

Agenda Date: September 12, 2001
Item Number: 2G

Docket: UT-990043
Company Name: Qwest Corporation

Staff: Bob Johnston, Compliance Specialist
Vicki Elliott, Assistant Director, Consumer Affairs
John Cupp, Consumer Program Specialist

Recommendation:

Issue a Complaint against Qwest Corporation. Accept the proposed Settlement Agreement to resolve the Complaint.

Discussion:

The proposed Complaint and Settlement Agreement in this matter comes from a staff investigation into the operator services practices of Qwest Corporation (Qwest). The investigation was initiated by the Commission through its Order in UT-990043 dated September 27, 2000. Within this Order, which granted a temporary waiver of the verbal disclosure requirements of WAC 480-120-141(2)(b), the Commission directed Staff to investigate the operator services practices of Qwest after December 1, 2000.

Staff began its investigation in January 2001, by requesting a list of pay phone locations from Qwest. On January 30 and 31, 2001, Staff conducted test calls from fifty-seven pay phones where Qwest is the operator services provider. During the ensuing investigation, Staff found that Qwest did not meet the requirements for verbal disclosure of rates as contained in WAC 480-120-141(2)(b). RCW 80.36.520 directs the Commission to adopt rules to assure appropriate disclosure to consumers of the rates, charges, and fees for services provided by an operator services provider. The Commission adopted such rules in WAC 480-120-141(2) on December 29, 1998. During its investigation, Staff found thirty-five instances where the operators did not properly offer a rate quote to pay phone consumers.

In June 2001, Staff notified Qwest of its findings and invited the company to enter into discussions to resolve these issues. Over the next two months, Commission Staff and Qwest shared information and discussed a possible resolution. These discussions resulted in the proposed Settlement Agreement presented today.

Briefly, in the Agreement, Qwest has admitted to violation of Commission rules and has agreed to pay the Commission \$30,000 for such violations, with an additional \$10,300 in penalties suspended, pending no evidence of violations of WAC 480-120-141(2)(b) for six months. In addition, Qwest has agreed to immediate and continued compliance with all state laws and rules.

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Recommendation

Staff recommends the Commission issue a Complaint against Qwest Corporation, and accept the proposed Settlement Agreement to resolve the Complaint.

Attachments

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)	
TRANSPORTATION COMMISSION,)	DOCKET NO. UT-990043
)	
Complainant,)	
)	
v.)	SETTLEMENT AGREEMENT
)	
QWEST CORPORATION)	
)	
Respondent.)	
.....)	

Qwest Corporation (Qwest) and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, “the Parties”) have reached agreement on certain issues raised by the Complaint and wish to present their agreement on these issues for the Commission’s consideration. The Parties therefore adopt the following Agreement. The Parties enter into this Agreement voluntarily to resolve the matters in dispute between them and to expedite the orderly disposition of this matter.

AGREEMENT

Now, therefore, the Parties hereby agree as follows:

I. RESOLUTION OF ISSUES RAISED IN THE COMPLAINT

A. Scope of Agreement

Staff and Qwest agree that the terms of this Agreement resolve, between them, all contested issues in this proceeding before the Commission. Nothing in this Agreement shall be construed to limit or bar any other entity from pursuing available legal remedies against Qwest or to limit or bar Qwest from asserting any defenses to such claims. This Agreement resolves all issues raised by the Complaint and except as specifically set forth herein, nothing in this Agreement shall be cited or construed as precedent or as indicative of the parties’ positions on

any of the issues resolved. This limitation shall not apply to any proceeding to enforce the terms of this Agreement or any Commission Order fully adopting this Agreement.

B. Support of Agreement

Qwest and Staff shall cooperate in submitting this Agreement promptly to the Commission for consideration, and shall support adoption of this Agreement in proceedings before the Commission, through testimony or briefing, as resolution of the issues included in the Complaint. No party to this Agreement or its agents, employees, consultants or attorneys will engage in any advocacy contrary to the Commission's adoption of this Agreement in resolution of the issues included in the Complaint. Qwest and Staff shall make available a witness or witnesses in support of this Agreement, if a hearing is determined to be necessary by the Commission.

II. COMMITMENTS OF QWEST

A. Compliance with Verbal Disclosure Rules

The complaint was based on an investigation of intrastate, intralata calls made from pay phones after September 1, 2000, where Qwest is the operator services provider. The investigation tested compliance of verbal rate quote disclosure requirements. Qwest commits to full compliance with Washington's verbal disclosure requirements set forth in WAC 480-120-141(2)(b) for all aggregator locations. Qwest has reformatted the rate information source utilized by operators to provide rate quotes and retrained all of its operators. Qwest also has changed its current voice message for automated operator services rate quotes so that it informs consumers of the option to receive a rate quote by pressing no more than two keys and asking the operator for a quote. Qwest also will conduct regular audits to ensure compliance with the requirements set forth in WAC 480-120-141(2)(b).

B. Remedy

Staff will request that the Commission issue an order accepting, in settlement of the issues raised in the Complaint, a total payment by Qwest of \$40,300, for violations of WAC 480-120-141(2)(b). Further, Staff will request that \$30,000 of the total amount be ordered due and payable 15 days after the Commission issues its order, and that the remaining \$10,300 be suspended on the condition there is no evidence of violations of the verbal rate disclosure rules set forth in WAC 480-120-141(2)(b) for six months following the Commission's order accepting this Agreement.

C. Compliance Regarding Other Rules

Qwest will comply with all applicable Commission rules. This Agreement does not preclude the Commission from pursuing penalties for violations of Commission rules not related to the subject matter of this Agreement.

III. GENERAL PROVISIONS**A. Effective Date of Agreement**

This Agreement is an integrated document that shall become effective when executed, and the parties shall recommend that the Commission adopt this Agreement in its entirety. In the event that the Commission rejects all or any portion of this Agreement as resolving the issues within the Complaint, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. In such case, neither party to this Agreement shall be bound or prejudiced by the terms of this Agreement, and either party shall be entitled to seek reconsideration of the Commission Order rejecting all or any portion this Agreement, file any testimony it chooses, cross-examine witnesses, and in general to put on such case as it deems appropriate. If this Agreement does not become effective according to its terms, it shall be null and void.

B. Execution in Counterparts

This Agreement may be executed by the Parties in counterparts and as executed shall constitute one agreement. Copies sent by facsimile are as effective as original documents.

C. Necessary Actions

The Parties shall take all actions necessary and appropriate to carry out this Agreement.

D. Entire Agreement

This Agreement constitutes the parties' entire agreement on all matters set forth herein and supersedes any and all prior oral and written agreement on such matters that previously existed or occurred. The parties acknowledge that this Agreement is the product of negotiations and compromise and shall not be construed against either party on the basis that it was the drafter of any or all portions of this Agreement.

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION
STAFF

CHRISTINE O. GREGOIRE
Attorney General

QWEST CORPORATION

JONATHAN THOMPSON
Attorney General
Counsel for Commission Staff

General Vice President - Operator Assistant
and Information Services

Dated: _____, 2001.

Director - Washington Policy and Law

Dated: _____, 2001.