

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION

3 In the Matter of U S WEST)
 4 COMMUNICATION INC.'s Petitions)
 5 Relating to the Accounting) CAUSE: UT-930074
 6 Change to Implment FASB 106,) UT-930307
 7 Post Retirement Medical Benefits) VOL. 1
 8 and a Rate Making Adjustment) PAGES 1 - 15
 9 for the Pension Asset.)
 10 -----)

11 A pre-hearing conference in the above matter
 12 was held on November 1, 1993, at 9:30 a.m., at
 13 Chandler Plaza Building, 1300 Evergreen Park Drive
 14 Southwest, Olympia, Washington, before Administrative
 15 Law Judge LISA ANDREL.

16 The parties were present as follows:

17 Washington Utilities and Transportation
 18 Commission, STEVEN W. SMITH, Assistant Attorney
 19 General, 1400 South Evergreen Drive Southwest, Olympia,
 20 Washington 98504.

21 U S WEST COMMUNICATIONS, EDWARD T. SHAW,
 22 Attorney at Law, 1600 Bell Plaza, Room 3204,
 23 Seattle, Washington 98191.

24 PUBLIC COUNSEL, ROBERT F. MANIFOLD,
 25 Attorney at Law, 900 Fourth Avenue, Suite 2000,
 Seattle, Washington 98164.

TRACER, ARTHUR A. BUTLER, Attorney at Law,
 1201 Third Avenue, Suite 2850, Seattle, Washington 98101.

MCI TELECOMMUNICATIONS CORPORATION, BROOKS
 HARLOW, Attorney at Law, 4400 Two Union Square, 601
 Union Street, Seattle, Washington 98101-2352.

TELEPHONE PIONEERS OF AMERICA, HAROLD GRIMES
 1600 Bell Plaza, Room 408, Seattle, Washington 98191.
 Cheryl Macdonald, Court Reporter

1 P R O C E E D I N G S

2 JUDGE ANDERL: Let's be on the record.
3 We're convened today in docket Nos. UT-930074 and
4 UT-930307. These are petitions by U S WEST
5 Communications, Inc. relating to the effective date
6 for the accounting change to implement FASB 106, and
7 also for a rate making adjustment for the pension
8 asset. Today is November 1, 1993. My name is Lisa
9 Anderl. I'm the administrative law judge assigned to
10 hear the case. We are convened today for purposes of
11 a pre-hearing conferences and I will begin by taking
12 appearances now.

13 MR. SHAW: For the applicant U S WEST
14 Communications, Inc., Edward T. Shaw.

15 JUDGE ANDERL: Give your address.

16 MR. SHAW: 1600 Bell Plaza, Room 3206,
17 Seattle, 98191.

18 MR. SMITH: For the Commission staff,
19 Steven W. Smith, Assistant Attorney General, South
20 1400 Evergreen Park Drive Southwest, Olympia,
21 Washington 98504.

22 MR. MANIFOLD: For the public counsel
23 section, Robert F. Manifold, Assistant Attorney
24 General. My address is 900 Fourth Avenue, Suite 2000,

25 Seattle 98164.

(COLLOQUY)

3

1 JUDGE ANDERL: Then there are three other
2 people sitting at the counsel table who will be
3 petitioning to intervene. Mr. Harlow, start with you.

4 MR. HARLOW: Thank you. My name is Brooks
5 Harlow. I'm with the law firm of Miller, Nash,
6 Weiner, Hager & Carlsen. Our address is 4400 Two
7 Union Square, 601 Union Street, Seattle, Washington
8 98101-2352. I represent MCI Telecommunications
9 Corporation which plans to orally intervene this
10 morning.

11 JUDGE ANDERL: Mr. Butler.

12 MR. BUTLER: Arthur A. Butler. Appearing
13 on behalf of TRACER. My address is 1201 Third Avenue,
14 Suite 2850, Seattle, Washington 98101.

15 JUDGE ANDERL: Are you petitioning to
16 intervene today?

17 MR. GRIMES: Harold Grimes. Past
18 chapter president, 1600 Bell Plaza, Room 408, Seattle,
19 Washington 98191.

20 JUDGE ANDERL: Give me the name of your
21 organization today, Mr. Grimes?

22 MR. GRIMES: Telephone Pioneers of America.

23 JUDGE ANDERL: Why don't we go back to you
24 and take these petitions to intervene.

25

MR. HARLOW: Thank you, Your Honor. As I

(COLLOQUY)

4

1 mentioned earlier, I represent MCI Telecommunications
2 Corporation. MCI's address is Suite 3900 ARCO Tower,
3 707 - 17th Street, Denver, Colorado 80202 and MCI is
4 also appearing on behalf of in-house counsel for MCI,
5 Sue Weiske, W E I S K E, whose address is the same as
6 I just gave for MCI. MCI will not, by its appearance
7 and participation in this case, attempt to broaden the
8 issues. MCI is an interexchange carrier that provides
9 telecommunications services both inter- and intraLATA
10 in the state of Washington. MCI is a very large
11 purchaser of access and other services from U S WEST
12 and will be directly affected by the substantial
13 reduction in sharing or increases in rates that would
14 result if these petitions were granted. Therefore,
15 MCI has an interest in these proceedings and petitions
16 to intervene at this time?.

17 JUDGE ANDERL: Mr. Shaw, any comment or
18 objection.

19 MR. SHAW: No objection.

20 JUDGE ANDERL: Mr. Smith?

21 MR. SMITH: No objection.

22 JUDGE ANDERL: Mr. Manifold?

23 MR. MANIFOLD: No objection.

24 JUDGE ANDERL: The petition by MCI will be

25 granted, then. Mr. Butler.

(COLLOQUY)

5

1 MR. BUTLER: TRACER is an association of
2 large business customers of U S WEST and as such would
3 be affected by any decision in this case which could
4 affect rates or the amount of sharing. TRACER doesn't
5 seek to broaden the issues in this case. Its address
6 is 1201 Third Avenue, Suite 2850, Seattle, Washington,
7 98101.

8 JUDGE ANDERL: Mr. Shaw, any objection?

9 MR. SHAW: No objection.

10 JUDGE ANDERL: From any of the other
11 parties?

12 MR. MANIFOLD: No.

13 JUDGE ANDERL: Hearing none, the petition
14 to intervene by TRACER will also be granted.

15 MR. GRIMES: Yes. I have a written
16 petition I would like to hand out copies before I read
17 my statement.

18 JUDGE ANDERL: If you're going to read,
19 please read slowly.

20 MR. GRIMES: I will try to do my best.

21 JUDGE ANDERL: As long as you provide the
22 reporter with a copy of your statement afterwards it
23 will help.

24 MR. GRIMES: I, Harold Grimes of the

25 Telephone Pioneers of America through the Charles B.

(COLLOQUY)

6

1 Hopkins, Chapter No. 30 located at 1600 - 7th Avenue,
2 Room 408, Seattle, Washington 98191, I am requesting
3 permission to intervene pursuant to WAC 90430.
4 Pioneers is a private nonprofit organization whose
5 membership is derived from retirees of the former Bell
6 System companies including U S WEST, Inc. and its
7 predecessors. As retired employees of U S WEST and
8 its predecessors, the Pioneers have a significant
9 interest in post-retiree benefits that U S WEST pays.
10 As an organization we want to represent our retirees'
11 interests, their benefits and future coverage because
12 we don't believe that any benefits provided to our
13 retirees have been excessive.

14 The Pioneers' position in regards to the
15 matter in controversy, the Pioneers do not at this
16 time have a position with respect to the complaint of
17 the Washington Utilities and Transportation
18 Commission. Pioneers intend to analyze testimony
19 and other information to be made available to
20 determine what effect these proceedings and Washington
21 Utilities and Transportation Commission's position
22 relative thereto will have on its retired membership.

23 Pioneers will not expand the issues or
24 unduly prolong these proceedings by its intervention.

25

Therefore, the Pioneers respectfully

(COLLOQUY)

7

1 request that the Washington Utilities and
2 Transportation Commission issue an order permitting it
3 to intervene in this proceeding with full rights as a
4 party. Respectfully submitted, Harold Grimes, Chapter
5 officer.

6 JUDGE ANDERL: Thank you, Mr. Grimes.

7 Mr. Shaw, do you have any comments or
8 objections?

9 MR. SHAW: No objection, Your Honor.

10 JUDGE ANDERL: Mr. Smith?

11 MR. SMITH: I just wonder if -- I have a
12 couple of questions.

13 JUDGE ANDERL: Go ahead.

14 Mr. Grimes, is your organization located in
15 the U S WEST building?

16 MR. GRIMES: In Seattle, Washington.

17 MR. SMITH: Are you separate from U S WEST
18 Communications?

19 MR. GRIMES: No. What we are, we were the
20 community service arm of the Bell System, and it's a
21 community service organization of this former Bell
22 System and we have a chapter in Seattle located and
23 our administrator is with me today, and her office is
24 in Bell Plaza.

25 MR. SMITH: How long have the Telephone
(COLLOQUY)

8

1 Pioneers of America been in existence?

2 MR. GRIMES: 82 years.

3 MR. SMITH: But you're not a separate
4 corporation?

5 MR. GRIMES: No.

6 MR. SMITH: I have no further questions.

7 JUDGE ANDERL: Mr. Manifold?

8 MR. MANIFOLD: Is the organization funded
9 by U S WEST then?

10 MR. GRIMES: It's funded by the U S WEST
11 and the other operating companies that are in the
12 Pioneer movement, yes. AT&T, Northern Telecomm, et
13 cetera.

14 MR. MANIFOLD: And membership is open to
15 whom?

16 MR. GRIMES: Right now it's anyone that's
17 just hired or any -- used to be up to 21 years of
18 service but now anyone that works for the operating
19 companies can be a Pioneer.

20 MR. MANIFOLD: Oh, so it's both current
21 employees as well as retired employees?

22 MR. GRIMES: Yes. But the majority of our
23 membership are retired. We have a large retirement
24 complement in our chapter.

25 MR. MANIFOLD: And about how many members

(COLLOQUY)

9

1 do you have in Washington?

2 MR. GRIMES: I think we have 9,300 members
3 and I think we have roughly 5,500 in our chapters that
4 are retired.

5 MR. MANIFOLD: Can you say anything about
6 the governance of the organization? Is there a board
7 of directors or trustees?

8 MR. GRIMES: Our Telephone Pioneer
9 Association office is located in Denver. There's 103
10 chapters in the country. And we're chapter No. 30 out
11 of Seattle.

12 MR. MANIFOLD: How does this chapter -- is
13 there a president or a board of directors or what is
14 the -- who runs the organization?

15 JUDGE ANDERL: Here in Seattle?

16 MR. MANIFOLD: Yes.

17 MR. GRIMES: Like I say, my Pioneer
18 administrator is here with me. And we have
19 legislative officers. We have a vice-president,
20 senior vice-president, and junior and senior member at
21 large.

22 MR. MANIFOLD: Is the administrator hired
23 by those officers?

24 MR. GRIMES: No, she is paid by U S West.

25 represented by counsel? Will you be represented by an

(COLLOQUY)

11

1 attorney as the proceedings progress?

2 MR. GRIMES: I'm sure -- yes.

3 JUDGE ANDERL: I guess I am kind of
4 wondering if granting this petition to intervene isn't
5 just going to give U S WEST status as two parties in
6 this proceeding. Can anybody help me out with this
7 and comment on that? Mr. Shaw, maybe you could
8 enlighten me.

9 MR. SHAW: Yes, Your Honor. As Mr. Grimes
10 indicated, the Telephone Pioneers is an organization
11 of current but primarily retired employees long
12 associated with the Bell System. It is here to
13 represent the interests of primarily the retired
14 employees and the policies that may be reflected in
15 the Commission's decision in this proceeding.

16 As retired employees, they could be very
17 directly affected by any ratemaking disallowances or
18 in fact disallowance of post-retirement benefits that
19 are paid to their membership. They are very closely
20 aligned with the Bell System historically. There's no
21 doubt about that, but they independently represent the
22 interests of primarily their retired employees in the
23 context of this hearing.

24 So it is not a duplicative intervention any

25 more than TRACER or MCI as customers of U S WEST are

(COLLOQUY)

12

1 duplicative interventions in the practice of this
2 commission through the representation of public
3 counsel on behalf of all of the public or the staff on
4 behalf of all of the public. So if this intervention
5 would be disallowed on any kind of duplicative basis,
6 the same sort of reasoning would apply to other
7 interventions long allowed by this Commission.

8 Customers are a special interest group.
9 They're allowed to intervene. I think in the context
10 of issues in this case, retired employees that could
11 be affected by this ruling are a unique group that
12 will bring perspective to the proceeding that will
13 be of benefit to the Commission in making its
14 decision.

15 JUDGE ANDERL: Any other comments on this?

16 MR. MANIFOLD: I don't think it's relevant
17 at this point to disagree with -- to go into the
18 reasons for disagreeing with some of the rationale
19 Mr. Shaw just gave, but I would suggest that if the
20 Pioneers are allowed to intervene, it may be
21 appropriate to align them, in terms of filing
22 testimony or cross-examining or other participation in
23 the procedure, with the party with whom their interest
24 lies, i.e., U S WEST so that the procedure of the

25 hearing reflects the interests of the parties.

(COLLOQUY)

13

1 MR. SHAW: U S WEST would have no objection
2 to that as long as that is uniformly applied and not
3 give any other friendly parties to the staff or public
4 counsel's position an unusual opportunity to go out of
5 order.

6 JUDGE ANDERL: I don't think that's been
7 suggested yet. Mr. Smith, any comments?

8 MR. SMITH: I guess I'm a little troubled
9 by the closeness of the relationship between U S WEST
10 and the association Telephone Pioneers of America, but
11 I do think that the retirees have an interest in their
12 post retirement benefits and I concur with
13 Mr. Manifold's suggestion that they go with U S WEST
14 if their positions are the same.

15 JUDGE ANDERL: That may be appropriate.
16 Any other comments on this particular petition to
17 intervene?

18 All right. Hearing no others and then
19 taking into account Mr. Grimes' stated reasons for
20 wanting to intervene and the comments of the other
21 parties, I believe that he has stated a sufficient
22 basis as did the other intervenors to intervene in
23 this proceeding as a party and that petition will
24 therefore be granted.

25 Is there anything else we need to do on the

(COLLOQUY)

14

1 record right now or should we go off the record and
2 discuss scheduling and other matters?

3 MR. BUTLER: Your Honor, if Telephone
4 Pioneers are going to be represented by counsel, could
5 we just make sure that we know who that is as soon as
6 possible.

7 JUDGE ANDERL: We'll go ahead and do that
8 off the record.

9 MR. BUTLER: Phone numbers and fax.

10 MR. SHAW: We'll work with Mr. Grimes to
11 make sure that that happens.

12 JUDGE ANDERL: Let's be off the record for
13 a little while then and we'll discuss scheduling some
14 other things.

15 (Recess.)

16 JUDGE ANDERL: Let's be back on the record.
17 While we were off the record, we discussed the
18 schedule and the discovery rule and protective orders.
19 The parties agree that a protective order may not be
20 necessary in this case but one will be entered in any
21 event just so that discovery isn't slowed down. This
22 is the type of proceeding in which the discovery rule
23 would be invoked and parties have expressed no need
24 for formal discovery schedule but hope to work it out

25 amongst themselves.

(COLLOQUY)

15

1 Schedule that's been discussed and agreed
2 upon at this point is that U S WEST and the Telephone
3 Pioneers of America will prefile their testimony on
4 December 14, 1993. Commission staff, public counsel
5 and the intervenors will prefile their testimony on
6 January 14, 1994. The company will prefile its
7 rebuttal testimony on February 4, 1994 and
8 cross-examination of all the witnesses will take place
9 on March 8 through the 11th here in Olympia. That's a
10 Tuesday, Wednesday, Thursday and Friday. And we will
11 confirm those dates with notices of hearing.

12 Mr. Manifold has indicated that at this
13 point he doesn't think we will need a special session
14 to take testimony from members of the public, and then
15 briefs will be filed by April 29, 1994, and I will
16 enter an initial order. Mr. Grimes has committed to
17 corresponding with all of the other parties to advise
18 them of the name, address and telephone and fax number
19 of his attorney.

20 Is there anything else we need to discuss
21 today?

22 Hearing nothing then we will stand
23 adjourned.

24 (Hearing adjourned at 10:00 a.m.)

