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BEFORE THE WASHINGTON STATE

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UTILITIES AND TRANSPORTATION COMMISSION

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4 WASHINGTON UTILITIES AND ) DOCKET UT-060762  
 5 TRANSPORTATION COMMISSION, )  
 6 Complainant, )  
 7 v. )  
 8 WESTGATE COMMUNICATIONS, LLC, )  
 9 d/b/a WEAVTEL, )  
 Respondent. )

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PREHEARING CONFERENCE - VOLUME I

11

Pages 1-13

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ADMINISTRATIVE LAW JUDGE GREGORY J. KOPTA

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2:00 P.M.

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MAY 7, 2014

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Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive Southwest

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Olympia, Washington 98504-7250

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1 OLYMPIA, WASHINGTON MAY 7, 2014

2 2:00 P.M.

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4 JUDGE KOPTA: Let's be on the record. We're  
5 here in Docket UT-060762, captioned Washington Utilities and  
6 Transportation Commission vs. Westgate Communications LLC,  
7 d/b/a WeavTel.

8 This is a prehearing conference to evaluate  
9 the petition that WeavTel filed and that the Commission  
10 referred to the Administrative Law Division to process.

11 Let's -- I am Gregory Kopta, the  
12 administrative law judge who is presiding in this matter.

13 And let's take appearances, beginning with  
14 the Petitioner. Who would like to appear on behalf of  
15 WeavTel?

16 MR. GLASER: My name is Michael Glaser,  
17 G-L-A-S-E-R. I'm an attorney in Denver, Colorado. And  
18 WeavTel recently retained me to assist in this manner. My  
19 address is 1720 S. Bellaire Street, Suite 607, Denver,  
20 Colorado, 80222. My telephone number is 303.757.1600.  
21 (Inaudible) notice of appearance.

22 JUDGE KOPTA: That would be very helpful. I  
23 know the court reporter is having a hard time hearing you.

24 MR. GLASER: I will get that off today.

25 JUDGE KOPTA: Great.

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1                   MR. TROTTER: Your Honor, is there a way to  
2 turn up the volume or ask people to speak a little louder.

3                   JUDGE KOPTA: Yes, if you could also make  
4 sure you're close to the phone so we can hear you. You're  
5 kind of soft. So I think we're already maxed out on our  
6 phone here, so if you could just make sure --

7                   MR. GLASER: Do you want me to repeat what I  
8 just said, your Honor?

9                   (Discussion with the court reporter.)

10                  JUDGE KOPTA: If you're going to e-mail it,  
11 then that's fine. The court reporter will be able to take  
12 it off of that.

13                  But as we go forward, let's, if you would,  
14 just keep cognizant of speaking close to the phone and  
15 loudly so that we don't have any problems hearing you.

16                  So for Commission Staff?

17                  MR. TROTTER: Thank you, your Honor. My name  
18 is Donald T. Trotter. I'm an assistant attorney general.  
19 And my contact information is listed in the initial Notice  
20 of Prehearing Conference dated April 4 of this year.

21                  JUDGE KOPTA: Thank you.

22                  And for WECA?

23                  MR. FINNIGAN: Richard Finnigan on behalf of  
24 the Washington Exchange Carrier Association. We've filed a  
25 written petition to intervene, and the contact information

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1 is listed in that petition.

2 JUDGE KOPTA: Thank you, Mr. Finnigan.

3 Is there anyone else that would like to make  
4 an appearance in this matter?

5 Hearing nothing, we will proceed. The first  
6 order of business is interventions. And as Mr. Finnigan  
7 referenced, the Commission has received a petition to  
8 intervene on behalf of the Washington Exchange Carrier  
9 Association.

10 Does anyone have any objections to WECA  
11 intervening in this proceeding?

12 MR. GLASER: No objection for WeavTel. This  
13 is Michael Glaser.

14 JUDGE KOPTA: Thank you, Mr. Glaser.

15 Without objection, then we grant the petition  
16 to intervene of WECA.

17 Before we proceed with anything else, I would  
18 like to have a general discussion about exactly what it is  
19 that WeavTel is seeking in this matter. I know that there  
20 has been -- it's been pending for some time and things have  
21 happened, to put it mildly, in the intervening time.

22 So first of all, I would like WeavTel to give  
23 me a short summary of what it is that the company is asking  
24 for. Mr. Glaser?

25 MR. GLASER: Your Honor, Michael Glaser. On

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1 the line is Mr. Weaver, who is the owner of WeavTel, and I  
2 think his expert witness, Mr. Steve Lentz (phonetic). I  
3 would defer to them. They should have made an appearance on  
4 the record. But I would like to defer to them to explain to  
5 your Honor exactly what WeavTel is seeking.

6 JUDGE KOPTA: That's fine. They don't need  
7 to make an appearance since they're not here in a  
8 representative capacity.

9 But Mr. Weaver or Mr. Lentz, would you like  
10 to give a short summary of what exactly it is that you are  
11 seeking from the Commission?

12 MR. WEAVER: Steve, could you go ahead and  
13 give that briefing?

14 MR. LENTZ: Steven Lentz with Moss Adams LLP.

15 And what WeavTel is seeking in this  
16 proceeding and what they have applied to the Commission for  
17 is a permanent revenue objective.

18 JUDGE KOPTA: And --

19 MR. LENTZ: We filed data previously with the  
20 Commission Staff to seek a permanent revenue objective and  
21 are working with Staff presently in order to come up with a  
22 final determinant of what that revenue objective would be.

23 JUDGE KOPTA: And what is the purpose for  
24 establishing a permanent revenue objective?

25 MR. LENTZ: Well, given the fact that there

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1 has been a long history of revenue objectives established  
2 with ILECs in the state of Washington, WeavTel has been  
3 operating under a temporary revenue objective for a number  
4 of years. They therefore wanted to establish a permanent  
5 revenue objective that will go forward in future years.

6 JUDGE KOPTA: And as I understand it, the  
7 purpose of that is to determine how much money the company  
8 can draw from the interim universal service fund that was  
9 established by the Commission and administered by WECA?

10 MR. LENTZ: That is correct.

11 JUDGE KOPTA: All right. And one of the  
12 recent events to which I referred earlier is the fact that  
13 the Commission has a hearing next week on adopting rules  
14 that will implement a state universal service fund pursuant  
15 to legislation that was enacted last year, and at the same  
16 time, terminate that interim fund that WECA currently  
17 administers. Are you aware of those circumstances?

18 MR. LENTZ: When we originally filed that, we  
19 knew there was potentially the proceeding in place with the  
20 state legislature authorizing up to five million dollars in  
21 high cost support for carriers in the state. The proceeding  
22 has continued on to the point where you just mentioned where  
23 you're at today, which is an order is going to be released,  
24 which is changing the rules.

25 MR. FINNIGAN: Your Honor, if I might?

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1 JUDGE KOPTA: Yes, please, Mr. Finnigan.

2 MR. FINNIGAN: The interim universal service  
3 pool has already been terminated. That was terminated  
4 through actions by the FCC, which took the terminating state  
5 access rates to the interstate level.

6 The two pools that are left are the  
7 traditional universal service fund -- WeavTel is not  
8 eligible to participate in that fund -- and the originating  
9 CCL pool. And WeavTel could -- is and conceivably could  
10 continue to draw from that fund if it moves forward, that  
11 pool, if that stays in place.

12 But it's highly likely that when the  
13 traditional USF pool terminates, the originating CCL pool  
14 will also be terminated because of economics. The cost of  
15 pooling -- the administrative cost of pooling will probably  
16 make it such that WECA will advise its members that it  
17 believes it's in their interest to terminate that pool as  
18 well. That decision will be made sometime in the next six  
19 weeks.

20 But -- so it is more likely than not, and in  
21 my view highly probable, that WECA as a pooling mechanism  
22 for access charges will no longer perform that function.

23 JUDGE KOPTA: Well that is consistent with my  
24 understanding. So that's why I wanted to have this  
25 discussion, because to cut to the chase, if there is no



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1 money that can be distributed through WECA, then is there  
2 really any point in getting a permanent revenue objective  
3 from the Commission?

4 And I ask that to anyone from WeavTel who  
5 wants to answer.

6 MR. WEAVER: Well, this is Rick Weaver. The  
7 whole reason we were going forward with this is we want to  
8 make sure we get our fair share of the new universal service  
9 fund. And do I have to have a permanent revenue objective  
10 amount to get the USF money, or what do I need to do?

11 JUDGE KOPTA: I will let Mr. Finnigan  
12 respond, although I'm sure he's not going to be able to give  
13 you a complete answer.

14 MR. FINNIGAN: Well, and the reason I can't  
15 is we don't have final adopted rules yet.

16 But assuming that the proposal that is  
17 currently before the Commission is adopted by the  
18 Commission, then there is no need to have a permanent  
19 revenue objective for draw from the fund because that's not  
20 one of the qualifying factors.

21 The two qualifying factors are what is the  
22 CAF reduction that has occurred and what did you draw from  
23 the traditional universal service fund, which in WeavTel's  
24 case is zero. So the CAF reduction is a known number and  
25 doesn't have any relationship to a revenue objective.

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1                   JUDGE KOPTA:  And just for purposes of the  
2 record, CAF is C-A-F, Connect America Fund.  Telecom is  
3 loaded with acronyms.

4                   So assuming that that is correct, and it  
5 reflects also my understanding of what is the proposal  
6 before the Commission, does WeavTel -- is there any basis  
7 for continuing on in this docket?

8                   MR. FINNIGAN:  Your Honor, this is Michael  
9 Glaser.

10                  JUDGE KOPTA:  Could you speak up, Mr. Glaser?

11                  MR. GLASER:  Yes.  WeavTel believes it would  
12 be appropriate to continue working with the Staff and see  
13 how these new rules come out, and then make whatever  
14 judgments are necessary, either withdraw the revenue  
15 objective or continue with it.

16                  It seems that we would be wasting resources  
17 of the parties to establish hearing dates and move forward  
18 without looking at the new rules on the universal service  
19 fund in the state.  We will need to review those and see how  
20 they come out.

21                  I think Mr. Finnigan's remarks are helpful.

22                  And what we would suggest is your Honor  
23 continue this matter for another 30 days or whatever you  
24 think is appropriate so we can continue working with the  
25 Staff on this matter and take a look at the rules they're

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1 coming up with in the next six weeks.

2 JUDGE KOPTA: That certainly sounds  
3 reasonable to me.

4 Does that make sense to the parties?

5 MR. FINNIGAN: Yes, your Honor?

6 MR. TROTTER: This is Don Trotter. Yes, it  
7 does, your Honor. That -- period.

8 JUDGE KOPTA: Well, all right. That's good,  
9 because that was kind of where I was inclined to go at the  
10 best.

11 So rather than proceeding with anything else  
12 at this point, my inclination is to set up a status  
13 conference, probably -- well, just to be generous, because  
14 the new rules won't be adopted until the end of this month.  
15 And I'm assuming that will require some time for folks to  
16 get used to what's required by those new rules which will  
17 become effective on July 1.

18 So I will set -- or we will set up a status  
19 conference sometime in early July to come back to where we  
20 are now and decide whether there's anything to be done in  
21 this docket or whether the best approach is for WeavTel to  
22 participate in the process that results from the rules.

23 MR. FINNIGAN: Early July or early June?

24 JUDGE KOPTA: Early July.

25 MR. FINNIGAN: Thank you.

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1                   JUDGE KOPTA:  So does anyone have anything  
2 further that we need to discuss today?

3                   All right.  That's what we will do.

4                   And we will be off the record.  Thank you.

5                   (Whereupon, the proceedings were  
6                   concluded at 2:17 p.m.)

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4 STATE OF WASHINGTON )

) ss

5 COUNTY OF KING )

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