0001

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2 COMMISSION

3 WASHINGTON UTILITIES AND )

TRANSPORTATION COMMISSION, )

4 )

Complainant, )

5 )

vs. ) DOCKET NO. UT-091666

6 ) Volume I

ADVANCED TEL, INC., AIR SPEED, ) Pages 1 - 23

7 LLC, AIRNEX COMMUNICATIONS, INC.,)

CLERTECH.COM, DIGITLINE EXPRESS, )

8 LLC, EMAN NETWORKS, FOX )

COMMUNICATION, LLC, GLOBAL )

9 TELECOM & TECHNOLOGY AMERICAS, )

INC., GLOBETEL, INC., GTC )

10 TELECOM CORP., LSSI DATA )

CORPORATION, MOMENTUM TELECOM, )

11 INC., QUALITY TELEPHONE, INC., )

V-GLOBAL COMMUNICATIONS, INC., )

12 AND WTI, LLC, )

13 Respondents. )

---------------------------------

14

15

A hearing in the above matter was held on

16

February 1, 2010, at 1:05 p.m., at 1300 South Evergreen

17

Park Drive Southwest, Olympia, Washington, before

18

Administrative Law Judge MARGUERITE FRIEDLANDER.

19

20

The parties were present as follows:

21

WASHINGTON UTILITIES AND TRANSPORTATION

22 COMMISSION, by MICHAEL FASSIO, Assistant Attorney

General, 1400 South Evergreen Park Drive Southwest,

23 Post Office Box 40128, Olympia, Washington 98504;

telephone, (360) 664-1192.

24

Kathryn T. Wilson, CCR

25 Court Reporter

0002

1 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2 INDEX OF EXHIBITS

3 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4 EXHIBIT: OFFERED: ADMITTED:

5

6 1 14, 23 23

7 2 23 23

8 3 23 23

9 4 23 23

10 5 23 23

11 6 23 23

12

13

14

15

16

17

18

19

20

21

22

23

24

25

0003

1 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

2 INDEX OF WITNESSES

3 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

4 WITNESS: PAGE:

5

6 SHERI HOYT

7

8 Direct examination by Mr. Fassio: 7

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

0004

1 P R O C E E D I N G S

2 JUDGE FRIEDLANDER: Let's go on the record.

3 It is approximately one o'clock in the afternoon on

4 February 1st, 2010, in the Commission's hearing room in

5 Olympia, Washington. This is the time and place set

6 for a hearing in the Commission complaint and order to

7 show cause against Advanced Tel, Inc.; Air Speed, LLC;

8 Airnex Communications, Inc.; Clertech.com; Digitline

9 Express, LLC; Eman Networks; Fox Communication, LLC;

10 Global Telecom & Technology Americas, Inc; Globetel,

11 Inc.; GTC Telecom Corp.; LSSI Data Corporation;

12 Momentum Telecom, Inc.; Quality Telephone, Inc.;

13 V-Global Communications, Inc., and WTI, LLC, which is

14 Docket UT-091666. The Complaint alleges violations of

15 the Commission's regulations and statutes dealing with

16 annual reporting and regulatory assessment fees.

17 I'm Marguerite Friedlander, and I'm the

18 administrative law judge presiding over this matter.

19 This proceeding began when this commission issued a

20 Complaint and Order to show cause why the

21 aforementioned companies should not have their permits

22 for failure to pay regulatory fees and/or failure to

23 file 2008 annual reports on November 24th, 2009.

24 Notice of the hearing today was included in the

25 Complaint and sent to all the companies.

0005

1 My intention today is to take appearances,

2 address any preliminary matters that may have come up,

3 and swear any witnesses in for today's hearing, and we

4 will do full appearances with name, spelling of the

5 last name, business address, telephone number, fax

6 number, and e-mail address. So let's begin with Staff.

7 MR. FASSIO: Michael Fassio, F-a-s-s-i-o,

8 assistant attorney general on behalf of Commission

9 staff. My address is 1400 South Evergreen Park Drive

10 Southwest, PO Box 40128, Olympia, Washington,

11 98504-7250. My telephone number is (360) 664-1192; fax

12 number, (360) 586-5522, and e-mail address is

13 mfassio@utc.wa.gov.

14 JUDGE FRIEDLANDER: Appearing on behalf

15 of Advanced Telecom, Inc.? Let the record reflect

16 there is no response. Appearing on behalf of Air

17 Speed, LLC? Let the record reflect there is no

18 response. Airnex Communications, Inc.? Let the record

19 reflect there is no response. Clertech.com? Let the

20 record reflect there is no response. Digitline

21 Express, LLC? Let the record reflect there is no

22 response. Eman Networks? Let the record reflect there

23 is no response. Fox Communication, LLC? Let the

24 record reflect there is no response. Global Telecom

25 and Technology Americas, Inc.? Let the record reflect

0006

1 there is no response. Globetel, Inc.? Let the record

2 reflect there is no response. GTC Telecom Corp.? Let

3 the record reflect there is no response. LSSI Data

4 Corporation? Let the record reflect there is no

5 response. Momentum Telecom, Inc.? Let the record

6 reflect there is no response. Quality Telephone, Inc.?

7 Let the record reflect there is no response. V-Global

8 Communications, Inc.? Let the record reflect there is

9 no response, and WTI, LLC? Let the record reflect

10 there is no response. Counsel, did I forget any of

11 those?

12 MR. FASSIO: I think you got them all.

13 JUDGE FRIEDLANDER: Okay, then. I guess at

14 this point, is there anyone on the bridge line or in

15 person who would like to enter an appearance or

16 identify themselves? Again, we have no response.

17 Mr. Fassio, have any of the companies come into

18 compliance since the original Complaint was filed?

19 MR. FASSIO: They have, Your Honor, and Staff

20 would like to make a motion to dismiss five companies

21 from this complaint who have filed their annual reports

22 and their regulatory fee sheets as of this morning with

23 the Commission. The five companies are, Air Speed,

24 Incorporated; Digitline Express, LLC; Eman Networks;

25 LSSI Data Corporation, and Quality Telephone,

0007

1 Incorporated.

2 Staff would like to enter evidence of

3 compliance on behalf of Staff through Sheri Hoyt after

4 she is sworn in.

5 JUDGE FRIEDLANDER: Are there any procedural

6 matters we need to deal with before we get into the

7 witness testimony?

8 MR. FASSIO: Yes, Your Honor. Staff would

9 like to move for default against all the remaining

10 Respondents for failure to appear at this hearing under

11 the authority of RCW 34.05.440 and WAC 480-07-450, and

12 Staff further requests under these authorities that the

13 Commission proceed with the hearing and dispose of the

14 substantive issues.

15 JUDGE FRIEDLANDER: Thank you. Why don't we

16 go ahead and swear in your witness at this time then.

17

18 Whereupon,

19 SHERI HOYT,

20 having been first duly sworn, was called as a witness

21 herein and was examined and testified as follows:

22

23 DIRECT EXAMINATION

24 BY MR. FASSIO:

25 Q. Good morning.

0008

1 A. Good morning.

2 Q. Can you please state and spell your first and

3 last name for the record?

4 A. My name is Sheri Hoyt, S-h-e-r-i, H-o-y-t.

5 Q. Who is your employer?

6 A. Washington Utilities and Transportation

7 Commission.

8 Q. What is your position with the Commission?

9 A. I'm a compliance investigator.

10 Q. How long have you held this position?

11 A. About six years.

12 Q. Can you please describe your duties as they

13 relate to this case?

14 A. I investigate the business practices of

15 regulated utility and transportation companies. In

16 particular, I'm responsible for investigating and

17 tracking annual report filings.

18 Q. What statutes or rules do you understand to

19 be at issue in this proceeding?

20 A. There are three. RCW 80.04.080, which

21 requires each public service company to file an annual

22 report with the Commission; RCW 80.24.010, which

23 requires each public service company to pay an annual

24 regulatory fee, and WAC 480-120-382, which requires

25 competitively classified telecommunications companies

0009

1 to submit annual reports and pay regulatory fees to the

2 Commission no later than May 1.

3 Q. In your understanding, is it possible under

4 this rule that telecom communications companies might

5 owe no regulatory fees?

6 A. It is possible. There is a minimum threshold

7 of twenty-dollar regulatory fee, and it's waived for

8 companies having a gross intrastate revenue less than

9 twenty thousand.

10 Q. The telecommunications company if they also

11 file an annual report, does the Commission know if any

12 regulatory fees are due?

13 A. No, we wouldn't know.

14 Q. Are you familiar with any of the companies

15 named in this proceeding?

16 A. I'm familiar with them all.

17 Q. I would like to ask you about each respondent

18 separately, but first, can you generally describe how

19 you are familiar with the companies in this proceeding?

20 A. The financial services staff gives me a list

21 of all delinquent companies every year, and we go

22 through a process where we notify the companies that

23 they are delinquent, and we penalize them if they

24 haven't filed timely, and finally, we get to this

25 process where we cancel their registrations for failure

0010

1 to file.

2 Q. To your knowledge, have any of the companies

3 that are named in this proceeding filed annual reports

4 or paid regulatory fees since the Commission filed the

5 Complaint?

6 A. There are five companies that have come into

7 compliance since the Complaint was issued.

8 Q. How did you determine that such filings were

9 made?

10 A. I checked the Commission's Annual Report

11 Tracking System, or ARTS, and all five have entered

12 annual reports.

13 Q. When is the last time you checked ARTS?

14 A. Late this morning.

15 Q. I have a couple of questions for you

16 regarding service. Was the Complaint mailed out to

17 each company via certified mail and regular mail?

18 A. It was.

19 Q. Were they sent to the addresses on record

20 with the Commission?

21 A. They were.

22 Q. Was the Complaint mailed out to some

23 companies at any additional addresses different from

24 those that are on file?

25 A. There were three companies when the original

0011

1 mailings came back for multiple reasons. I did

2 additional reasons for Digitline Express, Globetel,

3 Inc., and GTC Telecom. They had received recent

4 penalty assessments, and they were also returned by the

5 postal service. So in additional research, I intended

6 to locate current mailing addresses, and they

7 identified additional addresses for the companies.

8 Q. For those three companies?

9 A. For the three companies.

10 Q. Were any of the certified mailings returned

11 as undelivered?

12 A. Well, Digitline actually came into

13 compliance. Globetel came back, the certified card

14 came back signed to the second address that it was

15 mailed to. The first ones were addressed and returned

16 to the address of record. They came back moved,

17 unknown, return to sender, and moved.

18 Q. Can you clarify which ones you are referring

19 to there?

20 A. Sure. The first class was moved, unknown,

21 return to sender, and the certified was returned, move.

22 Q. And you are speaking about Globetel?

23 A. Yes.

24 Q. Were any of the certified mailings for any of

25 the other companies returned?

0012

1 A. Yes. GTC Telecom, the certified mailing was

2 returned undeliverable as addressed. The first class

3 mailing was returned as undeliverable as addressed, and

4 a third certified mailing was returned unclaimed. In

5 additional research, I found no Web site for the

6 company, and the phone numbers of record ring a fast

7 busy.

8 Q. For GTC Telecom Corp?

9 A. Yes.

10 Q. Did you do any additional investigation after

11 the Complaint was served to determine if there was any

12 alternative mailing addresses?

13 A. Yes, and that's where I came up with an

14 additional address for Digitline Express, Globetel,

15 Inc., and GTC Telecom.

16 Q. Can you clarify for the record, were those

17 addresses sent with the original Complaint?

18 A. Oh, yes. They were sent recent exactly as

19 the first mailing would have been done but to the

20 second addresses that I found.

21 Q. With the original Complaint.

22 A. Absolutely.

23 Q. Now I will ask you about the individual

24 companies, and I will take them in the order they are

25 listed in the Complaint, which I believe is

0013

1 alphabetical.

2 Was one of the companies referred to you

3 Advanced Tel, Inc.?

4 A. Yes.

5 Q. Has Advanced Tel, Inc., filed a 2008 annual

6 report?

7 A. It has not.

8 Q. What is your recommendation to the Commission

9 regarding Advanced Tel, Inc.?

10 A. I recommend that the Commission revoke its

11 telecommunications registration.

12 Q. Was one of the companies referred to you Air

13 Speed, LLC?

14 A. It was.

15 Q. Has Air Speed, LLC, filed a 2008 annual

16 report?

17 A. It has.

18 Q. Can you please refer to what's been marked as

19 Exhibit No. 1?

20 A. (Witness complies.)

21 Q. Is Exhibit No. 1 a true and accurate copy of

22 Air Speed, LLC's 2008 annual report?

23 A. It is.

24 Q. When was Air Speed's annual report filed?

25 A. It was received by the Commission on January

0014

1 22 of 2010.

2 Q. Did Air Speed, LLC, owe any regulatory fees

3 for 2009?

4 A. It did not.

5 MR. FASSIO: At this time, I would like to

6 offer Exhibit No. 1 for admission into evidence.

7 JUDGE FRIEDLANDER: Do you want to wait until

8 we get through the exhibits to offer them for

9 admission, or do you want to go each one?

10 MR. FASSIO: I could do that if it would save

11 time.

12 JUDGE FRIEDLANDER: Okay; that's fine.

13 MR. FASSIO: So is Exhibit No. 1 admitted at

14 this time or are we going to wait?

15 JUDGE FRIEDLANDER: We will go ahead and

16 wait, if you don't mind.

17 Q. (By Mr. Fassio) What is your recommendation

18 regarding Air Speed, LLC?

19 A. That the Commission not cancel its

20 registration.

21 Q. Was one of the companies referred to you

22 Airnex Communications?

23 A. Yes.

24 Q. Did Airnex Communications file a 2008 annual

25 report?

0015

1 A. It did not.

2 Q. What is your recommendation regarding Airnex

3 Communications?

4 A. That the Commission cancel its registration.

5 Q. Was one of the companies referred to you

6 Clertech.com?

7 A. It is.

8 Q. Did Clertech.com file a 2008 annual report?

9 A. It did not.

10 Q. What is your recommendation regarding

11 Clertech.com?

12 A. That the Commission cancel its registration.

13 Q. Was one of the companies referred to you

14 Digitline Express, LLC?

15 A. Yes.

16 Q. Did Digitline Express, LLC, file a 2008

17 annual report?

18 A. It did. It was received by the Commission on

19 January 14th.

20 Q. I would like you to please refer to Exhibit

21 No. 2 that's marked as Exhibit No. 2. Is this a true

22 and accurate copy of Digitline's annual 2008 report?

23 A. It is.

24 Q. Does this exhibit reflect your earlier

25 testimony that it was received on January 14th?

0016

1 A. Yes.

2 Q. What is your recommendation to the Commission

3 regarding Digitline Express?

4 A. That the Commission not cancel its

5 registration.

6 Q. Was one of the companies referred to you Eman

7 Networks?

8 A. Yes.

9 Q. Has Eman Networks filed a 2008 annual report?

10 A. Yes, it has.

11 Q. Please refer now to the exhibit marked

12 Exhibit No. 3. Is Exhibit No. 3 a true and accurate

13 copy of Eman Networks' 2008 annual report?

14 A. It is.

15 Q. When was this report filed?

16 A. It was received this morning. However, it

17 appears that the date stamp has an error. It says

18 January 32. It was received this morning, February 1.

19 Q. Did Eman Networks owe any regulatory fees for

20 2009?

21 A. It did. It owed $581.93 including a two

22 percent penalty for paying late and one percent for

23 each month that it is beyond May.

24 Q. Has Eman Networks paid the regulatory fee?

25 A. It did.

0017

1 Q. Could you refer to what has been marked as

2 Exhibit No. 4?

3 A. (Witness complies.)

4 Q. Is Exhibit No. 4 a true and accurate copy of

5 the ARTS record for this carrier reflecting payment of

6 the 2009 regulatory fee and other associated fees?

7 A. Yes.

8 Q. What is your recommendation to the Commission

9 concerning this company?

10 A. That the Commission not cancel its

11 registration.

12 Q. Was one of the companies referred to you Fox

13 Communication, LLC?

14 A. It was.

15 Q. Has Fox Communication, LLC, filed a 2008

16 annual report?

17 A. It has not.

18 Q. What is your recommendation to the Commission

19 regarding Fox Communication, LLC?

20 A. That the Commission cancel its registration.

21 Q. Was one of the companies referred to you

22 Global Telecom and Technology Americas, Inc.?

23 A. It was.

24 Q. Has Global Telecom and Technology Americas,

25 Inc., filed a 2008 annual report?

0018

1 A. It has not.

2 Q. What is your recommendation regarding this

3 company?

4 A. That the Commission cancel its registration.

5 Q. Was one of the companies referred to you

6 Globetel, Inc.?

7 A. Yes.

8 Q. Has Globetel, Inc., filed a 2008 annual

9 report?

10 A. It has not.

11 Q. What is your recommendation to the Commission

12 regarding this company?

13 A. That the Commission cancel its registration.

14 Q. Was one of the companies in this proceeding

15 GTC Telecom Corporation?

16 A. Yes.

17 Q. Has GTC Telecom Corporation filed a 2008

18 annual report with the Commission?

19 A. It has not.

20 Q. What is your recommendation to the Commission

21 regarding this company?

22 A. That the Commission cancel its registration.

23 Q. Was one of the companies referred to you in

24 this proceeding LSSI Data Corporation?

25 A. Yes.

0019

1 Q. Has LSSI Data Corporation filed a 2008 annual

2 report?

3 A. It has.

4 Q. And when was that report filed?

5 A. It was received on January 25th, 2010.

6 Q. Did LSSI Data Corporation pay a 2009

7 regulatory fee?

8 A. No. A regulatory fee was not owed.

9 Q. I would like you to turn please to what has

10 been marked as Exhibit No 5.

11 A. (Witness complies.)

12 Q. Is Exhibit No. 5 a true and accurate copy of

13 LSSI Data Corporation's 2008 annual report?

14 A. Yes.

15 Q. What is your recommendation to the Commission

16 regarding this company?

17 A. That the Commission not cancel its

18 registration.

19 Q. Was one of the companies referred to you in

20 this proceeding Momentum Telecom, Incorporated?

21 A. Yes.

22 Q. Has Momentum Telecom filed a 2008 annual

23 report?

24 A. It has not.

25 Q. What is your recommendation to the Commission

0020

1 regarding this company?

2 A. That the Commission cancel its registration.

3 Q. Was one of the companies referred to you in

4 this proceeding Quality Telephone, Incorporated?

5 A. Yes.

6 Q. Has Quality Telephone, Incorporated, filed a

7 2008 annual report?

8 A. It has.

9 Q. Can you refer, please, to what's been marked

10 as Exhibit No. 6?

11 A. (Witness complies.)

12 Q. Is this a true and accurate copy of Quality

13 Telephone's 2008 annual report?

14 A. It is.

15 Q. When was this annual report filed?

16 A. November 17 of 2009. However, it appears

17 that the annual report was incomplete. A complete

18 report was received on December 11th of 2009.

19 Q. Did Quality Telephone owe any regulatory fees

20 for 2009?

21 A. It did not.

22 Q. If I could just refer you to Page 5 of

23 Exhibit No. 6, does this page demonstrate what you just

24 testified; that is, they did not owe any regulatory

25 fees for 2009?

0021

1 A. That's correct.

2 Q. What is your recommendation to the Commission

3 regarding this company?

4 A. That the Commission not cancel its

5 registration.

6 Q. Was one of the companies referred to you in

7 this proceeding V-Global Communications, Inc.

8 A. Yes.

9 Q. Has V-Global Communications filed a 2008

10 annual report?

11 A. It has not.

12 Q. What is your recommendation to the Commission

13 regarding this company?

14 A. That the Commission cancel its registration.

15 Q. Was one of the companies referred to you in

16 this proceeding WTI, LLC?

17 A. Yes.

18 Q. Has WTI, LLC, filed a 2008 annual report?

19 A. It has not.

20 Q. What is your recommendation to the Commission

21 regarding this company?

22 A. That the Commission cancel its registration.

23 MR. FASSIO: Thank you, Ms. Hoyt. At this

24 time, Your Honor, I have no further questions for

25 Ms. Hoyt. I'm happy to summarize with a closing at any

0022

1 point.

2 JUDGE FRIEDLANDER: I don't have any

3 questions either. Please go ahead and summarize.

4 MR. FASSIO: In summary, Staff recommends

5 that the Commission cancel the permits of the following

6 companies that are named in the Complaint: Airnex

7 Communications; Clertech.com; Fox Communication, LLC;

8 Global Telecom and Technology Americas, Inc.; Globetel,

9 Inc.; GTC Telecom; Momentum Telecom; V-Global

10 Communications, and WTI, LLC.

11 Staff has presented evidence that these

12 companies have failed to file annual reports. Because

13 the companies have not filed annual reports, Staff does

14 not know whether they owe 2009 regulatory fees or not.

15 If they do, they have failed to pay them. Staff has

16 already moved to dismiss the remaining companies and

17 has presented evidence that the remaining companies

18 have filed 2008 annual reports and if applicable have

19 paid their 2009 regulatory fees. I have nothing

20 further, Your Honor. Thank you.

21 JUDGE FRIEDLANDER: Just to clarify, you also

22 wanted Advanced Tel, Inc., in the category of

23 revocation; is that correct?

24 MR. FASSIO: Yes, Your Honor, I apologize.

25 Advanced Tel, Inc., is also one of the companies that

0023

1 Staff recommends canceling.

2 JUDGE FRIEDLANDER: Thank you. Did you want

3 to go ahead and request admission of the exhibits at

4 this point?

5 MR. FASSIO: Yes, Your Honor. We have six

6 exhibits, and we would request that they be admitted

7 into evidence.

8 JUDGE FRIEDLANDER: Thank you, and I know

9 that it's hard to object if nobody is here, but I will

10 at least ask. Are there any objections to the

11 admission of these exhibits? Hearing nothing, they are

12 admitted, and you also had an outstanding motion for

13 default for the companies that you named and have

14 requested that those companies' registrations be

15 canceled. Are there any objections to holding the

16 parties in default at this point for not having

17 appeared at the hearing today? Hearing nothing, I will

18 go ahead and grant that motion.

19 So are there any other matters that we need

20 to address today before closing?

21 MR. FASSIO: No, Your Honor.

22 JUDGE FRIEDLANDER: Thank you. So there

23 being nothing further, this hearing is adjourned.

24 Thank you.

25