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1           BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION

2                                   COMMISSION

3   In the Matter of the                     )  
4   Petition of                                 )  
5   )  
6   QWEST CORPORATION                        ) DOCKET NO. UT-061625  
7   ) Volume II  
8   To be Regulated Under an                ) Pages 37 - 76  
9   Alternative Form of                        )  
10   Regulation Pursuant to                   )  
11   RCW 80.36.135.                           )  
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13                   A public comment hearing in the above matter  
14                   was held on March 6, 2007, at 6:32 p.m., at 6501 South  
15                   19th Street, Tacoma, Washington, before Administrative  
16                   Law Judge PATRICIA CLARK, Chairman MARK SIDRAN,  
17                   Commissioners PATRICK OSHIE and PHILIP JONES.

18                                The parties were present as follows:

19                   QWEST CORPORATION, by LISA A. ANDERL,  
20                   Associate General Counsel, 1600 Seventh Avenue, Room  
21                   3206, Seattle, Washington 98191; telephone, (206)  
22                   345-1574.

23                   WASHINGTON UTILITIES AND TRANSPORTATION  
24                   COMMISSION, by GREGORY J. TRAUTMAN, Assistant Attorney  
25                   General, 1400 South Evergreen Park Drive Southwest,  
26                   Post Office Box 40128, Olympia, Washington 98504;  
27                   telephone, (360) 664-1187.

28                   PUBLIC COUNSEL, by SIMON J. FFITCH, Assistant  
29                   Attorney General, 800 Fifth Avenue, Suite 2000,  
30                   Seattle, Washington 98104; telephone, (206) 389-2055.

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33                   Kathryn T. Wilson, CCR

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1 Court Reporter

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

3 CHAIRMAN SIDRAN: Good evening, and welcome

4 to the March 6th, 2007, public hearing of the

5 Washington Utilities and Transportation Commission.

6 I'm Mark Sidran, Chair of the Commission. I'm joined

7 by my colleagues, Commissioners Patrick Oshie and

8 Philip Jones, and by our administrative law judge,

9 Patricia Clark.

10 This is a public hearing in relationship to a

11 petition by Qwest Corporation for what is called an

12 alternative form of regulation. This hearing will be

13 conducted by Judge Clark who will in a moment explain

14 the process that we will pursue this evening. I will

15 just say on behalf of my colleagues that we welcome you

16 and that you have taken the time this evening to come

17 and share any comments you may have and to say that

18 this is not the only opportunity to comment to the

19 Commission. There will be a period of time, and Judge

20 Clark may have a date in mind in which additional

21 comments may be submitted, so if you have questions

22 that are raised by what happens this evening and you

23 want to follow-up in some way, there will still be an

24 opportunity after this evening to present comments to

25 the Commission. Not in the context of a public

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1 hearing, but by comment either in writing or through  
2 e-mail on our Web site, and again, we are glad to see  
3 you all and look forward to this evening's hearing, and  
4 with that, I will ask Judge Clark to describe for you  
5 our process.

6 JUDGE CLARK: It's a pleasure to be here. I  
7 want to give you a basic overview of what this case is  
8 and what we are here to hear comments on tonight. This  
9 matter came before the Commission in October of 2006  
10 when Qwest filed a petition for an alternative form of  
11 regulation. That's sometimes also referred to as an  
12 AFOR, and under that alternative form of regulation,  
13 Qwest would be permitted to have certain pricing  
14 flexibility and be relieved of some of the filing  
15 obligations that it currently has with the Commission.

16 There are a number of parties to this  
17 proceeding, including the Commission staff; Public  
18 Counsel; several competitive local exchange carriers,  
19 the Department of Defense - Federal Executive Agencies,  
20 WeBTEC, and the Northwest Public Communications  
21 Counsel. The competitive local exchange carriers,  
22 DODFEA, WeBTEC, and NPCC, are not present for this  
23 evening's hearing.

24 Qwest entered into a settlement regarding the  
25 terms and conditions of an alternative form of

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1 regulation with all parties except Public Counsel.  
2 That settlement was filed with the Commission today.  
3 It would have been nice to have had copies of that  
4 available to distribute this evening, but regrettably,  
5 we didn't get those early enough to bring those with  
6 us. If you have inquiry regarding the terms and  
7 conditions of the settlement, it would be appropriate  
8 for you to address those to the individuals who are  
9 present for this proceeding this evening. We do have  
10 representatives, I'll call on them to take appearances  
11 in a moment, and they are present. We have  
12 representatives present from Qwest. We have  
13 representatives from the Commission staff and Public  
14 Counsel.

15           An evidentiary hearing is scheduled to terms  
16 and conditions of the settlement. That evidentiary  
17 hearing will be held in Olympia next week. These  
18 hearings are public hearings; that is, you are welcome  
19 to attend and observe that public hearing if you so  
20 wish. At that public hearing, the Commission will take  
21 into consideration the stipulation that was entered  
22 into by the parties and any alternative positions that  
23 the Public Counsel, the only party that didn't settle,  
24 would want to present in that hearing, and that will  
25 start next week in Olympia.

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1           The statute allows the Commission to consider  
2 the stipulation. They may accept it. They may modify  
3 it, or they may reject it. The Commission can also  
4 impose conditions on the settlement. It is important  
5 to realize that simply because the parties have reached  
6 a settlement, it's not like a civil case where the case  
7 goes away. The commissioners will consider all of that  
8 information, balance those interests, and make a final  
9 decision. That final decision will be in the form of a  
10 written order which will be issued by them.

11           I meant to mention and neglected to do so  
12 that to let you know that the settlement is also a  
13 public record. That should be available on the  
14 Commission's Web site if you wish to access it. It  
15 should have been available this afternoon, but you can  
16 certainly access it tomorrow if you needed assistance.

17           I would like to focus this evening's hearing  
18 on your comments that you might have on this particular  
19 alternative form of regulation. If you have other  
20 specific concerns, it would be a good idea to address  
21 those with either the Company or the members of  
22 Commission staff or Public Counsel during a break or a  
23 recess.

24           The general procedure for this evening's  
25 hearing is that if you are interested in presenting

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1 comments, I will do a group swearing-in. I will issue  
2 an oath or affirmation and just ask you to rise, take  
3 that oath. Everyone takes the oath at the same time,  
4 and it is my intention to call you in the order in  
5 which you signed up on the sign-up sheet by the front  
6 door. If you need special accommodation because you  
7 need to leave the hearing, please let me know that and  
8 I will certainly try to make that accommodation for  
9 you. I also want to apologize in advance if I  
10 mispronounce anyone's name. Please correct me. We  
11 would like to have your name accurately reflected on  
12 the record.

13           Again, focus on the fact that the focus of  
14 this hearing is on your comments rather than questions  
15 you might have. If you have questions you would like  
16 to pose to the parties or if you have procedural  
17 questions you would like to pose to me, that would be  
18 an appropriate thing to do on a recess or a break. If  
19 you have a cell phone with you this evening, this would  
20 be a lovely time to turn it to mute or turn it off.

21           At this time, I'm going to take appearances  
22 on behalf of the parties. Appearing on behalf of  
23 Commission staff?

24           MR. TRAUTMAN: Thank you. Gregory J.  
25 Trautman for the Commission staff.

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1           JUDGE CLARK: Could you just very succinctly  
2 describe the role of Commission staff in an  
3 adjudicative proceeding such as this one?

4           MR. TRAUTMAN: Yes. The Commission staff is  
5 an independent party separate from the Commission along  
6 with the other parties to the proceeding, which the  
7 judge mentioned, and as she also mentioned, we have  
8 reached a settlement in this case that we feel is in  
9 the public interest, and we would urge the Commission  
10 to adopt it.

11           I would also point out that also here with  
12 Commission staff to answer any questions you may have  
13 after the proceeding, we have Will Saunders in the  
14 front row, assistant director of telecommunications;  
15 Tom Wilson, regulatory analyst, and from consumer  
16 affairs, we have Dave Pratt. In the back row, we have  
17 John Cupp and also Linda Johnson.

18           JUDGE CLARK: Appearing on behalf of Public  
19 Counsel?

20           MR. FFITCH: Thank you, Your Honor. Simon  
21 ffitich, assistant attorney general for the Public  
22 Counsel office. The Public Counsel section is a  
23 division of the Washington State attorney general's  
24 office and represents customers, particularly small  
25 business and residential rate payers, regarding utility

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1 rates and business practices, and in this case, we are  
2 appearing on behalf of residential and small business  
3 customers. We have placed a handout at the back of the  
4 room on the table where you first came in, and I would  
5 be happy to stay afterwards and talk with anyone if you  
6 have questions.

7 JUDGE CLARK: Thank you. Appearing on behalf  
8 of Qwest?

9 MS. ANDERL: Lisa Anderl, associate general  
10 counsel, representing Qwest Corporation.

11 JUDGE CLARK: Could you tell us who is with  
12 you this evening, please?

13 MS. ANDERL: Mark Reynolds is here, and he is  
14 regulatory director for Washington. He has also filed  
15 substantive testimony in this docket. Kirk Nelson is  
16 in the back row, the president for the state of  
17 Washington of Qwest operations, and Sasha Richardson is  
18 here. She's our media person.

19 JUDGE CLARK: At this time, I will administer  
20 the oath or affirmation. If you think you are going to  
21 present comments this evening, if you would rise at  
22 this time, please.

23

24 Whereupon,

25 THE PUBLIC,



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

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4 JUDGE CLARK: Please be seated. On the  
5 sign-in sheet, there was a section to the far right  
6 indicating whether you did or did not wish to comment,  
7 and I'm going to call on those individuals who will  
8 wish to present comments this evening. The first name  
9 is Armando Ramirez. If you could come forward, please,  
10 we will use this as the witness stand. Mr. Ffitch, do  
11 you want to have him present his name, address?

12 MR. FFITCH: Thank you, Your Honor. Good  
13 evening, Mr. Ramirez. Would you state your full name  
14 and spell your last name?

15 MR. RAMIREZ: Armando Ramirez, R-a-m-i-r-e-z.

16 MR. FFITCH: Are you appearing on your own  
17 behalf or on behalf of an organization or business?

18 MR. RAMIREZ: I'm speaking on behalf of Qwest  
19 and myself.

20 JUDGE CLARK: I think it would help, and I  
21 neglected to also let you know that we have a court  
22 reporter present for this evening. She will be making  
23 a transcript, and so it is important that you speak  
24 directly into the microphone so she gets all your  
25 comments.

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1                   MR. RAMIREZ: I have some comments that I put  
2 together here so I wouldn't ramble on here. It may  
3 sound like I'm reading from a script, but these are my  
4 opinions and feelings. I'm a network supervisor with  
5 Qwest in Washington. I oversee technicians who provide  
6 telephone service. I'm also president of SOMOS in  
7 Washington within Qwest. I'm also a resident of  
8 Yakima.

9                   Yakima is a rural area that is rapidly  
10 growing. Their residential developments are being  
11 built from the east in Terrace Heights to the west,  
12 West Valley. To serve the increased population, the  
13 Valley Mall in Union Gap is expanding with new anchor  
14 stores. There is also a new mall that is being built  
15 on 16th Avenue near Highway 12. There is also a new  
16 Wal-Mart store that is going in.

17                   In the past, Qwest would have seen the  
18 increase in homes translate into lots of access lines  
19 for Qwest. Today, some customers moved to their new  
20 homes with their wireless phones and never call us.  
21 Some buy Charter packages, home services for their  
22 wireless phones, TV, broadband, and phone service.  
23 They also may never call Qwest, and we are also seeing  
24 customers disconnect their home services and use other  
25 products to communicate. We see firsthand in our

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1 garages not as many new-connects and many orders to  
2 disconnect land-line services. As a result, we have  
3 not needed as many technicians for the lower volume of  
4 work, so loss of access lines equals a loss of jobs,  
5 and in that area, Qwest provides very good-paying jobs  
6 to folks in that area. We are not seeing those at the  
7 present time.

8 Evidence of choice is everywhere. There are  
9 six kiosks in the Valley Mall selling wireless  
10 services: Cingular, Verizon, U.S. Cellular, T-Mobile,  
11 Sprint, and Qwest. The cable company, Charter, has  
12 billboards all over the city advertising what they  
13 sell, including home telephone service. It is not hard  
14 to conclude Qwest is only one of many providers of  
15 residential phone service in Yakima. There is a choice  
16 out there.

17 I understand that the utilities commission  
18 does not regulate the other phone companies or Charter.  
19 I also understand that regulations can get outdated  
20 when markets change. This market has definitely  
21 changed in the past five years. It makes sense to me  
22 to have regulations for Qwest for home service. I ask  
23 you to approve the petition. Thank you very much.

24 JUDGE CLARK: Mr. Ramirez, please wait there  
25 just a moment to see if any of the commissioners have

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1 questions for you or if there is any inquiry from  
2 anyone else. Thank you for your testimony,  
3 Mr. Ramirez. The next name I have is John Frazia?  
4 David Graybill? Mr. ffitch, if you would introduce the  
5 witness, please?

6 MR. FFITCH: Mr. Graybill, would you please  
7 state you full name and spell your last name for the  
8 record?

9 MR. GRAYBILL: David W. Graybill,  
10 G-r-a-y-b-i-l-l.

11 MR. FFITCH: Are you speaking on behalf of an  
12 organization or on your own behalf?

13 MR. GRAYBILL: I'm speaking on behalf of the  
14 Tacoma Pierce County Chamber of Commerce, of which I am  
15 chief executive officer.

16 MR. FFITCH: You may make your statement.

17 MR. GRAYBILL: Good evening. I'm David  
18 Graybill, the president and chief executive officer of  
19 the Tacoma Pierce County Chamber, the major  
20 metropolitan chamber for Pierce County, and I'm here to  
21 speak in favor of Qwest's request for AFOR, alternative  
22 form of regulation. I have been the Chamber's  
23 executive here in Tacoma Pierce County for 23 years and  
24 have worked with Qwest over that period of time, and  
25 I've watched as the telecommunications environment in

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1 our county, community, and state in which they've  
2 worked has changed dramatically. The competitive  
3 landscape is radically different than 20 years ago,  
4 often without a commensurate adjustment in the  
5 regulatory environment in which Qwest operates.

6 Qwest has come forward with a realistic and  
7 conservative approach in what I would term a sort of  
8 Wild West consumer opportunity out there in terms of  
9 what's being offered, and other progressive states have  
10 already come to agreement on AFOR's with Qwest in  
11 similar situations, and I would encourage tonight on  
12 behalf of our business and residential members and  
13 residents of Pierce County that you would look  
14 favorably upon this request.

15 Personally and on behalf of the Chamber, I  
16 spend countless hours working on behalf of economic  
17 development for our citizens, and our objective is to  
18 create an environment that is conscious of the new  
19 global competitive platform that encourages both  
20 flexibility and innovation, and as we read, the world  
21 is flat, from Mr. Friedman, but on the other hand,  
22 Dr. Florida tells us that it is spiky, and I think we  
23 find ourselves in Qwest's shoes being caught on the tip  
24 of a spike that they aren't able to take advantage of  
25 the global competitiveness that they would like to

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1 offer their customers in this community.

2 I feel that their request and the Chamber  
3 feels their request recognizes those issues of  
4 competitiveness, innovation while still offering as  
5 part of what I understand has been a settlement a very  
6 attractive parameter for the residential customers in  
7 terms of price and cost controls over a period of time,  
8 and we are especially appreciative in terms of  
9 state-wide economic development of the DSL build-out to  
10 remote and underserved small markets.

11 As the governor down to every chamber has  
12 espoused, we are very concerned about extending the  
13 capacity for modern communications, and Qwest has found  
14 an innovative solution to this need. I would say  
15 ordinarily that I would not be up here because there  
16 would be one member for this and one member of the  
17 Chamber against, but in this case, Qwest has been a  
18 contortionist. They've bent over backwards to satisfy  
19 all of the various competitors and folks that might  
20 complain about this AFOR or feel that they are getting  
21 gouged, but in this case, they've come forward  
22 recognizing that we are in 2007 and that the  
23 environmental situation of regulatory change is needed  
24 to approve this AFOR.

25 JUDGE CLARK: Thank you. Let's see if there

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1 is any inquiry for you. Thank you for your time this  
2 evening. Teri Tingvall Moore? Mr. ffitch, if you  
3 could introduce the witness, please?

4 MR. FFITCH: Please state your full name and  
5 spell your last name for the record.

6 MS. MOORE: My name is Teri, T-e-r-i,  
7 Tingvall, T-i-n-g-v-a-l-l, Moore, M-o-o-r-e.

8 MR. FFITCH: Are you speaking on your own  
9 behalf or on behalf of an organization?

10 MS. MOORE: I'm speaking on behalf of myself  
11 and my family.

12 MR. FFITCH: Where do you reside?

13 MS. MOORE: I live in Black Diamond. I'm  
14 probably one of those underserved rural communities.

15 MR. FFITCH: Are you a Qwest customer?

16 MS. MOORE: I am; have been for years.

17 MR. FFITCH: Would you please make your  
18 statement for the record?

19 MS. MOORE: As I stated, I do live in Black  
20 Diamond where I've lived since 1994 with my husband,  
21 Joe, commercial plumber, and my 11-year-old daughter.  
22 I really am perplexed by an apparent situation that I  
23 encountered recently. Just something about me, when  
24 something doesn't make sense, I have to explore it  
25 further, and the same was true for this case.

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1           A few months ago, I acquired a laptop with  
2 wireless internet capability, and I was excited. I had  
3 been using one of the antiquated analog systems for  
4 years, so tedious and inconvenient. I had been a  
5 long-time customer of Qwest, not just where I live in  
6 Black Diamond but throughout my years of living in King  
7 County, so of course I contacted them first via the  
8 Internet, which is where I do most of my business.

9           While waiting for an answer, I decided to  
10 contact a competitor for two reasons. I did this so I  
11 could have a competitor's rate from which to maybe  
12 bargain a little bit with Qwest, and out of curiosity,  
13 I didn't know what the charge might be. I didn't even  
14 know if Black Diamond had the technology I would need  
15 to make this happen. So when I talked to the Qwest  
16 representative -- eventually, he called me back -- I  
17 was very surprised that he was able to give me my exact  
18 charges, including a combined package rate for my  
19 land-line service, and I had thought that even though  
20 the service was somewhat bundled, he might be more  
21 flexible in his ability to give me a better price with  
22 my land versus wireless too. I wondered if at the time  
23 I should cancel my land line since I have a wireless  
24 phone that actually works from Black Diamond, but  
25 during the recent storm, trees absolutely everywhere, I



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1 still had service from Qwest, and as a mother of an  
2 11-year-old daughter, I found that was really important  
3 to have this service, so other than that reason, I may  
4 have quit the service.

5           So I'm here to tell you that I was tempted to  
6 disconnect my home service for another company's phone  
7 service. That I didn't though isn't really the point.  
8 The various phone provider services are  
9 interchangeable. I strongly support Qwest, and other  
10 carriers for that matter, to be able to compete for  
11 customers equally, for each of them to be able to  
12 adjust fees and services. How it is today doesn't seem  
13 equal to me that some companies are not regulated at  
14 all by the UTC and have that ability to adjust their  
15 prices, and one company, Qwest, can't, since it is  
16 regulated, and I don't think that's good for me as a  
17 consumer.

18           From reading the Commission's Web site, which  
19 was very well done and I understood it very thoroughly,  
20 such alternative forms of regulation under which Qwest  
21 could operate its residential business already exist.  
22 It simply needs the approval now of the UTC. I can't  
23 imagine why this request for reduced regulation will  
24 not be approved, and whatever it costs Qwest to be  
25 regulated, that money can go towards making my phone

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1 service, my land-line service that I'm trying to keep,  
2 cheaper or better. So on behalf of my family and  
3 myself, we support Qwest's petition for the AFOR.  
4 Thank you.

5 JUDGE CLARK: Let's see if there is any  
6 inquiry. Any inquiry?

7 MR. FFITCH: I have one question. You are  
8 aware that the Company proposal would actually allow  
9 them to increase your basic telephone rate as part of  
10 the agreement that was just filed today. Was that part  
11 of your thinking in supporting the proposal?

12 MS. MOORE: Absolutely, because I think  
13 competition would also mean -- shut down if needed be,  
14 but I also want quality service too, and I want them to  
15 be able to compete.

16 MR. FFITCH: Thank you.

17 JUDGE CLARK: Thank you. Robert Faunce?  
18 Mr. Ffitch, would you introduce the witness?

19 MR. FFITCH: Would you state your full name  
20 and spell your last name for the record?

21 MR. FAUNCE: Robert Faunce, F-a-u-n-c-e.

22 MR. FFITCH: Are you speaking on behalf of  
23 yourself or --

24 MR. FAUNCE: On behalf of Qwest.

25 MR. FFITCH: Are you a Qwest employee?

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1 MR. FAUNCE: I am.

2 MR. FFITCH: Your Honor, I'm going to make an  
3 objection for the record for the provision of  
4 additional testimony by Qwest in the person of Qwest  
5 employees at the hearing. This is designed for members  
6 of the general public to speak. I'm happy for  
7 Mr. Faunce to go ahead and testify, but as you know,  
8 the Company has had an opportunity to present expert  
9 testimony on all the issues in the case on two  
10 occasions, and we're having an evidentiary hearing next  
11 week, so providing additional factual testimony in this  
12 context through employees is not the intended purpose  
13 of these hearings and places parties at a disadvantage  
14 because they are not in a position to respond to  
15 factual allegations that the Company witnesses are  
16 making at this late date. So I would just like to make  
17 an objection for the record on that basis before the  
18 witness goes ahead and makes his statement.

19 JUDGE CLARK: That is simply a standing  
20 objection for the record, and you do not intend to  
21 formally object to the witness testifying?

22 MR. FFITCH: I'm happy to have the witness go  
23 ahead and testify, but I think that it is certainly  
24 unconventional to have the utility company bring its  
25 employees to testify at the hearing rather than during

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1 the normal course of the case where they present their  
2 other testimony, so I'm a little bit concerned about  
3 the pattern that we are starting to see in this hearing  
4 in that regard.

5 JUDGE CLARK: I will allow the testimony, and  
6 the Commission will determine the appropriate weight,  
7 if any, to give to these comments. You may proceed,  
8 Mr. Faunce.

9 MR. FAUNCE: My name is Robert Faunce, and  
10 until a few months ago, I worked for six-and-a-half  
11 years as a sales consultant in the residential sales  
12 call center. Our duties included answering inbound  
13 calls from customers looking to establish new service  
14 or wanting to make a change on their existing services.  
15 We discussed products and services, which included  
16 local lines, high-speed internet, wireless, satellite  
17 TV, and long distance. It was our job to match  
18 products and services which would meet the customer's  
19 needs.

20 During that time, Qwest experienced  
21 significant phone line loss. Line loss would occur  
22 when a customer chooses an alternate form of  
23 communication other than basic POTS line, which is  
24 "plain old telephone service." For those who  
25 disconnect their land line, other phones are replacing

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1 the land line as the sole means of communication for  
2 the customer. Many of our customers had called in to  
3 discuss their services and started out with, Why have  
4 my phone service with Qwest, my high-speed internet  
5 with another company, my cable service with another.

6 Cable and wireless companies are teaming up  
7 to provide the customer with an attractive bundle of  
8 services from one company. Qwest also offers these  
9 bundled services but are tied to the old regulations  
10 which restrict the ability to compete equally with the  
11 cable and wireless companies. Cable and wireless  
12 companies, as I understand it, do not have to file for  
13 approval when making changes to their rates. Qwest  
14 does. As a result, price plans and terms of service  
15 for the cable and wireless companies get to change  
16 frequently with very little notice, all hoping to grab  
17 a larger slice of the market share.

18 Because Qwest must comply with these  
19 regulations prior to making a change in our prices and  
20 services, our competitive response has always seemed to  
21 me to be reactive rather than proactive. Relaxing the  
22 restrictions as described in the AFOR would allow Qwest  
23 to compete on a level playing field with their  
24 competition in providing these services.

25 Rarely does a day go by that I'm not

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1 solicited, either directly or indirectly, to change my  
2 phone service. Direct mailings, radio spots, TV,  
3 billboards, all those things, saturate the senses on  
4 which a provider has the fastest, cheapest, or most  
5 wider coverage area. 20 years ago, there were fewer  
6 players in the arena. Customers had few choices in  
7 which to provide these services. Today, of course, the  
8 customer has many choices, and if they are dissatisfied  
9 with their service, they will simply go to another one.

10 Are the regulations still necessary or are  
11 they fair if they only apply to one company? I would  
12 say no. The AFOR doesn't ask to end all regulation.  
13 It allows Qwest to run the foot race without wearing  
14 30-pound shoes. We want the customer to choose Qwest  
15 based on the strengths of our level of service as we  
16 compete equally for customers. That way, our spirit of  
17 service that each one of our employees brings to  
18 serving the customer will be the reason that they  
19 choose Qwest. Thank you.

20 JUDGE CLARK: Is there any inquiry for  
21 Mr. Faunce? Thank you, Mr. Faunce. The next  
22 individual is Lisa Gereg.

23 MR. FFITCH: Could you state your full name  
24 and spell your last name, please?

25 MS. GEREG: Lisa Gereg, G-e-r-e-g.

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1           MR. FFITCH: Are you testifying on your own  
2 behalf or on behalf of an organization?

3           MS. GEREG: I work for Qwest as a Qwest  
4 employee.

5           MR. FFITCH: What is your position with  
6 Qwest?

7           MS. GEREG: -- manager, and my territory is  
8 Washington and Oregon.

9           MR. FFITCH: Your Honor, at this time I would  
10 like to restate my objection. I would like to ask the  
11 Commission to give it that weight. I believe the time  
12 for Qwest to put on the testimony of its employees on  
13 the factual matters which we are hearing from these  
14 folks was at the time scheduled for their testimony in  
15 the case, either in the opening round or the rebuttal  
16 round, and I believe that it's inappropriate for them  
17 to be tendered at this time just a few days before the  
18 evidentiary hearing.

19           JUDGE CLARK: Thank you very much. The  
20 Commission has listened to the testimony of several  
21 Qwest employees and concluded that your objection is  
22 actually well-taken. The focus of this evening's  
23 hearing is intended to be members of the public, and  
24 Qwest has an opportunity and has had the opportunity to  
25 present prefiled testimony and exhibits in this

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1 proceeding, which it did.

2 Qwest had the opportunity to negotiate with  
3 other parties and reach a settlement agreement which  
4 purportedly memorializes their position on the record,  
5 and so the focus of this evening's hearing needs to be  
6 on those individuals who are members of the public who  
7 either have comments they would like to make in support  
8 of or in opposition to the proposal.

9 I'm going to take a very short recess at this  
10 juncture and take a look at the other names that are on  
11 the list, perhaps confer with counsel, and it's  
12 unlikely I will be calling on any more Qwest employees  
13 to present testimony this evening. Thank you,  
14 Ms. Gereg. We are at recess.

15 (Recess.)

16 JUDGE CLARK: We are back on the record, and  
17 during a recess, had an adequate opportunity to consult  
18 with counsel regarding the remainder of the individuals  
19 on the witness list. Counsel for Qwest did point out  
20 that I ruled on the objection without giving her an  
21 adequate opportunity to respond. That's kind of  
22 difficult to do when she wasn't seated at counsel  
23 table, but she is now seated at counsel table, and she  
24 does have a response that she would like to make for  
25 the record.



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1 MS. ANDERL: Thank you, Your Honor, and I do  
2 apologize for not taking a seat here earlier. I didn't  
3 realize it was set up for three attorneys. I did want  
4 to simply note that we do not believe that the  
5 participation for public comment necessarily precluded  
6 Qwest employees and would have asked you to consider  
7 the testimony given by those individuals as members of  
8 the public in addition to their status as Qwest  
9 employees. However, since we have determined that we  
10 have reached the last person on the list for the Qwest  
11 employees and Your Honor has ruled on it, I simply  
12 wanted my comment on the record.

13 JUDGE CLARK: Thank you, Ms. Anderl. The  
14 next individual on the list is Johnny Reed.

15 MR. FFITCH: Good evening, Mr. Reed. Would  
16 you state your full name and spell your last name for  
17 the record?

18 MR. REED: My name is Johnny Reed, R-e-e-d.

19 MR. FFITCH: Are you testifying on your own  
20 behalf?

21 MR. REED: I am. I'm a consumer, and I also  
22 work in the housing office out on Fort Lewis.

23 MR. FFITCH: Are you speaking on behalf of  
24 that housing organization as well or only on your own?

25 MR. REED: No, just strictly on my own.

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1 MR. FFITCH: Are you a Qwest customer?

2 MR. REED: I am a Qwest DSL customer. I do  
3 not have phone service from Qwest.

4 MR. FFITCH: Go ahead, please.

5 MR. REED: As I said, I work out of the  
6 housing office at Fort Lewis, which is going to offer a  
7 different perspective on all of this. Working with my  
8 families, I have a lot of families as they come to the  
9 Tacoma, Fort Lewis area who don't even change their  
10 cell phone service. They keep their cell phone numbers  
11 from wherever they are coming from.

12 I also have a lot of families who do not get  
13 local phone service. Many of my peer group as well,  
14 there is no reason to have phone service. I personally  
15 use a cell phone. I don't have a home phone. Most of  
16 the people I know who have children can use the 911  
17 access if they need it for basically just security  
18 purposes are the main people anymore that I know that  
19 have home phone service because there are so many  
20 providers out there, not just with Comcast but also  
21 with your cell providers as well, and that's basically  
22 with that.

23 Other services, as well as Comcast, does  
24 offer cable and DSL. Qwest offers DSL and direct TV.  
25 Cell phone service now, you can get a modem that pops

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1 in. If you get a cell signal, you get internet  
2 service, and cell phones, the technology is getting to  
3 the point where you are going to get television service  
4 on your cell phone as well, which offers a very unique  
5 perspective, and it really opens this market up more  
6 than one simple feature that everyone has.

7 One thing I noticed over the holidays, I  
8 remember being a child and my grandparents doing the  
9 whole we are walking up the hill both ways to get to  
10 school. This past holiday season when we were home, we  
11 were making jokes about you called someone and you get  
12 a busy signal, or you get their answering machine. The  
13 reality is we are a society of instant communication.  
14 We all have voice mail. We all have text messaging.  
15 We all have these other ways to communicate. I believe  
16 that Qwest is just simply asking for the ability to  
17 compete within this market. Thank you.

18 JUDGE CLARK: Is there any inquiry for  
19 Mr. Reed? Thank you, Mr. Reed. James Mayeda?

20 MR. FFITCH: Mr. Mayeda, would you state your  
21 full name and spell your last name for the record.

22 MR. MAYEDA: My name is James Mayeda,  
23 M-a-y-e-d-a.

24 MR. FFITCH: Are you testifying on your own  
25 behalf this evening or an organization?

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1           MR. MAYEDA: I own a business in Puyallup  
2 called Island Ink Jet, and I'm here on behalf of my  
3 business as well.

4           MR. FFITCH: Are you a Qwest customer?

5           MR. MAYEDA: Yes.

6           MR. FFITCH: For Qwest business service and  
7 residential service?

8           MR. MAYEDA: Yes.

9           MR. FFITCH: Please go ahead and make your  
10 comments.

11           MR. MAYEDA: I was asked to come here by a  
12 friend of mine who we were trying to work a Qwest  
13 program last year where I was trying to get high-speed  
14 internet -- I'm in the South Hill Mall in Puyallup --  
15 and it was not available anywhere. I couldn't get it  
16 through cable. I couldn't get it through DSL, through  
17 any of the forms of cable, so I eventually ended up  
18 getting it on satellite through Sprint because I was  
19 going to get it -- other than the program called T-1,  
20 which is extremely expensive. So it was kind of a  
21 problem because I needed the speed in my business in  
22 order to communicate, and it was kind of important.

23           I'm not sure if this is related to what we  
24 are doing, but if we kind of free up some of the  
25 restrictions on there -- DSL is now available at the

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1 mall, but it wasn't then -- we can also get some of  
2 these prices down, like you say, on a bundled package,  
3 because I've got to have a phone, a hard phone line at  
4 my store and at my home, either way, so if I can bundle  
5 that in with my high speed, it would probably be very  
6 cost-effective if we could keep the price down.

7           We know that this program is going to raise  
8 the price up a dollar over the next couple of years,  
9 that's not a big deal, because if it lowers the  
10 internet prices on that for me, it will totally bring  
11 the price down for businesses like me to survive, and  
12 that's what I'm looking at. I'm just not sure I'm in  
13 the right program. I hope I said it right. The other  
14 thing is I have a home phone. That's where I run my  
15 business fax machine out of. It also gives telephone  
16 solicitors another phone to hang up on, so that makes  
17 it easier for them. Thank you.

18           JUDGE CLARK: Thank you. Is there any  
19 inquiry? Commissioner Jones?

20           COMMISSIONER JONES: Are you currently a  
21 Qwest DSL customer?

22           MR. MAYEDA: I have Sprint.

23           COMMISSIONER JONES: So you have Sprint  
24 satellite service because Qwest cannot provide DSL in  
25 that part of Puyallup?

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1 MR. MAYEDA: That's correct.

2 JUDGE CLARK: Any other inquiries? Thank you  
3 for your testimony, Mr. Mayeda. Linda Stores?

4 MR. FFITCH: Ms. Stores, good evening. Would  
5 you give your full name and spell your last name for  
6 the record?

7 MS. STORES: My name is Linda Stores,  
8 S-t-o-r-e-s.

9 MR. FFITCH: Are you testifying on your own  
10 behalf or for an organization?

11 MS. STORES: Well, I'm testifying as a  
12 resident of Seattle on my own behalf and as a very  
13 satisfied Qwest customer since 1969 with all its  
14 predecessor companies when I moved to Washington state.

15 MR. FFITCH: You are a residential customer,  
16 residential phone customer?

17 MS. STORES: Yes, I am, but actually, at  
18 different points along the way, I've owned my own  
19 business, and they were served by Qwest as well.

20 MR. FFITCH: Please make your statement.

21 MS. STORES: This is an irony because years  
22 before I got to Seattle, I worked with Harold Green who  
23 caused the old baby bells to splinter off. He was in a  
24 different job. We were in different cities, but he did  
25 it, and I knew him. I worked with him, and I'm here

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1 because I think that my understanding is that this  
2 alternative form of regulation was passed in order to  
3 provide just such opportunities to regulated companies,  
4 and we all know, and you have heard an endless parade  
5 of people telling you about competition in the  
6 marketplace, and frankly, I wish the WUTC would go  
7 after the unsolicited voice drops in my voice mail at  
8 home rather than try to prohibit Qwest any longer from  
9 being competitive in a way that it's seeking to do now  
10 and which it will still have constraints upon its  
11 business practices, if I understand what has transpired  
12 over the last several months since they filed this in  
13 October.

14           So I'm here to say that it almost seems like  
15 the regulatory pattern that Qwest is currently working  
16 under is almost like a 50-something parent who is  
17 trying to tell their 25 or 30-year-old kid how to  
18 behave and make their choices, and it seems a little  
19 anachronistic. It seems like with the proper vigilance  
20 on the part of Public Counsel and the three of you and  
21 your staff that this experiment could be tried in  
22 Washington state. I understand it's in four other  
23 states, and it seems to be working.

24           So my suggestion is let's go there, and in  
25 four years, if Qwest has raised my land line one

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1 dollar, guess what? Every New Years Eve, I feel like I  
2 get a bill in the mail from another service provider  
3 that I have at my home where my service is raised a  
4 good deal more than a dollar. Nobody is regulating  
5 that company. It's out there, and I sort of look at it  
6 as a mask-and-a-gun routine. So let's do the right  
7 thing here, and that is all I have to say to you.

8 JUDGE CLARK: Thank you. Is there any  
9 inquiry for Ms. Stores? Thank you for your testimony  
10 this evening. The last name I have on the list is  
11 Karen Rogers.

12 MS. ROGERS: Good evening.

13 MR. FFITCH: Would you state your full name  
14 and spell your last name for the record?

15 MS. ROGERS: My name is Karen Rogers,  
16 R-o-g-e-r-s.

17 MR. FFITCH: Are you testifying on your own  
18 behalf or for an organization?

19 MS. ROGERS: I'm the mayor of the City of  
20 Port Angeles, Washington, and I'm also testifying on  
21 behalf of myself.

22 MR. FFITCH: Go ahead and please make your  
23 statement.

24 MS. ROGERS: Good evening, Your Honor and  
25 Commissioners. As I stated in my introduction, I'm the



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1 mayor of the City of Port Angeles, which I fondly refer  
2 to as the real Western Washington. We are a city of  
3 about 20,000, but we have the municipality and  
4 responsibility of serving 40,000. We are a  
5 full-service utility providing electric, and in  
6 addition, we also have a partnership with a private  
7 company with Qwest on the -- for fiber-optics in our  
8 city, in addition to I have worked on telecom.

9 I relocated to the wonderful state of  
10 Washington in 1993. In 1993, it then took in Port  
11 Angeles six months to get a second phone line. I'm  
12 happy to report tonight that we have a capacity much  
13 larger than we ever did in 1993. I've actively worked  
14 on telecommunications issues since 1999, and while I  
15 stand here in the city of Tacoma, I can tell you we  
16 have more fiber than the city of Tacoma, and we are a  
17 higher-connected community. You would be surprised  
18 what services and options are available.

19 As an example tonight, I've done a lot of  
20 testimony regarding telecommunications, and I used to  
21 come forward with one telephone book. Tonight, I bring  
22 you three, if that doesn't tell that you there is not  
23 competition, and for your reading pleasure, I even  
24 post-marked where all the competition is for all the  
25 services, be it for your residential, your business,

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1 wireless, cable, etcetera.

2 I think it's important that you understand  
3 that not only am I a residential consumer of Qwest. I  
4 have my business land line with Qwest, but most  
5 importantly, my fiber-optic connection is with another  
6 private company. I carry a cell phone. It's with  
7 Verizon, and at home, I'm a cable subscriber. I can  
8 tell you what it's like to use all those services.

9 I'm here tonight to support fully Qwest's  
10 request for alternative form of regulation, and let's  
11 talk about why it's important. It's very simple. It's  
12 called competition. It's called the first time our  
13 state came out of the days of the 20-year-old Ma Bell  
14 days and realize that technology is changing by the  
15 day, so why is our regulation 20 years old?  
16 Government, it is our responsibility to adapt and be  
17 the most proactive we can for our communities.

18 Most importantly, in our community of Port  
19 Angeles, not only do we have cable, but our own public  
20 utility district has the ability to offer  
21 telecommunications services. Today, their regulation  
22 says it's only wholesale, but they aren't even  
23 regulated, and I watched personally as the competition  
24 increased with cable TV, with public utility districts  
25 and with Qwest, that the day that Qwest would release

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1 their pricing information, the next day our own public  
2 utility district will beat that price, and there is no  
3 one watching that store, let alone what the cable  
4 companies do today, and I know.

5 I support the wave broadband. They are in my  
6 community. They provide some jobs. They took most of  
7 the jobs and put them in Seattle, but most importantly,  
8 I have the tax records here, telephone taxes for the  
9 City of Port Angeles, in the year 2006, \$556,244;  
10 cable, \$116,092. Let's see; they are grabbing the  
11 market share, but look at what they are contributing to  
12 the community. I would rather support the request of  
13 Qwest where they are investing in our community, and  
14 frankly, in regards to regulation, with all due  
15 respect, rather than submitting reports, I would rather  
16 have them continue investment of infrastructure in my  
17 community, and I can tell you, Qwest, I'm a pretty  
18 tough person to negotiate with, but I'm fair, and it's  
19 been a win-win partnership between Qwest.

20 It's not that we should all be entitled. We  
21 as communities have responsibility to show what  
22 services we need and what we can really support. You  
23 can't expect companies to invest when you are  
24 strangling them with regulation. As a supporter of  
25 Washington and economic development, our entire

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1 telecommunications structure is not exactly --  
2 sometimes I look at Qwest and say, Why do you want to  
3 be in the telephone business in Washington State? If  
4 you look at it, it is time for change. I totally  
5 support that.

6 I think it's important that you understand  
7 the value of what it means to competition in our  
8 communities. I can tell you that during this last  
9 major storm, it's interesting, because I just helped to  
10 do a promotion of the importance of having a land line,  
11 hard line communication in a storm, and I have to tell  
12 you that I can personally tell you 600 more people had  
13 power because they kept their phone service. Whereas  
14 what happens today is you are tempted by all the pieces  
15 of mail you get in your mailbox every day, by all the  
16 commercials. I even get Comcast, and they don't serve  
17 my community, but the influx of the ability of having  
18 choice today is tremendous. Yet as consumers, we don't  
19 always understand the risk for that. There is complete  
20 value to having solid, residential use, and that is  
21 with a standard phone line, and from a public safety  
22 standpoint, I can tell you it worked in my community,  
23 and I can tell you how many people were ready to throw  
24 their cell phones out the window because they couldn't  
25 communicate in the storm.

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1           If you want to raise my residential bill a  
2 dollar, you go ahead. I have to raise rates in  
3 electricity, sewer, and water, and that's nothing  
4 compared to what the value of the capital  
5 infrastructure is. So I would respectfully request  
6 that you support their request for the alternative form  
7 of regulation, and I brought the phone books for you,  
8 and then you can always look me up when you happen to  
9 be in Port Angeles.

10           CHAIRMAN SIDRAN: With respect to this land  
11 line residential service in Port Angeles, is there a  
12 competitor to Qwest? If I live in Port Angeles, I can  
13 find a residential land line provider?

14           MS. ROGERS: Nine, not including the public  
15 utility districts, and that's marked in this phone  
16 book. Are you sure you don't want my phone books?

17           JUDGE CLARK: Commissioner Jones?

18           COMMISSIONER JONES: Is the PUD offering  
19 retail telephone service in Port Angeles or wholesale?

20           MS. ROGERS: The legislature -- currently,  
21 there is a bill providing them to be able to have the  
22 ability to provide retail within their district and  
23 also in my city limits.

24           COMMISSIONER JONES: That's a bill in the  
25 legislature, but currently right now, is there any

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1 retail service?

2 MS. ROGERS: Right now, in fairness to the  
3 public utility districts, many of the districts operate  
4 very differently throughout the state. Mine is getting  
5 better, but they are directly serving customers today.  
6 They have teamed with some of the internet service  
7 providers, and they themselves have disconnected their  
8 phone lines by putting voice-over IP throughout the  
9 district.

10 COMMISSIONER JONES: Then the service in Port  
11 Angeles is similar to Click here in Tacoma where it's a  
12 wholesale service that contracts with an ISP, and then  
13 the ISP provides service to the retail customer?

14 MS. ROGERS: Similar, but the key point is  
15 the public utility districts aren't regulated. They  
16 don't pay taxes.

17 COMMISSIONER JONES: Second question, on  
18 Qwest DSL service in your city, is it ubiquitous? Is  
19 it provided everywhere in Port Angeles?

20 MS. ROGERS: I've worked very hard with Qwest  
21 on DSL, and we have the largest percentage of take-rate  
22 when we presented our case to Qwest. I think the most  
23 important piece is I presented a business case to Qwest  
24 and said, If you will provide, this is how many people  
25 will sign up. They provided and they came, and it's

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1 been overwhelming. I will tell that you Qwest DSL is  
2 provided in areas where there are more trees and bears  
3 than there are people, and I'm continually amazed how  
4 they are expanding their DSL. In fact, it's kind of a  
5 race to see who can get up the hill the fastest; is it  
6 Qwest or is it wave broadband.

7 JUDGE CLARK: Any other inquiries;  
8 Mr. ffitch?

9 MR. FFITCH: I was going to tell Ms. Rogers  
10 that I will accept the phone books. I will be happy to  
11 talk with you afterwards.

12 JUDGE CLARK: Thank you. Is there anything  
13 further before we go to our recess?

14 CHAIRMAN SIDRAN: If recess means adjourned,  
15 as I think it means, because I think we have completed  
16 our testimony, have we not?

17 JUDGE CLARK: Yes.

18 CHAIRMAN SIDRAN: I will again thank those  
19 who attended for taking the time to come here this  
20 evening and share your thoughts, and again remind you  
21 that there will be further opportunity to comment by  
22 either writing or e-mailing the Commission with any  
23 comments you have, and as Judge Clark mentioned, the  
24 proposed settlement will be on the Web site, I assume,  
25 by tomorrow, so that's available for review, and there

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1 will be a hearing next week in which further testimony  
2 will be taken, and there will be argument with respect  
3 to this settlement. Do you know, Judge Clark, the  
4 cutoff date for any further comments?

5 JUDGE CLARK: To the best of my recollection,  
6 there is no cutoff date until the evidentiary record is  
7 closed.

8 CHAIRMAN SIDRAN: I assume it's going to  
9 close then next week, so I would encourage anyone who  
10 has further comments to plan on doing so by the end of  
11 next week. Thank you.

12 JUDGE CLARK: Thank you very much. Is there  
13 anything further? All right. I just want to again  
14 indicate that there are individuals who are available  
15 to answer any questions you might have. If there is  
16 nothing further to be considered on this record, we are  
17 adjourned.

18 (Public comment hearing concluded at 7:32 p.m.)

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