

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

<p>VERIZON SELECT SERVICES, INC.; MCI METRO ACCESS TRANSMISSION SERVICES, LLC; MCI COMMUNICATIONS SERVICES, INC.; TELECONNECT LONG DISTANCES SERVICES AND SYSTEMS CO. d/b/a TELECOM USA; AND TTI NATIONAL, INC.</p> <p style="text-align: center;">Complainants</p> <p>v.</p> <p>UNITED TELEPHONE COMPANY OF THE NORTHWEST, d/b/a Embarq</p> <p style="text-align: center;">Respondent.</p>	<p style="text-align: center;">Docket No. UT-081393</p>
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**DIRECT TESTIMONY OF  
SHARON L. MULLIN**

**ON BEHALF OF AT&T COMMUNICATIONS OF THE  
PACIFIC NORTHWEST, INC., TCG OREGON, INC. AND TCG SEATTLE, INC.**

February 18, 2009

1 **I. INTRODUCTION & SUMMARY**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 **A.** My name is Sharon L. Mullin and my business address is 400 W. 15<sup>th</sup> St., Ste. 930,  
4 Austin, Texas, 78701.

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6 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

7 **A.** I am employed by AT&T Services, Inc. in the External Affairs organization. I am  
8 responsible for directing AT&T's regulatory affairs in the states of Washington,  
9 Arizona, Hawaii, Idaho, Montana, New Mexico, Oregon, and Utah for all of AT&T's  
10 operations.

11  
12 **Q. PLEASE BRIEFLY DESCRIBE YOUR EDUCATIONAL AND**  
13 **PROFESSIONAL EXPERIENCE.**

14 **A.** I hold a Master of Science in Management from the Krannert School of Business,  
15 Purdue University in W. Lafayette, Indiana and a Bachelor of Science from the  
16 University of Texas in Austin, Texas. I began my career in telecommunications in  
17 1977 with Southwestern Bell Telephone Company (SWBT) in the Marketing/Sales  
18 Organization. In 1984, I accepted a position in AT&T's External Affairs organization  
19 where I have held different positions with responsibility for various regulatory and  
20 legislative activities in the states of Texas, Oklahoma, Kansas, Arkansas, Missouri,  
21 Arizona, Colorado, Hawaii, Idaho, Minnesota, Montana, New Mexico, Oregon, Utah,  
22 Washington and Wyoming. During this time I have handled diverse  
23 telecommunications issues including access charge issues, competitive issues and the

1 regulation of telecommunications carriers, as well as the development and  
2 interpretation of regulatory and legislative policy as it applies to AT&T.

3  
4 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

5 **A.** The purpose of my testimony is to provide an overview of the Washington Statutes  
6 and Rules that provide the authority to the Washington Utilities and Transportation  
7 Commission (“Commission”) to reduce the intrastate switched access charges being  
8 assessed by United Telephone Company of the Northwest, d/b/a Embarq (“Embarq”)  
9 that are the subject of this complaint. I will also provide examples of prior  
10 Commission proceedings in which they reduced the excessive intrastate switched  
11 access rates charged by other Washington telecommunications carriers so that  
12 competitors were not subject to undue or unreasonable prejudice or at a competitive  
13 disadvantage. In addition, I will provide an overview of the regulatory framework  
14 applicable to Embarq in Washington, which allows for reductions in switched access  
15 rates as requested in this complaint.

16  
17 **II. OVERVIEW OF WASHINGTON REGULATORY FRAMEWORK**

18 **Q. DOES THE WASHINGTON COMMISSION HAVE AUTHORITY TO**  
19 **REGULATE THE SWITCHED ACCESS RATES OF EMBARQ?**

20 **A.** Yes. The Washington Legislature has given the Commission the statutory authority to  
21 regulate telecommunications companies and ensure that the rates charged are fair,

1 just, and reasonable.<sup>1</sup> The provisions of RCW 80.36.186 provide the Commission  
2 authority over the pricing of noncompetitive services, such as switched access; they  
3 require that carriers offering noncompetitive services provide rates and access that are  
4 not unduly discriminatory, not preferential and do not cause competitive  
5 disadvantage. The statute says in pertinent part:

6 Notwithstanding any other provision of this chapter, no  
7 telecommunications company providing noncompetitive services shall,  
8 as to the pricing of or access to noncompetitive services, make or grant  
9 any undue or unreasonable preference or advantage to itself or to any  
10 other person providing telecommunications service, nor subject any  
11 telecommunications company to any undue or unreasonable prejudice  
12 or competitive disadvantage. The commission shall have primary  
13 jurisdiction to determine whether any rate, regulation, or practice of a  
14 telecommunications company violates this section.  
15

16 In addition, WAC 480-120-540, sets forth a structure for access charges and requires  
17 that the rate levels charged for access be in the public interest. In short, the terms of  
18 RCW 80.04.110 authorize this complaint to be brought against Embarq and authorize  
19 the Commission to take corrective action.  
20

21 **Q. IS THERE PRECEDENT IN WASHINGTON FOR REDUCING EMBARQ'S**  
22 **SWITCHED ACCESS RATES?**

23 **A.** Yes. The Commission has recognized the need for access reform to move rates  
24 toward economic efficiency and it has taken such steps for other carriers. As is noted  
25 in the testimony of AT&T witness Lawrence Bax, the Commission reduced the

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<sup>1</sup> See RCW 80.01.040 which bestows general powers and duties upon the commission including,  
“(3) Regulate in the public interest, as provided by the public service laws, the rates,  
services, facilities, and practices of all persons engaging within this state in the business  
of supplying any utility service or commodity to the public for compensation.  
(4) make rules and regulations necessary to carry out its other powers and duties.”  
See RCW 80.36.140 which requires that the commission shall fix the rates and services for a  
telecommunications company.

1 switched access rates of Verizon Northwest, Inc. in Docket No. UT-020406.<sup>2</sup> There  
2 the Commission found that the Verizon access rate levels and structure harmed  
3 competition, violated the law and it determined that competitive circumstances had  
4 changed radically since the rates were established. In reducing Verizon's intrastate  
5 access charge rates the Commission found that Verizon's excessively high access  
6 charges provided an unreasonable preference and advantage to Verizon and operated  
7 as an unreasonable prejudice against interexchange carriers in violation of RCW  
8 80.04.110 and 80.36.186.”<sup>3</sup>

9 The Commission made similar findings in its review of the intrastate switched  
10 access rates of Qwest in Docket No. UT-950200, concluding that a substantial  
11 reduction in access charges was reasonable and that extensive changes in the structure  
12 of access were in order.<sup>4</sup> In making these changes the Commission recognized the  
13 impact of excessive rate levels on a sustainable competitive marketplace.

14 As Mr. Bax's testimony points out, Embarq's current rates pose the same  
15 problems Verizon's and Qwest's rates did. Thus, the Commission should correct  
16 them as well.

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<sup>2</sup> AT&T Communications of the Pacific Northwest, Inc. v. Verizon Northwest, Inc., Docket No. UT-020406 (2003), Eleventh Supplemental Order at Para. 39. *See also*, Docket No. UT-040788, Order No. 15 and Docket No. UT-040520

<sup>3</sup> *Id* at para. 181.

<sup>4</sup> Washington Utilities and Transportation Commission v. US West Communications, Inc., Docket No. UT 950200 (1996) Fifteenth Supplemental Order at p. 111.

1 **Q. WHAT REGULATORY STRUCTURE APPLIES TO EMBARQ IN**  
2 **WASHINGTON ?**

3 **A.** Embarq is an incumbent local exchange company (“ILEC”) registered with the  
4 Commission to provide local exchange and other telecommunications services in  
5 Washington and it is classified as a non-competitive company. In September 2007  
6 the Commission granted Embarq’s petition that its current and future packaged and  
7 bundled telecommunications services be subject to minimal regulation pursuant to  
8 RCW 80.36.332.<sup>5</sup> That said, however, RCW 80.36.332 (a) still requires that “Each  
9 noncompetitive service in the package or bundle [be] readily and separately available  
10 to customers at fair, just and reasonable prices.” Although the bundles could  
11 potentially include a noncompetitive regulated service, Embarq was not required to  
12 provide a cost study that demonstrated its cost in its petition for minimal regulation,  
13 nor has Embarq asked the Commission to review its intrastate switched access rates  
14 in a separate proceeding.

15  
16 **Q. IF YOU CONSIDER ACCESS AS A NON-COMPETITIVE SERVICE APART**  
17 **FROM SERVICES THAT MIGHT BE BUNDLED IN A RETAIL OFFERING,**  
18 **MUST THE ACCESS RATE STILL BE FAIR, JUST AND REASONABLE?**

19 **A.** Yes, under RCW 80.36.140 the rates must be fair and reasonable, but what the grant  
20 of the Embarq petition provided was an opportunity for Embarq to raise its retail rates  
21 so long as the individual rate within any bundle remained just and reasonable.  
22 Therefore, if the Commission were to determine that Embarq’s switched access rates

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<sup>5</sup> In the Matter of the Petition of United Telephone Company of the Northwest, D/B/A Embarq for Minimal Regulation of Bundled Telecommunications Services, Docket UT-071571, (September 18, 2007), Order 01.

were excessive, Embarq could choose, if it desired, to recover some of those lost revenues from its own customers.

### III. CONCLUSION

**Q. WHAT ACTION DOES AT&T RECOMMEND THE COMMISSION TAKE  
IN THIS PROCEEDING?**

**A.** AT&T recommends that the Commission take immediate steps to reduce Embarq's intrastate switched access services rates to interstate levels and eliminate the Common Line Charge as discussed further in the testimony of AT&T witness Lawrence Bax.

**Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

**A.** Yes.