



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY (360) 586-8203

July 13, 2016

Steven V. King, Executive Director and Secretary
Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: *Washington Utilities and Transportation Commission v. Granite Telecommunications, LLC*

Commission Staff's Response to Application for Mitigation of Penalties UT-160557

Dear Mr. King:

On June 14, 2016, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket UT-160557 against Granite Telecommunications, LLC for ten violations of Washington Administrative Code (WAC 480-120-382), which requires telecommunications companies to furnish annual reports, supporting documentation and the regulatory fee to the commission no later than May 1 each year, or in this case, May 2 as May 1 was a Sunday.

On July 1, 2016, Granite Telecommunications, LLC wrote the commission requesting mitigation of penalties. In its mitigation request, Granite Telecommunications, LLC does not dispute the violation occurred. The company states, "...According to Granite's records, Granite timely filed its 2015 annual report (including an unredacted version of its Balance Sheet and Income Statement) and timely filed the applicable regulatory fees, but Granite did not provide a redacted version of its Balance Sheet and Income Statement until after May 1, 2016. However, by providing a complete and unredacted filing prior to May 1, 2016 Granite did comply with the requirements of WAC 480-120-382, and a reduction in whole of the penalty is justified."

It is the company's responsibility to ensure that the regulatory fee is paid and the annual report is filed by the May 1 deadline. On February 29, 2016, Annual Report packets were mailed to all regulated telecommunications companies. The instruction page along with Schedule 1, Part A informs the regulated company that it must complete the annual report form, provide the supporting financial reporting documents and pay the regulatory fees, and return the materials by May 2, 2016, to avoid enforcement action. The instruction page includes a section on "Confidential Status" that informs Telecommunication companies that they may file confidential and that they must follow the steps for filing confidential documents in WAC 480-07-160.

Granite Telecommunications, LLC did not follow the steps as outlined in WAC 480-07-160 until the company submitted redacted financials on May 18.

On April 7, Granite Telecommunications, LLC filed an incomplete annual report. On April 8, commission staff requested the company's balance sheet and income statement along with an updated annual report to fix inconsistencies. On April 28, 2016, Granite Telecommunications, LLC emailed an updated annual report, income statement and balance sheet. On April 28, these documents were also electronically filed as confidential. Telecommunication companies are allowed to file certain documents as confidential as outlined in WAC 480-07-160. WAC 480-07-160(3) states that "any failure to comply with these requirements may result in the submission not being accepted as one including confidential information". One of the requirements is outlined in WAC 480-07-160(3)(C) and specifies that the provider (Granite Telecommunications, LLC) must submit both an unredacted version and a redacted version of the documents they wish to be confidential. Granite Telecommunications, LLC attempted to electronically file their financials associated with the annual report as confidential. Commission staff sent an email on April 28 to the company indicating that a redacted income statement and balance sheet are required if Granite Telecommunications, LLC would like those documents treated confidentially. An immediate response was not received. On May 18, commission staff sent an email saying "we still do not have a copy of your redacted version of the balance sheet and income statement to file confidential for public view. Were you wanting to file non-confidential?" On May 18, Granite Telecommunications, LLC emailed commission staff a redacted version of their financial statements for public viewing.

Granite Telecommunications, LLC has been active since 2003 and had previous violations of WAC 480-120-382 for the 2012 and 2013 annual reports. The associated penalties were paid in full. Due to the recent violations of WAC 480-120-382, staff would not normally recommend a reduction of the penalty. However, the company attempted to file on time and provided a complete annual report and financials prior to receiving the penalty assessment. As such, it is staff's recommendation that the penalty be reduced to \$50 per day for a total penalty assessment of \$500.

If you have any questions regarding this recommendation, please contact Sean Bennett, Regulatory Analyst, at (360) 664-1157, or sbennett@utc.wa.gov.

Sincerely,



Sondra Walsh, Director
Administrative Services