

0555

1 BEFORE THE WASHINGTON STATE
2 UTILITIES AND TRANSPORTATION COMMISSION
3 In the Matter of the Petition)
4 of) DOCKET NO. UT-061625
5 QWEST CORPORATION)
6 To be Regulated Under an) Volume VI
7 Alternative Form of) Pages 555 to 677
8 Regulation Pursuant to)
9 RCW 80.36.135)
10 _____)

11 A hearing in the above matter was held on
12 March 15, 2007, from 9:35 a.m. to 2:40 p.m., at 1300
13 South Evergreen Park Drive Southwest, Room 206, Olympia,
14 Washington, before Administrative Law Judge PATRICIA
15 CLARK and CHAIRMAN MARK H. SIDRAN and Commissioner

16 PATRICK J. OSHIE and Commissioner PHILIP B. JONES.
17 The parties were present as follows:
18 THE COMMISSION, by GREGORY J. TRAUTMAN,
19 Assistant Attorney General, 1400 South Evergreen Park
20 Drive Southwest, Olympia, Washington 98504-0128,
21 Telephone (360) 664-1187, Fax (360) 586-5522, E-Mail
22 gtrautma@wutc.wa.gov.
23 THE PUBLIC, by SIMON FFITCH, Assistant
24 Attorney General, 800 Fifth Avenue, Suite 2000, Seattle,
25 Washington 98104-3188, Telephone (206) 389-2055, Fax
26 (206) 389-2058, E-Mail simonf@atg.wa.gov.

27 QWEST CORPORATION, by LISA ANDERL, Attorney
28 at Law, 1600 Seventh Avenue, Suite 3206, Seattle,
29 Washington 98191, Telephone (206) 345-1574, Fax (206)
30 343-4040, E-Mail lisa.anderl@qwest.com.

31
32
33
34 Joan E. Kinn, CCR, RPR
35 Court Reporter

1 -----

2 INDEX OF EXAMINATION

3 -----

4 WITNESS: PAGE:

5 MARK S. REYNOLDS

6 Direct Examination by Ms. Anderl 558

7 Cross-Examination by Mr. ffitch 559

8 Examination by Chairman Sidran 586

9 Examination by Commissioner Jones 594

10 Cross-Examination by Mr. ffitch 603

11 Redirect Examination by Ms. Anderl 605

12 MARY M. KIMBALL

13 Direct Examination by Mr. ffitch 613

14 Cross-Examination by Ms. Anderl 616

15 Examination by Commissioner Jones 638

16 WILFORD SAUNDERS, JR.

17 Direct Examination by Mr. Trautman 651

18 Cross-Examination by Mr. ffitch 653

19 Examination by Chairman Sidran 673

20 Examination by Commissioner Jones 674

21

22

23

24

25

0557

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

2 JUDGE CLARK: Good morning, it's
3 approximately 9:35 a.m., March 15th, 2007, in the
4 Commission's hearing room in Olympia, Washington. This
5 is the time and the place set for continuation of the
6 hearing in Docket UT-061625. The record should reflect
7 that all Commissioners are present and all parties are
8 represented by counsel.

9 We did take Dr. Loube out of order yesterday,
10 and so we will now resume with presentation of Qwest's
11 case, Ms. Anderl.

12 MS. ANDERL: Thank you, Your Honor, Qwest
13 calls Mark Reynolds to the stand.

14 JUDGE CLARK: Thank you.

15 (Witness MARK S. REYNOLDS was sworn.)

16 JUDGE CLARK: Thank you, please be seated.

17 Ms. Anderl.

18 MS. ANDERL: Thank you.

19

20 Whereupon,

21 MARK S. REYNOLDS,
22 having been first duly sworn, was called as a witness
23 herein and was examined and testified as follows:

24

25

0558

1 D I R E C T E X A M I N A T I O N

2 BY MS. ANDERL:

3 Q. Good morning, Mr. Reynolds.

4 A. Good morning.

5 Q. Please state your name and your business
6 address for the record.

7 A. My name is Mark S. Reynolds, and my business
8 address is 1600 Seventh Avenue, Room 3206, Seattle,
9 Washington 98191.

10 Q. By whom are you employed and in what
11 capacity?

12 A. I am employed by Qwest Services Corporation,
13 and I am their Vice President of Public Policy and
14 Regulatory Affairs for the State of Washington.

15 Q. And, Mr. Reynolds, did you prepare both
16 direct and rebuttal testimony as well as exhibits in
17 connection with this matter?

18 A. Yes, I did.

19 Q. Do you have any changes or corrections to
20 make to any of those documents?

21 A. No.

22 MS. ANDERL: All right, Your Honor,
23 Mr. Reynolds' pre-filed testimony and exhibits having
24 been previously admitted as well as the exhibits on
25 cross-examination, we would tender the witness for

0559

1 cross.

2 JUDGE CLARK: Thank you, Ms. Anderl.

3 Mr. ffitch.

4 MR. FFITCH: Thank you, Your Honor.

5

6 C R O S S - E X A M I N A T I O N

7 BY MR. FFITCH:

8 Q. Good morning, Mr. Reynolds.

9 A. Good morning.

10 Q. I want to start out with correcting a mistake
11 that I made earlier in the hearing. Do you recall the
12 testimony or the questioning of Mr. Teitzel regarding
13 the rate case moratorium that Qwest had under the
14 merger?

15 A. Yes, I do.

16 Q. And he answered subject to check, and at a
17 break we reviewed the actual wording of the Qwest merger
18 order with Qwest and ascertained that the moratorium was
19 different than my question indicated, did we not?

20 A. I was not part of that conversation
21 unfortunately.

22 Q. Are you familiar with the rate case
23 moratorium under the Qwest merger order?

24 A. I am not.

25 Q. Okay, well, I guess we could get into a

0560

1 subject to check question, but let's move on.

2 Were you an employee of Qwest during the time
3 of the merger proceeding here in Washington?

4 A. Yes, I was.

5 Q. Okay. And what was your position?

6 A. My position was Director of Regulatory
7 Affairs Wholesale.

8 Q. Okay. And you have been with Qwest ever
9 since then?

10 A. Yes.

11 Q. And you don't remember the provisions of the
12 rate case moratorium under the Qwest merger order?

13 A. Well, at that point in time my
14 responsibilities were wholesale, and Ms. Jensen's
15 responsibilities were retail, and so Ms. Jensen would
16 certainly that would have been her domain at the time.

17 Q. Okay. Would you accept subject to check that
18 the rate case moratorium lasted from the time of the
19 order in the year 2000 through January 1st, 2004?

20 A. Yes, I would.

21 Q. So when I said that it was a five year rate
22 case moratorium, that was a mistake, wasn't it?

23 A. Yes.

24 Q. And that means that Qwest has been since
25 January 1st, 2004, free to file a general rate case in

0561

1 Washington state, doesn't it?

2 A. It would appear so.

3 Q. And according to Qwest's testimony in this
4 case, the company's rate of return has been
5 substantially below the last authorized rate of return
6 during that time period since 2004, has it not?

7 MS. ANDERL: Your Honor, I'm going to object
8 at this point. I'm reasonably confident Mr. Reynolds
9 can answer these questions, but they do appear to be
10 outside the scope of his direct testimony, and we did in
11 fact sponsor a witness, Mr. Grate, on topics such as
12 this, who was not cross-examined by Public Counsel.

13 JUDGE CLARK: Mr. ffitch.

14 MR. FFITCH: I can move on, Your Honor.

15 JUDGE CLARK: Thank you. I think it would
16 probably expedite the hearing if you can refer
17 Mr. Reynolds to a portion of his testimony.

18 MR. FFITCH: I will just move on to another
19 area.

20 BY MR. FFITCH:

21 Q. Just to finish up, Qwest has not filed a
22 general rate case in Washington state since January 1st,
23 2004, correct?

24 A. That is correct.

25 Q. Now moving on to an entirely new area, we

0562

1 have had quite a bit of discussion about DSL in the
2 hearing so far, I would like to go to that area. Can
3 you turn to the proposed AFOR that's Exhibit 4, do you
4 have a copy of that up there to refer to?

5 A. Yes, I do.

6 Q. And the DSL provisions start at the bottom of
7 page 1, do they not?

8 A. Yes, it's provision number 4, bottom of page
9 1, and it carries over to page 2 of Exhibit 4.

10 Q. Now the first part of that provision talks
11 about deploying DSL in all of the wire centers where DSL
12 is currently not offered, and that is going to occur
13 beginning in the first quarter of 2008 and will be
14 completed in 30 months, correct?

15 A. That's correct.

16 Q. And that would be in the year 2010?

17 A. I believe that's correct. The intent was to
18 have it completed prior to the six month review that is
19 addressed on the first page of the Settlement Agreement.

20 Q. All right. And this is about seven wire
21 centers that are listed in the Footnote Number 1 on page
22 2, correct?

23 A. That is correct.

24 Q. Can you please turn to Public Counsel Exhibit
25 162, it's been identified for you, that's a response to

0563

1 Data Request 96.

2 A. Yes, I have it.

3 Q. Do you have that? And in that data request
4 we asked you for each of the seven wire centers to
5 provide the number of customers and the percentage of
6 customers in those seven wire centers who would be
7 capable of utilizing DSL if Qwest deployed DSL to those
8 wire centers according to the company's commitment in
9 this case, correct?

10 A. Yes.

11 Q. All right. And then this is confidential
12 information, so I'm not going to ask you to actually
13 talk about the numbers here, but let's turn to page 2 of
14 the exhibit, this is the confidential attachment, if we
15 look at the bottom right-hand part of the table there is
16 a number under the total column actually outside the
17 box, correct?

18 A. That's correct.

19 Q. And that's the total number of customers in
20 the seven wire centers as of the time of this report?

21 A. Yeah, to be more accurate, that number
22 reflects the total number we call them working living
23 units, which means that they are living units and they
24 have a 10 digit telephone number, a working 10 digit
25 telephone number.

0564

1 Q. All right. Now in your answer on the first
2 page, it's not confidential, you state that Qwest will
3 generally devise a deployment plan that makes its DSL
4 service available to approximately 50% of the customers
5 in the wire center, correct?

6 A. That's correct.

7 Q. So as a general proposition, after you
8 complete this commitment under the proposed AFOR, 50% of
9 this number on the yellow page on the right, bottom
10 right-hand corner, will have DSL available to them?

11 A. Yes, approximately.

12 Q. Approximately.

13 A. And that will, Mr. ffitch, I would just like
14 to clarify per the response that that will vary somewhat
15 by wire center. Some wire centers that percentage will
16 be over 50%, some it might be slightly under, so it
17 depends on what type of plant we find when we actually
18 go out to do the deployment.

19 Q. Okay, and the data response does say that I
20 believe, thank you.

21 And that is going to be achieved by the year
22 2010, correct?

23 A. That is correct.

24 Q. Do you expect that this would be achieved by
25 installing what are called DSLAMs, digital subscriber

0565

1 line access multiplexers?

2 A. Yes, yes, it would, and when I talk about the
3 deployment method, it would be a combination of
4 deploying the DSLAMs actually in the wire centers we can
5 reach, you know, a certain percentage of customers that
6 are within the loop length tolerances of DSL from the
7 wire centers. However, to increase the percentage in
8 some of these small wire centers, we actually have to go
9 out and start to deploy DSLAMs out in the remote
10 terminals, we call those RTs, and we can reach more
11 customers if we move deeper into the network that way.
12 And some of these small wire centers, you have to deploy
13 a number of RTs to try to get to 50% of the customers.

14 Q. All right. You don't need to do that until
15 you get past 12,000 feet of DSL line, correct?

16 A. I believe that that, you know, it's 8 to 12 I
17 think, and it just depends on the type of equipment.

18 Q. All right, so a mile and a half to two miles
19 of line, within that all you need is the DSLAM, correct?

20 A. I believe that's correct.

21 Q. Do you know how long it takes to purchase and
22 install a DSLAM?

23 A. I don't personally, no.

24 Q. How much does a DSLAM cost, do you know, to
25 the company?

0566

1 A. My understanding, there are quotes that I
2 have had, range between \$25,000 and \$50,000 for the
3 equipment. And, you know, I think that's DO based
4 equipment, I'm not entirely sure exactly what an RT
5 DSLAM makeover looks like.

6 Q. Has Qwest calculated what the specific cost
7 of this commitment would be to the company?

8 A. We have had numerous calculations as we have
9 worked through these offices, and they range from about
10 \$1.2 Million upwards of \$2 Million for this deployment,
11 the deployment that's discussed in Exhibit 162C.

12 Q. All right. Is Qwest capable of commencing
13 the deployment program at the beginning of the fourth
14 quarter of this year and completing it within one year
15 after that? That would be by the fourth quarter of
16 2008.

17 A. I think that, you know, if you put, you know,
18 we could probably deploy, you know, under a tighter
19 timeline than what's laid out in the Settlement
20 Agreement. You know, anything is doable if you throw
21 enough money and enough manpower at it. But we thought
22 that this was a reasonable timeline to be able to
23 complete before the report and then to be able to report
24 out on it.

25 Q. All right. I would like to talk now about

0567

1 the other piece of the DSL provision in the AFOR plan,
2 Exhibit 4, do you have a copy of the company's response
3 to Bench Request Number 3, and I'm thinking about the
4 most recent supplemental response provided?

5 A. Yes, I do.

6 Q. Okay. And I'm looking at the response that
7 was provided on March 8th, 2007.

8 A. Yes, I have it.

9 Q. And we have had some discussion about the 83%
10 goal in the AFOR plan, I was a little confused by the
11 previous testimony, so I want to go back to this, see if
12 I can understand. Can we go please to the revised
13 version of confidential attachment I that's dated March
14 8th, 2007, it's actually on my copy the last page of the
15 revised filing; do you have that?

16 A. Yes, I do.

17 Q. And for each state in Qwest's territory, this
18 shows on the left-hand side the living units as of
19 December 2006, correct, that have a working 10 digit
20 Qwest telephone number?

21 A. That is correct.

22 Q. And then just looking at the heading of the
23 column, the next column is the number of living units
24 with a working telephone number that currently qualify
25 for DSL, correct?

0568

1 A. That's correct.

2 Q. All right. And if we go down to line 13 for
3 Washington, we see those two numbers there, would you
4 accept that, and I don't believe this is confidential
5 based on the discussions that we heard earlier,
6 nonconfidential discussions we heard earlier in the
7 hearing, would you accept that if you do the math that
8 shows that over, fractionally over 83% of the living
9 units in Washington state currently qualify for DSL?

10 A. That's correct. I might add though in my
11 explanation to the Chair the other day regarding those
12 percentages that Qwest can serve roughly 77% to 79% of
13 those customers without doing any type of additional
14 work in the field, but to reach the 83% plus, we would
15 have to do line rearrangements. We still have a
16 significant amount of load coils and bridge tap in our
17 plant, and what is entailed in the type of line
18 rearrangement we do is we find a customer that wants
19 DSL, and if their service is encumbered by these load
20 coils or bridge tap, we do a line rearrangement either
21 at the central office -- at the central office and also
22 out at their remote terminal so that they have a clean
23 loop all the way. But to get from the 77% to the 83%
24 requires line rearrangements.

25 Q. Well, this exhibit doesn't provide any of

0569

1 that information, does it?

2 A. No, it doesn't.

3 Q. And the title on the column numbers is
4 currently qualify with no restrictions, correct?

5 A. That's right, and Qwest is not placing any
6 restrictions on it. I'm just explaining the difference
7 between -- the question the Chair asked the other day
8 is, you know, what type of percentage. If you look at
9 the percentage that's in our DSL commitment it's 83%,
10 but that's, you know, I had to give it some sort of
11 background.

12 Q. Well, so actually what you're saying is this
13 number that's shown on this page is inaccurate, these
14 are not households that currently qualify for DSL?

15 A. No, I'm not saying that at all. They do
16 qualify. We will -- if any of those -- we can reach 83%
17 of those customers through line rearrangement.

18 Q. Well, that's not what this column says,
19 Mr. Reynolds, it doesn't say we could reach these people
20 if we did the line rearrangement. It says these living
21 units currently qualify for DSL, and that number shows
22 that you actually have already reached the 83% provision
23 of DSL.

24 MS. ANDERL: Well, Your Honor, I'm going to
25 object, that --

0570

1 Q. On its face, doesn't it?

2 A. Well, you know, maybe we could quibble over
3 what currently qualify means, but if there is a
4 household that is within a remote terminal, the reach of
5 a remote terminal that we can do line rearrangement,
6 that house qualifies, and that's what we were trying to
7 reflect in this document.

8 Q. Well, if you hadn't been asked these
9 questions at the hearing, this Commission or any party
10 to this case reading this data would have fairly
11 concluded that you have already reached the 83% and
12 exceeded the 83% target, would they not?

13 A. Well, I guess I don't understand the nature
14 of your question. I just answered you that we would
15 build to 83% of the customers in the state of
16 Washington, and we are capable of doing that. I was
17 trying to explain the difference in some of the
18 technical methods we have to go through to get to the
19 83%, but it doesn't mean that we wouldn't stand behind
20 the 83% commitment.

21 Q. Could you provide either as a response to a
22 record requisition or as a further supplemental response
23 to Bench Request Number 3 the number of customers that
24 are actually currently qualified and able to receive DSL
25 under your sort of revised answer?

0572

1 request a supplementation along those lines?

2 JUDGE CLARK: I'm sorry? Yes, absolutely.

3 MS. ANDERL: Okay.

4 BY MR. FFITCH:

5 Q. Can you turn, please, to the
6 cross-examination exhibit identified for you that is
7 Number 75.

8 A. Yes, I have it.

9 Q. And in this data request from Staff, you were
10 asked to provide all reports or studies estimating the
11 cost of upgrading facilities to increase DSL
12 availability by 5% 10%, or any other percent, correct?

13 A. Yes.

14 Q. And your answer is there are no reports or
15 studies estimating this cost, correct?

16 A. That is correct.

17 Q. Now if you turn to the next cross-exhibit,
18 Number 76, please.

19 A. I'm there.

20 Q. This is a request from Staff asking for
21 Qwest's plans for expanding residential broadband access
22 in Washington over the next year or the next five years,
23 correct?

24 A. That is correct.

25 Q. And the supplemental response states that

0573

1 there are no specific plans for the period specified and
2 then goes on to explain, correct?

3 A. Yes.

4 Q. Explains that Qwest will essentially decide
5 on a case-by-case basis based on customer demand, funds,
6 availability, business case, correct?

7 A. That is correct.

8 Q. And then Exhibit 77 asks the same questions
9 with respect to business high speed access in
10 Washington, i.e., plans for expansion either in the next
11 year or the next five years, and again the answer is no
12 specific plans, correct?

13 A. That is correct.

14 Q. The current AFOR proposal does not contain
15 any requirement to either develop or present a plan
16 during the four-year term for DSL deployment or, well,
17 for DSL deployment in Washington, does it, it's only at
18 the end of the plan?

19 A. That's correct.

20 Q. Staff's original proposal called for a report
21 by the company two years into the plan about how it was
22 doing with respect to deployment, correct?

23 A. I believe it did. I will accept that subject
24 to check, I don't exactly recall.

25 Q. Right, I think it's contained in, subject to

0574

1 check, Staff's exhibit, Mr. Wilson's Exhibit TLW-3.

2 A. Okay.

3 Q. I would like to change topics and talk about
4 the Customer Service Guarantee Program if you would go
5 to Exhibit 79, please, that's a web site, 79 and 80 are
6 the web site printouts.

7 A. I have that.

8 Q. Okay. First of all, just a general question,
9 the company agrees in the proposed AFOR to continue the
10 Customer Service Guarantee Program and with some
11 additional elements, right?

12 A. That's correct, as are laid out at I believe
13 in Appendix C of the Settlement Agreement.

14 Q. All right. And it's fair to say that the
15 settling parties are presenting this as an enhancement
16 to the Customer Service Guarantee Program?

17 A. I think that's a fair representation.

18 Q. And that's one of the customer benefits
19 that's being pointed to in this settlement, correct?

20 A. That is correct.

21 Q. So let's now take a look at Exhibit 79, make
22 sure I've got this right here, page 1 of the exhibit is
23 essentially the first page you get to when you go to the
24 Qwest web site looking for information on res, bus, or
25 large business service; is that right?

0575

1 A. Yes, that is the first page of the Qwest.com
2 web site.

3 Q. All right. If you go to page -- if you click
4 on residential service, doing retro analog style virtual
5 web surfing here, if you click on residential service
6 and then manually turn the page to page 2 of the
7 exhibit, this is where you get to; is that right?

8 A. That is correct.

9 Q. Okay. Is there any reference to the Customer
10 Service Guarantee Program on this page?

11 A. No, there's not.

12 Q. So if you were a customer who is experiencing
13 a problem with service that was covered by the Customer
14 Service Guarantee Program, when you got to this page
15 what would you click on?

16 A. I would be clicking on customer service.

17 Q. Well, let's do that virtually and then turn
18 the page.

19 A. Okay.

20 Q. And now we come to the page that is -- this
21 is where you get to if you click on customer service,
22 correct?

23 A. That is correct.

24 Q. And this is, we can see in the upper right
25 hand sort of the small letterheading, this is

0576

1 specifically for Washington residential customers,
2 right?

3 A. That's correct.

4 Q. Now where on this page -- well, let me ask it
5 this way. Under local telephone service, is there any
6 reference to the Customer Service Guarantee Program?

7 A. No.

8 Q. And where on this page is there a reference
9 to the Customer Service Guarantee Program?

10 A. It's referenced under additional information.
11 You have to actually turn the page, because it didn't
12 capture the full screen shot, and it's the last item
13 where it says Customer Service Guarantee Program. I
14 will add though that that has been changed, it has a new
15 header, and it now reads, important information about
16 consumer rights.

17 Q. And where does that header now appear?

18 A. It would appear in the same place as Customer
19 Service Guarantee Program. That was an agreement that
20 we had worked out with Public Counsel in conjunction
21 with our combined customer notice.

22 Q. Is it your understanding or do you know
23 whether this appears on the screen when you turn -- when
24 you go to this page, or do you have to scroll down; do
25 you know?

0577

1 A. I think it depends on the size of your screen
2 to tell you the truth. It is at the bottom, and I know
3 with my screen I think you get -- I have a huge screen,
4 so I think I get the whole screen shot, but I think if
5 you're using your PC you're only going to make it to
6 about the top of long distance service, and then you
7 have to probably scroll.

8 Q. Are you testifying that Public Counsel agreed
9 to this particular location on the web page?

10 A. Well, Public Counsel certainly knew where it
11 was when we had our discussions.

12 Q. Go to Exhibit 80, and this takes us back to
13 that customer service help page we were just looking at
14 actually for Washington, correct?

15 A. Yes.

16 Q. And essentially what we're going to do here
17 is go to frequently answered questions, so if you turn
18 to the third page of this exhibit, this simulates a
19 search for information that a customer might enter on
20 the first -- on page 3 of the exhibit if you enter local
21 service in the search box it brings up 47 answers to
22 questions, or excuse me 47 questions, which goes on for
23 the next -- it goes on through page 7 of the exhibit.
24 Is there any one of those 47 questions that references
25 the Customer Service Guarantee Program?

0578

1 A. I don't believe so, no.

2 Q. Let's go to page 8 of the exhibit, and that
3 shows that for a search under local service with a word
4 or phrase missed appointment, no answers were found
5 under frequently asked questions, correct?

6 A. That is correct.

7 Q. If we go to the next page, page 9, the search
8 is for local service with a word or a phrase service
9 interruption, and there are -- in this case there are 47
10 answers found, I see that our exhibit does not have all
11 47 of those. Do you know if when you put in these
12 search terms you would turn up Customer Service
13 Guarantee Program?

14 A. I don't know, I don't believe they would. I
15 believe that the access to the Customer Service
16 Guarantee Program is as we determined early on in your
17 inquiry.

18 Q. Let's go to the next page, page 10, and the
19 search terms are local service delayed order, and no
20 answers came up for that, correct?

21 A. That is correct.

22 Q. And then the next page is local service held
23 order, and no answers were found because the terms were
24 too common, maybe too technical?

25 A. Correct.

0579

1 Q. Perhaps only the people in this room would
2 search under the term held order, but nevertheless we
3 didn't get an answer on that one either, did we; is that
4 right?

5 A. Assuming you did everything right.

6 Q. And then the next search is on page 12,
7 customer credit under local service, 12 answers, the 10
8 shown there, it looks like we have not included the last
9 2 inadvertently there, do you know if the -- certainly
10 those first 10 there's no reference to Customer Service
11 Guarantee, correct?

12 A. That is correct.

13 Q. Do you know if Customer Service Guarantee
14 would turn up under this search on the two questions
15 that --

16 A. I think it's on 12. I'm just kidding, I
17 honestly don't know.

18 Q. No doubt.

19 And then if we go to the last, or no, to page
20 15, same question, we entered find information on
21 repair, six answers are found, there's no reference to
22 Customer Service Guarantee Program; is that right?

23 A. That is correct. The one thing I would add,
24 my only observation to this line of inquiry is that
25 really nothing has changed as a result of the Settlement

0580

1 Agreement. This is the way it was before, it's the way
2 it is now.

3 Q. All right. Let's move on to Exhibit 161 if
4 you could. Do you have that?

5 A. Yes.

6 Q. That's DR 80, response to DR 80.

7 A. Yes, I have it.

8 Q. And in that data request we asked generally
9 for number of customer credits issued and the amounts
10 provided to customers for out of service conditions,
11 correct?

12 A. Yes.

13 Q. And this is the program that would be
14 replaced by the new out of service provisions of the
15 Customer Service Guarantee components of the AFOR,
16 proposed AFOR, right?

17 A. Partially. I don't want to split hairs, but
18 my understanding is that prorata for out of service
19 would still remain intact, and to the extent that we had
20 customers that were out of service beyond 24 hours,
21 between the 24 hour period and the 48 hour period we
22 actually would apply prorata credits before we apply
23 their \$5 credit, so customers are covered for any time
24 period after 24 hours.

25 MR. FFITCH: Can I just have a minute, Your

0581

1 Honor?

2 JUDGE CLARK: Yes, we will take a moment off
3 record.

4 (Discussion off the record.)

5 JUDGE CLARK: We're back on the record,
6 Mr. ffitch.

7 BY MR. FFITCH:

8 Q. Well, you anticipated another area of
9 questioning that I had, so let's go there and try to
10 straighten that out. This was an area of confusion that
11 we had about or unclarity that we had about the
12 proposal, let's go to Appendix C of the settlement
13 proposal, that's Exhibit 4.

14 A. I'm there.

15 Q. And if we look at Footnote 5, well, first of
16 all, the out of service trouble condition credit is
17 number 2 of Appendix C, right?

18 A. Yes.

19 Q. And it's footnoted with number 5, go down to
20 number 5, it states that this provision will replace the
21 cited tariff section in its entirety, correct?

22 A. That is correct.

23 Q. Now that tariff section is Qwest's current
24 out of service customer credit program, right?

25 A. That's right, it's the prorata.

0582

1 Q. All right.

2 A. Method.

3 Q. And that provides for credits for service
4 outages of 24 hours or longer than 24 hours, correct?

5 A. That is correct.

6 Q. The out of service provision 2 here of
7 Appendix C only provides for service outages of two days
8 or longer, correct?

9 A. That is correct.

10 Q. Now if you read this literally, tariff
11 covering folks who are out for longer than 24 hours goes
12 away because it's replaced in its entirety by the
13 settlement, and you have a group of people who have
14 outages longer than a day and less than two days who are
15 not covered by any program; isn't that right if you read
16 this literally?

17 A. If you read this literally, I would agree
18 with you, but there is a Commission rule that applies
19 that requires prorata credits for over 24 hours, and we
20 believe that you have to read the rule into whatever
21 type of Service Guarantee Program we have. That's the
22 way we did it before when we had the two seven day, and
23 it's the way we will return to that same administration
24 of this.

25 Q. Now the current rule and the current tariff

0583

1 apply to outages that -- it overlaps with this
2 settlement provision for outages longer than 2 days or
3 48 hours, does it not?

4 A. Yes, but the customer will get the greater of
5 the prorata or this rule or of this tariff provision.
6 That's the way that we administered it before when it
7 was in place was the expectation at this time.

8 Q. Isn't this somewhat confusing that there's a
9 -- there are two standards in place here? In fact, this
10 Settlement Agreement doesn't even mention the prorata
11 credit that would continue under the existing rule, does
12 it?

13 A. It's the way it was before when we had it in
14 the tariff, it's exactly the way it was before. If
15 that's confusing, then I guess it was confusing before.
16 I certainly wouldn't mind, you know, making it more
17 clear when the prorata applies, that would be easy to
18 do.

19 Q. The current rules and the current tariffs
20 don't talk in terms of 2 day 7 day any longer, do they?

21 A. You mean the ones that are in place right now
22 before the Settlement Agreement?

23 Q. Correct.

24 A. Yes, that is correct.

25 Q. They use a time period of 24 hours and --

0584

1 A. Prorata credit.

2 Q. Right. So we're going to a new measurement
3 standard of 2 day 7 day for some customers of outages,
4 and then other customers are under the existing rule,
5 essentially the people who are between 24 hours and 2
6 working days, they're under the current rule?

7 A. Well, all customers benefit from the current
8 rule to the extent that their outage is between the 24
9 and 48 period. For those customers that go beyond 48,
10 the whole intent of this provision in the past was that
11 it was felt customers did not get adequately compensated
12 if their service was out for 2 days by prorata, and so
13 they jacked that up to \$5. That's what customers would
14 get by this provision. And then within 7 days rather
15 than prorata, which obviously would be less than the
16 monthly recurring charge, we remit the monthly recurring
17 charge. So that's how this is more beneficial to
18 customers out of service than the existing prorata. And
19 I might mention that no other telephone companies in the
20 state offer a program like this, they're all prorata
21 except for us.

22 Q. Now is the prorata credit program part of the
23 Customer Service Guarantee Program, or is that a tariff
24 rule based program at this time?

25 A. It's both. We put it in our tariff. When we

0585

1 modified the Customer Service Guarantee Program, we
2 actually placed it in our tariff. It was part of sort
3 of the agreement that we reached with the parties at
4 that time if -- they didn't want to let it rest. Some
5 of the other companies in this state, some of the other
6 ILECs, don't actually have the prorata in their tariff,
7 but they understand they do offer prorata because they
8 have to by rule.

9 Q. So a customer to find out about this would
10 have to read about the Customer Service Guarantee
11 Program on your web site and also read the rule? When I
12 say this, I mean if, you know, under your proposal on
13 its face the customer would not know about this gap
14 between the 24 hour and the 2 day, so how do they find
15 out about, you know, if they fall in there, how do they
16 find out about what their remedy is?

17 A. We tell them when they call us. I mean if
18 you think about it, you know, customers are not sitting
19 there with a book of rules on the telephone company to
20 find out what applies to them and what doesn't. I mean
21 they may go to the web, probably more often they will
22 just pick up the phone and call us and ask what happens.

23 Q. Under the current prorata program, do
24 customers with stand alone residential service and some
25 features, say for example call waiting, do they get a

0586

1 prorata credit of all the monthly recurring charges for
2 both the basic service and whatever features they
3 subscribe to?

4 A. My understanding is it's only the monthly
5 recurring charge for basic service.

6 Q. What about a customer who's purchasing a
7 bundle?

8 A. Once again, I believe it's just the monthly
9 recurring charge for basic service.

10 Q. All right.

11 A. And I might add that's consistent with what
12 all the other companies do in this state.

13 MR. FFITCH: May I have another moment, Your
14 Honor, I think I'm getting to the end.

15 JUDGE CLARK: You may.

16 MR. FFITCH: Thank you, Mr. Reynolds.

17 Your Honor, those are all the questions that
18 I have.

19 JUDGE CLARK: All right, thank you,
20 Mr. ffitch.

21 Chairman Sidran.

22

23 E X A M I N A T I O N

24 BY CHAIRMAN SIDRAN:

25 Q. Good morning.

0587

1 A. Good morning.

2 Q. You may not know the answer to this question,
3 but do you have any information about the access to
4 broadband in these wire centers, the seven wire centers
5 that are mentioned in the proposal, are there
6 alternative broadband providers, do you know, in those
7 communities?

8 A. Sitting here today I don't know that, but I
9 believe that we do have that information. For example,
10 we know where Comcast operates in our footprint, and
11 that would be one indication that there is broadband
12 available in that wire center. And so that is
13 information we can gather.

14 Q. I would appreciate that, why don't we
15 consider that a Bench Request, and the Judge can help me
16 denominate that.

17 All right, as I understand it Qwest currently
18 offers DSL stand alone in your service territory; is
19 that correct?

20 A. That is correct.

21 Q. Does the company have any particular plans
22 one way or the other with respect to continuing that
23 practice?

24 A. My understanding is that we will continue it.
25 When I asked coming into this hearing, do we have any

0588

1 plans to curtail it, the answer was no, we plan to
2 continue it.

3 Q. So I assume there wouldn't be any objection
4 from the company if that were to be an additional
5 requirement?

6 A. Well --

7 Q. Let the record reflect you are smiling, now
8 laughing.

9 MS. ANDERL: And looking at counsel.

10 Q. Looking around for support.

11 A. Well, let me put it this way, we believe that
12 through the various negotiations we have done on this
13 plan that we have come up with, you know, a modest
14 proposal here that pretty much includes everything that
15 I believe should be in this AFOR. So we would have to
16 look at any additional things and make our decision
17 accordingly.

18 Q. All right, thank you.

19 I note that in some of the other Qwest AFORs
20 in other states one of the terms has been the proposal
21 that the price of features in a bundle will not exceed
22 the a la carte price of those features; is that correct?

23 A. I believe that that is in a couple of the
24 AFORs, yes.

25 Q. Do you have an opinion as to whether that is

0589

1 something that would not be suitable or appropriate in
2 Washington?

3 A. I believe I actually addressed that in my
4 written testimony. I believe I said that, you know,
5 although it's not someplace that I believe the company
6 would want to go, in fact I strongly believe that we
7 wouldn't engage in that type of practice because I think
8 it just irritates customers when they find out about it,
9 but I look upon it as just one more regulation, and
10 we're actually trying to move in the other direction,
11 and so that's the way I approached it.

12 Q. Now I could give you the opportunity to again
13 smile and squirm and look about, but since it's not the
14 company's practice and I think you're right about the
15 effect on consumers if they were to discover that it was
16 cheaper to buy the same services outside the bundle than
17 inside the bundle, I assume your answer would be the
18 same if I asked you about the Commission requiring that?

19 A. Yes.

20 Q. Okay, what do you think is the effect of the
21 AFOR proposal in the event that there is a sale or
22 merger of the company?

23 A. My understanding is in the Settlement
24 Agreement there is a successor provision, and I believe
25 that to the extent that we're purchased by another

0590

1 company, they would be held to the terms of the AFOR.

2 Q. Do you think that it's possible in the event
3 of a sale or a merger that the public interest balance
4 that this settlement seeks to achieve would change
5 because the nature of the new entity is different than
6 what we are looking at today with respect to Qwest as a
7 stand alone company?

8 A. I guess I would have to answer that no,
9 because the criteria that we put forward in support of
10 the AFOR is the pervasive level of competition that we
11 face in our territory. With the exception of possibly a
12 Comcast purchasing us, another major network in our
13 footprint, I believe that might create some
14 complications. I don't think that's going to happen. I
15 guess it's possible, but I don't think that's going to
16 happen.

17 And so, you know, probably the more likely
18 companies that potentially we could merge with are other
19 telephone companies. They have their own footprints
20 today, but they would pick up our footprint and our
21 intermodal competitors, and that's really the basis that
22 we filed for this AFOR in the first place. And so I
23 think it would still be in the public interest to
24 continue the AFOR. You know, there would be a question
25 as to whether they are able to extend those benefits,

0591

1 you know, if they happen to operate in the state into
2 their area, and I don't, you know, that would have to be
3 addressed at the merger.

4 Q. Thank you.

5 Let me ask you about some analysis that was
6 done by our policy staff in response to the company's
7 response to Bench Request Number 3 that relates to
8 issues surrounding DSL deployment. And again, I don't
9 know whether you're in a position to answer these
10 questions or not, but I would like you to either confirm
11 that this is more or less accurate, or if not, correct
12 it for me. From the data that was provided, policy
13 staff was looking at comparing the rate of Qwest's
14 investment in DSL in Washington state in relationship to
15 DSL revenue and compared it across the service
16 territories that Qwest serves in. So their analysis
17 looked at Qwest's 7 year average DSL investment in
18 Washington and compared it to the other 13 states, and
19 they found that over the past 7 years Qwest has on
20 average invested 50% of its DSL revenues in DSL into
21 DSL, back into DSL across all 14 states. In Washington
22 state, that number is 44% and puts Washington third from
23 the bottom among the 14 states in terms of Qwest's
24 investment in DSL. Does that -- do you have a sense of
25 the accuracy of that?

0592

1 A. Well, I think, you know, it's certainly just
2 a mathematical calculation of the data that we gave you,
3 and, you know, I certainly will accept that.
4 Unfortunately I can't explain why it's different for
5 Washington.

6 Q. Now another way of looking at this data,
7 again this is from policy staff, that Qwest has in the
8 past 7 years invested on average \$7.29 per access line
9 in DSL investment. And again looking at it over a
10 period of time, last year if you use that measure,
11 investment per access line, Washington was last among
12 Qwest states in DSL investment per access line. Does
13 that sound about right to you? Again, I understand you
14 may not have done the calculations.

15 A. Well, just looking at the numbers, and it
16 would be the numbers on Attachment G I believe for 2006
17 for the latest year, you know, just eyeballing the
18 numbers, I think that that probably is correct. I mean
19 that, you know, the amount of expenditures for
20 Washington appear to be lower than the other large
21 states. And so if you were to divide relatively same
22 number of access lines into it, it would be a smaller
23 number.

24 Q. So what do you think we should make of this
25 investment pattern, does it -- I don't know enough about

0593

1 -- and I'm not asking this to put you on the spot, I
2 literally don't know enough about how the company makes
3 these choices, there may be a rationale or explanation
4 that would make this look better than it does on paper,
5 but I'm curious as to what do you think we should make
6 of where Washington state stands in these comparisons?

7 A. I think what the company does is it
8 evaluates, you know, its -- I mean an important -- and
9 you have already -- you have obviously done the return
10 calculation, so you understand what type of return we're
11 getting on this investment, and I don't know how that
12 translates into actual take rate. I do know that we're
13 trying to get more customers to take our services where
14 we have DSL deployed, that we have had, you know, a
15 relatively low percentage of take rate in Washington
16 state. I have heard that before as a possible, and
17 that's a possible explanation that, you know, we're
18 going to concentrate on getting the sort of DSLAMs that
19 we have in place filled up before we start deploying new
20 DSLAMs out in the field, so that could be a possible
21 explanation. But I honestly sitting here don't know
22 exactly what the differences are and why.

23 CHAIRMAN SIDRAN: All right, thank you,
24 that's all I have.

25 JUDGE CLARK: Commissioner Oshie?

0594

1 COMMISSIONER OSHIE: No questions.

2 JUDGE CLARK: Commissioner Jones.

3

4 E X A M I N A T I O N

5 BY COMMISSIONER JONES:

6 Q. Good morning, Mr. Reynolds.

7 A. Good morning.

8 Q. I would like to go to the deaveraging
9 commitment in the Settlement Agreement, that's Exhibit
10 4, I'm sure you have it memorized by now, don't you?

11 A. Yes.

12 Q. And after listening to testimony and
13 questions, I'm still a little bit confused about the
14 wording of this and what it covers and what it doesn't
15 cover in relationship to services that have already been
16 competitively classified by the Commission, and that's
17 in Exhibit 70, and counsel for the company referenced
18 that before. I just want to clarify the wording of
19 this. Is it the intent of this provision, for example
20 digital business services, the three broad areas where
21 the company is making a commitment not to deaverage the
22 nonrecurring and monthly recurring rates are for, quote,
23 digital business services, analog private line services,
24 and residential exchange service features in packages,
25 those three?

0595

1 A. That's correct, and it's those three, just to
2 clarify I'm going to try to guess your next question,
3 it's those three throughout the entire state. Even
4 though we may have gotten digital business services
5 competitively classified in 58 wire centers, we refer to
6 those as the competitive zones, we are committing in
7 this AFOR not to deaverage across the state. So we're
8 not going to take advantage of deaveraging within the
9 58, we're making that commitment to take the entire
10 service. We are not making that, just to be clear, we
11 are not making that same commitment for our analog
12 business services. When that was competitively
13 classified, that was competitively classified statewide.

14 Q. Right.

15 A. And so that's -- you notice that you can, you
16 know, that is conspicuous by its absence here I think.

17 Q. My question is not so much on the competitive
18 statewide or not statewide, it's more the definition of
19 these terms in relation to Exhibit 70. Is digital
20 business services defined as -- Exhibit 70 there are
21 like 7 subs under digital business exchange services,
22 it's the intent of the company to pick up each of those
23 services?

24 A. Let me get to the same place that you are.

25 Q. Yeah, there's a little change in the wording,

0596

1 exchange is included in Exhibit 70.

2 A. Right.

3 Q. And it's not included in the Settlement
4 Agreement.

5 A. And that would apply to the major sub
6 bullets. There's one that's titled digital PBX service,
7 it would apply to that. It would apply to the digital
8 business exchange services and what follows, all those
9 subcategories which include ISDN, digital switched
10 services, integrated T-1, uniform access, frame relay,
11 and LAN switching, and then it would also apply to the
12 category of digital private line services.

13 Q. And regarding analog private line services,
14 where is that defined, is that listed in anywhere on
15 Exhibit 70, I can't --

16 A. Yes, that's right below the digital private
17 line, you see the analog private line?

18 Q. Okay.

19 A. And those services as well, because anything
20 that we treated as competitively classified as a result
21 of the AFOR we made the commitment not to geographically
22 deaverage.

23 Q. Okay, well, I would like to make a Bench
24 Request then, because I still find this confusing.
25 Could you submit the details under each of these 3

0597

1 subheadings, each of the services in paragraph 2 that
2 the company commits that it will not deaverage in
3 detail, and that is digital business services, analog
4 private line services, and the third category
5 residential exchange service features and packages.

6 A. Yes.

7 Q. Thank you.

8 My second line of inquiry concerns the Public
9 Counsel AFOR proposal, and you go into it in some detail
10 in your rebuttal testimony, and I think you make the
11 argument on page 18, if you want to refer to that, where
12 you -- Exhibit 71.

13 A. Yes, I'm there.

14 Q. You state -- you reject these conditions that
15 you list above, and then you state:

16 Public Counsel's recommended conditions
17 place more regulation on Qwest than it
18 currently faces as a fully regulated
19 company.

20 Could you give me the specifics of where you
21 -- if it's in three, four places in the Public Counsel
22 AFOR proposal?

23 A. Sure.

24 Q. Where do you think that Public Counsel is
25 proposing additional, not baseline regulation currently,

0598

1 but more regulation?

2 A. Right. One area is their service quality
3 incentive plan. We currently do not have a
4 selfexecuting penalty plan in this state. We used to
5 have what's called the SQPP or the Service Quality
6 Performance Plan that was put in place as a result of
7 the merger. That stayed in place for a number of years
8 and then terminated at the end of 2005. So to put back
9 in place a major selfexecuting remedy plan for this
10 company constitutes an additional level of regulation
11 that we find unacceptable. The Commission has broad
12 rules, strong rules, and we also are offering to
13 strengthen the Customer Service Guarantee Program, and
14 we think that that is sufficient for purposes of both
15 monitoring service quality and ensuring customers get
16 the remedies that they deserve, so that's an additional
17 layer of regulation.

18 Q. What about in the reporting area, does the
19 Public Counsel AFOR impose I think it's in the earnings
20 area, excess earnings, or is that a baseline report that
21 you currently do and would not be additional?

22 A. Well, Public Counsel's position I believe has
23 changed kind of throughout the proceeding. I believe
24 that they started with the baseline that the company
25 should not be allowed any type of flexibility in its

0599

1 financial reporting and in all the rules that are in
2 place today for the transaction reporting, securities
3 and affiliated interests should stay in place. I
4 believe that they have changed in their proposal to
5 adopt Staff's position with one exception. I believe
6 that Dr. Loube recommends that the company provide an
7 additional report on interstate revenues and any
8 revenues from packages that include I believe either
9 interstate or nonregulated services and that we go
10 through sort of a separations process for those revenues
11 and then report on -- report out to them regularly, to
12 the Commission. That is something that we don't do
13 today, it's something that we don't agree with, it's
14 something that we would probably, well, I don't know, I
15 think we would exercise our legal remedies there,
16 because we clearly don't think that that's, you know,
17 that that's the way the law reads today. So, you know,
18 that is an additional level regulation that is in Public
19 Counsel's proposal that isn't there today.

20 Q. What about the features cap in Sub C of item
21 1 in the proposal or the bundle maximum, would you
22 define that as additional regulation?

23 A. To a certain degree. I think Public Counsel
24 intends it to be more flexible. They believe they're
25 giving us the flexibility on the packages but that

0600

1 they're going to constrain the prices of the features.
2 Today those services are under tariff. We certainly
3 could approach the Commission subject to all of the
4 filing requirements that we have to change tariff
5 prices. Under Public Counsel's recommendation we would
6 be capped on our features even though we would have some
7 flexibility. So it's, you know, maybe I would call that
8 even, but unacceptable.

9 Q. I think I understand. My last question
10 regards I think the Chairman was asking about DSL
11 deployment and investment. Could you turn to Exhibit
12 88C again describing the capital, what is called CAPX,
13 capital investment for the Washington jurisdiction. Are
14 you there yet?

15 A. Yes.

16 Q. The Chairman's questions and I think our
17 questions from the Bench have focused on this DSL
18 deployment commitment in the Settlement Agreement and
19 how that fits into both into the company's CAPX
20 investments over the previous few years and how it might
21 be, you know, on a percentage basis how do you compare
22 that with other states. So I'm trying to get a handle
23 on where -- if these numbers are correct and
24 incorporates anything associated with what you described
25 might be involved in a DSL deployment. Yesterday I

0601

1 think you said and this morning you said it could be the
2 installation of a DSLAM either in the wire center or the
3 RT in a remote, it could be taking out load coils or
4 bridge taps, it could -- what is called line
5 conditioning, and you talked about network engineering.
6 So could you define those terms and put them in the
7 proper context, would all of those activities be
8 considered CAPX or capital investments for the purpose
9 of this exhibit?

10 A. That's a good question, I'm not sure I know
11 the answer. I would speculate that the only activity
12 that you just discussed there that would constitute any
13 type of expenses or capital that would maybe be
14 reflected here are the line conditioning, you know,
15 removal of bridge tap and load coils. The other --
16 well, I take that back. To the extent that we purchase
17 DSLAMs and, you know, and deploy them in the central
18 offices and the RT's, those would also be reflected in
19 capital expenditures as well.

20 Q. So the purchase of equipment I would think
21 would be defined, right, like a DSLAM would be regarded
22 as a capital investment?

23 A. That's right.

24 Q. But perhaps labor and activities associated
25 with line conditioning might be defined to be an

0602

1 operating expense, subject to check?

2 A. It could be, sometimes they capitalize labor.

3 Q. There are four subheaders in this table, one
4 is called base preservation, I think you have it in
5 front of you. What, talking about the DSLAMs and the
6 capital investment associated with those seven wire
7 centers, which line item, which category -- I would
8 think it would be base growth which you spent, I can't
9 mention any numbers here, but would it be associated
10 with that line item, or would it be put in the other
11 category?

12 A. You know, I honestly don't know. I would,
13 once again though, I did have a knowledge of these
14 categories at one time in my distant past, and I would
15 speculate that it probably would be in a corporate
16 program.

17 Q. Corporate program?

18 A. Yeah.

19 COMMISSIONER JONES: That's all I have, thank
20 you, Mr. Reynolds.

21 JUDGE CLARK: All right.

22 Redirect?

23 MR. FFITCH: Your Honor, may I ask one or two
24 follow up.

25 JUDGE CLARK: You need to get to a

0603

1 microphone.

2 MR. FFITCH: Your Honor, may I ask one or two
3 brief follow ups?

4 JUDGE CLARK: All right, with the usual
5 provisos.

6

7 C R O S S - E X A M I N A T I O N

8 BY MR. FFITCH:

9 Q. Chairman Sidran, Mr. Reynolds, asked you
10 about the impact of a merger. Would you agree that if
11 Verizon acquired Qwest that that would be an example of
12 a situation where there would be a dramatic change in
13 the company's situation such that the merger or the AFOR
14 should be reopened to examine under the public interest
15 standard?

16 A. Well, that was the one situation I was
17 thinking of I guess when I said that if Verizon, if a
18 Verizon were to acquire Qwest, they would be acquiring
19 essentially the same footprint that we're providing
20 evidence on here today regarding pervasive competition.
21 I don't know that there is anything about this plan that
22 would benefit or change, sort of accrue benefits to
23 Verizon any different than they do to us or accrue
24 benefits to the customer any different than they do us.
25 And so I think if you were to apply that standard to

0604

1 find out how the customers and the companies are
2 affected, I think this AFOR could probably be adopted in
3 a merger. To tell you the truth, Mr. ffitch, I don't
4 know legally what the Commission's authority is to open
5 up an AFOR in terms of a merger, whether they have that
6 ability or not. To the extent they do, they will
7 probably do so.

8 Q. All right.

9 You have been asked a couple times about the
10 sort of middle category of services on your Exhibit
11 MSR-3 that are going to be treated as if they are
12 competitively classified?

13 A. Yes.

14 Q. Qwest has not actually filed a petition for
15 competitive classification for those services under
16 80.36.330, has it?

17 A. No, it has not.

18 MR. FFITCH: Those are all of my questions,
19 thank you, Your Honor.

20 JUDGE CLARK: Thank you, Mr. ffitch.

21 Redirect, Ms. Anderl?

22 MS. ANDERL: Thank you, Your Honor.

23

24

25

0605

1 R E D I R E C T E X A M I N A T I O N

2 BY MS. ANDERL:

3 Q. Mr. Reynolds, Public Counsel asked you some
4 questions about the Customer Service Guarantee Program;
5 do you remember those?

6 A. Yes.

7 Q. That general topic?

8 A. Yes.

9 Q. Could you please turn to cross-examination
10 Exhibit Number 79, I'm sorry, 78.

11 And that's of course the wrong one, I'm
12 sorry.

13 A. I just found it.

14 Q. Yeah, I figured you probably did. Let me
15 just ask you generally because I can't find the document
16 here, I know it's here somewhere.

17 Did Qwest answer a question by Public Counsel
18 with regard to what a customer needs to do to receive
19 the 24 hour prorata out of service credit?

20 A. Yes, we did.

21 Q. And generally was Qwest's response that the
22 -- how did Qwest respond to that?

23 A. Qwest responded --

24 Q. In general?

25 A. Qwest responded that the customer needs to

0606

1 call in, and to the extent they call in, we record that,
2 and if their service is out beyond 24 hours after they
3 have called, the credits automatically apply.

4 Q. Okay. And the call then that the customer
5 makes is to report the out of service condition?

6 A. That's right.

7 Q. And do they need to call again to get the
8 credit?

9 A. No.

10 Q. Okay. And under circumstances such as those,
11 would it be necessary for the customer to go onto
12 Qwest's web site to look around for information about a
13 credit?

14 A. No.

15 Q. On Exhibit Number 79 that Public Counsel
16 directed you to, which are the screen shots.

17 A. Yes.

18 Q. Take a look at the third page there under
19 customer service, and it talks about all of the
20 different service categories, long distance, billing and
21 payments, local phone service, et cetera; do you see
22 that?

23 A. The third page of which document?

24 Q. Exhibit 79.

25 A. Is it the screen shot or the actual

0607

1 explanation of the Customer Service Guarantee Program?

2 Q. It's page 3 of 9 at the top, and it shows the
3 customer is on the customer service tab.

4 A. Yes.

5 Q. Okay. Under many of those categories, is
6 there a link that a customer can click on that says
7 contact us?

8 A. Yes.

9 Q. And what happens if the customer clicks on
10 that link?

11 A. They get an 800 number to contact us.

12 Q. So the customer could call if they were
13 looking for information that they didn't otherwise find
14 on the web site?

15 A. Right. There may also be, my recollection is
16 not too good here, there may also be an interactive web
17 opportunity. I know there is for some of the ordering
18 and some of the questions customers have.

19 Q. Okay. And, in fact, if you go to the next
20 exhibit in line, and it's page 1 of 16, in the upper
21 right-hand corner it says need help, click for on-line
22 chat; is that what you were referring to?

23 A. Yes.

24 Q. And with regard to other provisions in the
25 Customer Service Guarantee Program such as the held

0608

1 order or the missed appointment or missed commitment
2 credit that Qwest provides under the existing tariff
3 program, do customers need to call and request the
4 remedies that are associated with those tariff
5 provisions?

6 A. No.

7 Q. How do the customers get them then?

8 A. If the company misses an appointment or a
9 commitment, it pays the appropriate credit.

10 Q. So it's automatic?

11 A. Yes.

12 Q. You answered a few questions from
13 Commissioner Jones about how Public Counsel's AFOR
14 proposal places Qwest under more regulation than it is
15 currently under, are there other provisions in -- well,
16 why don't you just turn to Public Counsel's plan of AFOR
17 if you have that with you, Dr. Loube's last exhibit. Do
18 you have that handy, Mr. Reynolds?

19 A. I will.

20 Q. Okay. Exhibit 103.

21 A. Yes, I have it.

22 Q. Is there a provision in there with regard to
23 Qwest's wholesale obligations under the
24 Telecommunications Act that Public Counsel proposes that
25 Qwest is not currently subject to with regard to

0609

1 forbearance?

2 A. Yes.

3 Q. And what is that provision?

4 MR. FFITCH: Your Honor, I'm going to object
5 to this line of questioning. Commissioner Jones asked
6 Mr. Reynolds to identify items that he meant when he
7 said we were adding additional regulation. He
8 identified a series of items and then stopped, and I
9 think what we now have is essentially leading questions
10 from company counsel to walk this witness through the
11 rest of the document and suggest other additional
12 answers that he himself did not give in response to
13 Commissioner Jones' question, so the objection is
14 leading, Your Honor.

15 JUDGE CLARK: Response.

16 MR. FFITCH: And beyond the scope of
17 cross-examination.

18 MS. ANDERL: Well, Your Honor, I don't think
19 it's leading, I think I'm just directing the witness to
20 the document I want him to look at. I can start with a
21 foundational question and ask Mr. Reynolds if he had a
22 chance to identify each and every provision of the plan
23 that creates more regulation in response to Commissioner
24 Jones's questions.

25 JUDGE CLARK: The objection is overruled, and

0610

1 I don't think it's necessary for you to go through the
2 foundational exercise.

3 MS. ANDERL: Thank you.

4 BY MS. ANDERL:

5 Q. Mr. Reynolds, is there a wholesale provision
6 in the Public Counsel proposal?

7 A. Yes, it's under 2(g), and it's the last
8 sentence, it says:

9 For the duration of this AFOR, Qwest
10 agrees not to seek relief or forbearance
11 from obligations and requirements
12 described above insofar as they apply to
13 Washington state.

14 Which means that under the federal process
15 Qwest can seek forbearance from the application of the
16 requirements of the Federal Act. It has done so in
17 Omaha, Nebraska, where it's lost 50% of the market to a
18 cable company. And we believe that once again this is
19 just more regulation, and it's, you know, forbidding us
20 from partaking of the opportunity to sort of shed some
21 of the federal regulation that we have.

22 Q. Does Public Counsel make recommendations in
23 other areas than the ones you talked with Commissioner
24 Jones about that subject the company to more regulation
25 than it is currently subjected to?

0611

1 A. Yes. You know, to the extent they have a DSL
2 commitment, a hard commitment that would require us to
3 build out to certain percentages of our wire centers,
4 you know, that's an additional commitment on a service
5 for which this Commission doesn't really even regulate.
6 They also request that we establish a new Lifeline
7 Service for DSL, and I think there was some discussion
8 the other day about how that would be funded, would it
9 be similar to our existing Lifeline Service, so that's
10 an additional level of regulation that we don't face
11 today.

12 Q. Are Qwest's business services, analog
13 business services, currently subject to a deaveraging
14 restriction?

15 A. I'm sorry, could you repeat that.

16 Q. Are Qwest's analog business services that are
17 competitively classified statewide currently subjected
18 to a deaveraging restriction?

19 A. No, they are not.

20 Q. Is Qwest's caller ID currently subjected to a
21 hard rate cap?

22 A. No.

23 There's additional, did you want me to
24 continue on?

25 Q. I think as long as --

0612

1 A. I mean virtually every rung of Public
2 Counsel's proposal adds additional regulation that we
3 don't have today.

4 Q. I don't --

5 A. It truly is not an AFOR proposal, you know,
6 it's a proposal for additional regulation.

7 MS. ANDERL: I have no further questions,
8 thank you.

9 JUDGE CLARK: Is there any objection to this
10 witness being excused?

11 Hearing none, you are excused, Mr. Reynolds.

12 MS. ANDERL: And that concludes Qwest's
13 presentation of its witnesses, thank you.

14 JUDGE CLARK: All right, I am --

15 MR. FFITCH: Your Honor, I would like to
16 offer at this time, as we discovered during the
17 examination of Mr. Reynolds on Exhibit 79 and 80, we had
18 some missing pages with regard to the FAQs.

19 JUDGE CLARK: Okay, and if that's a topic
20 that you can address with the other counsel during a
21 recess, we will take it up after the recess, which is
22 rapidly upcoming.

23 MR. FFITCH: All right.

24 JUDGE CLARK: I just want to emphasize that
25 we do have several Bench Requests outstanding, Qwest

0613

1 does have a supplement to Bench Request Number 3, there
2 are two new Bench Requests that will be memorialized and
3 deadlines established for their response, and we need a
4 replacement for page 3 of 32C, and we're at recess until
5 11:15.

6 (Recess taken.)

7 JUDGE CLARK: All right, Mr. ffitch.

8 MR. FFITCH: Thank you, Your Honor, Public
9 Counsel calls Mary Kimball.

10 JUDGE CLARK: Thank you.

11 (Witness MARY M. KIMBALL was sworn.)

12 JUDGE CLARK: Thank you, please be seated.

13

14 Whereupon,

15 MARY M. KIMBALL,

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

18

19 D I R E C T E X A M I N A T I O N

20 BY MR. FFITCH:

21 Q. Good morning, Ms. Kimball.

22 A. Good morning.

23 Q. Could you please state your full name and
24 spell your last name for the record.

25 A. Yes, my name is Mary M. Kimball, last name is

0614

1 K-I-M-B-A-L-L.

2 Q. What is your business address?

3 A. It is 800 Fifth Avenue, Suite 2000, Seattle,
4 Washington 98104.

5 Q. By whom are you employed?

6 A. The Attorney General's Office for the State
7 of Washington.

8 Q. And for which department of the Attorney
9 General's Office?

10 A. Public Counsel Section.

11 Q. And did you prepare and file testimony and
12 exhibits for Public Counsel in this case on the topic of
13 service quality?

14 A. Yes, I did.

15 Q. Do you have any changes or corrections to
16 those exhibits?

17 A. I have a few minor corrections. The first is
18 on page 2, line 17.

19 Q. And that's page 2 of your direct testimony
20 which has been marked as Exhibit 118C?

21 A. That's correct, line 17, the word eight
22 should be nine.

23 Q. All right.

24 A. Then on page 25 --

25 JUDGE CLARK: I'm sorry, could you repeat

0615

1 that second page and line reference.

2 THE WITNESS: Sure, it was page 2.

3 JUDGE CLARK: No, no, the one you're on now.

4 THE WITNESS: Oh, sorry, page 25.

5 JUDGE CLARK: Thank you.

6 A. Page 25 at line 22, which is the last line of
7 that page, it says, during the first nine months of
8 2006, and the words, the first nine months of, should be
9 taken out.

10 Then on page 26, line 3, the word, September,
11 should be changed to, December.

12 And then I won't say this number because it's
13 a confidential number, but these corrections are due to
14 the revision of my Exhibit MMK-9C which is marked as
15 Exhibit 126C. I filed a revised version of this exhibit
16 to reflect Qwest's corrected trunk blocking reports and
17 also updated it to include the last three months of the
18 year. So the number that is currently shown on line 2
19 of page 26 of my direct testimony, which is Exhibit
20 118C, that number is now slightly different. And if you
21 turn to Exhibit 126C, it appears in the column for
22 December, the very final number in that table, so it's
23 the row that's titled Total Customer Credit year to date
24 2006, the very last number in that row for December.

25 BY MR. FFITCH:

0616

1 Q. Do you have any other changes or corrections
2 to your testimony, Ms. Kimball?

3 A. No, I do not.

4 MR. FFITCH: Your Honor, Ms. Kimball's
5 testimony and exhibits have already been admitted into
6 the record, and Public Counsel therefore now tenders her
7 for cross-examination.

8 JUDGE CLARK: Thank you, Mr. ffitich.
9 Ms. Anderl.

10 MS. ANDERL: Thank you, Your Honor.

11

12 C R O S S - E X A M I N A T I O N

13 BY MS. ANDERL:

14 Q. Good morning Ms. Kimball.

15 A. Good morning.

16 Q. Is Public Counsel's current recommendation
17 with regard to service quality during the AFOR contained
18 in Dr. Loube's Exhibit 103?

19 A. Yes, I believe it is.

20 Q. And yesterday he referred all questions under
21 subsection D to you; is that correct as well?

22 A. That's correct.

23 Q. Ms. Kimball, have you ever been employed by a
24 telecommunications company?

25 A. No, I have not.

0617

1 Q. By any large utility?

2 A. No, I have not.

3 Q. Have you ever made investment decisions on
4 behalf of a telecommunications company?

5 A. No, I have not.

6 Q. Have you ever made staffing decisions on
7 behalf of a telecommunications company?

8 A. No, I have not.

9 Q. Do you have any firsthand knowledge as to the
10 level of investment that is necessary to maintain or
11 improve service quality for a telecommunications
12 company?

13 A. No, I do not have firsthand knowledge of the
14 specific dollar amounts associated with that. I believe
15 that is why we have structured our recommendation as we
16 have to recommend a service quality incentive mechanism
17 that has selfeffecting payments in the event of
18 substandard performance so that the company's focus is
19 on results. Rather than the specific inputs that are
20 required to achieve those results, the company will be
21 focused on making the decisions it needs to make in
22 terms of staffing and resources and investments.

23 Q. And is it your testimony that the service
24 quality incentive program that you propose here will
25 require payments only in the case of substandard

0618

1 performance?

2 A. It will -- it calls for payments when the
3 company's performance falls below the standards that are
4 established in the Commission's service quality rules,
5 and the payment -- the payment calculations are -- the
6 program has -- there are standards, and there are also
7 payment calculations, and the payment calculations for
8 the first eight measures are the payment calculations
9 that the company recommended to the Commission in the
10 service quality proceeding that was part of the merger
11 docket to seek either termination of the SQPP or modify
12 the SQPP.

13 Q. Is it Public Counsel's view that the SQIP
14 would require payments only in the case of bad
15 performance?

16 MR. FFITCH: I will object, Your Honor, that
17 it's vague, the use of the term bad performance is a
18 vague question.

19 JUDGE CLARK: Ms. Anderl.

20 BY MS. ANDERL:

21 Q. Ms. Kimball, do you understand the question?

22 A. I agree with my counsel that the term bad is
23 somewhat vague.

24 Q. Well, you have used references in your
25 testimony to incenting good service quality or high

0619

1 quality service; is that right?

2 A. That's correct.

3 Q. Okay, how do you define high quality service?

4 A. I define -- I believe the Commission has
5 established the service quality standards that they
6 believe to be providing good quality service, and those
7 standards were established as a result of a fairly
8 exhaustive rulemaking proceeding, which I don't know if
9 I should say I'm happy that I participated in it, but I
10 did participate in it, and those standards were I
11 believe pretty -- very well thought out and fairly
12 contested as part of that rulemaking proceeding.

13 Q. Okay, so the standards that are in the
14 Commission's rules, then if the company meets those
15 standards, you would agree that the company is providing
16 high quality service?

17 A. Yes, I think that's accurate.

18 Q. And if the company fails to meet those
19 standards, the company is providing low quality service?

20 A. Well, certainly there's a range there, and it
21 does depend on the degree to which the company is below
22 the standard is a factor. But if the company's
23 performance is below the Commission's standard, then it
24 is lower than the Commission's standard.

25 Q. Now the Commission's standard with regard to

0620

1 out of service repair within 48 hours is 100%; is that
2 right?

3 A. The Commission standard is to clear all out
4 of service conditions within 48 hours. I believe the
5 rule does also contain some exceptions so that if the
6 company can not repair due to circumstances beyond their
7 control, they are not held to that standard. I think
8 there are some other exceptions as well.

9 Q. Okay. So once you exclude the exceptions,
10 then the standard, the rule says all out of service
11 conditions other than the excepted ones, right?

12 A. That's correct.

13 Q. All right. And does any company in the state
14 meet that standard on a regular basis?

15 A. I don't believe that they do because -- no, I
16 don't believe so.

17 Q. Now under the AFOR, the Commission's service
18 quality rules will still apply to Qwest, will they not?

19 A. Yes, I believe -- I believe that you yourself
20 did state during the presentation of the settlement to
21 the Commission that the company would be held to both
22 the standards and the reporting requirements that are
23 applied to Class A companies.

24 If I might just add one little bit of context
25 to the discussion about the payment calculation for the

0621

1 out of service metric is that the recommendation in my
2 testimony around --

3 MS. ANDERL: I object, Your Honor, I didn't
4 ask her about the payment calculation for the out of
5 service.

6 JUDGE CLARK: Ms. Kimball, this would be an
7 appropriate topic for redirect with your counsel.

8 BY MS. ANDERL:

9 Q. Now under the AFOR, do you anticipate or know
10 of any management changes within Qwest that might cause
11 the company to be operated differently than it has in
12 the past several years?

13 A. Well, I think it's fair to say that the
14 company is seeking significant regulatory flexibility as
15 part of this AFOR, and because of that, there is an
16 element of uncertainty as to the operations of the
17 company and what the decisions -- what their decisions
18 will be in various areas.

19 Q. Ms. Kimball, let me ask the question again.
20 Under the AFOR, do you anticipate or know of any
21 management changes within Qwest that might cause the
22 company to be operated differently than it has in the
23 past several years?

24 A. I'm not specifically aware. I'm not privy to
25 the meetings where those issues would be discussed.

0622

1 Q. Now all of the Class A companies that are
2 subject to the Commission's service quality rules file
3 service quality reports with the Commission, do they
4 not?

5 A. That's correct.

6 Q. And are those reports generally publicly
7 available and posted on the Commission's web site?

8 A. Portions of them are posted on the web site.
9 However, I believe significant portions of various
10 reports are confidential, so the information does not
11 appear on the web site.

12 Q. Do you have access to the public portions of
13 the reports?

14 A. Yes, through the web site.

15 Q. Did you review those reports, the public
16 information filed by the other Class A companies, in
17 preparing your recommendation for this AFOR?

18 A. I did review the information that appeared on
19 the web site, yes.

20 Q. And is that review at least in part the basis
21 for your previous answer to me that no companies meet
22 the 100% standard for out of service repair within 48
23 hours?

24 A. Yes, for that. I would say, however, that my
25 experience in working on these issues is that companies

0623

1 can track these things somewhat differently. So even
2 though the standard may be the same, the results -- you
3 can't necessarily make an apples to apples comparison,
4 because these are very large companies, and the systems
5 to track something like an out of service condition,
6 there could be differences that actually would skew the
7 results in one way or another. And unless you have done
8 a real thorough audit to determine the systems that they
9 use to track a particular standard or performance level,
10 it can be difficult to make a pure apples to apples
11 comparison.

12 There's also an issue where several companies
13 have received waivers from the Commission on those
14 reporting requirements. Qwest, for example, has
15 received a waiver related to how it tracks installation
16 of orders for access line, installation or activation
17 orders for access lines, so they report in a manner
18 that's different than what other companies report.

19 Q. Now do non-CLEC VoIP providers report service
20 quality results to the Commission?

21 A. No, they do not.

22 Q. Do wireless companies regardless of how many
23 access lines they serve report service quality results
24 to the Commission?

25 A. No, they do not.

0624

1 Q. Under Qwest's current Customer Service
2 Guarantee Plan or Program, customers who are directly
3 affected by service issues receive compensation from
4 Qwest; is that correct?

5 A. Customers who are directly affected in
6 certain areas. The current program that's under tariff
7 includes missed appointment, missed commitment, out of
8 service, and delayed primary basic exchange. There are
9 areas certainly where customers, other areas where
10 customers may experience inferior service, I discussed
11 this in my testimony, such as contacting Qwest through
12 the repair access centers or the business offices.

13 Q. Look at Exhibit 126C, and let me just ask you
14 why you believe the number in the lower right-hand
15 corner is confidential?

16 A. I was probably erring on the side of caution
17 simply because so much of the company's service quality
18 reports are confidential, and for example the telephone
19 answer time reports I believe are confidential.

20 MS. ANDERL: And just to clarify, Qwest does
21 agree that much of its service quality information is
22 confidential, however, I think for ease of discussion
23 and because you can't back into anything in particular
24 from the total, I think we're going to go ahead and say
25 that we don't have any objection to using this total

0625

1 number as a nonconfidential number if Public Counsel and
2 Staff do not.

3 MR. FFITCH: Your Honor, a point of
4 clarification for Qwest's counsel, are we referring to
5 all the numbers on the bottom line, the total customer
6 credits for 2006 as being nonconfidential?

7 JUDGE CLARK: I think the reference was to
8 the number in the bottom right-hand corner.

9 MS. ANDERL: Just the total for now.

10 JUDGE CLARK: The total.

11 MR. FFITCH: Yes, I understood the first
12 reference, and I was asking whether there was any reason
13 to keep all the other monthly totals confidential.

14 JUDGE CLARK: Okay, so let's deal with the
15 one we have now and see if we want to expand it later,
16 that might kind of be a logical way to go. Because if
17 there's a concern about one number, then obviously
18 there's one about all. So do you have an objection to
19 releasing Qwest's numbers regarding this service
20 quality?

21 MR. FFITCH: Your Honor, we are always
22 thrilled beyond measure when Qwest agrees to withdraw
23 the veil of confidentiality from any of its information,
24 so we have no objection.

25 MR. TRAUTMAN: We have no objection.

0626

1 JUDGE CLARK: All right.

2 BY MS. ANDERL:

3 Q. So that number, Ms. Kimball, reflects the
4 amount that Qwest would have paid under your service
5 quality incentive plan for its service in the full
6 calendar year 2006; is that right?

7 A. That's correct.

8 Q. And that's \$1,136,409; is that right?

9 A. That's correct.

10 Q. Okay. Is there any other company in the
11 state that you're aware of who is subject to a service
12 quality incentive plan similar to that proposed in your
13 testimony?

14 A. Not that I'm aware of. I also don't believe
15 any other company in this state is operating under an
16 alternative form of regulation.

17 Q. Under your proposed SQIP, where would that
18 \$1.1 Million go at the end of the year?

19 A. It would go to all customers as a credit on
20 -- a per access line credit as to -- I believe this is
21 discussed in Exhibit 121.

22 Q. Now for some of the services that you are
23 recommending SQIP measures, those services wouldn't be
24 treated differently under Qwest's AFOR than they are
25 today; isn't that right?

0627

1 A. There's been a lot of discussion around the
2 various services that the company offers and what their
3 treatment would be if the settlement proposal is
4 approved, and there's been some confusion in some areas,
5 so I'm not comfortable specifically saying that certain
6 areas wouldn't change at all.

7 Q. What would be the amount of the per customer
8 credit on that \$1.136 Million; have you done that
9 calculation?

10 A. I have not done that calculation.

11 Q. Would it be less than \$1 per customer?

12 A. It most likely would, and that's somewhat
13 comparable to the dollar amounts or the amounts provided
14 during the service quality performance program that was
15 part of the merger. While that amount is small on a per
16 customer basis, certainly the structure of the plan as a
17 whole is to provide an incentive to the company in terms
18 of the total dollar amount that's potentially at risk.

19 Q. Other than the fact that Qwest would be
20 operating under an AFOR, other than that, is there
21 anything else that would be in your mind unique about
22 being a Qwest customer that would entitle Qwest
23 customers to remedies and credits over and above those
24 remedies and credits offered by other telecommunications
25 companies in the state?

0628

1 A. Well, I think that because the company is
2 here in this proceeding requesting an alternative form
3 of regulation and requesting significant regulatory
4 flexibility and lifting of many regulatory burdens and
5 reporting requirements, et cetera, therein creates some
6 uncertainty around how -- what will transpire. And
7 because service quality is such an important issue for
8 customers, we recommended this type of a plan, which we
9 believe will provide an incentive for the company to
10 provide good service. So I believe that Qwest customers
11 will be differently situated than other customers in
12 this state. I also believe there's been a lot of
13 discussion during this proceeding around the level of
14 competition in Qwest service territory, and there's also
15 been discussion around the unevenness of that
16 competition, that in some areas it's more robust than
17 others. Our desire is for there to be an incentive for
18 all customers to be treated well and experience good
19 service quality.

20 Q. Okay, Ms. Kimball, the question that I asked
21 you was, is there anything other than the fact that
22 Qwest is asking for an AFOR that makes you believe that
23 Qwest customers are differently situated and therefore
24 entitled to a remedy plan different from what any other
25 customer in the state gets?

0629

1 A. Aside from an AFOR, no.

2 Q. Did you participate in the Verizon/MCI merger
3 docket?

4 A. Yes, I did.

5 Q. In what capacity?

6 A. I was a policy analyst working on the case
7 for Public Counsel. I was not an expert witness.

8 Q. Did any party in that docket ask the
9 Commission to institute a service quality plan as a
10 condition of the merger?

11 A. No, I don't believe they did.

12 Q. Now this isn't in your testimony, but it was
13 in Dr. Loube's testimony, and it's regarding service
14 quality, so I'm going to assume that it is a question
15 for you. I believe that one thing that Public Counsel
16 is seeking in this docket is a clarification regarding
17 the customer remedies with regard to service outages of
18 more than 24 hours; is that right?

19 A. That's right, that is in Exhibit 103, which
20 is Dr. Loube's Exhibit RL-14.

21 Q. And that is a remedy that is required to be
22 offered under rule, is that right, the 24 hour prorata
23 credit?

24 A. The Commission does have a rule requiring a
25 prorata credit, and the company's -- my understanding is

0630

1 that the company's program to comply with that rule is
2 found in the customer service guarantee tariff, that
3 section.

4 Q. So is it Public Counsel's position in this
5 docket that Qwest is in violation of the Commission's
6 rule?

7 A. Our recommendation is that the specific
8 language in the tariff be clarified. I was very
9 delighted to hear earlier that, and through discovery
10 responses, that the credits are applied automatically.
11 The tariff if you look at the current tariff, which is
12 an exhibit to my testimony, for the three existing
13 programs that are in the Customer Service Guarantee
14 Program, the word automatically in association with the
15 application of a credit is only found in one of the
16 three sections of the tariff, and that's the missed
17 appointment/missed commitment section. So the sections
18 regarding the out of service credit and the delayed
19 primary basic exchange service credit, the word
20 automatically is not found, so we thought perhaps there
21 should be some clarification there. And as we had an
22 opportunity to review the tariffs and programs in other
23 states as part of this proceeding, we discovered that in
24 other states the language appeared to be much clearer,
25 so we thought if there would be benefit for us and for

0631

1 customers in clarifying that.

2 Q. I'm sorry, is it your testimony that Qwest's
3 tariff or its practices in implementing that tariff are
4 out of compliance with the Commission rules?

5 A. No, not based on what we have learned through
6 discovery and today.

7 MR. FFITCH: Your Honor, can I ask a
8 clarification about that question. Counsel asked -- is
9 the question that counsel asked just with reference to
10 the payment of penalties, automatic or nonautomatic
11 payment of penalties under the Customer Service
12 Guarantee Program, or any activities whatever of the
13 company with respect to the Customer Service Guarantee
14 Program?

15 Q. My question was specifically with regard to
16 the prorata credit after a 24 hour service outage; is
17 that how you understood the question, Ms. Kimball?

18 A. I understood the question to be about the
19 operation of how the company applies that credit to the
20 customer.

21 Q. Yes.

22 A. And that exclusively.

23 MS. ANDERL: Does that address your concern,
24 Mr. ffitich?

25 MR. FFITCH: Thank you.

0632

1 BY MS. ANDERL:

2 Q. Ms. Kimball, let's look again at Exhibit
3 126C. Some of the measures that you have in the far
4 left-hand column are identical to measures found in
5 Commission rule; is that right?

6 A. I believe they are all identical to
7 Commission rule.

8 Q. What about the fifth one down, the out of
9 service repair within 48 hours? Oh, I'm sorry, I didn't
10 mean to be asking you about the measure column, I meant
11 to be asking you about the standard column.

12 A. Oh, okay.

13 Q. Are the standards all identical to those
14 found in the Commission rule?

15 A. The standard -- that is -- Exhibit 126C is a
16 summary sheet providing a simulation. The -- I would
17 say the more detailed explanation of the standard and
18 the payment calculation is found in Exhibit 121. So
19 when I talk about the standard versus the payment
20 calculation, that's spelled out in Exhibit 121. Exhibit
21 126C, because of the limits of how much text you can fit
22 in an Excel spreadsheet, the standard column also
23 includes information about the payment calculation
24 that's relevant to the numbers that appear.

25 Q. So --

0633

1 A. So for out of service the standard is the
2 same as the standard in the Commission rule, and the
3 payment calculation allows for anything above 99.50.
4 Any performance above that level would not face a
5 payment obligation. And that is -- the company
6 currently provides information in its reports with those
7 percentages.

8 Q. Do you know on this 48 hour rule, let's see,
9 Qwest's performance in 2006 would have incurred a
10 payment, either full payment or a half payment, 11 out
11 of 12 months; is that right?

12 A. That's correct.

13 Q. And zero payment only one of those months?

14 A. That's right. If you go -- my Exhibit 8
15 provides performance data on the out of service, out of
16 service restoration performance going back from July of
17 2000 to the present, and as you look at that chart,
18 which is confidential so I won't get into many
19 specifics, but in general --

20 MR. FFITCH: Excuse me, for the record that's
21 Exhibit 125C.

22 A. Thank you.

23 There were months -- there were more months
24 in 2001 and through 2003 where the company was above
25 that 99.5% threshold.

0634

1 Q. Did you look at the most recent, well, and
2 this particular standard, all cleared within 48 hours,
3 is one of the standards that other Class A companies
4 report on and provide information publicly available on
5 the Commission's web site; is that right?

6 A. That's right.

7 Q. Do you have a general understanding or
8 awareness of the extent to which other Class A companies
9 in this state would meet on a monthly basis the 99.5%
10 standard that you have established?

11 A. I don't off hand. And as I mentioned
12 earlier, it can be difficult to compare performance from
13 one company to another because of the differences in
14 tracking these issues.

15 Q. Would you accept subject to your check that
16 Century Tel did not meet that standard one month during
17 the year 2006?

18 A. That may be.

19 Q. Would you also accept subject to your check
20 that Verizon did not meet that standard during one
21 month, during any months in the year 2006?

22 A. I will accept that subject to check.

23 MR. FFITCH: Your Honor, the subject to check
24 questions require counsel to be able to direct the
25 witness to an information source where it's convenient

0635

1 or easy to check the information. It's my understanding
2 counsel is representing that those data that she's
3 referring to are contained in publicly available service
4 quality reports filed with the Commission.

5 MS. ANDERL: Mr. ffitch's understanding is
6 correct.

7 JUDGE CLARK: Thank you.

8 BY MS. ANDERL:

9 Q. Ms. Kimball, my final question is do you
10 accept subject to your check that Sprint or Embark at
11 least as reported on the Commission's public web site
12 did not meet that 99.5% standard in any month during the
13 year 2006?

14 A. I will accept that subject to check.

15 Q. And on the misses that you calculate in this
16 document, Qwest would pay over \$1/2 Million for the year
17 on that metric; is that right?

18 A. That's correct. Again, as I believe I
19 mentioned earlier, the payment -- the payment
20 calculation that I recommended is the -- is identical to
21 the payment calculation that the company recommended as
22 part of the proceeding to either terminate or in the
23 alternative modify the SQPP.

24 Q. Now the first measure and standard, which is
25 held orders, and I believe a paraphrase of the standard

0636

1 is that the company should complete more than 90% of all
2 orders per exchange within five days or less; is that --

3 A. Yes, I believe that's an accurate paraphrase.

4 Q. Okay. And in August of last year, you show

5 that the company's performance -- you show a violation

6 of 1. Is that -- what does that reflect, does that

7 reflect 1 exchange, 1 held order?

8 A. That reflects 1 exchange.

9 Q. Okay. And does it show how many orders
10 weren't completed?

11 A. No, it does not.

12 Q. It could just be 1 order though, couldn't it?

13 A. It's possible.

14 Q. Okay.

15 A. I will note that --

16 Q. Go ahead.

17 A. Oh, I was just going to say that as I looked

18 at the company's performance in this area if you look

19 back through the five years that the SQPP was in place,

20 there were several months, I can't give you an exact

21 count here, but there were several months where the

22 company faced no credit obligation under this measure at

23 all.

24 Q. And that's true for your simulated 2006 as

25 well?

0637

1 A. Yes, if you allow me to state the exact
2 number.

3 Q. Sure.

4 A. Of months, I believe it's four months.

5 Q. And typically the directly affected customers
6 subject to these held orders would be receiving remedies
7 under the Customer Service Guarantee Plan; is that
8 right?

9 A. I would assume that they would. I believe
10 the language in the Service Guarantee Plan says within
11 five days of the due date, so there might be some
12 differences in terms of the language that's found in the
13 tariff and the language that's in the Commission's
14 standard, but I believe it would be generally applied in
15 the same way, but I haven't had an opportunity to
16 independently verify that.

17 Q. Ms. Kimball, just a few more questions on the
18 trunk blocking standard, did you hear Mr. Williams'
19 testimony yesterday?

20 A. Yes, I did.

21 Q. And did you previously understand that with
22 regard to trunk capacity, in some instances Qwest must
23 provide to its customer a trunk group service request
24 and that it is the customer's decision as to whether it
25 will augment that trunk group?

0638

1 A. When you're saying customer, are you meaning
2 it to imply an individual retail customer?

3 Q. No, I'm meaning it to imply either toll
4 carriers or --

5 A. Public service answering points.

6 Q. -- public service answering points.

7 A. No, I'm not aware of the specific process in
8 place for establishing additional trunks.

9 MS. ANDERL: Thank you.

10 If I might just have a moment off the record?

11 JUDGE CLARK: All right, take a moment off
12 record.

13 (Discussion off the record.)

14 MS. ANDERL: I have no further questions.

15 JUDGE CLARK: All right, thank you.

16 We'll turn now to Commissioner inquiry,
17 Chairman Sidran, Chairman Oshie, I mean Commissioner
18 Oshie, and Commissioner Jones. We only get one
19 Chairman, okay. Sorry about that.

20 COMMISSIONER JONES: I just have one brief
21 question, and then we can all go to lunch.

22

23 E X A M I N A T I O N

24 BY COMMISSIONER JONES:

25 Q. Ms. Kimball, did you -- you just filed direct

0639

1 testimony in the case, correct?

2 A. That's correct.

3 Q. So you have a -- you have not filed anything
4 on the record in response to the Settlement Agreement?

5 A. That's correct.

6 Q. Could you turn to page, I think it's page 14
7 of your direct testimony, and I'm going to be referring
8 to lines 17 through 20, and this is your statement on
9 why the Commission should adopt a proposed service
10 quality incentive plan that you have proposed, correct?

11 A. Yes.

12 Q. And you refer to the statutory requirement
13 that the Commission should consider whether an AFOR will
14 preserve or enhance service quality?

15 A. Yes.

16 Q. So my question to you is, have you -- is your
17 interpretation of your proposal, the Public Counsel AFOR
18 proposal, that that is the only proposal that you have
19 reviewed that would meet the statutory requirement in
20 80.36.135 where it states in sub (d):

21 Preserve or enhance service quality and
22 protect against the degradation of the
23 quality or availability of efficient
24 telecommunications services.

25 That's the statutory standard that you

0640

1 reviewed and referred to, correct?

2 A. That's correct, that standard was the
3 foundation of the development of my testimony and my
4 recommendation, and we feel that, as I mentioned
5 earlier, the company is asking for significant
6 regulatory flexibility and lifting of various regulatory
7 burdens. This is an area where, if you will, the
8 customers are requesting some -- a more efficient and I
9 believe effective means of providing an incentive for
10 service quality.

11 Q. And is it also your conclusion that the
12 modified AFOR, I think it's we have all referred to it
13 I'm calling it the modified AFOR now if that's agreeable
14 to counsel, the modified AFOR with Appendix C attached
15 to it, that with the augmentation of the Customer
16 Service Guarantee Program, that this Settlement
17 Agreement and Customer Service Guarantee Program will
18 not meet the statutory standard?

19 A. That's my recommendation. The
20 recommendations in Appendix C to provide for some
21 additional credits under the Customer Service Guarantee
22 Program, those recommendations are to reinstitute
23 certain elements that the company has previously
24 offered. There is some data in the record regarding the
25 dollar amounts that the company provided to customers

0641

1 when it had those elements in place, and I reviewed that
2 information, and I don't believe that the likely credit
3 amounts that the company would pay are significant, and
4 therefore those customer remedy programs, as I discuss
5 in my testimony, don't provide the kind of incentive
6 that a selfactuating service quality plan does.

7 Q. So you are still, so to cut to the chase and
8 in sum, the proposal in the Public Counsel AFOR consists
9 of four parts under sub (d), correct, it's an SQIP, a
10 Customer Service Guarantee Program, service quality
11 reporting requirement, and major outages, correct?

12 A. That's correct, the major outages
13 recommendation was a Staff recommendation.

14 Q. Yes, I'm familiar with that.

15 A. Okay. And that is a recommendation that just
16 to clarify I believe is not part of the settlement plan
17 between Staff and Qwest.

18 Q. So what I'm trying to derive, this will be my
19 last question, is it your position then that the three
20 components in (d) of the Public Counsel AFOR is the only
21 plan in the record that would satisfy the statutory
22 requirement that I referred to earlier?

23 A. Yes, regarding service quality.

24 COMMISSIONER JONES: Thank you.

25 JUDGE CLARK: All right, we will be at lunch

0642

1 recess until 1:05.

2 (Luncheon recess taken at 12:05 p.m.)

3

4 A F T E R N O O N S E S S I O N

5 (1:40 p.m.)

6 JUDGE CLARK: All right, we're back on the
7 record, and during the recess the parties reached an
8 agreement on a number of issues that we want to
9 memorialize on the record before the Commissioners
10 return. When we recessed for lunch, Ms. Kimball was on
11 the stand, and we were awaiting redirect from
12 Mr. ffitch.

13 Mr. ffitch.

14 MR. FFITCH: Your Honor, Public Counsel has
15 no redirect for Ms. Kimball.

16 JUDGE CLARK: All right, thank you. And that
17 concludes presentation of Public Counsel's case?

18 MR. FFITCH: That concludes presentation of
19 our witnesses and exhibits.

20 JUDGE CLARK: With the exception of the
21 public comment exhibit, which hopefully we can address
22 in a few minutes.

23 MR. FFITCH: Yes, Your Honor, and one matter
24 about supplementing or correcting Exhibits 79 and 80.

25 JUDGE CLARK: All right, and would you like

0643

1 to discuss supplementing those exhibits at this
2 juncture?

3 MR. FFITCH: Yes, Your Honor. We would like
4 to request leave to supplement Exhibits 79 and 80 for
5 some missing, we believe, or at least apparently missing
6 web site pages. We had discussed that with Qwest
7 counsel, we understand they do not object to us
8 endeavoring to do that subject to looking at what we
9 actually are able to put together, and then we will
10 submit it, and they will have an opportunity to indicate
11 their position on the supplementation.

12 MS. ANDERL: That's my understanding, Your
13 Honor.

14 JUDGE CLARK: All right, thank you. So I am
15 anticipating then a motion to supplement, and Qwest will
16 then have an opportunity to object if the need arises
17 after they have had an opportunity to review the
18 document.

19 MR. FFITCH: Yes, Your Honor, I -- yes, Your
20 Honor, that's correct.

21 JUDGE CLARK: All right.

22 Mr. Trautman, this would now be the time for
23 the presentation of the Commission Staff case, and I
24 understand that there's some modifications regarding
25 that as well.

0644

1 MR. TRAUTMAN: And are you referring to the
2 exhibit of Ms. Reynolds?

3 JUDGE CLARK: Actually, what I'm referring to
4 first is the fact that Public Counsel indicated that he
5 did not have examination -- our next witness is
6 Ms. Strain, and my understanding is that Public Counsel
7 does not have any cross-examination for that witness.

8 MR. FFITCH: That is correct, Your Honor.

9 JUDGE CLARK: And the Commissioners do not
10 have any inquiry for that witness.

11 MR. TRAUTMAN: So --

12 JUDGE CLARK: So Ms. Strain's exhibits are --

13 MR. TRAUTMAN: Have been admitted into the
14 record, and we would present her testimony to the
15 Commission.

16 JUDGE CLARK: Thank you very much.

17 The witness scheduled to follow Ms. Strain is
18 Mr. Wilford Saunders, Jr., who is sponsoring the
19 testimony of Kristen Wilson.

20 MR. TRAUTMAN: Kristen Russell.

21 JUDGE CLARK: Kristen Russell, okay, I'm
22 going to rename everyone today.

23 And my understanding is that there continues
24 to be inquiry for this witness; is that correct,
25 Mr. ffitch?

0645

1 MR. FFITCH: Yes, we have questions for
2 Mr. Saunders.

3 JUDGE CLARK: All right, so the next witness
4 who will take the stand after the Commissioners return
5 would be Mr. Saunders, and then Mr. Thomas Wilson would
6 follow Mr. Saunders; is that correct?

7 MR. TRAUTMAN: Correct.

8 JUDGE CLARK: Mr. ffitch, I understand there
9 is no cross-examination for this witness; can you
10 confirm?

11 MR. FFITCH: Correct, Your Honor, no cross
12 for Mr. Wilson.

13 JUDGE CLARK: And I have checked with the
14 Commissioners, and there is no Commissioner inquiry for
15 Mr. Wilson.

16 MR. TRAUTMAN: Mr. Wilson's exhibits have
17 been admitted into the record, so we would tender those
18 to the Commission.

19 JUDGE CLARK: Thank you. And then the final
20 witness for presentation of the Commission Staff case is
21 Ms. Deborah Reynolds?

22 MR. TRAUTMAN: Correct.

23 JUDGE CLARK: And my understanding from our
24 prehearing conference is that Public Counsel has no
25 inquiry, can you confirm?

0646

1 MR. FFITCH: That is correct, Your Honor.

2 JUDGE CLARK: All right, thank you.

3 Commissioners have no inquiry for Ms. Reynolds.

4 MR. TRAUTMAN: And Ms. Reynolds' exhibits
5 have also been entered into the record, so we would
6 tender that to the Commission.

7 JUDGE CLARK: All right, thank you.

8 There are other preliminary matters or
9 posthearing matters the parties wish to also address at
10 this juncture before we call the Commissioners back in;
11 is that correct?

12 MR. FFITCH: Yes, Your Honor, for Public
13 Counsel we would like to renew our request for an
14 extension of the briefing schedule based on the conflict
15 that we have with the PacifiCorp general rate case,
16 which starts in a week from Monday and which has a
17 briefing date of March 23rd. In discussions off the
18 record with Qwest counsel and Staff counsel, I believe
19 we have reached an agreement to request an extension of
20 the briefing schedule to April 13th for the opening
21 brief and April 27th for the reply brief. That is what
22 the parties have agreed to. I would make as a request
23 to the Bench, we did not discuss whether those dates
24 would be hard filing dates or electronic filing dates,
25 we probably would prefer electronic, but we would just

0647

1 defer to the Bench's preference on that.

2 JUDGE CLARK: All right, Ms. Anderl, can you
3 confirm?

4 MS. ANDERL: I can confirm that we have
5 agreed to the changes in the briefing schedule as
6 Mr. Ffitch has described, opening on April 13th, reply
7 on the 27th. It would be my preference to have those as
8 hard filing dates.

9 JUDGE CLARK: All right, thank you.

10 Mr. Trautman.

11 MR. TRAUTMAN: And Staff is agreeable to that
12 schedule.

13 JUDGE CLARK: And do you have a preference
14 regarding electronic or hard copy?

15 MR. TRAUTMAN: No.

16 JUDGE CLARK: All right. Just correct me on
17 one thing, my recollection was that the initial briefs
18 were due on April 4th and that you're moving those, I
19 think you indicated a March date for those?

20 MR. FFITCH: The March dates were dates in
21 the PacifiCorp case, we have our briefs are due in the
22 PacifiCorp general rate case on March --

23 JUDGE CLARK: Okay, so what you're really
24 just asking for is an extension of a little over a week
25 for the initial briefing?

0648

1 MR. FFITCH: From the 4th to the 13th, yes,
2 Your Honor.

3 JUDGE CLARK: All right, thank you.

4 MR. FFITCH: And I misspoke, the PacifiCorp
5 briefs are due on April 23rd, not March 23rd.

6 JUDGE CLARK: All right, thank you, that
7 request is granted, the initial briefing will be due
8 April 13th, reply briefing on the 27th of April, and I
9 will allow electronic filing of that, that has been the
10 rule in this docket thus far.

11 MR. FFITCH: Thank you, Your Honor.

12 JUDGE CLARK: Any other preliminary matters
13 or procedural matters?

14 Oh, the filing of the public comment exhibit,
15 which has already been marked for identification
16 purposes in this proceeding, Mr. ffitch.

17 MR. FFITCH: Your Honor, we would request
18 that the public comment exhibit deadline date be a March
19 21st hard copy filing date.

20 JUDGE CLARK: That would be a hard copy
21 filing date?

22 MR. FFITCH: Yes.

23 JUDGE CLARK: All right. Is there any
24 objection?

25 MS. ANDERL: No, Your Honor.

0649

1 MR. TRAUTMAN: No.

2 JUDGE CLARK: All right, hearing none, that
3 is the deadline for the submission of the public comment
4 exhibit.

5 MR. FFITCH: And, Your Honor, I understand
6 that we are required to provide an original and one copy
7 to the Commission, and we will provide two copies each
8 to Staff and to Qwest, and we will inquire of other
9 parties how many copies they need.

10 JUDGE CLARK: Thank you, I think given the
11 probable extensive nature of that, the Commission can
12 accommodate an original and one and allow people access
13 to the records center copies to those documents.

14 The last procedural matter I think we need to
15 address is the Bench Requests. The Administrative Law
16 Judge will propound those in writing to the parties. At
17 this juncture we're proposing a ten day response. If
18 Qwest is unable to come up with the data within that ten
19 day response, if you can let the Commission know the
20 additional time you might need to accumulate the data
21 the Commissioners requested.

22 MS. ANDERL: And, Your Honor, this is I'm
23 certain the first time this has ever happened, but can I
24 ask you to give us a shorter timeline.

25 JUDGE CLARK: I would cheerfully give you a

0650

1 shorter timeline. What timeline would you like less
2 than ten days?

3 MS. ANDERL: May we have one week from the
4 date that the Bench Requests are issued. That just
5 gives us an internal target to work toward, and it is
6 something we think is achievable. At this point the
7 reason I ask for the shorter timeline is so that we
8 don't get uncomfortably close to the briefing schedule
9 before the record is closed.

10 JUDGE CLARK: Yes, and the Bench Request will
11 reflect that, but I will just note that you can always
12 do things before a deadline, just not after.

13 All right, any other procedural matters?

14 MR. FFITCH: I will confess I haven't looked
15 at the rule to see if we have under the rule a right to
16 respond or a deadline to respond or comment on Bench
17 Requests.

18 JUDGE CLARK: My recollection of the rule,
19 which could be faulty, is that no, you do not. You may
20 be invited to respond as well as the primary party to
21 which the Bench Request is propounded. I need to
22 confirm that.

23 MR. FFITCH: Thank you.

24 JUDGE CLARK: Any other procedural matters?

25 All right, then I will get the Commissioners,

0651

1 and we are at recess until further call.

2 (Recess taken.)

3 JUDGE CLARK: Mr. Trautman.

4 MR. TRAUTMAN: Thank you.

5

6 Whereupon,

7 WILFORD SAUNDERS, JR.,

8 having been previously duly sworn, was called as a

9 witness herein and was examined and testified as

10 follows:

11 DIRECT EXAMINATION

12 BY MR. TRAUTMAN:

13 Q. Good afternoon, Mr. Saunders.

14 A. Good afternoon.

15 Q. Could you please give your name and spell
16 your last name for the record.

17 A. My name is Wilford Saunders, Jr.,
18 S-A-U-N-D-E-R-S.

19 MR. TRAUTMAN: Do we need to administer the
20 oath?

21 JUDGE CLARK: Mr. Saunders having previously
22 been sworn in this docket, I just remind you that you
23 remain under oath.

24 THE WITNESS: Very well.

25 BY MR. TRAUTMAN:

0652

1 Q. And could you please state your position with
2 the Commission?

3 A. I am the Assistant Director
4 Telecommunications.

5 Q. Have you filed in this proceeding Exhibit
6 164?

7 A. I have.

8 Q. And is that your testimony adopting what has
9 previously been filed as Exhibits 134 through 138C,
10 which are the exhibits of Ms. Kristen Russell with the
11 exception of the qualifications portion, are you
12 adopting those portions in your Exhibit 164?

13 A. That is the nature of my Exhibit 164, and I
14 do adopt the testimony so named.

15 Q. And do you have any changes to make to any of
16 that testimony?

17 A. Other than the changes stipulated or
18 indicated in my exhibit, there are no additional
19 changes.

20 MR. TRAUTMAN: Thank you.

21 And Exhibits 134 through 138C and 164 having
22 been admitted into the record, Mr. Saunders is available
23 for cross.

24 JUDGE CLARK: Thank you, Mr. Trautman.

25 Mr. ffitch.

0653

1 MR. FFITCH: Thank you, Your Honor.

2

3 C R O S S - E X A M I N A T I O N

4 BY MR. FFITCH:

5 Q. Good afternoon, Mr. Saunders.

6 A. Good afternoon, Mr. ffitch.

7 Q. We're just going to cover a couple of areas,
8 a few areas related to service quality. You have
9 adopted the service quality testimony of Ms. Russell and
10 have also testified yourself on service quality to some
11 extent and are supporting the settlement service quality
12 components, correct?

13 A. Correct.

14 Q. Now you have testified in this case that in
15 your view bill credits that customers receive from the
16 Customer Service Guarantee Program provide an incentive
17 for the company to continue to improve its service, have
18 you not?

19 A. I believe so.

20 Q. So it's your testimony that the dollar
21 amounts that Qwest pays out under Customer Service
22 Guarantee Program or would pay out under the modified
23 form of the Customer Service Guarantee are sufficient to
24 act as an incentive to Qwest to provide better service,
25 invest in its network to do so?

0654

1 A. If I understand your question correctly, we
2 are addressing my previous testimony as to the nature of
3 the settlement. My previous testimony in describing the
4 intention of the parties and the conclusions of
5 Commission Staff in reaching settlement with the other
6 settling parties was that the Customer Service Guarantee
7 Program as a whole provides incentives for the company
8 to preserve and enhance its service quality in
9 Washington.

10 Q. All right. And that's still your opinion
11 with regard to the settlement?

12 A. It is.

13 Q. Are you aware that in -- I'm sorry, let me
14 direct you to an exhibit before I ask you this question.
15 Could you look, please, at Exhibit 62, that was
16 designated for Mr. Reynolds, or wait a minute, sorry,
17 Mr. Williams, Cross-Exhibit 62, do you have that?

18 A. This would be, yes, Cross-Exhibit 62.

19 Q. It's a response to Public Counsel Data
20 Request 91.

21 A. Yes.

22 Q. Are you aware that in 2006 under the Customer
23 Service Guarantee Program Qwest provided approximately
24 \$43,000 to customers as prorata bill credits for out of
25 service conditions?

0655

1 A. While this is not originally my testimony, I
2 would not contest the fact it does appear to be a
3 correct statement. The last -- a correct statement of
4 the contents of the last two boxes of the table provided
5 as a response to item C.

6 Q. All right, yes, so the bottom of the page,
7 correct?

8 A. Yes.

9 Q. Did Staff conduct any analysis to determine
10 the dollar amounts that Qwest would pay out under the
11 Customer Service Guarantee Program per the settlement in
12 the event that service quality deteriorates?

13 A. Staff performed I believe an analysis of the
14 likely -- the likely cost or payout by the company under
15 the Customer Service Guarantee Program as amended by the
16 Settlement Agreement. However, this was merely an
17 informal analysis. I don't believe it was entered in
18 the record, and I don't recall the contents of it
19 exactly. Furthermore, I do know that the analysis we
20 performed did not include an analysis of whether those
21 -- what those numbers would be in case of a significant
22 deterioration of service quality.

23 Q. Do you remember the dollar amount of the
24 quantification or the ball park of the dollar amount
25 with the quantification that Staff developed?

0656

1 A. I'm sorry, I don't.

2 Q. Is there a document or a study that you would
3 be able to provide that would show that number in answer
4 to a record requisition?

5 A. Possibly. These were -- this was analysis
6 and discussion, subject of discussion during settlement
7 negotiations. I believe you were present.

8 Q. Well, I'm asking if -- you indicated that
9 Staff had done an estimate or an analysis of the
10 possible effects financially of this proposal, I'm not
11 asking you to go into privileged matters from
12 settlement, and I didn't intend to wade into that area.

13 MR. TRAUTMAN: To the extent it does go
14 there, I do object.

15 MS. ANDERL: Well then, Your Honor, I would
16 also object on the basis that I question the timeliness
17 of a record requisition and the ability of the parties
18 to respond. The settlement has been on file now for
19 eight days with the Commission, perhaps nine, and I --
20 oh, I'm sorry, I may have done the math wrong on that,
21 no, I think it is eight or nine days, and Public Counsel
22 did not seek any such quantification. In addition,
23 Public Counsel has access already to the same service
24 quality performance data that Staff has and has access
25 to the terms of the settlement, and it is a calculation

0657

1 that Public Counsel could have performed itself.

2 MR. FFITCH: We can move on, Your Honor.

3 BY MR. FFITCH:

4 Q. Just one last question on this general topic,
5 Mr. Saunders, are the dollar amounts that are likely to
6 be generated by the Customer Service Guarantee Program
7 in your opinion significant enough to serve as an
8 incentive to Qwest to maintain its service quality
9 companywide and to maintain necessary investment levels
10 to protect service quality performance levels, maintain
11 them at Commission rule standard, and to maintain system
12 reliability?

13 A. The incentives or the shall we say the scope
14 or the scale of the incentives provided by the what have
15 been described as remedies provided by the Customer
16 Service Guarantee Program in payouts to affected
17 customers would in my opinion themselves not be
18 sufficient to motivate the -- to motivate the company to
19 maintain service quality performance levels were it not
20 -- by themselves. However, considered in combination
21 with rules, other programs that are in effect, and the
22 nature of the competitive marketplace, it was Staff's
23 opinion that the Customer Service Guarantee Program
24 would provide a significant and sufficient degree of
25 incentive to ensure the continuation of Qwest's already

0658

1 good service quality.

2 Q. Part of the new Customer Service Guarantee
3 Program is the 25 cent customer credit program, correct?

4 A. You are referring to the trouble report
5 standard?

6 Q. Correct, the trouble report rate credit.

7 A. Yes.

8 Q. And this reinstates a 25 cent customer
9 credit program that was originally established as part
10 of the Customer Service Guarantee Program in the 2000
11 merger order, correct?

12 A. Subject to check I'm not going to contest
13 that. That seems a reasonable statement of the history
14 of that, the history of that provision.

15 Q. In your testimony you referred to this
16 program as a 1990's era program, didn't you?

17 A. Yes.

18 Q. Do you remember that?

19 A. Yes.

20 Q. Actually this version of the Customer Service
21 Guarantee Program was in effect from 2000 through 2005,
22 wasn't it?

23 A. Yes.

24 Q. And Qwest terminated the 25 cent program in
25 October 2005 as part of a tariff filing to scale back

0659

1 its customer credit offerings, correct?

2 A. You're referring to which tariff docket?

3 Q. This is a filing to terminate the 25 cent
4 customer credit portion of the Customer Service
5 Guarantee Program.

6 A. Subject to check I will agree.

7 Q. Are you aware that when the 25 cent trouble
8 report credit program was originally established as part
9 of the customer service guarantee in the merger
10 settlement, there was also in place a trouble report
11 metric included in the service quality performance
12 program that placed a maximum of \$4 Million at risk
13 annually?

14 A. Subject to check I will not contest.
15 However, that predates my tenure with the Commission.

16 Q. Can I ask you, please, to turn to the
17 proposed AFOR plan, that's Exhibit 4, go to the Customer
18 Service Guarantee provisions in Appendix C.

19 A. Yes.

20 Q. And let's go to the out of service trouble
21 condition credit, that's item 2, correct?

22 A. Correct, item 2 is labeled out of service
23 trouble condition credit.

24 Q. All right. Now Footnote 5 on this page
25 indicates that the section will replace the current out

0660

1 of service credit program which is known as or
2 officially known as the allowance for service
3 interruptions in its entirety, correct?

4 A. That is a correct statement of the text of
5 Footnote 5.

6 Q. And we heard testimony from Mr. Reynolds this
7 morning that that is not technically accurate, that the
8 company's prorata credit program will remain in effect
9 for some customers; do you recall that testimony?

10 A. I recall Mr. Reynolds testified on that
11 subject, and I agree with his testimony generally.

12 Q. Was that your understanding of this provision
13 before Mr. Reynolds' testimony this morning?

14 A. It was my understanding of this provision
15 prior to Mr. Reynolds' testimony this morning that the
16 Commission's rule 480-120-164 would continue to apply
17 regardless of the tariff, presence or absence in tariff
18 of this element of the Customer Service Guarantee
19 Program.

20 Q. Does that understanding of yours turn up
21 anywhere in the AFOR plan?

22 A. No, the AFOR plan does not specifically
23 address the applicability of rules not listed in
24 Appendix A.

25 Q. All right. Are you aware that the majority

0661

1 of customers who receive an out of service credit today
2 under the prorata program are customers with outages of
3 less than 48 hours?

4 A. While I have no actual knowledge of that, I
5 would not contest the assertion.

6 Q. Can you turn to Exhibit 161, please.

7 JUDGE CLARK: And that is in reference to
8 which witness?

9 Q. Mr. Reynolds I believe.

10 A. Very well, I'm at Exhibit 161.

11 Q. All right, and could you turn to page 2 of
12 that exhibit, please.

13 A. I'm at page 2.

14 Q. Well, I guess just to give some context here,
15 this is a Public Counsel data request asking the company
16 for information about the number of out of service
17 conditions and other data and dollar amounts about the
18 experience with the out of service program, correct?

19 A. It does appear to be that indeed.

20 Q. And if we go to page 2 and we look at the
21 second paragraph, we read, do we not, that of the more
22 than 25,000 credits provided for out of service
23 conditions not cleared in 24 hours in 2006, nearly 7,400
24 were provided for out of service conditions greater than
25 48 hours, correct?

0662

1 A. That is a correct statement of the second
2 half of that paragraph.

3 Q. So if you subtract 7,400 from 25,000, subject
4 to checking my math, you come with up with 17,600
5 customers who are people who have a service outage
6 between 24 hours and 48 hours, correct?

7 A. That seems like a reasonable mathematical
8 operation.

9 Q. So obviously that's a significant majority of
10 the total customers receiving the out of service credit
11 for any time-limited outage, isn't it?

12 A. Yes, that would seem to be a significant
13 proportion of the 25,000 credits that you have described
14 as being paid out, meaning that they were paid out to
15 people who had -- well, I will limit my answer to that,
16 yes, that does appear to be correct.

17 Q. All right. Now I'm going to ask you to turn
18 to Ms. Russell's exhibits or the cross-exhibits
19 identified for Ms. Russell starting with Exhibit 139.
20 This is a data request to Staff, number 3, Public
21 Counsel Number 3 to Staff, correct?

22 A. Yes, I'm looking at Staff's answer to Public
23 Counsel Data Request Number 3.

24 Q. And in this data request, Public Counsel
25 asked about Staff's recommendation that Qwest should

0663

1 "maintain or improve its performance under the Customer
2 Service Guarantee Program during the term of the AFOR",
3 correct?

4 A. Public Counsel's question was:
5 Please describe what type of performance
6 would be considered as meeting Staff's
7 recommended requirement that Qwest
8 maintain or improve its performance
9 under the PSGP.

10 Q. All right. And in the response Staff stated
11 that maintenance or improved performance would require
12 an evaluation of all credits paid that the company
13 currently reports on, correct?

14 A. That is a correct statement of the first half
15 of that answer paragraph.

16 Q. Now could you please turn to the next
17 exhibit, I'm sorry, no, to Exhibit 141, which would be
18 skipping over one exhibit to Public Counsel 5.

19 A. I'm looking at Staff's answer to Public
20 Counsel Data Request Number 5.

21 Q. All right. And again we're asking for a
22 description of what type of performance would be
23 considered as meeting Staff's recommended requirement
24 that Qwest maintain or improve its performance under the
25 Customer Service Guarantee Program, and I'm reading from

0664

1 question A there. Go down to answer A, you see that
2 Staff believes that Qwest was relieved of reporting on
3 service interruptions under the Customer Service
4 Guarantee Program in October of 2005, correct?

5 A. Yes, that's a correct statement. I would add
6 that it was not Staff's opinion at the time that Qwest
7 was relieved of the obligation to report service
8 interruptions under the Commission's service quality
9 rules.

10 Q. All right. Staff further states in this
11 exhibit that they did not anticipate tracking Qwest
12 performance under this component of the Customer Service
13 Guarantee Program, correct?

14 A. That is a correct statement of Staff's answer
15 in the second half of the first paragraph in answer A.

16 Q. All right. Is it correct now, however, that
17 under the proposed AFOR Qwest will be required to report
18 on all of the components of the Customer Service
19 Guarantee Program that the parties are recommending
20 here?

21 A. Yes, under the Settlement Agreement the
22 company will be required and will undertake to report
23 under the Customer Service Guarantee Program.

24 Q. For all components?

25 A. For all components.

0665

1 Q. Does that include the reporting of the
2 performance under the prorata program that we heard
3 about this morning from Mr. Reynolds?

4 A. The Customer Service Guarantee Program is
5 described in Exhibit or in Attachment C to the AFOR
6 plan. I believe what you're trying to get at is that
7 the prorata program is not specifically described in
8 Appendix C to the AFOR plan. I would say that the
9 agreement itself is silent as to whether the company
10 would be required to report under the Customer Service
11 Guarantee Program on the prorata program element.
12 However, it would not be inconsistent to conclude that
13 the company would be required to report on its Customer
14 Service Guarantee Program in its entirety based on its
15 traffic filing, which would come subsequent to the
16 adoption of the AFOR plan, so it is not possible that
17 the company might not report. It is possible that the
18 company would report, I would say that the AFOR
19 agreement is silent as to whether the prorata credit
20 would be reported under the Customer Service Guarantee
21 Program.

22 Q. And does the Appendix C or any other portion
23 of the proposed AFOR plan require reporting for all of
24 the other specific components of the Customer Service
25 Guarantee Program, and if so, where is that?

0666

1 A. Could you clarify your question, I'm not sure
2 I caught all of it.

3 Q. Sure. You testified just a moment ago that
4 the company will now be required to report on all the
5 components of the CSG Program in Appendix C. My
6 question is, does the settlement document actually say
7 that anywhere, and if so, where is that?

8 And it may be in there, I'm open to that
9 possibility.

10 JUDGE CLARK: You might take a look at the
11 exceptions under paragraph 2, I think it's about the
12 third sentence.

13 A. Thank you, Your Honor, you have indeed
14 directed me to the provision that I was thinking of
15 under paragraph 2 of the exceptions in the AFOR plan,
16 which reads:

17 Qwest will continue filing customer
18 service guarantee reports in accordance
19 with the 17th Supplemental Order in
20 Docket Number UT-991358, albeit
21 semiannually rather than monthly.

22 Q. Right. And do you know, I mean obviously the
23 17th Supplemental Order was adopted well before this
24 Appendix C was developed, do you know if the 17th
25 Supplemental Order specifically addresses all of the

0667

1 components that have been agreed to in Exhibit 4, the
2 proposed AFOR plan?

3 A. It's my understanding that the 17th
4 Supplemental Order in this docket was the order that
5 implemented the original Customer Service Guarantee
6 Program. It's now several years old. During the course
7 of our negotiations, during the course of parties'
8 discussions, and during the course of Staff's analysis
9 of the company's proposal, we have I believe used the
10 17th Supplemental Order in this docket as a proxy for a
11 description of Customer Service Guarantee Program as
12 envisioned previous to the modifications that I gather
13 took place in 2005. So we're talking about the Customer
14 Service Guarantee Program as it was.

15 Q. So it's not entirely clear that this
16 provision requires the company to now report on all the
17 components of the new improved Customer Service
18 Guarantee Program, right?

19 A. It's clear to me, Mr. ffitch. I'm not sure
20 that it would be clear to everybody. However, it was
21 clear to Staff, and I believe it was clear to all of the
22 settling parties that the reporting would -- the
23 reporting requirement in this paragraph would apply to
24 everything described in Appendix C, which was in fact
25 copied from the old Qwest tariff, which was based upon

0668

1 the 17th Supplemental Order in Docket 991358. It's
2 possible that there is some lack of clarity there.

3 Q. All right, well, it's true, isn't it, that
4 the company actually discontinued reporting some of its
5 customer service guarantee obligations because it felt
6 and Staff agreed that that reporting was no longer
7 required subsequent to the 17th Supplemental Order;
8 isn't that true?

9 A. Yes.

10 Q. So wouldn't you agree that there needs to be
11 some clarification here in order to make sure that there
12 is reporting for all the components of the program
13 including the prorata component that Mr. Reynolds
14 testified to this morning?

15 MS. ANDERL: Objection, Your Honor,
16 mischaracterizes Mr. Reynolds' testimony, Mr. Reynolds
17 did not testify that the prorata was part of the
18 Customer Service Guarantee Program, he testified that it
19 would be administered in accordance with the
20 Commission's rule.

21 JUDGE CLARK: Sustained.

22 MR. FFITCH: Well, Your Honor, I believe the
23 record reflects that Mr. Reynolds testified that it was
24 part of the Customer Service Guarantee Program.

25 JUDGE CLARK: The objection is sustained

0669

1 because the record will speak for itself.

2 MR. FFITCH: Thank you, Your Honor.

3 BY MR. FFITCH:

4 Q. Well, with regard to the components of the
5 Customer Service Guarantee Program, including the
6 prorata credit piece, do you believe that the Commission
7 in issuing an order on the AFOR should clarify the
8 reporting requirement to specify that the --

9 MR. TRAUTMAN: Objection, there's been no
10 showing that there's a prorata piece in the -- to which
11 Mr. ffitch is referring to. The testimony was that the
12 prorata piece was part of the rules.

13 JUDGE CLARK: Yes, and I think we have
14 already addressed that that testimony will be confirmed
15 by the record itself.

16 MR. FFITCH: Yes, Your Honor, I wasn't trying
17 to go back on the ruling, I was simply trying to
18 determine the scope --

19 JUDGE CLARK: Exactly, but I think it's the
20 same topic, Mr. ffitch.

21 BY MR. FFITCH:

22 Q. Would Staff object to the Commission issuing
23 an order clarifying the reporting for the Customer
24 Service Guarantee Program in this order to be consistent
25 with the company obligations that have been testified to

0670

1 by yourself and Mr. Reynolds in the hearing?

2 A. Without wanting to take a particular position
3 for Staff on a future potentially adjudicative matter, I
4 think I can reasonably easily say that Staff fairly
5 rarely objects to any Commission orders.

6 JUDGE CLARK: Good answer.

7 MR. FFITCH: May I just have a moment, Your
8 Honor?

9 JUDGE CLARK: Yes, we will take a moment off
10 record.

11 (Discussion off the record.)

12 JUDGE CLARK: Mr. ffitich.

13 MR. FFITCH: Your Honor, just one other area
14 very briefly.

15 BY MR. FFITCH:

16 Q. This is about the, we're still on Appendix C,
17 we're still on out of service trouble condition reports,
18 trouble condition credits, excuse me.

19 A. Yes, Mr. ffitich.

20 Q. All right, Part B indicates that customers
21 who experience outages of seven calendar days or more
22 receive a credit equal to their monthly local exchange
23 service rate, including any associated regulated
24 features, correct?

25 A. Correct.

0671

1 Q. And I just want to get some clarification on
2 that. If the proposed AFOR settlement is approved, what
3 would qualify as an associated regulated feature as the
4 term is used here?

5 A. Off the top of my head, I would say that it
6 would be any features listed in the exceptions that
7 remain regulated. That would include, for example,
8 operator services, local operator, surcharge.

9 Q. Anything else?

10 A. The intent of the AFOR plan as discussed
11 among the settling parties and as presented to the
12 Commission by the settling parties is to reduce the
13 regulation on a number of aspects of telecommunications
14 service that are currently provided by the company in
15 Washington. Apart from those services described in the
16 exceptions, the AFOR plan would have relatively sweeping
17 effects on a number of telecommunication services,
18 possibly including the features to which you allude.

19 Q. Well, I'm just trying to understand what the
20 provision means. For example, if I am a customer who
21 thinks he or she is entitled to a credit, you know,
22 where do I look it up? And if I go to Staff and say, am
23 I entitled to a credit or go to the company, where do
24 they look it up, how do they know what's an associated
25 regulated feature? So that's the question that I'm

0672

1 asking.

2 A. The intent of the parties during discussion
3 and the substance of the settling parties' agreement as
4 captured in this document was based upon the previous
5 Customer Service Guarantee Program and informed thereby
6 by the old Customer Service Guarantee Program. I would
7 agree that the terms on their face are potentially less
8 than crystal clear. However, I believe that the
9 Commission or any other body in reviewing this document
10 or in determining what was covered and what was not
11 could reasonably be informed by the old Qwest tariff
12 involving the Customer Service Guarantee Program on this
13 point.

14 Q. For customers of bundled packages, is their
15 monthly local exchange service rate for which they
16 receive credit, is that equal to the monthly recurring
17 charge for their bundled package or for some lower
18 amount under this seven day portion of the credit?

19 A. Could you restate the question, I didn't
20 catch the beginning of it.

21 Q. Well, it's a parallel to the previous
22 question. If you're a customer under this service
23 guarantee who has an outage for longer than seven days
24 and you're a customer who buys bundles as opposed to
25 basic res with associated regulated features, now we're

0673

1 talking about a customer who buys a bundled package,
2 what is the monthly local exchange service rate credit
3 that they receive, is it simply the basic residential
4 rate, or is it equal to the monthly recurring charges
5 for their entire bundle?

6 A. The former.

7 Q. So it's only the basic residential service,
8 right?

9 A. Correct.

10 MR. FFITCH: All right, Your Honor, those are
11 all the questions we have.

12 Thank you, Mr. Saunders.

13 JUDGE CLARK: Thank you, Mr. ffitich.

14 Any inquiry, Chairman Sidran?

15

16 E X A M I N A T I O N

17 BY CHAIRMAN SIDRAN:

18 Q. Good afternoon. What, if any, effect do you
19 think the expiration of an AFOR if one were to be
20 approved, the expiration of that in four years would
21 have on Qwest's customer service performance?

22 A. The expiration of this -- the expiration of
23 this AFOR plan as presented, which is proposed or
24 scheduled to take place in four years unless modified or
25 extended by the Commission during the review period --

0674

1 I'm sorry, I was speaking fast there. This plan is
2 designed to expire or be up for modification or
3 extension at the end of four years. The fact that the
4 company -- the company knows that at the end of the
5 four-year period the Commission can extend the effective
6 period of the AFOR. It can do so in a way that extends
7 the effect of the AFOR plan without extending the
8 transition period requirements. It can also do so by
9 extending the entire period, the entire plan. I would
10 say that the effect of the expiration of the four-year
11 plan for AFOR would encourage the company to maintain
12 its service quality at its presently high level in order
13 to secure a potential future term or extension of the
14 AFOR if it finds its provisions favorable.

15 CHAIRMAN SIDRAN: Thank you, that's all I
16 have.

17 JUDGE CLARK: Commissioner Oshie.

18 COMMISSIONER OSHIE: No questions.

19 JUDGE CLARK: Commissioner Jones.

20

21 E X A M I N A T I O N

22 BY COMMISSIONER JONES:

23 Q. Mr. Saunders, would you call Appendix C, the
24 Customer Service Guarantee Program, an incentive or a
25 crediting mechanism, i.e., is it more -- if it's on a

0675

1 continuum of incentive or penalty mechanism, which would
2 you characterize this as?

3 A. I would say that the Customer Service
4 Guarantee Program is and remains first and foremost what
5 it was originally designed to be, which is an effort to
6 compensate in some way people who receive -- customers
7 who receive poor service from the company directly.

8 It has a secondary effect of providing
9 incentives to the company in that, number one, there are
10 direct monetary sums which may not be large, number two,
11 it is a cost -- it is a potentially costly program to
12 implement, and number three, it is something that
13 customers take seriously and customers appreciate. So
14 if the company found itself in a situation where it was
15 paying a large number of its customers every month or
16 refunding to them its recurring charge, I think that
17 would be both a monetary incentive, potentially small,
18 and a customer service and public relations nightmare
19 for the company, number two.

20 The most significant incentive for the
21 company to maintain and preserve its service quality
22 under the AFOR is competition. As has been recognized
23 by Staff and the company and the intervening parties,
24 the regulatory environment or the telecommunications
25 environment has changed. Good customer service is an

0676

1 essential part of retaining a market position in this
2 state, and we believe that competition provides the
3 primary incentive for the company to maintain and
4 improve its customer service.

5 The Customer Service Guarantee Program has
6 two effects, as I said. One, it is an incentive to
7 prevent the company from backsliding, and two, it is
8 directly -- it is directly targeted at in some way
9 compensating or alleviating the burden on customers
10 presented by missed appointments, by long out of service
11 periods. It's a directly targeted program that shows
12 meaningful amounts to actual customers in the event of
13 customer service failures.

14 Q. So in sum, it's a hybrid between an incentive
15 mechanism and a compensation mechanism for specific
16 failures by the company to --

17 A. Yes, it has developed as a successful hybrid
18 mechanism.

19 Q. And I think in your response to Public
20 Counsel, you said there were three components that you
21 thought were sufficient incentives in why this is in the
22 public interest and meets the statutory requirement, one
23 was the current rules in the WAC?

24 A. Yes.

25 Q. The second is the competitive marketplace?

0677

1 A. Yes.

2 Q. I.e., consumers can walk with their feet --

3 A. Yes.

4 Q. -- if these service quality -- if service
5 quality is not met. And the third would be this
6 provision to this -- that this package in the Settlement
7 Agreement of a Customer Service Guarantee Program and
8 provision to this reporting requirement. Is that a fair
9 sum of -- a fair summary of the three components of
10 sufficient incentives?

11 A. Quite fair.

12 COMMISSIONER JONES: Thank you.

13 JUDGE CLARK: Redirect, Mr. Trautman?

14 MR. TRAUTMAN: No.

15 JUDGE CLARK: Thank you for your testimony,
16 Mr. Saunders.

17 Are there any other matters that should be
18 addressed on the record this afternoon?

19 Hearing nothing, we are adjourned.

20 (Hearing adjourned at 2:40 p.m.)

21

22

23

24

25