

0009

1                                   BEFORE THE WASHINGTON STATE  
                                   UTILITIES AND TRANSPORTATION COMMISSION  
 2 WASHINGTON UTILITIES AND            )  
   TRANSPORTATION COMMISSION,       ) DOCKET NO. UT-090073  
 3    )  
                                   Complainant,   ) Volume II  
 4    ) Pages 9 to 17  
                                   vs.                )  
 5    )  
   VERIZON NORTHWEST, INC.,         )  
 6    )  
                                   Respondent.    )  
 7 \_\_\_\_\_)

8                                   A hearing in the above matter was held on  
 9 August 27, 2009, from 1:30 p.m to 1:40 p.m., at 1300  
 10 South Evergreen Park Drive Southwest, Room 206, Olympia,  
 11 Washington, before Administrative Law Judge DENNIS MOSS.

12                                   The parties were present as follows:  
                                   THE COMMISSION, by MICHAEL FASSIO, Assistant  
 13 Attorney General, 1400 South Evergreen Park Drive  
   Southwest, Post Office Box 40128, Olympia, Washington  
 14 98504, Telephone (360) 664-1192, Fax (360) 586-5522,  
   E-Mail mfassio@wutc.wa.gov.

15                                   VERIZON NORTHWEST, INC., by GREGORY M.  
 16 ROMANO, General Counsel - Northwest Region, 1800 - 41st  
   Street, WA0105GC, Everett, Washington 98201, Telephone  
 17 (425) 252-4913 Fax (425) 261-5460, E-Mail  
   gregory.m.romano@verizon.com.

18  
 19  
 20  
 21  
 22  
 23  
 24 Joan E. Kinn, CCR, RPR  
 25 Court Reporter

0010

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

2 JUDGE MOSS: Good afternoon, everyone. My  
3 name is again Dennis Moss, I'm an Administrative Law  
4 Judge with the Washington Utilities and Transportation  
5 Commission. We are convened this afternoon in the  
6 matter styled Washington Utilities and Transportation  
7 Commission against Verizon Northwest, Inc., Docket  
8 Number UT-090073. This is a complaint matter brought on  
9 the Commission's own complaint concerning alleged  
10 violations of regulatory requirements by Verizon.

11 On August the 12th, the only two parties in  
12 the proceeding, that is to say Verizon and the  
13 Commission Staff, filed a settlement agreement that they  
14 propose the Commission approve and adopt in full  
15 resolution of the issues in this proceeding.  
16 Simultaneously they filed a narrative statement in  
17 support of that settlement agreement, which is of course  
18 required by our procedural rules, so that's all been  
19 done.

20 After some preliminary consideration, I found  
21 that I had several questions about the settlement  
22 agreement that I needed answers to, and rather than do  
23 that through a series of Bench requests, I thought it  
24 would be most convenient just to hold a short hearing  
25 this afternoon. And I'll put those questions to you,

0011

1 and to the extent counsel can answer, that's fine. To  
2 the extent we need to call a witness, we will do so.

3 Anything preliminary before we get started,  
4 other than appearances which we'll take momentarily?

5 MR. ROMANO: Not from Verizon, Your Honor.

6 MR. FASSIO: Not from Staff.

7 JUDGE MOSS: Then let's take appearances, and  
8 we'll start with Staff as Complainant.

9 MR. FASSIO: Michael Fassio, Assistant  
10 Attorney General, appearing on behalf of Commission  
11 Staff.

12 MR. ROMANO: Gregory Romano, General Counsel  
13 of Verizon Northwest.

14 JUDGE MOSS: And you can provide your contact  
15 information to the court reporter to the extent she  
16 needs that for the record.

17 All right, well, I have provided you with an  
18 exhibit list that includes two items at this juncture.  
19 One I've identified as a Bench exhibit, which is the  
20 settlement agreement on file with the Commission. The  
21 second is one I've identified under the joint testimony  
22 exhibits category, that being the narrative supporting  
23 the settlement agreement. These two items will be  
24 probably the extent of our documentary record in this  
25 proceeding unless somebody has something else they want

0012

1 considered.

2           Having done the preliminaries, let me just  
3 turn to the settlement agreement and start through that  
4 with the few questions that I have. We'll get those  
5 answered, and then we will be able to recess at a fairly  
6 early moment I think.

7           My first question relates to paragraph 10 on  
8 page 2, and my question really is, as I read through the  
9 agreement, it didn't -- it was not apparent to me  
10 whether, and if so how, there was an intention that  
11 those customers who were improperly charged city taxes,  
12 as Verizon has acknowledged -- I should have said that,  
13 Verizon as part of the settlement agreement is  
14 acknowledging that with regard to 26 customers on 425  
15 occasions between March 2007 and March 2009 it  
16 incorrectly assessed city tax against certain customers.  
17 And so my question is, is there any provision in here  
18 that provides for those customers who were improperly  
19 charged to be reimbursed?

20           MR. ROMANO: Your Honor, if I could take  
21 that, they have already been reimbursed and received  
22 credits.

23           JUDGE MOSS: All right, well, that occurred  
24 to me that that was one possibility, but there was  
25 nothing in here that made that clear, and I wanted that

0013

1 to be something that could be discussed in the order.

2 MR. FASSIO: That is Staff's understanding as  
3 well.

4 JUDGE MOSS: All right, very good, that takes  
5 care of that question.

6 The next question, there's several paragraphs  
7 to which this relates, and I think I know the answer but  
8 I'm not 100% sure, paragraphs 11, 15, and 16 include  
9 language at the end of each of those paragraphs to the  
10 words either identical or to the effect that Staff's use  
11 of information included in these various paragraphs of  
12 the settlement agreement are limited to determining  
13 compliance with the agreement. And so as I first read  
14 through that in paragraph 11, my question was, well,  
15 what if some things are not satisfactorily revolved, and  
16 that question reoccurred to me later. When I got to  
17 paragraph 21, I think I found the answer to that, but I  
18 want to be sure that these paragraphs relate to one  
19 another. Paragraph 21 provides that the Commission is  
20 going to look at a, or I guess let's see, is Staff going  
21 to do this report?

22 MR. FASSIO: Yes, Staff will do this report.

23 JUDGE MOSS: Okay, Staff is going to do a  
24 report that is a compliance investigation that will  
25 include findings and a recommendation as to whether

0014

1 suspended penalties, which I recall are in a fairly  
2 substantial amount, \$39,900, decide whether to recommend  
3 that those be waived or imposed. Now is that the  
4 solution to if these various investigations along the  
5 way as described in paragraphs 11, 15, and 16 leave some  
6 concerns?

7 MR. FASSIO: My understanding was that the  
8 statement, Staff's use of the list shall be limited to  
9 determining compliance, that refers back to I suppose if  
10 you're going to look at the compliance investigation  
11 paragraph 20 that says as well information provided by  
12 Verizon under the terms of the agreement.

13 JUDGE MOSS: Right.

14 MR. FASSIO: So the information provided  
15 would be used in the context of the compliance  
16 investigation, so any of Staff's recommendations coming  
17 out of that, the information provided would be part of  
18 that.

19 JUDGE MOSS: Okay. The only concern I have  
20 is if in the course of demonstrating compliance over the  
21 upcoming months Staff is dissatisfied with some of the  
22 things it finds and wishes to bring that to the  
23 attention of the Commission with the possibility of  
24 there being some action, nothing in this agreement  
25 precludes that from happening?

0015

1 MR. FASSIO: That's correct.

2 JUDGE MOSS: Is that your understanding,  
3 Mr. Romano?

4 MR. ROMANO: Yes, Your Honor.

5 JUDGE MOSS: Okay, fine. Well, that's an  
6 important comfort factor. We had an agreement a few  
7 years back that had a different effect, and it caused  
8 quite a bit of consternation, so I wanted to ask about  
9 that, so I'm satisfied with that.

10 Let's see, there's just a couple of detail  
11 questions. Paragraph 14, the last sentence there says,  
12 if feasible, Verizon and Commission Staff will arrange a  
13 demonstration of the interface and routing mechanisms  
14 described here and in paragraph 13. And without needing  
15 to go into the details of what those interface and  
16 routing mechanisms are, the conditional language in here  
17 left me a little puzzled, what do we mean if feasible,  
18 who determines feasibility and on what basis?

19 You can testify if you want, I'll just have  
20 to swear you.

21 MR. FASSIO: As far as Staff, I think if we  
22 can just hold on one moment while I consult with my  
23 client.

24 JUDGE MOSS: Sure, this is nothing too formal  
25 here.

0016

1                   MR. ROMANO: Your Honor, if I may, I guess I  
2 can start with our understanding.

3                   JUDGE MOSS: Sure.

4                   MR. ROMANO: Our recollection when we were  
5 working on this was just whether it would be feasible  
6 for instance for Staff to actually come see a computer  
7 screen in person or whether instead they might accept a  
8 hard copy printout of what an interface looks like, and  
9 so I think the feasible language was just to try to work  
10 out between the parties how it would actually work.

11                   JUDGE MOSS: And you've anticipated the other  
12 parts of my question here, which is who is this  
13 demonstration for and who is giving this demonstration,  
14 which was not clear to me from the language.

15                   MR. FASSIO: Just to add to that, I think  
16 it's Staff's understanding too that some of these  
17 locations are out of state, and so the feasibility of  
18 whether we do an in-person demonstration versus an on  
19 line or other more creative means we still have to  
20 develop.

21                   JUDGE MOSS: If it's outside of Washington or  
22 Portland, we're stuck, huh. I think everybody got that  
23 with the travel restriction in the state right now due  
24 to budgetary constraints.

25                   Okay, well, that satisfies me there, I just



0017

1 needed to understand that language and what it meant.

2           And you'll probably be relieved to know that  
3 that exhausts the questions I have about the agreement.  
4 Otherwise I found it straightforward and well explained,  
5 and so I will be in a position to make a determination  
6 and enter an initial order fairly promptly. Once I do  
7 that, if you all wish to waive review, you can simply  
8 file something in the form of a letter stating that you  
9 waive administrative review, and that will speed the  
10 process within the Commission in terms of getting to the  
11 stage of a final order. So just so you know, if you're  
12 satisfied with my order, that's a process that you can  
13 initiate.

14           Okay, anything from the parties, questions?

15           MR. ROMANO: No, thank you, Your Honor.

16           MR. FASSIO: No, thank you.

17           JUDGE MOSS: All right, well, thank you all  
18 for showing up, I realize this was brief, and I  
19 appreciate you expending the resources to be here and  
20 satisfy my questions.

21           MR. FASSIO: Thank you.

22           MR. ROMANO: Thank you, Your Honor.

23           JUDGE MOSS: We're off the record.

24           (Hearing adjourned at 1:40 p.m.)

25