

**Exhibit No. ___-T (WS-1T)
Docket No. UT-061625
Witness: Wilford Saunders**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

DOCKET NO. UT-061625

QWEST CORPORATION

**To be Regulated Under an Alternative
Form of Regulation Pursuant to RCW
80.36.135**

TESTIMONY OF

Wilford Saunders, Jr.

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Supporting Multiparty Settlement

March 6, 2007

1 **Q. Please state your name and business address.**

2 A. My name is Wilford J.H. Saunders, Jr. My address is 1300 South Evergreen Park
3 Drive Southwest, P.O. Box 47250, Olympia, Washington 98504. My business e-
4 mail address is wsaunders@wutc.wa.gov.

5
6 **Q. By whom are you employed and in what capacity?**

7 A. I am employed by the Washington Utilities and Transportation Commission
8 (Commission) as Assistant Director, Telecommunications. My participation in this
9 matter is on behalf of the Commission's Staff. I have participated extensively in the
10 negotiations that have led to a multi-party settlement in this case.

11
12 **Q. What are your professional, education and experience qualifications?**

13 A. I hold a J.D. from the University of Maine and am admitted to the bar in the states of
14 Maine and Washington. I am a member of the American Bar Association's Section
15 of Administrative, Transport and Communications Law. I also hold an A.B. in
16 History from Bowdoin College. I have held my current appointment at the
17 Commission since October 1, 2005. Prior to my appointment at the Commission, I
18 was employed in private industry as a regulatory manager at General Dynamics
19 Network Systems and before that at V-SAT Telecom, Inc.

20

1 **Q. Have you testified previously before the Commission?**

2 A. I filed testimony in Docket No. UT-051291, regarding the separation of United
3 Telephone of the Northwest from Sprint Nextel. In that case, I was the principal
4 policy witness and assisted in negotiation of the settlement agreement.

5
6 **Q. What is the scope of your testimony at this time?**

7 A. My testimony describes, presents and is offered to support the multiparty settlement
8 agreement reached between all parties to this proceeding except the Public Counsel
9 section of the Attorney General's Office. It describes the settlement agreement's
10 details, its costs and benefits. Together with other testimony and narrative offered by
11 the settling parties, it is intended to present sufficient evidence to support adoption of
12 the settlement under the standards that apply to its acceptance, principally RCW
13 80.36.135.

14
15 **Q. Please describe the settlement process.**

16 A. The settlement in this matter represents the mutually agreed-upon compromise
17 position of all parties to this matter save Public Counsel. Settlement negotiations
18 have proceeded steadily and actively since shortly after the prehearing conference in
19 November 2006. All parties were involved in the negotiations to the extent they
20 chose to participate, including Public Counsel, who participated actively in our good
21 faith effort to reach a full settlement.

22

1 **Q. Please describe the essential terms of the settlement.**

2 A. For convenience and consistency, the parties' settlement discussions centered around
3 revision or re-drafting of the Plan for AFOR, originally presented by the company as
4 Exhibit No. ____ (MSR-2). The end result, representing the agreement of the settling
5 parties, is offered as Exhibit No. ____ (WS-2) to my testimony and also as Exhibit 1
6 to the Settlement Agreement of the settling parties. The principal changes from
7 Staff's improved plan for AFOR, presented with Staff's litigation case as Exhibit No.
8 ____ (TLW-3), are as follows:

- 9 1. For the avoidance of doubt and in the interest of clarity, Provision 1 was
10 redrafted, removing the contents of the footnote to Appendix A. In that appendix,
11 the settling parties summarize the specific waivers of regulatory requirements under
12 RCW Title 80 and WAC 480 that the settling parties recommend be granted, granted
13 in part, denied, or not affected pursuant to RCW 80.36.135(5);
- 14 2. Provision 2 was altered at the suggestion of intervening parties to assure
15 equal access to information for all parties during the four-year review process;
- 16 3. Provision 4, regarding infrastructure development to facilitate the broad
17 deployment of technological improvements and advanced telecommunications
18 services to underserved areas, was materially altered during the negotiation process.
19 In lieu of the combination envisioned by Staff of technologies that remain
20 unchallenged in the Commission's jurisdiction – such as stand-alone ATM
21 (asynchronous transfer mode), frame relay and several others – Qwest proposed that
22 the Commission consider DSL and broadband Internet deployment. The target of 83
23 percent availability statewide and 100 percent of wire centers served remains

1 consistent with Staff's testimony. The revised language is more precise as to
2 scheduling of the deployment and addresses the risks of line loss in the more
3 developed areas of the state where broadband availability is currently high;

4 4. Provision 5, regarding network robustness and redundancy, was dropped in
5 favor of a revised trouble report incentive to be added to the customer service
6 guarantee program and described in Appendix C of Exhibit 1;

7 5. Exception 1's provision that Qwest not petition for forbearance from federal
8 law governing the obligation to provide wholesale services was removed. The
9 parties retain any and all rights to request or contest any such forbearance in an
10 appropriate separate proceeding;

11 6. Exception 2(a)'s provision for one Directory Assistance Free Call Allowance
12 for all residential customers was dropped, but free directory assistance remains for
13 hospitals and those unable to use a printed directory;

14 7. Exception 2(a)(v) preserves the Customer Service Guarantee Program in the
15 tariff, assuring that those customers most directly affected by customer service
16 problems benefit from bill credits that provide an incentive for the company to
17 continue to improve its service;

18 8. Qwest's reporting under Exception 4 is somewhat broader than originally
19 proposed, to facilitate the Commission's continued ability to monitor and understand
20 the company's performance, but the frequency of reporting is reduced to annually for
21 affiliated interest transactions, semi-annually for the Customer Service Guarantee
22 Program and a more specific set of triggers for transfer of property filings;

1 9. The price cap for the 1FR (basic residential service) is set at \$13.50 for the
2 four years of the transition period, rather than \$14.50 as proposed by the company
3 and previously by Staff, but the phased-in schedule for annual increases to the cap is
4 removed, allowing the company to implement up to a \$1 increase if it wishes at any
5 time during the transition period;

6 10. Service quality rules remain in effect for Qwest, as described in Staff's
7 original position. In addition, Qwest will augment its Customer Service Guarantee
8 Program, reinstating customer bill credits for delayed service, out-of-service and
9 trouble report frequency from its 1990s-era program as described in Appendix C of
10 Exhibit 1;

11 11. Transition Provisions 3 through 6 provide for financial reporting during the
12 transition period consistent with but slightly different from the arrangements
13 proposed by Staff witness Paula Strain and described in Exhibit No. ____ (TLW-3).
14 These revised reporting provisions offer more regulatory certainty at less of a burden
15 for the company, while providing sufficient data and records to ensure continuity of
16 Commission records and to enable the company to return to traditional regulation
17 without loss of adjustments if the need should arise.

18

19 **Q. Please present the essential terms of the settlement.**

20 A. Please see attached Exhibit No. ____ (WS-2), a duplicate of Exhibit 1 to the
21 Settlement Agreement.

22

1 **Q. Please describe the costs and benefits of the settlement.**

2 A. The costs of the AFOR to the company and the agency as proposed will be
3 substantially similar to the costs as proposed in Staff's initial testimony
4 recommending an improved plan. The settlement offers several benefits: customers
5 who purchase basic 1FR service will see at most a \$1 increase, rather than \$2 as
6 originally proposed; the company has increased flexibility to implement an increase
7 sooner or later if the market allows; the company's broadband development will be
8 of a type most directly beneficial to retail customers and will extend to areas
9 currently unserved; the company's Customer Service Guarantee Program is
10 augmented and preserved for the entire period of the AFOR.

11
12 **Q. Please describe how the settlement is supported by evidence sufficient to justify
13 its adoption under the standards that apply to its acceptance.**

14 A. The settling parties present, together with the settlement proposal, testimony from
15 multiple witnesses, based on their pre-filed testimony in this docket. This testimony
16 describes in detail how the AFOR plan as here presented will – as required by RCW
17 80.36.135 – improve the efficiency of the regulatory process, preserve or enhance the
18 development of effective competition and protect against the exercise of market
19 power during its development, preserve or enhance service quality and protect
20 against the degradation of the quality or availability of efficient telecommunications
21 services, provide for rates and charges that are fair, just, reasonable, sufficient, and
22 not unduly discriminatory or preferential, and not unduly or unreasonably prejudice
23 or disadvantage any particular customer class.

1

2 **Q. Does this conclude your testimony?**

3 A. It does.