

00060

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
2 COMMISSION

3 WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,) DOCKET NO. UT-950200
4)
Complainant,) VOLUME 2
5)
vs.) Pages 60 - 138
6)
U S WEST COMMUNICATIONS, INC.,)
7)
Respondent.)
8 -----)

9 A hearing in the above matter was held
10 at 6:30 p.m. on September 25, 1995, at Peninsula
11 College, 1502 E. Lauridsen Boulevard, Port Angeles,
12 Washington before Chairman SHARON L. NELSON,
13 Commissioners RICHARD HEMSTAD, WILLIAM R. GILLIS, and
14 Administrative Law Judge ROBERT WALLIS.

15

16 The parties were present as follows:

17 U S WEST COMMUNICATIONS, by EDWARD SHAW,
Attorney at Law, 1600 Bell Plaza, Room 3206, Seattle,
18 Washington 98191.

19 WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION STAFF, by STEVEN W. SMITH, Assistant
20 Attorney General, 1400 South Evergreen Park Drive
Southwest, Olympia, Washington 98504.

21

22 FOR THE PUBLIC, DONALD TROTTER, Assistant
Attorney General, 900 Fourth Avenue, Suite 2000,
Seattle, Washington 98164.

23

24

Cheryl A. Macdonald, CSR
25 Court Reporter

00061

		I N D E X	
	WITNESSES: D	C	EXAM
1			
2	COURTNEY 68	73	
	GRIFFING 75		76
3	CALTRIDER 77		80
	LEONARD 82		
4	ALLEN 85		
	PATRICK 87		89
5	K. CORONA 90		
	J. CORONA 91		
6	OFFERMANN 92		
	HORDYK 97		
7	SCHANFALD 99		102
	COLBY 105		
8	TANSEY 108		
	KOEHLER 112	120	116
9	T. KROH 123		
	REED 127		
10	MISSALL 132		
	S. KROH 135		
11	EXHIBITS:	MARKED	ADMITTED
	(NO EXHIBITS)		
12			
13			
14			
15			
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

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

2 JUDGE WALLIS: The hearing will please come
3 to order. The Washington Utilities and Transportation
4 Commission has set for hearing at this time and place
5 upon due and proper notice to all interested parties a
6 hearing in docket No. UT-950200. This matter involves
7 a tariff filed by U S WEST Communications, Inc. This
8 hearing is being held before the commissioners,
9 chairman Sharon Nelson, Commissioner Richard Hemstad
10 and Commissioner William Gillis of the Washington
11 Utilities and Transportation Commission. My name is
12 Bob Wallis, and I'm assisting the commissioners. This
13 hearing is being held at Port Angeles, Washington on
14 that September 25, 1995. We will begin by taking
15 appearances of counsel at this time beginning with the
16 company. Please state your name and your business
17 address and the name of the client that you're
18 representing for the record.

19 MR. SHAW: Ed Shaw representing U S WEST
20 Communications, 1600 Bell Plaza, Seattle, Washington
21 98111.

22 MR. SMITH: Steve Smith, assistant attorney
23 general representing the Commission staff. My address
24 is 1400 South Evergreen Park Drive Southwest, Olympia,
25 Washington 98504.

00063

1 MR. TROTTER: My name is Donald T. Trotter.
2 I'm also an assistant attorney general and I'm
3 assigned to the public counsel section of the attorney
4 general's office and my address is 900 Fourth Avenue
5 Suite 2000, Seattle, 98164.

6 JUDGE WALLIS: Thank you very much. Our
7 first order of business is an introduction by Mr.
8 Trotter.

9 MR. TROTTER: Thank you. As I just stated,
10 my name is Donald T. Trotter and I'm an assistant
11 attorney general representing the public counsel
12 section. There are handouts at the front and included
13 there is a ratepayer letter that prepared which
14 summarizes the case. Then on the back of the sheet
15 shows some of the positions of the various -- three of
16 the parties. There are several other parties to the
17 case and these are the three of the parties' proposals.

18 As the presiding officer indicated, this is
19 a ratepayer hearing or concerned party hearing from the
20 public on the U S WEST rate case proposal. This is the
21 first of seven hearings of this type throughout the
22 state starting this week and continuing over to next
23 month and then one final one on November 9 in Olympia.
24 Hearings for the parties to the proceeding to present
25 their evidence is scheduled for October 30 through

00064

1 November 10 and we expect a decision sometime after the
2 first of the year. This is a very significant rate
3 proposal by the company. They are asking to increase
4 their annual revenues by 205 million dollars over a
5 four-year period. The most significant rate change I
6 will highlight for you now. And for residence and
7 business ratepayers the company is proposing to split
8 up its territory into two zones; zone one we have
9 called urban and zone two is rural.

10 Let me just tell you right now Port Angeles
11 is in zone two and that has certain rate implications.
12 It's not really an urban/rural distinction exactly.
13 It's more appropriate perhaps that the company expect
14 to see competition down in zone one but not in zone
15 two. There are some of what we would think of as rural
16 exchanges in zone one, but as I said Port Angeles and
17 most of the people signed up from here in the Port
18 Angeles area you have been designated by the company as
19 zone two.

20 Company's proposal for residence ratepayers
21 in this zone is to increase the basic residence rate
22 from \$8.75 to \$26.35, again, over a four-year phase-in
23 period. Zone one rate would go to \$21.85. For
24 business customers the zone two rate would go to \$31.
25 In zone one it would be \$29. Many parties have

00065

1 objected to this proposal both in the magnitude of the
2 increase and in this zone concept. And as the sheet
3 shows, the staff is recommending a \$10 statewide rate
4 for residential dep and we are proposing a
5 \$8.41 residence rate.

6 There are other significant proposals that
7 the company has offered. One involves directory
8 assistance. Currently you get four directory
9 assistance calls from your house for no extra charge
10 but each additional one above that each month is a
11 quarter. Company's proposal is to charge 60 cents per
12 extra DA call and reduce the four what we call free
13 calls or allowance calls from four to one per month.
14 And we are proposing, staff is proposing, is a two call
15 allowance with a 35 cent charge for each additional.
16 That's consistent with the Commission order issued last
17 fall.

18 Company is also proposing toll rate
19 reductions. For the average residence customer that
20 would be about a dollar to \$1.80 a month depending on
21 what zone. Zone two it's \$1.80 a month. Other parties
22 are proposing different rate reductions in toll.
23 We're proposing very small ones. Staff closer to the
24 company. Company is also proposing a late payment
25 charge on overdue amounts of \$45 or more at 1.2 percent

00066

1 per month. Those are some of the main issues that
2 we've addressed. There are some others in the
3 materials. With respect to issues, of course
4 everything I've just talked about are issues. But on
5 page 2 of the letter that we sent out we highlighted
6 some issues you may want to talk about. You're not
7 required to address any of them, and if there are
8 issues not on this list feel free to raise them. This
9 is your hearing, not ours. I will say, however, that
10 there has been some concerns and complaints about the
11 area code change recently to 360 and that's to my mind
12 at least not an issue for the Commission in this
13 proceeding, but if you do have concerns then feel free
14 to come up after the hearing and talk to me about it.

15 Some of the issues that we've identified are
16 service quality if you're getting good service or
17 service could be improved or if the residential rate
18 increase is acceptable to you. What do you think of
19 the zone pricing proposal? Certain privacy listings,
20 if you want an unlisted number or a nonpublished number
21 the company is proposing increases there. And then the
22 directory assistance charge. So that's a brief
23 overview. Hopefully this and the supporting materials
24 has helped you but we're certainly looking forward to
25 hearing your comments.

00067

1 With respect to the procedure, people who
2 have signed in I would just start at the top of the
3 list and work my way down. I will call your name and
4 you will go to the podium and I will ask you to state
5 your name and spell your last name and give us your
6 address and ask you if you're representing yourself or
7 a group, to identify that interest, and then you can
8 proceed, and I will probably ask you if you are a
9 customer, and then you can proceed to make your
10 statement. You may be asked some follow-up questions
11 from the commissioners or from the attorneys here and
12 usually just trying to find out the basis for your
13 views. It's a friendly environment, but by the same
14 token it is sort of like a courtroom so we want
15 everyone to respect each other's opinion. You can
16 agree or disagree with people but the way to do that is
17 to testify and not to demonstrate. So with that it's
18 also acceptable if you happen to agree with a prior
19 witness wholeheartedly and don't wish to add anything,
20 feel free to step up and just say so and sit down, but
21 if you want to be more lucid and give us the reasons
22 for your testimony, we appreciate that too. So if
23 there's anything -- if there's nothing further I will
24 call the first name on the list.

25 JUDGE WALLIS: Please proceed.

00068

1 MR. TROTTER: Mike Courtney.

2 THE WITNESS: My name is Michael A.
3 Courtney, C O U R T N E Y, 4214 Southwest 315th
4 Street, Federal Way, 98023-2132.

5 Whereupon,

6 MICHAEL A. COURTNEY,
7 having been first duly sworn, was called as a witness
8 herein and was examined and testified as follows:

9

10 DIRECT EXAMINATION

11 BY MR. TROTTER:

12 Q. Are you speaking on your own behalf?

13 A. I'm a member of the Washington state
14 legislative council for American Association of Retired
15 Persons. The SLC represents AARP's 621,878 members in
16 the state before the legislature and regulatory bodies
17 such as this.

18 MR. SHAW: Your Honor, excuse me, AARP is a
19 formal party in this case. Is AARP going to be
20 presenting its case in chief at these public hearings?

21 JUDGE WALLIS: Mr. Courtney, are you --

22 THE WITNESS: I'm not sure. I'm taking the
23 place of the person up in this area who is supposed to
24 be presenting and was asked to come up to represent
25 AARP.

00069

1 JUDGE WALLIS: What are the nature of your
2 remarks this evening?

3 THE WITNESS: My remarks are based, number
4 one, on staff reports that I had received from them.

5 JUDGE WALLIS: In other words, you're
6 commenting on the substance of the proposal?

7 Mr. Shaw, are you objecting to Mr.
8 Courtney's presentation?

9 MR. SHAW: As I understand it, he's not
10 testifying as a citizen or on behalf of a group since
11 he's testifying on behalf of a formal party in the
12 case, so I think it is objectionable, your Honor.

13 MR. TROTTER: Well, Your Honor, I think
14 that it is true that AARP is a party to this case, but
15 it also seems to me that we should at least hear the
16 testimony and make it subject to a motion to strike
17 when the AARP can be here to debate that issue. I
18 think that the concerns that this group may have --
19 and I don't know what they are -- would be helpful to
20 the Commission to understand the nature of the issues
21 that they are interested in. I think we should at
22 least give him an oppoprtunity to speak.

23 JUDGE WALLIS: Very well. We will allow
24 Mr. Courtney to speak. Mr. Courtney, it may be that
25 one or more of the parties may ask that your testimony

00070

1 be stricken at a later time but the Commission would
2 consider that after hearing from AARP's attorney and
3 make a decision at that time. So please proceed with
4 your comments at this time.

5 THE WITNESS: Very good, thank you.
6 Incidentally I do pay my dues to U S WEST as an
7 individual. My wife does too.

8 A. This issue is very important to AARP
9 because telephone service is vital to old persons who
10 need the phone to get emergency help to maintain
11 social contact with family and friends and to reach
12 needed services like a doctor's office or social
13 service offices. This proposal may cause some low
14 income consumers to choose between maintaining their
15 telephone service and other basic necessities like
16 food, electricity or even medical services. U S WEST's
17 proposal requests up to 200 percent increase in
18 telephone service rates over the next four years. The
19 request is not justified and should not be approved.

20 U S WEST claims that the cost of providing
21 local telephone service is well over \$20 per month,
22 which is more than what it currently charges. Yet AARP
23 and the office of attorney general's analysis shows
24 current rates do cover U S WEST's costs and therefore
25 no subsidy exists. U S WEST's studies allocate all of

00071

1 the costs that the local loop, the line from our houses
2 to the central office, to basic local service.
3 However, other services besides basic local use the
4 local loop but are not allocated any of the costs.
5 When the costs for all services are examined on a
6 consistent basis, existing residence local rates cover
7 their costs and therefore should not be increased. U S
8 WEST is requesting an additional \$204 million in
9 revenues yet AARP's and the office of attorney
10 general's analysis show that U S WEST is over earning
11 and that their revenues should really be reduced.

12 U S WEST says it needs additional revenues
13 yet they have failed to demonstrate the need for these
14 additional revenues. AARP and the office of attorney
15 general's analysis shows that U S WEST proposed rate
16 of return is excessive. U S WEST's case uses higher
17 depreciation rates than those prescribed by the
18 Washington Utility and Transportation Commission which
19 regulates U S WEST. And U S WEST now wants to keep the
20 enormous profit they make from the Yellow Pages for its
21 shareholders rather than using these funds to offset
22 basic local service rates as they have been used in the
23 past. U S WEST seeks not only to raise rural basic
24 telephone rates but to raise them above urban rates
25 known as zone pricing. This places an unfair burden on

00072

1 rural communities and the consumers, which, according
2 to U S WEST, includes areas such as Yakima, Everett and
3 Olympia. We support a statewide average rate and
4 oppose any rate structure that will make urban
5 communities with no competitive options have higher
6 rates than urban areas that may have more competitive
7 activity.

8 Also U S WEST should not be allowed to
9 collect and keep a late fee for which they do not
10 provide services. U S WEST's proposed rate increase
11 will have a detrimental impact on the Washington
12 Telephone Assistance Program which assists low income
13 customers in affording telephone service. According
14 to WUTC's staff recommendations the proposed rate
15 increases would not only undermine the ability of the
16 Washington Telephone Assistance Program to make basic
17 telecommunications services affordable but the
18 increase also could make the program insolvent in two
19 years.

20 We would also like to mention that U S
21 WEST's requests for local rate increases does not take
22 into account the company's worsening service quality
23 record. Company record is particularly bad in the
24 area of held orders. These are service requests which
25 the company did not fulfill within the time period

00073

1 prescribed by WUTC. U S WEST seems to be
2 concentrating in building an infrastructure outside the
3 region in preparation for delivering cable-like
4 services and the company appears to have neglected its
5 own service region. On the directory assistance
6 charges, for many elderly Washingtonians directory
7 assistance is a vital service. These rates should not
8 be increased because of the vital nature of the
9 service. And I thank you Commission for an
10 opportunity to say this.

11 JUDGE WALLIS: Are there any questions?

12 MR. SHAW: I have a few in light of your
13 ruling to allow the testimony.

14 JUDGE WALLIS: Mr. Shaw.

15

16 CROSS-EXAMINATION

17 BY MR. SHAW:

18 Q. Mr. Courtney, you're not an expert in any
19 way on cost studies or cost methodologies?

20 A. No. The information as I stated at the
21 beginning was brought from or got some information
22 from the attorney general's office from this here
23 (indicating) and as well as from the AARP.

24 Q. So as a witness on behalf of AARP you're
25 just here to represent the position of the public

00074

1 counsel office of the attorney general and AARP?

2 Is that the purpose of your testimony?

3 A. I'm here to represent the state legislative
4 committee and American Association of Retired Persons
5 who has in the state of Washington over 621,000
6 members.

7 Q. Have you taken a vote of all your members
8 in support of your position here today?

9 A. We've not taken a specific vote on that.

10 Q. So as a member of the legislative committee
11 you're assuming your organization -- all of the members
12 in the organization in Washington support your
13 position?

14 A. According to the information we have a
15 majority of those responding, yes.

16 Q. What information is that?

17 A. That would be information coming back from a
18 particular chapter.

19 Q. You have that information available for the
20 Commission's record?

21 A. No.

22 MR. SHAW: I have nothing further.

23 JUDGE WALLIS: Is there anything further?

24 Mr. Courtney, thank you for appearing here
25 today. You're excused from the stand.

00075

1 MR. TROTTER: Milton Griffing.

2 Whereupon,

3 MILTON GRIFFING,

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

5 herein and was examined and testified as follows:

6

7 DIRECT EXAMINATION

8 BY MR. TROTTER:

9 Q. Please state your name and spell your last
10 name for us.

11 A. My name is Milton E. Griffing, G R I F F I
12 N G.

13 Q. Your address?

14 A. I live at 1150 Carlsborg Road, Sequim.

15 Q. And are you a ratepayer of U S WEST?

16 A. I am a ratepayer, a residence ratepayer,
17 nonbusiness.

18 Q. Proceed with your statement.

19 A. I want to thank you for the opportunity to
20 respond to the phone company's proposed rate increase.
21 I'm a retired economist. I took several courses in
22 graduate college on economic of rate setting for a
23 monopoly such as U S WEST. It is understood that
24 regulated agencies, both public and private, are
25 entitled to a fair return on and a recovery of their

00076

1 capital investments. All evidences show that U S WEST
2 is now receiving such fair returns on their present
3 rate. Their stock prices indicate that they are not
4 losing any money and not getting insufficient returns.
5 They have laid off employees indicating improved
6 technological efficiencies. Much of their physical
7 capital has been paid for through amortization and tax
8 write-off long before it is worn out. They seem to be
9 asking the ratepayers to bear the load for their
10 ambitious expansion into cable network and into the
11 information highway. These expansions should be borne
12 by the new users not the current ratepayers. They must
13 stand on their own merit not on the ratepayers now
14 using the phone services. In light of these facts and
15 indications I strongly oppose a large rate increase
16 proposed by the telephone company and fully support the
17 regulatory Commission's lower rate proposals. Thank
18 you.

19 JUDGE WALLIS: Are there any questions?
20 Appears that there are none. Thank you for appearing.
21 Excuse me. Commissioner Hemstad.

22

23 EXAMINATION

24 BY COMMISSIONER HEMSTAD:

25 Q. For whom were you employed during your --

00077

1 A. As an economist?

2 Q. Yes.

3 A. U.S. Department of Agriculture economic
4 research service when I was in graduate school at the
5 University of Nebraska and then later for a period of
6 20 -- I think 26 years it shows on my retirement for
7 Solar Conservation Service. I have my notes here if
8 you want.

9 MR. TROTTER: Also let me apologize in
10 advance by my pronunciation of names. Our next person
11 is Melanie Caltrider.

12 Whereupon,

13 MELANIE CALTRIDER,
14 having been first duly sworn, was called as a witness
15 herein and was examined and testified as follows:

16

17 DIRECT EXAMINATION

18 BY MR. TROTTER:

19 Q. Please state your name and spell your last
20 name.

21 A. My name is Melanie Caltrider, C A L T R I D
22 E R.

23 Q. Your address?

24 A. 595 Gossett, G O S S E T T, Road, Port
25 Angeles, Washington, 98363.

00078

1 Q. Are you a ratepayer of U S WEST?

2 A. I'm a ratepayer.

3 Q. Are you speaking on your own behalf or on
4 behalf of a group?

5 A. Well, I would like to speak on my own
6 behalf. However, I do work with low income people and
7 my, I guess, testimony would be influenced by that.

8 Q. Okay. Please proceed.

9 A. As I said, I work with low income families
10 in the area. Some of them have been displaced by loss
11 of jobs in our resource industries here. Many of
12 these people are trying to retrain themselves and find
13 other job opportunities which are scarce.

14 The potential for access to the Internet,
15 opportunity for telecommuting and home-based
16 industries is one bright spot that we have on what
17 looks like a rather bleak horizon here. And this
18 proposed rate increase is going to make it even more
19 difficult for our rural residents in isolated areas to
20 participate in the amenities that are available through
21 the information highway.

22 If this rate increase is approved I am
23 afraid that a lot of our rural people that the access
24 to the information highway is blocked for them because
25 they won't be able to pay the higher rates, and so I

00079

1 would like to see rather than large increases in rates
2 of this nature even some way of reducing rates to make
3 it easier for rural people to gain access to the
4 amenities of the information highway. I guess I would
5 say that I'm asking the Commission to not approve this
6 rate increase.

7 Comments on some of the other issues that
8 were raised here on service quality. I am aware of a
9 number of people who have had very large delays in
10 getting their service hooked up when they first moved
11 into a new residence, and I'm not sure why that's
12 occurring, but some have had to wait for months to get
13 service installed.

14 On the Yellow Pages I don't see anything
15 wrong with the U S WEST being allowed to keep revenues
16 from the Yellow Pages. If that's a compromise that
17 could be made to keep the rates lower then that would
18 seem perfectly acceptable to me.

19 Privacy, it seems to me like persons who
20 want nonpublished numbers or some other sort of special
21 privacy type of feature that they should pay extra for
22 that, and on the cost of calls to directory assistance
23 it seems reasonable that they would be allowed to
24 charge more for the number of calls that are made over
25 the free limit.

00080

1 I would also like to say that I would agree
2 with the previous speaker, Mr. Griffing. He had some
3 good comments that I think were very well presented.
4 Thank you very much.

5

6

EXAMINATION

7 BY CHAIRMAN NELSON:

8 Q. Ms. Caltrider, would you mind telling me
9 where you work?

10 A. I work for Rural Economic and Community
11 Development. Our primary activity is to provide low
12 income housing.

13 Q. Is that in the county or --

14 A. It's with -- we cover Clallam and Jefferson
15 counties.

16 Q. And it's a nonprofit group?

17 A. It's a federal agency.

18 Q. Your remarks about Internet access are
19 interesting to me. Is it the cost of the flat rate
20 residence line or would the toll rate decrease offset
21 any of that?

22 A. It appears that not only is the flat rate
23 going up and that flat rate seems like it's going to
24 be a hardship on low income and very low income people
25 in particular. That's a hefty increase.

00081

1 Q. So not having a phone, not having a phone
2 line would be a deterrence then from getting on
3 Internet?

4 A. That and also the rates you would have to
5 pay for long distance and I'm not on Internet so I
6 don't know that much about it.

7 Q. That's very helpful.

8 A. But the monthly rate as well as the higher
9 cost for providing access to rural areas seems like a
10 detrimental thing for our area.

11 CHAIRMAN NELSON: Thank you.

12 COMMISSIONER GILLIS: Just a follow-up on
13 Chairman Nelson's questions.

14

15 EXAMINATION

16 BY COMMISSIONER GILLIS:

17 Q. In Port Angeles are you able to reach
18 Internet with a local phone call downtown or is it a
19 long distance call?

20 A. I'm not sure. Like I said, I'm not on
21 Internet. I don't believe I've ever used it.

22 Q. Do you have any -- I was interested in what
23 you were saying about the use of Internet and
24 telephone for home-based industries. Do you have an
25 example that you could share with us?

00082

1 A. I am not as knowledgeable about home-based
2 industries as low income. Some of the people I work
3 with are trying to get home-based industries going
4 and phone -- having a good phone communication and fax
5 machines and computer access between computers is a big
6 part of that. That's a very important thing.

7 COMMISSIONER GILLIS: Thank you.

8 JUDGE WALLIS: Thank you for appearing here
9 this evening.

10 MR. TROTTER: Larry Leonard.

11 THE WITNESS: My name is Larry Leonard, L E
12 O N A R D. I live at 1030 Olympus, Port Angeles,
13 98362. I am a ratepayer in the city of Port Angeles.

14

15 DIRECT EXAMINATION

16 BY MR. TROTTER:

17 Q. Are you speaking on your own behalf
18 tonight?

19 A. Yes, I am.

20 Q. Go ahead.

21 A. I guess the first thing I want to say is
22 that every place I've ever worked and as long as I can
23 remember clear back to when I got an allowance you got
24 a pay raise when you did a better job, and the job U S
25 WEST is doing in this town at least is horrible. I

00083

1 have a neighbor moved into their house just after the
2 4th of July. They didn't get a phone and the lines
3 were all there, it was into an existing house. They
4 didn't get a phone until sometime in the last week or
5 two. It's horrible. And even worse than that they
6 were told -- they were calling regularly to find out
7 when they were going to get their phone. Well, next
8 week we'll get it, or how about the 15th. Well, maybe
9 the 20th. How about the 25th. It kept being put off
10 and put off and put off and lied to by U S WEST, and
11 that kind of behavior to me doesn't work for a pay
12 increase. I certainly wouldn't give any of my
13 employees a pay increase like that.

14 Another -- some of the people that Melanie
15 was referring to are on my street and it took one
16 couple four weeks to get their telephone and they were
17 put off two or three times and I think that's abysmal.
18 It's just horrible, and to make it even worse you can't
19 even talk to somebody that knows something. You talk
20 to somebody in Denver for crying out loud and doesn't
21 even know where Port Angeles is.

22 In addition to that I think this type of a
23 huge increase like this is way out of line. I don't
24 see how that can be -- anybody can say that that's
25 right. I don't think -- I think the Yellow Pages

00084

1 should fit right into the pot with everything else.

2 After all it's part of their business.

3 The two zone pricing, I guess I understand
4 competition, but as I understand it, this is a monopoly
5 and that's what you people are here to do is to
6 regulate this monopoly, so I don't understand the
7 competition part of it, so I think two-tier pricing,
8 people in Seattle shouldn't get a better rate than I
9 do. The privacy thing, I think if a person wants to
10 get an unpublished listing then they should pay more
11 for it. As far as the business rates, you got to pay
12 for what you get, it's as simple as that. All in all I
13 don't think that the price increase is justified and
14 they certainly ought to have better service.

15 JUDGE WALLIS: Are there any questions?

16 It appears that there are not. Thank you,
17 Mr Leonard.

18 MR. TROTTER: Kenneth Allen.

19 Whereupon,

20 KENNETH ALLEN,
21 having been first duly sworn, was called as a witness
22 herein and was examined and testified as follows:

23 THE WITNESS: I can't add too much more
24 than what's already been said.

25

00085

1 DIRECT EXAMINATION

2 BY MR. TROTTER:

3 Q. Could you please state your name and spell
4 your last name.

5 A. Kenneth Allen, A L L E N, 63 Avellana Road,
6 A V E L L A N A in Sequim, 98382 and I'm a ratepayer
7 representing myself only.

8 Q. Proceed.

9 A. I pretty much concur with what everybody
10 else has said. Have very little to add other than to
11 make more or less a flat statement that the proposed
12 residence rate increase is absolutely unconscionable
13 when you look at today's pricing of everything else.
14 You want to come up with those kind of increases it's
15 just unbelievable that anybody would even ask.

16 The service quality, I haven't had too much
17 with them other than just recently, fortunately. Last
18 week my phones went out. Called up whatever it is, I
19 guess he's sitting there tickling the computer. He
20 says, Okay, we know where the fault is, it's in the
21 central office. We'll have it fixed by Thursday.
22 That's three days, and it took them almost the three
23 days to get to it. Now, they knew where the fault was.
24 Now, what it was I have no idea. They didn't tell me
25 that, but they knew exactly where to go.

00086

1 The rural rate, the zone pricing is just --
2 is not a sellable item. You're either part of the
3 state or you're not part of the state. Everyone should
4 get charged the same whether you're out in the weeds or
5 whether you're right in the main downtown city. Yellow
6 Pages, it's all income. It should count. Privacy,
7 it's just like anything else. If you want it you
8 should pay for it. That should not be something else
9 that is passed around amongst all the other ratepayers
10 to pay your piece of what you want that's over and
11 above the basic services. And directory assistance I
12 wouldn't see any objection to paying -- getting a
13 couple of them free and you pay for anything over and
14 above that.

15 Now, the one thing that doesn't seem to be
16 mentioned in here is that over the past few years all
17 you ever hear is we'll jack up what it costs you the
18 homeowner but then we're going to keep cutting all of
19 the long distance rates so that the home owner with its
20 phone line is subsidizing the guy that's calling long
21 distance. If you're going to call long distance, pay
22 for long distance but don't get the homeowner to pay
23 for somebody else's long distance calls so that they
24 can make it attractive, and they just keep adding more
25 and more things into it. What is it now? You can call

00087

1 any place for a dollar or 10 cents a minute. These
2 ridiculous things. And that's all I have to offer at
3 this time.

4 JUDGE WALLIS: Mr. Allen, thank you for
5 appearing tonight.

6 THE WITNESS: You're welcome.

7 MR. TROTTER: Don Patrick.

8 Whereupon,

9 DONALD PATRICK,

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

12

13 DIRECT EXAMINATION

14 BY MR. TROTTER:

15 Q. Will you state your name and spell your
16 last name.

17 A. My name is Donald Patrick, P A T R I C K.

18 Q. Your address?

19 A. My address is 1104 East Half Mile Road in
20 Port Angeles, 98362.

21 Q. And you're a residence ratepayer?

22 A. I'm a residence ratepayer and speaking
23 only for myself.

24 Q. Proceed.

25 A. I have very little to add to what's already

00088

1 been said by several of the people up here. Generally
2 speaking, I'm not in favor of the rate increase. I'm
3 retired and I get -- I can't get justify a cost like
4 that. I never could get a raise like that when I was
5 working for a living. My main -- I guess my main gripe
6 is the service quality. I've been a resident of the
7 Port Angeles area now for a little over a year. When
8 we moved here we got the phone installed fairly
9 expeditiously as I recall. Unfortunately, they didn't
10 get the names spelled right. They spelled the name
11 wrong and people that tried to get in touch with us
12 through directory assistance could not find us. We
13 found out about this when a friend of ours finally got
14 ahold of us personally and told us I couldn't get your
15 name out of directory assistance, so we called up and
16 found out that they had switched a couple of letters
17 around, switched the R and the T, if I remember
18 correctly, when we first got the service. Well, the
19 phone book just came out this year. They screwed it up
20 again. They switched two other letters around so we're
21 still not in the directory assistance, or weren't
22 correctly, and as one of the gentlemen up here before
23 said with performance like that how the hell do you
24 justify an increase. And that's about all I have. I'm
25 not happy with the rate increase. I don't think it

00089

1 should be allowed. The rest of the questions that have
2 been addressed I pretty much agree with.

3 MR. TROTTER: Thank you.

4 CHAIRMAN NELSON: I have a question.

5

6 EXAMINATION

7 BY CHAIRMAN NELSON:

8 Q. Mr. Patrick, can you tell me where you
9 moved from?

10 A. From Gurnee, Illinois.

11 Q. What was the last spelling of your name?

12 A. You mean in the local book?

13 Q. The misspelling.

14 A. P A T R I C I K.

15 Q. Has it been straightened out now?

16 A. Yes. When we got the phone book and saw
17 that they messed it up again we gave them a call or my
18 wife gave them a call and I think she read them the
19 riot act, and I hope they got it right this time.

20 We'll find out when the next book comes out. We did
21 check it out and call later to directory assistance to
22 find out if it was correct and it seems to be, but two
23 times. It's not a very difficult name. It's not as
24 simple as Smith.

25 CHAIRMAN NELSON: Thank you.

00090

1 JUDGE WALLIS: Thank you.

2 THE WITNESS: Thank you.

3 MR. TROTTER: Karen Corona.

4 Whereupon,

5 KAREN CORONA,

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

7 herein and was examined and testified as follows:

8

9 DIRECT EXAMINATION

10 BY MR. TROTTER:

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

13 A. Karen Corona, C O R O N A, 618 Vogt, V O G
14 T road, Port Angeles, 98362.

15 Q. And you're a residence ratepayer?

16 A. Yes, I am and I'm here representing myself.

17 I truly don't feel that this rate increase is
18 warranted. I feel that as the other people have said
19 tonight the service is not up to par. We haven't
20 recently had any problems but when we did it took like
21 four months to get straightened out. I feel that
22 there's a lot of retired people here that just cannot
23 afford this. It is a retirement community and it's
24 just -- there's no reason for it and it's exorbitant
25 as far as I'm concerned and that's just about it. I

00091

1 want to say that I just didn't feel it was fair for
2 the people.

3 JUDGE WALLIS: Thank you very much for
4 appearing.

5 MR. TROTTER: Joe Corona.

6 Whereupon,

7 JOE CORONA,

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 Joe Corona, C O R
11 O N A. I live at 618 Vogt Road, Port Angeles,
12 Washington 98632.

13

14 DIRECT EXAMINATION

15 BY MR. TROTTER:

16 Q. Speaking on your own behalf tonight as a
17 ratepayer?

18 A. Ratepayer, yes, and speaking on my own
19 behalf.

20 Q. Go ahead.

21 A. I believe just about everything has been
22 covered except this four-year impact of 79 percent and
23 121 percent increase over the current rate is really
24 ridiculous. I just can't see how they could justify
25 that kind of a raise. It's just not that much

00092

1 improvement over what they've done in the last four
2 years. I mean, there hasn't been that much increase in
3 the last four years, I'm sure, and that's about all
4 I've got to say. I don't go along with that rate
5 increase.

6 MR. TROTTER: Thank you.

7 JUDGE WALLIS: Thank you.

8 MR. TROTTER: Henry Offermann.

9 Whereupon,

10 HENRY OFFERMANN,

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

13 THE WITNESS: My name is Henry Offermann,
14 O F F E R M A N N, 254 Foxglove Lane, Port Angeles, and
15 I have a business in town that's at 1402F Fairchild
16 International Airport. I'm speaking on behalf of
17 myself as a ratepayer, both residence and business. I
18 guess I would like to start off by saying that most of
19 the information that I am going to talk of that's not
20 my own personal experience comes from magazine articles
21 from Forbes, Fortune Magazine. Forbes magazine has
22 characterized U S WEST as a telephone company that
23 would be an embarrassment to the third world country.
24 Part of this is as a result of their service. If you
25 will recall it wasn't too many years back where the

00093

1 -- two years I believe -- where the service response
2 was absolutely abysmal. The reasons that are given in
3 the financial magazines for this performance is that U
4 S WEST is building a business on the backs of the local
5 monopoly telephone companies. They have gone into many
6 different areas all of them communications-related but
7 not all of them telephone-related and they have used
8 the profits derived from the local services to finance
9 this. Many of these have been ill-advised,
10 ill-executed and have been failures and we are paying
11 for those. The latest one was a company that was set
12 up to provide information services in hotel rooms
13 through interaction on a TV set, advertising, hotel
14 information. They just bagged that one about three
15 weeks ago, I believe, or a month ago. Another I don't
16 know how many million dollars down the tube. We are
17 paying for that and we're asked to pay for more of
18 this.

19 A recent experience. I received an ad from
20 U S WEST Communications that talked about shared lines
21 for part-time communications such as fax lines, modems,
22 things of this sort. As a business person that has two
23 lines in my office and a residence customer with one
24 line that runs an average phone bill of about \$600 a
25 month I was interested in this. I called the U S WEST

00094

1 office that was on the advertisement. I was told that
2 that service was not available in Port Angeles, that it
3 would never be available in Port Angeles because U S
4 WEST would not invest the money in the equipment in
5 Port Angeles to provide the service and I had to go get
6 another full-time line.

7 Shortly after that I read where U S WEST
8 had donated \$6 million to an organization to provide
9 computers to train high school teachers how to use
10 them, \$6 million. The organization was the NEA or
11 at least that's the organization that the newspaper
12 reported as the group that was going to administer the
13 \$6 million. The NEA is the union. The NEA is a
14 lobbying organization. The NEA is the Teamsters for
15 teachers. Why would I want to give \$6 million of my
16 money to an organization like that? I would rather
17 have it put phone equipment in Port Angeles. That
18 irritated me.

19 The other experience that I had personally,
20 I'm putting a small house up on the west side of town.
21 Three months before the schedule date I contract or
22 discussed with U S WEST getting workmen out to install
23 the phone lines, and I had my road opened and was
24 installing the electric lines. Three months ahead of
25 time that was scheduled. Do they operate like a

00095

1 business? No, they do not. I had to call a number in
2 Seattle. The person I talked to would not give me
3 their name. Person would not give me a work order.
4 Person would in no way acknowledge that my request was
5 received and, sure enough, at \$570 a day for
6 construction equipment on the magic day the guy doesn't
7 show up. I had my construction site tied up for two
8 extra days with the equipment and an eighth of a mile
9 of road torn up and the contracting people couldn't
10 that get up during that time. U S WEST seemed
11 unperturbed. Total length of the job to install the
12 approximately thousand feet of phone line was 15
13 minutes. I mean, the person put the line in the ditch,
14 walked on down it and drove off, and I attempted to
15 schedule this in ahead of time.

16 I guess the type of thing that I'm saying is
17 that U S WEST is using the profits they're earning from
18 local service to support businesses which are not local
19 services. I have no objection to that except that U S
20 WEST, according to Fortune magazine, has done an
21 abysmal job to their stockholders and their
22 shareholders in succeeding these businesses. Now, I
23 got to admit their cellular company in London, part of
24 the Mercury group, has done quite well. Of course we
25 helped to pay for that also. But most of them haven't.

00096

1 I'm going to say that if U S WEST wants to do something
2 constructive the first thing U S WEST can do is get a
3 new management team. The people that they have are
4 doing a miserable job. Second thing they can do is to
5 spend their time and their money supporting the local
6 phone service upon which their company is biased. If
7 they want to go off into other areas, that's fine. I
8 say if they need the money take it away from the
9 dividends of the stockholders. I personally don't own
10 U S WEST stock and I don't think I ever would, not
11 under their current conditions, but these stockholders
12 are not risk takers. They put their money into stock
13 and they are getting their dividends based on the money
14 that's coming from us. I think the rate increase
15 that's asked for in these conditions is excessive and
16 egregious. Thank you.

17 JUDGE WALLIS: Are there questions?

18 COMMISSIONER HEMSTAD: What is the nature
19 of your business?

20 THE WITNESS: I run an engineering company.
21 We do aircraft design, modification, certification.

22 JUDGE WALLIS: Mr. Offermann, thank you for
23 appearing this morning.

24 MR. TROTTER: Jean Hordyk.

25 Whereupon,

00097

1 JEAN HORDYK,
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. Please state your name and spell your last
8 name for us.

9 A. My name is Jean Hordyk, H O R D Y K. My
10 address is 1122 East 9th, Port Angeles 98362. I am a
11 ratepayer but I'm also here as president of the Clallam
12 County Democratic Central Committee. I would like to
13 read for you briefly a letter that we sent to the state
14 Democratic Central Committee. On our April 22, 1995
15 meeting a quorum of Clallam County Democratic central
16 committee voters voted unanimously to oppose the
17 projected rate increases requested by U S WEST to the
18 Washington Utilities and Transportation committee. We
19 also directed one of our members, Mr. Bill Henry, Sr.,
20 to inquire further into the matter. He's a retired
21 peace officer with 30 years investigation experience.
22 His findings prompted us to request that this rate
23 increase be opposed. In a flyer that accompanied the
24 March telephone bills it showed that the major urban
25 area-based rate would allegedly increase by 79 percent

00098

1 over four years and all other areas experience a 121
2 percent rate increase over the same schedule. U S WEST
3 is requesting 204.6 million dollars in increased rates.
4 Given the annual rate of inflation over the past decade
5 either 79 percent or 121 percent is ludicrous and
6 unquestionably inflationary.

7 In our state U S WEST is a near monopoly.
8 It has formed a corporate partnership with Time Warner
9 Enterprise which called for U S WEST to come up with
10 2.5 billion dollars. The financing may already be
11 accomplished but it appears that subscribers rather
12 than stockholders are going to bear the burden of the
13 payment. Also note that one million balance payment
14 schedule dovetails with the -- dovetails neatly with a
15 four-year rate phase increase by U S WEST that they are
16 proposing.

17 There is also the fact that U S WEST
18 operates in 13 other states and presumably governed by
19 regulatory agencies therein. Who will query these
20 other states to learn what requests are being made
21 there? Liaison is essential. Who will audit the total
22 financial packet? For that matter, who will verify the
23 projected increases for accuracy within our state to
24 prevent excess profits being generated by the near
25 monopoly allowed by the state.

00099

1 As you can see, these few questions present
2 tasks of greater proportion and need for considerable
3 expertise in financing and statistical analysis. We
4 believe that we represent many people. We have found
5 that many of the people do not -- are totally unaware
6 of U S WEST rate proposals. We urge you to take a very
7 serious look at the proposal and in the best interests
8 of the citizens of the state of Washington and those in
9 Clallam County reject the U S WEST rate increase.

10 Thank you.

11 JUDGE WALLIS: Ms. Hordyk, thank you for
12 appearing this evening.

13 CHAIRMAN NELSON: Ms. Hordyk, just to tell
14 you, Paula Strand from our staff is one of the
15 auditors. Paul, would you just raise your hand. If
16 you want to talk to her about the job the staff has
17 done in response to one of your questions.

18 MR. TROTTER: I need another list of
19 people.

20 Darlene Schanfald.

21 Whereupon,

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

25

00100

1 DIRECT EXAMINATION

2 BY MR. TROTTER:

3 Q. Will you please state your name and spell
4 your last name.

5 A. Darlene Schanfald, S C H A N F A L D.

6 Q. Your address?

7 A. P.O. Box 3026, Sequim, Washington.

8 Q. Are you a U S WEST ratepayer?

9 A. Or my home is different but I will give you
10 my PO box number if that's okay.

11 Q. Are you a ratepayer of U S WEST?

12 A. I am.

13 Q. Residential?

14 A. Yes.

15 Q. And is that the capacity in which you're
16 testifying today?

17 A. Yes.

18 Q. Please proceed.

19 A. I am opposing the rate increase and I
20 think the amount of the increase is absolutely
21 exorbitant. Most of the people that -- well, I
22 shouldn't say most but a large percentage of the
23 people that live in this county are on fixed incomes,
24 retired. Telephones are a basic need. Our services
25 out here are pretty basic. They don't match the large

00101

1 city services in many respects and we shouldn't have
2 to be paying for those. One instance is that Sequim
3 city ratepayers within the next four years face a
4 doubling of their utility rates. Those are the sewer,
5 water, garbage rates. Affordable living has kind of
6 passed in our area and the people that live here on
7 fixed incomes are senior citizens many of which have
8 not moved here but lived here all their lives. They do
9 not have the capacity to keep covering these
10 inflationary costs and they certainly could not pick up
11 the rate increase costs that U S WEST is proposing.

12 I dislike the idea of U S WEST pitting the
13 big city against the rural consumers. I think U S WEST
14 knows this area is growing and that they stand to make
15 mega bucks here and that those dollars will be going
16 into CEO salaries and not back into the services, and I
17 think you've heard a lot of testimony tonight, and I
18 can affirm that testimony that we do not have the best
19 of services here. They have laid off people. The
20 services are pretty skimpy in terms of repair people,
21 people coming out to put in lines. Basically here we
22 just get the basic services. In fact, I had seriously
23 considered having a second number put into my house,
24 but once I heard about this pretended rate increase no
25 way could I afford that. \$10 a month plus the taxes

00102

1 are coming to \$13, 14 a month. You know, I might need
2 the second line because there are two people in the
3 household but I certainly would not think of two lines
4 at \$24 plus the tax. Those are business rates right
5 now. I would like to ask that the phone company now
6 that we are -- that 206 is considered long distance
7 that ratepayers here are able to use their preferred
8 long distance company which we are not now able to do
9 but I see no reason why we can't now that -- we are 360
10 and 206 is a long distance number. And another request
11 is that the phone company when you move or change your
12 number refer your number beyond 30 days. I would like
13 to see that implemented. Are there any questions?

14

15 EXAMINATION

16 BY CHAIRMAN NELSON:

17 Q. Ms. Schanfeld, have you recently moved?

18 A. Yes.

19 Q. And so you've experienced the 30-day limit.

20 Is that what prompted that --

21 A. Well, it's not the first time I've moved,
22 but yes.

23 Q. You refer to long term residents of this
24 area. Are you one?

25 A. I've been here nine years.

00103

1 Q. Have you noticed in your nine years, is the
2 service better nine years ago than it is now?

3 A. To the best of my ability -- knowledge I
4 should say, they've been laying off repair people.

5 Q. Did you see at any one point in time where
6 you thought the service started to decline?

7 A. A couple of years ago I was living
8 somewhere else, and this is not really a complaint but
9 it did take several weeks for the people to come out
10 and add a line that should have been put in years ago.
11 It was three weeks, maybe four weeks, until they came.
12 I'm not complaining because it was such an arduous job
13 that I really appreciated their doing it and any time
14 that they did it, but like many other people said I was
15 put off in terms of time, and when the repairman
16 came out he clearly explained that he didn't really
17 have the backup help he needed and that's what he was
18 waiting for. And I know this last time we moved we had
19 a problem with the phone lines and they had to bring
20 somebody in from out of town. We didn't even have
21 anybody locally. There was one person. I must say he
22 was quite nasty and rude. If they ever tried to send
23 him out again we would disallow that, but when we
24 called for someone else to come out they had to bring
25 them from Kitsap County.

00104

1 JUDGE WALLIS: Commissioner Gillis.

2

3 EXAMINATION

4 BY COMMISSIONER GILLIS:

5 Q. I was interested -- you mentioned a couple
6 of times that the rural services here in Port Angeles
7 are kind of basic compared to the city. Would you
8 like to see a higher level of service in Port Angeles?

9 A. Oh, certainly, because this is a growing
10 area and more sophisticated area. The phone companies
11 know that. All the big corporations seem to know it.
12 They keep moving in. Somebody knows something and the
13 phone companies are not keeping up with the quality
14 that the area deserves.

15 Q. Is it a quality issue or specific type of
16 services you had in mind?

17 A. Oh, I had requested two that I had heard
18 the cities have. I don't think it's necessary to
19 mention those but I think when you want the kind of
20 increases they're asking for, and they are saying that
21 the cities are subsidizing the rural areas, which I am
22 not -- I don't know the figures and I can't say if
23 that's accurate or not. I can say that we don't. If
24 they're subsidizing our service we're certainly not
25 getting all the services that they're getting over in

00105

1 Seattle, Tacoma and other areas.

2 COMMISSIONER GILLIS: Thank you.

3 JUDGE WALLIS: Thank you very much for
4 appearing this evening.

5 MR. TROTTER: Louise Colby.

6 Whereupon,

7 LOUISE COLBY,

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

10

11 DIRECT EXAMINATION

12 BY MR. TROTTER:

13 Q. Would you go ahead and state your and spell
14 your last name.

15 A. Louise Colby, C O L B Y. I live at 516
16 South A Street and my zip code is 98363, Port Angeles.

17 Q. Are you speaking on your own behalf today?

18 A. You better believe it.

19 Q. Go ahead.

20 A. I've heard a lot of interesting things.
21 I'm going to add a little to it. I was shocked
22 recently when the telephone installer quoted the rates
23 for having an additional line and outlet installed in
24 the building I was working in. The rates he quoted
25 me, I believe, were \$46 for the first half hour and

00106

1 \$32 for each additional half hour. Pardon me.
2 Quarter hour. \$97 an hour and the work order would
3 cost \$20. \$117 to have one phone installed, maybe
4 more. When I read of this meeting in the paper which
5 came out the day before you got your notice, I thought
6 I had it figured out. I've lived in Port Angeles for
7 over 30 years. The other day I was digging in a back
8 corner of the garage and I found a telephone bill from
9 Pacific -- what was it -- Northwest Bell? My charges
10 for one month were \$4.46 or something like that. I
11 was going to bring the punch card down so I could prove
12 that I'm not telling a lie.

13 I changed some of this all the way around a
14 little. Your company, U S WEST, has what amounts to a
15 monopoly here on the peninsula. You don't service the
16 rural areas furtherest west. These people deal with a
17 low density of population, long stretches of road or
18 trail or something between houses and they make a
19 reasonable profit. There has been tremendous growth in
20 this area, particularly Sequim. It's more than
21 tripled, I'm sure, in the last 15 years. You've laid
22 off hundreds of people because you have replaced them
23 with electronic devices. Your income has grown. Add
24 to these factors the introduction of cellular phones,
25 fax machines, and they all have telephone numbers.

00107

1 Your stockholders cannot be unhappy. I received a call
2 from AT&T two weeks ago. They wanted me to switch to
3 an interstate long distance company. And I said, no, I
4 don't carry interstate long distance plans. I only
5 have about four people I call out of the state, but I
6 do have a pretty good program from U S WEST and that
7 primarily is for my family which all live in western
8 Washington. So I am loyal to my telephone companies.
9 AT&T told me they could route their interstate calls
10 over your lines. Do they pay you for that? Maybe
11 you're losing some income potential there. But maybe
12 I'm going to rethink that decision about staying with U
13 S WEST. I feel that a company that doesn't have faith
14 in their customers and mistreats them is going to lose
15 my company loyalty, and I request this Commission to
16 deny what really amounts to a corporate tax. Thank
17 you.

18 MR. TROTTER: Thank you.

19 JUDGE WALLIS: Thank you for appearing this
20 evening.

21 MR. TROTTER: James Rosand.

22 Warren Tansey.

23 Whereupon,

24 WARREN TANSEY,

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

00108

1 herein and was examined and testified as follows:

2

3

DIRECT EXAMINATION

4 BY MR. TROTTER:

5 Q. Would you please state your name and spell
6 your last name.

7 A. Warren Tansey, T A N S E Y, 574 Blue
8 Mountain Road 98362.

9 Q. And you're testifying on your own behalf
10 tonight?

11 A. That's right.

12 Q. And you're a ratepayer with this company?

13 A. Yes.

14 Q. Proceed with your statement.

15 A. Back in the early submission of U S WEST's
16 information I sent a letter into the Olympia area. At
17 that time and I still am -- I'm in what they call a
18 measured program. When I sent that letter in I had to
19 wait two days to get an answer to what my basic costs
20 would be. Nobody knew. I kid you not. U S WEST did
21 not know the rates they were going to charge me for.
22 They did call me two days later, as I said, and after I
23 investigated that program on the measured situation I
24 reprogrammed my costs that I would experience in that
25 particular period. And that particular period was the

00109

1 -- first one was from March 14 through April 13th of
2 this year. Now, those calls I had 27 on a 30-day
3 period, less than one a day. Today I remeasured those
4 same calls and found that in the August bill which is
5 from July 14 to August 13 I had exactly 13. And the
6 last bill, which I just received, for the period of
7 August 14 to September 13, I had exactly 20. Upon
8 developing the rates on these at the three cents versus
9 a one and a half and four and a half, I find that my
10 rates would go up just on those simple little calls.
11 In the first instance 21 percent on 27 calls. On 13
12 calls it went up 3.4. On the 20 calls it went up 17.7
13 percent. Now, that's just a measured situation.

14 As the lady earlier spoke out, I live out
15 here in the outlying area, too. A basic service is all
16 I need. As you can see, I don't use the phone a great
17 deal. I'm retired and I have been for 21 years and in
18 that period of time I've had one increase of 3 percent
19 and that was in 1980. Now, U S WEST, compare that 3
20 percent increase versus what you're asking. It's
21 considerably out of line, considerably out of line. We
22 mustn't forget that all of us who are our age have paid
23 for this service, the basic services, many, many years.
24 A millenium of time has gone by. Now you're asking us
25 to pick up on new items that are not absolutely

00110

1 necessary for a lot of us.

2 In the case of an automobile, if you're
3 trying to present your car in a new market you're
4 expecting those who want the extra additions on the car
5 to pay for them. And the same thing should be true
6 with regard to the telephone. Those who want those
7 extra costs or extra charges or new ideas, so help
8 them, let them have them, but they pay it. The traffic
9 must bear only to those who use it. The roads are no
10 different. If you're a truck you pay a premium, don't
11 you, to use the highways. You pay special taxes,
12 special charges. The same thing should be true with
13 telephone. I expect that you should think about these
14 things and think about it very carefully. I have
15 looked at this whole situation further and I have said
16 to myself, well, where do we go from here. Long
17 distance, which you spoke about in the memo, decreased
18 43 million. 43 million. Who uses it, the long
19 distance? The average customer doesn't use it, not
20 during the week. Maybe a little on the weekend but the
21 long distance calls are primarily business and business
22 had that cost put in the bottom and with their pricing
23 formulas it sure as day is light they have it in there.
24 And if you expect to say that we can reduce those
25 prices or reduce the cost of telephone, who is going to

00111

1 favor from it? Who is going to get the favor? It's
2 again business, it's not the little man. It's not we
3 the people and if business gets the reduction where
4 does it go? It doesn't get reduced in the formula.
5 You know that and I know that. It gets stuck as it
6 becomes another item of profit until somebody sharpens
7 up the pencil and realizes that there is a cost savings
8 here that we have not overlooked -- that we have
9 overlooked and we haven't done proper by the customer.
10 You've got to get that formula in there.

11 We know from years of working in this thing
12 that John Q. Public has underwritten these costs as
13 I've stated before. And what I am asking and
14 responding to is what have you done to drive costs
15 down. Has U S WEST held your supplier's feet to the
16 fire? Have you taken steps to receive competitive
17 bids? Have you taken taken the necessary expenses --
18 looked at the necessary expenses that might be
19 eliminated? These are simply a few of the high cost
20 items that have to be looked at constantly. We've got
21 to have a constant review of all these costs and if you
22 don't do it you're going to get yourself into a problem
23 because a lot of us just can't foot the bill as we go
24 on. The idea in this country is to reduce the prices
25 and get these things done so we can become more

00112

1 competitive within ourselves, within the more 50 states
2 as well as overseas.

3 As the lady said earlier, U S WEST has
4 basically got a monopoly in this area. Obviously,
5 granted that if I could have somebody in here to be
6 competitive with U S WEST I would probably go to them,
7 but I can't get anybody else in here, not where I live.
8 I think it's not fair. Competition is what's going to
9 help us all out. As I've stated before, when I first
10 stated that I have -- U S WEST stipulated in their rate
11 filing proposal that this is the first in 13 years and
12 they should be in my shoes. I've had one in 21 years
13 and my expenses I've got to control to live, and so do
14 you. If you can't get competition in here I'm dumb.
15 Thank you.

16 MR. TROTTER: Thank you.

17 JUDGE WALLIS: Thank you, Mr. Tansey.

18 MR. TROTTER: Sheldon Koehler.

19 Whereupon,

20 SHELDON KOEHLER,

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

23 THE WITNESS: My name is Sheldon Koehler,
24 spelled K O E H L E R, 217 South Laurel, Port Angeles,
25 98362. I'm representing myself mostly officially. I

00113

1 do have a retail business. Between my business and my
2 residence and my hobby at running a computer bulletin
3 board I have a total of nine land telephone lines and
4 one cellular line. I give U S WEST an awful lot of
5 money every month and annually it's even scarier. With
6 the things that I hear and see written in E-mail
7 messages on my computer bulletin board the job that
8 U S WEST is doing in the local area is far inferior to
9 what is done in other parts of the nation and even in
10 some countries. However, for most of the world we do
11 have it pretty good in comparison to what phone
12 services are especially when I deal with people that
13 are in third world countries that even have to take the
14 lap top computers and hike 10 miles just to get to a
15 place to plug it in to send an Internet message.

16 The thing that's really frustrating with U
17 S WEST is the fact that in Port Angeles less than 60
18 air miles from Seattle we have very few services in
19 comparison. The rates that U S WEST wants to propose
20 in our area are absolutely ludicrous considering that
21 even with the rate increases they are not even saying
22 that, yes, we are going to improve your services or
23 increase the features that we offer you. If memory
24 serves me correctly even caller ID is almost two years
25 behind schedule. They had to repeal that and even come

00114

1 back again with another date with that. ISDN in this
2 area stands for It Still Does Nothing. I would love to
3 have ISDN in Port Angeles. So would many of the modem
4 owners that I have on my bulletin board. Internet
5 access with ISDN is absolutely wonderful. For a
6 company that helped to build ISDN U S WEST is sure far
7 behind the ball. Seattle ISDN is available. Every
8 time I call their businesses services or even their
9 home business services in Colorado U S WEST has
10 absolutely no desire, no plans to even improve digital
11 services out here, which I find rather ironic. From
12 what I can understand in computers for just a matter of
13 just a couple of thousand, which is a penny in a bucket
14 in a company as big as they are, they can add a board
15 to the DS 100 switch that exists right down two blocks
16 from my house and add ISDN equipment. T1 service is
17 very expensive and they can recoup just selling to a
18 couple of customers without any trouble at all.

19 As a member of the Home-Based Business
20 Association, I hear nothing but complaints. However,
21 we do have one praise for U S WEST. As a corporation
22 by putting in their home-based business division in
23 allowing and even recognizing home-based businesses to
24 use residential rates for their home-based businesses
25 has been very beneficial by U S WEST allowing that

00115

1 particular feature and allowing me to have that for my
2 bulletin boards I have increased phone lines. Without
3 that particular benefit I would have fewer phone lines
4 and fewer services for the bulletin boards that I run.

5 As for my business, Kit Cameras is my retail
6 stores. My phone lines are limited to the floor lines
7 they have. I would like to add a couple of phone lines
8 to add customer calls but with the five line limit that
9 they have prevents me from doing so. Serves my
10 customers better. With the fax lines and line in for
11 digital communications for our computer once again
12 hindered and hampered by the lack of IDS even though
13 the new high speed modems have greatly increased the
14 capacity to sending digitized of photographs to
15 services bureau and for outlabbing and even for
16 proofing.

17 I do have one thing that does disturbs me
18 quite greatly, the instate long distance rates that U S
19 WEST charges. Why is it that I can get a cheaper rate
20 to call from Port Angeles to Seattle from MCI, AT&T and
21 Sprint when those three companies have to pay I believe
22 it's six cents a minute to U S WEST when U S WEST opens
23 the lines and switches. I find that rather
24 discriminating in my opinion. That's all I have to
25 say.

00116

1

2

EXAMINATION

3 BY CHAIRMAN NELSON:

4 Q. Mr. Koehler, thank you for your testimony.

5 This might be specific. You said caller ID is not

6 offered anywhere?

7 A. Caller ID is now offered. It was supposed

8 to be offered almost two years. They sent out the

9 notices that caller ID was going to be available in the

10 area on such and such a date, sent up the hype for it.

11 Then all of a sudden I think it was like within two or

12 three weeks of its supposed release date U S WEST sent

13 out more messages it's not going to be out for another

14 year almost delay in caller ID. Personally, that's

15 minimal compared to some of the other services like

16 voice messaging that would be very beneficial. I had

17 to dedicate an actual personal computer and a voice

18 mail card just because when I called up after the

19 advertisement I received in the mail saying that was

20 available then U S WEST told me it wasn't available in

21 the Port Angeles area. As far as I know it's still not

22 available in Port Angeles.

23 Q. How about call forwarding?

24 A. It does work but for me it's useless.

25 Q. And in your bulletin board activities we do

00117

1 hear complaints about the lack of ISDN availability in
2 urban communities, too, but it's your distinct
3 impression there's more ISDN lines in Seattle than are
4 available here?

5 A. There are none available here. It doesn't
6 exist.

7 Q. And then you mentioned the partial T1
8 circuit, and I think that's what Mr. Offermann is
9 talking about. You're aware that's available in other
10 parts of the state but not here in Port Angeles?

11 A. I was told by the business divisions of U S
12 WEST that partial T1 was available and they gave me a
13 wild ballpark rate. However, when I wanted to get that
14 rate narrowed down to an exact rate -- I wanted an
15 exact quote for an install; I was about ready to
16 contact with a company for bringing in an Internet line
17 into Port Angeles -- on two different phone calls I got
18 two different quotes from the same office. Then when I
19 found out what the rates were actually going to cost me
20 per month, I run a hobby, it's not a business and I
21 don't charge business rates for access to my bulletin
22 board. The people that utilize my services in order to
23 cut down on the cost of long distance I bring a
24 satellite down link at a cost of about \$85 a month is
25 all that costs me to bring in, oh, about 10 to 15

00118

1 megabytes of information daily into my -- it's more
2 than that. It's more like 55 megabytes a day but it's
3 automatically sorted. That could be alleviated by a
4 low cost ISDN, so U S WEST is losing revenue there on
5 me.

6 Q. Let me stop you there. So with the
7 fractional partial T1 it was both the hassle plus the
8 price that in the end deterred you from going with the
9 company on?

10 A. Yes.

11 JUDGE WALLIS: Commissioner Hemstad.

12

13 EXAMINATION

14 BY COMMISSIONER HEMSTAD:

15 Q. You reference your concern about the five
16 line limit. I believe U S WEST's proposal would change
17 that. Are you aware of that?

18 A. I am in favor of that. That is -- you
19 mentioned that here, I believe on -- I forget what
20 they called it. They had a specific term for it. But,
21 yes, I am in favor of the elimination of that. It was
22 my understanding that the higher business rates which
23 are almost two and a half times the rate of a
24 residential line were that high to offset the cost of
25 residence lines. That I can understand. With the

00119

1 advent of digital switching the way I understand the
2 way upgrades are now performed digital switches are in
3 place. To upgrade a digital switch they just simply
4 add new software. Doesn't require digging new
5 trenches. They have new digital software that allows
6 the existing fiberoptic links to almost increase their
7 capacity 50 times without having to dig any new
8 trenches. So I kind of question the rhetoric we're
9 given on the cost of increasing services. With the
10 digital systems that are in place it's mostly software
11 upgrades now.

12 JUDGE WALLIS: Commissioner Gillis.

13

14 EXAMINATION

15 BY COMMISSIONER GILLIS:

16 Q. How large is the membership of the
17 home-based business association that you're in?

18 A. Unfortunately the director could not make it
19 tonight. We had both talked about coming and wanted to
20 prepare an initial statement from the Olympic
21 Home-based Business Association so I'm not here in an
22 official capacity from them. Our last meeting last
23 month had about 35 people represented. If I remember
24 correctly the mailing list is around 150 to 200 people.
25 The actual paid membership is just over 100.

00120

1 Q. How is telecommunications being used by
2 these --

3 A. Almost exclusively.

4 Q. What are some examples of how that --

5 A. Examples would be fax ordering. People
6 taking telephone orders, fax, voice messaging. Part of
7 my bulletin board people have asked me to expand the
8 one line voice mail card that I'm using to an eight
9 line just so that the home-based businesses could use
10 voice messaging that U S WEST does not offer in this
11 area. That is something that we had really hoped that
12 U S WEST would offer that would be a definite benefit
13 to the home-based business which that segment of the
14 market is growing rapidly. Telecommuting is big
15 business and more and more people are wanting to
16 telecommute to the rural areas, and there are people
17 that have looked into moving into the local area and
18 have not because of the poor telecommunications
19 services were outdated, telecommunications services.
20 The home-based business association is growing rapidly
21 with businesses coming in the home.

22 JUDGE WALLIS: Mr. Shaw.

23

24 CROSS-EXAMINATION

25 BY MR. SHAW:

00121

1 Q. I was just curious. You have 300
2 subscribers in your bulletin board, sir?

3 A. Actually paid subscribers on my bulletin
4 board are roughly 165 at last count. There are over
5 1500 names in the database. I keep those names in the
6 database just for statistical purposes so that I can
7 keep track of how many modem calls have come in from
8 the local area. I can do a datebase search.

9 Q. If your subscribers were all able to get
10 ISDN lines what would it cost you to equip your
11 bulletin board to interact with ISDN?

12 A. An ISDN modem is running roughly \$500.

13 Q. How many modems would you need to handle
14 1500 subscribers?

15 A. 1500 paid subscribers I would probably need
16 about 15 ISDN modems if there were that many. I doubt
17 it would start out that many more. Realistically I
18 would start out with one considering there are only
19 four phone lines coming into it at the moment.

20 Q. Reason I bring it up, you follow the
21 industry obviously and we have kind of a chicken and
22 egg problem with ISDN in terms of equipment that's
23 needed to be put in by the subscriber at both ends. Do
24 you see the price of that equipment as being a
25 deterrent?

00122

1 A. In the last year I have seen ISDN modems
2 drop from 1800 to 499. I just received last week in
3 the notice a special deal where I as a SYSOP of a
4 bulletin board am allowed to buy one at the price of
5 \$245. So, yes, I have seen the prices and it's going
6 to be the allow of supply and demand. Modems two years
7 ago were a thousand and now you can get one for 99.

8 Q. Another question. Is there no provider of
9 voice messaging services at all in the greater Port
10 Angeles area?

11 A. Voice mail, no. There are answering
12 services where a live operator will answer the line and
13 take messages for doctors' offices and so on. There is
14 no voice mail. There was one that started up in
15 Sequim. However, after collecting a large sum of money
16 from a company in town -- this is all rumor -- he has
17 skipped town equipment and all. So he doesn't
18 that exist. Which leaves me with a bag that, yes, I'm
19 very certainly considering it. The five line limit is
20 preventing me from wanting to do that.

21 JUDGE WALLIS: Anything further? It appears
22 not. Mr. Koehler, thank you very much for appearing.

23 THE WITNESS: Thank you for the privilege.

24 MR. TROTTER: Ted Kroh.

25 Whereupon,

00123

1 TED KROH,
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. Please state your name and spell your last
8 name.

9 A. Ted Kroh, K R O H. Address is 1114 Olympus
10 Avenue, Port Angeles, 98362 representing myself. Just
11 want to say a word of thanks to the telephone
12 installers and line men. Once they finally do get to
13 the house they are very, very helpful, courteous, nice,
14 and can do a very expedient job with what they do as
15 they approach the phone box that they're working on or
16 the line or the cable, which I've experienced about
17 three or four of those situations in building a new
18 home. Really appreciate what they do. Have to agree
19 with all the other people that have been upset over the
20 course of the evening about the slow service and the
21 transmission of calls. It seems like we get lost in a
22 relay system since you've established a relay to Denver
23 instead of having a local Port Angeles-based or local
24 based person that we would address in our phone
25 conversations for service. It's been a long time since

00124

1 the relay has gone back into Denver and then back to us
2 for service.

3 CHAIRMAN NELSON: We know the company has
4 people here who can investigate this for you.
5 Could you describe how you experience that?

6 THE WITNESS: Well, two things. We've
7 wanted a cable pedestal moved from our driveway so when
8 we backed out we didn't run over it. Over about 8 to
9 10 -- took several calls and finally my wife happens to
10 work for the contractor who built our house and then
11 they also called and then it was moved, but as I called
12 I noticed that I was shifted through several different
13 departments in relay sequence which is normal trying to
14 get me possibly to the right outfit, installation this,
15 installation repair this, installation thus, and
16 through the confusion of it all in waiting quite a
17 while on the phone on hold I realized that somewhere
18 along the line something slipped through the cracks
19 here over the distance from here to Denver, and I think
20 that's mainly what a lot of these people are expressing
21 tonight is that as we go to make a call for service
22 locally that we don't get connected directly to the
23 service department that's going to give the order with
24 a piece of paper for that line man or that cable
25 splicer or that service burial subcontractor to get out

00125

1 there and do the work for us, and I think that's what
2 the major gripe is in the lack of time delay.

3 Is that sort of agreed there that you don't
4 always get the right connection?

5 And then the last thing is that I have to
6 agree that if we are told that something is going to
7 happen that it needs to happen in a timely manner.
8 California has a law regarding cable installation,
9 telephone, telecable, when you give them a date, as the
10 telephone company would give the homeowner a date that
11 they will be there, they have five hours to
12 appear. During that time period so the person can take
13 off work for five hours. If they miss that time period
14 or are late or are delayed then the homeowner has the
15 right to charge the telephone company or the cable
16 company to come back, pay them, reimburse them for the
17 time that was missed from work, and I would hate to see
18 us as a state have to put something like that through a
19 legislature in order to get prompt and courteous
20 service. And, once again, it's not from the person
21 that comes to the house. That's always been very
22 helpful and granted the people on the phone have been
23 in most cases kind, but not always getting the right
24 connection to where we need to go right off the bat.

25 The last thing is that I know there's been a

00126

1 lot of new construction in the area. I know new
2 construction takes time away from the people that would
3 normally do wire service, which I refer to as home
4 owner service, and most of the people represented here
5 tonight are homeowners. When you have an Albertson, a
6 Safeway and several miles of cable going in on a road
7 not too far from here, I understand what happens to
8 service installation crews. They get stretched thin or
9 have had to be called in from other agencies, of course
10 you have to pay more over time.

11 JUDGE WALLIS: I'm going to ask you to slow
12 down so our reporter can accurately get everything that
13 you're saying this evening.

14 A. At any rate, that's sort of where I'm coming
15 from is I know that you're stretched but, once again, we
16 just are looking for a basic rate, and I really firmly
17 believe that Sheldon is right. He would like to have
18 more things for a service for his business and for his
19 voice messaging or whatever but Sheldon needs to pay
20 for that service. The people that are retired in this
21 community, they don't need to pay for that service and
22 neither do I if I choose not to use that service.

23 CHAIRMAN NELSON: Mr. Kroh, I wanted to make
24 sure you understand we're not the phone company.
25 Mr. Shaw is the representative and all of these people

00127

1 in the back of the room. Thank you for your testimony.

2 JUDGE WALLIS: Thank you.

3 MR. TROTTER: James Reed.

4 Whereupon,

5 JAMES REED,

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

7 herein and was examined and testified as follows:

8

9 DIRECT EXAMINATION

10 BY MR. TROTTER:

11 Q. Please state your name.

12 A. James Reed, R E E D.

13 Q. Your address?

14 A. 485 Blue Mountain Road.

15 Q. Port Angeles?

16 A. Port Angeles and it's 98362.

17 Q. Are you a customer of U S WEST?

18 A. Yes, I am.

19 Q. Are you speaking in the capacity of a
20 customer? On whose behalf are you speaking tonight?

21 A. I'm speaking on my behalf but I also am
22 presided of the Home Builders Association. But most of
23 my comments would be just based upon my experience with
24 U S WEST.

25 Q. Go ahead.

00128

1 A. I want to ask a little bit about how are
2 these increases going to improve our cellular phone
3 program?

4 JUDGE WALLIS: Mr. Reed, for specific
5 information I would suggest that you talk with company
6 representatives after the --

7 A. I would like to go on. I'm just saying
8 that's my question. Here is what I am receiving.
9 Today I received voice mail on my cell phone. I called
10 35 minutes before I got back through my cell phone
11 because it was ringing busy every time. This is not
12 uncommon, and when I call and ask for help it's to me
13 amazing that if I call other than 123 Send to get my
14 voice mail I can get through. Sometimes I have to wait
15 15 minutes and it's a little scary when you're driving
16 and trying to do that, but that's one of the problems
17 we're facing.

18 The other thing is that when you increase
19 this -- we've got to improve the cell phone. I own one
20 cell phone, but it also -- my monthly charge not
21 including my cell phone that I pay is roughly \$300. I
22 have a business line and I have two personal lines in
23 my own house.

24 Q. Just one comment if I could for the
25 audience's sake. The legislature has exempted cellular

00129

1 phone regulation from this Commission so the Commission
2 doesn't regulate cellular phone rates except in very,
3 rare circumstances that don't apply here so you might
4 want to skip cell phones because there's nothing I
5 think that the Commission can do about it. Just a
6 moment.

7 A. My question is will this rate increase --

8 MR. SHAW: Mr. Reed, U S WEST Communications
9 does not provide cellular phone service. By law we're
10 not allowed to. So it's a separate company that's
11 affiliated with the company.

12 THE WITNESS: But it's called U S WEST.

13 MR. SHAW: And our people can get you in
14 contact with that company but it is a different
15 company.

16 A. I build homes for a living and my question
17 is will this rate increase improve the attitude of
18 installers. Unlike you, I most of the time when I
19 built a home we put the phone box outside and the home
20 owner calls and we'll connect, have the phone
21 connected. My comment that I get most often from my
22 customers is that there was more hassle getting the
23 phone hooked up and the attitude of the installer was
24 worse than anything I ever encountered while you were
25 building my house, and sometimes I'm on a house for

00130

1 seven months. So there is a problem and it happens
2 quite often. I mean, I can think of three or four, the
3 last four customers who have said the same thing. And
4 I experienced it when I built a rental because the lady
5 who installed it, she said, if that was my son I would
6 have paddled him. She said the attitude was just
7 atrocious.

8 When we have -- for instance, I had my
9 business line go down. I don't know why. Just all of
10 a sudden it was dead so I called to have it repaired.
11 She said that will be two weeks before we get it back.
12 I said I can't live without a business phone for two
13 weeks so she transferred it. Somehow magically the
14 phone came on one of the private lines. The business
15 line always a rang through on the private line but it
16 did take a little bit of what ranking on the individual
17 in saying, look, how do you operate a business. If
18 you're going to shut my business phone down for that
19 period of time who is going to compensate me for my
20 loss. I am paying you. And I said I think you also
21 ought to deduct from my bill for this. They did say
22 that if I paid an extra fee they would change it over
23 to a private line and when I finally got it, I didn't
24 get charged for it. But I had committed that I would
25 do -- I would get my phone, pay this extra fee to get

00131

1 it switched over. When we have a phone go down we need
2 it back and two weeks is too long.

3 The other instance we had on what I'm
4 saying, how do we improve our service, we have --
5 several times you get hang up calls. I have a recorder
6 on one of the lines and we may get four or five
7 hang-ups in a day but when we call the phone company
8 and ask them about it, it's amazing, the next two weeks
9 we don't have a hang-up. And I don't understand that.
10 But are we going to pay these rate increases and get
11 improved service because the way it is now if I had
12 another option, believe me, I would use another option.
13 Any other questions?

14 JUDGE WALLIS: Appears that there are no
15 more questions for you, Mr. Reed. Thank you very much
16 for coming this evening.

17 MR. TROTTER: Are there any other people
18 that have signed up? There were some people that
19 signed up that said they did not wish to comment and
20 that's fine, but if you wish now to make a comment
21 you're welcome to just raise your hand and we'll call
22 you up. Is there anyone that wishes to testify that
23 has not already testified?

24 FROM THE AUDIENCE: Sir, I would like to ask
25 a question.

00132

1 MR. TROTTER: You can ask me at a break or
2 something. Would that be fine?

3 CHAIRMAN NELSON: Do you want to take two
4 minutes to see if there's anyone else and then
5 conclude?

6 JUDGE WALLIS: Why don't we take a recess at
7 this time.

8 (Recess.)

9 JUDGE WALLIS: Let's be back on the record,
10 please.

11 Whereupon,

12 FERNIE MISSALL,

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

15

16 DIRECT EXAMINATION

17 BY MR. TROTTER:

18 Q. Please state your name.

19 A. Fernie, F E R N I E M I S S A L L. I
20 live at 595 Gossett, G O S S E T T road, R O A D.

21 Q. Here in?

22 A. Port Angeles.

23 Q. Are you a customer?

24 A. 98363.

25 Q. Are you a customer of U S WEST?

00133

1 A. Yes.

2 Q. Are you testifying as a customer here
3 today?

4 A. I am testifying in my own behalf. I am
5 part of an organization where I get about four or five
6 calls a day on the average. If they call and I answer
7 the phone I go, Hello, and they will not speak. They
8 will eventually hang up. When they call and I'm not
9 there and they go on the machine eventually I get a
10 real odd, beep, beep, beep, beep, beep, and it
11 goes on until the machine -- like five minutes and then
12 the machine automatically cuts it off. I have called
13 to find out about call identification so I can find out
14 who this person is that does this and found out that
15 the service is not available in Joyce. It will not be
16 available out in this area.

17 Only other thing I have to say is before you
18 have question is if there were another service offered
19 here like Whidbey Telephone, which I have had privilege
20 of using which is a small company, you get instant
21 service, everything is done. This company is too big,
22 if there is another company in here like when I had by
23 tell or some other smaller company I would have in a
24 heartbeat. You said caller ID was not ready in the
25 what area?

00134

1 A. In Joyce area.

2 Q. Where is that?

3 A. 20 miles west of Port Angeles.

4 Q. And it's at Joyce?

5 A. J O Y C E.

6 JUDGE WALLIS: Thank you.

7 CHAIRMAN NELSON: One question. Have you
8 been given a reason? It's just not available?

9 THE WITNESS: It's not available to that
10 area and as far as they knew this won't ever be
11 available out there. It's not profitable for them to
12 bring the service in because there's not that many
13 people out there. This is, in so many words, what I was
14 told a couple of three months ago and I don't remember
15 exactly word for word.

16 CHAIRMAN NELSON: But that was two or three
17 months ago?

18 THE WITNESS: Yeah. And as far as I know if
19 they do something about it, fine and dandy, I just have
20 gotten used to it. And in fact give you a little more
21 example on this. When that person or persons whoever
22 was doing this, they when I first would get on there
23 would talk, what can I do for you, blah, blah, et
24 cetera, particular person in the organization called
25 me, said that they recognized my voice, to meet them at

00135

1 a particular place in town at a particular time. I did
2 not make that phone call. He could not make that
3 meeting. Somebody else showed up and there was nobody
4 there for it. We don't know what the reasoning is why
5 this was, but now he knows when I call him I identify
6 myself and now he knows, but it was like somebody used
7 my words, recorded it, made the message to him and then
8 he couldn't make that particular message back. But as
9 soon as they made the call they hung up, so that's when
10 we put two and two together, but it would be nice to
11 have that service so we could find out who these people
12 are so we can do something about it.

13 JUDGE WALLIS: Any other questions?

14 Mr. Missall, thank you.

15 Whereupon,

16 SUSAN KROH,

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

19

20 DIRECT EXAMINATION

21 BY MR. TROTTER:

22 Q. Please state your name and spell your last
23 name?

24 A. Susan Kroh, K R O H. I reside at 1114
25 Olympus, Port Angeles, 98362. On August 17 I called

00136

1 and requested service be put into our new home on
2 Olympus Avenue for August 23. On the 22nd I called my
3 home phone number and was connected to a home on
4 Olympus Avenue, not my home, but another home that had
5 been waiting for service for 60 days at that point. I
6 called the phone company and requested them -- told
7 them the problem, requested that they please transfer
8 the phone service to the new home. They refused to do
9 so stating that it wasn't dated until the next day. I
10 knew that it would not be done. Olympus Avenue has had
11 a terrible problem getting phone service. One person
12 has waited 79 days for a phone. My neighbor before we
13 moved in there, she was nine months pregnant with two
14 children. No phone for over 30 days. Her neighbor did
15 not have a phone for over 60 days. After we did move
16 in we picked up the phone, we had a dial tone. We
17 found we could dial out but if the phone rang it was
18 for our neighbor two doors down who had finally been
19 hooked up. I called the phone company and requested
20 that they not change that because then we would at
21 least be able to call out. I called regularly but I
22 called and was told that on the 15th we would receive
23 service. We did not.

24 I called again then on Monday which would
25 have been the 18th and was given a firm date of the

00137

1 20th. We were not given service on the 20th. I called
2 on the 21st, and also I work for a building company and
3 had requested service for a model home at the same time
4 I requested service for our own home. We had not yet
5 received that through the business either. I called.
6 This was a planned residence development that we had
7 paid a couple of years ago almost \$3,000 for U S WEST
8 to put phone service into 26 home sites. There are two
9 home sites up there with phone service. There's a
10 third one that did not have service. And we kept
11 calling and they had no idea when we would get phone
12 service up there. I stated that I thought it was
13 fraudulent for us to pay thousands of dollars for
14 services that we did not have. I called the Utilities
15 Commission on that Wednesday, I believe, Wednesday or
16 Thursday last week -- Wednesday, opened a file and on
17 Thursday we had phone service, and I thank you very
18 much. I do not feel U S WEST deserves a rate increase
19 for this level of service. Any other business that
20 conducted their business in this manner would be
21 bankrupt. I was told by several employees of U S WEST
22 -- I said how can I get help, how can I get service,
23 and they said you have to scream. You have to call the
24 Utility Commission. This was customer service told me
25 this twice and also a field representative who came

00138

1 into the office told me this. I think that the rate
2 increase is ridiculous. Any questions?

3 MR. TROTTER: Thank you.

4 JUDGE WALLIS: Thank you, Ms. Kroh.

5 MR. TROTTER: Anyone else who has not
6 testified who is here and wishes to do so?

7 It appears that there are no further persons
8 seeking to present testimony this evening.

9 JUDGE WALLIS: Is there anything further to
10 come before the Commission this evening? Let the
11 record show that there is no response and this hearing
12 is adjourned.

13 CHAIRMAN NELSON: Thank you all for your
14 testimony.

15 (Hearing adjourned at 8:00 p.m.)

16

17

18

19

20

21

22

23

24

25