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1 BEFORE THE WASHINGTON UTILITIES AND
2 TRANSPORTATION COMMISSION

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4 In re Application of GTE) Docket No. UT-981367
CORPORATION and BELL ATLANTIC) Volume I
5 CORPORATION for an Oder) Pages 1-97
Disclaiming Jurisdiction, or)
6 in the Alternative, approving)
the GTE CORPORATION - BELL)
7 ATLANTIC CORPORATION Merger.)
)
8 WASHINGTON UTILITIES AND) Docket No. UT-990672
TRANSPORTATION COMMISSION)
9 v.)
10 GTE NORTHWEST, INC.)

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13 A hearing in the above matters was
14 held on November 22, 1999, at 9:38 a.m., at 1300
15 Evergreen Park Drive Southwest, Olympia, Washington,
16 before Administrative Law Judges DENNIS MOSS and
17 KAREN CAILLE, Chairwoman MARILYN SHOWALTER and
18 Commissioners WILLIAM R. GILLIS and RICHARD HEMSTAD.

19

20 The parties were present as
21 follows:

22 GTE NORTHWEST, INC. (UT-981367)
and GTE CORPORATION (UT-981367, UT-990672), by
23 Timothy J. O'Connell, Attorney at Law, Stoel Rives,
600 University Street, Suite 3600, Seattle,
24 Washington 98101.

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1 BELL ATLANTIC CORPORATION
2 (UT-981367) and WASHINGTON INDEPENDENT TELEPHONE
3 ASSOCIATION (UT-990672), by Richard Finnigan,
4 Attorney at Law, 2405 S. Evergreen Park Dr. S.W.,
5 Suite B-3, Olympia, Washington 98502.

6 BELL ATLANTIC CORPORATION
7 (UT-981367), by John M. Walker, Attorney at Law, 1320
8 N. Courthouse Road, Eighth Floor, Arlington, Virginia
9 22201.

10 THE COMMISSION (UT-981367,
11 UT-990672), by Sally G. Johnston, Assistant Attorney
12 General, 1400 S. Evergreen Park Drive S.W., P.O. Box
13 40128, Olympia, Washington 98504-0128.

14 PUBLIC COUNSEL (UT-981367), by
15 Simon ffitich, Attorney at Law, 900 Fourth Avenue,
16 #2000, Seattle, Washington 98164.

17 AT&T (UT-981367), by Mary B.
18 Tribby, Attorney at Law, 1875 Lawrence Street,
19 Denver, Colorado 80202 (Appearing via teleconference
20 bridge.)

21 SPRINT (UT-981367), by Ann
22 Pongracz, Attorney at Law, 330 South Valley View
23 Boulevard, Las Vegas, Nevada 89128 (Appearing via
24 teleconference bridge.)

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36 BARBARA SPURBECK, CSR
37 COURT REPORTER

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1 JUDGE MOSS: Good morning, everybody. My
2 name is Dennis Moss. On the bench with me is Karen
3 Caille. We are the judges respectively in the two
4 formal proceedings, the captions of which I will
5 state momentarily. We will be joined shortly by the
6 Commissioners, who will be here for the purpose of
7 inquiring with respect to our business today.

8 For the record, we are here in the matter
9 styled In re Application of GTE Corporation and Bell
10 Atlantic Corporation for an order disclaiming
11 jurisdiction or, in the alternative, approving the
12 GTE Corporation - Bell Atlantic Corporation merger,
13 Docket UT-981367.

14 We are also here in the matter styled
15 Washington Utilities and Transportation Commission
16 against GTE Northwest, Inc., Docket Number UT-990672.

17 And finally, our discussions today will
18 concern an informal earnings review process
19 undertaken by the Commission Staff this year under
20 Docket Number UT-991164. This last docket is not a
21 formal adjudication.

22 Our first order of business this morning
23 will be to take appearances for the record. Those of
24 you who have previously appeared in the case need
25 only state your name and whom you represent. Anyone

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1 who is making their first appearance in this case
2 should also indicate their business address,
3 telephone number, facsimile number and e-mail
4 address, if any.

5 And we will be begin taking the appearances
6 -- I'm just pausing momentarily to think how we're
7 going to do this. I guess we do have some different
8 parties, so you should also state in which docket or
9 dockets you are appearing, and that will make the
10 record clear on that point. So I'm going to begin
11 with Mr. O'Connell, and we'll proceed around the
12 room. Go ahead.

13 MR. O'CONNELL: Thank you, Judge Moss.
14 Timothy J. O'Connell, with the Stoel Rives Law Firm.
15 I have previously appeared in the merger case,
16 UT-981367. I have not previously appeared in the
17 access charge complaint, UT-990672. Therefore, for
18 the record, the firm name is Stoel Rives, address is
19 600 University Street, Suite 3600, Seattle,
20 Washington, 98101. Telephone is 206-386-7562;
21 facsimile, 206-386-7500; e-mail address, tjoconnell
22 -- all lower case, no apostrophe -- @stoel.com.

23 JUDGE MOSS: And you are, of course,
24 representing GTE Northwest, Inc. in that proceeding?

25 MR. O'CONNELL: I am representing GTE

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1 Northwest, Incorporated in that docket. I represent
2 GTE Northwest, Incorporated and GTE Corporation in
3 the merger and earnings review proceedings.

4 JUDGE MOSS: Thank you very much. Mr.
5 Finnigan.

6 MR. FINNIGAN: Thank you. Richard
7 Finnigan, appearing on behalf of Bell Atlantic
8 Corporation in the merger docket, UT-981367, and
9 appearing on behalf of Washington Independent
10 Telephone Association in the access charge complaint
11 case, UT-990672. With me today is Mr. John Walker,
12 who is regulatory counsel for Bell Atlantic
13 Corporation, and we'd like to enter his appearance in
14 the merger case.

15 JUDGE MOSS: Let's go ahead and do that,
16 then. Mr. Walker, if you'll approach the microphone,
17 please. And certainly feel free to join us at
18 counsel table, if we can find a chair for you.

19 MR. WALKER: I'll be conveniently located,
20 because I'm very optimistic that I won't add much
21 value Mr. Finnigan couldn't add himself. As Mr.
22 Finnigan indicated, my name is John M. Walker. My
23 offices are at 1320 North Courthouse Road, Eighth
24 Floor, Arlington, Virginia, 22201. My phone number
25 is 703-974-2921. My facsimile number is

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1 703-974-0259. My e-mail address is
2 John.M.Walker@BellAtlantic.com. All of those words
3 spelled exactly as you would think they would be
4 spelled, and I'm appearing here today I believe in
5 the merger docket, but to the extent it relates to
6 any other matters in the other dockets, I imagine I
7 might appear on them, as well, but primarily in the
8 merger docket.

9 JUDGE MOSS: All right. Thank you very
10 much, and welcome.

11 MR. WALKER: Thank you.

12 JUDGE MOSS: Mr. ffitch.

13 MR. FFITCH: Simon ffitch, Assistant
14 Attorney General, Public Counsel Section, Washington
15 Attorney General's Office, appearing in the merger
16 docket, UT-981367, I believe is the number. We have
17 not been an active party in the access charge
18 proceeding.

19 JUDGE MOSS: Ms. Johnston.

20 MS. JOHNSTON: Sally G. Johnston, Assistant
21 Attorney General, appearing on behalf of Commission
22 Staff in both UT-981367 and UT-990672.

23 JUDGE MOSS: Okay, thank you. All right.
24 On our teleconference bridge line, I know we have at
25 least two people present there. And why don't we

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1 start with you, Ms. Tribby.

2 MS. TRIBBY: Mary Tribby, on behalf of
3 AT&T, and I'm appearing in the GTE-Bell Atlantic
4 merger case. Judge Moss, I'm also having a difficult
5 time hearing both you and the parties.

6 JUDGE MOSS: Nobody ever has a hard time
7 hearing me, Ms. Tribby. Well, I don't know what we
8 can do, but we will send somebody out and see if we
9 can adjust the equipment. I am speaking directly
10 into the microphone and I do speak with somewhat of a
11 projecting voice, so it may be something with the
12 equipment. And the parties have also been diligent
13 about using their microphones, but of course we'll
14 stay on top of that and do what we can. You, on the
15 other hand, are coming through very clearly, which is
16 refreshing, because that sometimes doesn't happen, so
17 maybe it's one or the other.

18 MS. TRIBBY: Thank you. And I actually can
19 hear you better now than I could during the initial
20 comments and the introduction.

21 JUDGE MOSS: Well, I am leaning toward the
22 microphone, so I guess what I'll do is ask that
23 everybody be diligent about leaning toward the
24 microphone and speaking up, and perhaps that will
25 help.

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1 MS. TRIBBY: Thank you.
2 JUDGE MOSS: All right. And for Sprint we
3 have a new appearance, and why don't we go ahead.
4 MS. PONGRACZ: Thank you, Judge.
5 (Inaudible.)
6 JUDGE MOSS: Ms. Pongracz.
7 MS. PONGRACZ: Yes.
8 JUDGE MOSS: Are you on a hard line
9 telephone?
10 MS. PONGRACZ: Yes.
11 JUDGE MOSS: I'm going to have to ask you
12 to try to speak up a little bit. The court reporter
13 and I are having a difficult time hearing you. I got
14 the spelling of your last name as P-o-n-g-r-a-n-c-z?
15 MS. PONGRACZ: Actually, Judge Moss, the
16 second N is not there. Delete the second N. Let me
17 change to another phone quickly. Hold on.
18 JUDGE MOSS: Okay.
19 MS. PONGRACZ: Judge Moss, is that better?
20 JUDGE MOSS: Yes, that is.
21 MS. PONGRACZ: Okay.
22 JUDGE MOSS: Why don't we start over.
23 MS. PONGRACZ: Okay. Ann Pongracz,
24 P-o-n-g-r-a-c-z, for Sprint. And my business address
25 is 330 South Valley View Boulevard, Las Vegas,

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1 Nevada, 89128. And I'm appearing for Sprint in
2 UT-981367.

3 JUDGE MOSS: Okay. Let us get your
4 telephone, your facsimile number, and your e-mail
5 address for the record, please.

6 MS. PONGRACZ: Sure. My telephone number
7 is 702-244-8206. My fax number is 702-244-7775. And
8 my e-mail address is ann.pongracz@mail.sprint.com.

9 JUDGE MOSS: Do we have any other persons
10 on the conference bridge line? Hearing silence -- I
11 don't guess you hear silence. Hearing nothing, we'll
12 assume there is no one else on the line. Do we have
13 any other persons present who wish to enter an
14 appearance here today? Seeing no indication, then
15 we'll proceed with our business.

16 Our purpose today is to receive the paper
17 record in Docket Numbers UT-981367 and UT-990672, and
18 to receive and consider the proposed omnibus
19 settlement agreement that would resolve all pending
20 matters in those dockets and also would bring to rest
21 the informal earnings review process in Docket
22 UT-991164.

23 Are there any preliminary matters before we
24 launch into that process? All right. For purposes
25 of receiving the record, we have -- Judge Caille and

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1 I have previously distributed copies of the exhibit
2 lists that we have prepared in those proceedings. I
3 do have one correction to the exhibit list in
4 UT-981367, the merger case. I discovered as I was
5 marking those exhibits this morning that number 25,
6 the direct testimony of David E. Stahly, is the same
7 as Exhibit DES-1, and I had previously given those
8 separate numbers. So what I did, for good or ill,
9 was simply strike through 26. Twenty-six will no
10 longer exist.

11 So let me just do a confirm here. We've
12 got some technical assistance here. How is the sound
13 on the conference bridge line now? Ms. Pongracz, can
14 you hear all right?

15 MS. PONGRACZ: Yes, I can.

16 JUDGE MOSS: Ms. Tribby, can you hear all
17 right?

18 MS. TRIBBY: Yes, thank you.

19 JUDGE MOSS: Okay. And you're both coming
20 through clearly, so probably we don't need any
21 adjustment after all. Thank you very much.

22 Other than that, I didn't find any errors
23 in the exhibit list. Did anybody else find any
24 errors in that exhibit list? I distributed it at our
25 status conference a while back.

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1 MR. O'CONNELL: It looked acceptable.

2 MS. JOHNSTON: I did not.

3 JUDGE MOSS: Okay, fine. Well, we'll go
4 through that momentarily. Has everybody had a chance
5 to review the exhibit list in UT-990672? As we go
6 through that, if you find any errors, please bring
7 them to my attention, so we can have our records
8 clean.

9 I suppose what I'll need to do, just to
10 have a good record, is go through the exhibits --
11 well, we have the list. I'll just indicate the
12 exhibits. And let me just ask generally, is anyone
13 going to have any objection to any of the prefiled
14 materials being admitted into this record in Docket
15 Number UT-981367?

16 MS. JOHNSTON: No.

17 MR. FFITCH: No.

18 JUDGE MOSS: And I say that being mindful
19 of the fact that I have a letter from Sprint
20 indicating that they wish to withdraw their prefiled
21 testimony and exhibits, and so that will not be made
22 part of the record. But other than that, any
23 objections?

24 MR. O'CONNELL: No objection.

25 MR. FFITCH: No objection.

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1 MR. FINNIGAN: No objection.

2 JUDGE MOSS: All right. Then I'm going to
3 take care of that one right now. We have, in Docket
4 Number UT-981367, certain prefiled direct and
5 rebuttal testimonies, some accompanied by a small
6 number of exhibits.

7 Our exhibit numbers extend serially from
8 T-1 to T-24. And previously having learned that
9 there is no objection to these exhibits, they will be
10 admitted as marked.

11 Exhibits previously marked T-25, 27 and 28
12 were the exhibits filed by witness Stahly, and I have
13 a letter -- I have a letter dated November 16th, and
14 filed at this Commission on November 18th over the
15 signature of Mr. Heath, for Sprint Corporation,
16 indicating in part that a request by Sprint that all
17 testimony, legal pleadings, and briefs filed with the
18 Commission in this docket on behalf of Sprint be
19 withdrawn from the record. Any objection to that?

20 MR. O'CONNELL: No objection.

21 JUDGE MOSS: Hearing no objection, that
22 withdrawal will be permitted, as requested.

23 MS. PONGRACZ: Thank you, Judge Moss.

24 JUDGE MOSS: You are welcome. We then have
25 Exhibits T-29, which is Mr. Blackmon's testimony;

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1 T-30, Ms. Folsom's; 31 is also Ms. Folsom's, as is
2 what I have previously marked as C-32. Does the
3 confidentiality of that exhibit, should that be
4 maintained, Ms. Johnston?

5 MS. JOHNSTON: Yes.

6 JUDGE MOSS: Okay. So that will be marked
7 as C-32. Having previously learned that there is no
8 objection to these exhibits, they will be admitted as
9 marked. All right.

10 On behalf of Judge Caille, I will take up
11 now the record in Docket Number UT-990672. And bear
12 with me, this is the first time I've taken a look at
13 this myself. But we have various exhibits, marked
14 T-1 through -- with some numbers omitted, through 52.
15 I think I'll do these in sets. But let me just ask
16 the question generally whether any party is going to
17 have an objection to the admission of any of the
18 exhibits that are indicated on the exhibit list?

19 MR. FINNIGAN: No objection.

20 JUDGE MOSS: And hearing no objection, then
21 we'll go through those. The first set that I have
22 begins with Exhibit T-1, and is numbered serially
23 after that, including various exhibits marked with
24 the indication of confidentiality, which is a C
25 prefix, and those numbers extend through 22, and that

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1 includes all of the Staff testimony. I'm sorry, it
2 does not include all of the Staff testimony, but it
3 includes a good bit of it.

4 Having learned previously that there --
5 well, let me ask first. Is there any waiver of
6 confidentiality on any of these exhibits that have
7 previously been indicated as confidential, or should
8 that be waived with respect to some or all of these,
9 Ms. Johnston?

10 MS. JOHNSTON: There's no waiver, as far as
11 I'm --

12 MR. O'CONNELL: I would prefer that they be
13 maintained confidential.

14 JUDGE MOSS: That's fine. Those will be
15 maintained in their confidential status. And having
16 learned previously that there were no objections,
17 those will be admitted as marked.

18 The next set includes Exhibit T-31 and
19 number 32. Again, those will be admitted as marked,
20 in the absence of any objection.

21 The next set begins with number T-41 and
22 extends through number 45, and 42 is marked
23 confidential. This confidentiality, should that be
24 maintained on that exhibit?

25 MR. O'CONNELL: It should.

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1 JUDGE MOSS: And so it will be done. And
2 those exhibits will be entered into the record as
3 previously marked, consistent with our process this
4 morning.

5 Finally, I have Exhibit T-51 and Exhibit
6 52. There being no objection, those will be admitted
7 as marked. Are there to be -- other than our panel
8 discussion, of course -- any supplements to the
9 prefiled record that I have just gone through?

10 MR. O'CONNELL: None.

11 MS. PONGRACZ: Judge Moss, this is Ann
12 Pongracz.

13 JUDGE MOSS: Yes.

14 MS. PONGRACZ: I just have a procedural
15 question --

16 JUDGE MOSS: Go ahead.

17 MS. PONGRACZ: -- which is that, as
18 reflected in Mr. Heath's letter, we also requested
19 that our legal pleadings and briefs be withdrawn.

20 JUDGE MOSS: Yes.

21 MS. PONGRACZ: At what point is it
22 appropriate to request that today?

23 JUDGE MOSS: Well, I have your letter and I
24 take that as the point in time at which that request
25 was made, and it is granted.

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1 MS. PONGRACZ: Thank you very much.

2 JUDGE MOSS: You're very welcome. Anything
3 else on the records?

4 MS. JOHNSTON: Yes, Your Honor. I have a
5 supplement to the settlement agreements in each
6 docket that I'd distribute, please.

7 JUDGE MOSS: All right. This would be the
8 appropriate time to distribute that. And actually,
9 we do need to give that an exhibit number for our
10 purposes today.

11 Now, do the parties prefer that I make the
12 settlement agreement and the -- what would we call it
13 -- addition thereto a single exhibit or make that
14 separate?

15 MS. JOHNSTON: A single exhibit would be
16 fine with me.

17 MR. O'CONNELL: Yeah, I have no objection
18 to that. While we're on that subject, Your Honor,
19 before we took up the hearing, I disseminated
20 revisions to page nine of the settlement agreement
21 correcting a typographical error.

22 JUDGE MOSS: Okay, yes, thank you. That,
23 of course, will just become part of the agreement,
24 and you will need to file that correction.

25 Tell me, Ms. Johnston, what the nature of

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1 the addition is? What is its purpose?

2 MS. JOHNSTON: Its purpose is to clarify
3 the terms of the settlement agreement in terms of
4 each of the four phases of the rates to be charged.

5 JUDGE MOSS: Oh, so this indicates the
6 rates?

7 MR. O'CONNELL: Yes, Your Honor. This
8 summarizes the impact of the settlement agreement
9 upon all rate bands if you cumulate the four phases
10 of the settlement agreement.

11 JUDGE MOSS: Okay. I wonder if there is
12 someone present from Staff who would be willing to
13 distribute a copy of this to the Commissioners while
14 we sit here and finish our business this morning. Do
15 I have a volunteer? Thanks very much. And if you'll
16 just tell them what that is? Thanks.

17 MS. JOHNSTON: It was our intent, Your
18 Honor, to file this with the settlement agreement
19 itself, but we inadvertently overlooked that.

20 JUDGE MOSS: Well, I'm sure it will prove
21 useful this morning, and I want to go ahead and have
22 the Commissioners have a look at that before they
23 come in here, so we shall see what it may yield.

24 All right. I have marked the settlement
25 agreement as -- I'll call it amended, including both

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1 the correction to page nine, which corrected the WAC
2 section, indicated in numbered paragraph three on
3 that page. It previously was WAC 480-120-525(2)(a),
4 and now it's page WAC 480-120-525(2)(e).

5 And I have reviewed that WAC section and we
6 have distributed that for the Commissioners' benefit
7 this morning, and it doesn't look terribly material,
8 so I think we'll not have any difficulties as a
9 result. But as amended and corrected, then, I have
10 marked the settlement -- or I should call it at this
11 juncture, I suppose, the proposed settlement, and
12 I'll ask if there's any objection to it being
13 admitted as an exhibit in this proceeding?

14 MR. O'CONNELL: None.

15 MR. FFITCH: No objection.

16 MR. FINNIGAN: No.

17 MS. JOHNSTON: No.

18 JUDGE MOSS: And hearing no objection, it
19 will be admitted as marked in both proceedings. It
20 will bear an Exhibit 100 number, that number in both
21 proceedings. And I gave it that odd number so that
22 we would not run into problems with the two different
23 dockets.

24 I believe, then, that that brings to a
25 close the phase of this, which has been established

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1 to create the record in the respective adjudicatory
2 proceedings. Is there anything else in that
3 connection that we need to take up?

4 MR. O'CONNELL: No.

5 MS. JOHNSTON: I don't believe so.

6 JUDGE MOSS: All right. With that in mind,
7 we're going to take a brief recess. Well --

8 MR. O'CONNELL: Thank you. We distributed
9 before we were on the record the joint motion to
10 dismiss with prejudice in the access charge case, and
11 we request that be an exhibit filed for purposes of
12 proceeding in that docket.

13 JUDGE MOSS: Well, have you actually filed
14 it downstairs?

15 MR. O'CONNELL: We just made copies just
16 before going on the record.

17 JUDGE MOSS: The Commission's rules are
18 such that we can't really deem it filed until it is
19 taken to the Records Center, and that could be done
20 during the recess. And I will indicate, then, when
21 we come back on the record, that that has been filed
22 and is a part of the settlement process.

23 MR. O'CONNELL: Thank you.

24 MS. PONGRACZ: Mr. Moss, at what time
25 should we call back in?

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1 JUDGE MOSS: You should stay on the line.
2 We will be recessing only for five to 10 minutes,
3 depending on how much conversation the Commissioners
4 wish to have with Judge Caille and myself before
5 coming in here. So if everybody will please remain
6 in the room, and we'll get back on the record as
7 quickly as we can. We're in recess.

8 (Recess taken.)

9 JUDGE MOSS: All right. We're going to go
10 back on the record now, and I want to recapitulate
11 briefly the business we have conducted in the last 40
12 minutes. I want to welcome the Commissioners to the
13 bench this morning.

14 We did take our appearances. We have
15 representatives here for all the parties in the
16 respective proceedings. On the conference bridge
17 line, we have Ms. Pongracz, for Sprint, and Ms.
18 Tribby, for AT&T, and the other parties are all
19 represented here in person.

20 Our business this morning, aside from
21 taking appearances, was that we did create a paper
22 record in the Docket Numbers UT-981367, which is the
23 merger case, and UT-990672, which is the access
24 charge complaint case, and so we have those exhibits
25 formally in the record now.

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1 We also accepted into the record what is
2 now Exhibit Number 100, which is the proposed omnibus
3 settlement of the three proceedings, the purpose for
4 which we are convened this morning. That Exhibit 100
5 includes an amended page nine. That has been
6 distributed to the bench and also includes an
7 amendment which is essentially a rate sheet that was
8 intended to be an original part of the stipulation
9 and agreement or settlement agreement and will be
10 filed. Has that been filed already?

11 MR. O'CONNELL: It has been filed.

12 JUDGE MOSS: It has been filed. In
13 addition to that, I understand there has been a joint
14 motion to dismiss with prejudice filed in Docket
15 UT-990672; is that correct, Mr. O'Connell?

16 MR. O'CONNELL: That also has been filed.

17 JUDGE MOSS: That has been filed, and that
18 is one of the aspects of the settlement, that, if it
19 is approved, then will be acted on at the appropriate
20 time.

21 That brings us, then, to the point where we
22 have an opportunity for a brief opening statement,
23 and we've previously discussed I believe Mr.
24 O'Connell will make that statement, and other counsel
25 have indicated no desire to add to that. And then we

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1 will turn to our panelists, who I believe will be
2 making statements and then will be available for
3 questions.

4 Now, as a formal matter, we do swear our
5 panelists, and so I'm going to do that as a first
6 step, and then we'll have your opening statement, Mr.
7 O'Connell. I ask that you all rise.

8 Whereupon,

9 LIDA TONG, GLENN BLACKMON, LOUISE McCARREN and
10 MATTHEW STEUERWALT,
11 having been first duly sworn, were called as
12 witnesses herein and were examined and testified as
13 follows:

14 JUDGE MOSS: Please be seated. Mr.
15 O'Connell, go ahead.

16 MR. O'CONNELL: Thank you, Judge Moss,
17 Chairwoman Showalter, Commissioner Hemstad,
18 Commissioner Gillis. Good morning. Tim O'Connell,
19 from the Stoel Rives firm, on behalf of GTE
20 Corporation and GTE Northwest.

21 By consensus of the settling parties, I've
22 been asked to make a brief opening statement to
23 outline the settlement agreement and introduce our
24 panelists, who will discuss the settlement in more
25 substantive detail.

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1 I would like to emphasize, as we begin,
2 that this is a settlement agreement. The parties
3 negotiated hard to produce this document that's in
4 front of you, and on behalf of the joint applicants,
5 I want to express my thanks and appreciation for the
6 hard work put in by Commission Staff and Public
7 Counsel. These were difficult negotiations, and I
8 think all parties should receive a lot of credit for
9 that.

10 This settlement agreement accomplishes
11 three things. The first thing is it settles the
12 proceeding relating to the GTE-Bell Atlantic merger.
13 The settlement agreement makes commitments that
14 maintain service quality in Washington State, will
15 result in increased competitive activity, and also
16 will establish new mechanisms for information sharing
17 so that GTE-Bell Atlantic's performance can be
18 monitored for a fair period of time.

19 The settlement agreement also settles the
20 access charge complaint case, UT-990672. The
21 settlement agreement accomplishes that by making
22 substantial reduction in terminating access charges
23 and will help bring about some stability in this
24 uncertain area.

25 The settlement agreement also settles a

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1 pending informal earnings review and, through the
2 economic adjustments that are made in this document,
3 satisfies Staff that GTE's rates are fair, just,
4 reasonable and sufficient, and just as importantly,
5 it guarantees retail and access rate stability for a
6 period of, at this point, in excess of two years,
7 bringing us up to July of 2002.

8 It does all of this through \$30 million in
9 rate reductions spread over the next two years with
10 benefits to ratepayers in all parts of the state. To
11 explain the settlement agreement in more detail, we
12 have a panel of witnesses from all of the settling
13 parties. Immediately to my right is Ms. Lida Tong,
14 the director of regulatory and governmental affairs
15 for GTE. Next to Ms. Tong is Matt Steuerwalt,
16 analyst with the Public Counsel's office. Next to
17 Mr. Steuerwalt is Louise McCarren, the president of
18 Bell Atlantic Vermont. And finally, next to Ms.
19 McCarren is Glenn Blackmon of Commission Staff.

20 Before turning it over to the panelists on
21 behalf of the joint applicants, we would request the
22 Commission's continued expeditious treatment of this
23 case. We are very appreciative of the promptness
24 with which this docket has been handled, and we would
25 request that that continue. This merger proceeding

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1 is an important one to all companies. Thank you.

2 JUDGE MOSS: Before we turn over to the
3 panelists, I just want to interject. We do have a
4 letter that was filed with the Commission on November
5 the 18th, over Mr. Heath's signature, on behalf of
6 Sprint indicating that the Commission -- Sprint has
7 engaged in discussions with GTE-Bell Atlantic, and
8 based upon those discussions, has decided to support
9 the proposed settlement agreement in this proceeding.

10 In addition, we have a letter filed with
11 this Commission on November 17th, over the signature
12 of Ms. Mary Tribby, on behalf of AT&T Corporation,
13 indicating that AT&T has reviewed the settlement
14 agreement and has no objection. And with that, we
15 can turn to our panelists.

16 MS. TONG: Good morning, Chairwoman
17 Showalter, Commissioners Hemstad and Gillis, and
18 Administrative Law Judges Moss and Caille. Lida
19 Tong, on behalf of GTE Corporation and GTE Northwest.

20 The settlement agreement before you this
21 morning is an integrated document that settles the
22 three cases as outlined by Mr. O'Connell. And each
23 party's -- during the negotiations, each party's
24 interest and concerns in each of the three
25 proceedings were integrated into this settlement

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1 agreement such that the terms contained in the
2 settlement agreement reflect all the terms and
3 conditions that each party believe are necessary to
4 address the interests of the constituencies
5 represented by each party.

6 Throughout the negotiations, many terms and
7 conditions were discussed, and the ultimate outcome
8 of that which satisfies every party's concern is
9 what's contained in the agreement before you. By
10 integrating the resolution of these three matters
11 into one settlement is what enables GTE Northwest to
12 commit to a \$30 million rate reduction for its
13 customers in the state of Washington.

14 Business customers, residential customers,
15 intraLATA toll customers and access customers will
16 all receive benefit of these rate reductions over the
17 period of the implementation of the settlement
18 agreement.

19 The goal of the rate design in
20 accomplishing the \$30 million rate reduction is to
21 simplify GTE's very complex rate structure for its
22 basic services. The rate design, as presented in the
23 document before you, achieves a statewide average
24 rate for business customers and collapses the current
25 seven rate bands that we have for residential

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1 customers down to three. And by moving in this
2 direction, it necessitated an increase to the rate of
3 the lowest rate band. However, there are many other
4 rate groups that have reductions to offset that.

5 We did not move to one statewide average
6 rate for residential customers at this time to
7 mitigate any possible rate shock that might happen
8 caused by any increases greater than necessary at
9 this time.

10 The benefit of a statewide average rate is
11 so that GTE's customers throughout the state can pay
12 the same or similar rates for the same service
13 provided by GTE throughout the state.

14 The net benefit to each class of customers
15 from the \$30 million rate reduction commits at a
16 minimum of \$3 million for residential customers, over
17 \$12 million for business customers, who have
18 traditionally paid higher rates. Over \$8 million
19 will benefit reduction to access of intraLATA toll
20 rates, and the parties have maintained \$6 million of
21 the committed reductions to be designed in early
22 2001, and the purpose of this was to preserve the
23 flexibility the parties would have at that time to
24 address any specific rates which may surface as
25 priority rate reductions between now and then that we

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1 are not yet prepared to address.

2 And all of the committed rate reductions
3 that GTE has pertain only to its retail and its
4 access rates. The rate reductions are implemented in
5 four phases, with the specific rate changes happening
6 in each phase. And the phase-in over a period of
7 time between now and mid 2001 is what enables GTE to
8 make the commitment of \$30 million up front, because
9 it helps not only to mitigate the impact of the
10 customers, but also it helps to mitigate financial
11 impact to GTE such that there's enough time passing
12 that we can actually achieve the cost savings and
13 efficiencies and synergies of the merger as time
14 passes.

15 Specifically, the four phases of the rate
16 reductions are starting on page five of the
17 settlement agreement. I'm sorry, page four of the
18 settlement agreement. In the first phase, effective
19 May 1, 2000, there will be a net \$7 million rate
20 reduction for access charges, and this specifically
21 is pertinent to the settlement of the access
22 complaint.

23 Starting on page seven, or page six, the
24 second phase, effective July 1, 2000, is a summary of
25 the impact of the various rate changes that will take

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1 place, and here we will have reductions to intraLATA
2 toll, to business, and to specific rate groups and
3 residential services, as indicated on this summary.
4 And in addition, it will be the first phase of the
5 increase to the lowest rate group in residential
6 business customers. And the increase to that lowest
7 rate band is phased in over the remaining three
8 phases of the rate design to mitigate the rate impact
9 to the customers.

10 July 1, 2001, is the third phase of the
11 rate design. Again, we have reductions to business
12 rates, continuing reductions to residential rates and
13 local usage rates, and then the second phase of the
14 increase to the lowest rate group.

15 JUDGE MOSS: Did you mean January 1?

16 MS. TONG: Yes, January, I'm sorry.

17 JUDGE MOSS: Thank you.

18 MS. TONG: And on page seven is the fourth
19 phase of the rate design. July 1, 2001, we will
20 complete the reductions in business rates and the
21 residential and business rate increases in the lowest
22 rate group. In addition, a million dollars is
23 targeted to toll and originating access reductions at
24 that time, although the specific rates have not yet
25 been designed, and then the \$6 million remaining that

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1 parties will propose will negotiate a rate design to
2 be presented for this Commission for approval prior
3 to July 1, 2001.

4 The exhibit attached to the agreement shows
5 the rates, the actual rates for each rate group and
6 the date that each of those -- as they become
7 effective in each phase, and there is a sheet that
8 details the residence and business rates for GTE's
9 premium service. The second page details the rates
10 for what we call the basic service. That's what all
11 customers pay for usage. The third page summarizes
12 the streamlining of GTE's EAS additives to its
13 customers, and here we can see that we eliminate a
14 total of about 30 different rates in favor of one
15 rate across the state where applicable. The fourth
16 phase summarizes the reductions in GTE's rates for
17 measured usage in both local and EAS minutes.

18 In addition to the benefits of the \$30
19 million of committed rate reductions, GTE Northwest
20 also commits to maintaining its current level of
21 service quality. This is specific to its level of
22 customer complaints, its held orders, and its
23 installation appointments met.

24 Also, we are committing to, within six
25 months after the merger closure, that we will bring

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1 into compliance the few exchanges that we currently
2 have which are not meeting the minimum standard of
3 troubles per 100.

4 In addition to the tangible benefits of the
5 \$30 million rate reductions and the service
6 commitments, the settlement agreement will also
7 provide for the pro-competitive benefits resulting
8 from the merger of GTE Corporation and Bell Atlantic
9 Corporation.

10 The consumers in Washington would benefit
11 from having a company within its state that is
12 capable, in its expertise and its financial
13 strengths, to compete against very large competitors
14 which are already here in the state or soon emerging
15 as a result of other mergers.

16 Through the merger of GTE and Bell
17 Atlantic, the affiliate operating in the state will
18 have the benefit of efficiencies, expertise and
19 synergies of combined companies and enabling the
20 operating company in this state to be a much stronger
21 competitor and enable the operating companies to
22 better respond to the customers' increasing telecom
23 needs in the state.

24 As presented, the settlement agreement
25 addresses all the parties' concerns and issues

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1 related to each of the three matters before this
2 Commission. Because GTE's customers would benefit
3 from the committed rate reductions, GTE's commitment
4 to maintain its service quality, and many more
5 consumers in the state would benefit from the merger
6 of GTE-Bell Atlantic as the merged company enters new
7 markets, I urge this Commission to approve the
8 settlement agreement as presented.

9 JUDGE MOSS: Thank you, Ms. Tong.

10 MR. STEUERWALT: I was going to defer to
11 the other half of the joint applicants.

12 JUDGE MOSS: All right. That seems
13 appropriate.

14 MS. McCARREN: Thank you very much for the
15 opportunity to be here on behalf of Bell Atlantic.
16 We support and concur in the settlement agreement
17 that has been reached, and we are also obviously very
18 -- we would ask you to approve the merger because the
19 merger will give the merged company the scope and
20 scale to compete effectively throughout the United
21 States and to bring -- to maintain the high levels of
22 service quality in Washington State and to reap
23 efficiencies brought about by the merger itself.

24 The scope and scale is critical to making
25 sure that all consumers in Washington State are

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1 served by a company that is financially sound, that
2 has access to the capital markets, and has the
3 personnel and the experience and expertise to compete
4 vigorously in what is an increasingly consolidating
5 market. And this will also allow us to provide
6 growth opportunities, as well as to achieve
7 efficiencies.

8 And I'm also here to answer any questions
9 that you might have about the way Bell Atlantic
10 operates or does business today.

11 JUDGE MOSS: Thank you very much. Mr.
12 Steuerwalt.

13 MR. STEUERWALT: Thank you, Judge Moss. I
14 believe the joint applicants have done a good job of
15 explaining what the settlement entails, so I'll just
16 focus on why Public Counsel is able to support the
17 settlement.

18 I think there are four reasons that Public
19 Counsel supports this settlement. One, it reduces
20 rates for Washington customers by 30 million,
21 incorporating the savings from both the merger and
22 from the earnings review case. Secondly, there are
23 elements of the rate design which we find to be very
24 valuable to Washington customers, including both
25 business and residential rate decreases, substantial

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1 clarification of the EAS rates, and a two-year rate
2 freeze, a little over two years from today, but two
3 years from the date of signing.

4 Thirdly, there are service quality
5 provisions which we find very reasonable in light of
6 GTE's current service quality. They maintain their
7 service quality in a number of areas, which Ms. Tong
8 detailed, and they will come into compliance in the
9 one area in the WAC in which they are not currently
10 in compliance in very short order.

11 Finally, it begins to address the
12 investment question, which, as the Commission is well
13 aware, is of some substantial concern to Washington
14 customers. It allows us to track GTE's post-merger
15 investment and to identify, if any, investment
16 patterns that might be unfavorable to Washington
17 consumers. I'm happy to take questions after Dr.
18 Blackmon's done.

19 JUDGE MOSS: Okay. Dr. Blackmon, go ahead.

20 DR. BLACKMON: Thank you. Just to sort of
21 wrap up a little bit, Staff also is very supportive
22 of this settlement. It brings to a close three
23 different important projects that we've had going on
24 over the last year or so: The informal earnings
25 review that we've done that started early this year

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1 -- well, it was soon after they filed their annual
2 report in May, the access charge complaint case that
3 came about after we adopted a new terminating access
4 rule last year and GTE made its compliance filing on
5 that in the fall of last year, and then, finally, the
6 merger itself.

7 So the result here is roughly an eight
8 percent reduction in rates for Washington consumers
9 by the time the last of the \$30 million overall
10 reduction goes into place. There are rates that go
11 up in this, and I want to make sure that everybody
12 understands that.

13 Part of what we've attempted to do here is
14 to bring rates closer to what it actually costs to
15 provide service and to charge customers comparable
16 rates for comparable service. And that does mean
17 that, over the next couple of years, some of the
18 rates that GTE charges today will be going up. We
19 also will see even customers in some of the
20 highest-cost areas that GTE serves, they will see
21 their rates going down some, and we think that's just
22 as important that those customers also pay comparable
23 rates and that we recognize that GTE's rate structure
24 overall allows them to serve those customers and not
25 charge them extraordinarily high rates to do so.

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1 I also want to talk a little bit more about
2 the access charge complaint, because that's one that
3 you haven't heard much about in the other three
4 presentations.

5 This was a case that the Commission brought
6 because Staff believed that GTE was collecting more
7 in the universal service rate element that's
8 permitted under the terminating access charge rule,
9 more than what we believe to be a reasonable amount
10 to recover GTE's universal service cost. We were
11 able to incorporate that case into the settlement.

12 GTE -- if the settlement is approved, GTE
13 will be charging the amount on terminating access
14 that Staff believes is the reasonable amount. It's
15 the amount that was determined by the Commission in
16 the universal service cost case, UT-980311, and they
17 will be recovering it equitably between their own
18 long distance service and the access charges that
19 they charge to their competitors.

20 They will be shifting some of the money
21 that they've been collecting today over to
22 originating access. You'll see in Phase I of the
23 overall package that there's an access charge
24 increase there, too. The amount in dispute in the
25 access charge complaint case was about 10 and a half

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1 million. We were able to use \$7 million of the 30
2 million to lower the access charges. That still left
3 three and a half million that GTE would otherwise be
4 overcollecting, in Staff's view, on terminating
5 access, and the parties agreed to shift that amount
6 to the originating side, which is consistent with the
7 Commission's access charge rule.

8 So we're pleased that that case has been
9 resolved, as well, and resolved in a way that is
10 consistent with how every other local company has
11 been treated in implementing that rule. And overall,
12 we believe that it's a very fair settlement, one that
13 will allow the companies to move ahead with their
14 merger, and also bring benefits to customers in this
15 state.

16 JUDGE MOSS: Okay, thank you, Dr. Blackmon.
17 I think we're ready now for our inquiry from the
18 bench, and is the intention to just proceed through
19 the settlement? I'll turn it over to you all.

20 CHAIRWOMAN SHOWALTER: I guess, unless
21 somebody has a better idea, I would just as soon go
22 right through, beginning at page one, and see if
23 there are questions and get to the end of the
24 document, and then, if there's still some questions,
25 come back to them. Is that all right?

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1 COMMISSIONER HEMSTAD: I have a couple of
2 more generic questions that might be appropriate to
3 raise first before going through the document, after
4 listening to these presentations.

5 Would either Ms. Tong or Ms. McCarren give
6 us some idea what the -- assuming the merger is
7 finally completed, what the organizational structure
8 will look like specifically in Washington State.

9 MS. McCARREN: At this point in time, the
10 only structural changes that -- and they're really
11 not structural changes. The very top six officers
12 have been named, and reflecting the fact that it is a
13 merger, it equals -- there were three from Bell
14 Atlantic and three from GTE.

15 The structures underneath that have not
16 been settled or finalized at this point, so I really
17 can't give you much information -- any information
18 about that. But as we speak, the next layer of
19 managers, it will be announced. We do have different
20 structures in some areas and they will need to be
21 reconciled over time, but at this point, no
22 structural -- the change in structures have not been
23 resolved, other than that there will still be a major
24 local presence and local accountability throughout
25 the jurisdictions. And in the Bell Atlantic

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1 jurisdictions, that presence and accountability
2 resides in the state presidents; myself and my
3 counterparts in the other 13 jurisdictions.

4 MS. TONG: I should clarify that the six
5 officers, as Ms. McCarren referred to as having been
6 named, is for the new corporate company, not for the
7 local operating company.

8 COMMISSIONER HEMSTAD: Perhaps the lawyers
9 can respond to this, but Mr. Blackmon's comments with
10 regard to the settlement of the access charge
11 complaint case, how, if at all, does this interrelate
12 with the current appeal in which GTE is a party, the
13 Commission's terminating access rule, which has been
14 challenged? In other words, if the appellants are
15 successful in their challenge, how will that affect
16 the agreement here?

17 MR. O'CONNELL: I'd be happy to answer
18 that, Commissioner Hemstad. If you turn to page five
19 of the settlement agreement, subsection B, which
20 begins at the top of that page, addresses that
21 specific issue.

22 And in a nutshell, if the appellants in
23 that Superior Court case prevail, while the
24 compliance filings made in compliance with that rule
25 may be withdrawn, GTE commits to making the same

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1 level of reductions to whatever terminating access
2 charge rates result from that appeal process.

3 COMMISSIONER HEMSTAD: I heard your answer.
4 I guess I don't understand it.

5 MR. O'CONNELL: We have committed to make a
6 \$7 million terminating access reduction, and that \$7
7 million terminating access reduction will be made,
8 whether it is to the rate levels that are in place
9 today or whether that is to the rate levels that
10 result from an appeal.

11 COMMISSIONER HEMSTAD: My other questions
12 will probably come up as we walk through the
13 agreement.

14 COMMISSIONER GILLIS: I'd like to pursue
15 that last one, because I don't wholly understand it.
16 The commitment is to make a \$7 million terminating
17 access reduction, but under the current rule there's
18 also a terminating -- there's a universal service
19 element on top of that, and I suppose if the rule
20 went away and reverted to the original rule, then
21 where would you collect that increment?

22 MR. O'CONNELL: Right. At subparagraph one
23 of the agreement, it specifies that if appellants
24 prevailed in the Superior Court case, the access rate
25 tariff would revert to the tariff in place before the

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1 adoption of the rule. And if that was to happen,
2 subparagraph two, we would make the \$7 million
3 reductions to the pre-existing terminating access
4 rates.

5 COMMISSIONER GILLIS: I think that I
6 understand the words. Maybe -- I'm obviously missing
7 something in the calculation. Because if I
8 understand this, the terminating access under the
9 current rule would have a cost based access piece and
10 then there would be an interim universal service
11 piece, and your commitment to reduce \$7 million from
12 terminating access brings it down to the cost basis,
13 as I understand it.

14 MR. O'CONNELL: Cost and the portion that
15 is acknowledged to be an appropriate amount for
16 universal service.

17 COMMISSIONER GILLIS: Oh, I see. So that's
18 cost basis plus the --

19 MR. O'CONNELL: Yes, sir.

20 COMMISSIONER GILLIS: Okay.

21 MR. O'CONNELL: And I think in the old
22 tariff it didn't break it out that way as a cost in
23 the USF rate element.

24 COMMISSIONER GILLIS: Okay. So the \$7
25 million reduction would be after the cost basis plus

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1 the universal service?

2 MR. O'CONNELL: Yeah, the cost basis plus
3 the USF rate element. It is the size of that USF
4 rate element which is in dispute in the access case,
5 and there's no -- the \$7 million reduction does not
6 reduce that USF rate element to zero; it just reduces
7 it down to a level that the parties agreed on.

8 COMMISSIONER GILLIS: I understand now.
9 Thank you.

10 JUDGE MOSS: That seemed to bring us back
11 to the point of going through the settlement from
12 start to finish. Why don't we proceed.

13 CHAIRWOMAN SHOWALTER: You want to just
14 maybe call out page one. I don't have anything till
15 page six.

16 JUDGE MOSS: Does anybody have anything on
17 page one? Two? I see pages flipping. Three, four?

18 COMMISSIONER GILLIS: I have a question
19 for, I think Mr. Blackmon, on four. It's a more
20 general question, but in resolving the difference
21 between Staff and GTE on the access reform rule in
22 the calculation of interim universal service charge,
23 there was a policy matter that Staff had raised as a
24 part of the concern, was that GTE had failed to
25 include its own toll minutes in the calculation of

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1 interim universal service. Was that policy matter
2 resolved as a part of that?

3 DR. BLACKMON: Yes, it is. It's the source
4 of the amount that's being reduced, the 10 and a half
5 million. So GTE isn't necessarily agreeing that it
6 should be done that way, but it's being -- the math
7 is such that, with this settlement, if you take the
8 amount that GTE was determined in 980311 to require
9 for universal service, you take that amount and
10 divide it by the sum of their access minutes and
11 their toll minutes, that will produce the rate that
12 GTE will charge in its USF terminating access rate,
13 so it produces this equitable outcome where their
14 toll and their competitors' toll contribute equally
15 to support of universal service.

16 COMMISSIONER GILLIS: Okay, thank you.

17 JUDGE MOSS: Five? And I know we have
18 something on six.

19 CHAIRWOMAN SHOWALTER: To begin with on
20 six, I've got a question on the second sentence of
21 the page. It says, GTE Northwest will not be liable
22 to any party, whether a party to the access complaint
23 or otherwise, for any claim for a rebate, return,
24 refund, penalty or fine. My question is what do you
25 mean by any party? Do you mean any party to these

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1 proceedings or do you mean -- are you creating an
2 immunity for yourself to any party out there?

3 MR. O'CONNELL: Immunity is a strong term,
4 Chairwoman.

5 CHAIRWOMAN SHOWALTER: Well, does the word
6 party go beyond the parties to this agreement?

7 MR. O'CONNELL: It does, and I think fairly
8 explicitly so when you look at the next clause,
9 whether a party to the access charge case or
10 otherwise. The concern, Chairwoman, is that we did
11 not believe that it would be appropriate to subject
12 the company to a claim of refund from whatever party
13 who might pay access charges seeking to obtain the
14 benefits of this on a retroactive basis. The parties
15 will agree that this is a prospective settlement.

16 CHAIRWOMAN SHOWALTER: But, then, if that's
17 the case, do you mean not be liable to any party, but
18 before this body? I mean, we can't -- it sounds as
19 if you're -- immunizing is the only word I can think
20 of -- yourself against liability to any party out
21 there, in sort of any proceeding out there, and we
22 obviously can't --

23 MR. O'CONNELL: To the degree that there's
24 any party who would assert a claim --

25 CHAIRWOMAN SHOWALTER: Before us?

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1 MR. O'CONNELL: Before the Commissions or
2 based on tariffs that are under the control of this
3 Commission, yes, I believe that's the case. I mean,
4 certainly if someone wants to bring an action at law,
5 no one in this room can stop them. But to the degree
6 that that claim would arise from tariffs that were
7 under the jurisdiction of this Commission, yes, then
8 this agreement would apply.

9 And I don't mean to hide the boat there. I
10 mean, it would be certainly our view that any claim
11 for refund of access charges would necessarily arise
12 from the tariffs.

13 CHAIRWOMAN SHOWALTER: Okay. Actually, I
14 think I thought you were going to give me the other
15 answer, so I wasn't thinking about what this means.
16 So could you just -- I think you started to say that
17 in the first part of your answer, but -- so by
18 adopting this provision, what does it mean for you
19 and for us to approve it?

20 MR. O'CONNELL: Well, as we negotiated this
21 settlement, we had a \$30 million figure, once that
22 was brought out. We needed to make clear that it's
23 not 30 million plus, 30 million plus whatever
24 imaginative lawyering can claim somewhere on down the
25 road for a claim for refund of access charges.

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1 So the parties attempted to make clear that
2 the settlement is a prospective settlement and
3 resolves the access charge complaint by revising
4 access charge tariffed rates on the date indicated,
5 May of 2000, and that the company would not be liable
6 for a claim of refund for access charges prior to
7 that date.

8 CHAIRWOMAN SHOWALTER: Okay. So then
9 another point, I think, is that then, if that's the
10 way the party is meant, then on this second sentence,
11 you mean to restrict the application of this second
12 sentence to access charges, I think. If doesn't say
13 it if you just read it; it just says --

14 MR. O'CONNELL: That is a fair observation,
15 Your Honor.

16 CHAIRWOMAN SHOWALTER: Okay. So that --

17 MR. O'CONNELL: That is a fair observation.

18 CHAIRWOMAN SHOWALTER: You could read in --
19 or maybe we should read in, for any claim for rebate,
20 return, refund, penalty or fine arising out of access
21 charges.

22 MR. O'CONNELL: Yeah, I think the section
23 needs to be read as a whole and the first sentence
24 clearly refers to the rate reductions in Section C-1,
25 which is the section which makes the access charge

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1 revisions.

2 COMMISSIONER HEMSTAD: Well, okay. So the
3 entire paragraph is intended to apply only to access
4 charge issues, and party really means any person?

5 MR. O'CONNELL: Yes, sir.

6 COMMISSIONER HEMSTAD: I pose the question,
7 do we have the authority to limit any person, not
8 party to this proceeding, from filing a claim? And
9 we would, under this, would have to dismiss it with
10 prejudice.

11 MR. O'CONNELL: Well, Commissioner, we
12 didn't draft it such that no claim could be filed.
13 It is drafted such that we would not be liable to any
14 party for such a claim. And your observation is a
15 good one. I mean, if it is the use of the term
16 "party" the first time it appears in that sentence
17 which is raising the ambiguity, I would presume that
18 the settling parties would all be in concurrence
19 that, in that instance, it should be changed to
20 person or entity or something along those lines.
21 That clearly is what is intended.

22 CHAIRWOMAN SHOWALTER: Well, I guess the
23 first question is, to the other parties to the
24 settlement agreement, is that also your
25 interpretation of what you intended here? If so, it

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1 should be clarified that way. But then the second
2 question is Commissioner Hemstad's.

3 MS. JOHNSTON: Sally Johnston, for
4 Commission Staff. I think that person, the word
5 person probably should be substituted for party,
6 although I think the question remains whether or not
7 the Commission would have the authority to bar or
8 prevent any person not a party to this proceeding and
9 perhaps not aware of the existence of this proceeding
10 from perhaps attempting to bring some sort of claim
11 for either rebates, returns, refunds or penalties
12 arising out of the access charge case.

13 CHAIRWOMAN SHOWALTER: Is the fact that
14 there is a proceeding pending now -- well, that there
15 has been an access charge proceeding, is that, in
16 essence, sufficient to give persons out there notice
17 that they -- and they could have then gotten into
18 that proceeding and we're now settling that
19 proceeding. In other words, they, as a matter of due
20 process, they had a chance at some point.

21 MS. JOHNSTON: Yes, they --

22 CHAIRWOMAN SHOWALTER: Because I'm
23 concerned about barring people who have some due
24 process right, but maybe they don't if proceedings
25 were going on and they didn't intervene already.

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1 MS. JOHNSTON: Right. It's that precise
2 point which gave us a certain level of comfort when
3 we drafted this provision.

4 JUDGE MOSS: I'd like to interject here to
5 make sure the record's perfectly clear on this point.
6 Mr. O'Connell has referred to the settlement on a
7 couple of occasions as being a prospective
8 settlement, yet, as I understand it, the protection
9 from liability here concerns past periods, not future
10 periods.

11 MR. O'CONNELL: Past -- I think that's
12 fair. The concern is, of course, that the access
13 charge complaint that is being settled in this docket
14 suggests that GTE's access tariffs that are in place
15 today are unlawful, and so the concern would be a
16 claim for those access charges that are, again, rates
17 that are being charged today.

18 We do not want to, by settling the case,
19 make any suggestion that a party can attempt to
20 achieve a refund of access rates paid, well, since
21 the implementation date of that tariff to whenever
22 this settlement is finalized.

23 JUDGE MOSS: What about future periods?

24 MR. O'CONNELL: Well, once the -- once May
25 1 of 2000 occurs and the rate is in place, then I

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1 would presume that there would be no basis for any
2 claim that the access rate was unlawful.

3 JUDGE MOSS: Okay. Now, had the access
4 charge complaint proceeded through the adjudicatory
5 process and been decided adversely, the potential
6 then was there for GTE Northwest, Incorporated to
7 have been found to be liable to pay refunds to
8 parties who had -- or persons who had previously paid
9 access charges. Was that a potential outcome of that
10 case?

11 MR. O'CONNELL: It is possible that those
12 claims could be asserted.

13 JUDGE MOSS: Well, that doesn't quite
14 answer my question. Was that a potential outcome of
15 that case, or would there have had to have been
16 additional litigation in addition to the access
17 charge?

18 MR. O'CONNELL: Another party would have to
19 file a claim that has not been raised in the access
20 charge complaint, yes.

21 JUDGE MOSS: So those persons would not
22 necessarily have involved themselves in the access
23 charge complaint case brought by the Commission in
24 that they would then have to await the outcome of
25 that case to determine whether they should then file

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1 to seek refunds given the outcome of that case.

2 MR. O'CONNELL: That certainly is one of
3 them.

4 JUDGE MOSS: Okay. That's all the
5 questions I have on that point.

6 COMMISSIONER HEMSTAD: Well, I find this
7 issue a bit sticky. To argue that any person should
8 have intervened raises the question of whether that
9 intervention would have been permitted in the first
10 place. Perhaps this is, hopefully, an academic
11 exercise and we're not talking about real world
12 possibilities here. I don't know. But I pose the
13 question of whether we can foreclose a person not a
14 party to the proceeding from bringing a complaint
15 asserting there was a wrongful charge of some kind
16 and having a due process standard.

17 MR. O'CONNELL: Mr. Finnigan raises a fair
18 point.

19 MR. FINNIGAN: There are two statutes, as
20 I'm sure the Commission is aware, one dealing with
21 reparations and one dealing with overcharges. And
22 the overcharge statute, I believe, has two years that
23 a person can bring a claim back if they've been
24 improperly charged or the tariff has been improperly
25 applied to them. I don't believe this language is

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1 meant to apply in that situation. The other
2 situation is reparation statute, which essentially
3 says that the rate that's charged was unfair,
4 unreasonable, the company was recovering too much
5 profit.

6 And I think the concern that's expressed
7 here that this is meant to address is that a claim
8 based on -- for reparations shouldn't be based on the
9 fact that the company settled and reduced its access
10 charges. And that, if my memory is correct, that
11 statute has a six-month statute of limitations
12 attached to it, so complaints must be made within six
13 months of the date that the charges were paid. And I
14 think the parties were trying to address that claim
15 by this language to put -- so that somebody can't
16 say, okay, you settled and you said you need to
17 reduce your access charge by seven million,
18 therefore, you've been charging us improperly for
19 this period of time and we want a refund.

20 CHAIRWOMAN SHOWALTER: But if that's the
21 case, it seems like the more standard way to go about
22 it would be to say if nothing in this agreement
23 prevents the -- precludes the company from asserting
24 its prerogatives in some complaint case and the fact
25 that a settlement should not be taken as that, et

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1 cetera, et cetera, and then another standard might be
2 the parties to this agreement all agree to support or
3 not to support a claim for compensation by another
4 person. You know, something like that, rather than
5 the stipulation itself catching up those other
6 persons out there in it.

7 It's just that the stipulation can only go
8 so far, and the parties, of course, can agree among
9 yourselves, but then we can, in accepting it, can
10 only go so far in terms of our authority. And still
11 it's not clear to me that we are exceeding our
12 authority, it just seems that way.

13 MR. O'CONNELL: Commissioner, I've got two
14 observations. I appreciate your comments,
15 Chairwoman. The first observation is just, you know,
16 who is participating here. It is an observation that
17 Sprint and AT&T, who were both payers of access
18 charges, either do not object or don't support the
19 settlement agreement. And having said that, I mean,
20 this is an attempt to -- one of the goals in the
21 settlement was to achieve finality to these issues.

22 CHAIRWOMAN SHOWALTER: Right.

23 MR. O'CONNELL: And this is an attempt to
24 achieve finality of this issue that the company would
25 not be liable for retroactive claims.

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1 JUDGE MOSS: Let me see if I can sum up
2 here. As I understand the situation, any complaint
3 from which you seek through this paragraph to be
4 insulated would depend on there first being a
5 determination by this Commission that an access
6 charge made during the prior period was not a fair,
7 just, reasonable, and sufficient rate under the
8 statute?

9 MR. O'CONNELL: Yes, sir.

10 JUDGE MOSS: That's correct, isn't it?

11 MR. O'CONNELL: That's correct.

12 JUDGE MOSS: And so what you really are
13 looking for here, if I understand it correctly, is a
14 commitment that the Commission is not going to reopen
15 that question, which was the open question in the
16 access charge complaint case; is that essentially it?

17 MR. O'CONNELL: That's a fair
18 determination.

19 JUDGE MOSS: And there might be a way to
20 capture that in words that are perhaps less sweeping
21 than the words currently in paragraph 1-D here at the
22 top of page six. I suspect there might be a way to
23 capture that point without raising this question of
24 are we cutting off some unknown person from some as
25 yet undetermined set of legal rights in such a

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1 sweeping fashion that it is frankly likely to be
2 beyond the Commission's power to do so, and I think
3 that's the concern, or a concern.

4 CHAIRWOMAN SHOWALTER: What about on page
5 12, G? It's under earnings review, but does that
6 second sentence, that says, Acceptance of this
7 agreement by the Commission establishes that the
8 rates are fair, just, reasonable and sufficient, does
9 that include access charges? I mean, does that --

10 MS. TONG: Yes.

11 CHAIRWOMAN SHOWALTER: So isn't that a --
12 assuming -- we haven't gotten to page 12 yet, but if
13 we get there and we accept this, then that is a
14 judgment about the rates that we, and everybody else
15 here, would be precluded from challenging. We may
16 have questions on page 12, too.

17 COMMISSIONER HEMSTAD: And it raises in
18 some ways a question, what about a third party
19 complaint? A party, a person not a party to this
20 proceeding. The two start to interplay.

21 MR. O'CONNELL: I'm sorry, I couldn't hear
22 the last sentence.

23 COMMISSIONER HEMSTAD: The two provisions
24 interplay with one another, I think.

25 MR. FINNIGAN: I'd just offer a comment.

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1 It seems to me completely within the province of the
2 Commission to determine that the rates are fair,
3 just, reasonable and sufficient, and having done so,
4 you've made that determination. If, over time,
5 things change, things change, but --

6 MS. JOHNSTON: But presumably, if you do
7 approve a settlement agreement, then implicit in that
8 approval is that the rates that will then flow from
9 implementation of the agreement would be fair, just,
10 reasonable and sufficient.

11 CHAIRWOMAN SHOWALTER: And it's a
12 resolution of the access charge complaint case, as
13 well.

14 MS. JOHNSTON: Yes.

15 CHAIRWOMAN SHOWALTER: That seems to me to
16 be appropriate. That is, that we would be resolving
17 this case with a determination that the rate is fair,
18 just and reasonable. So then, that itself would very
19 likely cut off a third party complaint unless there's
20 something we never heard of or I don't know what.
21 Something.

22 JUDGE MOSS: Would that be just on a
23 prospective basis, though, Ms. Johnston? Is that
24 what your suggestion is?

25 MS. JOHNSTON: Yes.

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1 CHAIRWOMAN SHOWALTER: No, wouldn't it be
2 as of the date of the complaint in this case that we
3 find --

4 MS. JOHNSTON: As of the date of the --

5 CHAIRWOMAN SHOWALTER: Well, that this
6 settlement resolves -- well, wouldn't it resolve
7 retroactively to the date of the complaint?

8 JUDGE MOSS: The access charge?

9 CHAIRWOMAN SHOWALTER: The access charges.

10 MS. JOHNSTON: I believe so.

11 JUDGE MOSS: But that is what you would be
12 asking the Commission to do, is essentially make a
13 determination that the rates charged, both before and
14 after the date of these reductions, those rates were
15 all fair, just, reasonable and sufficient, which
16 would therefore insulate the company from any claim
17 of liability for either period?

18 MR. O'CONNELL: Yes, Judge Moss, we would.
19 I mean, at a certain level, that is the judgment this
20 Commission makes any time it approves a tariff. The
21 resultant rates are statutorily fair, just,
22 reasonable and sufficient, and that tariff is
23 entitled to that presumption, regardless of who has
24 intervened or not.

25 JUDGE MOSS: And that question is precisely

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1 the question that would conceivably have been
2 resolved through the adjudicatory process in the
3 access charge complaint, and so, therefore, by
4 settling it, you wish the Commission to make that
5 determination in this case?

6 MR. O'CONNELL: Yes, sir.

7 JUDGE MOSS: I think I understand that, and
8 the question is how to best capture that in language
9 that is perhaps more pointed than the language
10 currently -- enough said, I guess.

11 CHAIRWOMAN SHOWALTER: Yeah. Well, we're
12 still on page six. Well, going on to these rates,
13 I'd just like a brief explanation of what these --
14 there's a residential rate increase in G-1 and C-1A,
15 and a business rate increase in G-1. Somebody just
16 tell me what those are.

17 MS. TONG: Yes. G-1, there are -- GTE's
18 exchanges are all classified by one of these rate
19 groups, anywhere from G-1 through the seven listings
20 that you have on this table in front of you that
21 shows each rate group, and the current rate and the
22 proposed rate for each of those rate groups.

23 So by looking at rate group G-1 on the
24 first page of this exhibit, you can see that the G-1
25 rate group's rate for residential customers is

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1 currently \$10, and the proposal is to take that rate
2 up to 12.75 over three increments, and then that
3 would make the 12.75 rate for rate groups G-1, G-1A,
4 C-1A and G-2 all 12.75, at which time we would call
5 that rate group one.

6 CHAIRWOMAN SHOWALTER: Who are these
7 people? Is this geographical or is this --

8 MS. TONG: Yes, these are geographic
9 exchanges, and there are 21 exchanges in that rate
10 group, and they range from exchanges on the west
11 side, like Anacortes, Coupeville, Oak Harbor,
12 Woodland, to exchanges on the east side, like
13 Farmington and Garfield and Newport and Oakdale,
14 Palouse, Pullman. There are 21 exchanges, with a
15 total of about 65,000 lines for these 21 exchanges
16 for the residential customers. And the same 21
17 exchanges would also be classed as G-1 for business
18 customers.

19 CHAIRWOMAN SHOWALTER: Thanks.

20 MS. TONG: Would you like more?

21 CHAIRWOMAN SHOWALTER: No, that's good
22 enough for me. I think we got off page six.

23 COMMISSIONER GILLIS: On that same table,
24 could you explain again the changes that are being
25 proposed to the mandatory EAS additives and what that

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1 means for those different customer groups? Are there
2 some in some of those --

3 MS. TONG: Today, customers pay an EAS
4 additive if they have been given EAS calling as a
5 result of the original EAS -- we'll call the 8020 EAS
6 rule, and then also the EAS expansion that we
7 implemented late last year and early this year as a
8 result of the EAS proceeding that we had in
9 determining some specific geographic areas that were
10 looking for expanded calling.

11 And originally, the design of the EAS rate
12 structure had an additive for the customers who
13 purchased basic calling, where they pay a usage rate
14 for every minute of their usage, both within their
15 home, local home exchange, as well as the EAS
16 exchanges.

17 We have a second category of basic service
18 called community plus, where the customers pay a flat
19 rate for their usage within their home exchange, and
20 then pay usage for all minutes called to the added
21 EAS exchanges, and then the premium service EAS band
22 is just a flat adder for flat usage to -- unlimited
23 usage to all exchanges included in the EAS calling
24 area.

25 And each of the different rate bands that

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1 you see on the table that specifies EAS is a result
2 of how many additional lines each customer gained
3 from the EAS expansion. And as a result of that rate
4 design at that time, which was about six or seven
5 years ago that rate design was put into place, we
6 came up with 30 different rate adders as to which
7 customers got how many lines and what area they were.

8 And to simplify this whole thing, we said
9 customers who have basic calling, community calling,
10 would just get EAS for free, no additives at all,
11 although they would pay usage rates for their
12 minutes, as appropriate. And then all customers who
13 just have EAS on a flat rate basis, unlimited calling
14 range, would then have it for \$1.90, whether a
15 business or residence customer, whether they used to
16 be an EAS band one or now EAS band five. So we would
17 just have one EAS band. And not every customer pays
18 this. Only specific exchanges have this EAS added.

19 COMMISSIONER GILLIS: But if I read the
20 table right, every customer with some sort of EAS,
21 their additive would go down, either to zero or
22 \$1.90; is that --

23 MS. TONG: Correct. Every customer who
24 currently pays an EAS adder will have a reduction, to
25 the extent that they pay it. Whether they're on the

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1 rural or urban, it does not matter.

2 JUDGE MOSS: Okay. Does that bring us to
3 page seven, then?

4 CHAIRWOMAN SHOWALTER: I have a question
5 under D, the second sentence, and I'm just concerned
6 about the breadth of the second sentence. It says
7 that Commission may not otherwise -- and that
8 referred otherwise was rate -- revenue and earnings
9 actions. The Commission may not otherwise take any
10 action that would adversely affect the overall
11 revenues or earnings of GTE Northwest, so that's very
12 broad.

13 Now, I notice on the next page you have
14 some exceptions, but first, just as a matter of
15 drafting, that allows the Staff and Public Counsel to
16 seek the changes for A, B, C, D, but you haven't
17 allowed the Commission to act on them, because the
18 previous sentence says the Commission may not act --
19 may not take any action, but that, I think -- I
20 understand that part.

21 So the question I have is whether A, B, C
22 and D is the universe. It's A, B, C and D plus, you
23 know, general kind of rate case. Is that the
24 universe of things that we might do that would
25 adversely affect the overall revenue and earnings of

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1 GTE Northwest? And actually, I think we had thought
2 of a couple. I can't remember what they are.

3 COMMISSIONER HEMSTAD: Well, a couple of
4 examples. These are hypotheticals, but some kind of
5 generic rule-making that impacts adversely somehow
6 revenues or earnings. What if, say, as a result of
7 the merger, service quality disintegrates and some
8 kind of action is commenced to address it that would
9 impose cost, what we call third-party complaints that
10 could be brought, the consequence of which would
11 presumptively have some impact on earnings and
12 revenues.

13 It all goes to the point that the term any
14 is universal. I mean, it covers everything, and that
15 may not be what the parties here intended.

16 MR. O'CONNELL: Well, I mean, to take at
17 least one or two of your hypotheticals, Commissioner,
18 I mean, clearly this agreement makes commitments
19 regarding service quality, and the merged company
20 will be at risk to the degree that we do not comply
21 with those commitments.

22 The goal here in paragraph D, at the bottom
23 of page seven, was to indicate that, for a period
24 until the middle of 2002, GTE's rates are fixed.

25 COMMISSIONER HEMSTAD: Sure.

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1 MR. O'CONNELL: And that is either
2 direction. That was, candidly, the parties' goal,
3 and there are some offsets for that, certainty.

4 COMMISSIONER HEMSTAD: I think it's
5 understandable that the company wants certainty that
6 Commission or Staff aren't going to commence some
7 kind of a proceeding that would undermine the
8 stability of the rates and the ability to earn
9 revenues. I guess it's some of these peripheral
10 questions that -- some of which we may not have any
11 direct control over it or it's hard to put a
12 definition around -- well, to conceptualize the
13 possibilities when the all-inclusive term any actions
14 is used.

15 MR. O'CONNELL: I recognize the issue.
16 This document was, again, an attempt to put a seal on
17 where we are. I mean, it's clear that there could be
18 issues that the Commission would take up that would
19 have an impact on revenues, but we were attempting to
20 acknowledge that this round of rate reductions brings
21 GTE's revenues into an appropriate band right now.

22 JUDGE MOSS: Let me interject again here,
23 because you're talking in terms of fixed rates, and
24 yet the paragraph speaks in terms of revenues and
25 earnings. Now, these are different things. And I'm

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1 wondering, as I listen to the exchange, if the
2 discussion we had previously isn't the way to resolve
3 this perhaps overbreadth in the way it's stated. So
4 long as this Commission makes a determination that
5 the rates that would be established under the terms
6 of this settlement are fair, just, reasonable and
7 sufficient, and does so with respect to the periods
8 covered by the settlement, doesn't that give you what
9 you need in terms of those fixed rates to which you
10 referred a moment ago?

11 MR. O'CONNELL: I believe that gets us
12 there.

13 JUDGE MOSS: There might be a way that this
14 can be captured in simple, elegant language one time
15 that will cover the problem that we seem to be coming
16 back to from page six and again here on page seven.
17 I don't have a suggestion for what that elegant
18 language might be, but I'm sure the minds collected
19 here can probably come up with something.

20 MR. O'CONNELL: I seem to be answering all
21 the questions, Judge Moss, but this was a collective
22 effort.

23 JUDGE MOSS: You drew the black bean to be
24 the point man. And then, let me ask you, too, to
25 please do try to speak into the mike, because we have

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1 people on the conference bridge that won't be able to
2 hear you.

3 MR. O'CONNELL: Thank you.

4 CHAIRWOMAN SHOWALTER: It sounds to me as
5 if it's one of these things where we all know what
6 we're talking about and that there doesn't really
7 seem to be disagreement about that scope, but that
8 the language goes beyond that scope or could be
9 interpreted to go beyond that scope, and so it's not
10 so much a matter of disagreement as to the language.

11 DR. BLACKMON: If I could just add on that
12 point, I think that has to be true, because one thing
13 I was thinking about was that we've already had
14 discussions with GTE. Their depreciation
15 represcription is coming up next month, and we've had
16 initial discussions about it and both sides, I think,
17 agree that the changes that would occur there would
18 result in higher expenses for the company, and I
19 don't think that either GTE or the Staff would view
20 itself as being bound that we couldn't allow an
21 expense for depreciation to increase as a result of
22 this settlement. I don't think we intended it to
23 bind us in that way, either.

24 MR. O'CONNELL: I think that is a fair
25 statement. Thank you, Dr. Blackmon. That's probably

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1 true. I think this is a Potter Stewart moment. The
2 parties knew what they meant and it's just a problem
3 defining it.

4 CHAIRWOMAN SHOWALTER: That doesn't sound
5 very elegant.

6 JUDGE MOSS: So to make sure I understood
7 what you said, to the extent that such an adjustment
8 was made to increase the expense for depreciation,
9 that's something that the Commission would allow to
10 be recorded on the books of the company and then, two
11 and a half years from now or whenever there was
12 another rate case, then that would be the body of
13 data that we were working from in terms of looking at
14 cost of service and so forth?

15 DR. BLACKMON: Yes, that's right.

16 JUDGE MOSS: Yes, but it wouldn't affect
17 the rates in the interim?

18 DR. BLACKMON: Yes, that's correct.

19 JUDGE MOSS: Okay, I understand. Thank
20 you.

21 COMMISSIONER HEMSTAD: Well, where this is
22 finally going to be left, I think the parties ought
23 to have a chance maybe to scrivener around it, maybe
24 come up with more precise or less-inclusive phrases
25 here.

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1 MS. JOHNSTON: I agree.

2 CHAIRWOMAN SHOWALTER: And just to add
3 another one that shouldn't be included, supposing we
4 take some kind of generic procompetitive position or
5 even a specific one in some other case with some
6 other company and the effect of it will be to
7 increase competition against the merged company,
8 which could affect revenues adversely. I mean,
9 that's the kind of thing that should not be precluded
10 by this kind of settlement.

11 JUDGE MOSS: Okay. Does that complete our
12 discussion on page seven? We can move on to page
13 eight.

14 CHAIRWOMAN SHOWALTER: The one in 2-D
15 there, it says, Adjust revenues for changes in
16 mandated costs, and I just wondered what was meant
17 here by mandated. Does that mean by federal law,
18 FCC, state law, us?

19 MR. O'CONNELL: All of the above.

20 CHAIRWOMAN SHOWALTER: Including us,
21 though, see, because we're buying into this. Could
22 we -- it's a little -- if that includes costs that we
23 mandate, then I guess that's cost, so that's okay.

24 JUDGE MOSS: Okay. Anything else on that
25 page eight? Page nine.

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1 COMMISSIONER GILLIS: Let me, before we
2 leave page eight, just a clarifying question on
3 implementing the universal service funding. Under
4 the current access rule, we really aren't talking
5 about universal service fund, we're talking about a
6 universal service element. And I'm not anticipating
7 any changes one way or the other, but should there be
8 a change in the value of that universal service
9 element, does this include that, as well?

10 MR. O'CONNELL: Yes, Commissioner. That's
11 why we phrased it such that it's not -- specifically,
12 it's part of it.

13 COMMISSIONER GILLIS: It says fund
14 explicitly. It doesn't say --

15 MR. O'CONNELL: Two does, yeah.

16 COMMISSIONER GILLIS: Two, that's what I
17 was referring to, yeah.

18 MR. O'CONNELL: I'm sorry, I was jumping
19 ahead to three.

20 COMMISSIONER GILLIS: That the intent of
21 two would be broader than just the universal service
22 fund?

23 CHAIRWOMAN SHOWALTER: Well, if it said
24 fund or element, is that --

25 COMMISSIONER GILLIS: Or rate element.

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1 JUDGE MOSS: Did you make an answer?

2 MR. O'CONNELL: I did not. I was thinking
3 about it, Your Honor. I think the point of two was
4 to, frankly, it was to track three, and if the
5 language is a little different, I think it should be
6 read consistently.

7 JUDGE MOSS: Did you say it should be read
8 or rewritten?

9 MR. O'CONNELL: It should be read so to be
10 consistent. If that means to change the term fund to
11 track the language in, A, universal service support
12 or similar program.

13 JUDGE MOSS: Yeah, I think --

14 MR. O'CONNELL: That would be acceptable to
15 us.

16 JUDGE MOSS: It does appear that there's an
17 indication this morning that we may want to have some
18 opportunity for the parties to do a little
19 scrivener's work to capture some of the concepts to
20 flesh out in terms of what the intent of the
21 settlement is, without changing the substance, of
22 course. You will just clarify, through scrivener's
23 work, what was truly intended by some of these
24 provisions, and perhaps this is another opportunity
25 where that sort of clarification could be had.

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1 Was there anything else on page eight?
2 Page nine, and I want to note, again, that this is an
3 amended page nine that we have this morning, which
4 the change is in the numbered paragraph E-3, where
5 the WAC provision there was previously indicated to
6 be subpart (2)(e)(a), it is now subpart (2)(e), and
7 that provision of the WAC has been provided to all
8 the members of the bench.

9 CHAIRWOMAN SHOWALTER: Well, my question on
10 this one is on number two, US West will maintain
11 current levels of consumer complaints.

12 MR. FINNIGAN: I think you mean GTE.

13 CHAIRWOMAN SHOWALTER: GTE, I'm sorry.

14 MR. O'CONNELL: We're not US West.

15 MR. FINNIGAN: An entirely different
16 question.

17 CHAIRWOMAN SHOWALTER: I think it's just a
18 matter of how you've written this. You said you'll
19 maintain current levels of consumer complaints. You
20 mean maintain or reduce or not exceed?

21 MR. O'CONNELL: Not exceed.

22 MS. JOHNSTON: Remain constant.

23 MR. O'CONNELL: With all sincerity,
24 Chairwoman, the low level of complaints, relatively
25 speaking, that GTE receives is a point of pride for

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1 the company, so if we can keep to those levels --

2 MS. JOHNSTON: Maintain or reduce.

3 COMMISSIONER HEMSTAD: I think you want to
4 say not exceed.

5 MR. FINNIGAN: Not exceed.

6 CHAIRWOMAN SHOWALTER: We imagined your
7 getting out your wire clippers, just in case it got
8 too low.

9 MS. TONG: The not exceed language applies
10 to the consumer complaints, but not necessarily to
11 the held orders and installation appointments met.
12 Because that's the higher the better, not the lower
13 the better.

14 MS. JOHNSTON: It's more scrivener's work
15 for us.

16 MR. O'CONNELL: It begins to get more
17 complicated, the more we try to --

18 MS. TONG: That's why we just used
19 maintain.

20 JUDGE MOSS: Perfection is a hard thing to
21 attain, but we strive for it endlessly.

22 MR. O'CONNELL: It is not necessarily
23 consistent with simplicity.

24 JUDGE MOSS: This is true, too.

25 COMMISSIONER HEMSTAD: What does sub one

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1 talking about OSS -- I made a note here. I have to
2 think about it. But there's no time frame in the
3 context of that sentence.

4 CHAIRWOMAN SHOWALTER: Well, does it say
5 anything more than you're already required to do?

6 MR. O'CONNELL: No.

7 COMMISSIONER HEMSTAD: I mean, this is just
8 a statement of your current duty.

9 MR. O'CONNELL: Commissioner, various
10 aspects of this settlement were heavily negotiated.
11 This is the final result of some of those
12 negotiations.

13 JUDGE MOSS: Anything further on page nine?
14 Page 10.

15 CHAIRWOMAN SHOWALTER: Well, the only
16 question I had on that is right in the middle, sort
17 of middle of the paragraph beginning with the
18 sentence, In its presentation, GTE will disaggregate
19 its network capital investment, and GTE will further
20 disaggregate such information if currently
21 maintained.

22 There's a couple of questions. Does such
23 information actually mean investment? And then,
24 also, the word currently, is that now, then? Does
25 that mean as of today?

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1 MR. O'CONNELL: I think the answer to both
2 questions is yes.

3 CHAIRWOMAN SHOWALTER: Okay.

4 MR. O'CONNELL: Such information is to --
5 specifically refers back to earlier in the sentence,
6 the information pertaining to its network capital
7 investment, and by currently maintained, we mean,
8 yes, today.

9 JUDGE MOSS: It would appear --

10 CHAIRWOMAN SHOWALTER: Are you
11 disaggregating the investment or are you
12 disaggregating the information?

13 MR. O'CONNELL: The information in its
14 presentation.

15 JUDGE MOSS: Mr. ffitch, go ahead.

16 MR. FFITCH: I was speaking on top of you.
17 I think I was agreeing with you that it relates back
18 to the investment information that would be provided
19 as part of the presentation, then that would be the
20 investment information would be disaggregated.

21 CHAIRWOMAN SHOWALTER: So then, what it
22 means is, up above that, where it says, GTE will
23 disaggregate information on its network capital
24 investment. Is that what's meant here?

25 MR. O'CONNELL: I'm sorry, Chairwoman. I

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1 missed the last part of your sentence.

2 CHAIRWOMAN SHOWALTER: So that the line
3 above such -- the line above the line that says, Such
4 information, what you mean is that GTE Northwest will
5 disaggregate information on its network capital
6 investment?

7 MR. O'CONNELL: Yes.

8 CHAIRWOMAN SHOWALTER: Okay.

9 COMMISSIONER GILLIS: Is it anticipated the
10 reports would go beyond dollar amounts of investment
11 to describe facilities?

12 MR. FFITCH: That would be our
13 anticipation. I did -- I'm sorry, I'm afraid I have
14 to perhaps disagree with Mr. O'Connell's answer to
15 the other question.

16 MS. JOHNSTON: Right.

17 MR. FFITCH: With regard to whether the
18 disaggregation is current as of today or current as
19 of the annual report. And I guess my understanding
20 of this language was that, every year, look at what
21 the company -- what information the company is
22 maintaining in the regular course of its business, it
23 would make that level of disaggregation available.

24 CHAIRWOMAN SHOWALTER: So you mean kind of
25 then hyphen currently maintained?

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1 MR. FFITCH: That's correct.

2 MS. JOHNSTON: That's my understanding,
3 also.

4 JUDGE MOSS: Need to hear back from you,
5 Mr. O'Connell. Is that consistent with your
6 understanding?

7 MR. O'CONNELL: Yes.

8 JUDGE MOSS: Thank you. All right.

9 COMMISSIONER GILLIS: How fine of a level
10 is an operating district?

11 MR. O'CONNELL: The operating districts,
12 Commissioner Gillis, tend to be geographic areas.
13 They normally are several exchanges. For example,
14 here on this side of the mountains, it's referred to
15 as the Eastside, which are the GTE exchanges north of
16 Bellevue and east of the lake is an operating
17 district, several exchanges. Typically, the south
18 county, which is South Snohomish County, the northern
19 part of King County, an operating district.
20 Wenatchee is an operating district.

21 COMMISSIONER GILLIS: That's generally the
22 level you'll be reporting at?

23 MR. O'CONNELL: Yes, sir.

24 MS. TONG: Commissioner Gillis, it would
25 depend on the investment, the specific investment,

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1 because if there's a switch that we're replacing, we
2 can report it by actual central office. If it's
3 interoffice trunking, we can report between which
4 exchanges it happens. So it really depends on the
5 type of investment as to the level of detail for that
6 investment. That's why the language is generic
7 enough so that we can work with that, since not all
8 information is available on the same level of detail.

9 COMMISSIONER GILLIS: Thank you.

10 JUDGE MOSS: Anything else on page 10?
11 Eleven, then? Twelve.

12 CHAIRWOMAN SHOWALTER: I have a question on
13 page 12. Under H, this sets out that if the merger
14 does not go through, then the settlement agreement
15 can be rescinded, and then it says if the settlement
16 agreement is rescinded and the Commission will permit
17 reopening as follows, but then, when you read what
18 follows, it's only what must be closed, what can't be
19 reopened. In other words, it doesn't say would
20 permit reopening of these issues, except for as
21 follows; it simply says it would permit reopening as
22 follows, and then, you know, on a certain day this
23 can't be opened, and on a certain day, this can't be
24 opened, so there's actually nothing here that is
25 permitted to be reopened. I'm sure that is a

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1 drafting issue, but if that is -- seems like what it
2 says, how would we ever get any of these reopened?

3 MR. O'CONNELL: Well, as I think we
4 intended, Chairwoman, on -- we're dealing with
5 hypotheticals here, because it assumes that the
6 merger does not close, and we have no reason to think
7 that that's the case.

8 CHAIRWOMAN SHOWALTER: Right.

9 MR. O'CONNELL: Having said that, if the
10 merger is not consummated at a certain point -- oh, I
11 see. Perhaps --

12 CHAIRWOMAN SHOWALTER: Sort of a one-way
13 street here, it looks like.

14 MR. O'CONNELL: Yeah, perhaps this is one
15 way. H does not contemplate that GTE has to rescind
16 the settlement agreement the day after the merger is
17 called off. If it is rescinded after the first
18 phase, the access charge complaint case is closed and
19 not subject to reopening.

20 CHAIRWOMAN SHOWALTER: Right, right. I get
21 the restrictions of number one and two. You can't
22 open something back up, but actually, if you read the
23 language up above, it would purport to say this is
24 the way you permit reopening, and the only way you
25 can permit reopening is not to reopen two things.

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1 MR. O'CONNELL: Right, because after the
2 first date of May 1 of 2000, if that first phase goes
3 into effect, that case may not be reopened.

4 CHAIRWOMAN SHOWALTER: Let's say it's
5 before either one or two. Then what, can it be
6 reopened?

7 MR. O'CONNELL: Yes.

8 CHAIRWOMAN SHOWALTER: But it doesn't say
9 that. That's all I'm saying. It would just -- the
10 Commission will permit reopening of these cases
11 except as follows.

12 MR. O'CONNELL: Yeah, and except would be
13 the way to fix that.

14 CHAIRWOMAN SHOWALTER: Okay.

15 JUDGE MOSS: Anything else on page 12?
16 Page 13, page 14? Okay. Well, we have -- it seems
17 we have made our way through the settlement agreement
18 from beginning to end, in terms of its substance, at
19 least, and we had started with some generic
20 questions. I suppose I should ask if the bench has
21 any further general questions about the settlement.

22 CHAIRWOMAN SHOWALTER: I don't have any
23 more questions.

24 JUDGE MOSS: It does not appear that there
25 are. I should ask the panelists who got cut out of

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1 much of our discussion, as we had a lot of exchange
2 with counsel there over drafting issues and so forth,
3 if they feel there is any other information that
4 would be of value to the Commissioners that was not
5 evoked by the questions this morning? Anything
6 further you'd like to share, any of you? All right.
7 Then I think we can release our panelists from the
8 witness bench, and thank you very much for appearing.

9 MS. McCARREN: Thank you.

10 JUDGE MOSS: I had indicated at the outset
11 that there would be an opportunity for statements by
12 counsel, and counsel having all said that they would
13 not care to make such statements, either in the
14 nature of opening or closing, but I want to ask if
15 counsel feel it is important at this juncture to make
16 a statement. I would like to open that opportunity.
17 Is there any counsel present in the room who wish to
18 make a statement? No indication here in the room.
19 Are either of our participants on the teleconference
20 bridge interested in making a statement?

21 MS. PONGRACZ: No, thank you, Judge Moss.

22 MS. TRIBBY: No.

23 JUDGE MOSS: Okay. Thank you very much.
24 Were you going to make a closing statement, Mr.
25 O'Connell?

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1 MR. O'CONNELL: I had not intended to, Your
2 Honor. I think we've addressed all the issues.

3 JUDGE MOSS: Okay, fine. Then I guess our
4 other business is to decide where do we go from here.
5 It does appear that there is some editorial effort
6 that needs to be undertaken. What would the parties
7 anticipate the time frame for that would be?

8 MR. O'CONNELL: I would like to deal with
9 that very quickly, Your Honor. In fact, perhaps
10 today.

11 MS. JOHNSTON: Are you proposing that we
12 file an amended proposed settlement agreement with
13 the Commission, then, in each docket?

14 MR. O'CONNELL: I believe we should in
15 light of the discussion we've had here this morning.

16 COMMISSIONER HEMSTAD: I think it would be
17 better if the parties perfected the document, rather
18 than leaving it to us.

19 MS. JOHNSTON: I agree.

20 MR. O'CONNELL: What I was going to suggest
21 -- in fact, we had scheduled the whole day. Perhaps
22 if the parties could be given a period of time now up
23 until shortly after lunch, and we could resume at
24 that point.

25 MS. JOHNSTON: That won't work for me this

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1 afternoon. I'm sorry. If you wanted to coordinate
2 --

3 JUDGE MOSS: We're losing your voice there,
4 Ms. Johnston.

5 MS. JOHNSTON: I was just proposing that we
6 coordinate with one another later this afternoon to
7 draft new language. In other words, I have a prior
8 commitment over the noon hour and I'm not able to
9 stay.

10 CHAIRWOMAN SHOWALTER: Well, I don't want
11 to rush the parties, but could we reconvene at 3:30,
12 4:00, or sometime tomorrow? We're going to be here
13 tomorrow, as well.

14 MS. JOHNSTON: That's true.

15 CHAIRWOMAN SHOWALTER: It does seem that,
16 in general, we are talking about clarification of the
17 stipulation, not the amount --

18 MS. JOHNSTON: It's probably easier, right.

19 CHAIRWOMAN SHOWALTER: Since you're all
20 here, could we get it accomplished?

21 MR. O'CONNELL: I would request that we
22 stay. And if you've got a lunch commitment, I
23 understand, but let's meet right after lunch and
24 let's do it this afternoon.

25 JUDGE MOSS: Well, the Commissioners are

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1 indicating, by nodding at least, that they'll be
2 available later today, and I certainly and Judge
3 Caille certainly will be available, so why don't we
4 sort of leave it as an on-call basis. If you could
5 give us, what, 30 minutes notice, 15 minutes -- 15
6 minutes notice, we have the room for the day. The
7 court reporter can have a long lunch, I guess, and
8 we'll reconvene. And Ms. Johnston, maybe you can
9 just give me a call and I'll work on the organization
10 of that exercise this afternoon.

11 MR. O'CONNELL: Thank you.

12 JUDGE MOSS: And we'll reserve an exhibit
13 number 101 for that. Okay. With that, we'll be in
14 recess until notice.

15 MS. JOHNSTON: Thank you.

16 JUDGE MOSS: Thank you all very much.

17 (Lunch recess taken.)

18 JUDGE MOSS: We're back on the record in
19 Docket Numbers UT-981367 and UT-990672. The parties
20 have had an opportunity during our noon recess to
21 work on some editorial language to the Exhibit Number
22 100 that we were reviewing earlier, and I believe,
23 Mr. O'Connell, are you taking the laboring oar yet
24 again?

25 MR. O'CONNELL: I am, Your Honor. Thank

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1 you.

2 JUDGE MOSS: Proceed.

3 MR. O'CONNELL: Thank you. Chairwoman
4 Showalter, Commissioner Gillis, what the parties have
5 discussed is that we will read into the record the
6 revisions that we have discussed in response to your
7 concerns. The party representatives are here and
8 will indicate on the record their agreement to those
9 changes, and then we will tomorrow furnish you with a
10 conformed copy as an exhibit reflecting those
11 revisions.

12 The first of those changes is on page six
13 of the document, subsection D, at the top of that
14 page. This is one of the longer changes that is
15 reflected in my handwritten document that has been
16 distributed to you. Maintain the first sentence in
17 that paragraph. Strike the second sentence and
18 replace it with the following: Nothing in this
19 Agreement shall be construed to support any claim by
20 any person that GTE Northwest's access rates, either
21 before or after the date of this Agreement, are
22 unfair, unjust or unreasonable.

23 We made that change to respond to some of
24 the concerns that were expressed during the session
25 this morning.

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1 There is a second change that also responds
2 to some of those concerns that will be inserted later
3 in the document. I'll deal with that when we get
4 there. Next page, page seven, subsection D-1, the
5 third line from the bottom of the page, the line
6 begins, Sections II(B), about halfway to the end of
7 that line, the words adversely --

8 COMMISSIONER GILLIS: I'm sorry, where are
9 we at?

10 MR. O'CONNELL: I'm sorry, Commissioner.
11 It's on the bottom of page seven, third line from the
12 bottom.

13 COMMISSIONER GILLIS: Right.

14 MR. O'CONNELL: Strike the words "adversely
15 affect the overall revenues or earnings," and insert,
16 instead of those, the following: "Change the retail
17 prices or access rates."

18 The next change is at the top of the
19 following page, page eight. Change 2(a), I think it
20 makes sense just to read it, rather than strike out
21 and whatnot. Change 2(a) to say, "Implement a state
22 or federal program of universal service support, or
23 similar program;".

24 MS. JOHNSTON: That's the same language
25 that appears in 3(a).

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1 MR. O'CONNELL: Correct. Next change is on
2 page nine.

3 CHAIRWOMAN SHOWALTER: I've got a question
4 right here. Is it appropriate to ask it?

5 MR. O'CONNELL: Of course.

6 CHAIRWOMAN SHOWALTER: I just remember the
7 issue that, at the bottom of page seven, it binds the
8 Commission and at the top of page eight, it says
9 nothing stops the Staff and Public Counsel from going
10 ahead on these other things. Do you want to flow the
11 Commission in to the exceptions on the top of page
12 eight?

13 MR. O'CONNELL: That would be fine,
14 Chairwoman. I would just insert Commission after
15 Staff, or before Staff. Next change is on the top of
16 page nine, E-2. After the word maintain, put "or
17 improve."

18 CHAIRWOMAN SHOWALTER: Good.

19 MR. O'CONNELL: Next change is on page 10,
20 subsection five, the eighth line from the bottom.
21 The first word in the line is presentation.

22 CHAIRWOMAN SHOWALTER: Eighth line from the
23 bottom.

24 JUDGE MOSS: Within that section.

25 CHAIRWOMAN SHOWALTER: Oh, yeah, in its

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1 presentation.

2 MR. O'CONNELL: After the word
3 disaggregate, insert the words "information on." And
4 in the next line, the last word says currently.
5 Insert a "then hyphen" before currently.

6 JUDGE MOSS: I'm sorry. Information if
7 then-currently?

8 MR. O'CONNELL: I'm sorry. I was jumping
9 around. I apologize, Your Honor. For the first
10 line, the one that says, Presentation, GTE Northwest
11 will disaggregate information on -- that's the end of
12 that one. Then jump to the next line. Disaggregate
13 such information if then-currently -- at the end of
14 that line.

15 CHAIRWOMAN SHOWALTER: By the way, before
16 you leave page 10, I forgot to ask you, on a few
17 lines up above that, it says the prior year's network
18 capital investment. Do you mean S apostrophe, or do
19 you mean apostrophe S? Is that a plural year or is
20 it a single year?

21 MR. O'CONNELL: Oh, the written materials
22 will include specific data and information on the
23 prior year's -- yeah, I believe it should be
24 apostrophe S.

25 CHAIRWOMAN SHOWALTER: Okay.

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1 JUDGE MOSS: Just one year's worth.

2 MR. O'CONNELL: Next change is on page 12.

3 I think we talked about this one pretty explicitly.

4 In H, the last line of the paragraph before we get to

5 71, insert the word except after Proceedings.

6 CHAIRWOMAN SHOWALTER: Where does the

7 except go?

8 MS. JOHNSTON: It was your suggestion.

9 CHAIRWOMAN SHOWALTER: Does it go after

10 pending proceedings?

11 MR. O'CONNELL: Yeah, after the word

12 proceedings. And then the next insertion would be

13 into subsection G -- excuse me J, as in Jasper, page

14 13. Insert at the end of that section, and that is

15 also on my handwritten material that I provided to

16 you, "By entering into the Agreement, the parties

17 intend that the Commission exercise only that

18 authority contained in public service laws."

19 And the parties intended that to respond to

20 some of Commissioner Hemstad's concerns about what

21 the Commission could or could not accomplish in the

22 settlement.

23 CHAIRWOMAN SHOWALTER: Does public service

24 laws encompass FCC mandates and all kinds of other

25 things that come from other than the legislature?

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1 MS. JOHNSTON: I think that the proposed
2 language was more narrow than that.

3 MR. FINNIGAN: Reference to the public
4 service laws would be anything in Title 80.

5 CHAIRWOMAN SHOWALTER: Okay.

6 MR. FINNIGAN: So that to the extent the
7 legislature gives you authority in title 80 to
8 implement the Telecommunications Act of '96 --

9 CHAIRWOMAN SHOWALTER: Which we have,
10 right.

11 MR. FINNIGAN: -- it's swept within the
12 public service laws.

13 CHAIRWOMAN SHOWALTER: Right.

14 MR. O'CONNELL: The parties believe that,
15 with those changes, we have dealt with all of the
16 issues we identified this morning.

17 CHAIRWOMAN SHOWALTER: Since Commissioner
18 Hemstad's not here, just -- why does this language
19 answer his question?

20 MR. FINNIGAN: It was our understanding
21 that one of his concerns -- this relates back to page
22 six -- was that we were asking the Commission to
23 perhaps step beyond its statutory authority and
24 preclude parties from bringing particular actions
25 that they might have a right to bring, and so we

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1 modified six to focus on the access rates as we've
2 done, but thought just to be sure that the Commission
3 understands that we're not asking you to step beyond
4 your authority, indicate that the intent of the
5 parties is that the Commission, in approving this
6 settlement, is not being asked to exercise authority
7 it does not have.

8 So if someone raised the question -- if
9 someone raised the question that there's something in
10 here that's beyond the Commission's authority, we're
11 saying we're not trying to do that in any way.

12 CHAIRWOMAN SHOWALTER: So if we were
13 required to entertain, for example, a third party
14 action where someone was owed due process on their
15 complaint, we could proceed with that action.

16 MR. O'CONNELL: They would be entitled to
17 whatever process would be due. We revised the D
18 section to attempt to make explicit that nothing in
19 the agreement could be used to support any claim for
20 rebate.

21 CHAIRWOMAN SHOWALTER: Yes, right.

22 MR. O'CONNELL: But simultaneously, any
23 other entity can file whatever complaint it may have
24 asserting whatever theories they think they are
25 entitled to assert.

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1 JUDGE MOSS: I have a couple of points.
2 Page nine, there was some question, and this is a
3 minor thing, I think, given what was intended, but
4 there was some suggestion GTE Northwest will maintain
5 current levels of consumer complaints, that it might
6 say maintain or improve on, or something like that,
7 to make perfectly clear that --

8 CHAIRWOMAN SHOWALTER: He did that.
9 Maintain or improve.

10 JUDGE MOSS: Oh, I'm sorry. I must have
11 missed that when we went through it.

12 MR. O'CONNELL: On page nine, E-2, after
13 the word maintain in the first line, put "or
14 improved."

15 JUDGE MOSS: I just didn't take good notes.
16 I apologize. The other point that I wanted to raise,
17 and I would like to direct this to Dr. Blackmon,
18 looking at page 12, the paragraph G, "Acceptance of
19 this agreement by the Commission therefore
20 establishes that the rates charged by overall
21 earnings of GTE Northwest are fair, just, reasonable
22 and sufficient," I believe you said something on the
23 record earlier, and I just more or less wanted to
24 confirm that Staff has been working with this data
25 for some time now and is satisfied that the rates

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1 that result under the settlement agreement do meet
2 this description of fair, just, reasonable and
3 sufficient?

4 DR. BLACKMON: Yes.

5 JUDGE MOSS: Okay. Thank you very much. I
6 think that's all I had.

7 COMMISSIONER GILLIS: If I could follow up
8 on that last point, just as a matter of completeness.
9 This morning there was an exhibit distributed, I
10 think that Lida Tong described the various rates, the
11 rate files as residential business rates and EAS, but
12 there's nothing as far as the originating and
13 terminating access rates. Is that something that
14 would be feasible to provide as part of this?

15 DR. BLACKMON: To provide the specific
16 rates?

17 COMMISSIONER GILLIS: Yes, the specific
18 originating and terminating access rates that were
19 agreed upon.

20 DR. BLACKMON: I believe that we can
21 provide the terminating rate. I think the
22 originating rate has not been calculated yet, and the
23 agreement gives GTE some discretion in terms of
24 exactly how it wants to increase its originating
25 rate. Ms. Tong is nodding her head, so I think we

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1 can provide you with the terminating rate.

2 COMMISSIONER GILLIS: I think it would be
3 useful, just for completeness.

4 MR. O'CONNELL: We can do that.

5 JUDGE MOSS: Okay. Then what I would
6 propose to do, I previously had reserved Exhibit
7 Number 101 for the revised settlement document, and
8 I'm confident there will be no objection to that
9 being made an exhibit in the proceeding. And hearing
10 nobody correct me on that, that will be admitted as
11 marked, once we receive that, of course. And then I
12 will reserve an Exhibit Number 102 for data
13 responsive to Commissioner Gillis's last inquiry.

14 MR. FINNIGAN: If I might comment. Since
15 that schedule is actually a schedule that's attached
16 to the settlement agreement, and the first version of
17 it is part of Exhibit 100, it may make sense to
18 include it as Exhibit 101, with just another sheet to
19 that rate calculation that lists the terminating
20 access rate.

21 JUDGE MOSS: That would be fine. Is that
22 agreeable to the parties?

23 MS. JOHNSTON: Yes.

24 JUDGE MOSS: All right. Then we won't
25 reserve an Exhibit 102. We'll handle it that way.

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1 MR. O'CONNELL: If we could just get the
2 confirmation from all the parties to the agreement as
3 we revised it on the record.

4 JUDGE MOSS: Sure. We're going to have our
5 panelists come up and give that confirmation. Of
6 course, you all do remain under oath.

7 MS. TONG: Lida Tong, on behalf of GTE
8 Northwest and GTE Corporation. We accept the
9 document, as amended, as read into the record today,
10 as addressing all concerns of GTE Corporation and GTE
11 Northwest.

12 JUDGE MOSS: Thank you.

13 MS. McCARREN: Louise McCarren, for Bell
14 Atlantic. I have reviewed and listened to the
15 changes, and we agree with them.

16 MR. STEUERWALT: Matt Steuerwalt, from
17 Public Counsel. I have reviewed, also, the changes,
18 and we also agree with them.

19 DR. BLACKMON: Glenn Blackmon, with
20 Commission Staff. I too have reviewed the changes,
21 and Staff supports them and agrees with them.

22 JUDGE MOSS: Okay. Do we have any further
23 questions from the bench?

24 CHAIRWOMAN SHOWALTER: I have no further
25 questions, but I think that the parties have done a

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1 tremendous job in terms of trying to take three
2 complicated dockets and resolve them in one document.
3 It's a little too early, I think, to congratulate the
4 parties, but I applaud your efforts.

5 MR. O'CONNELL: Thank you.

6 MS. JOHNSTON: Thank you.

7 JUDGE MOSS: Okay. Is there any further
8 business for us to conduct today?

9 MR. O'CONNELL: No, Your Honor. Just on
10 behalf of joint applicants, we just want to express
11 our appreciation for the promptness with which this
12 has been carried along, and we urge continued
13 expeditious treatment.

14 JUDGE MOSS: The Commission will continue
15 to pay diligent attention to this matter, and we'll
16 take it under advisement and issue an order at the
17 earliest possible date.

18 I'd like to thank the witnesses for
19 appearing today. You all are released. I would like
20 to thank the parties for their very professional
21 conduct throughout the proceedings and in particular
22 today, as we have brought this hearing matter to a
23 close. So with that, I thank you very much. And
24 we'll go off the record.

25 (Proceedings adjourned at 2:12 p.m.)