

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

PENALTY ASSESSMENT UT-140901

PLEASE NOTE: You must complete and sign this document, and send it to the Commission within 15 days after you receive the penalty assessment. Use additional paper if needed.

I have read and understand RCW 9A.72.020 (printed below), which states that making false statements under oath is a class B felony. I am over the age of 18, am competent to testify to the matters set forth below and I have personal knowledge of those matters. I hereby make, under oath, the following statements.

[ ] 1. Payment of penalty. I admit that the violations occurred. I have:

[ ] Enclosed \$ \_\_\_\_\_ in payment of the penalty

[ ] Submitted my payment of \$ \_\_\_\_\_ online at www.utc.wa.gov. My confirmation number is \_\_\_\_\_.

[ ] 2. Request for a hearing. I believe that one or more of the alleged violations did not occur, for the reasons I describe below, and I request a hearing based on those reasons for a decision by an administrative law judge:

[X] 3. Application for mitigation. I admit the violations, but I believe that the penalty should be reduced for the reasons set out below:

[ ] a) I ask for a hearing to present evidence on the information I provide above to an administrative law judge for a decision

OR [X] b) I ask for a Commission decision based solely on the information I provide above. (please see enclosed letter)

I declare under penalty of perjury under the laws of the State of Washington that the foregoing, including information I have presented on any attachments, is true and correct.

Dated: 6/12/2014 [month/day/year], at Dallas, TX [city, state]

NetworkIP, LLC
Name of Respondent (company) - please print

[Handwritten Signature]
Signature of Applicant

RCW 9A.72.020:

"Perjury in the first degree. (1) A person is guilty of perjury in the first degree if in any official proceeding he makes a materially false statement which he knows to be false under an oath required or authorized by law. (2) Knowledge of the materiality of the statement is not an element of this crime, and the actor's mistaken belief that his statement was not material is not a defense to a prosecution under this section. (3) Perjury in the first degree is a class B felony."

2014 JUN 13 PM 3:01

June 12, 2014

Washington Utilities and Transportation Commission  
Post Office Box 47250  
Olympia, WA 98504-7250

Re: Penalty Assessment

To the Honorable Judge Kopta:

As per your letter dated May 30, 2014, NetworkIP, LLC (hereinafter "NetworkIP") hereby responds to the penalty assessed against it in the amount of \$1,000.00 and respectfully requests that you consider mitigating that penalty for the reasons outlined in this letter.

NetworkIP timely submitted its annual report to the Commission via the online system on May 1, 2014 (confirmation number 559). The report itself was not filed confidentially, but our redacted financial statements were filed as "Confidential" and our non-redacted financial reports were filed as "Highly Confidential." This was our first time to file this report via the online reporting system, and as the person responsible for submitting all of NetworkIP's regulatory reports in all jurisdictions where it is licensed, I fully believed that I had provided the Commission with a complete report.

The next week I received an e-mail from Ms. Amy Andrews (which had been sent to me on Friday, May 2, 2014, in the afternoon) indicating that our report was not complete. Ms. Andrews' e-mail stated, in part:

"A review of your annual report submitted on May 1, 2014 indicates it is incomplete.

- **Schedule 1, Part D marked as confidential (redacted) without a confidential unredacted version being submitted."**

I re-evaluated the report I sent and saw that I had submitted the report as non-confidential -- only our financial information was submitted confidentially, and Schedule 1, Part D referenced our financial information. Still believing that I had submitted the report correctly, I responded to Ms. Andrews on May 9, telling her that I had only submitted our financial information confidentially. She replied, "We just need to receive Schedule D submitted without the "CONFIDENTIAL" marking and showing the actual data. This will be included in the confidential version of your annual report."

As I am sure you are aware, Schedule 1, Part D was not a part of the annual report in prior years. After receiving Ms. Andrews' second e-mail I went back and read the report instructions. The instructions indicate that the report may be filed confidentially, but specifically excludes the regulatory fee sheet

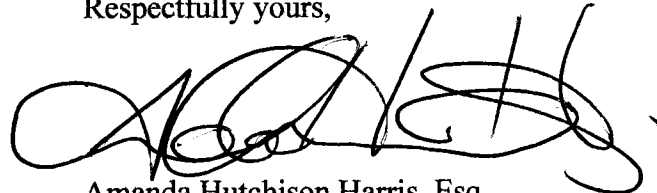
portion of the report. Schedule 1, Part D is not part of the regulatory fee sheet report, so I still did not fully understand Ms. Andrews' statement.

The next week I was out of town at a taxation conference from May 13 – 16, and had very limited access to my e-mail and any reports and financial schedules I might need to re-file the report. It was not until the next week, when I was able to return to my office, that I was able to piece together that Ms. Andrews had wanted me to remove the word "confidential" that I had written in Schedule 1, Part D. I had written that there to indicate that the information was confidential, knowing that I was concurrently filing the information requested in that section. On May 22, I therefore filed an updated report with our revenue number in Schedule 1, Part D.

NetworkIP's failure to timely file its annual report was not intentional. As I stated above, I believed that I had correctly submitted the report on May 1 and during my correspondence with Ms. Andrews. It was upon further reflection that I finally understood what Ms. Andrews had meant, and submitted the report as expeditiously as possible. NetworkIP is a privately owned company, operating in a competitive industry, and we zealously guard all financial information. My stating that the information in Schedule 1, Part D was "confidential" was an attempt to protect our revenue information, which was simultaneously submitted to the Commission as "highly confidential."

It is for the reasons above that NetworkIP respectfully requests a mitigation of the \$1,000.00 fine. The late filing was the result of a misunderstanding of the new portion of the report, the rules related to it, and the additional instructions of Ms. Andrews. NetworkIP's goal is to comply at all times with all regulatory bodies, and as a company we strive to ensure both our friends and competitors do the same. Please accept my humble apologies and assurances that this will not occur in the future. Do not hesitate to contact me at the e-mail address or phone number provided below.

Respectfully yours,



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