

**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION**

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

WESTGATE COMMUNICATIONS
LLC, d/b/a WEAATEL,

Respondent.

DOCKET UT-060762

DOCKET UT-060920

DOCKET UT-060921

SETTLEMENT AGREEMENT

1 As described below, the Parties have reached an agreed resolution of each of the
above dockets. Consequently, this Settlement Agreement (Agreement) is being filed with
the Commission as a “Full Settlement” of each docket, pursuant to WAC 480-07-730 (1).
This Agreement is subject to Commission approval.

I. PARTIES

2 This Agreement is entered into by all parties of record: Westgate Communications,
LLC, d/b/a WeavTel (“WeavTel” or “the Company”), and the Staff of the Washington
Utilities and Transportation Commission (“Staff”) (collectively, “the Parties”).

II. BACKGROUND

3 **Docket UT-060762.** Docket UT-060762 is a request by WeavTel for the
Commission to establish a “WCAP Revenue Objective” for the Company, pursuant to the

Washington Carrier Access Plan (the Plan) approved by the Commission in its Ninth Supplemental Order in *Utilities and Transportation Commission v. Washington Exchange Carrier Association, et al.*, Docket UT-971140 (June 28, 2000). The WCAP establishes three revenue “pools” in which members of the Washington Exchange Carrier Association (WECA) participate. Under the terms of the Plan, WeavTel may participate in two of these pools.

4 On May 10, 2006, WeavTel filed with the Commission for approval of a WCAP Revenue Objective in the amount of \$738,433. The Company also asked that the Commission waive various filing time requirements contained in that order, to allow for expedited consideration of its request.

5 **Docket UT-060920.** Docket UT-060920 is a general rate case. On June 2, 2006, WeavTel filed with the Commission a new tariff designated Tariff WN U-2, replacing Tariff WN U-1. WeavTel asserts that the replacement tariffs were designed to generate an additional \$3,072 annually.

6 **Docket UT-060921.** Docket UT-060921 involves the Company’s E-911 service. On June 2, 2006, WeavTel filed a new tariff designated as Tariff WN U-3, related to E-911 service (emergency calling).

7 On July 27, 2006, the Commission issued Order 01, which, among other things, consolidated these dockets, denied WeavTel’s waiver request in Docket UT-060762, suspended the tariff changes WeavTel filed in Dockets UT-060920 and UT-060921, but allowed those tariff changes to go into effect subject to refund.

8 The Commission held a prehearing conference on September 11, 2006. No
interested person sought to intervene. The only parties of record were WeavTel and the
Commission Staff.

9 WeavTel filed evidence in support of its filings. Staff conducted discovery on the
Company's evidence, inspected the Company's facilities in Stehekin, Manson, and Chelan,
Washington, and conducted a review of the Company's books and records located at the
Company's business office. Staff presents the results of its analysis in the Narrative
supporting this Settlement.

10 A settlement conference was held on January 19, 2007. Parties presented proposals
and counter-proposals which resulted in this Agreement.

III. AGREEMENT

A. General Rate Case, Docket UT-060920

11 The Parties agree that the Commission should allow the tariffs filed by the Company
in Docket UT-060920 to remain in effect without a refund condition, subject to the
conditions in this Agreement.

B. E-911 Service, Docket UT-060921

12 The Parties agree that the Commission should allow WeavTel's proposed E-911
tariff sheets to remain in effect without a refund condition, except that WeavTel's Tariff
Sheet 22.1 should be replaced with a new Tariff Sheet 22.1, which is contained in
Attachment A to this Agreement. WeavTel agrees to propose no other material change to
this replacement page until March 31, 2008.

C. WCAP Revenue Objective, Docket UT-060762

13 The Parties agree the Commission should approve a WCAP Revenue Objective for
the Company of \$253,272, subject to the conditions in this Agreement. This is an annual
(twelve months) figure. This Revenue Objective will expire on June 30, 2008. It is
therefore anticipated that WeavTel will make a timely application for a new revenue
objective in advance of that date. WeavTel agrees to use the funds it receives from the
WECA pools for public utility purposes in the state of Washington.

D. Other Conditions

14 The Company agrees to the following additional conditions, in exchange for settling
the above dockets:

15 **1.** WeavTel agrees to retain the services of a qualified person (unrelated to the
Weaver family) responsible for timely and complete compliance with regulatory
requirements (tariff filings, annual reports, etc.), and for maintaining the Company's
relationship with the UTC and other regulatory agencies. The person need not work full
time, but needs to be capable. WeavTel agrees to advertise publicly for such services, and
will retain such a person no later than 45 days following the date of the UTC order
approving the settlement. WeavTel understands that Staff considers the reasonable cost of
these services to be recoverable through rates, but the expenditures must be at a prudent
level, and WeavTel bears the burden of proving that prudent level in a docket where
WeavTel seeks recovery of such costs.

16 **2.** WeavTel agrees to maintain its current position of bookkeeper, which shall
also be held by a person unrelated to the Weaver family. WeavTel understands it needs to
maintain its books consistent with the accounting requirements in WAC 480-120-359.

E. General Provisions.

17 **1.** The Parties agree that this Agreement is in the public interest and produces
rates for the Company that are not excessive. The Parties agree to support this Agreement as
a settlement of all contested issues in this proceeding. The Parties understand that this
Agreement is not effective or otherwise binding on the Commission or any Party unless and
until it is approved by order of the Commission.

18 **2.** The Parties agree that this Agreement represents a compromise in the
positions of the Parties. As such, conduct, statements and documents disclosed in the
negotiation of this Agreement shall not be admissible as evidence in this or any other
proceeding.

19 **3.** The Parties have negotiated this Agreement as an integrated document.
Accordingly, the Parties recommend that the Commission adopt this Agreement in its
entirety.

20 **4.** The Parties shall cooperate in submitting this Agreement promptly to the
Commission for acceptance, and shall cooperate in developing a supporting written narrative
as required by WAC 480-07-740(2)(b). The parties agree to request the Commission
suspend the procedural schedule in this case, though if the Agreement is not approved and
the dockets are to be litigated, Staff will support maintaining the current hearing schedule, if
possible. The Parties agree to support the Agreement throughout this proceeding, provide a
witness or witnesses to sponsor this Agreement at a Commission hearing, and recommend
that the Commission issue an order adopting the settlements contained herein. In the event
the Commission rejects this Agreement, the provisions of WAC 480-07-750(2)(a) shall
apply. In the event the Commission accepts the Agreement upon conditions not proposed

herein, each Party reserves the right, upon written notice to the Commission and all parties to this proceeding within five (5) days of the Commission's order, to state its rejection of the conditions. In such event, the Parties immediately will request the prompt reconvening of a prehearing conference for purposes of establishing a procedural schedule for the completion of the case pursuant to WAC 480-07-750(2)(a). The Parties agree to cooperate in development of a schedule that concludes the proceeding on the earliest possible date, taking into account the needs of the Parties in participating in hearings and preparing briefs.

21 **5.** The Parties enter into this Agreement to avoid further expense, inconvenience, uncertainty and delay. By executing this Agreement, no Party shall be deemed to have approved, admitted or consented to the facts, principles, methods or theories employed in arriving at the terms of this Agreement, nor shall any Party be deemed to have agreed that any provision of this Agreement (other than the conditions in ¶¶ 12, 15, and 16) is appropriate for resolving issues in any other proceeding.

22 **6.** This Agreement may be executed in counterparts and each signed counterpart shall constitute an original document.

23 **7.** This Agreement is the product of negotiation and no part shall be construed against any Party on the basis that it was the drafter.

24 **8.** Each Party agrees to provide all other Parties the right to review in advance of publication any and all announcements or news releases that any other Party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements). Each Party also agrees to include in any news release or announcement a statement to the effect that the Commission Staff's recommendation to approve the Agreement is not binding on the Commission itself.

25 **9.** The effective date of this Agreement is the date of the Commission order
approving it, subject to the procedures of Part III.E.4 (¶ 20) above.

26 This Agreement is entered into by each Party as of the date entered below.

DATED: January 30, 2007.

**Westgate Communications, LLC, d/b/a
WeavTel**

**Staff of the Washington Utilities and
Transportation Commission**

By _____
Richard J. Weaver
Manager of Operations
WeavTel

By _____
Donald T. Trotter
Senior Assistant Attorney General