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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 WASHINGTON UTILITIES AND )  
TRANSPORTATION COMMISSION, ) DOCKET NO. UT-941464

4 )  
Complainant, ) VOLUME 12

5 )  
vs. ) Pages 2370 - 2423

6 )  
U S WEST COMMUNICATIONS, INC., )

7 )  
Respondent. )

8 -----)

TCG SEATTLE and DIGITAL DIRECT )  
9 OF SEATTLE, INC., )

Complainant, )DOCKET NO. UT-941465

11 vs. )

12 U S WEST COMMUNICATIONS, INC., )

13 Respondent. )

-----)

14

15 A hearing in the above matter was held  
16 at 1:30 p.m. on June 30, 1995, at 1300 South Evergreen  
17 Park Drive Southwest, Olympia, Washington before  
18 Chairman SHARON L. NELSON, Commissioners RICHARD  
19 HEMSTAD, WILLIAM R. GILLIS and Administrative Law  
20 Judge LISA ANDERL.

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24 Cheryl Macdonald, CSR

25 Court Reorter

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1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 TCG SEATTLE, )  
4 Complainant, ) )  
5 vs. ) )  
6 GTE NORTHWEST INCORPORATED, ) )  
7 Respondent. ) )

-----) ) DOCKET NO. UT-950146

8 GTE NORTHWEST INCORPORATED, ) )  
9 Third Party Complainant , ) )  
10 vs. ) )

11 U S WEST COMMUNICATIONS, INC., ) )  
12 Third Party Respondent. ) )

-----) )

13 ELECTRIC LIGHTWAVE, INC., ) )  
14 Complainant, ) )

DOCKET NO. UT-950265

15 vs. ) )  
16 GTE NORTHWEST INCORPORATED. ) )  
17 Respondent. ) )

-----) )

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1           The parties were present as follows:

2           U S WEST COMMUNICATIONS, by MOLLY HASTINGS,  
3     Attorney at Law, 1600 Seventh Avenue, Suite 3206,  
4     Seattle, Washington 98191.

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

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

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

2 JUDGE ANDERL: Let's be on the record.

3 This hearing will please come to order. This is a  
4 hearing before the Utilities and Transportation  
5 Commission for the purpose of taking public testimony  
6 for docket Nos. UT-941464, et al. My name is Lisa  
7 Anderl. I'm the administrative law judge assigned to  
8 these proceedings. To my right are the members of the  
9 Commission, Chairman Nelson, Commissioner Hemstad and  
10 Commissioner Gillis.

11 CHAIRMAN NELSON: Good afternoon.

12 JUDGE ANDERL: Today's date is June 30,  
13 1995, and we are convened in Olympia, Washington. Let  
14 me take appearances briefly so that the members of the  
15 public who are here know who all the participants are.  
16 Begin with the company.

17 MS. HASTINGS: My name is Molly Hastings  
18 and I represent U S WEST Communications, Inc.

19 JUDGE ANDERL: For public counsel.

20 MR. TROTTER: My name is Donald T. Trotter.  
21 I'm an assistant attorney general assigned to the  
22 public counsel section.

23 JUDGE ANDERL: Commission staff.

24 MR. SMITH: My name is Steve Smith. I'm  
25 an assistant attorney general representing the

1 Commission staff.

2 JUDGE ANDERL: Any other appearances today?

3 Just for the record there were a number of  
4 intervenors involved in this proceeding. However,  
5 they were not required to be at this hearing today.  
6 They did appear and participate during other stages of  
7 the proceeding. Mr. Trotter, do you want to begin  
8 with making a summary statement?

9 MR. TROTTER: Sure. First of all, welcome.  
10 This hearing today is for public comment on several  
11 dockets before the Commission that have been  
12 consolidated into one rather large and issue-filled  
13 case. My name is Don Trotter, and I'm an assistant  
14 attorney general with the public counsel section, and  
15 I think you heard Mr. Smith is also an assistant  
16 attorney general. The statutes under which the  
17 Commission operate require the attorney general to  
18 represent the Commission and the public, and while we  
19 all represent, or try to, focus on the public  
20 interest, the attorney general's office has seen fit  
21 to assign attorneys to the Commission itself and then  
22 the public counsel section for the public side of that  
23 statutory responsibility.

24 This case is a very complicated one. I  
25 would like to give you kind of a broad overview of

1 where -- of the context in which it arises and then  
2 maybe identify some of the important issues that are  
3 presented. The hearing phase of this case after today  
4 will be over. Briefs are filed in early August and  
5 then the Commission will issue its decision sometime  
6 in late summer or early fall.

7           Perhaps I can best get started by stating  
8 what many of you know maybe intuitively about the way  
9 telephone service is offered. Traditionally in this  
10 state local exchange companies had prescribed exchange  
11 areas and general territories in which they operate,  
12 and they very seldom if ever overlapped. So when  
13 we talked about General Telephone's territory or U S  
14 WEST's territory or Tenino Telephone Company's  
15 territory we knew what that meant. The Commission  
16 prescribed the exchange areas and all the local  
17 calling in that exchange area was provided by that  
18 company. And that company may have had two or more  
19 exchanges. Certainly in the city of Seattle there's  
20 many exchanges of U S WEST and calls between those  
21 exchanges are often called toll calls. The one  
22 exception to that is if a company has extended area  
23 service or EAS then calls between exchanges are rated  
24 as local calls and just included in the monthly bill  
25 at a flat rate.

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1                   And of course if a customer calls from a  
2 U S WEST phone to a customer of GTE, say, from Seattle  
3 to Everett or some other U S WEST location to a GTE  
4 location, those companies cooperated in making sure  
5 that call got completed and the result of course is a  
6 unified public switched network that serves the  
7 telephone ratepayers of the state regardless of what  
8 company they may be a specific customer of for their  
9 local service.

10                   When the Bell system was broken up in the  
11 early '80s, that gave rise to the interexchange  
12 carriers like AT&T, MCI, Sprint and many, many others.  
13 Those companies focused primarily on long distance or  
14 toll calling and, as many of you know, U S WEST is  
15 prohibited from taking -- carrying calls between, say,  
16 Western Washington and Eastern Washington and Western  
17 Washington and New York, for example, and so AT&T, MCI  
18 and Sprint and these other companies carry those  
19 calls, but U S WEST and the other local exchange  
20 companies still carry for the most part the first part  
21 of that call, the call from your phone to your local  
22 switch and maybe some distance beyond that and then  
23 AT&T or the other carriers will carry it across the  
24 country or wherever and then another local company  
25 will terminate that call. And that type of



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1 competition developed for a number of years.

2           Then about a year and a half ago there was  
3 a challenge in this state to this traditional system  
4 of companies just operating in their prescribed areas  
5 with no overlaps for local type calling. Some new  
6 companies decided to challenge that status claiming  
7 that there were no entry barriers, anyone could come  
8 into a U S WEST exchange, for example, and offer local  
9 service within that exchange, and so that issue was  
10 carried all the way to the state supreme court and the  
11 supreme court said that under the existing statutes of  
12 the state of Washington those prescribed exchange  
13 areas were not exclusive and that if carriers were  
14 otherwise qualified to serve within an exchange they  
15 could serve within that exchange.

16           That of course gave rise to the potential  
17 for competition for a customer's local calling, say,  
18 within the city of Seattle or some other exchange of a  
19 traditional local exchange company and after that  
20 decision a few companies have applied for the right to  
21 offer that type of service and they have been granted  
22 that authority because they have been found to have  
23 the technical and financial ability to do it. This of  
24 course gives rise to a number of issues because just  
25 take, for example, if your neighbor decides to become

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1 a customer of one of these new local companies and you  
2 remain with the local exchange company you have today  
3 and you want to call each other, those companies have  
4 to cooperate to make sure that the call is carried  
5 across. One carrier hooks up to the other carrier's  
6 network and gets from your neighbor's house to  
7 your house, and that in a very crude sense is what  
8 this case is about, to determine what the rules and  
9 standards and rates are going to be for those  
10 interconnections between competing local companies.

11           This case arises on -- in two or three  
12 ways. There have been complaints by, formal  
13 complaints by, these new competing local exchange  
14 companies against U S WEST and GTE claiming that the  
15 procedures that they have in place or are offering  
16 them are unfairly discriminatory, that they treat  
17 their connections with other local exchange companies  
18 that aren't overlapping different than the new  
19 companies who want to overlap. The local exchange  
20 companies have responded and said, no, if there is a  
21 discrimination it's reasonable because they're in a  
22 different situation, and the arguments are lengthy.

23           The other way this case arises is by a  
24 tariff filing by U S WEST to establish rules, rates  
25 and procedures for these companies to interconnect and

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1 that has been the subject of a great amount of hearing  
2 time and discovery and cross-examination and so on to  
3 determine what is a reasonable way or form for these  
4 companies to interconnect.

5           So that's the context in which this case  
6 arises. Let me just give you kind of a very thumbnail  
7 sketch of some of the big issues that have been  
8 discussed, and some of the terminology that applies,  
9 and one is the issue of number portability. And what  
10 that means is if you have your own phone number and  
11 you want to take the services of a new local exchange  
12 company, and you want to keep that number, how is that  
13 going to work the way the network is configured, is  
14 that possible today, and if not what needs to be done  
15 to make that possible, because many people believe  
16 that customers have a certain inertia, they want to  
17 keep that number and they will otherwise maybe choose  
18 a competitive company but they won't because they  
19 can't keep their number. So the issue is should there  
20 be number portability and if so under what terms and  
21 conditions and when can it be provided on an efficient  
22 basis.

23           Another issue that's come up is the issue  
24 of White Pages. Today U S WEST and GTE publish White  
25 Pages for everyone whom they serve and if there's a

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1 competing company in their area that has additional --  
2 or takes customers away or gets new customers, will  
3 those new customers be listed in the White Pages that  
4 everyone uses. So that's an issue. Another issue is  
5 on what terms and conditions will directory services  
6 be offered to these new local exchange companies if at  
7 all.

8           Another buzz word that creeps its way  
9 into this record about every five words or so is the  
10 term unbundling, and that is to what extent should the  
11 local company like U S WEST or GTE, the traditional  
12 local exchange companies, be required, if at all, to  
13 unbundle their system and offer to the wholesale  
14 customers, these new competitors, a local loop  
15 facility for certain types of switching functions or  
16 various parts of the local loop, and so on. And how  
17 should the system be disaggregated for rating purposes  
18 at the wholesale level, again, if at all.

19           Two other big issues are bill and keep and  
20 universal service. Start with universal service  
21 first. There is a concern if there are new  
22 competitors coming in that rates may be -- that the  
23 rates that are alleged to be offered currently at  
24 below cost will be increased substantially to get them  
25 above cost and what will that do to universal service.

1           The second concern about universal service  
2 is that if the traditional local exchange company  
3 loses a lot of revenues to the new entrant what will  
4 that do to their earnings and will they be able to  
5 recover those and if not what will happen to their  
6 ability to offer service to their customers. And  
7 there are certain solutions to this, but most people  
8 are recommending that the Commission at least open a  
9 docket very promptly and to address this issue, and  
10 this is an issue that is of course being dealt with  
11 and raised at the national level as well.

12           With respect to the bill and keep issue,  
13 that is one that has engendered a great deal of  
14 debate. Currently, if you are an EAS customer -- in  
15 other words, you can call another exchange at your  
16 flat rate for service -- the two companies involved in  
17 those exchanges, the traffic is exchanged between them  
18 but they don't charge each other for it. They bill  
19 their own customers and the other company bills its  
20 own customers and there's no money that changes hands.  
21 That's called bill and keep or payment in kind or  
22 other similar words like that.

23           The issue here is that some of the  
24 companies are urging that instead of that type of  
25 arrangement there should be charges for use of each

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1 other's network called access charges, so there's two  
2 very different views of how these new companies will  
3 be asked to compensate each other for use of their  
4 network. One of the concerns we have raised is if we  
5 do go to an access charge environment that may  
6 threaten the ability of the state to maintain its  
7 policy of -- policy against mandatory measured  
8 service. All customers in the state for residence or  
9 business just pay a flat rate for their local usage  
10 and their dial tone, and if the structure moves to  
11 more of a per minute of use -- the costs are recovered  
12 more on a per minute of use basis, there may be -- in  
13 our view there may be substantial pressure to go to  
14 local measured service. Whatever call you make is in  
15 essence rated on the basis of usage sort of like a  
16 toll call. So that's a very large policy issue that  
17 the Commission will have to deal with in this case.  
18 And of course there are many different views on that  
19 issue.

20           That's just a very small or short listing  
21 of the issues that are presented here and we just  
22 finished the hearings yesterday and I'm still trying  
23 to figure out where everyone stands on issues.  
24 Hopefully we'll get that done before we file the  
25 brief. So hopefully that gives you some context and

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1 some idea of the issues that the Commission is going  
2 to have to deal with in this case.

3           With respect to procedures for testifying,  
4 there was a sign-up sheet in the back and I think  
5 there still is and you need to sign up there if you  
6 wish to testify, and I will call your name and you  
7 will be asked to come to the podium and then I will  
8 ask you your name and your address and if you're  
9 speaking on behalf of a group or organization or  
10 speaking on your own behalf. And you can just state  
11 your affiliation if any. And then I will ask you if  
12 you are a customer of U S WEST or GTE or what company  
13 you are a customer of, and ask you to make your  
14 statement. When you're done with your statement it  
15 may be possible that there will be questions from the  
16 company attorney, from the staff attorney or from the  
17 commissioners, and so you should hopefully be  
18 available to respond to their questions if there are  
19 any. So with that I guess I will call the first  
20 person on the list and we'll get started.

21           JUDGE ANDERL: Thank you, Mr. Trotter, for  
22 that summation. Before you do that, I don't know if  
23 you said that or not or I was listening, but the  
24 parties or the witnesses should also know that they  
25 will be sworn in, so I will be placing you under oath,

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1 and in order that we are able to get everyone's  
2 comments today I would ask you to limit your remarks  
3 to five minutes. We also have some letters up here  
4 that Mr. Trotter is going to have marked as an exhibit  
5 and offered in as part of the record and we do have  
6 some letters from several ratepayers where they  
7 summarized their remarks already for us. Go ahead,  
8 Mr. Trotter.

9 MR. TROTTER: Thank you. First witness is  
10 Mr. Michael LaFreniere.

11 JUDGE ANDERL: Good afternoon, sir.  
12 Whereupon,

13 MICHAEL LAFRENIERE,  
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. Could you please state your name and spell  
20 your last name for us.

21 A. My name is Michael LaFreniere, L A F R E N  
22 I E R E.

23 Q. And your address?

24 A. 22010 Southeast 248th Street, Maple Valley,  
25 Washington.



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1 Q. Are you appearing on behalf of an  
2 organization?

3 A. The agency.

4 Q. And what is that agency?

5 A. The Maple Valley Community Center as a 501  
6 C3 nonprofit organization.

7 Q. Are you speaking on behalf of the center  
8 here today?

9 A. Yes.

10 Q. Please provide your statement.

11 A. Thank you. As the executive director for  
12 the Maple Valley Community Center, I manage an agency  
13 that provides services, broad range of social services  
14 to the elderly, low income families and youth. I'm  
15 concerned about telephone rates remaining affordable  
16 for the people we serve. The Maple Valley area -- the  
17 area we serve is approximately 90 square miles in  
18 incorporated rural southeast King County. There are  
19 many residents in this rural area who will have a  
20 difficult time dealing with the extraordinary local  
21 telephone service rate increases that might be  
22 anticipated in this process. I'm especially concerned  
23 about the elderly, retired and those on fixed incomes,  
24 fixed incomes that what's with happening in government  
25 these days aren't expected to rise.

1           The new competitors in the local access  
2 telephone market refuse to assume any responsibility  
3 for rural service. They only want to serve the  
4 customer-dense areas in the more profitable low cost  
5 geographic segments of the market. If the proposed  
6 interconnection tariff is not adopted a policy  
7 decision will have been made that threatens the  
8 ability of local phone companies to continue to be  
9 able to provide affordable local or rural telephone  
10 service.

11           The residents of Maple Valley and  
12 particularly those we serve simply could not afford  
13 the resulting rate increases. U S WEST is willing to  
14 continue service to high cost rural customers if all  
15 telecommunications competitors are willing to share  
16 responsibility for service to these customers. I  
17 think the socially responsible course of action for  
18 the WUTC is to adopt a plan which allows rural service  
19 to be continued at affordable rates. If a new company  
20 wants to start skimming profits that are being used to  
21 help in high cost areas, they should be required to  
22 help continue service to those rural customers who are  
23 adversely affected.

24           In conclusion, I support the proposed  
25 interconnection tariff because it will help elderly

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1 and other fixed residents in our area, in other rural  
2 areas of the state to cope with the changing service  
3 structure. Thank you for your consideration. And let  
4 us hope that they do not deregulate air conditioning.

5 JUDGE ANDERL: Thank you, Mr. LaFreniere.  
6 Are there any questions from the attorneys for this  
7 witness?

8 From the commissioners?

9 CHAIRMAN NELSON: Just one, Mr. LaFreniere.  
10 I would be interested in how you found out about this  
11 case.

12 THE WITNESS: This matter was brought to  
13 our attention at the South King Council of Human  
14 Services where U S WEST is a partner with a broad  
15 range of social service agencies in southeast King  
16 County, and I'm the president of the South King  
17 Council of Human Services, and it was in that forum  
18 that it was brought to our attention, and so I thought  
19 I would take it upon myself to come in and speak on  
20 behalf of people whom I think, as I understand this  
21 issue, which seems to be a lot more complicated than I  
22 could ever imagine, but from what I can tell, it's a  
23 matter that would have considerable impact on the  
24 elderly and the people on fixed incomes, and that's an  
25 area where I have special concern because I don't see

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1 those fixed incomes changing very much in the future,  
2 and this has great potential for change in terms of  
3 the kinds of costs that they might be seeing.

4           CHAIRMAN NELSON: Well, I want you to be  
5 aware of -- this interconnection tariff, there's a  
6 parallel case going on which will be heard sometime  
7 this fall which is where, the general rate case,  
8 involving the flat rates, local rates that U S WEST  
9 charges customers will be considered, so I hope you  
10 will pay attention to that docket as well.

11           THE WITNESS: Thank you.

12           COMMISSIONER HEMSTAD: Do you think --  
13 consider it undesirable that there be competitive  
14 services for local telephone services?

15           THE WITNESS: No, I don't.

16           COMMISSIONER HEMSTAD: Do you think it's a  
17 good idea?

18           THE WITNESS: I do think it's a good idea.  
19 I think that we are wanting rates to remain affordable  
20 for everyone. I don't think, though, that without  
21 addressing this issue of the interconnection -- the  
22 tariffs that would equalize some of the service costs  
23 that we could remain at that affordability. I think  
24 that would be affected, and I think the rules for that  
25 should be addressed now before proceeding any further.

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1 COMMISSIONER HEMSTAD: That's all I have.

2 COMMISSIONER GILLIS: I don't have any  
3 questions but I do want to thank you for your  
4 testimony. It's very good.

5 MR. TROTTER: Our next witness is Ellie  
6 Reynolds.

7 Also I note, Your Honor, for the record  
8 that both Ms. Reynolds and Mr. LaFreniere supplied  
9 letters that are contained in our ratepayer letter  
10 exhibit that I will ask to be marked shortly.

11 JUDGE ANDERL: Thank you.

12 Whereupon,

13 ELLIE REYNOLDS,  
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. Would you please state your name and spell  
20 your last name for the record.

21 A. Ellie Reynolds, R E Y N O L D S.

22 Q. And your address?

23 A. 900 Quince Street, Q U I N C E, Northeast  
24 Olympia, Washington. 98506.

25 Q. And are you appearing on your own behalf?

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1 A. Yes.

2 Q. Ms. Reynolds, we know you as an employee of  
3 the Utility Commission. You're not representing the  
4 Commission in this matter?

5 A. No. I've been working solely in water  
6 regulation for a number of years now, and I'm here as  
7 a private citizen today.

8 Q. Proceed with your statement.

9 A. I did submit a letter and what I would like  
10 to do is just brief briefly give you my four goals  
11 that are in that letter and explain why I'm here  
12 today. I have approximately 20 years experience in  
13 the telecommunications field and to me it's always  
14 been a very exciting field and I've watched its growth  
15 of competition with a lot of excitement and interest,  
16 and I've been following along a lot of the issues, and  
17 I felt more obligated to come here today to share with  
18 you some of my ideas in order to simplify some of the  
19 major issues that we have.

20 My four main goals probably are best to be  
21 stated just simply as they are. I really suggest that  
22 the Commission staff set up a surveillance system over  
23 local exchange revenues by tariff and contract  
24 buckets. I have seen beautiful reports showing actual  
25 revenues over time by service types that have been

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1 produced by the local exchange companies, and I really  
2 feel that the staff and the exchange company employees  
3 ought to work closer to really identify what's going  
4 on with their rates and charges for their service  
5 offerings.

6               Secondly, I lay out some options in my  
7 letter for local loop elements in the provision of  
8 local exchange competition. I also, thirdly, discuss  
9 options in changing the billing elements for the  
10 interexchange carriers in their current access  
11 charges.

12               Lastly, I offer options to simplify the  
13 billing elements of the current dial tone services  
14 offered to the public. I really believe that  
15 government has a challenge today to do more with less  
16 and that we really can do more with less and the  
17 secret is to simplify, and I believe the service  
18 offerings of the company have been grown over the  
19 years and have become a maze of really complex dial  
20 tone services that are very much alike, and they can  
21 be collapsed into four basic categories.

22               I think if we look at simplifying the rate  
23 structures in the telephone tariffs for local service  
24 and for competitive toll service and for local  
25 competition, if we're going to, if we can simplify it,

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1 it will be easier for the staff to be able to get  
2 their arms around the revenue activities, the  
3 migration of the customers from one service to another  
4 and make sure that we rid ourselves of any undue  
5 discrimination.

6 I also did suggest that we re-examine our  
7 current customer classes. I'm not sure that our  
8 business and residence customer distinction is going  
9 to be a benefit to all of us in the future. I oppose  
10 arbitrage and hate to see the high cost business  
11 customers be the ones that move over into competitive  
12 local markets and leave the residential customers left  
13 to pay a large burden.

14 I guess I could reiterate again quickly, my  
15 main focus is to set up some sort of a surveillance  
16 system. I really believe that it's necessary and the  
17 reason why I'm here is to say even though I'm a very  
18 novice student in statistics and econometrics, I think  
19 that econometrics was designed for utility data, and I  
20 think we can do some wonderful probabilities and  
21 projections and I think we need the data.

22 JUDGE ANDERL: Thank you, Ms. Reynolds, for  
23 your testimony. Do the attorneys have any questions  
24 for this witness?

25 MS. HASTINGS: Yes, I do.



1

2

CROSS-EXAMINATION

3 BY MS. HASTINGS:

4 Q. I thought I understood you to say that  
5 you're in favor of a form of government regulation  
6 where more is less. Do I understand you correctly?

7 A. That we have to do more with less.

8 Q. Ms. Reynolds, could you please share with  
9 me how the surveillance of telephone companies'  
10 tariffs and contract baskets is doing more with less  
11 or would result in the Commission doing more with  
12 less?

13 A. Yes. We have terminal loops, off-premise  
14 extensions. We have all types of different business  
15 lines, PBX lines and Centrex lines and ad infinitum of  
16 telephone services and numbers. And it's very  
17 complicated. When you start getting copies of the  
18 billing tapes from the local exchange companies and  
19 you drop those revenues by their tariff buckets into  
20 baskets to watch the total dollars of marketing sales,  
21 to watch the changes in the marketing habits, to watch  
22 the movement of new services and the growth of local  
23 competition, you really need to have a simplified  
24 system of data analysis, and in order to do more of  
25 this surveillance with less cost and less people we

02395

1 need to have the company's service offerings  
2 simplified.

3 Q. Is that your understanding of this  
4 proceeding, that it was to have the company service  
5 offer simplified?

6 A. I believe that it's an option that is  
7 important to discuss.

8 Q. Was that your understanding of this  
9 proceeding?

10 A. It was my understanding of this proceeding  
11 that the interconnect case involves charges for  
12 telephone service to new local competitors.

13 Q. Uh-huh.

14 A. And that watching the monies of the new  
15 local competitors through the local exchange dial tone  
16 company is paramount.

17 Q. So if I'm understanding you correctly, you  
18 would favor or support a mutual compensation means for  
19 local interconnection where the traffic could be  
20 measured between the parties and data could be arrived  
21 at and charges assessed accordingly as opposed to the  
22 bill and keep proposal of the alternate exchange  
23 carriers which is just sort of pass things back and  
24 forth and hope that everything falls out in the end?

25 A. I'm not opposed to the bill and keep

02396

1 arrangements, at least not in the interim, and I'm  
2 certainly supporting flat rates for local competition.  
3 What I was really thinking about is a possibility of  
4 U S WEST Corporation setting up its own affiliate  
5 for offering a local exchange service, and I would  
6 like to monitor very closely the arrangements for the  
7 service connection payments between the affiliate and  
8 the local exchange company, and all competitive  
9 carriers during this time of transition.

10 Q. Did you have the opportunity to sit in  
11 during any of the hearings?

12 A. No, I really didn't.

13 Q. Did you talk with anyone about the  
14 hearings?

15 A. No, I really didn't.

16 Q. Ms. Reynolds, do you know if it was U S  
17 WEST's proposal to set up a separate subsidiary to  
18 handle local exchange service or local exchange  
19 interconnection?

20 A. No. I have no knowledge that they're  
21 actually going to do that. I just would surmise that  
22 that's one possibility that they would have in the  
23 future.

24 Q. When was the last time you received a  
25 billing tape from U S WEST?

02397

1           A.     We have never received a billing tape from  
2 U S WEST to my knowledge.

3           Q.     "We" is who?

4           A.     The Commission staff.

5           Q.     Are you talking on behalf of a Commission  
6 staffer or someone else?

7                   MR. TROTTER:  Excuse me, Your Honor.  The  
8 witness -- if the question was whether Ms. Reynolds  
9 ever received a billing tape from U S WEST in her  
10 private capacity that question lacks meaning so it  
11 only had meaning in the role of her position at the  
12 Commission.  We're getting into a little intensive --

13                   JUDGE ANDERL:  Ms. Reynolds is clearly not  
14 here in her capacity as a Commission employee so I  
15 would sustain --

16                   MS. HASTINGS:  Her entire letter talks  
17 about many years of experience as a Commission  
18 employee so I would ask you to that extent that that  
19 portion of the letter be stricken.

20                   JUDGE ANDERL:  Ms. Hastings, these public  
21 exhibits are, under Commission rule, offered and  
22 admitted as illustrative exhibits.

23                   MS. HASTINGS:  I understand, but she's here  
24 to testify regarding that.

25                   JUDGE ANDERL:  I will deny your motion to

1 strike.

2 MS. HASTINGS: That's fine.

3 Q. What was your understanding of this  
4 proceeding, Ms. Reynolds?

5 A. My understanding of this proceeding is that  
6 it is a proceeding regarding interconnection costs,  
7 pricing arrangements, elements for competitive  
8 carriers.

9 Q. Thank you.

10 MS. HASTINGS: That's all.

11 JUDGE ANDERL: From the other attorneys?  
12 From the commissioners?

13 CHAIRMAN NELSON: Ms. Reynolds, just, I  
14 guess, in an abundance of caution, you are here on  
15 your own time; is that correct?

16 THE WITNESS: Yes.

17 CHAIRMAN NELSON: I have no questions.

18 COMMISSIONER HEMSTAD: I have no questions.

19 COMMISSIONER GILLIS: I have no questions.

20 MR. TROTTER: Gail Love.

21 Whereupon,

22 GAIL LOVE,  
23 having been first duly sworn, was called as a witness  
24 herein and was examined and testified as follows:  
25

1 DIRECT EXAMINATION

2 BY MR. TROTTER:

3 Q. Would you please state your name?

4 A. My name is Gail Love, L O V E.

5 Q. First name is G A --

6 A. -- I L, that's correct.

7 Q. What's your address?

8 A. 5534 Hill Court Northeast, Olympia,  
9 Washington 98516.

10 Q. And are you appearing on behalf of an  
11 organization?

12 A. Yes, Communication Workers of America and  
13 the ratepayers.

14 Q. And with respect to ratepayers are you --

15 A. Well, I am employed by U S WEST.

16 Q. In terms of the ratepayers --

17 A. Well, I'm concerned for the customer. I  
18 deal with them every day on a daily basis.

19 Q. Are you representing a ratepayer group  
20 specifically?

21 A. No.

22 Q. But you are a ratepayer?

23 A. Yes, and I'm a consumer.

24 Q. That's fine. And could you briefly  
25 describe what the Communications Workers of America

02400

1 is?

2 A. Yes. It's the organization, it's a labor  
3 group of communication workers who work in the  
4 telecommunications field.

5 Q. Please give us your statement.

6 A. I've worked for U S WEST for 19 years.  
7 I've been in the construction and the  
8 installation field outside the whole time dealing with  
9 the customer. And I know the frustrations -- I'm  
10 concerned for the rural customer. I'm in favor of the  
11 interim LATA -- the interim universal service charge.  
12 I feel that these other companies who want to come  
13 into the dial tone market should be required to  
14 provide choices not only to the urban customer but  
15 also to the rural customer.

16 The rural customers, it's an expensive  
17 procedure to get the service to them. It's costly.  
18 Your urban customers are downtown, the facilities are  
19 a lot easier to attain, and I am concerned for this,  
20 that if these customers are neglected that it's going  
21 to affect the rates. It's going to affect their  
22 service, it's going to affect jobs within the state  
23 which all equate down to the economics of this state.  
24 I've worked in the rural areas down the long dirt  
25 roads getting that service. I know the time involved

02401

1 and to get the service to the customer in comparison  
2 to the urban areas where you can easily affect  
3 hundreds of customers in a matter of hours in the  
4 urban areas.

5 Providing service to the rural customer is  
6 expensive, and I urge you not to let these companies  
7 ignore the urban customer -- I mean the rural customer  
8 but to go in and take a high volume, high revenue  
9 downtown customers. Granted we all want choices.  
10 We want to have competitive markets. I also feel that  
11 the rural customer is entitled to the same options  
12 that your downtown business customer has, so I really  
13 urge you to adopt this universal interim fee.

14 JUDGE ANDERL: Thank you for your  
15 testimony. Are there questions from the attorneys for  
16 this witness?

17 From the commissioners?

18 CHAIRMAN NELSON: No.

19 COMMISSIONER HEMSTAD: No.

20 COMMISSIONER GILLIS: Just one. You feel  
21 the interim interim universal service fund would be  
22 useful in making sure that the there's still going to  
23 be emphasis and resources available for the rural  
24 customer. Is that essentially --

25 THE WITNESS: Yes. I want to see the



02402

1 companies who want to provide this dial tone, the  
2 competitors, to be responsible, and not to be able  
3 to just pick and choose who they serve but to be  
4 responsible and have the same type of responsibility  
5 that U S WEST has. We have to provide service for  
6 urban customers, you know, at whatever cost it takes.  
7 I mean, we are required to provide service. Granted I  
8 don't deal in a lot of the financial aspects. I'm not  
9 privy to those. I don't know them. I'm just the one  
10 out there getting that cable in the ground and  
11 splicing it up and dealing with the frustrations of  
12 the customer who wants a service and wants choices and  
13 who are concerned about the rates and how this is  
14 going to affect them.

15 I mean, there's a lot of advertisement  
16 you get on television about the long distance, and I  
17 get asked questions on this daily. And a lot of them  
18 I can't answer but they're concerned about how things  
19 are going to all pan out with this dial tone. What  
20 choices will they have, how much will it cost them.  
21 Now, I can't answer these questions whether they're  
22 going to be able to get this service but I would --  
23 I'm concerned because it means jobs, and I work in  
24 this field, but I'm also concerned for the customer  
25 because I am one, and I want choices.



02404

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

3

4 DIRECT EXAMINATION

5 BY MR. TROTTER:

6 Q. Please state your name.

7 A. Kirk Allan.

8 Q. Spell your last name.

9 A. A L L A N.

10 Q. What's your address?

11 A. 1510 Arab Drive Southeast, Olympia,  
12 Washington 98502.

13 Q. Are you here on behalf of a group?

14 A. Yes, I am.

15 Q. And what is that?

16 A. The CWA.

17 Q. That's the same group?

18 A. Communication Workers of America.

19 Q. And was Ms. Love's description of that  
20 group adequate in your mind?

21 A. I would think so.

22 Q. Please provide your statement.

23 A. Thank you. I am here to represent the CWA  
24 Labor Council of the state of Washington, and I've  
25 been working in the telecommunications field for 18

1 years. The CWA is in favor of the interim universal  
2 service charge. We feel it makes sense as a means of  
3 keeping residential service affordable in this state,  
4 and it is only fair that any new companies be required  
5 to pick up some of the burden to maintain the  
6 statewide system they will be terminating their calls  
7 on.

8           The WUTC mission and goal statement states  
9 that the WUTC serves the needs of current and future  
10 generations of citizens of Washington by regulating  
11 the utility and transportation business. We believe  
12 you will better serve the needs of future customers by  
13 enacting the interim universal service charge. To  
14 ignore the need for such a charge would only serve the  
15 business customers in downtown Seattle and Bellevue  
16 and other large cities and very small group in  
17 comparison to all the telephone users in the state.  
18 Why should downtown businesses get more choices and  
19 cheaper rates at the expense of all the other  
20 customers.

21           We do not believe U S WEST should be  
22 required to subsidize the high cost customers while  
23 their competitors do not have that obligation. Your  
24 mission statement provides a clear answer why the  
25 universal service charge should be adopted. It will

02406

1 serve the needs of the vast majority of customers and  
2 it will protect their rates and service. We urge you  
3 to adopt the charge.

4 JUDGE ANDERL: Thank you. Do the attorneys  
5 have any questions for this witness?

6

7 CROSS-EXAMINATION

8 BY MS. HASTINGS:

9 Q. Mr. Allan, do you understand if any of the  
10 competitors are unionized?

11 A. I do not know if they are or not.

12 JUDGE ANDERL: Any other questions?

13 CHAIRMAN NELSON: Thank you.

14 JUDGE ANDERL: Thank you, Mr. Allan, for  
15 your testimony.

16 MR. TROTTER: Allen Francisco.

17 Whereupon,

18 ALLEN FRANCISCO,

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

21

22 DIRECT EXAMINATION

23 BY MR. TROTTER:

24 Q. Please state your name and spell your last  
25 name.

02407

1           A.     Allen Francisco, last name is F R A N C I S  
2 C O.

3           Q.     Your first name is spelled A L L E N?

4           A.     Yes.

5           Q.     What's your address?

6           A.     It is 602 Sunright Court, Shelton,  
7 Washington.

8           Q.     And are you appearing here on behalf of a  
9 group or organization?

10          A.     I'm a union member of the Communication  
11 Workers of America.

12          Q.     Please give us your statement.

13          A.     My concern is that the Commission will take  
14 a good hard look at what these outside companies will  
15 bring to the state of Washington, and my concern is,  
16 number one, will these companies have to provide  
17 universal service to all the customers of Washington  
18 state, and if these folks are not going to be  
19 providing local telephone service to all of Washington  
20 state, is that fair competition to U S WEST? Being a  
21 union member I look at what the loss of revenues to  
22 U S WEST -- will that affect my job. Will that affect  
23 the members that I work with daily. So we're  
24 definitely concerned with if we do not maintain our  
25 revenue status and give the customer the service that

02408

1 they need throughout every community in Washington  
2 state, not only the I-90 and the I-5 corridors but the  
3 Sheltons, the Maple Valleys, all the small rural  
4 communities. We're really concerned with this. We  
5 deal with these folks daily. They need their  
6 telephone service and we want U S WEST as well as  
7 everybody to provide service in a fair and equitable  
8 way.

9 JUDGE ANDERL: Thank you for your  
10 testimony. Are there any questions from the  
11 attorneys?

12 From the commissioners?

13 Thank you very much.

14 MR. TROTTER: Bill Lawson.

15 Whereupon,

16 BILL LAWSON,  
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. Would you please state your name and spell  
23 your last name for us.

24 A. Full name is William Lawson. Last name is  
25 L A W S O N.

02409

1 Q. And your address?

2 A. 1124 Canning, C A N N I N G, Court

3 Southwest, Olympia, 98512.

4 Q. Are you appearing here on behalf of the

5 company?

6 A. I work for TCI Cablevision of Washington,

7 Incorporated. I'm also a board member of the

8 Washington State Cable Communications Association and

9 I will be appearing here today and representing the  
10 state association.

11 Q. Please proceed with your statement.

12 A. Thank you. I do not have -- did not bring

13 a firm position on the overall issue in this docket.

14 What I do bring today are some concerns of the board

15 members of the Washington State Cable Communications

16 Association. Obviously, we represent a future

17 competitor to local exchange carriers. In what form

18 and at what time that will happen is unknown at this

19 time but we do represent at least one entity which may

20 offer this competition.

21 I think I can put some people at ease based

22 on the testimony we heard today in the fact that I

23 don't know of, from cable's point of view, any company

24 that expects to enter the market without the question

25 of universal service being addressed most likely in



02410

1 the form of a payment or a fee assessed to  
2 competitors. We also do not want to see rural  
3 telephone customers damaged by our entry into the  
4 market. That can't possibly help our business.

5           And as an individual, as a customer of U S  
6 WEST, which I happen to be, I see that toll calls  
7 within the state are perhaps the most expensive  
8 telephone rates I pay on a monthly basis. I can call  
9 my brother in Edmonds, Washington from Olympia and  
10 talk to him for seven minutes and spend more than it  
11 costs me to call my sister in Phoenix, Arizona and  
12 talk to her for 20 minutes. This seems to be a  
13 situation where the lack of competition has hurt the  
14 rates over time. I would hope that by competitors  
15 entering the market we are able to affect that.

16           There are many factors that affect entry  
17 into a competitive market. Very, very small items can  
18 mean the difference between being able to enter the  
19 market and not. The interconnection issues are  
20 extremely important. The difference between half a  
21 cent per terminated call and 1.1 cents per terminated  
22 call in someone else's area may be the difference  
23 between entering the market and not entering the  
24 market. We have seen this to be the case in other  
25 areas of the country.

02411

1           The question of number portability seems  
2 somewhat spurious to some people, but if you're a  
3 business with thousands of dollars invested in  
4 letterhead and business cards with phone numbers on  
5 them, number portability makes the difference between  
6 becoming a customer of a competitor or staying with  
7 the incumbent on a pure cost overhead basis.

8           Other issues such as one plus dialing,  
9 whether you have to dial a nine-digit code to access  
10 your in state toll calls or whether you're able to  
11 dial a simple one plus the area code, can make a very  
12 big difference in the marketability of a product. So  
13 my message here today on interconnection issues is  
14 basically, please consider very, very carefully the  
15 issue of interconnection because it can make the  
16 difference between entering the market and not. Thank  
17 you.

18           JUDGE ANDERL: Thank you, Mr. Lawson. Are  
19 there questions from the attorneys?

20           From the commissioners?

21           CHAIRMAN NELSON: I have none.

22           COMMISSIONER HEMSTAD: No.

23           COMMISSIONER GILLIS: No.

24           JUDGE ANDERL: Thank you.

25           MR. TROTTER: Bill Graedel.

02412

1 Whereupon,

2 BILL GRAEDEL,

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

4 herein and was examined and testified as follows:

5

6 DIRECT EXAMINATION

7 BY MR. TROTTER:

8 Q. Please state your name and spell your last  
9 name.

10 A. My name is Bill Graedel, G R A E D E L.

11 Q. And your address?

12 A. Route 1, Box 1, Odessa, Washington.

13 Q. And are you here speaking on behalf of an  
14 organization?

15 A. Yes.

16 Q. What is that organization?

17 A. Citizens of Lincoln County.

18 Q. And what type of group is that?

19 A. I'm the district one commissioner for  
20 Lincoln County. I also happen to be chairman of the  
21 commissioners this year and therefore represent the  
22 county in that capacity.

23 Q. Please proceed with your statement.

24 A. Thank you. Well, good afternoon, ladies  
25 and gentlemen. I just found out about this yesterday.

02413

1 This is a handwritten statement and I will go off and  
2 put this in proper writing and send you a letter to  
3 enter it into testimony. As I said, my name is Bill  
4 Graedel. I am the district one county commissioner  
5 for Lincoln County, Washington. Lincoln County is a  
6 large 2310 square mile county sparsely settled which  
7 has 9,050 residents located in Eastern Washington.  
8 The border of Spokane County rests on its eastern  
9 perimeter. It is my pleasure to testify before the  
10 PUC this afternoon on the competition and  
11 interconnection issues facing U S WEST which is the  
12 predominant telephone company in Eastern Washington.

13           There are eight small towns in Lincoln  
14 County where over 6,000 of the county residents live.  
15 The other 3,000 live on ranches and farms. The  
16 density outside of the county outside the towns is  
17 about 1.4 resident per mile average. The real  
18 question here is will this Commission change the rules  
19 which make all of Eastern Washington citizens second  
20 class to Western Washington. To allow unfair  
21 competition to have access to U S WEST's  
22 infrastructure without fair access, without access and  
23 exit charges, will surely penalize the citizens in the  
24 lowest density areas of the state. We must allow  
25 corporations to earn a return on reasonable profits in

02414

1 order to support the telephone system necessary to  
2 serve all of the citizens of the state.

3           As a county commissioner, I must take issue  
4 with this plan. Ask each of you members of the  
5 Commission to consider the existing system of U S WEST  
6 and the stranded investment of assets which may not be  
7 depreciated out in this issue. This will most  
8 certainly cause phone rates to increase.

9           In conclusion, I and my fellow  
10 commissioners strongly encourage this Commission to  
11 allow recovery of U S WEST's investment in their  
12 system by implementing a tariff of access and exit  
13 fees in order to help level the playing field. This  
14 will truly provide an atmosphere for competition that  
15 is fair and beneficial for all of the citizens and  
16 customers of the telephone exchange in Washington  
17 state. Not just allow competition to come and skim  
18 the profits of lucrative business accounts. We  
19 encourage the WUTC to grant reasonable access tariffs  
20 to U S WEST. This will maintain their profitability  
21 in order to help sustain the telephone system in  
22 Eastern Washington, low population density areas at  
23 reasonable cost.

24           I will conclude this by saying this is  
25 another unfunded mandate placed upon the citizens of

02415

1 Eastern Washington. The method of using system  
2 averages to establish service to the less populated  
3 areas is the cooperative American way in which all  
4 citizens are served equally. Let us not destroy these  
5 principles for the sake of competition and special  
6 interest profit.

7           In the electric industry it is common to  
8 transfer electric power over other competitors' lines.  
9 The transmission lines used in this way are subject to  
10 capacity and energy wheeling charges which helps to  
11 defray maintenance and depreciation costs by the  
12 builder/owner of the system. In my opinion this  
13 certainly establishes the precedence for access  
14 charges on the telephone service system.

15           I thank you for allowing me to testify  
16 today. Please consider my remarks with careful  
17 scrutiny and help keep the system competitive and  
18 usable. As I said, I will provide this testimony in  
19 writing with a cover letter to the Commission when I  
20 return to Lincoln County and I ask if there's any  
21 questions now.

22           JUDGE ANDERL: Thank you. Are there  
23 questions from the attorneys?

24                           CROSS-EXAMINATION

25 BY MS. HASTINGS:

02416

1 Q. Do you or any of your commissioners ever  
2 expect a competitor to come to Lincoln County and  
3 serve your community?

4 A. Well, we certainly would welcome any  
5 competitor who can come to Lincoln County but you have  
6 to understand that most of us, as a user of U S WEST  
7 at one time back in the early -- before the bell  
8 system broke up, I actually purchased that line that's  
9 built into my place. I paid for it, and of course  
10 those records have long been lost in the shuffle here,  
11 but most of the citizens who did not live on a branch  
12 line actually paid for their telephone systems, and of  
13 course we went through this debacle of when the baby  
14 Bells were broke away from Ma Bell and we had  
15 telephones that were on party lines that didn't ring  
16 any longer because the telephones that we brought at  
17 the local exchange store didn't have the proper coding  
18 methods and so we finally got all of this straightened  
19 out, so I'm saying let's not go through this again.

20 MR. TROTTER: How did you hear about  
21 today's hearing? You said you heard just the other  
22 day?

23 THE WITNESS: Part of my responsibility as  
24 a county commissioner is I'm responsible for the 911  
25 system currently being installed out that direction

02417

1 and so I have interface with U S WEST and PTI, which  
2 is the telephone company that's currently being --  
3 buying out U S WEST in our area, and I just -- I just  
4 heard this by -- and I was over here for other  
5 business so I just decided I would take an extra day  
6 and come up here and talk to you folks.

7 MR. TROTTER: So somebody from U S WEST or  
8 PTI --

9 THE WITNESS: Well, my 911 coordinator told  
10 me about this.

11 JUDGE ANDERL: Mr. Smith?  
12 Commissioners?

13 COMMISSIONER HEMSTAD: In this proceeding  
14 company has made a proposal as to how the universal  
15 service fund should be continued. Other parties have  
16 made either other proposals or suggested a process by  
17 which that issue would be addressed. Assuming in this  
18 context that all entrants are automatically required  
19 to participate in a fair and equitable universal  
20 service fund arrangement, that would address the  
21 issues in high cost areas. What would your position  
22 then be on the question of competitive services in  
23 your area?

24 THE WITNESS: Well, I very seriously doubt  
25 until we see wireless system totally implemented,



02418

1 which is what's going on in Eastern Washington right  
2 now -- that there's going to be very little  
3 competition because, I ask you, let's look at who owns  
4 the land lines. It's U S WEST owns the wire so  
5 consequently unless somebody lays telephone wire right  
6 alongside those systems the competition, unless they  
7 have access to U S WEST wire, is not going to be able  
8 to serve the customers in Eastern Washington and  
9 that's predominantly that way throughout all the  
10 counties. So if you talk about unbundled services,  
11 which I have some knowledge of, unbundled services  
12 certainly are a way to handle this issue. However,  
13 all it does is add a considerable amount of billings  
14 and cost and so I guess I'm against unbundled  
15 services. But I think through the system of access  
16 charges you can accomplish the basic mission here of  
17 putting the guy's name who may be on somebody else's  
18 telephone system in the White Pages and you can also  
19 accomplish the mission of allowing access to that  
20 utility's lines on a rental basis. It's no different  
21 than what the telephone companies used to do when they  
22 rented poles from the power company to hang their  
23 lines on if you remember those days.

24                   To me being a simple commissioner from a  
25 rural area this is a fairly straightforward issue.

02419

1 It's a matter of paying a little rent. And so I guess  
2 in that format I want to come here and say that I  
3 support the access charges. And I am not aware of  
4 what you folks do, but I'm going to leave my card with  
5 you and I would sure be happy to get on your mailing  
6 list because I would be happy to come back again.

7           COMMISSIONER HEMSTAD: I have one other  
8 question. Are you suggesting that if a person  
9 currently, say, a residential customer or a business  
10 customer, were to leave U S WEST service and purchase  
11 the services of a competitor for local services that  
12 they would have to pay an exit fee to the company?

13           THE WITNESS: I'm suggesting, I think, that  
14 if a competitor comes to an area and offers service to  
15 anyone, whether it's downtown Seattle or out in the  
16 middle of Lincoln County, that in order for him to  
17 have access to the system that he should pay an access  
18 charge to the existing carrier. Whether that's U S  
19 WEST or PTI or Pacific Tel makes little difference to  
20 me, but it's the same issue over and over. It's  
21 exactly the same issue with those of us that live out  
22 in the rural areas are pretty familiar with wheeling  
23 charges for power. Almost all of our heavy power  
24 users out there pay wheeling charges and it's not  
25 uncommon to get power from someplace else and get

02420

1 it wheeled to us over Washington Water Power's lines.  
2 We as the user pay some millage to accomplish that  
3 mission, and I am saying that seems to me to be a fair  
4 way to deal with this issue. This is not a real  
5 difficult issue, I think. It's just a matter of  
6 sitting down, laying it out and getting everybody to  
7 agree to it, which is a difficult issue. Being a  
8 commissioner I can appreciate that. Thank you.

9 COMMISSIONER GILLIS: Mr. Graedel, before  
10 you leave you said you're from Odessa, home of the  
11 Deutchesfest?

12 THE WITNESS: Yes, I am.

13 COMMISSIONER GILLIS: I believe Odessa was  
14 one of the exchanges that PTI purchased from --

15 THE WITNESS: That's correct.

16 COMMISSIONER GILLIS: There were several  
17 others exchanges in Lincoln County as well that were  
18 purchased?

19 THE WITNESS: To my knowledge I think all  
20 the exchanges in Lincoln County have been purchased by  
21 PTI.

22 COMMISSIONER GILLIS: So Lincoln County is  
23 now --

24 THE WITNESS: Yeah. Lincoln County will be  
25 served by PTI, and that's another issue for 911 which

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1 I have to address also. I will be over here talking  
2 to you about that later on.

3 COMMISSIOENR GILLIS: Do I take it from  
4 that then that your concern is with interim -- is with  
5 universal service in general no matter who the owner  
6 of the company as opposed to a particular proposal?

7 THE WITNESS: Yes. PTI has served the  
8 county and has been a good citizen for a number of  
9 years, so I don't have any trouble with PTI.

10 COMMISSIONER GILLIS: You're not here to  
11 necessarily support a particular form of universal  
12 service but just -- you're here to express the  
13 importance of maintaining service at a level that you  
14 see are equivalent to the other --

15 THE WITNESS: One of the things, of course,  
16 with a sparsely populated area becomes an issue is who  
17 is going to keep this system running. And in the  
18 event that it doesn't -- that the whole system as a  
19 unit is not profitable, then it's going to be more  
20 difficult for that serving company to do that. So,  
21 again, I guess, who owns the wire that connects the  
22 phones? Seems to me it would be a simple matter for  
23 -- if you want to get on there as a competitor that  
24 you need to pay to get on that. Maybe you need to pay  
25 something to get off of it, too, if you cause some

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1 excess costs to get on the system so I'm not against  
2 entrance or exit costs.

3 COMMISSIONER GILLIS: Thank you.

4 JUDGE ANDERL: Thank you.

5 CHAIRMAN NELSON: Mr. Graedel, one or two  
6 more questions. You say Washington Water Power is  
7 your electric power provider?

8 THE WITNESS: Yes, it is.

9 CHAIRMAN NELSON: For the whole county or  
10 is there a PUD?

11 THE WITNESS: Washington Water Power is the  
12 major distribution network in the area and the county  
13 is served by a number of different agencies,  
14 Washington Water Power being one of them. One of them  
15 is Bonneville Power Administration.

16 CHAIRMAN NELSON: And do you have wireless  
17 services over there?

18 THE WITNESS: I do. Through AT&T Wireless.

19 JUDGE ANDERL: Thanks for your testimony.

20 We'll include the letter that the  
21 commissioners sent us as a part of the exhibit that  
22 Mr. Trotter is going to offer.

23 Mr. Trotter, do you have more witnesses on  
24 your sign-up sheet?

25 MR. TROTTER: Mr. Graedel was the last

1 witness that signed up. Any others that have come in  
2 since, Mr. Vann, for example?

3 JUDGE ANDERL: Any other member of the  
4 public who would like to give testimony at this  
5 proceeding today? I hear no response. Well, I will  
6 thank you again.

7 Mr. Trotter, the exhibit?

8 MR. TROTTER: Yes. I would ask that the  
9 ratepayer letter exhibit be marked for identification.  
10 It consists of four letters, two of which were from  
11 witnesses that appeared today and this constitutes the  
12 letters received by our service as well as the  
13 Commission.

14 JUDGE ANDERL: And then including the  
15 letter that we're going to get, the gentleman who last  
16 testified, I will mark that for identification as  
17 Exhibit 160 and admit it to the record as an  
18 illustrative exhibit representative of the public  
19 comment received in this proceeding.

20 Is there anything further to come before us  
21 today? Thank you again for attending. We'll stand  
22 adjourned.

23 (Marked and Admitted Exhibit 160.)

24 (Hearing adjourned at 2:36 p.m.)