

01358

1                   BEFORE THE WASHINGTON UTILITIES AND  
2                   TRANSPORTATION COMMISSION

3

4 In re Application of US WEST,    ) Docket No. UT-991358  
5 INC., and QWEST COMMUNICATIONS ) Volume XII  
6 INTERNATIONAL, INC. for an     ) Pages 1358-1397  
7 Order Disclaiming Jurisdiction,)  
8 or in the Alternative,         )  
9 Approving the US WEST, INC. - )  
10 QWEST COMMUNICATIONS         )  
11 INTERNATIONAL, INC. Merger.   )  
12 \_\_\_\_\_)

9

10                   A public hearing in the above  
11 matter was held on April 10, 2000, at 6:03 p.m., at  
12 4600 Columbia Way, S.E., Vancouver, Washington,  
13 before Administrative Law Judge DENNIS MOSS and  
14 COMMISSIONER RICHARD HEMSTAD and COMMISSIONER WILLIAM  
15 R. GILLIS.

16

17                   The parties were present as  
18 follows:

19                   US WEST COMMUNICATIONS, INC., by  
20 James M. Van Nostrand, Attorney at Law, 600  
21 University Street, Suite 3600, Seattle, Washington  
22 98101.

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

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1 PUBLIC COUNSEL, by Simon ffitch,  
2 Attorney at Law, 900 Fourth Avenue, #2000, Seattle,  
3 Washington 98164.

4 QWEST, by Gina Spade, Attorney at  
5 Law, Hogan & Hartson, 555 13th Street N.W.,  
6 Washington, D.C. 20004.

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Barbara L. Nelson, CSR  
Court Reporter

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1                   JUDGE MOSS: Good evening, everyone. My  
2 name is Dennis Moss. I am an Administrative Law  
3 Judge with the Washington Utilities and  
4 Transportation Commission. Sitting to my right this  
5 evening, we have Commissioner Richard Hemstad, and to  
6 his right, Commissioner Bill Gillis. They're two of  
7 the three Commissioners who are the decision-makers  
8 in this proceeding, and we all sit in a  
9 quasi-judicial capacity tonight, and that's why I'm  
10 here, as the Judge, to preside over the hearing  
11 tonight and to help the Commissioners as they solicit  
12 comments from the public.

13                   This is the second of four public comment  
14 hearings that are part of the Commission's formal  
15 hearing process as it considers whether to approve,  
16 approve with conditions, or disapprove the proposed  
17 merger between Qwest Communications International,  
18 Inc. and US West, Inc. They hope to complete that  
19 merger later this year.

20                   There are basically three things that I  
21 want to do tonight during my time to speak. I want  
22 to offer a few comments about the Commission's  
23 hearing process, I want to introduce a couple more  
24 folks who are sitting up front here, and I want to  
25 explain briefly what you all can do to maximize the

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1 impact of your participation here tonight.

2           The hearing process. The Commission is a  
3 state administrative agency charged with the  
4 responsibility to regulate various public utilities,  
5 including telephone companies.

6           When one of those companies proposes a  
7 merger, the Commission views that as a change in  
8 ownership or control of the assets by which the  
9 company provides services to the public. Thus, under  
10 the statutes that spell out the Commission's  
11 authority, when a merger such as this is proposed,  
12 the Commission undertakes an inquiry, which may  
13 include formal hearings.

14           The purpose of the hearings is to provide  
15 the Commissioners with information on which they can  
16 base a decision about whether the proposed merger is  
17 consistent with the public interest.

18           Early in the process, certain Commission  
19 employees are designated to work on the case as  
20 advocates, and they participate in this formal  
21 hearing process in the same sense that US West and  
22 Qwest participate as parties. These members of the  
23 Commission Staff, some of whom are here tonight, then  
24 have no contact with the three Commissioners, who are  
25 the ultimate decision-makers in the case, except

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1 through these open public hearings that we conduct.

2 Other parties, who similarly have no  
3 contact with the Commissioners outside the hearing  
4 room, are, as I mentioned, the applicants, US West  
5 and Qwest in this case, and various other  
6 telecommunications companies that have chosen to  
7 participate, and the Washington Attorney General's  
8 Office of Public Counsel.

9 With those parties participating, the  
10 Commission completed its formal evidentiary hearings  
11 on March 21st. During that phase of the proceedings,  
12 the Commission heard testimony and received documents  
13 that provide a very significant body of evidence upon  
14 which they will ultimately base their decision in  
15 large part. But in addition, the Commission conducts  
16 hearing sessions, such as this one tonight, to  
17 solicit and hear from the -- solicit participation  
18 and hear from members of the public.

19 Your comments this evening will be given  
20 under oath and will be recorded just as the testimony  
21 during the evidentiary proceedings is sworn and  
22 recorded, and your comments will thus become part of  
23 the formal record in this case and part of the basis  
24 for the Commissioners' decisions.

25 Once all the public comment hearings are

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1 concluded, and that will be on April 20th, the  
2 Commission will spend a period of time studying the  
3 record, considering and deciding the issues, and  
4 preparing a written order to announce its decision  
5 and explain the bases for its decision. That's most  
6 likely to occur later this spring or early in the  
7 summer.

8           In some cases, and this happens to be one  
9 of them, some or all of the parties will propose to  
10 resolve their disputes over various issues by  
11 negotiating a settlement agreement. The  
12 Commissioners then must decide whether to accept the  
13 settlement agreement as a reasonable resolution of  
14 the issues. That is, they must decide if the  
15 agreements the parties have reached are themselves in  
16 the public interest.

17           You'll hear more about that in a minute  
18 from Mr. ffitch, who is sitting here on my left. Mr.  
19 ffitch is an attorney who works for the State  
20 Attorney General's Office of Public Counsel. Among  
21 other things, he assists members of the public to  
22 present their comments during sessions such as these,  
23 that are a regular part of the Commission's  
24 regulatory processes.

25           In addition to Mr. ffitch, there are some

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1 other folks here tonight that I'll just introduce  
2 briefly, and maybe they can rise or raise their hands  
3 or something to be recognized. US West and Qwest  
4 tonight are represented by several persons. Mr.  
5 Jamie Van Nostrand is here, representing US West.  
6 And I notice Ms. Theresa Jensen is here, as well.  
7 She's a representative from the company, US West.  
8 Ms. Gina Spade is here with us for Qwest this  
9 evening, along with a Mr. Matt Barkett, who's sitting  
10 up there in the front.

11 Some of the Commission Staff who are  
12 participating as parties are here tonight. Ms.  
13 Sally Johnston is here. She's the Counsel for the  
14 Commission Staff. And I saw Suzanne Stillwell  
15 earlier, and perhaps one or two others, as well.

16 Now, the last point, I want to talk a  
17 little bit about how you can maximize the impact of  
18 your participation. Those of you who have come  
19 tonight do play a key role in the overall process.  
20 Let me explain that your time at the podium tonight  
21 is not really an opportunity to ask questions about  
22 the case, but rather is the opportunity for you to  
23 make a statement to express any concerns you might  
24 have about the proposed merger between US West and  
25 Qwest.

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1           It's important that we hear everything that  
2 each speaker say, so we do ask you to come up to the  
3 podium and speak into the microphone. We ask that  
4 you speak up and that you speak slowly and carefully,  
5 so that our court reporter can get everything you say  
6 down as part of the record. It's important that  
7 speakers not be interrupted by comments from others,  
8 so please remain silent while others are speaking.

9           We've conducted quite a few of these over  
10 the years, and our experience has told us that about  
11 five minutes of time is adequate for any individual  
12 speaker. You can say quite a lot in five minutes.  
13 And of course, we want to give everybody an  
14 opportunity to speak. We don't have a particularly  
15 large turnout tonight, but we'll still stick with our  
16 limitation on time and ask that you keep your  
17 comments down to that amount of time, and I'll alert  
18 you if you are running over.

19           If another speaker has already said what  
20 you thought you might want to say, you might just  
21 want to refer to that. There's no reason to repeat.  
22 You can simply adopt the prior speaker's comments,  
23 and that will carry as much weight as if you did  
24 repeat them yourself.

25           The Commission Staff, as I've indicated,



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1 and some company representatives are available  
2 tonight and Mr. ffitch is available tonight, so at  
3 the conclusion of our proceedings, if you have some  
4 additional questions, you might take a minute or two,  
5 and those people will be available to you.

6           If you have additional questions later or  
7 you can't get answers tonight, you may call the  
8 Commission, and I'll put that number on the record.  
9 It's 360-664-1160, and just mention this case and  
10 your call will be routed to someone who can help you  
11 out.

12           You also have the opportunity to submit  
13 additional comments in writing. If you have  
14 questions about that opportunity, you can speak  
15 tonight with Ms. Penny Hansen, who's standing there  
16 at the back of the room, and she's a member of the  
17 Commission's public affairs staff and can help you  
18 out with that. Any written comments will have to be  
19 received by April 20th.

20           And with that said, we're ready to begin  
21 and we'll go through the formality by taking the  
22 appearance of Counsel, so I will ask Counsel to do  
23 that. Then Mr. ffitch will have a few comments for  
24 us. Following his comments, I will swear anyone who  
25 wishes to speak, all of you at once tonight. I'll

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1 swear you in. Then Mr. ffitch will proceed to call  
2 you to the podium one at a time, those who wish to  
3 speak.

4 And when you finish speaking, please remain  
5 at the podium. Mr. ffitch may have a question for  
6 you or one of the Commissioners or I may have a  
7 question for you. So we will ask you to do that and  
8 then we'll release you from the podium and Mr. ffitch  
9 will call the next speaker.

10 So let's take appearances of Counsel for  
11 the record, and let's begin with the applicants. Mr.  
12 Van Nostrand, can we have your appearance?

13 MR. VAN NOSTRAND: Thank you, Judge Moss.  
14 On behalf of Applicant US West, James M. Van  
15 Nostrand.

16 JUDGE MOSS: And Ms. Spade.

17 MS. SPADE: On behalf of Qwest, Gina Spade.

18 JUDGE MOSS: Staff.

19 MS. JOHNSTON: Sally Johnston, Assistant  
20 Attorney General.

21 JUDGE MOSS: And I don't believe we have  
22 any intervenors represented tonight, so I believe  
23 that brings us to you, Mr. ffitch.

24 MR. FFITCH: Simon ffitch, Assistant  
25 Attorney General, for the Office of Public Counsel.

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1 JUDGE MOSS: And the floor, sir, is yours.

2 MR. FFITCH: Thank you, Your Honor. As the  
3 Judge has indicated, my name is Simon ffitch. I'm an  
4 Assistant Attorney General with the Washington State  
5 Attorney General's Office of Public Counsel. Public  
6 Counsel is the department of the AG's office with the  
7 responsibility of representing Washington telephone  
8 and electricity and gas customers in regulatory  
9 proceedings before the Washington Utilities and  
10 Transportation Commission.

11 And my office is involved representing  
12 customers in the formal merger case in front of the  
13 Commissioners. And we, in general, focus our efforts  
14 on the interests of small business and residential  
15 telephone customers in this case. We are not a part  
16 of the Commission Staff. We are a separate agency, a  
17 separate department of the Attorney General's Office,  
18 with the specific mandate to speak on behalf of  
19 customers.

20 I think the Judge has done a good job of  
21 describing the procedure. Let me point you to some  
22 handouts that were made available at the front of the  
23 room, and if you didn't get one of these when you  
24 came in, I recommend picking one up so you can follow  
25 along.

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1           Probably perhaps the most important tonight  
2 is the yellow handout, which contains really three  
3 main things. The first page is a discussion of the  
4 procedure and the status of this merger, the second  
5 page is a summary of the terms of the partial  
6 agreement that has been reached on some of the merger  
7 issues, and then the final sheet is about the  
8 schedule for public hearings and gives you names and  
9 addresses for getting more information about the  
10 case.

11           Also, for those who would like to read in  
12 more detail, a full copy of the partial settlement  
13 agreement is available in the back of the room, which  
14 you should also pick up. And the Commission also has  
15 made available a comment form in the back.

16           If you either don't want to speak tonight,  
17 you just want to submit written comments, you can  
18 fill out this form. You can hand it in tonight, you  
19 can take it home with you and send it in in the mail,  
20 whatever you choose. Even if you do speak and you  
21 have some second thoughts later and want to add them,  
22 you can also send this in to the Commission office  
23 after you get home tonight.

24           Finally, there is an information sheet in  
25 the back called Facts and Information, Filing an

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1 Informal Complaint. So if you've come in tonight and  
2 you have a particular service problem with either US  
3 West or Qwest, for example, that you feel warrants  
4 filing a complaint, there is a sheet for you and a  
5 complaint form that will help you take care of that.

6 I think what I'd mostly like to do with my  
7 time this evening is to let you know what is in the  
8 partial settlement agreement. Just to give you a bit  
9 of background, our office participates as a party to  
10 the formal merger case. And we conducted information  
11 gathering and filed formal testimony in the case,  
12 making certain recommendations to the Commission  
13 about conditions that we felt should be imposed on  
14 the merger if it were to be approved, and we raised  
15 some questions about US West's service quality and  
16 other matters.

17 During that early part of the case, we also  
18 engaged in discussions, began to engage in settlement  
19 discussions with US West and Qwest, along with the  
20 Commission's own Staff.

21 The Commission's own Staff, as the Judge  
22 explained, also participates as a separate party in  
23 this case. They also filed testimony and made some  
24 recommendations about service quality improvements  
25 and other matters.

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1           In any event, the result of these  
2 discussions was that we were able to reach what we  
3 felt was a fair resolution of our concerns with the  
4 issues that particularly relate to retail telephone  
5 customers. Let me walk you through those particular  
6 provisions, so that you know what's in the agreement.  
7 There's quite a few of them.

8           This is a summary overview. If you'd like  
9 to know more, you can speak with any of -- you can  
10 speak with me afterwards. There are also  
11 representatives of the company and the Commission  
12 Staff here, so you can get into more detailed  
13 questions.

14           And again, there's a full copy of the  
15 agreement in the back for you to read. But let me  
16 hit the high points, so that you have a feel for what  
17 has been agreed to by my office and the Commission  
18 Staff and the companies.

19           First of all, the agreement contains a  
20 service quality performance program, and under this  
21 agreement, Qwest will have to refund up to \$20  
22 million per year to customers based on eight service  
23 quality standards, covering things like installation  
24 of new phone lines, repairing existing lines,  
25 answering customer calls promptly and so on. If the

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1 standards outlined in the agreement are not met, then  
2 there is the potential for up to \$20 million worth of  
3 refunds to customers per year for failure to meet  
4 those standards.

5         Secondly, the agreement requires the  
6 adoption of a consumer bill of rights by the company,  
7 which will be filed with the Commission and become a  
8 part of the company's tariffs.

9         Thirdly, the company will implement an  
10 order confirmation number system so that customers  
11 will have an easier time following their order for a  
12 particular service with company representatives and  
13 so that company representatives themselves will have  
14 an easier time responding to customer questions as  
15 the order is being worked.

16         The next provision is a customer service  
17 guarantee program -- well, let me rephrase that.  
18 Existing customer service guarantees are retained.  
19 There are already in existence some customer service  
20 guarantees for US West, and those will continue to be  
21 honored. One example of those is, for example, if US  
22 West currently fails to meet a commitment to install  
23 phone service, a \$50 credit is issued to the affected  
24 customer. And that will continue in effect under  
25 this agreement.

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1           Another important provision is that Qwest  
2 will agree to specific investments in the telephone  
3 network in the infrastructure in Washington,  
4 including upgrading of all analog switches to digital  
5 switches and the connection of all US West central  
6 offices or switches to the fiber -- to a fiberoptic  
7 network.

8           Some additional service problem protections  
9 are also contained in the agreement. Customers can  
10 receive a credit if there is no dial tone available  
11 to them in their exchange. Customers can also  
12 receive a credit if there's an excessive number of  
13 service problems or so-called trouble reports in the  
14 particular exchange.

15           In addition, for so-called held orders or  
16 unfilled orders, which really are delays in providing  
17 an ordered service to customers, and I'm flipping  
18 over onto the back of the outline sheet now, which,  
19 if you have that in front of you, Qwest has agreed to  
20 clear the current backlog of unfilled orders for  
21 service.

22           Qwest has also agreed to improve complaint  
23 response in Washington by using Washington-based  
24 employees to respond to customer complaints that are  
25 filed with the Utilities and Transportation



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1 Commission.

2       The companies have agreed to provide annual  
3 service quality reports to consumers. Basically,  
4 letting consumers know how they're doing with respect  
5 to these various targets that are set out that we've  
6 been discussing.

7       Another significant provision of this  
8 agreement is that Qwest is prohibited from increasing  
9 regulated telephone rates before 2004, with some  
10 exceptions that are set out in the agreement for  
11 special circumstances.

12       In addition to the other provisions I've  
13 mentioned, the companies have agreed to spend no less  
14 than a million dollars per year for the next three  
15 years to extend service to areas that are not  
16 currently being served that are within the US West  
17 boundaries. These provisions will remain applicable.  
18 In the event that a subsequent merger occurs, the  
19 agreement provides that a purchaser of US West  
20 territories would have to purchase -- as part of that  
21 purchase, would have to agree to abide by the  
22 provisions of this settlement agreement.

23       And finally, the agreement provides that  
24 the companies will absorb the costs of the merger  
25 transaction, and that none of the costs associated

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1 with the merger will be passed on to the ratepayers.

2           So that's a very quick overview. I've  
3 given you quite a lot of detail there, even though  
4 it's a summary, a lot of information, and hopefully  
5 that gives you a general understanding of what's in  
6 the partial settlement agreement. Again, I will be  
7 here after the meeting and others will be to answer  
8 more detailed questions.

9           A couple of things to explain about the  
10 settlement agreement. Again, I think Judge Moss  
11 mentioned this, but this agreement is between my  
12 office, the companies, and the Commission Staff. It  
13 has not been approved by the Washington UTC yet.  
14 That's one of the reasons for this hearing and the  
15 other hearings around the state, is to allow the  
16 Commissioners to hear comments from the public about  
17 this case, generally, and about this settlement. And  
18 they will be making a decision after the conclusion  
19 of all the hearings.

20           The other thing to remember is that this  
21 settlement does not resolve all the issues in the  
22 case. There are some issues still in debate  
23 regarding competition. There are other parties to  
24 the case, including competitive telephone companies  
25 and long distance companies, who have some concerns

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1 about the effect of the merger on the introduction of  
2 competition in Washington State. And those issues  
3 were litigated at the hearing and are still before  
4 the Commission for resolution, so that's why this is  
5 referred to as a partial settlement.

6 I think the Judge, again, has described the  
7 procedure for calling witnesses here, but I'll just  
8 kind of sort of describe that for you. Again, I'm  
9 going to call the names of the people who've signed  
10 up, and you will simply then be able to come forward  
11 to the microphone and I'll just ask you a couple of  
12 basic questions about who you are and your type of  
13 telephone service and so on, and then give you an  
14 opportunity to make your statement about the merger  
15 to the Commissioners and make your statement for the  
16 court reporter.

17 The Administrative Law Judge will swear in  
18 everyone who wishes to testify in a group at the  
19 beginning of the public testimony portion. If you do  
20 have any written statements that you brought with you  
21 tonight, I'll be happy to receive those on your  
22 behalf, and they'll be submitted to the Commission as  
23 an exhibit and made a formal part of the record in  
24 the case. And that would include something that you  
25 would write out on the comment form tonight that

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1 you'd like to hand in or something -- perhaps a  
2 prepared letter or statement that you've brought in  
3 with you.

4 So that, I think, gives you an overview of  
5 the settlement and of the public testimony procedure  
6 for tonight, and at this point, I'll simply wrap up  
7 and defer to the Judge for his next step.

8 JUDGE MOSS: Okay. Thank you, Mr. ffitch.  
9 I will ask at this time that anyone who would like to  
10 give a statement tonight, if you'll please rise and  
11 raise your right hand, I'll swear you at this time.  
12 Whereupon,

13 All parties wishing to offer comments were duly  
14 sworn by Judge Moss and testified as follows:

15 JUDGE MOSS: Mr. ffitch, your first  
16 witness.

17 MR. FFITCH: Thank you, Your Honor. J.F.  
18 MacDonald. Good evening, Mr. MacDonald.

19 MR. MacDONALD: Good evening.

20 MR. FFITCH: Could you state your full name  
21 and spell your last name for the court reporter?

22 MR. MacDONALD: It's Joseph F. MacDonald,  
23 M-a-c-D-o-n-a-l-d.

24 MR. FFITCH: And where do you live, Mr.  
25 MacDonald?

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1 MR. MacDONALD: I live in Vancouver, at  
2 16209-B N.E. Eighth Street, Vancouver, 98684.

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

5 MR. MacDONALD: Yes, I have a private  
6 phone.

7 MR. FFITCH: It's residential phone  
8 service?

9 MR. MacDONALD: Residential, right.

10 MR. FFITCH: And are you testifying tonight  
11 on your own behalf?

12 MR. MacDONALD: That's right.

13 MR. FFITCH: Do you have a statement that  
14 you'd like to make regarding the merger?

15 MR. MacDONALD: Oh, yes, I do. I want to  
16 thank you for the opportunity to come before you all.  
17 My main concern in the merger is where it would leave  
18 the public. I've read your partial agreement,  
19 settlement agreement with Qwest, and it seems like it  
20 was similar to one they had with US West. And as  
21 many people will probably testify, US West didn't  
22 live up to their agreement too well.

23 So I have a suggestion to make. I suggest  
24 that, like any contractor, that Qwest post a bond.  
25 If I was going to work for the state and build a

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1 bridge, the state would want me to post a bond for  
2 the value of that bridge. In the event I didn't  
3 finish it, I'd have to pay. They could use the bond  
4 to finish the bridge.

5 And I just kind of guessed at the value of  
6 the assets of US West here in Washington, but I think  
7 somewhere near the value of like \$5 billion, which is  
8 a lot of money, of course.

9 MR. FFITCH: I'm sorry, what was the  
10 number, five billion?

11 MR. MacDONALD: Five billion would be what  
12 their assets in this state would be. I'm not  
13 positive, but somebody will know. So that in the  
14 event they don't live up to their promises, that we  
15 have a bond to go against them with. I realize, in  
16 your agreement, you have some provisions for them to  
17 pay different sums of money, but in a company of that  
18 size, \$20 million isn't really a lot of money.

19 In the recent years, especially in our  
20 state to the south of us here, we've seen many  
21 mergers. And in most cases, some of the officials of  
22 those companies have walked away with quite a bit of  
23 equity in the company. We so far haven't seen too  
24 much ill effect from this, because we've had such a  
25 strong economy. But what's going to happen if our

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1 economy slows down?

2 In summary, I believe that a \$5 billion  
3 performance bond, that we, the people, would have  
4 some control over the company, either the old one or  
5 the new one. I can't understand why we should take  
6 any risks. We should put all the burdens on them. I  
7 personally don't care if they merge or not. Thank  
8 you very much.

9 MR. FFITCH: Thank you. Before you step  
10 away, see if there are any questions. I guess I was  
11 going to ask if you had a position on whether they  
12 should merge or not, and you answered it right at the  
13 end. You mentioned that this was similar to another  
14 agreement, and I just want to explore that a little  
15 better.

16 MR. MacDONALD: Well, some of the  
17 provisions in your settlement agreement you had with  
18 Qwest seemed very close to the provisions you had  
19 with US West, as far as the \$50 -- I remember the \$50  
20 part of it, you know, and that they would provide  
21 certain services like this. And just from what I  
22 hear from other people who have, like, moved into a  
23 new home or something, it just doesn't seem like your  
24 provision in the settlement that you had with US West  
25 or your agreement carry much water with them, because

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1 a lot of people have had a lot of problems.

2 So I would just think that if they put up a  
3 tremendous bond, that they'd be in a hurry to get  
4 things done, and also, like any contractor, able to  
5 put a bond up. And they are contracting with us to  
6 provide us a service. Any other questions?

7 JUDGE MOSS: Thank you, Mr. MacDonald.

8 MR. FFITCH: Appreciate your testimony.

9 Mary Jo Shannon. Good evening. Would you state your  
10 full name and spell your last name for the record?

11 MS. SHANNON: Mary Jo, two words, J-o, and  
12 Shannon, S-h-a-n-n-o-n.

13 MR. FFITCH: And where do you live, Ms.  
14 Shannon?

15 MS. SHANNON: I live in Seattle, 5024 49th  
16 Avenue South, Seattle, 98119.

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

19 MS. SHANNON: Yes.

20 MR. FFITCH: Residential or business  
21 customer?

22 MS. SHANNON: Residential.

23 MR. FFITCH: And are you speaking on behalf  
24 of yourself or on behalf of an organization tonight?

25 MS. SHANNON: On behalf of the Washington



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1 Coalition for Telephone Choice.

2 MR. FFITCH: And could you describe the  
3 organization, please?

4 MS. SHANNON: We are a consumer coalition  
5 with an individual membership of over 200 consumers,  
6 an organizational membership numbering in the tens of  
7 thousands, including Washington Citizen Action and  
8 Washington State Range, and our members also include  
9 many small businesses from across the state.

10 MR. FFITCH: And do you have a statement  
11 that you want to make tonight?

12 MS. SHANNON: Yes.

13 MR. FFITCH: Would you please go ahead and  
14 make your statement?

15 MS. SHANNON: Sure. Our main purpose, as a  
16 coalition, has been to urge competition in the local  
17 telephone market. The merger of US West and Qwest  
18 provides us with an opportunity to share our concerns  
19 regarding service quality and competition.

20 We are pleased to see the issues dealt with  
21 in the agreement with the Attorney General's Public  
22 Counsel Office, Staff of the WUTC, and US West and  
23 Qwest. We think that service quality has the  
24 potential to be greatly improved if the Commission  
25 holds the incumbents to the letter of the agreement.

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1 We want the Commission to approve the agreement and  
2 to enforce it, the partial agreement.

3 We are also asking the Commission to work  
4 through the impediments to the competition issues.  
5 Our belief is that once there are several companies  
6 competing to offer services to residential and  
7 business customers, service quality will quickly  
8 improve. There's nothing better than having a  
9 competitor breathing down your neck in a business to  
10 quickly improve the way people are treated and the  
11 quality of the service rendered.

12 And the technology is changing so quickly,  
13 there are many actors wanting to get into the market.  
14 The consumer can only benefit from increased  
15 competition.

16 JUDGE MOSS: Ms. Shannon, let me ask you to  
17 just slow down just a tad, so the reporter can pick  
18 up what you're saying.

19 MS. SHANNON: Sure. We are also concerned  
20 with regional companies offering services in our  
21 state. Our experience in the past few years has been  
22 the removal of services from the state and consumers  
23 often ending up dealing with people in Utah or  
24 Colorado, who have no understanding of our local  
25 problems.

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1           Also, we're keenly interested in a  
2 continuing upgrading of equipment and services  
3 locally. It should be unheard of for people in our  
4 state not having access to a dial tone. Local people  
5 know -- are going to know where growth and  
6 development are taking place in the state and where  
7 not to be offering second lines when first lines  
8 aren't operative. We need the right hand to know  
9 what the left hand is doing, and we think that if  
10 that is offered by people within our own state, that  
11 we have a better chance on those issues.

12           We think that the merger has the potential  
13 to improve service quality for consumers in  
14 Washington State. We will continue to watch the  
15 progress closely and urge our members to attend these  
16 hearings around the state. We will continue to  
17 organize new members and we look forward to a time  
18 when competition is really in place in Washington  
19 State. Our members want a choice. When we get one,  
20 we think we will all be better off. Thank you.

21           MR. FFITCH: Thank you. So can I ask you  
22 to summarize your position on whether the merger  
23 should be approved or not? Do you sort of have a  
24 thumbs up or a thumbs down view on that or --

25           MS. SHANNON: I think the partial agreement

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1 that's been reached is good for consumers, and I  
2 think that that part I'm very happy with. I'm  
3 concerned about the fact that there's not any kind of  
4 agreement on the competition issue, and I would urge  
5 the Commissioners to make sure that they're thinking  
6 of consumers around those competition issues when it  
7 comes time to vote on the merger.

8 But I think the work that you and the Staff  
9 has done with the companies is putting us in a better  
10 position than we are today. So for those reasons,  
11 we're in favor of the merger, because we think it  
12 brings more to the consumer.

13 MR. FFITCH: Thank you.

14 JUDGE MOSS: Ms. Shannon, thank you very  
15 much. Appreciate your testimony.

16 MR. FFITCH: Next person signed up is  
17 Susanne Schultz. Could you state your name and spell  
18 your last name for the record, please?

19 MS. SCHULTZ: Susanne Schultz,  
20 S-c-h-u-l-t-z.

21 MR. FFITCH: And where do you live?

22 MS. SCHULTZ: 520 S.E. Columbia River  
23 Drive. Just down the road.

24 MR. FFITCH: You didn't have to come too  
25 far tonight, then?

01386

1 MS. SCHULTZ: No.

2 MR. FFITCH: Are you a US West customer?

3 MS. SCHULTZ: I am, and I'm here  
4 representing myself.

5 MR. FFITCH: And are you a business or  
6 residential customer?

7 MS. SCHULTZ: I was a business customer,  
8 and I am now just a residential customer.

9 MR. FFITCH: Please go ahead and make your  
10 statement.

11 MS. SCHULTZ: I would like the opportunity  
12 to say that I believe that US West should go back and  
13 make good from lack of service that they did not --  
14 that they were not able to issue in the last three  
15 years.

16 I had a business located downtown  
17 Vancouver, Jessica Klein Interiors, and my building  
18 was sold and I was forced to liquidate that and be  
19 out in three weeks, and so I had contacted US West to  
20 be sure I had phone service in the new place that I  
21 was moving to.

22 I was without local and long distance  
23 service, residential and business, for five months.  
24 I received no restitution. I took it all the way to  
25 -- don't quote me on this, but I believe it was New

01387

1 York. I went to the Secretary of US West, as high as  
2 I could go. I worked every single day to try to get  
3 service. I was told many answers, they missed  
4 numerous appointments. I have this all documented.  
5 It's in my storage, and I've been trying to dig it  
6 out, but I haven't gotten to it yet. But I have a  
7 very thick file of every single day, with  
8 notification of who I've talked to and how I've tried  
9 to get this resolved. I did not get anywhere. As a  
10 result, I did not own my business by the time I got  
11 hooked up. My customers had no way of following me  
12 or get in touch with me.

13 I think, to go forward, you have to be able  
14 to take care of the customers that you've got before  
15 you can go on and, again, add second lines, add more  
16 services, but yet I got called daily, you know,  
17 asking if I would take another service after I got  
18 hooked up with them.

19 I am still, to this day, waiting for a  
20 credit from US West and I still have a mess of lines  
21 in my home after trying to get hooked up right.  
22 Numerous technicians, and none of them did the job.

23 And so I think the merger would be good.  
24 I'm also concerned, in the end, about local  
25 competition. I'm also an Excel Telecommunications

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1 representative. We are going into local, we are  
2 coming into local in many areas, currently right now  
3 in Texas, so I'm concerned that if we come into the  
4 area with local long distance, as well as we're  
5 already in long distance, that our customers will get  
6 hooked up equally and fairly and fast, but -- so  
7 that's my major concern.

8 MR. FFITCH: Have you had a chance to look  
9 at the settlement -- partial settlement, and do you  
10 have an opinion on that?

11 MS. SCHULTZ: I did see just a little bit,  
12 but, no, I haven't had a chance to really study it.  
13 I did go as far as hiring an attorney to look into  
14 the case and see what they could do and join maybe  
15 others in a cooperative settlement, but he said that  
16 they had a non-default clause, so they couldn't do  
17 anything for me.

18 MR. FFITCH: Did you contact the Utility  
19 Commission with your --

20 MS. SCHULTZ: I did. I went to the  
21 Attorney General -- I contacted, as far as the  
22 Attorney General, asking, you know, where I could go,  
23 what I could do next, but -- also, I might state that  
24 in this complex straight down the road, there were  
25 many people that moved in there that never got hooked

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1 up for service. It was an absolute nightmare, and a  
2 lot of unhappy homeowners in there. There are still  
3 problems with the phone lines in that building as of  
4 right now.

5 So as the service goes forward and  
6 fiber-optics and a chance to get DSL technology and  
7 all the new things that are coming, when we can't  
8 basically even have a good dial tone, is really a  
9 concern to us.

10 MR. FFITCH: Okay. Thank you.

11 MS. SCHULTZ: Thank you.

12 JUDGE MOSS: Thank you, Ms. Schultz.

13 MR. FFITCH: I'm having a bit of trouble  
14 reading this name. I believe it's Dale Read.

15 MR. READ: That is correct.

16 MR. FFITCH: It says you probably would  
17 like to speak, but --

18 MR. READ: I definitely do at this point.  
19 Thank you very much, Mr. ffitich.

20 MR. FFITCH: Okay. Please state your name  
21 and spell your last name for the record.

22 MR. READ: Yes, my name is Dale Read,  
23 R-e-a-d, Junior.

24 MR. FFITCH: Thank you. Where do you live,  
25 Mr. Read?



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1           MR. READ: I live in Vancouver, I use the  
2 mailing address of my business, which is 2001 Main  
3 Street, Vancouver, Washington.

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

6           MR. READ: I'm a US West customer for two  
7 businesses and one individual, a total of seven  
8 lines.

9           MR. FFITCH: Okay.

10          MR. READ: One family, I should say, one  
11 household.

12          MR. FFITCH: And are you testifying on your  
13 own behalf, then, this evening?

14          MR. READ: Solely on my own behalf.

15          MR. FFITCH: All right. Please go ahead  
16 and make your statement.

17          MR. READ: Thank you. Thank you very much.  
18 I thank the Commission for having the hearing here.  
19 Frankly, I have been appalled over the past several  
20 years at what I consider to be absolute incompetence  
21 and arrogance of US West. As I will indicate in a  
22 moment, I think that Qwest shows every promise,  
23 unfortunately, of being even worse than US West. I  
24 do not see any benefits to the public in this.  
25 Perhaps those benefits are there. Genuinely, I have

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1 an open mind on it, I would love to hear about them,  
2 but I don't see it at this point.

3 That is perhaps as much the fault of the  
4 media, in terms of what they have reported on this,  
5 as it is the fault of the applicants themselves.

6 With your permission, I would hand to you a  
7 copy of a letter that, by coincidence, I had sent off  
8 to WUTC just last week. And then, a couple days  
9 later, I saw the announcement of this hearing and  
10 felt I should come in person, as well.

11 By way of arrogance, or by way of  
12 illustration for my point on arrogance, with US West,  
13 I've had a couple of minor billing disputes with them  
14 through the years. I have written six or eight  
15 letters, which have been totally ignored, over a  
16 period of two years. It is at the point that I just  
17 don't even worry about it anymore. I pay what I  
18 think I owe and let it go at that.

19 I did have a situation a year ago, when I  
20 tried to arrange telephone service for my father in a  
21 nursing home, where he then was. They gave me a  
22 telephone number and said this is the number to use.  
23 It was in the state of Washington, but not here in  
24 Vancouver. And when I tried to call that number on  
25 the date when the service was established, I got

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1 someone else altogether and called Information, who  
2 gave me the original number.

3           And I then called US West, and I spent over  
4 two hours on the phone with US West before they even  
5 admitted that it sounded like they had made a mistake  
6 and they should look into it and see if they could  
7 correct it.

8           In fact, at that point, it was corrected  
9 within 48 hours. The problem is, I don't really  
10 think the mistake ever should have been made to begin  
11 with, and it certainly shouldn't have taken two hours  
12 of my time, or their time, either, to get them to  
13 admit and acknowledge that there was a mistake.

14           I could go on and on, and I have other  
15 examples in the letter there. I won't take anyone's  
16 time, unless you care, with other examples with US  
17 West.

18           Qwest, as I alluded earlier, in my opinion,  
19 gives every promise and indication of taking this  
20 poor level of service and taking it downhill. I had  
21 a personal example earlier this year, January or  
22 February sometime, I did not note the date, where  
23 they called me on my unlisted residential line. In  
24 fact, in our home, we have two lines, one listed and  
25 one unlisted.

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1                   MR. FFITCH: I'm sorry, who made the call  
2 to you?

3                   MR. READ: Qwest themselves made the call  
4 to me. They had some wonderful new phenomenal long  
5 distance service and rate plan that I should sign up  
6 for, they called it. And I inquired of them how it  
7 was that they had gotten my unlisted telephone line  
8 to call me for this. And they said, and this is  
9 virtually a verbatim quote, We are the telephone  
10 company, we have all of the numbers, we will call you  
11 if we want to.

12                   And I suggested to them that I did not want  
13 to be called on my unlisted line and I maintained, in  
14 fact, a listed line for that very purpose, and by the  
15 way, while they were at it, they could strike me from  
16 the list for any unsolicited promotions of that  
17 nature. If there was a problem with my line or with  
18 their receipt of any payment on our line, then I  
19 would certainly want to know about it and solve the  
20 problem.

21                   And he said, We understand your concern,  
22 Mr. Read. And I said, Will you promise not to call  
23 me again. They said, No, we will not promise. And  
24 in fact, it is very obvious why they would not  
25 promise, because about one minute later, this very

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1 same gentleman called me up and said, But you didn't  
2 even give us a chance to explain about our long  
3 distance service. You know, I mean, I don't know how  
4 to answer arrogance of that nature. I'll be quite  
5 honest.

6           Just in the car tonight, coming to this  
7 very meeting, I heard that over in Oregon, and I'm  
8 not sure whether it was the Oregon Utilities  
9 Commission directly or some affiliate or adjunct  
10 group within Oregon state government had, in some  
11 manner, sanctioned or cited US -- I'm sorry, not US  
12 West, Qwest for slamming. I mean, I thought  
13 slamming, you know, went out a couple, three years  
14 ago. But apparently Qwest is still at it in Oregon.  
15 Yet these are the folks that want to improve our  
16 telephone service here, you know, after having the  
17 arrogance to bluntly say, We have all of the phone  
18 numbers and we will call you if we want to.

19           JUDGE MOSS: Mr. Read, I'm going to have to  
20 ask you to sum up now.

21           MR. READ: Thank you very much. I will be  
22 happy to. I think the issue here is benefit to the  
23 public. It is not corporate empire building or stock  
24 trading or wheeling and dealing. I have seen no  
25 evidence of benefit to the public. The proposed

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1 partial settlement, I think, is nickel-dime kind of  
2 remedies.

3           When US West had a nickel-dime remedy  
4 imposed on them earlier in my own case, they sent me  
5 a rebate check, they gave me a credit on my bill, and  
6 we're talking only a couple dollars, and then, having  
7 given me the same benefit twice, they charged it back  
8 on the bill and, of course, that was a processing  
9 cost every time, which increased their cost and  
10 increased their base for their rate application.

11           And they never answered the Commission's  
12 requests, when I reported this to the Commission.  
13 The Commission sent me the e-mail on it, and they  
14 were just as arrogant as they were on everything  
15 else.

16           The burden of proof on this matter is  
17 clearly before the companies. It is not on the  
18 public. And unless there is clear, strong evidence  
19 of an attitude of service philosophy for the public  
20 of building system capacity so we don't get deadlines  
21 or other -- or all circuits are busy, even in making  
22 a local phone call, then I think they have not met  
23 their burden of proof, and the request should be  
24 denied. I thank you very much for your time and  
25 courtesy in listening to me this evening.

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1 MR. FFITCH: Thank you.

2 JUDGE MOSS: Thank you, Mr. Read.

3 MR. FFITCH: I have in front of me the sign  
4 up sheets for people attending this evening, and my  
5 review indicates there's no one else who expressed a  
6 wish to comment in person. Is there anyone who has  
7 come in later, who signed up late or didn't sign up,  
8 who wishes to speak at this point?

9 Your Honor, that concludes, I believe,  
10 therefore, the public testimony portion. Again, if  
11 you are here and wish to simply file written  
12 comments, there are forms in the back and also the  
13 yellow handout gives the addresses for sending in  
14 letters after the fact.

15 JUDGE MOSS: I want to thank the witnesses  
16 and thank you, Mr. ffitich, for assisting with the  
17 process. I would like to mention, with respect to  
18 the written comments we received, Mr. ffitich received  
19 from Mr. Read tonight, and any others that we  
20 receive, these will be made part of the record during  
21 the April 20th proceeding. They will be offered, and  
22 I expect without objection at that time, and will  
23 become part of the record in the ordinary course.  
24 Okay.

25 COMMISSIONER HEMSTAD: I'd just like to say

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1 thank you all for coming. We appreciate your  
2 comments and appreciate your taking the time this  
3 evening to help us.

4 JUDGE MOSS: With that, I believe our  
5 public hearing can be brought to a conclusion. And  
6 again, thank you very much. We'll go off the record.

7 (Proceedings adjourned at 6:51 p.m.)

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