

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
 10 A public hearing in the above matter was held
 11 on Thursday, October 15, 2009, from 6:00 p.m to 7:15
 12 p.m., at Everett Community College, Gray Wolf Hall, 2000
 13 Tower Street, Rooms 166 & 168, Everett, Washington,
 14 before Administrative Law Judge PATRICIA CLARK and
 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
 jthomps@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 commitments 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-0-0.

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

1 EXAMINATION

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 ripples 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 desirable 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