

**BEFORE THE WASHINGTON STATE  
UTILITIES AND TRANSPORTATION COMMISSION**

VERIZON SELECT SERVICES, INC.;	)	
MCIMETRO ACCESS	)	DOCKET UT-081393
TRANSMISSION SERVICES, LLC;	)	
MCI COMMUNICATIONS	)	ORDER 04
SERVICES, INC.; TELECONNECT	)	
LONG DISTANCE SERVICES AND	)	
SYSTEMS CO. d/b/a TELECOM	)	THIRD PREHEARING
USA; AND TTI NATIONAL, INC.,	)	CONFERENCE ORDER;
	)	
Complainants,	)	
	)	NOTICE OF HEARING ON
v.	)	PROPOSED SETTLEMENT
	)	(To be held on September 9, 2009,
UNITED TELEPHONE COMPANY	)	at 9:30 a.m.)
OF THE NORTHWEST, d/b/a	)	
EMBARQ	)	
	)	
Respondent.	)	
.....	)	

1     **NATURE OF PROCEEDING.** Docket UT-081393 involves a formal complaint against United Telephone Company of the Northwest (Embarq) filed by Verizon Select Services, Inc., MCImetro Access Transmission Services, LLC, MCI Communications Services, Inc., Teleconnect Long Distance Services and Systems Co. d/b/a Telecom USA and TTI National, Inc. (collectively “Verizon Access” or “Complainants”) with the Washington Utilities and Transportation Commission (Commission) on July 28, 2008. On August 2, 2009, Embarq announced that it had reached a settlement in principle with Verizon Access. On August 3, 2009, at the parties’ request, the Commission suspended the procedural schedule.

2     **CONFERENCE.** The Commission convened a third prehearing conference in this docket at Olympia, Washington on Wednesday, August 5, 2009, before Administrative Law Judge (ALJ) Adam E. Torem.

3     **APPEARANCES.** Gregory M. Romano, General Counsel – Northwest Region, Everett, Washington, and Christopher D. Oatway, Assistant General Counsel,

Arlington, Virginia, represent the complainants, Verizon Access. William E. Hendricks, III, Hood River, Oregon, represents the respondent, Embarq. Jonathan Thompson, Assistant Attorney General, Olympia, Washington, represents Commission Staff.<sup>1</sup> Cindy Manheim, Redmond, Washington, represents Intervenor AT&T Communications of the Pacific Northwest, Inc., and TCG Seattle (AT&T).

4 **PROPOSED SETTLEMENT.** Embarq and Verizon Access have reached an agreement in principle to resolve the issues raised in the complaint. In general, the terms of their agreement require Embarq to:

- eliminate its carrier common line charge (effective January 1, 2010);
- reduce its originating local switching rates to those charged by Verizon (effective January 1, 2010); and
- reduce its interim terminating access charge (ITAC) by half, phased in over 2 years, in equal increments (effective January 1, 2011, for the first 25 percent; effective January 1, 2012, for the second 25 percent).

The agreement also apparently recognizes that Embarq may at some point seek permission to offset some or all of the revenue lost due to these voluntary access charge rate reductions by altering its local exchange rates. In addition, Embarq is seeking to include provisions addressing limitations on other parties' rights to seek further reductions in Embarq's ITAC and preserving Embarq's own right to seek policy reform and funding regarding universal service in State of Washington.

5 AT&T indicated that it would not join in the settlement but would not oppose the proposal. Commission Staff continues to negotiate some specific terms with Embarq, but does not oppose the general nature of the settlement proposal.

6 **FULL COMMISSION TO PRESIDE AT HEARING.** The Commissioners of the Washington Utilities & Transportation Commission recognize the importance of the issue of intrastate access rates and the implementation of the Commission's rules in

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<sup>1</sup> In formal proceedings, such as this, the Commission's regulatory staff functions as an independent party with the same rights, privileges, and responsibilities as other parties to the proceeding. There is an "*ex parte* wall" separating the Commissioners, the presiding Administrative Law Judge, and the Commissioners' policy and accounting advisors from all parties, including regulatory staff. *RCW 34.05.455*.

this area, particularly WAC 480-120-540 regarding terminating access charges. Therefore, the Commissioners will preside, with the assistance of Judge Torem, at all further proceedings in this docket. Accordingly, the Commissioners will enter a final order in this matter. *WAC 480-07-330(1); WAC 480-07-750.*

- 7 **SUPPORTING DOCUMENTATION.** Embarq has agreed to finalize and file the settlement agreement, along with all required supporting documentation, no later than Wednesday, August 12, 2009.
- 8 WAC 480-07-740(2) states in part: “When filing a proposed settlement agreement, parties must also file supporting documentation sufficient to demonstrate to the commission that the proposal is consistent with law and the public interest and that it is appropriate for adoption.” The rule further explains that the supporting documentation must include a narrative that includes four elements:
- A narrative outlining the scope of the underlying dispute;
  - The scope of the settlement and its principal aspects;
  - A statement of parties’ views about why the proposal satisfies both their interests and the public interest; and
  - A summary of legal points that bear on the proposed settlement.

Finally, the rule requires each settling party to offer to present one or more witnesses to testify in support of the proposal and answer questions concerning the settlement agreement’s details, as well as its costs and benefits.

- 9 As discussed at the prehearing conference, the Commission requires that the settling parties’ narrative in support of the proposed settlement explain how its terms will impact Embarq’s existing commitments set out in the recently concluded “merger” case before the Commission, particularly Order 05 of Docket UT-082119.

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- 10 **PROCEDURAL SCHEDULE.** The Commission sets the following procedural schedule to consider the proposed settlement:

Parties to File Settlement Agreement  
and Supporting Documentation

August 12, 2009

Settlement Hearing

September 9, 2009

- 11 **NOTICE OF HEARING.** The Commission schedules a hearing on the merits of the proposed settlement for **Wednesday, September 9, 2009, at 9:30 a.m., in Room 206 of the Commission's headquarters, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.** Parties may seek permission for witnesses to attend telephonically through use of the Commission's teleconference bridge line at (360) 664-3846.
- 12 **DOCUMENT PREPARATION AND FILING REQUIREMENTS.** The requirements set out in Order 01, paragraphs 13 to 16, remain in effect, as modified by the Notice Revising Order 01 (issued April 15, 2009).
- 13 **NOTICE TO PARTIES: Any objection to the provisions of this Order must be filed within ten (10) days after the service date of this Order, pursuant to WAC 480-07-430 and WAC 480-07-810. Absent such objection, this Order will control further proceedings in this matter, subject to Commission review.**

Dated at Olympia, Washington, and effective August 5, 2009.

WASHINGTON STATE UTILITIES AND TRANSPORTATION COMMISSION

ADAM E. TOREM  
Administrative Law Judge