

1                   BEFORE THE WASHINGTON UTILITIES AND  
2                   TRANSPORTATION COMMISSION

3

4 In re Application of US WEST, ) Docket No. UT-991358  
INC., and QWEST COMMUNICATIONS ) Volume IX  
5 INTERNATIONAL, INC. for an ) Pages 935-993  
Order Disclaiming Jurisdiction, )  
6 or in the Alternative, )  
Approving the US WEST, INC. - )  
7 QWEST COMMUNICATIONS )  
INTERNATIONAL, INC. Merger. )  
8 \_\_\_\_\_ )

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10                   A public hearing in the above  
11 matter was held on March 16, 2000, at 6:08 p.m., at  
12 1300 Evergreen Park Drive Southwest, Olympia,  
13 Washington, before Administrative Law Judge DENNIS  
14 MOSS and CHAIRWOMAN MARILYN SHOWALTER, COMMISSIONER  
15 RICHARD HEMSTAD and COMMISSIONER WILLIAM R. GILLIS.

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17                   The parties were present as  
18 follows:

19                   US WEST COMMUNICATIONS, INC., by  
Lisa A. Anderl, Attorney at Law, 1600 Seventh Avenue,  
20 Room 3206, Seattle, Washington 98191.

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

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24                   PUBLIC COUNSEL, by Simon ffitich,  
Attorney at Law, 900 Fourth Avenue, #2000, Seattle,  
Washington 98164.

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1 QWEST, by Mace Rosenstein,  
Attorney at Law, Hogan & Hartson, 555 13th Street  
2 N.W., Washington, D.C. 20004.

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24 Barbara L. Spurbeck, CSR

25 Court Reporter

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1                   CHAIRWOMAN SHOWALTER: Good evening,  
2 everyone. This is a hearing on the US West-Qwest  
3 merger proceeding. This is not a public hearing in  
4 the sense that a city council holds a public hearing.  
5 It's a quasi-judicial hearing. And because of that,  
6 we have an Administrative Law Judge, Dennis Moss, who  
7 is to my left, who will conduct the proceeding. And  
8 I forgot to mention, I think you can see from the  
9 name plates, that I'm Marilyn Showalter, the Chair of  
10 the Utilities and Transportation Commission, and also  
11 with me are Commissioners Dick Hemstad and Bill  
12 Gillis.

13                   So I'm going to turn the proceeding over to  
14 Judge Moss to conduct, and he will explain more about  
15 how things will proceed.

16                   JUDGE MOSS: Thank you. Good evening,  
17 everyone. We are here tonight for the first of four  
18 public comment hearings that are part of the  
19 Commission's formal hearing processes as it considers  
20 whether to approve, approve with conditions, or  
21 disapprove the merger that US West and Qwest hope to  
22 complete later this year.

23                   I won't take up too much of our time  
24 speaking, but I do want to offer a few comments about  
25 the Commission's hearing process. I also want to

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1 introduce some more of the folks who are present with  
2 us tonight, who are participating in this process,  
3 and most importantly, I want to explain briefly what  
4 you can do to maximize the impact of your  
5 participation here tonight.

6           Let me first explain a little bit more  
7 about the Commission, the hearing process. The  
8 Commission is a state administrative agency charged  
9 with the responsibility to regulate various public  
10 utilities, including telephone companies.

11           When one of these companies proposes a  
12 merger, the Commission views that as a change in the  
13 ownership or control of the assets by which that  
14 company provides service to the public, thus, under  
15 the statutes that spell out the Commission's  
16 authority, when a merger such as this is proposed,  
17 the Commission undertakes an inquiry which may  
18 include formal hearing processes and formal hearings  
19 such as these.

20           The purpose of the hearings is to provide  
21 the Commissioners with information on which they can  
22 make a decision, a reasoned decision, about whether  
23 the proposed merger is consistent with the public  
24 interest.

25           Now, I want to explain that early in the

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1 process, once the companies apply for Commission  
2 approval, certain Commission employees are assigned  
3 to work on the case as advocates, and they  
4 participate in the case in the formal hearings as a  
5 party to the proceedings in the same sense that US  
6 West and Qwest are parties.

7         These members of the Commission Staff have  
8 no contact with the three Commissioners about the  
9 case, except in the open hearings that we conduct,  
10 including our session this evening.

11         Other parties, who similarly have no  
12 contact with the Commissioners regarding the case  
13 outside the hearing room are, as I mentioned, the  
14 Applicants, US West and Qwest, various other  
15 telecommunications companies who have chosen to  
16 participate in the proceeding, and the Washington  
17 Attorney General's Office of Public Counsel.

18         This very week, we are conducting the  
19 evidentiary hearings, during which the Commissioners  
20 hear testimony and receive documents that provide a  
21 significant body of evidence upon which the  
22 Commissioners ultimately will base their decision.

23         In addition, the Commission is conducting  
24 sessions such as this one tonight to allow for the  
25 participation by members of the public. Your

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1 comments this evening will be recorded just as the  
2 testimony during the evidentiary proceedings is  
3 recorded, and your comments thus will become part of  
4 the formal record that will be the basis for the  
5 Commissioners' decision.

6         Once all the evidentiary proceedings are  
7 concluded, perhaps as early as next week, and all of  
8 the public comment hearings are concluded, and that  
9 will be on April 20th, the Commission will spend a  
10 period of time studying the record, considering and  
11 deciding the issues, and preparing a written order to  
12 announce its decision and explain the bases for its  
13 decision. That is most likely to occur later this  
14 spring.

15         In some cases, and this happens to be one  
16 of them, some or all of the parties will propose to  
17 resolve their disputes over various issues by  
18 negotiating a settlement agreement. The  
19 Commissioners then must decide whether to accept the  
20 settlement agreement as a reasonable resolution of  
21 those issues. That is, they must decide if the  
22 agreement the parties reached is in the public  
23 interest. And you'll hear more about that in a  
24 minute from Mr. ffitch.

25         Mr. ffitch is sitting over here to my

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1 right. He is an attorney who works for the State  
2 Attorney General's Office of Public Counsel. And  
3 among other things, he assists members of the public  
4 to present their comments during sessions such as  
5 this that are a regular part of the Commission's  
6 regulatory process.

7 Also present tonight, we have  
8 representatives from US West. US West and Qwest are  
9 represented tonight by Ms. Lisa Anderl, who is one of  
10 the US West company's attorneys, and she's sitting up  
11 here at the front. And next to her is Mr. Mace  
12 Rosenstein, who is one of Qwest's attorneys.

13 They also have other employees of the  
14 company present with them tonight. Ms. Theresa  
15 Jensen, who has significant responsibility for the  
16 company's regulatory affairs in Washington. And Mr.  
17 Mark Evans is here from Qwest. He is one of the  
18 witnesses who appeared earlier today, as a matter of  
19 fact.

20 The Commission Staff, who are participating  
21 as a party to the case, are represented tonight by  
22 Assistant Attorney General Sally Johnston, and with  
23 her is Dr. Glenn Blackmon, who raised his hand. And  
24 Dr. Blackmon is the Commission's assistant director  
25 for telecommunications. I believe there are several

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1 other Staff members from the Commission present  
2 tonight who are also involved in the case.

3 All the people I've introduced will play  
4 key roles as the hearing process goes forward. Those  
5 of you who have come tonight will also play a key  
6 role.

7 Let me take another minute or two to  
8 discuss how your participation can be most meaningful  
9 and most useful. First of all, please understand  
10 that your time at the podium tonight is not your  
11 opportunity to ask questions about the case. Your  
12 time at the podium tonight is the opportunity for you  
13 to make a statement, to express any concerns you may  
14 have about the proposed merger between US West and  
15 Qwest.

16 It is important that we hear everything  
17 each speaker says and that our court reporter, who is  
18 sitting directly in front of me here, is able to  
19 record every word. That means it is important for  
20 you to speak up when it's your turn and that you  
21 speak slowly and carefully, perhaps a little more  
22 slowly than I'm speaking, I see her working at a  
23 furious pace there, and that you be moderate in your  
24 speaking pace.

25 It's important that no speaker be



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1 interrupted by comment from others, so I ask that  
2 when it is not your turn to speak, you remain  
3 politely silent. To keep things orderly and moving  
4 along, I ask that you refrain from any applause or  
5 other audience type reaction during or between  
6 speakers, no matter how moved you may be by a  
7 speaker's comments.

8 This is a formal hearing tonight, and it is  
9 in all of our best interests that it be conducted  
10 with the dignity required for courtroom type  
11 proceedings.

12 Experience in conducting these types of  
13 hearings has taught us that each speaker should be  
14 limited to five minutes, so that we have time to get  
15 to everyone. Those of you who have spoken in public  
16 before know that you can say an awful lot in five  
17 minutes. Still, some speakers may be tempted to run  
18 over, and in that event, in fairness to all, I will  
19 interrupt and let you know that your time is up and  
20 ask that you sum up quickly so that we can get to our  
21 other speakers.

22 When you finish speaking, please remain at  
23 the podium until I release you, because there may be  
24 questions from one of the Commissioners or from me,  
25 or Mr. ffitch may have a follow-up question for you.

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1 I want to mention that it's not necessary  
2 for you to repeat what another speaker has already  
3 said. If you agree with another speaker's comments,  
4 you may simply tell us that, and it will carry as  
5 much weight as if you had repeated what that speaker  
6 said verbatim.

7 I will mention, too, as I have mentioned,  
8 the Commission Staff and company representatives are  
9 available in the room tonight and they will be  
10 available, I'm sure, during any breaks that we take  
11 or briefly after our proceedings, and you may be able  
12 to get the answers to any questions you have from  
13 them.

14 You can also call the Commission, and this  
15 is on your information sheet, but I'll repeat it, at  
16 360-664-1160, and mention that you're interested in  
17 this case, and your call will be routed to someone  
18 who can help you.

19 You can also submit additional comments in  
20 writing, and if you have questions about that  
21 opportunity, I see Ms. Penny Hansen is still back  
22 there in the back of the room. Some of you may have  
23 seen her when you signed in. Please speak with her  
24 and she can give you some further guidance about  
25 that. If you do decide to submit any written

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1 comments, that needs to be by April 20th.

2 With that said, we're ready to begin. Mr.  
3 ffitich will have a few comments for us. Following  
4 Mr. ffitich's comments, I'll swear you all in at one  
5 time, we'll just have one swearing, and then we'll  
6 hear your comments. You will be assisted in that  
7 process by Mr. ffitich, who will essentially guide you  
8 through that. When Mr. ffitich calls your name, we'll  
9 ask that you come up to the podium to speak, and I  
10 understand we do have at least one participant this  
11 evening who has made a prior arrangement to share her  
12 comments with us through our teleconference line.  
13 And we'll hear first from her, as I discussed  
14 previously with Mr. ffitich, and then from any others  
15 who have made a similar arrangement, and finally from  
16 those of you who are here with us this evening. So  
17 with that, I turn the floor to you, Mr. ffitich.

18 MR. FFITCH: Thank you, Judge Moss. As  
19 Judge Moss has said, my name is Simon ffitich, and I'm  
20 an Assistant Attorney General with the Washington  
21 AG's Office. I'm with the Public Counsel Section of  
22 the Attorney General's Office, and our job is to  
23 appear before the regulatory commission, before the  
24 WUTC, to represent the citizens of the state,  
25 particularly the customers of the regulated

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1 telecommunications and electric utilities. So we  
2 represent, in plain English, the customers of US  
3 West, GTE, Puget Sound Energy, Pacific Power and  
4 Light and other companies of that type. And we have  
5 been an active participant in this case.

6         Just to give you a bit more of a background  
7 of how the case has gone, the Commission, at the  
8 beginning of this formal case, identified some issues  
9 which it felt were appropriate to review in taking a  
10 look at the merger. And those issues included  
11 service quality, an impact on rates and an impact --  
12 the impact of the merger on competition.

13         The Office of Public Counsel filed written  
14 testimony on those issues, as did the Commission  
15 Staff, acting as a separate party in the case, as  
16 Judge Moss has described, and also a number of other  
17 parties have also filed written testimony.

18         At the time that we, at Public Counsel,  
19 filed our testimony, we raised some concerns  
20 particularly about service quality issues and  
21 recommended that the Commission only allow the merger  
22 if certain commitments were received from the merging  
23 companies regarding service quality. Other parties  
24 made similar recommendations, including the  
25 Commission Staff.

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1           After that, the parties entered into some  
2 discussions about possible resolution of the issues  
3 in the case which affect retail customers, the  
4 customers who buy basic telephone service from US  
5 West, and those discussions took place between the  
6 Public Counsel Office and the Commission Staff, US  
7 West and Qwest, and they did, again, as you've heard  
8 already, result in a partial settlement of those  
9 issues that affect retail customers between those  
10 four parties, and that has been presented to the  
11 Commission for review.

12           That doesn't mean that the merger is  
13 approved yet. It's simply an agreement or resolution  
14 between this group of parties, and we are  
15 recommending to the Commission that they adopt the  
16 settlement agreement. That decision has not yet been  
17 made. In fact, that's one of the reasons why I'm  
18 glad that there's a good turnout tonight, because  
19 this is an opportunity for the public to comment on  
20 this proposed settlement and whether they think that  
21 it's in the public interest.

22           If you haven't discovered this already,  
23 there's a handout at the back of the room on yellow  
24 paper, and this handout contains a number of useful  
25 pieces of information, but particularly, I'm going to

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1 ask you right now to take a look at the second page,  
2 which bears the heading Terms of Partial Settlement  
3 of Merger Issues, because you may be wondering by  
4 now, now that you've heard about this partial  
5 settlement, you may be wondering, well, what's in  
6 this partial settlement, and I'd like to just take a  
7 couple of minutes to walk through the high points.

8           There's quite a built of detail here, and I  
9 won't cover every point exhaustively. If you'd like  
10 to know some more about the specific details of the  
11 settlement, there's a couple ways to find that out.  
12 First of all, there are copies of the actual full  
13 agreement in the back for you to look at, and as the  
14 Judge mentioned, there will be members of the Staff  
15 available to talk to. I will be here at a break or  
16 afterwards, if you have questions about the  
17 specifics, the finer points of some of these  
18 commitments, and I'm sure that company  
19 representatives will also be happy to talk with you.

20           So let me just cover succinctly the  
21 provisions in the agreement. First of all, there is  
22 a service quality performance program. And under  
23 this program, Qwest agrees to provide service which  
24 meets eight different service quality standards. If  
25 those standards are not met, the company agrees to

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1 refund up to \$20 million per year to customers in  
2 Washington State.

3         Those standards include things like  
4 installation of new phone lines, repair of existing  
5 lines, answering customer calls promptly, avoiding  
6 problems where you can't get dial tone when you pick  
7 up the phone, and response times for customer  
8 complaints. Those are all specifically laid out in  
9 more detail in the agreement.

10         The second point is that Qwest will file  
11 with the Commission a customer bill of rights,  
12 covering privacy, accuracy, courtesy and good  
13 service, and the bill of rights will also include  
14 specific customer service credits and the  
15 availability of an order confirmation number.

16         So it will essentially list the main  
17 provisions that are included in this agreement within  
18 the bill of rights, as well as some additional points  
19 on privacy and those other matters I mentioned.

20         Thirdly, the agreement provides that every  
21 customer who calls to order services will get an  
22 order confirmation number to help them and the  
23 company track that order through the system to  
24 address some of the problems, the past problems with  
25 keeping track and verifying orders.

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1           The agreement also reaffirms that we have a  
2 new company taking over here. This agreement  
3 reaffirms that some existing service guarantee  
4 programs will continue in effect, particularly a \$50  
5 credit for failure to meet an appointment or  
6 commitment to install or repair telephone service.

7           Moving on to the next point, this agreement  
8 also provides a couple of -- in a couple of different  
9 ways for investment in the telephone network in  
10 Washington. First of all, there's a commitment by  
11 Qwest to replace every outdated analog switch with a  
12 digital switch, so that all the US West switches in  
13 Washington will be digital at the completion of this  
14 scheduled replacement, and in addition, all of the  
15 central offices or switching offices of the company  
16 will be connected by fiberoptic facilities. That  
17 will enable residential and business customers to  
18 have better access to advanced services and  
19 hopefully, also, just improve the basic quality of  
20 voice grade service.

21           A second -- or another provision in the  
22 agreement provides that if there is no dial tone, if  
23 you pick up your phone, it doesn't work, don't hear a  
24 dial tone, if that's not restored within two working  
25 days, there's a \$5 credit on the customer bill. Not



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1 restored within seven calendar days, a customer gets  
2 a credit for the full month's recurring charges.

3 In addition, in the area of trouble  
4 reports, there's 25 cents per line, per month credit  
5 available to customers if a particular exchange has  
6 excessive numbers of trouble reports. And this  
7 credit goes to every customer in the exchange, not  
8 just to the people who had the trouble reports. But  
9 the entire population of the exchange would receive  
10 that on their bill, that credit.

11 One of the areas that has been of concern  
12 to Public Counsel and the Staff and others has been  
13 backlogs of unfilled orders or so-called held orders,  
14 and that is addressed in the settlement agreement.  
15 And I'm onto the back page now of the list here,  
16 coming into the home stretch.

17 The joint applicants here, Qwest and US  
18 West, have agreed to clear the current backlog of  
19 held orders, which is several hundred orders, by  
20 October 1st of this year. They've also agreed to  
21 improve their complaint response and to use  
22 Washington state-based employees to respond to  
23 customer complaints that are filed with the UTC.

24 The companies have agreed to provide a  
25 service quality annual report to their customers

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1 starting after the first year when these requirements  
2 are in effect, so that customers will be able to tell  
3 how they're doing statewide.

4         The agreement also provides for a cap on  
5 regulated rates up until 2004. The agreement  
6 provides that the company will spend no less than a  
7 million dollars per year for three years to extend  
8 local exchange service to areas currently not being  
9 served inside the company's boundaries. This relates  
10 to the problem that some areas of the state are  
11 having, where they are within a phone company's  
12 service area, within US West's service area, they're  
13 having trouble getting service built out to their  
14 areas. And this is a commitment to spend money to  
15 put those facilities in place.

16         The agreement also contains a provision  
17 that if US West Communications is sold or part of it  
18 is sold, that the buyer will be obligated to take on  
19 these same obligations if that occurs during the life  
20 of this merger agreement.

21         The significance of that, for example, is  
22 that if there's a subsequent merger that takes place,  
23 that the company acquiring US West at a later time  
24 would acquire it subject to these same obligations,  
25 as long as that occurs within the time frame of the

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1 settlement agreement.

2           And then the final point is that the costs  
3 of the merger are not to be passed on to customers.  
4 Mergers are quite expensive. They generate a certain  
5 amount of costs for the companies, and there has been  
6 an agreement reached here that those will be absorbed  
7 by the merging companies and not passed on to  
8 customers in their rates.

9           So that is an overview of the agreement. I  
10 feel like it ended up being fairly lengthy. There's  
11 a lot in here. I still really skimmed over. There  
12 are a lot of details in here. And again, I'd be  
13 happy to talk with people afterwards about specific  
14 questions.

15           At this point, I'm ready to call on the  
16 members of the public who have attended tonight and  
17 wish to speak. We do have a person who made special  
18 arrangements to be here by telephone, and I will  
19 start with her in a moment. Essentially, the  
20 procedure is that I'll just call your name and if you  
21 would please step forward here to the podium, I will  
22 ask you a few introductory questions, nothing too  
23 difficult, I assure you, and then just give you an  
24 opportunity to make your statement regarding the  
25 merger.

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1           One thing I do want to just mention before  
2 going ahead is that, in addition to the issues I've  
3 mentioned that have been settled, there's a category  
4 of questions here that are still in dispute before  
5 the Commission, and those are questions related to  
6 competition.

7           In addition to the parties that you see here  
8 tonight, also participating in this case are  
9 competitive telephone companies, including companies  
10 like AT&T, Nextlink, Covad, MetroNet and other  
11 companies who compete with US West and Qwest and have  
12 participated in the case and are raising some issues  
13 about the competitive impact of this merger. Those  
14 have not been resolved yet. That's part of what  
15 we're hearing about in the evidentiary hearings this  
16 week.

17           The other thing that has to happen before  
18 we get started with the public testimony is that the  
19 Judge will swear everyone in. So I will pause at  
20 this moment for that to happen.

21           JUDGE MOSS: Thank you, Mr. ffitich. As you  
22 heard Chairwoman Showalter describe at the outset,  
23 this is a quasi-judicial proceeding. And in that  
24 type of proceeding, all the evidence in the record  
25 must be given under oath. And so what I will ask is

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1 that anyone who plans to make a comment tonight, if  
2 you will please rise at this time and raise your  
3 right hand, I'll swear you in all at once and you  
4 won't have to repeat that process.

5 Whereupon,

6 All persons wishing to offer comments were  
7 duly sworn by Judge Moss and testified as follows:

8 JUDGE MOSS: Thank you. Be seated.

9 MR. FFITCH: We're going to start this  
10 evening with Ms. Kathleen Pheifer, who is on the  
11 bridge line. Ms. Pheifer, are you still there?

12 MS. PHEIFER: Yes, I am.

13 MR. FFITCH: Great. And you're coming in  
14 clearly over the speakers.

15 MS. PHEIFER: Great.

16 MR. FFITCH: Can you hear us all right  
17 here?

18 MS. PHEIFER: Yes, I can hear you just  
19 fine.

20 MR. FFITCH: Okay. Let me just ask you a  
21 couple of questions first. Could you just please  
22 restate your name for the record?

23 MS. PHEIFER: Yes, it's Kathleen, with a K,  
24 middle initial R, and last name is Pheifer,  
25 P-h-e-i-f, as in Frank, e-r.

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1 MR. FFITCH: Ms. Pheifer, where do you  
2 live?

3 MS. PHEIFER: I live at 3759 140th Avenue  
4 S.E., Bellevue, Washington, 98006.

5 MR. FFITCH: And are you a customer of US  
6 West?

7 MS. PHEIFER: Yes, I am.

8 MR. FFITCH: And do you receive business or  
9 residential service?

10 MS. PHEIFER: Residential.

11 MR. FFITCH: And tonight are you testifying  
12 on your own behalf or on behalf of others?

13 MS. PHEIFER: I'm testifying on my and my  
14 husband's behalf.

15 MR. FFITCH: Okay. And do you have a  
16 statement tonight regarding the merger of Qwest and  
17 US West?

18 MS. PHEIFER: Yes, I do.

19 MR. FFITCH: Please go ahead and make your  
20 statement.

21 MS. PHEIFER: Okay. First of all, I'd like  
22 to thank Penny Hansen and others for making it  
23 possible for me to testify over this conference call.  
24 It really makes a difference. And as requested, I  
25 will be sticking to a Reader's Digest version of my

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1 comments and I will submit a full testimony in  
2 writing. I do have a 10-page narrative, plus an  
3 additional 20 pages of backup documents on file with  
4 WUTC, the Attorney General's Office, and other state  
5 and federal agencies and groups about my experiences  
6 with US West.

7           It's difficult to boil down 10 pages of  
8 narrative and plus documentation to be very short,  
9 but to bring it down to bottom lines, since last  
10 July, in my experience with US West, I've spent over  
11 24 hours on the phone, usually on hold, trying to  
12 meet my needs in the area of local telephone service,  
13 cell phones, DSL service, et cetera. Most of that  
14 time was spent in two weeks this past February.

15           The computer equipment that I needed to  
16 purchase was a service cost, entailed \$1,420. And  
17 this was all the result of, one, technical  
18 incompetence by US West technicians, US West  
19 telephone answering systems, as it's totally out of  
20 control, and also the result of misleading  
21 advertising or claims made on the part of US West.

22           The last word I got from someone at US West  
23 was, quote, We are not responsible for your technical  
24 problems. We are not responsible for your health.  
25 We are offering you \$350 as a goodwill gesture. You

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1 can either sign your release form or do whatever you  
2 want to do, end quote.

3           The release form was a gag order to  
4 depriving me of equal redress under the law and the  
5 right to free speech. I declined the offer.  
6 Frankly, I didn't want anyone else to go through what  
7 I went through since July.

8           My comments are, very quickly, in nine  
9 areas. The first comment is on US West being  
10 required to submit a customer bill of rights. I'm  
11 certainly assuming that there is some good reason why  
12 the cat must write the mouse's bill of rights. I  
13 think that this is a very important document, but I  
14 ask what kind of language will it contain, how  
15 enforceable will that language be. In my experience,  
16 US West has not been very up-front and honest in its  
17 public communication.

18           My second comment, and this is also a very  
19 important factor, and I would refer you to an article  
20 in the Wall Street Journal, February 21st of this  
21 year. It clearly points out what I wondered for some  
22 time. Current DSL service is dependent on analog  
23 phone systems and it's specifically designed only for  
24 that. Now, the agreement that both companies  
25 specifically dwell in fiber-optics, which don't mix



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1 with DSL. What is saving us, the consumers, in cost  
2 to change our systems in our homes and businesses to  
3 get fast Internet access over fiber-optic cables and  
4 what about the money that we have already spent  
5 getting ready to receive DSL service. And the bill  
6 for me to date, I should say, is 24 hours of time  
7 spent on the phone and \$1,420.

8 My third comment is how really will overall  
9 and especially local service be protected and quality  
10 ensured. Both firms have been cited recently for not  
11 complying with regulations. US West is not  
12 responding to WUTC complaints and Qwest has been  
13 spamming its customers as recently as February.  
14 Qwest is circulating among its potential stock buyers  
15 an article about Joseph Nacchio -- I hope I  
16 pronounced his name correctly -- and how he, quote,  
17 snapped up US West for \$65 billion.

18 The words snapped up just -- while it is  
19 the reporter's words, he was trying to reflect Mr.  
20 Nacchio's character.

21 My third comment is what really is the  
22 commitment of regulatory agencies to stockholders who  
23 vote for major change in management. This particular  
24 idea was advanced in testimony in drafting the  
25 proposed agreement. US West is 56.7 percent

00960

1 internally held and Joseph Nacchio, Chairman and CEO  
2 of Qwest, gets \$9 million of stock options when the  
3 merger is finalized. I don't know what figures, as  
4 far as stock, are internally held at Qwest.

5           Comment four: I have an armful -- excuse  
6 me. I have a copy from an Internet article, I'll  
7 call it an article, copyrighted in 1999, that is on  
8 an edu site as a case study from a university, and it  
9 has to do with data mining, that's d-a-t-a  
10 m-i-n-i-n-g, or information gathered about customers  
11 and potential customers at US West and how much money  
12 US West invested in this data mining because they  
13 wanted to figure out how not to stay a baby bell.

14           With all of the (inaudible) that will be  
15 coming out and the current overwhelming amount of  
16 private information that can be gathered and layered  
17 on to GPS mapping, I am very concerned about customer  
18 privacy. I am not convinced that a bill of rights  
19 written by the cat can protect the mouse hole.

20           Comment five: Will this agreement stop US  
21 West from offering misleading information to groups  
22 withholding and purposefully -- oh, boy -- and  
23 purposely withholding information customers need to  
24 make financial decisions.

25           For example, in their eagerness to sign

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1 people up for DSL services last June, they said that  
2 the, quote, free modem represented a \$245 savings to  
3 the customer, which is not wholly true. They wanted  
4 to present that if people signed up now for DSL  
5 service, that they would indeed be saving \$245 that  
6 later on they would have to spend. The \$245 is a  
7 cost of an external modem. And the internal modem,  
8 which most people would get, is only \$99.

9 Also, they guaranteed on their website that  
10 the modems could be self-installed. I would like to  
11 see the non-technical top managers in US West achieve  
12 that. And how many people, I would like to ask, did  
13 US West accommodate through this guarantee.

14 JUDGE MOSS: Ms. Pheifer.

15 MS. PHEIFER: Yes.

16 JUDGE MOSS: Excuse me, this is Judge Moss.

17 MS. PHEIFER: Yes.

18 JUDGE MOSS: I don't know if you heard my  
19 comments earlier tonight. I did have the intention  
20 that we would limit speakers to about five minutes.  
21 We're running a little long. I wonder if it's  
22 possible for you to just summarize quickly the  
23 remaining, I believe, several points that you have  
24 and, of course, your written comments, then, will  
25 become a full part of the record.

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1 MS. PHEIFER: Right.

2 JUDGE MOSS: Could you do that for us?

3 MS. PHEIFER: Sure.

4 JUDGE MOSS: Thank you.

5 MS. PHEIFER: Okay. I'll just go through  
6 one other comment point here. And the proposed  
7 agreement calls for hiring more techs and  
8 construction persons, but will it also mean that  
9 minimum training requirements will be met,  
10 particularly in those persons that are active  
11 (inaudible) computer at the home level.

12 I was out of home telephone service for a  
13 week due to an inept tech and a phone (inaudible)  
14 system, and I've also gone through US West's attempt  
15 to track repairs with ticket numbers, and it failed  
16 miserably. That is my testimony. Thank you for the  
17 opportunity.

18 JUDGE MOSS: Okay. Thank you. Mr. ffitch,  
19 did you have anything further?

20 MR. FFITCH: I didn't have anything  
21 further. Perhaps a point of explanation that may be  
22 helpful for Ms. Pheifer, and also other people in  
23 attendance, that the agreement does not cover all of  
24 the regulatory issues that, you know, are before the  
25 Commission at any given time, and there are other

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1 avenues for customers to take up problems that they  
2 have with the company.

3           This does attempt to address a range of  
4 issues that are particularly, I think, presented by  
5 the merger, but there are avenues for customer  
6 complaints, and other means by which specific  
7 problems, some of which the type that have been  
8 raised here can be addressed in front of the  
9 Commission. So --

10           MS. PHEIFER: Well, that is existing  
11 currently. And US West -- WUTC's request repeatedly  
12 for quick closure on --

13           MR. FFITCH: Just my point, to clarify,  
14 this agreement doesn't take away some of the existing  
15 remedies that are out there for folks.

16           MS. PHEIFER: Right. I understand that.

17           MR. FFITCH: Thank you for your testimony,  
18 and as you've mentioned, I believe your more detailed  
19 comments are on file with the Commission. I will now  
20 call on the next witness. Ms. Pheifer, you're  
21 welcome to stay on the line and listen to the hearing  
22 on the conference bridge, it's my understanding; is  
23 that correct, Judge?

24           JUDGE MOSS: That's correct.

25           MR. FFITCH: Okay.

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1 MS. PHEIFER: I believe Penny Hansen said,  
2 to save the cost of phone calls, that it would be  
3 good if I did hang up, so I will do that right now.  
4 I'm arranging to have a transcript of the hearing  
5 sent.

6 JUDGE MOSS: Okay, fine. It will be fully  
7 transcribed. So thank you very much, Ms. Pheifer.

8 MS. PHEIFER: Okay. Thank you.

9 MR. FFITCH: Next, make sure I'm reading  
10 this right, is it Gary Webster? Is that correct?  
11 Mr. Webster.

12 MR. WEBSTER: Correct.

13 MR. FFITCH: Could you give your full name  
14 for the record, please?

15 MR. WEBSTER: Gary W. Webster.

16 MR. FFITCH: And where do you live?

17 MR. WEBSTER: Yakima, Washington.

18 MR. FFITCH: And are you a customer of US  
19 West?

20 MR. WEBSTER: Yes.

21 MR. FFITCH: And do you receive business or  
22 residential service?

23 MR. WEBSTER: Both.

24 MR. FFITCH: And are you testifying on your  
25 own behalf or on behalf of others or both?

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1 MR. WEBSTER: Others and both. Yes, both  
2 would be appropriate.

3 MR. FFITCH: And on whose behalf are you  
4 testifying?

5 MR. WEBSTER: Tonight I'm testifying on  
6 behalf of the Greater Yakima Chamber of Commerce.

7 MR. FFITCH: Okay. And do you have a  
8 position with the Greater Yakima --

9 MR. WEBSTER: I'm the president.

10 MR. FFITCH: And do you have a statement  
11 regarding the merger?

12 MR. WEBSTER: Yes, I do, and I'll leave  
13 that statement with the court.

14 MR. FFITCH: Okay, thank you. Yes, you can  
15 give that to me when you're finished, if you'd like.

16 MR. WEBSTER: All right.

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

19 MR. WEBSTER: Madam Chair, members of the  
20 Commission, the last time I had a chance to be before  
21 this body, you came to Yakima for your hearing. I  
22 thought I'd do you the favor and come back and join  
23 you over here.

24 In regards to the US West-Qwest merger  
25 hearing tonight, I'd just like to say that the

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1 Greater Yakima Chamber of Commerce has been long  
2 concerned about our abilities -- area's ability to  
3 stay abreast of the rapidly changing world through  
4 technology.

5         We are one of the largest agricultural  
6 growing regions in the nation and are deeply tied to  
7 the international market. Our growers and packers  
8 now process orders online for our  
9 throughout-the-world needs. The need for added  
10 bandwidth is essential so they may have ability to  
11 access new telecommunication technology and maintain  
12 our market connections.

13         At the same time, we feel we must seek the  
14 best possible service for our general citizenry to  
15 allow them access to the benefits of new  
16 telecommunications trends and services. We need to  
17 get them and keep them connected for our area to be  
18 economically competitive.

19         We, as an organization, are also deeply  
20 committed to education improvement in our area. And  
21 presently, the schools are becoming more and more  
22 Internet-ready with the previous allocation by the  
23 legislature for broad bandwidth in the K through 20  
24 network.

25         We want to connect them to the business



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1 community. That would allow the business place to be  
2 moved to the classroom so that they could gain that  
3 experience. In order to do this, we must have the  
4 infrastructure in place that the business community  
5 can access and connect to the existing education  
6 network. This will help our teachers, students and  
7 help strengthen the skills of our future work force.  
8 The passage of House Bill 2881 was a great first step  
9 for this to occur.

10 Now, with this proposed merger, our area  
11 has the potential to gain Qwest's worldwide bandwidth  
12 Internet communications capabilities and use the use  
13 of the US West DSL technology for our citizens. We  
14 feel this will allow us to meet the needs and, as  
15 noted previously, and to stay competitive in the  
16 world of commerce.

17 We are further reassured with the  
18 high-quality service that high-quality service will  
19 prevail from this merger as a result of the recently  
20 negotiated standards of service quality agreement,  
21 which were highlighted in certain portions earlier.

22 We hope you approve this proposal, which  
23 will properly meet the needs of our thousand members,  
24 our business members, and the 100,000-plus population  
25 of the greater Yakima area. I'd be glad to answer

00968

1 any questions. Thank you.  
2 JUDGE MOSS: Thank you very much.  
3 MR. FFITCH: Mr. LeRoy Tipton.  
4 MR. TIPTON: Thank you.  
5 MR. FFITCH: Good evening. Would you state  
6 your full name for the record, please?  
7 MR. TIPTON: My name is LeRoy Tipton.  
8 MR. FFITCH: Where do you live, Mr. Tipton?  
9 MR. TIPTON: I live in Aberdeen,  
10 Washington. Do you want the address?  
11 MR. FFITCH: Yes, please.  
12 MR. TIPTON: 506 -- excuse me, I live at  
13 239 Aberdeen Gardens Road, in Aberdeen.  
14 MR. FFITCH: And are you a US West  
15 customer?  
16 MR. TIPTON: I am indeed.  
17 MR. FFITCH: And do you receive business or  
18 residential service?  
19 MR. TIPTON: I receive both.  
20 MR. FFITCH: And are you appearing on your  
21 own behalf or on behalf of others or both?  
22 MR. TIPTON: Both.  
23 MR. FFITCH: Okay. And on whose behalf are  
24 you appearing?  
25 MR. TIPTON: I am the president of the

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1 Grays Harbor Chamber of Commerce, and we represent  
2 700 businesses and employers who create jobs for  
3 11,000 of our citizens.

4 MR. FFITCH: Thank you. And do you have a  
5 statement you'd like to make at this time?

6 MR. TIPTON: I do. And I will say that I  
7 agree with what Gary Webster said, but I would like  
8 to make some remarks, as well.

9 MR. FFITCH: Okay. Go ahead.

10 MR. TIPTON: I would not want to pass an  
11 opportunity to thank you, Madam Chair and members of  
12 the Commission, for this opportunity to come in  
13 support of the merger between US West and Qwest  
14 International. And if the successful criteria for  
15 real estate is location, location, location, then I  
16 would suggest that for successful economic  
17 development, we need infrastructure, infrastructure,  
18 infrastructure. And now for us in rural Washington,  
19 that indeed includes technology infrastructure and  
20 the best and the clearest, most efficient and fastest  
21 that is possible.

22 If I may just present a very quick personal  
23 antidote (sic). I had the privilege of being raised  
24 in rural South Dakota. We lived a long ways out. In  
25 fact, so far out of town my dad had to go toward town

00970

1 to hunt. But it was a long ways out, and far enough  
2 indeed that I can remember when we did not have the  
3 modern conveniences, including electricity. I  
4 remember the day the lights came on for us in our  
5 little farm home, and it definitely improved the  
6 quality of life of our family.

7 My mother bought an electric iron and  
8 sometime we got an electric washing machine and my  
9 family had an electric radio and that was pretty big  
10 stuff. And I think it's big stuff today for us in  
11 rural Washington, as we are experiencing the greatest  
12 diversity between economic wealth and those who do  
13 not have that in between urban and rural in the state  
14 of Washington, than any of the other 49 states.

15 It really is important that we have  
16 high-speed technology. We need that in order to  
17 compete economically, in order for us to attract  
18 business, and in order for the hundreds of businesses  
19 that we have, even thousands of businesses that we  
20 have, to succeed.

21 And we support this merger with the hope  
22 and with the request that it would accelerate the  
23 deployment of DSL and efficient and high-speed  
24 broad-band Internet communications capability, and we  
25 would hope and request, too, that it would ensure

00971

1 rapid investment in the next generation of  
2 technology, and we would hope that the UTC would also  
3 create a regulatory environment that would  
4 incentivize (sic) and encourage this company to  
5 create investment by allowing a return on investment,  
6 and that would encourage especially investment, from  
7 our standpoint, in rural Washington.

8           As you know, it is easy to skim the top of  
9 the cream in the urban areas from the skyscrapers,  
10 but we want it and need it and request it for rural  
11 Washington, too. We are hopeful and indeed believe  
12 that this merger will speed that for us so that we  
13 will also enjoy the high-speed technology that the  
14 urban areas enjoy. Appreciate your support. I will  
15 be available for questions if you have them.

16           MR. FFITCH: Thank you. Any questions?

17           MR. TIPTON: Thank you.

18           JUDGE MOSS: Thank you very much, Mr.

19 Tipton.

20           MR. FFITCH: Lydia and Larry Garrett. I'm  
21 not sure if you would both like to speak or -- Mrs.  
22 Garrett, would you state your full name, please, for  
23 the record?

24           MS. GARRETT: My name is Lydia Garrett. I  
25 live at 1500 Lake Park Drive, S.W., in Tumwater.



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1 complaint concerns Q-west, Qwest, I guess they're  
2 called. Over a year ago, just about a year ago, I  
3 was called by Qwest to try to change our service. I  
4 spent some time on the phone and they promised me to  
5 send all the information, because I said I was not  
6 going to switch over unless I saw things with my own  
7 eyes. They promised me that.

8           And next thing -- and I mentioned about 10  
9 days later, I said I never received that, you know.  
10 Well, a few days later, we received a bill from  
11 Qwest. And I called them, tried to find out what was  
12 going on. Well, we had subscribed to their service.  
13 I said that wasn't true. And I was told -- I was  
14 told the same time there was no account number. I  
15 couldn't figure out why I was getting a bill if there  
16 was no account number.

17           Anyway, this went on month after month. I  
18 spent -- every month, I spent some time on the phone  
19 trying to straighten that out. In October, I finally  
20 talked to Mikey from Qwest, who then promised me, he  
21 finally tracked it down -- again, about an hour and a  
22 half on the phone, tracked it down, said yeah, indeed  
23 there was a mistake there. Believe it or not, we're  
24 talking about \$4.50 or so. And that we would be  
25 credited with this, and it would be cleared up, and

00974

1 it would be fine.

2           Guess what. I got more bills.

3 Unfortunately, while we were gone, somebody paid this

4 bill. I think at that time it was \$2.85. I told

5 them, I called Qwest again, I said, I want a refund.

6 I was told, Yes, indeed, you will get your refund.

7 Guess what. I got more bills, month after month.

8           I threatened them, said I'm going to have

9 to go to UTC. Nothing happened. Nobody returned my

10 call. I finally did, did write my letter to the FTC

11 and the UTC here, and it was Gail from the UTC who

12 got quick action at this point.

13           Today, I got two letters from Qwest telling

14 me about the exciting action that was going to happen

15 and how happy I should be with this better service,

16 and a letter -- I thought, Oh, that must be the

17 check. It is not the check. It is still -- at least

18 there's a credit on there now, so maybe in another 12

19 months, I get my check for \$2.08. My telephone

20 calls, my postage have long gone past that.

21           I guess my concern is really on service.

22 And I hope that in this high-speed technology that we

23 are concerned about, all of us -- we also do business

24 internationally, so we do depend on good computer

25 lines, fax lines, et cetera, and I hope that this



00975

1 high-speed technology will also be met with  
2 high-speed customer response service, certainly  
3 better than what we've seen.

4 MR. FFITCH: Thank you. Do you have -- I'm  
5 sorry, Ms. Garrett. I just had a question.

6 MS. GARRETT: Sure.

7 MR. FFITCH: Do you have a comment  
8 specifically on the merger in terms of whether you  
9 favor or oppose it or with regard to the settlement?

10 MS. GARRETT: From my experience with both  
11 US West and Qwest, at this point I'm really neutral.  
12 I obviously wasn't happy with what Qwest -- how Qwest  
13 dealt with us. Signing people up against their will  
14 is not correct, billing them like that, taking it --  
15 having to go to the Utilities and Transportation  
16 Commission because of \$2.08, there's something  
17 lacking in customer response and customer service.

18 MR. FFITCH: Okay. Thank you. Any other  
19 questions from the Bench? Thank you.

20 JUDGE MOSS: Thank you, Ms. Garrett.

21 MR. FFITCH: Mr. Crawford, Gary Crawford.

22 Could you give your full name for the record, please?

23 MR. CRAWFORD: Gary L. Crawford.

24 MR. FFITCH: And where do you live?

25 MR. CRAWFORD: I'm a resident of Federal

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1 Way.

2 MR. FFITCH: And are you a US West  
3 customer?

4 MR. CRAWFORD: I am a residential customer.

5 MR. FFITCH: Testifying on your own behalf  
6 or on others' behalf?

7 MR. CRAWFORD: I would state that I am a  
8 board member of the Washington Coalition for  
9 Telephone Choice, but I am basically here as an  
10 individual consumer tonight.

11 MR. FFITCH: Do you have a statement on the  
12 merger tonight?

13 MR. CRAWFORD: Yes, I do.

14 MR. FFITCH: Would you please give your  
15 statement?

16 MR. CRAWFORD: I just want to testify to my  
17 experience, and thank you for the opportunity to come  
18 here and testify tonight. I was moved to take action  
19 and get involved with the coalition because of my own  
20 personal experience.

21 I have a couple of moves in the last couple  
22 of years in which I had to change phone service. I  
23 had some real problems in that. I came to the  
24 Commission to file a complaint, and I was very  
25 unhappy with the whole process, with dealing with US

00977

1 West.

2 I was unable to get service when I moved  
3 into a new community. That's understandable, but the  
4 response that I received trying to get that service  
5 and the way I was treated, told that I didn't  
6 understand what was involved, was dealt with very  
7 rudely, it was an unbelievable experience. Came  
8 right down here, filed a complaint.

9 I was a little dismayed to learn that,  
10 although the service was very good here and the  
11 people were interested in trying to help me, that  
12 although this is a regulatory Commission, and I  
13 certainly don't understand all of the powers and  
14 issues involved, that this regulatory Commission  
15 didn't have, evidently, the power to really help me,  
16 that the person taking my complaint acted as a  
17 negotiator and basically relayed to me what US West  
18 told them, and it seemed like US West was dictating  
19 how things were going to go, and nothing got done or  
20 resolved. So I walked away from that experience very  
21 unhappy.

22 I moved a couple of years later, here in  
23 the last year, to Federal Way. I had a similar  
24 experience. I was unable to get service in a  
25 12-year-old neighborhood. I went through another

00978

1 process that, to make a long story short, just --  
2 I've had real bad experience with US West. I have no  
3 desire to be a customer of theirs, but where else do  
4 I go? I'm stuck.

5 My concerns with the merger lie in how is  
6 this merger going to make things better. I heard  
7 previous testimony, the fact of this consumer bill of  
8 rights. It's like a red flag going up that this  
9 company is going to establish a consumer bill of  
10 rights. Why isn't the Attorney General's office or  
11 the Commission establishing something for the  
12 consumer, making sure that it protects us and ensures  
13 that we would get service, we would get treated  
14 fairly.

15 I don't understand why the company that's  
16 wanting to merge -- certainly there's got to be some  
17 benefit to them, otherwise they wouldn't be wanting  
18 this, and yet they're going to establish a consumer  
19 bill of rights and tell us all how it's going to be.  
20 That's something I would like you to consider.

21 The coalition that I got involved with  
22 promotes competition. I think that I would really  
23 like to see competition. Is there any aspect of this  
24 merger that's going to allow for competition so that  
25 consumers have a choice. I truly think that that

00979

1 would allow better service, allow for choice on  
2 behalf of the consumer, and that would make things  
3 better in a lot of different areas.

4 I guess that pretty much summarizes my  
5 comments. Keep it short.

6 MR. FFITCH: Thank you. Would you say that  
7 you're in favor of the merger, opposed to it, do you  
8 have a position pro or con on the settlement?

9 THE WITNESS: With respect to settlement, I  
10 guess I'm stating that I want to make sure that  
11 there's adequate safeguards in there for the  
12 consumer. I want to know that if this merger goes  
13 through, that things will be better and it's not  
14 going to be continued on as is, because things aren't  
15 good now. The number of complaints, the editorials,  
16 the articles I see in the newspaper, everything I've  
17 been able to research and look at shows that  
18 consumers aren't happy with the phone service we have  
19 currently.

20 So I'm not opposed to the merger, but I  
21 want to make sure there's adequate safeguards and  
22 that there's a very firm consumer bill of rights, if  
23 that's what it takes to make sure that the service is  
24 improved, that equipment is upgraded, that access to  
25 all the services we need are there.

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1 MR. FFITCH: Okay. Thank you.  
2 COMMISSIONER HEMSTAD: Mr. Crawford, where  
3 you live now, do you know whether you have access to  
4 alternative local service from another company?  
5 MR. CRAWFORD: I've looked into it and I do  
6 not. I would have to give up my phone service as it  
7 exists and go to a cellular service to have any other  
8 type of service.  
9 JUDGE MOSS: Thank you very much, Mr.  
10 Crawford.  
11 MR. CRAWFORD: Thank you.  
12 MR. FFITCH: Jennifer Brandon. Ms.  
13 Brandon, could you state your name for the record?  
14 MS. BRANDON: It's Jennifer D. Brandon.  
15 MR. FFITCH: And where do you live?  
16 MS. BRANDON: I live in Seattle.  
17 MR. FFITCH: And are you a US West  
18 customer?  
19 MS. BRANDON: Yes, I am.  
20 MR. FFITCH: For business or residential  
21 service?  
22 MS. BRANDON: For both.  
23 MR. FFITCH: And testifying -- are you  
24 testifying on your own behalf or on behalf of others?  
25 MS. BRANDON: I'm actually testifying on

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1 behalf of others, in that I'm the executive director  
2 of Community Technology Institute, and we run the  
3 community voice mail program, which operates in six  
4 communities in Washington. So I'm really here on my  
5 behalf in my professional capacity.

6 MR. FFITCH: Okay, very good. And do you  
7 have a statement on the merger this evening?

8 MS. BRANDON: Yes, I have a statement and,  
9 much like the gentleman from Federal Way, I'm not  
10 sure that I feel either -- I feel concern. I'm not  
11 sure that I would say opposition or affirmation of  
12 the merger. Whenever things get bigger, it makes me  
13 worried for the consumer. But if there's a way to  
14 promote competition and to also get rural people what  
15 they need, then I think that's good.

16 I'll go ahead with my statement.

17 MR. FFITCH: Yes.

18 MS. BRANDON: Thank you for the opportunity  
19 to speak tonight. Community Technology Institute and  
20 the Community Voice Mail Federation appreciate the  
21 opportunity to submit these comments. Community  
22 Technology Institute is a not-for-profit organization  
23 based in Seattle, Washington, that has helped more  
24 than 30 communities across the country and six in  
25 Washington state install community-owned and operated

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1 voice mail systems. In Washington, we're in  
2 Bellingham, Vancouver, Yakima, Spokane, and Seattle.  
3 Next month, we'll be in Tacoma, as well.

4         These resulting programs, known as  
5 community voice mail, act as a temporary  
6 communication link for thousands of homeless and  
7 phoneless people. Essentially a substitute for dial  
8 tone for those in transition.

9         Community Voice Mail sites purchase analog  
10 trunk lines and hundreds of direct inward dial  
11 numbers, or DIDs, from the phone company. The lines  
12 are then connected to state-of-the-art voice  
13 messaging software, which is donated by the  
14 Seattle-based technology company, Active Voice  
15 Corporation.

16         Washington state community voice mail  
17 programs connect more than 5,000 people every year  
18 and they connect them via social services agencies.  
19 All five of the current CVMs are US West customers,  
20 collectively paying approximately 60 to 70,000  
21 annually for the aforementioned analog trunk lines  
22 and DIDs.

23         We have several concerns about service  
24 quality issues and also greater concerns just about  
25 the notion of the low-income person. Regarding



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1 service quality issues, these programs, in order to  
2 be run well, are serviced by one person called a  
3 system manager. That system manager is in charge of  
4 trouble-shooting problems. In the past, sometimes  
5 our programs, the systems have been busied out for no  
6 apparent reason.

7         As the hub, my office is responsible for  
8 helping people through some of these technical  
9 problems. When they've called US West to try to get  
10 the lines unbusied so that essentially the system  
11 that serves thousands of people can get back up and  
12 running, it's been incredibly difficult to find  
13 someone who can help them. They much like -- I don't  
14 need to repeat some of the nightmares of trying to  
15 get technical service over the phone, but basically  
16 the problems have been repeatedly denied to the point  
17 where this non-profit agency has then shelled out the  
18 money to have someone come on site, who's a  
19 technician, a vendor, not a telephone company person,  
20 but a third party, I guess, to look at the system,  
21 because they've been assured by the telephone company  
22 that it is, in fact, a computer problem when it's  
23 not.

24         It turns out to be that finally, through  
25 some more pressure and by someone who may speak the

00984

1 language a little bit better, the technical language,  
2 that they finally find out it's actually a CO  
3 problem. Lines are then put back on.

4 MR. FFITCH: When you say CO, you mean  
5 central office?

6 THE WITNESS: Central office, yeah.  
7 Additionally, we put -- we instruct everyone to order  
8 these lines to have third party block, which  
9 prohibits the people, the homeless and phoneless  
10 people who signed up, from billing these numbers for  
11 long distance calls. This is supposed to be just a  
12 temporary link. People stay on about three months at  
13 a time.

14 We've just -- we've been experiencing  
15 across the board bills that have long distance calls  
16 that have been made on them, and while that is a  
17 problem of the clients who are using it and they're  
18 immediately terminated, the resulting bills are as  
19 much as five or \$600, when we've already ordered what  
20 was called third party block. Essentially, it's not  
21 working.

22 We just found out that if we were to get  
23 kind of an effective third party block, it would  
24 probably double the cost of the bill. This is what  
25 we've been told by US West. And in Seattle's case,

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1 their annual bills are about \$18,000. In some of the  
2 smaller communities, like Vancouver, they're about  
3 \$6,000 per year. They can't afford that.

4 We also have tried to consider getting a  
5 1-800 number to better service the people who use our  
6 phone service, our voice mail service as a way for  
7 them to retrieve messages more frequently and thus  
8 have better success for job search, housing, health  
9 care, fleeing domestic violence.

10 The particularly prohibitive part of this  
11 800 number is not necessarily the charge of the 1-800  
12 number, but instead the surcharges that are incurred  
13 while using pay telephones, which also, in many  
14 cases, are US West telephones. As I understand it,  
15 each time that a client would use a pay phone from  
16 any pay phone, and this isn't just US West, the owner  
17 of the 1-800 number, in this case the non-profit,  
18 will be fined or feed or whatever, 25 -- I think it  
19 may be 24 cents now.

20 When we're urging people to make -- to  
21 retrieve messages, to check for messages to get more  
22 involved in their job search, this could end up  
23 costing an individual agency tens of thousands of  
24 dollars to run an 800 number.

25 Finally, regarding the proposed merger,

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1 we're concerned that while potentially offering  
2 vertical enhancement of services for consumers, this  
3 will not address the needs of expanded breadth of  
4 telephone penetration, particularly for low income  
5 people, both rural and urban.

6         Furthermore, we're disappointed that no  
7 proposal's been made to ameliorate the impact of the  
8 digital divide through the funding of Community  
9 Technology Centers and related institutions, for  
10 example. These omissions are particularly troubling  
11 in light of the recently published National  
12 Telecommunications Information Administration, NTIA,  
13 report Falling Through the Net, Defining the Digital  
14 Divide, which shows the digital divide is deepening  
15 in many respects and the telephone penetration has  
16 remained steady, at 94 percent nationally for more  
17 than 30 years, and only slightly higher, at 95  
18 percent in Washington state as of the 1990 Census.

19         In interest of all Washingtonians,  
20 including those who are low income or homeless people  
21 working to reconnect themselves to basic telephone  
22 services, we propose that the US West-Qwest merger  
23 include benefits not just for individual consumers,  
24 but for entire communities in which consumers live  
25 and in which this company proposes to do its

00987

1 business.

2 Specifically, we would like to see that the  
3 merger of these two communities result in improved  
4 service quality to our system managers, as well to  
5 consumers, and an enhanced WTAP, which is the  
6 telephone assistance program with assigned telephone  
7 company staff to expand outreach efforts, answer  
8 customer questions, and essentially liaison with the  
9 state administrative offices. The objective of this  
10 enhanced service would be to increase enrollment from  
11 the current 22 percent of eligibility to at least 50  
12 percent.

13 Finally, we propose that attention be given  
14 to the growing concern over the digital divide,  
15 particularly in the rural areas and low income  
16 communities. Thank you.

17 MR. FFITCH: Thank you, Ms. Brandon. Any  
18 questions from the Bench? Before you go, I just had  
19 a question or two. I wasn't clear how many people  
20 use the service, Community Voice Mail?

21 MS. BRANDON: Approximately 5,000 people  
22 use it every year collectively in the state at this  
23 point.

24 MR. FFITCH: That's through 30 different  
25 locations?

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1 MS. BRANDON: That's actually in five  
2 locations in Washington state. We have also helped  
3 25 -- actually, 27 other communities across the  
4 country.

5 MR. FFITCH: One of the things I didn't  
6 mention in my overview of the agreement was the WTAP  
7 provision. I don't know if you've had a chance to  
8 look at that.

9 MS. BRANDON: I haven't, no.

10 MR. FFITCH: The joint applicants have made  
11 a commitment to -- a general commitment to work with  
12 interested parties to try to improve participation in  
13 the WTAP program.

14 MS. BRANDON: Great.

15 MR. FFITCH: And I think one thing that  
16 would be very helpful is to speak with people with  
17 experience in that area to get good suggestions about  
18 how to improve that participation.

19 MS. BRANDON: Well, I'm friends with  
20 someone from Ohio who had good success, so I'll be  
21 talking to them to get some pointers about who to  
22 direct it to here. Is that what you're suggesting?

23 MR. FFITCH: Yes, if you have some  
24 suggestions about how to improve participation, if  
25 you could convey those to me, that would be fine.

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1 MS. BRANDON: Great.

2 MR. FFITCH: We could provide those to the  
3 joint applicants in our discussions, as we are  
4 looking for good suggestions. You're correct, it's a  
5 very low, 20-percent range participation, so --

6 MS. BRANDON: Great, I appreciate that.

7 MR. FFITCH: I think that was all my  
8 questions. Let me just check here. I just was going  
9 to ask where your busy -- excessively busy problems  
10 were for those?

11 MS. BRANDON: From what I -- the busy  
12 lines, is that what you're referring to?

13 MR. FFITCH: Yeah, you said systems were  
14 busied out?

15 MS. BRANDON: Each of these systems is a  
16 computer that has anywhere from four ports to 16  
17 ports open. And an analog trunk line is connected to  
18 each port, it's scalable. We then assign  
19 approximately 150 DIDs per trunk line.

20 What's apparently been happening is that if  
21 there isn't enough activity on the system, on a  
22 particular trunk line or a port, it will  
23 automatically be busied out, but still the agency is  
24 still charged on their bill to have, say, four trunk  
25 lines, you know, open that they're paying for. But

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1 what happens, if that's busied out -- what's happened  
2 in the past is that as many as half of the lines,  
3 half of the ports will be busied out. And then, when  
4 the system gets running a little bit more, say in the  
5 middle of the day, all of the people who are attached  
6 to it who are trying to call in, as well as  
7 employers, people in the public who are trying to  
8 reach these folks with their phone numbers, are  
9 getting busy signals. And so they can't get through.

10 And what we've learned over time is that  
11 it's because there was low activity for some reason  
12 from the central office, so that there's an automatic  
13 switch off of the port or the trunk line. So what  
14 has to happen, I guess, is that what we've done, I  
15 don't know if this is the best thing, but it's what  
16 we've come up with, is just when that happens, we've  
17 instructed people to immediately call the phone  
18 company and say, you know, We believe that the  
19 computer has switched -- has busied out our trunk  
20 line and we need you to unbusy it.

21 MR. FFITCH: Okay.

22 MS. BRANDON: Okay. Thanks.

23 MR. FFITCH: Thank you. I don't have any  
24 other names of people that signed up to speak. Was  
25 there anyone who came in late that wishes to make



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1 comments this evening? I do have, just for the  
2 information of the bench, I've three additional  
3 people who signed up and did not wish to comment.  
4 Two of them are from the Washington Coalition for  
5 Telephone Choice.

6 I guess that appears to complete the public  
7 testimony portion. I'll just say to members of the  
8 public who are here, just as a reminder, that the  
9 Commission also accepts written comments. Even  
10 tonight, if you want to write something down, those  
11 of you who didn't speak, there are forms, sheets of  
12 paper in the back that you can put written comments  
13 on. You can also send those in later. Also, on the  
14 yellow sheets, again, there's addresses and phone  
15 numbers and e-mail addresses for comments that you  
16 might have or your friends or neighbors might have  
17 after tonight.

18 Also, this yellow handout contains the  
19 public hearing schedule for other locations  
20 throughout the state, Vancouver, Bremerton and  
21 Spokane. So if you're affiliated with an  
22 organization, have members who'd like to speak or  
23 friends or associates who are in those areas, you can  
24 let them know about those hearings, as well.

25 Your Honor, the other matter that I just

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1 wanted to bring to your attention this evening, and  
2 I'll inquire about how you'd like this handled, is  
3 the submission of written comments that have been  
4 received already, letters and e-mails.

5           What I would propose is that I would make  
6 those an exhibit to be submitted at the completion of  
7 the full round of public hearings, so that we can  
8 include everything that may be provided during the  
9 hearings in one exhibit, a compendium of the written  
10 public comment.

11           I do have and the Commission's Staff has  
12 provided me with a summary of what's been received to  
13 date. If you'd like, at this time, I could just  
14 relate to you what the type of comments are that have  
15 been received or, with your preference, I could  
16 summarize that later in writing.

17           JUDGE MOSS: I think it would be most  
18 useful if we held that till the end, the full  
19 opportunity for the public comment to the end, so why  
20 don't we follow that procedure instead.

21           MR. FFITCH: All right. I think, Your  
22 Honor, that completes the items that I wanted to  
23 cover, so thank you.

24           JUDGE MOSS: Thank you, Mr. Ffitch. We  
25 appreciate your participation tonight. And on behalf

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1 of the Commission, I would like to thank you all for  
2 coming tonight. The Commission does appreciate your  
3 input. And of course, it will be part of the record,  
4 as I indicated. With that, our proceedings for this  
5 evening are closed and we are off the record. Thank  
6 you.

7 CHAIRWOMAN SHOWALTER: Thank you.  
8 (Proceedings adjourned at 7:21 p.m.)  
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