

DOCKET FILE COPY ORIGINAL

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

REC-11 1997

In the Matter of)
)
800 Data Base Access Tariffs and the) CC Docket No. 93-129
800 Service Management System Tariff)
)
and Provision of 800 Services) CC Docket No. 86-10

REFUND PLAN OF U S WEST COMMUNICATIONS, INC.

U S WEST Communications, Inc. ("U S WEST") hereby submits its schedule of proposed refunds and refund plan, as required by the Federal Communications Commission's ("Commission") Order on Reconsideration in this proceeding.¹

I. CALCULATION OF REFUND LIABILITY

This matter arises from the Report and Order issued in this proceeding.²

There, the Commission disallowed a substantial portion of the exogenous cost adjustment claimed by the local exchange carriers ("LEC") for their 800 data base costs.³ It did not, however, require the affected LECs to refund any of the revenues they had obtained in the three and one-half years the matter had been pending. On reconsideration, however, the Commission exercised its discretion to order refunds "consistent with the findings of both the *Report and Order* and [the Order on

¹ See In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services, CC Docket Nos. 93-129 and 86-10, Order on Reconsideration, FCC 97-135, rel. Apr. 14, 1997 ¶50.

² See In the Matter of 800 Data Base Access Tariffs and the 800 Service Management System Tariff and Provision of 800 Services, CC Docket Nos. 93-129 and 86-10, Report and Order, 11 FCC Rcd. 15227 (1996).

³ See, e.g., id. at 15255-56 ¶¶56-57.

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Reconsideration].”⁴ It delegated to the Common Carrier Bureau authority to resolve issues surrounding the calculation of refund amounts, except for the issues resolved in the Order on Reconsideration.⁵

The Order on Reconsideration did not prescribe a methodology for the LECs to follow in calculating refunds. In the Report and Order, however, the Commission ordered the LECs to “RECALCULATE the relevant indexes” to reflect the adjustments ordered by the Commission.⁶ If these adjustments caused a LEC’s Price Cap Index (“PCI”) to fall below its Actual Price Index (“API”), the Commission required the LEC to file tariff revisions to bring the API back down below the level of its PCI.⁷

By ordering refunds consistent with the Report and Order, the Commission has required the affected LECs to recalculate their PCIs for the periods in question, and to refund the amounts by which their APIs exceed the recalculated PCIs. That excess is the portion of the LECs’ rates that the Commission has found to be unlawful and it is the amount subject to refund in this proceeding.

In calculating its revised PCIs, U S WEST applied the same methodology that it used in its compliance filing in response to the Commission’s Memorandum

⁴ Order on Reconsideration ¶20.

⁵ Id. ¶21. The Order on Reconsideration resolved two issues. First, the Commission rejected the LECs’ contention that they should be allowed to take into account any “headroom” they might have in other price cap “baskets” (id. ¶17). The Commission also ordered that interest on the refunds be calculated on a daily compounded basis (id. ¶22).

⁶ Report and Order at 15365 ¶316 (emphasis in original).

⁷ Id. ¶317.

Opinion and Order on the 1993 through 1996 Annual Access Tariff Filings (the “DEMs Order”).⁸ That Order required the LECs to –

Recalculate the PCI for each basket as required by the decisions in this Order, for the PCIs in effect on July 1, 1993. The LECs must then recalculate the PCIs in effect on January 1, 1994, as required by the decisions in this Order, using the recalculated July 1, 1993 PCIs. This recalculation process must be repeated with respect to the PCIs for the remaining half-year periods in the 1994, 1995 and 1996 tariff years except that for tariff year 1995, the half-year periods would fall on August 1, 1995 and January 1, 1996 . . .⁹

Implementing this provision required U S WEST to devise a method to capture the impact of intervening filings on its PCIs. For example, if U S WEST made one or more tariff filings between July 1, 1993, and January 1, 1994, that affected its PCIs, it needed to reflect that effect in revising its PCI for January 1, 1994. To accomplish this, U S WEST determined the ratio of the subsequent PCI, as originally filed (e.g., in the above example, the PCI for January 1, 1994) to the earlier PCI, as originally filed (e.g., in the above example, the PCI for July 1, 1993). It then multiplied the recalculated¹⁰ earlier PCI (e.g., for July 1, 1993) by that ratio to determine the recalculated subsequent PCI (e.g., for January 1, 1994).

U S WEST has used that same methodology here in recalculating the PCIs for its Traffic Sensitive basket, the only basket at issue in this proceeding. It first recalculated the original 800 Data Base filing to remove the disallowed portion of

⁸ See In the Matter of 1993 Annual Access Tariff Filings, GSF Order Compliance Filings, 1994 Annual Access Tariff Filings, 1995 Annual Access Tariff Filings, 1996 Annual Access Tariff Filings, CC Docket Nos. 93-193 and 94-65, Memorandum Opinion and Order, FCC 97-139, rel. Apr. 17, 1997.

⁹ Id. ¶99 (footnote omitted).

¹⁰ Recalculated, that is, to reflect the adjustments ordered by the Commission.

the exogenous adjustment. This produced a revised PCI for the rates originally in effect (May-June, 1993), and serves as the basis for calculating any refund liability for that period.¹¹

U S WEST next recalculated its 1993 annual filing¹² to account for the disallowed exogenous costs in this proceeding and for the adjustments required by the Commission in the DEMs Order, producing a revised PCI for the period of that filing. These calculations are displayed on Workpaper 1.

U S WEST then recalculated its PCI for each succeeding six-month period using the DEMs Order methodology, as described above. Workpaper 2 displays U S WEST's as-filed PCI for July, 1993 (Column A), its recalculated PCI for July, 1993 (Column B), its as-filed PCI for January, 1994 (Column C), and the recalculated PCI for January, 1994 (Column D), which is equal to Column C divided by Column A and multiplied by Column B.¹³ Similarly, the recalculated PCI for July, 1994 (Column F) is equal to the as-filed PCI for July, 1994 (Column E) divided by the as-filed PCI for January, 1994 (Column C) multiplied by the recalculated PCI

¹¹ The adjustments required by the DEMs Order related to the 1993 annual filing and thus have no bearing on this period. (DEMs Order ¶16)

¹² U S WEST's 1993 annual filing was superseded by a subsequent filing (the "GSF filing"), which took effect on the same day as the annual filing (July 2, 1993) to reflect the rule changes implemented by the Commission regarding the allocation of general support facilities. In the Matter of Amendment of Part 69 Allocation of General Support Facility Costs, Report and Order, 8 FCC Rcd. 3697 (1993). U S WEST flowed the adjustments required in this proceeding, and the adjustments required by the DEMs Order, through the 1993 annual filing and then through the GSF filing to recalculate the PCI applicable to the second half of 1993.

¹³ Because the as-filed PCI did not change from July, 1993, to January, 1994, the recalculated PCI for July, 1993, is also identical to the recalculated PCI for January, 1994.

for January, 1994 (Column D). And so on through the end of 1996 when U S WEST revised its PCI as required by the Report and Order.

In several of the periods at issue here, U S WEST had sufficient “headroom” so that, even after recalculating its PCI to account for the disallowance in this proceeding, its PCI exceeded its API; U S WEST is liable for no refund with respect to those periods. In other periods, the recalculation took the PCI below the API; U S WEST’s liability for those periods is limited to the amount by which its API exceeds its revised PCI (i.e., adjusted to reflect the disallowance in this proceeding).

As shown in Workpaper 2, U S WEST’s refund liability is as follows:

<u>Date of Revised PCI</u>	<u>Revised Headroom</u> ¹⁴	<u>Days</u> ¹⁵	<u>Refund Liability</u> ¹⁶
May, 1993	(\$2,503,268)	61	\$418,354
July, 1993	\$14,259,078		0
January, 1994	\$34,673,030		0
July, 1994	\$ 6,643,402		0
January, 1995	\$ 6,643,921		0
August, 1995	(\$4,819,086)	153	\$2,020,055
January, 1996	(\$5,116,894)	182	\$2,544,466
July, 1996	(\$5,985,245)	173	\$2,829,091

¹⁴ Headroom is expressed as an annual figure in each case.

¹⁵ Number of days the rates were in effect.

¹⁶ Negative headroom divided by the number of days in the year and multiplied by the number of days the rates were in effect.

U S WEST has already refunded a portion of these amounts. Under the Commission's price cap rules, U S WEST was required to share (by way of a downward adjustment to its PCI) fifty percent of its 1993 earnings in excess of the rate of return ceiling prescribed by the Commission;¹⁷ its 1997 annual filing will reflect 100% sharing for 1996.¹⁸ If U S WEST's rates had reflected the disallowance ordered by the Commission in this proceeding, its rates would have been lower, thus lowering its earnings and its sharing obligation. Thus, U S WEST has already refunded a portion of its refund liability through the sharing mechanism.

The effects of sharing on U S WEST's refund liability are summarized below, and on the attached Workpaper 2:

<u>Time Period</u>	<u>Refund Liability</u>	<u>Sharing</u>	<u>Remaining Liability</u>
May-Jun, 1993	\$418,354	50%	\$209,177
Jul-Dec, 1993	0		0
Jan-Jun, 1994	0		0
Jul-Dec, 1994	0		0
Jan-Jul, 1995	0		0
Aug-Dec, 1995	\$2,020,055	0%	\$2,020,055
Jan-Jun, 1996	\$2,544,466	100%	0
Jul-Dec, 21, 1996	\$2,829,091	100%	0

¹⁷ See Attachment 1.

¹⁸ See Attachment 2.

As described below, U S WEST will add interest, compounded daily,¹⁹ to its remaining refund liability to compute the final amounts to be refunded to its interstate customers.

II. PAYING THE REFUND LIABILITY

U S WEST will allocate its refund liability among its interstate customers in proportion to their interstate local switching minutes of use for the respective periods for which U S WEST has remaining refund liability. The disallowance ordered by the Commission affects the PCI for the entire Traffic Sensitive basket. It thus affects all traffic-sensitive rates, not just the rates for 800 Data Base service. The vast bulk of U S WEST's revenue from this basket comes from its provision of local switching, and any excess that U S WEST has collected has most likely come in its local switching rates. (These, indeed, are the rates U S WEST changed to comply with the Report and Order in this proceeding.)

U S WEST will make its refunds in the form of a credit on the exchange access bills it sends out in the first month in which it is feasible to do so following final resolution of this proceeding. All refunds will be made in the same calendar month. To ensure that a customer's bill date has no effect on the amount of its refund, U S WEST will calculate interest to the last day of that month, regardless of

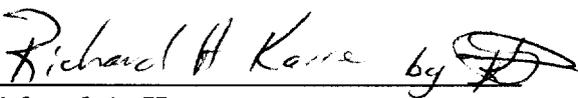
¹⁹ For ease of administration, U S WEST will begin the interest calculation at the midpoint of each period for which it has a refund liability. For example, it will begin the interest calculation on May 31, 1993, for its refund liability for May-June, 1993.

the day on which the customer's bill is issued.²⁰ Implementing the refunds in this manner will minimize the administrative burdens on U S WEST's customers and on U S WEST itself.

Respectfully submitted,

U S WEST COMMUNICATIONS, INC.

By:



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Its Attorney

Of Counsel,
Dan L. Poole

May 14, 1997

²⁰ The interest amounts shown on Workpaper 2 were calculated through July 31, 1997.

RECALCULATION OF TRAFFIC SENSITIVE PCI FOR 800 DATABASE COMPLIANCE ORDER

	FILED 1993 800 DATABASE FILING	RECALCULATED 1993 800 DATABASE FILING	FILED 1993 ANNUAL COMPLIANCE FILING	RECALCULATED 1993 ANNUAL COMPLIANCE WITH REVISED DEM	RECALCULATED 1993 GSF FILING
GDP-PI =	0.0000%	0.0000%	3.0176%	3.0176%	0.0000%
TOTAL ^Z	\$7,811,434	\$1,119,585	\$18,634,436	\$6,814,387	(\$103,531,690)
PCI (T-1) =	94.8778	94.8778	95.6768	95.6768	95.0835
W =	100.842108%	100.120696%	101.834550%	100.670873%	89.676766%
X =	0.0000%	0.0000%	4.3000%	4.3000%	0.0000%
R =	\$927,604,602	\$927,604,602	\$1,015,749,502	\$1,015,749,502	\$1,002,899,816
PCI = PCI(T-1)[1+W(GNP-PI - X)+^Z/R]	95.6768	94.9923	96.1826	95.0835	85.2678
PCI CHANGE (NEW-OLD)/OLD	0.842108%	0.120696%	0.528624%	-0.620130%	-10.323234%

	BAF TRANSITION (A)	DEM TRANSITION (B)	LTS/TRS (C)	INSIDE WIRE (D)	RDA (E)	EDT (F)	ITC (G)	SHARING/ LOW END ADJ (I)	OTHER (J)	800 DATABASE (K)	TOTAL Z (L)
1993 800 DATABASE FILING - ORIGINAL FILING											
TRAFFIC SENSITIVE											
^Z	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$7,811,434	\$0	\$7,811,434
R	\$927,604,602	\$927,604,602	N/A	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602
^Z/R	0.000000	0.000000	N/A	0.000000	0.000000	0.000000	0.000000	0.000000	0.008421	0.000000	0.008421
1993 800 DATABASE FILING - COMPLIANCE ORDER											
TRAFFIC SENSITIVE											
^Z	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,119,585	\$1,119,585
R	\$927,604,602	\$927,604,602	N/A	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602	\$927,604,602
^Z/R	0.000000	0.000000	N/A	0.000000	0.000000	0.000000	0.000000	0.000000	0.000000	0.001207	0.001207
1993 ANNUAL COMPLIANCE ACCESS TARIFF FILING - ORIGINAL FILING											
TRAFFIC SENSITIVE											
^Z	(\$560,510)	(\$909,060)	N/A	\$0	\$0	(\$1,074,047)	\$851,563	(\$2,687,806)	\$23,004,719	\$0	\$18,634,436
R	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502
^Z/R	-0.000552	-0.000895	N/A	0.000000	0.000000	-0.001057	0.000838	-0.002646	0.022648	0.000000	0.018346
1993 ANNUAL COMPLIANCE ACCESS TARIFF FILING WITH REVISED DEM											
TRAFFIC SENSITIVE											
^Z	(\$560,510)	(\$6,037,260)	N/A	\$0	\$0	(\$1,074,047)	\$851,563	(\$2,687,806)	\$23,004,719	(\$6,691,849)	\$6,814,387
R	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502	\$1,015,749,502
^Z/R	-0.000552	-0.005944	N/A	0.000000	0.000000	-0.001057	0.000838	-0.002646	0.022648	-0.006588	0.006709
1993 REVISED GSF ACCESS TARIFF FILING											
TRAFFIC SENSITIVE											
^Z	\$0	\$0	N/A	\$0	\$0	\$0	\$0	\$0	(\$103,531,690)	\$0	(\$103,531,690)
R	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816	\$1,002,899,816
^Z/R	0.000000	0.000000	N/A	0.000000	0.000000	0.000000	0.000000	0.000000	-0.103232	0.000000	-0.103232

800 DATABASE REFUND CALCULATION

Workpaper 2
Page 1 of 3

	(A) Filed 800 DB Proposed Index	(B) Recalculated 800 DB Index	(C) Filed Jul 93 Proposed Index	(D) Recalculated Jul 93 Index	(E) Filed Jan 94 Proposed Index	(F) Recalculated Jan 94 Index
L1 PCI	95.6768	94.9924	86.2534	85.2678	86.2534	85.2678
L2 Per Cent Change in PCI	NA	-0.72%	-10.32%	-10.32%	0.00%	0.00%
L3 API	95.2484	95.2484	83.9553	83.9370	82.3281	82.0850
L4 Proposed Revenues	\$931,376,117		\$899,368,759		\$894,225,876	
L5 PCI - API Headroom (Annual) L4*(1+((L1-L3)/L3))-L4		(\$2,503,268)		\$14,259,078		\$34,673,030
L6 Refund Principal L5*Days in Period/Days in Year		\$418,354		\$0		\$0
L7 Sharing displayed in Form 492		\$4,279,000		\$0		\$0
L8 Sharing Per Cent		50%		0%		0%
L9 Remaining Refund Principal		\$209,177		\$0		\$0
L10 Interest		\$75,833		\$0		\$0
L11 Total To Be Refunded		\$285,010		\$0		\$0

1993 800 DB refund liability calculated for 61 days.
August 95 refund liability calculated for 153 days.
January 96 refund liability calculated for 182 days.
July 96 refund liability calculated for 173 days.

800 DATABASE REFUND CALCULATION

	(G) Filed Jul 94 Proposed Index	(H) Recalculated Jul 94 Index	(I) Filed Jan 95 Proposed Index	(J) Recalculated Jan 95 Index	(K) Filed Aug 95 Proposed Index	(L) Recalculated Aug 95 Index
L1 PCI	84.1231	83.1618	84.1231	83.1618	81.4347	79.4207
L2 Per Cent Change in PCI	-2.47%	-2.47%	0.00%	0.00%	-3.20%	-4.50%
L3 API	82.3281	81.7717	82.3281	81.7716	80.8690	80.3538
L4 Proposed Revenues	\$390,801,746		\$390,801,746		\$415,006,616	
L5 PCI - API Headroom (Annual) L4*(1+((L1-L3)/L3))-L4		\$6,643,402		\$6,643,921		(\$4,819,086)
L6 Refund Principal L5*Days in Period/Days in Year		\$0		\$0		\$2,020,055
L7 Sharing displayed in Form 492		\$0		\$0		\$0
L8 Sharing Per Cent		0%		0%		0%
L9 Remaining Refund Principal		\$0		\$0		\$2,020,055
L10 Interest		\$0		\$0		\$305,516
L11 Total To Be Refunded		\$0		\$0		\$2,325,571

1993 800 DB refund liability calculated for 61 days.
 August 95 refund liability calculated for 153 days.
 January 96 refund liability calculated for 182 days.
 July 96 refund liability calculated for 173 days.

800 DATABASE REFUND CALCULATION

	(M) Filed Jan 96 Proposed Index	(N) Recalculated Jan 96 Index	(O) Filed Jul 96 Proposed Index	(P) Recalculated Jul 96 Index
L1 PCI	81.4403	79.4262	81.1075	79.1016
L2 Per Cent Change in PCI	0.01%	0.01%	-0.41%	-0.41%
L3 API	80.9331	80.4169	80.6446	80.1678
L4 Proposed Revenues	\$415,335,571		\$450,016,512	
L5 PCI - API Headroom (Annual) L4*(1+((L1-L3)/L3))-L4		(\$5,116,894)		(\$5,985,245)
L6 Refund Principal L5*Days in Period/Days in Year		\$2,544,466		\$2,829,091
L7 Sharing displayed in Form 492		\$12,423,000		\$12,432,000
L8 Sharing Per Cent		100%		100%
L9 Remaining Refund Principal		\$0		\$0
L10 Interest		\$0		\$0
L11 Total To Be Refunded		\$0		\$0

1993 800 DB refund liability calculated for 61 days.
 August 95 refund liability calculated for 153 days.
 January 96 refund liability calculated for 182 days.
 July 96 refund liability calculated for 173 days.

ATTACHMENT 1

1. Name and Address of Reporting Company
U S WEST Communications Including Malheur and El Paso
1801 California St.
Denver, CO 80202

2. Reporting Calendar Year
(A) From : January 1993 to December 1993
(B) First Report Filed: 6-7-95
(C) Final Report Filed: 4-1-96

FCC 492A

PRICE CAP REGULATION
RATE OF RETURN MONITORING REPORT
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Col A	Final Report Col B	Difference Col C= (B - A)
1. Total Revenues	2,198,180	2,198,039	(141)
2. Total Expenses and Taxes	1,712,647	1,712,592	(55)
3. Operating Income (Net Return) (Ln1-Ln2)	485,533	485,447	(86)
4. Rate Base (Avg. Net Invest.)	3,564,171	3,599,162	34,991
5. Rate of Return (Ln3/Ln4)	13.62%	13.49%	-0.13%
6. Sharing/Low End Adjustment Amount	(12,231)	(7,765)	4,466
7. FCC Ordered Refund - Amortized for Current Period	0	0	0

REMARKS

Footnote:

(1) Pursuant to Docket 86-127 Memorandum Opinion and Order released on August 28, 1987, Paragraph 10, the out-of-period revenues identified as "Pre 1993" booked in 1993 not included in prior 492A reports amount to \$.3M and are not included in this 492A report.

(2) In order to remove excluded services from price cap regulation in accordance with the price cap plan, data in this report has been adjusted for the removal of excluded service offerings amounting to \$23M. Earnings associated with these services have been removed based on the assumption that these excluded services earned the same rate of return as total interstate services.

4. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date	Typed Name of Person Signing	Title of Person Signing	Signature
23-Dec-87	R. C. Hawk	President-Carrier Division	

PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

1. Name and Address of Reporting Company
 U S WEST Communications Including Malheur and El Paso
 1801 California St.
 Denver, CO 80202

2. Reporting Calendar Year
 (A) From : January 1993 to December 1993
 (B) First Report Filed: 6-7-95
 (C) Final Report Filed: 4-1-96

FCC 492A

PRICE CAP REGULATION
 RATE OF RETURN MONITORING REPORT
 (Read Instructions on the Reverse Before Completing)
 Dollar Amounts Shown in Thousands

REMARKS:

(3) This report has been revised to reflect the reversal of OPEB expense pursuant to FCC Memorandum Opinion and Order released on March 7, 1996, as the result of that rate base base increased by \$34,991.

(4) The following displays the calculation of the revised 1993 sharing amount from the 492A report:

DESCRIPTION:	SOURCE:	(000)
1. Net Revenues	FCC492A Ln. 1 (B)	2,198,039
2. Total Expense/Tax	FCC492A Ln. 2 (B)	1,712,592
3. Operating Income	FCC492A Ln. 3 (B)	485,447
4. Rate Base	FCC492A Ln. 4 (B)	3,599,162
5. Rate of Return	Ln. 3/Ln. 4	13.49%
6. 50% Shared Earnings	Ln. 3 - (Ln. 4 * 13.25%) * 50%	4,279
7. Federal Income Tax Gross-up Amount	Ln. 6 * FIT gross-up factor (0.538462)	2,304
8. State/Local Income Tax Gross-up Amount	Ln. 6 & 7 adj. by composite SLIT tax gross-up factor (0.06020299)	396
9. Interest	(Lines 6 + 7 + 8) *11.25%	785
10. Total Price Cap Sharing Adjustment	Lines 6 + 7 + 8 + 9	7,765

ATTACHMENT 2

1. Name and Address of Reporting Company
U S WEST Communications Including Malheur and El Paso
1801 California St.
Denver, CO 80202

2. Reporting Calendar Year
(A) From : January 1996 to December 1996
(B) First Report Filed: April 1, 1997
(C) Final Report Filed:

FCC 492A

PRICE CAP REGULATION
RATE OF RETURN MONITORING REPORT
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

3. Items	Total Interstate Services Subject to Price Cap Regulation		
	First Report Col A	Final Report Col B	Difference Col C= (B - A)
1. Total Revenues	2,566,828	0	0
2. Total Expenses and Taxes	2,033,978	0	0
3. Operating Income (Net Return) (Ln1-Ln2)	532,850	0	0
4. Rate Base (Avg. Net Invest.)	3,927,755	0	0
5. Rate of Return (Ln3/Ln4)	13.57%	0.00%	0.00%
6. Sharing/Low End Adjustment Amount	(58,209)	0	0
7. FCC Ordered Refund - Amortized for Current Period	0	0	0

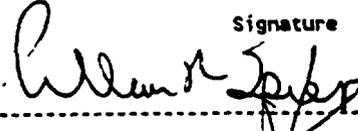
REMARKS

4. CERTIFICATION: I certify that I am the chief financial officer or the duly assigned accounting officer; that I have examined the foregoing report; that to the best of my knowledge and belief, all statements of fact contained in this report are true and this report is a correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth therein during the specified period.

Date
24-March-97

Typed Name of Person Signing
Allan R. Spies

Title of Person Signing
Vice President - Finance

Signature


PERSONS MAKING WILLFUL FALSE STATEMENTS IN THIS REPORT FORM CAN BE PUNISHED BY FINE
OR IMPRISONMENT UNDER THE PROVISIONS OF THE U.S. CODE, TITLE 18, SECTION 1001.

FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

See reverse side for information
regarding public burden estimate.

Approved By OMB
3060-0355
Expires 05/31/98

1. Name and Address of Reporting Company
U S WEST Communications Including Malheur and El Paso
1801 California St.
Denver, CO 80202

2. Reporting Calendar Year
(A) From : January 1996 to December 1996
(B) First Report Filed: April 1, 1997
(C) Final Report Filed:

FCC 492A

PRICE CAP REGULATION
RATE OF RETURN MONITORING REPORT
(Read Instructions on the Reverse Before Completing)
Dollar Amounts Shown in Thousands

REMARKS:

Footnote:

(1) Pursuant to Docket 86-127 Memorandum Opinion and Order released on August 28, 1987, Paragraph 10, the out-of-period revenues identified as "Pre 1996" booked in 1996 not included in prior 492A reports amount to \$ 2.7 million and are not included in this 492A report.

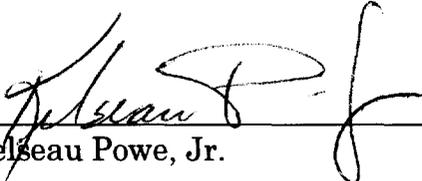
(2) Data shown in Column A reflects the removal of \$86.9 million in revenues and associated costs for excluded services not subject to Price Cap incentive regulation in accordance with the Commission's Price Cap Plan and its TRP Order, dated February 17, 1995.

(3) Rate Base includes the impact of FCC Docket 96-22 released on March 7, 1996. This docket rescinded the rate base treatment provision of RAO20 resulted in a increase in the rate base of \$21.1 million dollars.

DESCRIPTION:	SOURCE:	(000)
1. Net Revenues	FCC492A Ln. 1 (A)	2,566,828
2. Total Expense/Tax	FCC492A Ln. 2 (A)	2,033,978
3. Operating Income	FCC492A Ln. 3 (A)	532,850
4. Rate Base	FCC492A Ln. 4 (A)	3,927,755
5. Rate of Return	Ln. 3/Ln. 4	13.5663%
6. 50% Shared Earnings	If ROR < 12.25% = 0, If ROR > 12.25% & < 13.25% then [(ROR - 12.25%)/2] * RB	19,639
7. 100% Shared Earnings	If ROR > 13.25% = (13.25-12.25)/2 * RB (ROR - 13.25%) * Rate Base	12,423
8. Total Shared Earnings	Ln. 6 + Ln. 7	32,062
9. Federal Income Tax Gross-up Amount	Ln. 8 * FIT gross-up factor (0.538462)	17,264
10. State/Local Income Tax Gross-up Amount	Ln. 9 adj. by composite SLIT tax factor (0.060738)	2,996
11. Interest	(Lines 8 + 9 + 10) *11.25%	5,886
12. Price Cap Sharing	Lines 8 + 9 + 10 + 11	58,209

CERTIFICATE OF SERVICE

I, Kelseau Powe, Jr., do hereby certify that on this 14th day of May, 1997, I have caused a copy of the foregoing **REFUND PLAN OF U S WEST COMMUNICATIONS, INC.** to be served via hand-delivery upon the persons listed on the attached service list.


Kelseau Powe, Jr.

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(CC93129C.DK/lh)
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