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BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION

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In the Matter of the Petition of )  
 )  
 THE CENTURYLINK COMPANIES - )  
 QWEST CORPORATION; )  
 CENTURYTEL OF WASHINGTON; ) Docket UT-130477  
 CENTURYTEL OF INTERISLAND; )  
 CENTURYTEL OF COWICHE; AND )  
 UNITED TELEPHONE COMPANY OF THE )  
 NORTHWEST )  
 )  
 To be Regulated Under an )  
 Alternative Form of Regulation )  
 Pursuant to RCW 80.36.135 )  
 )

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OCTOBER 16, 2013

Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive Southwest  
Olympia, Washington 98504-7250

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1       A P P E A R A N C E S:

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      COMMISSIONERS PRESENT:

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          Commissioner Jeffrey Goltz  
4           Commissioner Philip Jones

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      FOR CENTURYLINK COMPANIES:

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1 OLYMPIA, WASHINGTON OCTOBER 16, 2013

2 1:40 P.M.

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

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7 COMMISSIONER GOLTZ: My name is Jeffrey  
8 Goltz. I'm one of the Commissioners on the Washington  
9 Utilities and Transportation Commission, and with me is my  
10 colleague, Mr. Phil Jones.

11 Our other colleague, Chairman David Danner,  
12 is away on Commission business, but he will read the  
13 transcript of tonight's hearing and also read any comments  
14 submitted subsequent to this.

15 As you know, we have a court reporter taking  
16 down the proceedings here tonight. We are here on UTC  
17 Docket No. UT-130477, which is a Petition by CenturyLink for  
18 an Alternate Form of Regulation, or known in the  
19 telecommunications business as an AFOR, Alternate Form of  
20 Regulation.

21 Before we start the public comment hearing, I  
22 would like to give a bit of background and what led us to  
23 this point, introduce some other people in the room that  
24 you'll see here during the evening and what their roles are,  
25 and set forth what those of you who choose to participate

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1 can expect in your comments.

2 First, a little bit of background. And  
3 regarding that, first a little bit about the Washington  
4 Utilities and Transportation Commission, what we have  
5 jurisdiction over, and what we don't have jurisdiction over.

6 As some of you probably know, we regulate  
7 investor-owned utilities, spend a fair of time in regulating  
8 the rates and services of investor-owned gas and electric  
9 companies.

10 For those of you in the Olympia area, you  
11 know that we get service from Puget Sound Energy. So we  
12 regulate their electric and gas rates.

13 We also regulate, although in somewhat --  
14 under somewhat different statutes, investor-owned  
15 telecommunications companies. And let me just say a couple  
16 of differences on how we regulate telecommunications  
17 companies from how we regulate energy companies.

18 First, we only regulate some providers,  
19 investor-owned providers of telecommunications services. We  
20 only regulate providers of voice service.

21 We don't regulate wireless providers. We  
22 don't regulate broadband rates or cable rates. So your  
23 rates for your cell phone are not regulated by us, your  
24 rates for your cable company aren't regulated by us, your  
25 rates for your broadband service aren't regulated by us.

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1                   Your rates for your plain voice services,  
2 whether it be residential or business, are regulated by us,  
3 as well as their services. And this is true even though  
4 some companies provide voice services and also provide the  
5 Internet services and provide broadband services and in some  
6 cases provide cable services.

7                   The second main difference between regulation  
8 of energy companies and the regulation of voice  
9 telecommunication services is that state law provides for  
10 more flexible regulation of telecommunications providers in  
11 certain circumstances. Since the late 1980's, state law has  
12 recognized the changes in the technology and structure of  
13 the telecommunications industry may produce conditions under  
14 which traditional means of regulating companies may not be  
15 the most efficient and effective means of achieving state  
16 policy goals.

17                   So state law allows companies to petition for  
18 an alternate form of regulation, or as I said, an AFOR where  
19 certain circumstances exist.

20                   And there's other provisions of law that  
21 allow us to classify companies as competitive, either their  
22 entire companies or certain of their services.

23                   In this case, CenturyLink has petitioned for  
24 an alternate form of regulation.

25                   Actually, one part of CenturyLink, the old

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1 Qwest Corporation, has operated under an AFOR for a number  
2 of years, although it was more limited than the one proposed  
3 here.

4 So pursuant to the state law, this Commission  
5 set this matter for a hearing. And the state law tells us  
6 that we have a hearing.

7 And when we have a hearing like this, it's  
8 relatively formal. That means we have formal evidence and  
9 we have documents that are put into an evidentiary record.

10 And when we take oral testimony from people,  
11 whether they be company representatives or members of  
12 public, we have a court reporter taking down the words and  
13 there will be a transcript prepared. And that transcript,  
14 plus all the documents provided in the record, make the  
15 record for the case. And in the event that somebody takes  
16 this to court, that would be the record that's on review for  
17 the judge.

18 So state law takes this seriously, and we  
19 take it seriously as well.

20 Now in this case, we have a number of parties  
21 to the case, as we do in all similar sorts of cases, as we  
22 do in rate cases with energy or other companies. For  
23 example, we have representatives of the company. I'm going  
24 to let them introduce themselves to you in a couple of  
25 minutes. We have representatives of the company.



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1 would be allowed rate flexibility. So it could raise or  
2 lower rates and change terms or conditions of service  
3 without pre-approval by the Commission, where the company  
4 would continue to be subject to this Commission's service  
5 quality rules.

6 There are also certain limitations on how  
7 much the company may raise rates in one area, but not in  
8 others.

9 And again, Ms. Gafken -- for brevity's sake  
10 I'm not going to go over everything. But Ms. Gafken's  
11 two-page summary is more thorough than that.

12 This afternoon we heard from the company and  
13 the other parties to the case, and now it's time for a  
14 public hearing to hear from the customers. And we do this  
15 in rate proceedings; we do this in merger proceedings; we do  
16 this in all major cases that we hear.

17 And it's important to get that perspective,  
18 because in many cases we hear from economists and  
19 accountants and other people, and they sometimes have a  
20 different perspective. They have lots of numbers for us,  
21 but they don't always have the real perspective of the  
22 concerns of customers. So that's very important, and I  
23 might add, historically has had significant impact.

24 So as I mentioned, Ms. Gafken represents the  
25 Attorney General's Office and ratepayer interests, and she

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1 has prepared a summary.

2 So maybe starting with Ms. Gafken, I'll ask  
3 those representatives of parties to introduce themselves and  
4 your affiliation, and also for the court reporter.

5 MS. GAFKEN: Good evening and thank you. My  
6 name is Lisa Gafken. I'm with the Attorney General's  
7 Office. I'm the assistant attorney general, and I represent  
8 Public Counsel. My role is to represent residential  
9 ratepayers and small business ratepayers in this proceeding.

10 COMMISSIONER GOLTZ: I should add that if any  
11 of the attorneys take issue with anything I've said, go  
12 ahead and speak up. It's fine.

13 MS. CAMERON-RULKOWSKI: My name is Jennifer  
14 Cameron-Rulkowski, and I represent Commission Staff in this  
15 proceeding.

16 COMMISSIONER GOLTZ: Ms. Cameron-Rulkowski  
17 also is in the Office of the Attorney General.

18 Ms. Anderl?

19 MS. ANDERL: Hi. My name is Lisa Anderl.  
20 I'm an inhouse attorney for CenturyLink, used to be  
21 Qwest/U.S. West, and I'm located in Seattle.

22 COMMISSIONER GOLTZ: And before that, Pacific  
23 Northwest Bell.

24 MS. ANDERL: That was before my time.

25 COMMISSIONER GOLTZ: So there's no one else

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1 for the other parties.

2 Well, do you want to introduce Mr. Reynolds?

3 Introduce yourself.

4 MR. REYNOLDS: I'm Mark Reynolds. I work for  
5 CenturyLink. I represent the company in matters like these  
6 before states in our northwest region. And to the extent  
7 you have any questions about our plan, I will be more than  
8 happy to answer them.

9 COMMISSIONER GOLTZ: So Mr. Reynolds makes a  
10 point that if some of you are here to ask questions or just  
11 want more information, you can do that after this hearing.

12 The purpose of the hearing is to take  
13 comments. You can do that after this hearing and ask Mr.  
14 Reynolds.

15 Also introduce, or permit me to introduce Mr.  
16 John Cupp, who is standing back by the water cooler. Mr.  
17 Cupp is with our Consumer Affairs Office with the  
18 Commission. And he's responsible for coordinating the  
19 public comments on this matter, which includes tonight, but  
20 also includes, at least so far, at least 350?

21 MR. CUPP: About 400.

22 COMMISSIONER GOLTZ: About 400 written  
23 comments that the Commission has received from members of  
24 the public. And these comments can take the form of  
25 letters, they can take the form of e-mails, they can take

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1 the form of other online access, and they can even take the  
2 form of telephone calls as well. And we will keep those  
3 comments.

4 If after tonight, you think of something that  
5 you wanted to say but you forgot or didn't get a chance to,  
6 we'll keep the record open, the public record, through our  
7 website and/or by mail for another week.

8 So if you have any questions about how to do  
9 that, it's mentioned on Ms. Gafken's sheet on the second  
10 page toward the bottom. But you can also talk to Mr. Cupp.

11 So is there anything else that you can think  
12 of, Commissioner Jones?

13 COMMISSIONER JONES: If I could.

14 COMMISSIONER GOLTZ: Sure.

15 COMMISSIONER JONES: This is Commissioner  
16 Jones, and I'd just like to say a couple of things.

17 Commissioner Goltz talked about what we don't  
18 regulate. And I think it's important to keep that in mind.

19 This industry has been rapidly changing over  
20 the past five years, eight years, and the other areas in  
21 which we regulate the terms and service of  
22 telecommunications carriers, the wire line ones, are through  
23 mergers and consolidation. There have been a number of  
24 those. We've had public hearings on those as well. And  
25 we've imposed or the parties have agreed to certain

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1 conditions.

2                   So that's another thing you should keep in  
3 mind. There's been consolidation in this industry. And of  
4 course CenturyLink purchased the Legacy Qwest company two or  
5 three years ago.

6                   And the other thing is bundled service. I  
7 think a lot of these packages from telecommunications  
8 carriers are offered largely in bundles. Now you can still  
9 can buy stand-alone service, like telephone voice service,  
10 but I know many consumers have been purchasing bundles of  
11 products.

12                   And that kind of makes our job a little bit  
13 harder, because as Commissioner Goltz said, we just regulate  
14 economically just one pretty small, a smaller and smaller  
15 segment of this industry. So I'd just like to say that, and  
16 keep that in mind.

17                   COMMISSIONER GOLTZ: So now we're ready for  
18 the process that we came here for tonight, which is to hear  
19 public comment.

20                   And as I mentioned, this is a formal hearing.  
21 It's a formal adjudication. And we have a court reporter.

22                   And so we are -- we ask that all those who  
23 wish to give statements do so under oath. So when the time  
24 comes, I will ask all of you at once who wish to give  
25 statements to stand and raise your right hand, and I will

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1 administer a very brief oath. And you'll note that if you  
2 watch Law & Order or something else, they go on and on with  
3 these oaths. I don't think that's necessary, so mine will  
4 be a little more succinct than those. I hope you don't  
5 mind.

6 So Mr. Cupp, do you have the sign-in sheet?

7 Okay. So I have, according to the -- we have  
8 three "yes" and one "maybe." So if all of you folks can --  
9 the four of you stand up and I'll administer a brief oath,  
10 and then we'll get under way.

11

12 <<<<<< >>>>>>

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14 (Whereupon, the following witnesses were  
15 duly sworn or affirmed by the Commissioner  
16 and testified as follows.)

17

18 COMMISSIONER GOLTZ: So I'll call you in the  
19 order you signed in.

20 Sometimes at these public hearings we are  
21 faced with a room -- a larger crowd, and so we try to impose  
22 time limits. I don't really want to do that. Normally we  
23 impose a time limit of three minutes because that's really a  
24 fair amount of time to say what you want to say. We aren't  
25 going to stick to that tonight. But we still ask you to

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1 respect your colleague's time and other people's time and be  
2 succinct.

3                   And if someone ahead of you testifies to  
4 something and you agree with it, it's fine to say "I agree  
5 with the previous speaker" and move on to something else.

6                   So I will call you in the order in which you  
7 signed in.

8                   And remember if you wish to embellish on this  
9 later on, you can file comments for up to a week.

10                   If you brought anything with you, written  
11 materials, you can leave those with Mr. Cupp and he'll make  
12 sure those get into the hearing record.

13                   So we'll start with Mr. Michael Wilson. And  
14 I'll ask you to please state your name and spell your name  
15 for the court reporter, although Wilson should be pretty  
16 easy. And then state whether you're a CenturyLink customer  
17 and state basically where you live. You don't need the  
18 whole address, but Olympia or Seattle or wherever you are.

19                   MR. WILSON: My name is Michael Wilson,  
20 W-I-L-S-O-N. I live here in Olympia. I am not a customer  
21 of CenturyLink.

22                   I am here at the request of an acquaintance  
23 of mine on Bainbridge Island. And the reason he asked me to  
24 come over is he understands the information he has received  
25 is that CenturyLink will be able to change their rates at

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1 will, and they will continue to be a monopoly provider in  
2 the area that they're at, and there's going to be less  
3 oversight. And that is his concern.

4 And he asked me to come here tonight and  
5 express that, and perhaps find some sort of answer, get some  
6 ideas to what's going to happen, how the oversight will be  
7 handled in the future.

8 Thank you very much.

9 COMMISSIONER GOLTZ: Thank you, Mr. Wilson.  
10 And I hope -- take an extra copy of the handout and send it  
11 to your friend.

12 And then maybe you can give your friend Ms.  
13 Gafken's e-mail address and maybe you can -- if he has any  
14 questions, he can contact her directly. Is that okay?

15 MS. GAFKEN: Sure.

16 COMMISSIONER GOLTZ: Mr. Thomas Wilderbuer.  
17 Was I close on that?

18 MR. WILDERBUER: That's very good.

19 My name is Thomas Wilderbuer,  
20 W-I-L-D-E-R-B-U-E-R. I'm here representing my family. We  
21 live on Hartstine Island.

22 On Hartstine Island, CenturyLink is the sole  
23 provider of service. And so I'm concerned that if they're  
24 granted an alternate regulation scenario as put forward,  
25 that they'll be able to raise our rates, similar to what Mr.

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1 Wilson said, without any oversight. And I don't think  
2 that's good.

3 COMMISSIONER GOLTZ: So do you have any cell  
4 phone reception on Hartstine Island?

5 MR. WILDERBUER: Yes.

6 COMMISSIONER GOLTZ: You have cell phone  
7 reception. Okay.

8 And do you have cable providers as well?

9 Does Comcast serve out there?

10 MR. WILDERBUER: I don't know. We don't have  
11 TV.

12 COMMISSIONER GOLTZ: Thank you very much.

13 Mr. Steve Dragich?

14 MR. DRAGICH: Steve Dragich, D-R-A-G-I-C-H,  
15 Cowlitz County, Washington.

16 My chief concern is CenturyLink will be  
17 permitted to change rates, terms, and conditions of service  
18 without UTC approval.

19 Naturally, by my profession, as you can see,  
20 communication means life or death.

21 Let me give you an example of how reliable  
22 satellite and wireless communication was in my area. And  
23 CenturyLink was our provider. I can remember when it was  
24 Pacific Northwest Bell.

25 I'm very concerned that they won't have any

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1 oversight by the UTC for this reason: We are in a dead zone  
2 with wireless communication in my particular area.

3           And I'll clarify that example with this: My  
4 own parents were dying. My father died in my arms. And I  
5 needed to contact my station for an ambulance transport  
6 using one of these things. I didn't get the Cowlitz County  
7 communications center. Because of the screwup I got Clatsop  
8 County, Oregon 911. It cost a life, my own father.

9           Before that, it was my mother. She fell off  
10 the back of the porch. I responded. She broke her hip.  
11 This thing didn't even work.

12           And you're going to let CenturyLink do  
13 anything they want. And I've written hundreds of letters to  
14 you people, UTC, and the attorney general's office. Oh, we  
15 can't regulate satellite TV. We can't regulate satellite TV  
16 service because it's not in our jurisdiction.

17           And I've been seeing what's been happening in  
18 Eastern Washington. You're letting them drop customers.  
19 And they're even more remote than we are in Cowlitz County.  
20 At least we have Oregon and we have the Coast Guard and we  
21 have Life Flight. They don't have anything.

22           And I know probably most -- I've been here  
23 before. I was here in '92. And it was a room full of  
24 utility lawyers. I want to bring them on one of my calls.  
25 And let's see if they live.

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1 COMMISSIONER GOLTZ: Thank you Mr. Dragich.

2 The next person signed up now is Chancel

3 Barber.

4 MR. BARBER: You got it. Even pronounced

5 correctly. Who knew?

6 My name is Chancel Barber. I live in Shelton

7 city proper. C-H-A-N-C-E-L; Barber, like the haircut.

8 And I echo what the rest of them said. It

9 sounded to me -- I got the mailer, the little, you know,

10 from the people, and a long paragraph, which it sounded to

11 me it boiled down to these guys are going to be able to

12 raise your rates.

13 And basically they're claiming, you know,

14 technology changes and so we have to be able to adjust, and

15 we can't be under your oversight anymore. That's what it

16 sounded to me like. And it sounded to me like an open

17 field.

18 And I know my rates have gone up. And I'm

19 not quite sure because I look at each bill, and there's

20 little things tacked on. The basic doesn't change much, but

21 everything else changes. And it's increased by at least a

22 quarter.

23 But that was my concern, is that these people

24 are going to have an open field now.

25 And I'm close to retirement, and so my

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1 income's going to be going down. And I know that technology  
2 changes and the cost of doing business has -- just keeps  
3 ramping up. But I'm just afraid these people are going to  
4 be given a free ride. Thank you.

5 COMMISSIONER GOLTZ: Thank you very much, Mr.  
6 Barber.

7 So that is the total of the folks that have  
8 signed up.

9 Is there anyone else who wishes to say  
10 anything tonight? Okay. Yes?

11 MS. WILDERBUER: I can clarify something, but  
12 I didn't make...

13 COMMISSIONER GOLTZ: We can give you an oath  
14 very quickly. I use the abbreviated form.

15 MS. WILDERBUER: I can affirm that I will be  
16 honest.

17 COMMISSIONER GOLTZ: That's good enough.  
18 Thank you very much. Come to the microphone, please.

19 MS. WILDERBUER: I'm Barbara Wilderbuer,  
20 W-I-L-D-E-R-B-U-E-R, Shelton, Washington on Hartstine  
21 Island.

22 And CenturyLink is the absolute sole provider  
23 of our cable and television and communications, I guess,  
24 besides wireless.

25 So if we were to be in a situation where we

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1 needed to continue with our Internet, we would have no other  
2 provider that we could turn to if they were to raise their  
3 rates beyond our ability to pay.

4 I thank you very much.

5 COMMISSIONER GOLTZ: Thank you very much.

6 Okay. Anyone else?

7 Well, thank you very much for coming out.

8 And again, I urge to you go ahead and take  
9 this flyer and read it and pass it on to your friends who  
10 couldn't be here tonight.

11 And then we have, if you have anything else  
12 you want to say, about a week or so.

13 When you signed up on this, if we have your  
14 e-mail or address, which we don't have for everybody, but if  
15 we do, either -- correct me if I'm wrong, Mr. Cupp. But if  
16 we have their e-mail or regular address, we will inform them  
17 of the final result in this case?

18 MR. CUPP: Yes.

19 COMMISSIONER GOLTZ: But I don't have the  
20 e-mail and address for everybody on here. Only three of you  
21 have done that.

22 So if you wish to add to this, that's great.  
23 I'll give it to Mr. Cupp.

24 So unless there's anything else from the  
25 parties?

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Then we're adjourned. Thank you very much.

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(Whereupon, the proceedings were

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adjourned at 6:30 p.m.)

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CERTIFICATE OF REPORTER)

3 STATE OF WASHINGTON ) ss

4 COUNTY OF KING )

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Certified Court Reporter in

20

The State of Washington

21 My license expires December 21, 2013