

1 **Q: Please state your name and occupation.**

2 A: JoAnne A. Nadalin, Director of Business Operations for Comcast Cable, Salt Lake City
3 Market. My place of business is Sandy, Utah.

4 **Q: Please state your employment history.**

5 A: Prior to joining Comcast in February 2003, I was employed in Denver, Colorado as the
6 Vice President and Controller of Titanium Metals Corporation (1998-2003); Chief
7 Financial Officer of Coors Ceramics Company (1986-1997); Financial
8 Reporting/Internal Audit Manager of Coors Brewing Company (1984-1986); Internal
9 Auditor at Petro Lewis Corporation (1982-1984).

10 Before moving to Colorado, I was an Internal Auditor at Gulf Oil Corporation (1977-
11 1982) and a Senior Auditor at Ernst & Young (1975-1977), both in Pittsburgh,
12 Pennsylvania. In addition, I have been a Certified Public Accountant since 1977.

13 **Q: Please describe generally what your current job responsibilities are.**

14 A: I am responsible for accounting, billing, warehouse operations and check-in for
15 Comcast's Salt Lake City operations.

16 **Q: What is check-in?**

17 A: After our technicians perform customer related work, they provide paperwork to my
18 department to ensure that the work is recorded.

1 **Q: Are you generally aware of the claims and defenses Comcast and PacifiCorp have**
2 **presented in their dispute currently pending at the Utah Public Service**
3 **Commission?**

4 A: Yes.

5 **Q: When did you first become aware of the dispute?**

6 A: Shortly after I first came to work at Comcast, I found out that PacifiCorp had already
7 invoiced Comcast for about \$1.4 million dollars in unauthorized pole attachment
8 penalties, at the rate of \$250 per attachment. At that time, it was my understanding that
9 Comcast was disputing those charges.

10 **Q: Did PacifiCorp continue to submit these invoices for unauthorized pole attachment**
11 **penalties?**

12 A: Yes, invoices continued to come in. It was my understanding that PacifiCorp was
13 conducting an audit and it was continuing to identify attachments it believed to be
14 unauthorized in connection with that audit. So, we received invoices not only for the
15 \$1.4 million in unauthorized attachment penalties that had already been invoiced, but for
16 additional “unauthorized” attachment penalties as well.

17 **Q: What happened next?**

18 A: In mid July 2003, my counterpart working for Comcast in Portland, Oregon told me that
19 PacifiCorp had ceased processing pole attachment permits in the Portland market

1 because we had not paid the invoices for the supposedly unauthorized attachments in the
2 Utah Power & Light territory.

3 **Q: Were you previously aware that PacifiCorp intended to shut down Comcast's**
4 **permitting in Oregon?**

5 A: No. It never occurred to me that PacifiCorp would hold up Comcast's operations in
6 other markets. However, shortly after that, PacifiCorp indicated that it would shut down
7 Comcast's permitting operations in all PacifiCorp territories unless the outstanding
8 unauthorized attachments penalties were paid.

9 **Q: Did PacifiCorp follow through on that threat?**

10 A: From what I understand, yes. On July 29, 2003, I had a conversation with PacifiCorp's
11 Corey Fitz Gerald during which she told me that PacifiCorp had ceased processing
12 Comcast's permit applications in the six states in which PacifiCorp owns poles.
13 Comcast was trying to complete an upgrade in PacifiCorp's Oregon and Utah service
14 territories, so these two markets were more seriously affected.

15 **Q: What did you do then?**

16 A: Well, PacifiCorp was assessing the unauthorized attachment charges without identifying
17 which pole attachments were supposedly unauthorized. I explained to Ms. Fitz Gerald
18 that I could not authorize payment of these charges without some sort of verification or
19 means of matching the poles to the charges. At that time, Comcast Salt Lake City was
20 paying pole rent on approximately 75,000 poles. Without information detailing the

1 identification of the supposedly unauthorized attachments, it was impossible to
2 determine whether PacifiCorp was attempting to charge unauthorized attachment
3 penalties on poles for which rent was already being paid. The bottom line is that we
4 received millions of dollars in charges that did not include any data I could cross-check
5 against Comcast's records. I could not authorize payment under those circumstances.

6 **Q: Did Ms. Fitz Gerald provide you with documentation?**

7 A: Yes and no. I received a box of paper with lists and lists of poles, but it made no sense.
8 I had no way of knowing whether just some or all of the attachments on the poles listed
9 were believed to be unauthorized. More important, the lists made absolutely no sense.
10 Some of them contained dates in the future, like October 2007 as the date that Comcast
11 initially attached. In addition, they did not appear to be organized by any kind of
12 numbering system. We also got a lot of paper that listed the poles PacifiCorp or its
13 auditor, Osmose, had examined, but the poles were identified by GPS coordinates,
14 making them extremely difficult to identify. Comcast Salt Lake City's Vice President
15 of Technical Operations, Craig Malang, explained to me that the GPS coordinates were
16 only accurate to within 100 meters or so. Since poles are often within 100 meters of
17 each other, the GPS coordinates were not adequate to specifically identify the poles
18 PacifiCorp claimed had unauthorized attachments. The reports were not helpful in
19 determining whether the attachments in questions were actually unauthorized. At that
20 time, we knew relatively little about PacifiCorp's attachment audit and did not
21 understand how PacifiCorp determined all these attachments to be unauthorized. So, to

1 answer the question, yes PacifiCorp provided documents, but no, they did not support
2 the charges.

3 **Q: So what did you do?**

4 A: Comcast was in the middle of a major upgrade in Utah. There was no way to continue
5 with the upgrade and, therefore, to provide the new services we had committed to
6 providing to the Utah market, without being able to access PacifiCorp's poles. We had
7 commitments to our franchising authorities (the cities and towns we operate in) and
8 most important we had commitments to our customers. We felt we had little choice but
9 to acquiesce to PacifiCorp's demands.

10 **Q: What were PacifiCorp's demands?**

11 A: PacifiCorp indicated that it would be willing to lift the permitting freeze so long as
12 Comcast made a "good faith" payment of the outstanding amount, which was about \$3.8
13 million at that time. PacifiCorp and Comcast entered into an agreement under which
14 Comcast would pay the \$3.8 million under protest and PacifiCorp would resume
15 permitting. It didn't seem like much of a deal to me since Comcast was doing nothing
16 more than giving into PacifiCorp's demands.

17 **Q: But Comcast agreed to it anyway?**

18 A: We had no choice. In shutting down Comcast's operations in both Utah and Oregon,
19 PacifiCorp had all the leverage. If Comcast wanted to continue to upgrade its facilities
20 in Utah and elsewhere, PacifiCorp had to be paid.

1 **Q: Did Comcast make any further payments?**

2 A: Yes, in December 2003, PacifiCorp demanded an additional \$1.6 million payment that
3 included both unauthorized attachment penalties and audit charges. We made that
4 payment, again, because we could not afford to be shut down.

5 **Q: Was that the last payment you made?**

6 A: Yes, although PacifiCorp attempted to collect an additional \$3.6 million in March 2004,
7 Comcast refused to pay.

8 **Q: Did PacifiCorp shutdown Comcast's permitting operations?**

9 A: Yes, PacifiCorp shutdown permitting in Utah. Shortly after that, Comcast sought an
10 order from the Public Service Commission preventing PacifiCorp from refusing to
11 permit applications and permitting operations resumed.

12 **Q: As Director of Business Operations, do you keep records of the charges PacifiCorp
13 submits for payment?**

14 A: Yes.

15 **Q: Can you describe some of these charges?**

16 A: Yes. Comcast receives invoices from PacifiCorp for several different types of charges.
17 For example, PacifiCorp bills Comcast for pole rental at \$4.65 per attachment per year.
18 Currently, Comcast is paying approximately \$480,000.00 in rental fees per year.

1 Beginning in 2003, PacifiCorp began charging Comcast for the audit Osmose is
2 conducting on its behalf. To date, PacifiCorp has submitted invoices for \$1,009,689.75
3 in audit charges. Comcast has paid \$374,299.25 of those charges under protest.

4 Also beginning in 2003, PacifiCorp began charging Comcast \$250 for each attachment
5 it deemed unauthorized. To date, PacifiCorp has submitted unauthorized attachment
6 invoices totaling \$9,642,750.00. Comcast has paid \$4,998,900.00 of those charges
7 under protest. Included in this total are the unauthorized attachment charges that
8 recently started to appear in make-ready and inspection invoices.

9 Through June 25, 2004, PacifiCorp invoiced Comcast Salt Lake City \$10,652,439, of
10 which \$9,642,750 is for alleged unauthorized pole attachments and \$1,009,689 is for
11 audit fees. Of that \$10.6 million, Comcast has actually paid \$5,373,199.20 (in addition
12 to its annual rental fees and other standard charges). I have not included the many
13 application and inspection fees invoiced in connection with permit application
14 processing in these calculations.

15 **Q: You said that the \$250 penalties appear on make-ready and inspection invoices?**

16 A: Yes, following the Public Service Commission's order in April, 2004, PacifiCorp started
17 including a larger number of unauthorized attachment penalty fees on make-ready and
18 inspection invoices. Before that, most of the fees were assessed on separate invoices
19 and forwarded directly to my attention.

1 **Q: Where do the \$250 unauthorized attachment penalties that appear on the make-**
2 **ready and inspection invoices come from?**

3 A: I am not sure. It is possible that these are the same \$250 charges that PacifiCorp has
4 been assessing in connection with the audit Osmose is conducting. Or, it is possible that
5 PacifiCorp is assessing unauthorized attachment penalties in connection with the
6 attachment applications Marty Pollock is submitting. I don't know.

7 **Q: Has PacifiCorp taken any steps to ensure that it is not counting an attachment as**
8 **unauthorized once during the Osmose audit and then again during the application**
9 **process?**

10 A: I have no way of knowing that.

11 **Q: Are you aware of any instances in which PacifiCorp has charged twice for the same**
12 **attachment?**

13 A: I would have no way of knowing.

14 **Q: Does this conclude your testimony?**

15 A: Yes it does.