

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

GRASSHOPPER GROUP, LLC,

Respondent.

DOCKET UT-132153

NARRATIVE SUPPORTING  
SETTLEMENT AGREEMENT

**I. INTRODUCTION**

1 This Narrative Supporting Settlement Agreement (Narrative) is filed pursuant to Washington Administrative Code (WAC) 480-07-740(2)(a) on behalf of both Grasshopper Group, LLC (Grasshopper or Company), and the Staff of the Washington Utilities and Transportation Commission (Staff) (collectively, the Parties). Both parties have signed the settlement agreement (Agreement), rendering it a “full settlement” pursuant to WAC 480-07-730(1). The Agreement is being filed concurrently with this Narrative. This Narrative summarizes the Agreement but is not intended to modify any terms of the Agreement

**II. PROPOSALS FOR REVIEW PROCEDURE**

2 The Parties submit that this matter is considerably less complex than a general rate proceeding and request that review proceed on a timetable for less complex matters, as

provided in WAC 480-07-740(1)(b). To the knowledge of both parties, there are no opponents of the settlement. Because of the less complex nature of this matter and the uncontested status of the settlement, the Parties concur that a formal settlement hearing and the opportunity for public comment are unnecessary in this case.

3           The Parties do not intend to file documentation supporting the Agreement, with the exception of the Agreement itself and this Narrative. If the Commission requires supporting documents beyond the Agreement, Narrative, and the other documents on file in this docket, the Parties will provide documentation as needed.

4           In keeping with WAC 480-07-740(2)(b), the Parties are prepared to present one or more witnesses each to testify in support of the proposal and answer questions concerning the Agreement's details, and its costs and benefits, should such testimony be required. In addition, representatives of both Parties are available to respond to any questions regarding the proposed settlement that the Commission may have.

5           The Parties request a streamlined review of the proposed settlement. To that end, the Parties would prefer an informal review on a paper record. In accordance with WAC 480-07-730, the Parties propose the foregoing procedural alternatives for review of the proposed settlement agreement.

### **III.   SCOPE OF THE UNDERLYING DISPUTE**

6           The underlying dispute concerns a Complaint issued by the Commission against Grasshopper on April 16, 2014, seeking to impose penalties for violations of RCW 80.04.080 and WAC 480-120-382 relating to the Company's filing of an inaccurate 2012 Annual Report.

7           The Commission held a prehearing conference on May 18, 2014. Subsequently, the  
Parties negotiated and reached a full settlement of the dispute.

#### **IV.    DESCRIPTION OF PROPOSED SETTLEMENT**

8           The settlement agreement resolves all of the issues in dispute. Grasshopper  
acknowledges a violation of the Commission's annual reporting requirements. The  
Agreement also provides for a penalty of \$30,300, with \$20,200 suspended and subject to  
waiver on the condition that Grasshopper complies with the Commission's annual reporting  
requirements for the next two years or cancels or withdraws its registration. The remaining  
penalty of \$10,100 becomes due and payable within 30 days of the issuance of a final order  
on this matter.

#### **V.    STATEMENT OF PARTIES' INTERESTS AND THE PUBLIC INTEREST**

9           As stated in the Agreement, the settlement represents a compromise of the positions  
of the Parties. The Parties find it is in their best interests to avoid the expense,  
inconvenience, uncertainty, and delay inherent with a litigated outcome. Likewise, it is in  
the public interest that this dispute conclude without the further expenditure of public  
resources on litigation expenses. Finally, Staff is satisfied that the settlement is consistent  
with its efforts to ensure compliance with annual reporting requirements and regulation in  
the public interest. The penalty and suspended penalty in this settlement recognize the  
seriousness around public service companies' annual reporting obligations as well as  
provide a financial incentive for future compliance.

10 Grasshopper is currently registered with the Commission as a competitively classified telecommunications company and has committed to complying with applicable rules, including the obligation to provide timely and accurate annual reports to the Commission by May 1 of each year. If Commission finds that Grasshopper has filed an inaccurate report or failed to file an annual report within the two year time period, Staff reserves the right to impose the suspended \$20,200 fine on the Company. If Grasshopper withdraws or cancels its registration during the two year time period, the suspended portion of the penalty will be waived.

#### **VI. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT**

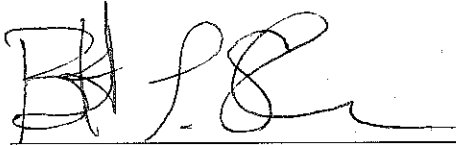
11 In WAC 480-07-700, the Commission states its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The Parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, is consistent with the public interest.

#### **VII. CONCLUSION**

12 Because the Parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, the Parties request that the Commission issue an order approving the Agreement in full.

Respectfully submitted this 16<sup>th</sup> of June 2014.

ROBERT W. FERGUSON  
Attorney General



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Assistant Attorney General  
Counsel for the Washington Utilities and  
Transportation Commission

GRASSHOPPER GROUP, LLC



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Michael P. Donahue  
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