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PSC APPROVES SECOND-PHASE INCREASE IN US WEST PHONE RATES

Telephone rates for US West Communications customers will go up in July but caller ID and related phone services will be deployed in every Montana town served by the company as the second phase of depreciation rates approved for US West last year by the Public Service Commission takes effect.

The PSC last year approved an agreement proposed by US West and the Montana Consumer Counsel under which basic residential flat-rate phone service increased by 76 cents in March 1997 and was scheduled to go up by another 39 cents on June 1, 1998. Business flat-rate service was scheduled to increase by \$1.15 on June 1, 1998. The June 1998 increases were contingent on satisfactory service performance by US West in compliance with the settlement agreed to by the PSC and US West to end the PSC's 1994 service quality lawsuit against the company.

The company met the service performance objectives but the scheduled rate increases were deferred until July 1 in the expectation that these rate hikes could be coordinated with any rate changes that result from the commission's action on US West's pending rate rebalancing case. The coordination of rate changes is not possible before July 1 because the PSC has not concluded the rate rebalancing case yet. Because the depreciation-related rate increases were delayed one month, US West will amortize one month's worth of the rates it was entitled to collect over the next 12 months, which will result in a 42-cents-per-month rate hike for residential flat-rate customers and \$1.25 per month for business flat-rate customers. These increases will drop down to 39 cents and \$1.15, respectively, after one year.

As part of the service quality settlement, US West agreed that if the new depreciation rates were approved by the PSC, the company would deploy caller ID and related services to more Montana towns. When US West makes these services available in the following towns in August, caller ID will be deployed everywhere in US West's Montana service territory: Hamilton, Corvallis, Darby, Stevensville, Victor, Shelby, East Glacier, West Glacier, St. Mary, Cut Bank, Livingston, Clyde Park, Wilsall, Pray, Cooke City, West Yellowstone and Gardiner.

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