

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Penalty Assessment
Against

QUALITY TELEPHONE, INC.

In the Amount of \$1,050

DOCKET UT-121003

NARRATIVE SUPPORTING
SETTLEMENT AGREEMENT

I. INTRODUCTION

1 This Narrative Supporting Settlement Agreement (Narrative) is filed pursuant to
WAC 480-07-740(2)(a) on behalf of both Quality Telephone, Inc. (Quality Telephone) and
the Staff of the Washington Utilities and Transportation Commission (Staff). Both parties
have signed the settlement agreement (Agreement), which is being filed concurrently with
this Narrative. This Narrative summarizes the Agreement. It is not intended to modify any
terms of the Agreement.

II. PROPOSALS FOR REVIEW PROCEDURE

2 The parties submit that this matter is considerably less complex than a general rate
proceeding and request that review proceed on a timetable for less complex matters, as
provided in WAC 480-07-740(1)(b). To the knowledge of either party, there are no
opponents of the settlement. Because of the less complex nature of this matter and the
uncontested status of the settlement, the parties assert that a formal settlement hearing along
with the opportunity for public comment are unnecessary in this case.

3 The parties do not intend to file documentation supporting the Agreement, with the
exception of the Agreement itself and this Narrative. If the Commission requires supporting

documents beyond the Agreement, Narrative, and the other documents on file in this docket, the parties will provide documentation as needed.

4 In keeping with WAC 480-07-740(2)(b), the parties are prepared to present one or more witnesses each to testify in support of the proposal and answer questions concerning the Agreement's details, and its costs and benefits, should such testimony be required. In addition, representatives of both parties are available to respond to any questions regarding the proposed settlement that the Commission may have.

5 The parties request a streamlined review of the proposed settlement. To that end, the parties would prefer an informal review on a paper record. In accordance with WAC 480-07-730, the parties propose the foregoing procedural alternatives for review of the proposed settlement agreement.

III. SCOPE OF THE UNDERLYING DISPUTE

6 The underlying dispute concerns a penalty assessed by the Commission against Quality Telephone. On August 1, 2012, the Commission assessed a penalty of \$1,050 against Quality Telephone for failure to file its annual report by the deadline of May 1, 2012.

7 Quality Telephone requested a hearing and sought mitigation of the penalty. Staff opposed mitigation, and the Commission scheduled a hearing. Subsequently, the parties negotiated and reached a full settlement of the dispute.

IV. DESCRIPTION OF PROPOSED SETTLEMENT

8 The settlement resolves all of the issues in dispute. Quality Telephone admits that it violated Commission rule by filing its 2011 annual report late. Furthermore, the settlement provides for payment of \$350 in penalties, which represents the amount of the penalty that

would have been assessed but for the company's prior history of late-filing. Finally, mitigation of the penalty from \$1,050 to \$350 is contingent upon Quality Telephone's completion by November 30, 2012, of a filing canceling its registration as a competitive telecommunications company in Washington.

V. STATEMENT OF PARTIES' INTERESTS AND THE PUBLIC INTEREST

9 As stated in the Agreement, the settlement represents a compromise of the positions of the two parties. The parties find it is in their best interests to avoid the expense, inconvenience, uncertainty, and delay inherent in a litigated outcome. Likewise, it is in the public interest that this dispute conclude without the further expenditure of public resources on litigation expenses. The Agreement ensures that further public resources will not be expended enforcing against Quality Telephone for untimely filing or otherwise regulating a company without customers, because Quality Telephone has committed to wrapping up its Commission-regulated business in Washington by cancelling its registration.

VI. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT

10 In WAC 480-07-700, the Commission states its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, is consistent with the public interest.

11 Pursuant to WAC 480-120-148, a telecommunications company wishing to cancel its registration with the Commission must notify the commission in writing and, as applicable, comply with WAC 480-120-083, the cessation of service rule. Telecommunications

companies wishing to cease providing service in the state generally are subject to certain consumer protection requirements set forth in WAC 480-120-083. The cessation of service rule does not apply, however to a service being discontinued that has no subscribers. Because Quality Telephone currently is not serving any customers, it is not subject to the notice and other cessation of service obligations of WAC 480-120-083.

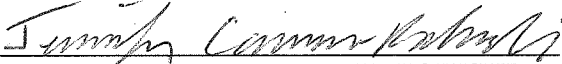
VII. CONCLUSION

12 Because the parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, both parties request that the Commission issue an order approving the Agreement in full.

Respectfully submitted this 29th day of November, 2012.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

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