and Charges

NONRECURRING CHARGE

1. The charges for a PIC change are as follows:

- | | |
|--|---------|
| • Per Telephone Exchange Service line or trunk | \$ 5.00 |
| • Per Switched Access Lineside connection | 5.00 |
| • Per Centrex-type line | 5.00 |
| • Per PAL | 5.00 |

2. The charges for an Unauthorized PIC change are as follows:

- | | |
|--|-------|
| • Per Telephone Exchange Service line or trunk | 21.50 |
| • Per Switched Access Lineside connection | 21.50 |
| • Per Centrex-type line | 21.50 |
| • Per PAL | 65.00 |

3. The charges for a PIC Restoral are as follows:

- | | |
|--|-------|
| • Per Telephone Exchange Service line or trunk | 10.00 |
| • Per Switched Access Lineside connection | 10.00 |
| • Per Centrex-type line | 10.00 |

4. The charges for an IC Initiated Conversion are as follows:

- | | |
|--|------|
| • Per Telephone Exchange Service line or trunk | 0.75 |
| • Per Switched Access Lineside connection | 0.75 |
| • Per Centrex-type line | 0.75 |
| • Per PAL | 0.75 |

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST	)	ORDER FOR AND NOTICE
COMMUNICATIONS, INC. FOR APPROVAL OF	)	OF HEARING
TARIFF PAGES FOR ITS ACCESS SERVICE	)	
TARIFF IMPLEMENTING ITS INTRALATA	)	TC99-053
TOLL DIALING PARITY PLAN	)	

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. On May 20, 1999, the South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene and on May 21, 1999, AT&T Communications of the Midwest, Inc. filed its Petition to Intervene. At its regularly scheduled June 8, 1999, meeting, the Commission considered SDITC's and AT&T's request for intervention. The Commission granted intervention by Order dated June 22, 1999.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and 47 U.S.C. §§ 251 and 252.

The procedural schedule for testimony shall be as follows:

DATE	PROCEDURAL SCHEDULE
September 3, 1999	U S WEST Prefiled Testimony Due
September 17, 1999	Staff and Intervenor Testimony Due
September 24, 1999	Reply Testimony Due

A hearing shall be held at 9:00 a.m., on Thursday, September 30, 1999, and continuing on Friday, October 1, 1999, if necessary, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota. The hearing is open to the public. All persons so testifying shall be subject to cross-examination.

The issue at the hearing is whether the Commission shall grant U S WEST's Petition for a Cost Recovery Charge.

The hearing shall be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights shall be forfeited if not exercised at the hearing. If you or your representative fail to appear at the time and place set for the hearing, the Final Decision will be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision regarding this matter. As a result of this hearing, the Commission shall determine whether it shall grant U S WEST's Petition for Cost Recovery Charge. The Commission's Final Decision may be appealed by the parties to the state Circuit Court and the state Supreme Court as provided by law. It is therefore

ORDERED, that the procedural schedule set forth above shall be followed by all parties to these proceedings. It is further

ORDERED, that the hearing shall commence at 9:00 a.m., on Thursday, September 30, 1999, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota, and if necessary, shall continue through Friday, October 1, 1999.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 4th day of August, 1999.

CERTIFICATE OF SERVICE The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon. By: <u><i>Debbie Kaelo</i></u> Date: <u>8/4/99</u> (OFFICIAL SEAL)
--

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner



Andrew M. Jones
Attorney

State Regulatory Affairs/Mountain Region
8140 Ward Parkway
Kansas City, MO 64114
Voice 913 624 4285
Fax 913 624 5681
andrew.jones@mail.sprint.com

September 2, 1999

William Bullard, Executive Director
South Dakota Public Utilities Commission
500 East Capitol Street
Pierre, SD 57501-5070

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SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

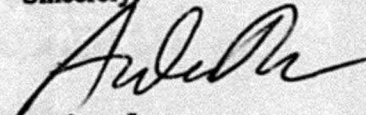
Re: TC99-053; US WEST toll dialing parity cost recovery proposal

Dear Mr. Bullard:

Please find enclosed two copies of the Petition of Sprint to Intervene in the above matter. I ask that a file stamped copy be returned to me using the enclosed, self-addressed stamped envelope.

Thank you for your consideration, and please call if you have any questions or concerns.

Sincerely,



Andrew Jones

AMI/aj
enclosures

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SEP 03 1999

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

TC-99-053

**IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY US WEST**

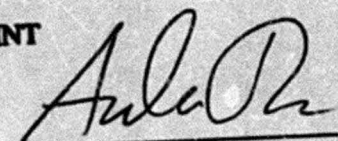
**) PETITION OF SPRINT
) TO INTERVENE
)**

PETITION OF SPRINT TO INTERVENE

Sprint Corporation ("Sprint") respectfully requests intervention in the above matter. Sprint, as a long distance provider subject to access charges, has substantial interests in the outcome of these proceedings, and participation herein will ensure that Sprint is afforded opportunity to protect those interests.

Respectfully submitted this 2nd day of September, 1999.

SPRINT

By: 

**Andrew M. Jones, Esq.
8140 Ward Parkway, 5E
Kansas City, MO 64114
(913) 624-4285
(913) 624-5681 (fax)**

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
Telephone 303 672-5671
Facsimile 303 295-6977
eduarte@uswest.com

Alex M. Duarte
Senior Attorney



VIA FEDERAL EXPRESS

September 3, 1999

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SEP 03 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

William Bullard, Jr., Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

RE: Docket No. TC99-053
In the Matter of the Cost Recovery For Dialing Parity Implementation by
U S WEST Communications, Inc.

Dear Mr. Bullard:

Enclosed are an original and ten copies of the following:

Direct Testimony of Robert H. Brigham
Request for Confidential Treatment of Information
Direct Testimony of David L. Teitzel

You will also receive this document electronically via e-mail.

Please stamp and return the enclosed extra copy of this letter in the enclosed addressed,
postage paid envelope.

Sincerely,

Marjorie Herth
Secretary to Alex Duarte

Enclosures
/moh



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SEP 03 1999

**BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WEST**

)
) **TC99-053**
)

U S WEST COMMUNICATIONS, INC.

DIRECT TESTIMONY OF

ROBERT H. BRIGHAM

September 3, 1999

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH U S WEST COMMUNICATIONS.

A. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado. I am employed as a Director- Service Costs in the U S WEST Communications (U S WEST) Markets/Regulatory Strategy organization.

Q. PLEASE DESCRIBE YOUR EDUCATION BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. In 1983, I received a Master of Business Administration (MBA) degree from the University of Colorado in Denver, Colorado. My area of emphasis was financial analysis. I received a Bachelor of Arts degree in 1974 from Stetson University in Deland, Florida.

I began my employment with U S WEST (Mountain Bell) in 1976. Between 1976 and 1980 I held various positions in the Mountain Bell Commercial (marketing) department. In 1980, I accepted the position of Analyst in the Cost, Rates and Regulatory Matters department, working primarily on the development of embedded cost data. In June, 1987 I accepted the position of Manager in the Service Cost organization, with responsibility for economic analysis and the development of incremental costing methodologies. In September, 1992, I accepted the position of Director- Product Cost Specialist, responsible for developing and supporting U S WEST cost studies in formal regulatory proceedings, and

1 representing U S WEST in costing and pricing workshops sponsored by various
2 regulatory commissions in the U S WEST region. Between May, 1994 and June,
3 1997 I served as Director- Product and Market Issues; managing competitive and
4 local interconnection issues for U S WEST and supporting U S WEST's
5 interconnection negotiation and arbitration efforts. In June, 1997 I rejoined the
6 U S WEST cost organization as Director- Service Costs. In my current position, I
7 am responsible for managing cost issues, developing cost methods and representing
8 U S WEST in proceedings before regulatory commissions.

9
10 **Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THIS**
11 **COMMISSION?**

12 **A. No.**
13

14 **Q. HAVE YOU TESTIFIED BEFORE OTHER STATE REGULATORY**
15 **COMMISSIONS?**

16 **A. Yes. I have presented cost testimony before Commissions in Arizona, Colorado,**
17 **Montana, Nebraska, North Dakota, Oregon, Utah and Wyoming.**
18

19 **II. PURPOSE OF TESTIMONY**
20

21 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

22 **A. The purpose of my testimony is to present the U S WEST 1+ IntraLATA Equal**
23 **Access Cost study for South Dakota. The 1+ IntraLATA Equal Access cost study**
24 **provides the cost support for the Equal Access and Network Reconfiguration**
25 **Recovery Charge (EANRC) proposed in the testimony of Mr. David Teitzel.**

1

2 Q. HAS THE FCC DETERMINED THAT LOCAL EXCHANGE CARRIERS
3 SUCH AS U S WEST ARE PERMITTED TO RECOVERY THE COSTS
4 ASSOCIATED WITH THE IMPLEMENTATION OF INTRALATA 1+
5 EQUAL ACCESS?

6 A. Yes. The FCC has issued rules on dialing parity that specifically allow local
7 exchange carriers such as U S WEST to recover the costs of implementing
8 intraLATA 1+ Equal Access. These rules state:

9

10 (a) A LEC may recover the incremental costs necessary for the
11 implementation of toll dialing parity. The LEC must recover such costs from
12 all providers of telephone exchange service and telephone toll service in the
13 area served by the LEC, including that LEC. The LEC shall use a cost
14 recovery mechanism established by the state.¹

15

16 The U S WEST 1+ IntraLATA Equal Access Cost study identifies the "incremental
17 costs necessary for the implementation of toll dialing parity" consistent with the
18 FCC rules.

19

III. THE 1+ INTRALATA EQUAL ACCESS COST STUDY

A. Description of Costs

Q. WHAT TYPE OF COSTS ARE INCLUDED IN THE SOUTH DAKOTA 1+ INTRALATA EQUAL ACCESS COST STUDY?

A. The South Dakota 1+ IntraLATA Equal Access cost study identifies the costs that U S WEST will incur to implement 1+ intraLATA Equal Access in South Dakota. These costs include:

- 1. Software Right to Use (RTU) fees**
- 2. Feature loading costs (translations)**
- 3. Parameter Data Assembler (PDA) run costs**
- 4. Support Systems Modification costs**

Q. PLEASE BRIEFLY DESCRIBE SOFTWARE RTU FEES.

A. In order to provide 1+ intraLATA equal access, U S WEST must pay RTU fees associated with leasing the software that is used to enable 1+ equal access. The study identifies the RTU fees associated with Lucent #5ESS and #1AESS switches and Ericsson AXE10 switches that are in place in South Dakota.

Q. PLEASE BRIEFLY DESCRIBE FEATURE LOADING COSTS.

A. Feature loading costs represent the costs incurred by U S WEST to activate the 1+ equal access feature in each office. This cost includes the labor expense for

1 U S WEST technicians to perform the necessary translations in each central office
2 switch in South Dakota.

3
4 **Q. PLEASE BRIEFLY DESCRIBE PARAMETER DATA ASSEMBLER (PDA)**
5 **RUN COSTS.**

6 A. U S WEST has two (2) #1AESS switches in South Dakota. In order to implement
7 1+ Equal Access in these switches, U S WEST must request a Parameter Data
8 Assembler (PDA) magnetic tape from Lucent Technologies. A U S WEST
9 technician must run this tape, which includes instructions to set up the hardware and
10 software parameters in the #1AESS switch. The cost includes the labor expense of
11 the U S WEST technician performing the PDA run.

12
13 **Q. PLEASE BRIEFLY DESCRIBE SUPPORT SYSTEM MODIFICATION**
14 **COSTS.**

15 A. The "support system modification costs" identified in the study include two types of
16 costs. First, the study identifies the labor related costs incurred to modify existing
17 support systems to support 1+ intraLATA equal access. Several work activities are
18 identified, as described in the study documentation. The cost for each
19 implementation activity is calculated by multiplying the relevant activity work time
20 by the appropriate labor rate. Second, support system modification costs include
21 the cost of a separate mailing to notify customers that they can select another carrier
22 for intraLATA toll service.

23
24 **Q. PLEASE BRIEFLY DESCRIBE HOW COSTS ARE CALCULATED IN THE**
25 **STUDY.**

1 A. Total costs for each of the four cost elements described above are identified. Each
2 of the above costs is treated as an expense item. Consistent with a Total Service
3 Long Run Incremental Cost (TSLRIC) methodology, the expense items identified
4 above (with the exception of customer notification) are loaded with administrative
5 expense, product management expense and business fees. The expenses are also
6 loaded with an allocation of common costs, to yield a fully allocated cost. No cost
7 factors are applied to customer notification. The resulting expenses for each
8 element are amortized over a three-year recovery period to derive an annual
9 levelized recovery amount.

10

11 The sum of the annual levelized cost recovery dollars are divided by the levelized
12 originating intraLATA access and toll minutes of use, to yield a cost recovery
13 amount per minute of use.

14

15 **Q. PLEASE SUMMARIZE THE RESULTS OF THE STUDY.**

16 A. The results of the 1+ IntraLATA Equal Access study are:

17

18 Equal Access Recovery Amount = \$0.001230 per MOU

19

20 Confidential: Exhibit RHB-1 includes the 1+ Equal Access study. The results are
21 summarized on page 8-1 of the study.

22

23 **Q. DOES THE STUDY IN EXHIBIT RHB-1 REFLECT ANY REVISIONS**
24 **FROM THE 1+ INTRALATA EQUAL ACCESS COST STUDY FILED**
25 **PREVIOUSLY?**

1 A. Yes. The 1+ IntraLATA Equal Access cost study contained in Exhibit RHB-1
2 reflects corrected intraLATA forecasted minute of use data (see page 8-5 of the cost
3 study). The original cost study included some interLATA minutes of use, which
4 have been removed in the revised study.

5
6 **B. Use of Cost Data**

7
8 **Q. HOW SHOULD THIS COST DATA BE USED?**

9 A. U S WEST has proposed that the costs to implement 1+ intraLATA equal access be
10 recovered over a three year time period via a charge to intraLATA access and toll
11 originating minutes of use. The costs provided in Confidential Exhibit RHB-1
12 should be used to establish the Equal Access and Network Reconfiguration
13 Recovery Charge, as described by Mr. Teitzel. The costs are developed based on
14 originating *intraLATA* usage, and are designed to be used in the development of a
15 charge that is applied to originating *intraLATA* access and toll minutes of use.

16
17 **C. True-up Process**

18
19 **Q. WILL U S WEST PERFORM A "TRUE UP" TO ASSURE THE PROPER**
20 **RECOVERY OF EQUAL ACCESS COSTS?**

21 A. Yes. The Equal Access and Network Reconfiguration Recovery Charge will be in
22 place for three years. At the end of each year, U S WEST will adjust the charge to
23 assure that it accurately recovers the actual costs that U S WEST incurs to
24 implement intraLATA 1+ Equal Access.

25

1 Q. WHY IS THIS ADJUSTMENT NECESSARY?

2 A. Since the proposed charge is based on estimated toll and access minutes of use for
3 the next three years, it will accurately recover the costs only if the estimated level of
4 usage is realized. If actual usage is either higher or lower than estimated, the charge
5 will not properly recover costs—and would require adjustment. For example, if
6 actual usage for 1999 is greater than estimated 1999 usage, the charge would be
7 adjusted downward to avoid over-recovery. In similar fashion, if actual usage for
8 1999 is less than estimated 1999 usage, the charge would be adjusted upwards.

9

10 IV. CONCLUSION

11

12 Q. WHAT DO YOU RECOMMEND?

13 A. The Commission should approve the Equal Access and Network Reconfiguration
14 Recovery Charge proposed by U S WEST, which will recover the 1+ IntraLATA
15 Equal Access implementation costs identified in the study presented as Confidential
16 Exhibit RHB-1 of my testimony.

17

18 Q. DOES THIS CONCLUDE YOUR TESTIMONY?

19 A. Yes, it does.

20

21

22

**BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WEST**

)
) TC99-053
)

U S WEST COMMUNICATIONS, INC.

EXHIBITS OF

Robert H. Brigham

September 3, 1999

**BEFORE THE PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST) TC99-053**

U S WEST COMMUNICATIONS, INC.

EXHIBIT RHB-1 OF

DIRECT TESTIMONY OF ROBERT H. BRIGHAM

SEPTEMBER 3, 1999

U S WEST COMMUNICATIONS

SOUTH DAKOTA

1999

1+ INTRALATA EQUAL ACCESS

(FULL 2-PIC OPTION)

SEPTEMBER 1999

**U S WEST COMMUNICATIONS
SOUTH DAKOTA
1999
1 + INTRALATA EQUAL ACCESS
(FULL 2-PIC OPTION)**

INDEX

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2	Study Assumptions
3	Study Summary
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5	Switching
6	Support Systems Modifications
7	Factors and Labor Rates
8	EARC
Attachment One	Vendor Proprietary Pages

SOUTH DAKOTA INTRALATA EQUAL ACCESS COST STUDY

EXECUTIVE SUMMARY

A. Purpose of Study

The purpose of this study is to identify the nonrecurring costs to U S WEST Communications associated with the implementation and conversion of intralATA Equal Access in SOUTH DAKOTA in 1999.

These costs are being identified in response to the order of the Public Utilities Board in the state of SOUTH DAKOTA, (TC99-030), and also in support of U S WEST Communication's 1 + Implementation Plan.

This cost study also develops a rate per minute of use to be recuperated over the length of the recovery period.

B. Description of Service

IntralATA Equal Access enables telephone customers to designate and utilize the carrier of their choice for toll calling within their own LATA.

The customer's ability to designate a preferred carrier for the transport of their intralATA toll traffic is referred to as pre-subscription. The intralATA equal access method which has been identified by the Equal Access and Pre-subscription Implementation Committee for the provision of intralATA presubscription is technically referred to as the "Full 2-PIC" method (Primary Interexchange Carrier or "PIC").

C. Methodology

Switch Costs: The Right To Use Fee (RTU) identifies the capital lease cost U S WEST incurs for the feature associated with providing the 1 + intralATA option. The generic expense identifies the cost U S WEST incurs for an upgrade of the PDA (Peripheral Data Unit) for the 1A switches that provide intralATA equal access in SOUTH DAKOTA. The hardware expense identifies additional hardware needed within each switch to provide the feature of 1 +. Lucent, NorTel, and Ericsson are the three suppliers of the switching software, features, and hardware needed to provide intralATA equal access.

Feature loading expenses were developed by the U S WEST engineering groups and are required to activate the feature for each line in an office.

Support Systems Modification Costs: The costs of modifications to existing support systems were based on estimates from the U S WEST Project Overhead and Client Support group. These expenses are identified for the provisioning of service and the establishment or update of the associated programs and databases.

CRIS-Expense

CRIS will be involved with populating and expanding databases on all SOUTH DAKOTA end-user accounts with their intralATA carrier of choice. This includes

applications groups from the front end of the system that reads the AMA data to the back end of the system that prints the carrier of choice phrases to sorting the toll properly on the end-users bill. This includes the establishing and editing of new Field Identifiers (FIDs) and Universal Service Order Codes (USOCs) associated with this project.

Additional costs will be incurred due to memory upgrades that will be made to existing Arndahl mainframe systems.

Kevin Zuelke (402) 422-7810

Customer Notification

Customer notification of the 2-PIC option will be done via letter as prescribed by the State Corporate Commission. Costs will be incurred from printing and mailing the notification.

Kelly Champagne (612) 569-2369

Global Project Management (GPM)

Global Project Management provides a liaison between all the support systems and corporate finance to ensure budget support and coordination of project implementation.

Ray Hansen (303) 592-6268

H&PS and BGS

Service Representatives in Home and Personal Services (H&PS) and Business and Government Services (BGS) will need to be trained on incorporating the 2 - PIC option into the intralATA business office environment. The costs for the development of a methods package for training U S WEST business office personnel were based on estimates from the U S WEST Methods Design Group.

Kelly Champagne (612) 569-2369

Sherry Praemer (602) 351-5314

Integrated Access Billing System (IABS)

IABS processes access charges and prepares Inter Exchange Carrier (IEC) bills. The I + IntralATA requirements change IABS in several areas: Usage Post must recognize this message class and retain its identity for the rest of IABS processing.

Usage Rating must recognize the message class and rate it appropriately and pass the correct information to Billing. Billing must change the bill to separately identify the I + IntralATA charges. Where applicable, the Equal Access Recovery Charge must be added to the billing process. Journals must journal the billed amounts appropriately for I + IntralATA charges. Adjustments and Disputes must accommodate adjustments and disputes in I + IntralATA charges. Additional costs will be incurred due to memory upgrades that will be made to existing Arndahl mainframe systems.

Dorothy Polen (303) 624-9635

Interfaced From End (IFE)

IFE gathers information and generates service order records for BGS, Interconnect Services, and Internal Communications (ICS). The service order records are converted into customer service orders for processing by down stream systems. The 1+ requirements will require IFE to be enhanced to allow for the intralATA carrier. Specifically, this will entail a screen change to allow for selection of the intralATA carrier, to store it, and to place it in the service order record. Testing will be required to ensure existing IFE capabilities are not impacted by the change.

Pat Jiwani (303) 624-4016

MARCH

MARCH is the system that will input the recent change messages into the central offices. It is the last system in the service order provisioning process before the customer gets the service that they have requested. This system will need modifications so that it will be capable of provisioning customer lines with the 2-PIC option.

Cheryl Heiberg (208) 385-8222

Regional Service Order Logistics and Reference System (RSOLAR)

RSOLAR is the regional service order processor. RSOLAR also utilizes Minimal Input (MI) to return items from accounts to a screen for order input. 1+ changes are being made to RSOLAR on FIDs to be returned on MI. Pending order dumps will also be done.

Cindy Fox (402) 422-5968

Regional Subscription System (RSS)

RSS is the system which processes PIC change requests from the Access Carrier (AC). It also communicates all end user activity to the PICd to carrier regarding changes in service via the service order stream using CARE. (Customer Account Record Exchange). The reason the RSS system has changes for IntralATA 1+ is to allow the ACs to do PIC changes on both InterLATA and IntralATA services. Other costs will be incurred due to memory upgrades that will be made to existing Amdahl mainframe systems.

Kathy Brugeman (303) 441-6192

System Delivery Support Center (SDSC)

The SDSC is the control center where the software support staff for all systems operate and maintain programs that need modification due to implementation of 1+ intralATA equal access.

Ray Hansen (303) 592-6268

Service Order Negotiation and Retrieval (SONAR)

SONAR is used as the front end system used by the SSC's to input service orders into the regional Service Order Processing (SOP) systems. SONAR presents screens specific to products, order entries needed, etc., to the service representative for input into the necessary fields. Fields and screens do not currently exist to allow the service representative to input Predesignated IntralATA Carrier (LPIC), Date (EDT), and Local carrier change change data in SONAR. The changes create a new screen to allow or force input of this data, display the intralATA carriers available for selection, and send the necessary FIDs and data to the service orders for residence (RES) and business (BUS) orders. Since SONAR handles approximately 90-95% of RES service orders and

50-70% of BUS service orders, this change was necessary to allow these orders to be processed by the service representative through SONAR vs. forcing these to be done in the SOP system. Manual input into the SOP system (SOLAR) is not an option since most service representatives do not know how to use SOLAR for service order input and the work force does not exist to allow this as an option.

Cleo Nelson (303) 896-0395

Service Order Processing and Distribution (SOPAD)

SOPAD is used for the editing and distribution of service orders in the central region.

The planned changes for SOPAD due to implementation of 1 + intralATA equal access in SOUTH DAKOTA involve converting all SOUTH DAKOTA service orders and inserting the LPIC field identifier (FID) and data. This allows for the editing of the LPIC FID after implementation.

Joe Frisina (303) 965-8283

D. DESCRIPTION OF TOTAL SERVICE LONG RUN INCREMENTAL COSTS

Total Service Long Run Incremental Cost (TSLRIC) studies are performed by U S WEST to estimate the economic cost of providing services. The U S WEST TSLRIC studies identify the forward-looking costs associated with the provision of the total quantity of a service in the long run. These forward-looking studies identify the costs that are likely to be incurred in the future, and consider the latest forward-looking technologies and methods of operation that are currently available. These studies are not embedded or historical, and do not measure the impact of prior investment decisions.

U S WEST TSLRIC studies identify recurring and nonrecurring costs. Recurring costs are the ongoing costs associated with providing a service. Recurring costs are generally investment-related and include both capital costs and operating expenses. These costs are often presented as a cost per month or per unit of usage (e.g., minute of use) and are incurred throughout the time period the service is provided to a customer. Nonrecurring costs are the one-time costs that are incurred at the time a customer establishes, disconnects or changes service. These costs normally result from a customer order, and are predominantly labor-related.

The U S WEST recurring TSLRIC studies identify the long run costs associated with providing a service—reflecting a time period over which all inputs (including changes in the size of facilities, levels of investment, etc.) can be adjusted. In addition, these studies identify the replacement cost for the total service. The studies consider the replacement cost of a network that is "built from scratch," assuming the existing location of network "nodes" or switches, and consider the efficiencies associated with building a network to serve total demand, assuming a single carrier. These studies identify the average incremental cost of providing the entire quantity of the service, rather than the costs associated with a small increase in demand.

The U S WEST recurring and nonrecurring TSLRIC studies identify costs on a unitized basis (e.g., per minute of use, per access line, per order) and disaggregate the cost results into the following components:

Total Direct Costs are the forward-looking costs that are caused by offering the service in the long run. These costs would not be incurred if the service were not offered. Total Direct Costs

reflect the per-unit forward looking cost associated with providing the entire service in the most efficient manner, holding constant the production of all other services produced by the firm. In a recurring cost study, Total Direct Costs include the capital costs (e.g., depreciation, cost of money, income taxes) and maintenance costs associated with the investment required to provision a service, along with other service-specific costs such as product management expense. In a nonrecurring cost study, Total Direct Costs include the one-time labor expenses associated with establishing or changing service, along with other service-specific costs such as product management expense. Total Direct Costs are sometimes referred to as the Total Service Long Run Incremental Cost (TSLRIC) of a service.

Network Support Costs include network administration and engineering costs. These costs are not directly associated with a single service, but are generally caused by the provision of a group of services. These costs are sometimes categorized as shared or group-related costs.

Total Direct plus Network Support Costs represent the sum of the Total Direct Costs and the Network Support Costs associated with a service. This measure is similar to what is sometimes referred to as "TSLRIC plus Shared" cost.

Directly Attributable Costs include various costs such as accounting and finance expenses and the cost of computer systems. These costs are not directly associated with a single service or a specific service group. However, these costs vary with the provision of network elements or the network functions that are used to produce services and service groups.

Total Direct plus Network Support plus Directly Attributable Costs represent the sum of Total Direct Costs, Network Support Costs and Directly Attributable Costs.

Common Costs are associated with the enterprise as a whole. These costs do vary based on the total size of the firm, but do not vary based on the size of a particular service or service group. These costs are avoidable only with the elimination of the entire firm, and are sometimes referred to as general overhead costs.

Fully Allocated Costs represent the sum of "Common costs" and the "Total Direct plus Network Support plus Directly Attributable Costs."

ASSUMPTIONS:

1 + IntraLATA Equal Access costs were identified specifically for SOUTH DAKOTA.

Translation input labor for each switch was averaged at 20 hours per each host and 10 hours per each remote office.

U S WEST Communications will be treated as a carrier and fall under all policies and regulatory rules as other carriers.

LABOR RATES: Wage and salary expense estimates are based on 1999 directly assigned labor rates.

SWITCHED COSTS: Costs for the Ericsson, Lucent, and Nortel switches are based on the most recent prices received from the vendors for the implementation and activation of the features associated with providing the 1 + option. These prices are considered "Vendor Proprietary" and are provided in a separate attachment.

SUPPORT SYSTEM MODIFICATION:

- CRIS: No separate pages on the telephone bill.
- IntraLATA calls would print last on the telephone bill.
- IntraLATA informational needs would be made to fit in the existing billing systems.

Originating minutes of use were developed from Intrastate Switched Access and IntraLATA MTS usage in SOUTH DAKOTA.

Study Summary

F. STUDY SUMMARY

Study Name	<i>SOUTH DAKOTA 1+ INTRALATA EQUAL ACCESS</i>	
Study Requester		
Type of Study	<i>Total Service Long Run Incremental Costs (TSLRIC)</i>	
Product or Service Name	<i>TOLL & Switched ACC</i>	
Study Applications		
Completion Date	<i>April 15, 1999</i>	
Cost Analyst	<i>J. E Cushman</i>	
Study Review	<i>Reviewer S. L. Hill</i>	<i>Date</i>
		<i>April 15, 1999</i>
Cost Models Used	<i>Model</i>	<i>Version and/or Release Date</i>
	<i>Retail Cost Program</i>	<i>(Version 1.07) 3/26/99</i>
	<i>Cost Factor Databases</i>	<i>3/26/99 (Vintage: 98V2)</i>
Cost Factors Used	<i>Factor</i>	<i>Effective Date</i>
	<i>Capital Recovery</i>	<i>10/98</i>
	<i>Land</i>	<i>05/96</i>
	<i>Building</i>	<i>05/96</i>
	<i>Commercial Factors</i>	<i>10/98</i>
	<i>Network Support Factors</i>	<i>10/98</i>
	<i>Directly Attributable Factors</i>	<i>06/98</i>
	<i>Common Cost</i>	<i>10/98</i>
	<i>Cost Of Money</i>	<i>11.3%</i>
Inflation		
Major Cost Drivers	<i>1. Forecasted Intralata minutes of use</i> <i>2. Vendor prices for RTU, generic, and hardware.</i> <i>3. Recovery Period</i>	

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**Pages 5 – 4 through 5-18 contain vendor
Proprietary prices. The information located
On these pages is found in Attachment One.**

1/23/98

Check -

Pr Bob Sparks (BRI) 303-397-8988

Contracted Programming for Centrally Developed Systems

State of CO = \$52.55/hr.

(Contracted through ATC Tech West)

Done

Page 7-4

From: Doreen Smith <dsmith@uswest.com>
Subject: RE: CONTRACTOR LABOR RATE
To: Charles Nash <cnash@uswest.com>

11:06

Chuck,

Regarding the leased programmer labor rate used for the TATA (India) company -

Per Derek Willis (303-357-8964), a Contract agent with BRI, the most consistently used rate has been \$60/hour. Because of market fluctuation, the contract with TCS America (a division of TATA) doesn't quote a specific hourly rate.

Doreen

Page 7-5
303/06 11:21 AM

SOUTH DAKOTA
1+ INTRALATA EQUAL ACCE
(FULL 2-PIC OPTION)

F. STUDY SUMMARY

[illegible]

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

RECEIVED

SEP 03 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

TC 99-053

**IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST)**

**REQUEST FOR CONFIDENTIAL
TREATMENT OF INFORMATION**

Pursuant to ARSD 20:10:01:41, U S WEST Communications, Inc. (U S WEST), through the undersigned counsel, requests confidential treatment as follows:

- 1) Confidential protection is sought for Confidential Exhibit RHB-1 to the Prefiled Direct Testimony of Robert H. Brigham, which includes U S WEST's 1+ IntraLATA Equal Access Cost Study.
- 2) The exhibit must be protected for the life of this docket. When the docket is closed, all protected information must be returned to U S WEST.
- 3) The person to be notified is Colleen Sebold, U S WEST Communications, Inc., 125 S. Dakota Avenue, 8th Floor, Sioux Falls, South Dakota 57194, telephone (605) 335-4596.
- 4) The claim for protection is based on ARSD 20:10:01:39 (4) and SDCL 37-29-1(4).
- 5) The exhibit contains U S WEST's 1+ IntraLATA Equal Access Cost Study. Disclosure of this cost study will provide actual and potential competitors with information which could provide them with a unique and unfair competitive advantage. Accordingly, U S WEST respectfully requests that the Commission grant this request for confidential protection.

Dated this 2nd day of September, 1999.

By: 

Alex M. Duarte
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, CO 80202
(303) 672-5871

Thomas J. Welk
BOYCE, MURPHY, McDOWELL &
GREENFIELD, L.L.P.
101 North Phillips Avenue, Suite 600
P. O. Box 5015
Sioux Falls, SD 57117-5015
(605) 336-2424

Dated this 2nd day of September, 1999.

By: 

Alex M. Duarte
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, CO 80202
(303) 672-5871

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RECEIVED

SEP 03 1999

**BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WEST**

)
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TC99-053

U S WEST COMMUNICATIONS, INC.

DIRECT TESTIMONY OF

DAVID L. TEITZEL

September 3, 1999

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II.	PURPOSE OF TESTIMONY	2
III.	DESCRIPTION OF U S WEST'S PROPOSAL	2
IV.	CONCLUSION	7

I. IDENTIFICATION OF WITNESS

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH U S WEST COMMUNICATIONS.

A. My name is David L. Teitzel. My business address is 1600 7th Avenue, Room 2904, Seattle, Washington, 98191. I am employed by U S WEST Communications Inc. (U S WEST) as Director-Product and Market Issues.

Q. PLEASE DESCRIBE YOUR EDUCATION BACKGROUND AND EMPLOYMENT EXPERIENCE.

A. I majored in Industrial Psychology and received a Bachelor of Science degree from Washington State University in 1974. Since then, I have been continuously employed by U S WEST and its predecessor company, Pacific Northwest Bell. I have held a number of management positions in various departments, including Regulatory Affairs, Network, and Marketing. As a Marketing product manager, I was responsible for product management of Basic Exchange, Centrex, and intraLATA Long Distance services. I have also served as a Market Manager for U S WEST Dex. I was named to my present position in March 1998.

Q. HAVE YOU TESTIFIED IN SOUTH DAKOTA PREVIOUSLY?

I. IDENTIFICATION OF WITNESS

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Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH U S WEST COMMUNICATIONS.

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Q. HAVE YOU TESTIFIED IN SOUTH DAKOTA PREVIOUSLY?

1 A. Yes, I testified in Docket TC98-187 in April of this year. I have also served as an
2 expert witness for U S WEST in Iowa, Minnesota, New Mexico, North Dakota,
3 Oregon, Colorado, Utah, Washington, and Wyoming.

4
5 **II. PURPOSE OF TESTIMONY**
6

7 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

8 A. I am filing this testimony in support of U S WEST's revised South Dakota
9 intraLATA Toll Dialing Parity Implementation Plan filed June 17, 1999.
10 Specifically, my testimony addresses the manner in which costs associated with
11 implementation of dialing parity are recovered via an Equal Access Network
12 Reconfiguration Charge (EANRC) and the rationale for assessment of this charge to
13 all providers of intraLATA long distance services in South Dakota.
14

15 **III. DESCRIPTION OF U S WEST'S PROPOSAL**
16

17 **Q. PLEASE BRIEFLY DESCRIBE U S WEST'S PROPOSAL.**

18 A. In its IntraLATA Toll Dialing Parity Implementation Plan, U S WEST proposed the
19 introduction of the EANRC to enable U S WEST to recover its costs associated
20 with the implementation of dialing parity fairly and equally from all providers of
21 intraLATA long distance services. In its plan, U S WEST recommended that the

1 EARNRC charge be implemented coincident with the date upon which dialing parity
2 was implemented in South Dakota¹, since all carriers participating in dialing parity
3 began to realize the associated benefits on that date.

4
5 **Q. PLEASE DISCUSS THE EARNRC AND THE DIALING PARITY COSTS IT**
6 **IS DESIGNED TO RECOVER.**

7 A. The EARNRC is a Switched Access rate element, priced at \$.001230², which is
8 assessed to all intraLATA long distance carriers that purchase intraLATA Switched
9 Access. This charge is assessed against the total number of intraLATA originating
10 minutes of use for each intraLATA equal access carrier in South Dakota³, and will
11 remain in effect for a three year period during which all dialing parity
12 implementation costs will be recovered. The following are the cost elements
13 addressed by the EARNRC:

- 14 * Switching software right to use fees
- 15 * Central office translations updates
- 16 * System programming/modifications

¹ IntraLATA long distance dialing parity was implemented in South Dakota on July 22, 1999 in compliance with the Commission's June 15, 1999 Order Setting Requirements for Plans.

² The EARNRC price is set exactly at incremental cost as discussed in the testimony of U S WEST witness Mr. Robert Brigham.

³ The EARNRC charge is also applicable to U S WEST intraLATA long distance traffic and is assessed on the basis of total originating minutes of use.

1 * Training of customer contact personnel

2 * Customer notification

3 * Miscellaneous implementation costs

4 These cost elements are discussed in detail in the testimony of U S WEST witness
5 Mr. Robert Brigham.

6
7 **Q. DO REGULATORY GUIDELINES EXIST WHICH ADDRESS THE**
8 **APPROPRIATE RECOVERY BY LOCAL EXCHANGE COMPANIES**
9 **(LECS) OF DIALING PARITY IMPLEMENTATION COSTS?**

10 **A. Yes. The FCC has addressed recovery of dialing parity costs in CFR § 51.215. In**
11 **Section. (a), the FCC states:**

12 A LEC may recover the incremental costs necessary for the implementation of
13 toll dialing parity. The LEC must recover such costs from all providers of
14 telephone exchange service and telephone toll service in the area served by the
15 LEC, including that LEC. The LEC shall use a cost recovery mechanism
16 established by the state.

17 In addition, the FCC, in Docket FCC 96-333 ruled as follows:

18 "...we conclude that LECs may recover the incremental costs of dialing parity-
19 specific switch software, any necessary hardware and signalling system

1 upgrades, and consumer education costs that are strictly necessary to
2 implement dialing parity."⁴

3 The dialing parity cost recovery plan proposed by U S WEST in this docket is in
4 full compliance with these guidelines.
5

6 **Q. IS THE EANRC INTENDED TO RECOVER INTRALATA**
7 **PRESUBSCRIBED INTEREXCHANGE CARRIER (PIC) CHARGES**
8 **WHICH ARE WAIVED DURING THE INITIAL 60 DAY PERIOD**
9 **FOLLOWING DIALING PARITY IMPLEMENTATION?**

10 **A. No. Recovery of PIC charges waived during the initial 60 day period will occur via**
11 **the issuance of a one time bulk bill to each intraLATA carrier participating in the**
12 **dialing parity process. Participating carriers will be billed for the total number of**
13 **lines changed to their respective PICs during this period.**
14

15 **Q. WHY IS IT APPROPRIATE TO ASSESS PARTICIPATING CARRIERS**
16 **FOR PIC CHANGES RATHER THAN BLEND RECOVERY FOR PIC**
17 **CHANGES INTO THE EANRC?**

18 **A. The procedure of billing participating carriers for PIC charge waivers ensures that**
19 **each carrier receives charges commensurate with the benefit it realizes in the**
20 **absolute number of customers electing to convert to that carrier as their**

⁴ FCC 96-333, Released August 8, 1996, ¶95.

1 presubscribed intraLATA carrier. Recovery of PIC charge waivers through the
2 EANRC process would not be equitable to all carriers since it would require
3 intraLATA carriers not receiving the benefits of PIC conversions to underwrite
4 carriers enjoying the migration of customers to their services.
5

6 **Q. UNDER U S WEST'S PROPOSAL, IS THE EANRC CHARGE ASSESSED**
7 **EQUITABLY TO ALL INTRALATA LONG DISTANCE CARRIERS?**

8 **A. Yes.** The EANRC charge will be assessed to all South Dakota intraLATA long
9 distance carriers on the basis of their intraLATA originating minutes of use for each
10 carrier on a monthly basis over the three year cost recovery period. U S WEST will
11 also pay the EANRC based upon its intraLATA originating minutes of use in the
12 state. The cost projections discussed by Mr. Brigham will be subject to an annual
13 review, and the EANRC charge will be adjusted as appropriate during the recovery
14 period to ensure that over recovery or under recovery of U S WEST's dialing parity
15 implementation costs does not occur.
16

17 **Q. HAVE OTHER STATE COMMISSION IN U S WEST'S REGION FOUND**
18 **THE EANRC CHARGE TO BE A REASONABLE METHOD FOR**
19 **RECOVERY OF DIALING PARITY IMPLEMENTATION COSTS?**

20 **A. Yes.** State Commissions in 11 U S WEST states have approved the EANRC
21 charge as a reasonable means of recovering intraLATA dialing parity
22 implementation costs. Only Colorado, Iowa and South Dakota have proceedings

1 outstanding in regard to this charge. In Colorado and Iowa, stipulation discussions
2 between the intervening carriers and U S WEST are underway to resolve
3 outstanding issues around certain components of the charge which will enable the
4 EANRC to be implemented as proposed.

5
6 **IV. CONCLUSION**

7
8 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

9 **A.** The EANRC charge outlined in U S WEST's June 17, 1999 IntraLATA Toll
10 Dialing Parity Implementation Plan establishes an equitable means of recovering
11 the costs associated with implementation of dialing parity from all carriers
12 providing intraLATA long distance services in South Dakota. As a major carrier of
13 intraLATA traffic, U S WEST will also be assessed the EANRC charge and will
14 bear an appropriate share of these costs. The EANRC mechanism has been
15 approved as reasonable in 11 U S WEST states with two additional states pending,
16 and I respectfully request that the Commission approve this charge as described in
17 U S WEST's June 17 plan.

18
19 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

20 **A.** Yes, it does.

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST)

TC 99-053

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SEP 03 1999
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

CERTIFICATE OF SERVICE

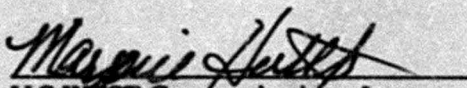
I hereby certify that on this 2nd day of September, 1999, an original and ten (10) copies of U S WEST COMMUNICATIONS, INC.'S DIRECT TESTIMONY OF ROBERT H. BRIGHAM, REQUEST FOR CONFIDENTIAL TREATMENT OF INFORMATION, AND DIRECT TESTIMONY OF DAVID L. TEITZEL were forwarded via United States Mail, postage prepaid, to the following:

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

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

Maria Arias-Chapleau
Michel Singer
AT&T Communications
1875 Lawrence St., Suite 1575
Denver, CO 80202

Thomas J. Weik
Boyce, Murphy, McDowell & Greenfield, L.L.P.
1001 North Phillips Ave., Suite 600
Sioux Falls, SD 57117-5015


U S WEST Communications, Inc.

CONFIDENTIAL

2

FAX Received SEP 10 1999

RECEIVED

SEP 13 1999

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

TC 99-053

IN THE MATTER OF THE COST RECOVERY
FOR DIALING PARITY IMPLEMENTATION
BY U S WEST COMMUNICATIONS

U S WEST COMMUNICATIONS, INC.'S
MOTION FOR A 30-DAY CONTINUANCE
OF HEARING DATE AND FOR
EXPEDITED CONSIDERATION

**U S WEST'S MOTION FOR 30-DAY CONTINUANCE OF HEARING DATE
AND FOR EXPEDITED CONSIDERATION**

Petitioner U S WEST Communications, Inc. ("U S WEST") hereby respectfully moves for a 30-day continuance of the September 30, 1999 hearing date in this docket. U S WEST's motion is based on the fact that U S WEST and the two intervenors, AT&T Communications of the Mountain States, Inc. ("AT&T") and the South Dakota Independent Telephone Coalition ("SDITC"), are currently discussing the possibility of a likely settlement of any issues between them, which settlement U S WEST would then present to the Commission for approval and to Staff for a possible settlement of any remaining issues Staff may have. Further, neither the Commission, nor Staff, nor any of the intervenors would be prejudiced by a brief 30-day continuance, and, in fact, AT&T and SDITC have consented to this motion. As of the time of the filing of this motion, U S WEST is still waiting to hear from Staff whether it also will consent to a continuance. Finally, U S WEST requests expedited consideration of this motion for a continuance.

MOTION

As U S WEST advised the Commission and Staff at the September 8, 1999 meeting, U S WEST and AT&T have recently initiated discussions about a possible settlement of any disputes they may have in this docket. Settlement with AT&T is very likely because U S WEST and AT&T have recently agreed to a settlement of the dialing parity cost recovery docket in

Colorado (in which Staff of the Colorado Public Utilities Commission also joined), and U S WEST and AT&T have conceptually agreed to similar parameters in this docket, as well as in other states. U S WEST and AT&T expect to have a settlement agreement finalized by the end of next week. In addition, SDITC has indicated it would likely not have any objections to a U S WEST-AT&T settlement, although it will obviously want to review and analyze U S WEST's prefiled testimony before agreeing to any settlement or to withdraw from the case.

Finally, there is good cause for this motion for a continuance for a number of reasons.

First, a resolution of this docket is in the public interest, as well as in the interests of the Commission, Staff and the parties. This is especially so because the Commission and the respective parties need not have to expend valuable time, effort and resources for an unnecessary endeavor, and because they can then focus on other matters where such time, effort and resources are needed.

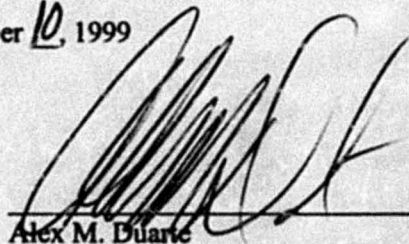
Second, U S WEST submits that it makes little sense for the Commission Staff and the intervenors to have to expend their valuable time, effort and resources in preparing their response testimony if the issues are likely to become moot (or, at a very minimum, become narrowed).

Third, there is no prejudice to any party if the Commission continues the September 30th hearing date for a brief period. This is especially so because, even if U S WEST is ultimately unable to settle with the Staff, there is no prejudice to the Commission or Staff if the hearing is continued for a mere 30 days. Moreover, as this docket primarily involves inter-carrier issues, there would be no prejudice to Staff if there is a brief continuance of the hearing date. To the contrary, Staff (and the Commission) need not have to prepare for the September 30th hearing (which is only two days after the ROC meeting in Denver).

CONCLUSION

Accordingly, U S WEST respectfully submits there is good cause for this motion for a brief 30-day continuance of the September 30, 1999 hearing date, and that there is no prejudice to any party in this docket. As such, U S WEST respectfully requests that the Commission grant this motion. In addition, given that the hearing is only 20 days away, and that Staff and the intervenors must file their prefiled testimony on September 17, 1999, U S WEST respectfully requests expedited consideration of this motion.

Respectfully submitted this September 10, 1999



Alex M. Duarte
U S WEST Communications, Inc.
1801 California St., Suite 5100
Denver, CO 80202
303-672-5871

Thomas J. Welk
Tamara A. Wilka
BOYCE, MURPHY, McDOWELL &
GREENFIELD, L.L.P.
101 North Phillips Avenue, Suite 600
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(605) 336-2424

Attorneys for U S WEST Communications, Inc.

CERTIFICATE OF SERVICE

I hereby certify that on this 10th day of September, 1999, an original and ten (10) copies of **U S WEST'S MOTION FOR 30-DAY CONTINUANCE OF HEARING DATE AND FOR EXPEDITED CONSIDERATION** was fax filed and forwarded via United States Mail, postage prepaid, to the following:

William Bullard, Jr., Executive Director
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501
(Facsimile: 605-773-3809)

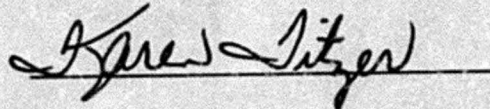
In addition, a true and correct copy was placed in the United States mail, postage prepaid, addressed as follows:

Karen Cremer
South Dakota Public Utilities Commission
500 East Capitol
Pierre, South Dakota 57501

Maria Arias-Chapleau
Michel Singer
AT&T Communications
1875 Lawrence St., Suite 1575
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1001 North Phillips Ave., Suite 600
Sioux Falls, SD 57117-5015

Richard Coit
SDITC
P.O. Box 57
Pierre, SD 57501



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
TARIFF PAGES FOR ITS ACCESS SERVICE)
TARIFF IMPLEMENTING ITS INTRALATA)
TOLL DIALING PARITY PLAN)

**ORDER DENYING
INTERVENTION**

TC99-053

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. On May 20, 1999, the South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene and on May 21, 1999, AT&T Communications of the Midwest, Inc. filed its Petition to Intervene. At its regularly scheduled June 8, 1999, meeting, the Commission granted SDITC's and AT&T's request for intervention. The hearing in this matter is scheduled for September 30, 1999. On September 3, 1999, Sprint Corporation filed its petition for intervention.

The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and 47 U.S.C. §§ 251 and 252.

The Commission found that the petition to intervene was not timely filed (Commissioner Schoenfelder dissenting). It is therefore

ORDERED that Sprint's request for intervention is hereby denied.

Dated at Pierre, South Dakota, this 14th day of September, 1999.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes with charges prepaid thereon.
By: <u><i>Debra Kees</i></u>
Date: <u>9/15/99</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

LASKA SCHOENFELDER, Commissioner
dissenting



South Dakota Public Utilities Commission

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



September 17, 1999

Mr. Alex Duarte
Senior Attorney
U S WEST Communications, Inc.
1801 California, Suite 5100
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Ms. Colleen E. Sevoid
Manager-Regulatory Affairs
U S WEST Communications, Inc.
125 South Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

Ms. Michel L. Singer
Attorney at Law
AT&T Communications of the Midwest
1875 Lawrence Street, Room 1575
Denver, CO 80202

Re: U S WEST's IntraLATA Toll
Dialing Parity Plan
Docket TC99-053

Dear Folks:

Enclosed each of you will find a copy of Testimony of Harlan Best with reference to the above captioned matter. This is intended as service upon you by mail.

Very truly yours,

Karen E. Cremer
Staff Attorney

KEC:dk
Enc.

Mr. Thomas J. Weik
Ms. Tamara A. Wilka
Attorneys at Law
Boyce, Murphy, McDowell & Greenfield
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Mr. Richard D. Coit
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Consumer Hotline
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TTY Through
Relay South Dakota
1-800-877-1113

Internet Website
www.puc.state.sd.us/puc/

♦
Jim Burg
Chairman
Pam Nelson
Vice-Chairman
Laska Schoenfelder
Commissioner

William Bullard Jr.
Executive Director

Harlan Best
Martin C. Bettmann
Sue Cichos
Karen E. Cremer
Michelle M. Farris
Marlette Fischbach
Shirleen Fugitt
Lewis Hammond
Loni Healy
Cameron Hoesck
Lisa Hull
Dave Jacobson
Katie Johnson
Bob Knaule
Delaine Kolbo
Jeffrey P. Loremen
Charlene Lund
Terry Norum
Gregory A. Rislov
Keith Senger
Rosalynne Alts Wiest
♦

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY U S WEST
COMMUNICATIONS, INC. FOR APPROVAL OF TARIFF PAGES
FOR ITS ACCESS SERVICE TARIFF IMPLEMENTING ITS
INTRALATA TOLL DIALING PARITY PLAN

)
)
)
)

TC99-053

Testimony Of Harlan Best
On Behalf of the Commission Staff

September 17, 1999

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

IN THE MATTER OF THE FILING BY U S WEST	)	
COMMUNICATIONS, INC. FOR APPROVAL OF TARIFF PAGES	)	TC99-053
FOR ITS ACCESS SERVICE TARIFF IMPLEMENTING ITS	)	
INTRALATA TOLL DIALING PARITY PLAN	)	

Testimony of Harlan Best
On Behalf of the Commission Staff
September 17, 1999

1 Q Please state your name and business address.

2 A My name is Harlan D. Best. My business address is the State Capitol Building,
3 Pierre, South Dakota 57501.

4 Q What is your education and work experience?

5 A I graduated from the University of South Dakota in May of 1975 with a Bachelor
6 of Science degree in Business Administration, majoring in Accounting. I received
7 my public accountant's license in July of the same year. I commenced
8 employment with the South Dakota Public Utilities Commission (Commission) in
9 October of 1975 as a utility analyst. I was named Deputy Director of the Fixed
10 Utilities Division in April of 1987. In July 1998, the Commission restructured the
11 organization and eliminated the deputy director position. I have been a utility
12 analyst since that time. I have attended a number of seminars and workshops on

1 utility related matters since my employment with the Commission.

2 Q Have you previously presented testimony before this Commission?

3 A Yes. I have presented written and oral testimony and exhibits on numerous
4 occasions before this Commission primarily on telecommunications, but also on
5 electricity issues.

6 Q What is the purpose of your testimony?

7 A The purpose of my testimony is to give my opinion to the Commission regarding
8 the 1+ IntraLATA Equal Access Cost Study submitted by U S WEST
9 Communications (U S WEST).

10 Q What is a 1+ IntraLATA Equal Access Cost Study?

11 A U S WEST filed the 1+ IntraLATA Equal Access Cost Study to provide cost
12 support for the Equal Access and Network Reconfiguration Recovery Charge
13 which will recover the costs of U S WEST implementing 1+ intraLATA Equal
14 Access in South Dakota over a 3 year period.

15 Q Do you agree with the cost study submitted by U S WEST in this docket?

16 A No.

17 Q Why don't you agree with the U S WEST cost study?

18 A My review of the studies, U S WEST actually filed two studies, one dated April
19 1999 and the second dated September 1999, left me with a number of questions
20 regarding the studies.

21 I will restrict my comments to the September 1999 cost study since this

1 utility related matters since my employment with the Commission.

2 Q Have you previously presented testimony before this Commission?

3 A Yes. I have presented written and oral testimony and exhibits on numerous
4 occasions before this Commission primarily on telecommunications, but also on
5 electricity issues.

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14 Access in South Dakota over a 3 year period.

15 Q Do you agree with the cost study submitted by U S WEST in this docket?

16 A No.

17 Q Why don't you agree with the U S WEST cost study?

18 A My review of the studies, U S WEST actually filed two studies, one dated April
19 1999 and the second dated September 1999, left me with a number of questions
20 regarding the studies.

21 I will restrict my comments to the September 1999 cost study since this

1 study replaced the cost study filed with an April 1999 date. The starting point of
2 the cost study is Page 4-1. This page summarizes the switch costs and the support
3 systems modification costs. The switch costs are broken down into Right to Use
4 (RTU) fees, Feature Loading (or hardware expense, see Page 1-1) costs, and
5 Generic Expense. It is unfortunate that U S WEST uses the term "Feature
6 Loading" on Page 4-1 to refer to "hardware expense" and also uses the term
7 "Feature loading" expenses on Page 1-1 to refer to loading factors. Feature
8 loading expenses are added to RTU, see Page 7-25, and to the Generic Expense,
9 see Page 7-26. The result of these calculations should appear on Page 8-2.
10 However this is not the case. The amount shown for RTU does not come from
11 confidential Page 7-25 and the amount for Feature Loading should exclude the
12 Gregory exchange as U S WEST no longer owns that exchange AND the amount
13 shown on Page 8-2 is not the same as the amount shown on Page 4-1. Another
14 question is where are Pages 7-30 and 7-31 that are the source for RTU and the
15 Generic Expense.

16 Page 8-2 has an interest percentage (after tax) rate in the top box and an
17 interest (pretax) rate in the bottom two boxes. The percentages have a source as
18 coming from Page 7-6 of the cost study. The study that I reviewed did not have a
19 Page 7-6.

20 The cost study uses a cost of money of 11.3% as shown on Page 7-10.
21 This amount appears to come from Page 7-1. However the after tax (shown as

1 posttax discount on this page) and the pretax discount are different from the
2 numbers appearing on Page 8-2. The ratio and cost of debt and equity are also
3 very different from the numbers that were provided by U S WEST in response to
4 a data request in TC99-073, the switched access cost study filed by this same
5 company.

6 Q Do you have anything further?

7 A Yes. On Page 6-1 there is a reference to Page 6-3. Page 6-3 was not included in
8 the September cost study.

9 Page 8-3 is the summary page of toll and access minutes of use. Staff
10 submitted a data request to U S WEST regarding the development of the minutes
11 of use shown on page 8-4. In response to Staff's data request U S WEST stated
12 that the estimated toll minutes of use utilized the MA 9 report. The Commission
13 has received the MA 9 report for a number of years but the minutes shown on the
14 MA 9 report filed with the Commission are completely different than the actual
15 minutes of use filed in this docket by U S WEST for the months of January
16 through July 1999. If U S WEST has an intraLATA intrastate MA 9 report, staff
17 would recommend to the Commission that U S WEST be required to file that
18 report until the true-up in this docket is complete. U S WEST should also be
19 required to file with the Commission the minutes of use imputed to itself until the
20 true up in this docket is complete.

21 The access minutes of use include interLATA intrastate minutes of use,

1 see Page 8-5 of the April 1999 cost study. On page 7 of Robert H. Brigham's
2 testimony he states that "some interLATA minutes of use ... have been removed in
3 the revised study." Were all of the interLATA intrastate minutes of use removed?
4 Why were only "some" of the interLATA intrastate minutes of use removed?

5 Q Do you have any concerns with the true up that is requested by U S WEST?

6 A Yes.

7 Q Please continue.

8 A Will U S WEST file the true up for Commission approval? When will U S WEST
9 file this true up? Will this true up include the exchanges of McIntosh, Timber
10 Lake and Morristown? Will the true up include interexchange carrier and U S
11 WEST minutes of use associated with these same exchanges?

12 Q U S WEST has also filed rates and charges associated with presubscription. Do
13 you have any concerns regarding this part of U S WEST's filing?

14 A Yes. The nonrecurring charges are the same as the charges for the interstate
15 jurisdiction. U S WEST did not file a cost study supporting these charges for the
16 intrastate jurisdiction. Since the end user, the interexchange carrier, or the
17 competitive local exchange carrier have to have U S WEST make the change U S
18 WEST should have to prove that the charge is appropriate, not just mirror the
19 interstate charge.

20 Q Does this conclude your testimony?

21 A Yes.

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST	)	CERTIFICATE OF SERVICE
COMMUNICATIONS, INC. FOR APPROVAL OF	)	
TARIFF PAGES FOR ITS ACCESS SERVICE	)	TC99-053
TARIFF IMPLEMENTING ITS INTRALATA	)	
TOLL DIALING PARITY PLAN	)	

I hereby certify that copies of Testimony of Harlan Best 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 17th day of September, 1999.

Mr. Alex Duarte
Senior Attorney
U S WEST Communications, Inc.
1801 California, Suite 5100
Denver, CO 80202

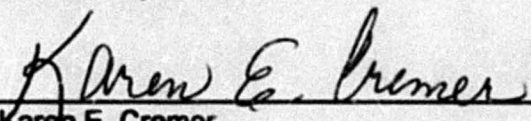
Ms. Colleen E. Sevold
Manager-Regulatory Affairs
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125 South Dakota Avenue, 8th Floor
Sioux Falls, SD 57194

Ms. Michel L. Singer
Attorney at Law
AT&T Communications of the Midwest
1875 Lawrence Street, Room 1575
Denver, CO 80202

Mr. Thomas J. Welk
Ms. Tamara A. Wilka
Attorneys at Law
Boyce, Murphy, McDowell & Greenfield
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Sioux Falls, SD 57117-5015

Mr. Richard D. Coit
Executive Director and General Counsel
SDITC
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Pierre, SD 57501-0057

Mr. Andrew M. Jones
Attorney at Law
Sprint Communications Company L.P.
8140 Ward Parkway
Kansas City, MO 64114



Karen E. Cremer
Staff Attorney
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501

SDITC

**South Dakota Independent
Telephone Coalition, Inc.**

Richard D. Coit
Executive Director
rcdcoit@sd.cybernet.net

September 16, 1999

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SEP 17 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

William Bullard, Jr., Executive Director
South Dakota Public Utilities Commission
500 East Capitol Ave.
State Capitol Building
Pierre, South Dakota 57501

**RE: Docket TC99-053 (US WEST Filing for IntraLATA Equal Access
Cost Recovery)**

Dear Mr. Bullard:

The purpose of this letter is to inform the Commission that SDITC will not be submitting any testimony in the above referenced docket.

Should any hearing be held in such docket, however, SDITC reserves its right to participate at the hearing through any necessary argument and/or cross-examination of witnesses.

Sincerely,



Richard D. Coit
Executive Director and General Counsel

cc: **Maria Arias-Chapman**
Michel Singer
Alex Duarte
Thomas Welk





Michel L. Singer
Attorney

Room 1575
1875 Lawrence Street
Denver, CO 80202
303 298-6527

September 17, 1999

Via Facsimile and Overnight Delivery

Mr. Bill Bullard
Executive Director
SD Public Service Commission
500 East Capital Avenue
Pierre, SD 57501

FAX Received SEP 17 1999

RECEIVED

SEP 20 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Re: U S WEST's Dialing Parity Tariff, Docket No. TC99-053

Dear Mr. Bullard:

Enclosed are an original and ten copies of AT&T Communications of the Midwest Inc.'s Motion for Extension of Time to File Testimony regarding U S West's South Dakota IntraLATA Dialing Parity Tariff.

Please call me if there are any questions.

Sincerely,

Michel L. Singer

Enclosures

FAX Received SEP 17 1999

RECEIVED

SEP 20 1999

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE FILING BY U S WEST
COMMUNICATIONS, INC. FOR APPROVAL OF
TARIFF PAGES FOR ITS ACCESS SERVICE
TARIFF IMPLEMENTING ITS INTRALATA TOLL
DIALING PARITY PLAN**

)
)
) **Docket No. TC99-053**
)
)

**AT&T COMMUNICATIONS OF THE MIDWEST, INC.'S
MOTION FOR EXTENSION OF TIME TO FILE TESTIMONY**

AT&T Communications of the Midwest, Inc. ("AT&T"), by and through its attorneys,
hereby submits this Motion for Extension of Time to File Testimony. As grounds therefore
AT&T states as follows.

1. On September 3, 1999, U S WEST ("USWC") testimony was due and filed. In the
testimony of Robert H. Brigham reference was made to U S WEST's 1+IntraLATA Equal
Access Cost Study ("Cost Study") which was not included with the testimony and was
designated by USWC as confidential.
2. On June 15, 1999, Michel L. Singer, AT&T Regulatory Attorney assigned to this
docket, signed confidentiality agreement with USWC in this docket.
3. On June 16, 1999, Mary Jane Rasher, Senior Policy Witness with AT&T, signed a
confidentiality agreement with USWC in this docket. Ms. Rasher is the witness who must
review and respond to USWC's testimony.
4. Despite several contacts with USWC's attorney and assurances that the Cost Study
would be received, AT&T did not receive a copy of the Cost Study until Monday, September 13,
1999, ten days late.

5. Ms. Rasher was out of town and unable to review the Cost Study until Thursday morning, September 16, 1999, when she saw that the cost study had conflicting and incomplete data.

6. Examples of the errors found on page 8-2 of the document provided follow.

1) The Right-to-Use Expenses cites page 7-30 as the source. We have not received page 7-30.

2) The Generic Expense cites page 7-31 as the source. We have not received page 7-31.

3) The Feature Loading Expense cites page 4-1 as the source. Page 4-1 has a different number for feature loading than is shown on page 8-2.

4) The interest (pretax) cites page 7-6 as the source. Page 7-6 is a page which is "Intentionally Left Blank."

7. Without a valid Cost Study, AT&T's witness cannot accurately respond to the testimony or the exhibit.

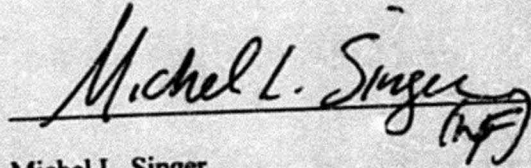
8. AT&T will again request a copy of USWC's cost study, and, should it be promptly provided, will be able to provide a valid response to USWC's testimony by Thursday, September 23, 1999. Nevertheless, AT&T supports USWC's request for a 30-day extension of the Hearing in this proceeding.

WHEREFORE, AT&T respectfully requests that this Commission grant AT&T's Motion for Extension of Time to File Testimony and allow AT&T through September 23, 1999, to file its testimony.

DATED this 16th day of September 1999.

Respectfully submitted,

AT&T COMMUNICATIONS
OF THE MIDWEST, INC.

A handwritten signature in cursive script that reads "Michel L. Singer". To the right of the signature, there is a small, stylized monogram or set of initials, possibly "MLF".

Michel L. Singer
1875 Lawrence Street, Suite 1575
Denver, CO 80202
(303) 298-6527
(303) 298-6301 (Facsimile)

ATTORNEYS FOR AT&T
COMMUNICATIONS OF
THE MIDWEST, INC

U S WEST, INC. LAW DEPARTMENT

**1801 CALIFORNIA STREET
SUITE 5100
DENVER, COLORADO 80202**



To: Harlan Best

Address: _____

Telephone Number: (605) 773-3201

Facsimile Number: (605) 773-3809

From: Alex Duarte

Telephone Number: (303) 672-5871

Facsimile Number: (303) 295-6973

Date: 09/20/99 5:05:54 PM

Number of pages including cover sheet: 7

Special instructions/comments:

Please contact Karen Hardesty at (303) 672-2840, if you experience difficulty with this transmission. Thank you.

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1801 California Street, Suite 5100
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aduarte@uswest.com



Alex M. Duarte
Senior Attorney

September 20, 1999

Via Federal Express

Mr. Bill Bullard
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-3201

Re: U S WEST's IntraLATA Dialing Parity Plan, No. TC99-053

Dear Mr. Bullard:

It has come to our attention based on our review of the prefiled testimony of Commission Staff Analyst Harlan Best and AT&T's motion for an extension to file its testimony that the cost study filed with U S WEST's witness Robert Brigham's prefiled testimony on September 3, 1999 was apparently based on incorrect information. This incorrect information was the result of the wrong file being pulled in the preparation of section 8 of that cost study. Only section 8 of the cost study, however, was affected as a result of this error, and the remainder of the cost study is correct. The witness, Mr. Brigham, spoke with Mr. Best about this situation this afternoon, and has sent Mr. Best a copy of the amended section 8 via facsimile. In addition, it was agreed that U S WEST would file the new section 8 with the Commission, as well as send the amended section 8 to the intervenors, AT&T and SDITC, via facsimile.

Accordingly, enclosed are 10 sets of the amended section 8 of U S WEST's cost study in the above-referenced docket, as well as an extra copy that U S WEST requests the Commission stamp and return to U S WEST in the self-addressed stamped envelope enclosed with this letter.

We apologize for any inconvenience this error may have caused. If you have any questions about this matter, please feel free to call me at your convenience.

Very truly yours,

U S WEST Communications, Inc.

Alex M. Duarte

Cc Ms. Karen Cremer, FUC Staff, w/ encls. (via facsimile)
Mr. Harlan Best, FUC Staff, w/ encls. (via facsimile)
Ms. Letty Pricen, AT&T, w/ encls. (via facsimile)
Mr. Richard Coit, SDITC, w/ encls. (via facsimile)



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FROM

CONFIDENTIAL 3

RECEIVED

OCT 01 1999



Michel L. Singer
Attorney

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Room 1575
1875 Lawrence Street
Denver, CO 80202
303 298-6527

September 30, 1999

FAX Received SEP 30 1999

Via Facsimile and Overnight Delivery

Mr. Bill Bullard
Executive Director
SD Public Service Commission
500 East Capital Avenue
Pierre, SD 57501

Re: U S WEST's Dialing Parity Tariff, Docket No. TC99-053

Dear Mr. Bullard:

Enclosed are an original and ten copies of Direct Testimony of Mary Jane Rasher on Behalf of AT&T Communications of the Midwest, Inc. regarding U S WEST's South Dakota IntraLATA Dialing Parity Tariff.

Pages containing confidential, proprietary information are in the attached sealed envelope. The confidential information consists of numbers, percentages, revenue and cost information provided to AT&T by U S WEST pursuant to a confidentiality agreement. U S WEST has also received copies of the confidential pages.

Please call me if there are any questions.

Sincerely,

A handwritten signature in dark ink, appearing to read "Michel L. Singer".

Michel L. Singer

MS/ph

Enclosures

cc: Service List

RECEIVED

OCT 01 1999



Michel L. Singer
Attorney

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Room 1575
1875 Lawrence Street
Denver, CO 80202
303 298-6527

September 30, 1999

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Please call me if there are any questions.

Sincerely,

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Michel L. Singer

MS/ph

Enclosures

cc: Service List

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF COST
RECOVERY FOR DIALING
PARITY IMPLEMENTATION BY
U S WEST COMMUNICATIONS,
INC.**

)
)
)
)
)

DOCKET NO. TC 99-053

DIRECT TESTIMONY OF

MARY JANE RASHER

ON BEHALF OF

AT&T COMMUNICATIONS OF THE MIDWEST, INC.

(PROPRIETARY Version)

**NOTICE OF CONFIDENTIALITY: A PORTION OF THIS DOCUMENT
HAS BEEN FILED UNDER SEAL**

Documents filed under seal include: Pages 11, 12, 13 and 14

**The information is proprietary and confidential and is being filed with the
Commission under seal pursuant to U S West's Request for Confidential
Treatment of Information filed on September 2, 1999 in this docket and a
Confidentiality Agreement between Mary Jane Rasher and U S West.**

SEPTEMBER 30, 1999

I. BACKGROUND

Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.

**A. My name is Mary Jane Rasher. My business address is 1875 Lawrence Street,
Suite 1408, Denver, Colorado, 80202.**

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

**A. I am employed by AT&T Corporation as a Senior Policy Witness in the Western
Region Law and Government Affairs organization. In that capacity, I am
responsible for developing, interpreting and presenting AT&T's position as a
subject matter expert and witness on a variety of policy issues.**

**Q. PLEASE DESCRIBE YOUR EDUCATIONAL AND EMPLOYMENT
BACKGROUND.**

**A. I received a Bachelor of Science Degree in Business Administration from the
University of Nebraska-Omaha in 1979. In the ensuing years, I have attended
many corporate and industry training sessions. I have worked in the
telecommunications industry for twenty-one years in a variety of positions,
including sales and sales management, product management, market
management, strategic planning and pricing, and methods and procedures.
Currently, I am AT&T's Western Region subject matter specialist on dialing
parity issues and certain other issues.**

1 Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY BEFORE THE
2 SOUTH DAKOTA PUBLIC UTILITIES COMMISSION?

3 A. No, however I have provided written and oral testimony in several other states on
4 the subjects of intraLATA presubscription and associated cost recovery,
5 slamming, and jamming.

6 **II. PURPOSE OF TESTIMONY**

7 Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

8 A. The purpose of my testimony is twofold. First, I will describe generally the rules
9 and principles behind cost recovery in relation to intraLATA toll dialing parity
10 and then I will draw some helpful analogies between U S WEST's cost recovery
11 proposals in this proceeding and its proposals to the FCC in its local number
12 portability tariff.

13 Second, I will respond to portions of the testimony of Robert H. Brigham and
14 David Teitzel of U S WEST Communications, Inc. dated September 3, 1999,
15 regarding U S WEST's cost recovery for the introduction of intraLATA toll
16 dialing parity that was submitted in this docket.

17 **III. RULES & PRINCIPLES OF COST RECOVERY**

18 Q. ARE THERE NATIONAL RULES REGARDING THE RECOVERY OF
19 DIALING PARITY COSTS?

1 A. Yes, the Federal Communications Commission ("FCC") has issued rules
2 regarding dialing parity cost recovery.

3 Q. WHY DID THE FCC ISSUE NATIONAL RULES REGARDING THE
4 RECOVERY OF DIALING PARITY COSTS?

5 A. The FCC concluded that, "[i]n order to ensure that dialing parity is implemented
6 in a procompetitive, manner, national rules are needed for the recovery of dialing
7 parity costs."¹

8 Q. ON WHAT DID THE FCC BASE ITS DIALING PARITY COST
9 RECOVERY PRINCIPLES?

10 A. The FCC stated, "[w]e further conclude that these costs should be recovered in the
11 same manner as the costs of interim number portability, as mandated in our recent
12 *Number Portability Order*."² The FCC reasoned that "[b]ecause we determine
13 that dialing parity is crucial to the development of local exchange competition,
14 we conclude that we should establish pricing principles for recovery of dialing
15 parity costs. Accordingly, we reject the arguments of incumbent LECs and others
16 who oppose national standards for cost recovery of the network upgrades required
17 to achieve dialing parity."³

¹ In the Matter of the Local Competition Provision of the Telecommunications Act of 1996, etc., "Second Report and Memorandum Opinion and Order", FCC 96-333, (Adopted August 8, 1996) [hereinafter "FCC 2d Rpt."] at ¶ 92.

² *Id.*

³ *Id.*

1 Q. PLEASE BRIEFLY DESCRIBE THE COST RECOVERY PRINCIPLES
2 SET-OUT IN THE FCC'S NUMBER PORTABILITY ORDER ON
3 INTERIM NUMBER PORTABILITY.

4 A. In the case of interim number portability, the FCC determined that costs were to
5 be born, "by all telecommunications carriers on a competitively neutral basis."⁴

6 Q. WHAT COSTS HAS THE FCC DETERMINED U S WEST IS ENTITLED
7 TO RECOVER ASSOCIATED WITH THE IMPLEMENTATION OF
8 INTRALATA TOLL DIALING PARITY?

9 A. The FCC determined that U S WEST:

10 [m]ay recover the incremental costs of dialing parity-specific
11 switch software, any necessary hardware signalling system
12 upgrades, and consumer education costs that are strictly
13 necessary to implement dialing parity.⁵

14 The FCC also concluded that these costs must be recovered from all
15 exchange and toll service carriers within the LEC service area,
16 including the LEC.⁶

17 Q. MR. TEITZEL CLAIMS THAT U S WEST'S DIALING PARITY COST
18 RECOVERY PLAN IS IN FULL COMPLIANCE WITH THESE
19 GUIDELINES.⁷ IS THIS CLAIM ACCURATE?

⁴ In the Matter of Telephone Number Portability, FCC 95-286 First Report and Order and FNPR, CC Docket No. 95-116 (June 27, 1996)[hereinafter "FCC 1st Report"] at ¶ 6.

⁵ FCC 2d Rpt. at ¶ 95.

⁶ Id.

1 A. No. The scope of the costs that U S WEST has submitted for recovery lie greatly
2 beyond the FCC's directive regarding cost recovery. Mr. Teitzel,
3 mischaracterizes the FCC's intent. The language from the Order is where the
4 FCC clearly provides the limited scope of recovery that it finds appropriate for
5 dialing parity.

6 Q. IS THERE AN ANALOGOUS TARIFF FILING IN WHICH U S WEST
7 HAS SOUGHT COST RECOVERY FROM ITS COMPETITORS AND
8 ITSELF?

9 A. Yes. U S WEST filed its tariffs with the FCC for its federal local number
10 portability recovery. In addition to the tariffs, U S WEST submitted supporting
11 data. After reviewing that data, the FCC concluded that certain cost elements
12 were not eligible for recovery because, among other things, U S WEST was
13 attempting to obtain the cost of switch upgrades generally from its competitors
14 rather than merely recover the incremental costs associated directly with number
15 portability.⁷ The FCC determined that it was inappropriate for U S WEST to
16 expect others to pay for a network that U S WEST management had failed to
17 upgrade. The FCC also disallowed certain costs because they were excessive.

⁷ In the Matter of Cost Recovery for Dialing Parity Implementation by U S WEST Communications, Inc., South Dakota PUC, Docket TC99-053, Direct Testimony of David L. Teitzel, at p. 5.

⁸ In the Matter of Long-Term Number Portability Tariff Filings, U S WEST Communications, "Memorandum Opinion and Order", CC Docket No. 99-35, Transmittal Nos. 965, 975, 1002, (July 9, 1999) [hereinafter "LNP Order"] at ¶ 10.

1 **Q. ARE THERE PARALLELS BETWEEN COSTS THAT THE FCC**
2 **DISALLOWED IN U S WEST'S LOCAL NUMBER PORTABILITY**
3 **TARIFF AND THOSE SUBMITTED BY U S WEST IN THIS DIALING**
4 **PARITY PROCEEDING?**

5 **A. Yes.**

6 **Q. PLEASE DESCRIBE THOSE PARALLELS.**

7 **A. The FCC spent five months investigating and reviewing U S WEST's number**
8 **portability tariff submissions. At the conclusion of that exhaustive investigation,**
9 **the FCC stated:**

10 we are unable to conclude that certain costs claimed in the initial
11 tariff Transmittal Nos. 965 and 975 submitted by U S WEST are
12 reasonable or lawful. Therefore, we find that the rates established
13 in Transmittal Nos. 965 and 975 are unreasonable.⁹

14 Like the number portability tariff and this dialing parity tariff, U S WEST
15 continues to build in costs that are inappropriate to recover from other
16 competitors because those costs are not properly attributable to dialing
17 parity.

18 **Q. U S WEST RESUBMITTED ITS NUMBER PORTABILITY TARIFF TO**
19 **THE FCC. DID THE FCC ACCEPT THE REVISED TARIFF?**

20 **A. Yes. On July 9, 1999, the FCC approved U S WEST's tariff containing the**
21 **revised rates in U S WEST Transmittal No. 1002.**

⁹ Id. at ¶ 3.

1 Q. PLEASE EXPLAIN HOW U S WEST REVISED ITS RATES IN THE
2 NUMBER PORTABILITY CASE THAT FINALLY GARNERED THE
3 FCC'S APPROVAL.

4 A. Over its five-month investigation, the FCC reviewed many components of U S
5 WEST's proposed cost recovery, including the level of rates and charges, the
6 switching and signaling costs, the operations support systems, the calculations of
7 overheads, and the justness and reasonableness of the rates. During the course of
8 the investigation which included comment cycles and ex parte discussions, U S
9 WEST removed or reduced many of the costs it submitted. As a result, the tariff
10 that was finally approved had an end-user surcharge that was 18.9% lower than
11 what U S WEST had originally submitted.

12 Q. HAS THIS COMMISSION PROVIDED DIRECTION REGARDING COST
13 RECOVERY IN THIS DIALING PARITY DOCKET?

14 A. Yes. The South Dakota Commission addresses intraLATA cost recovery for
15 implementing intraLATA dialing parity in its "Order Setting Guidelines" issued
16 in Docket No. TC-99-030 on April 2, 1999. The Commission's Order states:
17 "On the issue of cost recovery, the Commission decided that if a LEC believes
18 that it needs cost recovery, the LEC should file for cost recovery in a separate
19 proceeding before the Commission in accordance with FCC rules.

20 Q. HOW SHOULD THIS COMMISSION EVALUATE THE COSTS THAT
21 U S WEST HAS SUBMITTED FOR RECOVERY?

1 switch vendor information. Although AT&T signed and returned the addendum
2 on September 20, 1999, U S WEST has yet to provide the information. Since U S
3 WEST has provided this same type of information in other similar proceedings in
4 other states in its region without a separate addendum, AT&T can only perceive
5 this to be an evasive and stalling action by U S WEST. Before considering this
6 cost for recovery, the Commission should order U S WEST to produce all the
7 information it used to develop its cost study.

8 **Q. HAS U S WEST ATTACKED YOUR CLAIMS OF LACKING COST**
9 **SUPPORT AND INSUFFICIENT EVIDENCE TO WARRANT**
10 **RECOVERY IN SIMILAR PROCEEDINGS IN OTHER STATES?**

11 **A.** Yes. U S WEST has turned it into a circular argument by saying that because I do
12 not provide any support that it did not provide cost support and sufficient
13 evidence to warrant recovery, my claim that support is lacking is somehow
14 unfounded.¹⁰

15 **Q. ASIDE FROM BEING CIRCULAR, IS THERE ANY MERIT TO THIS**
16 **ARGUMENT?**

¹⁰ In Re: U S WEST Communications, Inc., "Rebuttal Testimony of Robert H. Brigham," State of Iowa Department of Commerce Utilities Board Docket No. RFU-99-1 (June 28, 1999) at p. 6.

1 A. No, as the Commission has clearly stated, the burden of proof is on the Applicant,
2 in this case, U S WEST. It makes no sense for AT&T or anyone else to prove a
3 negative; that is, if the evidence is not there, it is simply not there. U S WEST
4 either has the supporting data or it does not; in either case, the information is in
5 U S WEST's control and AT&T should not be required to extract evidence from
6 U S WEST to support U S WEST's alleged costs.

7 **Q. HAS U S WEST RECOVERED ANY OF ITS SWITCH COSTS AS PART**
8 **OF ITS REGULAR RATE OF RETURN?**

9 A. Again, U S WEST has failed to provide sufficient support for its cost recovery.
10 Without more detail, it is impossible to determine whether U S WEST has already
11 recovered some of these switch costs. U S WEST should be required to provide
12 sufficient additional information so that it can be determined if recovery of any of
13 the switch costs submitted by U S WEST in this docket have been recovered
14 under any other proceeding.

15 **Q. THE FCC WAS CONCERNED THAT THE HIGH COSTS SUBMITTED**
16 **BY U S WEST IN ITS NUMBER PORTABILITY TARIFF WERE, IN**
17 **PART, DUE TO U S WEST'S FAILURE PERFORM NETWORK**
18 **UPGRADES ON AN ONGOING BASIS. DOES THIS FAILURE IMPACT**
19 **THIS PROCEEDING? AND IF SO, PLEASE ELABORATE ON THIS**
20 **CONCERN.**

21 A. Certainly there is an impact here because we are working with the same system.
22 The FCC stated:

1 we are concerned that U S WEST's costs of implementing number
2 portability are substantially higher than those of other carriers
3 because it may not have performed general network upgrades on
4 an ongoing basis, and its network is, accordingly, less up-to-date
5 than that of other LECs. Here, we agree with AT&T that U S
6 WEST has failed to justify its high rate. The expenditures claimed
7 in U S WEST's Direct Case do not appear to support its high costs
8 for upgrading its claimed network investments. Based on
9 questions raised during the course of our investigation, and *ex*
10 *parte* communications on the record, U S WEST revised its tariff
11 and substantially reduced its rates by stating that it will replace its
12 analog switches, many of which are older, and will not seek to
13 recover analog-related costs...¹¹

14 Q. HAS U S WEST INCLUDED SIMILAR COSTS HERE?

15
16 A. Yes, I believe it has.

17
18 Q. CAN YOU PROVIDE EXAMPLES OF INFORMATION THAT U S WEST
19 SHOULD BE REQUIRED TO REMOVE FROM ITS COST STUDY?

20 A. Yes. Many costs submitted for recovery by U S WEST lie beyond the scope of
21 recovery laid out by the FCC. For example, with the exception of the [confidential
22 information removed] cost associated with customer notifications which would be
23 permitted as a customer education expense, none of the support systems
24 modification costs submitted by U S WEST fall within the FCC's limited and
25 focused areas that are appropriate for cost recovery. Furthermore, U S WEST has
26 included personnel costs of [confidential information removed] for its engineering
27 staff as part of the switch costs it submitted that are beyond the scope of recovery

¹¹ In the Matter of Long-Term Number Portability Tariff Filings, U S WEST Communications, Inc.,
"Memorandum Opinion and Order," FCC 99-169, CC Docket No. 99-35, Transmittal Nos. 965, 975, 1002,
" (Adopted July 9, 1999, Released July 16, 1999) at ¶ 19.

1 of this data, display the intraLATA carriers available for selection, and send the
2 necessary FIDs and data to the service order for residence (RES) and business
3 (BUS) orders.¹² Under U S WEST's construct, participating carriers will already
4 be assessed charges to upgrade this system. Any training packages that needed to
5 be developed should have been done through simple modifications of previous
6 training packages since U S WEST had implemented intraLATA dialing parity in
7 eleven other states prior to or by the July 22, 1999, South Dakota implementation.
8 Furthermore, South Dakota is part of U S WEST's Eastern Region, where three of
9 the other five states had already implemented intraLATA toll dialing parity prior
10 to South Dakota. Given those facts, it is beyond all reason that U S WEST would
11 need to spend [confidential information removed] hours and [confidential information
12 removed] to develop and administer a training package to introduce intraLATA
13 equal access in South Dakota. As USWC pointed out in its testimony, U S
14 WEST's service representatives are located in regional centers that take orders for
15 many states. Therefore, it is only reasonable to conclude that intraLATA dialing
16 parity is not a new and unfamiliar subject for these personnel. U S WEST has
17 little incentive to make economic choices when it thinks its competitors will be
18 picking up the tab for training of its employees.

¹² In the Matter of Cost Recovery for Dialing Parity Implementation by U S WEST Communications, Inc.,
Docket TC99-053, U S WEST Communications South Dakota 1999 1+ IntraLATA Equal Access (Full 2-
PIC Option), September 1999, Executive Summary, at pp. 1.3. and 1.4.

1 **Q. ARE ANY OF THE SYSTEM EXPENSES SUBMITTED BY U S WEST**
2 **INAPPROPRIATE FOR RECOVERY IN THIS CASE?**

3 **A. Yes. U S WEST has submitted a fully assigned expense [confidential information**
4 **removed] for PIC.**

5 **Freeze Programming associated with its Regional Subscription System (RSS).**

6 There are no South Dakota or federal laws or rules that require U S WEST to
7 offer PIC freezes. Even if there were, U S WEST's need to update its systems to
8 provide the capability to offer jurisdictional PIC freezes is not an expense that
9 should be recovered in this dialing parity proceeding. As ordered by the
10 Commission in following the FCC rules on cost recovery should disallow the
11 recovery of such costs.

12 **Q. DOES THE INTEREST RATE APPLIED BY U S WEST IN DEVELOPING**
13 **THE EANRC ELEMENT SEEM REASONABLE?**

14 **A. No. U S WEST used a pretax interest rate of [confidential information removed] in**
15 **developing its EANRC element. The Commission has a couple of reference**
16 **points that it should consider in determining an appropriate interest rate to be**
17 **factored into the EANRC element. The first reference point is the 7% that U S**
18 **WEST pays its customers on deposits that they make for service with U S WEST.**
19 **The Commission has determined that 7% is an appropriate interest rate for U S**

1 customers were previously forced to have U S WEST as their presubscribed
2 intraLATA toll carrier, all customers on their one waived PIC change would be
3 electing to switch away from U S WEST. Therefore, U S WEST would not be
4 assessed any waived PIC cost under the bulk bill scenario. Since customers
5 previously had no option to choose their intraLATA toll provider, U S WEST's
6 bulk bill proposal penalizes other carriers that customers elected to choose upon
7 initial implementation of choice in this market. Additionally, the bulk bill
8 proposal shifts the expense to that of an up-front expense which could deter new
9 competitive entrants. The cost of intraLATA PIC changes made during the sixty-
10 day waiver period should be included in the EANRC charge, along with other
11 recoverable costs, and thus shared by all participating carriers based upon
12 originating intraLATA minutes of use. Accordingly, U S WEST should be
13 required to file cost support for its intraLATA toll PIC charge. Finally, if
14 customers made simultaneous intraLATA and interLATA PIC changes during
15 this sixty day waiver period, U S WEST should recover the \$5.00 interLATA PIC
16 change charge from the customer but should be precluded from passing along the
17 cost of the intraLATA PIC to participating carriers.

18 Regardless of the Commission's decision regarding whether the intraLATA PICs
19 incurred during the sixty day waiver period should be included in the EANRC
20 element or recovered via a bulk bill, U S WEST should not be permitted to profit
21 from this waiver period. Therefore, the Commission should permit recovery of
22 the waived PIC costs only.

1 (3) Recovery Period – U S WEST has requested that the Commission grant cost
2 recovery occur over no more than a 3-year period. In order to minimize the
3 financial burden on participating carriers, the Commission should grant that the
4 costs that are eligible for recovery be spread over a 3 to 5 year period, with a true-
5 up to occur halfway through the period. The recovery period should, at a
6 minimum, be no less than 3 years. Additionally, U S WEST should be required to
7 discontinue the EANRC at upon recovery of the eligible costs.

8 (4) Unauthorized PIC Change Charge - Under this proposed tariffed rate element,
9 U S WEST is intending to act as the regulator of unauthorized carrier changes,
10 otherwise known as "slamming." If an end-user or payphone service provider
11 ("PSP") initiates an allegation of slamming by a competing intraLATA carrier, U
12 S WEST will automatically switch the end-user or PSP back to their previous
13 carrier. U S WEST will then make the unilateral determination of whether an
14 unauthorized change occurred. If U S WEST determines that an unauthorized
15 change did occur, U S WEST will levy a \$21.50 charge per line against the
16 competing intraLATA carrier that it determines made the change. Only by
17 producing a signed end user or PSP letter of agency ("LOA") to U S WEST, can a
18 competing intraLATA carrier prove that the change it implemented was
19 authorized.

20
21 First of all, this proceeding is regarding intraLATA toll dialing parity, not
22 unauthorized changes in carriers. That said however, U S WEST's sole method

1 of verification, a signed LOA, conflicts with South Dakota and federal rules.

2 Both South Dakota and federal rules list several methods for carriers to verify a
3 consumer's change of carrier. Secondly, and more importantly, AT&T believes it
4 is this Commission's and the FCC's role, not U S WEST's, to regulate customer
5 change procedures and assess penalties. U S WEST's tariff would essentially
6 create another "regulatory" layer and could initiate a patchwork of requirements
7 among carriers that would only detract from a consistent set of policies designed
8 to address slamming. AT&T has as strong an interest in preventing slamming as
9 U S WEST or any other carrier but, as discussed below, AT&T believes that U S
10 WEST's proposed tariff is not in the public interest and should be rejected.

11
12 U S WEST has not demonstrated, nor has it alleged, that its proposed \$21.50
13 per unit is cost-based. As the charge is not cost-based, it is clear that U S WEST
14 intends this charge to be punitive. Even though the Commission has the statutory
15 authority in many cases to assess financial penalties, the Commission does not
16 receive those penalties as revenues. By levying this proposed penalty against its
17 competitors, however, U S WEST will earn revenues directly from its proposed
18 "penalty", creating for U S WEST the immediate profit incentive to create
19 allegations of slamming. Combined with U S WEST's obvious incentive to retain
20 its customers, the regulation of slamming is best left in the hands of the
21 Commission and the FCC. AT&T believes that it is inappropriate and not in the
22 public interest for U S WEST, as the incumbent local exchange company

1 ("ILEC") and therefore also currently the PIC administrator, to levy punitive
2 charges and earn revenues from a competing carrier when it unilaterally
3 determines that there has been unauthorized carrier changes.

4
5 U S WEST's proposed tariff does not contain any provisions that would allow a
6 competing carrier to determine if the allegation of an unauthorized customer
7 change was indeed initiated by an end-user or PSP. While a competing
8 intraLATA carrier is required to submit its own documentation to U S WEST as
9 proof that the customer change was authorized, nothing in the proposed tariff
10 requires U S WEST to furnish any documentation of the allegation to the
11 competing carrier. Without such provisions, U S WEST would be free to initiate
12 its own allegations and investigations of slamming each time a former U S WEST
13 end-user or PSP switches to a competitor.

14
15 U S WEST's proposed tariff is also not reciprocal. It does not address the
16 situation where U S WEST makes an unauthorized change to "retrieve" a
17 customer from a competing intraLATA carrier. It is clearly not fair for U S
18 WEST to levy a penalty on competing intraLATA carriers when U S WEST
19 determines that an intraLATA carrier has engaged in an unauthorized carrier
20 change and not reciprocate when a competing intraLATA carrier, acting as the
21 regulator, determines that U S WEST has made an unauthorized customer change.
22 A competing intraLATA carrier's only reciprocal recourse would be to have its

1 own penalty provision contained in its tariffs. AT&T believes it is not in the
2 public interest to have each and every intraLATA carrier (incumbent and non-
3 incumbent) tariffing its own penalty provision that they can levy carte blanche
4 against their competitors. Again, the implications of slamming require reciprocal
5 and industry-wide processes, which are best established by the FCC and the
6 states. If U S WEST wishes to have this type of reciprocal arrangement with
7 competing intraLATA carriers, the proper place to seek such an arrangement is in
8 its interconnection agreements negotiated and possibly arbitrated under Section
9 252 of the federal Telecommunications Act of 1996. Placing this proposed
10 arrangement in a tariff would force competing intraLATA carriers to be subject to
11 these provisions without having the opportunity to negotiate and, if necessary,
12 arbitrate these provisions.

13
14 U S WEST has put itself in the position of not only determining when a
15 competing intraLATA carrier has "done wrong," but of also determining when U
16 S WEST is in the right. For example, under proposed Section 13.3.3.B.2, Page
17 3.2, of U S WEST'S South Dakota Access Tariff, if U S WEST is the customer's
18 authorized carrier (as determined by U S WEST) and there is a slamming
19 allegation, U S WEST apparently produces its own customer-signed LOA to itself
20 and decides whether it has slammed or not!

1 (5) PIC Restoral – In its tariff, U S WEST also proposes a PIC Restoral Option
2 charge, that offers subscribing competing intraLATA carriers a lower slamming
3 penalty than the charge it proposes in its Unauthorized PIC Change charge.

4 Again, as with the Unauthorized PIC Change charge, this rate element has no
5 place in an intraLATA toll dialing parity proceeding. Under this element, if
6 intraLATA carriers purchase this option, U S WEST will not conduct any
7 “investigation activities” when it receives a slamming complaint against a carrier
8 who has subscribed to the PIC Restoral Option. Once again, U S WEST is
9 attempting to insert itself inappropriately in the judgement of determining if an
10 unauthorized carrier switch occurred.

11
12 The new South Dakota slamming rules specifically address, in Rule 20:10:34:07,
13 carrier-to-carrier liability for unauthorized changes. Also, the FCC is currently
14 evaluating proposals from the industry to establish a neutral third party
15 administrator to handle claims of unauthorized carrier switches. In neither case
16 does this Commission or the FCC intend to empower U S WEST with the blanket
17 authority to determine if a carrier change was authorized or not, and certainly
18 does not intend that this should be a profit-making enterprise.

19 Q. **DOES THIS CONCLUDE YOUR TESTIMONY?**

20 A. Yes.

CERTIFICATE OF SERVICE

I hereby certify that on this 30th day of September 1999 the original and 10 copies of AT&T Communications of the Midwest, Inc.'s Direct Testimony regarding U S West's South Dakota IntraLATA Dialing Parity Tariff filing, Docket No. TC99-053, were delivered via overnight delivery and a copy was delivered by facsimile to:

William Bullard, Jr
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501
Fax #: 605-773-3809

and a true and correct copy was delivered via U S Mail delivery and a true and correct copy was delivered by facsimile on this 30th day of September 1999 to:

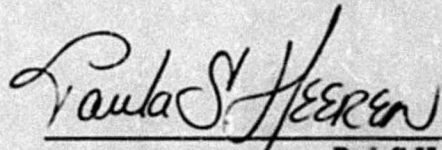
Karen Cremer
South Dakota Public Utilities Commission
500 East Capitol
Pierre, SD 57501
Fax #: 605-773-3809

and a true and correct copy was delivered by U S mail on this 30th day of September 1999 to:

Alex Duarte
U S WEST Communications, Inc.
1801 California Street, Suite 5100
Denver, CO 80202

Richard Coit
South Dakota Independent Telephone Coalition
207 East Capital, Suite 206
P.O. Box 57
Pierre, SD 57501

Thomas J. Welk
Boyce, Murphy, McDowell & Greenfield, LLP
1001 North Phillips Ave., Suite 600
Sioux Falls, SD 57117-5015


Paula S. Heeren

CONFIDENTIAL 4

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST	)	ORDER GRANTING
COMMUNICATIONS, INC. FOR APPROVAL OF	)	MOTIONS; AMENDED
TARIFF PAGES FOR ITS ACCESS SERVICE	)	ORDER FOR AND NOTICE
TARIFF IMPLEMENTING ITS INTRALATA	)	OF HEARING
TOLL DIALING PARITY PLAN	)	TC99-053

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true-ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. On May 20, 1999, the South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene and on May 21, 1999, AT&T Communications of the Midwest, Inc. filed its Petition to Intervene. At its regularly scheduled June 8, 1999, meeting, the Commission considered SDITC's and AT&T's request for intervention. The Commission granted intervention by Order dated June 22, 1999. On September 3, 1999, the Commission received a late-filed Petition to Intervene from Sprint Corporation. At its September 8, 1999, meeting, the Commission denied Sprint's Petition to Intervene. On September 10, 1999, U S WEST filed a Motion for a 30-Day Continuance of Hearing Date and Expedited Consideration. On September 17, 1999, AT&T filed a Motion for Extension of Time to File Testimony.

At its September 21, 1999, meeting, the Commission considered both motions. The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and 47 U.S.C. §§ 251 and 252. The Commission granted both motions and the amended procedural schedule is as follows:

DATE	PROCEDURAL SCHEDULE
September 3, 1999	U S WEST Prefiled Testimony Due
September 30, 1999	Staff and Intervenor Testimony Due
October 8, 1999	Reply Testimony Due

A hearing shall be held at 9:00 a.m., on November 2, 1999, and continuing on November 3, 1999, if necessary, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota. The hearing is open to the public. All persons testifying shall be subject to cross-examination.

The issue at the hearing is whether the Commission shall grant U S WEST's Petition for a Cost Recovery Charge.

The hearing shall be an adversary proceeding conducted pursuant to SDCL Chapter 1-26. All parties have the right to be present and to be represented by an attorney. These rights and other due process rights shall be forfeited if not exercised at the hearing. If you or your representative fail to appear at the time and place set for the hearing, the Final Decision will be based solely on the testimony and evidence provided, if any, during the hearing or a Final Decision may be issued by default pursuant to SDCL 1-26-20. After the hearing the Commission will consider all evidence and testimony that was presented at the hearing. The Commission will then enter Findings of Fact, Conclusions of Law, and a Final Decision regarding this matter. As a result of this hearing, the Commission shall determine whether it shall grant U S WEST's Petition for Cost Recovery Charge. The Commission's Final Decision may be appealed by the parties to the state Circuit Court and the state Supreme Court as provided by law. It is therefore

ORDERED, that the Motion for Extension of Time and Motion for Continuance are granted and the amended procedural schedule set forth above shall be followed by all parties to these proceedings. It is further

ORDERED, that the hearing shall commence at 9:00 a.m., on November 2, 1999, in Room 412, State Capitol Building, 500 East Capitol, Pierre, South Dakota, and if necessary, shall continue through November 3, 1999.

Pursuant to the Americans with Disabilities Act, this hearing is being held in a physically accessible location. Please contact the Public Utilities Commission at 1-800-332-1782 at least 48 hours prior to the hearing if you have special needs so arrangements can be made to accommodate you.

Dated at Pierre, South Dakota, this 1st day of October, 1999.

CERTIFICATE OF SERVICE The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon. By: <u><i>Heldine Kaelbo</i></u> Date: <u>10/1/99</u> (OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

U S WEST, Inc.
1801 California Street, Suite 5100
Denver, Colorado 80202
Telephone 303 672-5871
Facsimile 303 255-7069
aduarte@uswest.com

Alex M. Duarte
Senior Attorney



VIA FEDERAL EXPRESS

October 8, 1999

RECEIVED

OCT 12 1999

William Bullard, Jr., Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

FAX Received OCT 08 1999

RE: Docket No. TC99-053
In the Matter of the Cost Recovery For Dialing Parity Implementation by
U S WEST Communications, Inc.

Dear Mr. Bullard:

Enclosed are an original and ten copies of the following:

Rebuttal Testimony of Robert H. Brigham
Rebuttal Testimony of David L. Teitzel

The documents will also be forwarded electronically.

Please stamp and return the enclosed extra copy of this letter in the enclosed addressed,
postage paid envelope.

Sincerely,

Marjorie Herlth
Marjorie Herlth
Secretary to Alex Duarte

Enclosures
/moh



RECEIVED

OCT 12 1999

**BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA**

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

FAX Received OCT 08 1999

**IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WEST**

)
)
)

TC99-053

U S WEST COMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF

ROBERT H. BRIGHAM

October 8, 1999

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH U S WEST COMMUNICATIONS.

A. My name is Robert H. Brigham. My business address is 1801 California Street, Denver, Colorado. I am employed as a Director - Service Costs in the U S WEST Communications (U S WEST) Markets/Regulatory Strategy Organization.

Q. HAVE YOU PREVIOUSLY FILED TESTIMONY IN THIS PROCEEDING?

A. Yes. On September 3, 1999, I filed direct testimony in this proceeding.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to respond to the direct testimony of Mr. Harlan Best filed on behalf of the Commission Staff, and the direct testimony of Ms. Mary Jane Rasher filed on behalf of AT&T. I will demonstrate that the 1+ IntraLATA Equal Access study filed by U S WEST in this proceeding is consistent with FCC dialing parity rules, and provides a reasonable estimate of the costs associated with implementing intraLATA dialing parity in South Dakota.

III. RESPONSE TO MR. BEST

Q. MR. BEST RAISES SEVERAL ISSUES REGARDING THE INTRALATA 1+ EQUAL ACCESS COST STUDY DOCUMENTATION. PLEASE COMMENT.

A. Mr. Best notes that the IntraLATA 1+ Equal Access cost study filed on September 3, 1999 contains inconsistent cost data, and that in some cases the page references in the study do not match. In fact, the study filed on September 3, 1999 did contain erroneous data, resulting from importing the wrong data file into Section 8 of the study. On September 20, 1999, U S WEST filed a revised study that corrected this problem.

I believe that the revised study alleviates many of the concerns raised by Mr. Best in his testimony, including the issues raised on:

Page 4: lines 1-11, 13, 14, 16-19 and 20

Page 5, lines 5, 7-8.

Q. MR. BEST OBSERVES THAT THE INTRALATA 1+ EQUAL ACCESS STUDY INCLUDES COSTS FOR THE GREGORY WIRE CENTER, AND ARGUES THAT THESE COSTS SHOULD NOT BE INCLUDED. DO YOU AGREE?

A. Yes. The EANRC study does include a small amount of costs associated with the Gregory wire center. As noted by Mr. Best, since U S WEST no longer owns the Gregory wire center, these costs should not be included the study. While these

1 costs are negligible, U S WEST will remove these costs when it performs the
2 annual "true-up" of the Equal Access Network Reconfiguration Recovery
3 (EANRC) charge.
4

5 **Q. MR. BEST NOTES THAT THE COST OF MONEY USED IN THE**
6 **INTRALATA 1+ EQUAL ACCESS COST STUDY DOES NOT MATCH**
7 **THE COST OF MONEY USED IN THE SWITCHED ACCESS COST**
8 **STUDY FILED IN DOCKET TC99-073. PLEASE COMMENT.**

9 **A.** The IntraLATA 1+ Equal Access cost study utilizes a forward-looking cost of
10 money of 11.3%. The Switched Access cost study referred to by Mr. Best is an
11 embedded cost study that utilizes an embedded, or historical, rate of return. Since
12 the cost of money in the IntraLATA 1+ Equal Access cost study is used to discount
13 *future* cash flows (i.e., spread costs over three future years), it is appropriate to use
14 a forward looking cost of money.
15

16 **Q. MR. BEST EXPRESSES CONCERNS OVER THE INTRALATA TOLL**
17 **USAGE DATA THAT IS UTILIZED IN THE COST STUDY. PLEASE**
18 **ADDRESS THESE CONCERNS.**

19 **A.** Mr. Best observes that the intraLATA toll usage data in the IntraLATA 1+ Equal
20 Access cost study and the actual usage data provided in response to Staff data
21 request 009, do not match the usage data found in the MA9 report that the
22 Commission has received for a number of years.
23

24 The cost study provided in April, 1999, and the cost study filed on September 3,
25 1999, utilized MA9 toll usage data. However, the MA9 usage data includes non-

1 billable¹ minutes of use. Since the EANRC charge will be assessed only to billable
2 minutes of use, it is important to assign costs only to the billable minutes from
3 which the equal access implementation costs will be recovered. Therefore, the
4 revised study filed on September 20, 1999 utilizes only billable minutes of use, as
5 derived from the Toll Usage Tracking (TUT) report.² This is consistent with the
6 intraLATA toll usage data provided in response to Staff data request 009.
7 U.S. WEST will use actual TUT usage data to perform the annual true-up.

8
9 Mr. Best also expressed a concern that some interLATA usage may not have been
10 removed from the toll usage estimates. However, on page 6 of his testimony, Mr.
11 Best does not quote my testimony accurately. My direct testimony stated that the
12 "original cost study included some interLATA minutes of use, which have been
13 removed from the revised study."³ Thus, the original cost study included some
14 interLATA usage, but all of this usage was removed in the revised study, so that the
15 study includes only intraLATA toll usage.

16
17 **Q. MR. BEST RAISES A CONCERN AS TO WHETHER THE MCINTOSH,**
18 **TIMBER LAKE AND MORRISTOWN WIRE CENTERS WILL BE**
19 **INCLUDED IN THE TRUE UP. PLEASE ADDRESS THIS ISSUE.**

20 **A. The IntraLATA 1+ Equal Access cost study does not include implementation costs**
21 **that are directly related to the McIntosh, Timber Lake and Morristown wire centers.**
22 **In the true up, U.S. WEST plans to include the costs of customer notification in**
23 **these wire centers, but will not add in any additional costs. The true up will**

¹ e.g., the MA9 minutes of use include non-conversation time and official telephone usage, both of which are not billable.

² In the September 20, 1999 study, page 8-4 still refers to the MA9 report. However, this reference is in error—the actual data contained in page 8-4 is derived from the TUT report.

³ Docket TC99-053, Direct Testimony of Robert Brigham, September 3, 1999, page 7.

1 consider actual interexchange carrier and U S WEST intraLATA minutes of use for
2 all U S WEST wire centers, including McIntosh, Timber Lake and Morristown.
3

4 **IV. RESPONSE TO MS. RASHER**

5
6 **A. FCC Cost Recovery Issues**

7
8 **Q. WHAT COST RECOVERY STANDARD HAS THE FCC ADOPTED**
9 **REGARDING THE IMPLEMENTATION OF DIALING PARITY?**

10 **A. As I noted in my direct testimony, the dialing parity rule adopted by the FCC in the**
11 **Second Interconnection Order states that:**

12
13 (a) A LEC may recover the incremental costs necessary for the
14 implementation of toll dialing parity. The LEC must recover such costs from
15 all providers of telephone exchange service and telephone toll service in the
16 area served by the LEC, including that LEC. The LEC shall use a cost
17 recovery mechanism established by the state.⁴ (emphasis added)

18
19 This is the cost recovery standard that should be applied in this proceeding. The
20 U S WEST IntraLATA 1+ Equal Access cost study estimates the incremental costs
21 necessary for U S WEST to implement intraLATA toll dialing parity, consistent
22 with the FCC's rule.
23

⁴ 47CFR51.215

1 Q. WHAT IS AT&T'S POSITION REGARDING THE TYPES OF 1+ EQUAL
2 ACCESS IMPLEMENTATION COSTS U S WEST SHOULD BE
3 ALLOWED TO RECOVER?

4 A. Ms. Rasher argues that the recovery of these costs should be based on the FCC's
5 directives regarding dialing parity *and* the FCC's treatment of number portability
6 cost recovery. She argues that in the Second Interconnection Order, the FCC
7 concluded that dialing parity should follow the same cost recovery principles that
8 were applied to the recovery of number portability costs.

9
10 Ms. Rasher also quotes the following passage from the FCC's Second
11 Interconnection Order:

12
13 LECs *may* recover the incremental costs of dialing parity specific switch
14 software, any necessary hardware and signaling system upgrades, and
15 consumer education costs that are strictly necessary to implement dialing
16 parity.⁵

17
18 Ms. Rasher then concludes, based on this passage, that U S WEST should only be
19 permitted to recover (1) software and hardware costs, (2) signaling costs, and (3)
20 consumer education costs. According to Ms. Rasher, all other types of costs are
21 "off limits."

22
23 Q. HAS MS. RASHER PROPERLY INTERPRETED THE FCC'S POSITION
24 ON DIALING PARITY COST RECOVERY?

⁵ In the Matter of the Local Competition Provisions of the Telecommunications Act of 1996, etc.,
"Second Report and Order and Memorandum Opinion and Order." FCC 96-333, Adopted August 8,
1996, ¶ 55.

1 A. No. First, it is important to note that the FCC determined that a LEC *may* recover
2 the incremental costs of dialing parity specific switch software, any necessary
3 hardware and signaling system upgrades. The FCC did not say that other types of
4 costs that are directly related to implementing dialing parity cannot be recovered.
5 In fact, the dialing parity rule adopted by the FCC, as defined above, simply states
6 that "a LEC may recover the incremental costs necessary for the implementation of
7 toll dialing parity." This rule does not limit cost recovery to hardware and software
8 costs, signaling costs and consumer education costs.

9

10 **Q. SHOULD THE FCC'S NUMBER PORTABILITY COST RECOVERY**
11 **STANDARDS BE APPLIED TO THE RECOVERY OF DIALING PARITY**
12 **COSTS?**

13 A. No. While the FCC did opine that the recovery of dialing parity costs should follow
14 the same general principles that are used to recover number portability costs, there
15 is no requirement that the costs be recovered in exactly the same manner, via the
16 same mechanism. For example, the FCC has determined the exact method for
17 number portability cost recovery—while the FCC has ruled that *states* should
18 determine the recovery mechanism for dialing parity implementation costs.

19

20 **Q. IS THE BULK OF MS. RASHER'S TESTIMONY DEPENDENT ON THE**
21 **ASSUMPTION THAT THE RECOVERY OF DIALING PARITY COSTS**
22 **SHOULD BE BASED ON THE SAME RECOVERY METHODOLOGY**
23 **THAT THE FCC ESTABLISHED FOR NUMBER PORTABILITY?**

24 A. Yes. Ms. Rasher implies that the South Dakota Commission should apply the
25 FCC's number portability principles to the recovery of dialing parity costs. While
26 there is no requirement to apply the FCC's number portability methodology to

1 dialing parity, it is important for the Commission to understand that Ms. Rasher has
2 mischaracterized the FCC's number portability cost recovery methodology. Even if
3 we were to assume that the same cost recovery principles should be applied to
4 number portability and dialing parity, Ms. Rasher's understanding of the FCC's
5 number portability cost recovery methodology is in error.

6
7 Ms. Rasher discusses the recent U S WEST number portability filing before the
8 FCC, alleging that this filing provides support for her position that U S WEST has
9 overstated IntraLATA 1+ Equal Access costs. She argues that the FCC required
10 U S WEST to reduce its number portability costs by 18.9% from its original
11 submission before the FCC. She implies that since the FCC disallowed some costs
12 that were in the original number portability submission, that the U S WEST
13 IntraLATA 1+ equal access costs filed in this docket must be overstated.

14
15 However, Ms. Rasher fails to address the types of number portability costs that the
16 FCC *allowed* U S WEST to recover when it *approved* U S WEST's revised number
17 portability filing as presented in Transmittal No. 1002. She implies that the FCC
18 only allowed for the recovery of a narrow set of costs (i.e., switch software, any
19 necessary hardware and signaling system upgrades, and consumer education costs).
20 In fact, the FCC allowed U S WEST to recover a set of implementation costs that
21 reaches far beyond this narrow definition.

22
23 **Q. WHAT TYPES OF NUMBER PORTABILITY COSTS ARE RECOVERED**
24 **IN THE U S WEST RECOVERY PLAN APPROVED BY THE FCC?**

25 **A.** In its Order In Docket No. 99-35, the Commission approved the recovery of costs
26 for switching and signaling hardware and software, service delivery, and

1 Operational Support Systems (OSS), along with certain other costs. Clearly, the
2 FCC did not limit number portability cost recovery to the narrow scope of costs
3 alleged by Ms. Rasher.

4
5 **Q. ARE YOU PROVIDING SPECIFIC EVIDENCE DEMONSTRATING THAT**
6 **THE SCOPE OF FCC NUMBER PORTABILITY COST RECOVERY IS**
7 **SIGNIFICANTLY BROADER THAN ALLEGED BY MS. RASHER?**

8 **A.** Yes. In the exhibits to my testimony, I am providing workpapers filed with FCC
9 Transmittal No. 1002, along with backup documents, which demonstrate the types
10 of costs included in the *FCC-approved* number portability cost recovery. Exhibit 1
11 delineates the types of network costs that the FCC allowed to be recovered; exhibit
12 2 delineates the types of service delivery costs that the FCC allowed to be
13 recovered; and exhibit 3 delineates the types of OSS cost that the FCC allowed to
14 be recovered.

15
16 When filed with Transmittal No. 1002, these sheets contained cost recovery dollar
17 values. I have removed the cost dollar amounts from these sheets due to their
18 confidential nature. It can be readily seen, however, that the scope of cost recovery
19 approved by the FCC is far wider than the scope of cost recovery alleged by Ms.
20 Rasher. Quite simply, the FCC did not limit cost recovery to the costs of hardware
21 and software, signaling and customer education. Instead, the FCC allowed the
22 recovery of all costs that it determined were necessary for the implementation of
23 number portability.

B. Specific Cost Issues

1. Switching Costs

Q. DOES MS. RASHER ALLEGE THAT DIALING PARITY IMPLEMENTATION COSTS RELATED TO ANALOG SWITCHES SHOULD NOT BE INCLUDED IN THE INTRALATA 1+ EQUAL ACCESS COST STUDY?

A. Yea. Ms. Rasher apparently bases this position based on an assumption that, in the review of U S WEST number portability costs, the FCC allegedly disallowed all costs associated with implementing number portability in analog switches. However, the FCC did not disallow all such costs in its number portability proceeding.

The FCC did in fact disallow generic software and hardware upgrade costs for analog switches when it determined that these costs were not directly related to implementing number portability. However, the FCC did allow the recovery of hardware and software costs in analog LAESS switches in cases where it determined that these costs were directly related to implementing number portability. These costs are delineated in reference. lines 4, 4a, 5, 6 and 7 as shown in Exhibit 1, page 1.

In this proceeding, U S WEST is seeking the recovery of analog switching costs that are directly related to implementing intraLATA 1+ equal access in South Dakota. These software costs are directly related to the implementation of

1 intraLATA dialing parity—they are not related to overall generic upgrading of
2 switches. These costs are similar to the types of analog switching costs for which
3 the FCC allowed recovery in the number portability proceeding.
4

5 **Q. DOES MS. RASHER ARGUE THAT CENTRAL OFFICE TRANSLATION**
6 **COSTS SHOULD NOT BE INCLUDED IN THE INTRALATA 1+ EQUAL**
7 **ACCESS COST RECOVERY?**

8 **A.** Yes. She argues that the translation costs (engineering staff) are “beyond the scope
9 of recovery permitted by the FCC.”⁶ However, these costs are legitimate costs that
10 U S WEST must incur in each switching office in order to implement intraLATA
11 1+ equal access. These are not “generic” upgrade costs that are “beyond the scope
12 of recovery” but are costs that are incurred specifically in order to implement
13 intraLATA 1+ equal access in each office in South Dakota. These costs are
14 correctly included in the cost study.
15

16 **2. Support Systems Costs**
17

18 **Q. WHAT IS MS. RASHER'S POSITION REGARDING THE RECOVERY OF**
19 **SUPPORT SYSTEMS MODIFICATION COSTS?**

20 **A.** Ms. Rasher argues that none of the support systems modification costs, with the
21 exception of customer notification costs, fall “within the FCC’s limited and focused
22 areas that are appropriate for cost recovery.”⁷ She continues that the “upgrading of

⁶ Direct testimony of Mary Jane Rasher, Docket TC99-053, filed September 30, 1999, page 11.
⁷ Rasher Direct, page 11.

1 US WEST's legacy ordering systems does not fall within the costs the FCC has
2 approved for recovery."⁸
3

4 **Q. IS SHE CORRECT?**

5 **A.** No. In fact, as I noted earlier, the FCC's dialing parity rule allows for the recovery
6 of "the incremental costs necessary for the implementation of toll dialing parity."
7 The cost to modify support systems in order to accommodate intraLATA 1+ equal
8 access clearly fits within these parameters. In addition, the U S WEST number
9 portability implementation costs approved for recovery by the FCC include a
10 significant amount of costs that are incurred in order to modify and upgrade
11 "legacy" Operational Support Systems (OSS). For example, as delineated in
12 exhibit 3, page 1, the FCC allowed U S WEST to recover costs associated with
13 modifying RSOLAR.⁹ to enable number portability. In the IntraLATA 1+ Equal
14 Access cost study, U S WEST is seeking recovery of the cost to modify RSOLAR
15 to enable intraLATA 1+ equal access. While the number portability OSS cost items
16 approved for recovery by the FCC are not the same as the costs items incurred to
17 implement dialing parity—these are different services requiring U S WEST to incur
18 different implementation costs—it is clear that the FCC has sanctioned the recovery
19 of implementation costs associated with support systems modifications.
20

21 Ms. Rasher's attempt to narrow the scope of support system cost recovery is at odds
22 with the FCC's dialing parity rule, and the actions of the FCC in U S WEST's
23 number portability filing. In the IntraLATA 1+ Equal Access cost study,

⁸ Rasher Direct, page 12.

⁹ RSOLAR is the order processing system used in South Dakota.

1 U S WEST has appropriately identified the incremental support systems costs
2 associated with implementing intraLATA 1+ equal access.

3

4 **Q. DOES MS. RASHER ARGUE THAT U S WEST SHOULD NOT BE**
5 **ALLOWED TO RECOVER TRAINING COSTS ASSOCIATED WITH THE**
6 **IMPLEMENTATION OF INTRALATA 1+ EQUAL ACCESS?**

7 **A. Yes. Ms. Rasher states that the FCC's order "permits recovery for customer**
8 **education, not a LEC's education of its employees."¹⁰**

9

10 Once again, Ms. Rasher has mischaracterized the FCC's dialing parity rule, and the
11 actions of the FCC in the number portability proceeding. In fact, the FCC approved
12 the recovery of costs associated with training U S WEST personnel in the costs for
13 number portability implementation, as filed in Transmittal No. 1002. As can be
14 seen on page 1 of exhibit 2, the approved service delivery costs include costs for
15 training development and training delivery, along with many other types of service
16 delivery costs.

17

18 **3. Cost of Money**

19

20 **Q. PLEASE ADDRESS MS. RASHER'S CLAIM THAT THE "INTEREST**
21 **RATE" APPLIED IN THE INTRALATA 1+ EQUAL ACCESS STUDY IS**
22 **NOT REASONABLE.**

23 **A. Ms. Rasher claims that the "interest rate" used in the 1+ IntraLATA Equal Access**
24 **cost study is too high, compared with the interest rate on customer deposits of 7%.**

¹⁰ Rasher Direct, page 12.

1 However, the "interest rate" Ms. Rasher refers to in the cost study is really a "cost
2 of money" that reflects the weighted average cost of debt and equity capital. It is
3 not simply a debt-based interest rate, as Ms. Rasher seems to assume. This cost of
4 money is used to spread expenditures made today over the three year time period,
5 assuring that the present value of the costs recovered over the three years are equal
6 to the present value of the expenditure made today. The cost of money used in this
7 manner has nothing to do with the interest rate used to compensate customers for
8 deposits held by U S WEST.

9
10 In the 1+ IntraLATA Equal Access cost study, U S WEST uses a "pre-tax" cost of
11 money to spread costs over three years, and a "post tax" cost of money to levelize
12 usage. The pre and post tax cost of money is provided on page 7-1 of the cost
13 study. This rationale for using pre and post tax cost of money is described in the
14 U S WEST response to Staff data request No. 006, which I have attached as Exhibit
15 4 of my testimony.

16
17 The U S WEST IntraLATA 1+ Equal Access cost study properly utilizes the cost of
18 money. Ms. Rasher's criticism has no basis.

19

C. Other Issues

Q. PLEASE ADDRESS MS. RASHER'S CLAIM THAT THE U S WEST INTRALATA 1+ EQUAL ACCESS COST STUDY "LACKS SUFFICIENT DETAIL."

A. The U S WEST Intralata 1+ Equal Access cost study does not "lack sufficient detail." In fact, the study shows how all of the numbers are calculated, along with the source of the data.

Ms. Rasher alleges that U S WEST has not provided any detail regarding vendor prices for right to use fees. She alleges that AT&T is not in possession of this vendor data. Ms. Rasher may be unaware that AT&T has been in possession of this data since June 23, 1999, when this data for South Dakota was provided to Michelle Singer, an attorney for AT&T. After this data was provided, U S WEST realized that AT&T had not signed the appropriate confidentiality agreement to view vendor proprietary data. Therefore, U S WEST asked AT&T to sign a separate addendum that would properly protect this vendor data—but did not ask for the return of the cost data. AT&T returned the signed addendum on September 20, 1999. Since AT&T has been in possession of this data for over three months, U S WEST is hardly "withholding information."

Q. PLEASE ADDRESS MS. RASHER'S CLAIM OF "CIRCULARITY" AS PRESENTED ON PAGE 9 OF HER TESTIMONY.

A. I must confess that the point of Ms. Rasher's discussion is not clear, and her reference to my Iowa testimony appears to be in error. In this proceeding,

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Exhibit 1

1 U S WEST has provided the data and evidence to support its equal access cost
2 recovery charge. Of course, just as U S WEST must support its cost study with
3 supporting data and assumptions, etc., AT&T must support its critique of the study
4 with evidence also—mere accusations that data is incorrect, that the study is wrong,
5 or that the cost study does not provide sufficient detail, do not suffice. In addition,
6 if AT&T believed it did not have enough data from U S WEST, then it could have
7 served data requests. Ms. Rasher appears to be arguing that AT&T need not
8 support its critique with any evidence—a point I would take strong issue with.
9

10 **V. CONCLUSION**

11
12 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATION TO THE**
13 **COMMISSION.**

14 **A. I believe that the Commission should accept U S WEST's IntraLATA 1+ Equal**
15 **Access cost study, and use this study as the basis for establishing an EANRC**
16 **charge as proposed by Mr. Teitzel. As I have demonstrated, the U S WEST cost**
17 **recovery proposal complies with the FCC's dialing parity rules, and would result in**
18 **U S WEST recovering only the incremental costs incurred to implement intraLATA**
19 **1+ equal access in South Dakota.**

20
21 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

22 **A. Yes, it does.**

ref #	Description	cost type	Account
	Docket 95-116; DA 95-2534 12-14-98		
	Per 50 part (g) Incl part (h) and part (i)		
	SWITCHING SSP including all End Office and Tandem switching sites		
1	1AESS		
2	1AE13 Generic	3	6211
2a	1AE13 Generic attributable to enabling LRN functions	2S	6211
2b	1AE13 Generic attributable to query sales	2S	6211
3	1AE13 generic hardware	3	2211
3a	1AE13 generic hardware attributable to enabling LRN	2S	2211
3b	1AE13 generic hardware attributable to query sales	2S	2211
4	1AESS LRN feature FF150, 151 for basic, deluxe, basic AMA AMA Access, set card 9SNP, 9FNP (9F032), J5A002B2 L-MHK, L-MHG, L-MHH	2C	2681
4a	1AESS LRN Feature portion attributable to query sales	2C	2681
5	1AESS LRN Unconditional 10 Digit Trigger 99-CP-3888, FF-139	2C	2681
6	1AESS Default Routing FF-149	2C	2681
7	1AESS AMA testing FF-076	2S	2681
8	1AESS replacements for CPU exhaust due to query volume	3	2212
9	SUP Loop detection feature	3	2681
10	2BESS replacement	3	2212
11	4ESS		
12	4E22.2 GENERIC	3	6211
12a	4E22.2 GENERIC attributable to enabling LRN	2S	6211
12b	4E22.2 GENERIC attributable to query sales	2S	6211
13	4E22.2 Hardware	3	2211
13a	4E22.2 Hardware attributable to enabling LRN	2S	2211
13b	4E22.2 Hardware attributable to query sales	2S	2211
	4ESS LRN Basic, deluxe, basic AMA Software package J4A062D-1 L-MLKJR		
14	FEATURE 450		
14a	LRN Feature set attributable to query sales	2C	2681
15	4ESS AIN Software package FEATURE 375	2C	2681
16	4ESS Default Routing FEATURE 411, 415	2C	2681
17	4ESS AIN Data Calls FEATURE 419	2C	2681
18	5ESS		
19	5E10 GENERIC hardware related	3	2212
20	5E10 GENERIC software related	3	6212

21	SESS TechReady Generic related hardware		3	2212
21a	SESS TechReady Generic related hardware attributable to enabling LRN		2S	2212
21b	SESS TechReady Generic related hardware attributable to query sales		2S	2212
22	SESS TechReady Generic		3	6212
22a	SESS TechReady Generic attributable to enabling LRN		2S	6212
22b	SESS TechReady Generic attributable to query sales		2S	6212
23	SESS LRN Basic 99-CP-3169A, Basic AMA 99-CP-3667 SF-174, SF-180, SF-199 JED008 L-PNA LNPBAS1, L-PNB LNPDEL1, L-PNE LNPAAB1, 5ESS LRN Basic Measurements 5E12 99-CP-3706 and 99-5E-4036		2C	2681
23a	SESS basic LRN feature set attributable to queries		2C	2681
24	SESS LRN Unconditional 10 Digit Trigger 99-CP-3668 SFID-152		2C	2681
25	SESS ASP Default Routing SFID-153		2C	2681
26	SESS ASP mult rate center support 99-5E-3426 SFID-190		3	2681
27	SESS Circuit Switch Data Interaction 99-5E-2949 SFID-237		2C	2681
28	AMA Enhancement SFID 276		2C	2681
29	LNP Test Query SF300		2C	2681
30	SESS Verify Office LRNs SFID-505		2C	2681
31	SESS 10 digit trigger enhancement for DID numbers SFID-304		2C	2681
32	SESS AMA Enhancements SFID319		2C	2681
33	SESS Cause Code 26 errors SFID-326		2C	2681
34	SESS OSP8 LRN FEATURE		2C	2681
35	SESS CNI RingSW for additional SS7 links		2S	6212
36	SESS CNI Ring HW for additional SS7 links		2S	2212
37	DMS100 Family of Switches and Associated Remote Switches			
38	DMS100 J1T Generic hardware		3	2212
38a	DMS100 J1T Generic hardware Attributable to LRN functioning		2S	2212
38b	DMS100 J1T Generic hardware attributable to query sales		2S	2212
39	DMS100 J1T Generic		3	6212
39a	DMS100 J1T Generic attributable to enabling LRN functions		2S	6212
39b	DMS100 J1T Generic Attributable to query sales		2S	6212
40	DMS100 Generic NA009		3	6212
40a	DMS100 Generic NA009 attributable to enabling LRN functions		2S	6212
40b	DMS100 Generic NA009 attributable to query sales		2S	6212
41	DMS100 LRN Basic Software package LNP0100		2C	2681
41a	DMS100 LNP0100 attributable to query sales		2C	2681
42	DMS100 LNP0200 feature for improved operation of LNP triggers		2C	2681
42a	DMS100 LNP0200 attributable to query sales		2C	2681

43	DMS100 AINSSP: Response Translation Simplification AIN0028	3	2681
44	DMS100 SS7 link growth hardware	2S	2212
45	DMS100 TOPS LRN Feature OSEAD008	2C	2681
46	DMS10		
47	DMS10 Generic 410.10	3	6212
47a	DMS10 Generic 410.10 attributable to enabling LRN functions	2S	6212
47b	DMS10 Generic 410.10 attributable to query sales	2S	6212
48	DMS10 LRN Software package ID 410.10	2C	2681
48a	DMS10 LRN Software attributable to query sales	2C	2681
49	DMS10 SS7 Hardware	2S	2212
50	DMS10 SS7 trunk rearrangements	2S	6212
51	AXE10		
52	AXE10 LRN Software	2C	2681
52a	AXE10 LRN Software attributable to query sales	2C	2681
53	Replace with other digital remotes when more cost effective	3	2212
54	Add AIN 0.1 to support LNP	2C	2681
55	not used		
	Per 50 part (d) Links STP to SCP		
56	LINKS STP to SCP		
57	Link Hardware	2C	2232
57a	Link Hardware attributable to database query sales	2C	2232
57b	Link Hardware attributable to default query sales	2C	2232
58	Link Hardware expense	2C	6232
58a	Link Hardware expense attributable to database query sales	2C	6232
58b	Link Hardware expense attributable to default query sales	2C	6232
59	Link Lease when crossing LATA boundaries	2C	6728
59a	Link Hardware expense attributable to database query sales	2C	6232
59b	Link Hardware expense attributable to default query sales	2C	6232
	Per 50 part (f) Links STP to STP		
60	LINKS STP to STP		
61	Link Install Hardware	2C	2232
61a	Link Hardware attributable to database query sales	2C	2232
61b	Link hardware attributable to default query sales	2C	2232
62	Link Install Hardware expense	2C	6232
62a	Link Hardware expense attributable to database query sales	2C	6232

62b	Link Hardware expense attributable to default query sales	2C	6232
63	Link Lease when crossing LATA boundaries	2C	6728
63a	Link Lease attributable to database query sales	2C	6728
63b	Link Lease attributable to default query sales	2C	6728
	SSP to STP not categorized group (ff)		
64	LINKS SSP to STP		
65	Link Install Hardware	2C	2232
65a	Link Hardware attributable to database query sales	2C	2232
65b	Link Hardware attributable to default query sales	2C	2232
66	Link Install Hardware expense	2C	6232
66a	Link Hardware expense attributable to database query sales	2C	6232
66b	Link Hardware expense attributable to default query sales	2C	6232
	Par 50 part (o)		
67	ISCP		
68	New ISCP Hardware	2C	2212
68a	New ISCP Hardware attributable to database query sales	2C	2212
68b	New ISCP Hardware attributable to default query sales	2C	2212
69	New ISCP Software	2C	6212
69a	New ISCP Software attributable to database query sales	2C	6212
69b	New ISCP Software attributable to default query sales	2C	6212
70	Annual Maintenance fees	2C	6212
70a	Annual Maintenance fees attributable to database query sales	2C	6212
70b	Annual Maintenance fees attributable to default query sales	2C	6212
	Par 50 part (e)		
71	STP		
72	MODIFY STPs for CPU repl hardware	3	2212
72a	MODIFY STPs for CPU repl hardware attributable to LNP	2C	2212
72b	MODIFY STPs for CPU repl hardware attributable to database query sales	2C	2212
72c	MODIFY STPs for CPU repl hardware attributable to default query sales	2C	2212
73	MODIFY STPs for port growth software	3	6212
73a	MODIFY STPs for port growth software attributable to LNP	2C	6212
73b	MODIFY STPs for port growth software attributable to database query sales	2C	6212
73c	MODIFY STPs for port growth software attributable to default query sales	2C	6212
74	MODIFY STPs for port growth hardware	3	2212

74a	MODIFY STPs for port growth hardware attributable to LNP	2C	2212
74b	MODIFY STPs for port growth hardware attributable to database query sales	2C	2212
74c	MODIFY STPs for port growth hardware attributable to default query sales	2C	2212
75	MISCELLANEOUS Incremental Overheads		
76	NROC	2C	6212
77	NOCs- RCMAC	2C	
78	CP-People	2C	6534
79	Czak AIN Lab/Planning	2C	6534
80	CO-Build/Testing	2C	6212
81	CO-Cutover attributable to switch replacement	3	6212
82	CO-Cutover attributable to processor replacement/upgrade with generic upgrade	3	6212
82a	CO-Cutover attributable to processor replacement/upgrade attributable to LRIN	2S	6212
82b	CO-Cutover attributable to processor replacement/upgrade attributable to query sales	2S	6212
83	CO-Cutover Attributable to SCP placement	2C	6212
83a	CO-Cutover Attributable to SCP placement attributable to default queries	2C	6212
83b	CO-Cutover Attributable to SCP placement attributable to database queries	2C	6212
84	Belcore and Advanced technologies	2C	6534
100	CNAR Translations	2C	6534
5	NRC Lab	2C	6533

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Exhibit 2

	Amt. Code	\$68 \$79	\$80	\$81	\$82	Total
Heldout						
Interconnect Service Center (O)	6628					
Interconnect Service Center (M)	6629					
Service Negotiation (O)	6630					
Matters and Procedures (M)	6631					
Order Processing Center (SO O/M)	6632					
CLEC Contracts Group (H)	6633					
Operator Information Services (M)	6634					
Retail Markets Program Office (M)	6635					
Total						
Expense						
Interconnect Service Center (O)	6636					
Interconnect Service Center (M)	6637					
Interconnect Service Center/Other	6638					
Service Negotiation	6639					
Training Development/Main	6640					
Training Delivery	6641					
Methods and Procedures	6642					
Order Processing Center	6643					
CLEC Contracts Group	6644					
Operator Information Services	6645					
Retail Markets Program Office	6646					
Total Expense						
Capital						
Service Negotiation						
Training Development/Main						
Training Delivery						
MMP's						
Order Processing Center	2134					
CLEC Contracts Group	2135					
Operator Information Services	2136					
Retail Markets Program Office						
Total Capital						
Expense and Capital						
Interconnect Service Center						
Service Negotiation						
Training Development/Main						
Training Delivery						
MMP's						
Order Processing Center						
CLEC Contracts Group						
Operator Information Services						
Retail Markets Program Office						
Total						
O/S						
MMP's						

Calculations & Assumptions for Employee-Related Expenses

Annual Salaries	1999	2000	2001	2002	2003	2004
CSA						
M&Ps						
Service Negotiation						
Management - Salary Grade 4						
Management - Salary Grade 5						
Service Order Administration						
Order Specialist						
Other Employee Related Expenses						
Training						per hour
Repair Service Attendant						per hour
Technical Consultant						per hour

Other employee related expenses for the Interconnect Service Center include tuition and training, conference and travel.

Calculations & Assumptions for Non-Employee-Related Expenses

*Other expenses included in the Interconnect Service Center category include operational vouchers, Official Communications Services, Material & Supplies.
The "Other" category in 1999 represents the entire budget actuals for 1999; for 1999-2004 "Other" represents \$300K annually per employee for operational vouchers, Official Communications Services, Materials & Supplies.

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Exhibit 3

Account Type	Product Code	Application Code	Application Description	Application Code	1001	1002	1003	1004	1005	1006	1007	1008	1009	1010	1011	1012	1013	1014	1015	1016	1017	1018	1019	1020	1021	1022	1023	1024	1025	1026	1027	1028	1029	1030	1031	1032	1033	1034	1035	1036	1037	1038	1039	1040	1041	1042	1043	1044	1045	1046	1047	1048	1049	1050	1051	1052	1053	1054	1055	1056	1057	1058	1059	1060	1061	1062	1063	1064	1065	1066	1067	1068	1069	1070	1071	1072	1073	1074	1075	1076	1077	1078	1079	1080	1081	1082	1083	1084	1085	1086	1087	1088	1089	1090	1091	1092	1093	1094	1095	1096	1097	1098	1099	1100	1101	1102	1103	1104	1105	1106	1107	1108	1109	1110	1111	1112	1113	1114	1115	1116	1117	1118	1119	1120	1121	1122	1123	1124	1125	1126	1127	1128	1129	1130	1131	1132	1133	1134	1135	1136	1137	1138	1139	1140	1141	1142	1143	1144	1145	1146	1147	1148	1149	1150	1151	1152	1153	1154	1155	1156	1157	1158	1159	1160	1161	1162	1163	1164	1165	1166	1167	1168	1169	1170	1171	1172	1173	1174	1175	1176	1177	1178	1179	1180	1181	1182	1183	1184	1185	1186	1187	1188	1189	1190	1191	1192	1193	1194	1195	1196	1197	1198	1199	1200	1201	1202	1203	1204	1205	1206	1207	1208	1209	1210	1211	1212	1213	1214	1215	1216	1217	1218	1219	1220	1221	1222	1223	1224	1225	1226	1227	1228	1229	1230	1231	1232	1233	1234	1235	1236	1237	1238	1239	1240	1241	1242	1243	1244	1245	1246	1247	1248	1249	1250	1251	1252	1253	1254	1255	1256	1257	1258	1259	1260	1261	1262	1263	1264	1265	1266	1267	1268	1269	1270	1271	1272	1273	1274	1275	1276	1277	1278	1279	1280	1281	1282	1283	1284	1285	1286	1287	1288	1289	1290	1291	1292	1293	1294	1295	1296	1297	1298	1299	1300	1301	1302	1303	1304	1305	1306	1307	1308	1309	1310	1311	1312	1313	1314	1315	1316	1317	1318	1319	1320	1321	1322	1323	1324	1325	1326	1327	1328	1329	1330	1331	1332	1333	1334	1335	1336	1337	1338	1339	1340	1341	1342	1343	1344	1345	1346	1347	1348	1349	1350	1351	1352	1353	1354	1355	1356	1357	1358	1359	1360	1361	1362	1363	1364	1365	1366	1367	1368	1369	1370	1371	1372	1373	1374	1375	1376	1377	1378	1379	1380	1381	1382	1383	1384	1385	1386	1387	1388	1389	1390	1391	1392	1393	1394	1395	1396	1397	1398	1399	1400	1401	1402	1403	1404	1405	1406	1407	1408	1409	1410	1411	1412	1413	1414	1415	1416	1417	1418	1419	1420	1421	1422	1423	1424	1425	1426	1427	1428	1429	1430	1431	1432	1433	1434	1435	1436	1437	1438	1439	1440	1441	1442	1443	1444	1445	1446	1447	1448	1449	1450	1451	1452	1453	1454	1455	1456	1457	1458	1459	1460	1461	1462	1463	1464	1465	1466	1467	1468	1469	1470	1471	1472	1473	1474	1475	1476	1477	1478	1479	1480	1481	1482	1483	1484	1485	1486	1487	1488	1489	1490	1491	1492	1493	1494	1495	1496	1497	1498	1499	1500	1501	1502	1503	1504	1505	1506	1507	1508	1509	1510	1511	1512	1513	1514	1515	1516	1517	1518	1519	1520	1521	1522	1523	1524	1525	1526	1527	1528	1529	1530	1531	1532	1533	1534	1535	1536	1537	1538	1539	1540	1541	1542	1543	1544	1545	1546	1547	1548	1549	1550	1551	1552	1553	1554	1555	1556	1557	1558	1559	1560	1561	1562	1563	1564	1565	1566	1567	1568	1569	1570	1571	1572	1573	1574	1575	1576	1577	1578	1579	1580	1581	1582	1583	1584	1585	1586	1587	1588	1589	1590	1591	1592	1593	1594	1595	1596	1597	1598	1599	1600	1601	1602	1603	1604	1605	1606	1607	1608	1609	1610	1611	1612	1613	1614	1615	1616	1617	1618	1619	1620	1621	1622	1623	1624	1625	1626	1627	1628	1629	1630	1631	1632	1633	1634	1635	1636	1637	1638	1639	1640	1641	1642	1643	1644	1645	1646	1647	1648	1649	1650	1651	1652	1653	1654	1655	1656	1657	1658	1659	1660	1661	1662	1663	1664	1665	1666	1667	1668	1669	1670	1671	1672	1673	1674	1675	1676	1677	1678	1679	1680	1681	1682	1683	1684	1685	1686	1687	1688	1689	1690	1691	1692	1693	1694	1695	1696	1697	1698	1699	1700	1701	1702	1703	1704	1705	1706	1707	1708	1709	1710	1711	1712	1713	1714	1715	1716	1717	1718	1719	1720	1721	1722	1723	1724	1725	1726	1727	1728	1729	1730	1731	1732	1733	1734	1735	1736	1737	1738	1739	1740	1741	1742	1743	1744	1745	1746	1747	1748	1749	1750	1751	1752	1753	1754	1755	1756	1757	1758	1759	1760	1761	1762	1763	1764	1765	1766	1767	1768	1769	1770	1771	1772	1773	1774	1775	1776	1777	1778	1779	1780	1781	1782	1783	1784	1785	1786	1787	1788	1789	1790	1791	1792	1793	1794	1795	1796	1797	1798	1799	1800	1801	1802	1803	1804	1805	1806	1807	1808	1809	1810	1811	1812	1813	1814	1815	1816	1817	1818	1819	1820	1821	1822	1823	1824	1825	1826	1827	1828	1829	1830	1831	1832	1833	1834	1835	1836	1837	1838	1839	1840	1841	1842	1843	1844	1845	1846	1847	1848	1849	1850	1851	1852	1853	1854	1855	1856	1857	1858	1859	1860	1861	1862	1863	1864	1865	1866	1867	1868	1869	1870	1871	1872	1873	1874	1875	1876	1877	1878	1879	1880	1881	1882	1883	1884	1885	1886	1887	1888	1889	1890	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906	1907	1908	1909	1910	1911	1912	1913	1914	1915	1916	1917	1918	1919	1920	1921	1922	1923	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	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Note: 0 in last column indicates that U.S. VETS7 did not have any dollar amount included for LAF recovery.

**SOUTH DAKOTA PUC
Docket TC99-053**

Rebuttal Testimony of Robert H. Brigham

Exhibit 4

Composite Cost of Capital

The composite cost of money used in the 1 + IntraLATA Equal Access study is 11.3%. It is made up of both debt and equity financing. The debt portion of the cost of capital reflects the projected cost of debt interest paid to debt holders. The equity portion of the cost of capital reflects an estimate of investors expected return and is taxable. Therefore, the debt portion is considered "pre tax" while the equity portion is considered "post tax". The calculation of the composite cost of money is as follows:

<u>Component</u>	<u>Ratio</u>	<u>Cost (%)</u>	<u>Wtd Cost</u>	<u>Using</u>
Debt	17.3%	6.5	1.125	Pre-Tax Debt Cost
Equity	82.7%	12.3	10.172	Post-Tax Equity Cost
Total			11.297%	Rounded = <u>11.3%</u>

Pre Tax Discount Rate

The 1 + IntraLATA Equal Access study calculates the cost to recover labor, Right-To-Use, maintenance and feature expenses for the conversion to 1 + IntraLATA Equal Access. These expenses are normally recovered up front and therefore no financing is needed to recover these costs. However, in this case, these costs are being recovered over a three-year period. This means, U S WEST must fund this conversion via debt and equity financing for three years. Since the costs developed so far have not included the additional cost due to tax liabilities on the equity portion of the composite cost of capital, a pretax discount rate is used to spread the up front costs over three years to include enough to cover the tax liability. The pretax discount rate is developed as follows:

$$\begin{aligned} \text{Pre-tax Equity Cost} &= \text{Post-tax Equity Cost} \times \text{Tax Gross-up Factor} \\ &= \text{Post-tax Equity Cost} \times 1 / (1 - \text{Marginal Tax Rate}) \\ &= 12.3 \times 1 / (1 - \text{Mar. TR}) = 18.92 \end{aligned}$$

<u>Component</u>	<u>Ratio</u>	<u>Cost (%)</u>	<u>Wtd Cost</u>	<u>Using</u>
Debt	17.3%	6.50	1.125	Pre-Tax Debt Cost
Equity	82.7%	18.92	15.649	Pre-tax Equity Cost
Total			16.77%	Rounded = <u>16.8%</u>

* Marginal Tax Rate = 35.00%

* Cost of Capital reflects gross-up to equity cost to recover tax on equity component.

Post Tax Discount Rate

A post tax discount rate is used when calculating a present worth on periodic future payments and to levelize future amounts. A post tax discount rate is less than the composite cost of money to remove the tax effect of debt interest. The post tax discount rate is developed as follows:

$$\text{Post-tax Debt Cost} = \text{Pre-tax Debt Cost} \times (1 - \text{Marginal Tax Rate})$$

$$6.5 \quad \times (1 - \text{Mar. Tax Rate}) = \quad 4.23$$

<u>Component</u>	<u>Ratio</u>	<u>Cost (%)</u>	<u>Wtd Cost</u>	<u>Using</u>
Debt	17.3%	4.23	0.731	Post-tax Debt Cost
Equity	82.7%	12.3	10.172	Post-tax Equity Cost
	Total		10.903%	Rounded = <u>10.9%</u>

* Marginal Tax Rate = 35.00%

* Cost of Capital reflects savings due to tax deductibility of debt cost.

RECEIVED

OCT 12 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BEFORE THE
PUBLIC UTILITIES COMMISSION
STATE OF SOUTH DAKOTA

FAX Received OCT 08 1999

IN THE MATTER OF THE COST
RECOVERY FOR DIALING PARITY
IMPLEMENTATION BY U S WEST

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)
)

TC99-053

U S WEST COMMUNICATIONS, INC.

REBUTTAL TESTIMONY OF

DAVID L. TEITZEL

Filed October 8, 1999

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I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS AND POSITION WITH U S WEST COMMUNICATIONS.

A. My name is David L. Teitzel. My business address is 1600 7th Avenue, Room 2904, Seattle, Washington, 98191. I am employed by U S WEST Communications Inc. (U S WEST) as Director-Product and Market Issues.

Q. DID YOU PREVIOUSLY FILE DIRECT TESTIMONY IN THIS DOCKET?

A. Yes, I filed direct testimony in this docket on September 3, 1999.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?

A. I am filing this testimony to address several misrepresentations advanced in the direct testimony of AT&T witness Mary Jane Rasher regarding U S WEST's application of charges associated with intraLATA long distance dialing parity in South Dakota. My testimony also clarifies which specific dialing parity charges are currently applicable in this state.

III. FEDERAL GUIDELINES

Q. IN HER DIRECT TESTIMONY, MS. RASHER CONTENDS THAT U S WEST'S DIALING PARITY COST RECOVERY PLAN IS NOT IN FULL COMPLIANCE WITH FCC GUIDELINES.¹ DO YOU AGREE?

A. No. On the contrary, the FCC clearly intends that Local Exchange Carriers (LECs) should, on a competitively neutral basis, be allowed to recover costs directly associated with the implementation of dialing parity. In CFR § 51.215, the FCC states:

A LEC may recover the incremental costs necessary for the implementation of toll dialing parity. The LEC must recover such costs from all providers of telephone exchange service and telephone toll service in the area served by the LEC, including the LEC. The LEC shall use a cost recovery mechanism established by the state.

The cost elements in the proposed Equal Access Network Recovery Charge (EANRC) identified in the direct testimony of U S WEST witness Robert Brigham are all necessary for the implementation of dialing parity in South Dakota and are in full compliance with the FCC's guidelines. In addition, the FCC clearly intends that the cost recovery mechanism shall be established by the state. The cost elements included in U S WEST's proposed South Dakota EANRC have been approved as appropriate in the 11 U S WEST states in which this charge is currently in effect and are in compliance with FCC guidelines.

¹ P. 5, Lines 1-5

1 **Q. MS. RASHER ALSO IMPLIES THAT FCC FINDINGS REGARDING**
2 **U S WEST'S FEDERAL LOCAL NUMBER PORTABILITY FILING HAVE**
3 **A BEARING ON U S WEST'S DIALING PARITY COST RECOVERY**
4 **PROPOSAL IN SOUTH DAKOTA.¹ IS THIS IMPLICATION CORRECT?**

5 **A. No. U S WEST has clearly demonstrated through the testimony of Mr. Brigham**
6 **that the cost elements included in the EANRC proposal are directly attributable to**
7 **the implementation of dialing parity in South Dakota. Previous rulings regarding**
8 **cost recovery in an unrelated number portability docket is not evidence that**
9 **U S WEST's EANRC proposal is inappropriate, and the scope of cost recovery**
10 **allowed by the FCC is broader than the range identified by Ms. Rasher, as discussed**
11 **in Mr. Brigham's rebuttal testimony. AT&T's implication in this regard should be**
12 **dismissed.**

13

14 **Q. IN HER DIRECT TESTIMONY, MS. RASHER MAINTAINS THAT ANY**
15 **EXPENSES ASSOCIATED WITH UPGRADES TO U S WEST'S**
16 **REGIONAL SUBSCRIPTION SYSTEM (RSS) ASSOCIATED WITH PIC**
17 **FREEZES IN SOUTH DAKOTA SHOULD NOT BE INCLUDED IN THE**
18 **EANRC CHARGE. DO YOU AGREE?**

19 **A. No. Expenses incurred by U S WEST to upgrade the RSS system to accommodate**
20 **PIC freezes in South Dakota are driven directly by the advent of dialing parity. The**

¹ P. 5, Lines 9-15

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¹ P. 5, Lines 9-15

1 issue of customer "slamming" has been a major national issue as the opportunity
2 for carriers to serve customers on a dialing parity basis has expanded. Many South
3 Dakota customers have experienced the frustration of slamming in the
4 interstate/interLATA arena, and implementation of dialing parity at the
5 intrastate/intraLATA level has accelerated customer requests for protection against
6 unauthorized slamming. To the extent RSS upgrade costs are driven directly by the
7 implementation of dialing parity, those costs are clearly within the FCC guidelines
8 in CFR § 51.215 and are appropriately recovered in the proposed EANRC charge.
9

10 **Q. AT&T REQUESTS THE COMMISSION TO EXTEND THE PERIOD OF**
11 **TIME OVER WHICH U S WEST SHOULD RECOVER DIALING PARITY**
12 **IMPLEMENTATION COSTS TO A MINIMUM OF THREE YEARS AND A**
13 **MAXIMUM OF FIVE YEARS, WITH A REQUIREMENT THAT THE**
14 **EANRC SHOULD BE DISCONTINUED UPON FULL RECOVERY OF**
15 **THESE COSTS.¹ WOULD YOU COMMENT?**

16 **A. Yes.** In the dialing parity implementation plan submitted on June 17, 1999,
17 U S WEST proposed that dialing parity implementation costs should be recovered
18 over a three year period. This recovery period is consistent with implementation
19 plans filed and approved in 11 U S WEST states and is in alignment with the lower
20 end of the range of recovery periods requested by AT&T in this docket.

¹ "Slamming" is a change in a customer's designated long distance carrier without the customer's explicit knowledge and consent.

1 Additionally, U S WEST agrees that this charge should be discontinued at the
2 termination of the three year recovery period.

3
4 **IV. PIC CHANGE CHARGES**

5
6 **Q. MS. RASHER MAINTAINS THAT U S WEST HAS NOT ADEQUATELY**
7 **SUPPORTED A PROPOSAL TO ASSESS A \$10.00 CHARGES TO**
8 **CUSTOMERS ELECTING TO SIMULTANEOUSLY CHANGE THEIR**
9 **DESIGNATED INTERLATA AND INTRALATA LONG DISTANCE**
10 **CARRIERS.⁴ WOULD YOU COMMENT?**

11 **A.** Yes. This issue was not specifically addressed in the U S WEST's dialing parity
12 implementation plan as submitted on June 17. U S WEST will assess only one
13 charge of \$5.00 when a customer requests simultaneous PIC changes on a single
14 service order and has applied the charge on this basis since the introduction of
15 dialing parity in South Dakota. U S WEST will modify applicable South Dakota
16 tariffs to clarify the guidelines around the PIC change charge for simultaneous
17 changes.

18
19 **Q. HAS THE PIC CHANGE CHARGE OF \$5.00 BEEN FOUND TO BE**
20 **REASONABLE IN ANY OTHER JURISDICTION?**

⁴ Direct testimony of Mary Jane Rasher, P. 18, Lines 1-7

⁵ Page 16, Lines 1-9

1 A. Yes. The FCC has approved this charge for all interLATA PIC changes, and this
2 charge has been approved in 11 U S WEST states for intraLATA PIC changes. In
3 addition, AT&T itself currently has on file a charge of \$5.00 for PIC changes in
4 Iowa.⁴
5

6 Q. IS IT APPROPRIATE THAT THE PIC CHANGE CHARGE OF \$5.00 BE
7 IMPLEMENTED AS A COMPONENT OF U S WEST'S DIALING PARITY
8 PLAN IN SOUTH DAKOTA?

9 A. Yes. This charge is in alignment with service order change charges in South Dakota
10 and mirrors the level of PIC change charges for interLATA PIC change requests.
11 The work effort associated with changing an intraLATA PIC selection is virtually
12 identical to the effort involved in processing an interLATA PIC. It is very
13 reasonable that the intraLATA PIC charge should be approved at the \$5.00 level.
14

15 Q. IF THE INCREMENTAL COST OF PIC CHANGES IS DETERMINED TO
16 BE LESS THAN \$5.00, IS IT APPROPRIATE TO LOWER THIS CHARGE
17 TO THE LEVEL OF ITS DIRECT COST?

18 A. No. The intraLATA PIC change charge is designed to recover the costs associated
19 with the service order processing effort, but the actual level of the charge is
20 established in relation to the current level of the interLATA change charge.

⁴ AT&T Communications of the Midwest, Inc., Iowa Tariff No. 6, Access Services and Interconnection Services Tariff, Section 13, Page 20

1 Contribution is typically incorporated into U S WEST's prices, including PIC
2 change prices, to generate revenues to cover U S WEST's common costs. Without
3 this contribution, other services must bear a disproportionate level of common cost
4 recovery. Moreover, it is of interest to note that AT&T itself filed no cost
5 information in support of the intraLATA PIC change charge introduced in Iowa on
6 May 30, 1999 and set this price at the current interLATA charge level.

7
8 **Q. MS. RASHER CONTENDS THAT IT IS NOT APPROPRIATE FOR**
9 **U S WEST TO CHARGE LONG DISTANCE CARRIERS ON A "BULK**
10 **BILL" BASIS FOR PIC CHANGE CHARGES WAIVED FOR CUSTOMERS**
11 **ELECTING TO CHANGE THEIR INTRALATA PIC SELECTIONS**
12 **DURING THE FIRST 60 DAYS FOLLOWING IMPLEMENTATION OF**
13 **DIALING PARITY IN SOUTH DAKOTA.' DO YOU AGREE?**

14 **A.** No. During the initial 60 day waiver period, carriers participating in the dialing
15 parity plan will enjoy a significant shift in the number of customers electing to
16 presubscribe to their intraLATA long distance services. As stated previously in
17 my testimony, a PIC change charge of \$5.00 is a reasonable level of compensation
18 for the service order processing effort incurred by U S WEST for these changes, and
19 absent the waiver period, customers would be charged this fee for each intraLATA
20 PIC change. The "bulk bill" proposal which incorporates the charge of \$5.00 per
21 transaction is a reasonable recovery mechanism for the recovery of waived

⁷ Pate 16, Lines 10-21

1 intraLATA PIC charges during the waiver period.

2

3 **Q. WHAT IS U S WEST'S POSITION REGARDING ASSESSMENT OF**
4 **CHARGES TO INTEREXCHANGE CARRIERS FOR UNAUTHORIZED**
5 **INTRALATA PIC CHANGES?**

6 **A.** Ms. Rasher is incorrect relative to U S WEST's position on the application of
7 unauthorized PIC change charges. U S WEST is well aware that the FCC is
8 assessing various mechanisms for determining whether "slamming" has actually
9 occurred, and U S WEST has no intention to investigate these situations nor to
10 make unilateral decisions in response to allegations that slamming has occurred.
11 U S WEST will abide by all current and future FCC guidelines in this arena.
12 Since the advent of dialing parity in South Dakota, U S WEST has not and will not
13 levy a charge of \$21.50 to carriers initiating unauthorized PIC changes. U S WEST
14 has initiated changes in its FCC tariffs and commits to revising applicable South
15 Dakota tariffs to clarify this issue.

16

17 **Q. IF A PREVIOUS U S WEST INTRALATA LONG DISTANCE CUSTOMER**
18 **CONTACTS U S WEST AND MAINTAINS HE OR SHE EXPERIENCED**
19 **AN INTRALATA "SLAM", WHAT CHARGES ARE APPLICABLE?**

20 **A.** A PIC restoral charge of \$10.00 will be assessed to the carrier initiating the
21 unauthorized change. This amount will be refunded to the customer in the form of
22 a bill credit to reimburse the customer for the \$5.00 PIC change imposed when the

1 PIC was changed to the unauthorized carrier as well as the \$5.00 charge necessary
2 to restore the customer to his or her original PIC selection.
3

4 **V. CONCLUSION**
5

6 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

7 A. The EANRC charge as proposed by U S WEST establishes an equitable means of
8 recovering the costs associated with implementation of dialing parity from all
9 carriers providing intraLATA long distance services in South Dakota and is in full
10 compliance with FCC rules. In addition, the PIC change charges associated with
11 U S WEST's dialing parity implementation plan are reasonable, appropriate and
12 competitively neutral and have been previously approved in 11 states. I
13 respectfully request the Commission to approve U S WEST's dialing parity cost
14 recovery plan as proposed.
15

16 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

17 A. Yes, it does.

BOYCE, MURPHY, McDOWELL & GREENFIELD, L.L.P.
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John R. McDowell

J.W. Boyce (1884-1915)
John S. Murphy (1924-1964)

October 15, 1999

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OCT 18 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Hon. Steven L. Zinter
Circuit Court Judge
P.O. Box 1238
Pierre, SD 57501

Re: In The Matter Of The Cost Recovery For Dialing Parity Implementation by U S WEST
Docket No. TC99-053
Our File No. 2104.028

Dear Judge Zinter:

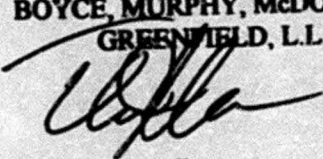
Please find enclosed the following original documents:

1. Motion for Admission of Non-Resident Attorney;
2. Motion for Admission by Resident Practicing Attorney; and
3. Order Admitting Non-Resident Attorney Alex M. Duarte.

If the Order is acceptable to you, please sign and forward all the documents to the clerk for filing. I have also enclosed a check for filing fees.

Sincerely yours,

**BOYCE, MURPHY, McDOWELL &
GREENFIELD, L.L.P.**


Thomas J. Welk

TJW/vjj
Enclosures

cc: Camron Hoseck
Alex M. Duarte
Colleen Sevold
Jon Lehner

STATE OF SOUTH DAKOTA)
 : SS
COUNTY OF HUGHES)

IN CIRCUIT COURT
SIXTH JUDICIAL CIRCUIT

RECEIVED

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

OCT 18 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST)**

**MOTION FOR ADMISSION OF
NON-RESIDENT ATTORNEY**

TC 99-053

Pursuant to SDCL 16-18-2, I, Alex M. Duarte, hereby seek and move for the permission of this Court to appear as a non-resident attorney representing U S WEST Communications, Inc. before the Public Utilities Commission in Docket No. TC99-053, In the Matter of the Cost Recovery for Dialing Parity Implementation by U S WEST.

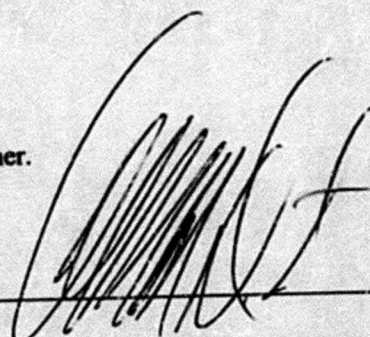
Under oath I state the following:

1. I am an employee of U S WEST Communications, Inc. and my address is 1801 California St., Suite 5100, Denver, Colorado 80202.
2. I am associated in this matter with Thomas J. Welk, of Boyce, Murphy, McDowell & Greenfield, P. O. Box 5015, Sioux Falls, South Dakota 57117-5015.
3. I am a member in good standing with the State Bar of the States of Colorado and California.
4. I have not been the subject of disciplinary action by the bar or courts of the States of Colorado or California or of any state during the preceding five years.
5. I have not been denied admission to the courts of any state or to any federal court during the preceding five years.

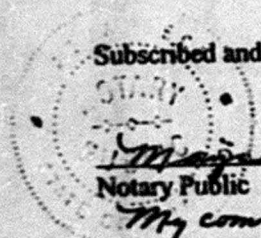
6. I am familiar with the rules of the state bar of South Dakota governing the conduct of members of the state bar of South Dakota, and will at all times abide by and comply with the same so long as the hearing in this matter is pending and I am still employed as counsel therein.

7. I am not in private practice and I am appearing on behalf of U S WEST Communications, Inc. by whom I am employed on a full-time basis, and this appearance in this court is part of my duties as such an employee without additional compensation being paid for such appearance.

This sworn motion contains nothing further.



Subscribed and sworn to before me this 13th day of October, 1999.



M. J. Bank
Notary Public
My commission expires 5-8-2000.

RECEIVED

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

OCT 18 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

In the Matter of the Filing by U S WEST
Communications, Inc. for Approval of Tariff
Pages for its Access Service Tariff Implementing
its IntraLATA Toll Dialing Parity Plan

TC-99-053

**ORDER ADMITTING NON RESIDENT
ATTORNEY ALEX M. DUARTE**

It is hereby

ORDERED that the Motion for Admission for Alex M. Duarte, a non-resident attorney, to
appear on behalf of U S WEST Communications, Inc. before the Public Utilities Commission for the
State of South Dakota relating to this matter is granted.

Dated this _____, day of October, 1999.

BY THE COURT:

Hon. Steven L. Zinter
Circuit Court Judge
Sixth Judicial District

ATTEST:

Mary Erickson, Clerk _____

By: _____

Deputy

(SEAL)

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST)**

TC 99-053

STIPULATION AND SETTLEMENT AGREEMENT

U S WEST Communications, Inc. ("U S WEST"), AT&T Communications of the Midwest, Inc. ("AT&T") and the Staff of the South Dakota Public Utilities Commission ("Staff"), collectively referred to as the "Parties," hereby state that they have resolved all issues relevant to U S WEST's Equal Access and Network Reconfiguration Recovery Charge (EANRC) that have or could have been contested in the above captioned proceedings. The Parties respectfully submit this Stipulation and Settlement Agreement ("Stipulation" or "Agreement") for approval by the South Dakota Public Utilities Commission ("Commission").

I. RECITALS

A. On May 3, 1999, U S WEST filed for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery charge requesting recovery of its costs associated with the implementation and conversion of IntraLATA equal access in South Dakota. U S WEST requests that this charge be applied over a three year period with true-ups annually.

B. On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999 to interested parties and entities. The South Dakota Independent Telephone Coalition ("SDITC") and AT&T Communications of the Midwest, Inc. ("AT&T") filed timely petitions to intervene, which were granted on June 8, 1999.

FROM

(FRI)10.29'99 17:11/ST. 17:10/NO.4860808313 P 4

C. U S WEST filed its testimony and an amended EANRC cost study on September 3, 1999. Intervenor and Staff testimony was due on September 17, 1999. Staff filed its response testimony on September 17, 1999. On September 21, 1999, U S WEST filed an amended Section 8 of the EANRC cost study. U S WEST's September 21, 1999 amended cost study seeks a minute of use (MOU) recovery of \$.001361. Also on September 21, 1999, the Commission granted U S WEST's motion for a continuance of the September 30, 1999 hearing date, and set a hearing date of November 2-3, 1999, as well as a deadline of September 30, 1999 for AT&T's testimony based on AT&T's Motion for Extension of Time to File Testimony, received on September 17, 1999, and further set October 8, 1999 for U S WEST's rebuttal testimony. AT&T filed its testimony on September 30, 1999. U S WEST filed its rebuttal testimony on October 8, 1999.

D. U S WEST and AT&T have engaged in extensive settlement negotiations in an attempt to resolve their differences regarding the EANRC. This Agreement reflects the results of those negotiations and resolves all of the issues which were or could have been contested among the Parties concerning the EANRC.

WHEREFORE, the Parties agree and stipulate to the following:

II. SPECIFIC PROVISIONS

A. The Parties agree that the EANRC per originating intraLATA minute of use shall be \$.001108 for the first year from the effective date of the tariff implementing the terms and conditions contained in this Stipulation. The Parties will true up the EANRC per minute of use number on an annual basis on or about July 22 of each year^{and} will file the true-up with the Commission shortly thereafter.

B. The Parties agree to make the following adjustments to the U S WEST EANRC cost study for purposes of the true up:

FROM

(FRI)10.29'99 17:11/ST.17:10/NO.4860808313 P 4

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B. The Parties agree to make the following adjustments to the U S WEST EANRC cost study for purposes of the true up:

1. The Parties agree that calculations will be based on a 9.66% cost of money (post-tax equity/pre-tax debt).

2. The Parties agree to remove the Common Costs from the EANRC.

3. The Parties agree to remove fifty percent (50%) of the Directly Attributable Costs from the EANRC. The Parties will achieve this result by decreasing the factors used to arrive at the directly Attributable Costs by fifty percent (50%).

C. For purposes of this Settlement and in its revised South Dakota cost studies, U S WEST employed Total Usage Tracking ("TUT") toll usage data to track actual minutes of use and to develop forecasts. This data is employed in South Dakota for the true-up as well as in other states because it identifies calls actually completed whereas the data from the "MAG" report tracks dial equipment minutes of use, set-up time, ring time and other irrelevant minutes.

D. U S WEST did not include the equipment or software switching costs for the McIntosh, Morrison and Timber Lake exchanges that were the subject of a waiver request to the FCC, which request was recently granted. These three exchanges had dialing parity conversions on October 16, 1999, with implementation on October 18, 1999. Although U S WEST did not include the customer notification costs for these three exchanges in the cost study, which notification was sent on October 1, 1999, it will include the customer notification costs for these three exchanges and the actual minutes of use ("MOUs") costs for these three exchanges in the true-up process. U S WEST will, however, remove these costs from the true-up if it is able to sell those exchanges. Total Usage Tracking toll usage data will be filed with the Commission on a monthly basis until the Commission should order otherwise.

E. As set forth in the proffed testimony of David Teitzel (at page 5) and in U S WEST's dialing parity implementation plan, U S WEST agrees to charge only one \$5.00 PJC charge change when a customer simultaneously selects an interLATA and an intraLATA carrier.

The \$5.00 intraLATA PIC change charge is based on the \$5.00 FCC tariff rate for interLATA PIC changes. Further, as stated in the prefiled testimony of David Teitzel (at page 8), U S WEST agrees to remove the \$21.50 charge for an unauthorized PIC change.

F. Finally, U S WEST agrees to defer issues relating to the PIC change charge, the bulk bill to the carriers during the waiver period, and the PIC restoral charge to a separate docket in the future within six months of the date of this agreement.

III. FACTUAL BASIS FOR SPECIFIC ADJUSTMENTS

A. The parties have agreed to use a cost of money of 9.66% in this docket based on a previous settlement between U S WEST and AT&T in U S WEST's EANRC docket before the Colorado Public Utilities Commission, Docket No. 99S-110T. This 9.66% cost of money was based on the equivalent pre-tax equity/pre-tax debt cost of money of 13.81%, and the equivalent post-tax equity/post-tax debt cost of money of 8.53%, used in the Colorado settlement. This 9.66% cost of money calculation is a compromise of the 11.30% cost of money in U S WEST's EANRC cost study, based on a pre-tax cost of debt of 6.5% and a 12.30% post-tax cost of equity, and weighted ratios of 17.3% (pre-tax cost of debt) and 82.7% (post-tax cost of equity).

B. AT&T and U S WEST disagree over whether "network support", "directly attributable", and "common" costs should be included in the calculation of the EANRC. Accordingly, the Parties have agreed to remove, for purposes of the true-up, all common costs, and one half of the direct attributable costs.

C. The Parties stipulate that the prefiled testimony in this case may be considered by the Commission in considering this Agreement.

IV. GENERAL PROVISIONS

A. This Agreement is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly in this

FROM

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Agreement. Furthermore, this Agreement does not constitute agreement, by any Party, that any principle or methodology contained within this Agreement may be applied to any situation other than the above-captioned case in South Dakota. Notwithstanding, this Agreement does not preclude informal consultation by representatives of the Parties to consider using the same or a similar settlement approach in similar dockets in other states. No precedential effect or other significance, except as may be necessary to enforce this agreement or a Commission order concerning the Agreement, shall attach to any principle or methodology contained in the Agreement.

B. The Parties expressly reserve the right to advocate positions different from those stated in this Agreement in any proceeding other than the one necessary to enforce this Agreement or a Commission order concerning the Agreement. Nothing in this Agreement shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Agreement.

C. This Agreement shall not become effective and shall be of no force and effect until issuance of a final Commission order approving it in its entirety or which contains modification(s) of the terms and conditions that are acceptable to all of the Parties hereto. In the event the Commission modifies this Agreement in any manner unacceptable to any Party hereto, that Party may withdraw from the Agreement and shall so notify the Commission and the other Parties within ten (10) days of the date of the order. In the event a Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect and no force in this or any other proceeding in South Dakota. Should the Commission reject the Stipulation, the Parties will proceed to litigate the entire matter before the Commission as if the Agreement had not been presented.

FROM

(FRI) 10. 29' 99 17:12/ST. 17:10/NO. 4860808313 P. 8

D. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, this document, as well as the negotiations or discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in these or any other proceedings or dockets.

E. The Parties state that the results of the compromises and settlements reflected in this Agreement are just, reasonable and in the public interest.

F. This Agreement may be executed in separate counterparts. The counterparts taken as a whole shall constitute the entire agreement.

Dated this 15th November day of ~~October~~, 1999.

Respectfully submitted,

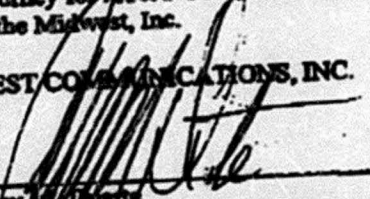
AT&T COMMUNICATIONS OF THE
MIDWEST, INC.

By:


Larry S. D. Fries
1875 Lawrence Street, #1500
Denver, CO 80202
(303) 294-6475
Attorney for AT&T Communications of
the Midwest, Inc.

U S WEST COMMUNICATIONS, INC.

By:


Alex J. Dumas
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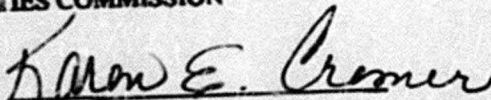
Thomas J. Welk
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Attorneys for U S WEST Communications, Inc.

FROM

(FRI) 10. 29' 99 17:12/ST. 17:10/NO. 4860808313 P 9

**STAFF OF THE SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

By:



Karen Cremer

Staff Attorney

South Dakota Public Utilities

Commission

500 E. Capitol Ave.

Pierre, SD 57501

Attorney for the Staff of the South

Dakota Public Utilities Commission

ORIGINAL

1

STATE OF SOUTH DAKOTA

BEFORE THE

PUBLIC UTILITIES COMMISSION

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IN THE MATTER OF THE FILING BY)
U.S. WEST COMMUNICATIONS, INC.)
FOR APPROVAL OF TARIFF PAGES)
FOR ITS ACCESS SERVICE TARIFF)
IMPLEMENTING ITS INTRALATA)
TOLL DIALING PARITY PLAN)

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION
HEARING

HEARD BEFORE THE PUBLIC UTILITIES COMMISSION

DATE/LOCATION:

November 2, 1999; 9:00 a.m.
Conference Room 412
500 East Capitol Avenue
Pierre, South Dakota

PUC COMMISSION:

Jim Burg, Chairman
Laska Schoenfelder, Commissioner
Pam Nelson, Commissioner

COMMISSION STAFF:

Rolayne Ailts Weist
Karen Cremer
Harlan Best
Gregory A. Rislov

Tuesday, November 2, 1999

CHAIRMAN BURG: This is Chairman Jim Burg of the Public Utilities Commission, beginning with Docket TC99-9053 in the matter of the filing by U.S. West Communications, Incorporated, for approval of tariff pages for its access service tariff implementing its intraLATA toll dialing parity plan.

The time is approximately 9:00 a.m.. The date is November 2, 1999. The location of the hearing is Room 412 of the State Capital, Pierre, South Dakota. At this time I would like to take the appearances of the parties. Colleen, are you on?

MS. SEVOLD: Yes, I am, Chairman Burg.

CHAIRMAN BURG: Bob Brigham, U.S. West?

MR. BRIGHAM: I'm here.

CHAIRMAN BURG: Dave Teitzel, U.S. West?

MR. TEITZEL: I'm here. Good morning.

CHAIRMAN BURG: Michelle Singer, are you on?

MS. SINGER: Yes, I am, Mr. Chairman.

CHAIRMAN BURG: And Tom Welk?

MR. WELK: Yes I am, Mr. Chairman.

CHAIRMAN BURG: Anyone I did not call?

MS. RASHER: This is Mary Jane Rasher.

CHAIRMAN BURG: Mary Jane Rasher, with who?

MS. RASHER: AT&T.

1 CHAIRMAN BURG: Anybody else?

2 I am Jim Burg, commission chairman. Commissioners
3 Laska Schoenfelder and Pam Nelson are also present. A
4 settlement agreement has been filed and we will now here from
5 the parties on that settlement agreement; who wants to lead
6 off?

7 MR. WELK: Mr. Chairman, this is Tom Welk. I guess
8 for the background, there has been a stipulation and
9 settlement agreement that has been executed by U.S. West, AT&T
10 and staff which we believe is self-explanatory. We believe,
11 as set forth in the agreement, there are a number of issues
12 that have been compromised by the parties, and we believe it's
13 in the public interest to have the settlement agreement
14 approved by the commission, and we could ask the commission to
15 approve that agreement.

16 CHAIRMAN BURG: Does AT&T have any comments.

17 MS. RASHER: No, just that we would agree to what U.S.
18 West has said, that we do feel that the agreement is in the
19 public interest and -- (inaudible).

20 CHAIRMAN BURG: Does staff have any comments?

21 MS. CREMER: Staff, in re-reading the settlement
22 agreement, on page two under specific provisions, which is
23 Roman numeral II, Paragraph A, it talks about the true-up that
24 the parties are going to file. It was staff's understanding,
25 or I guess staff's recommendation that that would be filed for

1 commission approval and not merely for a filing on an FYI type
2 filing, but filed for commission approval. So I don't know if
3 you need to put that in your order somehow or maybe -- if
4 that's what you choose to do, unless you want further
5 information.

6 CHAIRMAN BURG: Are you speaking that this was an
7 understanding in the agreement.

8 MS. CREMER: Yes. When I talked to Alex Duarte it was
9 my understanding in talking with him that would be filed for
10 approval, but as I re-read it that doesn't really come out and
11 be clear in there.

12 CHAIRMAN BURG: We can probably include it in the
13 order as long as that is the agreement. One other thing on
14 that particular portion, it looks like the first sentence is
15 in conflict with the -- it says it will last for one year, but
16 the true-up is July 22nd of what year? What does that mean?

17 MR. BRIGHAM: This is Bob Brigham. We would mean that
18 we would true it up, like for example on July 22nd next year,
19 and the year after that there would be another true-up.

20 CHAIRMAN BURG: If it's the next year, the first year
21 would not run a full year, right?

22 MR. BRIGHAM: I believe the charge -- initially we
23 filed this thing and it went into effect on the 22nd of July
24 at the originally filed rate. What we would do now is we put
25 the new rate in and then at the end -- on July 22nd of next

1 year we would true it up, and what we'll do when we do the
2 true-up, we'll see how much money we have actually recovered.
3 We'll reduce the amount by that amount and with the new usage
4 data we'll re-adjust the rate.

5 CHAIRMAN BURG: Does anybody else have a question on
6 that item right now?

7 MS. WEIST: This tariff was filed on July 22nd?

8 MR. BRIGHAM: That was the effective date of the
9 original tariff.

10 MS. WEIST: Was it approved by the commission?

11 MR. BRIGHAM: It's my understanding it was not
12 approved by the commission; that's what the hearing here was
13 for, but it went into effect -- it's my understanding it went
14 into effect pending approval.

15 CHAIRMAN BURG: So these charges have been -- what
16 rate have the charges been since July 22nd?

17 MR. BRIGHAM: It's the originally filed rate. I don't
18 have that right in front of me.

19 CHAIRMAN BURG: Was that the .001361.

20 MR. BRIGHAM: That was the amended cost study. I
21 believe it was .001136. That was the original cost study from
22 April.

23 CHAIRMAN BURG: So that's been included in the charges
24 since July 1; is that correct.

25 MR. BRIGHAM: July 22nd, that's my understanding.

1 CHAIRMAN BURG: And your true-up will reflect the
2 difference between that and .001108 that you're requesting
3 here?

4 MR. BRIGHAM: Actually it will adjust for that, but it
5 will also adjust for the fact that we'll have new demand
6 numbers and everything. So the rate -- what we'll do is we'll
7 calculate how much money we recovered from July 22nd of this
8 year through July 22nd of next year and we will subtract that
9 from the total amount and then we'll have two more years.
10 We'll know also what the usage was and how much we recovered
11 based on that usage. We'll then have estimates, new estimates
12 of usage for the remaining two years.

13 So what we'll actually do is take the amount of -- the
14 initial amount that we were going to recover that was in the
15 study, we reduce it by the amount we recovered from July 22nd
16 of this year to next year, and then we just will recover the
17 remaining amount over estimated usage for the next two years.

18 CHAIRMAN BURG: Okay, does that clarify that section
19 for everybody? And what you're saying, Karen, is actually
20 what the intent was would be have the true-up filed for
21 commission approval, rather than just filed with the
22 commission?

23 MS. CREMER: Right. My understanding in talking to
24 Alex was that it would be filed for approval by the
25 commission.

1 CHAIRMAN BURG: Does everybody on the phone agree with
2 that?

3 MS. RASHER: Mary Jane Rasher from AT&T, yes, we
4 agree.

5 MS. WEIST: Does U.S. West?

6 MR. WELK: I will state Karen's represented she and
7 Alex were talking about this, and I have no reason to dispute
8 what Karen has said. If there's anything different than that,
9 I'll get back to you. But if that's what she and Alex agreed
10 to, I have no reason to dispute that.

11 MR. TEITZEL: This is Dave Teitzel. I have had
12 discussions with Alex and we're okay with that.

13 CHAIRMAN BURG: Okay, thank you.

14 COMMISSIONER SCHOENFELDER: That will not alter the
15 agreement, but it will be included in the commission's order.

16 MS. CREMER: If you want, for clarifying purposes, so
17 everyone knows three years from now.

18 COMMISSIONER SCHOENFELDER: So it needs to be part of
19 the motion, too?

20 CHAIRMAN BURG: That's why I wanted to be sure,
21 because as I read it, any motion by the commission could
22 negate that, so I want to make sure we have an agreement.

23 MS. WEIST: Where does it say this is good for three
24 years?

25 CHAIRMAN BURG: That's another point that we had a

1 question on.

2 COMMISSIONER SCHOENFELDER: In the recitals you
3 discuss that U.S. West requests that this charge be applied
4 for a three year period, but there is no part of the agreement
5 that reflects three years, specifically.

6 MS. WEIST: We can't find it.

7 COMMISSIONER SCHOENFELDER: This is Commissioner
8 Schoenfelder. If that was the intent of the agreement, then
9 as part of the motion I would ask that that be included in the
10 order, too, because --

11 CHAIRMAN BURG: I'll ask specifically, Dave, is that
12 your understanding, that it's an agreement for three years.

13 MR. TEITZEL: Yes. We had targeted a three year
14 recovery period for the costs associated with dialing parity
15 implementation and we what understand is, yes, it is three
16 years.

17 MS. WEIST: Is it in the agreement? Where does it say
18 that?

19 MR. BRIGHAM: This is Bob Brigham. I'm not certain
20 whether it specifically says that. It was certainly my
21 understanding of what the agreement was.

22 MS. CREMER: Well, the only place that I can see is
23 under recitals, Roman numeral II says that it is their
24 request, and that has not changed since their initial
25 application.

1 COMMISSIONER SCHOENFELDER: It doesn't say it was
2 agreed to, it just says it's their request.

3 CHAIRMAN BURG: We saw that, too, but we didn't see
4 where that was actually agreed to. Mary Jane, do you agree
5 with that for AT&T?

6 MS. RASHER: Yes, Mr. Chairman, I do, and I think we
7 should add a sentence to clarify that in our agreement,
8 because that certainly was U.S. West and AT&T's understanding.

9 MS. WEIST: If you're going to add a sentence to your
10 agreement, instead of putting other stuff in the motion, why
11 don't you add "for commission approval" in that Section II (A)
12 then at the very end of that also.

13 MS. RASHER: Okay.

14 MS. WEIST: And put another section about how long,
15 the three years.

16 MS. RASHER: I think those are good ideas. Thank you.

17 CHAIRMAN BURG: In the one other area that we had some
18 questions on, on page 4 (F) we -- just for information we want
19 an explanation of what the deferred issues are under PIC, page
20 4, Findings: U.S. West agrees to defer issues relating to the
21 PIC change charge. Let's start with that, what issues are
22 changed relating to the PIC change?

23 MS. RASHER: This is Mary Jane Rasher. The main issue
24 there has to do with the PIC change charge that was being
25 accrued during the waiver period, and the issue of whether

1 U.S. West proposed to send the carriers of both bills for
2 charges incurred during that waiver period. AT&T did not
3 agree to that. We proposed an alternative, and we're not able
4 to reach resolution on that issue. So U.S. West has agreed to
5 pull that out of the settlement, and is not an issue that we
6 have settled yet.

7 CHAIRMAN BURG: Do I understand that that says within
8 six months that something will be filed with the commission
9 dealing with that issue.

10 MR. BRIGHAM: Yes, that's correct. We will file a PIC
11 change cost study within the six month period, and I think at
12 that point we'll need to decide and argue our case as to how
13 that should be recovered, the PIC changes that were waived
14 during the transition period.

15 CHAIRMAN BURG: Okay, and then the other issue is --

16 MS. RASHER: Also the PIC restoral charge of \$10 that
17 U.S. West proposed is another issue that will be put in a
18 separate -- not an agreement but covered in the separate
19 proceeding.

20 CHAIRMAN BURG: Anybody else have question on that?

21 MS. WEIST: No, not on that. SDITC I don't see in the
22 room. Did they have -- they are a party, did they have any
23 problems with the settlement agreement, does anyone know?

24 MR. WELK: Tom Welk. The only thing, Rolayne, in
25 Alex's transmittal letter to Harlan Best, he had provided a

1 copy to Rich, and Rich was to provide any -- at least in his
2 October 25th letter he was to advise Alex if he had any
3 problems with it. And when I talked to Alex last night, he
4 had not heard anything from Rich.

5 MR. DUARTE: Excuse me, this is Alex Duarte. I just
6 landed from my flight this morning. I got on about two
7 seconds ago.

8 MS. CREMER: All I know, again, is what the letter
9 reflects, and that is that Rich is going to withdraw. My
10 understanding was they were going to withdraw from the docket.

11 MS. WEIST: Oh.

12 MR. DUARTE: That's my understanding. When I spoke to
13 Mr. Coit, he said they may not sign the agreement, but they
14 would either withdraw from the docket or file something that
15 says that there would be no objection to any kind of
16 settlement, and that was on my letter that I FAXed to him last
17 Monday, October 25th.

18 CHAIRMAN BURG: Okay. Any other issues? Rolayne,
19 then I would ask procedurally, if we want them to make that
20 change in the agreement, do we need a copy of the agreement,
21 including the changes, before we actually vote, or how do you
22 suggest we proceed?

23 MS. WEIST: I think maybe it would be best to see the
24 settlement agreement as revised with those changes and then
25 maybe at that time they could also file their tariffs and we

1 could take care of both at the same time.

2 CHAIRMAN BURG: Is that agreeable to the parties?

3 MR. DUARTE: I don't know what the change is, but I
4 can find out from Tom Welk.

5 CHAIRMAN BURG: They are minor ones. Everybody agreed
6 they weren't clear in the stipulation.

7 MR. DUARTE: That's fine. We can make those changes.

8 CHAIRMAN BURG: Rolayne, you also suggested you file
9 your tariffs -- we will take it under advisement that you file
10 your tariffs and we will approve the stipulation and the
11 tariffs at the same time -- I guess I shouldn't say we'll
12 approve it, but we'll take up the considerations for the
13 stipulation and tariffs at the same time.

14 MS. CREMER: That would be fine with staff.

15 CHAIRMAN BURG: So the timing of this is probably
16 contingent upon receiving the tariffs and the stipulation.

17 MS. CREMER: I would think so.

18 COMMISSIONER SCHOENFELDER: But we're going to rewrite
19 the stipulation.

20 MS. CREMER: Yes.

21 CHAIRMAN BURG: So we'll take it under advisement and
22 wait for those documents.

23 MS. WEIST: Thank you.

24 CHAIRMAN BURG: That concludes the meeting.

25 (Whereupon, proceedings was concluded.)

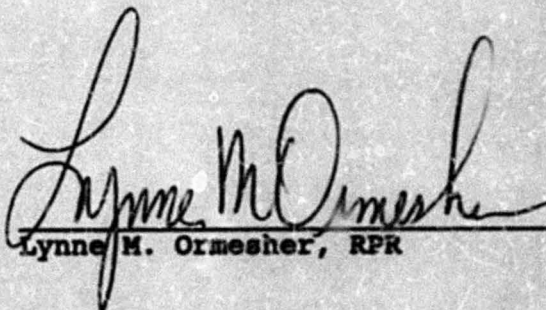
1 STATE OF SOUTH DAKOTA)

2 COUNTY OF HUGHES)

CERTIFICATE

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4
5
6 I, Lynne M. Ormesher, Registered Professional Reporter,
7 hereby certify that the foregoing pages 1 through 13,
8 inclusive, are a true and correct transcript of my stenotype
9 notes.

10 Dated at Pierre, South Dakota, this 2nd day of November,
11 1999.

12
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16
17
18 
19 Lynne M. Ormesher, RPR
20
21
22
23
24
25

U S WEST, Inc.
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aduarte@uswest.com

Alex M. Duarte
Senior Attorney

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NOV 30 1999

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

USWEST
It's better here. ®

VIA OVER-NIGHT DELIVERY

November 29, 1999

Karen Cremer, Esq.
Staff Attorney
South Dakota Public Utilities Commission
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Pierre, South Dakota 57501

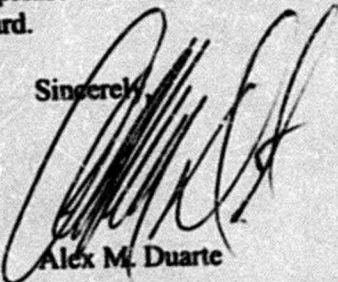
RE: TC99-053
U S WEST's Filing for Approval of Tariff Pages for Access Service Tariff
Implementation and IntraLATA Toll Dialing Parity Plan

Dear Ms. Cremer:

Enclosed is an Amended Stipulation and Settlement Agreement containing original signatures on behalf of U S WEST and AT&T. Please execute, forward to the Commission for filing, and provide Ms. Singer and myself with a fully executed copy.

If you have any questions, please contact me at the number listed above. Thank you for your assistance in this regard.

Sincerely,


Alex M. Duarte

Enclosure

cc: Letty Friesen
Rich Coit

/moh



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**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

NOV 30 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**IN THE MATTER OF THE COST)
RECOVERY FOR DIALING PARITY)
IMPLEMENTATION BY U S WEST)**

TC 99-053

AMENDED STIPULATION AND SETTLEMENT AGREEMENT

U S WEST Communications, Inc. ("U S WEST"), AT&T Communications of the Midwest, Inc. ("AT&T") and the Staff of the South Dakota Public Utilities Commission ("Staff"), collectively referred to as the "Parties," hereby state that they have resolved all issues relevant to U S WEST's Equal Access and Network Reconfiguration Recovery Charge (EANRC) that have or could have been contested in the above captioned proceedings. The Parties respectfully submit this Amended Stipulation and Settlement Agreement ("Stipulation" or "Agreement") for approval by the South Dakota Public Utilities Commission ("Commission").

I. RECITALS

A. On May 3, 1999, U S WEST filed for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery charge requesting recovery of its costs associated with the implementation and conversion of IntraLATA equal access in South Dakota. U S WEST requests that this charge be applied over a three year period with true-ups annually.

B. On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999 to interested parties and entities. The South Dakota Independent Telephone Coalition ("SDITC") and AT&T Communications of the Midwest, Inc. ("AT&T") filed timely petitions to intervene, which were granted on June 8, 1999.

C. U S WEST filed its testimony and an amended EANRC cost study on September 3, 1999. Intervenor and Staff testimony was due on September 17, 1999. Staff filed its response testimony on September 17, 1999. On September 21, 1999, U S WEST filed an amended Section 8 of the EANRC cost study. U S WEST's September 21, 1999 amended cost study seeks a minute of use (MOU) recovery of \$.001361. Also on September 21, 1999, the Commission granted U S WEST's motion for a continuance of the September 30, 1999 hearing date, and set a hearing date of November 2-3, 1999, as well as a deadline of September 30, 1999 for AT&T's testimony based on AT&T's Motion for Extension of Time to File Testimony, received on September 17, 1999, and further set October 8, 1999 for U S WEST's rebuttal testimony. AT&T filed its testimony on September 30, 1999. U S WEST filed its rebuttal testimony on October 8, 1999.

D. U S WEST and AT&T have engaged in extensive settlement negotiations in an attempt to resolve their differences regarding the EANRC. This Agreement reflects the results of those negotiations and resolves all of the issues which were or could have been contested among the Parties concerning the EANRC.

WHEREFORE, the Parties agree and stipulate to the following:

II. SPECIFIC PROVISIONS

A. The Parties agree that the EANRC per originating intraLATA minute of use shall be \$.001108 for the first year from the effective date of implementation of dialing parity on July 22, 1999. The Parties further agree that U S WEST will recover this EANRC charge over a three-year period, and that this three-year period will expire July 22, 2002. The Parties further agree that U S WEST will true up the EANRC per minute of use number on an annual basis on or about July 22, 2000 and July 22, 2001, and will file the true-up with the Commission shortly thereafter for the Commission's approval.

B. The Parties agree to make the following adjustments to the U S WEST EANRC cost study for purposes of the true up:

1. The Parties agree that calculations will be based on a 9.66% cost of money (post-tax equity/pre-tax debt).
2. The Parties agree to remove the Common Costs from the EANRC.
3. The Parties agree to remove fifty percent (50%) of the Directly Attributable Costs from the EANRC. The Parties will achieve this result by decreasing the factors used to arrive at the directly Attributable Costs by fifty percent (50%).

C. For purposes of this Settlement and in its revised South Dakota cost studies, U S WEST employed Total Usage Tracking ("TUT") toll usage data to track actual minutes of use and to develop forecasts. This data is employed in South Dakota for the true-up as well as in other states because it identifies calls actually completed whereas the data from the "MA9" report tracks dial equipment minutes of use, set-up time, ring time and other irrelevant minutes.

D. U S WEST did not include the equipment or software switching costs for the McIntosh, Morrison and Timber Lake exchanges that were the subject of a waiver request to the FCC, which request was recently granted. These three exchanges had dialing parity conversions on October 16, 1999, with implementation on October 18, 1999. Although U S WEST did not include the customer notification costs for these three exchanges in the cost study, which notification was sent on October 1, 1999, it will include the customer notification costs for these three exchanges and the actual minutes of use ("MOUs") costs for these three exchanges in the true-up process. U S WEST will, however, remove these costs from the true-up if it is able to sell these exchanges. Total Usage Tracking toll usage data will be filed with the Commission on a monthly basis until the Commission should order otherwise.

E. As set forth in the prefiled testimony of David Teitzel (at page 5) and in U S WEST's dialing parity implementation plan, U S WEST agrees to charge only one \$5.00 PIC change charge when a customer simultaneously selects an interLATA and an intraLATA carrier. The \$5.00 intraLATA PIC change charge is based on the \$5.00 FCC tariff rate for interLATA PIC changes. Further, as stated in the prefiled testimony of David Teitzel (at page 8), U S WEST agrees to remove the \$21.50 charge for an unauthorized PIC change.

F. Finally, U S WEST agrees to defer issues relating to the PIC change charge, the bulk bill to the carriers during the waiver period, and the PIC restoral charge to a separate docket within six months of the date of this agreement.

III. FACTUAL BASIS FOR SPECIFIC ADJUSTMENTS

A. The parties have agreed to use a cost of money of 9.66% in this docket based on a previous settlement between U S WEST and AT&T in U S WEST's EANRC docket before the Colorado Public Utilities Commission, Docket No. 99S-110T. This 9.66% cost of money was based on the equivalent pre-tax equity/pre-tax debt cost of money of 13.81%, and the equivalent post-tax equity/post-tax debt cost of money of 8.53%, used in the Colorado settlement. This 9.66% cost of money calculation is a compromise of the 11.30% cost of money in U S WEST's EANRC cost study, based on a pre-tax cost of debt of 6.5% and a 12.30% post-tax cost of equity, and weighted ratios of 17.3% (pre-tax cost of debt) and 82.7% (post-tax cost of equity).

B. AT&T and U S WEST disagree over whether "network support", "directly attributable", and "common" costs should be included in the calculation of the EANRC. Accordingly, the Parties have agreed to remove, for purposes of the true-up, all common costs, and one half of the direct attributable costs.

C. The Parties stipulate that the prefiled testimony in this case may be considered by the Commission in considering this Agreement.

IV. GENERAL PROVISIONS

A. This Agreement is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or methodology directly or indirectly in this Agreement. Furthermore, this Agreement does not constitute agreement, by any Party, that any principle or methodology contained within this Agreement may be applied to any situation other than the above-captioned case in South Dakota. Notwithstanding, this Agreement does not preclude informal consultation by representatives of the Parties to consider using the same or a similar settlement approach in similar dockets in other states. No precedential effect or other significance, except as may be necessary to enforce this agreement or a Commission order concerning the Agreement, shall attach to any principle or methodology contained in the Agreement.

B. The Parties expressly reserve the right to advocate positions different from those stated in this Agreement in any proceeding other than the one necessary to enforce this Agreement or a Commission order concerning the Agreement. Nothing in this Agreement shall constitute a waiver by any Party with respect to any matter not specifically addressed in this Agreement.

C. This Agreement shall not become effective and shall be of no force and effect until issuance of a final Commission order approving it in its entirety or which contains modification(s) of the terms and conditions that are acceptable to all of the Parties hereto. In the event the Commission modifies this Agreement in any manner unacceptable to any Party hereto, that Party may withdraw from the Agreement and shall so notify the Commission and the other Parties within ten (10) days of the date of the order. In the event a Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect and no force in this or any other proceeding in South Dakota. Should the Commission reject the

Stipulation, the Parties will proceed to litigate the entire matter before the Commission as if the Agreement had not been presented.

D. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, this document, as well as the negotiations or discussions undertaken in conjunction with the Agreement, shall not be admissible into evidence in these or any other proceedings or dockets.

E. The Parties state that the results of the compromises and settlements reflected in this Agreement are just, reasonable and in the public interest.

F. This Agreement may be executed in separate counterparts. The counterparts taken as a whole shall constitute the entire agreement.

Dated this 10th day of November, 1999.

Respectfully submitted,

**AT&T COMMUNICATIONS OF THE
MIDWEST, INC.**

By: _____

Michel Singer
1875 Lawrence Street, #1500
Denver, CO 80202
(303) 298-6475
Attorney for AT&T Communications of the
Midwest, Inc.

U S WEST COMMUNICATIONS, INC.

By: _____ 11/10/99

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Attorneys for U S WEST Communications, Inc.

**STAFF OF THE SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

By: _____ 12/2/99

Karen E. Cremer
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South Dakota Public Utilities
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500 E. Capitol Ave.
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Attorney for the Staff of the South
Dakota Public Utilities Commission

**AT&T COMMUNICATIONS OF THE
MIDWEST, INC.**

By: _____

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Denver, CO 80202

(303) 298-6475

**Attorney for AT&T Communications of
the Midwest, Inc.**

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Attorneys for U S WEST Communications, Inc.

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By: _____

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Pierre, SD 57501

Attorney for the Staff of the South

Dakota Public Utilities Commission

U S WEST COMMUNICATIONS, INC.

Access Service
Tariff

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6. SWITCHED ACCESS SERVICE

6.8 RATES AND CHARGES (Cont'd)

6.8.3 INTERCONNECTION CHARGE

RATE PER
ACCESS MINUTE

- Interconnection

\$0.004681

6.8.4 MESSAGE UNIT CREDIT

FGA
ACCESS MINUTE[1]

- Rate per originating

\$(0.001726)

6.8.5 EQUAL ACCESS AND NETWORK RECONFIGURATION RECOVERY CHARGE

RATE

- Per originating minute

\$0.001108 (R)

[1] 0 equals a negative amount.

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Access Service Tariff

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION (Cont'd)

B. Terms and Conditions

1. Charge Application for Presubscription

- a. End users or PSPs placing orders for new service will be asked to select a primary IC at the time they place an order with the Company for Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service. There will be no charge for this selection.
- b. Subsequent to the installation of Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or PAL Service, for any change in selection including a change from one access code to another access code for the same IC, a nonrecurring charge applies.
- c. For a period of 60 days after July 22, 1999, an end user or PAL subscriber may make one PIC change without charge.
- d. Following the expiration of the 60 day waiver period, a one time bulk-bill will be issued to all participating intraLATA carriers assessing to them the total of all intraLATA PIC change charges waived during the mandated waiver period for end user customers choosing to change to them.
- e. When end users or PSPs simultaneously choose or change an intraLATA and interLATA primary IC, only the PIC change charge from F.C.C. No. 5, Section 13 will apply.
- f. The nonrecurring charge for a primary IC change is billed to the end user who is the subscriber to the Telephone Exchange Service, Switched Access Lineside connection, Centrex-type service or to the PSP of PAL Service. However, an IC may, at its option, elect to pay the charge for any end user and/or PSP. When applicable, the nonrecurring charge for a PIC change is set forth in D., following.

(N)
|
(N)

(T)

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. Terms and Conditions (Cont'd)

2. PIC Restoral

PIC Restoral is the recovery of charges assessed by the Company for unauthorized PIC changes made to end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. The unauthorized carrier will be assessed the PIC Restoral charges incurred to restore the end user to their previous primary IC. If the change was due to a Company error, the end user or PSP will be returned to their previous primary IC free of charge.

When a business or residence end user denies authorizing a PIC change, the Company will restore the end user to their previous IC. All PIC change charges assessed by the Company to the end user as a result of the disputed PIC change will be credited to the end user's Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service.

The PIC Restoral charge will be assessed per line or trunk associated with the Telephone Exchange Service, Switched Access Lineside connection or Centrex-type service. Rates and charges for PIC Restoral are set forth in D., following.

(D)
(T)

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES

13.3.3 PRESUBSCRIPTION

B. (Cont'd)

3. Cancellation of Interexchange Participation for Presubscription

(T)

If an IC elects to discontinue all of its Feature Group D service in an end office prior to the conversion date or after the introduction of Feature Group D in the converting end office, the IC is obligated to do the following:

- Notify the Company of the cancellation of their Feature Group D service, and;
- Contact all end users or PSPs that are presubscribed to the canceling IC as their primary IC. Inform these end users or PSPs of the cancellation and request that the end users or PSPs contact the Company to select a new primary IC.

The Company will bill the canceling IC the service order charge described in C., following, for each end user or PSP that this IC has currently predesignated to them.

Such charge will not apply to the canceling IC where the canceling IC transfers or assigns its Feature Group D services and the associated 101XXXX code to another IC in such a manner that the Company does not change the end users' or the end users' or PIC designation, or if another IC elects to pay the service order charge on behalf of the canceling IC.

C. IC Initiated Conversions for Presubscription

When an IC requests that their end user or PSP be changed from one access code to another access code on a mass conversion basis, (e.g., an IC using two or more PIC designations or an IC assuming ownership of another IC's end users, etc.) charges will be as set forth in D., following.

U S WEST COMMUNICATIONS, INC.

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13. ADDITIONAL ENGINEERING, ADDITIONAL LABOR AND MISCELLANEOUS SERVICES

13.3 MISCELLANEOUS SERVICES 13.3.3 PRESUBSCRIPTION (Cont'd)

D. Rates and Charges

	NONRECURRING CHARGE	
1. The charges for a PIC change are as follows[1]:		(T)
• Per Telephone Exchange Service line or trunk	\$ 5.00	
• Per Switched Access Lineside connection	5.00	
• Per Centrex-type line	5.00	
• Per PAL	5.00	(D)
2. The charges for a PIC Restoral are as follows[1]:		(T)
• Per Telephone Exchange Service line or trunk	10.00	
• Per Switched Access Lineside connection	10.00	
• Per Centrex-type line	10.00	
3. The charges for an IC Initiated Conversion are as follows:		(T)
• Per Telephone Exchange Service line or trunk	0.75	
• Per Switched Access Lineside connection	0.75	
• Per Centrex-type line	0.75	
• Per PAL	0.75	

[1] Interim charge pending further South Dakota Public Utilities Commission docket per approved stipulation in Docket No. TC99-053.

(N)
(N)

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
TARIFF PAGES FOR ITS ACCESS SERVICE)
TARIFF IMPLEMENTING ITS INTRALATA)
TOLL DIALING PARITY PLAN)**

**ORDER APPROVING
AMENDED STIPULATION
AND AGREEMENT**

TC99-053

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true-ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. On May 20, 1999, the South Dakota Independent Telephone Coalition (SDITC) filed a Petition to Intervene and on May 21, 1999, AT&T Communications of the Midwest, Inc. filed its Petition to Intervene. At its regularly scheduled June 8, 1999, meeting, the Commission considered SDITC's and AT&T's request for intervention. The Commission granted intervention by Order dated June 22, 1999. On September 3, 1999, the Commission received a late-filed Petition to Intervene from Sprint Corporation. At its September 8, 1999, meeting, the Commission denied Sprint's Petition to Intervene. On September 10, 1999, U S WEST filed a Motion for a 30-Day Continuance of Hearing Date and Expedited Consideration. On September 17, 1999, AT&T filed a Motion for Extension of Time to File Testimony. The Commission granted both motions. A Stipulation and Settlement Agreement was filed with the Commission on November 1, 1999. At the hearing held on November 2, 1999, the Commission considered the Stipulation. The matter was deferred at that time so that the parties could clarify some of the issues within the Stipulation. An Amended Stipulation and Settlement Agreement was filed on November 30, 1999.

On December 14, 1999, at a duly noticed meeting, the Commission considered the Amended Stipulation and Settlement Agreement. The Commission has jurisdiction in this matter pursuant to SDCL Chapters 1-26 and 49-31 and 47 U.S.C. §§ 251 and 252. The Commission voted to approve the Amended Stipulation and Settlement Agreement. It is therefore

ORDERED that the Amended Stipulation and Settlement Agreement is hereby approved.

Dated at Pierre, South Dakota, this 21st day of December, 1999.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Aldine Kalks

Date: 12/23/99

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING BY U S WEST)	ORDER APPROVING
COMMUNICATIONS, INC. FOR APPROVAL OF)	REVISED TARIFF PAGES
TARIFF PAGES FOR ITS ACCESS SERVICE)	
TARIFF IMPLEMENTING ITS INTRALATA)	TC99-053
TOLL DIALING PARITY PLAN)	

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true-ups annually.

On May 6, 1999, the Commission electronically transmitted notice of the filing and the intervention deadline of May 21, 1999, to interested individuals and entities. The Commission granted intervention by Order dated June 22, 1999 to the South Dakota Independent Telephone Coalition (SDITC) and AT&T Communications of the Midwest, Inc. (AT&T). On September 3, 1999, the Commission received a late-filed Petition to Intervene from Sprint Corporation. At its September 8, 1999, meeting, the Commission denied Sprint's Petition to Intervene. On September 10, 1999, U S WEST filed a Motion for a 30-Day Continuance of Hearing Date and Expedited Consideration. On September 17, 1999, AT&T filed a Motion for Extension of Time to File Testimony. The Commission granted both motions. A Stipulation and Settlement Agreement was filed with the Commission on November 1, 1999. At the hearing held on November 2, 1999, the Commission considered the Stipulation. The matter was deferred at that time so that the parties could clarify some of the issues within the Stipulation. An Amended Stipulation and Settlement Agreement was filed on November 30, 1999, and approved by the Commission on December 14, 1999.

The following tariff sheets were filed with regard to the Access Service Tariff:

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6	154	4
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At its duly noticed meeting on December 28, 1999, the Commission considered this matter. Commission Staff recommended approval of the filing.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31 and 47 U.S.C. §§ 251 and 252. The Commission unanimously voted to approve the above revisions to U S WEST's Access Service Tariff. It is therefore

ORDERED, that the Commission approves the above-referenced U S WEST revisions to its Access Service Tariff.

Dated at Pierre, South Dakota, this 12th day of January, 2000.

CERTIFICATE OF SERVICE The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon. By: <u><i>Debbie Kalbo</i></u> Date: <u>1/13/00</u> (OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

**IN THE MATTER OF THE FILING BY U S WEST)
COMMUNICATIONS, INC. FOR APPROVAL OF)
TARIFF PAGES FOR ITS ACCESS SERVICE)
TARIFF IMPLEMENTING ITS INTRALATA)
TOLL DIALING PARITY PLAN)**

ERRATA NOTICE

TC99-053

On May 3, 1999, the South Dakota Public Utilities Commission (Commission) received a filing from U S WEST Communications, Inc. (U S WEST) for approval of its Access Service Tariff pages implementing its IntraLATA Toll Dialing Parity Plan. On June 1, 1999, U S WEST filed a Petition for Cost Recovery Charge requesting recovery of its costs associated with the implementation and conversion of intraLATA equal access in South Dakota in 1999. U S WEST requests approval of an equal access recovery charge of \$.001136 per minute of use in accordance with its equal access cost study. U S WEST further requests that this charge be recovered over a three year period of time with true-ups annually.

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The following tariff sheets were filed with regard to the Access Service Tariff:

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At its duly noticed meeting on December 28, 1999, the Commission considered this matter. Commission Staff recommended approval of the filing.

The Commission has jurisdiction over this matter pursuant to SDCL Chapter 49-31 and 47 U.S.C. §§ 251 and 252. The Commission unanimously voted to approve the above revisions to U S WEST's Access Service Tariff. It is therefore

ORDERED, that the Commission approves the above-referenced U S WEST revisions to its Access Service Tariff effective as of January 1, 2000.

Dated at Pierre, South Dakota, this 21st day of January, 2000.

CERTIFICATE OF SERVICE	
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.	
By:	<u><i>William Krebs</i></u>
Date:	<u>1/21/00</u>
(OFFICIAL SEAL)	

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Laska Schoenfelder
LASKA SCHOENFELDER, Commissioner