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BEFORE THE WASHINGTON UTILITIES AND

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TRANSPORTATION COMMISSION

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4 In the Matter of the Petition) Docket No. UT-991991
of) Volume II

5) Pages 21-35

6 MCI WORLDCOM, INC. and SPRINT)
CORPORATION,)

7 for an Order Disclaiming)
Jurisdiction, or in the)

8 Alternative Approving the)
Transfer of Control of Sprint)

9 Corporation's Washington)
Operating Subsidiaries to MCI)

10 WORLDCOM, INC.)

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13 A hearing in the above matter was
14 held on May 9, 2000, at 1:45 p.m., at 1300 South
15 Evergreen Park Drive Southwest, Olympia, Washington,
16 before Administrative Law Judge KAREN M. CAILLE.

17 The parties were present as
18 follows:

19 MCI WORLDCOM, INC., via bridge line,
by Brooks E. Harlow, Attorney at Law, 601 Union Street,
20 Suite 4400, Seattle, Washington 98101.

21 SPRINT CORPORATION, via bridge line,
by Eric S. Heath, Attorney at Law, 330 South Valley View
22 Boulevard, Las Vegas, Nevada 89029.

23 SBC COMMUNICATIONS, by Judith A.
Endejan, Attorney at Law, 601 Union Street, Suite 4100,
24 Seattle, Washington 98101.

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1 THE COMMISSION, by Jonathan
2 Thompson, Assistant Attorney General, 1400 South
3 Evergreen Park Drive Southwest, Olympia, Washington
4 98504-0128.

5 PUBLIC COUNSEL, by Robert W.
6 CROMWELL, JR., Assistant Attorney General, 900 Fourth
7 Avenue, Suite 2000, Seattle, Washington 98164.

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24 Joan E. Kinn, CCR, RPR
25 Court Reporter

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1 JUDGE CAILLE: We are here this afternoon for
2 a prehearing conference in Docket UT-991991 in the
3 Matter of the Petition of MCI Worldcom Incorporated and
4 Sprint Corporation for an Order Disclaiming Jurisdiction
5 or in the Alternative Approving the Transfer of Control
6 of Sprint Corporation's Washington Operating
7 Subsidiaries to MCI Worldcom.

8 This proceeding has been consolidated with
9 two reopened proceedings, Cause Number U-86-79 and Cause
10 Number U-86-101 to determine whether waivers of
11 statutory and regulatory provisions pertaining to
12 securities, transfers of property, and affiliated
13 interests granted previously to Sprint and MCI should be
14 revoked.

15 Today is May the 9th, 2000, and we are
16 convened in a hearing room at the Commission's offices
17 in Olympia, Washington. My name is Karen Caille, and I
18 am Presiding Administrative Law Judge in this
19 proceeding. With me on the Bench this afternoon is
20 Jennifer Watsek, who is working with me to organize the
21 materials for next week's hearings.

22 At this time, I'm going to bring you up to
23 date on the timing for the hearings. The hearings begin
24 next week at 9:30 on Tuesday. I would like everyone to
25 be here by 9:00 to take care of any last minute

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1 cross-examination, exhibits, other matters, and to swear
2 the witness in and have him ready, him or her ready,
3 before calling the Commissioners to the Bench.

4 On Wednesdays, the Commission has an open
5 meeting, and the hearings will begin immediately after
6 the open meeting. I would say that you should be on
7 standby at about 10:00, because it could be a very short
8 open meeting. And then we will determine what time
9 hearings will start on Thursday. There is also a public
10 meeting on Tuesday, May 16th, which will begin at 6:00.

11 So I would like to start this afternoon by
12 taking --

13 MR. THOMPSON: Your Honor, this is Jonathan
14 Thompson, I'm told that there is no open meeting this
15 coming Wednesday.

16 JUDGE CAILLE: Oh, is that true?

17 GARGI BHATTACHARYA: There is one tomorrow
18 and then on the 24th and the 30th.

19 JUDGE CAILLE: Okay. Mr. Harlow, I didn't
20 hear what you had to say.

21 MR. HARLOW: I received an agenda for the
22 meeting, although there's not a section set for
23 Wednesday. So no setting, but I did receive an agenda
24 for it.

25 GARGI BHATTACHARYA: There's one tomorrow,

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1 one on the 24th, and one on the 30th.

2 JUDGE CAILLE: All right, then disregard what
3 I said. We will determine on Tuesday what time the
4 meeting should start on Wednesday or what time the
5 hearing should start on Wednesday.

6 With that correction, I would now like to
7 start taking appearances from all the parties, and how
8 about if we begin on the bridge line with you,
9 Mr. Harlow.

10 MR. HARLOW: Thank you, Your Honor. This is
11 Brooks Harlow on behalf of the Petitioner, MCI Worldcom.

12 JUDGE CAILLE: And who else is on the bridge
13 line?

14 MR. HEATH: Eric Heath for Sprint.

15 JUDGE CAILLE: Mr. Thompson.

16 MR. THOMPSON: This is Jonathan Thompson for
17 the Commission Staff.

18 MR. CROMWELL: Robert Cromwell for Public
19 Counsel.

20 MS. ENDEJAN: Judy Endejan here representing
21 intervener SBC Communications. And I would note for the
22 record, Your Honor, that yesterday we filed a notice of
23 appearance and association of counsel for Patrick J.
24 Pascarella, who is an inside counsel with SBC
25 Communications, and he will also be appearing in this

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1 matter and at the hearings.

2 JUDGE CAILLE: Thank you. Let the record
3 reflect there are no other appearances.

4 This prehearing conference was scheduled by
5 letter on April the 19th, 2000. As set out in that
6 notice, the purpose of this conference is to number for
7 identification all exhibits and to attend to other
8 procedural matters.

9 According to the notice, topics for the
10 conference will include the order of witnesses and of
11 cross-examination, the existence of objections to
12 evidence and argument on such objections, and the
13 existence of dispositive motions in response to such
14 motions.

15 The parties were to file objections and
16 dispositive motions no later than 1:00 on Monday, May 8.
17 To date, the Commission has not received any objections
18 or dispositive motions. Are any of the parties planning
19 to make objections or file such motions?

20 MR. CROMWELL: No, Your Honor.

21 JUDGE CAILLE: All right.

22 MR. THOMPSON: Your Honor, there is still
23 some pending discovery matters, and I don't know, unless
24 data responses are quickly forthcoming, I may be
25 bringing such a motion.

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1 JUDGE CAILLE: All right.

2 MR. THOMPSON: This is Jonathan Thompson
3 again. I was just saying there is an issue concerning
4 some outstanding data requests that Staff propounded,
5 and specifically with relation to Sally McMahon's
6 testimony, that are of concern to us. And I would just
7 say that it's possible that we may need to bring a
8 motion with respect to her testimony, but not at this
9 time.

10 JUDGE CAILLE: All right.

11 MR. CROMWELL: Your Honor, my only comment,
12 which I was clearly hesitant to make at the time, and
13 this is Robert Cromwell for the bridge, we have been
14 getting quite substantial discovery rather late in the
15 process. I got about ten inches, I think, yesterday at
16 the end of the business day. I don't know what else is
17 going to walk in my door this week, but that is placing
18 a rather severe impact upon my ability to prepare
19 adequately for next week. And unfortunately, it's just
20 not something I can assess and present to you in terms
21 of a motion at this point.

22 JUDGE CAILLE: At this point.

23 MR. CROMWELL: But I wanted to make you aware
24 that there's certainly some rather substantial late
25 production occurring in this case.

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1 MS. ENDEJAN: And, Your Honor, I would also
2 reserve the right to bring some discovery matters to
3 your attention. We have not yet received the responses
4 to the first set of data requests which SBC propounded.
5 I am advised or was advised yesterday that they were to
6 be forthcoming today. They had not arrived by the time
7 I left my office. I'm hopeful that we can use the
8 materials in the responses that we have received,
9 because I realize that we don't want to waste valuable
10 preparation time dealing with discovery battles, but the
11 fact is there still are some open discovery issues
12 today.

13 JUDGE CAILLE: Would anyone on the bridge
14 like to be heard on this matter?

15 MR. HARLOW: Yes, Your Honor. I would simply
16 like to note that we have been working with all the
17 counsel who frankly have surprised me by raising
18 discovery issues in this context, because we have been
19 working with all counsel endeavoring to respond. We
20 have responded in some cases late, as have other parties
21 responded late to our discovery requests, but we have
22 been working through these issues. I'm disappointed
23 they're coming up now.

24 I simply wish to note for the record we have
25 produced thousands upon thousands of pages of documents.

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1 It's a huge, huge task. Frankly I wasn't counsel at the
2 time the schedule was set up in this case, it was
3 routine to have a discovery cut off. And had there been
4 a discovery cut off, we wouldn't have been continuing to
5 deal with discovery at this late date at this point in
6 the hearing. That's something that in hindsight should
7 have been done, but it wasn't. In any event, I believe
8 that the parties are working to resolve these issues
9 with speed. And that I hope what may be posturing here
10 for a late motion to strike, because we're working
11 through this as quickly as we can with a very crushing
12 last minute discovery burdon.

13 JUDGE CAILLE: All right. I understand that
14 there could possibly be some, with the late arrival of a
15 lot of the data requests, responses to data requests,
16 and the amount of material you folks are dealing with,
17 but I would ask you if at all possible to bring any
18 dispute or any such motion to my attention as quickly as
19 possible so that we can get through next week in an
20 orderly fashion without too much time spent on argument.
21 And those are the sort of things that we're building
22 time in in the morning before we begin to take care of.

23 I have received, the parties were asked to
24 provide each other and the Bench a list showing the
25 witnesses in the order they will appear, and I have

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1 received a list of witnesses from MCI, and Staff and SBC
2 just have one witness. I have received a request from
3 Dr. Hausman that he appear on Thursday the 18th, so am I
4 assuming that Dr. Blackmon will go first and Dr. Hausman
5 will go after him?

6 MR. THOMPSON: Yeah, I think that would
7 follow the usual procedure set out in the rules.

8 JUDGE CAILLE: All right. In front of you,
9 you should have an order of witnesses and estimates of
10 cross-examination, and if you could take a moment to
11 fill out that matrix, I have received from MCI time
12 estimates of two hours for both Dr. Hausman and
13 Dr. Blackmon.

14 MS. ENDEJAN: Your Honor, is that two hours
15 total or two hours a piece?

16 JUDGE CAILLE: I believe that's two hours a
17 piece. Is that correct, Mr. Harlow?

18 MR. HARLOW: That's correct, and I know we
19 copied that letter to other counsel.

20 MS. ENDEJAN: Yeah, I'm sure you did, Brooks.
21 I just didn't know if it was total or a piece.

22 MR. HARLOW: It's each.

23 JUDGE CAILLE: And is that just for MCI, or
24 will Sprint be doing cross-examination as well?

25 MR. HEATH: I believe that the, this is Eric

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1 Heath on behalf of Sprint, that cross-examination
2 testimony and order of witnesses both that Mr. Harlow
3 filed yesterday is for the joint petitioners, so it's
4 both for Sprint and MCI Worldcom.

5 JUDGE CAILLE: All right. Thank you.

6 When you finished your assignment, will you
7 please bring that forward to Ms. Watsek.

8 MR. CROMWELL: Your honor, I always wish I
9 had a crystal ball at this time.

10 JUDGE CAILLE: Just do your best, Mr.
11 Cromwell, and then if you could advise me of any
12 adjustments.

13 MR. CROMWELL: Sure.

14 JUDGE CAILLE: We will E-mail you a completed
15 copy of this matrix, and I would just advise you if
16 there are any changes to please let us know as soon as
17 you can.

18 The notice also provided a date for
19 predistribution of cross exhibits, and that was
20 subsequently extended to noon on Friday, May the 12th.
21 As a reminder, the Bench will need six copies of these
22 exhibits. Please provide them in the order you intend
23 to use them in a packet by witness with a brief
24 description and punched for insertion in a three-ring
25 binder.

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1 Now I would note that public counsel has sent
2 me a list of the cross exhibits that he is intending to
3 use. Do any other parties have such lists?

4 All right. Maybe could I get an estimate of
5 what we can be expecting as far as cross exhibits maybe
6 beginning with you, Mr. Thompson.

7 MR. THOMPSON: Yeah, it's a little difficult
8 to say at this point because, although I'm prepared to
9 give an estimate, but it may be higher than I need,
10 because it may be possible to stipulate some of these
11 documents into the record I'm hoping.

12 But here's what I have. For Mr. Kapka, I
13 would like to reserve 15. For Mr. Porter, I would like
14 to reserve 20. For Ms. McMahon, I would reserve 10.
15 And for Dr. Kelly, I would reserve 40.

16 JUDGE CAILLE: Okay.

17 MR. CROMWELL: Your Honor.

18 JUDGE CAILLE: Yes.

19 MR. CROMWELL: Robert Cromwell for the
20 bridge. The list I sent you was my best guess at which
21 witness after conferring with corporate counsel would be
22 responsive to which exhibits. It's my hope that I will
23 only have very few additional cross-examination exhibits
24 on Tuesday. However, again, as I mentioned earlier, I'm
25 faced with additional paper coming in this week, and so

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1 that will likely result in at least a handful of
2 additional exhibits.

3 And I guess I should also apologize to the
4 Bench for my tardiness, which was solely the result of
5 complications in my office. But I am prepared to
6 distribute copies of the exhibits that I designated in
7 the list that I E-mailed to Ms. Watsek and have the six
8 Bench copies in my trunk today.

9 JUDGE CAILLE: Oh, that's great.

10 MR. CROMWELL: And copies for Staff and
11 Ms. Endejan, and I thought we would see someone here
12 from the companies, but I can get a box to Mr. Harlow at
13 his office later today.

14 JUDGE CAILLE: All right, thank you. That's
15 very helpful. Anything that we can start working with
16 would be great.

17 Mr. Cromwell, do you have any idea about how
18 many -- you know, I'm thinking maybe we can go off the
19 record for this, so let's go off the record for
20 identification of exhibits, and then we will come back
21 on.

22 (Discussion off the record.)

23 JUDGE CAILLE: While we have been off the
24 record, we have identified the exhibits that we were
25 able to and have reserved numbers for potential cross

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1 exhibits. Also we have discussed the order of the
2 witnesses, and I believe did we decide that Dr. Blackmon
3 would go last? Is that what we decided? Oh, we didn't
4 decide.

5 MR. THOMPSON: We didn't decide yet.

6 JUDGE CAILLE: All right. Are we going to
7 defer that decision?

8 MR. THOMPSON: I'm not sure who it would be
9 up to. We haven't discussed it among the parties at
10 all.

11 MS. ENDEJAN: I think we can probably work it
12 out. My only concern is that Dr. Hausman is, you know,
13 here on the 18th, and I don't know if he's available the
14 day after if this flops over or not, but I do know he is
15 available on the 18th.

16 JUDGE CAILLE: All right. We will make sure
17 that he appears on the 18th.

18 Is there any other business or is there
19 anything that I have forgotten to mention that we
20 discussed off the record? Oh, I know what I need to
21 mention.

22 Rather than read these numbers into the
23 record to identify the exhibits, we are preparing a
24 formal exhibit list that will go into the record, and we
25 will be doing that in lieu of reading in all of these

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1 numbers, especially since we don't know what many of
2 them are.

3 Does anyone else have anything to add with
4 regards to what we discussed off the record?

5 MR. HARLOW: Yes, Your Honor, there was my
6 request to extend the testimony or the cross exhibits
7 distribution time from noon until 1:00 this Friday.

8 JUDGE CAILLE: All right, thank you. It will
9 be extended until 1:00, from noon until 1:00 on Friday
10 as Mr. Harlow has just described, and that is for
11 everyone. That's my understanding.

12 All right, anything else?

13 All right, then, we will meet in this room at
14 9:00 on Tuesday, and we will be adjourned until then.
15 Thank you.

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

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