

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

GRASSHOPPER GROUP, LLC,

Respondent.

DOCKET UT-132153

SETTLEMENT AGREEMENT

1 This settlement agreement (Agreement) is entered into by both parties to this
proceeding for the purpose of resolving all issues raised in the above docket. This
Agreement is subject to approval by the Washington Utilities and Transportation
Commission (Commission) and is not effective before such approval.

I. PARTIES

2 The parties to this Agreement are Grasshopper Group, LLC (Grasshopper or
Company), and the Staff of the Washington Utilities and Transportation Commission (Staff)
(collectively, "the Parties").

II. BACKGROUND

3 Grasshopper is registered with the Commission as a competitively classified
telecommunications company. Grasshopper operates a virtual office service based in
Needham, Massachusetts.

4 On April 30, 2013, Grasshopper filed its 2012 Annual Report and paid its 2013
regulatory fees. The company reported \$184,781.11 of intrastate operating revenue on

its 2012 Annual Report. Staff noticed that the Company had also reported \$184,781.11 of intrastate operating revenue on its 2011 Annual Report. Shortly thereafter, Staff began an investigation into the accuracy of Grasshopper's 2012 Annual Report. On August 8, 2013, Grasshopper submitted a revised 2012 Annual Report and paid the difference in regulatory fees owed.

5 On April 16, 2014, the Commission issued a Complaint and Notice of Prehearing Conference alleging that Grasshopper had violated state law and Commission rules by failing to file an accurate annual report. The Commission held a Prehearing Conference on May 18, 2014. There were no interventions or additional parties. The Parties subsequently entered into settlement discussions and reached an agreement. The full settlement is memorialized in this Agreement.

III. AGREEMENT

6 The Parties have reached a full settlement on the issues raised in the above docket and present their agreement for the Commission's consideration and approval. The Parties voluntarily enter this Agreement without hearing or adjudication of any issues of fact or law to resolve the matters in dispute. The Parties therefore adopt the following Agreement to resolve all matters in dispute between them and to expedite the orderly disposition of this proceeding.

1. For the limited purposes of reaching a settlement and effectuating a compromise to avoid further litigation, Grasshopper acknowledges a single violation of the obligation to file accurate annual reports. Neither Party accedes in principal to the accuracy or legality of any particular argument made by the other Party. The Parties

recognize that this Agreement represents a compromise of the positions the Parties may otherwise assert in this proceeding.

2. The Parties agree that Grasshopper will pay to the Commission a penalty of \$10,100, with an additional \$20,200 penalty suspended and subject to waiver on the condition that Grasshopper files accurate and timely annual reports with the Commission by May 1 of each year for a period of two consecutive years following the effective date of this Agreement.

3. The Parties agree that Grasshopper will pay the \$10,100 non-suspended portion of the penalty within 30 days of issuance of a final order in this matter. If Grasshopper fails to pay the penalty as outlined in this Agreement, the full penalty of \$30,300 shall be due and payable immediately.

4. If, during the two years following the effective date of this Agreement, Grasshopper withdraws or cancels its registration as a competitively classified telecommunications company in Washington, the Parties agree that the suspended portion of the penalty shall be waived.

IV. GENERAL PROVISIONS

7 The Parties agree that this Agreement is in the public interest. The Parties further agree that this Agreement reflects the settlement of all contested issues between them in this proceeding. The Parties understand that this Agreement—including any admissions contained herein—is not binding unless and until accepted by the Commission. If the Commission does not accept this Agreement, including all of its terms and conditions

without change, then the Parties shall be free to assert their pre-settlement positions and agree that neither this Agreement nor any statements or admissions contained herein shall be admissible or used for any purpose in this docket or any other proceeding for any purpose; provided, however, that either Party may disclose the existence or terms of the Agreement when required to do so by law.

8 This Agreement does not preclude the Commission from pursuing penalties for violations of Commission rules and statutes unrelated to the subject matter of this Agreement or for subsequent violations of the rules and statutes stated above.

9 Nothing in this Agreement shall limit or bar any other entity from pursuing legal remedies against Grasshopper or limit Grasshopper's ability to assert defenses to such claims.

10 The Parties agree to cooperate in submitting this Agreement promptly to the Commission for acceptance. The Parties agree to support adoption of this Agreement in proceedings before the Commission. No party to this Agreement or its agents, employees, consultants, or attorneys will engage in advocacy contrary to the Commission's adoption of this Agreement.

11 The Parties agree (1) to provide each other the right to review in advance of publication any and all announcements or news releases that the other party intends to make about the Agreement (with the right of review to include a reasonable opportunity to request changes to the text of such announcements) and (2) to include in any news release or announcement a statement that the Staff's recommendation to approve the settlement is not binding on the Commission itself.

12 The Parties have entered into this Agreement voluntarily to avoid further expense, inconvenience, uncertainty, and delay. The Parties recognize that this Agreement represents a compromise of the Parties' positions. As such, conduct, statements, and documents disclosed during negotiations of this Agreement shall not be admissible as evidence in this or any other proceeding, except in any proceeding to enforce the terms of this Agreement or any Commission Order adopting those terms. This Agreement shall not be construed against either party because it was a drafter of this Agreement.

13 By executing this Agreement, no Party shall be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed in arriving at the terms of this Agreement, nor shall any Party be deemed to have agreed that any provision of this Agreement is appropriate for resolving issues in any other proceeding, except to the extent expressly set forth in the Agreement.

14 The Parties have negotiated this Agreement as an integrated document to be effective upon execution. This Agreement supersedes all prior oral and written agreements on issues addressed herein. Accordingly, the Parties recommend that the Commission adopt this Agreement in its entirety.

15 The Parties may execute this Agreement in counterparts and as executed shall constitute one agreement. A signed signature page sent by facsimile or email is as effective as an original document.

16 The Parties shall take all actions necessary as appropriate to carry out this Agreement.

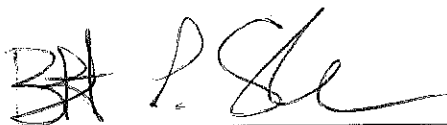
17 In the event that the Commission rejects all or any portion of this Agreement, or accepts the settlement upon conditions not proposed in this Agreement, and the Parties

cannot agree on revised terms to incorporate the Commission's decision, each party reserves the right to withdraw from this Agreement by written notice to the other party and the Commission. Written notice must be served within 10 business days of the Order rejecting part or all of this Agreement or imposing conditions not proposed in this Agreement. In such event, neither party will be bound or prejudiced by the terms of this Agreement, and the Parties agree to request the prompt reconvening of a prehearing conference and to cooperate in developing a procedural schedule.

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

GRASSHOPPER GROUP, LLC

ROBERT W. FERGUSON
Attorney General



Brett P. Shearer
Assistant Attorney General
Counsel for the Washington Utilities and
Transportation Commission

Dated: June 16th, 2014.



Michael P. Donahue
Counsel for Grasshopper Group, LLC

Dated: June 16, 2014.