

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION

3 WASHINGTON UTILITIES AND)
4 TRANSPORTATION COMMISSION,)
5)
6 Complainant,) DOCKET NO. UT-930957

7 vs.)

8 U S WEST COMMUNICATIONS, INC.)
9)
10 Respondent.)

11 -----)
12 WASHINGTON UTILITIES AND)
13 TRANSPORTATION COMMISSION,)
14)
15 Complainant,) DOCKET NO. UT-931055

16 vs.)

17 U S WEST COMMUNICATIONS, INC.)
18 Respondent.)

19 -----)
20 WASHINGTON UTILITIES AND)
21 TRANSPORTATION COMMISSION,)
22)
23 Complainant,) DOCKET NO. UT-931058
24) VOLUME 6
25) Pages 774 - 821

26 vs.)

27 U S WEST COMMUNICATIONS, INC.,)
28 Respondent.)

29 -----)

30 A hearing in the above matter was held on
31 June 28, 1994 at 1:30 p.m., at 1313 West Meeker Street,
32 Suite 102, Kent, Washington, before Administrative Law
33 Judge ELMER CANFIELD.

34 Cheryl Macdonald
35 Court Reporter

1 The parties were present as follows:

2 COMMISSION STAFF, by JEFF GOLTZ, Assistant
3 Attorney General, 1400 South Evergreen Park Drive
4 Southwest, Olympia, Washington 98504.

4 U S WEST COMMUNICATIONS, INC., by
5 MOLLY HASTINGS, Attorney at Law, 1600 Bell Plaza, Room
6 3206, P.O. Box 21225, Seattle, Washington 98111.

6 FOR THE PUBLIC, DONALD T. TROTTER,
7 Assistant Attorney General, 900 Fourth Avenue, Suite
8 2000, Seattle, Washington 98164.

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		I N D E X			
	WITNESS:	DIRECT	CROSS	REDIRECT	RE CROSS
1	WOOSLEY	783			
2	TCHOBANOFF	785			
3	GILBERTSON	787	789		
	DIMECO	790	793		
4	BREEN	793	795		
	MEINHARDT	796	797		
5	MANNARD	798	801		
	WHALEN	803			
6	ANDERSON	805			
	HAKE	812			
7	CASSIRER	814			
	GREGSON	816			
8	HOFFER	817			
9	EXHIBITS:				
10	(None marked.)				
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1 P R O C E E D I N G S

2 JUDGE CANFIELD: This hearing will please
3 come to order. The Utilities and Transportation
4 Commission has set for hearing at this time and place
5 docket Nos. UT-930957, UT-931055 and UT-931058, each
6 entitled Washington Utilities and Transportation
7 Commission, complainant, versus U S West
8 Communications, Inc., respondent. Upon due and timely
9 notice to all interested parties, the matter has been
10 set for today in Kent, Washington. Today's date is
11 June 28, 1994, and we have already taken several days
12 of hearings in the matter hearing from the company and
13 Commission staff and some intervenors have testified
14 thus far. Those hearings are in the process and will
15 be resumed tomorrow. The purpose of today's session,
16 as indicated on the notice, is to receive testimony
17 from members of the public on the U S WEST filing, and
18 I'm Elmer Canfield with the Office of Administrative
19 Hearings, and I would like the rest of the
20 participants to identify themselves, beginning with
21 the respondent, please. Maybe just state your name
22 and
23 who your complaint is for the benefit of the public.
24 MS. HASTINGS: My name is Molly Hastings.
25 Ed Shaw and I represent U S WEST Communications.

1 MR. GOLTZ: My name is Jeff Goltz. I'm
2 with the attorney general's office not with the public
3 counsel section. I'm assigned to represent the
4 Utilities and Transportation Commission and staff.

5 MR. TROTTER: My name is Don Trotter. I'm
6 also an assistant attorney general, and my job is to
7 represent the public counsel section of the attorney
8 general's office.

9 JUDGE CANFIELD: Thank you. I will note
10 that there are a number of additional parties to the
11 proceeding who have intervened and are not present
12 today. They are participating in the other
13 proceedings in presenting their cases and participating in
14 the filings.

15 At the outset, I would hope that Mr. Trotter
16 would make a short presentation and then we would get
17 into the testimony from the members of the public. I
18 assume Mr. Trotter won't have any lengthy presentation
19 to make, but I think it would be helpful if you make a
20 short presentation for the benefit of the public.

21 MR. TROTTER: First of all, thank you all
22 for coming. Appreciate your interest and these are
23 important dockets before the Commission, and the
24 Commission, I'm sure, will be reading the testimony to
25 see what affected customers think about the proposals

1 before the Commission. Hopefully you've picked up the
2 Commission's information sheet, gives you some
3 information about these dockets. The way I look at it,
4 there are three parts to the docket.

5 First on the list is directory assistance.
6 If you're a residence customer or a business customer
7 today, you get four directory assistance calls with
8 your monthly bill. There's no extra charges for
9 those, but for every one additional per month, you pay
10 a quarter. The proposal before the Commission is to
11 reduce the allowance for residential customers down to
12 one per month and each additional call 35 cents, and
13 if you are a business customer, no allowance, so every
14 directory assistance call would be 35 cents. The
15 company justifies this claiming that there is emerging
16 competition for directory assistance and that the
17 current price of a quarter is below cost, and they
18 want to raise it to a level closer to cost. These
19 claims are being contested by various parties.

20 The second part of these three cases deals
21 with terminal loops and that's a phrase that covers
22 various types of private lines. The most common I
23 think might be known as an off premise extension so if
24 you're a business or even a residence customer but
25 you want to have a phone located in another different

1 physical location but you want it treated as if it's
2 ringing at your house or your business, you can get an
3 off-premise extension. There are other types and they
4 are I think listed in the handout. U S WEST believes,
5 again, there's emerging competition for those services
6 and that they are currently priced below cost and
7 wants to get the cost -- they want to do that merging
8 them and treating them like any other private line,
9 bring them into the private line tariff. There have
10 been a lot of -- this one has been very hotly
11 contested because most of these facilities appears are
12 purchased by schools, cities and local governments,
13 and they are seeing price increases in the 200 to 300
14 percent range which is translating into an awful lot
15 of dollars for governmental entities which are under
16 Initiative 601 or even just under the budget
17 realities today is very hard to come up with that
18 money. So they are very much opposed to this part of
19 it and are also complaining about rate shock for the
20 reasons I've just stated.

21 The third aspect -- obviously those first
22 two involve rate increases and those generate more
23 dollars for the company, so in an effort to make these
24 filings a little more revenue neutral or quite a bit
25 more revenue neutral they are proposing to reduce some

1 rates in the complex business line area.

2 Now, if you're a business customer and you
3 purchase four lines and only four lines -- four lines
4 or less -- you pay a certain rate. If you decide to
5 get one more line, you go over into five lines, the
6 rate for all of your lines goes up significantly.
7 That's called -- when you have five lines or more
8 you're a complex business line customer. That's the
9 current rate structure. U S WEST wants to do two
10 things. They want to first lower those rates on an
11 absolute basis and then instead of each of those lines
12 costing more when you purchase five, just the
13 additional lines would cost more, just fifth line,
14 sixth and seventh would cost more instead of repricing
15 all the lines. They claim the current structure is
16 nonsensical and penalizes the growing small business
17 customer and want to use most of the dollars that are
18 generated from the other rate increase proposals to
19 decrease those rates.

20 Now, if you are a customer and you know
21 what your specific services are and what your usage
22 is, there are company representatives here that might
23 be able to answer exactly what the rate impact is or
24 I'm sure they would get that information available to
25 you. Ms. Hastings, may I introduce --

1 MS. HASTINGS: You may.

2 MR. TROTTER: I know two of them anyway.
3 Theresa Jensen in the black checkered coat is one and
4 Mr. Gary Rees is sitting behind her and are there
5 other people you wish to introduce?.

6 MS. JENSEN: We'll --

7 MR. TROTTER: If you have any specific
8 questions of the company of how these proposals may
9 impact your specific circumstances, they may not be
10 able to answer you today, but I'm sure they can take
11 the detail and get the answer for you.

12 So, that ends my presentation, but the
13 format is I will call your name from the sign-up
14 sheet, and I will ask you to state your name and spell
15 your name, give us your business address or residence
16 address, whichever you prefer, and then ask what your
17 position is or what statement you want to make to the
18 Commission. Please be concise, give the reasons for
19 your position, if you have one, and then Ms. Hastings,
20 Mr. Goltz and myself may ask some follow-up questions
21 on it to help us understand your testimony, and that's
22 the process we'll go through. So I will proceed to
23 the list and we'll get started, thank you.

24 JUDGE CANFIELD: With that as indicated,
25 the sign-up sheet we have one up here that's been

1 completed but for you wishing to sign still, there is
2 a sheet in the back of the room for that. So with
3 that, Mr. Trotter, your first witness.

4 MR. TROTTER: Mr. Todd Woosley.

5 THE WITNESS: My name is Todd Woosley
6 spelled W O O S L E Y. I'm here to represent my
7 family business. It's Hal, H A L Woosley Reality,
8 Inc. Our mailing address is Post Office Box 3325 --
9 that's in Bellevue and our zip code is 98009-3325.
10 Whereupon,

11 TODD WOOSLEY,
12 having been first duly sworn, was called as a
13 witness herein and was examined and testified as follows:

14

15 DIRECT EXAMINATION

16 BY MR. TROTTER:

17 Q. You are a business customer of U S WEST?

18 A. Yes, I am.

19 Q. And you're here testifying on terminal loop
20 side?

21 A. That's correct.

22 Q. Please proceed.

23 A. I'm here to support the U S WEST proposal
24 and support it in the interests of fairness. We are
25 one of the small businesses that currently are

(WOOSLEY - DIRECT BY TROTTER)

1 subsidizing the large business rates and subsidizing
2 the public facilities with the terminal loop. We're
3 paying for a fifth line at our office which we had the
4 first four lines we had with the necessity to install
5 a fax and a modem line. That fifth line actually
6 costs nearly as much as the previous four lines
7 combined. With this proposal our business would save
8 \$523 plus on an annual basis, which is significant in
9 the operating costs of a small business. But the
10 costs itself isn't so much the issue to us as it is
11 the fairness. We believe that all users, all phone
12 lines, of similar capacity, similar utilization,
13 should be charged at the same rate. We shouldn't be
14 paying more than anybody else or for that matter less
15 than anybody else. And that allows us to compete with
16 larger businesses. In terms of the cost to the public
17 entities, as was mentioned, the funding to support
18 public entities and the operation comes from the tax
19 base, or should come from that, and if small
20 businesses are in effect paying a higher rate than
21 they need to so that these public entities can have a
22 lower rate, that's a hidden tax and we don't believe
23 that's fair either. So we support the U S WEST
24 recommendation to balance out the terminal loops and
25 in the form that it's been proposed.

(WOOSLEY - DIRECT BY TROTTER)

1 JUDGE CANFIELD: Questions from anyone?

2 Thank you, Mr. Woosley. I would ask the
3 witnesses to pause before they sprint from the podium
4 so that if there are any questions we can get those
5 taken care of.

6 MR. TROTTER: One thing I have to do is
7 apologize for mispronouncing names. Next one
8 hopefully I can do. Dan Tchobanoff.
9 Whereupon,

10 DAN TCHOBANOFF,
11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13

14 DIRECT EXAMINATION

15 BY MR. TROTTER:

16 Q. Would you state your name and spell it for
17 us.

18 A. My name is Dan Tchobanoff. That's D A N
19 T C H O B A N O F F. I'm a communications supervisor
20 for Pierce County Information Services, and the
21 address is 930 Tacoma Avenue, Room 753, and that's
22 Tacoma 98402, and I'm speaking on the terminal loop
23 docket. Pierce County would experience a budget
24 increase of approximately \$150,000 a year to sustain
25 the existing service that we have. We're currently in

(TCHOBANOFF - DIRECT BY TROTTER)

1 the middle of trying to establish more community-based
2 services. We're setting goals. We had a meeting with
3 our executive yesterday about dedicating space at
4 every one of the new and remodeled county locations
5 for community-based services at which there would be
6 staff to help county taxpayers get their information
7 needs met as far as services provided by the county,
8 and in order to do that, we need to utilize these type
9 of lines because typically these are at locations that
10 are very small. We have 28 of them right now, so the
11 net result of the \$150,000 is to virtually triple our
12 budget for those type of lines that support these
13 remote locations, so it's very difficult for us to do
14 that without cutting elsewhere and the commitment has
15 been made to provide community service. That's all I
16 have to say.

17 JUDGE CANFIELD: Questions for this
18 witness?

19 Q. The \$150,000 a year increase, that's not
20 related solely to the 28 lines, is it?

21 A. No. That's 28 locations that support a
22 great number of lines. And I have a letter here with
23 some of the facts on that if you would like to have
24 that.

25 Q. Sure.

(TCHOBANOFF - DIRECT BY TROTTER)

1 A. It's the same letter that we delivered
2 to the Commission.

3 Q. Then we have it but I will take it to
4 make sure we have the same one.

5 MR. TROTTER: The next person we have is
6 Mr. Norm Gilbertson.

7 Whereupon,

8 NORM GILBERTSON,
9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11

12 DIRECT EXAMINATION

13 BY MR. TROTTER:

14 Q. Would you please state your name and spell
15 it for us.

16 A. My name is Norm Gilbertson, G I L B E R T
17 S O N.

18 Q. And your business address?

19 A. My business is Weldco, W E L D C O-Beales,
20 B E A L E S, 2328 Roosevelt Avenue in Enumclaw.

21 Q. Is that business a customer of U S WEST?

22 A. Yes, we are.

23 Q. And you're here to comment on the terminal
24 loop/private line?

25 A. Well, the complex line service, wherever

(GILBERTSON - DIRECT BY TROTTER)

1 that falls.

2 Q. There's no category on the list for that.

3 So why don't you proceed with your statement.

4 A. Well, we operate a small business, actually
5 two different locations in Enumclaw. In looking at
6 what we pay for phone cost every month -- I'm the
7 general manager there so I sign the checks and approve
8 all the invoices -- it seems like we're subsidizing
9 everyone else. We're paying about four times what the
10 residential user pays for in the fixed fee. We're
11 paying more for each line than a small, small business
12 is. That's four lines or less, and most other
13 companies, and mine is no exception, that when people
14 get something in quantity they usually get volume
15 discounts, not increases when they want to add a line.
16 Now, I would like to add two more lines between my two
17 locations, but I just can't spend the extra money to
18 do that so it makes it tough when you want to grow.

19 Q. How many lines do you have currently at
20 each location?

21 A. We have a total -- I get billed now for a
22 total of 13 between the two.

23 Q. Are you billed as one account or are they
24 two separate accounts?

25 A. Well, I hate to even say. Four separate

(GILBERTSON - DIRECT BY TROTTER)

1 accounts, which is maybe a problem with U S WEST, too,
2 or maybe it's because of the way that we added them
3 over the years, but we have fax lines and modem lines
4 and our regular long distance line.

5 Q. So you're supporting the complex line
6 restructuring and reductions?

7 A. Yes. And the services ought to be billed
8 at what -- some reflection to the cost of service.

9 Q. Anything else you want to add?

10 A. No.

11

12 CROSS-EXAMINATION

13 BY MR. GOLTZ:

14 Q. The Commission is experimenting with
15 different ways to get the word out for these hearings
16 and public hearings and trying to reach as many people
17 as possible, so out of curiosity how did you hear
18 about the hearing today?

19 A. I heard it through one of the groups I
20 belong to, the Independent Business Association. I'm
21 sure I've seen it someplace else but it didn't spring
22 to mind right away.

23 MR. TROTTER: Thank you.

24 JUDGE CANFIELD: What is the business of
25 Weldco-Beales?

(GILBERTSON - CROSS BY GOLTZ)

1 THE WITNESS: We're steel fabrication and
2 machine. We make equipment attachments, buckets,
3 blades, booms, sticks, for construction mining and
4 logging equipment and we sell around the world. We're
5 not a big business but we do a little volume all over
6 the world.

7 JUDGE CANFIELD: Thank you, Mr. Gilbertson.

8 MR. TROTTER: Next is Tom Dimeco.

9 Whereupon,

10 TOM DIMECO,
11 having been first duly sworn, was called as a witness
12 herein and was examined and testified as follows:

13 THE WITNESS: My name is Tom Dimeco,
14 spelled D I M E C O, and I'm the finance manager for
15 the Evergreen Services Corporation or Landscape
16 Management located in Bellevue with satellite
17 divisional offices up and down the western coast of
18 Washington.

19

20 DIRECT EXAMINATION

21 BY MR. TROTTER:

22 Q. What's your main business address?

23 A. 12010 Southeast 32nd Street, Bellevue,
24 Washington zip is 98005. And I speak for the term
25 loop docket as well in support of the U S WEST

(DIMECO - DIRECT BY TROTTER)

1 proposal. I would reiterate and throw my support
2 behind Mr. Woosley with trying to avoid repeating some
3 of the things he's mentioned. We are too a small
4 company. When I came to Evergreen Services three
5 years ago we were a company of four lines, business
6 lines, with a multitude of three to five dedicated
7 lines. As our company has grown in the three years
8 that I've been there, we have seen our
9 telecommunications costs, not just our land-based
10 lines but modems and so forth, almost triple, I would
11 say. I would say just under 300 percent. It has now
12 become a budget item that I have personally taken an
13 interest in because in the past it's kind of been the
14 -- the cost has been insignificant to really spend
15 more than just a passing notion as to ways in which we
16 could control it, but as we have grown as a company
17 and have relied more heavily on faxes and modems and
18 our networks PC's in tying in our satellite divisional
19 offices, it has become and will continue to be an ever
20 increasing cost. So I would, I suppose, again without
21 trying to repeat what has already been stated -- some
22 of our larger customers, our utilities and schools and
23 municipalities and we find that it's a cost -- it's a
24 true cost to us. It's something we have to control.
25 I would suggest that those municipalities and

(DIMECO - DIRECT BY TROTTER)

1 educational systems that utilize the reduced or
2 subsidized rates that they're not recognizing the true
3 cost of doing business and we as a small business do
4 recognize the true cost and see this as an opportunity
5 to be placed on a more equal playing ground.

6 Q. When you say your telecommunications cost
7 increased almost three times over the time you've been
8 there, would that be the cost of the lines, the amount
9 of long distance as well as the equipment costs or
10 were you just looking at the phone bill that you paid
11 the phone company?

12 A. I will speak to that question and then
13 maybe that brings to mind some other points I would
14 like to make. The increasing costs comes from all of
15 those areas you mentioned, both the cost of increased
16 number of lines that we have specifically; also the
17 long distance charges involved. We've also, because
18 of the way we've -- our information system has kind of
19 evolved, we've needed to take advantage of more
20 dedicated information lines relative to computer and
21 so forth. But we have been able to make efforts and
22 through more dedicated, I guess, attention to the
23 telecommunications cost, we have been able to reduce
24 and make effort to be more efficient on long distance
25 charges, the way we've organized our bill and taken

(DIMECO - DIRECT BY TROTTER)

1 advantage of everything that U S WEST has to offer.
2 Unfortunately, though, we cannot do anything about the
3 need for physical lines, and this is an opportunity to
4 take advantage of that. Thank you you.

5 JUDGE CANFIELD: Any other questions?

6

7 CROSS-EXAMINATION

8 BY MR. GOLTZ:

9 Q. Just curious also. How did you hear about
10 the hearings?

11 A. U S WEST and IBA both contacted me and made
12 me aware of the proposal that they had available.

13 MR. TROTTER: Next sign-up person is George
14 Gaston.

15 FROM THE AUDIENCE: Pass at this time.

16 MR. TROTTER: Pat Breen.

17 Whereupon,

18 PATRICIA BREEN,

19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 THE WITNESS: I am Patricia Breen. That's
22 B R E E N as in Nora, and I am the owner of Associated
23 Couriers located at 18822 - 13th Place South, Seattle,
24 98198. Our mailing box is -- mailing address is P O
25 Box 98870, Seattle and the same zip. I am here to

(BREEN - DIRECT BY TROTTER)

1 speak on the complex business lines, and I agree with
2 what Mr. Woolsey, Mr. Gilbertson and Tom Dimeco said.
3 However, I would like to add to it that as a courier
4 company I am regulated by the Utilities and
5 Transportation Commission, and as such the rate
6 increases or any type of rates have a greater impact
7 on me because I cannot pass on my costs the way many
8 other businesses do when they are impacted with
9 increases. If we could get a decrease on our complex
10 business lines it would certainly help my bottom line.
11 My bottom line here for a long time, I'm one of those
12 businesses that have either been breaking even or
13 losing money because of the complexity of getting rate
14 increases for us.

15 Now, in order to stay in business, I have
16 to diversify, and in order to diversify, I have to add
17 more lines, and we, too, have dedicated lines, faxes,
18 modems, which you've all heard about that. But just
19 to add more lines is extremely costly. My phone bill
20 at this point in time is running about between \$2300
21 and \$2500 a month, which is a huge expense to us and,
22 as I say for us as a regulated business, it's very
23 difficult to get that rate increases passed on, and I
24 cannot survive unless I can increase my markets, and
25 because I'm regulated I am limited to where I can

(BREEN - DIRECT BY TROTTER)

1 increase my markets and the commodity, the weight and
2 locality.

3 Q. How many flat business lines, not private
4 line but just business lines do you have right now?

5 A. At this time about 19.

6 Q. And do you know what the charge is for
7 that, just those lines per month?

8 A. It's approximately \$30, I believe, a line,
9 \$30 to \$35 a line.

10 MR. TROTTER: Thank you.

11 JUDGE CANFIELD: Any other questions.

12

13 CROSS-EXAMINATION

14 BY MR. GOLTZ:

15 Q. How did you hear about the hearing today?

16 A. IBA. I do not have time to keep up on all
17 of these and I appreciate what IBA does, Independent
18 Business Association. The Commission is very good
19 about letting me know anything on transportation, but
20 I depend on IBA to keep me advised of everything else.
21 And I appreciate it. I don't have the manpower time.

22 JUDGE CANFIELD: Thank you.

23 MR. TROTTER: Tony Meinhardt representing
24 IBA.

25 Whereupon,

(MEINHARDT - DIRECT BY TROTTER)

1 TONY MEINHARDT,
2 having been first duly sworn, was called as a witness
3 herein and was examined and testified as follows:

4 THE WITNESS: My name is Tony Meinhardt.
5 I'm with the Independent Business Association.

6

7 DIRECT EXAMINATION

8 BY MR. TROTTER:

9 Q. Spell your last name.

10 A. M E I N H A R D T.

11 Q. Business address?

12 A. Is 400-108th Avenue Northeast, Suite 610,
13 Bellevue, Washington 98004. And as I put down on the
14 thing, I am available for questions. As you notice,
15 we have a few members here and they are doing a fine
16 job of bringing forth testimony. So I will just
17 simply reiterate that for the bulk of our members, the
18 complex line service, the fee decreases, it is an
19 important issue to them. They are strongly in support
20 of the proposal and like I say, I am available for
21 questions.

22 Q. Did you do any poll of your membership to
23 see just the average number of lines your members
24 have?

25 A. We have polled them on similar issues as

(MEINHARDT - DIRECT BY TROTTER)

1 local measured service and such recently. I believe
2 that we did a straw poll. We didn't have the time to
3 poll the whole membership through our newsletter,
4 which is what we usually do, so I apologize. I can't
5 give you specific numbers, but in talking with our
6 members, the majority response was favorable.

7 Q. And is there any criteria for becoming a
8 member, any cut-off on the size of the company that
9 can be a member?

10 A. Yes. Our members are generally 50
11 employees or fewer, but the majority of our members
12 have five employees. That's our main.

13 Q. And how many members do you have?

14 A. We have about 6200 statewide and we are
15 just Washington state-based organization.

16 Q. And do you know how many of those are in
17 U S WEST's territory?

18 A. No, I don't. Not offhand. I can try and
19 find out and get that to the Commission.

20 Q. After the hearing I will give you my fax
21 number. If you want to send me a letter I can see
22 that it becomes a part of the record.

23 A. Thank you. I would appreciate that.

24

25

CROSS-EXAMINATION

(MEINHARDT - CROSS BY GOLTZ)

1 BY MR. GOLTZ:

2 Q. Do you have a weekly, monthly newsletter?

3 A. Monthly.

4 Q. Is that how you generally communicate about
5 things like this?

6 A. Yes.

7 Q. How did you hear about the hearing?

8 A. We were contacted by U S WEST, I believe.
9 I personally heard about it through my office manager,
10 so how he heard about it, I can't be certain, but it
11 is our job and our responsibility to keep on top of
12 the issues that are going to be impacting small
13 business.

14 JUDGE CANFIELD: And again your position
15 with IBA?

16 THE WITNESS: I am one of the lobbyists.

17 MR. TROTTER: Thank you. Next, Mark
18 Manold. Mannard, I'm sorry.

19 Whereupon,

20 MARK MANNARD,
21 having been first duly sworn, was called as a witness
22 herein and was examined and testified as follows:

23

24 DIRECT EXAMINATION

25 BY MR. TROTTER:

(MANNARD - DIRECT BY TROTTER)

1 Q. Would you please state your name and spell
2 it?

3 A. It's Mark with a K, Mannard, M A N N A R D.

4 Q. Business address?

5 A. City of Federal Way, 33520 First Way South.

6 Q. That's in Federal Way?

7 A. 98003.

8 Q. What is your position?

9 A. I'm the telecommunications manager.

10 Q. You're here to talk about the terminal
11 loop, private line?

12 A. Yes, I am.

13 Q. Please proceed.

14 A. We're currently using a number of the
15 terminal loop OPX lines for for connecting our
16 outlying facilities, and the biggest concern we have
17 is the rate at which the changes occur. I am not
18 opposing paying for what you get, but when we made
19 capital expenditure decisions four years ago based on
20 the current, at that time, rate of monthly charges,
21 for us to incur a 200 to 400 percent increase, it
22 would substantially impact obviously what we're doing.

23 Like some of the small business customers
24 have also said, we can't pass on costs to our
25 customers. Our customers don't -- our taxes are

(MANNARD - DIRECT BY TROTTER)

1 collected on an annual basis and there's no way for us
2 to turn around other than to tax the local businessmen
3 or something like that, which is highly unpolitically
4 sound right now, and we would like to maintain all of
5 those programs that we currently have without any
6 additional costs. If we were to experience such a
7 cost increase something else would have to go, and I
8 am afraid that it would just be the public that got
9 hurt.

10 Q. Do you have an estimate of the dollar
11 amount of increase? You gave a percentage but the
12 increase in dollars?

13 A. Dollar amount would be approximately
14 \$25,000 increase.

15 Q. Per year?

16 A. Per year.

17 Q. And some witnesses in the proceeding, not
18 today but in other phases, have recommended if there
19 are increases to phase them in over three years. Does
20 that comport with your position?

21 A. Three years would be an absolute minimum.
22 The city with the way the budget goes now will
23 probably have to maintain the existing equipment for
24 much longer than three years. Three years is a very
25 minimum amount of time when you're planning budgets

(MANNARD - DIRECT BY TROTTER)

1 for a large city.

2 Q. Have you looked into alternatives to --

3 A. We're starting to because we feel that
4 eventually these costs are going to go up, and as we
5 grow and we're going to have to come up with
6 alternative means.

7 Q. Do you have any right now?

8 A. No, we don't. City of Federal Way is
9 fairly new. We're only about four and a half years
10 old so we're still trying to get the basics done but
11 still keep up with today's issues.

12 Q. Thank you for your statement.

13

14 CROSS-EXAMINATION

15 BY MR. GOLTZ:

16 Q. How did you hear about the hearing today?

17 A. I'm on the PUC's mailing list.

18 Q. Let me ask you then. Were you the
19 telecommunications manager since the creation of the
20 city of Federal Way?

21 A. Originally the city of Federal Way utilized
22 my services through King County Fire District 39 who
23 is my primary employer with an interlocal agreement.
24 Since then the city has formed their own MIS staff,
25 including Telecomm, and I'm now part-time employee for

(MANNARD - CROSS BY GOLTZ)

1 the city of Federal Way doing that.

2 Q. When you say capital expenditures, I assume
3 these were in effect the initial expenditures by the
4 city?

5 A. We basically made a decision four and a
6 half, five years ago, to go with our own PBX system
7 rather than a Centrex or a system of private lines or
8 something like that, other alternatives at the time.
9 So the capital outlay at that time was very
10 significant for a city that was less than a year old
11 at the time.

12 Q. This is a hypothetical, but if the city of
13 Federal Way had come into being just now and you were
14 to repeat that decision-making process with your
15 understanding of the proposed rates, would your
16 decision-making have been different?

17 A. Yes. We would have to make different
18 decisions or at least we would have to plan our
19 budgetary expenses differently, and even if we decided
20 to stay with the existing equipment or put in a system
21 like we currently have, it would be with the
22 understanding and everyone upfront would know that it
23 was going to cost us X number of dollars. Not X
24 number of dollars plus 200 percent as what is being
25 proposed.

(MANNARD - REDIRECT BY TROTTER)

1

2

REDIRECT EXAMINATION

3 BY MR. TROTTER:

4 Q. Do you know what percent of your total city
5 budget your telecommunications budget is?

6 A. It's very, very small if you look at the
7 total budget.

8 Q. Is it less than 2 percent?

9 A. Yes, it is. It's less than 2 percent if
10 you look at all of the expenses of the complete city.

11 JUDGE CANFIELD: Thank you.

12 MR. TROTTER: J. P. Whalen.

13 Whereupon,

14

J. P. WHALEN,

15 having been first duly sworn, was called as a witness

16 herein and was examined and testified as follows:

17

18

DIRECT EXAMINATION

19 BY MR. TROTTER:

20 Q. Would you please state your name and spell
21 your last name.

22 A. Yes, and you pronounced it properly, thank
23 you. It's J. P. Whalen, W H A L E N.

24

Q. Business address?

25

A. 1401-140th Place Northeast in Bellevue

(WHALEN - DIRECT BY TROTTER)

1 98007.

2 Q. And what is the name of your company?

3 A. It's J. P. Whalen Company.

4 Q. What's the nature?

5 A. We are manufacturer's representatives.

6 It's a pure sales organization and we operate

7 principally in Washington and Oregon.

8 Q. And you're a business customer of U S WEST?

9 A. Yes.

10 Q. So please give us your statement.

11 A. Okay. When Mr. Woolsey got up and I
12 listened to him, my first reaction was, my gosh, he's
13 stealing everything I wanted to say, but I find after
14 thinking about it that I would simply add my
15 congratulations and tell him that that's essentially
16 what my views are. I'm addressing the whole situation
17 and basically I'm in favor of everybody paying their
18 own way. The result of these changes that U S WEST is
19 proposing would mean some increases for some and some
20 decreases for others, but as they claim, and I'm sure
21 they have the number to back it up, it would be
22 revenue neutral as far as the U S WEST is concerned.
23 I am sympathetic to those entities that depend on what
24 apparently they're getting is subsidies in the form of
25 lowered rates for certain services and that they would

(WHALEN - DIRECT BY TROTTER)

1 be penalized if the rates were adjusted to reflect the
2 true costs, but as most of them are, many of them at
3 least, are tax-supported institutions, I would
4 encourage for them to look for their revenue from the
5 tax base rather than from these so-called hidden taxes
6 that have been assessed to the small business people.
7 That's all.

8 Q. How many business lines does your
9 company --

10 A. We have five.

11 Q. And you're supporting that complex line
12 reduction?

13 A. Yes.

14 MR. TROTTER: I have nothing further.

15 JUDGE CANFIELD: Any other questions?

16 Okay. Thank you, Mr. Whalen.

17 MR. TROTTER: J. H. Anderson.

18 Whereupon,

19 J. H. ANDERSON,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22

23 DIRECT EXAMINATION

24 BY MR. TROTTER:

25 Q. Go ahead.

(ANDERSON - DIRECT BY TROTTER)

1 A. My name is Jayne Anderson. Jayne is
2 spelled with a Y. Anderson is spelled with an O. I
3 live at 7114 Sacramento Street Southwest, Tacoma
4 98499. You're not going to ask me for my phone
5 number. Everybody else does.

6 Q. You're a U S WEST customer?

7 A. Yes.

8 Q. And you're here to talk about the directory
9 assistance filing?

10 A. Yes. In support of the utility
11 Commission's idea. As becoming someone who has been a
12 citizen activist these past 25 years, it goes without
13 saying that I would be prompted to want to be heard at
14 this time. Having read the Invitation To Comment
15 sheet mailed to me by the attorney general's office in
16 this Commission, it was gratifying to me to read where
17 the Commission staff is recommending that the
18 Commission reject all three of U S WEST's proposals.
19 After having spent several years as a citizen activist
20 in the WPPSS fiasco where the citizens of this state
21 were concerned and basically ignored, there may be
22 hope for us yet.

23 Given the present sophisticated maze of
24 today's phone directory book it's bad enough having to
25 deal with that. We should not have the four calls

(ANDERSON - DIRECT BY TROTTER)

1 already allowed adulterated to just one and then be
2 charged more for that one. When I look at my light,
3 phone and sewer bills that all now have added taxes on
4 them, I do not consider that this raise is totally
5 desirable or necessary to the interest of the citizens
6 of this community who use U S WEST. Thank you.

7 JUDGE CANFIELD: Any questions for
8 Ms. Anderson?

9 Q. Ms. Anderson, how many phone calls a month
10 do you make to directory assistance?

11 A. None because you can't afford them.

12 Q. Well, the first four are free.

13 A. They kept that a pretty guarded secret. I
14 thought I only had one and I was being charged for
15 directory assistance and it was explained to me that
16 was another charge because it had something to do with
17 the government.

18 MR. TROTTER: I'll just make one comment
19 that we learned in the hearings that if you do call
20 for directory assistance the company will give you two
21 numbers per call so if you call up and you're just
22 looking for one number, John Smith in Bellevue or
23 something, they will give you that, but if you have
24 two, they will give you both -- and even if it's above
25 your free call allowance there's no additional charge

(ANDERSON - DIRECT BY TROTTER)

1 for that second DA number per call. Now, if you hang
2 up and call back that's a new one, but that's
3 something we didn't understand but found out during
4 the hearing. So I thought I would pass that along.

5 C. W. Harris.

6 Whereupon,

7 C. W. HARRIS,

8 having been first duly sworn, was called as a witness
9 herein and was examined and testified as follows:

10 THE WITNESS: My name is Charles W. Harris.
11 I represent Spencer Industries, 8410 Dallas Avenue
12 South, Seattle, 98108. And I have to say I also
13 thought you only got one directory assistance call at
14 home for free. So things that are free are not well
15 advertised oddly enough. You've heard from some
16 telecommunications managers. When you hear from the
17 small business people here, which I am one of them, we
18 put on our telecommunications manager hats just for a
19 couple of hours here. I wear about six other hats as
20 do my other partners. We have about 100 employees,
21 but we are still very small in our industry and as we
22 are defined by the federal government as a small
23 business. We're very leary as a small business when
24 big business, or government for that matter, tells us
25 that they're going to save us money. Many times we

(HARRIS - DIRECT BY TROTTER)

1 find that they're taking out of one hand to put into
2 the other hand. So when the IBA, who called me, too,
3 saying you better come down here because we want your
4 support -- and IBA does an excellent job, by the way,
5 of getting the word out -- they certainly piqued my
6 curiosity of what was going on because I had not
7 received other word from anybody else.

8 I want to say also that I appreciate the
9 role of the Washington Utilities and Transportation
10 Commission because I think you have done over the last
11 ten years, that I have been aware of what you actually
12 do, an excellent job of protecting the public from
13 regulated monopolists who otherwise would have license
14 to do their own thing, and that's a two-edged sword,
15 though, and in the regulation of them in the past,
16 some inequities have been regulated. Everybody can
17 understand, I think, why it is a social good to have a
18 telephone in every household and therefore we should
19 have a subsidized -- if you want to say a cost shift
20 is a subsidy -- a subsidized rate for residential
21 lines, and somehow you're going to have to protect
22 that as more competitors come into the market place to
23 U S WEST. However, as a business person and as a
24 gentleman from Weldco-Beales said, usually when you
25 buy more of something you get a better price not just

(HARRIS - DIRECT BY TROTTER)

1 the opposite. So it really doesn't make sense that
2 five lines -- not only the fifth line costs more than
3 the first four but that it in fact increases the price
4 of the first four. That's just really Alice in
5 Wonderland. It's the result of a political process
6 negotiations usually not open to much public scrutiny,
7 I think, and so this is a wonderful hearing you're
8 having. But the term nonsensical that you used
9 earlier really is correct here. Although there may
10 be disagreements with the tradeoffs that are being
11 made, I would hope that there would be a way that you
12 could take each individual topic here and deal with
13 it, and I know that you will probably have to
14 negotiate with U S WEST; to take away directory
15 assistance calls to relieve a nonsensical business
16 rate really seems like trading apples and oranges, and
17 I hope that there's a way to relieve that.

18 Now, however, there are two things that are
19 apples and apples. And that is that the business
20 rates for small business, which are \$27 for the first
21 four and then \$38 after that, or thereabouts, are
22 something that is business-related. They're
23 commercial user-related, but if you have a PBX and you
24 have multiple lines out there from your PBX, that's
25 only six bucks. Now, why should I be paying \$38 for

(HARRIS - DIRECT BY TROTTER)

1 something that a much larger entity with a
2 telecommunications manager only pays \$6 for. That
3 doesn't seem fair and if you're saying it's because of
4 volume then I go back to, gee, why is the fifth line
5 more expensive than the first four and in fact
6 increases the rate of the first four. So in terms of
7 fairness, the proposal with regard to complex lines by
8 U S WEST seems very reasonable. In terms of the
9 tradeoffs that's up to you guys.

10 Q. How many business lines does your firm
11 have?

12 A. In the state of Washington we have between
13 40 and 50 lines in three different locations.

14 Q. How many locations?

15 A. Well, we have Seattle, Yakima and Spokane.

16 Q. And do you use a PBX or just flat business
17 lines?

18 A. No, because we had about five or six,
19 seven years ago when we went through the exercise of
20 did a PBX line make sense, it didn't make sense to us
21 at all because we weren't huge, so we have stuck with
22 the standard business lines. And it still doesn't
23 make sense with today it's --

24 MR. TROTTER: Thank you.

25 JUDGE CANFIELD: Mr. Harris, what is

(HARRIS - DIRECT BY TROTTER)

1 Spencer Industries?

2 THE WITNESS: We're an industrial
3 distributor and manufacturer of niche products.

4 JUDGE CANFIELD: Any other questions?

5 Okay. Thank you.

6 MR. TROTTER: Next Donna Hake.

7 Whereupon,

8 DONNA HAKE,

9 having been first duly sworn, was called as a witness
10 herein and was examined and testified as follows:

11 THE WITNESS: My name is Donna Hake, H A K
12 E. I'm the executive director for the Des Moines --
13 the greater Des Moines Chamber of Commerce. I'm here
14 to speak today in support of U S WEST's proposals to
15 make changes in the rate for the terminal loop
16 complex.

17

18 DIRECT EXAMINATION

19 BY MR. TROTTER:

20 Q. Could I have your address?

21 A. Street address is 22236 Dock Avenue South,
22 Des Moines, Washington 98198.

23 We have reviewed the proposal and we feel
24 that it would be advantageous to the small businesses
25 that the chamber represents because their telephone

(HAKE - DIRECT BY TROTTER)

1 bills would be greatly reduced with this -- if they
2 weren't charged as much for their fifth line. Small
3 businesses have a very difficult time getting off the
4 ground and then hanging on until they establish their
5 customers. Most of the time it's day to day; as you
6 know, many of those businesses don't make it. One of
7 the ways we can help small businesses is to insure
8 they're getting a fair break on their costs.
9 Telephone service is essential to businesses,
10 particularly the small businesses, and if you remove
11 the subsidy to tax-supported organizations and large
12 businesses it's going to be a step in the right
13 direction for the small businesses.

14 MR. TROTTER: Thank you.

15 JUDGE CANFIELD: Any questions? Thank you.

16 MR. TROTTER: Ernest Cassirer.

17 Whereupon,

18 ERNEST CASSIRER,

19 having been first duly sworn, was called as a witness
20 herein and was examined and testified as follows:

21 JUDGE CANFIELD: Please speak into the
22 microphone.

23 THE WITNESS: My name is Ernest. Last name
24 is Cassirer and thank you for the correct
25 pronunciation.

(CASSIRER - DIRECT BY TROTTER)

1

2

DIRECT EXAMINATION

3 BY MR. TROTTER:

4 Q. Could you spell that for us?

5 A. C A S S I R E R.

6 Q. Your address?

7 A. 24914 D, as in David, 109th Place Southeast
8 and that's in Kent, 98031.

9 Q. And you're testifying on your own behalf
10 today?

11 A. Yes, I am. It's on the directory
12 assistance question.

13 Q. Please proceed.

14 A. Looking at the total picture, I made a few
15 quick calculations and from what I can see there's a
16 duty of result here which seems most unfair. First of
17 all, there is a minus 75 percent in the amount of free
18 calls. When you reduce from four to one concurrent
19 with this there is an increase of 40 percent of any
20 cost over the reduced amount of one call, which,
21 looking at it strictly as on the basis of percentages,
22 seems a bit high to the detriment of the residential
23 customer. As to how this works out toward the
24 question of revenue neutral, I don't know, because I'm
25 not a party to it nor do I really want to get into

(CASSIRER - DIRECT BY TROTTER)

1 trying to work out all the mathematics of this, but
2 whether this is supposed to equalize some other
3 reduction, there is again the first question whether
4 for residential increases should balance out changes
5 in the business rates or whether that should be looked
6 at as a separate entity all by itself, and if it were
7 going to be revenue neutral and it was a fair premise
8 to just make the changes all the way across the board,
9 then I would think that there should be an equal
10 impact on residents and business on an equal
11 percentage basis.

12 Q. So what you're saying is that the
13 additional revenues -- start over. If the residential
14 directory assistance charge goes up that those
15 additional revenues ought to be offset by residential
16 decreases somewhere else rather than business
17 decreases somewhere else?

18 A. That is correct. Now, I, myself, do not
19 excessively use directory assistance. I have
20 telephone books. I'm aware of what they are used for
21 and I do use them. However, over the last several
22 years there have been a number of businesses that have
23 come into the various areas that I make phone calls
24 to, and of course those phone numbers are not available
25 in the phone books so therefore I am forced to use

(CASSIRER - DIRECT BY TROTTER)

1 directory assistance. I also happen to have a sister
2 who is disabled and for various reasons does use directory
3 assistance, I would say, probably about eight to ten calls a
4 month. So for these reasons I am opposed at least as to the
5 plan as it is put forth by U S WEST. If there were to
6 be some other type of a proposal, such as maybe going
7 from four to three, or from four to two and then not
8 adding on the ten cents but some kind of a compromise
9 rather than increase in rate per call combined with a
10 decrease in the number of calls.

11 MR. TROTTER: Thank you.

12 JUDGE CANFIELD: Any additional questions
13 for Mr. Cassirer? Thank you.

14 MR. TROTTER: Marvelyn Gregson.

15 Whereupon,

16 MARVELYN GREGSON,
17 having been first duly sworn, was called as a witness
18 herein and was examined and testified as follows:

19 DIRECT EXAMINATION

20 THE WITNESS: My name is Marvelyn Gregson,
21 M A R V E L Y N, Gregson, G R E G S O N. I'm here
22 representing Transportation Planning and Engineering.
23 I'm the office manager and we're a small business
24 consulting and engineering firm in Bellevue.
25 2101 - 112th Avenue Northeast, Suite 110, Bellevue,

(GREGSON - DIRECT BY TROTTER)

1 98004, and I am in favor of the complex line reduction
2 for small business. We have six lines in and it would
3 be of great benefit to our company. It is very
4 difficult for small business at this time to make a
5 profit and this would contribute to it. I heard about
6 this through the Bellevue Chamber of Commerce, U S WEST.

7 Q. How did U S WEST contact you?

8 A. I believe this was distributed at a meeting
9 Chamber of Commerce meeting.

10 Q. What type of business is your firm?

11 A. Consulting engineering.

12 JUDGE CANFIELD: Additional questions?

13 MR. TROTTER: I believe that completes the
14 people who signed up. If there are additional people
15 in the audience who wish to testify, just raise your
16 hand and we'll bring you up. Yes, sir.

17 THE WITNESS: My name is Allen Hoffer.

18 Whereupon,

19 ALLEN HOFFER,

20 having been first duly sworn, was called as a witness
21 herein and was examined and testified as follows:

22 DIRECT EXAMINATION

23 THE WITNESS: My name is Allen Hoffer. I
24 run a small business in Renton, Independent
25 Communications and Alarm. We have two business lines.

(HOFFER - DIRECT BY TROTTER)

1 There we spend anywhere between \$200 to \$1,000 a month
2 on phone services, long distance services, pagers,
3 Centrex service, call waiting. The whole nine yards
4 for the phones and stuff. Basically our services are
5 done through U S WEST. I'm here to complain about the
6 directory advertising cost. Since I do this and I
7 am a long distance carrier to provide long distance
8 services to businesses and customers out in the
9 Northwest here, my complaint is since 1984, Judge
10 Green had broken up the telephone companies back then
11 AT&T and U S WEST, they broke them up for the long
12 distance carrier. I believe the same thing should be
13 done with U S WEST at this time. Competition, U S
14 WEST has none. I don't see why they're asking for an
15 increase when they have a three and a half billion
16 dollars -- how should I say -- three and a half
17 billion dollars worth of excess cash that's in reserve
18 that the federal government right now is forcing them
19 to hand over. I believe that you're already paying
20 for your phone bills right now as it is, and on that
21 phone bill you're paying for service, directory
22 assistance is part and should be part of that service.
23 I feel that customers, as well as the business people,
24 are being ripped off.

25 I feel also that we're also being -- if

(HOFFER - DIRECT BY TROTTER)

1 this goes through that in the end state is going to
2 have to charge more revenue, more taxes to pay for
3 this stuff and in the end the consumer is going to be
4 hurt from it. I don't believe that U S WEST should be
5 adding anything. I believe they should add free
6 calls. Like the gentleman said out here, there's a
7 lady that's disabled. She can't use the phone book
8 and people like that are going to pay the bill for it.
9 I don't believe that U S WEST should have the right or
10 authority to do this. I believe all phone companies
11 should be broken up. Reason why is competition makes
12 small businesses progress, but also helps out other
13 people to gain jobs, employment and other things like
14 that. I feel that competition is great. It will
15 reduce the price instead of raising the prices. What
16 they have wrote here as a competition has made them
17 raise the rates here. From what I see it's made them
18 increase the rates because they say they can't stand
19 business because there's too much competition. Well,
20 if there's too much competition I believe that they
21 would have to be lowering the rates in order to get
22 business. These people are a monopoly. Don't be
23 fooled.

24 Q. Mr. Hoffer, could we for the record
25 get you to state and could you spell your last name

(HOFFER - DIRECT BY TROTTER)

1 for us?

2 A. H O F F E R.

3 Q. Mailing address?

4 A. 16710 - 116th Avenue Southeast Renton,
5 Washington 98058. Also I have something else to add
6 to this as well. We do sign zero plus services; to
7 prove the company is a monopoly, these are contracts.
8 People that signed up with our company. This is about
9 one five-hundredths of what I have signed for
10 customers that signed for our services. We're having
11 problems getting this on line, getting all these
12 phones on line. The reason why is U S WEST.

13 THE WITNESS: Do you have any other
14 questions?

15 JUDGE CANFIELD: Any other questions for
16 Mr. Hoffer? Okay. Thank you.

17 MR. TROTTER: Anyone else that wants to
18 give a statement?

19 We don't have anyone that's signed up, Your
20 Honor.

21 JUDGE CANFIELD: I was going to suggest we
22 could take a short break but the matter was noticed
23 out for a 1:30 start, so I don't know that that would
24 be necessary at this point. We're already close to an
25 hour and 15 minutes beyond that. It would be my

(HOFFER - DIRECT BY TROTTER)

1 proposal to adjourn. We do have another public
2 session scheduled for this Friday so maybe that will
3 be used by those not appearing at today's session. So
4 you've got no further indication that there's any
5 members of the public wishing to offer testimony at
6 this session, Mr. Trotter?

7 MR. TROTTER: That is correct.

8 JUDGE CANFIELD: With that, why don't we
9 adjourn this session then and maybe I will see some of
10 you at the next session if you wish to appear as well,
11 so thank you all for coming and participating. This
12 hearing is adjourned.

13 (Hearing adjourned at 2:40 p.m.)

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