

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of PENALTY
ASSESSMENT AGAINST Threshold
Communications, Inc., in the amount of
\$100.00

DOCKET NO. UT-051706

DECLARATION OF
SHERI HOYT

SHERI HOYT, under penalty of perjury under the laws of the state of Washington, declares as follows:

1. I am over 18 years of age, a citizen of the United States, a resident of the state of Washington, and competent to be a witness.
2. I am employed by the Washington Utilities and Transportation Commission (Commission) as a Compliance Specialist in the Business Practices Investigations Section. I have been employed at the Commission for over 13 years, holding various positions. As a Compliance Specialist, my responsibilities include conducting investigations regarding the business practices of regulated utility or transportation companies. As part of those duties, I investigate telecommunications companies that may be operating in violation of Commission statute, rule, or tariff.
3. On December 22, 2005, Threshold Communications, Inc. (Threshold) filed with the Commission an Application for Mitigation of Penalties (Mitigation Request) in Docket No. UT-051706. I have read the Mitigation Request.
4. This Mitigation Request arises from a Notice of Penalties Incurred and Due for Violations of Laws, Rules and Regulations issued by the Commission on December 6, 2005, in Docket No. UT-051706. In that Notice, the Commission issued a penalty of \$100.00 for a violation of WAC 480-120-382 (the penalty assessment contained an error and referenced WAC 480-120-303, the previous statute for the rule).

5. Before recommending the Commission issue penalties, as part of my job, I conducted an investigation of the Commission's records pertaining to Threshold. My investigation resulted in an investigation report titled, "Staff Investigation - Annual Report/Regulatory Fees". A true and accurate copy of that audit report is attached to this declaration as Attachment A.
6. I identified the violation in this case from records maintained by the Commission.

Specific Issues Addressed by Threshold in its Mitigation Request

Filed Annual Report on April 29, 2005

7. In its Mitigation Request, Threshold, on the issue of the company's failure to file the 2004 annual report by the due date of May 1, 2005, requests that the penalty be reversed as the annual report was not filed late.
8. My review of the Commission's Annual Reports Tracking System (ARTS) revealed Threshold's 2004 annual report was timely received on April 29, 2005. However, the company did not pay its 2005 regulatory fee of \$83.20 until July 19, 2005.
9. The Notice of Penalties stated that the company filed its annual report on July 19, 2005. This is incorrect. The report was filed timely, but without the required regulatory fee. Since the Notice of Penalties was issued for failure to file the annual report timely, and since further investigation reveals the company filed timely, I recommend the penalty be mitigated in full.

DATED this 9th day of January 2006 at Olympia, Washington.

SHERI HOYT

Attachment A

Threshold Communications, Inc. – UT-051706
Staff Investigation - Annual Report/Regulatory Fees
November 21, 2005

Purpose

The purpose of this investigation is to determine if Threshold Communications, Inc. (Threshold), is in violation of WAC 480-120-303, which requires public service companies to furnish annual reports to the Commission no later than May 1 each year.

Background

This investigation was prompted by Staff's yearly review of annual reports for telecommunications companies registered in the state of Washington.

On March 9, 2005, the Commission mailed 2004 Annual Report forms and 2005 Regulatory Fee packets to local and competitive telecommunications companies registered in Washington State. A letter signed by Executive Secretary Carole Washburn instructed companies to file annual reports by May 1, 2005. Companies requesting an extension were asked to do so prior to May 1, providing a reason for the requested extension (Appendix A).

On June 3, 2005, a letter signed by Carole Washburn was sent to each telecommunications company that had not filed an annual report by May 1, 2005. The letter stated that Staff intended to recommend enforcement action, including possible penalties and/or suspension or revocation of authority, for any company that failed to file a completed annual report by July 1, 2005 (Appendix B).

Investigation

As of May 1, 2005, Threshold had not filed its 2004 annual report. On July 19, 2005, Threshold filed its 2004 annual report and paid its 2005 regulatory fees.

Recommendation:

Penalize Threshold Communications, Inc., \$100.00 for one violation of WAC 480-120-303.

Appendix A



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

March 9, 2005

Subject: 2004 Annual Report/2005 Regulatory Fees

Enclosed is your 2004 Telecommunications Company annual report form. Every company subject to regulation by the Washington Utilities and Transportation Commission (Commission) must file an annual report. This annual report details gross intrastate operating revenue for the preceding calendar year. Regulatory fees based on that revenue are collected for the current year per RCW 80.24.010 and RCW 80.04.080. The regulatory fee order and annual report forms are available on the Commission's web site at www.wutc.wa.gov/telecom/annualreports. The Commission will also send a paper copy of the regulatory fee order and additional annual report forms upon request.

Companies must also provide an income statement and balance sheet as required by WAC 480-120-303 and WAC 480-120-304 with their annual report. You may access these rules on our web site at www.wutc.wa.gov.

If you choose to designate documents and seek protection of confidential information, ensure that you are in full compliance of WAC 480-07160(3), otherwise the annual report may be returned to the provider for correction and resubmission. A copy of this WAC is attached for your reference.

You must file your annual report and pay regulatory fees by May 1, 2005. Perfunctory extensions will not be granted. If you need an extension, please file prior to May 1, 2005, providing a reason for requesting an extension. In granting an extension, the Commission will consider whether application of the rule imposes undue hardship on the requesting person, different from hardships imposed on similarly situated persons per WAC 480-120-015.

Inquiries regarding annual reports should be directed to 360-664-1201 or annualreports@wutc.wa.gov.

It is the Commission's policy to provide equal access to its services. If you need special accommodations, please call 360-664-1133. TTY Toll Free 1-800-416-5289.

Sincerely,

A handwritten signature in cursive script, appearing to read "Carole J. Washburn".
Carole J. Washburn
Executive Secretary

Enclosures

Appendix B



STATE OF WASHINGTON

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

June 3, 2005

Dear Registered Telecommunications Company:

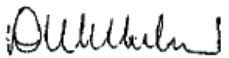
Every Telecommunications Company subject to regulation by the Washington Utilities and Transportation Commission (Commission) is required by state law to file an annual report and pay regulatory fees by May 1st of each year. We mailed you the 2004 annual report form and 2005 regulatory fee calculation sheet on March 9, 2005. Our records indicate that you have not yet filed the completed annual report form and have not paid your regulatory fees for 2005.

You have already incurred a penalty of 2% of the total amount due for failure to pay your 2005 regulatory fees by May 1, 2005, and you will be charged interest at the rate of 1% per month on the delinquent balance until it is paid in full.

Commission staff also intends to recommend enforcement action, which may include penalties of up to \$100 per day and/or suspension or revocation of your authority to operate in Washington, against any telecommunications company that fails to file a completed annual report. In order to avoid this enforcement action, you must file your annual report as soon as possible, and no later than July 1, 2005.

Annual report forms are available on the Commission's web site at www.wutc.wa.gov. If you have questions or require additional information, please call (360) 664-1201 or e-mail us at annualreports@wutc.wa.gov.

Sincerely,


for Carole J. Washburn
Executive Secretary