

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 In re Application of )  
 U S WEST, INC., and QWEST ) DOCKET NO. UT-991358  
 4 COMMUNICATIONS INTERNATIONAL, ) Volume XIII  
 INC. for an Order Disclaiming ) Pages 1398 - 1435  
 5 Jurisdiction, or in the )  
 Alternative, Approving the )  
 6 U S WEST, INC., - QWEST )  
 COMMUNICATIONS INTERNATIONAL, )  
 7 INC. Merger. )  
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9 A public hearing in the above matter was held  
 10 on April 12, 2000, at 6:00 p.m., at 101 National Avenue  
 11 North, Bremerton, Washington, before Administrative Law  
 12 Judge DENNIS MOSS, Chairwoman MARILYN SHOWALTER,  
 13 Commissioners RICHARD HEMSTAD, WILLIAM R. GILLIS.

14

The parties were present as follows:

15

16 QWEST COMMUNICATIONS INTERNATIONAL, INC., by  
 GINA SPADE, Attorney at Law, Hogan and Hartson, 555  
 Thirteenth Street Northwest, Washington, D.C., 20004.

17

18 U S WEST COMMUNICATIONS, INC., by JAMES M.  
 VAN NOSTRAND, Attorney at Law, Stoel Rives, 600  
 University Street, Suite 3600, Seattle, Washington  
 19 98101-3197.

20

PUBLIC COUNSEL, by ROBERT W. CROMWELL, JR.,  
 Assistant Attorney General, 900 Fourth Avenue, Suite  
 21 2000, Seattle, Washington 98164.

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THE WASHINGTON UTILITIES AND TRANSPORTATION  
 COMMISSION, by SALLY G. JOHNSTON, Assistant Attorney  
 23 General, 1400 South Evergreen Park Drive Southwest,  
 Post Office Box 40128, Olympia, Washington 98504-0128.

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25 Kathryn T. Wilson, CCR  
 Court Reporter

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P R O C E E D I N G S

Opening statement made by Chairwoman Showalter.

Opening statement made by Judge Moss.

JUDGE MOSS: Mr. Cromwell will have a few remarks for us. Following Mr. Cromwell's remarks, I will swear in all of you who wish to speak tonight as a group. I will not swear you individually. Then you will be assisted in presenting your comments by Mr. Cromwell. First, we'll take appearances. Go ahead, Mr. Van Nostrand.

MR. VAN NOSTRAND: On behalf of Joint Applicant U S West, James Van Nostrand.

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

MS. JOHNSTON: On behalf of Staff, Sally Johnston, assistant attorney general.

MR. CROMWELL: On behalf of Public Counsel, my name is Robert Cromwell.

JUDGE MOSS: Mr. Cromwell, proceed.

MR. CROMWELL: Thank you, Judge Moss. As Judge Moss has said, my name is Robert Cromwell, and I'm the assistant attorney general with the Washington Attorney General's office. I'm here with the Public Counsel section, and our job is to appear before the Washington Utilities and Transportation Commission to

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1 represent the citizens of this state, particularly, the  
2 customers of the regulated telecommunication and power  
3 utilities, so in plain English, we present the  
4 customers of U S West, GTE, Pacific Power and Light,  
5 PacifiCorp, and others, and we have been, as Judge Moss  
6 mentioned, an active participant in this case.

7         To give you a bit more background on how the  
8 case has gone, the Commission, at the beginning of this  
9 formal case, identified some issues which it felt were  
10 appropriate to review in taking a look at the merger.  
11 Those issues included service quality, an impact on  
12 rates, and the impact of the merger on competition.  
13 The office of Public Counsel filed written testimony on  
14 those issues, as did the Commission Staff, acting as a  
15 separate party in the case, as Judge Moss has  
16 described, and also a number of other parties have also  
17 filed written testimony. At the time that we, at  
18 Public Counsel, filed our testimony, we raised some  
19 concerns particularly about service quality issues and  
20 recommended that the Commission only allow the merger  
21 if certain commitments were received from the merging  
22 companies regarding service quality. Other parties  
23 made similar recommendations, including the Commission  
24 Staff.

25                 After that, the parties entered into some

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

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

20 If you haven't discovered this already,  
21 there's a handout at the back of the room on yellow  
22 paper, and if you don't have one, Ms. Hansen would be  
23 happy to give you one. If you look at the second page  
24 of that document under the heading "Terms of Partial  
25 Settlement of Merger Issues," there is a list of the

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1 issues that in a very general way describe what the  
2 settlement covers. We also have copies of the actual  
3 settlement agreement in the back, so if you want to see  
4 the details, you can do that also. While I won't go  
5 through everything in detail, what I will do is just  
6 hit the highlights. Does everybody have this handy?  
7 I'm getting some nods.

8         The first agreement is on the service quality  
9 performance program, and the parties agreed that there  
10 would be eight service quality standards that the  
11 Company would have to meet. You'll note as you go  
12 through this, generally speaking, that, as I stated  
13 earlier, service quality was the main set of issues  
14 that Public Counsel focused on in this merger. These  
15 performance programs, it's our hope, and I believe all  
16 the parties' intention, that they would address the  
17 concerns that have been raised over time about that  
18 problem that U S West has had.

19         The second issue is the consumer bill of  
20 rights. Qwest will file a consumer bill of rights  
21 that will address consumer rights such as privacy,  
22 accuracy, courtesy, and good service, along with  
23 specific customer service credits or service  
24 alternatives and the availability of an order  
25 confirmation number for customers. An order

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1 confirmation number, that's going to be assigned to  
2 each customer that calls to order service. This is  
3 going to allow both the customer and the Company to  
4 track the services that have been ordered by the  
5 customer and hopefully help resolve some of the  
6 problems that have occurred over time since that's not  
7 been in place. One thing to keep in mind is that the  
8 current service guarantee programs that U S West has in  
9 place will continue to be in effect, and they are, in  
10 essence, in addition to the other terms of this  
11 settlement agreement. That includes the \$50 credit  
12 when an installation or repair service commitment has  
13 not been met.

14         The Company has also made a commitment for  
15 network investment. Most significantly, that will be  
16 the replacement of the analog switches with digital  
17 switches in the central offices that are served in the  
18 various communities that U S West and Qwest will be  
19 serving. The primary benefit of that is access to  
20 digital technology and advanced services in areas that  
21 have not had that opportunity so far. Included in  
22 network investment will also be the fiber optic network  
23 so that all those offices are connected by fiber optic  
24 network to allow those type of high-speed broadband  
25 services. There is a no-dial-tone provision that

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1 addresses those kinds of out-of-service situations the  
2 customers experience with a set of escalating credits  
3 that the customer can receive depending on how long  
4 that problem persists. There is also a trouble report  
5 credit, and that's for customers who experience a  
6 severe number of problems with their service.

7 Qwest has also made the commitment to clear  
8 the backlog of unfilled orders. There are several  
9 hundred that remain as of October 1 when the  
10 significant part of these discussions started, and  
11 they've made the commitment to clear that backlog  
12 unless there is some data line issue associated with  
13 the fiber optic routes that are currently scheduled for  
14 deployment by 2002.

15 The companies have made a commitment to  
16 improve their complaint response system significantly  
17 using Washington-based employees to address those  
18 concerns. One of the problems that we faced in the  
19 past was when those customer service folks were located  
20 out of state, it's hard to get local service or the  
21 level of service quality that customers expect. There  
22 is also a requirement that an annual quality of service  
23 report be made to consumers. Significantly for  
24 probably everyone in this room is the cap on regulated  
25 rates. The companies agreed not to come in and ask for

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1 a rate increase before 2004. That's something that  
2 hopefully everyone will see as a measurable benefit.

3 Service to currently unserved areas, the  
4 Company made a commitment to spend no less than one  
5 million dollars a year for the next three years to  
6 extend local exchange service in areas that are  
7 currently not being served within their boundary.  
8 Future merger protection; If this proposal is adopted  
9 by the Commission, the Companies have agreed that they  
10 will carry these conditions on if some time in the  
11 future they are merged again with a third company, and  
12 lastly the companies agreed that any cost associated  
13 with the merger of combining the two companies and the  
14 transactional costs in merging those entities will not  
15 be passed on to Washington consumers.

16 That's a very quick overview of a much more  
17 lengthy agreement, and as I said, the full agreement is  
18 in the back of the room if you would like to read it.  
19 One thing I'd like to mention before we go ahead is  
20 that there are category questions that are still in  
21 dispute before the Commission, and those are related to  
22 competition. In addition to the parties that you see  
23 here tonight, there are also competitive telephone  
24 companies participating like AT&T, Nextlink, Covad,  
25 MetroNet, and other companies who are raising the



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1 issues with U S West and Qwest about competitive  
2 impacts of this merger, and those are the competitors  
3 with U S West and Qwest. Those issues have not yet  
4 been resolved, and that's part of what we were hearing  
5 about in the evidentiary hearings held a few weeks ago.

6 At this point, I'm ready to call on members  
7 of the public who have attended tonight and wish to  
8 speak. The other thing that will happen before we get  
9 started is that Judge Moss will swear everyone in, and  
10 I will pause for that to happen.

11 JUDGE MOSS: Anyone who wishes to make a  
12 statement tonight, I ask that you rise at this time to  
13 be sworn and please raise your right hand.

14 (Witnesses sworn.)

15 JUDGE MOSS: Call your first witness.

16 MR. CROMWELL: Thank you, Judge Moss. First,  
17 just a reminder to speak slowly so the court reporter  
18 can get everything down. That's one of my bad habits  
19 is speeding up too fast, and as we start off, I'll  
20 simply apologize to everyone because I will  
21 mispronounce your names. I'd like to ask Mr. Ugles to  
22 please come forward.

23 MR. UGLES: I had nothing planned. I think  
24 your agenda looks good to me, and that's about it. I'm  
25 just going to listen, and possibly I might submit some

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1 comments later before April 20th.

2 MR. CROMWELL: Thank you, sir.

3 Ms. Lamoureux, did you wish to make a statement?

4 MS. LAMOUREUX: Yes, I do.

5 MR. CROMWELL: Would you please state your  
6 name for the record and spell your last name for the  
7 court reporter?

8 MS. LAMOUREUX: I'm LaVerne Lamoureux, and  
9 the last name is spelled L-a-m-o-u-r-e-u-x.

10 MR. CROMWELL: Where do you live, ma'am?

11 MS. LAMOUREUX: Seattle, Washington.

12 MR. CROMWELL: Are you a customer of U S  
13 West?

14 MS. LAMOUREUX: I am.

15 MR. CROMWELL: Do you receive business or  
16 residential service?

17 MS. LAMOUREUX: Residential.

18 MR. CROMWELL: Are you testifying on your own  
19 behalf or on the behalf of others?

20 MS. LAMOUREUX: On behalf of others.

21 MR. CROMWELL: Do you have a statement to  
22 make tonight regarding the merger between U S West and  
23 Qwest?

24 MS. LAMOUREUX: I do.

25 MR. CROMWELL: Who are the others?

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1 MS. LAMOUREUX: I'm speaking on behalf of the  
2 Urban League of Metropolitan Seattle.

3 MR. CROMWELL: Anyone else?

4 MS. LAMOUREUX: No. I am here to speak in  
5 support of the merger between U S West and Qwest.  
6 Access to technology is of great importance to the  
7 Urban League and to those clients and individuals that  
8 we work with throughout the year. We see this merger  
9 as a move to strengthen our local provider and  
10 particularly in helping schools, a point I'll talk  
11 about in a moment.

12 The Urban League represents population groups  
13 that have lacked access to resources many of us take  
14 for granted. Reasons for historical discrepancies are  
15 many and remedies have been few. At this time in our  
16 rapidly changing society, we have the opportunity to  
17 bridge these gaps for people who are less likely to be  
18 participatory in technology of today's world.

19 As everyday access to information becomes  
20 easier, almost anyone can now learn how to find out  
21 what they need to learn to get ahead. Certainly, young  
22 people can, but they need to be connected, and this is  
23 where the interest of the Urban League merged with the  
24 new company. U S West has a history of community  
25 involvement. We believe this merger with Qwest can

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1 only support this ethic of which I know firsthand.  
2 Last year, I had the opportunity to participate with  
3 U S West in distributing 150 donated computers to  
4 schools involving underserved middle school students in  
5 Seattle. Through the efforts of many volunteers,  
6 government, but mostly through a corporation that  
7 cared, we bridged the gap of technology for hundreds of  
8 students and their families.

9           The merger with Qwest can only heighten U S  
10 West's commitment to community. The larger scope of  
11 this international enterprise can bring even larger  
12 benefits to our local needs. Who knows how many  
13 computers will be donated to schools next year, and  
14 perhaps we don't even know where in the world. The  
15 Urban League welcomes the new company to our community,  
16 across the country and internationally. Thank you.

17           JUDGE MOSS: Thank you.

18           MR. CROMWELL: Mr. Attebery?

19           MR. ATTEBERY: Thank you.

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

22           MR. ATTEBERY: Ken Attebery, A-t-t-e-b-e-r-y.

23           MR. CROMWELL: Where do you live?

24           MR. ATTEBERY: Bremerton.

25           MR. CROMWELL: Are you a customer of U S

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1 West?

2 MR. ATTEBERY: Yes.

3 MR. CROMWELL: Do you receive residential or  
4 business service?

5 MR. ATTEBERY: Both.

6 MR. CROMWELL: Are you testifying on your own  
7 behalf or the behalf of others?

8 MR. ATTEBERY: Others. The Port of  
9 Bremerton.

10 MR. CROMWELL: Do you have a statement to  
11 make regarding the merge of U S West and Qwest?

12 MR. ATTEBERY: I do. I'd like to thank the  
13 Commissioners for coming to our community this evening.  
14 It's a rare opportunity for us to be able to testify  
15 before you.

16 The Port is here to support the merge of U S  
17 West and Qwest, and I would like to supply you with a  
18 few comments. The Port's focus is economic  
19 development, job creation, and economic diversification  
20 in Kitsap County. Everything the Port does is with  
21 that mission in mind. We know that telecommunications  
22 can be a critical element to any growing business's  
23 location decision. We hear this over and over.  
24 Current examples of this importance include a firm  
25 looking for headquarters relocation opportunities. The

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1 company headquarters site seekers need to know that the  
2 quickest, most advanced, and most reliable  
3 telecommunications connectivity is available on site.

4           A second potential Kitsap County client is an  
5 international trade show exhibit manufacturer looking  
6 for market expansion opportunities. They conduct  
7 online project services wherein the customer can  
8 participate in ordering, see their design evolve, and  
9 can effectuate last-minute production line revisions  
10 all online. This process, on a worldwide basis,  
11 requires the best U S West and Qwest will be able to  
12 provide. These are common needs throughout U S West's  
13 territory. This merger will bring the world  
14 connections of Qwest and the regional capabilities of  
15 U S West into our business and residential  
16 neighborhoods in an even stronger way.

17           A somewhat unique aside, the Port of  
18 Bremerton has property specifically designated as a  
19 foreign trade zone as do several ports up and down the  
20 I-5 corridor. These zones allow international trading  
21 and manufacturing companies operating in the zone,  
22 which is considered to be outside U.S. customs  
23 territory, to save in duty payments and other costs of  
24 trade while providing new jobs in the Northwest that  
25 would otherwise likely be located off-shore. Qwest's

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1 international capabilities will enhance this economic  
2 development tool.

3         The Port has placed its list of needs in  
4 front of U S West over the last several months, and we  
5 know our service is advancing as U S West has updated  
6 its equipment, including a vital new switch serving  
7 South Kitsap. U S West frequently meets with our  
8 prospective clients, and they keep our local economic  
9 development team posted on the improvements to their  
10 systems. A U S West team has met in the past weeks  
11 with prospective call center clients and with our staff  
12 to maintain an understanding of advances in service now  
13 in place or on the drawing boards.

14         The levels of U S West service in Kitsap  
15 County keep improving. Due to U S West's efforts, when  
16 we talk to businesses interested in locating here, we  
17 are able to describe the fiber optic cable system that  
18 runs along State Route 3, loops to Seattle, and lies  
19 directly at the front door of the county's regional  
20 airport and largest industrial park. That U S West  
21 fiber can bring the most advanced telecommunications  
22 services any business could want to locations the  
23 community wants to see develop. That means we have no  
24 less advanced technology capabilities in Kitsap County  
25 and Bremerton than there are in Seattle.

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1           The merger as we see it should only better  
2 the available services. Additionally, the increased  
3 competition will lead to more customer choice, better  
4 prices and better service. We understand that an  
5 agreement negotiated as part of this proposed merger is  
6 also under consideration by the Commission, and we  
7 understand that agreement to include the replacement of  
8 analog switches with digital equipment, establishing  
9 interoffice fiber optic transmission facilities,  
10 creating a customer bill of rights, and providing  
11 credits and payments to customers when the Company does  
12 not meet its service commitments. All these appear to  
13 be betterments for our community, its residents and  
14 businesses.

15           In conclusion, we are pleased with the recent  
16 upgrades in equipment and fiber that our community has  
17 received, and we think that the proposed agreement is  
18 good as it assures that these upgrades and investments  
19 made by U S West, and now U S West and Qwest together,  
20 will continue. Thank you for coming again. I  
21 appreciate your interest in improvements to our  
22 systems. Thank you. That concludes my remarks.

23           MR. CROMWELL: Thank you, Mr. Attebery.

24           JUDGE MOSS: Thank you. You are excused.

25           MR. CROMWELL: Mr. Rauh? I'd like you to



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1 spell your name for the court reporter and me.

2 MR. RAUH: Doug Rauh, and it's R-a-u-h, and  
3 I'm representing myself. I'm a member of the  
4 Bainbridge Island Chamber of Commerce, and I'm on their  
5 legislative committee, and I'm also with the Economic  
6 Development Counsel, but the comments tonight are my  
7 own personal comments.

8 MR. CROMWELL: Where do you live?

9 MR. RAUH: 12266 Kenneth Place, Bainbridge  
10 Island.

11 MR. CROMWELL: Are you a customer of U S  
12 West?

13 MR. RAUH: Yes.

14 MR. CROMWELL: Do you receive residential or  
15 business service?

16 MR. RAUH: Both.

17 MR. CROMWELL: You're speaking on your own  
18 behalf?

19 MR. RAUH: Yes.

20 MR. CROMWELL: Do you have a statement to  
21 make today?

22 MR. RAUH: Yes. My concerns are, one, I'm  
23 not against the merger, but I would like to see some  
24 safeguards put in place to assure that both residential  
25 and business customers get the service that the other

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1 portions of the state get, and so I'm looking at the 20  
2 million dollars per year as being a very, very low  
3 figure that here in Kitsap County, if we cannot work  
4 here because of lack of telecommunications, we must go  
5 over to the east side where there is more  
6 telecommunications service available. In doing so, the  
7 state provides us with cross-sound transportation, and  
8 just the cost of one ferry boat is 100 million dollars.  
9 They just bought three one-hundred-million-dollar  
10 boats, and they are proposing to put in a  
11 1.1-billion-dollar bridge in Tacoma. This is all to  
12 provide access to jobs from the west side to the east  
13 side. 20 million dollars just pales as a figure of any  
14 significance whatsoever that if the service isn't  
15 provided and they pay the full 20 million over the  
16 state, what portion of that would apply to Kitsap  
17 County, and if we don't get the service, then our  
18 residents, if they are going to be employed, must go  
19 somewhere else. That somewhere else is the east side.  
20 The state has to come up with that transportation.  
21 Those funds come out of our pockets, so in effect, the  
22 lack of telecommunications service in this county costs  
23 us directly through our transportation tax.

24           The other one is the network service, that  
25 they are going to provide more service, but my question

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1 is, when, so I would like to base it on an issue of  
2 measuring it by parity. If 80 percent of the east  
3 side, or wherever you want to measure it, is getting  
4 DSL, then I should be able to get DSL here in  
5 Silverdale. I've been waiting years, and I'm right  
6 across the street from the U S West center, and I still  
7 cannot get DSL for my business. On Bainbridge Island,  
8 I have to be four miles from the center and I can't get  
9 DSL, and I won't be because of distance, but there may  
10 be other options. AT&T Wireless is coming up with a  
11 broadcast ability to move DSL capability further away  
12 from your central switching sites. I would like to see  
13 Qwest either develop the same technology or look at  
14 that wireless technology to make the DSL service, and  
15 why I'm looking at that is a lot of people don't need a  
16 T-1 line and they need more than a voice-grade line,  
17 and DSL tends to be an affordable service that's right  
18 in between.

19 In Silverdale, U S West has not provided the  
20 DSL. My personal opinion would be to provide T-1.  
21 Take it out of the penalty. If you can't provide an  
22 in-between service, you go to the higher service and  
23 discount it back to the businesses. Home-based  
24 businesses. A lot of businesses in Kitsap County are  
25 not very big. A lot of them are working out of their

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1 homes. If you just wire the downtown areas, you will  
2 miss the growth in the county as far as jobs, and that  
3 is people working out of their homes, especially on  
4 Bainbridge Island. There are many people that work as  
5 either consultants or have one room in their home that  
6 is their office. Either they are lawyers or  
7 architects, and they work out of that and they need  
8 that capability to be able to transmit the data  
9 seamlessly and at a reasonable price from their home,  
10 which is different than going to a commercial center,  
11 as you heard earlier, like from the Port of Bremerton  
12 where you bring all the lines to a specific spot.  
13 Thank you.

14 MR. CROMWELL: Does that complete your  
15 comments, sir?

16 MR. RAUH: Yes.

17 JUDGE MOSS: Thank you.

18 MR. CROMWELL: Ms. Bowman? Please state your  
19 name and spell your last name.

20 MS. BOWMAN: Stephanie Bowman, B-o-w-m-a-n.

21 MR. CROMWELL: Where do you live?

22 MS. BOWMAN: Seattle.

23 MR. CROMWELL: Are you a customer of U S  
24 West?

25 MS. BOWMAN: I am.

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1 MR. CROMWELL: Do you receive residential or  
2 business service?

3 MS. BOWMAN: Both.

4 MR. CROMWELL: Are you testifying on your own  
5 behalf or on the behalf of others?

6 MS. BOWMAN: On the behalf of others.

7 MR. CROMWELL: Who would that be?

8 MS. BOWMAN: The Greater Seattle Chamber of  
9 Commerce.

10 MR. CROMWELL: Do you have a statement to  
11 make?

12 MS. BOWMAN: I do. Thank you for the  
13 opportunity to comment. I'd like to read a letter from  
14 the Seattle Chamber of Commerce into the record: Dear  
15 Commissioners Showalter, Hemstad, and Gillis, The  
16 Greater Seattle Chamber of Commerce would like to offer  
17 its strong support for the U S West - Qwest merger  
18 currently before you. A competitive environment for  
19 business is critical to maintaining economic vitality  
20 in our state; specifically, the deployment of  
21 high-speed broadband service and other advanced  
22 telecommunication technologies is a high priority of  
23 Seattle Chamber. While our members in the downtown  
24 Seattle area generally enjoy access to these services,  
25 many of our member businesses have yet to experience

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1 broadband technology, and are therefore at a  
2 competitive disadvantage.

3           We believe the merger of Qwest's broadband  
4 connections with the local wireless and DSL connections  
5 of U S West will help bridge this technology divide  
6 while offering consumers better customer service with  
7 more competitive pricing. Our member businesses see  
8 this as a win-win situation. We understand an  
9 agreement has been drawn up that has the input and  
10 support of the Attorney General'S Office, the UTC  
11 Staff, Qwest, and U S West. The Seattle Chamber of  
12 Commerce believes this agreement best serves the  
13 public's interest and urges you to accept this work.  
14 Thank you for your time and consideration. Sincerely,  
15 Bob Watt, President and CEO, Greater Seattle Chamber of  
16 Commerce.

17           MR. CROMWELL: Anything else to say?

18           MS. BOWMAN: No, thank you.

19           JUDGE MOSS: Thank you very much. I  
20 appreciate your testimony.

21           MR. CROMWELL: Mr. Overall? Please state  
22 your name, sir.

23           MR. OVERALL: Duane Overall, O-v-e-r-a-l-l.

24           MR. CROMWELL: Where do you live, sir?

25           MR. OVERALL: Silverdale.

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1                   MR. CROMWELL:  Are you a customer of U S  
2 West?  
3                   MR. OVERALL:  Yes.  
4                   MR. CROMWELL:  Do you receive residential or  
5 business service?  
6                   MR. OVERALL:  Residential.  
7                   MR. CROMWELL:  Are you testifying here on  
8 behalf of yourself or upon behalf of others?  
9                   MR. OVERALL:  I'd kind of like to testify on  
10 behalf of the telephone workers that work for the phone  
11 company.  I'm an ex telephone employee.  I'm  
12 unofficially speaking for them.  I'm retired and have  
13 been since the so-called deregulation, uh-huh.  
14                   MR. CROMWELL:  I take it, sir, that you are a  
15 retired telephone worker and you are a member of --  
16                   MR. OVERALL:  -- AT&T before the breakup.  
17                   MR. CROMWELL:  Were you a member of the local  
18 union?  
19                   MR. OVERALL:  No.  
20                   MR. CROMWELL:  So you are speaking on behalf  
21 of an organization, but based upon your own experience  
22 and your personal perspective.  
23                   MR. OVERALL:  Yes.  
24                   MR. CROMWELL:  Do you have a statement to  
25 make tonight?

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1           MR. OVERALL:    Yes.  First I want to make a  
2 statement on your opening statement to everybody here.  
3 The way I understand -- I wrote all these notes -- in  
4 order to approve this merger, that U S West or Qwest  
5 will have to pay -- if they miss some commitments or do  
6 something wrong, they will have to pay 20 million  
7 dollars a year and fifty dollars for a customer for a  
8 missed commitment and five dollars if they miss two  
9 days and no dial tone.  On top of this, you want them  
10 to upgrade all of their -- lay five lines for everybody  
11 and give them the latest equipment.  I think it kind of  
12 isn't too smart, I would say, to be doing this.

13           Another thing I would like to say is these  
14 phone companies throughout the years, and I'm sure it's  
15 true now, they've always been the best phone companies  
16 in the world, the cheapest in the world, no matter what  
17 people have in place.  Guys are out there working night  
18 and day, in some instances, and it just seems a shame  
19 that in order to merge or something like that they have  
20 to have all these conditions, like -- if I did this to  
21 my neighbor, they would probably get me for extortion.  
22 Anyway, I wrote down just -- I'll read it real quick.  
23 It's not in any order, just observations.

24           One thing is whatever happened to  
25 deregulation?  Do you people know how long it's been



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1 since the supposedly deregulation of the phone company?  
2 It's been 16 years, and you guys are still here.  
3 That's one statement.

4           You are always worried about competition.  
5 Anyone can install phones now. Your plumber can come  
6 in and install a phone. Most businesses small and  
7 large, if you go in there and look at their telephone,  
8 it's not installed by U S West. It's some other  
9 company. There is competition. There is vendors all  
10 over the place. Disneyworld has its own phone system.  
11 They bypass everybody. They've got e-mail, cell  
12 phones, all kinds of stuff, so I really don't  
13 understand why they still go on the old premises of  
14 dial tone, and if they keep that premise in mind, they  
15 are never going to be deregulated because there is no  
16 company in the world that's going to build buildings to  
17 give people dial tone. That is so far out it's  
18 pitiful.

19           U S West and Qwest employ thousands of  
20 employees. They pay millions of dollars in taxes, and  
21 now you want them to not -- they can't get a rate  
22 increase for two years, four years as one of the  
23 conditions, and that's going to affect their wives and  
24 their kids. U S West in the paper said it invested 560  
25 million in Washington state alone last year. When was

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1 the last time that the State of Washington gave tax  
2 payers any money back for inefficiency, 20 million a  
3 year? Have you ever heard of anything like that in  
4 your life? It's really a joke.

5           The FCC, the last time the FCC and the PUC  
6 was going to do something for the public, when they  
7 broke up AT&T six years ago -- I just got two more  
8 seconds here. I've just got results -- before the  
9 breakup and after the breakup? Before the breakup 16  
10 years ago, we had one little bill. Now we've got two  
11 or more high bills. You had a telephone for life. Now  
12 you've got to buy your own. You had free repair  
13 service, never cost a thing. Now they charge you 60  
14 bucks to come out. You used to call information and it  
15 would cost you nothing. Now you've got to pay a buck.  
16 Used to be you'd call an operator and get the operator.  
17 Now, you probably get a recording. Operators could  
18 return your money if you lost your money in a coin box.  
19 Now your money is lost. If you ever put something in  
20 there and happen to get a wrong number or something,  
21 forget it. Your money is gone. Used to be able to  
22 call a government agency and get a person. Now you get  
23 voice mail. Anyway, that's what the last thing the FCC  
24 was going to do for everybody, and I think it's much  
25 worse nowadays as far as service and cost than before

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1 they broke up AT&T for the reason to lower everybody's  
2 service. It was a joke.

3           Anyway, that's all I've got to say. I'm  
4 agreeing with the merger. I just don't agree with all  
5 these extortionist things they have to do to merge.  
6 That's ridiculous. They can't raise -- if they are  
7 losing money, they can't raise the rates? Come on. If  
8 the states lose the money, they raise the taxes.  
9 Anyway, that's all I've got to say.

10           MR. CROMWELL: Thank you, sir. Mr. King?

11           MR. KING: I didn't exactly come prepared for  
12 a speech, but I'll do my best.

13           MR. CROMWELL: Please state your name for the  
14 record.

15           MR. KING: First name Paul, last name King,  
16 K-i-n-g.

17           MR. CROMWELL: Where do you live, sir?

18           MR. KING: 2922 Cascade View, Bremerton.

19           MR. CROMWELL: Are you a customer of U S  
20 West?

21           MR. KING: Oh, yeah.

22           MR. CROMWELL: Do you receive residential or  
23 business service?

24           MR. KING: Both.

25           MR. CROMWELL: Are you testifying tonight on

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1 your own behalf or on the behalf of others?

2 MR. KING: This is my behalf.

3 MR. CROMWELL: Do you have a statement to  
4 make tonight?

5 MR. KING: Yeah. I'd like to make a little  
6 statement about things that have taken place to us from  
7 U S West. Back in November of '99, we approximately  
8 lost almost eight thousand dollars in revenue, which we  
9 documented, and what we had found out is that our loyal  
10 customers were trying to make incoming calls and  
11 getting fast-rapid busys. We just assumed to the part  
12 of the month that business was slow. I guess it was  
13 just down. We discovered later on through the month  
14 that business wasn't down; people weren't getting  
15 through to us.

16 So we then since have contacted U S West for  
17 the last umpteen months, and they are always going to  
18 get back to us. Well, to get back to us, the only  
19 thing they are getting back to us about is our phone  
20 bill that we are still trying to get caught up on.  
21 When we try to talk to them about this subject, they  
22 come back to us -- it's like they are living on another  
23 planet because we don't know about any problems until  
24 you get to hammering on these people, and they finally  
25 say, All of U S West is having this problem, rapid

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1 busys or overloaded systems. I go, Why did it take me  
2 30 minutes of conversation to get this out of you  
3 rather than -- but it seems like of all the different  
4 people I have talked to, this is the same reply that I  
5 get back, and the only thing we are waiting for to  
6 still hear back on is what is their final reply on our  
7 losses. So far, it's still blank to this date. But  
8 that's mainly my closing statement on what's  
9 accountability. What is U S West's accountability to  
10 us?

11 MR. CROMWELL: Mr. King, unfortunately, this  
12 isn't the forum to address your individual concerns.  
13 You can talk to the Company representatives at the  
14 hearing.

15 MR. KING: You are lucky if you can talk to  
16 them.

17 MR. CROMWELL: I know they are here, and I  
18 just wanted to ask you, did you have a position on the  
19 merger itself?

20 MR. KING: The merger itself, I really don't  
21 see a problem with, but as far as accountability, they  
22 need major accountability, because to me, they have  
23 been way too -- if I ran my business that way, I would  
24 be out of business, and that's just as simple as that.

25 MR. CROMWELL: Thank you, sir.

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1 JUDGE MOSS: Thank you, Mr. King.  
2 MR. CROMWELL: Mr. Weller? Please state your  
3 name for the record and spell your last name.  
4 MR. WELLER: Dan Weller, W-e-l-l-e-r.  
5 MR. CROMWELL: Where do you live, sir?  
6 MR. WELLER: Silverdale.  
7 MR. CROMWELL: Are you a customer of U S  
8 West?  
9 MR. WELLER: Yes.  
10 MR. CROMWELL: Do you receive residential or  
11 business service?  
12 MR. WELLER: Residential.  
13 MR. CROMWELL: Are you testifying tonight on  
14 your own behalf or on the behalf of others?  
15 MR. WELLER: My own behalf.  
16 MR. CROMWELL: Do you have a statement to  
17 make tonight?  
18 MR. WELLER: Yes. Thank you for this  
19 opportunity. I must admit it was a pleasure to see a  
20 real U S West person. I thought they lived behind a  
21 big concrete building and never came out.  
22 I don't see how this merger can really help  
23 us, per se. To me, the real answer is more  
24 competition, and since the Telecommunications Act of  
25 1996, I personally, in my opinion, I've seen very

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1 little or no initiative, acceptance by U S West to  
2 allow competition to come in and really provide local  
3 service and local intraLATA long-distance service. In  
4 my opinion, it's virtual monopoly, and I don't know how  
5 this merger is really going to help that. Sure, maybe  
6 Qwest can bring some money in, but so can a bank loan  
7 money to U S West to help invest in infrastructure.

8 I appreciated the other fellow's comments  
9 about the need for a higher bandwidth service to  
10 Bainbridge Island, and they are not the only ones. I  
11 live just outside this three-mile limit where DSL will  
12 be provided, but I'm not the only one. There is 400  
13 customers within -- actually, more than that --  
14 probably a couple thousand customers within another  
15 three miles out from me. I have tried repeatedly via  
16 e-mail, by phone, to get someone at U S West to give me  
17 an idea of when service may come my way as far as DSL.  
18 Nothing, absolutely nothing. I see this as an  
19 opportunity not only for us but for whatever competitor  
20 may come to invest and make money on these services  
21 that we want and we need.

22 It's competition; I really believe it's  
23 competition, and I don't see, personally, how this is  
24 really going to provide that. Maybe I don't see it,  
25 but I just don't. I would like to see U S West have

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1 their facilities open so that there can really be other  
2 phone companies that come in and provide the  
3 competition, and if they won't provide the DSL,  
4 somebody else will at a good price. It's a time proven  
5 American way. Over and over again, where there is  
6 competition, prices will come down; service will go up.  
7 That's my belief and what I have to say.

8 MR. CROMWELL: Mr. Weller, are you in favor  
9 of or opposed to the merger?

10 MR. WELLER: I'm opposed to it.

11 JUDGE MOSS: Thank you, Mr. Weller. We  
12 appreciate your testimony.

13 MR. CROMWELL: Mr. Franks? Please state your  
14 name for the record and spell your last name.

15 MR. FRANKS: Danley Franks, F-r-a-n-k-s.

16 MR. CROMWELL: Mr. Franks, where do you live?

17 MR. FRANKS: Port Orchard.

18 MR. CROMWELL: Are you a customer of U S  
19 West?

20 MR. FRANKS: Yes, I am.

21 MR. CROMWELL: Do you receive business or  
22 residential service?

23 MR. FRANKS: Both.

24 MR. CROMWELL: Are you testifying on your own  
25 behalf tonight or on the behalf of others?



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1 MR. FRANKS: On behalf of the company I  
2 represent, TSC Net, an independent service provider.

3 MR. CROMWELL: Please go ahead.

4 MR. FRANKS: My concern is not so much with  
5 whether or not the merger happens. We're neutral on  
6 that side of it. What we want to do is be able to see  
7 regulation in place with the merger that allows us to  
8 give the services in the community that we need in a  
9 timely fashion. The things that are going on today  
10 with U S West -- as an example, we have a circuit that  
11 is 21 months past due date. There are penalties in  
12 place with the UTC to collect when services are not  
13 delivered.

14 COMMISSIONER HEMSTAD: What's 21 months past?

15 MR. FRANKS: We have one PRI circuit that is  
16 now 21 months overdue. It's a telephone service that  
17 carries ISDN services back to the ISP.

18 CHAIRWOMAN SHOWALTER: And you have ordered  
19 it through U S West and it hasn't arrived for 21  
20 months?

21 MR. FRANKS: Correct. It was scheduled for  
22 delivery 21 months ago. The complaint has already been  
23 filed with the UTC. We still don't have the services.  
24 This is just one small example.

25 MR. CROMWELL: Just to clarify, the company

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1 you work for, what community do they serve?

2 MR. FRANKS: We serve the Kitsap Peninsula,  
3 as well as the Olympic Peninsula, Seattle, Tacoma, and  
4 Olympia.

5 MR. CROMWELL: Thank you. Please proceed.

6 MR. FRANKS: So we are kind of concerned with  
7 this because the UTC does have things in place today  
8 where we can be compensated for these circuits that  
9 aren't delivered, but only after they are delivered.  
10 We ordered services that, just to give you an example,  
11 in Seattle have to come down seven floors. That's all  
12 they have to do is drop them down seven floors in the  
13 building. 16 months to get a circuit dropped seven  
14 floors.

15 These services will allow us to provide DSL  
16 to the community. U S West is selling it. We cannot.  
17 We have DSL T-1's here in Silverdale. We were promised  
18 the circuits would be brought up in March of 1999.  
19 They finally came up in Bremerton late October. Of  
20 course, we made all the financial commitments to have  
21 all of our stuff in place when U S West didn't deliver.  
22 Silverdale was supposed to come up in April of 2000.  
23 Still is not. It's on the to-be-discussed list. We  
24 need to have a way to insure that we get our circuits  
25 in a timely fashion.

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1 I don't know how many of you all have seen  
2 the survey put out by New Networks Institute, but it's  
3 a very good write-up on national -- not just U S West,  
4 but on Telco's all across the company and how the  
5 services offered by the independent ISP's is being  
6 stifled by nondelivery, by underpricing the services to  
7 the end customer yet overpricing the services to the  
8 Internet service provider. It needs to be taken a look  
9 at, and DSL is a very good thing, but it's not worth a  
10 dang to us if we can't deliver it. That's pretty much  
11 what I've got to say.

12 MR. CROMWELL: Mr. Franks, did you want to  
13 make that article a part of the record?

14 MR. FRANKS: Yes, I do.

15 MR. CROMWELL: We'll take care of that. I  
16 believe that concludes the number of folks who had  
17 signed up to speak tonight. Was there anyone else who  
18 did not indicate on the form that they wanted to speak  
19 tonight but would like to do so now?

20 THE WITNESS: I would like to.

21 JUDGE MOSS: Were you sworn?

22 THE WITNESS: No.

23 (Witness sworn.)

24 MS. CHEVALIER: My name is Barbara Chevalier,  
25 C-h-e-v-a-l-i-e-r, and I actually work for Fair Point

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1 Communications, which is you might call a competitor  
2 coming into the marketplace, and I've been with the  
3 company about two months, and I've heard a lot of these  
4 comments that the public was talking about here.

5 MR. CROMWELL: Ms. Chevalier, let me rewind  
6 us back to the beginning and let me go through my  
7 little script of questions to make a proper record.  
8 Where do you live, ma'am?

9 MS. CHEVALIER: I live in Bremerton.

10 MR. CROMWELL: Are you a customer of U S  
11 West?

12 MS. CHEVALIER: Yes, I am.

13 MR. CROMWELL: Do you receive residential or  
14 business service?

15 MS. CHEVALIER: Both.

16 MR. CROMWELL: Are you speaking on behalf of  
17 your organization, both, or on behalf of yourself?

18 MS. CHEVALIER: Myself.

19 MR. CROMWELL: Would you like to continue  
20 with your statement?

21 MS. CHEVALIER: What I was just saying is I'm  
22 working in the marketplace, basically, being a  
23 competitor of U S West and been hearing the same  
24 comments. The Kings are actually one of my clients  
25 now. The people are just really frustrated with not

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1 getting service. They have no way of getting U S West  
2 to respond. I had a client say to me that the power  
3 box, the box where all the wires are in got broken  
4 into outside of their building, and they called U S  
5 West and told them they thought it was a hazard. There  
6 was a lot of little kids that walk by there, and they  
7 weren't sure if there was electrical power to that that  
8 they could get harmed, and basically, there was no  
9 response from U S West for two hours, and the kids were  
10 almost ready to get out of school, and these people  
11 were really concerned. So they finally got response by  
12 calling 911, and then it's amazing how fast U S West  
13 responded within 20 minutes of 911 calling them.

14 I see that a lot with the people I've been  
15 talking to, and unfortunately, that's kind of helpful  
16 to me because my business is reselling U S West, but I  
17 think U S West does need to be accountable to what  
18 their customers feel, whether they are 100 lines or  
19 only three lines. They should be accountable to the  
20 customer. They get their payments every month, and  
21 they should respond to them when they have a need or a  
22 request, so that's all I have to say.

23 MR. CROMWELL: Thank you. Are you in favor,  
24 opposed, or neutral as to the merger?

25 MS. CHEVALIER: I'm in favor if it makes it

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1 beneficial to the customer, if they actually do respond  
2 to them, actually look at them as a value whether they  
3 are three access lines or 300 access lines.

4 MR. CROMWELL: Thank you. Judge Moss, I  
5 think that might complete the folks that wish to speak  
6 tonight. I wanted to remind everyone here that the  
7 Commission does take comments in writing, so if you  
8 didn't feel comfortable coming forward and speaking  
9 tonight, the Commission will take written comments. Is  
10 there a deadline?

11 JUDGE MOSS: April 20th.

12 MR. CROMWELL: April 20th, and the address  
13 and other contact information is back on the table back  
14 there. In addition, I and the representatives of the  
15 companies are here and willing to speak to anybody that  
16 wishes to do so. If you would like contact information  
17 from my office or the UTC, we've got phone numbers and  
18 addresses and all of that. Thank you.

19 JUDGE MOSS: Thank you all very much for  
20 being here tonight. We do appreciate your comments,  
21 and as I said at the outset, this is an important part  
22 of the Commission's processes as a public  
23 participation, and so your participation tonight is  
24 meaningful.

25 (Public hearing concluded at 7:00 p.m.)