

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND	)	
TRANSPORTATION COMMISSION,	)	DOCKET NO. UT-010633
	)	
Complainant,	)	
	)	
vs.	)	COMMISSION ORDER
	)	ACCEPTING SETTLEMENT
WEBNET COMMUNICATIONS, INC.	)	
	)	
Respondent.	)	
.....	)	

**SUMMARY**

- 1     **PROCEEDINGS:** The Washington Utilities and Transportation Commission on May 8, 2001 issued an Order Instituting Investigation regarding this matter. The Commission subsequently, proceeding on its own motion, filed a Complaint on April 24, 2002. The Commission alleged in its Complaint that the operating practices of WebNet Communications, Inc. (WebNet), violated WAC 480-120-139.
  
- 2     **PARTIES:** Lisa Watson, Assistant Attorney General, Olympia, Washington, represents Commission Staff (Staff). Loubna W. Haddad, Counsel, represents WebNet Communications, Inc. (WebNet).
  
- 3     **SETTLEMENT AGREEMENT:** On April 24, 2002, Staff and WebNet (the Parties) filed a Settlement Agreement to resolve all issues raised in the Complaint.
  
- 4     **COMMISSION:** The Commission accepts the Parties' settlement as filed.

**MEMORANDUM**

- 5     On May 8, 2001, the Commission issued an Order Instituting Investigation. On April 24, 2002, the Commission issued a Complaint alleging violations of WAC 480-120-139. The Parties have reached agreement on the resolution of the issues raised by the Complaint and have voluntarily entered into the attached Settlement Agreement. The Settlement Agreement reflects the Parties' proposal to the Commission for resolution of all outstanding issues and constitutes a Settlement Agreement within the meaning of WAC 480-09-466.

6 In summary, the Settlement Agreement provides for the following actions to be taken by WebNet to resolve the outstanding Complaint:

- The parties agree that WebNet will pay the Commission penalties totaling \$5,000.00 for twenty-five violations of WAC 480-120-139 (Slamming) and twenty-five violations of WAC 480-120-139(2) (Verification Process).
- The Parties agree that WebNet will cease all telemarketing operations in the state of Washington effective the date of this Agreement.
- The Parties agree that WebNet will cease business operations in the state of Washington within forty-five days of the date of this Agreement, petition the Commission to cancel its telecommunications registration pursuant to WAC 480-121-050, and notify its customers that it is ceasing operations in accordance with WAC 480-120-083(2)(c).
- The Parties agree that WebNet shall refund all amounts charged to customers who Staff determines have a valid slamming complaint filed with the Commission as of the effective date of this Agreement, to the extent customers have not been credited or refunded such amounts.

### **FINDINGS OF FACT**

7 The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, practices, accounts, and other matters pertinent to the operation of public service companies, including telecommunications companies.

8 WebNet engages in the business of providing telecommunications services within Washington State.

9 On April 24, 2002, the Commission issued a Complaint in which it alleged that WebNet had violated Commission rules.

10 On April 24, 2002, Staff and WebNet filed a Settlement Agreement to resolve all violations to date known to Staff of the rules cited in the Commission's Complaint.

### **CONCLUSIONS OF LAW**

11 The Washington Utilities and Transportation Commission has jurisdiction over the subject matter and the parties. Chapters 80.04 and 80.36 RCW.

12 WebNet Communications, Inc. violated provisions of WAC 480-120-139.

13 The Settlement Agreement, which is attached to this Order as Appendix A, is consistent with the public interest.

14 The Settlement Agreement fully and fairly resolves the issues pending in Docket No. UT-010633. The terms of the Settlement Agreement should be approved and adopted as set out therein.

15 The Commission retains jurisdiction to effectuate the provisions of this order.

**ORDER**

16 THE COMMISSION ORDERS that the Complaint be dismissed and that the terms of the Settlement Agreement, as signed by representatives for the Parties, are hereby approved and adopted by the Commission.

DATED at Olympia, Washington, and effective this        day of        , 2002.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

MARILYN SHOWALTER, Chairwoman

RICHARD HEMSTAD, Commissioner

PATRICK J. OSHIE, Commissioner

## APPENDIX A

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
COMMISSION

WASHINGTON UTILITIES AND	)	DOCKET NO. UT-010633
TRANSPORTATION COMMISSION,	)	
	)	
Complainant,	)	
	)	SETTLEMENT AGREEMENT
v.	)	
	)	
WEBNET COMMUNICATIONS, INC.,	)	
	)	
Respondent.	)	
.....	)	

1 This Settlement Agreement is entered into by all parties to this proceeding for the purpose of resolving all issues raised in the above docket.

**I. PARTIES**

2 The parties to this Agreement are WebNet Communications, Inc. (“WebNet”) and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, “the Parties”).

**II. BACKGROUND**

3 The issues and claims asserted in the above docket arise from Staff’s investigation of allegations that WebNet had changed consumers’ presubscribed long distance telephone service providers without authorization, a process commonly known as “slamming,” in violation of WAC 480-120-139.

4 During the investigation, Staff found WebNet violated provisions of the Washington Administrative Code and the Revised Code of Washington, specifically:

- WAC 480-120-139(1), Verification of Orders (Slamming), which requires a company to obtain a customer’s authorization to submit a change order for local exchange or intrastate toll service;

- WAC 480-120-139(2), Verification Process, which requires a company to obtain separate authorization and separate verification from the customer for each type of telecommunications service sold;
- WAC 480-120-101(5), Response to Informal Complaints, which requires a company to respond to a Commission complaint within two business days;
- WAC 480-120-139(3), Recordkeeping, which requires the company to provide to the Commission or the customer upon request documentation of the customer's authorization for a preferred carrier change;
- RCW 80.36.130, Rates and Charges, which requires the company to charge the rates published in its price list; and,
- RCW 80.04.070, Inspection of Books, Papers, and Documents, which requires the company to allow the Commission or its employees to inspect documents or records when served a request by the Commission.

### **III. AGREEMENT**

5 The Parties have reached agreement on the issues raised in the above docket and wish to present their agreement for the Commission's consideration and approval. The parties voluntarily enter this Settlement Agreement without hearing or adjudication of any issues of fact or law to resolve the matters in dispute between them and to avoid the expense, time and uncertainty of litigation.

6 The parties agree that WebNet will pay the Commission penalties totaling \$5,000.00 for twenty-five violations of WAC 480-120-139(1) (Slamming) and twenty-five violations of WAC 480-120-139(2) (Verification Process).

7 This amount shall be ordered due and payable within fifteen days of the date of this agreement.

8 The Parties agree that WebNet will cease all telemarketing operations in the state of Washington effective the date of this Agreement.

9 The Parties agree that WebNet will cease business operations in the state of Washington within forty-five days of the date of this Agreement, petition the Commission to cancel its telecommunications registration pursuant to WAC 480-121-050, and notify its customers that it is ceasing operations in accordance with WAC 480-120-083(2)(c).

10 The Parties agree that WebNet shall refund all amounts charged to customers who Staff determines have a valid slamming complaint filed with the Commission as of the effective date of this Agreement, to the extent customers have not been credited or

refunded such amounts. Customers entitled to refunds or credits are listed in Exhibit 1, attached hereto and incorporated as though fully set forth herein. WebNet must refund the charges within two billing cycles from the date of this Agreement and provide proof of the refund to Staff within two weeks from the date of the refund. For customers who previously received credits or refunds, the company agrees to provide proof of the refund or credit to Staff within two weeks from the date of this Agreement.

- 11 This Agreement does not preclude the Commission from pursuing penalties for violations of Commission rules unrelated to the subject matter of this Agreement or for subsequent violations of the rules and statutes stated above.

#### **IV. GENERAL PROVISIONS**

- 12 The Parties agree that this Settlement Agreement is a settlement of all contested issues between them in this proceeding. The Parties understand that this Settlement Agreement is not binding unless and until accepted by the Commission.
- 13 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties agree to support adoption of this Agreement in proceedings before the Commission through testimony or briefing. No party to this Agreement or its agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Agreement.
- 14 The Parties do not intend this Agreement to limit or bar any other entity from pursuing legal remedies against WebNet or WebNet's ability to assert defenses to such claims.
- 15 The Parties have entered into this Agreement to avoid further expense, inconvenience, uncertainty, and delay. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission Order fully adopting those terms. This Agreement shall not be construed against either party because it was a drafter of this Agreement.
- 16 The Parties have negotiated this Agreement as an integrated document to be effective upon execution. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.
- 17 The Parties may execute this Agreement in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.
- 18 The Parties shall take all actions necessary as appropriate to carry out this Agreement.

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In the event that the Commission rejects all or any portion of this Agreement, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. Written notice must be served within 10 days of the Order rejecting part or all of this Agreement. In such event, neither party will be bound or prejudiced by the terms of this Agreement, and either party shall be entitled to seek reconsideration of the Order pursuant to WAC 480-09-810. Additionally, the Parties will jointly request a prehearing conference be reconvened for purposes of establishing a procedural schedule to complete the case.

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION STAFF

CHRISTINE O. GREGOIRE  
Attorney General  
INC.

WEBNET COMMUNICATIONS,

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LISA WATSON  
Assistant Attorney General  
Counsel for Commission Staff  
Dated: \_\_\_\_\_, 2002.

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LOUBNA W. HADDAD  
Counsel for WebNet  
Communications, Inc.  
Dated: \_\_\_\_\_, 2002.





EXHIBIT 1

R.N.  
Olympia, WA 98513  
Complaint #68489

D.W.  
Seattle, WA 98106  
Complaint #68670

C.P.  
Yakima, WA 98902  
Complaint #68882

T.L.  
Union Gap, WA 98903  
Complaint #69544

T.S.  
Vancouver, WA 98662  
Complaint #66810

W.C.  
Seattle, WA 98118  
Complaint #67116

V.K.  
Olympia, WA 98512  
Complaint #67745

I.N.  
Seattle, WA 98144  
Complaint #68063

B.D.  
Raymond, WA 98577  
Complaint #70136

A.T.  
Bellingham, WA 98226  
Complaint #67567

R.H.  
Prosser, WA 99350  
Complaint #70300

W.C.  
Longview, WA 98632  
Complaint #70365

E.K.  
Bellevue, WA 98007  
Complaint #72009

D.S.  
Vancouver, WA 98686  
Complaint #72151

D.R.  
Sumner, WA 98390  
Complaint #67817