

EXHIBIT NO. _____ (PJE-1T)

October 20, 2005

DOCKET NO. UT-050606

WITNESS: PAUL J. EISENBERG

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

INLAND TELEPHONE COMPANY,

Respondent.

**DIRECT TESTIMONY OF PAUL J. EISENBERG
ON BEHALF OF SUNCADIA, LLC**

OCTOBER 20, 2005

1 1992 to 1996: Director of Construction Broken Top, Inc.

2 1981 to 1991: President, Dant Development Corporation, Portland, Oregon.

3 1976 to 1981: Assistant Manager Real Estate and Mortgage Loan Department, Standard
4 Insurance Company, Portland, Oregon.

5 **Q: What are your responsibilities as the Senior Vice President of Suncadia, LLC?**

6 A: My responsibilities include master planning, programming, design, construction, development
7 and land use. Significant projects include neighborhood plans, infrastructure planning,
8 Prospector Golf Course, Suncadia Inn, Regional Waste Water Plant, Design Review
9 Committee, telecommunications infrastructure planning, project development, including the
10 village, sports club, village amenities including lake, ice skating rink, and retail.

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12 **II. PURPOSE AND CONCLUSIONS OF TESTIMONY**

13 **Q: What is the purpose of your testimony?**

14 A: My testimony is to give background information on negotiations between Suncadia and Inland
15 Telephone Company ("Inland"), and to address Suncadia's position with respect to Inland's
16 proposal to eliminate the Suncadia Resort from Inland's service territory.

17 **Q: What is the primary conclusion to be drawn from your testimony?**

18 A: Based on the contractual undertaking made by Inland to Suncadia, Suncadia supports the
19 request of Inland to change its service territory to exclude the Suncadia Resort property.

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21 **III. BACKGROUND OF NEGOTIATIONS BETWEEN SUNCADIA AND INLAND**

22 **Q: Please provide an overview of the relationship between Suncadia and Inland.**

23 A: In 2003 and early 2004, Inland appeared to be the most likely provider for telecommunication
24 services for the Suncadia Resort. Representatives of Suncadia and Inland met several times to
25 discuss Inland's ability to provide telecommunication services to the Suncadia Resort. In the
26 course of discussions, Suncadia learned that Inland serves a relatively small population of about
27 1,000 connections in comparison with the potential service needs of the Suncadia Resort. The
28 Suncadia Resort may ultimately include 2,800 single-family dwellings, a hotel, and resort

1 commercial businesses, for a total of about 4,000 connections. These facts and the lack of
2 responsiveness by Inland in the initial meetings raised serious concerns with Suncadia about
3 Inland's technical and financial ability to provide the high-end products Suncadia envisioned
4 for the Suncadia Resort. After several meetings, Suncadia became convinced that it should
5 begin negotiations with alternative telecommunication service providers other than Inland.

6 **Q: What action has Suncadia taken to locate an alternative service provider to serve the**
7 **Suncadia Resort?**

8 A: In or about June 2004, Suncadia began research on alternative telecommunications service
9 providers. Suncadia had talks with several prospective providers, including but not limited to
10 Quest, Charter and Sprint.

11 **Q: What telecommunications facilities has Inland installed on Suncadia property?**

12 A: Around February 2004, a 100 pair of cable was pulled by Inland, and 50 pairs of that cable were
13 terminated at the MDF in the Suncadia Discovery Center. At that time, a fractional T-1 (16
14 channels) was ordered, plus a few analog trunks for security monitoring and fax machines.

15 **Q: What was Suncadia's plan until it could contract with an alternative service provider?**

16 A: Suncadia realized that Inland would be its only option until an alternative solution could be
17 developed. Therefore, when Suncadia's turf care facility and temporary Prospector Pro Shop
18 were to open, Suncadia requested service to those facilities from Inland.

19 **Q: What was Inland's response to this request?**

20 A: In response, on or about June 18, 2004, Inland presented its "standard" form of utility easement
21 agreement for signature by Suncadia as a condition for Inland to pull any additional cables. A
22 copy of this form is attached as Exhibit PJE-2.

23 **Q: Did Suncadia have concerns about the form of easement Inland requested?**

24 A: Yes, Suncadia believes the language of the proposed Inland easement was overly broad, and it
25 did not include important safeguards for Suncadia for items such as esthetics. In addition, the
26 proposed Inland easement would be perpetual. Suncadia asked to negotiate terms of the
27 easement but Inland refused to consider any changes to the document. As a result, Suncadia
28 decided not to sign Inland's requested form of easement.

1 **Q: How did talks between Suncadia and Inland progress after that?**

2 A: Following Suncadia's decision not to sign the form of utility easement agreement submitted by
3 Inland, talks between Suncadia and Inland stalemated. However, Suncadia again contacted
4 Inland in early 2005 and a meeting was held on February 4, 2005 to determine if Inland would
5 be a viable provider for the telecommunications systems envisioned by Suncadia for the
6 Suncadia Resort. At that meeting, Suncadia presented its revised service requirements for the
7 Suncadia Resort which included the fact that Suncadia was willing to install and pay for
8 portions of the infrastructure than would have been Inland's responsibility under prior
9 discussions, thereby reducing Inland's required capital investment.

10 **Q: What happened after this meeting?**

11 A: Following this meeting, on February 15, 2005, Suncadia received a letter from Inland stating
12 that after reviewing Suncadia's new requirements, Inland's Board of Directors had decided not
13 to make a proposal to provide telecommunications services to Suncadia. A copy of this letter is
14 attached as Exhibit PJE-3.

15 **Q: What did Suncadia do then?**

16 A: As a work around, Suncadia approached Jeff Zuckerman, Vice President with Vector
17 Resources, Suncadia's telecommunications infrastructure engineering firm. Mr. Zuckerman
18 recommended a VOIP solution to be installed in the Suncadia Discovery Center, and service
19 extended via fiber optic cable to the two facilities Suncadia wished to occupy. This approach
20 was successful and represented Suncadia's first telecommunications cabling at the Suncadia
21 Resort.

22 **Q: Has Suncadia identified a telecommunication service provider to the Suncadia Resort?**

23 A: Following negotiations with several alternative providers, Suncadia has identified Intelligent
24 Community Services ("ICS") as a likely candidate to provide the desired telecommunication
25 services.

26 **Q: What is the current status of negotiations between Suncadia and ICS?**

27 A: In May 2005, Suncadia and ICS entered into a Memorandum of Understanding outlining the
28 telecommunication services desired by Suncadia, and the responsibilities of Suncadia and ICS

1 with respect to the proposed telecommunications system for the Suncadia Resort. The parties
2 are now negotiating a definitive contract. No definitive telecommunications contract has been
3 executed between Suncadia and ICS as of the date of this Testimony.

4 **Q: Does Suncadia have an agreement with Inland for continued provision of services in the**
5 **event the Suncadia Resort property is removed from Inland's service territory?**

6 A: Yes, in May 2005, after Suncadia became aware of Inland's filing to exclude the Suncadia
7 Resort property from the Inland service territory, Suncadia and Inland conducted negotiations to
8 insure that service from the existing Inland facilities would continue to be available to serve
9 Suncadia and the Suncadia Resort for as long as needed. The outcome of these negotiations
10 was execution of a Telecommunication Service Agreement dated as of June 1, 2005 between
11 Suncadia and Inland. A copy of this Agreement is attached as Exhibit PJE-4. It provides,
12 among other things, for: (1) continuation of present services provided by Inland to Suncadia;
13 (2) the provision of additional services to the Suncadia Resort using Inland's existing facilities;
14 (3) Inland's consideration of requests for traffic exchange agreement with Suncadia's
15 alternative service providers; and (4) a right-of-entry for Inland to service its existing equipment
16 on Suncadia's property. A copy of the Right of Entry is attached as Exhibit PJE-5.

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18 **IV. SUNCADIA'S CONCLUSION**

19 **Q: Based on your testimony, has Suncadia concluded that it may support Inland's request**
20 **for removing the Suncadia Resort area from Inland's service territory?**

21 A: Yes, based on the contractual undertaking made by Inland in the Telecommunication Service
22 Agreement between Suncadia and Inland dated June 1, 2005, Suncadia has reached that
23 conclusion.

24 **Q: Does this conclude your testimony?**

25 A: Yes, it does.
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CERTIFICATE OF SERVICE

I hereby certify that I have this day served this document upon all parties of record in this proceeding, by UPS and electronic mail.

DAIED at Seattle, Washington, this 20th day of October, 2005.



Marie V. Stanescu

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