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BEFORE THE WASHINGTON UTILITIES AND

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TRANSPORTATION COMMISSION

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4 In the Matter of the Petition) Docket No. UT-000883
of) Volume VIII
5) Pages 518-572
US WEST COMMUNICATIONS, INC.)
6)
for Competitive Classification)
7 of Business Services in)
Specified Wire Centers.)
8 _____)

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A public hearing in the above

11 matter was held on November 1, 2000, at 1:33 p.m., at

12 1300 Evergreen Park Drive Southwest, Olympia,

13 Washington, before Administrative Law Judge KAREN

14 CAILLE, Chairwoman MARILYN SHOWALTER, Commissioner

15 Richard Hemstad, and Commissioner William R. Gillis.

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The parties were present as

20

follows:

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22 QWEST CORPORATION, by Douglas N.
Owens, Attorney at Law, 1325 Fourth Avenue, Suite
940, Seattle, Washington, 98101.

23

24 THE COMMISSION, by Sally G.
Johnston, Assistant Attorney General, 1400 Evergreen
Park Drive, S.W., P.O. Box 40128, Olympia, Washington
25 98504-0128.

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1 PUBLIC COUNSEL, by Simon ffitch,
Assistant Attorney General, 900 Fourth Avenue, Suite
2 2000, Seattle, Washington 98164.

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24 Barbara L. Nelson, CSR
Court Reporter

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1 JUDGE CAILLE: Let's begin. And I will
2 first let the Chairwoman welcome you this afternoon.

3 CHAIRWOMAN SHOWALTER: All right. Good
4 afternoon. We're here for a public meeting on Cause
5 Number UT-000883, and that is regarding a request for
6 competitive classification of certain services of
7 Qwest in certain geographical areas.

8 MR. FROSTAD: Hello?

9 CHAIRWOMAN SHOWALTER: Hello. You have
10 reached the Utilities and Transportation Commission
11 meeting. Is that what you wanted, regarding Qwest?

12 MR. FROSTAD: Yes.

13 CHAIRWOMAN SHOWALTER: Good. We're just
14 starting here, and there will be an opportunity for
15 you to provide comments a little bit later.

16 MR. FROSTAD: Okay.

17 CHAIRWOMAN SHOWALTER: All right. This
18 hearing is a component of a broader set of hearings,
19 as you can see from all the notebooks of all the
20 legal counsel up at the desk. It's also, as you can
21 see, reported by a court reporter.

22 There are also some rules about testifying,
23 mainly to make sure we get your comments on the
24 record. So I'm going to turn this hearing over to
25 Karen Caille, who's on my left. Before I do, I

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1 should explain to you and the bridge line listeners
2 that I'm Marilyn Showalter, the Chairwoman of the
3 Commission, and with me are my colleagues,
4 Commissioner Dick Hemstad and Commissioner Bill
5 Gillis.

6 MR. FROSTAD: Okay.

7 CHAIRWOMAN SHOWALTER: And I'm going to ask
8 the listeners on the bridge line, there may be more
9 than one of you, not to make comments until you are
10 asked, and there will be a point. But one of the
11 things we try to do when people's comments are being
12 reported, in fact, maybe we try to do it generally,
13 is to have only one person talking at a time.

14 MR. FROSTAD: I hear you.

15 CHAIRWOMAN SHOWALTER: So again, I'm going
16 to ask that you not respond. Thank you.

17 JUDGE CAILLE: Good afternoon, let me add
18 my welcome to that of the Chairwoman. This is the
19 second of two public comment hearings that are part
20 of this Commission's formal hearing process, as it
21 considers whether to classify as competitive US West
22 business local exchange services in certain wire
23 centers in Bellevue, Issaquah, Kent, Auburn, Renton,
24 Seattle, Spokane, Tacoma, and Vancouver. The
25 Commission held a similar public hearing earlier this

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1 month in Vancouver.

2 The Commission's hearing process is one
3 where we take technical testimony from parties who
4 formally appear before us, and those are the
5 evidentiary hearings that are going on this week. In
6 addition, we also take public testimony and evidence
7 from members of the public in sessions such as the
8 one we have this afternoon.

9 The Washington Utilities and Transportation
10 Commission is a state administrative agency
11 responsible for regulating various public utilities,
12 including telephone companies. When one of these
13 companies asks the Commission to classify a service
14 as competitive, the Commission examines that request
15 to determine whether the services it offers are
16 subject to effective competition.

17 Effective competition means that the
18 company's customers have reasonably available
19 alternatives and that the company does not have a
20 significant captive customer base.

21 The purpose of this hearing this afternoon
22 is to provide the Commissioners with information that
23 they can use to make a decision about whether to
24 classify these business services in the specified
25 wire centers as competitive.

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1 These comments this afternoon, given by
2 you, will be given under oath and recorded, just as
3 the testimony during the formal proceedings before
4 the Commission. Your comments will become part of
5 the formal record that will be the basis for the
6 Commission decision.

7 At this time, I'm going to ask counsel who
8 are here to enter your formal appearance at this
9 time, which means that they will state on the record
10 who they are and whom they represent. And I will ask
11 counsel to introduce any representatives that are
12 here with them this afternoon. If we could begin
13 with Qwest.

14 MR. OWENS: Thank you, Your Honor, Madam
15 Chairwoman, members of the Commission. I'm Douglas
16 N. Owens, Attorney at Law, in Seattle, Washington,
17 representing Qwest Corporation. Also here in the
18 hearing room are Theresa Jensen and Kirk Nelson from
19 Qwest, should their discussion be necessary.

20 JUDGE CAILLE: Thank you. Ms. Johnston.

21 MS. JOHNSTON: My name is Sally Johnston.
22 I'm an Assistant Attorney General. I represent the
23 Commission Staff in this proceeding. With me today
24 are Dr. Glenn Blackmon, who is the assistant for
25 telecommunications for the Commission, and Ms. Gargi

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1 Bhattacharya, who is an expert in this case, as well.
2 MR. FFITCH: Your Honor, Simon ffitch,
3 Assistant Attorney General with the Office of Public
4 Counsel, appearing as a representative of Qwest small
5 business customers in this case.

6 JUDGE CAILLE: All right. Are there any
7 other appearances to be entered? Hearing none, then
8 let the record reflect there are no other
9 appearances. Just to check with the folks that may
10 have joined us on the bridge line, we are going --
11 may I ask who is on the bridge line?

12 MR. FROSTAD: Pat Frostad is on the bridge
13 line.

14 JUDGE CAILLE: I'm sorry. One of the
15 things I'm going to have to ask you to do is to speak
16 up and speak slowly and distinctly, because we have a
17 court reporter here who is taking down everything you
18 say. That's also why we have to have people just
19 speak one at a time. So if you could just try to
20 raise your voice and speak slowly when you are called
21 upon to give your comments, that would really help
22 the process. I'm sorry, and I didn't get your name.

23 MR. FROSTAD: Patrick, P-a-t-r-i-c-k,
24 Frostad, and that's F-r-o-s-t-a-d.

25 CHAIRWOMAN SHOWALTER: Mr. Frostad, this is

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1 Chairwoman Showalter. Do you, by any chance, have a
2 mute button on your telephone?

3 MR. FROSTAD: No, I don't.

4 CHAIRWOMAN SHOWALTER: Sometimes that helps
5 raise the volume. Or do you have a volume button?

6 MR. FROSTAD: I do that. All right.

7 CHAIRWOMAN SHOWALTER: Why don't you turn
8 it up as high as you can.

9 MR. FROSTAD: Okay. Is that better?

10 CHAIRWOMAN SHOWALTER: That is a little
11 better. Thanks. I thought I heard someone else on
12 the bridge line. Is there anyone else on the bridge
13 line?

14 MS. KING: This is Elaine King. If you can
15 hear me, I guess I am on the bridge line.

16 CHAIRWOMAN SHOWALTER: We can hear you.

17 JUDGE CAILLE: Thank you, Ms. King. And is
18 there anyone else? I just want to mention that
19 Commission Staff and the company representatives are
20 available this afternoon, and they, along with Mr.
21 Ffitch and Ms. Johnston, will be available after the
22 hearing to answer questions.

23 If additional questions occur to you later
24 or you cannot get the answers this afternoon, you can
25 call the Commission at 360-664-1160, and your call

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1 will be routed to someone who can help you. Also,
2 you can submit additional comments in writing. And
3 if you have any questions about that opportunity, for
4 those of you who are in the room, please speak to Ms.
5 Hansen, with our public affairs section at the back
6 of the room, and for those of you on the phone, I
7 would suggest you call in that number and ask for Ms.
8 Hansen, and she can tell you how to file your written
9 comments.

10 Our experience in conducting these types of
11 hearings has taught us that each speaker should be
12 limited to five minutes, so that we have time to get
13 to everyone. And those of you who have spoken in
14 public before know that five minutes can last an
15 awfully long time, so please excuse me if I interrupt
16 you and ask you to sum up at some point.

17 Next, I believe Mr. ffitch has some
18 comments for us, and following Mr. ffitch's comments,
19 I will swear you all in at one time, and we will hear
20 your comments.

21 MR. FFITCH: Thank you, Judge Caille. As
22 Judge Caille has said, my name is Simon ffitch. I'm
23 an Assistant Attorney General with the Public Counsel
24 Section of the Washington Attorney General's Office.
25 Our job at Public Counsel is to appear before the

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1 WUTC to represent citizens of the state, particularly
2 the residential and small business customers of the
3 regulated telecom and energy utilities. We are an
4 active participant in this case, representing
5 customers of Qwest, the telecommunications company
6 formerly known as US West. As many of you may be
7 aware, US West and Qwest merged earlier this year.

8 You've had a bit of background on how the
9 case has gone so far, and I would commend you to the
10 handout, which is available on the back table, which
11 gives a very good summary of the case, basic
12 information, as well as instructions about how to
13 provide further comments to the Commission or to our
14 office.

15 As has already been said, in this case,
16 Qwest has filed a petition with the Commission
17 requesting competitive classification of all their
18 business services for all customers in the major
19 urban areas of the state, specifically Seattle,
20 Tacoma, Vancouver, Spokane, Bellevue, Issaquah, Kent,
21 Auburn and Renton.

22 And competitive classification means that
23 many regulatory conditions are removed from Qwest's
24 business service, or would be removed from Qwest's
25 business service. For example, Qwest would be

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1 allowed to raise or lower its rates without
2 Commission approval after 10 days' notice.

3 To obtain competitive classification, the
4 state law requires that Qwest establish, through
5 evidence, that there is effective competition. In
6 other words, that customers have reasonably available
7 alternatives and there's no significant captive
8 customer base.

9 Qwest has filed testimony and evidence in
10 this case asserting that these standards are met, and
11 Qwest has sent notice to its business customers of
12 the petition and the list of business services
13 they're seeking to have classified.

14 I'll just let you know the positions of the
15 other parties, as well, for background information.
16 Our office, Public Counsel, opposes the
17 classification of Qwest's business service as
18 competitive at this time. We do not believe there is
19 sufficient evidence of effective competition, and we
20 are concerned that premature competitive
21 classification would harm the captive customer base.

22 We have presented the testimony of Dr.
23 Sarah Goodfriend in this case, as an expert witness
24 in support of our position, in conjunction with
25 Tracer, which is a large business customer group,

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1 also participating in this case. We're participating
2 in the evidence hearings this week, and we will be
3 filing legal briefs in mid-November.

4 Also opposing Qwest's petition in this case
5 are several competitive telecommunications carriers,
6 Advanced Telecom Group, MetroNet, Nextlink, Electric
7 Lightwave, McLeod US Telecommunications Services,
8 Focal Communications, Global Crossing, and Eschelon
9 Telecom. And in addition, the Washington Association
10 of Internet Service Providers. These parties have
11 also filed testimony opposing any grant of
12 competitive classification until certain
13 procompetitive conditions are met.

14 The Commission's telecommunications staff
15 is also participating in this case and presenting
16 evidence and a recommendation to the Commission, and
17 as you can see, as you'll see from the handout, the
18 Commission has filed testimony supporting the
19 competitive classification limited to large business
20 customer services, DS1 circuits or greater, in four
21 of the urban areas that I mentioned, and those four
22 are Seattle, Tacoma, Vancouver and Spokane.

23 Commission Staff does oppose competitive
24 classification of business service to small business
25 customers, however, with a caveat that they have

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1 offered an alternative recommendation that
2 competitive classification could be conditionally
3 allowed for small business customers in those four
4 areas under certain conditions or limitations,
5 including a prohibition on upward pricing changes.

6 Qwest has provided testimony that it would
7 be willing to accept some of the conditions laid out
8 in the Staff proposal.

9 This is the second of two public hearings
10 at which citizens have an opportunity to directly
11 address their concerns to the Commissioners. The
12 first was held in Vancouver, Washington, two weeks
13 ago. This is the second, of course. And after the
14 evidence hearings and the public hearing this week,
15 the parties will submit final briefs in mid-November,
16 and the Commission is expected to issue a written
17 decision on this case in December.

18 As the Judge has indicated, if you have any
19 questions about the case, I'd be happy to discuss it
20 with you after the hearing. And there are other
21 representatives of other parties here, as well, who
22 I'm sure will be glad to talk with you. We will have
23 an opportunity to do that for a short period of time.
24 We are resuming the evidence hearings, but there will
25 be a bit of a break, and I'd be happy to talk to

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1 anybody who'd like in that little time slot.
2 And again, as the Judge has indicated,
3 we'll be calling on members of the public who wish to
4 speak here shortly, including persons on the
5 conference bridge. And Your Honor, at this point I'm
6 ready to call on the members of the public, once
7 they've been sworn in.

8 JUDGE CAILLE: All right. Before I swear
9 you in, I just want to sort of tell you the
10 procedure. When you are called by Mr. ffitch, if
11 you'll just come up to the table next to me and take
12 a seat, and Mr. ffitch will lead you through some
13 questions, and then you will be given an opportunity
14 to make your comments. After you've made your
15 comments, will you please stay seated for just a
16 minute or two, so I can see if anyone -- if any of
17 the Commissioners have questions or other counsel
18 might have questions, and then you'll be excused. So
19 at this --

20 MR. OWENS: Your Honor?

21 JUDGE CAILLE: Yes.

22 MR. OWENS: Doug Owens, for Qwest. Before
23 you do that, I just wanted to make one brief
24 correction. In Counsel's recitation, I don't have
25 any problem with it, accept he indicated that Qwest

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1 had filed testimony indicating it had accepted only
2 some of the Staff's conditions in its recommended
3 alternative. I believe the record shows Qwest would
4 accept all of those conditions.

5 JUDGE CAILLE: All right. Thank you.

6 MR. OWENS: I realize that wasn't
7 intentional on your part.

8 JUDGE CAILLE: Thank you, Mr. Owens. For
9 all of you who will be testifying today, will you
10 please raise your right hand, and I will swear you
11 in. And if you do agree, please say I do at the end
12 of the swearing in.

13 Whereupon,

14 PATRICK FROSTAD, ELAINE KING, MICHAEL PAXHIA,
15 AL BROOKS, MICHAEL MORRISETTE, GARY SMITH,
16 and BOBBI CUSSINS,
17 having been first duly sworn, testified as follows:

18 JUDGE CAILLE: Thank you. Your witnesses
19 are sworn, Mr. ffitch.

20 MR. FFITCH: Thank you, Your Honor. The
21 first witness on this sheet is Gary Smith. And as
22 the Judge has indicated, Mr. Smith, if you could
23 please step up to the front here to the witness
24 microphone.

25 JUDGE CAILLE: And Mr. Smith, if you'll

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1 pull that microphone close to you.
2 MR. SMITH: Thank you.
3 JUDGE CAILLE: Thank you.
4 MR. FFITCH: Mr. Smith, could you give your
5 full name, and then spell your last name for the
6 court reporter?
7 MR. SMITH: My name is Gary Smith,
8 S-m-i-t-h.
9 MR. FFITCH: And what city do you live in?
10 MR. SMITH: I live in Redmond.
11 MR. FFITCH: And are you a Qwest customer?
12 MR. SMITH: My business is a Qwest customer
13 in Bellevue.
14 MR. FFITCH: And tonight are you testifying
15 on your own behalf or on behalf of others?
16 MR. SMITH: I'm testifying on behalf of the
17 Independent Business Association.
18 MR. FFITCH: And could you just state for
19 the record the nature of the Business Association?
20 MR. SMITH: We are an organization, a
21 statewide organization of small businesses.
22 MR. FFITCH: And please go ahead and make
23 your statement.
24 MR. SMITH: Thank you. I'm here to again
25 express our opposition to the proposal by Qwest to

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1 declare the business, local business telephone
2 service as competitive, as we do not believe that
3 there is competition.

4 At the meeting in Vancouver, the Commission
5 asked us if we could provide data specifically from
6 the areas where the proposed classification would
7 apply as to our members' response. The response was,
8 in Spokane, 89 percent opposed; Issaquah, 83 percent
9 opposed; Vancouver, 86 percent opposed; Bellevue, 88
10 percent opposed; Seattle, 84 percent opposed; Renton,
11 83 percent opposed; Auburn, 87 percent opposed; and
12 Kent, 88 percent opposed.

13 The small business owners are very
14 concerned about this proposal, because they do not
15 feel that there is effectively competition. I know
16 that there are people here today and on the bridge
17 line that will be able to give you more specific
18 examples of their experience.

19 In addition to my testimony in Vancouver,
20 I'd like to express our concerns about the proposed
21 alternative that's being suggested by Commission
22 Staff to this proposal. As we understand it, the
23 Staff is recommending, as an alternative, that there
24 be -- that the petition be allowed for lines that are
25 purchased by small businesses with a number of

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1 conditions.

2 It is my understanding, and I'm not an
3 attorney, but you've got sure a lot of them in this
4 room, so it's my understanding that either
5 competition exists and the carrier is granted that,
6 or competition doesn't exist, and the carrier
7 shouldn't be granted. I don't understand that
8 there's a provision in the law that says that you can
9 have a finding of no competition, but you can grant
10 the petition under certain conditions. So I leave
11 that to the Commission, but I think it's an important
12 point.

13 We don't believe, and our members don't
14 believe that there is adequate competition to assure
15 that pricing for local business telephone service can
16 be set based upon competition; that, in fact, the
17 oversight of the Commission on pricing is still
18 necessary to protect their ability to have affordable
19 telephone service.

20 I'd be more than happy to respond to any
21 questions.

22 JUDGE CAILLE: Any questions?

23 CHAIRWOMAN SHOWALTER: No. Any questions?

24 COMMISSIONER HEMSTAD: In your survey, I
25 would assume that your members opposed would be

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1 strongly incented to respond. Do you have any
2 concern about the sort of self-selecting nature of
3 the response?

4 MR. SMITH: Commissioner, I'll have to tell
5 you that this has not been the easiest thing to
6 explain to them. They don't understand exactly what
7 local business telephone service is. We've gotten it
8 down to explaining that it's your dial tone. Now
9 they start to understand it when we say that. It's
10 something sort of brand new to them.

11 This survey, I would not say is scientific,
12 by any means. People that responded to the survey
13 did it on their own volition. It was not a blind
14 survey, if you will. But I think people that are on
15 the bridge and the people here will probably explain
16 examples of why these people responded to the survey
17 in the way they did.

18 I'd like to add one more thing, if I could.
19 There is one person that was planning to be on the
20 bridge line today that couldn't be. Somebody is sick
21 in her business and she has to answer the phone, and
22 she apologizes. They have submitted written comments
23 to the Commission. I understand the Commission has
24 gotten quite a number of written comments. I've
25 gotten quite a number of copies, so I would assume

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1 you've gotten quite a number of comments.

2 JUDGE CAILLE: Thank you, Mr. Smith. If
3 you will give any written materials, and that goes
4 for anyone else here, too, to Mr. ffitch, he will be
5 making an exhibit of these comments. So if you could
6 do that, we would appreciate it.

7 CHAIRWOMAN SHOWALTER: I have one question.
8 What was the total number of responses in your
9 survey?

10 MR. SMITH: I'm sorry, I don't have that
11 with me today. I can get it and get it to the
12 Commission.

13 CHAIRWOMAN SHOWALTER: All right.

14 MR. SMITH: Thank you.

15 MR. FFITCH: Next witness, Al Brooks. Mr.
16 Brooks, could you give your full name and spell your
17 last name for the court reporter?

18 MR. BROOKS: My name is Alan Brooks,
19 B-r-o-o-k-s.

20 MR. FFITCH: And what city do you live in,
21 Mr. Brooks?

22 MR. BROOKS: Olympia.

23 MR. FFITCH: And are you a customer of
24 Qwest?

25 MR. BROOKS: Yes, I am.

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1 MR. FFITCH: You receive business service
2 from Qwest?

3 MR. BROOKS: Yes, I do.

4 MR. FFITCH: Is that also in Olympia?

5 MR. BROOKS: Yes.

6 MR. FFITCH: And tonight, or this
7 afternoon, are you testifying on your own behalf, or
8 on behalf of others?

9 MR. BROOKS: I'm testifying on behalf of my
10 own company. I'm an independent communication
11 consultant that represents a variety of business
12 customers.

13 MR. FFITCH: And can you give the name of
14 your company?

15 MR. BROOKS: Independent Communications
16 Consultants.

17 MR. FFITCH: Please go ahead and give your
18 statement.

19 MR. BROOKS: I've submitted written
20 comments already to the Commission Staff. I would
21 say that I support Qwest's request for pricing
22 flexibility. My opinion is that until they're able
23 to compete in the marketplace on an equal basis with
24 all the competitors that are there, we'll not have an
25 opportunity for new innovations and advanced

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1 telecommunications services that most of my clients
2 would like to see.

3 Competition and the ability to get away
4 from just strictly price competition tends to create
5 an atmosphere for better services and obviously
6 innovation. So my written testimony speaks to these
7 issues more precisely. So I thank you folks very
8 much for the opportunity to appear before you today.

9 JUDGE CAILLE: Thank you.

10 CHAIRWOMAN SHOWALTER: Have you made any
11 inquiries of alternative providers for local service?
12 Have you tested the market yourself?

13 MR. BROOKS: Yes, I confront them
14 frequently on behalf of my clients.

15 CHAIRWOMAN SHOWALTER: In other words, that
16 is, you've tried to line up service by competitors to
17 US West?

18 MR. BROOKS: Yes, I've solicited proposals
19 from them frequently. Obviously, my clients are
20 larger customers who tend to have networks, and
21 frequently, the alternative suppliers at this point
22 have difficulty in meeting some of the requirements,
23 because it's not necessary. They can come in and
24 say, I'll price at 10 percent under anything that
25 Qwest quotes you.

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1 And so, based on a price competition, what
2 they're looking for is to be able to serve the
3 headquarters, but many times the branch offices are
4 not either economical or within their sphere of
5 facilities to serve, so what you end up with is a
6 reduced price at the headquarters, but a higher price
7 out at the local -- at some of the branch offices.

8 So it's difficult to measure and it's
9 difficult to deal with, and so my clients just say,
10 Well, until the competition gets to be more equal, I
11 have to stay with a vendor who can provide my total
12 service, because I end up being in jeopardy of
13 getting good service from Qwest if I give the
14 headquarters office to somebody else and continue to
15 have these other services with them. And that
16 generates maintenance issues and a number of other
17 management issues for these clients who have larger
18 networks, so --

19 CHAIRWOMAN SHOWALTER: So how do you see it
20 affecting that dynamic that you just described if we
21 classify Qwest business services as competitive?

22 MR. BROOKS: If you do that, if you
23 classify them as competitive, this diminishes the
24 price issue, and all of a sudden it demands everybody
25 be able to provide good service on a broader scale.

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1 That service and innovation then become the primary
2 factors, not price.

3 In the larger customers, I've seen some of
4 them pay considerably more for services just because
5 they want to be able to manage it, they want to be
6 able to trust what they're buying, and so price is an
7 issue, but it needs to be diminished.

8 CHAIRWOMAN SHOWALTER: And are your clients
9 in the areas that are under consideration, that is,
10 Seattle, Bellevue, Spokane, et cetera? I don't know
11 if you were familiar with the exact locations.

12 MR. BROOKS: Yes. I have clients there,
13 yes.

14 CHAIRWOMAN SHOWALTER: Have you been
15 solicited by competitors who just called you up to
16 see if they can serve you or your clients?

17 MR. BROOKS: Every week.

18 CHAIRWOMAN SHOWALTER: For local service?

19 MR. BROOKS: You mean for my personal
20 service?

21 CHAIRWOMAN SHOWALTER: Either your personal
22 service or for your clients?

23 MR. BROOKS: Yes, when people know that I'm
24 working with a client, they call me and try to either
25 get their services specified or at least considered

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1 when changes are being made with those clients.

2 CHAIRWOMAN SHOWALTER: And does your answer
3 relate to local business service, as opposed to long
4 distance?

5 MR. BROOKS: Oh, yes, yes, that's what I'm
6 talking about. I'm not talking necessarily about
7 long distance, but necessarily, if I understand the
8 petition here, it's also for inter-city,
9 point-to-point services that we're talking about, or
10 at least local point-to-point services that are
11 involved in network type configurations.

12 CHAIRWOMAN SHOWALTER: Thank you.

13 MR. BROOKS: Thank you.

14 COMMISSIONER HEMSTAD: You say you
15 represent larger customers. Can you give us some
16 idea of what you mean by that? For example, I assume
17 the very large customers do their own analysis, so
18 what size of the market --

19 MR. BROOKS: People in the medical,
20 hospitals, medical -- large medical clinics,
21 nationwide trucking company.

22 COMMISSIONER HEMSTAD: Would that be the --
23 well, as defined in this proceeding, would that be
24 still the small customer market, or are you in the
25 DS1 and larger?

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1 MR. BROOKS: Well, these customers are also
2 small service customers, because of their branch
3 offices, so -- but many of them would be considered
4 large customers, yes.

5 COMMISSIONER HEMSTAD: You just heard Gary
6 Smith's statement. I assume that your clients tend
7 to be larger customers than his in the Independent
8 Business Association?

9 MR. BROOKS: I would -- I don't know. I
10 don't know what the membership is of their
11 association.

12 COMMISSIONER HEMSTAD: Or do you have any
13 comment about the contrast in his survey and your
14 views?

15 MR. BROOKS: I'm sorry, I didn't hear you.

16 COMMISSIONER HEMSTAD: I said did you have
17 any comment to make on the contrast in his testimony
18 and the survey that he was describing of very large
19 numbers opposing your views?

20 MR. BROOKS: Well, I believe his comments
21 relative to the understanding of what we're talking
22 about here by smaller customers in smaller businesses
23 are relevant, because they tend not to have the
24 sophistication in the telecommunications world, and
25 what they know is they pick up the telephone and they

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1 get dial tone. If you describe this proceeding as
2 dial tone, I fear that that really doesn't -- doesn't
3 really clarify the issue to what the state-of-the-art
4 or the innovation comes about.

5 If you look at it as purely dial tone,
6 you're right back to the price issue. I can sell you
7 this flat rate business line at 10 percent less than
8 Qwest can. And what that tends to do is just say I'm
9 going to take what you have today and just take the
10 Qwest wires off, or probably not take Qwest wires
11 off, I'm just going to re-price them so you have a 10
12 percent less bill. That doesn't speak to that
13 customer's unique requirements of what he really
14 needs to manage his business, nor does it speak to
15 innovation and the types of network services that we
16 might see coming along that will help business
17 operate more economically and serve their customers
18 better.

19 COMMISSIONER HEMSTAD: The Staff is
20 recommending that we approve the Qwest petition with
21 respect to Seattle, Bellevue, Vancouver and Spokane,
22 and not as to the others. But then, alternatively,
23 to more approve it to the so-called, in this
24 proceeding, smaller customers with conditions. Are
25 you aware of those conditions?

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1 MR. BROOKS: I've seen some of the
2 percentages, I guess, of competition, as opposed to
3 the number of customers that Qwest have. And it
4 appears to me, at least in the larger communities,
5 that the competition is there to an extent to make it
6 worthwhile to grant that petition.

7 COMMISSIONER HEMSTAD: With regard to all
8 of the exchanges, including those where the Staff is
9 not recommending?

10 MR. BROOKS: I'm sorry.

11 COMMISSIONER HEMSTAD: It gets a bit
12 confusing. The Staff is recommending approval with
13 regard to DS1 and larger in Seattle, Bellevue,
14 Spokane and Vancouver, but not with respect to the
15 others. Is it your view that that limitation is
16 undesirable?

17 MR. BROOKS: I see it as kind of a half a
18 loaf, that if you're looking at a customer's unique
19 requirements and what they need to manage their
20 business and serve their customers, you have to look
21 at the whole range of services, not just DS1s or DS3s
22 or some other unique service. You need to look at it
23 from the standpoint of what tools do I have to design
24 this system so my client has a workable, efficient
25 network that not only serves his clients, but allows

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1 him to reduce his labor cost for serving those
2 clients and keep his costs down and be able for him
3 to be competitive in the marketplace.

4 COMMISSIONER HEMSTAD: And I take it, then,
5 your conclusion is that Qwest would not be able to
6 exercise market power in at least some of these
7 areas?

8 MR. BROOKS: No. The marketing -- when you
9 have people who are coming after the business in a
10 competitive environment, people are going to respond
11 to them when they have the services you need and are
12 able to design what you need to run your business. I
13 guess I kind of keep coming back to that point, I'm
14 sorry, but it -- I guess what I'm bothered about is
15 the price issue, particularly because I see the
16 requirement for telecommunications in a business as
17 being more complex than that.

18 It has to be their -- you have to have this
19 whole range of tools of DSIs, flat rate business
20 lines, PBX-type digital trunks for your PBX, and all
21 of these things so you can provide the kinds of
22 services that company needs in order to operate, and
23 price is -- cannot always be that consideration in
24 there.

25 COMMISSIONER HEMSTAD: Thank you.

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1 MR. BROOKS: So I'm sorry, I'm probably not
2 explaining that as well as I --

3 COMMISSIONER HEMSTAD: No, you're doing
4 very well.

5 CHAIRWOMAN SHOWALTER: I have a couple more
6 questions. One is, are you familiar with our order
7 last December in which we competitively classified
8 certain high-end services in Seattle, Bellevue and
9 Spokane? If you're not, that's fine.

10 MR. BROOKS: No, I guess I'm really not.

11 CHAIRWOMAN SHOWALTER: I was just going to
12 ask you, if you had, if you had any observations
13 about the effects of that order, but that's all
14 right.

15 MR. BROOKS: No.

16 CHAIRWOMAN SHOWALTER: Also, what is your
17 background prior to your current role as a
18 consultant?

19 MR. BROOKS: Well, I have about 35 years in
20 the telecommunications business. I started so long
21 ago I don't even want to tell you the name of the
22 company.

23 CHAIRWOMAN SHOWALTER: Well, what was the
24 name of the company?

25 MR. BROOKS: Pacific Telephone and

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1 Telegraph that served Oregon and Washington in those
2 days.

3 CHAIRWOMAN SHOWALTER: Is that the
4 forerunner of US West and Qwest?

5 MR. BROOKS: It was the forerunner of
6 Pacific Northwest Bell. And I retired from AT&T
7 headquarters Staff in New Jersey.

8 CHAIRWOMAN SHOWALTER: Thank you.

9 MR. FFITCH: I'm sorry, I just had another
10 follow-up question, Mr. Brooks. You had mentioned
11 several times the sort of diminishing importance of
12 price issues if the classification is granted, and I
13 just wanted to pursue that a little bit. You
14 understand that the grant would permit US West to
15 raise price for these services that are at issue here
16 without Commission approval. Do you understand that?

17 MR. BROOKS: Yes, I do.

18 MR. FFITCH: And I wanted to ask you, you
19 know, what's your opinion about that? Is that a
20 cause of concern for you? How do you factor that in
21 in evaluating this proposal?

22 MR. BROOKS: Well, if we're dealing in a
23 competitive environment with people who are able to
24 provide innovative services and do a complete job for
25 their customer, that price will not get out of line

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1 compared to the other competitors.

2 MR. FFITCH: Okay. Thank you. I'm going
3 to, Your Honor, now go to the bridge line, we still
4 have people on there. Pat Frostad, are you still
5 there?

6 MR. FROSTAD: Yes, I am.

7 MR. FFITCH: Mr. Frostad, I'm going to call
8 on you at this point to speak. And first, I'll just
9 ask you to state your name and spell it again for the
10 reporter. I know you've done this once, so you're in
11 practice.

12 MR. FROSTAD: No problem. My name is
13 Patrick Frostad, F-r-o-s-t-a-d, and I'm representing
14 myself and Motors and Controls Corporation in Kent
15 and Olympia, Washington.

16 MR. FFITCH: I'm sorry, I spoke over you
17 there. Could you restate the name of the business
18 and the locations, please?

19 MR. FROSTAD: Motors and Controls
20 Corporation, and we have a store in Kent, Washington,
21 and we have a store in Olympia, Washington.

22 MR. FFITCH: Okay, thank you. And please
23 go ahead and make your statement, and please try to
24 perhaps put your phone as close as possible to your
25 mouth. You're not very loud here in the hearing room

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1 in Olympia.

2 MR. FROSTAD: I can understand, because I'm
3 getting the same kind of stuff from you. It's quite
4 quiet here. I've got ten active lines here with
5 Qwest and I have seven open lines in Olympia. And as
6 far as competition, we've been in business 23 years,
7 and I have yet to have anybody on a local basis call
8 and request a competitive quote or a competitive
9 quote on -- if you want to call it the dial tone or
10 my line service locally. The same thing's true in my
11 Olympia facility. I find no competition in this
12 area, period.

13 Now, again, I'm a small user, like I've got
14 just 10 trunk lines, but I think that's probably
15 fairly indicative of most small businesses. I've got
16 23 employees, been in business 23 years, and I feel
17 if you guys take away the competitiveness or, say,
18 release Qwest to do as they feel or wants to in their
19 pricing, I have a feeling that they will price us out
20 of the marketplace, and I do need my lines.

21 MR. FFITCH: Thank you, Mr. Frostad. If
22 that completes your statement, I'll see if there are
23 any questions?

24 MR. FROSTAD: That pretty much does, yes.

25 CHAIRWOMAN SHOWALTER: This is Chairwoman

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1 Showalter. What is your zip code in Kent?

2 MR. FROSTAD: 98032.

3 CHAIRWOMAN SHOWALTER: And you said that no
4 one has called you and solicited your business as a
5 -- no competitor has called you. Have you made your
6 own attempts to see if you can find competitive
7 service?

8 MR. FROSTAD: I have not, because I didn't
9 even know there was anybody really out there. I'm
10 reading the paper stuff here, but I actually haven't
11 gone out. I'm fairly happy with my trunk service. I
12 think Qwest has done a fairly good job there. I just
13 would like them to stay competitive, and without
14 somebody overseeing them, I have a feeling that they
15 may not be too competitive.

16 CHAIRWOMAN SHOWALTER: Thank you.

17 MR. FFITCH: Thank you, Mr. Frostad.

18 MR. FROSTAD: Okay.

19 MR. FFITCH: We'll go now to the other
20 person on the line. Elaine King, are you still
21 listening in?

22 MS. KING: Yes.

23 MR. FFITCH: Ms. King, could you please
24 state your full name and spell your last name for the
25 court reporter?

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1 MS. KING: My name is Elaine King, K-i-n-g.
2 MR. FFITCH: And Ms. King, where do you
3 reside?
4 MS. KING: In Seattle.
5 MR. FFITCH: And are you a Qwest customer?
6 MS. KING: Yes, both personally and my
7 business.
8 MR. FFITCH: And is your business also
9 located in Seattle?
10 MS. KING: Yes.
11 MR. FFITCH: And can you state the name of
12 your business?
13 MS. KING: It is Form Factor, Incorporated.
14 MR. FFITCH: I'm sorry, could you repeat
15 that?
16 MS. KING: Form Factor, Incorporated.
17 MR. FFITCH: Thank you. And can you just
18 briefly tell us the nature of that business?
19 MS. KING: It's manufacturing.
20 MR. FFITCH: And you may go ahead and make
21 your statement.
22 MS. KING: Okay. Form factor is a
23 manufacturing business, and we've been in the same
24 location in Seattle for almost 82 years. During all
25 of the times up until today, I was utterly unaware

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1 that there was such a thing as competition for local
2 phone lines. I would not know who to call, nor has
3 anyone ever called or ever contacted me by mail or
4 telephone. We are a very, very small business. We
5 have no phone system, no phone network, and no
6 telecommunications departments, and frankly, no need
7 for any. We make things with machines, not with
8 telephones.

9 What I can hear, listening to this hearing
10 so far, is that such small usage would indeed
11 encourage awfully high prices from Qwest or from any
12 of the providers. We have a total of two lines, and
13 that seems to be enough. And that's all I can
14 testify to.

15 MR. FFITCH: Thank you, Ms. King. And we
16 don't have any additional questions. For those of
17 you on the bridge line, you are free to continue to
18 listen, if you would like. I would ask you to, if
19 possible, just remain quiet or use a mute button, if
20 you have one. You're welcome to continue to listen
21 to the hearing. Now, the next witness, I'll call on
22 Bobbi Cussins.

23 MR. FFITCH: Good afternoon. If you could
24 please state your full name and spell your last name
25 for the court reporter?

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1 MS. CUSSINS: My name is Bobbi Cussins,
2 spelled C-u-s-s-i-n-s.

3 MR. FFITCH: Thank you. And what city do
4 you live in, Ms. Cussins?

5 MS. CUSSINS: I live in Rochester.

6 MR. FFITCH: And are you appearing on your
7 own behalf today or on behalf of others?

8 MS. CUSSINS: I'm here on behalf of Carolyn
9 Lowe with the National Federation of Independent
10 Business.

11 MR. FFITCH: Thank you. You may make your
12 statement at this time.

13 MS. CUSSINS: Okay. Carolyn asked me to
14 read just a few statements from a letter that we sent
15 on October the 11th to the Commission. Our members
16 are generally in support of the concept of
17 competition for local phone service, but we're
18 concerned that competition does not exist for small
19 business at this time in these areas.

20 Without competition being available now,
21 many small business owners may find themselves faced
22 with an unregulated monopoly phone service provider
23 with no options for rate service, rate of service or
24 shopping.

25 Currently, most competition for local phone

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1 service is being directed toward larger consumers,
2 customers with greater purchasing power, and the
3 ability to demand lower rates. Unless similar
4 competition exists for small business, as well, there
5 is nothing to stop a local phone service provider,
6 such as Qwest, from reducing rates for these larger
7 customers in order to keep the business and then
8 raising rates for smaller businesses to make up the
9 cost difference.

10 Without the ability to change providers if
11 rates go up, small businesses are left with virtually
12 no cost protections and certainly will not have the
13 inherent protection that competition provides. We
14 urge the Commission to hold off on approving this
15 request until there's greater assurances that
16 competition exists for small business customers.
17 That's it.

18 JUDGE CAILLE: Thank you.

19 MS. CUSSINS: Thank you very much.

20 MR. FFITCH: Thank you, Ms. Cussins. I
21 understand that that letter has been submitted. If
22 you'd like to give me a copy, you can, if you'd like.

23 MS. CUSSINS: Sure. We can e-mail you one
24 that's a cleaner copy, or would you like this one?

25 MR. FFITCH: Well, you've indicated it's

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1 been sent to the Commission.
2 MS. CUSSINS: It has.
3 MR. FFITCH: And I will be putting those
4 together for submission into the record, so I'll get
5 the copy that's been sent. Thanks.
6 MS. CUSSINS: Great.
7 MR. FFITCH: Michael Morrisette. And Mr.
8 Morrisette, good afternoon. Could you state your
9 full name and spell your last name for the reporter,
10 please?
11 MR. MORRISETTE: My name is Michael P.
12 Morrisette. Last name is spelled
13 M-o-r-r-i-s-e-t-t-e.
14 MR. FFITCH: And what city do you live in?
15 MR. MORRISETTE: Auburn, Washington.
16 MR. FFITCH: And are you a customer of
17 Qwest?
18 MR. MORRISETTE: I am.
19 MR. FFITCH: Do you receive business
20 service from Qwest?
21 MR. MORRISETTE: Yes.
22 MR. FFITCH: And are you testifying on your
23 own behalf or on behalf of others?
24 MR. MORRISETTE: Testifying on behalf of my
25 board of directors at the Chamber of Commerce.

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1 MR. FFITCH: So that's with the Auburn Area
2 Chamber of Commerce?

3 MR. MORRISETTE: Auburn Area Chamber, yes.

4 MR. FFITCH: So please go ahead and make
5 your statement.

6 MR. MORRISETTE: Thank you. The Auburn
7 Area Chamber has currently about 725 businesses that
8 belong to our Chamber, a pretty diverse group, both
9 big and small. I'd say overall average, though,
10 would be that about 80 percent of our members
11 probably have 10 or 15 employees or less, so we don't
12 represent a lot of large businesses.

13 We're here to support the proposed Qwest
14 petition for the pricing flexibility. Generally
15 speaking, our board and our organization believes
16 that competitive classification of Qwest's business
17 products would, in the end, produce a marketplace
18 where all the competitors will have added incentives
19 to provide us with innovative and creative, new and
20 better services with the advanced features, and I
21 stress the word advanced features and options that we
22 feel that we need to be competitive as the Auburn
23 community, within the larger region.

24 I was interested in the comments earlier
25 from the gentleman that preceded the last person to

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1 testify, that when he was trying to explain the
2 concept of pricing versus other competitive
3 components.

4 As business people ourselves and in talking
5 among ourselves and our organization that we've been
6 talking about a time when pricing alone might not or
7 may no longer be the sole basis of competition.
8 Instead, we can see a time when all carriers,
9 including Qwest, will have to compete for our
10 business based on the service and the quality of that
11 service and their ability to deliver innovative new
12 products and services. So ours is a issue of having
13 the advanced services to be competitive with other
14 parts of the state, and/or, as a state, with other
15 states on the West Coast here.

16 We do have competing exchange services in
17 my community. Southern Bell, or SBC, recently joined
18 my organization about three, three and a half months
19 ago, and talked to us about delivery of exchange
20 services.

21 We also have AT&T Cable Services, and
22 they've been pretty aggressive in selling or
23 marketing their DSL services. In fact, our Chamber
24 had to look at a number of offerings before we went
25 to choose a DSL service.

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1 We also have Sprint PCS Wireless in our
2 community. It has been pretty aggressive. We have
3 had McLeod USA stop by and talk to us, but they
4 didn't join, and we didn't find out much more from
5 them about what their services are.

6 So overall, we're here to support the Qwest
7 petition for the pricing flexibility. Thank you.

8 CHAIRWOMAN SHOWALTER: I just wanted to
9 clarify, I heard you mention various competitors to
10 Qwest as either members of the Chamber or possibly
11 providers to you as a business. And on the latter
12 question, it sounds as if you, at some point,
13 considered what your own options were for your own
14 business phones --

15 MR. MORRISETTE: Yes.

16 CHAIRWOMAN SHOWALTER: -- or
17 telecommunications service.

18 MR. MORRISETTE: Well, we always are being
19 approached by different telecommunications companies,
20 because we are a chamber, and obviously if we elect
21 to choose a service company for the chamber, there's
22 sort of an implied endorsement there, even though we
23 have a very strict policy about that.

24 But one -- the most recent opportunity we
25 had to upgrade, I guess -- we already have a phone

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1 service, of course, and as I stated, US West is our
2 local exchange -- was the DSL issue. And so we
3 wanted to look at a couple options there, and we did.

4 CHAIRWOMAN SHOWALTER: So how many options
5 did you have when considering DSL?

6 MR. MORRISETTE: On DSL, I think I had
7 three.

8 CHAIRWOMAN SHOWALTER: Are there any other
9 services that you have considered in a competitive
10 sense?

11 MR. MORRISETTE: Again, for those companies
12 that are providing the local exchange services, the
13 three that I mentioned are the only ones that I found
14 in my membership directory. I haven't gone to the
15 phone book and looked to see if there were other
16 companies in my community; I just looked at our own
17 business directory for that, and I only found three,
18 of which -- that I mentioned.

19 CHAIRWOMAN SHOWALTER: So did you call them
20 to see what they could do for you or did you limit
21 your research to looking in the phone book?

22 MR. MORRISETTE: We have what we call Tech.
23 Initiative Committee that handles this for the board
24 of directors, and we asked them to go out and look at
25 as many options that they could. And these are the

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1 ones that they came back with.

2 CHAIRWOMAN SHOWALTER: All right. Thanks.

3 COMMISSIONER HEMSTAD: I realize that this
4 case is relatively complicated to explain and
5 understand. Are you aware of the position of the
6 Staff in this proceeding?

7 MR. MORRISETTE: Yes, I got the -- I get
8 most of your communications. I have testified before
9 the Commission, so I do get your notices and so
10 forth. I got this one and took it to my leadership,
11 and they -- that's partly why we're here, because
12 we're Auburn, and we're one that has not been
13 recommended for this, so we thought we ought to come
14 down.

15 COMMISSIONER HEMSTAD: Okay. I want to
16 understand. The Staff is recommending that, at least
17 with high-end services, that Auburn not be included.

18 MR. MORRISETTE: Yes.

19 COMMISSIONER HEMSTAD: Apparently you
20 disagree with that?

21 MR. MORRISETTE: Yes.

22 COMMISSIONER HEMSTAD: Do you deal with the
23 issue of high-end services or -- either with your own
24 or with your general makeup of your membership. I
25 assume they would -- and in this proceeding, would be

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1 smaller business customers.

2 MR. MORRISETTE: I'm not sure what you mean
3 by high-end services. That's a new term for me.

4 COMMISSIONER HEMSTAD: DS1 or higher
5 standard.

6 MR. MORRISETTE: Again, I'm not sure what
7 DS1 stands for. If you're asking for a profile of
8 our membership, we're -- I would have to characterize
9 us as being mostly small business.

10 COMMISSIONER HEMSTAD: Okay. Then the
11 second part of the Staff recommendation is an option
12 that we would classify the smaller business services
13 as competitive, with conditions -- one of those
14 conditions -- therefore, one of them would be that
15 the company could not raise its prices. What is your
16 view on that?

17 MR. MORRISETTE: I don't know if that
18 really serves the competitive environment. We're
19 aware that that's a possibility. Certainly, if this
20 petition was granted for our particular -- well, for
21 all the communities that were listed, we're not too
22 concerned about that.

23 We feel that the whole principle of
24 competition is based on more than just price, and
25 that if you go to market-based pricing, that will

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1 leave it out. If you have somebody with a fixed
2 price, and this is just my personal thinking now, I'm
3 beyond my statement that I brought down here for the
4 chamber, is that if you have a fixed price at, say,
5 \$10, then what's the incentive for the competitor to
6 go much below that.

7 And there's the whole issue of bundling,
8 being able to bundle services and provide different
9 packages and so forth that particularly fit a size of
10 business or a type of business, and we'd really like
11 to see that.

12 COMMISSIONER HEMSTAD: So I take it your
13 view is that there is currently effective competition
14 in the Auburn community sufficient so that Qwest
15 would not be able to raise its prices for any
16 significant period of time?

17 MR. MORRISETTE: I believe that there'd be
18 enough pressure from the competitors for this
19 particular business market that US West would be
20 foolish to raise their prices.

21 COMMISSIONER HEMSTAD: Do you have any
22 comment -- I'm struck by the -- we have comments here
23 today from the Independent Business Association and
24 from the National Federation of Independent
25 Businesses, both of which organizations, for the most

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1 part, represent smaller business customers or
2 business interests, and I take it there would be a
3 substantial overlap between the membership of those
4 organizations or the kind of members of those
5 organizations and the make of your chamber. Do you
6 have any comment on the contrasting position of the
7 chamber and those organizations?

8 MR. MORRISSETTE: Well, yeah, I can't speak
9 for the other regions within the state, and I don't
10 know how many small business people were involved in
11 that survey that came specifically from what we
12 define as our market area in south King County, and I
13 would like to see those, but I can't really speak to
14 that.

15 JUDGE CAILLE: All right.

16 MR. FFITCH: Thank you, Mr. Morrisette.

17 MR. MORRISSETTE: Thank you.

18 MR. FFITCH: Michael Paxhia, if I
19 pronounced that right. Good afternoon. Could you
20 state your full name and spell your last name for the
21 reporter, please?

22 MR. PAXHIA: Michael Paxhia, P-a-x-h-i-a.

23 MR. FFITCH: And where do you live, Mr.

24 Paxhia?

25 MR. PAXHIA: I live in Renton, Washington.

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1 MR. FFITCH: And are you a customer of
2 Qwest?
3 MR. PAXHIA: Yes, I am.
4 MR. FFITCH: And do you receive business
5 service from Qwest?
6 MR. PAXHIA: Yes, I do.
7 MR. FFITCH: Is your business also in
8 Renton, Washington?
9 MR. PAXHIA: Yes, it is.
10 MR. FFITCH: What is your business?
11 MR. PAXHIA: Merchant Services, USA.
12 MR. FFITCH: Could you briefly describe the
13 type of business that is?
14 MR. PAXHIA: We're a merchant service
15 provider.
16 MR. FFITCH: I apologize. I'm not sure
17 what that means.
18 MR. PAXHIA: We provide credit card
19 processing, business loans, commercial loans.
20 MR. FFITCH: Thank you. You may make your
21 statement.
22 MR. PAXHIA: Great. I'm a service provider
23 and I opened my company at the first of the year, and
24 when we looked into getting our phone service, my
25 first phone call was to Qwest/US West, at the first

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1 of the year, and I ordered two lines. One was a fax
2 line, one was the business line.

3 From the get-go, I had problems and -- with
4 the lines, which caused me to -- and it even started
5 with the long distance, I shopped my long distance,
6 and I found an effective rate with my long distance,
7 but still, even, I went a bit further, you know. I
8 thought the only place I could go for my dial tone
9 was Qwest.

10 And I started calling for phone systems and
11 just started, you know, looking in the phone book,
12 learning that there was a lot of companies that offer
13 phone services. But what I found out is that they
14 don't offer them for smaller businesses. You had to
15 have 10 lines or more, 16 lines or more, or something
16 to that degree. I mean, I did find a company,
17 American Telephone, that did say, Oh, yeah, we can do
18 that for you. Great, great, so welcome. They came
19 to my office and they showed me everything they had.
20 It was a little bit less money. I'm still waiting
21 for them to hook it up. Okay.

22 So I moved my business from my home to
23 downtown Renton and I added extra lines to my phone
24 service and stuff, and they couldn't -- the phone
25 company, American Telephone, still couldn't do

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1 anything at that point in time. They said, No, you
2 have to, you know, call up Qwest, get your phones
3 moved and do all that, so I did that. So I called up
4 Qwest, I added my new lines, so now I've got three
5 lines.

6 And I called up another company out of the
7 phone book. I've called almost every place in the
8 phone book, I mean, in our local phone book, anyways,
9 in the Seattle directory, trying to find somebody
10 that could compete with US West, because US West was
11 messing up my phone so bad that I wanted to find
12 somebody else that could help me.

13 I mean, when I came into my office on a
14 Monday, which I'm a service-orientated business, and
15 my phone lines are shut off, that's something that
16 can put me out of business. I mean, it was my duty
17 to try to find somebody else. So I found a company
18 called Eschelon, okay. They said that they could
19 hook up my phone lines, okay. And at that point in
20 time, I don't know if price was really an issue; it
21 was just service was an issue for me. And this was
22 August 1st, around there. I'm still waiting for them
23 to hook my lines up, okay.

24 I finally had to order another line, so now
25 I have four lines. I just had that put in on

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1 Thursday from Qwest, because nobody else could put
2 the line in. And as far as competition out there is,
3 as far as I know, Qwest has no competition, because I
4 can't find it. I cannot find the competition.

5 CHAIRWOMAN SHOWALTER: Is that it?

6 MR. PAXHIA: That's it so far. I'll let
7 you know if I can find it, though.

8 CHAIRWOMAN SHOWALTER: With regard to
9 Eschelon and American Telephone, you said you're
10 still waiting for them to hook it up. Did you place
11 an order with them?

12 MR. PAXHIA: I have placed an order with
13 them, and every time I've called because I needed to
14 have lines, you know, my business is growing, and
15 it's growing, you know, fairly rapidly, too, and they
16 just tell me they can't do it right now. I mean, you
17 know, so I've called other people out of the phone
18 book, even currently. Recently, I've called people
19 out of the phone book, and they may only handle, you
20 know, larger companies, as far as the competition
21 that I've seen so far. Well, maybe some day I'll get
22 to that point, but right now I'm a small business,
23 okay. I know my phone bill's pretty horrendous right
24 now, too, but it's -- you know, that's just a matter
25 of -- you know, the service was what I was concerned

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1 with at the time, and I couldn't find any competition
2 out there. I mean, it was unavailable, at least for,
3 you know, for my business it was.

4 CHAIRWOMAN SHOWALTER: These are for
5 regular basic business phone lines?

6 MR. PAXHIA: Four regular basic phone
7 lines, you know. I added call routing -- or not call
8 routing, but, you know, where if one rings, you know,
9 through all that, but, yeah, it's real simple. My
10 DSL is through Qwest, which acts as a fax line, too.
11 And that, I didn't have -- you know, actually, I did
12 shop that, too, the DSL. I went to a couple
13 different vendors on that, too, and DSL said they
14 were the quickest, at first, to get it hooked up and
15 all that. The other ones were a couple months out.

16 And Qwest said, Oh, yeah, we can get you
17 done right away, and it didn't turn out to happen for
18 another two months. We just recently got our DSL
19 line in. So I mean, it was kind of telling me they
20 could do it and then it didn't happen. So you know,
21 it's just a matter of -- you know, the competition
22 was out there for DSL, but I don't know, maybe they
23 were in the same position as Qwest, as far as that
24 goes. I don't know. All I know is finding the lines
25 itself, there was no competition out there.

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1 And I consider myself somebody that's
2 pretty diligent on -- you know, I shop my long
3 distance, I shop my health insurance for our office,
4 you know, I shopped -- you know, all that, you know,
5 when we went out there and stuff, and I couldn't find
6 it.

7 CHAIRWOMAN SHOWALTER: How did you find out
8 about this proceeding?

9 MR. PAXHIA: Through the IBA, and it was
10 kind of funny that --

11 CHAIRWOMAN SHOWALTER: What is the IBA?

12 MR. PAXHIA: Independent Business
13 Association, you know. I read an article in the
14 newsletter.

15 CHAIRWOMAN SHOWALTER: Thank you.

16 COMMISSIONER HEMSTAD: When you say -- I
17 guess it was Eschelon, but it would be the other
18 company, too, apparently said they would, but then
19 didn't, do you have a sense that they couldn't or
20 they had other priorities, you just weren't big
21 enough, or what's your sense of why they didn't
22 respond?

23 MR. PAXHIA: My sense was that they
24 couldn't, okay. That was my sense. And then maybe
25 priority. I don't know. I really don't know. All I

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1 know is that it still hasn't happened, so I'm
2 currently in limbo with whatever they are, and I'm
3 currently still with Qwest.

4 MR. FFITCH: Thank you, Mr. Paxhia. Those
5 are all the names I have on the sign-up sheet. Let
6 me ask if there's any additional speakers who have
7 signed on to the conference bridge. Are there any
8 additional people listening on the conference bridge
9 who would like to speak? Is there anyone else in the
10 hearing room who came in late, who did not sign up,
11 but who now wishes to speak at the public hearing?

12 Your Honor, that appears to complete the
13 public testimony. I'll just say to members of the
14 public, as a reminder, again, there is an informal
15 informational handout in the back, and the Commission
16 does accept written comments. Those will be made a
17 part of the record in the case. And again,
18 representatives of the various parties are around
19 after the hearing, at least briefly, before we resume
20 with the expert witnesses, to talk with you.

21 JUDGE CAILLE: I'd just like to thank
22 everyone who has participated today and for your
23 interest, and if you would like to hear more about
24 this proceeding and follow it, if you'll give your
25 name and relevant information to Ms. Hansen at the

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1 back of the room or use the number that -- for those
2 of you on the bridge line, use the number that I gave
3 you earlier to call in and give that information. If
4 you'll just identify the Docket Number UT-000883,
5 your name will be placed on the appropriate list.

6 Is there anything further to come before
7 the Commission at this time? Then this public
8 meeting is adjourned. Thank you.

9 (Proceedings adjourned at 2:45 p.m.)

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