

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1484

In the Matter of

Centurylink, Inc.

Application for Approval of Merger
between CenturyTel, Inc., and Qwest
Communications International, Inc.

PETITION TO REMOVE
CONDITION REQUIRING
REPORTING OF DSL SUBSCRIBERS
AND DSL TROUBLE REPORTS

I. INTRODUCTION/SUMMARY OF RELIEF REQUESTED

1 CenturyLink in this Petition asks the Commission to rescind Condition 55 of the Merger Order,¹ which requires CenturyLink to prepare and submit annual reports of the number of Digital Subscriber Line (DSL) subscriptions and number of complaints regarding its DSL service. The condition required CenturyLink to submit its initial reports regarding its DSL services within eighteen months of the merger close and for four subsequent annual periods thereafter. The condition also provides CenturyLink with the opportunity to petition the Commission anytime beyond eighteen months after merger close to remove the reporting requirements for its DSL services.

2 The Commission Staff originally proposed Condition 55. Both Staff and Citizens' Utility Board of Oregon (CUB) supported it in their briefs and testimony. The

¹ The specific requirements of Condition 55 are outlined in Appendix A of the Commission's Order No. 11-095 in Docket UM 1484, issued on March 24, 2011.

proposed condition was one of two open issues that were not included in the stipulation between the parties. CenturyLink opposed the condition in both its testimony and its briefs filed in the docket. The Commission adopted the condition recommended by Staff and CUB as a tool for monitoring CenturyLink's ". . . commitment to the provision of high-quality broadband services to the public. . ."² However, the Commission also ordered that CenturyLink should be provided with the opportunity to demonstrate that the continued preparation and submission of reports on DSL subscribers and trouble reports is unnecessary. The Commission wrote:

While we agree with the substance of the Staff and CUB proposed language, the Merged Company should be provided with the opportunity to demonstrate its commitment to the provision of high-quality broadband services to the public and to assert that the continued preparation and submission of reports is unnecessary. Therefore, the Commission will require that the Merged Company file the Broadband Trouble Report no later than eighteen months after the Transaction closes, at which time it may petition the Commission to terminate its obligation to submit further annual reports as specified in the proposed condition.

Merger Order, at p. 23.

- 3 The basis for this Petition is that CenturyLink has fulfilled, and in many respects exceeded, all of its commitments and obligations associated with broadband deployment required by the Merger Order and has demonstrated that it is committed to continuing broadband expansion and high service quality levels. Specifically, CenturyLink has: 1) exceeded the requirements of Condition 13 to expend \$45 million in broadband deployment over a five-year period; 2) timely provided semi-annual reports in April 2012 and October 2012 detailing progress in broadband

² Order No. 11-095, Docket UM 1484, p. 23

deployment for the prior period and planned investments for future periods; and 3) timely provided the initial report of DSL subscriptions and trouble reports consistent with Condition 55. Therefore, CenturyLink believes that the continued preparation and submission of the reports of DSL subscriptions and trouble reports is unnecessary and respectfully petitions the Commission to terminate its obligation under Condition 55 to submit further annual reports.

II. DISCUSSION

4 Condition 55 of the Merger Order requires that CenturyLink report the number of DSL subscriptions and the number of DSL trouble reports. Specifically, the condition requires the following:

CenturyLink shall comply with the following reporting requirements:

- a) Within eighteen months of the close of the transaction, and for four subsequent annual periods thereafter, CenturyLink shall provide to the Commission the reports specified in subparagraphs b., c. and d., below.
- b) By month, the numbers of initial and verified trouble report complaint (TRC) data.
- c) The types and duration of TRCs.
- d) A brief caption as to the cause of each TRC. (TRCs may be grouped into categories for administrative reporting simplicity).

The filing must thoroughly document what information CenturyLink collects in the form of customer complaints about DSL service on the number, types, and causes of trouble that impinge on CenturyLink's provision of DSL service in Oregon.

- a) Within eighteen (18) months of the close of the transaction, and for four subsequent annual periods thereafter, CenturyLink shall provide a report to the Commission containing the following data: by customer class, wire center, by month, the number of DSL subscriptions.
- b) By customer class, wire center, by month, the number of requested DSL subscriptions.

Eighteen months after the close of the Transaction or any time thereafter, CenturyLink may petition the Commission to remove the reporting requirements set forth above.

- 5 The Commission imposed Condition 55 to address issues raised by Staff and CUB regarding CenturyLink's broadband deployment commitment. Staff asserted that the reporting was necessary to monitor whether CenturyLink fulfilled its commitment to accelerate and improve access to broadband. CUB asserted that the condition was necessary to ensure CenturyLink was incented to provide quality broadband services. CenturyLink's reports provide ample evidence to demonstrate that CenturyLink has met or exceeded all of its broadband merger commitments and in doing so, has addressed the concerns of Staff and CUB that initially led to the imposition of Condition 55. Therefore, as explained in more detail below, CenturyLink respectfully requests termination of the requirements of Condition 55 to provide any future reports of broadband subscribers or broadband trouble reports.
- 6 First, as of June 30, 2012 CenturyLink exceeded its merger commitment outlined in Condition 13 by spending \$47 million in broadband deployment (versus the commitment of \$45 million) within an eighteen month period from January 1, 2011 through June 30, 2012 (versus the commitment of a five-year period).³ Although it fully met its broadband deployment commitment as of June 30, 2012, CenturyLink has continued to expand broadband availability to its customers by spending an additional \$25 million in broadband deployment in Oregon during the second half of 2012, bringing its total broadband spending since January 1, 2011 to nearly \$72 million. This significant investment has boosted CenturyLink's broadband availability from 88% as of January 2011 to 91% as of December 2012.

³ See Confidential Exhibit A

7 In just two years, CenturyLink significantly exceeded its broadband deployment commitment by 55% or \$27 million and made broadband available to a significant majority of its customers. This demonstrates CenturyLink's commitment to continue to make broadband service available to more of its customers and at greater speeds. Given the fact that CenturyLink has significantly exceeded its merger broadband commitment, CenturyLink asks the Commission to relieve it of the requirement to file any additional reports of broadband subscribers or broadband trouble reports.

8 Second, the broadband subscriber and trouble report information that CenturyLink provided, in compliance with Condition 55⁴, reveals no troubling trends with respect to broadband subscribers or broadband trouble reports that justify continued filing of the reports. Confidential Exhibit B to this petition demonstrates that broadband subscribers and broadband trouble reports remained very consistent throughout the 17-month period covered by CenturyLink's compliance filings for Condition 55. As would be expected when analyzing demand for a highly competitive product such as broadband, CenturyLink's broadband subscriber counts reflect changes from month-to-month as new customers subscribe to the service and some existing customers discontinue their service. Similarly, there are variations in the number of broadband trouble reports from month-to-month, but there were no major spikes in trouble report activity during the initial 17-month reporting period and trouble report volumes are extremely low in comparison to the large number of broadband customers CenturyLink currently serves. The bottom line is that CenturyLink's compliance filing of broadband subscribers and broadband trouble reports shows that broadband trouble report volumes were very low throughout the reporting period and that Condition 55 is no longer necessary.

⁴ CenturyLink made its initial compliance filing pursuant to condition 55 on September 28, 2012. On May 29, 2013, CenturyLink filed a revised report of broadband subscriber counts.

III. CONCLUSION

9 The Commission imposed the Condition 55 requirement to report broadband subscribers and broadband trouble reports to address concerns raised by Staff and CUB regarding CenturyLink's broadband deployment commitment. The reports that CenturyLink provided in compliance with Conditions 13 and 55 demonstrate that CenturyLink has met or exceeded its broadband merger commitments. Specifically, CenturyLink exceeded its five-year broadband expansion commitment of \$45 million by spending \$47 million in eighteen months. Further, CenturyLink has continued to invest in broadband expansion and through December 2012 has spent additional \$25 million, bringing its total broadband spending in Oregon to approximately \$72 million in just two years. This significant commitment to broadband has increased availability of the service from 88% to 91% in CenturyLink's Oregon service territory. CenturyLink completed its broadband commitment while continuing to provide quality broadband services to a large number of its customers as evidenced by the stable subscriber counts and low volumes of broadband trouble reports reflected in its compliance reports for Condition 55.

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10 Therefore, CenturyLink respectfully requests that the Commission rescind Condition 55. In addition, CenturyLink requests that the Commission conclude its review and enter an order approving this Petition on or before July 1, 2013, so that CenturyLink can avoid the expense and effort associated with preparing the next report, which is due no later than October 1, 2013.

Respectfully submitted this 31st day of May, 2013.

Respectfully submitted,



By: _____

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