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BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PETITION FOR WAIVER OF WAC 480-120-081; RCW 80.36.410--80.36.475; WAC 480-120-083; and WAC 480-122-020

Docket No. UT- 030867

BG ENTERPRISES, INC., d/b/a GRIZZLY
TELEPHONE'S ADDITIONAL COMMENTS

In response to Commission's requests for additional comments during the open meeting on June 11, 2003, Grizzly submits the following:

The WUTC Commission asked what would be the response of Grizzly Telephone to the ruling as it stands.

Response:

Grizzly Telephone is a small company with very limited resources. The Company's business model is based on providing telephone service to a market that the incumbent Telephone Companies would not serve. The company is often a provider of last resort for severely credit challenged individuals whose payment histories preclude service from the ILECs.

Because of Grizzly's size, it does not own its own facilities. As a result, its costs are considerably higher than the ILECs. To compound matters the company is not a well known carrier in the market. In contrast with the ILECs, this requires it to pay a large percentage of its revenue to advertise.

Our customer base is made up of three types of customers:

1. Those persons who have had a bad experience with the incumbent carrier and no longer wish to do business with that carrier.

2. Those that the incumbent carrier will serve because they have a past due bill.
3. Those with no credit or poor credit who must pay a sizable down payment with the local carrier to get telephone service.

Grizzly does not charge for installation and it provides service statewide for \$49.99, which includes tax. The company does not require a deposit. To minimize its risk of nonpayment, the company requires its customers to pay in advance. In addition, the company places a long distance block on the line to limit their and our exposure.

Grizzly operated on this business model for 3 years in the State of Washington. The company would like to have continued to do so. Last summer, the WUTC forced a change in the way the company did business. Although it was unaware of the requirement, in July of 2002, WUTC staff brought action against Grizzly for, among other things, not participating as a WTAP provider. As part of its settlement with the agency, Grizzly paid a fine and agreed to begin providing services to WTAP eligible clients.

Grizzly did not wish to take advantage of the program. Rather, it was forced to provide services. As a result of its forced participation, 272 of its customers converted from full paying customers to WTAP customers. Grizzly never charged DSHS more than our standard rate for the service. In fact, although by statute, the company could charge for installation, it never did charge for installation.

In the hearing of June 9, 2003 various statements were made.

1. Why are some of the companies not getting reimbursement from the Federal Lifeline funds?

Response:

Grizzly does not get reimbursement because the federal government does not consider it to be an Eligible Telecommunications Carrier (ETC). Grizzly applied for and was granted such status by the WUTC. But Grizzly applied to Lifeline for the credits it was denied. Grizzly was told that as a reseller it could not be a true ETC. Shortly, thereafter, the WUTC revoked Grizzly's ETC status.

2. Why doesn't Grizzly lower its costs by purchasing UNE platform.

Response:

Our coverage area is statewide. However, the company does not have significant customers in any given exchange. As a result, the cost of purchasing or leasing switches would be prohibitive for Grizzly.

3. Why doesn't Grizzly take advantage of Qwest WTAP resale program.

Response:

This would provide Grizzly with a profit margin of 50 cents per customer. This is less than it costs to bill a customer once and considerably less than it costs to manage a customer. Additionally, Grizzly would remain responsible for the bill to Qwest whether the customer paid Grizzly or not. The DSHS proposal would reimburse Grizzly in an amount that is less than our cost for our customers. DSHS says it cannot operate in the red. Likewise, Grizzly, not being a philanthropic organization with deep pockets, cannot afford to provide telephone service at a loss to DSHS clients.

If Grizzly Telephone does not receive a WAIVER OF WAC 480-120-081; RCW 80.36.410--80.36.475; WAC 480-120-083 or if Grizzly is not reimbursed at its standard retail rate of \$49.99 per month then Grizzly Telephone must cease doing business in the State of Washington. If Grizzly quits doing business in the State of Washington, it must to abandon 230+ non-WTAP customers that have no alternative to the ILECs. As with our WTAP customers, Grizzly is the telephone company of last resort to most of our non-WTAP customers. Nearly one half of our customers are non-WTAP customers.

The concept behind the changes in the telephone laws in the last few years was to introduce competition into the market so that all the population can benefit. Forcing competitive companies out of business by making them provide service at a loss frustrates the intent of the law and is tantamount to supporting the previous monopoly status of the ILEC's. More importantly, it simply is not fair or just.

Grizzly would respectfully remind the commission that its duty is not just the clients of DSHS. Although, the WTAP program is a worthy program and provides a much needed service, not all residents of the State of Washington are clients of DSHS. If Grizzly and similar companies are forced out of the market many very citizens, WTAP and non-WTAP alike, will have little or no choice for their telephone service. In addition, if a Washington citizen does not have the resources to pay past due accounts that they owe the incumbent carrier or if they have a poor credit history the incumbent phone company will likely deny them telephone service.

For the reasons stated above, Grizzly respectfully requests the relief requested in the Petition.

RESPECTFULLY SUBMITTED this 13th day of June, 2003.

BG Enterprises, Inc.(a Montana Corporation)
d/b/a Grizzly Telephone

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CERTIFICATE OF SERVICE

The undersigned hereby certifies that a true and correct copy of the foregoing comments were submitted electronically on June 13th, 2003:

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Thomas C. Orr