

**ORDER**

The Commission hereby orders:

1. The tariff revisions filed by US WEST Communications, Inc. on February 17, 1995 in this proceeding are rejected in their entirety.
2. USWC's cost study is rejected. The Hatfield Model cost study is accepted for purposes of evaluating the costs of local exchange service. USWC's cost study elements as modified and limited in the body of this order are accepted for purposes of this proceeding for evaluating the costs of other services.
3. USWC is directed to improve customer service quality. USWC shall within 30 days begin making monthly service order reports which, at a minimum, shall include the following information by exchange by class of service: the number of all orders for primary exchange access lines received in a given month; the total number of orders held beyond five business days, identifying the number not requiring special equipment or service and the number requesting a later in-service date; and the cumulative reporting of all held orders until service is installed and in working condition. The reports shall be in a form agreed by the Company and Commission Staff and approved by letter from the Secretary. USWC is directed to offer its customer care package, with modifications required herein, to customers who are unable to receive qualifying service, until the Commission authorizes modification or termination of the program.
4. USWC is authorized rates in this proceeding based on the low point on the range of reasonable rate of return. The Company is authorized to petition in this Docket to have its rate of return restored to mid-range and to authorize the team and merit award adjustment upon USWC's satisfactory demonstration that its service quality has significantly improved, as specified in the body of this Order.
5. USWC's cost studies are rejected. The Hatfield Model cost study is adopted for purposes of local exchange service, and information within USWC's study, selected and modified as provided in the body of this Order, is accepted for other services for the purposes of this Order.
6. USWC is directed to refile tariff revisions consistent with the terms of this order, as set forth in this order, no later than 5:00 p.m. on Friday, April 19, 1996. The tariffs shall bear an effective date of May 1, 1996. The filings shall reflect no retroactive rate treatment and shall be strictly limited to matters required or authorized in this Order. The filings shall bear the notation, "By authorization of Order of the Washington Utilities and Transportation Commission,

Docket No. UT-950200.

7. The refiling shall include revisions to any tariffs now providing restrictions against resale, to remove those restrictions. USWC shall file a resale tariff indicating that it will provide service for resale pursuant to specific tariffs to be filed; that it will file tariffs for resale within 30 days after a request to provide service is presented to it, unless an extension of time is approved by the Commission; and that service may not be resold out of class. The resale tariff may require reasonable assurance of financial and tariff compliance. Individual resale tariffs shall not be inconsistent with any existing resale arrangements or with the terms of this order contemplating resale.

8. USWC is authorized to file banded-rate tariffs consistent with this Order. The ceiling of such tariffs shall be the rates authorized herein. The floor of such tariffs shall be the Company's TSLRIC or its tariff rate for necessary services, whichever is higher. The initial filed rate shall be the rate established in this Order.

9. USWC is directed to file tariff provisions removing prohibitions on the resale of its services, and to file a general resale tariff, as found proper in this Order.

10. USWC is directed to file revisions to its Centrex tariff or tariffs that effect unbundling, as specified in the body of this Order.

11. Material in support of the manner in which the tariffs are constructed and in which the revenues herein authorized for USWC's telephone operations is obtained shall be submitted simultaneously with the filing to which it relates. Each filing shall be accompanied by a brief description of what the Company has accomplished by the filing and how it complies with the terms of this order, e.g., "This revision removes resale restrictions formerly in paragraph 2(e)" and by a legislative style version identifying changes.

12. A notice of the filings authorized in this Order shall be posted at each business s office of USWC in Washington, on or before the date of the filing with the Commission. The notice shall state when the filing is to become effective and advise that the filing is available for inspection at each such office. The notice shall remain posted until the Commission has acted upon the filings.

13. All motions consistent with this Order are granted. Those inconsistent with this Order are denied.

14. The Commission retains jurisdiction over all matters and the parties in this proceeding to effectuate the provisions of this Order.

DATED at Olympia, Washington, and effective this <sup>14<sup>th</sup></sup> day of April 1996.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



SHARON L. NELSON, Chairman



RICHARD HEMSTAD, Commissioner



WILLIAM R. GILLIS, Commissioner

**NOTICE TO PARTIES:**

**This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-09-810, or a petition for rehearing pursuant to RCW 80.04.200 or RCW 81.04.200 and WAC 480-09-820(1).**

"APPENDIX"

US WEST COMMUNICATIONS  
WASHINGTON INTRASTATE OPERATIONS  
TWELVE MONTHS ENDING OCTOBER 1994  
COMPARISON OF COMPANY, STAFF AND PC/TRACER

| LINE NO | (A)   | COMPANY         | STAFF          | PC/TRACER     | DIFFERENCE<br>(E) = (D) - (B) |               |
|---------|---|-----------------|----------------|---------------|-------------------------------|---------------|
|         |   | REVISED<br>(B)  | REVISED<br>(C) | (D)           |                               |               |
| 1       | NET OPERATING INCOME - PER BOOKS                                      | \$89,078,000    | \$89,089,042   | \$89,078,000  | (A)                           | \$0           |
|         | RATE MAKING ADJUSTMENTS:  |                 |                |               |                               |               |
| 2       | RMA #1 DEREGULATED MOBILE RADIO                                       | \$276,544       | \$276,544      | \$276,544     | (A)                           | \$0           |
| 3       | RMA #2 MERGER EXPENSE   | 8,787           | 8,787          | 8,787         | (A)                           | (0)           |
| 4       | RMA #3 AFUDC (MEMORANDUM IDC)   | (2,489,012)     | (1,824,368)    | (2,489,012)   | (A)                           | (0)           |
| 5       | RMA #4 POLITICAL ACTION EXPENSE                                       | 9,819           | 9,819          | 9,819         | (A)                           | 0             |
| 6       | RMA #5 DEPRECIATION REFUND AMORTIZATION                               | (3,003,288)     | (3,003,288)    | (3,003,288)   | (A)                           | 0             |
| 7       | RMA #6 DEPRECIATION RESERVE   | 16,905,658      | 16,905,658     | 16,905,658    | (A)                           | (0)           |
| 8       | RMA #7 FLOW THROUGH OF NON-PROPERTY TAX                               | 801,812         | 801,812        | 801,812       | (A)                           | 0             |
| 9       | RMA #8 OPEB   | 97,331          | 1,851,775      | 97,331        | (A)                           | 0             |
| 10      | RMA #9 SHARING ADJUSTMENTS  | 0               | 0              | 0             | (A)                           | 0             |
| 11      | TOTAL RATE-MAKING ADJUSTMENTS   | \$12,597,681    | \$13,228,759   | \$12,597,681  |                               | (\$0)         |
|         | RESTATING ACTUAL:   |                 |                |               |                               |               |
| 12      | RSA #1 OCCUPATIONAL WAGE ANNUALIZATION                                | (\$1,884,531)   | (\$1,884,729)  | (\$1,884,531) | (A)                           | \$0           |
| 13      | RSA #2 MANAGEMENT SALARY ANNUALIZATION                                | (824,342)       | (758,854)      | (824,342)     | (A)                           | 0             |
| 14      | RSA #3 RATE REDUCTION   | (4,442,152)     | (4,442,152)    | (4,442,152)   | (A)                           | 0             |
| 15      | RSA #4 RENT COMPENSATION  | (83,080)        | (82,048)       | (83,080)      | (A)                           | 0             |
| 16      | RSA #5 AFFILIATED INTEREST BILLING ADJUSTMENT                         | 181,248         | 1,232,375      | 181,248       | (A)                           | 0             |
| 17      | RSA #6 PENSION CREDIT REDUCTION                                       | (740,377)       | (740,377)      | (740,377)     | (A)                           | (0)           |
| 18      | RSA #7 FEDERAL INCOME TAX ADJUSTMENT                                  | 1,148,167       | 1,071,554      | 1,148,167     | (A)                           | (0)           |
| 19      | RSA #8 INSIDE WIRE AMORTIZATION                                       | 173,885         | 173,885        | 173,885       | (A)                           | 0             |
| 20      | RSA #9 PRIMARY TOLL CARRIER   | (3,929,557)     | (3,929,557)    | (3,929,557)   | (A)                           | (0)           |
| 21      | RSA #10 CLASSIFICATION ADJUSTMENT                                     | 711,913         | 514,069        | 711,913       | (A)                           | (0)           |
| 22      | RSA #11 PURCHASE REBATE ADJUSTMENT                                    | 282,189         | 282,189        | 282,189       | (A)                           | 0             |
| 23      | RSA #12 COMPENSATED ABSENCE ADJUSTMENT                                | 380,000         | 605,786        | 380,000       | (A)                           | 0             |
| 24      | RSA #13 TEAM & MERIT AWARD ADJUSTMENT                                 | 1,721,000       | 6,384,988      | 1,721,000     | (A)                           | 0             |
| 25      | RSA #14 BENEFIT EXPENSE ADJUSTMENT                                    | 711,076         | 688,784        | 711,076       | (A)                           | 0             |
| 26      | RSA #15 PROPERTY TAX RESTATEMENT                                      | 84,787          | 84,787         | 84,787        | (A)                           | 0             |
| 27      | RSA #16 FLOW THROUGH TAX RESTATEMENT                                  | 1,780,888       | 13,826,779     | 1,780,888     | (A)                           | 0             |
| 28      | TOTAL RESTATING ACTUAL ADJUSTMENTS                                    | (\$4,828,048)   | \$13,059,386   | (\$4,828,047) |                               | (\$1)         |
|         | RSA #17 OUT OF PERIOD ADJUSTMENTS                                     |                 |                |               |                               |               |
| 29      | OOP #1 PRE-DIVESTITURE TAX ISSUES                                     | (\$73,855)      | (\$73,855)     | (\$73,855)    | (A)                           | \$0           |
| 30      | OOP #2 ASSET CLEARANCE  | 222,024         | 222,024        | 222,024       | (A)                           | (0)           |
| 31      | OOP #3 ACCOUNT RECONCILIATION   | 821,489         | 821,489        | 821,489       | (A)                           | (0)           |
| 32      | OOP #4 INCOME TAX   | (729,804)       | (486,570)      | (729,804)     | (A)                           | 0             |
| 33      | OOP #5 PROPERTY TAX   | (1,851,422)     | (1,851,422)    | (1,851,422)   | (A)                           | (0)           |
| 34      | OOP #6 LEGAL SETTLEMENT   | (187,320)       | (187,320)      | (187,320)     | (A)                           | (0)           |
| 35      | OOP #7 INDEPENDENT COMPANY  | 894,215         | 894,215        | 894,215       | (A)                           | 0             |
| 36      | OOP #8 PURCHASE REBATE  | (1,227,247)     | (1,227,247)    | (1,227,247)   | (A)                           | 0             |
| 37      | TOTAL OTHER OPERATING ADJ.  | (\$2,241,720)   | (\$2,008,687)  | (\$2,241,721) |                               | (\$1)         |
|         | PRO FORMA ADJUSTMENTS:  |                 |                |               |                               |               |
| 38      | PFA #1 OCCUPATIONAL WAGE INCREASE                                     | (\$3,385,362)   | (\$3,293,700)  | \$0           | (B)                           | \$3,385,362   |
| 39      | PFA #2 MANAGEMENT SALARY INCREASE                                     | (1,681,187)     | (1,478,852)    | 0             | (B)                           | 1,681,187     |
| 40      | PFA #3 PENSION ASSET  | 0               | 0              | 0             | (A)                           | 0             |
| 41      | PFA #4 CASH WORKING CAPITAL   | 0               | 0              | 0             | (A)                           | 0             |
| 42      | PFA #5 MATERIAL AND SUPPLIES  | 0               | 0              | 0             | (A)                           | 0             |
| 43      | PFA #6 CAPITAL RECOVERY   | (104,182,000)   | 5,049,375      | 0             | (C)                           | 104,182,000   |
| 44      | PFA #7 RURAL SALES  | (1,589,829)     | (1,589,829)    | (1,589,829)   | (A)                           | (0)           |
| 45      | PFA #8 AMORT. OF DEBT CALL PREMIUM EXPENSE                            | (1,001,478)     | 539,257        | (1,001,478)   | (A)                           | 0             |
| 46      | PFA #9 RESTRUCTURING ADJUSTMENT                                       | 0               | 11,408,953     | 13,224,250    | (D)                           | 13,224,250    |
| 47      | PFA #10 OPEB CURTAILMENT LOSS   | (5,010,872)     | 0              | 0             | (E)                           | 5,010,872     |
| 48      | PFA #11 INTERCONNECTION WITH INDEPENDENTS                             | 0               | 0              | 0             | (A)                           | 0             |
| 49      | PFA #12 POSTAGE   | (449,478)       | (449,478)      | (449,478)     | (A)                           | (0)           |
| 50      | TOTAL PRO FORMA ADJUSTMENTS   | (\$117,300,302) | \$10,177,827   | \$10,173,389  |                               | \$127,473,671 |
|         | STAFF ADJUSTMENTS:  |                 |                |               |                               |               |
| 51      | SA #1 YELLOW PAGES  | \$0             | \$50,802,008   | \$53,835,000  | (F)                           | \$53,835,000  |
| 52      | SA #2 HELD ORDERS   | 0               | 325,884        | 0             | (A)                           | 0             |
| 53      | SA #3 JURISDICTIONAL SEPARATIONS                                      | 0               | 6,805,250      | 0             | (A)                           | 0             |
| 54      | SA #4 MARKET RESOURCE GROUP   | 0               | 1,052,886      | 1,062,000     | (G)                           | 1,062,000     |
| 55      | SA #5 INVESTOR SUPPLIED WORKING CAPITAL                               | 0               | 0              | 0             | (A)                           | 0             |
| 56      | SA #6 RURAL SALES SETTLEMENT  | 0               | 0              | 0             | (A)                           | 0             |
| 57      | SA #7 AFFILIATED INTEREST ADJ   | 0               | 4,428,739      | 0             | (A)                           | 0             |
| 58      | SA #8 ADVERTISING ADJUSTMENT  | 0               | 4,414,955      | 0             | (A)                           | 0             |
| 59      | SA #9 REGULATORY FEE (COMPANY OOP #9)                                 | 47,416          | 178,882        | 47,416        | (A)                           | 0             |
| 60      | SA #10 CHARITY CONTRIBUTIONS  | 0               | 0              | 0             | (A)                           | 0             |
| 61      | SA #11 EXTERNAL RELATIONS   | 0               | 358,428        | 0             | (A)                           | 0             |
| 62      | SA #12 OVERTIME AND CAPITALIZATION                                    | 0               | 2,364,882      | 0             | (A)                           | 0             |
| 63      | TOTAL STAFF ADJUSTMENTS   | \$47,416        | \$70,531,302   | \$54,944,416  |                               | \$54,897,000  |
| 64      | NET OPERATING INCOME - ADJUSTED                                       | (\$22,649,861)  | \$186,075,831  | \$159,720,878 |                               | \$182,370,889 |
| 65      | C-1 RECURRING REVENUE   | \$0             | \$0            | \$9,508,000   | (H)                           | \$9,508,000   |
| 66      | C-4 LISTING AND PAY STATION [SEE SA#4 ABOVE.]                         | 0               | 0              | 0             |                               | 0             |
| 67      | C-16 INTEREST SYNCHRONIZATION   | 0               | 1,029,331      | 5,273,427     | (I)                           | 5,273,427     |
| 68      | C-11 OCCUPATIONAL ANNUALIZATION                                       | 0               | 0              | 1,678,000     | (J)                           | 1,678,000     |
| 69      | C-12 MANAGEMENT ANNUALIZATION   | 0               | 0              | 4,780,000     | (K)                           | 4,780,000     |
| 70      | C-6 BELL CORE DISALLOWANCE  | 0               | 0              | 806,000       | (L)                           | 806,000       |
| 71      | C-7 USWAT PROJECT DISALLOWANCE  | 0               | 0              | 288,000       | (M)                           | 288,000       |
| 72      | C-8 US WEST INC. CHARGES  | 0               | 0              | 1,428,000     | (N)                           | 1,428,000     |
| 73      | TOTAL PUBLIC COUNSEL ADJUSTMENTS                                      | \$0             | \$1,028,331    | \$23,985,427  |                               | \$23,985,427  |
| 74      | NET OPERATING INCOME ADJUSTED   | (\$22,649,861)  | \$187,105,162  | \$183,288,104 |                               | \$206,356,088 |
| 75      | PC/TRACER Ex. 397-C   |                 |                |               |                               |               |
| 76      | Difference (line 75-line 74)  |                 |                | 182,330,000   |                               |               |
| 77      |   |                 |                | 866,104       |                               |               |
| 78      | USWC Ex. 188 Modifications to "Non-Issues" (per PC/TRACER Ex. 397-C): |                 |                |               |                               |               |
| 79      | RSA#2   |                 |                | 213,000       |                               |               |
| 80      | RSA#3   |                 |                | 88,000        |                               |               |
| 81      | RSA#5B  |                 |                | (86,000)      |                               |               |
| 82      | RSA#7   |                 |                | 781,000       |                               |               |
| 83      | RSA#17  |                 |                | (21,000)      |                               |               |
| 84      | Total "Non-Issue" Modifications                                       |                 |                | 825,000       |                               |               |
| 85      | Net Unreconciled Difference (line 77 - line 84)                       |                 |                | \$31,104      |                               |               |

SOURCE: Staff Exhibit 731 served as initial data source.

**"APPENDIX"**

US WEST COMMUNICATIONS  
WASHINGTON INTRASTATE OPERATIONS  
TWELVE MONTHS ENDING OCTOBER 1984  
COMPARISON OF COMPANY, STAFF AND PC/TRACER

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| LINE NO |  | COMPANY               | STAFF                 | PC/TRACER            | DIFFERENCE<br>(E) = (D) - (B) |                       |
|---------|--|-----------------------|-----------------------|----------------------|-------------------------------|-----------------------|
|         |  | REVISED<br>(C)        | REVISED<br>(D)        | (E)                  |                               |                       |
| 1       | AVERAGE RATE BASE - PER BOOKS  | \$1,473,014,000       | \$1,473,014,000       | \$1,473,014,000      | \$993                         |                       |
|         | <b>RATE MAKING ADJUSTMENTS:</b>                                      |                       |                       |                      |                               |                       |
| 2       | RMA #1 DEREGULATED MOBILE RADIO                                      | (\$813,085)           | (\$813,085)           | (\$813,085)          | (A)                           | \$0                   |
| 3       | RMA #2 MERGER EXPENSE  | (230,208)             | (230,208)             | (230,208)            | (A)                           | 0                     |
| 4       | RMA #3 AFUDC (MEMORANDUM IDC)  | 23,140,741            | 24,015,385            | 23,140,741           | (A)                           | 0                     |
| 5       | RMA #4 POLITICAL ACTION EXPENSE                                      | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 6       | RMA #5 DEPRECIATION REFUND AMORTIZATION                              | 16,796,490            | 16,796,490            | 16,796,490           | (A)                           | 0                     |
| 7       | RMA #6 DEPRECIATION RESERVE  | 128,295,423           | 128,295,423           | 128,295,423          | (A)                           | 0                     |
| 8       | RMA #7 FLOW THROUGH OF NON-PROPERTY TAX                              | 4,547,980             | 4,547,980             | 4,547,980            | (A)                           | 0                     |
| 9       | RMA #8 OPEB  | (7,036,298)           | (7,304,128)           | (7,036,298)          | (A)                           | 0                     |
| 10      | RMA #9 SHARING ADJUSTMENTS   | (19,304,152)          | (50,834,616)          | (32,707,152)         | (C)                           | (13,403,000)          |
| 11      | <b>TOTAL RATEMAKING ADJUSTMENTS</b>                                  | <b>\$145,387,871</b>  | <b>\$114,664,232</b>  | <b>\$131,684,871</b> |                               | <b>(\$13,403,000)</b> |
|         | <b>RESTATEMENT ACTUAL:</b>   |                       |                       |                      |                               |                       |
| 12      | RSA # 1 OCCUPATIONAL WAGE ANNUALIZATION                              | \$181,051             | \$0                   | \$0                  | (P)                           | (\$181,051)           |
| 13      | RSA # 2 MANAGEMENT SALARY ANNUALIZATION                              | 74,176                | 0                     | 0                    | (P)                           | (74,176)              |
| 14      | RSA # 3 RATE REDUCTION   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 15      | RSA # 4 RENT COMPENSATION  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 16      | RSA # 5 AFFILIATED INTEREST BILLING ADJUSTMENT                       | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 17      | RSA # 6 PENSION CREDIT REDUCTION                                     | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 18      | RSA # 7 FEDERAL INCOME TAX ADJUSTMENT                                | 1,870,466             | 1,173,328             | 1,870,466            | (A)                           | 0                     |
| 19      | RSA # 8 INSIDE WIRE AMORTIZATION                                     | 134,000               | 133,758               | 134,000              | (A)                           | 0                     |
| 20      | RSA # 9 PRIMARY TOLL CARRIER   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 21      | RSA # 10 CLASSIFICATION ADJUSTMENT                                   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 22      | RSA # 11 PURCHASE REBATE ADJUSTMENT                                  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 23      | RSA # 12 COMPENSATED ABSENCE ADJUSTMENT                              | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 24      | RSA # 13 TEAM & MERIT AWARD ADJUSTMENT                               | (156,000)             | 0                     | (156,000)            | (A)                           | 0                     |
| 25      | RSA # 14 BENEFIT EXPENSE ADJUSTMENT                                  | (64,341)              | 0                     | (64,341)             | (A)                           | 0                     |
| 26      | RSA # 15 PROPERTY TAX RESTATEMENT                                    | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 27      | RSA # 16 FLOW THROUGH TAX RESTATEMENT                                | 23,818,426            | 18,465,840            | 23,818,426           | (A)                           | 0                     |
| 28      | <b>TOTAL RESTATEMENT ACTUAL ADJUSTMENTS</b>                          | <b>\$25,857,780</b>   | <b>\$17,772,928</b>   | <b>\$25,602,583</b>  |                               | <b>(\$255,227)</b>    |
|         | <b>RSA # 17 OUT OF PERIOD ADJUSTMENTS</b>                            |                       |                       |                      |                               |                       |
| 29      | OOP # 1 PRE-DIVESTITURE TAX ISSUES                                   | \$0                   | \$0                   | \$0                  | (A)                           | \$0                   |
| 30      | OOP # 2 ASSET CLEARANCE  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 31      | OOP # 3 ACCOUNT RECONCILIATION                                       | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 32      | OOP # 4 INCOME TAX   | 0                     | (1,202,379)           | 0                    | (A)                           | 0                     |
| 33      | OOP # 5 PROPERTY TAX   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 34      | OOP # 6 LEGAL SETTLEMENT   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 35      | OOP # 7 INDEPENDENT COMPANY  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 36      | OOP # 8 PURCHASE REBATE  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 37      | <b>TOTAL OTHER OPERATING ADJS.</b>                                   | <b>\$0</b>            | <b>(\$1,202,379)</b>  | <b>\$0</b>           |                               | <b>\$0</b>            |
|         | <b>PRO FORMA ADJUSTMENTS:</b>  |                       |                       |                      |                               |                       |
| 38      | PFA # 1 OCCUPATIONAL WAGE INCREASE                                   | \$307,303             | \$0                   | \$0                  | (P)                           | (\$307,303)           |
| 39      | PFA # 2 MANAGEMENT SALARY INCREASE                                   | 149,477               | 0                     | 0                    | (P)                           | (149,477)             |
| 40      | PFA # 3 PENSION ASSET  | 69,915,604            | 0                     | 69,915,604           | (A)                           | 0                     |
| 41      | PFA # 4 CASH WORKING CAPITAL   | (3,020,000)           | 0                     | (3,020,000)          | (A)                           | 0                     |
| 42      | PFA # 5 MATERIAL AND SUPPLIES  | 4,701,000             | 0                     | 4,701,000            | (A)                           | 0                     |
| 43      | PFA # 6 CAPITAL RECOVERY   | (104,192,000)         | 1,185,240             | 0                    | (O)                           | 104,192,000           |
| 44      | PFA # 7 RURAL SALES  | (43,542,000)          | (32,752,326)          | (43,542,000)         | (A)                           | 0                     |
| 45      | PFA # 8 AMORT. OF DEBT CALL PREMIUM EXPENSE                          | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 46      | PFA # 9 RESTRUCTURING ADJUSTMENT                                     | 0                     | (11,786,524)          | 0                    | (R)                           | 0                     |
| 47      | PFA # 10 OPEB CURTAILMENT LOSS                                       | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 48      | PFA # 11 INTERCONNECTION WITH INDEPENDENTS                           | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 49      | PFA # 12 POSTAGE   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 50      | <b>TOTAL PRO FORMA ADJUSTMENTS</b>                                   | <b>(\$75,880,616)</b> | <b>(\$43,353,610)</b> | <b>\$28,054,604</b>  |                               | <b>\$103,735,220</b>  |
|         | <b>STAFF ADJUSTMENTS:</b>  |                       |                       |                      |                               |                       |
| 51      | SA # 1 YELLOW PAGES  | \$0                   | \$0                   | \$0                  | (A)                           | \$0                   |
| 52      | SA # 2 HELD ORDERS   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 53      | SA # 3 JURISDICTIONAL SEPARATIONS                                    | 0                     | (35,722,831)          | 0                    | (A)                           | 0                     |
| 54      | SA # 4 MARKET RESOURCE GROUP   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 55      | SA # 5 INVESTOR SUPPLIED WORKING CAPITAL                             | 0                     | (46,480,902)          | 0                    | (A)                           | 0                     |
| 56      | SA # 6 RURAL SALES SETTLEMENT  | 0                     | (16,600,000)          | 0                    | (A)                           | 0                     |
| 57      | SA # 7 AFFILIATED INTEREST ADJ                                       | 0                     | 113,213               | 0                    | (A)                           | 0                     |
| 58      | SA # 8 ADVERTISING ADJUSTMENT  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 59      | SA # 9 REGULATORY FEE  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 60      | SA # 10 CHARITY CONTRIBUTIONS  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 61      | SA # 11 EXTERNAL RELATIONS   | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 62      | SA # 12 OVERTIME AND CAPITALIZATION                                  | 0                     | 0                     | 0                    | (A)                           | 0                     |
| 63      | <b>TOTAL STAFF ADJUSTMENTS</b>                                       | <b>\$0</b>            | <b>(\$86,690,520)</b> | <b>\$0</b>           |                               | <b>\$0</b>            |
| 65      | AVERAGE RATE BASE - ADJUSTED   | \$1,568,579,035       | \$1,462,205,641       | \$1,658,657,021      |                               | \$80,077,986          |
| 66      | C-1 RECURRING REVENUE  | 0                     | \$0                   | \$0                  |                               | \$0                   |
| 67      | C-4 LISTING AND PAY STATION  | 0                     | 0                     | 0                    |                               | 0                     |
| 68      | C-16 INTEREST SYNCHRONIZATION  | 0                     | 0                     | 0                    |                               | 0                     |
| 69      | C-11 OCCUPATIONAL ANNUALIZATION                                      | 0                     | 0                     | 0                    |                               | 0                     |
| 70      | C-12 MANAGEMENT ANNUALIZATION  | 0                     | 0                     | 0                    |                               | 0                     |
| 71      | C-6 BELLCORE DISALLOWANCE  | 0                     | 0                     | 0                    |                               | 0                     |
| 72      | C-7 USWAT PROJECT DISALLOWANCE                                       | 0                     | 0                     | 0                    |                               | 0                     |
| 73      | C-8 US WEST INC. CHARGES   | 0                     | 0                     | 0                    |                               | 0                     |
| 74      | <b>TOTAL PUBLIC COUNSEL ADJUSTMENTS</b>                              | <b>\$0</b>            | <b>\$0</b>            | <b>\$0</b>           |                               | <b>\$0</b>            |
| 75      | AVERAGE RATE BASE - ADJUSTED   | \$1,568,579,035       | \$1,462,205,641       | \$1,658,657,021      |                               | \$80,077,986          |
| 76      | PC/TRACER Ex. 397-C  |                       |                       | 1,657,080,000        |                               |                       |
| 77      | Difference (line 75-line 76)   |                       |                       | 1,577,021            |                               |                       |
| 78      | USWC Ex. 188 Modifications to "Non-Issues" (per PC/TRACER Ex. 397-C) |                       |                       |                      |                               |                       |
| 79      | RSA#7  |                       |                       | 188,000              |                               |                       |
| 80      | PFA#4  |                       |                       | 1,386,000            |                               |                       |
| 81      |  |                       |                       | 0                    |                               |                       |
| 82      |  |                       |                       | 0                    |                               |                       |
| 83      |  |                       |                       | 0                    |                               |                       |
| 84      | <b>Total "Non-Issue" Modifications</b>                               |                       |                       | <b>1,575,000</b>     |                               |                       |
| 85      | <b>Net Unreconciled Difference (line 77 - line 84)</b>               |                       |                       | <b>\$2,021</b>       |                               |                       |