

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
2 COMMISSION

3 WASHINGTON STS, LTD., )  
4 Complainant, ) Docket No. UT-921213  
5 vs. )  
6 U S WEST COMMUNICATIONS, INC., ) Volume I  
7 Respondent. ) Pages 1 - 100  
8 ----- )

9 A hearing in the above matter was held on  
10 January 7, 1993 at 9:30 a.m., at 1300 South Evergreen  
11 Park Drive Southwest, Olympia, Washington, before  
12 Administrative Law Judge ELMER CANFIELD.

13 The parties were present as follows:

14 WASHINGTON STS, LTD. by ROBERT W.  
15 LEPPALUOTO, President, 11117 Southeast Evergreen  
16 Highway, Vancouver, Washington 98664.

17 U S WEST COMMUNICATIONS, INC. by MOLLY K.  
18 HASTINGS, Attorney, 1600 Seventh Avenue, Room 3206,  
19 Seattle, Washington 98191.

20 THE COMMISSION by ROBERT SIMPSON, Assistant  
21 Attorney General, P.O. Box 40128, Olympia, Washington  
22 98504-0128.

23  
24 Lisa K. Nishikawa, CSR, RPR  
25 Court Reporter

I N D E X						
	WITNESS:	DIRECT	CROSS	REDIRECT	RECROSS	EXAM
1						
2	M. Owen	8	17			
3			18			
4	R. Leppaluoto	35	67			
5						
6	J. Riley	82	84, 85			
7						
8	M. Owen	87	88			
9			90			
10						
11						
12	EXHIBIT	MARKED	ADMITTED			
13	1	29	29			
14	2	29	29			
15	3	29	29			
16	4	29	29			
17	5	29	29			
18	6	(Reserved page 60)				
19	7	81	86			
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## 1 P R O C E E D I N G S

2 JUDGE CANFIELD: This hearing will please  
3 come to order. The Washington Utilities and  
4 Transportation Commission has set for hearing at this  
5 time and place Docket Number UT-921213 entitled  
6 Washington STS, Limited, complainant, versus U S WEST  
7 Communications, Inc., respondent. The hearing is  
8 being held pursuant to due and proper notice to all  
9 interested parties at Olympia, Washington on Thursday,  
10 January 7, 1993. Conducting the hearing is Elmer  
11 Canfield, administrative law judge with the Office of  
12 Administrative Hearings.

13 The complainant filed its complaint with  
14 the Commission on October 20, 1992. The respondent  
15 filed an answer and counterclaim on November 12, 1992.  
16 On December 4, 1992 the Commission issued a notice of  
17 hearing for the taking of evidence from all parties  
18 including that of Commission staff if any at today's  
19 hearing.

20 So I would like to start by taking  
21 appearances beginning with the complainant, please.  
22 Can I have your name and address for the record,  
23 please.

24 MR. LEPPALUOTO: Yes, sir. My name is

25 Robert Leppaluoto, L E P P A L U O T O, 11117

4

1 Southeast Evergreen Highway, Vancouver, Washington,  
2 98664.

3 JUDGE CANFIELD: Okay. Thank you. Next.

4 MS. HASTINGS: Your Honor, my name is Molly  
5 Hastings, H A S T I N G S. Along with Ed Shaw, I am  
6 counsel for U S WEST Communications, Inc. My business  
7 address is 1600 Bell Plaza, Room 3206, Seattle,  
8 Washington, 98191.

9 JUDGE CANFIELD: Okay. We had a different  
10 zip code. What was the zip code again?

11 MS. HASTINGS: 98191.

12 JUDGE CANFIELD: Okay, thank you. Next.

13 MR. SIMPSON: Yes, your Honor. I'm Robert  
14 E. Simpson, an assistant attorney general. Business  
15 address is PO Box 40128, Olympia, Washington,  
16 98504-0128, and I appear on behalf of the Commission.

17 JUDGE CANFIELD: Okay. Thank you. Any  
18 other appearances to be made at this time then? Let  
19 the record reflect there are none. I'll open it up  
20 for preliminary matters at the outset. I will note  
21 that a motion was filed with the Commission by U S  
22 WEST and there was an answer filed from STS on that  
23 motion. And my letter to the parties had indicated  
24 that we would be taking this up at the scheduled

25 hearing today, so that's a matter that we will be

5

1 dealing with as a preliminary matter. But before  
2 that, any other matters that anyone has to address at  
3 the outset?

4           Hearing none, why don't we take up that  
5 motion from U S WEST. And it was filed with the  
6 Commission on December 14th, 1992, and I issued a  
7 letter to the parties on December 17 indicating that  
8 the parties could answer by December 31, 1992, and we  
9 did receive an answer from the complainant. So first,  
10 U S WEST, anything further on the motion that you want  
11 to state at the outset of the hearing today?

12           MS. HASTINGS: Well, your Honor, I would  
13 like to go ahead and proceed to move on the motion.  
14 U S WEST did receive notice of a formal complaint from  
15 Washington STS on October 20 and we did file an answer  
16 and counterclaim as you noted. On December the 10th  
17 we did file a motion to waive an administrative rule,  
18 specifically WAC 480-120-021, which rule prevents the  
19 company from disconnecting a customer service during  
20 the pendency of a formal complaint.

21           It is our contention that STS filed the  
22 complaint simply to enable STS to use U S WEST's  
23 tariff services in violation of those services. And  
24 we would seek at the outset of this hearing today to

25 have the motion approved and to allow U S WEST to

6

1 disconnect STS's service immediately.

2 U S WEST defines an exchange as a specific  
3 geographic area established for furnishing  
4 telecommunications service and the Washington  
5 Utilities and Transportation Commission is authorized  
6 to accept exchange boundaries. Non-EAS calls crossing  
7 exchange boundaries are toll calls. These callers are  
8 charged a fee based on the minutes of use over and  
9 above their flat monthly rate. Technology advances  
10 have led to the development of electronic devices that  
11 permit callers to bridge exchange boundaries. In  
12 other words, a caller can place a telephone call  
13 across an exchange boundary where EAS is not available  
14 without incurring toll charges.

15 The question of whether companies providing  
16 EAS bridging services are interexchange  
17 telecommunications companies required to purchase out  
18 of U S WEST's access tariffs was first brought to the  
19 Commission's attention in December of 1987 in a case  
20 involving Metro Link. In that case it was concluded  
21 based on the fact that Metro Link was a  
22 telecommunications company and pursuant to the  
23 Commission's order U S WEST revised its access  
24 tariffs.

25                   Essentially STS asserts in its complaint

7

1    that it is a private shared telecommunications  
2    reseller.  RCW 80-04-010 defines private shared  
3    telecommunications services to include, quote, the  
4    provision of telecommunications and information  
5    management services and equipment within a user group  
6    located in discrete private premises in building  
7    complexes, campuses or high-rise buildings by a  
8    commercial shared services provider or by a user  
9    association through privately owned customer premises  
10  equipment and associated data processing and  
11  information management services and included the  
12  provision of connections to the facilities of a local  
13  exchange and to interexchange telecommunications  
14  companies, end quote.

15                   In addition to providing testimony on the  
16  aspects of bridging and arbitrage U S WEST witness  
17  Mary Owen will discuss the manner in which STS  
18  operates and describe how dissimilar that manner is in  
19  what has become the established method of operation  
20  and practices in the shared tenant environment.  At  
21  this point I would like to call Mary Owen as a witness  
22  for U S WEST.

23                   JUDGE CANFIELD:  Okay.  Now you're still  
24  addressing the motion?

25 MS. HASTINGS: Yes, just the motion.

8

1 JUDGE CANFIELD: Okay.

2 Whereupon,

3 MARY S. OWEN,

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 MS. HASTINGS:

9 Q. Could you please state your name title and  
10 address.

11 A. Yes, my name is Mary S. Owen. I'm director  
12 of product and market issues for U S WEST  
13 Communications. My address is 1600 Seventh Avenue,  
14 Seattle, Washington 98191 and I'm in Room 2905.

15 Q. Thank you. Could you please describe your  
16 educational background and company experience for the  
17 record.

18 A. Yes. I have both an academic background as  
19 well as extensive work experience with U S WEST  
20 Communications. I earned a Bachelor of Arts degree  
21 from Lynnfield College in McMinnville, Oregon, and  
22 then I went on to the University of Oregon where I got  
23 my Master's in public address and logic. Since that  
24 time I've served in several capacities for U S WEST



25 Communications and have worked for U S WEST,

(OWEN - DIRECT BY HASTINGS)

9

1 previously Pacific Northwest Bell, for over 21 years.

2 I began as a service representative in both the

3 business and residence business offices. I then

4 became a business office supervisor and then manager,

5 and in these roles I dealt directly with customers,

6 our products, and meeting our customers' needs. Then

7 in order to gain broader experience within the company

8 I moved to outside plan engineering. My assignment

9 included staff manager, manager of the building

10 industry consulting group, and line manager for the

11 south end of Seattle and all of Boeing physical sites.

12 I moved from there to product marketing

13 where I managed the cable and wiring products. I'm

14 currently in the marketing and regulatory arena where,

15 as I said, I'm director of product and market issues.

16 Q. Thank you. Have you previously testified

17 before this Commission?

18 A. Yes, I have. I've testified before this

19 Commission in the Emerald City Telecommunications

20 complaint and I also testified in the EAS proceedings

21 that were held in Spokane.

22 Q. Have you had the opportunity to review the

23 STS complaint and the U S WEST motion and discuss the

24 motion and complaint with U S WEST personnel?

25           A.     Yes, I have.

(OWEN - DIRECT BY HASTINGS)

10

1           Q.     Did you draw any conclusions based on your  
2 research, company research, with respect to the  
3 complaint and U S WEST's motion on the complaint?

4           A.     Yes, I have drawn several conclusions. I  
5 believe that the complaints alleged by Mr. Leppaluoto  
6 are unfounded. In actuality Mr. Leppaluoto's company,  
7 Washington STS, Limited, is acting not as a shared  
8 tenant service provider but rather as an EAS arbitrage  
9 company. As such, STS should be required to pay  
10 access charges and should also be required to pay U S  
11 WEST Communications for previous months when access  
12 charges should have been paid.

13          Q.     Is it your judgment that U S WEST has filed  
14 a motion to preclude STS from further use of U S WEST  
15 services not in the access tariff?

16          A.     Yes, it is.

17          Q.     Thank you. Based on the conclusions you  
18 just furnished us, what is the basis for the  
19 conclusions that you have reached?

20          A.     Well, first let me explain what shared  
21 tenant communication service is. Very simply put, I  
22 am a customer that would buy multiple lines from  
23 U S WEST Communications. I then terminate those lines  
24 in a building and resell those lines to various

25 tenants located within the same premise. That's what  
(OWEN - DIRECT BY HASTINGS)

11

1 a shared tenant service provider is. Normally they  
2 would have either a PBX system or a Centrex system,  
3 which then what we have -- which then have provided to  
4 them direct inward dialed lines and station lines so  
5 that the end user customer can receive direct calls  
6 from other customers outside of that system.

7           Additionally, each shared tenant service  
8 provider's customer has a listing in the telephone  
9 book. Generally this shared service is provided to  
10 the end user as their only telephone service because U  
11 S WEST no longer becomes their primary provider. The  
12 shared tenant service provider now becomes their local  
13 exchange telecommunications company. And again I  
14 would receive as the end user both incoming and  
15 outgoing telephone calls.

16           And in analyzing the STS arrangement and  
17 their service records none of these normal shared  
18 tenant service provider functions appear to be  
19 occurring. First, Mr. Leppaluoto has purchased 48  
20 two-way trunks from U S WEST. And it is my belief  
21 that these trunks do not terminate on any customer  
22 premise in the Westin Building, and I base that on  
23 several test calls made of which I was present at one.  
24 I also, making sure that there wasn't a termination in

25 the Westin Building, asked Mr. John Reilly in our  
(OWEN - DIRECT BY HASTINGS)

12

1 legal department to make at least one call to each of  
2 those 48 numbers incoming calls to the Westin  
3 Building. Mr. Reilly did and provided me with a  
4 summary of the results of those calls, and it was  
5 interesting that not one of the calls was completed to  
6 a customer in the Westin Building, and I think that's  
7 critical that we understand that. The calls either  
8 were not answered, they were busy or in many, many  
9 cases we intercepted calls from customers calling from  
10 Issaquah, calling from Vancouver, calling from Halls  
11 Lake, who were calling other exchanges, that if they  
12 had made a direct call would have in fact been toll  
13 calls. And this is not a shared tenant/provider  
14 arrangement. That simply does not happen in shared  
15 tenant service.

16           Secondly, none of Mr. Leppaluoto's end user  
17 customers have any listings in the telephone  
18 directory. I find that very unique for a shared  
19 tenant provider service as well. Thirdly, no  
20 supersedure forms have been filed with U S WEST.  
21 These forms are normally processed when a customer  
22 changes from U S WEST service to become an end user of  
23 a shared tenant provider service.

24           Fourth, when someone does call one of the

25 48 numbers we didn't ever receive a standard response  
(OWEN - DIRECT BY HASTINGS)

13

1 of hello or this is the Owen Company. In other words,  
2 they never answered -- when we finally got someone,  
3 they were always customers making their own outgoing  
4 call and there did not appear to be any termination  
5 anywhere in the Westin Building at all. So when I  
6 take all of those facts in their entirety and I  
7 reviewed shared tenant service as it is normally  
8 provided, there is nothing in the manner of the  
9 service being provided by Mr. Leppaluoto which even  
10 remotely resembles normal shared telephone service.

11 Q. I want to clarify for the record, did you  
12 indicate that you had actual knowledge of a call?

13 A. Yes, I do.

14 Q. And could you describe for us, tell us  
15 about your experience, please.

16 A. Yes. It was real interesting. We -- there  
17 was several of us present in your office, Ms.  
18 Hastings's office, and we made a test call. And the  
19 result was very similar to that that the staff person,  
20 Ms. Taylor, made and other people within our company  
21 have made. It rang and we heard, like, four clicks,  
22 like some kind of a transfer function was going on,  
23 and then we heard a woman on the other end say hello,  
24 hello, and we said hello, hello. And then what she

25 told us through further discussion was that she was  
(OWEN - DIRECT BY HASTINGS)

14

1 physically located in Issaquah and was making a call  
2 to Redmond, Washington.

3 Now, for those of you that are unaware of  
4 it, a call from Issaquah to Redmond is a normal toll  
5 call. It is not local. But apparently what was  
6 happening is this woman was coming into Mr.  
7 Leppaluoto's phone number and that call was being  
8 transferred for her to Redmond bypassing the normal  
9 toll route.

10 Q. Thank you. Have you done any research to  
11 determine if the manner in which calls are being  
12 bridged through the STS service can technically be  
13 done via the U S WEST central office switches?

14 A. Yes, I have. I did extensive research in  
15 this area. The U S WEST, both network and switch  
16 system, is designed to keep toll calls and local calls  
17 totally separate. All the end offices in Washington  
18 are what we would call smart switches. In other  
19 words, they are run by a computer, and these computers  
20 again are designed to keep toll and local calls  
21 separated.

22 For example, in the example we just talked  
23 about, if a customer in Issaquah initiates a call to  
24 Redmond, the first thing the end office does is to

25 determine if that call -- what the route of that call  
(OWEN - DIRECT BY HASTINGS)

15

1 should be, is it local or is it toll. In this case,  
2 if the customer did not dial 1 plus the telephone  
3 number, the computer will immediately send back to  
4 them a message saying, I'm sorry, we cannot complete  
5 the call as dialed. Please dial again with 1 plus and  
6 the area code and the phone number.

7           But not only is the switch separate and  
8 unique for toll calls, so are the trunks between  
9 switches. They are assigned separate based on whether  
10 it's a local call or whether it's a toll call.

11           When I talk local I'm talking local  
12 including EAS. Once the end office has decided on the  
13 correct routing based on the number called, it sends  
14 the call over either the trunk that's toll or the  
15 trunk that's local. In other words, U S WEST has  
16 built a network that is totally separated both  
17 physically as well as technically, we've separated the  
18 toll network and the local network.

19           Because of this the type of calls we are  
20 experiencing through Mr. Leppaluoto's system cannot be  
21 caused by any fault in the U S WEST network or the  
22 toll network. The only way these networks can be  
23 bypassed is through some type of customer-provided  
24 call forwarding device, and such a device then makes

25 all calls local by bridging EAS areas.

(OWEN - DIRECT BY HASTINGS)

16

1 Q. So from both your knowledge from being in  
2 the network organization for a number of years as well  
3 as doing the research within the network organization,  
4 what do you conclude at this point?

5 A. I conclude that the service that we have  
6 discovered of calls originating in various exchanges  
7 and terminating in non-local U S WEST EAS exchanges  
8 is occurring because of equipment located past the  
9 demarcation point, in other words, that point after  
10 which or behind which the U S WEST is not responsible.  
11 And it is not possible again for these calls to be  
12 occurred -- or to be occurring due to switch or cable  
13 problems in the U S WEST network.

14 Q. Thank you. And in a combination of what  
15 you understand from the network research that you did  
16 and from your knowledge of how STS providers function,  
17 what do you conclude from this comparison of STS  
18 service that is provided by Mr. Leppaluoto?

19 A. I've reached the conclusion that Washington  
20 STS, Limited is not providing shared tenant service  
21 and is in fact providing some type of EAS bridge  
22 service. Such provision of service is in violation of  
23 the U S WEST tariffs and also violates past rulings of  
24 this Commission regarding interexchange telephone



25 service. In both the MetroLink and the preliminary  
(OWEN - DIRECT BY HASTINGS)

17

1 Emerald City Telephone Communication docket, the  
2 Commission said if a service is provided between non-  
3 local exchanges such as Issaquah to Redmond, the  
4 example that I heard, the company providing that  
5 service must buy from U S WEST access tariffs. It is  
6 my firm belief that STS is providing such service.  
7 The complaint against U S WEST is therefore, I  
8 believe, totally unfounded, and I ask the Commission  
9 to allow us to disconnect Washington STS Service,  
10 Limited service immediately and also ask that STS be  
11 required to pay U S WEST for appropriate access  
12 charges since the implementation of this service in  
13 July of 1992.

14 MS. HASTINGS: Thank you. That's all I  
15 have.

16 JUDGE CANFIELD: Okay. Again, this is just  
17 on the motion now?

18 MS. HASTINGS: Right.

19 JUDGE CANFIELD: First, are there any  
20 questions while the witness is on the stand from the  
21 other parties on the motion?

22 MR. LEPPALUOTO: Yes. I would like to  
23 respond, your Honor.

24 JUDGE CANFIELD: I will get your response

25 in a moment. Do you have any questions you want to

(OWEN - DIRECT BY HASTINGS)

18

1 direct to the witness on that motion? Otherwise I can

2 let her --

3 MR. LEPPALUOTO: Yes, sir, I would.

4

5 CROSS-EXAMINATION

6 BY MR. LEPPALUOTO:

7 Q. Mary, you testified that a -- your  
8 interpretation of a shared tenant service was located  
9 in a high-rise building and they could serve customers  
10 only in that building?

11 A. That's correct.

12 Q. Is the Westin Building a high-rise building  
13 in that category?

14 A. Yes, it is.

15 MR. LEPPALUOTO: That's all I have. Thank  
16 you.

17 JUDGE CANFIELD: Thank you. Any questions,  
18 Mr. Simpson?

19 MR. SIMPSON: Just a couple of questions.

20

21 CROSS-EXAMINATION

22 BY MR. SIMPSON:

23 Q. When you made the test call, the one that  
24 at least you observed yourself, were you actually on

25 the phone or was someone else?

(OWEN - CROSS BY SIMPSON)

19

1 A. We were on a speaker phone.

2 Q. Okay. Did anybody inquire as to who this  
3 individual was, her name her address?

4 A. Yes. We did. She -- do you want the name?  
5 I didn't bring her address but she was with a business  
6 that's located physically in Issaquah.

7 Q. What I'm trying to ascertain is, whether or  
8 not if it was a business did your discussion go  
9 further to find out whether she had purchased any type  
10 of service or did you just leave the conversation in  
11 finding out who was there?

12 A. What we did is we asked her who she was,  
13 what the business was, and she told us she was  
14 physically located in Issaquah making a call to  
15 Redmond, and she said the business she was calling was  
16 only a few blocks away, which was true. We didn't ask  
17 her in this case what the -- like who her long  
18 distance carrier was. However, when Mr. Riley made  
19 his 48 test calls he did ask some customers that he  
20 intercepted and in his experience, of which I do have  
21 the data on that, generally their long distance  
22 carrier was SVV. I think it used to be NTS, of which  
23 Mr. Leppaluoto is also a director associated with, but  
24 on my particular call we did not but on some we did

25 ask them more details.

(OWEN - CROSS BY SIMPSON)

20

1 MR. SIMPSON: Thank you very much.

2 JUDGE CANFIELD: Okay, thank you, Ms. Owen,  
3 you may step down. So that concludes your  
4 presentation on the motion, Ms. Hastings?

5 MS. HASTINGS: Yes, it does, your Honor.

6 JUDGE CANFIELD: Okay. As I noted earlier,  
7 we did receive an answer from STS that was filed  
8 December 30, 1992 and, Mr. Leppaluoto, you indicated  
9 you wanted to respond, so go ahead.

10 MR. LEPPALUOTO: Yes, sir. At the end of  
11 my opposition to the motion I didn't know if I was  
12 supposed to mention that we felt the motion was  
13 untimely filed. According to WAC 480-09-425(2) time  
14 for filing a motion to a pleading is to be done before  
15 the responsive pleading is due. As the court has  
16 already stated, the complaint was filed on 20 October  
17 of '92. The answer was due on 12 November '92. U S  
18 WEST filed their motion on 11 December '92,  
19 approximately 30 days later than it should have been  
20 filed, therefore, according to the rules of the  
21 Commission U S WEST's motion should be rejected. And  
22 I think precedent is established in Docket Number  
23 UT-910286, and the Commissioners Sharon Nelson,  
24 Richard Casad and A.J. Pardini stated the Commission

25 requires compliance with the periods for filing

(OWEN - CROSS BY SIMPSON)

21

1 pleadings and will reject or disregard those not

2 timely filed.

3 JUDGE CANFIELD: Anything further you want

4 to add?

5 MR. LEPPALUOTO: No, sir, that concludes

6 the motion.

7 JUDGE CANFIELD: Okay. Mr. Simpson.

8 MR. SIMPSON: I have no comment on the

9 motion at this time.

10 JUDGE CANFIELD: Okay. And Commission

11 staff doesn't take a position one way or the other on

12 the motion?

13 MR. SIMPSON: If you want a comment on what

14 they've said, I have no comment. If you want a

15 comment on my position, I have one.

16 JUDGE CANFIELD: Okay, go ahead.

17 MR. SIMPSON: Okay. As far as the staff is

18 concerned, we would have no objection to the motion

19 being granted under these particular circumstances.

20 JUDGE CANFIELD: Mr. Simpson, to your

21 knowledge has this particular provision of the WAC

22 been subject to a waiver previously?

23 MR. SIMPSON: Yes, your Honor, it has. My

24 understanding, it has. I think it is normally

25 strictly construed because it is one particular

(COLLOQUY)

22

1 section that the Commission is very strong on  
2 maintaining. But we also recognize there are  
3 instances wherein it should be waived, and we believe  
4 that this is probably one of those. I would also  
5 point out that what the staff is agreeing to as far as  
6 the motion is the waiver itself. We've gone no  
7 further than that as to any action that might take  
8 place after that.

9 JUDGE CANFIELD: Okay, yes, that's what's  
10 being considered at the moment.

11 MR. SIMPSON: Just so there's no  
12 misunderstanding.

13 JUDGE CANFIELD: Okay. Based upon the  
14 presentation I've heard this morning I'm going to  
15 grant the motion and -- for waiver of the rule. And  
16 as was just alluded to by Mr. Simpson, we are still  
17 going to hear the matter, the parties are going to  
18 have an opportunity to present their evidence on the  
19 merits of the complaint and counterclaim. But as far  
20 as the motion for a rule waiver, I think it's been  
21 shown to be a reasonable request under the  
22 circumstances that have been shown thus far. And I'm  
23 not prejudging the final disposition of the matter.  
24 I'm going to allow the parties to be heard on that.

25 But as far as the requested rule waiver, I'm going to

(COLLOQUY)

23

1 rule that that is reasonable, and under the  
2 circumstances presented this morning it would be  
3 consistent with the public interest to grant the  
4 waiver in this particular circumstance.

5 Okay. Anything further on preliminary  
6 matters that anyone has to address? Hearing none, why  
7 don't we then proceed. Mr. Leppaluoto.

8 MR. LEPPALUOTO: Yes, sir. This complaint  
9 was brought against U S WEST. Basically Washington  
10 STS, Limited is a shared tenant provider located  
11 within the Westin Building in Seattle, Washington. We  
12 contracted for 48 lines from U S WEST for this  
13 business.

14 JUDGE CANFIELD: Okay, let me just inquire  
15 whether these are preliminary comments or whether you  
16 intend them as a testimony on the complaint. If so, I  
17 would have to administer an oath and take it as  
18 testimony.

19 MR. LEPPALUOTO: This could be preliminary,  
20 sir, and the reason for the complaint. U S WEST then  
21 sent us a letter after we had been in operation for  
22 two or three months stating that they were going to  
23 convert our lines to access tariff because of fraud.  
24 And we weren't aware of any fraud so we filed a

25 complaint, and basically that's why we filed the

(COLLOQUY)

24

1 complaint and why we're here this morning, sir.

2 JUDGE CANFIELD: And are you here ready to  
3 present testimony?

4 MR. LEPPALUOTO: Yes, sir.

5 JUDGE CANFIELD: Okay, go ahead and call  
6 your first witness then.

7 MR. LEPPALUOTO: I have no witness except  
8 myself if U S WEST would like to interrogate me or --

9 JUDGE CANFIELD: I'll administer an oath to  
10 you and then you can present what testimony and  
11 evidence you have, and then I would give them an  
12 opportunity for cross-examination. I can either have  
13 you move or remain there. If there's no problem with  
14 anyone you can just remain there.

15 MR. LEPPALUOTO: Okay, thank you.

16 JUDGE CANFIELD: Mr. Leppaluoto, can I have  
17 you raise your right hand, please?

18 Whereupon,

19 ROBERT W. LEPPALUOTO,  
20 having been first duly sworn, was called as a witness  
21 herein and was examined and testified as follows:

22 JUDGE CANFIELD: Go ahead, sir.

23 MR. LEPPALUOTO: Yes, Washington STS,  
24 Limited operated as a share tenant/provider of the



25 Westin Building in Seattle, Washington. We only

(LEPPALUOTO TESTIMONY)

25

1 contract with customers in the Westin Building. We  
2 also have under consideration right now a building in  
3 Vancouver, Washington, Main Place. It's a new  
4 building. We're going to try to get the business of  
5 all the people in that building.

6 And I think September 21 we received a  
7 letter from U S WEST from Lynn Arthur, a marketing  
8 consultant, and said that "'service may be discontinued  
9 by the utility for fraudulent obtaining or use of  
10 service.' Therefore, on Thursday, September 24, 1992  
11 the service will be disconnected. Should you wish to  
12 order access service" --

13 MR. SIMPSON: Excuse me, possibly could we  
14 have a copy of the letter?

15 JUDGE CANFIELD: That might be better for  
16 all parties. I don't have a copy, and if it's going  
17 to be made an exhibit I don't know that we need  
18 extensive reading of it, but it can be referred to as  
19 well but copies to the other parties would be  
20 appreciated.

21 MR. LEPPALUOTO: Right. I didn't bring any  
22 copies.

23 JUDGE CANFIELD: Maybe we should take a  
24 short recess because if there's additional letters

25 that might need copies we should have that taken care  
(LEPPALUOTO TESTIMONY)

26

1 of as well. I'll take a short recess so we can get  
2 copies of those made for other parties.

3 MR. LEPPALUOTO: Okay, thank you, sir.

4 JUDGE CANFIELD: Okay, so we'll take a  
5 short recess off the record.

6 (Recess.)

7 JUDGE CANFIELD: We're back on the record  
8 after a break during which time Mr. Leppaluoto did  
9 make copies of the documents that he's referring to  
10 and going to be offering as exhibits. He has provided  
11 copies to me as well as to other counsel and they have  
12 been prenumbered 1, 2, 3, 4, 5 and we'll have them  
13 identified more fully as Mr. Leppaluoto gets to them.  
14 But go ahead and identify that first document you were  
15 just referring to again, Mr. Leppaluoto, and I assume  
16 that's the one you've marked as Exhibit No. 1.

17 MR. LEPPALUOTO: Yes, your Honor. That's a  
18 letter from Washington STS, Limited to Lynn Arthur of  
19 U S WEST dated 11 June 1992. The reason for the  
20 letter was a request by U S WEST after two or three  
21 months of back and forth what do you want, how can we  
22 do it. U S WEST didn't know how to set up the shared  
23 tenant-provider lines, and it went from Lynn Arthur  
24 and several people in her division to Ed Wiggins in

25 the carrier group and through two or three people over  
(LEPPALUOTO TESTIMONY)

27

1 there and another two or three people in the tariff  
2 division. And they finally asked me just write down  
3 exactly what I wanted to do and exactly what I wanted  
4 and they would attempt to set it up.

5           And so I wrote this letter to Lynn Arthur,  
6 and that's where we ordered the 48 complex flat lines  
7 by the tariff numbers U S WEST tariff schedule 1 and  
8 what we were trying to do within the Westin Building  
9 and what we thought we were capable of doing under  
10 their tariff. And this letter did satisfy U S WEST.  
11 The one kicker they had on there, so to speak, was  
12 that STS, Limited would not be providing local  
13 exchange service in competition with U S WEST, and I  
14 believe that's the reason they wanted the letter, they  
15 insisted we have that in there.

16           Exhibit Number 2 is a letter dated  
17 August 20, 1992 to Mr. Bob Leppaluoto from Karola  
18 Muirhead who is our billing representative for STS,  
19 Limited. There was some confusion over how we would  
20 pay for those lines and deposits and what-have-you,  
21 and we had a lengthy discussion regarding that.

22           Exhibit No. 3 is a letter dated August 24,  
23 1992 from Lynn Arthur of U S WEST to Mr. Robert  
24 Leppaluoto, and this is the first time that we were

25 told on the second paragraph "are not" -- first

(LEPPALUOTO TESTIMONY)

28

1 paragraph, second line, "are not being used to provide  
2 local exchange dial tone in a shared tenant mode as  
3 you previously indicated," and the second paragraph,  
4 "please contact me at your earliest convenience to  
5 arrange for the change to the appropriate type of  
6 access. If I do not hear from you by September 9  
7 the service will be converted automatically."

8           Exhibit No. 4 is a letter dated September  
9 2, 1992 from Washington STS, Limited to Lynn Arthur of  
10 U S WEST in which it states, "In response to your  
11 letter of August 24, this company is not providing  
12 access to customers in the surrounding area or  
13 communities as you suggest. We are only providing  
14 U S WEST local dial tone for tenants of the Westin  
15 Building on a shared tenant basis as originally  
16 established." Second paragraph, "Because of this, our  
17 service should not be changed to switched access.  
18 Sincerely, Robert Leppaluoto."

19           And the fifth exhibit, a letter from  
20 U S WEST dated September 21, 1992 from Lynn Arthur of  
21 U S WEST. And this letter on the second paragraph  
22 says, "Therefore, on Thursday, September 24, 1992,  
23 the service will be disconnected." And at that point  
24 I believe we filed our complaint.

25 JUDGE CANFIELD: Just for clarification,  
(LEPPALUOTO TESTIMONY)

29

1 the notes on the letters, are those your notes?

2 MR. LEPPALUOTO: Yes, those are  
3 contemporaneous notes that I put on there.

4 JUDGE CANFIELD: And you're offering those  
5 as exhibits in this matter then?

6 MR. LEPPALUOTO: Yes, sir.

7 JUDGE CANFIELD: Okay. Any objections to  
8 Exhibits 1 through 5?

9 MS. HASTINGS: I don't have any.

10 MR. SIMPSON: No objection.

11 JUDGE CANFIELD: Okay, Exhibits 1, 2, 3, 4  
12 and 5 are so entered into the record.

13 (Marked and admitted Exhibits Nos. 1  
14 through 5.)

15 JUDGE CANFIELD: Okay, go ahead, Mr.  
16 Leppaluoto.

17 MR. LEPPALUOTO: Yes. We brought the  
18 complaint to prevent our service from being  
19 disconnected, and I believe we were entitled to do  
20 that by precedence set by the Commission and as I  
21 explained in my opposition to the motion and asked for  
22 a judicial notice, Docket Number UT-910286 and  
23 UT-910781, which basically involved the same parties  
24 we have here today. At that time I was associated

25 with a company called Network Communications,  
(LEPPALUOTO TESTIMONY)

30

1 Incorporated. And we were involved with U S WEST on  
2 one side, and they were allied with a company called  
3 Hogan Telecommunications or something like that. And  
4 the same issue was brought at that point that you  
5 couldn't disconnect a person who filed -- or a  
6 subscriber who filed a complaint. It was our position  
7 that Network Communications/Hogan only filed the  
8 complaint because he didn't want his service  
9 terminated and rather than using a gun to hold us up  
10 he was using the statutes and the Commission.

11 We didn't pay U S WEST for the Hogan  
12 traffic and U S WEST threatened to disconnect Network  
13 Communications at that time. At that time Network  
14 Communications filed a complaint against  
15 U S WEST. In that hearing it was well documented both  
16 by the Commission and by U S WEST that when a  
17 complaint is filed their hands are tied, they can't  
18 disconnect for any reason. And so we didn't  
19 disconnect Mr. Hogan. We had to pay U S WEST for the  
20 Hogan traffic.

21 Hogan owed Network Communications  
22 approximately \$150,000 which he didn't pay. Case went  
23 to the King County Superior Court. Network  
24 Communications went bankrupt before Hogan was brought

25 to trial, and that's the manner that Hogan used in an  
(LEPPALUOTO TESTIMONY)

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1 abusive process as pleaded by Network Communications.  
2 And our position strictly is that for the Commission  
3 to allow Hogan to continue and for U S WEST to allow  
4 Hogan to continue when a complaint was filed for such  
5 obvious reasons as just to escape payment of what he  
6 owed, it would be wrong to disconnect Washington STS,  
7 Limited without giving them the same consideration.

8           The burden of proof is upon U S WEST to  
9 prove fraud and we don't believe they can do this.  
10 WAC 480-120-081(2)(g) relates to this that the burden  
11 of proof is upon the person claiming fraud. The  
12 reason they can't claim fraud is that I personally  
13 spent two to three months setting Washington STS,  
14 Limited up with the assistance of U S WEST, and we  
15 diced it and sliced it every way you could. And what  
16 we came up with is what we finally got with my Exhibit  
17 1 letter to Lynn Arthur, and that was at the  
18 insistence of U S WEST, and that's what they  
19 recommended we do. As far as switching to access  
20 service STS, Limited would not have a problem with  
21 that if there were not unreasonable preferences  
22 granted by U S WEST under that tariff. RCW 80.36.170  
23 refers to unreasonable preferences are prohibited by a  
24 local exchange carrier.

25 Now, U S WEST by letter dated 24 August

(LEPPALUOTO TESTIMONY)

32

1 informed STS that it was converting STS to its access  
2 tariffs. Well, STS can't compete with the access  
3 tariff unless granted the same preference that we  
4 believe is shown to Fox Communications, owned by Mr.  
5 Lonnie Benson. Mr. Benson also owns a company called  
6 Internet Communications. Internet Communications I  
7 believe is a complex pyramid scheme to market long  
8 distance telephone service at prices below what it  
9 cost to retain and resell that traffic. I believe  
10 it's a direct violation of Washington state law and  
11 it's a pyramid scheme.

12 MR. SIMPSON: Your Honor, this is  
13 interesting, but I'm not sure what it has to do with  
14 the issues in this particular proceeding. Possibly  
15 that could be clarified, your Honor.

16 JUDGE CANFIELD: Okay. Go ahead, Mr.  
17 Leppaluoto.

18 MR. LEPPALUOTO: U S WEST wants to switch  
19 us to access service, and if we are switched to access  
20 service, and -- what I'm getting at is I want to be  
21 treated the same as everybody else out there. Now,  
22 the reason for this line of questioning is that I  
23 called U S WEST and -- Mr. Lonnie Benson, who owns Fox  
24 Communications, told me on many occasions, told me he



25 doesn't pay deposits to U S WEST. If he doesn't have  
(LEPPALUOTO TESTIMONY)

33

1 to pay deposits to U S WEST he can take a subsidiary  
2 corporation like Internet, he can order all the  
3 facilities for that company through Fox  
4 Communications --

5 MS. HASTINGS: Your Honor, I object. This  
6 information is hearsay. We don't have the parties  
7 here to discuss this for us and these other parties  
8 that are being mentioned by STS are not parties to  
9 this hearing.

10 JUDGE CANFIELD: Okay. That's certainly so  
11 noted. And as far as the hearsay aspects of it go,  
12 I'm sure that will speak for itself. I do not know  
13 whether any of those individuals were going to be  
14 called by Mr. Leppaluoto today or not, but I think the  
15 point is so noted on the hearsay aspects of it and  
16 also getting a bit afield. I can sympathize with that  
17 as well, but I am inclined to allow Mr. Leppaluoto to  
18 present his case. And I know there's a little leeway  
19 being taken here, but I'm inclined to allow that even  
20 though some of the matters might not be totally  
21 relevant to this proceeding and might involve some  
22 hearsay elements as well. So go ahead, Mr.  
23 Leppaluoto.

24 MR. LEPPALUOTO: Thank you, your Honor. As

25 I was explaining, Internet sells long distance traffic  
(LEPPALUOTO TESTIMONY)

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1 at less than what it costs to produce it. Internet is  
2 owned, as I have been told, by Lonnie Benson. I was  
3 told that by Mr. Benson himself. When Internet does  
4 collapse it'll leave everybody holding the bag, so to  
5 speak, as far as the carriers' negotiation U S WEST  
6 involved as long as there are other long distance  
7 carriers. They can simply move the preferred  
8 customers across to another company and continue doing  
9 business as long as they have another company set up  
10 to do that.

11 We're trying to compete -- the company I'm  
12 affiliated with is Network Telecommunications Service  
13 SVV Sales. Although I'm not involved in the  
14 operation, I am an officer and director of that  
15 company. We can't compete with Fox Communications and  
16 Internet, and Washington STS, Limited would not be  
17 able to compete with them if we also had to make  
18 deposit to U S WEST to set up our facilities. And  
19 that's the reason for my unreasonable preferences  
20 claim against U S WEST. And I've called U S WEST and  
21 asked about these deposit requirements with Fox, and  
22 they told me that they couldn't release that  
23 information, and that may be the subject of another  
24 complaint matter. And basically that pretty much

25 takes care of my testimony, sir.

(LEPPALUOTO TESTIMONY)

35

1 JUDGE CANFIELD: Okay. I'll allow  
2 questions by the other parties. Ms. Hastings, do you  
3 have questions for Mr. Leppaluoto?

4 MS. HASTINGS: Yes, your Honor, I will have  
5 some questions.

6 JUDGE CANFIELD: Okay, go ahead.

7 MR. SIMPSON: Your Honor, I would think it  
8 would be easier for us and -- the rest of us if he was  
9 to take the witness chair. It's kind of difficult to  
10 see him through all the paraphernalia here.

11 JUDGE CANFIELD: I did touch upon that  
12 earlier if anyone objected, and with that request,  
13 I will allow that, so maybe we could have Mr.  
14 Leppaluoto take a seat in the witness chair, and if he  
15 needs his materials up there with him I'll allow him  
16 the opportunity to get those.

17

18 DIRECT EXAMINATION

19 BY MS. HASTINGS:

20 Q. Mr. Leppaluoto, for the record, I just need  
21 some help on some of the parties that you've  
22 mentioned. Who is Internet or what is Internet?

23 A. Internet Communications is a company that  
24 was formed in 1990, June of 1990. My previous

25 experience with Internet was with Network

(LEPPALUOTO - DIRECT BY HASTINGS)

36

1 Communications, Incorporated. Internet Communications

2 owned 49 percent of Network Communications.

3 Q. So am I to understand that you had some  
4 relationship with Internet at some point, you were an  
5 officer, director, employee?

6 A. Not with Internet itself. I was with  
7 Network Communication. Internet held 49 percent  
8 of the stock in Network Communications.

9 Q. And they are a company currently in  
10 business?

11 A. Yes, ma'am.

12 Q. And they are in competition with --

13 A. They are a local -- or they are an  
14 interexchange carrier.

15 Q. And are they in competition with STS?

16 A. Not STS at this point. They are in  
17 competition with SVV Sales, STS being a shared tenant  
18 provider, SVV Sales being an interexchange carrier.

19 Q. And is there a relationship between STS and  
20 SVV Sales?

21 A. No, other than the fact that I am an  
22 officer and director of SVV Sales and also an officer  
23 of and owner of Washington STS, Limited.

24 Q. Thank you. And who is Lonnie -- is it

25 Benson?

(LEPPALUOTO - DIRECT BY HASTINGS)

37

1 A. The owner of Fox Communications. He has  
2 six or seven various companies.

3 Q. What is Fox Communications?

4 A. Fox Communications is another interexchange  
5 company regulated by the WUTC.

6 Q. Okay, thank you. You provided us with this  
7 correspondence, Mr. Leppaluoto, which has been entered  
8 on the record as exhibits. The June 11 letter to Lynn  
9 Arthur, the August 20 letter, I won't bother to repeat  
10 them all here. Once you received the letter from Ms.  
11 Arthur on September the 21st, it's my understanding  
12 that you filed an informal complaint with the  
13 Washington Utilities and Transportation Commission, is  
14 that correct?

15 A. That is correct.

16 Q. And as a result of that informal complaint  
17 did anything happen that you're aware of?

18 A. Yes. I was told by somebody that the  
19 Commission had told U S WEST it was their tariff and  
20 they could do anything they wanted with it, so they  
21 were going to terminate us.

22 Q. Do you recall who might have told you that?

23 A. No, I don't. I believe the U S WEST person  
24 was Ed Wiggins, but it was told to somebody else and

25 repeated it to me.

(LEPPALUOTO - DIRECT BY HASTINGS)

38

1 Q. Do you recall ever receiving any letter  
2 from the Commission staff regarding the services that  
3 STS was providing?

4 A. Yes, that's the reason the complaint was  
5 filed. We received a letter from the Commission I  
6 believe one day before they were going to terminate  
7 the service saying U S WEST was going to terminate the  
8 service so --

9 Q. And was that letter addressed to you?

10 A. Washington STS, Limited or myself, I don't  
11 recall.

12 Q. And do you recall what -- the contents of  
13 that letter?

14 A. I believe yes. I think Pat Dutton sent it  
15 under Mary Taylor's name. I think they said they had  
16 called a number and gotten somebody else's number in a  
17 different exchange or something, and I think our  
18 response was that's not possible, so --

19 Q. Did they describe it or was an experience  
20 described in that letter similar to the experience  
21 that Mary Owen described on the stand earlier today?

22 A. I believe so, but I think that I in my  
23 complaint or response noted that we called that number  
24 and we couldn't reach it.

25 Q. Okay, thank you. As a result of that

(LEPPALUOTO - DIRECT BY HASTINGS)

39

1 letter did STS take any additional actions?

2 A. The formal complaint was filed, if that's  
3 what you're --

4 Q. You filed a formal complaint as the  
5 company, right. Could you please describe for me the  
6 service that STS offers?

7 A. The service. We have 48 Seattle lines and  
8 we have a switch that those lines are attached to by  
9 U S WEST, and basically we can offer local exchange  
10 dial tone to anybody in the Seattle area and within  
11 the Westin Building, excuse me.

12 Q. And I believe the 48 lines that we provide  
13 to you are the service we provide. I was wondering if  
14 you could explain to me the service that you then  
15 provide to your customers.

16 A. We just provide the lines.

17 Q. You provide them the 48 lines?

18 A. Correct. We don't have any service so to  
19 speak. We resell the lines.

20 Q. And how -- could you describe for me how  
21 those lines are set up?

22 A. No, I couldn't.

23 Q. What happens?

24 A. No, we just resell them. We don't handle

25 them.

(LEPPALUOTO - DIRECT BY HASTINGS)

40

1 Q. How do you advertise your service?

2 A. We never have advertised, just door to door  
3 in the Westin Building.

4 Q. You basically go door to door?

5 A. I shouldn't say that. This project we're  
6 doing in Vancouver includes a high-rise building and  
7 several apartment buildings. That was more or less  
8 through a broker.

9 Q. Do you have any marketing brochures that  
10 describe your service that you might give to customers  
11 or potential end users?

12 A. Not at this time, no. We just started  
13 business about six months ago and --

14 Q. Could you describe for us how you developed  
15 your customer base?

16 A. Well, basically we just marketed within the  
17 Westin Building whoever wants our lines.

18 Q. Could you give us the names of your  
19 customers that are located in the Westin Building.

20 A. The only customer I have now is SVV Sales.

21 Q. Your only customer is SVV Sales?

22 A. Correct.

23 Q. Okay, thank you. Could you describe for me  
24 how you terminate SVV Sales service?



25           A.     How I terminate it?

(LEPPALUOTO - DIRECT BY HASTINGS)

41

1           Q.     Right, on the 48 lines that you get from  
2 U S WEST.

3           A.     I couldn't tell you technically how it's  
4 done, no. We have 48 lines U S WEST hooked into  
5 our switch at STS's switch, that's all I --

6           Q.     Ms. Owen when she testified indicated that  
7 she had directed John Riley of our company to prepare  
8 and call the 48 line numbers assigned to Washington  
9 STS. John Reilly did that and Mary reviewed the  
10 testimony and determined that no call ever reached the  
11 Westin Building. Could you explain for me how it's  
12 possible that none of the calls that were made of the  
13 48 ever reached a customer in the Westin Building?

14          A.     Well, if they call those numbers they would  
15 have to go to the Westin Building. It's where those  
16 lines are located.

17          Q.     In your complaint, Mr. Leppaluoto, in  
18 paragraph 5 you state that STS provides intraLATA  
19 service to the Seattle area under the shared tenant  
20 tariff that provides local exchange dial tone to the  
21 tenants in the Westin Building. You spell the Westin  
22 Building W E S T O N. I would just like to clarify,  
23 do you have another building in mind other than the  
24 building that's at 2001 Sixth Avenue which is the

25 Westin Building spelled W E S T I N?

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 A. I didn't spell it W E S T O N.

2 Q. Well, it's spelled W E S T I N in the  
3 Westin Building --

4 A. Westin Building next to the Westin Hotel.

5 Q. So we're talking about the building at  
6 2001 --

7 A. Mm-hmm.

8 Q. In your complaint you talk about providing  
9 service to the Seattle area. What do you mean by the  
10 Seattle area?

11 A. Well, I'm not sure what the Seattle area is  
12 since they've expanded it so much, and I just have the  
13 local lines that U S WEST's provided which says it's  
14 Seattle access. That's all I know.

15 Q. What do you mean by intraLATA service the  
16 way you use it in your complaint? You say you provide  
17 intraLATA service to the Seattle area.

18 A. That I'm not sure about. IntraLATA and  
19 which means within that particular LATA, I don't know  
20 what the Seattle LATA is comprised of.

21 Q. Okay. In your judgment could an intraLATA  
22 call be a long distance call?

23 A. I don't know. I don't get into the  
24 technical aspects of it. I would defer to you on

25 that. I mean, it either is or isn't, I don't know.

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 Q. Could an intraLATA call be a local call?

2 A. Here again I don't know.

3 Q. Are you the sole provider of service to  
4 your end users or -- you know, I could state it a  
5 different way. Do your end users only purchase local  
6 exchange service from you or is it possible that your  
7 end user customers -- and I guess we've established  
8 there there is only one -- do they purchase local  
9 exchange service from both U S WEST and STS?

10 A. Well, SVV would purchase -- no, just from  
11 -- there's another provider, Metro. They don't go  
12 through U S WEST. They go through another company  
13 within the Westin Building, I believe.

14 Q. SVV Sales does not purchase local exchange  
15 service from U S WEST?

16 A. I don't believe so. I know it's Metro Net  
17 or Metro something within the Westin Building itself.  
18 It could be U S WEST but I think it's not.

19 Q. In your complaint you state that STS  
20 provides local exchange dial tone to the tenants in  
21 the Westin Building. Can you explain for me how  
22 that's done.

23 A. Well, we purchase lines from U S WEST and  
24 we in turn -- and we in turn resell those lines. We

25 don't actually provide anything except the U S WEST  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 lines.

2 Q. Does the switch that you connect the  
3 U S WEST lines to or the U S WEST lines are connected  
4 to, does that physically connect to any non-customer  
5 of yours located in the Westin Building or does it  
6 just connect to the SVV Sales customer or does it  
7 connect there at all?

8 A. I don't know how that's done, no. I don't  
9 know that there are any in the Westin Building.

10 Q. Can you explain to me how SVV Sales works?

11 A. SVV Sales is an interexchange carrier  
12 similar to Fox or Internet.

13 Q. How do their customers reach them?

14 A. They reach them through U S WEST.

15 Q. I'm sorry --

16 A. Excuse me.

17 Q. They reach them through U S WEST?

18 A. Correct, but not in the mode that you were  
19 speaking earlier about local exchange. I think it's  
20 direct inward dialing.

21 Q. Okay. Thank you. What type of equipment  
22 are you using to provide your service in the Westin  
23 Building?

24 A. It's a Harris 20/20 similar to a PBX.

25 Q. What numbers do the SVV Sales customers  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 access or call, dial, punch tone to access SVV Sales?

2 A. I don't know that.

3 Q. Is there someone that we could find that  
4 out from?

5 A. Well, it would be whatever numbers they  
6 have. U S WEST would have those numbers. We would  
7 have them, anybody would. I just technically don't  
8 know what those numbers would be.

9 Q. The question is, when we -- when Ms. Owen  
10 was in my office and we called the 728 number for STS  
11 we reached a woman who was in Issaquah. How does she  
12 get into SVV Sales? Do you know if she dials, like,  
13 950 or 1 or a series of numbers? Do you know how she  
14 reaches her long distance carrier?

15 A. No, I don't.

16 Q. If I'm an end user and I dial your main  
17 number, does the equipment that you're using recognize  
18 and answer my incoming call?

19 A. Sorry, can you repeat that?

20 Q. If I'm an end user and I dial STS's main  
21 number, does the equipment I'm using recognize and  
22 answer my incoming call? In other words, when Mr.  
23 Riley performed his test calls on the 48 lines we got  
24 a lot of no-rings, no-answers, which led our technical

25 people to conclude that the switch does not recognize  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 incoming calls.

2 A. You would be in the switch, yeah.

3 Q. Would it ever recognize my call or ever  
4 answer me? See, the problem I'm having understanding  
5 technically what's going on here is that in the calls  
6 that Mr. Riley made at Ms. Owen's direction, 48 calls,  
7 we either reached a person who was talking between  
8 exchanges, Issaquah to Redmond, or we got nothing. We  
9 never were able to reach a person in the Westin  
10 Building out of 48 calls. And so I'm trying to  
11 understand if I called that number today, if I waited  
12 long enough and it rang and rang, my understanding of  
13 what would happen is I would eventually get a person  
14 who was making an interexchange call, but under no  
15 circumstances would I ever reach someone who could  
16 answer the phone and say, yes, I'm physically in the  
17 Westin Building. And listening to Ms. Owen's  
18 testimony a little bit earlier today saying U S WEST  
19 equipment that would be physically impossible for it  
20 to do because we've separated the local and the toll  
21 network. So I'm trying to understand, if I'm an end  
22 user and I make and I dial the STS main number, would  
23 your equipment ever recognize my call as an incoming  
24 call and answer it?

25 A. If you had a PIN code, yes.

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 Q. I'm sorry, what is a PIN code?

2 A. That's your personal identification number.

3 Q. And how would I get one of those?

4 A. Oh, I don't know. We don't supply them,

5 so --

6 Q. You don't assign those?

7 A. No. We only have the 48 lines from

8 U S WEST. That's all we handle. It's all STS,

9 Limited does.

10 Q. Okay, thank you. Have you made any changes

11 to your 48 lines in the way you configured and

12 terminated those lines since the time the service

13 first went in in July?

14 A. No, ma'am, not that I'm aware of.

15 Q. Do you provide listing services for your

16 end users?

17 A. I don't understand your question.

18 Q. Well, typically in a shared tenant

19 environment the shared tenant provider will provide

20 listing services for the end users so that I could go

21 to a directory and find the name of a particular

22 customer and dial that person. Do you provide that

23 type of service for your shared tenant providers?

24 A. No, ma'am, we're not that sophisticated.

25 If that's what's done that's what -- we will be doing  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 that, but I wasn't aware of that.

2 Q. Does Washington STS, Limited have a listed  
3 telephone number?

4 A. Yes, ma'am, through U S WEST.

5 Q. Okay, thank you.

6 JUDGE CANFIELD: Maybe you can let me know  
7 when you're between series of questions so that we can  
8 take a break.

9 MS. HASTINGS: We can take a recess now,  
10 your Honor. That's just fine.

11 JUDGE CANFIELD: Okay, we'll take a morning  
12 break and come back pretty close to 11:00.

13 (Recess.)

14 JUDGE CANFIELD: We're back on the record  
15 after a morning break. Ms. Hastings, you have  
16 questions for Mr. Leppaluoto?

17 MS. HASTINGS: We have just a few more,  
18 your Honor.

19 Q. Mr. Leppaluoto, I was wondering if you  
20 could share with me just a little bit what your  
21 relationship is with SVV Sales. I know I've asked the  
22 question in another way, and if you could just  
23 elaborate on it a little more for us, please.

24 A. Yes. SVV Sales is owned by my mother and



25 father's interexchange company. I was involved with  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 SVV Sales more or less to watch the family investment.

2 Q. Are you an officer, a director, an  
3 employee?

4 A. Yes. I am the president.

5 Q. Of SVV Sales?

6 A. Of SVV Sales, correct.

7 Q. In that capacity I presume you're also an  
8 employee?

9 A. Yes, I am.

10 Q. Okay. And in what capacity are you related  
11 to Washington STS, Limited?

12 A. I own Washington STS, Limited.

13 Q. And are you also the president of that  
14 company?

15 A. Correct.

16 Q. Thank you. So you are the president of  
17 both Washington STS, Limited and SVV Sales. And SVV  
18 Sales is Washington STS, Limited's only customer in  
19 the Westin Building, I believe you said that earlier,  
20 is that correct? Did I understand that correctly?

21 A. At this time, because we don't have other  
22 facilities. If we had more lines we would have more  
23 customers.

24 Q. Thank you. You had mentioned earlier in

25 your testimony, I believe, that in order for the

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 customers to access your service, the Washington STS

2 service, they had to have a PIN number?

3 A. Not for Washington STS. We just -- the  
4 lines go from Washington STS to your switch and they  
5 are leased from there. So what the other people do  
6 with them, Washington STS doesn't have anything to do  
7 with the lines other than we leased the lines from you  
8 people at U S WEST, and that's the end of our  
9 involvement.

10 Q. Okay, so the lines -- I'm just a little  
11 confused here. The lines come in from the U S WEST  
12 central office to the Washington STS Harris 20/20  
13 switch?

14 A. Wherever they come from U S WEST, yes.

15 Q. Right, they do come from a central office.  
16 And they do come into a switch. And then what  
17 happens?

18 A. That's the end of our involvement with  
19 them.

20 Q. Okay. Now I am confused, because how does  
21 a customer in the Westin Building get access to the  
22 local exchange service if the lines terminate at that  
23 switch? That's my confusion.

24 A. If we had other customers in the Westin

25 Building they would have a PIN number which would  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 identify them and put them onto a line. There are 48  
2 lines, the PIN number would get you any one of those  
3 48 lines.

4 Q. I'm trying to draw this in my head. The  
5 lines come in from U S WEST, they terminate on the  
6 switch that Washington STS has inside the Westin  
7 Building. And then do you have a line out, some sort  
8 of cable or wiring out to SVV Sales which is your  
9 customer? Or -- I'm not sure I'm understanding how  
10 your customer is connected to your switch. I'm  
11 understanding how we're connected to you, but not how  
12 your customer is connected to the switch.

13 A. I don't know how they do that. We take  
14 the --

15 Q. They're your customer, though?

16 A. SVV is.

17 Q. Can you tell me how you connect your  
18 customer to your service?

19 A. They would have to connect that. All I do,  
20 I have the 48 lines from U S WEST as we've mentioned  
21 before, and U S WEST brought them into the Westin  
22 Building, hooked them to our switch, and that's the  
23 end of our involvement with those lines. Now, if we  
24 were to sell those lines to other customers within the

25 Westin Building then we would have to have PIN codes  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 to identify those lines and they could pick and  
2 choose.

3           Go a little bit further with this. My  
4 interpretation of a shared tenant, if you had a -- and  
5 where a shared tenant makes his money, if you had in a  
6 building or apartment complex with a hundred people in  
7 it or a hundred apartments and you had a hundred  
8 telephones, normally a shared tenant provider would  
9 only need, say 10 or 20 telephone lines to service a  
10 hundred people under the assumption that everyone in  
11 the telephone business knows you don't have a hundred  
12 percent capacity. That's my basic understanding of  
13 shared tenancy.

14       Q.     Okay. I hate to be remedial about this,  
15 but I would like to really understand how your service  
16 works for your customers. And so help me through  
17 this. I'm going to try to draw this. It would be  
18 nice to have a chart but we don't have one, so I'm  
19 going to try to draw this sort of in space here. Is  
20 the U S WEST central office -- and we bring in, as I  
21 understand it, flat business lines, complex flat  
22 business lines actually to the Westin Building to your  
23 location to a Harris 20/20 switch that you have  
24 located there presumably in Washington STS's space in

25 the Westin Building?

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 A. That's correct.

2 Q. Okay. That is the U S WEST obligation, and  
3 typically we stop our network at a point what we call  
4 the demarc, and beyond that is your obligation. Now  
5 under the RCW for private shared telecommunications,  
6 let me read it to you, and I would like to walk  
7 through it so I can understand how your service worked  
8 compared to the definition. It says, it's the  
9 provision of telecommunications and information  
10 management services and equipment within a user group  
11 located in discrete private premises. So first of  
12 all, the Westin Building would be a discrete private  
13 premise, would you agree with that?

14 A. All I can agree with is what Lynn Arthur at  
15 U S WEST told me, that the Westin Building qualified  
16 as a shared tenant facility.

17 Q. Okay. Fine. Premises in building  
18 complexes, campuses, or high-rise buildings by a  
19 commercial shared services provider or by a user  
20 association through privately owned customer premises  
21 equipment -- which as I understand it would be your  
22 Harris 20/20 switch would be the customer premises  
23 equipment -- and associated data processing and  
24 information management services and included the

25 provision of connections to the facilities of a local  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 exchange and to the interexchange telecommunications  
2 companies.

3           Now, that's where I'm sort of falling off  
4 the apple cart in respect to your diagram here. We  
5 have the facilities coming into your switch. I'm not  
6 understanding from your switch to your customers --  
7 and in this case it's a single customer. I think  
8 we've established -- what the connection is so that  
9 that customer can get access to the local exchange as  
10 the RCW requires. Can you tell me what that physical  
11 connection is that you as the shared tenant service  
12 provider provide to your customer SVV Sales?

13       A.     Well, not just SVV Sales. If we had 50  
14 customers in the Westin Building we would have, say,  
15 500 lines instead of 48. You would come into the  
16 switch as you're doing now. You say you're dialing  
17 in and just getting dead space until somebody connects  
18 with your incoming calls. And what we do is you dial  
19 into that switch through an access number which would  
20 be one of those numbers, you would get in there. And  
21 if your PIN code identified you as a paying customer  
22 then you would be selected and put onto a line for  
23 outgoing call.

24       Q.     Now, when you say -- am I -- are you

25 describing me as one of your customers in the Westin  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 Building?

2 A. Correct.

3 Q. Okay. So let's -- can we talk about your  
4 customer in the Westin Building so I can understand  
5 this? Your customer -- and before we do that let me  
6 go back up and see if I can understand this one more  
7 time. And I'm not a technical person either but I  
8 have worked with a lot of technical people over the  
9 years. The way I understand the telephones to work,  
10 there's got to be a connection from your switch to  
11 your shared tenant providers, some wiring, some  
12 something. I'm not understanding what connection  
13 you're providing and -- let me back up. I'm not  
14 understanding what connection Washington STS, Limited  
15 is providing to Washington STS Sales. I don't  
16 understand how they get hooked up, SVV Sales.

17 A. They call them access lines and you would  
18 have of the 48, say, forward access -- and I'm just  
19 assuming this, I don't know for a fact what they are  
20 doing, this is the way it's normally done -- call an  
21 access number, give your PIN number, you are hooked up  
22 to a line and they shoot you out.

23 Q. Can we not talk about the 48 lines? The 48  
24 lines come into the PBX and U S WEST service basically

25 stops at that point, and we have given you access from  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 your switch to get back out to the local exchange and  
2 into the Seattle calling area. What I'm not  
3 understanding is unless you're a tenant, is that  
4 switch how your tenant is connected to that switch?

5 A. We're not -- STS doesn't connect anywhere  
6 other than the switch, so SVV would be the one you  
7 would have to ask how they do it and I don't know how  
8 they do it, but the access line, I think, is what  
9 you're getting at.

10 Q. Now, you are the president of SVV Sales,  
11 correct?

12 A. Correct.

13 Q. Could you as the president of SVV Sales  
14 tell me how you connect to Washington STS, Limited?

15 A. No, I could not.

16 Q. Is there someone at SVV Sales that could  
17 tell me that question?

18 A. I'm sure the technical people could tell  
19 you, one of the technicians.

20 Q. Okay. Just a moment.

21 A. I'm not trying to dodge your question, I  
22 just don't know.

23 Q. I'm still not sure I'm understanding how  
24 SVV Sales and Washington STS are connected, whether



25 it's through a wire or whatever and who provides what  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 to whom. But what I would like to do is move on a  
2 little bit and talk about SVV Sales then and try to  
3 understand. SVV Sales, if I understood you correctly,  
4 assigns PIN numbers to its customers?

5 A. Correct.

6 Q. Can you tell me how SVV Sales gets its  
7 customers, how they do their marketing?

8 A. Basically marketing is not something that  
9 SVV Sales does. They have salespeople, basically  
10 direct sales.

11 Q. They just do basically direct sales. How  
12 do you assign the numbers? How does SVV Sales assign  
13 the PIN numbers?

14 A. Every customer has his own PIN number.

15 Q. And can you describe for me again what  
16 -- once I am a customer, then I get -- of SVV Sales --  
17 I get a PIN number, what happens?

18 A. The PIN number -- excuse me. Okay, we all  
19 do it the same way, whether it's STS, SVV, or Fox, or  
20 anybody else. You have to access the equipment first  
21 to an access line.

22 Q. Excuse me for just a minute, Mr.  
23 Leppaluoto. Could you be as specific as you can when  
24 you say "the equipment" and "we all do it the same

25 way," because I think I'm getting a little bit

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 confused between SVV Sales, which is the interexchange  
2 carrier part of the discussion here, and Washington,  
3 Limited, so -- I'm sure I've done it myself -- if we  
4 could just be real specific with respect to whose  
5 equipment we're talking about each time we talk about  
6 it, I think I would probably understand exactly what's  
7 happening a little bit better.

8 A. We're talking about SVV's equipment right  
9 now. STS couldn't do this because we don't have the  
10 facilities to do it with. If we had more lines STS  
11 could do the same thing that SVV is doing. But  
12 basically you have a certain amount of lines, or --  
13 called access lines, which will access your switch --

14 Q. So --

15 A. -- telephone switch.

16 Q. Does SVV Sales have a switch?

17 A. Yes, ma'am.

18 Q. Okay. And could you tell me -- so I get a  
19 PIN number, and then I can access the SVV switch with  
20 that PIN number?

21 A. No, you can access the SVV switch with the  
22 access number. The PIN number, once you're in the  
23 switch, allows you to complete and go out. You can't  
24 connect within the switch itself without a PIN number.

25 It transfers the call to an outgoing line.

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 Q. Okay, thank you. Do you have any sales  
2 brochures or marketing brochures for SVV Sales?

3 A. Yes, ma'am.

4 MS. HASTINGS: Your Honor, I would like to  
5 ask at this time that we request a data request for  
6 those marketing sales brochures and whatever marketing  
7 materials SVV Sales has, and that Mr. Leppaluoto be  
8 required to provide those to us within a reasonable  
9 time frame following this hearing.

10 JUDGE CANFIELD: Okay, I don't know whether  
11 they are available today or not. Maybe we could get  
12 that clarified.

13 THE WITNESS: I might qualify that too, that  
14 the materials we would be talking about would be  
15 probably six months old. I don't believe we've done  
16 anything lately with brochures, but we have some  
17 around, I'm sure.

18 MS. HASTINGS: We would be happy to take  
19 whatever Mr. Leppaluoto has at this time, including  
20 anything six months old.

21 THE WITNESS: And could you return the  
22 favor by fixing my telephone at Washington STS,  
23 Limited which is the number on that Exhibit No. 1 at  
24 the top of the page? It connects with a chiropractic

25 clinic. Now I get all their customers calling me.

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 JUDGE CANFIELD: Are the brochures  
2 available today, Mr. Leppaluoto?

3 THE WITNESS: I haven't the slightest idea,  
4 your Honor. I know we used to have brochures and I'm  
5 sure we must have.

6 JUDGE CANFIELD: You don't have any with  
7 you here today?

8 THE WITNESS: No, sir.

9 JUDGE CANFIELD: But you could provide  
10 them --

11 THE WITNESS: If we have them we'll provide  
12 them, sir.

13 JUDGE CANFIELD: Okay. Could you provide a  
14 copy to myself and Mr. Simpson as well as Ms.  
15 Hastings?

16 THE WITNESS: Yes, sir.

17 JUDGE CANFIELD: Let me just reserve the  
18 next exhibit number in order then for those brochures.  
19 I'll just reserve one number, and that will be Exhibit  
20 No. 6 as a late-filed exhibit. And any objections to  
21 dealing with that as a late-filed exhibit?

22 MR. SIMPSON: No objection.

23 MS. HASTINGS: No, I have no objection.

24 JUDGE CANFIELD: Okay, we'll so reserve

25 Exhibit No. 6 for those brochures. And Mr. Leppaluoto  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 has indicated that he will provide a copy to me, a  
2 copy to Ms. Hastings, and a copy to Mr. Simpson, and  
3 when I receive them I'll mark it as Exhibit 6 and so  
4 enter it into the record as a late-filed exhibit 6.

5 (Reserved Exhibit No. 6 as late-filed  
6 exhibit.)

7 MS. HASTINGS: Your Honor, I think I have  
8 just a couple more questions of Mr. Leppaluoto.

9 Q. Mr. Leppaluoto, can a customer make a call  
10 using one of these PIN numbers that you are describing  
11 and put their PIN number in and then make a call  
12 from Redmond to Issaquah which are in different  
13 exchanges?

14 A. No, ma'am, not without -- excuse me, I  
15 qualify. If you're talking about SVV Sales, if they  
16 had access to our switch they would have to pay an  
17 access charge to get into -- I'm not from the Seattle  
18 area so I'm a little bit confused where you're talking  
19 about. If it's a long distance call coming in it has  
20 to come in long distance.

21 Q. Let me back up and ask the question a  
22 little bit differently then. If I am a customer of  
23 SVV Sales, I'm understanding that I would pay certain  
24 charges and I would get a PIN number. And as a

25 customer of SVV Sales is it your understanding that I  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 would be able to make a call from Issaquah to Redmond  
2 which in the Seattle area is an interexchange call?

3 A. I don't believe you could. I don't believe  
4 that we would serve that area if it's not local unless  
5 you're coming from Tacoma or something like that where  
6 they had lines from Tacoma to Seattle. I'm not  
7 familiar so really --

8 Q. Is there anyone at SVV Sales who might be  
9 familiar with the local area, the Seattle area, the  
10 calling patterns there?

11 A. I'm sure there are.

12 Q. If I am a customer of Washington STS, would  
13 I ever be assigned a PIN number and what would I be  
14 assigned that PIN number for, for what purpose?

15 A. If you were a customer of Washington STS  
16 and if U S WEST were going to allow us another 48  
17 lines, say we had ten customers in the Westin  
18 Building -- for ten customers we would probably have  
19 three or four access lines -- you would call the  
20 access line, get you into the switch, then you would  
21 get into the PIN number, the PIN number would get you  
22 local access to the Seattle area. I know it sounds  
23 complicated. It is done automatically.

24 Q. Am I to understand that SVV Sales does have

25 a PIN number, that you have enough current lines from  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 U S WEST flat business lines and that based on that --  
2 based on the requirements of your single customer SVV  
3 Sales, they have a PIN number and the 48 lines that  
4 you get from U S WEST is sufficient for them to do  
5 whatever it is they need to do to call within the  
6 Westin Building?

7 A. I don't know. I don't understand the  
8 question. I don't know how to respond.

9 Q. Well, I'm having trouble understanding.  
10 It's difficult for me to understand the shared tenant  
11 provider mode in which you describe yourself, because  
12 typically in a shared tenant situation you have a  
13 number of tenants there who connect to the provider  
14 who then access the local exchange. In this  
15 particular situation you seem to have a single  
16 provider, a single user or tenant that you are  
17 providing the service to who apparently has a need for  
18 all 48 lines. And if I understood you just a minute  
19 ago, in order to have more tenants in the Westin  
20 Building you would have to require more flat business  
21 lines from U S WEST. Did I understand that correctly?

22 A. Not necessarily. I mean, I could have  
23 spread more lines around, I presume, but basically I  
24 think what we're getting at is the number of customers

25 you would have and the number of access lines you  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 would need.

2 Q. Right. You have -- it would appear you  
3 have 48 access lines for one customer, and if I  
4 understood your earlier testimony you would need more  
5 for more tenants in the building. Can you tell me,  
6 Mr. Leppaluoto, what are you doing to acquire more  
7 tenants in the Westin Building? What is Washington  
8 STS, Limited doing to acquire more tenants in the  
9 Westin Building?

10 A. Well, we had one on the 33rd floor that  
11 moved out, but right now Washington STS, Limited is  
12 solely concentrating on Vancouver, Washington, the  
13 Main Place Building there, which is a high-rise  
14 building that's just been constructed and is taking  
15 tenants now. And we have cut a deal basically to take  
16 over the local exchange there, the local dial tone as  
17 a shared tenant service. And the owners of that  
18 building also have approximately 30,000 apartment  
19 units that they want us to also take care of for them.

20 Q. Mr. Leppaluoto, I don't presume to be an  
21 expert on the U S WEST tariffs, and my understanding  
22 of shared tenant is that it is an economical decision  
23 for the number of tenants that sit behind the shared  
24 tenant provider that oftentimes it's better for them



25 to group together to buy -- jointly buy services from  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 a single provider rather than individually go to  
2 U S WEST. What is confusing to me about the  
3 relationship that you've described and the way you  
4 provide shared tenant services -- and I'm just not  
5 understanding why it is economically better for SVV  
6 Sales to act as a shared -- or be your shared tenant  
7 provider. Why don't they simply go to the U S WEST  
8 business office and buy their own business lines  
9 rather than buy them through you?

10 A. Well, I think you said that backwards.  
11 Washington STS, Limited is the shared tenant provider  
12 to SVV.

13 Q. That's correct, and I'm trying to  
14 understand why SVV Sales wants to operate in that type  
15 of a mode when they could go directly to U S WEST and  
16 get their line and probably get it for a lot cheaper  
17 directly out of the tariff than they are getting for  
18 the cost of whatever the 48 lines must be. Do you  
19 understand what I'm saying?

20 A. I think it's cheaper to go through  
21 Washington STS, Limited as U S WEST.

22 Q. It probably would be if there were a number  
23 of tenants there to share the cost of those 48 lines,  
24 but I'm presuming that with only one tenant behind

25 your 48 lines there is not much cost that's being  
(LEPPALUOTO - DIRECT BY HASTINGS)

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1 shared among the tenants because there aren't any  
2 tenants to share the cost.

3 A. No, Washington STS is not profitable, and  
4 to be profitable it's going to have to expand quite a  
5 bit. The shared tenant mode has not been profitable  
6 for STS.

7 Q. I'm understanding from your earlier  
8 testimony that you don't plan to expand in the Westin  
9 Building because you are in fact concentrating on  
10 Vancouver?

11 A. No, that's not what I said. We would love  
12 to expand in the Westin Building but we don't believe  
13 that U S WEST will give us any more lines.

14 Q. What are your plans to expand in the Westin  
15 Building?

16 A. Well, if we could get more lines we would  
17 have more customers in the Westin Building. What I'm  
18 trying to explain to you right now is all of my time  
19 and energy is spent in Vancouver, Washington. This is  
20 a major project and I don't have at this time any  
21 lines to sell in the Westin Building. U S WEST has  
22 said they won't give us any lines, so I really don't  
23 have any plans for the Westin Building at this time.

24 Q. And the 48 lines that you do have are

25 completely necessary for the one shared tenant

(LEPPALUOTO - DIRECT BY HASTINGS)

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1 provider you have?

2 A. That is correct.

3 Q. They use them to capacity?

4 MS. HASTINGS: That's all I have for now,  
5 your Honor.

6 JUDGE CANFIELD: Okay. Mr. Simpson,  
7 questions for Mr. Leppaluoto?

8 MR. SIMPSON: Just a few.

9

10 CROSS-EXAMINATION

11 BY MR. SIMPSON:

12 Q. Mr. Leppaluoto, how many floors are in the  
13 Westin Building?

14 A. Well, I know there's 32 because we're on  
15 the 32nd floor. I think there's two or three above  
16 that.

17 Q. And do you have any idea how many offices  
18 there might be in that building?

19 A. It's a big building. It's the size of a  
20 hotel so --

21 Q. Hundreds?

22 A. Hundreds, I would presume.

23 Q. You spoke of a company Network  
24 Communications, Inc. in relationship to someone named

25 Hogan, I believe, earlier in your testimony.

(LEPPALUOTO - CROSS BY SIMPSON)

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1 A. Correct.

2 Q. And prior to the time that you were with  
3 Network Communications, Inc., what was your experience  
4 in the telecommunications business?

5 A. None whatsoever other than picking up a  
6 telephone and dialing it.

7 Q. Just like I do.

8 A. Right.

9 Q. Okay. You also referred to that particular  
10 company and I believe the -- you said that Mr. Hogan  
11 was not -- not able to be disconnected, I believe was  
12 your term, is that correct?

13 A. That is correct. Hogan filed a complaint  
14 against NCI, Network Communications.

15 Q. And you were with Network Communications at  
16 the time?

17 A. Correct.

18 Q. And were you acting as your own attorney?

19 A. I started to, but then we got an attorney.

20 Q. And did he file a motion to waive the rule  
21 of the Commission on disconnection when there's a  
22 pending complaint proceeding?

23 A. No, he did not.

24 Q. So none was granted, isn't that correct,

25 because there was none filed in the first place?

(LEPPALUOTO - CROSS BY SIMPSON)

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1 A. Not to my knowledge.

2 Q. So it would make it a little different with  
3 what we're dealing with here today?

4 A. No, I don't believe so. I think precedent  
5 was set. I understand you were saying no motion was  
6 filed. To my knowledge there was not. But I think  
7 the precedent was set by the Commission very loudly  
8 and very strongly by U S WEST and by the Commission  
9 and by the commissioners themselves.

10 Q. I noticed you said you had a legal  
11 background, is that correct?

12 A. No, sir, I never said that.

13 Q. I thought I read somewhere in here that you  
14 had said that.

15 A. I'm sure I've never said that. I have no  
16 legal background.

17 Q. I thought I had read -- in any event, you  
18 are not an attorney as such?

19 A. No, sir.

20 Q. So whatever you are telling us today as far  
21 as precedent is from a layman's standpoint, is that  
22 correct?

23 A. I believe so.

24 Q. Okay. Fine. I was curious about the

25 switch. You called it a Harris 20/20 switch, did you  
(LEPPALUOTO - CROSS BY SIMPSON)

70

1 not?

2 A. Correct.

3 Q. And who sells the Harris 20/20 switch?

4 A. The Harris Company.

5 Q. And could you tell us or give us an address  
6 or a phone number or something where we could get the  
7 specifications on that switch?

8 A. No, I could not, but we bought that switch  
9 secondhand from a company in Kent, Ohio called Telpro,  
10 T E L P R O. T E L -- T as in Tom.

11 Q. Right. Okay. Going back to Washington  
12 STS, Limited, how many employees are there in that  
13 company?

14 A. There are no employees at present other  
15 than my brother and myself. We're not employees,  
16 we're owners. We have not made any money to pay  
17 ourselves a salary yet. There has been no wages paid.

18 Q. And I believe you said you were the  
19 president of Washington STS, Limited?

20 A. Correct.

21 Q. And what position does your brother hold  
22 then?

23 A. He's the vice president.

24 Q. And in charge of what? What does he do?

25           A.     He doesn't do anything right now.  There's  
(LEPPALUOTO - CROSS BY SIMPSON)

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1     nothing to do really.

2           Q.     And the switch --

3           A.     Could I qualify a little bit.  Basically he  
4     supplied the financing for Washington STS, Limited and  
5     he has maintained that financial end of it.

6           Q.     Okay.  And can you tell me -- oh, as I  
7     understand, I believe the Harris 20/20 switch is owned  
8     by Washington STS, is that correct?

9           A.     No, it's not correct.  The Harris 20/20  
10    switch is owned by my father Arvid Leppaluoto.

11          Q.     And does he lease the switch to Washington  
12    STS or rent it or what does he do?

13          A.     Yes, it's a monthly lease.

14          Q.     How much does that lease run, do you know?

15          A.     I believe it's around 1500 to \$2,000 a  
16    month.

17          Q.     And who maintains the switch?

18          A.     The switch pretty much maintains itself.

19    It is a self-contained switch and it --

20          Q.     You haven't had any problems with it?

21          A.     No, sir.

22          Q.     Requires no maintenance whatsoever?

23          A.     Not that I'm aware of.

24          Q.     At least you haven't performed any on it?

25           A.     No, we have not performed any maintenance  
(LEPPALUOTO - CROSS BY SIMPSON)

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1     on it.

2           Q.     Just out of curiosity, does Washington STS,  
3     Limited and SVV Sales, do they share that switch?

4           A.     No, sir, I don't technically believe they do.  
5     We go to that switch with our U S WEST lines, and what  
6     SVV does, they have to get it out of that switch  
7     somehow, so -- or into it, but I don't know how they  
8     do that, in other words, the term "share."

9           Q.     Do they both use the same switch?

10          A.     No, sir. The Harris 20/20 is a much  
11     smaller switch than what SVV uses.

12          Q.     Does there have to be some kind of a  
13     connection between switches?

14          A.     Well, there would have to be some kind of  
15     connection to get to the lines, yes.

16          Q.     And who would make that connection? Do you  
17     know which one of those two entities?

18          A.     SVV would make that connection. All we do,  
19     as I explained to U S WEST, is we bring the lines in,  
20     and that's the end of our responsibility with the  
21     lines.

22          Q.     That's something I've been very interested  
23     in. How big is SVV Sales? Is it a real large  
24     corporation, hundreds of employees?



25 A. Oh, no, no. It's a 20 to 30, bounces

(LEPPALUOTO - CROSS BY SIMPSON)

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1 between 20 and 30 depending on sales activity.

2 Q. And you're the president of that  
3 corporation?

4 A. Correct.

5 Q. And how many of these 20 or 30 are  
6 salesmen?

7 A. Probably right now we have eight.

8 Q. And what do the rest of the people do?

9 A. Customer service, accounting,  
10 administration, and technical.

11 Q. How many technical do you have?

12 A. SVV has two techs.

13 Q. And do you see these people pretty much on  
14 a daily basis or --

15 A. When I'm in Seattle I do.

16 Q. Is that quite often?

17 A. No.

18 Q. The thing that puzzles me is that I don't  
19 understand how a small corporation -- and I'll call it  
20 a small as distinguished from hundreds of employees --  
21 such as you have in SVV Sales, and you don't seem to  
22 know how the switch works or how it's connected or --  
23 I don't understand that. Can you explain that to me?

24 A. I haven't the slightest idea how it works.

25 I have no technical background in it. I have been in  
(LEPPALUOTO - CROSS BY SIMPSON)

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1 this business two and a half years now. I don't get  
2 into the technical end of it. I basically understand,  
3 you know, what it does, but I don't know how it does  
4 it, and I don't know who does what to who to get in  
5 and out of the switch.

6 Q. Do you have your own money invested in this  
7 SVV?

8 A. No, sir. I have no stock, no ownership in  
9 SVV Sales.

10 Q. None at all?

11 A. None whatsoever.

12 Q. Who is the owner who owns the stock?

13 A. My mother and father own the stock in SVV  
14 Sales, and if you want to qualify that, they got into  
15 the telephone business -- none of us are telephone  
16 people. They got into the telephone business through  
17 Network Communications and that partnership with  
18 Internet where they supplied the funding for Network  
19 Communications in partnership with Internet which  
20 supplied the operational and technical ends of the  
21 business.

22 Q. And who sets the policy in SVV Sales?

23 A. The board of directors.

24 Q. And you are on the board?

25 A. Correct.

(LEPPALUOTO - CROSS BY SIMPSON)

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1 Q. And what is the business that you're trying  
2 to conduct under that policy?

3 A. We're trying to make money in the telephone  
4 business, long distance carrier.

5 Q. And with that as a policy and a goal you  
6 have no idea how the switch works or what it hooks up  
7 to, or you just don't understand any of that and  
8 you're not interested in any of it, is that right?

9 A. I understand the calls come in, they are  
10 switched through a series somehow within a switch the  
11 size of maybe twice as long as the table you're  
12 sitting at and as wide as the wall from where the end  
13 of your table is on this side. It's a very large  
14 switch but --

15 JUDGE CANFIELD: Could you give dimensions  
16 rather than something that the record isn't going to  
17 be clear?

18 THE WITNESS: I was searching for that,  
19 your Honor.

20 A. It fills up a whole room in the building.  
21 It's about, say, 20 by 20, maybe 30 by 20. It's a  
22 large piece of equipment.

23 Q. And what's the name of that switch?

24 A. It's a Stromberg Carlson.

25 Q. And there's a number designation to that?

(LEPPALUOTO - CROSS BY SIMPSON)

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1 A. There is but I don't know what it is at  
2 this point. It's a basic switch within the industry,  
3 all of the interexchange companies of this size. And  
4 to compare that with the switch that STS has, STS's  
5 switch is the size of a refrigerator.

6 Q. But you still don't know what the  
7 connection is between the two?

8 A. I don't know how they work it. I don't  
9 know how you get the speed of light through a little  
10 wire like that.

11 Q. Could you give me the name of the two  
12 technical employees that you have?

13 A. Yeah.

14 Q. I'm sorry, in SVV Sales.

15 A. Herbelshirmer, H E R B E L S H I R M E R.  
16 If you just refer to him as Herb, that's what  
17 everybody calls him. And the second one would be  
18 Frank McClarian, and I don't know how to spell it,  
19 L A R I N, or phonetically something like that.

20 Q. If we wanted to carry this further and find  
21 out how these switches interconnect, would you have  
22 any objection to one of our people calling one of  
23 these gentlemen and asking them for this information?

24 A. I don't have any objection, no, sir.

25 Q. And you are the one that as president could  
(LEPPALUOTO - CROSS BY SIMPSON)

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1 tell us whether we could do it or not?

2 A. Correct, I presume, but I'm not the owner,  
3 maybe not. Trying to get something out of me.

4 Q. I just don't want our people to call --

5 A. I can't see where anyone would object to  
6 that, no.

7 Q. Thank you. We appreciate that.

8 Do you know a phone number where we might  
9 get them?

10 A. 441-5022. That's the number for SVV Sales.

11 Q. Fine. Thank you very much. Appreciate it.

12 JUDGE CANFIELD: And how long would it take,  
13 Mr. Leppaluoto, for us to receive that late-filed  
14 sales brochure, SVV? You didn't indicate how long  
15 that might take. Are we looking at a week or so?

16 MR. LEPPALUOTO: Well, if we have one I'll  
17 get it in the mail tomorrow, sir.

18 JUDGE CANFIELD: Okay. I didn't think --

19 MR. LEPPALUOTO: If we don't have one, I'll  
20 notify the court by letter that we don't. I'm sure we  
21 do and -- should be something laying around.

22 JUDGE CANFIELD: Okay, but in any event one  
23 way or the other?

24 MR. LEPPALUOTO: Three days.

25 JUDGE CANFIELD: Within a week or so no

(COLLOQUY)

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1 problem?

2 MR. LEPPALUOTO: Yes.

3 JUDGE CANFIELD: Anything further then, Mr.

4 Leppaluoto?

5 MS. HASTINGS: I don't have anything at

6 this time.

7 JUDGE CANFIELD: I was asking Mr.

8 Leppaluoto if he had anything further, and I guess you

9 have nothing further then?

10 MR. LEPPALUOTO: No, sir.

11 JUDGE CANFIELD: Okay, anything further to

12 offer then, Mr. Leppaluoto? We've taken your

13 testimony, we've got the exhibits that were offered.

14 Is there anything further that you have to offer?

15 MR. LEPPALUOTO: No. I'm a little bit

16 confused about the disconnection now of STS. Is an

17 order issued by the court and then we have the right

18 to ask for reconsideration from the Commission or is

19 it just an automatic disconnection at this time?

20 JUDGE CANFIELD: That's my ruling on the

21 motion. And if you want to disagree with that or

22 pursue that further, that would be with the

23 Commission, yes. So if that answers your question --

24 MR. LEPPALUOTO: Yes, sir, thank you.

25 JUDGE CANFIELD: Okay. No further evidence  
(COLLOQUY) 79

1 to offer then, Mr. Leppaluoto, on your complaint?

2 MR. LEPPALUOTO: No, sir.

3 JUDGE CANFIELD: Okay, then thank you. And  
4 we can get started on the testimony of U S WEST then.  
5 We've got 20 minutes or so before noon.

6 MS. HASTINGS: Your Honor, would it be  
7 possible to break now?

8 JUDGE CANFIELD: That's always possible if  
9 that's the request.

10 MS. HASTINGS: Or we would be happy to take  
11 just a few minutes here, is what I was sort of  
12 thinking we were going to strategize a minute or two.

13 MR. SIMPSON: May I suggest, it's sometimes  
14 hard to get in and eat lunch here, we can break early  
15 and come back early.

16 JUDGE CANFIELD: That serves both purposes  
17 as well. What time would it be convenient to come  
18 back? It's approximately 15 minutes to 12:00.

19 MR. SIMPSON: 1:15 would be fine.

20 MS. HASTINGS: That would be fine.

21 JUDGE CANFIELD: Everybody's nodding in the  
22 affirmative. Let's take a lunch break now and come  
23 back at 1:15. We'll take a recess.

24 (Lunch recess taken at 1:15 p.m.)

25

(COLLOQUY)

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AFTERNOON SESSION

2

1:18 p.m.

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JUDGE CANFIELD: We're back on the record after our lunch break. At the morning's session the complainant had presented its case and rested, and we were just at the verge of commencing with the respondent's case. And at that time it was requested that we break for lunch and start the respondent's case first thing in the afternoon session. So at that point I guess we'll begin with the respondent.

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MS. HASTINGS: Thank you, your Honor. At this point we would like to enter into the record an affidavit of John Riley an employee of U S WEST Communications. John has prepared an affidavit with respect to the calls that he made to the Washington STS numbers and his findings thereon, and if there's no objection I would like to go ahead and enter the affidavit on the record, and I would -- I do have copies for everyone.

MR. SIMPSON: I want to read it first.

MS. HASTINGS: Be happy to do that.

JUDGE CANFIELD: Okay, we can take a short recess during which time that is distributed among the parties, so I'll take a short recess.



25

(Recess.)

(COLLOQUY)

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1 JUDGE CANFIELD: We're back on the record.  
2 During the break Ms. Hastings distributed a copy of  
3 the affidavit of John Riley that she just referred to  
4 and I allowed time for the parties to read it over.  
5 And go ahead, Ms. Hastings. You're offering that as  
6 an exhibit?

7 MS. HASTINGS: Yes, we are. And Mr. Riley  
8 is here with us today and is willing to be  
9 cross-examined on it. However, we didn't intend to  
10 present Mr. Riley since his affidavit is going to be  
11 produced into evidence.

12 JUDGE CANFIELD: Okay, that was my next  
13 question, whether he would be made available. But  
14 you're indicating he is here and would be made  
15 available.

16 MS. HASTINGS: Yes.

17 JUDGE CANFIELD: Okay, let me mark this as  
18 the next exhibit number in order, and that will be  
19 Exhibit Number 7. Exhibit 6 was reserved for the late  
20 filed brochures that we referred to earlier. Are  
21 there any objections to Exhibit 7 being entered or is  
22 there a request that Mr. Riley be put on the stand for  
23 questioning on the document?

24 (Marked Exhibit No. 7.)

25 MR. LEPPALUOTO: STS would like to question  
(COLLOQUY) 82

1 Mr. Riley, sir.

2 JUDGE CANFIELD: Okay. I think that's a  
3 fair request, and he is available, so why don't we  
4 handle it that way then.

5 Whereupon,

6 JOHN RILEY,  
7 having been first duly sworn, was called as a witness  
8 herein and was examined and testified as follows:

9 JUDGE CANFIELD: Ms. Hastings, you can have  
10 him identify himself and that before we get to Mr.  
11 Leppaluoto's questions.

12 MS. HASTINGS: Yes, thank you. I would be  
13 happy to.

14 DIRECT EXAMINATION

15 BY MS. HASTINGS:

16 Q. Will you please state your name, your  
17 employer and your business address for the record.

18 A. My name is John Riley. I work for U S  
19 WEST, Inc. and I'm a paralegal.

20 Q. And can you please describe your  
21 educational background and company experience.

22 A. I've been with the company for about ten  
23 years. I've been in the legal department for about  
24 five years -- excuse me, about eight years. I've been

25 a paralegal about five. I have a Bachelor of Arts  
(RILEY - DIRECT BY HASTINGS)

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1 degree from the University of Washington and I have a  
2 Bachelor of Science from City University.

3 Q. And have you previously testified before  
4 this Commission?

5 A. I have never done so, no.

6 Q. Thank you.

7 JUDGE CANFIELD: And maybe you can have him  
8 identify Exhibit 7.

9 Q. Would you like to identify for us your  
10 affidavit? Do you have the original?

11 A. You know, I don't have the original. I  
12 have a copy of it.

13 Q. Okay, I have an original of it. (Handing.)  
14 Will you identify for us Exhibit 7 that we're going  
15 to enter into the record?

16 A. This is an affidavit that I prepared the  
17 other day, I believe it was yesterday or the day  
18 before, and an exhibit to the affidavit regarding  
19 telephone calls that I made on Monday the 4th of  
20 January.

21 Q. In connection with this complaint and the  
22 motion?

23 A. That's correct.

24 Q. Thank you.

25 JUDGE CANFIELD: Okay. It is a two-page  
(RILEY - DIRECT BY HASTINGS)

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1 affidavit dated January 6, 1993, and there is attached  
2 to that a three-page document entitled Exhibit 1.  
3 Okay. And U S WEST did not plan to ask any questions  
4 of Mr. Riley they are offering the affidavit and Mr.  
5 Leppaluoto has requested to be able to ask questions  
6 of Mr. Riley and that's where we're now then. Okay.  
7 Mr. Leppaluoto.

8

9

CROSS-EXAMINATION

10 BY MR. LEPPALUUOTO:

11 Q. Mr. Riley, the only question I have is what  
12 does the result of your calls tell me? What does this  
13 affidavit and this exhibit mean to me?

14 A. I believe the affidavit is just  
15 information. It's just me sitting making a series of  
16 phone calls and telling through the affidavit the  
17 results of the phone calls. And I think there is just  
18 three results. There is a few busy signals, there's a  
19 few no-answers after a series of clicks, and then  
20 there's me being connected to other people and me  
21 questioning those folks and asking them where they're  
22 calling from, who -- where they're calling to. And  
23 the name of their local long distance carrier was  
24 pretty much my line of questioning to those folks.

25 Q. Yes, that's self evident. I was wondering  
(RILEY - CROSS BY LEPPALUOTO)

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1 why this is entered in evidence. And I'm not from  
2 Seattle but are these local calls that are being made?

3 A. I tell you the truth, those aspects of it  
4 I'm not the -- really the one to testify about that.  
5 I'm simply making calls and recording the results of  
6 those calls. As far as, you know, boundaries of that  
7 nature and the technical aspects of the call itself  
8 I'm not really here to testify about that.

9 MR. LEPPALUOTO: Okay. That's all I had  
10 then.

11 JUDGE CANFIELD: Okay. And any questions,  
12 Mr. Simpson?

13

14 CROSS-EXAMINATION

15 BY MR. SIMPSON:

16 Q. Just one question. There are, I believe,  
17 a couple of references where it doesn't show who the  
18 long distance carrier is. Do you see those?

19 A. Yes. You know, I think for the most part I  
20 asked everyone and a lot of the people of the 17 folks  
21 that I did reach of the 48 I think I just sort of  
22 stumped them, they didn't know the answer to the  
23 question. They simply didn't know.

24 Q. Okay. It wasn't because it just got left

25 off, it was --

(RILEY - CROSS BY SIMPSON)

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1 A. Maybe in one or two cases I forget to ask,  
2 but I believe in most of the cases I asked them all,  
3 and if it's not there I think it indicates that they  
4 didn't know.

5 MR. SIMPSON: Okay, thank you very much. I  
6 have no objection.

7 JUDGE CANFIELD: And any questions, Ms.  
8 Hastings?

9 MS. HASTINGS: No, we have none.

10 JUDGE CANFIELD: Okay. Mr. Simpson  
11 indicated he has no objections to Exhibit 7. Mr.  
12 Leppaluoto, any objections to Exhibit 7?

13 MR. LEPPALUOTO: No, sir.

14 JUDGE CANFIELD: Okay. Exhibit 7 is so  
15 entered into the record. And that's one exhibit  
16 number and it will include the three-page attached  
17 Exhibit 1 to the affidavit so that's so noted.  
18 Exhibit 7 is so entered into the record. And thank  
19 you, Mr. Riley.

20 (Admitted Exhibit No. 7.)

21 THE WITNESS: You're welcome.

22 JUDGE CANFIELD: Mr. Riley was just excused  
23 and we'll get back to, then, Ms. Hastings.

24 MS. HASTINGS: Thank you. In connection

25 with the complaint this time, your Honor, we would

(RILEY - CROSS BY SIMPSON)

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1 like to bring Ms. Owen to the stand. U S WEST would  
2 ask her to please come forward.

3 JUDGE CANFIELD: Okay. Can I get you to  
4 raise your right hand, please.

5 Whereupon,

6 MARY OWEN,

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

9 DIRECT EXAMINATION

10 BY MS. HASTINGS:

11 Q. Ms. Owen, based on your company research  
12 and your company knowledge and the information  
13 contained in Mr. Riley's affidavit which you've  
14 reviewed and which has been entered as an exhibit in  
15 this hearing, and also based on the testimony that Mr.  
16 Leppaluoto provided this morning, what conclusions do  
17 you have about Washington STS, Limited and the manner  
18 in which they use the 48 complex business lines they  
19 ordered from U S WEST?

20 A. Based on the evidence we've heard today,  
21 based on my own test call that I made, Mr. Riley's 48  
22 test calls, and the test call made by Ms. Mary Taylor  
23 of the WTC staff and one other factor, the factor that  
24 the only customer that STS has is SVV Sales which is

25 an interexchange carrier, it is my belief that the  
(OWEN - DIRECT BY HASTINGS)

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1 service that STS is providing is interexchange service  
2 bridging toll exchanges together via EAS arbitrage,  
3 and as such Washington STS, Limited should be required  
4 to pay from the access tariff all appropriate charges.

5 MS. HASTINGS: Thank you. Your Honor, that  
6 completes our testimony.

7 JUDGE CANFIELD: Okay. Mr. Leppaluoto,  
8 questions for Ms. Owen?

9 MR. LEPPALUOTO: Yes, I would like to ask  
10 Ms. Owen one question.

11 CROSS-EXAMINATION

12 BY MR. LEPPALUOTO:

13 Q. Earlier you referred to a company called  
14 MetroLink in a case before the Commission, I believe.

15 A. Yes, I did.

16 Q. And I think that your motion or U S WEST's  
17 motion for a waiver of the regulations was waived on  
18 the MetroLink case, is that correct?

19 A. It was based on the MetroLink case and also  
20 the initial order that has been issued on Emerald City  
21 Telecommunications, both of which ended up with the  
22 same conclusions.

23 Q. Was MetroLink a shared tenant provider?

24 A. MetroLink was an EAS arbitrage provider



25 which I believe so is STS today.

(OWEN - CROSS BY LEPPALUOTO)

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1 Q. The question was were they a shared tenant  
2 provider.

3 A. I can't testify to that.

4 Q. I see. And the Emerald City, the other one  
5 you spoke of, was it a shared tenant provider?

6 A. That was an EAS arbitrage provider as well.  
7 I do not believe they were a shared tenant provider  
8 but I don't believe one excludes the other. You can  
9 be an EAS arbitrage provider and shared tenant service  
10 at the same time, but you still -- as an EAS arbitrage  
11 provider or interexchange carrier, you still need to  
12 purchase from the access tariff.

13 Q. Very well. Is there a regulation arbitrage  
14 provider, is that a regulated -- or is that a term we  
15 can find within the regulations of the --

16 A. Actually we have in the U S WEST tariffs as  
17 well as in the RCW. It does -- it defines an  
18 interexchange carrier and it does say what an  
19 interexchange carrier is, one that provides service  
20 between two exchanges. And as such it says that that  
21 customer is required to pay from the access tariff. I  
22 do have that if you want me to read it.

23 Q. I wonder if I could get a copy of that.

24 A. It's in the U S WEST tariffs but, yes, we can

25 give you a copy. I do have that one.

(OWEN - CROSS BY LEPPALUOTO)

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1 MR. LEPPALUOTO: All right. That's all  
2 that I have then.

3 JUDGE CANFIELD: Okay. Mr. Simpson?

4 MR. SIMPSON: Yes, I have some questions.  
5 I don't know if I have the right witness. Is this  
6 what I would call the operating witness if I have  
7 questions about the switch and how it works and -- or  
8 do you have a witness different than --

9 MS. HASTINGS: We don't have a technical  
10 person from our network organization here today, but  
11 Mary has extensive background in the old plant  
12 department, we used to call it, and I'm sure she would  
13 be happy to field questions. We could get the right  
14 person, if not.

15 MR. SIMPSON: She would be the proper one?

16 MS. HASTINGS: I think so.

17 CROSS-EXAMINATION

18 BY MR. SIMPSON:

19 Q. You have to bear with me here, and maybe I  
20 can figure this out with your help. From the  
21 testimony you've heard today from the complainant and  
22 the calls that have been made, I want to look at this  
23 thing in reverse, if you could.

24 A. Okay.

25 Q. If someone was a customer of Network

(OWEN - CROSS BY SIMPSON)

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1 Communications, which I believe is associated with

2 SVV --

3 MR. SIMPSON: Is that correct, sir?

4 MR. LEPPALUOTO: Network Telecommunications

5 Services. Network Communications is no longer in

6 business.

7 MR. SIMPSON: Maybe the question should be

8 does SVV have the same customer base, to your

9 knowledge?

10 MR. LEPPALUOTO: Same customer base as who?

11 MR. SIMPSON: As Network Communication had.

12 MR. LEPPALUOTO: No, sir.

13 MR. SIMPSON: It's completely different?

14 MR. LEPPALUOTO: There were some overlaps.

15 MR. SIMPSON: Similar?

16 MR. LEPPALUOTO: There were some that were

17 left over, right.

18 Q. To the extent that we were dealing with a

19 customer of Network Communications that was a

20 leftover, let's say, to SVV, it's my understanding

21 that if they made a call to Seattle and they were out

22 in the world, they were not in the Seattle exchange,

23 not in the Seattle exchange, from what you've heard

24 today would that call go into the Stromberg Carlson

25 switch that SVV owns?

(OWEN - CROSS BY SIMPSON)

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1 A. Yes.

2 Q. And do you believe that there is a  
3 connection then between the Stromberg Carlson switch  
4 and the Harris 20/20 switch belonging to Washington  
5 STS, Limited?

6 A. Yes.

7 Q. And how would that call then go out  
8 technically from the Harris 20/20 switch to someone in  
9 Seattle? Would that be a local call?

10 A. Well, I can give you what it's my belief  
11 is happening.

12 Q. That's what I'm asking in my limited way  
13 here.

14 A. It is my belief that the customers of SVV  
15 are given the PIN number that Mr. Leppaluoto referred  
16 to. They call that PIN number and it accesses the  
17 Harris -- Stromberg, I'm sorry, the Stromberg Carlson  
18 switch located also in the Westin Building. The  
19 customer then dials in their PIN number which  
20 identifies them as an SVV customer, and then that  
21 switch asks them where do you want to call. It is my  
22 belief that the switch then has been programmed for  
23 certain telephone prefixes that can be reached as  
24 local calls as long as they are originating in

25 Seattle, then routes those calls as a direct

(OWEN - CROSS BY SIMPSON)

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1 connection from the Stromberg Carlson into the Harris  
2 switch and then out over the local exchange network.

3 Q. So that basically you wind up with a local  
4 call that should have been charged how?

5 A. As a toll call.

6 Q. Okay.

7 A. With the access charges applying to it.

8 Q. Now, if we look at Exhibit 7 and we look at  
9 the attachment to it, when a call was made, and we can  
10 take call number one where it had no answer, does that  
11 mean that that call was going into the Harris 20/20  
12 switch owned by Washington STS, Limited and it  
13 couldn't be picked up because there was no way it  
14 could be answered?

15 A. That's correct.

16 Q. Now, if we take one where on the second  
17 page, number 32, another call was made to the Harris  
18 20/20 switch and you got a busy signal, what does  
19 that mean?

20 A. The busy signal would mean that someone was  
21 already on that particular trunk, so when it went  
22 through the Stromberg Carlson into the Harris, it had  
23 picked up the same line that we were calling in on so  
24 it's already being used just like a regular busy

25 signal.

(OWEN - CROSS BY SIMPSON)

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1 Q. That gets me to the third example, then, if  
2 we look at number 6 on page 1 where the call was made  
3 again to the Harris 20/20 switch which you connected  
4 to somebody.

5 A. Right.

6 Q. What does that mean in relationship to  
7 these switches?

8 A. What it means is that the customer calling  
9 -- let's see, this customer was calling from Tacoma,  
10 came into Seattle, and was being -- I'm not saying  
11 this very well. Was connected through the Stromberg  
12 Carlson, routed to the Harris switch because Seattle  
13 would be a local call, and because the switch wasn't  
14 recognizing my incoming call, it connected the two  
15 together, probably at the Harris switch.

16 Q. And is that what happened in your opinion,  
17 then, in each of these calls shown on this exhibit  
18 where a connection was made?

19 A. Yes, it is.

20 Q. Okay.

21 A. So the switch does not recognize me as an  
22 incoming caller at all. Totally ignores me.

23 Q. Now, if I understand correctly what is  
24 going on here, if a call -- let's go to the other side

25 of the Stromberg Carlson.

(OWEN - CROSS BY SIMPSON)

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1 A. Okay.

2 Q. If a call was made into that Stromberg  
3 Carlson -- I assume it's a digital switch -- is there  
4 any reason for having the other switch there?  
5 Couldn't 48 lines come straight into that Stromberg  
6 Carlson switch of U S WEST?

7 A. Yes, they certainly could, but once they do  
8 that, because SVV is paying access charges and access  
9 is usage based, those calls would all be charged usage  
10 via the access tariff, so what's happening is by  
11 interjecting that Harris switch those calls now become  
12 back to local and are not charged on a usage sensitive  
13 basis, so what's happening is we're bypassing the  
14 correct access charges that should be being applied.

15 Q. And what does that mean in laymen's terms?  
16 Does that mean it's more expensive or cheaper? What's  
17 happening here?

18 A. What's happening is when a call is made  
19 local rather than toll it means the subscriber to that  
20 service is saving money because you don't pay -- you  
21 can pay on the local side, you have the option to have  
22 a flat business line. On the access side or toll  
23 side, if we can use those more or less synonymously,  
24 you have to pay based on minutes of use, distance of

25 the call, areas, like that, so it does generally

(OWEN - CROSS BY SIMPSON)

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1 become more expensive. So by having this Harris  
2 switch in the middle of this, they bypass those more  
3 expensive access charges.

4 Q. And who is "they"?

5 A. The person that is bypassing the U S WEST  
6 toll network, in this case STS.

7 Q. Okay. And by the same token, would you  
8 expect that the, let's say, the business that is using  
9 this particular type of service in this configuration  
10 is going to be purchasing usage at a cheaper cost or  
11 do you know?

12 A. I would assume that it does. I can't  
13 specifically speak to SVV but in previous cases they  
14 would offer like 10 cents a call or 25 cents a call  
15 rather than usage based, and generally any length of  
16 call that is going to be cheaper.

17 Q. Okay. The 48 trunks that were purchased by  
18 Washington STS, Limited I assume were, what would you  
19 call those, local trunks?

20 A. Right. They are considered two-way local  
21 service trunks.

22 Q. And do those terminate in the Harris 20/20  
23 switch?

24 A. Yes, they do.



25 Q. Does the tariff require that they

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1 terminate?

2 A. Yes, it does. We have to have a  
3 demarcation point between our equipment and the  
4 customer's end user equipment.

5 Q. If those were terminated properly could you  
6 still do that cost connect between the two switches?

7 A. Yes, you could because that's done at the  
8 customer's side of the switch.

9 Q. If this was properly terminated could you  
10 still have two people coming into a conversation?

11 A. If you're talking two different proper  
12 determinations -- if the U S WEST piece where we drop  
13 off our dial tone is properly connected, it's going to  
14 then depend on if the customer properly connects their  
15 end of it. So I guess my answer is it depends. If  
16 both ends are properly connected then probably not,  
17 but then, you know, then you get into the definition  
18 of what do you mean by proper so --

19 Q. Okay. Thank you very much.

20 A. You're welcome.

21 JUDGE CANFIELD: Ms. Hastings, any  
22 additional questions?

23 MS. HASTINGS: No, we don't have any  
24 additional questions, thank you.

25 JUDGE CANFIELD: Okay, thank you. Okay,  
(OWEN - CROSS BY SIMPSON)

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1 Ms. Hastings?

2 MS. HASTINGS: Your Honor, we have no other  
3 witnesses to call at this time.

4 JUDGE CANFIELD: Okay. Mr. Simpson?

5 MR. SIMPSON: We have nothing further, your  
6 Honor.

7 JUDGE CANFIELD: Anything further, Mr.  
8 Leppaluoto?

9 MR. LEPPALUOTO: No, sir, we have nothing  
10 further.

11 JUDGE CANFIELD: Okay. Then we did make  
12 provision for one exhibit to be late filed, that's  
13 Exhibit 6. And there's been no discussion as of yet  
14 as to whether any parties had any oral argument or  
15 anything of that nature or briefs. I don't know  
16 whether anyone contemplated that or not, so I'll just  
17 open that up as a discussion as a last matter to deal  
18 with. Any comments, Ms. Hastings?

19 MS. HASTINGS: Your Honor, at this point we  
20 have put on the testimony that we have to refute Mr.  
21 Leppaluoto's claims in his complaint. We would be  
22 happy to brief the issues for your consideration.

23 JUDGE CANFIELD: Okay. Mr. Leppaluoto, any  
24 comments?

25                   MR. LEPPALUOTO: We would appreciate a  
(OWEN - CROSS BY SIMPSON)

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1 chance to submit a brief, your Honor.

2                   JUDGE CANFIELD: Okay. Any comments, Mr.  
3 Simpson?

4                   MR. SIMPSON: No, we have nothing more to  
5 add, your Honor.

6                   JUDGE CANFIELD: Okay, I will allow, then,  
7 an opportunity for the parties to submit briefs. No  
8 time was mentioned as far as how much you might need  
9 for that, and we don't know exactly when the  
10 transcript would be forthcoming, so we can take a  
11 short recess to talk about that and also consult  
12 calendars for briefing dates. So I'll take a short  
13 recess.

14                   (Recess.)

15                   JUDGE CANFIELD: We're back on the record  
16 after a brief comparison of calendars and discussion  
17 of briefing dates, and I believe the consensus was  
18 that Friday, February 12 would be an agreeable date to  
19 all for briefs to be filed with the Commission, and  
20 that would be a receipt date by the Commission, and  
21 copies are to also be served upon other parties of  
22 record, but we'll adopt then February 12 as the due  
23 date for briefs. And that date's acceptable and  
24 agreeable to all parties? Ms. Hastings?

25 MS. HASTINGS: Yes, it is.

(OWEN - CROSS BY SIMPSON)

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1 JUDGE CANFIELD: Mr. Leppaluoto?

2 MR. LEPPALUOTO: Yes, sir.

3 JUDGE CANFIELD: And Mr. Simpson?

4 MR. SIMPSON: Yes.

5 JUDGE CANFIELD: Okay. And Mr. Leppaluoto  
6 did endeavor to get that late-filed exhibit to us  
7 within the next week and the copies will also be  
8 served upon all parties as well. Okay. Then there  
9 being nothing further, I'll adjourn the hearing and I  
10 thank you all. This hearing is adjourned.

11 (Hearing concluded at 1:50 p.m.)

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