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6	ΤĽ	IE HONORABLE BARBARA ROTHSTEIN
7	11	IE HONORABLE BARBARA ROTTISTEIN
8	UNITED STATES D	Νςτρίατ απιρτ
9	WESTERN DISTRICT AT SEA	COF WASHINGTON
10	Verizon Northwest, Inc., Bell Atlantic	NO. CV02-2342R
11	Communications, Inc. d/b/a Verizon Long Distance, NYNEX Long Distance	DEFENDANTS' ANSWER TO
12	d/b/a Verizon Enterprise Solutions, Verizon Select Services, Inc., and	PLAINTIFFS' COMPLAINT
13	Verizon Services Corporation,	
14	Plaintiffs,	
15	V.	
16	Marilyn Showalter, Chairwoman; Patrick Oshie and Richard Hemstad,	
17	Commissioners, in their official capacities as members of the Washington	
18	Utilities and Transportation Commission, and Washington Utilities and	
19	Transportation Commission,	
20	Defendants.	
21		
22	Defendants Marilyn Showalter, Patrick Osl	hie, and Richard Hemstad, Commissioners of
23	the Washington Utilities and Transportation Commi	ission sued in their official capacities, and
24	Defendant Washington Utilities and Transportation	Commission (collectively, "Defendants")
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1	answer, and a	allege affirmative defenses to, the Complaint for Declaratory and Injunctive Relief
2	filed by the p	laintiffs as follows:
3		ANSWER
4	I. Intro	oduction
5	А.	Overview
6	1.	Defendants admit the allegations in paragraph 1.
7	2.	Defendants admit the allegations in the first sentence in paragraph 2. The
8	Defendants f	urther admit that some plaintiffs obtain "CPNI", but are without sufficient
9 10	knowledge to	admit or deny the remaining allegations, so Defendants deny them.
11	3.	Defendants admit the allegation in the first sentence in paragraph 3, but are
12	without suffic	cient knowledge to admit or deny the remaining allegations, so Defendants deny
13	them.	
14	4.	Defendants admit the allegations in the first two sentences of paragraph 4, but
15	deny the alleg	gation in the third sentence. The remainder of the paragraph sets forth
16	conclusions of	of law, rather than factual allegations and, therefore, no answer is required.
17 18	5.	Paragraph 5 of the Complaint sets forth conclusions of law, rather than factual
19	allegations a	nd, therefore, no answer is required.
20	б.	Defendants admit that the Commission and the Attorney General participated in
21	various CPN	II proceedings before the FCC, and urged an opt-in approach. Defendants further
22	admit that the	e Commission's new rules that are being challenged take effect on January 1,
23	2003, but dei	ny the remaining allegations in paragraph 6.
24	7.	Defendants deny the allegations in paragraph 7.
25		
26	8.	Defendants deny the allegations in paragraph 8.

B.

9. Defendants admit that the Plaintiffs seek preliminary and injunctive relief but deny the remaining allegations in paragraph 9.

Defendants admit that plaintiffs seek the relief described in paragraph 10.
 Parties

11. Defendants admit that Verizon Northwest, Inc., is registered to do business and does business in the State of Washington. Defendants are without sufficient knowledge to admit or deny the remaining allegations in paragraph 11, so Defendants deny them.

12. Defendants admit the allegations in paragraph 12.

13. Defendants admit the allegations in the first two sentences in paragraph 13, but are without sufficient knowledge to admit or deny the remaining allegations in paragraph 13, so Defendants deny the remaining allegations.

14. Defendants admit the allegations in the first two sentences in paragraph 14, but are without sufficient knowledge to admit or deny the remaining allegations in paragraph 14, so Defendants deny the remaining allegations.

15. Defendants admit the allegations in the first three sentences in paragraph 15, but are without sufficient knowledge to admit or deny the remaining allegations in paragraph 15, so Defendants deny the remaining allegations.

16. Defendants admit the allegations in the first sentence in paragraph 16, and that VSC provides marketing and other services to the plaintiffs, but are without sufficient knowledge to admit or deny the remaining allegations in paragraph 16, so Defendants deny the remaining allegations.

17. Defendants admit the allegations in paragraph 17.

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1		18.	Defendants admit the allegations in paragraph 18.
2		19.	Defendants admit the allegations in paragraph 19.
3		20.	Defendants admit the allegations in paragraph 20.
4	C.	Juriso	liction and Venue
5		21.	Defendants admits that this Court has jurisdiction over this matter, except as
6			
7	stated	in affirm	native defense number 5, infra.
8		22.	Defendants admit that the WUTC issued an order adopting its new rules on
9	Nover	nber 7, 1	2002, and that, by the terms of the order, the rules will take effect on January 1,
10	2003.	Defend	lants admit that there is an actual controversy over which the Court has
11	jurisdi	iction ur	nder 28 U.S.C. §§ 2201-02. Defendants deny the remaining allegations in
12	parag	raph 22.	
13 14		23.	Defendants admit the allegations in paragraph 23.
15		24.	Defendants admit the allegations in paragraph 24.
16	II.	BAC	KGROUND
17		25.	Defendants are without sufficient knowledge to admit or deny the allegations in
18	paragi	aph 25,	so Defendants deny them.
19		26.	Defendants deny the allegations in the first sentence of paragraph 26.
20	Defen	dants ar	e without sufficient knowledge to admit or deny the remaining allegations in
21			
22	paragi	aph 26,	so Defendants deny them.
23		27.	Defendants are without sufficient knowledge to admit or deny the first sentence
24	of par	agraph 2	27, so Defendants deny them. Defendants deny the allegations in the second
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26			

sentence of paragraph 27. Defendants are without sufficient knowledge to admit or deny the remaining allegations in paragraph 27, so Defendants deny them.

28. Defendants deny the allegations in the last sentence of paragraph 28. Defendants are without sufficient knowledge to admit or deny the remaining allegations in paragraph 28, so Defendants deny them.

A.

The FCC's CPNI Rules

29. Paragraph 29 sets forth conclusions of law, rather than factual allegations and, therefore, no answer is required.

30. Defendants admit that the FCC adopted rules implementing Section 222. The source and validity of the FCC's authority is a conclusion of law, rather than a factual allegation, and therefore, no answer is required.

31. Paragraph 31 sets forth conclusions of law, rather than factual allegations and, therefore, no answer is required.

32. Paragraph 32 sets forth conclusions of law, rather than factual allegations and, therefore, no answer is required.

33. Defendants admit that the FCC conducted a proceeding on CPNI and that the State of Washington participated through the comments of its Attorney General. Defendants deny the remaining allegations in paragraph 33.

34. Paragraph 34 seeks to characterize an order of the FCC. The Defendants respectfully refer the Court to that order for its findings and conclusions, and deny all inconsistent allegations. To the extent paragraph 34 sets forth conclusions of law, rather than factual allegations, no answer is required.

35. Paragraph 35 seeks to characterize an order of the FCC. The Defendants respectfully refer the Court to that order for its findings and conclusions, and deny all inconsistent allegations. To the extent paragraph 35 sets forth conclusions of law, rather than factual allegations, no answer is required.

36. Paragraph 36 seeks to characterize an order of the FCC. The Defendants respectfully refer the Court to that order for its findings and conclusions, and deny all inconsistent allegations. To the extent paragraph 36 sets forth conclusions of law, rather than factual allegations, no answer is required.

37. Paragraph 37 seeks to characterize an order of the FCC. The Defendants respectfully refer the Court to that order for its findings and conclusions, and deny all inconsistent allegations. To the extent paragraph 37 sets forth conclusions of law, rather than factual allegations, no answer is required.

38. Paragraph 38 seeks to characterize an order of the FCC. The Defendants respectfully refer the Court to that order for its findings and conclusions, and deny all inconsistent allegations. To the extent paragraph 38 sets forth conclusions of law, rather than factual allegations, no answer is required.

39. Paragraph 39 seeks to characterize an order of the FCC. The Defendants
respectfully refer the Court to that order for its findings and conclusions, and deny all
inconsistent allegations. The Defendants specifically deny that that FCC made any finding that
establishment sub-categories of CPNI is administratively unworkable. To the extent paragraph
39 sets forth conclusions of law, rather than factual allegations, no answer is required.

The WUTC's More Restrictive CPNI Rules

B.

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40. Defendants admit that Washington State adopted CPNI regulations. The remainder of paragraph 40 sets forth conclusions of law, rather than factual allegations and, therefore, no answer is required.

41. Defendants admit the allegations in the first three sentences of paragraph 41.Defendants deny the allegations in the last two sentences of paragraph 41.

42. Defendants admit that the WUTC adopted rules on CPNI in an order issued November 7, 2002 and that one Commissioner dissented (in favor of stricter rules). The Defendants further admit that the WUTC provided for the repeal of its existing CPNI rules in the same order, and that the new rules will go into effect on January 1, 2003. Defendants deny all remaining allegations or characterizations in paragraph 42.

43. Paragraph 43 seeks to characterize rules and orders of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules and orders, and deny all inconsistent allegations. To the extent paragraph 43 sets forth conclusions of law, rather than factual allegations, no answer is required.

44. Paragraph 44 seeks to characterize rules of the WUTC. The Defendants respectfully refer the Court to the rules, and deny all inconsistent allegations. To the extent paragraph 43 sets forth conclusions of law, rather than factual allegations, no answer is required.

45. Paragraph 45 seeks to characterize rules of the WUTC. The Defendants respectfully refer the Court to the rules, and deny all inconsistent allegations. To the extent paragraph 45 sets forth conclusions of law, rather than factual allegations, no answer is required.

46. Paragraph 46 seeks to characterize rules and an order of the WUTC. The Defendants respectfully refer the Court to the rules and the order adopting those rules, and deny all inconsistent allegations. The Commission specifically denies that its rules "reject the conclusions of both the Tenth Circuit and the FCC." To the extent paragraph 45 sets forth conclusions of law, rather than factual allegations, no answer is required. The Defendants admit that their press release contained the quoted sentence but deny that that sentence supports the legal conclusion with respect to which Plaintiff's offered it. The Defendants also admit that the WUTC's rules apply to the services named at lines 23 and 24 of page 17 to the extent that they are offered as intrastate services. Defendants admit that these services (except "voice" which is not a separate service) would be subject to the WUTC's rules to the extent they are offered at the state level, but Defendants deny that such services necessarily carry both intrastate and interstate traffic, or if they do, that the majority of such traffic is interstate.

47. Paragraph 47 seeks to characterize rules and an order of the WUTC. The Defendants respectfully refer the Court to the rules and the order adopting those rules, and deny all inconsistent allegations. To the extent paragraph 47 sets forth conclusions of law, rather than factual allegations, no answer is required.

48. Paragraph 48 seeks to characterize rules of the FCC and the WUTC and the WUTC's adoption order. The Defendants respectfully refer the Court to the respective rules and the WUTC's order, and deny all inconsistent allegations. To the extent paragraph 43 sets forth conclusions of law, rather than factual allegations, no answer is required.

49. All but the last sentence of paragraph 48 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny

all inconsistent allegations. To the extent paragraph 43 sets forth conclusions of law, rather than factual allegations, no answer is required. Defendants deny the last sentence of paragraph 49.

50. Defendants deny the Plaintiff's characterization that the WUTC's rules will restrict *marketing*, either of interstate or intrastate services; rather, the rules will restrict use of an access to information obtained in the provision of intrastate services. With that qualification, the Defendants admit the remaining allegations in paragraph 50, except the allegations contained in the last sentence, which the Defendants are without sufficient information to admit or deny and therefore deny.

51. Paragraph 51 seeks to characterize rules and orders of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules and orders, and deny all inconsistent allegations. To the extent paragraph 51 sets forth conclusions of law, rather than factual allegations, no answer is required.

C. The WUTC's Rules Would Severely Curtail Plaintiffs Ability to Engage in Truthful Commercial and Non-Commercial Speech.

52. Defendants are without sufficient information to admit or deny the allegations in paragraph 52, so Defendants deny them.

53. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 53, so Defendants deny them. The remainder of paragraph 53 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny all inconsistent allegations. To the extent paragraph 53 sets forth conclusions of law, rather than factual allegations, no answer is required.

54. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 54, so Defendants deny them. The remainder of paragraph 54 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny all inconsistent allegations. To the extent paragraph 54 sets forth conclusions of law, rather than factual allegations, no answer is required.

55. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 55, so Defendants deny them. The remainder of paragraph 55 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny all inconsistent allegations. To the extent paragraph 55 sets forth conclusions of law, rather than factual allegations, no answer is required.

56. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 56, so Defendants deny them. The remainder of paragraph 56 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny all inconsistent allegations. To the extent paragraph 56 sets forth conclusions of law, rather than factual allegations, no answer is required.

57. Defendants deny the first sentence in paragraph 57. The second sentence of paragraph seeks to characterize a court opinion and an order of the FCC. The Defendants respectfully refer the Court to the opinion and order, and deny all inconsistent allegations.
Defendants are without sufficient evidence to admit or deny the allegations in the last sentence in paragraph 57, so Defendants deny them.

58. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 58, so Defendants deny them. The second sentence of

paragraph 58 seeks to characterize court opinions and an FCC order. The Defendants respectfully refer the Court to the opinions and the FCC's order, and deny all inconsistent allegations. Defendants deny the allegations in the third sentence of paragraph 58. The fourth sentence quotes a sentence from the WUTC order that speaks for itself; Defendant's deny that it supports the prior statement, in support of which it is cited.

59. Defendants deny the allegations in the first two sentences of paragraph 59. The remainder of paragraph 59 seeks to characterize rules of the FCC and the WUTC. The Defendants respectfully refer the Court to the respective rules, and deny all inconsistent allegations. To the extent paragraph 53 sets forth conclusions of law, rather than factual allegations, no answer is required.

60. Defendants are without sufficient information to admit or deny the allegations in the first two sentences of paragraph 60, so Defendants deny them. The third sentence of paragraph 60 quotes a sentence from an FCC order. Defendants respectfully refer the Court to that order, and specifically deny that the quoted language is apposite to Plaintiff's allegations in paragraph 60. Defendants deny the allegations in the last sentence in paragraph 60.

61. Defendants are without sufficient information to admit or deny the allegations in the first three sentences of paragraph 61, so Defendants deny them. Defendant's deny the remaining allegations in paragraph 61.

62. Defendants deny the allegations in the first sentence of paragraph 62. The second sentence in paragraph 62 seeks to characterize the WUTC's rules. Defendants respectfully refer the Court to the rules, and deny all inconsistent allegations. Defendants deny the allegations in the third and fourth sentences of paragraph 62. Defendants admit that

Commissioner Hemstad's dissent (advocating an across the board opt-in requirement) contains the quoted language, but deny that the Commissioner's remarks support the allegations for which Plaintiff's cite it.

63. Defendants deny the allegations in paragraph 63.

III. <u>CAUSES OF ACTION</u>

Count 1 (Violation of First Amendment)

64. Defendants adopt and incorporate by reference their answers to paragraphs 1-63 above as their answers to paragraph 64.

65. Paragraph 65 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 65 sets forth conclusions of law, rather than factual allegations, no answer is required.

66. Paragraph 66 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 66 sets forth conclusions of law, rather than factual allegations, no answer is required.

67. Paragraph 67 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 67 sets forth conclusions of law, rather than factual allegations, no answer is required.

68. Paragraph 68 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent

allegations. To the extent paragraph 68 sets forth conclusions of law, rather than factual allegations, no answer is required.

69. Paragraph 69 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 69 sets forth conclusions of law, rather than factual allegations, no answer is required.

70. Defendants are without sufficient information to admit or deny the allegations in the first sentence of paragraph 70, so Defendants deny them. The remainder of paragraph 70 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 69 sets forth conclusions of law, rather than factual allegations, no answer is required.

71. Defendants deny the allegations in paragraph 71.

72. Defendants deny the allegations in paragraph 72.

73. Defendants deny the allegations in paragraph 73. However, to the extent the last sentence of paragraph 73 seeks to characterize a finding in an order of the FCC, the

Defendants respectfully refer the Court to that order, and deny all inconsistent allegations.

74. Defendants deny the allegations in paragraph 74.

75. Defendants deny the allegations in paragraph 75.

76. Defendants deny that the WUTC's rules are overbroad and that they represent a content-based restriction on non-commercial speech, and that they are subject to strict scrutiny.
To the extent that paragraph 76 seeks to characterize the WUTC's rules, the Defendants respectfully refer the Court to the rules, and deny all inconsistent allegations.

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1	77. Defendants deny the first and sentence of paragraph 77. Defendants admit that
2	the WUTC does not regulate the use of customer information by other industries subject to its
3	jurisdiction, but denies the characterization that such regulation restricts First Amendment
4	rights, or that the comparison is at all apt. The parenthetical explanations to the citations in
5 6	paragraph 77 seek to characterize the cited rules. The Defendants respectfully refer the Court
7	to the rules, and deny all inconsistent allegations. The Defendants deny the allegations in the
8	sentence that begins and ends at line 25 of page 29.
9	78. Defendants deny the allegations in paragraph 78.
10	79. Defendants deny the allegations in paragraph 79.
11	Count 2 (Violation of the Due Process Clause)
12	80. The Defendants adopt and incorporate by reference their answers to paragraphs
13 14	1-79 above as their answers to paragraph 80.
14	81. Paragraph 81 seeks to characterize legal precedent that speaks for itself. The
16	Defendants respectfully refer the Court to these precedents, and deny all inconsistent
17	allegations. To the extent paragraph 81 sets forth conclusions of law, rather than factual
18	allegations, no answer is required.
19	82. Defendants deny the allegations in paragraph 82.
20	83. Defendants deny the allegations in paragraph 83.
21	84. Defendants deny the allegations in paragraph 84.
22	Count 3 (Statutory Preemption Under 47 U.S.C. § 222)
23 24	
24 25	85. Defendants adopt and incorporate by reference their answers to paragraphs 1-84
26	above as their answers to paragraph 85.
20	

86. Paragraph 86 seeks to characterize legal precedent that speaks for itself. The Defendants respectfully refer the Court to these precedents, and deny all inconsistent allegations. To the extent paragraph 86 sets forth conclusions of law, rather than factual allegations, no answer is required.

87. Paragraph 87 seeks to characterize Congressional intent as interpreted by an
FCC order. The Defendants respectfully refer the Court to the text of Section 222 and the FCC
order, and deny all inconsistent allegations. To the extent paragraph 87 sets forth conclusions
of law, rather than factual allegations, no answer is required.

88. Paragraph 88 seeks to characterize Congressional intent as interpreted by an FCC order. The Defendants respectfully refer the Court to the text of Section 222 and the FCC order, and deny all inconsistent allegations. To the extent paragraph 88 sets forth conclusions of law, rather than factual allegations, no answer is required.

89. Paragraph 89 seeks to characterize an FCC order. The Defendants respectfully refer the Court to that FCC order, and deny all inconsistent allegations.

90. Defendants deny the allegations in paragraph 90.

91. Defendants deny the allegations in paragraph 91.

Count 4 (Violation of the Commerce Clause)

92. Defendants adopt and incorporate by reference their answers to paragraphs 1-91 above as their answers to paragraph 92.

93. Defendants admit that paragraph 93 accurately quotes a portion of Article I, Section 8 of the United States Constitution.

ANSWER

1	94.	Paragraph 94 seeks to characterize legal precedent that speaks for itself. The
2	Defendants res	pectfully refer the Court to these precedents, and deny all inconsistent
3	allegations.	
4 5	95.	Defendants deny the allegations in paragraph 95.
5 6	96.	Defendants deny the allegations in paragraph 96.
7	Count 5 (Tak	ing of Property Without Advancing A Legitimate State Interest)
8	97.	Defendants adopt and incorporate by reference their answers to paragraphs 1-96
9	above as their	answers to paragraph 97.
10	98.	Defendants deny the allegations in paragraph 98.
11	99.	Defendants are without sufficient knowledge to admit or deny the allegations in
12		ce and the last two sentences of paragraph 99, so Defendants deny them. The
13		
14	second sentenc	e sets forth a conclusion of law, rather than factual allegations and, therefore, no
15	answer is requi	red.
16	100.	Defendant are without sufficient knowledge to admit or deny the allegations in
17	paragraph 100,	so Defendants deny them.
18	101.	Defendants deny the allegations in paragraph 101.
19	102	Defendants deny the allegations in paragraph 102.
20	103.	Defendants deny that they must make the demonstration alleged in paragraph
21		deny the allegations in that paragraph.
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23	104.	Paragraph 104 sets forth a conclusion of law, rather than factual allegations and,
24	therefore, no an	nswer is required. Paragraph 104 also characterizes legal precedent that speaks
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1	for itself. The Defendants respectfully refer the Court to these precedents and deny all
2	inconsistent allegations.
3	105. Defendants deny the allegations in paragraph 105.
4	Count 6 (Violation of Constitutional and Statutory Rights Under Color of State Law, 42
5 6	U.S.C. § 1983)
0 7	106. Defendants adopt and incorporate by reference their answers to paragraphs 1-
8	105 above as their answers to paragraph 106.
9	107. Paragraph 107 sets forth a conclusion of law, rather than factual allegations and,
10	therefore, no answer is required.
11	108. Defendants deny the allegations in paragraph 108.
12 13	109. Defendants deny the allegations in paragraph 109.
15 14	IV. PRAYER FOR RELIEF
15	Defendants deny plaintiffs are entitled to the relief they request.
16	AFFIRMATIVE DEFENSES
17	
18	1. The Complaint, in whole or in part, fails to state a claim upon which relief can
19	be granted.
20	2. The Plaintiffs have failed to join a party or parties necessary to the adjudication
21	under Federal Rule of Civil Procedure 19, namely the United States of America and the
22	Federal Communications Commission.
23	3. Plaintiffs have failed to exhaust their administrative remedies in their
24	preemption claim.
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1	4. Plaintiffs are barred from including in their First Amendment claim any claim
2	relating to internal company communications about product development because those claims
3	were not raised administratively in the rule-making proceeding before the WUTC.
4	5. To the extent the complaint seeks any relief against the Washington Utilities
5 6	and Transportation Commission or seeks damages against the Commissioners, the action is
0 7	barred by the Eleventh Amendment to the United States Constitution.
8	DATED this 11 th day of December, 2002.
9	CHRISTINE O. GREGOIRE
10	Attorney General
11	JEFFREY D. GOLTZ Deputy Attorney General
12	
13	JONATHAN THOMPSON, WSBA No. 26375
14	Assistant Attorney General (360) 664-1225
15	(300) 004-1223
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