

1 The parties were present as follows:

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

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

8 FOR THE PUBLIC, DONALD T. TROTTER,
9 Assistant Attorney General, 900 Fourth Avenue, Suite
10 2000, Seattle, Washington 98164.

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I N D E X

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3	WITNESSES:	DIRECT	CROSS	REDIRECT	RECROSS
4	RASMUSSEN	1171	1172-GO		
	McDONALD	1173	1177-GO		
5	TAYLOR	1179	1182-GO		
	PARKER	1184	1184-GO		
6	COOK	1185			
	HUBBARD	1192	1195-GO	1195	1197-HA
7	McCLEARY	1197	1198-GO	1209	
	LANSING	1200	1204-GO		
8			1205-HA		
9	HALLEY	1207	1209-HA		
	TAOKA	1211			
10	JACOBS	1215	1217-HA		
	JACKSON	1221	1223-HA		
11	HSI	1227			
	BLEVINS	1228			

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14	EXHIBITS:	MARKED	ADMITTED
	64	1190	1233
15	65	1231	1233
	66	1231	1233

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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 Washington Utilities and
4 Transportation Commission has set this public hearing
5 at this time and place in docket Nos. UT-930957,
6 UT-931055, and UT-931058, each entitled Washington
7 Utilities and Transportation Commission, complainant,
8 versus U S WEST Communications, respondent. I'm Elmer
9 Canfield, administrative law judge assigned from the
10 Office of Administrative Hearings. Today's hearing is
11 being held in Seattle, Washington pursuant to due and
12 proper notice to all interested parties on July 1,
13 1994. As indicated on the notice of hearing, the
14 purpose of today's hearing is to receive statements
15 from members of the public regarding the filings by
16 U S WEST, and at the outset I would like the parties
17 present today to identify themselves and their clients
18 for the record. So maybe we can just begin at this
19 end of the table.

20 MR. TROTTER: I'm Donald T. Trotter,
21 assistant attorney general for the public counsel
22 section of the attorney general's office.

23 MR. GOLTZ: I'm Jeff Goltz, also an
24 assistant attorney general. However, I represent the
25 staff of the Utilities and Transportation Commission

01165

1 staff in this proceeding.

2 MS. HASTINGS: I'm Molly Hastings. Ed Shaw
3 and I represent U S WEST Communications.

4 JUDGE CANFIELD: Thank you. As I
5 indicated, there are a number of other parties that
6 are participating in the proceedings as well.
7 As I indicated before we went on the record, we've
8 taken several days of hearings in the matter.
9 Testimony from the parties has been taken and we've
10 already had one public hearing and that was Tuesday in
11 Kent and this is the second day of public hearings
12 scheduled in the matter and to start out the session,
13 I would like to ask Mr. Trotter to make a brief
14 presentation, please.

15 MR. TROTTER: Morning, and thank you all
16 for coming to this public hearing. This is the second
17 hearing for consumers this week. We had one on
18 Tuesday afternoon in Kent, Washington and we had
19 several interested people, customers of these
20 services, that showed up to testify, and so we're very
21 happy to see all of you here today. This case has
22 been going on for several months and it's the
23 evidentiary hearings as the Commission from the
24 parties ended yesterday, and this will be the last
25 hearing day and then briefs will be filed at the end

01166

1 of the month and then the Commission is expected to
2 issue an order, I believe, by the end of August.

3 This case can be viewed as having three
4 parts. The first part deals with directory assistance
5 service. Currently, if you're a residential or
6 business customer you get four directory assistance
7 calls or DA calls a month at no extra charge and then
8 if you make any more DA calls than that each month,
9 you're charged a quarter a piece. This will be from
10 your home or business telephone. U S WEST's proposal
11 is to, for residence customers, take that four-call
12 allowance down to one per month, and for business
13 customers, no allowance, and for each call over the
14 one-call allowance or the zero call allowance,
15 depending on if you're a business or residence
16 customer, it would be 35 cents instead of the current
17 charge of a quarter.

18 The company -- the justifications offered
19 for this are basically two: one, the company claims
20 that directory assistance is becoming increasingly
21 competitive; and two, that the current charge of a
22 quarter is below their cost and they need to raise it
23 closer to their cost. Their long term goal is to
24 raise the charge to 60 cents but that proposal is not
25 before the Commission at this time. The only proposal

01167

1 is to raise it to 35 cents. Parties to the case have
2 contested the assertion that competition is an issue
3 and that the cost study that was offered is accurate
4 or justifies the proposal.

5 The second part of this case deals with
6 terminal loops, and that's sort of a generic, a
7 general term, for different kinds of services. The
8 one that may be most understandable is an off-premise
9 extension. If you have a residence or a business and
10 you want to have a telephone hooked up to your main
11 location but it may be a couple of blocks away or a
12 couple of miles away but you want to have a phone over
13 there that is treated just as if it was in your house
14 or your business, you can get an off-premise extension
15 and the company will essentially -- the wires are
16 probably already strung but they will hook up the wire
17 from your house or business to that outside location.
18 And the company is proposing to increase these rates.

19 Many of the intervenors on this issue are
20 public schools, counties, cities, local government
21 entities. They have apparently a lot of these
22 terminal loop-type facilities, and they are asserting
23 that if the increases go in they're going to be
24 paying, many, many thousands, in some cases hundreds
25 of thousands, of dollars increases in revenues to U S

01168

1 WEST and this poses a severe impact on their budgets
2 particularly in this era of Initiative 601, et cetera,
3 when public government generally is under pressure to
4 raise their own revenues, and so we're hearing a lot
5 of testimony about the problems generated for those
6 types of customers.

7 The company again justifies this increase
8 on the basis of emerging competition and that the
9 rates are below cost. As you can imagine, with these
10 types of customers, getting these 200 to 300 percent
11 increases and the dollar amount of increases, these
12 issues are hotly contested. And certainly the issue
13 of rate shock is a factor. The company and other
14 parties have proposed phasing in these increases if
15 they are to occur.

16 The third part of the filing -- as you may
17 have noticed, the first two parts were rate increases,
18 and those would generate approximately 19 million
19 dollars in additional revenue. To make this proposal
20 virtually revenue neutral, the company is proposing to
21 lower some rates. The rates they've elected to lower
22 deals with the complex business lines. Now, what that
23 means is if you're a business customer and you have
24 four lines you pay a certain rate. If you go out and
25 buy that fifth line all of your lines are rerated at a

01169

1 higher rate. When you reach five that's what's called
2 a complex business line customer. The company
3 proposes to do two things, one, to make it so that
4 when you buy that fifth line you only pay a higher
5 rate for lines 5, 6, 7 and 8 you don't pay a higher
6 rate for 1 through 4. The second thing they propose
7 is for each line 5 and above that the rate is reduced
8 and so the net effect of those two reductions -- one
9 is sort of a restructure which causes lower revenues
10 and the other is just a straight reduction in rate.
11 That covers most of the 18 million revenue increase
12 expected to be generated from the other two increase
13 proposals.

14 The company justifies this proposal
15 claiming that the existing structure doesn't make
16 sense; that there is, again, competition coming and
17 the current rates are too high and ought to be lowered
18 closer to cost.

19 So that's sort of a brief overview of the
20 issues in the case. I should say that parties that
21 opposed the reductions aren't opposed to reductions
22 generally, but many of the customers that are seeing
23 the rate increases want reductions in areas that will
24 benefit them more directly; since they're bearing the
25 brunt of the increase they should get some more of the

01170

1 decrease than they would be seeing by U S WEST
2 proposal. And again, the competition claims are
3 contested.

4 So you may want to comment on issues I have
5 raised or any issues that you think are pertinent to
6 these dockets are certainly fair game and we encourage
7 you to give us your comment. For the procedure, on
8 the sign-up sheet you put in your name and address, I
9 will just call you in the order listed and some of you
10 did not check whether you wished to comment or not. I
11 will just call your name; if you even checked you did
12 want to comment but you don't now or said you do but
13 don't now, you can just indicate now what your desire
14 is and you can testify or not depending on what you
15 want. But anyway, I will call you up here and ask you
16 for your name and address, and if you have a business
17 to briefly explain what your business is and what your
18 interest is in this proceeding and then to give your
19 statement for or against or in between regarding these
20 dockets. And then at the end of your statement, there
21 may be some questions from me or from Mr. Goltz or Ms.
22 Hastings on what you said, but usually what we try to
23 do is to clarify some details of your testimony and
24 we're not trying to intimidate you or act like Perry
25 Mason or something. So we encourage you to testify.

01171

1 We look to hearing from you, and again, thank you for
2 coming.

3 JUDGE CANFIELD: As Mr. Trotter is getting
4 back to his seat, he does have the first sign-up sheet
5 before him, and there is another one and others on the
6 back table there, so if you haven't signed up and wish
7 to do so there is still that opportunity so go to the
8 sign-up desk by the door. With that, Mr. Trotter.

9 MR. TROTTER: Like to call Linda [RAS] must
10 sent.

11 Whereupon,

12 LINDA RASMUSSEN,
13 having been first duly sworn, was called as a witness
14 herein and was examined and testified as follows:

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16 DIRECT EXAMINATION

17 BY MR. TROTTER:

18 Q. Would you please state your name and spell
19 your last name.

20 A. I'm Linda Rasmussen. The last name is
21 spelled R A S M U S S E N.

22 Q. And you're representing whom?

23 A. DAWN, Domestic Abuse Women's Network. Also
24 I am the president of the South King County Council of
25 Human Services in King County.

01172

1 Q. Could you give us your business address?

2 A. Post office Box 1521, Kent, zip code 98035.

3 Q. And go ahead and give us your statement.

4 A. Thank you. I'm here primarily to comment
5 on the reductions as I see them affecting our
6 nonprofit organization. As a domestic violence agency
7 in a rather large territory we have a lot of phone
8 lines that we are currently utilizing at the business
9 rates, and for us it would mean somewhere between \$800
10 and a thousand reduction a year in our costs for line
11 service, which, as a nonprofit, we see that as \$800
12 to a thousand that we wouldn't have to get a donation
13 for or write a grant for, so to us we see a benefit in
14 that. I don't have the background on the other
15 elements of the proposal to comment on them, and I
16 would say other nonprofits that have a lot of phone
17 lines such as ourselves would probably see the same
18 sort of benefits in terms of being able to reduce one
19 of their ongoing operating costs.

20 JUDGE CANFIELD: Any questions for Ms.
21 Rasmussen?

22 MR. TROTTER: I have no questions.

23

24 CROSS-EXAMINATION

25 BY MR. GOLTZ:

01173

1 Q. The Commission is experimenting in ways to
2 get the word out to the public for these hearings, and
3 so how did you hear about the hearing today?

4 A. I was contacted by the past president of
5 the South King County Council of Human Services.

6 MR. TROTTER: Thank you.

7 MR. TROTTER: Next, Jeri McDonald.

8

9 DIRECT EXAMINATION

10 BY MR. TROTTER:

11 Q. Would you please state your name and spell
12 it for us.

13 A. My name is Jeri McDonald. Last name is
14 spelled M C D O N A L D.

15 Q. And your first name is J E R I?

16 A. J E R I.

17 Q. And you're representing whom?

18 A. I'm a small business owner of a public
19 relations marketing firm located at 2200 Sixth Avenue,
20 Suite 430, in downtown Seattle.

21 Q. And your zip code is 98121?

22 A. Yes.

23 Q. Would you give us your statement.

24 A. I'm here today not only as a customer of
25 U S WEST and my business, also my home, but as a

01174

1 person who is terribly concerned about the health of
2 small business in our state. I'm also an officer of
3 the Greater Seattle Chamber of Commerce and I chair
4 the Small Business Action Council and have represented
5 small business interests in our community in an
6 attempt to clear away impediments that are limiting
7 our ability to do business in the state. I also hear
8 the daily concerns of about 2600 members of the
9 chamber who are small business owners.

10 I am in favor of both the terminal loop
11 proposal and the simple/complex business line
12 reduction. This is good news for thousands of small
13 businesses. I had no idea that the business rates
14 were so high that we are subsidizing others. That's a
15 hidden tax and small business can't afford it. In
16 today's economic climate we're being asked to
17 subsidize many things. If you just follow the
18 bankruptcy columns in the papers you will see that
19 they are on the rise. Every week they're going up.
20 You will realize that the stable base that you're
21 looking for for subsidy isn't going to be there. I
22 have four lines today and in the future I hope to be
23 adding a fifth. I was extremely surprised to learn
24 that if the proposal before you is not accepted, my
25 fifth line will cause my phone bill to go up over \$500

01175

1 a year. For a small business that operates, as my
2 banker says, lean and mean, that's a lot of money. It
3 will further impede the growth pattern of small
4 businesses which we set as a goal to succeed. Today
5 we're frightened to add new employees because of the
6 taxes and the additional things that we're being asked
7 to pay. Now, if this proposal is not -- we've got
8 increased B and O. My taxes went up in my particular
9 profession about 60 percent. Health care and the
10 pyramid of things we're being asked to support are
11 going to cause us not to grow. By not accepting this
12 proposal, I think you're going to put an additional
13 barrier on growth because I think long and hard before
14 adding additional phone lines and growing my business.

15 I am sensitive that the bills of other
16 businesses will go up if this proposal is accepted.
17 However, if my understanding is correct that U S WEST
18 is willing to phase in these increased rates, in most
19 cases the business schools and local governments are
20 much larger than my three-person firm that has
21 operated within its budget for 15 years. The bargain
22 I would make with these other businesses and if they
23 pay their fair share costs within their budgets, I
24 will do the same.

25 By approving these proposals, you will take

01176

1 an important step in reforming regulation that makes
2 sense at one time but no longer does, and in the
3 process will greatly improve the economic climate for
4 small business in this area. I appreciate your having
5 the hearings today. I found out about them because I
6 am an officer of the chamber and in dealing with the
7 staff at the chamber they told me that the hearings
8 were being to be held and I did want to come and make
9 a statement for small businesses. I do think, though,
10 that when I read your invitation to come I did not
11 read anything about the proposed savings, only the
12 proposed increases, and I feel that there is an
13 obligation that these proposed savings be communicated
14 and customers be made aware of them.

15 Q. The invitation to comment, do you have that
16 with you?

17 A. No. I have it in my case.

18 Q. I would just like to show you the
19 Commission's invitation to comment and see if it's the
20 one that you were referring to.

21 JUDGE CANFIELD: For the record, Mr.
22 Trotter has handed the witness a copy.

23 Q. I would just note, and it may not have been
24 very well stated, but on the second page it does say
25 the revenues or income U S WEST receives from the

01177

1 increase in DA rates would be used to reduce rates for
2 complex lines service, but I agree it may not be
3 highlighted, but your concern was when you read it, it
4 didn't jump out at you?

5 A. Not at all, not at all.

6 MR. TROTTER: Thank you.

7 JUDGE CANFIELD: Any other questions for
8 Ms. McDonald?

9 MR. GOLTZ: I have a couple.

10

11 CROSS-EXAMINATION

12 BY MR. GOLTZ:

13 Q. I gather that in your capacity as chair of
14 the Small Business Action Council, you're concerned
15 not just with existing small businesses but new small
16 businesses coming in to the area?

17 A. Yes. I have a great concern over many
18 people that are being right-sized and told to use
19 their severance pay and the equity in their home to
20 started businesses because small business is such a
21 backbone and they're going bankrupt within ten months.

22 Q. Although you signed up to testify on
23 terminal loops and complex lines, you understand that
24 this whole thing is presented as somewhat of a package
25 including directory assistance?

01178

1 A. Yes.

2 Q. Let me ask you a question about directory
3 assistance. Would it be fair to say that new
4 businesses -- it's important to new businesses that
5 customers, consumers, citizens, have access to these
6 new businesses by phone?

7 A. Uh-huh.

8 Q. And the Yellow Pages is an obvious source
9 of that?

10 A. Right.

11 Q. And in the event that a new business starts
12 up and is not yet in the Yellow Pages, would directory
13 assistance be the one way by which that information of
14 phone numbers gets out to the public?

15 A. That would be one way. A new business
16 person going into business would certainly make his
17 presence known by direct mail procedures also, I would
18 think.

19 Q. And would you think that the elimination of
20 some of the free calls for directory assistance for
21 residential customers would be an impediment to access
22 by those residential customers to the new startup
23 business?

24 A. I don't think so, and I am going to go on
25 personal experience only, but as a small business

01179

1 owner I am very aware of what kind of monies we're
2 spending and how we're spending them. By over using
3 directory assistance at any cost it's going to
4 increase my bottom line budget that I have to live
5 with, so I use my Yellow Pages and look things up. If
6 I need to use directory assistance that's a cost of
7 doing business.

8 Q. For your business or in your personal life?

9 A. In my personal life I still use my Yellow
10 Pages but I will also, if I need to find a plumber to
11 fix my pipes and I call directory assistance because
12 I've been given this person's names, that again is a
13 living cost.

14 MR. GOLTZ: Thank you.

15 JUDGE CANFIELD: Any others?

16 Thank you, Ms. McDonald.

17 Whereupon,

18 GREG TAYLOR,

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

21

22 DIRECT EXAMINATION

23 BY MR. TROTTER:

24 Q. Would you please state your name and spell
25 your last name.

01180

1 A. My name is Greg Taylor and last name is T A
2 Y L O R. I'm the president and general manager of PU
3 Properties which is a small property management firm.
4 We manage residential and commercial space. I'm here
5 this morning to say that I am in favor of the proposed
6 tariff. I hope you will be hearing from a lot of
7 small business people. You may not. As a small
8 businessman, I know that I am generally too busy and
9 work too long hours to be much of a lobbyist. There
10 may be other lobbyists here that are paid to do this,
11 but I've got my business to run. I do work for a man
12 that is more on top of this, and I work for the former
13 mayor of Seattle, Wes Uhlman, and he felt very
14 strongly about this, and he brought to me and made me
15 feel the same way.

16 We support the tariff charges for pretty
17 much two reasons. The complex business line rates,
18 I'm a small business and I have to compete with large
19 businesses. Large businesses that have more
20 resources. How I compete is through technology. I
21 have three offices. In the last two years I've gone
22 from two business lines to seven business lines.
23 That's the only way I can compete. I've got to have
24 multiple customer service lines. I've got to have fax
25 lines and computer lines. So my phone rates have just

01181

1 gone way up. The tariff change here would save me
2 about \$1500 a year and for a small business, for me
3 that is real money so that is real savings.

4 I also feel about terminal loops that the
5 artificially low rates -- that their rate is lower
6 than the cost -- is a subsidy for large businesses,
7 schools and local governments. I feel that's an
8 unfair subsidy and it's a double tax. I don't
9 appreciate my competitors being subsidized by a rate
10 that I pay. It is tough enough for me as a small
11 businessman. I also feel that our business
12 contributes a substantial amount of tax dollars and we
13 pay for our share of schools and local businesses. I
14 feel that this rate is a hidden tax or a double tax
15 and we object to that. That's about all I've got to
16 say. I hope you do listen to us small businesses
17 concerns.

18 Q. Give us your business address.

19 A. 1101 Southwest 139th Street, Seattle,
20 98166.

21 Q. You stated that you believed that the
22 terminal loops are being subsidized. How did you
23 reach that conclusion?

24 A. From reading a number of articles. I think
25 one was in the business journal and that kind of

01182

1 information.

2

3

CROSS-EXAMINATION

4 BY MR. GOLTZ:

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

6 A. It was brought to my attention my boss.

7 Q. Mr. Uhlman?

8 A. Yes.

9 JUDGE CANFIELD: What's the name of your
10 business again? I didn't get it. Maybe the spelling?

11 THE WITNESS: It is PUF, an acronym, PUF
12 properties.

13 MR. TROTTER: Bruce Boyle.

14 FROM THE AUDIENCE: No comment at this
15 time.

16 MR. TROTTER: Deb Symmonds.

17 FROM THE AUDIENCE: I have no testimony
18 this morning.

19 MR. TROTTER: Chris Parker.

20 Whereupon,

21

CHRIS PARKER,

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

24 THE WITNESS: Good morning, beloved. My
25 name is Chris Parker. I'm the commanding officer of

01183

1 the Salvation Army for the East Side King County. I'm
2 here this morning to represent the Salvation Army here
3 in the state of Washington. The address that I would
4 offer to us all is the 111 Queen Anne, zip is 98119.
5 That's our divisional headquarters, and I was asked to
6 represent the Salvation Army here this morning as one
7 who is concerned about rates and the cost of things.
8 We're in favor of the U S WEST Communicatiосn tariff
9 filing and if it's approved it would provide many
10 valuable dollars to directly benefit those who are in
11 need.

12 And you've already heard from domestice
13 violence folks and you would probably hear that from a
14 lot of folks who are in the nonprofit organizations.
15 Most of our units -- and we have over 40 units in the
16 state of Washington alone that have the five line
17 program with U S WEST, and obviously if that fifth
18 line is reduced then it comes out to a savings of
19 around \$40,000 a year, and we as the Salvation Army,
20 we must also say we're never interested in anybody
21 having an increase in rates because any time somebody
22 has to pay for an increase in a rate it can directly
23 affect us, but the rubber meets the road here, and
24 that is that if you folks approve this we'll be saving
25 some money and we'll be able to accept some more folks

01184

1 and that's why we're here to help encourage the
2 passage of this proposal.

3

4 DIRECT EXAMINATION

5 BY MR. TROTTER:

6 Q. The \$40,000 a year, that was for all of the
7 services that the Salvation Army uses in this state?

8 A. Yes, sir. That's the telephone bill that
9 we would look at and it comes out to about \$40,000.

10 Q. Did you have the assistance of the company
11 when you computed that?

12 A. Yes, sir. I went to our divisional
13 headquarters and reaffirmed the units that have the
14 five lines. I wanted to make very sure that was
15 accurate.

16 JUDGE CANFIELD: So the 40 units in
17 Washington, those are the units with five or more
18 business lines?

19 THE WITNESS: Yes, sir. Most all Salvation
20 Army units have at least the five lines.

21 JUDGE CANFIELD: Any other questions for
22 Mr. Parker.?

23

24 CROSS-EXAMINATION

25 BY MR. GOLTZ:

01185

1 Q. How did you hear about the hearing this
2 morning?

3 A. I knew you were going to ask that question.
4 I was sitting at a Rotary Club meeting a couple of
5 weeks ago and some of the business guys that were
6 there having lunch with me, they got into a
7 conversation, and I got to listening to it, and they
8 said, you know, guys like you --, I can't even
9 remember which one said it to me, but, you know, an
10 organization like you can probably save some money.
11 You might want to look into it. So that's what I did.

12 JUDGE CANFIELD: Thank you, Mr. Parker.

13 MR. TROTTER: Grant Cook.

14 Whereupon,

15 THOMAS GRANT COOK,
16 having been first duly sworn, was called as a witness
17 herein and was examined and testified as follows:

18

19 DIRECT EXAMINATION

20 BY MR. TROTTER:

21 Q. Please state your name.

22 A. My full name is Thomas Grant Cook, and I'm
23 representing myself. My employer has publishing
24 companies and a personal business and I'm also
25 involved with my wife which is a small business.

01186

1 Q. Do you want to give us whatever address you
2 wish?

3 A. The address that we'll list is 11714
4 Northeast 45th Street, Suite 165, Redmond, Washington,
5 98052.

6 Q. Go ahead with your statement.

7 A. A few comments that I would like to make
8 this morning. Number one, if this is -- we're in
9 favor of this proposal by U S WEST, and initially it
10 would save our company upwards of \$900, and that might
11 not seem a lot of money on the outside, but it is a
12 lot of money for a small business, number one. We
13 employ either in the full-time or part-time basis 17
14 people. And \$900 can go a long way when we're talking
15 about further employment.

16 Small business of course is really the
17 backbone, I believe, of the tax base in United States.
18 What infuriates me, quite frankly, about this whole
19 business is to find out that a hidden tax like this
20 exists. On the chance that you want to ask me how I
21 find out about it, I was contacted by U S WEST and
22 made aware of it, and quite frankly, I think it's
23 interesting that I am contacted by business and not by
24 government who perhaps isn't in the business of
25 contacting me to tell me how they're taking taxes and

01187

1 money from us.

2 So my point is, we're not made aware of
3 these things, and every time we are made aware I think
4 it's necessary for small business owners to be able to
5 stand up here and make our point clear that what is
6 going on here needs to change and make an impact,
7 bottom line impact on the economy of the state of
8 Washington.

9 Q. The \$900, was that on an annual basis?

10 A. That's correct. Now, I would like to
11 comment, if I can, on that. Again, \$900 may not seem
12 like a tremendous amount of money but when you add up
13 all the taxation, all of the expenses that we incur
14 throughout the course of a year, \$900 is one piece of
15 that puzzle. That adds up to a big tower which
16 typically adds up to our inability to hire maybe two
17 or three additional people.

18 Q. Now, did you -- speaking of notice to you
19 regarding this, did you see the notice in your bill
20 when this case first began, the notice that was
21 contained in your bill?

22 A. I don't see the bills in our office. My
23 secretary takes care of those and I was not made aware
24 by her.

25 Q. Did you see any newspaper articles?

01188

1 A. No, I did not.

2 Q. And I know the Commission is interested in
3 getting to people, and they do have a mailing list,
4 but obviously that would have to be initiated by you.
5 Do you have any suggestions for how the Commission
6 could do more than require a notice in the bill and
7 the newspaper?

8 A. Well, in the newspaper -- and I typically
9 read the paper -- because of the amount of time that I
10 spend working oftentimes I am not reading the paper
11 except perhaps on a Sunday, and quite frankly I
12 haven't seen it. Has it been that high of an interest
13 story?

14 Q. Well, I just want to know what notice would
15 be effective to get to you if a bill stuffer doesn't
16 work and the newspaper doesn't work?

17 A. I think the newspaper, radio or television.
18 There's several types of media, and my experience, I
19 don't think it's been government's business to make us
20 aware in a big way. Believe me, if they wanted us
21 to know we would be more aware. If we were more aware
22 I think you would see a lot more small business owners
23 out here, quite frankly.

24 Q. You were notified by the company. Did they
25 send you something or how did that notice come about?

01189

1 A. I'm involved with the Seattle chamber also,
2 so I was contacted through a contact that I have
3 there.

4 Q. So the company contacted the chamber that
5 contacted you?

6 A. That's correct.

7 Q. Did you get anything in writing from the
8 company?

9 A. Yes. As a matter of fact I did.

10 Q. I would just like to show you -- it's a
11 three-page document entitled Invitation To Comment.

12 A. Yes. I did receive that.

13 Q. Could you look at it because there's a
14 couple of things that's been identified as invitation
15 to comment.

16 A. Yes, I have received this. As a matter of
17 fact, I'm holding it here.

18 MR. TROTTER: Your Honor, if there's no
19 objection I would like to have this marked as an
20 exhibit just to indicate the type of notice that
21 customers got.

22 JUDGE CANFIELD: We don't have that
23 specifically marked as an exhibit so maybe that would
24 be beneficial to the record. I will mark as the next
25 exhibit number in order.

01190

1 MS. HASTINGS: Your Honor, do we know where
2 this came from?

3 MR. TROTTER: I am just going to ask him
4 that. Have it marked first and then ask him how
5 it got into his hands.

6 JUDGE CANFIELD: Let me mark it and then
7 we'll get to that. The next exhibit order number in
8 order is 64 so I will mark this as 64 for
9 identification.

10 (Marked Exhibit 64.)

11 Q. Do you recognize that exhibit as what you
12 got?

13 A. That's correct.

14 Q. How did it come into your hands?

15 A. It was faxed into my office at my request.

16 Q. From whom?

17 A. From -- I believe it was either from the
18 Chamber of Commerce or from U S WEST.

19 Q. And you understood that this was a U S WEST
20 document?

21 A. No. I didn't understand that it was
22 directly a U S WEST document but I am not sure how
23 that would pertain to this now.

24 Q. I just wanted to know if you understood
25 this to be generated by U S WEST or the chamber.

01191

1 A. That's neither here nor there as far as
2 I'm concerned.

3 Q. I understand that but do you know who wrote
4 it?

5 A. No. I'm not familiar with who authored
6 this piece.

7 MR. TROTTER: That's all I have. Thank
8 you.

9 JUDGE CANFIELD: Any additional questions
10 for Mr. Cook?

11 MR. TROTTER: I would offer Exhibit 64.

12 MS. HASTINGS: Your Honor, I object to it.
13 There's no way of knowing what it is or who put it
14 together on the face of it.

15 MR. TROTTER: Is U S WEST denying that this
16 is their document.

17 MS. HASTINGS: I've never seen it before,
18 Don. I'm not denying it. I don't know if it was --

19 MR. TROTTER: There's a phone number on the
20 third page. Maybe you can confirm if that's a U S
21 WEST number.

22 MS. HASTINGS: I don't know if that's a U S
23 WEST number.

24 MR. TROTTER: Your Honor, maybe at a break
25 we can call the number and find out.

01192

1 MS. HASTINGS: Or we can ask someone. I
2 just don't know.

3 MR. TROTTER: I'd ask that the ruling be
4 deferred until we can establish who did this.

5 JUDGE CANFIELD: It's been marked.

6 MR. TROTTER: Just for informational
7 purposes.

8 JUDGE CANFIELD: It's been marked and
9 identified and I will defer ruling on it for the
10 time being so we'll leave that as it is.

11 MR. TROTTER: Next is Martha Hubbard.

12

13 DIRECT EXAMINATION

14 BY MR. TROTTER:

15 Q. Would you please state your name and spell
16 your last name.

17 A. My name is Martha Hubbard and my last name
18 is spelled H U B B A R D.

19 Q. And you're representing whom?

20 A. I am representing Spangler Associates.
21 Address is 1110 Third Avenue, Suite 800, Seattle,
22 98101.

23 Q. And would you give us your statement?

24 You're here on the terminal loops and complex lines
25 filings?

01193

1 A. Yes, I am. Thank you.

2 JUDGE CANFIELD: Maybe I can get the
3 spelling of the business. I know on some of the ones
4 on the past I've had to ask and we may not be familiar
5 with your businesses so if you could spell that name
6 for the record, please.

7 THE WITNESS: S P A N G L E R Associates,
8 Inc.

9 Q. Go ahead.

10 A. I am here on behalf of the owner of our
11 company. She and I were discussing the information
12 that we had received in regards to the terminal loops
13 and the complex lines. Being a small business, as we
14 are, we are in the business of graphic design and
15 marketing. We communicate with our customers through
16 -- via all the wonderful telecommunications lines that
17 are available. We are in excess of four lines;
18 therefore, this definitely does affect us. It would
19 involve a very substantial savings in our business
20 expenses and any small business owner knows you cannot
21 afford expenses. You cannot afford inefficiency and
22 you have to watch your costs. You have to monitor
23 your expenses very closely, and you have no room for
24 shouldering someone else's expense. You're fortunate
25 if you can handle your own expenses and handle them

01194

1 and manage them well. We are not in the business
2 of taking care of the government's expenses nor are we
3 in the business of taking care of the schools and any
4 other large corporations. I would shudder to think
5 that we are in any way shape or form the equivalent of
6 the Boeings and the cities of Seattle and Tacoma, et
7 cetera. We are in the business of taking care of our
8 small business, not big business. We pay our taxes.
9 We support our schools certainly, and are in the
10 business of volunteering in our community and are very
11 actively involved in that community, the Seattle
12 chamber, for example.

13 I think it's important that the issue of
14 fairness be addressed more than anything else.
15 Disregard the bottom line. But I think what's fair is
16 fair. And if we are paying an expense that we are not
17 using then is that fair? I think it's important to
18 look at managing the costs for the services that you
19 use and the services that you incur.

20 One area that did not set well with me was
21 to find out, first of all, that this is an expense
22 that we have been incurring over a period of time and
23 we were not notified of it. We had no knowledge of
24 it. Now, I'm not sure whose responsibility it is, and
25 I am not going to point any fingers, but the fact that

01195

1 we were unaware of this hidden expense, number one,
2 was appalling to me, and number two, the fact that we
3 were not properly notified because we are a small
4 business and it does affect us was also an area that
5 both my employer and I were very angered and upset
6 about. We have enough other things to be concerned
7 about. We have a business to run. Trying to be
8 someone's watchdog -- we don't have anyone on our
9 payroll to do that, so I guess I beg of you to seek
10 and search for fairness in this whole issue as opposed
11 to being terribly concerned about everyone's bottom
12 line. Obviously the government is concerned about
13 their bottom line and obviously so are we, but what I
14 think is at hand here is fairness. Thank you.

15 JUDGE CANFIELD: Questions for Ms. Hubbard?

16

17 CROSS-EXAMINATION

18 BY MR. GOLTZ:

19 Q. You were not notified through your stuffer
20 in your telephone bill?

21 A. Here again, the secretary gets the
22 telephone bill. I get the bill and make sure it's
23 paid.

24 Q. You don't know if there's a notice in
25 there?

01196

1 A. No.

2 Q. So how did you hear about the hearing
3 today?

4 A. I was notified by my employer.

5 Q. And how did your employer hear of --

6 A. She would have to answer that question.

7

8 REDIRECT EXAMINATION

9 BY MR. TROTTER:

10 Q. Do you know how much you would save by the
11 reductions that are proposed?

12 A. It would be approximately \$750 a year at
13 present, and we are also -- because we have one
14 customer -- we just gained a customer where we are
15 going to install modems in all of our computers, so
16 I'm in the process of adding one, possibly two, more
17 lines. We'll be up to ten lines by the end of the
18 years just by virtue of this one customer needing
19 communication via modem. So, in order for us to grow,
20 we do have to take into consideration the additional
21 costs that are involved in adding all of the
22 telecommunications lines and that is a very vital part
23 of our business. We're very much into high tech and
24 faxes, modems. You can't live without them any more.

25

01197

1 RE-CROSS-EXAMINATION

2 BY MS. HASTINGS:

3 Q. Did you happen to see the article in last
4 night's Seattle Times about the emergence of
5 competition in the local exchange market in Seattle?
6 Specifically it was an article on Teleport and ELI and
7 their doing business in the downtown area?

8 A. I didn't happen to read the newspaper last
9 night. I do read the newspaper but I didn't last
10 night.

11 JUDGE CANFIELD: With that, thank you.

12 MR. TROTTER: David McCleary.

13 Whereupon,

14 DAVID McCLEARY,

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

17 THE WITNESS: My name is David McCleary,
18 last name is M C C L E A R Y. I operate Bloodhound
19 Travel here in Seattle.

20 JUDGE CANFIELD: What was the name again?

21 THE WITNESS: Bloodhound Travel.

22

23 DIRECT EXAMINATION

24 BY MR. TROTTER:

25 Q. Your business address?

01198

1 A. 1001 Fourth Avenue, Suite 2401 in Seattle.

2 Q. Zip code is?

3 A. 98154. I think the previous speakers have
4 all dealt very clear and I believe accurate comments
5 in support of this filing. I would also add my
6 support to those previous speakers. I believe that
7 the most important point here is that I support paying
8 for services at a price that is appropriate to the
9 cost of providing those services. As a small business
10 owner I don't have a use for term loops at this point.
11 At some point when I become real large enough that I
12 do need such a service I will certainly appropriate
13 a budget that will incorporate the cost of providing
14 that service. And I do not feel bad about paying for
15 that service at a fair price. That is really all. I
16 just want to continue my support.

17 JUDGE CANFIELD: Any questions for Mr.
18 McCleary?

19

20 CROSS-EXAMINATION

21 BY MR. GOLTZ:

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

23 A. I heard about the hearing from Kathy Ellis
24 at U S WEST when I called U S WEST to inquire about
25 going from my current four lines to more lines, and

01199

1 she faxed me an invitation to comment.

2 Q. Is that invitation to comment, is that the
3 same that's been identified as Exhibit 64?

4 A. If that has in fact been identified as 64
5 here is what I have.

6 Q. I will show you this and we can confirm.

7 JUDGE CANFIELD: For the record, Mr. Goltz
8 is comparing his Exhibit 64 to the witness's document.

9 A. Yes, they look to be identical.

10 JUDGE CANFIELD: And the response was what
11 again?

12 THE WITNESS: Yes. The letter I received
13 from Kathy Ellis is that as identified as Exhibit 64.

14 Q. You're a travel agent?

15 A. Yes.

16 Q. Excuse me. This is totally irrelevant but
17 is there significance to Bloodhound? Is it a
18 specialized --

19 A. We sniff out the bargains. We had to think
20 of a name just corny enough that all of you would
21 remember it.

22 Q. It worked.

23 JUDGE CANFIELD: Thank you, Mr. McCleary.

24 MR. TROTTER: Shirley Lansing.

25 Whereupon,

01200

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

4

5 DIRECT EXAMINATION

6 BY MR. TROTTER:

7 Q. Would you please state your name.

8 A. My name is Shirley, S H I R L E Y, Lansing,
9 L A N S I N G. I'm representing General Employment
10 Service, Incorporated, and the office address I would
11 like to give you is a Seattle address which is 600
12 University Street, Suite 2525, Seattle, 98101-3129. I
13 heard about the hearing through the Independent
14 Business Association, IBA. I was called about the
15 Kent hearing as well as this one. And so much has
16 been said, and I don't wish to repeat myself, just
17 like to give an affirmation of all of the things that
18 have been spoken by other small business owners. I
19 will just say this, that I'm glad IB called me
20 because so much of the time those of us in small
21 business do not have time to go to hearings or to
22 testify. That's how we continue to be in business,
23 and I have managed to survive in the employment agency
24 business since 1957 here. And I think part of the
25 reason that I have been able to continue in business

01201

1 and to grow each year and to add more phone lines
2 every year -- I started with one and I didn't have
3 time before I came to the hearing to affirm the exact
4 number of our lines as well as the amount that we
5 would save, but it's certainly somewhere between the
6 \$500 and the \$40,000 range and somewhere in the middle
7 there there's a number that could be significant.

8 We do depend heavily on our telephones.
9 All of us in business, it was the first thing when I
10 spoke to young people at the university, Seattle
11 Pacific University in particular, about starting in a
12 small business, I quiz them about how they first --
13 what they would do in the first place when they start
14 a business and they usually guess that I pick up the
15 phone and let people know I'm there, so I feel it is
16 critical for people to have good fairly priced phone
17 service in the beginning, and as you grow, it is your
18 lifeline to the outside world, as all of us know who
19 are in a small business. I'm less small than I used
20 to be because we have a temporary division and we now
21 have six to 800 people each week who are on our
22 payroll who choose to work as temporaries and who are
23 finding that critical source of income or convenience
24 as it relates to the individual. And I would say that
25 without the telephones that those people can't pick up

01202

1 and call us and let us know they're available or let
2 us know that they cannot go out on an assignment. If
3 we didn't have all the lines we have -- and I would
4 guess we must have three offices Seattle, Bellevue and
5 Tukwila and between the three offices we probably have
6 a couple of dozen lines so without that a lot of
7 people would not have a connection, a way to really
8 have a paycheck every week, which is what we do.

9 I'm not a U S WEST customer. I opted for
10 the less expensive way to have my service. I feel
11 strongly about the idea of the competitive
12 marketplace, and if anyone else has the right to sell
13 a service, then there should be on the part of U S
14 WEST the same right that they, in my opinion, should --
15 if I understand this correctly, they should be able to
16 compete with whatever was in the paper last night that
17 I didn't read either that people are coming in and
18 offering additional services at a price that U S WEST
19 cannot compete with, so that's just an opinion. I
20 believe we're all here in small business because we
21 have been able to compete, and and that is a fairness
22 issue.

23 Q. Who is your phone company?

24 A. I work with Shared Technologies in One
25 Union Square and they offer us a package with the long

01203

1 distance.

2 Q. So that's a shared tenant service? Does
3 that mean something to you?

4 A. Yes. And so it was so easy in the olden
5 days, you know those olden days of yore when we didn't
6 have all these choices. Trying to figure out
7 seriously about our phone service all the aspects of
8 it as it's broken down in so many segments, and the
9 business about four lines and not knowing about the
10 four and then you get five and then it all goes to --
11 that kind of thing is enough to drive us crazy, and if
12 anybody thinks we're sitting around reading the little
13 stuffers that come in the phone company bill there's
14 no time for small print and small stuffers.

15 Q. What do you think would be a more effective
16 way of getting information to you?

17 A. Well, having belonged to the Seattle
18 chamber since I was first in business in the late
19 50's, I value the information out of the chamber
20 highly, all the chambers. I believe everybody should
21 belong to a chamber, local chamber, and otherwise. I
22 believe in private representation through an
23 organization like Association of Washington
24 Businesses. Now, I didn't hear from them on this and
25 I know why, but I won't go into that, but I did

01204

1 hear from IBA in a fairly intense way because they're
2 protecting the interest of small business. Small
3 business people basically can't lobby and those of us
4 who come like this are not only nervous because we
5 don't do it every day and it's not our job to present
6 ourselves, but it's impossible without organizations
7 to represent us to utilities and to the government and
8 to the legislature and so on, so I just urge anyone to
9 the information to come through the small business
10 organizations.

11 MR. TROTTER: Thank you.

12

13 CROSS-EXAMINATION

14 BY MR. GOLTZ:

15 Q. Does either the Seattle -- you're referring
16 to the Seattle Chamber of Commerce?

17 A. Yes.

18 Q. Does either the Seattle Chamber of Commerce
19 or the IBA have a weekly newsletter that goes out to
20 people like you or monthly newsletter?

21 A. Yes, monthly.

22 Q. And is this the sort of information that
23 typically would be in that newsletter?

24 A. Yes.

25 Q. In the event that something newsworthy or

01205

1 relevant to the small business person comes up between
2 issues of the newsletter, do they have special mailing
3 at all?

4 A. I think they rely on the telephone. That's
5 a joke.

6 Q. And they only have four lines?

7 A. Yes. Exactly. I really think it does.
8 Because they very -- although occasionally you will
9 get some fluorescent piece of mail, a bright color
10 from someone. That seems to be an issue that would
11 really impact a lot of small businesses in a certain
12 way. So I would just like to affirm my position that
13 this be given serious consideration.

14

15 CROSS-EXAMINATION

16 BY MS. HASTINGS:

17 Q. Can you share with me, if you know, why
18 your company moved away from U S WEST services?

19 A. Money. Dollars.

20 Q. Pardon me?

21 A. Dollars.

22 Q. Can you tell me how long ago that was?

23 A. Probably two years ago. And we have one
24 person in the company -- and I regret that I did not
25 have time to talk to her and get all my statistics

01206

1 that I need and would be happy to get those if they
2 would be useful. We have one person who evaluated.
3 She evaluates our pricing, does our purchasing and
4 that sort of thing, and she evaluated all the
5 different options, supposedly, that we had.

6 Q. I don't really need to have you do that but
7 do you have any idea in terms of a percent of how
8 much cheaper the alternatives service that you went to
9 was, roughly? And if you don't that's fine. I was
10 just curious.

11 A. I'm sorry. I should but I don't right now.

12

13 REDIRECT EXAMINATION

14 BY MR. TROTTER:

15 Q. Do you know what company the shared
16 tenant service uses to get the calls out?

17 A. I'm feeling very embarrassed at the moment.

18 Q. That's all right.

19 A. I truly can provide any of that. You have
20 my phone number is 623-1750.

21 MR. TROTTER: Thanks very much.

22 JUDGE CANFIELD: Thank you.

23 MR. TROTTER: Next, Bennie Barnes.

24 FROM THE AUDIENCE: No comment.

25 MR. TROTTER: Gilbert Hlley.

01207

1 Whereupon,

2 GILBERT HALLEY,

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

4 herein and was examined and testified as follows:

5

6 DIRECT EXAMINATION

7 BY MR. TROTTER:

8 Q. Would you please state your name and spell
9 your last name.

10 A. My name is Gilbert Halley, H A L L E Y.

11 Q. And you're representing whom?

12 A. I'm representing my business, business
13 Service Center of Bellevue, and I also was called by
14 IB to attend this on the basis that this hits not
15 only me but a lot of customers, and they thought that
16 I would have a particular insight to this area.

17 Q. Can you give us your business address
18 please?

19 A. 10900 Northeast 8th, Suite 900, that's
20 Bellevue, 98004.

21 Q. Please give us your statement.

22 A. Like I say, I'm representing Business
23 Service Center, and I have not had a chance to look
24 and see what impact, if any, this would have on us.
25 We're more of a large user of telephone services. We

01208

1 are an executive Suite. We have 140 offices that we
2 rent out to independent businessmen and local sales
3 reps for national companies, et cetera. We also have
4 a telephone answering service that we answer phones
5 for a lot of customers. I think Hoss Publishing, who
6 was up here first, I think they're a customer of ours
7 in their telephone answering service.

8 The typical tenant that we have move in --
9 and this has changed over the last few years with the
10 new technologies, but the typical tenant will want two
11 telephone lines, and he'll want a fax line and he'll
12 want probably a modem line, and we can -- and we right
13 now use U S WEST to provide that service. He adds a
14 second person and says, can you help me get another
15 line in here so I can have my technical person have a
16 telephone line to work with and all of a sudden we
17 say, yes, we can do that but instead of paying
18 approximately \$40 with tax for those lines, the price
19 is going to go up substantially on not only the new
20 line but the other four lines that you have, and so
21 you're looking at -- I believe the number is somewhere
22 around \$90 a month increase to get one additional
23 line. Fortunately we can say, well, that's the
24 problem, the tariff is that way, but it doesn't make
25 any sense. Most businesses, when you become a volume

01209

1 user, the costs should go down. You still only have
2 to send one bill out for that group of lines. You
3 only have to make one collection, so the costs are not
4 more. They should be less the more lines you put in,
5 and the fact that the cost goes up doesn't make sense
6 to me.

7 So from that aspect I support the bill,
8 although I must say that we are in the process of
9 evaluating, becoming a shared tenant processor for the
10 telephone lines, and I may be shooting myself in the
11 foot here because if U S WEST drops their price, I
12 can't prove that I am going to have as big a savings
13 to my tenant as I would without this. The way I am
14 going to price my telephone lines is going to be a
15 flat rate at something that is slightly less than what
16 U S WEST provides, so I'm one of the those people
17 potentially that is helping driving the price down,
18 but it didn't make sense to me to have a higher rate
19 just because you've got more lines.

20 JUDGE CANFIELD: Any questions for Mr.
21 Halley.

22

23 CROSS-EXAMINATION

24 BY MS. HASTINGS:

25 Q. Yes. I'm curious to know, why is it that

01210

1 you are looking into the shared tenant provider
2 business?

3 A. We feel, based on our research, that there
4 is substantial money to be made there. For those who
5 don't understand shared tenant providers, what we
6 would do would be to buy certain trunks from U S WEST
7 and share those trunks between a large group. We
8 anticipate that we would be having somewhere around
9 300 lines that we would be providing either telephone
10 instruments, fax machines, modems, et cetera, and we
11 could do that with about 100 to 125 trunks. So that
12 means that we pay for 125 trunks and can bill for 300
13 trunks. If we bill slightly less than U S WEST for
14 those telephone lines, we still can save -- can make a
15 substantial amount of profit to ourselves.

16 The other thing that we will do is we will
17 be able to give better service to our customers
18 because that will mean we'll have a telephone switch
19 that can do some things that they can't do now with
20 U S WEST, so they would be getting a double benefit
21 that way.

22 MS. HASTINGS: Thank you.

23 JUDGE CANFIELD: Thank you, Mr. Halley.

24 MR. TROTTER: Sue Taoka.

25 Whereupon,

01212

1 mine who was a former U S WEST employee about this
2 hearing and about these issues and because of that I
3 haven't had a lot of time to do a lot of analysis. I
4 haven't had the time to do the work that I know that I
5 need to do to do an appropriate testimony, but I guess
6 that one is one of my concerns is -- and I think
7 that's an issue that we need to talk about is
8 knowing how to get appropriate notice out to
9 the community, and I know that you are concerned about
10 that. But I guess from what I've heard this morning
11 and the literature that I have seen -- and I admit I
12 was faxed one of those probably Exhibit 64s and then
13 when I read from the table today, I need more
14 information to be able to make some very clear
15 statement about whether we're saving, whether we're
16 not saving.

17 We, in our organization, own and manage
18 property in the international district, and we have
19 space that we rent to small businesses, a variety of
20 kinds of small businesses, and I just want to echo
21 some of the things I've heard here today is that we
22 need a fair playing field. Small business is tough.
23 Surviving in this atmosphere is tough. If you're in a
24 community like mine which some people in the
25 government call it a distressed community. Others

01213

1 call it a red lined community but doing business there
2 is not easy. Getting businesses started is not easy.
3 Getting financing is not easy and if we're not on a
4 fair playing field -- I mean, those things put us
5 askew anyway, and if we're not on a fair playing field
6 with utilities we're even more askew, and people in my
7 community need to have that fair playing field. We
8 need to be able to have some equity. I don't think
9 there's anybody -- and none of the people here are
10 going to say I don't want to pay for what the cost is,
11 so I think that what we're saying, we want to pay what
12 actually is the cost. We don't want to pay what is
13 not the cost and so that's what I mean by fair playing
14 field.

15 I would like to make a comment on some
16 of the notice issues. I work in a community that is
17 heavily nonEnglish speaking. I think the census says
18 about 80 percent of the households and businesses
19 really are not English speaking and a lot of the small
20 businesses there that are functioning as businesses
21 rely on one or two people who have English skills.
22 And you've heard that stuffers in bills really aren't
23 going to make it because most of us never see the
24 stuffers because whoever is opening the mail is going
25 to pull out that pertinent piece of mail and toss the

01214

1 rest, because, I mean, there's enough paper that
2 comes through our offices. One of the things that I
3 would like to see the Commission do is to do
4 advertising in local community newspapers. One of the
5 things that would be particularly important for us is
6 to look at making sure that that some of these -- this
7 information gets out to in the nonEnglish papers and
8 they're a lot -- there are a variety of people who can
9 help you decide which are the best papers to use, but
10 it's important. I mean, I represent folks who don't
11 speak English in a lot of situations and because
12 of that they aren't getting information and when they
13 do get information they don't feel like they can talk
14 to anybody about it, so my feeling is the more
15 information we can get out there in the most useful
16 way the better informed we're going to have folks and
17 you may have a packed audience or you may not and we
18 don't know that, but I think that people do deserve
19 the right to be informed about these things. Thank
20 you.

21 MR. TROTTER: Thank you.

22 JUDGE CANFIELD: Thanks for giving voice to
23 those concerns. Any questions for Ms. Taoka?

24 Thank you.

25 MR. TROTTER: Ed Jacobs.

01215

1 Whereupon,

2 EDMUND JACOBS,

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

4 herein and was examined and testified as follows:

5

6 DIRECT EXAMINATION

7 BY MR. TROTTER:

8 Q. Please state your name.

9 A. Edmund F. Jacobs.

10 Q. Spell your last name, please.

11 A. J A C O B S.

12 Q. You look familiar. You were at the Kent
13 hearing?

14 A. No.

15 MS. HASTINGS: This witness has already
16 prefiled written direct testimony on behalf of the
17 Washington State School Directors' Association, and I
18 believe that he's going to again continue to give
19 testimony here, and there's no opportunity for the
20 parties to cross-examine him with respect to that
21 original testimony. The other parties aren't present
22 at the proceeding this morning. I don't believe
23 that's appropriate testimony on his part.

24 MR. TROTTER: Your Honor, maybe we
25 should find out who this gentleman is. I recognized

01216

1 him but if we can just establish --

2 Q. You spelled your name and who do you
3 represent?

4 A. Jacobs and Jacobs, attorneys, a small
5 business client in Puyallup, Washington.

6 Q. You were a witness in this proceeding in
7 Olympia; is that right?

8 A. Yes.

9 Q. Who were you testifying for?

10 A. I did an analysis and testified for
11 Washington State School Directors' Association.

12 Q. And are you representing them here today?

13 A. No, I'm not.

14 MR. TROTTER: He's representing Jacobs and
15 Jacobs.

16 MS. HASTINGS: That's his law firm?

17 THE WITNESS: Yes, it is.

18 Q. And you're a member -- a principal in
19 that law firm?

20 A. No, I'm not. It's my father and brothers.

21 JUDGE CANFIELD: In view of that limitation
22 on the proposed testimony, I will allow the witness to
23 testify.

24 A. My comments today are basically contrary to
25 the other people that have testified today for one

01217

1 reason. U S WEST is looking at this tariff increase
2 and the reduction of complex lines as an offset to the
3 tariff increase for terminal loops, and they're
4 portraying this to small businesses as a great deal of
5 savings. What they haven't told you is that there is
6 another tariff, Centrex Plux, that either has been
7 signed or is pending the Commission's approval that
8 will give you another 15 to 25 percent savings on
9 lines coming into your business that can be used for
10 small business on the one to four, one to ten ratio.
11 So the complex reduction is not the only savings that
12 is available.

13 I feel that if this goes through you can
14 get -- you can have better savings using that tariff
15 than you can the proposed tariff that we're talking
16 about today, and you're going to get hit on the back
17 side because of the increases to your city governments
18 and school districts generally around the state, and
19 when we talk about those increases we're talking about
20 millions of dollars.

21 JUDGE CANFIELD: Questions for Mr. Jacobs?

22

23 CROSS-EXAMINATION

24 BY MS. HASTINGS:

25 Q. Mr. Jacobs, how many terminal loop lines

01218

1 does Jacobs and Jacobs have?

2 A. None.

3 Q. How many flat business lines does Jacobs
4 and Jacobs have?

5 A. Four.

6 Q. Does Jacobs and Jacobs have any other U S
7 WEST services?

8 A. No.

9 Q. Did you do -- since you did mention the
10 school district in this testimony, I didn't know you
11 were talking on behalf of them.

12 A. I'm not.

13 Q. I did hear you, though, just mention the
14 school district and the amount of increase to them,
15 did I not?

16 A. Yes, which is on public record.

17 Q. That's correct. Did you do any evaluation
18 in connection with that of the reduction to the school
19 district as a result of the drop in rates of their
20 simple and complex lines?

21 A. Yes.

22 Q. And how much was that reduction?

23 A. That reduction brought their increase from
24 1.9 million dollars to 1.83 million dollars.

25 Q. Thank you. Where did you get your

01219

1 information with respect to the Centrex Plux filing?

2 A. From U S WEST.

3 Q. Could you please tell me who at U S WEST
4 gave you that information?

5 A. That would be COG.

6 Q. Could you give me the name of the
7 individual you talked with?

8 A. That would be Marilyn Hines.

9 Q. And when did you talk with Marilyn about
10 this?

11 A. Early in June.

12 Q. Do you know what the status of the Centrex
13 Plux filing is at the Commission?

14 A. I was told that it was pending and that the
15 minimum of 20 lines per city has been relieved from
16 it.

17 Q. Is it true that you testified in the
18 hearings earlier this week that you are a consultant
19 to the school districts for telecommunications and
20 telecommunications? I believe I understood you
21 earlier in the week to testify that you consult to at
22 least seven of the school districts?

23 A. Yes. We have seven clients that are school
24 districts.

25 Q. Have you consulted with the school

01220

1 districts about the savings that are available to them
2 as a result of the Centrex Plux filings?

3 A. The Centrex Plux filings as they stand
4 today with multiple sites are not a savings to the
5 school districts.

6 Q. Let me ask the question again. Have you
7 consulted with the school district with respect to the
8 Centrex Plux filing?

9 A. We have talked about it, yes.

10 Q. You have consulted with them. Have you
11 consulted with them to the same degree that you
12 consulted with these business customers today or less?

13 A. Which business customers are you referring
14 to?

15 Q. These business customers of U S WEST that
16 have testified here today.

17 A. I haven't spoken with any of them.

18 Q. I'm sorry. I understood your testimony to
19 be advice to them with respect to their telephone
20 services.

21 MR. TROTTER: Your Honor, there's an
22 objection to that question. I recognize the nature of
23 this witness and it's somewhat problematic, but still
24 I don't believe that that type of question ought to be
25 permitted. He's giving testimony to the Commission,

01221

1 and that is all it is, and so I will object to the
2 question as it's been characterized.

3 MS. HASTINGS: That's fine, Your Honor. We
4 just want to make sure the record is clear that
5 notwithstanding the apparent representation of
6 Jacobs and Jacobs, which has no terminal loops
7 services in this proceeding, that this witness who
8 already testified on behalf of the Washington School
9 Directors' Association earlier in this week has seen
10 fit to come and testify about that aspect of the case
11 and not specifically about the impact of the services
12 on his particular business.

13 MR. TROTTER: That's clearly been
14 established.

15 MS. HASTINGS: That's right so I will
16 withdraw the question. I have no further questions.

17 JUDGE CANFIELD: Okay. Thank you, Mr.
18 Jacobs.

19 MR. TROTTER: Dianne Jackson.

20 Whereupon,

21 DIANNE JACKSON,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24

25 DIRECT EXAMINATION

01222

1 BY MR. TROTTER:

2 Q. Would you please state your name.

3 A. My name is Dianne Jackson and that's J A C
4 K S O N and I am here representing IDI and that is
5 Intercontinent Development Company. In light of what
6 has been said here about small business, I believe at
7 this time I'm going to represent our business as a
8 micro business. We are just getting started, and
9 we've been renting facilities for about two months.
10 We currently have three business lines and one fax
11 line, and I will tell you that I have known the people
12 that are involved in this company for many years, and
13 I myself was a business owner for 18 years, and I
14 survived in a very hostile world with my trustee
15 telephone, so I had at the time that I was in
16 business, to take you back just a step, I had at that
17 time several lines, but I was also under the five line
18 amount, so I speak from not only a new company, but my
19 own experiences in business, and my telephone was my
20 lifeline.

21 Again, with IDI, let's come back to the
22 current. We have the potential of employing many,
23 many people. We have the potential of millions of
24 dollars in transactions, but right now, we are very,
25 very small and our telephone bill affects us greatly,

01223

1 and so we feel, as I feel, that clear, cogent and
2 convincing evidence has been given here this morning
3 of the need for the telephone company to listen to the
4 very small voice in the community. I hope that we can
5 band together and become a convincing and really
6 valuable input to the telephone company's business,
7 because all of us here have the potential of
8 increasing the employment base using more phone
9 services and really becoming an asset to the community
10 in building an economy that seems to be sagging. I
11 know we talk about unemployment in this area, and the
12 people, the small businesses here today are
13 representing the potential of great employment. We
14 can't all be Michael Gates (sic). We can't all be
15 Boeing here. So I would just like to say that.

16 Q. Give us your business address, please.

17 A. Business address is 1326 Fifth Avenue,
18 Suite 510, Seattle, 98101.

19 Q. Thank you for your testimony.

20

21 CROSS-EXAMINATION

22 BY MS. HASTINGS:

23 Q. Did you happen to see the article in the
24 last night's paper, Seattle Times, about the emerging
25 competition in the business exchange market in Seattle

01224

1 with Teleport and ELI?

2 A. No, I did not, and I would like to comment
3 on notification because when I owned my own business I
4 was a member of the Chamber of Commerce in Renton and
5 I still own extensive property in Renton and I manage
6 that to tenants. I own other extensive properties in
7 the rental business here in town. I was, when I had
8 my business, an IBA member. They were invaluable to
9 me. I was a member of the chamber, invaluable to me.
10 I don't always, because I work in my business roughly
11 a 10-hour day and then I come home and manage my
12 rental business and other businesses, I don't always
13 have time to read the paper.

14 And I personally would like to speak to the
15 community of perhaps putting this kind of notice on
16 TV. I could do a whole lot better with a little less
17 O. J. and a little more business notification. And
18 the other small businesses in this room, I'm sure that
19 all of us try to catch the media so that we can find
20 out what's going on in our community, and there are
21 some things I would like to hear a whole lot less of
22 and more about my city, more about my business
23 community. And I think that TV could serve us well by
24 doing that. I, too, do not always read telephone
25 stuffers.

01225

1 JUDGE CANFIELD: Any additional questions
2 for Ms. Jackson?

3 Thank you.

4 THE WITNESS: You're welcome.

5 MR. TROTTER: Paul Hsi.

6 Whereupon,

7 PAUL HSI,

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 Paul Hsi. I spell
11 my last name H S I. I am here on behalf of Community
12 Health Centers of King County. We are a private
13 nonprofit corporation. We provide medical services to
14 low income people and the medically underserved. Our
15 service area is King County outside of Seattle, which
16 means a great deal of territory. We have offices,
17 medical clinics, in Bothell, Redmond, Federal Way,
18 Auburn, Kent, Renton. We have an administrative
19 office in Renton and we are looking -- working with
20 the county to assume county dental services in the
21 east side and in south King County. We currently are
22 colocated in Federal Way with the public health
23 department. We have between four to six direct lines
24 at each location. It's essential for us as a medical
25 provider to have access to patients and to other

01226

1 medical professionals. We also have a data
2 telecommunications network of six data lines.

3 I am here today to testify on behalf of --
4 in support of U S WEST's lowering the five line
5 extension. I would say that that's a big savings for
6 us. I believe we also do have 1FX lines which uses a
7 terminal loop and I would encourage -- we're caught in
8 kind of a quandary now that I just kind of realized
9 that this really may increase our costs. The reason
10 why we use the FX line is so we can access our offices
11 in Bothell and Redmond because from my administration
12 office in Renton is long distance and we are looking
13 to hopefully maybe get a call server later on. We
14 have asked U S WEST about Centronet services, Centrex
15 services, and we were told hopefully sometime in the
16 next few months. We currently use Centrex services in
17 our GTE territory because of the cost savings, and I
18 would like to say that the cost savings here are
19 really important.

20 You know, the woman from south King County
21 Human Services Council and Salvation Army, when we
22 were talking about saving money it really is helping
23 other people because that's money we can spend for
24 providing medical service, providing medicine to
25 people, access to people. It really is important when

01227

1 you're nonprofit to watch the budget because we don't
2 -- we don't necessarily get the same tax deductions,
3 tax benefits that other for profit companies get. I
4 don't know. Are there any questions that the
5 Commission might have for me?

6

7

DIRECT EXAMINATION

8 BY MR. TROTTER:

9 Q. First give us your business address.

10 A. My business address is 1025 South Third
11 Street, Suite A in Renton and the zip code is 98055.

12 Q. Were you able to quantify the amount of
13 savings that you would realize from at least the
14 complex business line reductions?

15 A. It would be a couple of thousand dollars
16 easily.

17 Q. Per month?

18 A. Per year.

19 Q. Were you able to compute the increase of a
20 terminal loop?

21 A. No. I really do need to -- I mean, I was
22 informed about this through my supervisor who I know
23 was in communications with the U S WEST employee, but
24 I don't know what other communications she had with
25 other forms of media. I would encourage the

01228

1 Commission to use radio sources because I really don't
2 have -- like the woman from IDC I don't have time to
3 read the whole paper. I catch the headlines, some of
4 the business and some of the other interest stories.
5 I don't have time to peruse the whole paper and this
6 would definitely not be a headline item.

7 JUDGE CANFIELD: Any other questions?

8 Okay. Thank you very much.

9 MR. TROTTER: Gary Blevins.

10 Whereupon,

11 GARY BLEVINS,

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. Please state your name.

18 A. Gary Blevins, B L E V I N S.

19 Q. And you're representing?

20 A. Windermere Real Estate and Windermere
21 Services.

22 Q. Your address?

23 A. 2450 - 33rd Avenue West, Suite 105,
24 Seattle, 98199.

25 Q. You're here on the complex line issue?

01229

1 A. Yes.

2 Q. Please give your statement.

3 A. I'm in support of the reduction on five
4 business lines. We represent in the King County area
5 40 or more real estate offices. We have in the range
6 of eight to 12 lines in each of those offices. It
7 would represent a savings for each of those offices
8 which are individually owned of probably \$600 to \$800
9 annually. They are individually owned and small
10 businesses in and of themselves. We operate
11 collectively to look at services and figure out what
12 is the best for each office. The savings is
13 significant enough that we are all looking for how to
14 save money. Revenues are being pinched. Expenses are
15 going up so we have to watch everything.

16 There was a comment earlier on directory
17 assistance as to whether what do I feel about the
18 impact on that? Within the office as far as an
19 increased cost, I believe it would be worth our while
20 to support that issue. I don't know that it would --
21 how significantly it would be, but I believe it would
22 be a way to go, and upon an individual user calling in
23 from their homes, I believe that they will still use
24 directory assistance even though it is a little bit
25 more money and they're losing one free call, it looked

01230

1 as though, a month, so I don't believe that that would
2 be significant, and as far as the terminal loops
3 issue, I don't have the expertise to comment on that.

4 MR. TROTTER: Thank you.

5 JUDGE CANFIELD: Any additional questions
6 for Mr. Blevins?

7

8 CROSS-EXAMINATION

9 BY MR. GOLTZ:

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

11 A. We had an owners and managers' meeting and
12 it was brought up and I'm not sure how the individual
13 who initially brought it up was notified. I agree
14 with everybody as far as in the stuffers it does go
15 generally to a bookkeeper or service and we don't pick
16 up on those. Paper is good. I think you need to do a
17 broad base. Radio would be great and TV also.

18 MR. TROTTER: Thank you. That completes
19 the list of people who have signed up. If there's
20 anyone in the audience who wishes to testify who
21 didn't sign up, you're welcome to come on up. I would
22 like to mention three things. I guess the first is
23 with respect to the directory assistance we discovered
24 during this case that if you call in on a DA call you
25 can ask for two numbers. So if you want to get John

01231

1 Smith and Marie Doe's number in Kennewick or in Tacoma
2 or wherever, you can get those two numbers for the
3 price of one call, whether that's an allowance call or
4 a 25-cent call.

5 Second thing is on the issue of the subsidy
6 or the hidden tax, or whatever it's been called, I
7 just want to make clear that that is U S WEST's
8 position that there is a subsidy going on. I want to
9 make clear that other parties to the case have claimed
10 that the current rates to the term loops do cover
11 their costs. That's an issue that the Commission is
12 going to have to resolve.

13 MS. HASTINGS: I want to clarify one little
14 thing that Mr. Trotter said.

15 JUDGE CANFIELD: Let's let Mr. Trotter
16 complete his statement and then I will allow you to
17 comment.

18 MS. HASTINGS: It's just that the fact --
19 you have to be in Kennewick to call directory
20 assistance. You can't cross a boundary.

21 MR. TROTTER: As soon as I said it I knew I
22 was in trouble. If you make a directory assistance
23 call that's performed by U S WEST you can ask for two,
24 although I understand it's generally -- general
25 practice although I don't -- not quite sure how

01232

1 widespread it is. So anyway, those are the two items
2 I wanted to mention.

3 Third item, Your Honor, this big stack of
4 stuff that's sitting here are letters from ratepayers.
5 The Commission traditionally does permit these to go
6 into the record as illustrative of the types of
7 comments that have been received from ratepayers and
8 we do have two such exhibits, one regarding the
9 terminal loop filing.

10 JUDGE CANFIELD: Let me mark that as the
11 next exhibit number in order then and I will mark that
12 as Exhibit No. 65. We still have -- we've deferred
13 ruling on 64 for the time being. We're going to take
14 that up after the break. So I will mark this exhibit
15 of ratepayer letters on the terminal loop filing as
16 Exhibit 65 for identification.

17 (Marked Exhibit 65.)

18 MR. TROTTER: The next one is an exhibit of
19 ratepayer letters dealing with the directory
20 assistance filing.

21 JUDGE CANFIELD: And that will be marked as
22 Exhibit 66 for identification.

23 (Marked Exhibit 66.)

24 MR. TROTTER: I would just note I did
25 provide a copy of this stack to U S WEST and it was

01233

1 available to the staff yesterday. Because of the
2 volume, I will notify the other parties that if they
3 wish a copy, they can ask for one and I would be glad
4 to provide it but instead of filing an original and 19
5 copies of this, I decided that it might be more
6 economical to produce it on demand rather than
7 pursuant to the rule and if there's any objection to
8 that, I will be glad to hear it.

9 JUDGE CANFIELD: But you will be notifying
10 all parties that if necessary, request a copy, it will
11 be provided to them.

12 MR. TROTTER: Absolutely.

13 JUDGE CANFIELD: I will note for the record
14 that it is quite voluminous. The 65 exhibit is, oh,
15 three quarters of an inch thick and Exhibit 66
16 approaches three inches or so, so I would note for the
17 record that it is a voluminous document.

18 MR. TROTTER: And then finally with respect
19 to Exhibit 64, I understand the company was able to
20 confirm that this was a document that was issued by
21 U S WEST.

22 MS. HASTINGS: That is true.

23 MR. TROTTER: I would re-move that exhibit
24 at this time. Reoffer.

25 JUDGE CANFIELD: With that Exhibit 64, 65

01234

1 and 66 are being offered. Are there objections?

2 MS. HASTINGS: No.

3 JUDGE CANFIELD: Exhibit 64, 65 and 66 are
4 so entered into the record.

5 (Admitted Exhibits 64, 65 and 66.)

6 JUDGE CANFIELD: And there was one item
7 left over from yesterday's matter -- hearing -- that
8 we were going to be taking up today to some detail,
9 anyway. Mr. Shaw put the Commission and the parties
10 on notice of a request for the Commission to take
11 official notice of some matters, and there was some
12 concern about notice to parties and an opportunity to
13 comment or contest the request and I think Mr. Shaw
14 indicated that some additional representation or
15 information was going to be provided to the parties
16 today concerning the request. I assume it's not going
17 to be made at this session. It's still in the process
18 of being put together, Ms. Hastings.

19 MS. HASTINGS: Yes, Your Honor. Mr. Shaw
20 and I talked this morning and at this time there
21 aren't going to be any additional documents except the
22 ones that he mentioned, the exhibits, the tariff pages
23 that were attached, which he's going to ask the
24 parties to -- Commission to take official notice of at
25 this time.

01235

1 JUDGE CANFIELD: And that was as earlier
2 mentioned on the record.

3 MS. HASTINGS: Correct.

4 JUDGE CANFIELD: And when is that going to
5 be forthcoming?

6 MS. HASTINGS: Just those tariff pages, I
7 would hope within the week.

8 JUDGE CANFIELD: Was there still the notice
9 to parties concerned as was briefly discussed
10 yesterday? I believe leave that open to either Mr.
11 Trotter or Mr. Goltz.

12 MR. TROTTER: I think the tariff pages have
13 already been discussed.

14 MR. GOLTZ: That's right. I don't think --
15 we don't have a problem with that.

16 MR. TROTTER: It was just these new
17 additional items that were causing concern.
18 Apparently there's no concern --

19 JUDGE CANFIELD: Okay. That was the matter
20 earlier discussed in the record and copies are going
21 to be provided to all parties in any event.

22 MR. GOLTZ: All parties have copies.

23 MS. HASTINGS: All parties have copies.
24 Just taking official notice of the tariffs that were
25 provided in response to the --

01236

1 JUDGE CANFIELD: So there's not going to be
2 an official request after the hearing? It's just
3 going to be the one that was already made on record.

4 MS. HASTINGS: Exactly.

5 JUDGE CANFIELD: Okay. And I don't believe
6 there was an objection earlier by the parties of
7 record, and there's not being one made today; is that
8 correct?

9 Okay. So noted for the record, then. And
10 with that the Commission will take official notice of
11 those earlier discussed tariff pages. Let me
12 double-check to see if there are any additional
13 matters. I will just ask the parties whether they
14 have anything further. We have completed the
15 evidentiary hearings in the matter and we have had an
16 earlier public hearing in the matter this week. This
17 is the second one and as just indicated Mr. Trotter
18 called for any additional members of the public
19 wishing to testify. I guess the sign-up sheets have
20 been exhausted. Are there any other members of the
21 public wishing to offer testimony at this public
22 hearing?

23 Let the record reflect that there are no
24 takers. Anything further from any of the parties
25 then?

01237

1 MS. HASTINGS: No.

2 MR. GOLTZ: No.

3 JUDGE CANFIELD: With that then I will
4 conclude the hearing. And I do thank you all for
5 coming in and participating at the session today. And
6 the hearing is adjourned.

7 (Hearing adjourned at 10:35 a.m.)

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