



STATE OF WASHINGTON

UTILITIES AND TRANSPORTATION COMMISSION

1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250

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June 22, 2016

Steven V. King, Executive Director and Secretary
Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P.O. Box 47250
Olympia, WA 98504-7250

RE: *Washington Utilities and Transportation Commission v. Southwest Communications, Inc.*

Commission Staff's Response to Application for Mitigation of Penalties UT-160588

Dear Mr. King:

On June 15, 2016, the Utilities and Transportation Commission issued a \$1,000 Penalty Assessment in Docket UT-160588 against Southwest Communications, Inc. for ten violations of Washington Administrative Code (WAC 480-120-382), which requires telecommunications companies to furnish annual reports, supporting documentation and the regulatory fee to the commission no later than May 1 each year, or in this case, May 2 as May 1 was a Sunday.

On June 20, 2016, Southwest Communications, Inc. wrote the commission requesting mitigation of penalties. In its mitigation request, Southwest Communications, Inc. does not dispute the violation occurred. The company states, "...I mistakenly forgot to include the required supporting documentation of a Balance Sheet and Income Statement". Additionally, the company states that the \$150 regulatory fee is new and that it was not highly visible and that they were unaware that the annual report was incomplete until they received an email on June 15 advising them of the Penalty Assessment. Once the email was received they paid the new minimum fee and submitted the required documentation within 48 hours. The company states if they were notified earlier that they would have been able to respond earlier which would have lessened the penalty assessment amount.

It is the company's responsibility to ensure that the regulatory fee is paid and the annual report is filed by the May 1 deadline. On February 29, 2016, Annual Report packets were mailed to all regulated telecommunications companies. The instructions page along with Schedule 1, Part A inform the regulated company that it must complete the annual report form, provide the supporting financial reporting documents and pay the regulatory fees, and return the materials by May 2, 2016, to avoid enforcement action.

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On April 28, 2016, Southwest Communications, Inc. filed an incomplete 2015 annual report and did not pay the regulatory fee of \$150. Commission staff called the phone number provided by the company on the annual report and left a message on May 2 notifying the company of the missing information. Southwest Communications, Inc. submitted the balance sheet and income statement on June 20 and a complete annual report is now on file.

Southwest Communications, Inc. has been active since 2003. Southwest Communications, Inc. previously missed the deadline for filing its annual report for the 2012 and 2011 annual reports and received mitigation for both the 2012 and 2011 reporting year. The company filed on time for the 2013 and 2014 annual reports. Despite the prior violations of WAC 480-120-382, staff supports the company's request for mitigation due to the recent filing compliance. Staff recommends a reduced penalty of \$50 per day for a total penalty assessment of \$500

If you have any questions regarding this recommendation, please contact Sean Bennett, Regulatory Analyst, at (360) 664-1157, or sbennett@utc.wa.gov.

Sincerely,



Sondra Walsh, Director
Administrative Services