

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 XIV  
 INC., for an Order Disclaiming ) Pages 1436 - 1499  
 5 Jurisdiction, or in the )  
 Alternative, Approving the U S )  
 6 WEST, INC., - QWEST )  
 COMMUNICATIONS INTERNATIONAL, )  
 7 INC., Merger. )

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 9 A hearing in the above matter was  
 10 held on April 20, 2000, at 5:40 p.m., at Spokane  
 11 Falls Community College, 3410 W. Fort George Wright,  
 12 Spokane, Washington, before Administrative Law Judge  
 13 MAJORIE R. SCHAER, Commissioners RICHARD HEMSTAD,  
 14 WILLIAM R. GILLIS, and Chairwoman MARILYN SHOWALTER.

15 The parties were present as follows:  
 16 U S WEST COMMUNICATIONS, INC., by  
 LISA A. ANDERL, Attorney at Law, 1600 Seventh Avenue,  
 17 Suite 3206, Seattle, Washington 98191.

18 QWEST COMMUNICATIONS INTERNATIONAL, INC.,  
 by LESLIE A. BENTON, Attorney at Law, Hogan & Hartson,  
 19 555 Thirteenth Street Northwest, Washington D.C.,  
 20004.

20 FOR THE PUBLIC, by SIMON J. FFITCH,  
 21 Assistant Attorney General, 900 4th Avenue, Suite  
 2000, TB-14, Seattle, Washington 98164-1012.

22 WASHINGTON UTILITIES AND TRANSPORTATION  
 23 COMMISSION STAFF, by GREGORY J. TRAUTMAN, Assistant  
 Attorney General, 1400 South Evergreen Park Drive  
 24 Southwest, Olympia, Washington 98504-0128.

25 RAY GROTH, CSR

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1 MS. SHOWALTER: Good evening,  
2 everyone. This is a hearing of the Washington  
3 Utilities and Transportation Commission on the  
4 U S WEST/QWEST proposed merger. My name's  
5 Marilyn Showalter, I'm the Chair of the Commission,  
6 and with me to my right are Commissioner Dick Hemstad  
7 and Commissioner Bill Gillis, and the three of us  
8 comprise the Commission.

9 This hearing is not as informal as  
10 perhaps a City Counsel Hearing that you may have  
11 attended, it's a quasi judicial proceeding, and has  
12 some rules of conduct for testifying. And for that  
13 reason, I'm going to turn the hearing over to  
14 Marjorie Schaer, who's to my left, and she's the  
15 Administrative Law Judge in this proceeding, and she  
16 can explain the procedures to you and how the evening  
17 will proceed. But before I do that, let me welcome  
18 everyone here, and I'm very glad that you came.

19 MS. SCHAER: Good evening. This is  
20 the fourth and final Public Comment Hearing that is  
21 part of the Commission's formal hearing process as it  
22 considers whether to approve -- approve with  
23 conditions -- or disapprove the merger that U S WEST  
24 and QWEST hope to complete later this year. The  
25 Commission's hearing process is one where we take both

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1 technical testimony from parties who formally appear  
2 before us, and then we also take public testimony and  
3 evidence from members of the public in sessions such  
4 as the one that we have tonight.

5           Up in front of the room tonight you will  
6 see the Commissioners, I'm the Administrative Law  
7 Judge, the man in the middle between the tables is the  
8 court reporter, and in some ways he's the most  
9 important person in the room tonight, because it is  
10 very important that he hear everything that you say,  
11 so please speak slowly and clearly to allow him to get  
12 your testimony, because it is important to us to have  
13 your testimony clearly in the record. If at any point  
14 he asks you to repeat something that you've said,  
15 don't try to explain to him what you were talking  
16 about, but just try to repeat the same words, if you  
17 can, because he is trying to get your words precisely  
18 into the record.

19           What you are here to do tonight is to  
20 testify to the Commission and to maximize the impact  
21 of your participation. I'd like to give you a few  
22 advisory tips on testifying before the Commission.  
23 First, if you have written comments, please provide a  
24 copy of them to Mr. ffitch, who is Public Counsel.  
25 Simon, would you wave at everybody. Mr. ffitch is

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1 preparing an exhibit that is a collection of all of  
2 the written comments that have come in in this case,  
3 and he will add your comments to that exhibit to make  
4 sure that they are included in the record of this  
5 proceeding.

6           The Commission is a State administrative  
7 agency charged with the responsibility to regulate  
8 various public utilities, including telephone  
9 companies. When one of these companies proposes a  
10 merger, the Commission views that as a change in  
11 ownership of control of assets, by which the company  
12 provides service to the public, thus under the  
13 statutes that spell out the Commission's authority,  
14 when a merger such as this is proposed, the Commission  
15 takes an inquiry which may include formal hearings.

16           The purpose of the hearings is to provide  
17 the Commissioners with information on which they can  
18 make a decision about whether the proposed merger is  
19 consistent with the public interest. Early in the  
20 process, certain Commission employees are assigned to  
21 work on the case as advocates, and they participate in  
22 the formal hearing as a party to the proceedings in  
23 the same sense that the U S WEST and QWEST are  
24 parties. These members of the Commission staff then  
25 have no contact with the three commissioners about the

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1 case, except in the open hearings we conduct,  
2 including our session this afternoon.

3 Other parties who similarly have no  
4 contact with the commissioners outside the hearing  
5 room, are, as I mentioned, the applicants, U S WEST  
6 and QWEST various other telecommunications companies  
7 who have chosen to participate in this proceeding, and  
8 the Washington Attorney General's Office, Public  
9 Counsel.

10 The Commission completed evidentiary  
11 hearings on this proceeding on March 21st. During  
12 that phase of the proceedings the Commissioners heard  
13 testimony and received documents that provided a  
14 significant body of evidence upon which they will base  
15 their decision. In addition, the Commission has  
16 conducted sessions, such as the one today, to allow  
17 for the participation of members of the public. Your  
18 comments this afternoon will be given under oath and  
19 recorded just as the testimony during the evidentiary  
20 proceedings is sworn and recorded. Your comments,  
21 thus, will become part of the formal record that will  
22 be the basis for the Commissioners' decision.

23 After this afternoon's hearing, the  
24 Commission will spend a period of time studying the  
25 record, considering and deciding the issues, and

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1 preparing a written order to announce its decision and  
2 explain the basis for its decision. That is most  
3 likely to come out later this spring.

4 In some cases, and this happens to be one  
5 of them, some or all of the parties proposed to  
6 resolve their disputes over various issues by  
7 negotiating a settlement agreement. The Commissioners  
8 then must decide whether to accept the settlement  
9 agreement as a reasonable resolution of the issues.  
10 That is, they must decide if the agreement the parties  
11 reached are in the public interest. You'll hear more  
12 about that in a minute from Mr. ffitch. Mr. ffitch,  
13 again, is an attorney who works for the State Attorney  
14 General's Office of Public Counsel. Among other  
15 things, he assists members of the public to present  
16 their comments during sessions, such as this one, that  
17 are a regular part of the Commission's regulatory  
18 processes.

19 I'd like, at this point, to introduce  
20 to you parties' representatives who are here  
21 tonight. U S WEST and QWEST are represented by  
22 Ms. Lisa Anderl, who is one of the company's  
23 attorneys, and by Ms. Teresa Jensen, another U S WEST  
24 employee who has significant responsibilities in  
25 connection with regulatory proceedings in Washington

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1 state. And I'm going to ask Ms. Anderl to also  
2 introduce to you the attorney for QWEST who is with us  
3 this evening.

4 MS. ANDERL: Thank you, Your Honor.  
5 I'm Lisa Anderl, the attorney for U S WEST, and next  
6 to me is Leslie Benton, with the law firm of Hogan &  
7 Hartson in Washington D.C. Representing QWEST.

8 MS. SCHAER: And then would you also  
9 introduce Ms. Jensen.

10 MS. ANDERL: Thank you, Your Honor.  
11 The other U S WEST employees who are here are: Teresa  
12 Jensen, Don Hartzog, and Joanne Sitka, and you can  
13 feel free to address comments -- if you want to talk  
14 one-on-one with them, if you don't want to make a  
15 comment publicly, they're here to answer questions and  
16 speak with you directly.

17 MS. SCHAER: Okay. The Commission  
18 staff who are participating as a party to the case are  
19 represented today by Assistant Attorney General,  
20 Greg Trautman. Would you stand.

21 MR. TRAUTMAN: I thank you, Your  
22 Honor. I'm Greg Trautman, Assistant Attorney General.

23 MS. SCHAER: And with Mr. Trautman  
24 are Mike Parvenin, the Commission's staff accountant,  
25 stand up, Mike, please, and Diana Otto, who is the



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1 Commission's consumer affairs expert. I've made a  
2 point of introducing the people who are here who are  
3 consumer affairs experts for the company and for the  
4 Commission, so if any of you are here with particular  
5 consumer complaints, you can know who you might want  
6 to contact to receive further assistance with those,  
7 either Ms. Jensen for U S WEST, or Ms. Otto for the  
8 Commission, are experts in that area and would be  
9 willing to help you with those concerns tonight.

10 Those of you who have come tonight to  
11 play a key role in the overall process, let me take  
12 another minute or two now to discuss how your  
13 participation can be most meaningful and most useful.  
14 First of all, please understand that your time at the  
15 podium tonight is not your opportunity to ask  
16 questions about QWEST. Your time at the podium  
17 tonight is the opportunity for you to make a statement  
18 to express your concerns about the proposed merger  
19 between U S WEST and QWEST.

20 It is important that we hear everything  
21 each speaker says, and that our court reporter record  
22 every word. That means it is important that you speak  
23 up when it is your turn, and that you speak slowly and  
24 carefully. It is important that no speaker be  
25 interrupted by comments from others, so I ask that

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1 when it's not your turn to speak, you please remain  
2 politely silent during the presentation. And to keep  
3 things orderly and moving along, I ask that you  
4 refrain from any applause or other audience type  
5 reaction during or between speakers no matter how  
6 moved you may be by a speaker's comments.

7           This is a formal hearing today, and it is  
8 in everyone's best interest that it be conducted with  
9 the dignity that is required for courtroom type  
10 proceedings. Also, experience in conducting these  
11 types of hearings have taught us that each speaker  
12 should be limited to five minutes so that we have time  
13 to get to everyone. Those of you who have spoken in  
14 public before know that you really can say a lot in  
15 five minutes. Still, some speakers may be tempted to  
16 run over the allotted time, and in fairness to all, I  
17 can't let that happen. So, if I see that you are  
18 running over your time, I will interrupt to let you  
19 know that it is time to sum up, and I will appreciate  
20 your cooperation in doing that quickly.

21           It is not necessary for you to repeat  
22 what another speaker has already said. If you agree  
23 with the comments another speaker gives before it is  
24 your turn, and that speaker said essentially the same  
25 thing you plan to say, you may simply say that you

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1 agree with those previous comments, and that will  
2 carry just as much weight as if you had made the  
3 comments yourself.

4           As indicated earlier, Commission staff  
5 and company representatives are available today, and  
6 they, along with Mr. ffitch and Mr. Trautman, will be  
7 available during any breaks we take, and after this  
8 hearing to answer questions. If additional questions  
9 occur to you later, or you can't get answers today,  
10 call the Commission at area code (360) 664-1160, and  
11 your call will be routed to someone who can help you.

12           You can also submit additional comments  
13 in writing. If you have questions about that  
14 opportunity, please speak with Ms. Marilyn Meehan, who  
15 is our member of the Commission's Public Affairs  
16 staff, who is in the back of the room, and you'll need  
17 to submit any written comments by the end of today's  
18 hearing.

19           With that said, we are ready to begin.  
20 First, we will go through the formality of taking  
21 appearances of Counsel, then Mr. ffitch has a few  
22 comments for us. So we'll start with the counsel for  
23 the company, please.

24           MS. ANDERL: Thank you, Your Honor.  
25 Lisa Anderl, representing U S WEST, would you like to

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1 see the business address as well?

2 MS. SCHAER: No. That's not  
3 necessary.

4 MS. BENTON: Good evening, Your  
5 Honor, Leslie Benton, Hogan & Hartson, on behalf of  
6 QWEST.

7 MS. SCHAER: Thank you. And the  
8 Commission Staff.

9 MR. TRAUTMAN: I'm Greg Trautman,  
10 Assistant Attorney General, representing Commission  
11 Staff.

12 MS. SCHAER: And for Public Counsel.

13 MR. FFITCH: Simon ffitch, Assistant  
14 Attorney General, for Public Counsel.

15 MS. SCHAER: And Mr. ffitch is  
16 going to give us a few comments, and following those  
17 comments I will swear in all of the people who wish to  
18 testify tonight. As we hear your comments, you will  
19 be assisted in that process by Mr. ffitch, who has a  
20 list of those who have indicated a desire to be heard.  
21 When Mr. ffitch calls your name, he'll ask that you  
22 come up to the podium here to speak, or if you need  
23 assistance with that place for someone in a chair,  
24 come to the end of the table by counsel, and we can  
25 move the microphone to you there.

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1                   Please remain at the podium when you're  
2 done speaking, because Mr. ffitch or one of the  
3 commissioners may have a question, or other counsel  
4 may have a question for you. After the opportunities  
5 for questions, you will be excused as a witness, and  
6 Mr. ffitch will call the next witness to speak. Go  
7 ahead, Mr. ffitch.

8                   MR. FFITCH: Thank you, Your Honor.  
9 Good evening, my name is Simon ffitch, as you've  
10 heard, I'm an attorney with the Public Counsel Section  
11 of the Attorney General's Office. Our office has the  
12 job of representing the public in formal regulatory  
13 cases in front of the Washington UTC, and we are  
14 participating in this case on behalf of customers of  
15 U S WEST. We are presenting, and have presented  
16 formal testimony in the case, and will be filing  
17 briefs later this month, and in May. And, in  
18 addition, as you've heard, I will be calling on the  
19 public witnesses here this evening to get their  
20 statements so that the Commission can hear public  
21 opinion on the U S WEST proposed merger with QWEST.  
22 Our office does appear as a separate party in the  
23 case, we are not a part of the WUTC staff, but a part  
24 of the Washington Attorney General's Office.  
25                   There are some very useful handouts at

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1 the back of the room, and I want to make sure that you  
2 know about those, and encourage you to pick one up.  
3 On the yellow sheet is a summary of the status of the  
4 merger case, and explanatory information, and a  
5 description of the proposed partial settlement or  
6 resolution of some of the customer issues in the case,  
7 and I'll go through those in more detail in just a  
8 second. In addition, if you'd like to read the  
9 specific terms of the proposed settlement, a copy of  
10 that is available in the back.

11 As you will find, when you take a look at  
12 this handout, the Commission's staff, the two  
13 companies involved, and my office, the Office of  
14 Public Counsel, have reached a proposed settlement on  
15 issues that affect retail phone customers, residential  
16 and business customers of the company, and we are  
17 recommending that the Commission adopt that. That  
18 agreement contains a number of provisions, and I'm  
19 just going to go through those now in a summary  
20 fashion. There's quite a bit of detail here, and I'm  
21 not going to delve into all the finer points, but try  
22 to give you a list of the highlights of this  
23 agreement.

24 If there's an opportunity afterwards, I'd  
25 be happy to talk with anyone prior to the next

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1 hearing, and, in addition, you can find contact  
2 information for the Public Counsel Office, if we're  
3 unable to talk to answer your question today, there's  
4 contact information on the last sheet, again, the  
5 yellow handout.

6           So what is contained in the proposed  
7 settlement? Essentially, what you have in the  
8 settlement is a list of conditions upon which, if  
9 agreed to, and if approved by the Commission, would  
10 permit the merger to go forward subject to the  
11 commitments that are contained in the agreement. The  
12 first of these is a Service Quality Performance  
13 Program. Under this item, the surviving phone  
14 company, QWEST, will have to refund up to \$20,000,000  
15 per year to customers based on eight Service Quality  
16 Standards. What that means is that if those standards  
17 are not met in the way described in the agreement, the  
18 company can be responsible for paying up to  
19 \$20,000,000 a year to customers by way of refund or a  
20 bill credit.

21           Secondly, the company agrees to adopt a  
22 Consumer Bill of Rights, which would state customers'  
23 rights in areas of privacy, accuracy, courtesy, good  
24 service, and would list all of the service commitments  
25 that are contained in the settlement agreement. Let

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1 me describe some of the items that are contained in  
2 these Service Quality commitments. An order  
3 confirmation number will be provided to customers so  
4 that their orders can be tracked through the company  
5 after they've been made, so that if a customer has a  
6 question about status of their order for service,  
7 they can track it by an identifiable number.

8 Existing service guarantee programs will  
9 be retained. Right now if the company fails to meet a  
10 commitment, for example, an appointment at your home  
11 for service, a \$50 credit is paid to the affected  
12 customer. Those programs will continue, in effect,  
13 and QWEST has committed to continue those programs, in  
14 effect, under this agreement.

15 A number of other areas, as well, related  
16 to Service Quality, if, for customers who have a  
17 situation where they have no dial tone on their  
18 telephone, customers can receive a \$5 credit on their  
19 bill. Customers in exchanges without dial tone can  
20 also receive credits. In exchanges where there is an  
21 unduly high number of trouble tickets, or trouble  
22 reports, all of the customers in the exchange will  
23 receive a 25 cent per line per month credit. In  
24 addition, the companies commit to clear the existing  
25 backlog of unfilled orders for telephone service by a



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1 specified date. So that's sort of a summary of the  
2 Service Quality commitments.

3           There's also in the agreement a set of  
4 commitments regarding investment in the network. The  
5 companies agree to replace every analog switch in  
6 Washington with digital switches. This is every  
7 switch in their own service territory. Those would be  
8 replaced with digital switches. This is an initiative  
9 that's already under way, and, again, QWEST has  
10 committed in this agreement to complete that process.

11           Another component of this network  
12 investment agreement is the commitment to connect  
13 every U S WEST's central office, or switching office,  
14 to the fiber optic network so that those offices would  
15 be connected by fiber optics. And the companies  
16 finally agreed to maintain historical average levels  
17 of investment in Washington state after the merger.

18           Another commitment in the agreement is  
19 that QWEST has agreed to use Washington based  
20 employees to respond to customer complaints that are  
21 filed with the Washington Utilities And Transportation  
22 Commitment -- Commission, excuse me. In the area of  
23 rates, on rate stability, the agreement provides that  
24 QWEST is prohibited from increasing regulated  
25 telephone rates before 2004. Under some conditions

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1 the company can ask for an exception to the cap on  
2 rates. The company agrees to spend no less than  
3 \$1,000,000 per year for three years to extend local  
4 exchange service to areas currently not being served,  
5 so this is another part of the investment commitment  
6 that I hadn't mentioned earlier, where there's an  
7 agreement to address service in unserved areas by  
8 extending the network, and extending no less than a  
9 \$1,000,000 for a three-year period.

10 If there is a future merger involving U S  
11 WEST, or a sale of a portion or all of U S WEST's  
12 territories during the term of this agreement, the  
13 agreement binds U S WEST to obligate the purchaser to  
14 take on the same commitments as a part of their  
15 purchase of the U S WEST properties.

16 And finally, the agreement provides that  
17 QWEST will absorb the costs of the merger transaction  
18 so that no cost associated with the merger will be  
19 passed on to the rate payers. That is a very quick  
20 overview of the terms of the agreement, I certainly  
21 provided a lot of information there in a short period  
22 of time, and, again, I encourage you to pick up one of  
23 these handouts and read through it, and the agreement,  
24 as well, that can answer some more of your detailed  
25 questions. This agreement is only a partial

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1 resolution of the merger proceeding, in addition to  
2 the retail customer service quality and rate issues.

3           There are also issues in this case  
4 relating to competition and to the competitive impact  
5 of the merger. There are a number of other parties to  
6 the case, competitive telephone companies who have  
7 participated in the formal proceedings and provided  
8 evidence on the competitive issues. These,  
9 essentially, are addressed to the kind of access that  
10 competitors are able to obtain to the U S WEST  
11 network, and the kind of wholesale service quality  
12 that those competitors are seeking. Those issues have  
13 been litigated and presented to the Commission, and  
14 are, as yet, unresolved. The proposed partial  
15 settlement does not address those.

16           I think that that completes, for now, the  
17 overview of the merger case to date, along with the  
18 earlier comments of the Judge, and at this point, Your  
19 Honor, I think I will complete my remarks, I can  
20 advise you from looking, Your Honor, at the sign-up  
21 sheets, I believe we have seven witnesses on these  
22 sheets who have indicated a desire to testify.

23           MS. SCHAER: Thank you,  
24 Mr. ffitich. If there are other people in the hearing  
25 room who would like to testify and have not yet signed

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1 up, it would help us to manage this proceeding if  
2 you'd go to the back of the room and sign up on an  
3 additional list with Ms. Meehan.

4 At this point, I'm going to ask anyone in  
5 the hearing room who plans to testify this evening to  
6 be sworn in. If you would raise your right hand,  
7 please: Do you solemnly swear or affirm that the  
8 testimony you are about to give in this proceeding  
9 will be the truth, the whole truth, and nothing but  
10 the truth?

11 THE AUDIENCE: I do.

12 MS. SCHAER: Your witnesses are  
13 sworn, Mr. ffitch.

14 MR. FFITCH: Thank you, your Honor.

15 MS. SCHAER: And I can't help but  
16 rearrange furniture, if somebody could move this  
17 podium just a bit so I can get the cord over here.

18 (Short pause in the proceedings).

19 MS. SCHAER: This is the podium  
20 we'd like you to use, if you would come forward, you  
21 can make your statements here. Thank you

22 MR. FFITCH: I'm going to call  
23 people in the order that they signed up.

24  
25

EXAMINATION - JAY JAZWA

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1

2 BY MR. FFITCH:

3

Q. The first name Jay Jazwa, if I'm  
4 pronouncing that correctly.

5

A. Jazwa.

6

Q. Jazwa, pardon me. And if you could state  
7 your name for the record, and spell your last name for  
8 the court reporter, please.

9

A. My name is Jay, last name is Jazwa,  
10 J-a-z-w-a

11

Q. And, Mr. Jazwa, where do you live?

12

A. I live in Spokane.

13

Q. And are you a U S WEST customer?

14

A. Yes. I am.

15

Q. And do you take residential, or business  
16 service, or both?

17

A. Residential.

18

Q. Are you speaking on behalf of yourself  
19 this evening?

20

A. Myself.

21

Q. On your own behalf. Do you have a  
22 statement that you'd like to make this evening on the  
23 merger?

24

A. About the merger, I wouldn't advise that,  
25 but the trouble I have is with U S WEST is being -- I

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1 went to the Commissioner's Office and told him the  
2 story was that I had paid my bill, and they still  
3 turned it off. So the lady I talked to said she'd  
4 turn it back on, 'cause she didn't see the note. That  
5 was at Christmastime. But after we got home from  
6 Christmas, three weeks later, they did it again,  
7 turned it off again, and then the guy says there was  
8 no notes, nothing here, and I said, I have the receipt  
9 in my hand, and I told her at Christmastime that it  
10 was paid. So, he says there's no notes, but he turned  
11 it back on.

12 So I got home two weeks ago, they called  
13 and said they want a deposit. I said, "I paid a  
14 deposit in the beginning, why do I have to pay another  
15 one?" She says, "Because you owe Touch One." I says,  
16 "I never had Touch One, I had U.S. Sprint." She said,  
17 "If you don't pay the \$65 for Touch One, we're going  
18 to turn you off." I said, "Well, then, you turn me  
19 off, because I don't have nothing to do with them."  
20 And I called Touch One, they says, "There was a credit  
21 issued," and it was then -- two of them actually  
22 issued, and they never said they never got it, and  
23 every time I called and told them, they says, "Yeah,  
24 it's been issued." And they says, "Well, it's going  
25 to be turned off." I says, "Well, then, if you turn

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1 it off, it's off for this day, because I refuse to pay  
2 somebody else's bill."

3 Q. So you don't have phone service now.

4 A. No. I don't. My opinion is it will stay  
5 off, because I don't owe that person's bill, and I'm  
6 not about to pay it. So I went to the Commissioner's  
7 Office, and they said, "Well, you'll have to pay  
8 another \$50 to get it turned back on." I said, "I  
9 just keep paying \$50, and another \$50, and they keep  
10 giving me crummier and crummier service." At one time  
11 they would call and say, "Did you forget something  
12 about paying your bill or something," and usually we'd  
13 get it in always at the same time, every time my wife  
14 and I, we got paid, we'd go in at the same time, and  
15 each time you tell them you paid it, they still turn  
16 you off.

17 Q. Did you say that you've contacted the  
18 Utility Commission about this?

19 A. Yes. I did.

20 Q. There are some limitations on  
21 disconnection and connect related to long distance, as  
22 opposed to local service, and it's difficult to get  
23 into the specifics of your problem right here in this  
24 setting, but there are some folks here this evening,  
25 perhaps, you could confer with them, Consumer Affairs

01459

1 for the company, who might be able to assist with your  
2 problem, you know, and see if there's a way to get the  
3 service back on. It sounds like there's some history  
4 here, so --

5 A. Well, it isn't on my end, we've been --  
6 like I said, we've paid a deposit, and then they want  
7 another deposit, and usually, like I said, we've paid  
8 always the same time, and they just don't budge, and  
9 they never had a problem with any of them, with QWEST  
10 or Avista, they're more than happy to work with you,  
11 and they call you and work with you on that way, and  
12 you just don't get nowhere with U S WEST.

13 Q. And do you have any opinion, having  
14 heard information about the merger this evening, do  
15 you have any comment on the merger between U S WEST  
16 and QWEST?

17 A. I don't think it would be a good idea to  
18 do it, because QWEST is -- or Avista would be a good  
19 company, but I don't think U S WEST would be good to  
20 put with them, would probably pull them down.

21 Q. Okay. Do you have any other comments  
22 this evening?

23 A. No. I don't.

24 MR. FFITCH: Thank you for your  
25 statement.



01460

1 MS. SCHAER: Commissioners, do you  
2 have any questions?

3 THE COMMISSION: No.

4 MS. SCHAER: Thank you for your  
5 testimony. Ms. Otto, would you wave your hand in the  
6 back of the room. Ms. Otto in the back is someone  
7 from the Commission who might be able to help you with  
8 your concerns, sir. Go ahead, Mr. ffitch.

9 MR. FFITCH: R. A. McDonald, I  
10 believe it is.

11

12 EXAMINATION - RICHARD McDONALD

13

14 BY MR. FFITCH:

15 Q. Mr. McDonald, could you state your name  
16 and spell your last name for the reporter, please.

17 A. Richard McDonald, and it's  
18 M-c-D-o-n-a-l-d.

19 Q. And you are U S WEST customer?

20 A. Yes. I am.

21 Q. Where do you live?

22 A. I live in Spokane.

23 Q. Do you take residential service?

24 A. Yes.

25 Q. Are you speaking on your own behalf this

01461

1 evening?

2 A. Yes.

3 Q. And do you have a statement you'd like to  
4 make?

5 A. Yes. I'm a retired U S WEST employee,  
6 and my main concern is what will happen with the U S  
7 WEST Retirement Fund, which is supposed to be about  
8 3.4 billion dollars. We're concerned that if this  
9 merger goes through, that QWEST might use this money  
10 for something other than the retirement fund, and we'd  
11 like written into the agreement something to the order  
12 that this money would not be touched for anything but  
13 retirement.

14 Q. All right.

15 A. That's all I have.

16 MR. FFITCH: I should advise you  
17 that in the beginning of the case a group of U S WEST  
18 pension -- former employees -- did raise the issue,  
19 and the Commission determined at that time that the  
20 pension issue should be addressed in other  
21 proceedings, and not in the merger case. So just sort  
22 of in the interest of giving you some of the history  
23 that it's already gone through, that at this point is  
24 not in front of the Commission in this merger. There  
25 may be some other avenues out there to raise that

01462

1 question. But, anyway, thank you for your testimony.

2 MR. McDONALD: Thank you.

3 MR. FFITCH: The next name on the  
4 list is William Donahue, and there's not an indication  
5 of whether -- did you wish to make a comment this  
6 evening?

7 MR. DONAHUE: No.

8 MR. FFITCH: Malcom Friedman.

9

10 EXAMINATION - MALCOM FRIEDMAN

11

12 BY MR. FFITCH:

13 Q. And Mr. Friedman, would you state your  
14 name and spell your last name for the record, please.

15 A. Malcom Friedman, F-r-i-e-d-m-a-n.

16 Q. And where do you reside, Mr. Friedman?

17 A. Colville, Washington.

18 Q. And are you a U S WEST customer?

19 A. Yes. I am.

20 Q. And are you a residential or business  
21 customer?

22 A. Residential.

23 Q. And are you speaking on your own behalf  
24 this evening, or on behalf of an organization?

25 A. I'm speaking on behalf of an

01463

1 organization.

2 Q. And what's the name of the organization.

3 A. The Rural Information Technology Center.

4 Q. And do you have a statement that you'd  
5 like to make?

6 A. I have a prepared statement.

7 Q. Please go ahead.

8 A. My name is Malcom Friedman, I'm the  
9 Executive Director of The Rural Information Technology  
10 Center. We are a nonprofit organization based in  
11 Colville, Washington, working to facilitate  
12 opportunities and information technology for Northern  
13 Stevens County. Our mission is to improve the  
14 telecommunications infrastructure so that our area can  
15 attract information intensive employers and serve the  
16 current and future needs of existing companies and  
17 public agencies.

18 As you may already know, the northeastern  
19 corner of Washington state has perennially been an  
20 area of high employment and low personal income. We  
21 feel that with information technology we may be able  
22 to make a difference and improve the job market and  
23 wage levels of our region. Rural Information  
24 Technology Center, as a representative of businesses  
25 and public agencies in Northern Stevens County,

01464

1 requests that the Commission set the proposed  
2 settlement be amended to complete the fiber link  
3 between Spokane and Colville to September of 2000.

4           This region has experienced significant  
5 income and employment loss due to band width in the  
6 recent past due to the lack of band width. In the  
7 recent past, there have been serious problems with  
8 area companies in acquiring adequate telecommunication  
9 services. Comfort Inn Hotel, Colville's newest hotel,  
10 has fifty-three rooms. PC Room Link chose Comfort Inn  
11 to beta test a program to install PC's in each room at  
12 no cost to the hotel. Perry Anderson, Managing  
13 Partner, wrote, and I quote: "Unfortunately, with the  
14 current situation in Colville, we are unable to  
15 provide our guests with a high speed access simply due  
16 to the fact that there are not enough ISDN lines  
17 available for a larger commercial business such as a  
18 motel," endquote.

19           U S WEST was not able to provide service  
20 due to lack of band width. We not only have a serious  
21 lack of band width, but we have no redundant circuits  
22 out of this area. Because of that, we have no way of  
23 knowing how many IT employers have not considered our  
24 area because of this lack of service. We do know that  
25 recently the City of Chewelah was eliminated from

01465

1 consideration for a 200-station call center due to  
2 lack of redundancy.

3           The region also faces a significant  
4 current dilemma. As we speak today, there is no  
5 additional band width available in Colville. There is  
6 also no redundant circuit out of the area. Aladdin  
7 Hearth (phonetic) Products, a division of Hahn  
8 Industries, has recently completed a seven million  
9 dollar, new 125,000 square foot state of the art plant  
10 in Colville with a work force of over two hundred  
11 employees. They recently moved from their old  
12 facility to the new one the first week of April.  
13 Jason Randal, IT supervisor for Aladdin Hearth wrote,  
14 and I quote: "During this month's move we discovered  
15 that the lack of extra available lines made it  
16 impossible for us to test any new setup ahead of the  
17 move."

18           Q.       Mr. Friedman, just for the court  
19 reporter, if you could slow down just a bit.

20           A.       "We had to test, as we connected, making  
21 it difficult to be ready on opening day. The lack of  
22 extra lines also makes it impossible to have any type  
23 of redundancy backup system, meaning that if the  
24 current system fails, we have no other recourse to get  
25 access to our e-mail, no means to create important

01466

1 reports, no way to serve our customers, no long  
2 distance access, and no system to keep some of our  
3 manufacturing running. We have put some of the  
4 immediate goals on hold until we know we can count on  
5 a better telecommunications system. This affects  
6 several of our departments," endquote.

7           Martin Wold (phonetic), Executive  
8 Director of the Tri-County Economic Development  
9 District wrote, and I quote: "The major portion of  
10 our activities is in the area of business recruitment,  
11 bringing new employers into our communities, and to  
12 provide jobs. It is becoming more important to these  
13 potential employers that adequate telecommunication  
14 infrastructure be available. In virtually every  
15 request for information for a site is the question  
16 concerning fiber optics. Is it available, and is  
17 there adequate band width to add connections for new  
18 users? Presently, there are no additional high speed  
19 connections available in the whole area," endquote.

20           On February 24th, 2000, Rural  
21 Information Technology Center hosted a meeting of  
22 various business and government leaders to discuss our  
23 problems and needs. Over fifty-five attended this  
24 meeting, in which we presented our mission and goals,  
25 and asked for input into a solution. The overwhelming

01467

1 response to this first meeting was that in order for  
2 our area to attract IT employers, or telecommuters,  
3 the lack of band width needed to be addressed. From  
4 that meeting a steering committee was formed comprised  
5 of IT professionals from local business and public  
6 institutions, as well as small business leaders.

7           This committee decided to conduct a  
8 survey of the commercial users of Telecon in the area  
9 of Northern Stevens County. We sought to determine  
10 the current usage of telecommunications, anticipated  
11 future growth, use of the Internet, E-commerce, and  
12 other related issues. The survey was conducted the  
13 first week of April. Over one hundred completed  
14 responses were attained.

15           We have included some pertinent data from  
16 our survey in the information packet which I will  
17 provide. In general, it was obvious that there exists  
18 a serious lack of band width and facilities in the  
19 areas served by the U.S. West Colville Central  
20 Office. In this brief time presentation I have shown  
21 that our region has lost opportunity in the past.  
22 Currently, we cannot adequately serve existing  
23 businesses. We cannot hope to attract new enterprise  
24 without a significant increase in our  
25 telecommunication capacity.



01468

1                   As the rest of the world connects to ever  
2 faster services, and receives the resulting benefits,  
3 we fall further behind. This is why we feel strongly  
4 that completion of the fiber link from Spokane to  
5 Colville is extremely important and needs to be done  
6 as soon as possible. We respectfully request of the  
7 Commission that the date of completion of this project  
8 be moved to September of 2000.

9           Q.       Thank you. You're probably aware that  
10 there is a date set in the agreement for completion in  
11 the current agreement, it's April 30th of 2002. So  
12 you're --

13          A.       We're not comfortable with that date,  
14 that's why we're asking for a change.

15          Q.       If you would like to submit your packet  
16 and your written statement for the record, you can do  
17 that, you can provide that to me. I'll make that a  
18 part of the Public Exhibit.

19                   MS. SCHAER: Mr. ffitch, do you want  
20 to mark that as a separate exhibit, or as part of the  
21 the Public Exhibit.

22                   MR. FFITCH: Your Honor, given the  
23 size, I will, I believe, choose to mark it as a  
24 separate exhibit.

25                   MS. SCHAER: Okay. I have Exhibit

01469

1 Number 454 reserved for the Public Exhibit at the end  
2 of the hearing, why don't we mark this right now as  
3 Exhibit 455.

4 MR. FFITCH: Thank you.

5 MS. SCHAER: Would you like to offer  
6 the exhibit now?

7 MR. FFITCH: Certainly, your Honor,  
8 I could offer it at this time.

9 MS. SCHAER: Is there any objection  
10 to enter this exhibit?

11 MS. ANDERL: If it's given the same  
12 treatment as the other Public exhibits, no, your  
13 Honor. I don't know why it's separately identified,  
14 necessarily, but as long as it's considered in the  
15 same vein as the other documents received, otherwise,  
16 I haven't had a chance to look at it, so.

17 MS. SCHAER: Why don't we let  
18 Ms. Anderl look at the exhibit during the remainder of  
19 the hearing, and then we'll take up it's entry again  
20 at the end of the hearing. Mr. Friedman, can you stay  
21 till the end of the hearing in case we have any  
22 further questions?

23 MR. FRIEDMAN: Yes.

24 MS. SCHAER: Go ahead, Commissioner.

25 Q. (BY MR. HEMSTAD:) Mr. Friedman, have you

01470

1 had, for your organization, had any conversations with  
2 U S WEST about the issue you've raised, and timing?

3 A. We have spoke with representatives of U S  
4 WEST.

5 Q. And what kind of response did you get?

6 A. They were responsive about it, but I  
7 don't know if -- we haven't been able to get a  
8 commitment for a faster timeline, official commitment.

9 Q. Did they give you any timeline at all in  
10 those conversations?

11 A. Well, the situation is somewhat complex,  
12 because U S WEST had already planned on expanding the  
13 microwave circuit between Colville and Spokane, which  
14 was the old way, to add capacity, and that has been  
15 budgeted. And because of that, and the fact that  
16 because of the settlement that the fiberwood would  
17 probably replace that, we felt that it would be --  
18 make economic sense for them to complete the fiber  
19 instead of the microwave, which was planned to be done  
20 this year, anyway, so we could be bumped up on the  
21 schedule so we wouldn't fall further behind.

22 Q. So the microwave was scheduled for 2000?

23 A. Yes. The way I understand it.

24 Q. Do you have any -- did they give you any  
25 indications of cost of that, or --

01471

1 A. The microwave?

2 Q. Yeah.

3 A. I believe the number for the figure was a  
4 million and a half.

5 Q. And do you have any comparative figure  
6 for the fiber?

7 A. I've heard \$50,000 a mile, that's --  
8 someone from this room might know better than me, so  
9 that's approximately \$2,000,000, if you figured forty  
10 miles, however, there are shorter routes to complete  
11 that circuit. There are better ways, if they will  
12 cooperate with Century Tel, they can do it for a lot  
13 less, and I think they've discussed that option.

14 MS. SCHAER: Any further questions  
15 for this witness?

16 MR. FFITCH: I don't have any,  
17 except, Mr. Friedman, if you wouldn't mind passing  
18 this to Ms. Anderl.

19 MS. SCHAER: Thank you for your  
20 testimony.

21 MR. FRIEDMAN: Thank you, your  
22 Honor.

23 MR. FFITCH: Heath Heikkila.

24

25

EXAMINATION - HEATH HEIKKILA

01472

1

2 BY MR. FFITCH:

3 Q. Mr. Heikkila, could you state your full  
4 name and spell your last name, please.

5 A. Sure, I will. My first name is  
6 Heath, and Heikkila is H-e-i-k-k-i-l-a.

7 Q. And where do you live, Mr. Heikkila?

8 A. I have live in Seattle.

9 Q. And are you U S WEST customer?

10 A. Yes, sir.

11 Q. Are you taking residential service or  
12 business service?

13 A. Residential.

14 Q. And are you testifying on your own behalf  
15 today, or on behalf of an organization?

16 A. On behalf of an organization.

17 Q. And what is the organization?

18 A. Citizens For A Sound Economy.

19 Q. And do you have a statement this evening  
20 on the proposed merger?

21 A. I do, sir.

22 MS. SCHAER: Mr. Heikkila, I didn't  
23 get the name of your organization?

24 MR. HEIKKILA: Citizens For A Sound  
25 Economy.

01473

1 MS. SCHAER: Sound?

2 MR. HEIKKILA: Sound Economy.

3 MS. SCHAER: Thank you. Go ahead.

4 Q. (BY MR. FFITCH:) Please go ahead.

5 A. Once again, my name is Heath Heikkila,  
6 I'm here on behalf of Washington Citizens For A Sound  
7 Economy. We are a nationwide group of about 275,000  
8 members, activists, and about 14,000 here in  
9 Washington state. We are behind free enterprise  
10 solutions to public policy debates. I'm testifying in  
11 support of the proposed merger between U S WEST and  
12 QWEST, we started out in the Telecon issue this last  
13 session, we helped to push through the (inaudible)  
14 form of regulation, we feel that telecommunications  
15 here in Washington state has been evident by some of  
16 the people who have testified already, this lagging  
17 behind the rest of the country is very bad.

18 There's already, between urban and rural  
19 economic vitality in Washington state, we rate one of  
20 the worst, and we really have to attribute much of  
21 that to telecommunications infrastructure.

22 We tried to advocate for a move to price  
23 caps like forty-three other states have done, and we  
24 hope that the recently passed alternative forms of  
25 regulation will help moves in that direction. But

01474

1 specifically on the merger, we feel, first of all,  
2 that the telecommunications merger should go through  
3 the same litmus test as any other merger in the  
4 country. There are additional hoops that have been  
5 given to telecommunications companies, whereas, if  
6 you're going to have a merger between other companies,  
7 they have to go through the FTC or the Justice  
8 Department to see if they're breaking any Anti-trust  
9 laws, whereas, with telecommunications companies,  
10 we've created hoops that they must go through the FCC,  
11 the FTC, or the Justice Department, and then go  
12 through Utility Districts the same way, and this  
13 creates a bonanza for lawyers, and is not good for  
14 consumers.

15           You had an opportunity with these  
16 hearings that everybody wants to get their piece of  
17 the action, and we don't feel that that is good for  
18 consumers when you've gotten your tons of different  
19 testimony behind closed doors on these issues. We are  
20 especially in support of the merger, because we feel  
21 that throughout the country consumers are asking for  
22 more services from their telephone companies, and the  
23 merger between QWEST and U S WEST would allow them to  
24 offer more services to the consumers, which you have  
25 seen throughout the country has been wanting.

01475

1                   We are in support of the agreement,  
2 additionally, because of the commitments by U S WEST  
3 for both public standards for their service, and also  
4 the investment, and we feel that this will help to  
5 wire Washington a little better than has been done  
6 before with replacement of the analog switches, the  
7 digital switches, and also with increased band width  
8 across the state. So, I've got to enter this in the  
9 public testimony?

10           Q.       Yes, please.

11           A.       And that relates to the FCC issue as  
12 opposed to the FTC and Justice Department. And I'm  
13 done.

14                   MR. FFITCH: All right. I don't  
15 have any questions, your Honor.

16                   MS. SHOWALTER: I have one question.

17           Q.       Do you think in reviewing mergers it  
18 makes a difference that a party begins as a monopoly?

19           A.       I do agree. We have seen -- obviously,  
20 there's some issues that we went through at AT&T and  
21 TCI merger as far as forced access, and that kind of  
22 information. You are right, there is a vested public  
23 interest because of the monopoly status in some areas,  
24 though, we also feel that telecommunications is  
25 changing so rapidly that it's very hard for the



01476

1 government, an agency like yourself, to keep up with  
2 the changes that are happening in both digital,  
3 wireless, and many of the solutions that are coming.  
4 Did I answer your question?

5 Q. One more question. Do you have any  
6 choice of residential telephone provider?

7 A. I don't, but with the advent of AT&T  
8 coming in over my cable line, eventually I'll be able  
9 to get voice data, wireless, anything through that  
10 cable line, so the whole issue is changing with new  
11 technology, and now you got wireless that does the  
12 same thing, you can get in that service through that.  
13 So, the answer is, no, I don't, but as time goes on in  
14 the future I will be able to.

15 MR. FFITCH: I have a couple of  
16 clarifying follow-ups, if I might, your Honor?

17 MS. SCHAER: Go ahead, Mr. ffitch.

18 Q. (BY MR. FFITCH:) Is it your testimony  
19 that you believe that the Washington Commission should  
20 not be reviewing this merger? Is that your testimony?

21 A. Well, that is my -- the basis of our  
22 feeling across the country, on a national standpoint.  
23 At the Washington standpoint, we realize that's not  
24 feasible, and that it's written into code that it must  
25 be, so we are in support of the merger agreement.

01477

1 Q. So your recommendation would be that  
2 there only be review at Federal level, and not --

3 A. That would be my recommendation, yes. I  
4 mean, having to go through nine different states'  
5 hoops just creates more work for, you know, the cost  
6 to the State, and then the cost with lawyers, and  
7 everybody involved, its not at all that great for  
8 consumers.

9 Q. And as far as the proposed settlement in  
10 this case, I just wanted to make sure I understood,  
11 are you saying -- is it your testimony that that is --  
12 that you do not support the settlement?

13 A. No. We do support the settlement,  
14 because we feel that, like I said, it moves us forward  
15 into getting more infrastructure across the state,  
16 both the digital and the analog switches, with the  
17 replacement of the analog switches, and then the  
18 increased band width.

19 MR. FFITCH: Okay. Thank you.

20 MS. SCHAER: Mr. Hemstad.

21 Q. (BY MR. HEMSTAD:) I was going to ask  
22 that question, but I wanted to pursue that a step  
23 further. Were we not reviewing this merger, that  
24 settlement proposal, which we haven't approved --

25 A. Uh-huh.

01478

1 Q. -- with the requirements for additional  
2 investment, as well as service standards and  
3 penalties, if they are not met, would not have been  
4 able to be addressed.

5 A. Right.

6 Q. Isn't that inconsistent, then, with your  
7 position that you don't think that we should be  
8 reviewing at all?

9 A. No. I started out my testimony talking  
10 about the Alternate Form of Regulation Bill (phonetic)  
11 and what I feel would have been the ability to move us  
12 into a price caps regulation, if you're familiar with  
13 that, out of the rate of return regulation that the  
14 State currently employs, would have answered a lot of  
15 those questions, as far as investment levels. And  
16 you've seen it in forty-three other states where  
17 investment levels have increased, and that has been  
18 the answer from those State Boards.

19 So, I am glad that it's coming through  
20 this merger, because it's needed. But at the same  
21 level, I would like to see less regulation on  
22 telephone companies here in Washington state.

23 MS. SCHAER: Commissioners, any  
24 other questions?

25 THE COMMISSION: No.

01479

1 Q. (BY MS. SCHAER:) Mr. Heikkila, I think I  
2 heard you talk about testimony behind closed doors,  
3 did I hear you say that, sir?

4 A. Well, I just mean that -- I mean this  
5 has tasked as being in the public -- for taking public  
6 testimony, but in the case that a lot of the  
7 agreements, and then you've got other parties that are  
8 not involved here that still have input that they want  
9 to put in.

10 Q. I just wanted to make sure that you're  
11 aware that all of the hearings in this proceeding have  
12 taken place in public, and there are printed  
13 transcripts of those hearings, and there are records  
14 of the exhibits of those hearings, and I'd like to  
15 invite you, if you have any questions about what's  
16 taken place there, to contact the Record Center of  
17 the Commission, and you can be provided with any  
18 information out of that record.

19 A. Okay.

20 Q. Because we do strive to make every part  
21 of our proceedings, and not just our public hearings,  
22 open to the public. So, if you could carry that back  
23 to your organization, we'd appreciate that.

24 A. I will.

25 MS. SCHAER: Thank you. Is there

01480

1 anything further for this witness?

2 MR. FFITCH: I will just indicate to  
3 the witness that I will make the written statement a  
4 part of the exhibit that I will be offering, make it a  
5 part of the record.

6 MR. HEIKKILA: Okay. Thank you.

7 MS. SCHAER: Thank you, sir.

8 Mr. ffitch.

9 MR. FFITCH: Brian Pape.

10

11 EXAMINATION - BRIAN PAPE

12

13 BY MR. FFITCH:

14 Q. And, Mr. Pape, would you please state  
15 your name, spell your last name for the record.

16 A. My name is Brian Pape, last name is  
17 spelled P-a-p-e.

18 Q. And where do you live, Mr. Pape?

19 A. Spokane.

20 Q. And are you a U S WEST customer?

21 A. Yes. I am.

22 Q. And are you a residential or business  
23 customer?

24 A. Both.

25 Q. Both. And are you speaking on your own

01481

1 behalf tonight, or on behalf of an organization?

2 A. On behalf of myself and an organization  
3 called the Washington Coalition For Telephone Choice.

4 Q. All right. And do you have a statement  
5 you'd like to make this evening?

6 A. I would like to make a couple. The first  
7 statement would be on behalf of myself as an  
8 individual consumer, an experience that I had when I  
9 started my small business here in town in March of  
10 1997. What had happened is, I applied for a phone  
11 service to my residential home, which I work out of  
12 for my business, and received that, unknowingly, that  
13 they set me up as a unlisted number, which was quite  
14 surprising to see that here a small business starting  
15 out has an unlisted number. I don't understand why  
16 that happened, but I found out after the June cutoff,  
17 when the books are printed out, through a customer of  
18 mine who tried to reach me, through the operator, and  
19 found out that I was an unlisted number through my  
20 company.

21 I then approached U S WEST about it, we  
22 went around and around for approximately a hundred and  
23 twenty days, and we resolved it on a matter of getting  
24 some credits that didn't equal the business that I  
25 lost. However, being a new company, my legal counsel

01482

1 advised me I had really no proof of what business I  
2 did lose, but it's obvious.

3           So, through that experience I became  
4 involved in the Washington Coalition For Telephone  
5 Choice, which I'm the president of at this time. We  
6 are concerned about the merger between U S WEST and  
7 QWEST, particularly the fact on the service quality.  
8 We understand in the proposal that this is an issue  
9 that has been brought up, and we are concerned whether  
10 or not it will be followed through, so we are excited  
11 to see here in a couple of years where that service  
12 quality will end up.

13           I brought a little fancy artwork here,  
14 but it basically shows Eastern Washington and the  
15 complaints in each of the areas. And we have outlined  
16 the area in Spokane, which is our market here. In the  
17 city limits, alone, in the last two years, there's  
18 been 544 complaints. In our surrounding area with the  
19 suburbs, there's been nearly 800 complaints, and  
20 that's just in the last two years, so we are really  
21 concerned about the service quality that QWEST will  
22 follow through with for us as small business owners,  
23 and us as consumers.

24           We are also concerned, the fact that  
25 there is nothing in the proposal stating allowing more

01483

1 competition, and that is a great concern to our  
2 coalition why there is nothing stated for that. We  
3 would like to see something in there before this  
4 merger takes place. That's basically all I have to  
5 say.

6 Q. I have a question about your chart with  
7 the number of complaints. I just am curious about the  
8 statistics of those from Commission records or a  
9 company --

10 A. That's through public knowledge -- or  
11 public access to the Washington Utilities Commission  
12 records.

13 Q. Okay. And I believe I understand your  
14 comments to be supportive of the settlement, the  
15 partial settlement agreement.

16 A. Yes. But, again, our main concern is the  
17 competition, why there isn't anything stating allowing  
18 competition, and as a small business owner, I know  
19 that competition makes better business for any company  
20 out there when they have someone they have to go up  
21 against, they have to prove themselves, whereas, here,  
22 there's nothing that U S WEST has to prove themselves  
23 against in some of the markets that they don't have  
24 competition.

25 Q. Do you have, in your own experience, in



01484

1 your business, if you have been approached, or do you  
2 feel that you have some options of different phone  
3 companies to provide you with some of your services?

4 A. Not where I am. I have one choice, and  
5 that's U S WEST from what I understand at this time.  
6 And we all know that the small businesses are going to  
7 home-based business, too, so this is going to be a  
8 great concern, especially in our Inland Northwest area  
9 where we have a large small business base, and those  
10 people are working out of their homes, and they really  
11 have one choice, and that is U S WEST.

12 Q. Do you wish to submit your artwork for  
13 the official record?

14 A. No. 'Cause it's already on record,  
15 there's no reason for that. That's where we got the  
16 information was from the Commission.

17 MR. FFITCH: Okay. I don't have any  
18 further questions, your Honor.

19 MS. SCHAER: Commissioners, do you  
20 have any questions?

21 THE COMMISSION: No.

22 MS. SCHAER: Thank you, Mr. Pape.

23 MR. PAPE: Thank you.

24 MR. FFITCH: Dan Kirschner.

25

01485

EXAMINATION - DAN KIRSCHNER

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2

3

BY MR. FFITCH:

4

Q. Mr. Kirschner, would you state your name  
and spell your last name for the record.

6

A. Dan Kirschner, K-i-r-s-c-h-n-e-r.

7

Q. And where do you live, Mr. Kirschner?

8

A. In Spokane County.

9

Q. And are you U S WEST customer?

10

A. I am.

11

Q. Residential or business service?

12

A. Residential.

13

Q. And are you testifying on your own behalf  
tonight, or for an organization?

15

A. I am testifying on behalf of an  
organization.

17

Q. And what's the name of the organization?

18

A. The Spokane Area Chamber of Commerce.

19

Q. And do you have a statement you'd like to  
make on the merger tonight?

21

A. I do. Thank you.

22

Q. Please go ahead.

23

A. Your Honor, members of the Commission, we  
appreciate your time coming out here to our community  
and listening to our concerns. I do represent the

24

25

01486

1 Spokane Area Chamber of Commerce, we're a membership  
2 organization, we have about -- something over 1,700  
3 members, and we represent those members, and employ  
4 about a hundred thousand people throughout the region.  
5           We have long held policy -- a policy  
6 statement, actually, I should say to about, I think  
7 more than two years now -- a policy statement  
8 encouraging public policies that promote the expansion  
9 and deployment of broad band telecommunication  
10 infrastructure throughout the state. But we do so,  
11 because as a urban service center to a vast rural  
12 region, you can imagine that the health of our  
13 community's economy depends on the health of  
14 communities like Colville to the north of us, and  
15 Mr. Friedman really stated the case very well, as  
16 Colville prospers, so prospers Spokane. And as we  
17 look off into the future, the future of business and  
18 economic growth, particularly in our region, depends  
19 on a healthy robust and vibrant telecommunication  
20 infrastructure. We think this merger moves us a long  
21 way in that direction. We pursued other policies as  
22 well, we were very active in advocating for the A4  
23 legislation that passed this last session. But this  
24 merger appears to provide a couple of synergies, I  
25 might say. First, you can bring a QWEST broad brand

01487

1 internet communication network together with U.S. high  
2 speed -- at the U S WEST high speed access, and we  
3 think that's throughout the region, and we think  
4 that's a positive.

5           We might also say in a rural region,  
6 obviously, the extension of education services,  
7 ESP101, not that I speak for them, but they depend a  
8 great deal on telecommunication to extend their  
9 services to rural communities throughout the state,  
10 and education, obviously, is important to the region's  
11 economy.

12           It looks like in the partial settlement  
13 you've done a fine job of insuring that there are  
14 commitments on the part of U S WEST and QWEST to meet  
15 their obligations to customers, as well as to insure  
16 that the telecommunication infrastructure has improved  
17 in this state. So the chamber, therefore, supports  
18 this merger as it's stated today.

19           MR. FFITCH: Thank you. I don't  
20 have any questions, your Honor, for the witness.

21           MS. SCHAER: Any questions for this  
22 witness?

23           THE COMMISSION: No.

24           MS. SCHAER: Thank you,

25 Mr. Kirschner.

01488

1 MR. FFITCH: Frank Yuse.

2

3

EXAMINATION - FRANK YUSE

4

5 BY MR. FFITCH:

6 Q. Am I pronouncing that correctly? And

7 Mr. -- is it Yuse?

8 A. Yuse.

9 Q. Would you please state your name and  
10 spell your last name for the court reporter, please.

11 A. Frank Yuse, Y-u-s-e.

12 Q. Thank you. And where do you live,

13 Mr. Yuse?

14 A. In Spokane.

15 Q. And are you U S WEST phone customer?

16 A. I am.

17 Q. Do you take residential or business

18 service?

19 A. Residential.

20 Q. And are you speaking on your own behalf  
21 tonight, or for an organization?

22 A. For two organizations.

23 Q. And what are those?

24 A. First, I'm the President of Senior  
25 Legislative Coalition of Eastern Washington, and I'm

01489

1 the spokesperson for the Long-term Care -- Aging  
2 Long-term Care of Eastern Washington Planning and  
3 Management Council, which is an advisory council and  
4 volunteers.

5 Q. And do you have a statement that you'd  
6 like to make on the merger this evening?

7 A. Yes. I do.

8 Q. Please go ahead.

9 A. Your Honor, and members of the  
10 Commission, I thank you for this opportunity. We in  
11 Eastern Washington appreciate the phone service by U S  
12 WEST, we have -- we understand that the merger may be  
13 to the benefit of the communications system, so we are  
14 neutral as to the merger, but seniors must rely  
15 heavily on the phone systems to keep alive, to keep  
16 informed, to keep sane, I'm a good example, if I did  
17 not have the phone service and 9-1-1, I would have  
18 died within a minute of the operation.

19 We have 72,000 seniors in Eastern  
20 Washington, and many of them must rely on this phone  
21 system. The Federal Older Americans Act states in its  
22 very first paragraph that high priority must be given  
23 to a communications network so that seniors can get  
24 help in their homes. The Washington Utilities  
25 Commission is established to protect consumer rights

01490

1 and the quality of service, and an important part of  
2 all of this, of this phone service and it's network,  
3 is the phone directory. If you have no phone number  
4 to use, you get no help. Now, seniors in Eastern  
5 Washington have identified in a recent poll, a  
6 comprehensive poll that we did, Aging and Long-term  
7 Care, that there's a tremendous confusion in obtaining  
8 a correct phone number in the directories.

9           Judith Ross, the managing -- the Manager  
10 of Communications for Aging and Long-term Care, has  
11 written a couple letters which I will submit, and she  
12 has received no answer. She did not direct the  
13 letters to this Commission, but to the U S WEST Dex,  
14 Incorporated. And she has asked me to copy for you to  
15 present the Aging and Long-term Care's concern about  
16 the confusion that's in the telephone book. My own  
17 organization has also made this high priority, that  
18 is, the Senior Legislative Coalition has made this a  
19 high priority for work that has to be accomplished  
20 immediately. So we have come to this hearing  
21 realizing that the topic is a merger, but asking you  
22 as Commissioners to add on to the merger contract this  
23 need for seniors in Eastern Washington, we need an  
24 easily identified boxed, highlighted, phone number,  
25 either in the government pages or right up front.

01491

1                   Now, here's a quote from Judith Ross's  
2 letter of February 9th. "The seniors in five Eastern  
3 Washington counties, that is Ferry, Stevens, Ponderay,  
4 Whitman, and Spokane, proposed the following changes:  
5 One, one listing on the inside cover of the phone book  
6 that reads Senior Information and Assistance, under  
7 nonemergency numbers, bold print and type. These  
8 numbers are found in the enclosed telephone brochures  
9 or the key telephone numbers.

10                   Two, community service numbers now found  
11 on page 61 of the Spokane/Coeur d'Alene book, be moved  
12 to the front of the community pages and be colored  
13 green like other community pages.

14                   Three, an expanded list of senior  
15 services telephone numbers with large bold print size  
16 for easier readability. We have enclosed our newly  
17 updated Spokane directory with key numbers indicated  
18 for inclusions in the community service number pages.  
19 Similar directories are available for each of our  
20 counties with key telephone numbers. We can make  
21 these available upon request.

22                   Another problem we have is the  
23 nomenclature, work, is it senior, is it elder, I know  
24 it's really not a problem of the directory or of the  
25 Commission, we seniors should have had a standardized



01492

1 name, but we don't. Maybe you can help us out. Call  
2 it, I think seniors is probably the best, but we have  
3 a terrible need for immediate number identification.  
4 I got a call one day from the mayor of Spokane, the  
5 City of Spokane, and he said, "I want you to go over  
6 to the other part of town and help this poor lady, she  
7 has problems." I found out that she had three  
8 different problems, one week having to do with food,  
9 and one having to do with health, and I went to the  
10 telephone book myself, I couldn't do it -- I --  
11 frustrated, I gave up. I went back to the Mayor, and  
12 I asked that, "You take the book out now and tell me  
13 how you can find it," he couldn't find it either."

14 MS. SCHAER: Mr. Yuse, can I ask you  
15 to please kind of wrap up.

16 MR. YUSE: Yes. I will.

17 MS. SCHAER: Thank you, sir.

18 MR. YUSE: So, what I'm asking for  
19 you people to do, is to have in the contract, or in  
20 the understanding, that the U S WEST/QWEST, please,  
21 the people you subcontract with for directions, to  
22 have a much more easier identified number for seniors.  
23 Thank you.

24 MS. SCHAER: Thank you.

25 MR. FFITCH: Mr. Yuse, if you would

01493

1 hand those to me, I can add those to the Public  
2 Exhibit.

3 MS. SCHAER: Are there any questions  
4 for Mr. Yuse?

5 THE COMMISSION: No.

6 MS. SCHAER: Thank you, sir.

7 MR. FFITCH: Your Honor, I believe  
8 we have one more witness, Phillip Lage.

9 MS. SCHAER: All right. Mr. Lage.

10

11 EXAMINATION - PHILLIP LAGE

12

13 BY MR. FFITCH:

14 Q. And would you state your name and spell  
15 your last name for the record, please.

16 A. Phillip Lage, L-a-g-e.

17 Q. And where do you live Mr. Lage?

18 A. Spokane County.

19 Q. And are you a U S WEST customer?

20 A. Yes.

21 Q. Residential or business?

22 A. Both.

23 Q. And are you speaking on your own behalf  
24 this evening?

25 A. Yes.

01494

1 Q. And would you please make your statement?

2 A. Well, I came her for two reasons. Both  
3 of my problems have been resolved, not to necessarily  
4 my satisfaction. I had -- I had an interruption of  
5 service a few years back with U S WEST, and I'm  
6 certain that U S WEST representatives know my name,  
7 but I filed a lawsuit against U S WEST and by the time  
8 it went through all the courts and all the appeals,  
9 finally it was judged that U S WEST could not be sued  
10 unless I could prove willful negligence. I don't  
11 particularly have any objections against the merger,  
12 I'm not here for that reason, but I think that the  
13 public should not be deprived of due process of law,  
14 and I feel that that happened to me. Basically, if  
15 there is a problem, then I think U S WEST should be  
16 forced, before this merger occurs, to take out the  
17 name or the words "willful negligence," and leave it  
18 just as "negligence."

19 The other reason -- well, that's -- I  
20 really want to make that point, I -- I don't know how  
21 more I can be fervent in that request. In fact, this  
22 is all the documentation relating to that, if you need  
23 any copies of it.

24 The other request is during, in the midst  
25 of that lawsuit, around the middle of 1998, I

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1 installed more lines with U S WEST because I had no  
2 other choice, and I was being overcharged, but I  
3 didn't know that. I started to suspect I was being  
4 overcharged when I started asking around, and I  
5 realize the price of trunks that I was ordering was  
6 considerably less than I was paying. And I called U S  
7 WEST no less than five times, and I would say probably  
8 six or seven, and asked them to review my account, "Am  
9 I paying too much, am I being overcharged?" Each time  
10 the answer was, "No." "No." "No." It seems a little  
11 coincidental that it was during this whole operation.

12 Finally, in January I reinstated a call  
13 to U S WEST, I happened to get a new account rep, but  
14 unknowingly she says, "Oh, my God," and the only  
15 reason I checked it is because being a paging company,  
16 I check with my competitors who I have a good  
17 relationship with, and they said, "How could you  
18 possibly be paying that much?" Bottom line, over a  
19 two-year period they overcharged me 5,000, roughly  
20 \$5,800. They gave me a credit of 4,900, I had to go  
21 back to the well and say, "This isn't right." I had  
22 to go back over all my records and say, "You owe me  
23 more than that." And they came back with another \$800  
24 credit.

25 There is no reason that it should take

01496

1 eight phone calls over a period of two years and be  
2 rebated, I'm going to say, roughly, \$6,000, or be  
3 overcharged \$6,000, when I brought it to their  
4 attention half a dozen times, that's just ludicrous.  
5 So I asked -- it's all about money, here. You know,  
6 I've been paging -- I don't know if U S WEST has been  
7 paging as another corporation, or whatever, but -- and  
8 I'm not alluding to anything, all I'm saying is there  
9 certainly has to be more attention to detail to  
10 overcharge a trunk by over double, and then when I  
11 asked for, since I put out \$5,000 over a period of two  
12 years, when I asked for interest on that money, they  
13 said, "No." "No." "We are not liable to pay you  
14 interest." Well, that isn't right. I think it comes  
15 close to bullying the general public, and that's the  
16 reason I'm here. I think if you approve the merger,  
17 you ought to bring it back to negligence, instead of  
18 willful negligence, which is almost impossible to  
19 prove, and that you ought to make U S WEST at least if  
20 they make an error, pay interest on whatever money  
21 they acquire by their mistakes.

22 MR. FFITCH: Thank you Mr. Lage.

23 MR. LAGE: Thank you.

24 MS. SCHAER: Commissioners, do have

25 questions?

01497

1 THE COMMISSION: No.

2 MS. SCHAER: Thank you for your  
3 testimony.

4 MR. FFITCH: Your Honor, those were  
5 all of the names on the sign-up sheet for witnesses  
6 who wish to speak this evening on the merger.

7 MS. SCHAER: Let me ask, is there  
8 anyone else in the hearing room right now who wishes  
9 to testify in the U S WEST/QWEST merger application?  
10 I believe that was all the witnesses, Mr. ffitich.

11 MR. FFITCH: Thank you, your Honor.

12 MS. SCHAER: At this time, I  
13 believe we're at the stage of this proceeding where we  
14 would be marking and admitting an exhibit of public  
15 comment to letters, is that correct?

16 MR. FFITCH: Your Honor, I intended  
17 to do that subsequent to the hearing to compile the  
18 entire exhibit.

19 MS. SCHAER: Okay. I'm going to  
20 then mark that exhibit for identification as Exhibit  
21 454, and I'm going to ask you to circulate that  
22 exhibit to the company and to the staff for a couple  
23 of days before you submit it to the Commission to see  
24 if there are any portions of it to which they object.  
25 And subject to receiving objections from them within

01498

1 five days after it's filed with the Commission, I'm  
2 going to admit Exhibit 454 into the record. Would  
3 anyone like to speak to that? Any concerns about that  
4 at this point? Ms. Anderl, does that work with you?

5 MS. ANDERL: Yes, your Honor.

6 MS. SCHAER: Okay.

7 MR. FFITCH: Your Honor, in  
8 addition, there is the exhibit from the Community  
9 Technology Institute that would be separately  
10 identified, I believe, as 455.

11 MS. SCHAER: All right. Are  
12 there any objections to admission of Exhibit 455,  
13 Ms. Anderl?

14 MS. ANDERL: Your Honor, as long as  
15 it's just numbered separately for administrative  
16 convenience, and is otherwise treated in the same  
17 manner as 454, no.

18 MS. SCHAER: Okay. That is what I  
19 would contemplate, I'm just giving it a separate  
20 number because it appears to be substantial, and might  
21 be an easier way to administratively proceed. Then I  
22 will also admit Exhibit 455, did you have any  
23 objection, Mr. Trautman?

24 MR. TRAUTMAN: No.

25 MS. SCHAER: Is there anything more

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1 to come before the Commission this evening? Again,  
2 ladies and gentlemen, thank you for your time this  
3 evening, you're a very important part of the public  
4 process, and from this point forward the Commission  
5 will be working on, and then entering an Order in this  
6 matter. If you'd like to get information about that,  
7 please be sure that you leave your name and address on  
8 the list with Ms. Otto in the back of the room, and  
9 you will be on our mailing list to get information  
10 when the Order comes out. This hearing is adjourned.

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(7:00 p.m.)