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1 BEFORE THE WASHINGTON STATE
 UTILITIES AND TRANSPORTATION COMMISSION
2 WASHINGTON UTILITIES AND)
 TRANSPORTATION COMMISSION,) DOCKET NO. UT-082006
3)
 Complainant,) Volume I
4) Pages 1 to 20
 vs.)
5)
 GRANDE COMMUNICATIONS)
6 NETWORKS, INC., NORSTAN)
 NETWORK SERVICES, INC.,)
7 TELECENTS COMMUNICATIONS,)
 INC.,)
8)
 Respondents.)
9 _____)

 A hearing in the above matter was held on
10 March 25, 2009, from 9:30 a.m to 9:55 a.m., at 1300
11 South Evergreen Park Drive Southwest, Room 108, Olympia,
12 Washington, before Administrative Law Judge ADAM TOREM.
13 The parties were present as follows:
 THE COMMISSION, by JENNIFER
14 CAMERON-RULKOWSKI, Assistant Attorney General, 1400
 South Evergreen Park Drive Southwest, Post Office Box
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23
24 Joan E. Kinn, CCR, RPR
25 Court Reporter

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

2 JUDGE TOREM: We'll be on the record in
3 Docket UT-082006. This is Administrative Law Judge Adam
4 Torem. It's Wednesday morning, March the 25th, 2009.
5 It's a little after our scheduled 9:30 a.m. starting
6 time for the hearing in this docket. The docket itself
7 is regarding telecommunications revocations of
8 registrations for three companies. The complaint that
9 was originally served on January 21st, 2009, and
10 reissued as a corrected complaint on February 13th,
11 2009, is captioned Washington Utilities and
12 Transportation Commission as Complainant versus Grande
13 Communications Networks, Incorporated, Norstan Network
14 Services, Incorporated, and Telecents Communications,
15 Incorporated. Those are the three respondents. It
16 doesn't appear that they have representatives here in
17 the room in Olympia this morning, nor has anybody
18 identified themselves on the Commission's bridge line.
19 Commission Staff is here this morning, and we'll take
20 their appearance now. Short form will be fine.

21 MS. CAMERON-RULKOWSKI: Good morning, Your
22 Honor, Jennifer Cameron-Rulkowski on behalf of
23 Commission Staff.

24 JUDGE TOREM: All right, and my indication is
25 that all three companies have received the corrected

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1 complaint, and Commission records have the green return
2 receipt cards dated varying dates in the last part of
3 February of 2009 acknowledging their receipt of this
4 proceeding. I asked Ms. Cameron-Rulkowski earlier if
5 there was any indication they had asked for continuances
6 or otherwise taken care of the outstanding penalty
7 assessments or otherwise resolved their registration
8 issues with the Commission thus far. To the best of my
9 knowledge, there's been no further communication.

10 MS. CAMERON-RULKOWSKI: No, Your Honor, we
11 have heard nothing from any of the companies named in
12 the complaint, and to Staff's knowledge there have been
13 no issues of service.

14 JUDGE TOREM: All right, so how would the
15 Commission like to proceed this morning then?

16 MS. CAMERON-RULKOWSKI: Your Honor, Staff
17 would like to move to dismiss Telecents Communications,
18 Inc. I can proceed with that, then we would also like
19 to move for a default regarding the remaining two
20 companies. Would you like me to proceed with the motion
21 to dismiss?

22 JUDGE TOREM: Yes, let's start with Telecents
23 Communications, and you can explain to me why they're
24 being dismissed.

25 MS. CAMERON-RULKOWSKI: Thank you, Your

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1 Honor.

2 First, we would ask you to take official
3 notice pursuant to WAC 480-07-495 of Order Number 1 in
4 Docket UT-082005 which revoked Telecents' registration.
5 The order issued February 9th, 2009, and became final by
6 operation of law on March 4, 2009, and I have a copy of
7 that order if you would like to see that. Because
8 Telecents' registration already has been revoked, the
9 company should be dismissed from this proceeding.

10 JUDGE TOREM: All right, no point in revoking
11 it twice, so I will grant that motion. As I see, they
12 are listed in the longer list of respondents in the
13 Docket 082005 that Judge Clark ruled on two days ahead
14 of our originally scheduled hearing in this matter. And
15 Telecents to the best of your knowledge has not filed
16 any appeals of the final order?

17 MS. CAMERON-RULKOWSKI: Not to my knowledge,
18 no, and the notice of finality did issue.

19 JUDGE TOREM: All right, then I will grant
20 the motion to dismiss Telecents from the proceeding.

21 MS. CAMERON-RULKOWSKI: Then Staff asks the
22 Commission to find the remaining respondents in default
23 under RCW 34.054.40 and WAC 480-07-450 for failure to
24 appear at this hearing. Staff would further request
25 under these authorities that Staff be able to proceed

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1 with the hearing and dispose of the substantive issues.

2 JUDGE TOREM: All right, neither Grande
3 Communications nor Norstan Network Services has appeared
4 today. Both companies were also given an opportunity to
5 appear on the bridge line at the originally scheduled
6 hearing on February 13th, and I believe that you and I
7 were the only ones on the bridge line that day. The
8 reason we had the bridge line open on February 13th was
9 because the rescheduling of that hearing was not
10 accomplished until that morning, and knowing we had
11 already communicated the date of the hearing to the
12 parties, we wanted to be sure that if anyone did appear
13 they were given appropriate due process opportunities to
14 be heard that day on the rescheduling or on any other
15 matter. No company appeared on February 13th, and now
16 with what I am certain has been official and lawful
17 notice, no companies are appearing today. I will grant
18 the motion for default for those two remaining
19 companies.

20 You indicated you wanted to proceed with the
21 case, and now that you are the only party, we can move
22 to your exhibit list and your witness. Ms. Sheri Hoyt
23 is here, and there are 8 proposed exhibits.

24 Exhibit 1 is a penalty assessment that was
25 issued to Grande Communications, that's from Docket

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1 UT-051702.

2 Exhibit 2 is a delinquency notice to Grande
3 Communications from June 23rd, 2006.

4 Exhibit 3 is the Attorney General Office
5 enforcement letter to Grande Communications. That one
6 is dated January 3rd, 2007.

7 Exhibit 4 is a penalty assessment to the
8 other company in this matter, Norstan, that was Docket
9 UT-060977.

10 Exhibit 5 is a delinquency notice to Norstan
11 from the same docket number. It's dated October 13th,
12 2006.

13 Exhibit 6 is a second penalty assessment
14 issued to Norstan. That docket number was UT-071295.

15 Exhibit 7 is the delinquency notice in the
16 second docket. It's dated August 13th, 2007.

17 And finally, Exhibit 8 is the Attorney
18 General Office enforcement letter to Norstan that's
19 dated April 17th, 2008.

20 I take it that, Ms. Cameron-Rulkowski, you
21 want me to swear in Ms. Hoyt, and then we can proceed
22 with her testimony on these exhibits, and then you would
23 like them admitted to the record as well.

24 MS. CAMERON-RULKOWSKI: Yes, Your Honor.

25 JUDGE TOREM: All right, Ms. Hoyt, if you

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1 would stand and raise your right hand.

2 (Witness SHERI HOYT was sworn.)

3 JUDGE TOREM: All right, thank you.

4 Ms. Cameron-Rulkowski, you can proceed.

5 MS. CAMERON-RULKOWSKI: Thank you.

6

7 Whereupon,

8 SHERI HOYT,

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

10 herein and was examined and testified as follows:

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12 D I R E C T E X A M I N A T I O N

13 BY MS. CAMERON-RULKOWSKI:

14 Q. Good morning. Please state and spell your
15 first and last name for the record.

16 A. Sheri Hoyt, S-H-E-R-I, H-O-Y-T.

17 Q. Who is your employer?

18 A. Washington Utilities and Transportation
19 Commission.

20 Q. What is your position with the Commission?

21 A. I am a Compliance Specialist in the
22 Compliance Investigation Section.

23 Q. How long have you held this position?

24 A. Just over four years.

25 Q. Would you please describe your duties as they

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1 relate to this case?

2 A. I conduct investigations regarding the
3 business practices of regulated utility or
4 transportation companies. As part of those duties, I
5 identify competitively classified telecommunications
6 companies that fail to file annual reports on time, and
7 I track those companies that are delinquent in paying
8 the penalties they incur for filing the report late.

9 Q. And how is this matter different from Docket
10 UT-082005, which also involved revoking the
11 registrations of multiple competitively classified
12 telecommunications companies?

13 A. The revocations in UT-082005 were based on
14 late annual reports or delinquent annual reports. This
15 docket is based on delinquent payment of penalties.

16 Q. Thank you. Are you familiar with the
17 companies named in this proceeding?

18 A. I am.

19 Q. I would like to ask you about each respondent
20 separately. First though, could you please describe
21 generally how you are familiar with the companies in
22 this proceeding?

23 A. Sure. The Financial Services Section
24 provides me a list every year of all companies that are
25 delinquent in filing their annual reports or paying

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1 their regulatory fees. The list is generated by the
2 Commission's annual report tracking system called ARTS.
3 The Staff enters receipt information as annual reports
4 and regulatory fees come in to the Commission, and
5 they're reported in a file created for each company.
6 For those companies that fail to file the annual report,
7 I recommend that the Commission issue penalties to that
8 company.

9 Q. Thank you.

10 Have any of the companies that are named in
11 this proceeding paid the annual report penalties since
12 the Commission filed the Complaint?

13 A. No. This morning I checked the individual
14 dockets and the records management system as well as
15 contacting financial services staff to make sure no
16 revenue was received in this morning's mail, and they
17 have not been paid.

18 Q. Thank you.

19 Now I will ask you about the two individual
20 companies. Regarding Grande Communications Networks,
21 Inc., are there any outstanding penalties assessed by
22 the Commission to Grande for failure to timely file an
23 annual report?

24 A. Yes, the Commission issued a \$100 penalty
25 assessment against Grande in 2005, and the company has

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1 not paid it.

2 Q. Please refer to Exhibit 1. Is this a true
3 and correct copy of the 2005 penalty order issued to
4 Grande?

5 A. Yes, it is.

6 Q. Did the Commission receive any response from
7 Grande to the penalty assessment issued in this docket?

8 A. No, it did not.

9 MS. CAMERON-RULKOWSKI: Your Honor, I offer
10 Exhibit Number 1 for admission into evidence.

11 JUDGE TOREM: All right, it's admitted.

12 BY MS. CAMERON-RULKOWSKI:

13 Q. Has the Commission contacted Grande
14 concerning this penalty since the response period
15 passed?

16 A. Yes, the Commission sent a delinquent letter
17 on June 23rd, 2006, notifying them that the payment for
18 the penalty was outstanding.

19 Q. Please refer to Exhibit Number 2. Is this a
20 true and accurate copy of the delinquency notice?

21 A. Yes, it is.

22 Q. Did the Commission receive any response from
23 Grande to this notice?

24 A. No, it did not.

25 MS. CAMERON-RULKOWSKI: Your Honor, I offer

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1 Exhibit Number 2 for admission into evidence.

2 JUDGE TOREM: It's admitted as well.

3 BY MS. CAMERON-RULKOWSKI:

4 Q. Are you aware of any other subsequent efforts
5 made by or on behalf of the Commission to contact Grande
6 concerning the penalty?

7 A. Yes. I received a copy of the letter sent by
8 the Attorney General's Office January 3rd, 2007, to
9 Grande notifying them that the penalty was outstanding.

10 Q. Please refer to Exhibit Number 3. Is this a
11 true and accurate copy of the document you received from
12 the Attorney General's Office?

13 A. Yes, it is.

14 Q. Did the Commission receive any response to
15 this letter from Grande?

16 A. No, it did not.

17 Q. Did the Commission receive any information
18 indicating the Attorney General's Office had received a
19 response from Grande?

20 A. No.

21 MS. CAMERON-RULKOWSKI: Your Honor, I offer
22 Exhibit Number 3 for admission into evidence.

23 JUDGE TOREM: That's admitted as well.

24 BY MS. CAMERON-RULKOWSKI:

25 Q. Now I'll turn to Norstan Network Services,

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1 Inc. Are there any outstanding penalties assessed by
2 the Commission to Norstan for failure to timely file an
3 annual report?

4 A. Yes, the Commission issued a \$100 penalty
5 assessment against Norstan in 2006 and a \$200 penalty
6 assessment against it in 2007, neither of which Norstan
7 has paid.

8 Q. Please refer to Exhibit Number 4. Is this a
9 true and correct copy of the 2006 penalty order issued
10 to Norstan?

11 A. It is.

12 Q. Did the Commission receive any response from
13 Norstan to the penalty assessment issued in this docket?

14 A. No, it did not.

15 MS. CAMERON-RULKOWSKI: Your Honor, I offer
16 Exhibit Number 4 for admission into evidence.

17 JUDGE TOREM: That will be admitted.

18 BY MS. CAMERON-RULKOWSKI:

19 Q. Has the Commission contacted Norstan
20 concerning this penalty since the response period
21 passed?

22 A. Yes, the Commission sent a delinquency notice
23 in October of 2006.

24 Q. Please refer to Exhibit number 5. Is this a
25 true and accurate copy of the delinquency notice?

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1 A. It is.

2 Q. Did the Commission receive any response from
3 Norstan to this notice?

4 A. It did not.

5 MS. CAMERON-RULKOWSKI: Your Honor, I offer
6 Exhibit 5 for admission into evidence.

7 JUDGE TOREM: That will be admitted as well.

8 BY MS. CAMERON-RULKOWSKI:

9 Q. Please refer to Exhibit Number 6. Is this a
10 true and correct copy of the 2007 penalty order issued
11 to Norstan?

12 A. It is.

13 Q. Did the Commission receive any response from
14 Norstan to the penalty assessment issued in this docket?

15 A. It did not.

16 MS. CAMERON-RULKOWSKI: Your Honor, I offer
17 Exhibit Number 6 for admission into evidence.

18 JUDGE TOREM: And this is the \$200 penalty?

19 MS. CAMERON-RULKOWSKI: That's correct, Your
20 Honor.

21 JUDGE TOREM: That will be admitted as well.

22 BY MS. CAMERON-RULKOWSKI:

23 Q. Has the Commission contacted Norstan
24 concerning this penalty since the response period
25 passed?

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1 A. Yes, we sent a delinquency letter in August
2 of 2007.

3 Q. Please refer to Exhibit Number 7. Is this a
4 true and accurate copy of the delinquency notice?

5 A. It is.

6 Q. Did the Commission receive any response from
7 Norstan to this notice?

8 A. No.

9 MS. CAMERON-RULKOWSKI: Your Honor, I offer
10 Exhibit Number 7 for admission into evidence.

11 JUDGE TOREM: Admitted.

12 BY MS. CAMERON-RULKOWSKI:

13 Q. Are you aware of any subsequent efforts made
14 by or on behalf of the Commission to contact Norstan
15 concerning this penalty?

16 A. Yes. I received a copy of a letter sent by
17 the Attorney General's Office to Norstan regarding the
18 delinquency.

19 Q. Please refer to Exhibit 8. Is this a true
20 and correct copy of the document you received from the
21 Attorney General's Office?

22 A. It is.

23 Q. Did the Commission receive any response to
24 this letter from Norstan?

25 A. No.

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1 Q. Did the Commission receive any information
2 indicating the Attorney General's Office had received a
3 response from Norstan?

4 A. No.

5 MS. CAMERON-RULKOWSKI: Your Honor, I offer
6 Exhibit Number 8 for admission into evidence.

7 JUDGE TOREM: That will be admitted as well.

8 BY MS. CAMERON-RULKOWSKI:

9 Q. Ms. Hoyt, what is your recommendation to the
10 Commission concerning these companies?

11 A. I recommend that the Commission revoke the
12 registrations for cause.

13 MS. CAMERON-RULKOWSKI: At this time, Your
14 Honor, I have no further questions for Ms. Hoyt. I have
15 a brief closing statement if you would like to entertain
16 that at this time.

17 JUDGE TOREM: I have one question about
18 Exhibit 8.

19 MS. CAMERON-RULKOWSKI: Yes, Your Honor.

20

21 E X A M I N A T I O N

22 BY JUDGE TOREM:

23 Q. Ms. Hoyt, the letter's dated April 17th,
24 2008, and it appears to reference both penalty
25 assessments that were previously issued because it

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1 references the \$100 violation from July 2007, and then
2 attached to it I think is only the \$200 penalty
3 assessment. I'm wondering if that's a typographical
4 letter and it should be referring to the July 6, 2007,
5 \$200 penalty assessment?

6 A. Yes, Your Honor, I believe it's a
7 typographical, it should have said \$200.

8 Q. All right, so perhaps the Exhibit 8 Attorney
9 General's Office letter is referring only to the second
10 penalty assessment and not the first?

11 A. Correct.

12 Q. But it's still your testimony that Norstan
13 owes and is delinquent on both the \$100 and \$200 penalty
14 assessments?

15 A. That is correct.

16 Q. And it's not necessary for an Attorney
17 General's Office to send a letter to follow up on those
18 to make them due and payable, is it?

19 A. Not at all. We do it as a courtesy in an
20 attempt to get the penalty paid, just a procedural issue
21 that we do.

22 JUDGE TOREM: Okay, I just wanted to clarify
23 that. When I read the \$100 in there and then I saw the
24 other one attached, I wasn't sure if it was explained by
25 a simple typographical error or perhaps I was missing a

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1 page.

2 Is there any reason for any further questions
3 you want to ask your witness?

4 MS. CAMERON-RULKOWSKI: No, it does not, Your
5 Honor.

6 JUDGE TOREM: Closing statement.

7 MS. CAMERON-RULKOWSKI: In fact, your
8 question does lead directly into my closing statement.
9 Each of the respondent companies here has received
10 multiple notices concerning the penalties and has had
11 ample opportunity to respond. In fact, the companies
12 have had anywhere from 1 1/2 to 4 years to respond, and
13 it is not necessary that by statute or rule that they
14 receive further invitations to pay these penalties, yet
15 these companies apparently have persistently ignored the
16 Commission's penalty orders. WAC 480-121-060 allows the
17 Commission to revoke the registration of a
18 telecommunications company for good cause. Revoking the
19 registrations of these companies would remedy the
20 current situation in which these companies are allowed
21 to continue operating as registered carriers even as
22 they continue to violate one or more Commission orders.
23 In conclusion, there is good cause to revoke these
24 companies' registrations.

25 I have nothing further, Your Honor, thank

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1 you.

2 JUDGE TOREM: All right, thank you very much
3 for the very concise presentation of the evidence. The
4 companies have been held in default, and I will get to
5 an order this week or next on this issued revoking their
6 licenses. I see nothing in my prior review of the file
7 to question what the Commission is asking for, it's
8 simply now a matter of issuing the order, much as Judge
9 Clark did in the other docket, UT-005, for these two
10 remaining companies, and then this matter can be on for
11 notice of finality to be issued as well.

12 Anything else on the record this morning?

13 MS. CAMERON-RULKOWSKI: Nothing from Staff,
14 Your Honor.

15 JUDGE TOREM: And since there's no other
16 parties, there's nothing else to add, we are adjourned
17 at about 5 minutes to 10:00.

18 (Hearing adjourned at 9:55 a.m.)

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