0042

1 BEFORE THE WASHINGTON STATE

UTILITIES AND TRANSPORTATION COMMISSION

2 In the Matter of the Joint )

Application of ) DOCKET NO. UT-090842

3 )

VERIZON COMMUNICATIONS INC. ) Volume II

4 AND FRONTIER COMMUNICATIONS ) Pages 42 to 92

CORPORATION. )

5 )

For an Order Declining to )

6 Assert Jurisdiction Over, or, )

in the Alternative, Approving )

7 the Indirect Transfer of )

Control of Verizon Northwest )

8 Inc. )

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_)

9

A public hearing in the above matter was held

10

on Thursday, October 15, 2009, from 6:00 p.m to 7:15

11

p.m., at Everett Community College, Gray Wolf Hall, 2000

12

Tower Street, Rooms 166 & 168, Everett, Washington,

13

before Administrative Law Judge PATRICIA CLARK and

14

CHAIRMAN JEFFREY D. GOLTZ.

15 The parties were present as follows:

THE COMMISSION, by JONATHAN THOMPSON,

16 Assistant Attorney General, 1400 South Evergreen Park

Drive Southwest, Olympia, Washington 98504-0128,

17 Telephone (360) 664-1225, Fax (360) 586-5522, E-Mail

jthompso@wutc.wa.gov.

18 THE PUBLIC, by SARAH A. SHIFLEY, Assistant

Attorney General, 800 Fifth Avenue, Suite 2000, Seattle,

19 Washington 98104-3188, Telephone (206) 464-6595, Fax

(206) 464-6451, E-Mail sarahs5@atg.wa.gov.

20 VERIZON NORTHWEST, INC., by GREGORY M.

ROMANO, General Counsel - Northwest Region, 1800 - 41st

21 Street, WA0105GC, Everett, Washington 98201, Telephone

(425) 261-5460, Fax (425) 252-4913, E-Mail

22 gregory.m.romano@verizon.com.

FRONTIER COMMUNICATIONS SOLUTIONS, by KEVIN

23 SAVILLE, Associate General Counsel, 2378 Wilshire

Boulevard, Mound, Minnesota 55364, Telephone (952)

24 491-5564, Fax (952) 491-5515, E-Mail ksaville@czn.com.

25 Joan E. Kinn, CCR, RPR

0043

1 --------------------------------------------------------

2 INDEX OF EXAMINATION

3 --------------------------------------------------------

4 WITNESS: PAGE:

5 MORRIE SACHSENMAIER

6 Examination by Judge Clark 56

7 Examination by Chairman Goltz 60

8 JOSEPH LOO

9 Examination by Judge Clark 61

10 LOUISE STANTON-MASTEN

11 Examination by Judge Clark 65

12 Examination by Chairman Goltz 68

13 JAMES HUTCHISON

14 Examination by Judge Clark 69

15 WILLIAM MCCORD

16 Examination by Judge Clark 75

17 KEVIN MORRISON

18 Examination by Judge Clark 79

19 JEAN S. HALES

20 Examination by Judge Clark 82

21 STEVE WALCKER

22 Examination by Judge Clark 86

23

24

25

0044

1 P R O C E E D I N G S

2 JUDGE CLARK: Good evening, it's

3 approximately 6:00 p.m. on October 15th, 2009, in Gray

4 Wolf Lodge, Everett, Washington. This is the time and

5 the place set for a public comment hearing in the Matter

6 of the Joint Application of Verizon Communications

7 Incorporated and Fronttier Communications Corporation

8 For an Order Declining to Assert Jurisdiction or, in the

9 alternative, Approving the Indirect Transfer of Control

10 of Verizon Northwest, Inc. in Docket UT-090842. My name

11 is Patricia Clark, I'm an Administrative Law Judge for

12 the Washington Utilities and Transportation Commission,

13 and with me here this evening on my immediate left is

14 our Chairman, Jeffrey Goltz. Regrettably Commissioners

15 Pat Oshie and Phil Jones are unable to join us this

16 evening. However, prior to participating in any

17 decision regarding this docket, they will read the

18 transcript of this evening's proceedings, and this

19 evening's proceedings are being taken down by the court

20 reporter who is seated to my left.

21 Our Chairman does have a few opening remarks

22 for you, so I'm going to turn the interesting part of

23 this evening's agenda over to him, and then the boring

24 part will come back to me.

25 CHAIRMAN GOLTZ: Actually the most

0045

1 interesting part will be when it's your turn to give us

2 comments. So I've been on the Commission now since mid

3 February, and I've been to a couple of these public

4 comment hearings. Let me just describe briefly their

5 importance. As many of you may know, this proceeding is

6 going to be a formal hearing before the full three

7 member Commission in Olympia. It's set for a hearing

8 the week of December 15th. It will be approximately,

9 we'll see how long it goes, but we have reserved four

10 days for the hearing.

11 Prior to that time, the parties to this

12 hearing, that's to say the applicants, the Commission

13 Staff, which is a separate party, the Office of Public

14 Counsel, which is an arm of the Attorney General's

15 Office and they are represented here and they will

16 introduce themselves shortly, all will file testimony in

17 response to the applicant's testimony, and then there

18 will be a chance for the applicants to file rebuttal

19 testimony. That's all written.

20 And then we'll have a few weeks to review

21 that testimony and then hear the witnesses that prepared

22 that testimony come before the Commission before the

23 court reporter, swear under oath, and give oral

24 testimony and be subject to cross-examination by all the

25 parties and by the Commissioners. So that's the formal

0046

1 part of the testimony.

2 That is not today. We are not going to hear

3 from the parties today. You won't hear from the

4 Company, you won't here from Public Counsel, you won't

5 hear from the Commission Staff, you won't hear from the

6 other interveners in the case. There are a number,

7 several interveners, I can't remember them all, but

8 including the IBEW. They are separately represented by

9 a lawyer, they will make a representation in that formal

10 hearing process. But my experience has been, and I know

11 when I've talked to my predecessors in this job their

12 experience has been, that a very important part of any

13 formal proceeding before the Commission is to hear what

14 the customers have to say, because the customers have a

15 unique perspective. Now as the representative of the

16 Public Counsel's office will tell you, they are by

17 statute charged with representing the rate payers in

18 these sorts of proceedings, and they do a fine job of

19 that, but there's still a unique perspective that

20 individuals can bring to bear, specific facts, specific

21 experiences, and those are all very important things to

22 keep in mind for us as we make this decision in this

23 case and as we make decisions in other cases that may

24 come before us. So this is really your turn to make

25 whatever comments you think are relevant to this

0047

1 proceeding.

2 And as Judge Clark said, the court reporter

3 will take then them down, my colleagues will read that,

4 we'll refer to them later, and it's a very, very

5 valuable process for us. I hope it's valuable to you.

6 So with that, we have a good turnout tonight, and I

7 might add I'm not used to having so many people come so

8 early to something like this, and I don't know if it's

9 just the timing of this or what, or maybe that there's

10 no, you know, Phillies Dodgers fans in the room, I don't

11 know, I don't know.

12 So in any event, I'll turn this back to Judge

13 Clark.

14 JUDGE CLARK: All right, I have an agenda

15 which I'm going to go through now and explain to you

16 what's going to happen with this evening's hearing.

17 This evening we're here for Verizon and Frontier's joint

18 application to transfer control of Verizon Northwest to

19 Frontier.

20 If you have a cell phone with you, and I know

21 you do, this would be a good time for you to turn that

22 cell phone off or mute it so that you don't interrupt

23 anyone's comments when they're speaking this evening.

24 I want to explain the standard of review that

25 the Commissioners will use to judge the joint

0048

1 application, and I want to identify the other

2 participants or parties to this case. Representatives

3 for some of those are seated to my immediate right. I'm

4 going to give you a very brief outline of the joint

5 application, and then we will proceed as Chairman Goltz

6 noted to actually the most important part, and that is

7 where you have the opportunity to present public

8 comments.

9 The Washington Legislature establishes the

10 standard by which the Commission will evaluate this

11 particular transaction, and for requests for authority

12 to merge or acquire utility operations in the State of

13 Washington, the Commission reviews the proposed

14 application to determine whether the transaction will

15 result in no harm to consumers. To make that

16 determination, the Commission will evaluate a

17 significant amount of accounting and financial data,

18 they will consider the prefiled testimony and exhibits

19 of expert witnesses, and they will consider documentary

20 evidence to determine whether or not this transaction

21 will harm consumers.

22 The Commission's process is a quasijudicial

23 process. It's very similar to what you might observe in

24 a civil courtroom. The Commissioners sit as judges and

25 are the decisionmakers in this case, and I assist them

0049

1 by presiding at hearings like this and at the

2 evidentiary hearing that the Commission will hold in

3 December.

4 In cases before the Commission, the parties

5 submit their prefiled testimony and exhibits. The

6 witnesses present that testimony under oath during the

7 evidentiary hearing and are subject to

8 cross-examination. The comments that you will present

9 this evening are also considered testimony, and you will

10 need to give those comments under oath. I will

11 administer one oath to everyone who wishes to speak this

12 evening. And again, our court reporter is present, and

13 she will take down your comments for the transcript of

14 this proceeding.

15 At this time I'm going to ask each of the

16 counsel seated at counsel table now to identify

17 yourselves to the members of the public who have joined

18 us this evening, and I will start with you, Ms. Shifley.

19 MS. SHIFLEY: My name is Sarah Shifley, I'm

20 an Assistant Attorney General with the Office of Public

21 Counsel, which is a part of the Washington State

22 Attorney General's Office, and we represent the

23 residential and small business customers of regulated

24 utilities in the state.

25 MR. THOMPSON: And I'm Jonathan Thompson, I'm

0050

1 also an Assistant Attorney General, and I represent the

2 Commission's Advocacy Staff which makes its own

3 evaluation of the application and makes recommendations

4 to the Commission.

5 MR. ROMANO: And I'm Gregory Romano, I'm

6 General Counsel of Verizon Northwest, and I would like

7 to just point out that Tim McCallion, President of the

8 Region for Verizon, is here as well.

9 JUDGE CLARK: If you could have Mr. McCallion

10 raise your hand so individuals know where you are.

11 Thank you.

12 MR. SAVILLE: Good evening, I'm Kevin

13 Saville, I'm Associate General Counsel for Frontier

14 Communications Corporation, one of the applicants, I'm

15 delighted to be here. I would also like to introduce

16 Steve Crosby, who is with us tonight as a representative

17 of Frontier as well.

18 JUDGE CLARK: Thank you.

19 There are other parties to this proceeding,

20 we do have the International Brotherhood of Electrical

21 Workers Local 89 was granted intervention in this

22 proceeding, but I don't see counsel for IBEW present

23 tonight. We also have the BCAW, which is the Broadband

24 Communications Association of Washington as a party in

25 this proceeding, and I do not see their representative

0051

1 present tonight. There are a number of competitive

2 local exchange carriers who intervened, and I see none

3 of their representatives present nor a representative

4 from the Department of Defense and all other Federal

5 Executive Agencies. Nonetheless, those individuals will

6 be presenting expert testimony at the evidentiary

7 proceeding in December in Olympia.

8 I would also like to point out that we have

9 two other individuals present from the Commission staff.

10 We have the Assistant Director of the Telecommunications

11 Section, Mr. William Weinman, who is present this

12 evening, and if you would be so kind as to raise your

13 hand or stand up so people can see where you are. We

14 also have an individual who greeted you at the door with

15 the sign-in sheet, and that is Mr. John Cupp. Mr. Cupp

16 is with the Consumer Protection Section of the

17 Commission.

18 And I give you the introduction of all of

19 these individuals to let you know that while it is not

20 appropriate for you to approach either me or Chairman

21 Goltz with any questions that you might have regarding

22 this application, that there are a number of individuals

23 who are present tonight who should be able to answer any

24 questions that you have. In addition, if there are

25 Verizon customers who are having service problems,

0052

1 Verizon has provided a couple of individuals to be

2 available this evening. There is a table out in the

3 hallway, and those customer service questions can be

4 addressed to those individuals. We're not sending you

5 out of the room, it just gives you more privacy to meet

6 those individuals in the hallway.

7 I want to give you a brief overview of the

8 case. Verizon and Frontier filed a joint application

9 requesting authority to transfer Verizon's local

10 exchange customers and certain long distance customers

11 to Frontier. After the transfer, the current tariffs,

12 terms, and conditions of service would remain the same.

13 The Commission may grant the application, deny the

14 application, or grant the application with conditions.

15 The process for this evening's public hearing

16 is that we have a number of individuals who have signed

17 up to speak tonight. I currently have three pages in

18 front of me, and so I'm going to limit your comments to

19 three minutes. That might sound like a short period of

20 time until you stand up in front of everyone and start

21 talking, and I assure you that three minutes is probably

22 a lot longer than you would anticipate it to be. If you

23 do run a little bit longer than three minutes, I'm going

24 to have to politely interrupt you and ask you to

25 conclude your comments so that we can ensure we hear

0053

1 from everyone who would like to speak to the Commission

2 tonight.

3 If a previous speaker's comments have

4 addressed the issues that you would like to address, you

5 do not need to repeat those, you can simply say that you

6 concur with a previous speaker's comments. If you have

7 a letter with you this evening, please do not read it

8 into the record. If you will give it to Ms. Shifley

9 with the Office of Public Counsel or Mr. John Cupp at

10 the back door, they will ensure that that letter is made

11 a part of the record. The problem is when you read a

12 letter into the record, you read a lot faster than we

13 normally speak, and it's just going to be difficult to

14 track what you say.

15 I want to remind you that this is a

16 quasijudicial proceeding and that it is not appropriate

17 to applaud or boo or make any other comment regarding

18 another speaker or my comments this evening. Just

19 please listen quietly and show respect for the other

20 individuals who will be speaking this evening.

21 The Commission will continue to take written

22 comments until approximately January 11th, 2010. That

23 sounds like a long time off right now, but that will be

24 not that long after the evidentiary hearing in this

25 proceeding, and that is the deadline for the parties to

0054

1 present their post hearing briefs.

2 At this time I'm going to ask everyone who

3 thinks they might present comments this evening to

4 please stand, raise their right hand so that I can

5 administer the oath or affirmation. If you change your

6 mind and decide you don't want to speak later, I'm not

7 going to call on you, this isn't class. But if you

8 think you might, please stand and raise your right hand.

9 (Witnesses were sworn.)

10 JUDGE CLARK: Thank you, please be seated.

11 I'm now going to call your name approximately

12 -- I'm doing my best to call you in the order in which

13 you signed up. I would like to apologize in advance if

14 I mispronounce your name or if I have difficulty reading

15 your handwriting, if you could please help me out,

16 please correct me. Although I may mispronounce your

17 name, I assure you I will try not to do it a second

18 time. We're going to use the podium in front of me as

19 the place where we would like you to come forward and

20 speak, and the court reporter will take down your

21 comments. After you have completed your comments at the

22 podium, please do not run and bolt back down to your

23 seat, please wait and see if Chairman Goltz or any of

24 the attorneys or perhaps even I have a question for you

25 this evening. I'm going to start off with a couple of

0055

1 preliminary questions. These are the routine questions

2 we ask all public comment witnesses in our proceedings,

3 and remind everyone again that this is the time for the

4 public to present comments and not the time for parties

5 to present evidence.

6 All right, so I'm going to call the first

7 name on the list, first individual who has indicated he

8 wants to present comments, I'm not sure, Mr. Ray

9 Egelhoff.

10 MR. EGELHOFF: Judge, I represent IBEW, so I

11 apologize.

12 JUDGE CLARK: Oh, no problem at all,

13 Mr. Egelhoff, I completely understand.

14 The next one I'm struggling with, Mr. Morrie

15 Sachsenmaier. How badly did I butcher that?

16 MR. SACHSENMAIER: Pretty good.

17

18 Whereupon,

19 MORRIE SACHSENMAIER,

20 having been first duly sworn, was called as a witness

21 herein and was examined and testified as follows:

22

23 E X A M I N A T I O N

24 BY JUDGE CLARK:

25 Q. All right, I'm going to ask you a few

0056

1 questions.

2 A. Okay.

3 Q. Start off with embarrassing myself again,

4 could you state your full name for the record, please,

5 and spell your last name.

6 A. Morrie Sachsenmaier, S-A-C-H-S-E-N-M-A-I-E-R.

7 Q. And where do reside, Mr. Sachsenmaier?

8 A. I live in Snohomish, Washington.

9 Q. Snohomish, Washington. And do you receive

10 local or long distance telephone service from Verizon?

11 A. Up until just recently, yes.

12 Q. All right. Please make your comments for the

13 Commission.

14 CHAIRMAN GOLTZ: And I might add, we don't

15 have a microphone, so I can hear you just fine and the

16 court reporter can, but if you want your neighbors in

17 the back to hear, you're going to have to really speak

18 up, so thank you.

19 A. Okay, I support the transition and urge the

20 UTC to approve the buyout. Before my retirement I

21 worked for Verizon/GTE as a transmission engineering

22 manager. I retired in 2002. I keep abreast of telecom

23 news because I am a member of a volunteer organization

24 known as the Pioneers, originally known as the Telephone

25 Pioneers of America, made up currently of retired,

0057

1 current and retired industry people. Pioneers is the

2 world's largest volunteer related organization.

3 Currently I have the privilege of serving as President

4 of the West Area Pioneer chapter. I attend meetings

5 nationally for the Pioneers, and I have met a lot of

6 Frontier people at these meetings, and they're very

7 confident and do a lot of volunteer work in their areas.

8 I understand the UTC has the welfare of

9 customers as their first priority and believe they

10 should feel comfortable in approving this transition. I

11 think this transition is in the best interests of

12 customers in Washington. I believe Verizon and GTE has

13 served the Washington area well for decades, although

14 Frontier has the potential to be an even better match

15 for Washington customers looking ahead, especially

16 bringing advanced broadband services to small towns in

17 rural areas.

18 Verizon's future growth in providing wireless

19 and FiOS service in the dense areas seems to be their

20 priority at this time. I live north of Snohomish, I

21 live next to a fairly large shopping center, and I've

22 been waiting, and I still haven't got the ability to get

23 broadband from Verizon in my area. Frontier's strength

24 and growth in these areas -- has shown growth at least

25 for smaller towns and cities in the rural areas.

0058

1 Frontier has become one of America's largest local

2 exchange companies. Frontier has a strong track record

3 delivering broadband services to areas they serve.

4 Frontier has made clear committments on expanding

5 broadband capabilities in the Verizon territories that

6 they want to acquire. I think Frontier has the

7 stability, the financial stability and technical

8 resource to deliver on these commitments.

9 As a retired engineer, I understand that

10 integrating the operations of one phone company into

11 another is a complex undertaking. Frontier has a lot of

12 experience in doing these operations with other

13 companies. For instance, they did the Commonwealth of

14 Tel of PA is one example, and it went well. I

15 understand that Verizon's existing support systems for

16 customers of Washington including the work force and

17 their wealth of technical knowledge will transfer to

18 Frontier on the completion of the deal. Because for one

19 thing as a retiree we don't want our bills messed up or

20 anything like that, so I feel confident this will work

21 well. Therefore, it is clear it will be a seamless

22 transition in terms of customer service and employment

23 for current Verizon people.

24 Thank you.

25

0059

1 E X A M I N A T I O N

2 BY CHAIRMAN GOLTZ:

3 Q. Mr. Sachsenmaier, did I get that right?

4 A. Mm-hm.

5 Q. Can you just tell me a little more about the

6 organization, the Pioneers, you said it was originally

7 called the Pioneers of America?

8 A. Used to be, yeah, the Telephone Pioneers of

9 America. It's the Pioneers is a organization, a club

10 basically, that is organized in telephone companies that

11 does public service work. It's been around since the

12 '20's.

13 Q. Okay.

14 A. At one time in America there was like 800,000

15 members, although that has dwindled now because of the

16 local telephone companies in my eyes, but they're still

17 a very large organization. And as a Verizon West

18 President, I'm the President of all the old GTE

19 companies that were GTE at one time on their clubs, and

20 we report up to the national level.

21 Q. In what geographic area is your --

22 A. Well, that would be all of America, because

23 that was all the GTE companies in America that were --

24 and when they re -- Pioneers, they didn't know quite how

25 to handle it, so they put us all in, they called us

0060

1 Verizon West, and I've been doing that the last two

2 years.

3 CHAIRMAN GOLTZ: Thank you.

4 JUDGE CLARK: Does anyone else have questions

5 for Mr. Sachsenmaier?

6 Thank you very much for your testimony this

7 evening, sir.

8 The next name I have is Gerald Bear.

9 MR. BEAR: I decline.

10 JUDGE CLARK: All right.

11 Joe Loo.

12 MR. LOO: Hi.

13 JUDGE CLARK: Hi, Mr. Loo, come forward,

14 please.

15

16 Whereupon,

17 JOSEPH LOO,

18 having been first duly sworn, was called as a witness

19 herein and was examined and testified as follows:

20

21 E X A M I N A T I O N

22 BY JUDGE CLARK:

23 Q. Could you state your full name for the

24 record, please.

25 A. Joseph Loo, L-O-O.

0061

1 Q. Thank you. And where do you reside, Mr. Loo?

2 A. Gold Bar, Washington.

3 Q. And are you a Verizon local exchange or long

4 distance customer?

5 A. Verizon, I just have DSL. I'm also an

6 employee.

7 Q. Okay, please make your comments.

8 A. Well, first of all I transferred here from

9 Hawaiian Telephone, which was sold in early 2000 by

10 Verizon to Carlyle, and not long after they were sold

11 they went bankrupt. I still keep in touch with a lot of

12 my friends and the IBEW people there, and they're still

13 having trouble with that. Frontier was also sold by

14 Verizon, not Frontier, FairPoint, and they are on the

15 verge of bankruptcy. Apparently they've incurred too

16 much debt. And I don't have all the particulars on how

17 that works.

18 But as an employee, since Verizon has taken

19 over, our plant has deteriorated, and Frontier is

20 planning to move in and supply DSL to far reaching

21 places, which Verizon was supposed to do, and I don't

22 know how they're going to do that with the plant that we

23 have presently. And I work in it every day. I'm in

24 manholes, I'm fixing problems. And I hear from other

25 employees that our cables are in such bad condition it

0062

1 takes two pairs to make dial tone. It also takes that

2 same two pairs to get that DSL out to the customers.

3 When those pairs go bad, you got to move them or repair

4 them. We used to have maintenance people, which I was

5 one. They made us stop repairing and continue on with

6 customer service. But how do you do that when the plant

7 facilities are so bad that you can't make repairs, that

8 you're stealing from other places in the cable to try to

9 get these customers back in service, and all they keep

10 pounding into your head is jobs per day. You got to

11 have so many jobs per day, so you don't have time to

12 stop and fix the problem. You're basically putting a

13 Band-Aid on the problem, and that Band-Aid sooner or

14 later is going to give way, and that's what we're

15 dealing with now.

16 And there's been no improvements other than

17 FiOS. All the money has gone into FiOS, and nothing has

18 gone into cable maintenance. We used to have a budget

19 for cable maintenance, which has dwindled away to almost

20 nothing. Basically right now as it stands in the last

21 year, Verizon has been selling off our properties left

22 and right and leasing them back. And I understand the

23 tax breaks and all the things that go with it, but the

24 problem is they're getting rid of these, Frontier is

25 going to come in, they have to put all of this back

0063

1 together because they moved a lot of our support out of

2 state, they got to rebuild our support. They say

3 they're going to hire, we're losing more people now

4 because they don't want to be here when Frontier takes

5 over, the unseen things, you know, our future. And if

6 Frontier turns out to be just like GTE was, I think we'd

7 all be happy. But the money that they're going to have

8 to put into the plant is going to be enormous.

9 CHAIRMAN GOLTZ: You very much.

10 JUDGE CLARK: Thank you, Mr. Loo.

11 Any questions for Mr. Loo?

12 Thank you very much, Mr. Loo.

13 Al Brune.

14 MR. BRUNE: Right.

15 JUDGE CLARK: You concur with Mr. Loo's

16 statements.

17 Louise Stanton-Masten.

18

19 Whereupon,

20 LOUISE STANTON-MASTEN,

21 having been first duly sworn, was called as a witness

22 herein and was examined and testified as follows:

23

24

25

0064

1 E X A M I N A T I O N

2 BY JUDGE CLARK:

3 Q. Would you state your full name for the

4 record, please, and spell your last.

5 A. I'm happy to, it's fairly close, it's Louise

6 Stanton-Masten, it's S-T-A-N-T-O-N, -, M-A-S-T-E-N.

7 Q. Thank you. And where do you reside,

8 Ms. Stanton-Masten?

9 A. I live in Lynnwood, and I am the President

10 and CEO of the Everett Area Chamber of Commerce.

11 Q. And are you also a Verizon local exchange or

12 long distance customer?

13 A. Yes, I am, for my personal residence I am,

14 yes.

15 Q. Thank you, and if you could please make your

16 comments for the Commission.

17 A. Thank you, and thanks for the opportunity.

18 As I said, I'm the President and CEO of the

19 Everett Area Chamber of Commerce, and we represent

20 approximately 600 businesses and approximately 50,000

21 employees in the Everett area. We are very proud to be

22 strong advocates for business polcies that make Everett

23 and Snohomish County and Washington state an effective

24 place in which to do business. And based upon our

25 investigation into this proposal, we believe that

0065

1 Frontier's proposal is consistent with that mission and

2 that consumers stand to benefit from the proposed

3 transaction between Frontier and Verizon.

4 With respect to our local economy in Everett,

5 we're very well known for our foundations in technology

6 and aerospace, however, as I'm sure you all know, we

7 maintain a very wide breadth of thriving businesses in

8 all sizes and all sectors, and one thing that we know is

9 common to all of them is their reliance upon competitive

10 communications and broadband market. Verizon has

11 demonstrated their role in that in playing a strong role

12 in advancing competitive communications in Everett and

13 surrounding cities by making very large investment in

14 state of the art fiber to the premises and in

15 maintaining their system. And I would comment that it's

16 our observation that they provide a very high level of

17 service to their customers, and I would also add that

18 they've been a very great partner of our organization

19 over the years.

20 During this process I personally met with

21 some of the top Frontier personnel that have been

22 visiting our area, and I've been very impressed by the

23 people that I met and by their commitment to our

24 communities going forward through this transaction. And

25 it's our understanding that Verizon will transfer not

0066

1 only the infrastructure but the people capital to

2 Frontier. And as I said, I've been very impressed with

3 the folks that I met.

4 We know from our experience and the research

5 that we've done that both Frontier and Verizon are

6 fiscally sound, high performing companies, but I

7 understand that they've got very different long-term

8 strategies. And in looking at what I think is

9 Frontier's, it seems as if that strategy is going to be

10 an asset to our region in looking to become one of the

11 nation's largest local exchange carriers serving that

12 suburban, smaller city, and rural area market and that

13 they're positioning themselves to serve markets like

14 Everett and Snohomish County very well.

15 So in conclusion, you know, it's they've told

16 us that they will increase broadband availability in

17 properties being transferred and will provide local

18 community engagement with general managers present in

19 the community, again something that impressed us in our

20 conversations with them, much as the folks at Verizon

21 have done in our community as well and with our

22 organization.

23 In looking at the model, we understand that

24 they've demonstrated an ability to make a smooth

25 transition and have done that from Verizon in the past,

0067

1 so we've been assured that they will continue along that

2 same model. So in conclusion from our perspective, we

3 think that this is a favorable proposal and that it will

4 add value to the business community and strengthen the

5 local economy by providing those connections between

6 Everett and surrounding communities and providing the

7 high level of service not only to our residents but to

8 our businesses that we serve.

9 Thank you for the opportunity.

10

11 E X A M I N A T I O N

12 BY CHAIRMAN GOLTZ:

13 Q. Now is the, you're with the greater Everett

14 Area Chamber of Commerce?

15 A. It is the Everett Area Chamber of Commerce,

16 yes, sir.

17 Q. So will you be sending a letter as well for

18 the record, or is this basically the position taken by

19 the Chamber?

20 A. At this point these are my comments, and as

21 we go forward I would be happy to bring forward a formal

22 position from my board. At this point these are my

23 comments on behalf of our organization.

24 CHAIRMAN GOLTZ: I understand.

25 JUDGE CLARK: Does anyone else have anything

0068

1 for Ms. Stanton-Masten?

2 MS. STANTON-MASTEN: Thank you for the

3 opportunity.

4 JUDGE CLARK: Thank you for your comments

5 this evening.

6 I have lots of pieces of paper, but I have

7 lots of no's on them. The next customer I see is James

8 Hutchison.

9

10 Whereupon,

11 JAMES HUTCHISON,

12 having been first duly sworn, was called as a witness

13 herein and was examined and testified as follows:

14

15 E X A M I N A T I O N

16 BY JUDGE CLARK:

17 Q. Good evening, could you state your full name

18 for the record, please, and spell your last.

19 A. Okay, James Hutchison, H-U-T-C-H-I-S-O-N.

20 Q. And, Mr. Hutchison, where do you reside?

21 A. In Marysville.

22 Q. Thank you. And are you a Verizon local

23 exchange or long distance customer?

24 A. Well, now that's problematic, and I may not

25 have standing. I recently switched to FiOS, but my

0069

1 phone line still comes from the local switch, it's just

2 fed through the fiber.

3 Q. That's fine.

4 A. Okay.

5 Q. When you say FiOS, you mean fiber optic

6 system; is that correct?

7 A. Yes.

8 Q. All right. Go ahead.

9 A. Okay. There's several comments to make here.

10 I talked to a CO tech recently, I'm also an employee,

11 and she said spare card inventory is way down for the

12 FiOS stuff. She had a card go bad in one of the FiOS

13 systems, and there was only one in the whole state of

14 that type card. So she got in her car and drove to some

15 other CO and grabbed it and replaced it and sent the bad

16 one for repair, but she was worried that the spares have

17 kind of been pulled out of the systems. We're running

18 very lean here.

19 I talked to a grounding and protection guy,

20 he said not much is going on there. They've cut their

21 grounding and protection staff to one part-time guy and

22 a couple other guys who are supposed to be grounding and

23 protection, but he says they're required to do splicing

24 duties like two or three days out of the week and

25 grounding and protection when they get around to it.

0070

1 I talked to Jim Neston, who is one of our

2 main power guys, and he says our power plants are not in

3 such hot shape.

4 Speaking of grounding and protection, when I

5 was talking with this gentleman who is our grounding and

6 protection supervisor or head guy, he said we had lost

7 the groundwell connection at the Sumas CO, this was

8 several months ago, and I don't know if it's been fixed

9 or not, but at the time he said nothing had been done

10 about it. And this is not a good thing, because if

11 lightning strikes a phone line or if a power line falls

12 on the phone line, that high voltage riples into the CO,

13 and if someone is on a ladder connecting a wire to a

14 customer, he might get blown off the ladder, so it's a

15 kind of a safety issue.

16 Oh, and in the Manor Way CO that went in, the

17 floor dropped about an inch, and they sent people to

18 look at it, and land and buildings has examined it, and

19 I don't know what is going to be done about it. Maybe

20 they've got a plan to fix it, but land and buildings is

21 under terrible pressure to reduce costs every year

22 incrementally down, down, down. And I don't know, they

23 get bonuses if they reduce costs, they don't get bonuses

24 for fixing things.

25 I talked to a guy who works in the data area,

0071

1 business customers, and he says every customer over

2 $200,000 is being transferred to Verizon Wireless, so

3 after the split that revenue will not be part of

4 whatever Frontier is left with. This disturbs me. It

5 might be wise to examine all the financials of Verizon

6 the telephone company, what they were a couple years

7 ago, how many business customers they had, and how many

8 will be left after the sale.

9 I've got a two-year contract for this FiOS,

10 after the sale will I be sending my check to New York to

11 Verizon, or will that contract be transferred to the new

12 entity here with Frontier, I don't know.

13 This company's going to be strapped for cash

14 with, as the man said, plant in bad condition, no spare

15 cards evident. And those cards can cost $10,000 to

16 $30,000 apiece, I don't know how we're going to -- now I

17 don't know if -- do you regulate FiOS at all?

18 Q. It really would be appropriate for you to

19 address any questions you have to a company

20 representative or another party, Mr. Hutchison.

21 A. Okay.

22 Now one other concern I have is we have

23 payroll software, we have systems software to handle

24 circuit orders and trouble tickets for customers, I

25 understand that the FairPoint people were paying like

0072

1 $18 Million for various softwares, and then they ran out

2 of money, and so Verizon can't supply them with the

3 software to run their phone company any more, and so now

4 customer service is in the tank. That could happen

5 here. I don't know how much we'll be billed in the new

6 company to pay for our payroll software, our E-mail

7 software, our system, circuit orders, trouble tickets,

8 there's all kinds of software we use.

9 I don't know what kind of bond rating this

10 Frontier has. They spent 200% of their profits last

11 year to make dividend payments to keep the stock price

12 up, but how do you take more than you made in the year

13 and give it away as dividends and have any money left

14 over to put DSL in Gold Bar. I don't know how.

15 Well, another question I have is, I don't

16 know if this relates to your purview, but I understand

17 that Verizon is trying to say they don't have to pay

18 retiring medical that was guaranteed in the last

19 contract in Hawaii, because we don't have a presence in

20 Hawaii any more, so all agreements we made long ago is

21 null and void, so we don't have to pay the five or six

22 years of retiree emedical that was in the last contract

23 we had with the employees. Now there's a lot of

24 retirees in this state who are telephone veterans,

25 retired, they might not want to see their retiree

0073

1 medical disappear a year after Verizon leaves. A case

2 on this has gone to the Ninth Circuit Court of Appeals,

3 and I don't know how they're going to decide, but still.

4 Well, that's about all I have I guess.

5 JUDGE CLARK: All right, thank you,

6 Mr. Hutchison, let's see if there's any questions for

7 you.

8 CHAIRMAN GOLTZ: I have no questions, thank

9 you very much.

10 JUDGE CLARK: Any questions?

11 Just one point of clarification, when you say

12 CO, you're referring to central office; is that correct?

13 THE WITNESS: Oh, yes, we have our slang.

14 JUDGE CLARK: Yes, you do.

15 Thank you very much.

16 CHAIRMAN GOLTZ: Is it Sumas, the CO is

17 Sumas, Washington?

18 THE WITNESS: Yes.

19 CHAIRMAN GOLTZ: I didn't realize Verizon

20 served that far north.

21 THE WITNESS: Well, I'm just a lowly

22 employee, and I don't get communiques from land and

23 buildings or whatever progress made on these things, but

24 I just wanted to bring them to your attention. And it

25 wouldn't hurt you to talk to our grounding and

0074

1 protection guy, Mr. Jim Neston in the power side of the

2 house, and ask for their frank opinion under testimony

3 as to where we're at.

4 JUDGE CLARK: Thank you, Mr. Hutchison.

5 The next individual I have signed up is

6 William McCord.

7

8 Whereupon,

9 WILLIAM MCCORD,

10 having been first duly sworn, was called as a witness

11 herein and was examined and testified as follows:

12

13 E X A M I N A T I O N

14 BY JUDGE CLARK:

15 Q. Mr. McCord, if you could state your full name

16 for the record, please, and spell your last.

17 A. William McCord, M-C-C-O-R-D.

18 Q. And where do you reside, Mr. McCord?

19 A. I'm in the Bryant, Stanwood area.

20 Q. Thank you. And are you a Verizon customer?

21 A. Yes, sort of.

22 Q. Please make your comments, Mr. McCord.

23 A. Okay. First of all, I've never had this

24 experience before with a telephone company. Just very

25 briefly, the history, because I moved about a year ago,

0075

1 and I wanted to take my phone number with me, and I was

2 denied that, within the same area code. And I'm still

3 getting phone calls for one particular, one individual

4 in particular a year, over a year later. I've gotten

5 four phone calls for that individual in the last five

6 weeks in the rare moments I have been home. I don't

7 have an answering machine, so. The last one being from,

8 just a few nights ago by the way, from Capital One.

9 I've been getting a little more assiduous in recording

10 where the phone calls are coming from, like writing down

11 notes.

12 I just received a letter from the Attorney

13 General, those of you who are from the Attorney

14 General's Office may recognize Kimberly Bealoch in

15 Seattle, and she informs me that I've been -- this phone

16 number has been assigned 4 times since 1999, intervals

17 of 1 month, 15 months, and 4 months, the 4 months coming

18 right before it was assigned to me.

19 I'm concerned about, I expressed in

20 communications, written communications, I was concerned

21 that I might either be under a harassment situation or

22 an ID theft situation. I have no way of telling in

23 other words. That's why I requested the history.

24 By the way, Verizon never -- they responded

25 to the Attorney General, but they didn't respond to me,

0076

1 and it took them about a month.

2 So you're getting the point of view from an

3 average consumer, so a few questions have come up that I

4 think are relevant for the WUTC.

5 Number one is will the new owner notify the

6 consumers of contract conditions for the consumers that

7 are currently unresolved with Verizon?

8 Number two, what are the specific capital

9 exchanges contemplated which were alluded to by some of

10 the previous speakers? And I assume that will probably

11 be in the official record at the time of the hearing in

12 December, so that question is kind of partially

13 answered.

14 One of the things that Ms. Clark brought up

15 was what -- can you define what is harm to the consumer?

16 It's not clear to me what harm means.

17 Number three, what are the numbers of

18 unresolved consumer problems, and will said problems be

19 fully transferred in this transaction? In other words,

20 will the unresolved complaints or unresolved problems in

21 the records be fully transferred to the new owners if

22 the new owners are approved?

23 And I think that's basically all I want to

24 enter for the record. My biggest concern in my own

25 personal situation is, as I mentioned before, the

0077

1 problem of harassment and ID theft, I have no way of

2 telling that. And I just got this letter today from the

3 Attorney General's Office, from the Attorney General's

4 Office I emphasize, not from Verizon Communications. My

5 suspicion is in my more diabolical moments is that

6 Verizon would never have answered me directly had I not

7 contacted the Attorney General's Office.

8 JUDGE CLARK: Are there any questions for

9 Mr. McCord?

10 CHAIRMAN GOLTZ: Thank you. And the Verizon

11 people will be in the back of the room or outside in the

12 hall if you wanted to show that letter to them I'm sure.

13 MR. MCCORD: Well, if they're willing to take

14 a look at it, I would be glad to show it to them.

15 JUDGE CLARK: Thank you, Mr. McCord.

16 MR. MCCORD: You're welcome.

17 JUDGE CLARK: The last name I have on my list

18 is Kevin Morrison.

19 MR. MORRISON: I'm last, gee.

20 JUDGE CLARK: You're last.

21 MR. MORRISON: Sorry, Mr. McCord.

22 JUDGE CLARK: Well, so far you're last.

23 MR. MORRISON: As an employee of Verizon, I

24 apologize for everything you've gone through, and if you

25 don't find any satisfaction, you can hook up with me

0078

1 afterwards, and I'll be your advocate.

2 JUDGE CLARK: Mr. Morrison.

3 MR. MORRISON: Sorry about that.

4 JUDGE CLARK: Yeah, this is not the time for

5 an interchange, this is the time for you to take your

6 comments to the Commission to consider.

7 MR. MORRISON: Thank you.

8 JUDGE CLARK: And I hope you will address

9 Mr. McCord's comments after the hearing is over.

10 MR. MORRISON: Okay, thank you.

11

12 Whereupon,

13 KEVIN MORRISON,

14 having been first duly sworn, was called as a witness

15 herein and was examined and testified as follows:

16

17 E X A M I N A T I O N

18 BY JUDGE CLARK:

19 Q. And if you could state your full name for the

20 record, please.

21 A. Kevin Morrison.

22 Q. Spell your last name.

23 A. M-O-R-R-I-S-O-N.

24 Q. Where do you reside?

25 A. Edmonds, Washington.

0079

1 Q. And are you a Verizon customer?

2 A. I recently moved, and they're just installing

3 the FiOS in my neighborhood, so I will be soon.

4 Q. Great. Could you make your comments, please.

5 A. Yes, I'll start with off with my last note.

6 I went back to Maine, my wife and I go back there every

7 year, back where there used to be Verizon, and a cousin

8 was telling me had some telephone trouble, she was

9 talking to the technician in the FairPoint area that was

10 sold off you're familiar with. The technician was

11 telling her that he had rocks thrown at him as he was

12 out working, and people scream at him, and this is

13 happening -- it wasn't an isolated event. So as an

14 employee of Verizon now, I'm not too excited to hear

15 about that if our service deteriorates as much as theirs

16 has.

17 We've heard that the work force base is solid

18 and it should be a seamless transition. Been to several

19 functions, spoken to several employees, and we're

20 worried. Most of them worried about the pension and

21 whether or not we're going to get a lump sum. I've

22 heard people throwing numbers around 45% of the work

23 force might take off. Everyone that I've talked to

24 that's eligible to retire has said if this transaction

25 goes through, they're gone. So you're not only losing

0080

1 part of your technology transfer, you're losing the

2 brain trust, you're losing the people that have got the

3 most experience at tackling the most difficult issues.

4 They have made other purchases, they've made

5 small purchases in other areas even from Verizon, but

6 now they're trying to bite off -- bite the elephant all

7 at one time, and it's -- being a guy that's going to

8 have to get my money from the new company, then with the

9 huge debt that they've got, I see that they just

10 incurred another $600 Million in debt selling some

11 senior notes recently, I just don't see how they're

12 going to make it. I'm nervous as an employee. As a

13 customer, if they don't have any money, how are they

14 going to maintain the plant. I looked at their -- I

15 looked on line, they had a second quarter report, and

16 compared to last year and this year, I just looked down

17 quickly, 50% less here, 50% less here from revenues.

18 I heard on the radio 10.1% unemployment, so

19 everything's getting better because we're losing fewer

20 jobs. Well, we're still losing jobs in the area, and I

21 see this as, oh, we're going to be fine, but I see we've

22 got -- where's the money going to come from? No harm to

23 the customer, I'm skeptical.

24 Anyway that's all I've got to say.

25 JUDGE CLARK: All right, is there any

0081

1 question for Mr. Morrison?

2 Thank you, Mr. Morrison.

3 Mr. Cupp does have an additional list.

4 Jean S. Hales.

5 Ms. Hales, were you in the room when I

6 administered the oath?

7 MS. HALES: I was.

8 JUDGE CLARK: All right, thank you.

9

10 Whereupon,

11 JEAN S. HALES,

12 having been first duly sworn, was called as a witness

13 herein and was examined and testified as follows:

14

15 E X A M I N A T I O N

16 BY JUDGE CLARK:

17 Q. Could you state your full name for the

18 record, please, and spell your last.

19 A. Jean Hales, H-A-L-E-S.

20 Q. And where do you reside?

21 A. I reside in Edmonds, Washington.

22 Q. And are you a customer of Verizon?

23 A. Yes, both personally and professionally.

24 Q. Thank you. Please make your statement.

25 A. I am President CEO of the South Snohomish

0082

1 County Chamber of Commerce, and I'm also the current

2 Board Chair for the Washington State Chamber of Commerce

3 Executives. Our local chamber in South Snohomish County

4 has over 500 members, and we cover the following

5 communities: Bothell, Brier, Edmonds, Lynnwood, Mill

6 Creek, Mountlake Terrace, Mukilteo, and Woodway. We are

7 a classic suburban area located in between Seattle and

8 Everett. Prior to the recession we were experiencing

9 rapid growth. The projections for after the recession,

10 it seems like we're taking a pause right now, are also

11 substantial.

12 Personally I've enjoyed a long and mutually

13 satisfying professional relationship with Verizon and

14 before then GTE. I've been in the area for 25 years.

15 I've also had the pleasure of meeting with some of

16 Frontier's executives. There were three major

17 impressions that I took away from that meeting. Number

18 one, most of the people and the relationships will

19 remain intact. A seamless transition will be attained

20 by transitioning the current Verizon employees to

21 Frontier. This is very important to us. They will

22 continue to support the systems and operations and

23 provide maintenance as they do today, and the business

24 community looks for that type of continuity.

25 Frontier clearly understands the importance

0083

1 of being engaged in and within the community. We

2 discussed this at length. I find their model with

3 having a general manager on the ground in each service

4 area very attractive. The general manager as I

5 understand it is someone who lives in and contributes to

6 the community who can be contacted 24/7 for any reason

7 by customers. And this is especially reassuring since

8 telecommunications is every business's link to their

9 customers in the world 24/7. Throughout our

10 conversation it struck me that there are more

11 similarities than differences in the corporate culture

12 we have learned to appreciate through our relationship

13 with Verizon.

14 So I encourage you to approve the transaction

15 between Verizon and Frontier. Louise from the Everett

16 Chamber stated many of the reasons, and I won't repeat

17 what she said, I agree with them. Frontier is well

18 positioned to provide quality telecommunications

19 services to Washington customers, and the South

20 Snohomish County Chamber of Commerce supports the

21 proposed transaction and looks forward to working with

22 Frontier Communications to further the business

23 interests of the chamber's members and customers in

24 Washington state.

25 JUDGE CLARK: Thank you for your comments,

0084

1 Ms. Hales.

2 Are there any questions?

3 CHAIRMAN GOLTZ: No, thank you very much.

4 MS. HALES: Thank you.

5 JUDGE CLARK: Thank you, Ms. Hales.

6 Steve Santose, I can't tell if you want to

7 make comments or not, Steve Santose, S-A-N-T-O-S-E.

8 MR. SANTOSE: No.

9 JUDGE CLARK: No, thank you. Nodding your

10 head I understand, handwriting I struggle with.

11 All right, that comes to the conclusion of

12 the individuals I have listed. We certainly don't want

13 to preclude anyone from making comments this evening if

14 you are interested in coming forward, so if there are

15 other individuals in our audience this evening who are

16 interested in making comments, if you could raise your

17 hand for me now, please.

18 JUDGE CLARK: All right, I see one individual

19 here, if you could come forward, please, sir.

20 MR. WALCKER: Okay.

21 JUDGE CLARK: And were you present in the

22 room when I administered the oath?

23 MR. WALCKER: I was, but I didn't stand.

24 JUDGE CLARK: You didn't stand?

25 MR. WALCKER: No.

0085

1 JUDGE CLARK: Well, you're standing now.

2 MR. WALCKER: I am.

3 JUDGE CLARK: Raise your right hand, please.

4 (Witness STEVE WALCKER was sworn.)

5 JUDGE CLARK: Thank you.

6 MR. WALCKER: Thank you.

7

8 Whereupon,

9 STEVE WALCKER,

10 having been first duly sworn, was called as a witness

11 herein and was examined and testified as follows:

12

13 E X A M I N A T I O N

14 BY JUDGE CLARK:

15 Q. If you could please state your full name for

16 the record, please, and spell your last.

17 A. My name is Steve Walcker, last name

18 W-A-L-C-K-E-R.

19 Q. And where do you reside, Mr. Walcker?

20 A. I reside in Bothell, Washington.

21 A. And are you a Verizon customer?

22 A. Yes, I am a Verizon customer.

23 Q. Please make your statement, Mr. Walcker.

24 A. I'm not only a Verizon customer, I'm also an

25 employee and a stockholder of the company. At this

0086

1 juncture I don't believe that the sale is in the best

2 interests of consumers of the state of Washington.

3 Excuse me, I'm a little nervous. I have followed this

4 pretty closely, not only in the state of Washington but

5 also in other states as well. I'm aware that in the

6 state of West Virginia the Attorney General is against

7 the transaction for various reasons, and in Ohio as

8 well. The vehicle of the Reverse Morris Trust has not

9 had a good track record in my opinion from what I've

10 read in the telecommunications industry. FairPoint is

11 not doing quite well. IDEOC also was involved in the

12 same transaction, and then as Joe Loo mentioned earlier,

13 Hawaiian Telcom.

14 I would like to approach this in a couple

15 different ways. As a consumer, I've been a consumer for

16 20 years with this company, previously GTE and now

17 Verizon, and I do like parts of Verizon. The word

18 Verizon is veritas and horizon, you probably know this.

19 They are very forward thinking. I like their choice of

20 FiOS. As an employee, I have seen the deterioration of

21 the cable plant. I was involved in section

22 replacements, isolating, identifying and isolating and

23 attempting to get funding for those sections.

24 Unfortunately, there was so much competition, so many

25 defective sections in various Washington, Oregon,

0087

1 California, parts of Idaho, so much competition that if

2 there was FiOS in a wire center, I wouldn't get the

3 defective sections replaced. I consequently left the

4 copper side. I bid over to the fiber side because I

5 could see the writing on the wall.

6 Chairman and CEO Ivan Seidenberg recently

7 made the statement that they're not concerned about

8 telephones that are connected to wires any more. That

9 just affirmed what a lot of the employees already knew

10 was that they in some sense, maybe not intentionally,

11 had neglected the cable plant. And it's sad to see, but

12 it is reality. And at the offset of FiOS, there was

13 never -- the idea was that consumers would just

14 naturally flow over to the fiber side, and as well the

15 copper side being open to competition, going to the

16 fiber side we could close off that competition. And

17 currently I am a fiber network field technician, I do

18 the installations. There are some places where we have

19 green fields, which is a good strategy because we do

20 block out competitors.

21 At this point my concern is about Frontier.

22 Growing overnight literally in 14 states, it's like

23 going from a child to an adult without the logical

24 process of growth. And the Reverse Morris Trust, a

25 small fish trying to swallow the large fish, I don't

0088

1 think is such a good idea. Lots of things hinge in the

2 balance, and the biggest part is the faith that is

3 required to believe and go forward with the plan that's

4 set forth if they can get the funding, the interest

5 rates and the desireable interest rates from the loans.

6 FairPoint didn't do well. On the day of close, it went

7 -- they projected 10% and actually had to pay 13% or

8 more, so there were some unforeseen expenses that I'm

9 afraid will happen. In this situation I would rather

10 err on the side of caution than to possibly take on

11 something that can't be reversed.

12 Verizon has a good track record, although I

13 am aware of the complaints with the Utility Commission,

14 I've seen them on the web site. All this information

15 that I have is publicly available, with the exception of

16 my own experiences as an employee. The stock value is

17 good, $29.11 closing today. FairPoint $7.45. I'm not

18 so sure that I want to take on a smaller company with

19 less value of a stock option or stock prices. My 401-K

20 is tied up with Verizon stock. Verizon has problems,

21 they are a good company by and large. J.D. Power's

22 survey recently just stated they had excellent customer

23 service. The FiOS product is a winner. I don't care

24 for the technology that Frontier is about to take on,

25 the aDSL technology. I don't believe that it can

0089

1 compete in the marketplace.

2 Also I was reading Dan McCarthy's testimony

3 about the no harm standard stating that according to

4 him, well, the attorneys told him that we didn't have to

5 receive -- consumers don't have to receive a net benefit

6 from the deal, and I find that a little distressing.

7 Also what I saw in his testimony was it's going to take

8 a very long time, he quoted 8 years, to deploy

9 technology that will reach out to places that Verizon

10 doesn't currently serve. They want to achieve a 90%

11 penetration rate. That's fine, but will it sell when

12 the competitor is putting out 16 and 22 meg and on the

13 other hand Frontier does around 8 meg. One of their

14 issues is that they are the last mile provider. Okay,

15 with the direction that Verizon has gone with the FiOS

16 product, I think that that is future proof, just like

17 they say themselves, and it does ultimately reduce

18 maintenance costs. Lazer light doesn't corrode, and

19 we're constantly battling corrosion here.

20 So at this point I would urge you to weigh it

21 carefully, and, like I said, if there is any error, err

22 on the side of caution, I would request that you deny

23 the request at this point in time because of the current

24 economic conditions. Maybe in a few more years when the

25 economy picks up, it may not be such a bad idea, but

0090

1 with these days and the potentials that are out there

2 and the pitfalls, unfortunately I don't see that it

3 would be a good thing, good for the consumers as well as

4 employees.

5 JUDGE CLARK: Thank you, Mr. Walcker.

6 MR. WALCKER: Thank you.

7 JUDGE CLARK: Does anyone have any inquiries

8 for Mr. Walcker?

9 CHAIRMAN GOLTZ: So your concern is going

10 from a child to an adult, they aren't going to be a

11 teenager?

12 MR. WALCKER: That's correct, they'll skip

13 over that logical growth process.

14 CHAIRMAN GOLTZ: Thank you.

15 JUDGE CLARK: Thank you, Mr. Walcker.

16 MR. WALCKER: Thank you.

17 JUDGE CLARK: Are there any other individuals

18 in the hearing room tonight who are interested in

19 presenting comments to the Commissioners?

20 All right, then I would like to thank

21 everyone for coming out and spending their evening with

22 us. We appreciate your comments. The comments will be

23 considered by the Commission, including the two

24 individuals who are not present who will read the

25 transcript.

0091

1 And I believe Chairman Goltz has some --

2 CHAIRMAN GOLTZ: I just wanted to say thank

3 you, just mirror what Judge Clark said, thank you very

4 much. You know, one of the reasons for having these

5 public comment hearings in advance of the hearings, in

6 this case a number of weeks in advance of the hearing,

7 is so it gives people like me who are going to have the

8 opportunity to ask questions of the applicants and ask

9 questions to the parties some good questions. So I've

10 been taking notes, and I've got little checkmarks down

11 of things that I want to ask, so thank you very much for

12 your thoughtfulness.

13 JUDGE CLARK: And in addition to the

14 opportunity to present oral comments this evening, I do

15 want to remind everyone that the Commission will

16 continue to take written comments in this proceeding

17 until January 11th, 2010, so you can still present

18 written comments if you wish the Commission to consider

19 those. I would also like to remind you that there are a

20 number of individuals present from both companies this

21 evening as well as members of the Attorney General's

22 Office and the Office of Public Counsel if you have any

23 questions for them or members of the Commission Staff.

24 Is there anything further to be considered on

25 the record this evening?

0092

1 Hearing nothing, we are adjourned.

2 (Hearing adjourned at 7:15 p.m.)

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25