

1 BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION  
2 COMMISSION

3 In the Matter of the Petition of )  
4 TELEPHONE UTILITIES OF ) No. UT-940700  
WASHINGTON, INC., d/b/a PTI )  
5 COMMUNICATIONS for an Order )  
Authorizing the Purchase of )  
6 Property and for Declaratory )  
Order on Rate Base Treatment. )  
----- )  
7 In the Matter of the Application ) No. UT-940701  
of U S WEST Communications, Inc. ) VOLUME 5  
to Transfer Property to Telephone ) Pages 169 - 222  
8 Utilities of Washington, Inc., )  
d/b/a PTI Communications. )  
9 -----)

10 A hearing in the above matter was held on  
11 March 7, 1995 at 6:00 p.m., at 24503 S.R. 706  
12 East, Ashford, Washington, before Chairman SHARON  
13 NELSON, Commissioners RICHARD HEMSTAD, WILLIAM GILLIS  
14 and Administrative Law Judge ALICE HAENLE.

15

16 The parties were present as follows:

17 WASHINGTON UTILITIES AND TRANSPORTATION  
18 COMMISSION STAFF, by GREGORY J. TRAUTMAN, Assistant  
Attorney General, 1400 South Evergreen Park Drive  
19 Southwest, Olympia, Washington 98504.

20 U S WEST COMMUNICATIONS, INC., by  
EDWARD T. SHAW, Corporate Counsel, 1600 Bell Plaza,  
Room 3206, P.O. Box 21225, Seattle, Washington 98111.

21 FOR THE PUBLIC, ROBERT MANIFOLD, Assistant  
22 Attorney General, 900 Fourth Avenue, Suite 2000,  
Seattle, Washington 98164.

23 PTI Communications, by CALVIN SIMSHAW,  
24 Attorney at Law, 805 Broadway, Vancouver, Washington  
98668.  
25 Cheryl Macdonald, Court Reporter

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1		I N D E X				
2	WITNESS:	DIRECT	CROSS	REDIRECT	RECROSS	EXAM
3	UBERUAGA	179	186			187
4	PARRY	189				
5	SANFILIPPO	192	196			197
6	MULCAHY	200				202
7	ADAMS	203	210			211
8	OSTERHAUS	213	214			
9	METTLER	216				
10	SMITH	217				
11	LEYBOLD	218				

12	EXHIBIT	MARKED	ADMITTED			
13	506	222	222			

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

2 JUDGE HAENLE: The hearing will come to  
3 order. This is a public hearing in the PTI/U S WEST  
4 transfer case, docket Nos. UT-940700 and 940701.  
5 This is day 5, I believe, of the hearings. The  
6 hearing was scheduled at 6:00 tonight in Ashford for  
7 the purpose of taking testimony from members of the  
8 public about the transfer proposals. The hearing is  
9 being held before the commissioners, Chairman Sharon  
10 Nelson in the center.

11 CHAIRMAN NELSON: Good evening, ladies and  
12 gentlemen.

13 JUDGE HAENLE: Commissioner Richard  
14 Hemstad.

15 COMMISSIONER HEMSTAD: Good evening.

16 JUDGE HAENLE: And Commissioner William  
17 Gillis on the end. My name is Alice Haenle and I'm  
18 the administrative law judge assigned to the case. I  
19 also introduced to you before we went on the record  
20 public counsel and the other counsel sitting at the  
21 table. If you would go ahead now and just give your  
22 name and your client's name.

23 MR. SHAW: Ed Shaw for U S WEST.

24 MR. SIMSHAW: Cal Simshaw representing PTI  
25 Communications.

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1 JUDGE HAENLE: Mr. Trautman.

2 MR. TRAUTMAN: Greg Trautman for Commission  
3 staff.

4 MR. MANIFOLD: And Rob Manifold for public  
5 counsel.

6 JUDGE HAENLE: As I indicated to you before  
7 we went on the record, we have only the one microphone  
8 and I've set it at the place where the public will be  
9 giving testimony. We'll be calling your name one at a  
10 time from the sign-in sheet at the back of the room,  
11 and if you didn't sign in when you came in or if you  
12 change your mind and decide after listening to some  
13 others that you did want to give testimony, we'll give  
14 you another chance to sign up. As I indicated also,  
15 Mr. Manifold is going to give a brief overview of the  
16 case and then we'll hear briefly from PTI. Mr.  
17 Manifold.

18 MR. MANIFOLD: Good evening. I'm just  
19 going to spend a couple of minutes outlining what's  
20 gone on in this case up to now. Then Mr. Smith for  
21 PTI is going to say a couple of words about the  
22 company's plans in this specific area and then it will  
23 be your opportunity to come up and give your comments  
24 so the commissioners can consider those when they  
25 decide what to do.

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1           This case essentially began a couple of  
2 years ago when U S WEST decided that it wanted to sell  
3 some of its rural exchanges in this state as it was  
4 doing in other states in its territory. It identified  
5 28 exchanges and basically put those up for bid. PTI  
6 Telephone Company was the winning bidder and then the  
7 two companies filed a formal petition with the  
8 Utilities Commission for approval to make the sale.  
9 The Commission has to approve this deal for it to go  
10 through. It also has to have approval from the  
11 Federal Communications Commission.

12           Once those petitions were filed with the  
13 Commission, the Commission opened this formal  
14 proceeding, notices went out, parties intervened, sort  
15 of usual administrative law case was begun. Discovery  
16 of each other's positions took place. Parties filed  
17 written testimony, and then there was a settlement  
18 discussion to see whether any of the issues could be  
19 narrowed or even agreement could be reached on any of  
20 them.

21           As a result of these discussions, a  
22 proposed settlement was submitted to the Commission  
23 about two and a half weeks ago on February 21st. That  
24 proposal is subject to the Commission's approval and  
25 it will be making that decision in part based upon the

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1 comment received from members of the public.

2           I want to go over -- on this blue sheet  
3 over there are some of the terms of that proposed  
4 settlement, and I will just go through a few of those  
5 right now. Number one, PTI has pledged to continue to  
6 offer the same services at the same rates that U S  
7 WEST is currently offering in these changes for a  
8 minimum period of two years. PTI has pledged that it  
9 would invest \$25 million in these 28 exchanges over  
10 the course of the next five years and that it would  
11 submit reports semi-annually to the Commission staff  
12 and to my office updating us on the course of those  
13 investments in each of the exchanges. There are  
14 approximately 10 of the exchanges that do not  
15 currently meet, in the view of the Commission staff,  
16 do not currently meet the Commission's minimum service  
17 standards. PTI would target its investments to try to  
18 solve those problems at the earliest opportunity.

19           After the two-year rate freeze, PTI would  
20 file to increase the rates in these exchanges to  
21 something like the same rates as in its other  
22 exchanges and that would be done over a three-year  
23 period. That's referred to as rate integration in  
24 part because if one is up here and one is down here  
25 integrating may be someplace in between. It may be

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1 all the way up. That's really something to be  
2 determined in the future. PTI's current customers  
3 would not see any proposals to increase their rates as  
4 a result of this sale for at least five years.

5 U S WEST, which is making some money on  
6 this sale, has pledged to use a portion of that money  
7 to increase the facilities in its remaining rural and  
8 other exchanges. A local condition here is that PTI  
9 would modify the boundary between the Mineral exchange  
10 and Ashford so that people in the Paradise Estates  
11 area would get local service from Ashford and would no  
12 longer have to buy what's called foreign exchange  
13 where they basically pay double phone rates currently.

14 Something that has happened very recently  
15 is that U S WEST has filed a proposal with the  
16 Commission to increase its rates, to actually increase  
17 some and decrease others. The U S WEST proposal,  
18 which will be subject to a test over the next year,  
19 the outcome of which of course is uncertain, U S  
20 WEST's proposal is to increase its residential rates,  
21 particularly its rural rates, considerably, and on  
22 this sheet I've given examples of what the U S WEST  
23 proposal is compared to the current U S WEST rate and  
24 compared to the current PTI rate.

25 Finally, U S WEST and PTI committed

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1 themselves to take some unspecified limited actions  
2 that the Commission might require as a result of these  
3 hearings in order to handle any specific service  
4 problems that arose. I want to emphasize that this  
5 settlement is a proposal and it's up to the  
6 commissioners whether to accept, reject, ask for major  
7 modification or to deal with it as they wish. An  
8 important aspect of what they decide to do will be the  
9 comment they receive from people here tonight. Last  
10 night we were in Ritzville, Washington and on Thursday  
11 night we will be in Raymond.

12           In addition, letters that people have  
13 sent have been entered into the file and any other  
14 letters that my office or the Commission receives if  
15 we receive them by next Monday will also become a part  
16 of the record in this case. I say that in case you  
17 decide you don't want to come forward and speak  
18 tonight, although I encourage you to do that, but if  
19 you want to go home and put pen to paper and put that  
20 in the mail right away, that would probably be  
21 received on time.

22           In a few minutes after Mr. Smith speaks, I  
23 will be calling the names of the people on this list.  
24 I would be the first to acknowledge that this looks  
25 like a slightly imposing scenario. It's really not as



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1 bad as it looks. None of the people up here have been  
2 known to bite anyone, in front of me anyway, and it's  
3 really just an opportunity for you to make the comment  
4 to the commissioners, and we have to do it in this  
5 formality because that's the way the case is being  
6 conducted. Mr. Smith.

7 MR. SMITH: Mr. Manifold has asked that I  
8 be brief. In addition to the green sheet that  
9 outlined some of the specific projects that we have  
10 planned for the exchange, there are a few items that  
11 are not on the regular menu that I thought I would  
12 tell you about. It had to do with the background of  
13 our company. For many of you who might not know  
14 us, we've actually been serving rural Washington  
15 customers since the early 1900's, so we've been around  
16 providing rural service for a long time. And even  
17 though we've primarily been in the rural telephone  
18 business, we do have a history that's rich in  
19 exploration of technology. Examples of that, the  
20 neighboring exchanges of Morton, Mineral, Packwood,  
21 Randle, and Glenoma are all state-of-the-art digital  
22 switches with fiber-optic cable connecting. We have  
23 recently built a fiber cable to the Ashford boundary,  
24 and when that's turned up it will give you another  
25 long distance route out of here; in case the one is

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1 out of order for any reason you're not isolated.

2           In addition to that we've done some other  
3 things. We were the first company in the state to  
4 offer CLASS services, which you probably heard of as  
5 caller ID, for example. We were the first company  
6 on the West Coast, if not west of the Mississippi, to  
7 turn up a fully interactive broadcast quality distance  
8 learning network in the San Juan Island, connects the  
9 school districts to a college. This was done with  
10 undersea cable.

11           In addition to that, over the years we've  
12 engineered and launched two satellites to serve the  
13 Alaska customers. They have unique needs up there.  
14 We placed the first direct link, fiber-optic undersea  
15 cable between the lower 48 and Alaska and Japan. We  
16 provided critical communications links for military  
17 operations in Just Cause of Panama and received  
18 military accommodations for doing the same thing in  
19 Desert Shield and Desert Storm using our transportable  
20 satellite communications systems which we call  
21 batmobiles. That's a few of the things that we've  
22 done, so we're familiar with technology.

23           We believe that the information super  
24 highway holds a special promise for rural areas in  
25 terms of economic development for those areas. We

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1 think that we have a critical role to play in bringing  
2 that to you. And if that happens to be one of your  
3 concerns, then you should hope that this transaction  
4 goes through. We'll be around afterwards to answer  
5 questions informally if you find this too imposing.  
6 Thank you.

7 JUDGE HAENLE: Go ahead, then. Mr.  
8 Manifold is going to begin calling the names from the  
9 sheet.

10 MR. MANIFOLD: Just before I do that, there  
11 are two other Commission employees of the Commission  
12 who are here in case you have questions afterwards  
13 that you may wish to direct to them. Tom Spinks is an  
14 economist with the Commission staff and Wally Budsberg  
15 who is an engineer with the Commission staff.

16 First person is David Uberuaga.  
17 Whereupon,

18 DAVID UBERUAGA,  
19 having been first duly sworn, was called as a witness  
20 herein and was examined and testified as follows:

21

22 DIRECT EXAMINATION

23 BY MR. MANIFOLD:

24 Q. Please state your name, spelling your last  
25 name.

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1 A. David Uberuaga, U B E R U A G A.

2 Q. And your address, your business address?

3 A. Business address is Mt. Rainier National  
4 Park, State Route Tahoma Woods, Ashford, Washington  
5 98304.

6 Q. What's your position with the park?

7 A. I'm the administrative officer for the  
8 park.

9 Q. That's the end of the tough questions. Go  
10 ahead and make your comments.

11 A. Well, thank you, Commissioners, for coming  
12 out to Ashford and listening to the folks. As a  
13 representative of Mt. Rainier, I wanted to make it as  
14 clear as I can that this is an important impact on our  
15 operation. We have an annual budget in the park here  
16 at Mt. Rainier of \$7 million. We have seasonal and  
17 temporary employees totaling 300. When you add in the  
18 concessions operated, Guest Services, Incorporated,  
19 with their food services it adds another 250 employees  
20 during peak season. So, a concern we have is, well,  
21 it's just out in Ashford, some rural area, but there  
22 are business needs up here. The highest  
23 state-of-the-art connectivity needs that Bob mentioned  
24 are critical to our operation.

25 For our perspective, our telephone bill,

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1 annual commercial telephone invoices, is approximately  
2 \$40,000 a year. My primary concern as park spokesman  
3 is the rate increases potentially that could come  
4 about and what impact that would have on our  
5 operation. One of the other aspects is the  
6 responsibility we have for 911. We have all of the  
7 pay phones, all the phones in all of our off-premise  
8 extensions throughout the entire park, 369 square  
9 miles, are all connected to our Comm Center dispatch  
10 for 911 response. In that regard we're concerned  
11 about the downtime for any service repairs, the  
12 quality of service response that we would get from the  
13 PTI company.

14           We also rely on the telephone system for  
15 our radio connections. There's a lot over the years,  
16 but we have a lot of hard-wired radio connections  
17 throughout the park that again are for our rescues,  
18 and any machine operations which we have we're  
19 responsible for disaster evacuation and emergency  
20 communications and, again, all these things weigh on  
21 us in terms of having 85 years of basically the same  
22 company and now changing of the guard and, believe me,  
23 I tried to become informed on the subject and between  
24 tariffs and 6C's and PALs and all the other acronyms  
25 of the phone industry, it's very difficult to know

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1 what we're getting and what we're not getting, and I  
2 think as as an individual in the community and as well  
3 as park spokesman on this, it is a lot of unknowns,  
4 and it's been hard to get the answers that I think we  
5 all need to be comfortable with the decision.

6 I guess one of the bottom lines is the  
7 concern for the increase in costs. I did do some  
8 comparisons with existing PTI tariffs out of Packwood  
9 and tried to compare that with what we're weighing  
10 with U S WEST and it looks like 25 to 30 percent, 24  
11 percent on some things, 26 percent on some business  
12 lines, 30 percent on some other things. So I guess  
13 right now they're saying we'll hold the line for two  
14 years but if I get a 30 percent increase on my \$40,000  
15 commercial telephone bill I'm talking \$12,000 on an  
16 annual basis and that's three or four more -- or I  
17 should say four less -- park rangers to visit the  
18 public, to meet the public and when you get fixed  
19 costs that continue to go up, unfortunately, the  
20 public pays through lack of visitor contact in the  
21 field and on our trails, and that's very important to  
22 us.

23 Another concern we have is the position of  
24 PTI not paying for local long distance commissions.  
25 Right now we have 31 pay phones in the park. All of

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1 them the park receives commission local long distance  
2 from U S WEST to the tune of about \$2800 a year. As I  
3 understand, PTI's position is that they do not pay  
4 local commission on their pay phones, so we  
5 experienced that as a loss in revenue.

6           Up until a few moments before the meeting  
7 started, we also collect and receive commissions on  
8 the pay phones for AT&T long distance. That was  
9 approximately \$7,000 last year, and I understood right  
10 up until the time that I walked up here that we would  
11 lose that also but I've been assured by Don and some  
12 of the U S WEST folks and the PTI folks that they  
13 don't have any control over the AT&T commissions, but  
14 that was very much a concern for us. So right now  
15 we're looking at losing that additional commission on  
16 the local long distance of about \$3,000, \$2500 to  
17 \$3,000 a year depending on call volume.

18           The customer service response time, we're  
19 concerned about that, repair time, out of service  
20 time. Again, if PTI is a rural business -- a rural  
21 activity and we're a business functioning here, we  
22 need response time guarantees I think from the  
23 Commission either in tariffing or conditions of the  
24 sale that would say we have a 911 situation, what's  
25 response time for 911 down, we need to have that

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1 guarantee from PTI and not -- in order not to risk  
2 loss of life in the areas that we're responsible for.

3           Is it appropriate to have questions to PTI  
4 here or is it just statements only?

5           JUDGE HAENLE: Questions would probably be  
6 better after the meeting, but if there are things that  
7 you want the Commission to consider in evaluating it,  
8 those can certainly be phrased as questions.

9           THE WITNESS: I will phrase it that way  
10 then. I did want to understand what the earmarked  
11 investment from PTI would be to the Ashford exchange.  
12 I haven't been able to figure that out from any of the  
13 documentation.

14           JUDGE HAENLE: Did you see the green sheet?

15           THE WITNESS: I flew through it here before  
16 the meeting and I didn't see any dollar impact or  
17 is this only for Ashford exchange?.

18           MR. SMITH: (Nodding head).

19           THE WITNESS: So that's what that is. I  
20 thought it was for the whole sale.

21           A. In conclusion, the park service's overall  
22 concerns are quality and the level of services as well  
23 as the potential negative impact of economic price  
24 increases over time. We're extremely vulnerable to  
25 whatever company that provides us our telephone and



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1 data needs, and U S WEST has always met our needs  
2 and requirements in the field of telecommunications  
3 for the last 85 years.

4 I think U S WEST requested long time ago to  
5 be designated as the sole provider of telephone and  
6 related services in this area and it's our belief that  
7 they should not be released from the state regulated  
8 services. I hope that the Commission can entertain,  
9 and I guess I will -- is it right to reserve the right  
10 to come back up later on in the meeting or do I only  
11 have one shot?

12 JUDGE HAENLE: It's generally one shot, but  
13 if it's an absolute burning need to respond to  
14 something someone else said you could request that  
15 opportunity.

16 THE WITNESS: Okay.

17 JUDGE HAENLE: Because there's a number of  
18 people waiting to speak we will generally just take  
19 one time through. If you had a written statement that  
20 you wanted to have included within the record as well,  
21 we generally make an exhibit from the hearing of  
22 statements that people have brought to the hearing.

23 THE WITNESS: I have submitted a letter to  
24 the Commission already, and I tried to summarize some  
25 of the points tonight. I guess in terms of repair

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1 time, out of service time, installation, those are  
2 very serious concerns that we have, and overall the  
3 economic impact of our operation and our ability to  
4 serve the public at a reasonable cost is another  
5 concern, so I thank the commissioners for coming out  
6 tonight. Appreciate their time.

7 JUDGE HAENLE: Questions, Mr. Manifold?

8 MR. MANIFOLD: No.

9 JUDGE HAENLE: Counsel, questions?

10

11 CROSS-EXAMINATION

12 BY MR. SIMSHAW:

13 Q. Mr. Uberuaga, do you have responsibility  
14 for the ranger station at Tahoma?

15 A. Yes, I do.

16 Q. Are you aware that PTI built a fiber  
17 connection at that ranger station?

18 A. Yes, I am.

19 MR. SIMSHAW: That's all I have.

20 THE WITNESS: I was going to respond to his  
21 question about the fiber.

22 JUDGE HAENLE: Go ahead.

23 A. I was aware of that. I'm also aware of the  
24 26 percent increase that I pay now for even though  
25 it's only \$21 -- \$19 versus \$24, that's again a

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1 percentage of about 30 percent. No, that's 26 and a  
2 half percent increase on those two phone lines that we  
3 have going in O'Hanna. I appreciate all the expense  
4 and everything that went in there. At the same time,  
5 that's that little trend that I'm worried about not  
6 today but two and three years from now is that price  
7 increase.

8 JUDGE HAENLE: Counsel, other questions?  
9 Commissioners.

10

11 EXAMINATION

12 BY CHAIRMAN NELSON:

13 Q. Mr. Uberuaga, have you had a customer  
14 service representative of the company talk to you  
15 about your -- the park's particular needs?

16 A. Yes. PTI -- well, they came out with U S  
17 WEST one time and then I met with Don. Yes, they've  
18 come out and talked with some of our needs, and I  
19 guess the concern I had is it was all -- it was all  
20 words and we really don't know how verbal we are, and  
21 they said yes, they will try to service us. When we  
22 asked rate services, they said we will work on it.  
23 When question was asked about pay phone commission  
24 which was my other concern, they said, we don't pay  
25 commissions. They were originally going to serve this

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1 area with existing staff from Morton and U S WEST has  
2 two and three and four people up here. One person I  
3 spoke to didn't know what connectivity was. Obviously  
4 after reading their annual report, they know what  
5 connectivity is and what technology is, but the  
6 initial experience I had was not what I had hoped, I  
7 guess.

8 Q. Well, it sounds to me like you're more  
9 comfortable with the devil you know than the devil you  
10 don't know. Is that sort of the testimony, excuse me  
11 --

12 CHAIRMAN NELSON: Excuse me, gentlemen.

13 Q. But the way you expressed your testimony is  
14 you've got these concerns, and until you have your  
15 concerns resolved you're not prepared to endorse any  
16 sale?

17 A. That's correct.

18 Q. Or dealings with the new PTI. I wonder if  
19 some customer representative from PTI could sit down  
20 with you and look at the park's real needs and you  
21 could go through on a business basis just some of  
22 those questions you've asked tonight and after you do  
23 that if you could send a subsequent letter about where  
24 you are on your concerns. Would that be all right  
25 with you?

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1           A.     Yeah.  I think we've spent quite a bit of  
2 time.  As of yesterday they said they don't pay  
3 commissions on pay phones, and so I asked them  
4 yesterday, is there any change before I make my  
5 statements tonight and they said no.

6           Q.     It may be that you won't get any better  
7 answers than you've gotten already but if you do will  
8 you send us a letter?

9           A.     I sure will.

10          Q.     Thank you.

11                    COMMISSIONER HEMSTAD:  I have no questions.

12                    JUDGE HAENLE:  We did put a cutoff date of  
13 March 13, too, so I don't know if you were planning on  
14 putting one in past that date, but if you can get it  
15 in by that date, that would be very helpful.

16                    Thank you, sir, you may step down.

17                    MR. MANIFOLD:  Jarrold Parry.

18 Whereupon,

19                                    JARROLD PARRY,

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. MANIFOLD:

25           Q.     Please state your name spelling both first

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1 and last.

2 A. My name is Jarrold Parry, first name  
3 spelled J A R R O L D. Last name P A R R Y.

4 Q. Your address?

5 A. 55013 - 304th Avenue East, Ashford,  
6 Washington, 98304.

7 Q. And are you speaking on behalf of any  
8 organization?

9 A. I'm speaking on behalf of the Ashford Water  
10 District and myself.

11 Q. Okay. Please go ahead.

12 A. The Ashford Water District, we have four  
13 dedicated lines that we use for alarms and pump  
14 control and we have other phone lines, and of course  
15 my personal self have a phone. My concern is that  
16 since 1971 the history of PTI service in the Paradise  
17 Estates area has been atrocious. And like I suggested  
18 to you, Mr. Manifold, before, that there was several  
19 hearings held in the community from 1971 on, and also  
20 several hearings held in Olympia in regards to the  
21 poor service in the Paradise Estates area. And this  
22 history has gone on. Before, the service men that  
23 currently work for U S WEST in the past, they would go  
24 over there and make repairs so that the PTI service  
25 men wouldn't come out and screw their lines up.

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1                   I would really encourage the Commission to  
2 find the previous records and all the testimony that  
3 has gone into lack of service, and that's my primary  
4 concern. U S WEST has given us exceptional service  
5 and I can't see why we would want to change. I think  
6 that's sufficient.

7           Q.       How is the service right now in Paradise  
8 Estates? Do you know?

9           A.       Well, in the last -- I don't know. The  
10 last few years, I know all of a sudden -- in the past  
11 hookups were anywhere \$750 to a thousand dollars.  
12 Now, I understand the last year or two since they  
13 start thinking about this transfer that connections  
14 are around \$350. Back in the '70s it was not uncommon  
15 for a fact they never put a major cable in overhead or  
16 underground until about 1978. They ran what was  
17 called bird wire and from the connection to U S WEST  
18 at the bridge they would charge the people for running  
19 a mile or two miles of bird wire out to their  
20 residence. They would have the phone hooked up and  
21 they would pay anywhere two to three, \$4,000 for a  
22 phone hookup. Six, eight months later that customer  
23 would move and shut the service off and a new person  
24 would move in. They would charge them for running new  
25 bird wire all the way from the corner. Whatever

00192

1 happened to that old hookup, you would never hear.

2                   And then a few years ago we had problems  
3 when it was found out that, discovered that, 911 in  
4 the Paradise area had always gone through the U S WEST  
5 lines, and so that kind of got fouled up, and as to  
6 service in the last four or five years, I really can't  
7 speak.

8                   MR. MANIFOLD: Thank you.

9                   JUDGE HAENLE: Counsel, other questions?  
10                   Commissioners, questions?

11                   Thank you, sir, you may step down.

12                   MR. MANIFOLD: There's several people who  
13 either said maybe or didn't say if they wanted to  
14 speak or not, so I will call your names and if you're  
15 not wanting to, just holler out no.

16                   JUDGE HAENLE: Or something like that.

17                   MR. MANIFOLD: Or something like that.

18                   John Sanfilippo.

19                   MR. SANFILIPPO: Yes, I will speak.

20 Whereupon,

21   JOHN SANFILIPPO,  
22 having been first duly sworn, was called as a witness  
23 herein and was examined and testified as follows:

24                   THE WITNESS: Name is John Sanfilippo, S A  
25 N F I L I P P O.



00193

1 JUDGE HAENLE: Is that two separate words,  
2 sir?

3 THE WITNESS: No, one.

4

5 DIRECT EXAMINATION

6 BY MR. MANIFOLD:

7 Q. And your address?

8 A. 52311 - 127th Avenue East, Eatonville,  
9 98328.

10 Q. Are you a U S WEST customer?

11 A. Yes.

12 Q. Are you speaking on behalf of any groups?

13 A. Yes. Several as a matter of fact. I'm a  
14 U S WEST employee, I'm a U S WEST customer, I'm the  
15 chairman of the board of fire commissioners up here in  
16 Pierce County Fire District 23. I'm semi-representing  
17 Communication Workers of America Local 7204 tonight  
18 also. Hopefully our president was going to be here  
19 but I don't see him yet. And my major concern is PTI  
20 seems to be on a roll of acquisition, and I'm  
21 questioning how are they going to finance all of this.  
22 I've heard an awful lot of rumors about, well, they  
23 can apply for REA funds, and U S WEST can't. Well,  
24 with the mood of today's Congress, maybe there won't  
25 be any REA funds available real soon. So I'm kind of

00194

1 questioning do they really have the money behind this  
2 somewhere else.

3               Now, I also just received a paper from U S  
4 WEST, and it says here that they sold exchanges in  
5 Colorado. Let me see here. 209 million dollar deal  
6 with U S WEST. This is the biggest asset sale in U S  
7 WEST history. Says PTI is the 16th largest telephone  
8 company in the United States. It already serves 7,000  
9 Colorado customers before the sale of exchanges which  
10 adds 48,000 access lines. That's a big chunk to bite  
11 off in one bite. I hope they have the money to do it.  
12 It was 45 rural Colorado telephone exchanges that they  
13 sold according to this, in a two-year process.

14               Now, as a U S WEST employee, I have worked  
15 with the personnel from Morton when they were  
16 Telephone Utilities. I would like to say that it was  
17 a good working relationship. It was not. I  
18 experienced a lot of problems working with them due to  
19 their lack of equipment, lack of expertise, lack of  
20 spare parts, and a general lack of caring whether the  
21 service was fixed or not. As a U S WEST employee at  
22 that time, I was up here and helped cut in this new  
23 digital switch up here in Ashford. That digital  
24 switch is now several years old. Technology being  
25 what it is I'm sure it's well outdated. I've seen

00195

1 nothing in any of this PTI information about what  
2 they're going to do for Ashford.

3           Now, when PNB was the phone company up here  
4 before U S WEST, they went through the state of  
5 Washington and converted all the electric mechanical  
6 switches to digital. The other U S WEST companies now  
7 have not done that yet. So if these companies are  
8 sold off or these exchanges, pardon me, are sold off,  
9 and they're going to be brought up to date somebody  
10 has got to put a lot of money in there. My question  
11 is where are we going to be on the totem pole? Is  
12 there enough money there? Are we going to see  
13 upgrades? Hearsay as far as PTI installers are that  
14 they don't even have company trucks. They run around  
15 in a car. They're known for leaving the network  
16 interface hanging off the side of a house. Now,  
17 that's hearsay. I've never seen it done. I don't  
18 know. But when you hear that kind of rumors  
19 frequently you begin to wonder. I've never had PTI  
20 service. I'm used to U S WEST. I liked it better  
21 when it was PNB, but I would rather stay with U S WEST  
22 personally.

23           From the fire department standpoint  
24 everything we have is directed toward the Tacoma area  
25 as far as fire comm and all of that. We're going to

00196

1 have a lot of exchanges now, a lot of "it's their  
2 problem" when something breaks (indicating). I go  
3 through this every day with vendors and such, with  
4 other phone companies. It's no fun trying to deal  
5 with it and straighten it out. Thank you. I thank  
6 you all for coming tonight.

7 JUDGE HAENLE: Were you, sir, authorized by  
8 the board of fire commissioners to come and give  
9 testimony?

10 THE WITNESS: I'm the chairman of the board  
11 of fire commissioners and, yes, there is another  
12 commissioner here tonight.

13 JUDGE HAENLE: Okay. Thank you.

14 Mr. Manifold.

15 Q. Have you had any working experience with  
16 the staff in Morton since it became PTI?

17 A. No, I have not.

18 MR. MANIFOLD: No further questions.

19 JUDGE HAENLE: Counsel, anything else?

20

21 CROSS-EXAMINATION

22 BY MR. SHAW:

23 Q. I was just curious why you are of the  
24 opinion that the digital switch in Ashford is  
25 obsolete. On what basis do you make that statement?

00197

1 A. If you can buy it in the technology world  
2 today, it's obsolete.

3 Q. How old is that switch, do you know, John?

4 A. I would have to look it up but I think it  
5 was probably about four or five years ago that I  
6 helped cut it in.

7 Q. So in your view any switch five years old  
8 is obsolete?

9 A. Probably.

10 MR. SHAW: Thanks.

11

12 EXAMINATION

13 BY CHAIRMAN NELSON:

14 Q. I wasn't clear. You're an employee of  
15 U S WEST and are you going to remain an employee of U  
16 S WEST?

17 A. Until I get my 30 years in.

18 Q. But you are a customer of or you will be a  
19 customer of PTI if this sale were to be approved?

20 A. Yes, I presently have an Ashford phone  
21 number.

22

23 EXAMINATION

24 BY COMMISSIONER HEMSTAD:

25 Q. Have you seen the description of the

00198

1 proposed improvements that PTI intends to make in the  
2 Ashford exchange in the green sheet that was available  
3 here?

4 A. I don't see where it says specifically  
5 they're going to do much of anything in Ashford on  
6 this green sheet.

7 Q. Did you turn it over on the other side?

8 A. Trying to read and listen too at the same  
9 time. No.

10 JUDGE HAENLE: That's specific to Ashford  
11 if that answers some of your questions.

12 Q. There's a paragraph there that describes  
13 their proposals.

14 THE WITNESS: Question, if I might, to ask  
15 the Commission, is these technicians reporting out of  
16 Morton and Orting going to be sufficient? Are they  
17 going to add to it to replace the people that we have  
18 here serving Ashford now? I've heard tell, well, no,  
19 they'll just pick it up. I don't know. It doesn't  
20 say that here.

21 JUDGE HAENLE: How many currently serve  
22 Ashford now under U S WEST?

23 THE WITNESS: I believe there are about  
24 four or five technicians on a semiregular basis up  
25 here. They're not up here every day. It depends on

00199

1 the workload.

2 JUDGE HAENLE: Anything else of the  
3 witness?

4 All right. Thank you, sir, you may step  
5 down.

6 MR. MANIFOLD: John Melvirs.

7 MR. MELVIN: No.

8 JUDGE HAENLE: Remember, you're either  
9 going to need to spell those for the reporter or give  
10 her a copy of the sheet.

11 MR. MANIFOLD: M E L V I R S.

12 MR. MELVIN: M E L V I N.

13 MR. MANIFOLD: I N.

14 MR. MANIFOLD: Claude Smith.

15 MR. SMITH: Not right now. Later on.

16 MR. MANIFOLD: Richard Johnson.

17 MR. JOHNSON: No.

18 MR. MANIFOLD: David Mettler, M E T T L E  
19 R.

20 Bette Leybold.

21 MS. LEYBOLD: No.

22 MR. MANIFOLD: L E Y B O L D.

23 MR. MANIFOLD: Rita or Jim Gilman.

24 MR GILMAN: No.

25 MR. MANIFOLD: Thomas -- is it so

00200

1 hard up here? Thomas Mulcahy.

2 MR. MULCAHY: No, but I do have some  
3 questions I'd like to address after this is over with.

4 JUDGE HAENLE: If you want to pose the  
5 question that the commissioners need to ask when  
6 they're evaluating the transfer, then it would  
7 probably be best to come up and state them so that the  
8 commissioners can come and consider them. Would that  
9 be all right?

10 MR. MULCAHY: This needs to be asked  
11 regardless of who stays on line, whether PTI takes  
12 over or U S WEST. There are some questions that I  
13 have to ask regardless of who has it.

14 MR. MANIFOLD: This will be a good place to  
15 put them.

16 MR. MULCAHY: My name is Thomas Mulcahy.

17 JUDGE HAENLE: Before you begin --

18 Whereupon,

19 THOMAS MULCAHY,  
20 having been first duly sworn, was called as a witness  
21 herein and was examined and testified as follows:

22 THE WITNESS: My name is Thomas Mulcahy.  
23 T H O M A S, M U L C A H Y I'm with Pierce County fire  
24 district 23. I'm also a subscriber to PTI.

25



00201

1 DIRECT EXAMINATION

2 BY MR. MANIFOLD:

3 Q. Currently?

4 A. Yes.

5 Q. What's your address?

6 A. My address is P.O. Box 223, Ashford. I  
7 actually live in Lewis County, next to Paradise  
8 Estates, but I do have an Ashford address.

9 Q. Please go ahead.

10 A. My concerns are with regardless of who  
11 takes over of the lines that go over into Lewis  
12 County, I see in the green sheet that they do plan on  
13 putting a generator in in Ashford for the Ashford  
14 exchange. Where these lines go across into Lewis  
15 County, which is now PTI, if the power in Pierce  
16 County goes down for more than three hours, there is  
17 no phone communications into that part of the state.  
18 It's down, gone. Nobody has any way out for  
19 communication. There's been a battery bank over there  
20 that has been asked to be upgraded, more batteries,  
21 generator. Nothing has been done. I'm curious about  
22 if PTI or U S WEST ever plans on updating that system  
23 so the people on that side of the river have fire and  
24 aid protection which I'm responsible for.

25 Q. Has the electricity gone out very often?

00202

1 A. Yes, every year.

2 Q. Would that be any particular time of year  
3 perhaps?

4 A. Just in the stormy season when there's  
5 high winds because a lot of the lines up here are  
6 above ground, and it hasn't been too long ago that the  
7 power was down. What happens is the power goes off,  
8 goes off for a couple of three hours and then the  
9 power companies do the best they can to get back on  
10 line, they don't go down again, and you can pick up  
11 the phone and it's as dead as this table.

12 Q. What power company?

13 A. Lewis County PUD. They do a fantastic job  
14 of getting power back on the line but for some reason  
15 the phone company doesn't want to spend the money to  
16 put a generator over there or spare batteries or  
17 whatever it takes to do it, it just has not been done  
18 yet, and my question was to ask the commissioners what  
19 process I have to go through to get something done on  
20 the matter because it is a concern. That's all I  
21 have. Thank you.

22

23 EXAMINATION

24 BY CHAIRMAN NELSON:

25 Q. Mr. Mulcahy, I would ask you to talk to

00203

1 Wally Budsberg, the chief telephone engineer for the  
2 Commission. We do have rules about service quality  
3 and he understands batteries and that sort of thing.  
4 He's right back there with the blue sweater on. Wave  
5 your hand, Wally.

6 A. I will see Wally right after I leave the  
7 table.

8 Q. Then we have some regular consumer  
9 complaint handlers who maybe can help you wrestle with  
10 this problem.

11 A. Thank you, Commissioners.

12 JUDGE HAENLE: Thank you for your  
13 testimony.

14 MR. MANIFOLD: Rick Adams.

15 Whereupon,

16 RICK ADAMS,  
17 having been first duly sworn, was called as a witness  
18 herein and was examined and testified as follows:

19 THE WITNESS: First of all, thank you for  
20 coming up. I appreciate your attendance here. It's a  
21 long ways from home, and this is very important to a  
22 lot of us folks up here.

23

24 DIRECT EXAMINATION

25 BY MR. MANIFOLD:

00204

1 Q. You didn't let me do my part. How am I  
2 going to get paid if I don't ask my questions? You  
3 want to give your name, spell it, address.

4 A. Rick Adams, R I C K A D A M S. Mailing  
5 address, Post Office Box 3, Elbe, live in Ashford.

6 Q. You're a --

7 A. U S WEST subscriber.

8 Q. Both commercial and residential?

9 A. Yes, for our business and residential uses.

10 Q. I should let the record reflect I did buy  
11 gas from Mr. Adams today.

12 JUDGE HAENLE: What is the business, sir?

13 THE WITNESS: Convenience store, general  
14 mercantile in Elbe, a little hamburger stand and speak  
15 for -- we're in the permitting process of a master  
16 plan resort in this community. So I may not address  
17 at this time but primarily service levels and strength  
18 of the companies that we're dealing with.

19 JUDGE HAENLE: Remember to keep your voice  
20 up so that everyone can hear.

21 A. Couple of things that I'm concerned about  
22 because we're in a rural community, and it is  
23 changing, is the dependency that PTI will be having  
24 upon the rural electrification funds and the universal  
25 service funds. I recognize PTI is a growing expanding

00205

1 company but it's doing it very rapidly, they're  
2 picking up the properties in Colorado, Oregon, and  
3 Washington almost simultaneously, and it's a  
4 tremendous stretch for a company of this size. I can  
5 appreciate their interest in the rural market because  
6 their CEO, Mr. Robinson, in their report mentions that  
7 in addition one of the company's principal strengths  
8 is its expertise in serving rural and suburban  
9 markets.

10 JUDGE HAENLE: Need to slow down so  
11 Cheryl's fingers don't fall off.

12 THE WITNESS: I can leave it with her, too.

13 A. In addition to rural markets, they are less  
14 subject to competitive permit pressures promoted by  
15 regulatory and legislative agendas. What we've got is  
16 excellent service and potential for even increased  
17 service levels from what I believe is a larger more  
18 stable company known as U S WEST and I would like to  
19 see us remain U S WEST just for the sense of the  
20 economies of scale, understanding fully that U S WEST  
21 doesn't have access to these funds, but we do have  
22 access to a tremendous commitment in the way of  
23 numbers from a larger company. Today's political  
24 climate, as was mentioned prior to my testimony, we  
25 may not have the ability for this PTI to utilize the

00206

1 funding mechanisms that it appears that they're going  
2 to be heavily dependent upon in the future. That is  
3 one of the reasons I got in touch with my  
4 Congresswoman and got some input from the FCC in  
5 regards to the USF funds.

6           Now, I understand that PTI will be holding  
7 back the costs of our increases in local service for a  
8 couple of years, but that's kind of interesting  
9 because the universal service fund's being addressed  
10 right now and they figure it will take a couple of  
11 years before that will be resolved. So, I can  
12 appreciate that. This synopsis I can leave for the  
13 record. Like you folks to look at that. I'm sure  
14 you're probably more aware of it than most of us.

15           Another thing that I'm concerned about is  
16 technology and commitment to technology. If I may  
17 read for just a moment from the Business Week,  
18 December 19, '94. This is a "Guess Who's Out Front In  
19 The Information Highway." It's U S WEST.

20           "Over the past 18 months, chairman Richard  
21 McCormick has worked a huge transformation at U S  
22 WEST. After incorporating a deal in 1993 to buy 25.5  
23 percent of the cable giant Time Warner Entertainment,  
24 Mr. McCormick hasn't stopped a series of deals and  
25 alliances to push beyond basic phone business. Now U

00207

1 S WEST is emerging as a baby bell most likely to  
2 succeed in the race to the information superhighway."

3           This is important to us in the rural areas  
4 because in the past we were resource-oriented for our  
5 economy. We're now transferring into rural  
6 communities that are either tourism or based on home  
7 occupations, and we're seeing a lot of growth in that.  
8 PTI has this in their annual report, claims they're  
9 very strong in supplying this new information as well  
10 as the gentleman who spoke earlier for these rural  
11 communities, but again, the economies of scale come in  
12 and it's an unknown as to the future of some of these  
13 subsidies that this PTI has to offer us through the  
14 federal government.

15           Now that the state has opened up the local  
16 exchange systems to competition, I feel that should we  
17 be saddled with a PTI acquisition in our exchange we  
18 may -- it may be a little longer down the line in the  
19 way of years before we have competitive local exchange  
20 rates. Should that occur, we will be at the  
21 unfortunate position of relying on the political  
22 football and the funding that goes through that helps  
23 support a company like PTI who is dependent upon and  
24 will be more heavily, especially with this large debt  
25 they're placed with.

00208

1                   So I would like that to be considered that  
2 we as a community -- can't speak for the community but  
3 for myself I would like to see this competition be  
4 opened up on the local exchange rate, and we feel if  
5 U S WEST was involved, or I feel if U S WEST was  
6 involved, it would probably stand a better chance to  
7 have more competition on local rates for service here,  
8 and I know this is only a one percent of the U S WEST  
9 holdings, according to their testimony they gave to  
10 you in October 14 of this last year, and if there is  
11 going to be any change of exchanges I personally  
12 believe if one percent of the entire exchange  
13 acquisition that PTI is involved in, I would like to  
14 see the U S WEST holdings in Ashford be retained in  
15 U S WEST and the PTI Paradise Estates holdings be  
16 included in the U S WEST network. And to help our  
17 Lewis County neighbors they would be allowed to kind  
18 of change the tables a little bit because PTI, as  
19 you've heard earlier and Telephone Utilities prior to  
20 that, haven't done what you call amenable position in  
21 that community support services.

22                   Another thing that you have to think about  
23 when you make decisions about this is the broad social  
24 and political implications of this community. Our  
25 direction of business for most of the folks in this



00209

1 community and the political aspect of it are to the  
2 Tacoma and Pierce County side, our governments, our  
3 county councilman is from the Sumner area. Our county  
4 council and all of the business that a lot of us folks  
5 do are in Puyallup and Tacoma. We use the  
6 U S WEST telephone books and we're more in line with  
7 the Pierce County north U S WEST service areas, so the  
8 telephone book is a real asset to us there.

9           In closing, we've got a good company, like  
10 to stay with that. They have the strength to continue  
11 a higher level of service, and we have an opportunity  
12 to maintain that service and I think in the future  
13 once it's resolved, if we do stay with U S WEST we  
14 will have a higher level of commitment from them than  
15 we have in the past because this transition has been  
16 kind of in the wind for a while, and some of us have  
17 noticed a reduced level of service by U S WEST. They  
18 hung some fiber-optics on the poles here a while back  
19 and some of the employees when I spoke with them  
20 couldn't believe they were hanging it either. They  
21 said this is a cut and run kind of a thing. That was  
22 from the cable crews.

23           I think there was a lot of assumptions made  
24 prior to this, and I'm a bit concerned by the way some  
25 of this stuff is handled, so if you are going to make

00210

1 some decisions and we do end up on the PTI, I would  
2 like to see it done in the next couple of years so  
3 that when the federal government takes another look at  
4 these universal service funds we won't be kind of  
5 after the fact. So these are all issues of my  
6 concern. Thank you.

7 Q. Picking your next to the last topic, the  
8 phone books. Did you receive any response from the  
9 company about access to telephone books in other  
10 exchanges?

11 A. Yes. We spoke with Mr. Dantz sometime back  
12 from PTI and he said they would work with us on that  
13 and try and get the U S WEST phonebooks out here for  
14 us and we would be listed in the back pages, I imagine  
15 just like we are now. It's very important, I need to  
16 say that, all the Yellow Pages in the Tacoma area for  
17 us.

18 MR. MANIFOLD: No other questions.

19 JUDGE HAENLE: Counsel, questions?

20 MR. SHAW: Just one if I might.

21

22 CROSS-EXAMINATION

23 BY MR. SHAW:

24 Q. Thank you, sir, for your kind words about  
25 U S WEST. Reading your letter to the Commission and

00211

1 your testimony tonight, you've obviously spent some  
2 time thinking about this issue. I know you're  
3 concerned about what the future with PTI might bring,  
4 but your letter apparently recognizes that U S WEST  
5 doesn't have a guaranteed future either, and there's  
6 no guarantee that it can continue to sustain the good  
7 service in Ashford that it has in the past and you  
8 would agree with that?

9 A. There are no guarantees in life, but I do  
10 know that the free system that we enjoy in America is  
11 market-driven, and should things change up here I  
12 think a little bit more attention from whoever is  
13 providing us, and it's a given that you folks are  
14 invested here and as the fellow from Mt. Rainier spoke  
15 earlier, the commitment's there, I think should you  
16 retain your holdings here.

17 MR. SHAW: Nothing further, thanks.

18 JUDGE HAENLE: Counsel, commissioners?

19

20 EXAMINATION

21 BY CHAIRMAN NELSON:

22 Q. Thank you, Mr. Adams. Excellent testimony,  
23 very thought provoking. I have two factual questions  
24 for you. You have a cable company here?

25 A. No, ma'am.

00212

1 Q. Do you have cellular service here?

2 A. No, ma'am.

3 Q. Thank you.

4 JUDGE HAENLE: Commissioners, anything  
5 else?

6 Thank you, sir. If you had a statement,  
7 give it to me.

8 THE WITNESS: I will give you a pile of  
9 papers afterwards.

10 JUDGE HAENLE: Sort it out and make sure I  
11 get it before I leave.

12 MR. MANIFOLD: Francis Walton.

13 Mr. and Mrs. Osterhaus, did you wish to  
14 make any comment?

15 MR. OSTERHAUS: Other than I'm against the  
16 takeover.

17 JUDGE HAENLE: Why don't you come on up if  
18 you would. He has the unenviable job of trying to  
19 pronounce people's names from the sign-in sheet.

20 Whereupon,

21 LUKE OSTERHAUS,  
22 having been first duly sworn, was called as a witness  
23 herein and was examined and testified as follows:

24

25

00213

1 DIRECT EXAMINATION

2 BY MR. MANIFOLD:

3 Q. Please state and spell your name and  
4 pronounce it better than I could.

5 A. My name is John Osterhaus, O S T E R H A  
6 U S.

7 Q. Your address?

8 A. Is 30005 SR 706, Post Office Box 347,  
9 Ashford, Washington. 98304.

10 Q. You're a residential customer?

11 A. Yes, I am.

12 Q. Are you business customer as well?

13 A. Well, we do run a business out of our home  
14 under a business phone. We have a bed and breakfast.  
15 We have also a cabin in Paradise Estates that we  
16 refrained from getting phone service from because it  
17 was too expensive through PTI.

18 Q. Please go ahead and make your comment.

19 A. That's one of my comments is I came up into  
20 this area about 20 years ago, and I lived in Mineral  
21 for a few of those years under TU of Washington and  
22 the service there was pretty deplorable also. And  
23 once I got into the Ashford side U S WEST was like a  
24 breath of fresh air. For the record, I'm against the  
25 takeover. I would like to see U S WEST remain in

00214

1 this area because of the service it gives and because,  
2 as stated before, I'm leery of a subsidized company.  
3 What happens to the subsidies when the federal funding  
4 is cut? I'm -- the track record for PTI is already  
5 shaky at best from the experiences up here. I guess  
6 that's -- everybody else has stated everything else  
7 before so I'm just reaffirming that.

8 MR. MANIFOLD: Thank you.

9 JUDGE HAENLE: Questions, Counsel?

10 Commissioners?.

11 Mr. Simshaw.

12

13 CROSS-EXAMINATION

14 BY MR. SIMSHAW:

15 Q. Mr. Osterhaus, when did you live in  
16 Mineral?

17 A. I lived in Mineral from 1978 to 1990.

18 Q. Thank you. That's all I had.

19 JUDGE HAENLE: Commissioners, questions?

20 Thank you, sir, you may step down.

21 MR. MANIFOLD: That's all of the names  
22 I had of people who had indicated they did wish to  
23 comment. Are there any other people in the audience  
24 at this time who have reconsidered or didn't somehow  
25 get signed up who would like to come forward and make

00215

1 any comment.

2 JUDGE HAENLE: Would you raise your hand if  
3 you do, please.

4 Anyone? Come on forward then. We'll ask  
5 you when you're all done to print your name and  
6 address on the sheet.

7 THE WITNESS: I was on there earlier but I  
8 changed my mind.

9 Whereupon,

10 DAVID METTLER,

11 having been first duly sworn, was called as a witness  
12 herein and was examined and testified as follows:

13 THE WITNESS: David Mettler, M E T T L E R.  
14 I only got one statement. I worked in Morton last 23  
15 years, and lived over here the last 23 years in a  
16 sawmill. Never been around the phones completely  
17 other than use them around there, but I know the  
18 quality, it seems to me, has never been as good on  
19 this side. Phones are down usually longer. Like the  
20 pay phones around Morton seem not as good and to me,  
21 -- I've always said, even remarked on it at the mill,  
22 that I was glad that we always had this over here. I  
23 guess that's just about it.

24 JUDGE HAENLE: You live where, sir?

25 THE WITNESS: 50207 Mountain Highway East.

00216

1 It's an Eatonville address but I live in Alder  
2 actually.

3 JUDGE HAENLE: And your work you said was?

4 THE WITNESS: In a lumber mill.

5 JUDGE HAENLE: I see.

6

7 DIRECT EXAMINATION

8 BY MR. MANIFOLD:

9 Q. In Morton?

10 A. In Morton, Washington.

11 Q. Which is part of the PTI exchange now?

12 A. Right.

13 Q. And you're currently a U S WEST customer?

14 A. Yes.

15 Q. And you would, if the sale went through,  
16 you would be in the exchange -- you're in the Ashford?

17 A. I believe it's a downgrade myself.

18 Q. Pardon me?

19 A. I believe it's a downgrade from the  
20 quality.

21 Q. So you're against the sale?

22 A. Yes, I am.

23 JUDGE HAENLE: Questions anyone?

24 Commissioners?

25 COMMISSIONER HEMSTAD: No.



00217

1 JUDGE HAENLE: Thank you, sir, for your  
2 testimony. There was another gentleman in the back.  
3 Whereupon,

4 CLAUDE SMITH,  
5 having been first duly sworn, was called as a witness  
6 herein and was examined and testified as follows:

7

8 DIRECT EXAMINATION

9 BY MR. MANIFOLD:

10 Q. Please state your name.

11 A. Claude Smith, C L A U D E S M I T H.

12 Q. Your address?

13 A. 55204 Reese Road, Post Office Box No. 92  
14 Ashford, Washington.

15 Q. Currently a U S WEST customer?

16 A. Yes, I am.

17 Q. Are you speaking on behalf of any  
18 organizations?

19 A. Myself and my wife.

20 Q. Please go ahead and make your comment.

21 A. Well, I would like to stay a U S WEST  
22 customer. Myself, I've had good service from them,  
23 and I see no reason to do something to something  
24 that's already working well. And so if I want to call  
25 my business in Tacoma, I can call them just like that,

00218

1 I have no problems whatsoever, and they're U S WEST  
2 down there, and I would just as soon stay U S WEST  
3 here. And I would like to see Paradise Estates go  
4 under U S WEST. Sell back to them and keep it as  
5 one local.

6 MR. MANIFOLD: Thank you.

7 JUDGE HAENLE: Questions, anyone? All  
8 right. Thank you for your testimony, sir, you may  
9 step down.

10 MR. MANIFOLD: Are there any other people?

11 Yes, please come forward.

12 Whereupon,

13 BETTE LEYBOLD,  
14 having been first duly sworn, was called as a witness  
15 herein and was examined and testified as follows:

16

17 DIRECT EXAMINATION

18 BY MR. MANIFOLD:

19 Q. Would you please give your name.

20 A. Betty Leybold, B E T T Y L E Y B O L D.

21 Q. Address?

22 A. My company address is 55106 Kernahan East,  
23 Ashford, Washington, 98034.

24 Q. What is your company?

25 A. Mt. Rainier Guest Services.

00219

1 Q. Could you describe what that is?

2 A. We have the concession stands inside the  
3 park. We do the hotels, retail, food service, and we  
4 also do reservations for the hotels.

5 Q. You don't have an 800 number?

6 A. No, we do not.

7 Q. Would you please go ahead and give your  
8 testimony.

9 A. Well, I live in Mineral so I have PTI as  
10 personal. Over here my concerns are when we call  
11 vendors it seems that it's always "try U S WEST," or  
12 Terra Communication is our local vendor for our  
13 telephone company, and it always seems that one blames  
14 the other one, and we get good service from each of  
15 the companies, and I feel, like a lot of the people  
16 around here, that if we go to PTI we're going to be  
17 taking a step back.

18 I don't know all the services that PTI  
19 offers, but I know that we need a lot of service up  
20 here and we can't afford downtime. We have our  
21 computers that are connected to our office in Fairfax,  
22 Virginia. I need to be able to communicate with them  
23 and know that I'm going to be able to communicate with  
24 them quickly.

25 And I'm worried that with PTI we're not

00220

1 going to have the repair people in the area, we're not  
2 going to have as quick a service. The gentleman  
3 that's been in the area locally now, I can call him  
4 and I know that they work very well together, whether  
5 it be U S WEST or Terra Communications, and I know  
6 they're going to come up and perform the service that  
7 we need. I'm just -- I'm not saying that I don't want  
8 the sale to go through but I'm saying that I'm very  
9 leery, as a lot of people are around here, that we're  
10 taking a step back and I don't want to do that. I  
11 feel that we can't afford to do that.

12           We're a growing community with the proposal  
13 that we have for the Adams center that's going to be  
14 going in and with the park service, we're very  
15 concerned. We don't have the 911 service but we have  
16 a large budget in the phone company also and we spend  
17 12 to \$20,000 a year, and I don't want to see us go  
18 backwards more than anything.

19       Q.     Terra is the provider of the?

20       A.     Of our telephone system.

21       Q.     And do you know how many lines you have?

22       A.     We probably have in our office -- I think  
23 we have about 10 lines and we have all the lines  
24 inside of the park going to the hotels. Also we have  
25 probably four to five lines going in there.

00221

1 MR. MANIFOLD: Thank you.

2 JUDGE HAENLE: Questions, Counsel?

3 Commissioners, questions?

4 CHAIRMAN NELSON: What's the Adams  
5 development?

6 THE WITNESS: Rick Adams was up here  
7 talking about -- they're planning on putting in a  
8 large community hotel and different things.

9 CHAIRMAN NELSON: Okay. Thank you.

10 JUDGE HAENLE: Commissioners, anything  
11 else?

12 COMMISSIONER HEMSTAD: No.

13 JUDGE HAENLE: Thank you for your  
14 testimony. You may step down.

15 Those of you who are testifying and haven't  
16 signed the sheet, please be sure you do before you  
17 leave so we have the name and address. Anyone else  
18 now that wanted to give testimony that hasn't had the  
19 chance? Raise your right or left hand, both hands.

20 Then I would propose I would like to make  
21 the PTI information sheet for Ashford and your update,  
22 Mr. Manifold, the blue sheet, the Exhibit 506. Is  
23 that all right with everyone? I will enter that,  
24 then. Thank you all for coming. We have another  
25 hearing, public hearing, scheduled in Raymond on

00222

1 Thursday night at 6:00 and you're welcome to attend  
2 that also if you would like. Thank you for coming  
3 then and I would adjourn the hearing.

4 (Marked and admitted Exhibit 506.)

5 (Hearing adjourned at 7:20 p.m.)

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