

Docket No. UT-161082 - Vol. I

WUTC v. Angel Americas, LLC, et al.

November 9, 2016



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BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND)
TRANSPORTATION COMMISSION,)
Complainant,)
v.) DOCKET NO. UT-161082

ANGEL AMERICAS, LLC; CLEAR)
WORLD COMMUNICATIONS)
CORPORATION; COAST)
INTERNATIONAL, INC.;)
CONTINENTAL TELEPHONE, LLC;)
HAMR COMMUNICATIONS, LLC;)
LOCUS TELECOMMUNICATIONS,)
INC.; PACIFIC TELECOM)
COMMUNICATIONS GROUP; PEND)
OREILLE VALLEY NETWORK, INC.;)
TELENATIONAL COMMUNICATIONS,)
INC.; TOTAL CALL)
INTERNATIONAL, INC.;)
WASHINGTON TELCO, LLC; WDT)
WORLD DISCOUNT)
TELECOMMUNICATIONS, CO.,)
Respondents.)

REVOCATION OF REGISTRATION HEARING
VOLUME I
PAGES 1 - 16

ADMINISTRATIVE LAW JUDGE RAYNE PEARSON

10:00 a.m.
NOVEMBER 9, 2016

Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive Southwest, Room 206
Olympia, Washington 98504-7250

REPORTED BY: Nancy M. Kottenstette, RPR, CCR 3377

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1 OLYMPIA, WASHINGTON; November 9, 2016
2 10:00 a.m.
3
4 JUDGE PEARSON: Good morning. Let's be
5 on the record in Docket UT-161082. It is 10:00 a.m.
6 on November 9, 2016, which is the time set for hearing
7 the Commission's complaint against 12
8 telecommunications companies seeking to revoke those
9 companies' registrations for failure to file annual
10 reports and pay regulatory fees.
11 My name is Rayne Pearson. I'm the
12 administrative law judge presiding over this
13 proceeding. Let's begin by taking appearances.
14 Commission Staff is the only party with me in the
15 hearing room today.
16 So, Mr. O'Connell, you may enter a brief
17 appearance when you're ready.
18 MR. O'CONNELL: Thank you, Your Honor.
19 My name is Andrew J. O'Connell, assistant attorney
20 general, representing Commission Staff. I'm joined to
21 my right by Mr. Sean Bennett who will be available to
22 testify on behalf of Staff.
23 JUDGE PEARSON: Okay. Thank you.
24 So before we go into the list of the companies
25 named in the complaint to see if any of them are

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1 appearing on the bridge line today, let's first
2 address whether any of the companies have come into
3 compliance since the complaint was served.
4 MR. O'CONNELL: Thank you, Your Honor.
5 Yes. Four of them have, and Staff would move to
6 dismiss against those four companies. The four
7 companies that have come into compliance since the
8 issuance of the complaint are Hamr Communications,
9 LLC; Washington Telco, LLC; WDT World Discount
10 Telecommunications Company.
11 And the fourth one actually has not come into
12 compliance but requested the cancellation of its
13 registration on its own, and the Commission at an open
14 meeting on October 27 granted that request. So it's
15 Staff's position that the Commission has already
16 resolved the registration as to that company and does
17 not believe the Commission needs to do so twice. So
18 it doesn't need to present or go forward against that
19 company in this proceeding. So Staff would dismiss or
20 recommend dismissing against that company.
21 JUDGE PEARSON: That's Total Call
22 International?
23 MR. O'CONNELL: And, yes, that company
24 is Total Call International, Inc.
25 JUDGE PEARSON: Okay. So, yes, I agree

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1 with you that because that registration has already
 2 been canceled by the Commission, then it's appropriate
 3 to dismiss the complaint with respect to that company.
 4 So I will grant Staff's motion to dismiss the
 5 complaint against Hamr Communications, LLC; Washington
 6 Telco, LLC; WDT World Discount; and Total Call
 7 International.
 8 MR. O'CONNELL: Thank you, Your Honor.
 9 JUDGE PEARSON: I will now take a roll
 10 call for the remaining companies named in the
 11 complaint to see if any of them are appearing on the
 12 bridge line, although I have not heard anyone access
 13 the bridge line this morning.
 14 The first is Angel Americas, LLC. Okay.
 15 Hearing nothing.
 16 Clear World Communications Corporation.
 17 Hearing nothing.
 18 Coast International, Inc. Hearing nothing.
 19 Continental Telephone, LLC. Hearing nothing.
 20 Locus Telecommunications, Inc. Hearing
 21 nothing.
 22 Pacific Telecom Communications Group. Hearing
 23 nothing.
 24 Pend Oreille Valley Network, Inc. Hearing
 25 nothing.

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1 Finally is Telenational Communications, Inc.
 2 Okay. Hearing nothing.
 3 We can proceed. So, Mr. O'Connell, go ahead
 4 when you're ready with a motion for default.
 5 MR. O'CONNELL: Thank you, Your Honor.
 6 So Staff intends to ask that the Commission
 7 find each of the companies that you just named in
 8 default. The companies were all listed in the
 9 complaint and were served by the Commission. The
 10 proof of service is on file in the records center and
 11 has been marked for identification in this case as
 12 Exhibit SB-1. Staff has a copy available here as
 13 well.
 14 According to this proof of service, the
 15 respondents were served by first-class mail and by
 16 certified mail at the addresses on file with the
 17 Commission. The service was valid under the
 18 Commission's service rule authorizing the Commission
 19 service notices, complaints, and orders by mail
 20 properly addressed with first-class postage prepaid.
 21 With that, Staff offers Exhibit SB-1, the proof of
 22 service.
 23 JUDGE PEARSON: Okay. Thank you. I
 24 will admit that and mark it as Exhibit SB-1.
 25 MR. O'CONNELL: Thank you. So at this

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1 time Staff asks the Commission to find these
 2 respondents in default and proceed with the hearing
 3 and dispose of the substantive issues.
 4 JUDGE PEARSON: Okay. The companies
 5 that will be held in default are Angel Americas, LLC;
 6 Clear World Communications Corporation; Coast
 7 International, Inc.; Continental Telephone, LLC; Locus
 8 Telecommunications, Inc.; Pacific Telecom
 9 Communications Group; Pend Oreille Valley Network,
 10 Inc.; and Telenational Communications; Inc.
 11 Those companies have not come into compliance
 12 and also have not made an appearance here today, so
 13 they will be held in default.
 14 And before we move on and I swear in
 15 Mr. Bennett so he can testify, would you like to move
 16 to admit the other exhibits for the companies that
 17 we -- for which we dismissed the complaint?
 18 MR. O'CONNELL: Yes, Your Honor.
 19 The motion to dismiss has already been
 20 granted, and Staff would offer Exhibits SB-2, SB-3,
 21 and SB-4 in support of that dismissal. SB-2 is the
 22 annual report for Hamr Communications. SB-3 is the
 23 annual report for Washington Telco, and SB-4 is a copy
 24 of the letter requesting cancellation submitted to the
 25 Commission by Total Call International.

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1 There is not an exhibit in support of the
 2 motion to dismiss WDT World Discount
 3 Telecommunications Company because that company
 4 already submitted an annual report. They needed to
 5 file -- or submit their annual regulatory fee. And
 6 Staff is prepared to offer testimony regarding the
 7 submission of that regulatory fee.
 8 JUDGE PEARSON: Okay. That's okay.
 9 I'll take you at your word. And with respect to
 10 Exhibits SB-2 through SB-4, I will just take official
 11 notice of those since they are already Commission
 12 records, and I don't like to create duplicate records
 13 if I can avoid that.
 14 MR. O'CONNELL: I believe that's
 15 appropriate, Your Honor.
 16 JUDGE PEARSON: Okay. Thank you.
 17 So if at this point I can swear Mr. Bennett in
 18 so he can testify with respect to the companies that
 19 have been held in default.
 20
 21 SEAN BENNETT, witness herein, having been
 22 first duly sworn on oath,
 23 was examined and testified
 24 as follows:
 25

<p style="text-align: right;">EXAMINATION BY O'CONNELL / BENNETT 9</p> <p>1 JUDGE PEARSON: Go ahead when you're 2 ready, Mr. O'Connell. 3 MR. O'CONNELL: Thank you, your Honor. 4 EXAMINATION 5 BY MR. O'CONNELL: 6 Q Would you please state your name and spell it 7 for the record. 8 A Sean Bennett, S-E-A-N, B-E-N-N-E-T-T. 9 Q And what is your occupation? 10 A I'm a regulatory analyst within the financial 11 services here at the Utilities and Transportation 12 Commission. 13 Q And how long have you been employed by the 14 Commission? 15 A I've been here since March of this year. 16 Q What are your duties? 17 A I track and process the annual report -- the 18 annual report process. Additionally, I investigate 19 whether companies have complied by providing their 20 annual reports and regulatory fees as required by 21 statute and Commission rule. 22 Q And is that how you're involved in this 23 matter? 24 A It is. 25 Q Can you please explain what Commission Staff</p>	<p style="text-align: right;">EXAMINATION BY O'CONNELL / BENNETT 11</p> <p>1 database advising them that the annual report/annual 2 regulatory fees were not provided. Additionally, on 3 August 9, I mailed notices of noncompliance, once 4 again, informing them that annual reports were missing 5 or incomplete, regulatory fees were not provided, and 6 that we may potentially look to cancel their 7 registration. 8 Q So regarding the remaining eight companies who 9 have failed to come into compliance since the filing 10 of this complaint, will you please explain Staff's 11 recommendation regarding these companies? 12 A Yes. These companies have not completed an 13 annual report and/or paid their regulatory fees. It 14 is Staff's recommendation that their certificates be 15 revoked. There is one company, Pend Oreille Valley 16 Network, Incorporated, that has paid their regulatory 17 fees. They did provide an annual report. However, 18 the annual report was incomplete. 19 As a requirement, telecommunication companies 20 are required to provide an income statement. The 21 income statement they provided listed revenue whereas 22 their total company, total Washington and interstate 23 revenue on the annual report, was blank. As there was 24 a discrepancy, it made me have a concern that maybe if 25 there's that inconsistency, the Washington interstate</p>
<p style="text-align: right;">EXAMINATION BY O'CONNELL / BENNETT 10</p> <p>1 did this year regarding annual reports and regulatory 2 fees? 3 A Yeah. In February, my predecessor requested 4 that the company information be populated from our 5 company database into the Annual Report Tracking 6 System, also known as ARTS. We use this system to 7 mail out annual reports as a courtesy to all regulated 8 companies. That was done on February 29. 9 The due date for the annual reports is May 1, 10 and that is indicated on the instruction page. It 11 also does spell out the companies can file for an 12 extension. None of these companies have done so. 13 This year all annual reports and regulatory fees were 14 due on May 2 as May 1 was a weekend. None of these 15 companies have filed at that time. 16 I then used the ARTS system to generate a 17 noncompliance list that we then used to issue penalty 18 assessments advising companies that they are still not 19 in compliance. Again, a lot of companies do provide 20 either annual reports and regulatory fees. However, 21 these companies have not. 22 At that point, it then became early August, 23 and the companies still had not filed their annual 24 report and regulatory fees. So I reached out via 25 e-mail to all of the e-mails listed in our company</p>	<p style="text-align: right;">EXAMINATION BY PEARSON / BENNETT 12</p> <p>1 revenue is incomplete as well. 2 I did reach out to them, as I mentioned 3 earlier, with the e-mail in early August and the 4 notice of compliance on August 9 advising them that 5 they still had an incomplete annual report. 6 Q And have they responded to your request for 7 that information that would complete their annual 8 report? 9 A They have not. 10 Q So is it your recommendation that the 11 Commission proceed to revoke their registration? 12 A It is. 13 MR. O'CONNELL: I have no further 14 questions for Mr. Bennett, Your Honor. 15 JUDGE PEARSON: Okay. Thank you. So 16 before we finish up today, I do have a couple of 17 questions for you, Mr. Bennett. 18 EXAMINATION 19 BY JUDGE PEARSON: 20 Q Hamr Communications, can you tell me what date 21 they filed their annual report and whether there was 22 any regulatory fee due? 23 A There was a regulatory fee due of \$150. Hamr 24 Communications initially provided their annual report 25 on October 7, and they completed it on October 10.</p>

EXAMINATION BY PEARSON / BENNETT 13

1 Q Did they pay their reg fee on the 7th as well?
 2 **A I do not have that in front of me. I do have**
 3 **it that they paid their regulatory fee; however, I**
 4 **don't know the date.**
 5 Q What about Washington Telco, what date did
 6 they file, and did they have a regulatory fee due?
 7 **A They did have a regulatory fee due also of**
 8 **\$150. Their annual report became complete on -- I**
 9 **apologize, Your Honor.**
 10 Q It's okay. I apologize. I think I'm
 11 operating under the old telco rules where sometimes
 12 they weren't required to pay regulatory fees. But
 13 they all pay one now; is that correct?
 14 **A That is correct, Your Honor.**
 15 Q I'll stop asking that question.
 16 **A Yeah, all telecommunication companies are**
 17 **required to pay a minimum regulatory fee of \$150.**
 18 **Washington Telco provided their complete annual report**
 19 **on October 6, and they paid a regulatory fee of \$150.**
 20 Q Okay. And how about WDT, what date did they
 21 file?
 22 **A WDT actually filed their annual report on**
 23 **October 5, and I believe they paid the regulatory fee**
 24 **on October 24.**
 25 **JUDGE PEARSON: Okay. Great. Thank**

EXAMINATION BY PEARSON / BENNETT 15

1 **providing it. I reviewed our revenue system, and no**
 2 **additional payments have been made.**
 3 MR. O'CONNELL: Thank you. That's all
 4 I have.
 5 E X A M I N A T I O N
 6 BY JUDGE PEARSON:
 7 Q Do you still use the ARTS database?
 8 **A We do, yes.**
 9 Q And you checked that?
 10 **A I did as well, Your Honor.**
 11 **JUDGE PEARSON: Okay. Thank you.**
 12 **That's all I have. You as well?**
 13 MR. O'CONNELL: Yes. I have nothing
 14 further. Thank you, Your Honor.
 15 JUDGE PEARSON: Then we are adjourned.
 16 (The proceedings concluded at
 17 10:15 a.m.)
 18 * * * * *
 19
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EXAMINATION BY O'CONNELL / BENNETT 14

1 **you. Those are my only questions.**
 2 **So I will issue an order in this docket**
 3 **reflecting that eight companies were held in default**
 4 **for failing to appear today. Is that the correct**
 5 **number? Eight?**
 6 MR. O'CONNELL: Yes, Your Honor.
 7 JUDGE PEARSON: I just wanted to check.
 8 The record supports not only holding those companies
 9 in default, but also revoking their telecommunications
 10 registrations. Is there anything else before we go
 11 off the record?
 12 THE WITNESS: Thank you, Your Honor.
 13 MR. O'CONNELL: There is one more thing
 14 if I may ask one more question.
 15 JUDGE PEARSON: Sure.
 16 E X A M I N A T I O N
 17 BY MR. O'CONNELL:
 18 Q Mr. Bennett, did you follow up today to check
 19 and see if any of these companies had this morning
 20 submitted an annual report or regulatory fee?
 21 **A I did. I reviewed our e-filing system and did**
 22 **a search for each company. No new companies have**
 23 **filed their annual reports, nor did they send it in**
 24 **the mail. I did check with the mail room, and I**
 25 **checked our fax, which is the other acceptable way of**

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C E R T I F I C A T E

2
 3 STATE OF WASHINGTON
 4 COUNTY OF KING
 5
 6 I, Nancy M. Kottenstette, a Certified
 7 Shorthand Reporter in and for the State of Washington,
 8 do hereby certify that the foregoing transcript of the
 9 proceedings on November 9, 2016, is true and accurate
 10 to the best of my knowledge, skill, and ability.
 11 I do further certify that I am a disinterested
 12 person in this cause of action; that I am not a
 13 relative of the attorneys for any of the parties.
 14 IN WITNESS WHEREOF, I have hereunto set my
 15 hand and seal this 21st day of November, 2016.
 16
 17
 18
 19
 20
 21
 22
 23
 24
 25

 Nancy M. Kottenstette, RPR, CCR