

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

THE CENTURYLINK COMPANIES – QWEST
CORPORATION; CENTURYTEL OF
WASHINGTON; CENTURYTEL OF
INTERISLAND; CENTURYTEL OF
COWICHE; AND UNITED TELEPHONE
COMPANY OF THE NORTHWEST

To be Competitively Classified Pursuant to RCW
80.36.320

DOCKET UT-240029

DIRECT TESTIMONY OF

PETER J.GOSE

ON BEHALF OF

CENTURYLINK

February 16, 2024

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PJG-4	Voice Telephone Services Report Federal Communications Commission (fcc.gov)
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PJG-6	https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_202108-508.pdf
PJG-7	https://help.bdc.fcc.gov/hc/en-us/articles/13532984820379-What-s-on-the-National-Broadband-Map
PJG-8	Funding Recipients BroadbandUSA (ntia.gov)
PJG-9	Round One Award Recipients BroadbandUSA (doc.gov)
PJG-10	Biden-Harris Administration Announces State Allocations for \$42.45 Billion High-Speed Internet Grant Program as Part of Investing in America Agenda National Telecommunications and Information Administration (ntia.gov)
PJG-11	Attachment A, Auction 904 Winning Bidders Federal Communications Commission (fcc.gov)
PJG-12	https://home.treasury.gov/news/press-releases/jy1574
PJG-13	https://www.jeffpud.org/new-laws-allow-wa-puds-ports-to-be-internet-service-providers/
PJG-14	WPUA Fact Sheet
PJG-15	Find Your Port — Washington Public Ports Association (washingtonports.org)
PJG-16	RFQ Telecom Meet Me Room - Building - Design-Build, SeaTac, WA (constructionbidsource.com)
PJG-17	https://www.xfinity.com/learn/home-phone-services

Exhibit	Description
PJG-18	https://www.moneysavingpro.com/coverage/wa/
PJG-19	19 Incredible Starlink Statistics & Facts (starlinkinsider.com)
PJG-20	Intentionally Omitted
PJG-21	https://www.centurylink.com/content/dam/home/about-us/tariff/documents/wa_qc_ens_c_no_2.pdf (Section 5.2.4.B., 13 th Revised Sheet 32)
PJG-22	https://www.astound.com/washington/phone/#plans
PJG-23	https://www.astound.com/support/phone/features/
PJG-24	https://www.mintmobile.com/product/03-month-small-sim-card-plan/
PJG-25	https://www.techradar.com/news/mint-mobile-vs-verizon-which-carrier-is-best-and-which-is-right-for-you
PJG-26	https://www.t-mobile.com/home-internet/plans?INTNAV=tNav%3APlans%3AHomeInternetPlan
PJG-27	https://www.forbes.com/advisor/business/services/best-free-voip-services/
PJG-28	https://consumerrating.org/internet-providers/reviews/t-mobile/
PJG-29	Product selection (hughesnet.com)

1 **I. INTRODUCTION**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Peter Gose. My business address is 14530 NW 63rd St, Parkville, Missouri,
4 64182-8703. My business email address is peter.gose@lumen.com

5 **Q. BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

6 A. I am employed by Lumen Technologies, Inc., parent company of Qwest Corporation;
7 CenturyTel of Washington, Inc.; CenturyTel of Inter Island, Inc.; CenturyTel of Cowiche,
8 Inc.; and United Telephone Company of the Northwest (collectively, "CenturyLink").
9 For Lumen Technologies I work as Director of State and Local Government Affairs, with
10 responsibilities for incumbent and competitive local exchange carrier regulatory matters
11 in 26 states, Guam, Puerto Rico, and the United States Virgin Islands.

12 **Q. HOW LONG HAVE YOU BEEN EMPLOYED BY LUMEN?**

13 A. I have been employed by Lumen Technologies since March 2021.

14 **Q. PLEASE STATE YOUR QUALIFICATIONS TO PROVIDE TESTIMONY IN**
15 **THIS PROCEEDING.**

16 A. My employment history spans 35 years of direct and relevant experience in the
17 communications industry. I began my career as a management and telecommunications
18 analyst with the Missouri Public Service Commission ("MoPSC") where I focused on
19 state and federal telecommunications issues. During my tenure with the MoPSC I was
20 twice loaned to the Federal Communications Commission for special projects. I
21 continued my career with the National Exchange Carrier Association ("NECA") where I

1 was responsible for interstate access tariff management, interpretation, and training for 14
2 western states and United States territories. After enactment of the Telecommunications
3 Act of 1996, I transitioned into a consulting role and co-founded QSI Consulting in 1999.
4 Beginning in 2007 I took on the role of Government and Regulatory Affairs Director for
5 Coral Wireless, LLC d/b/a Mobi PCS, which was a facilities-based regional wireless
6 provider serving the entire state of Hawaii. While serving as the Government and
7 Regulatory Affairs Director at Mobi PCS, I also concurrently held responsibilities as
8 Director of Customer Care and as Director of Site Acquisition and Development at
9 various times.

10 **Q. PLEASE DESCRIBE YOUR EDUCATIONAL BACKGROUND.**

11 A. I received a Bachelor of Science degree from Northwest Missouri State University with
12 dual majors in Finance and Management, and a minor in Economics. I went on to earn a
13 Master of Business Administration degree from Northwest Missouri State University. I
14 also hold a Bachelor of Science degree in Accounting earned from Lincoln University. I
15 recently completed an A.A.Sc. degree in Cybersecurity at the Metropolitan Community
16 College of Kansas City.

17 In addition to the aforementioned higher education, I have also participated in training
18 germane to the subject matter of this docket. Specifically, I have completed the National
19 Association of Regulatory Utility Commissioners Annual (“NARUC”) Fundamentals
20 Course in Regulatory Studies, and the Practical Regulatory Principles Training taught by
21 the New Mexico State University Center for Public Utilities. I have received training in
22 telecommunications cost separations from Ernst & Young and the United States
23 Telephone Association. Additionally, I completed the Modern Finance Theory for
24 Regulated Industries training sponsored by the University of Missouri. While not specific

1 to utility industry oversight, I have also completed the Federal Bureau of Investigation
2 Citizens' Academy sponsored by the United States Department of Justice.

3 **Q. HAVE YOU TESTIFIED PREVIOUSLY BEFORE THE WASHINGTON**
4 **UTILITIES AND TRANSPORTATION COMMISSION?**

5 A. Yes, I have. A copy of my curriculum vitae, which includes a listing of the
6 telecommunications matters in which I have participated, is attached as Exhibit PJG-3.

7 **Q. IS ANYONE ELSE FILING DIRECT TESTIMONY IN THIS DOCKET ON**
8 **BEHALF OF CENTURYLINK?**

9 A. Yes, Dr. Dennis Weisman, a Ph.D. economist, is also filing Direct Testimony on the
10 issues of "effective competition" and "substantial captive customer bases." Dr. Weisman
11 also addresses certain fundamental economic principles relevant to the Commission's
12 consideration of the petition.

13
14 **II. SUMMARY OF PETITION**

15 **Q. PLEASE SUMMARIZE THE PETITION FILED BY CENTURYLINK IN THIS**
16 **DOCKET.**

17 A. On January 8, 2024,¹ Qwest Corporation ("QC"), CenturyTel of Washington ("CTEL"),
18 CenturyTel of Interisland ("CTEL-I"), CenturyTel of Cowiche ("CTEL-C"), and United

¹ CenturyLink originally filed its petition December 21, 2023, but withdrew that filing due to the inclusion of an incorrect proposed effective date, and due to questions from Commission Staff regarding customer notice. CenturyLink worked closely with Commission Staff to vet and review the customer notice, which was first published on CenturyLink's public website on January 12, 2024, provided to CLECs on January 18, 2024 and will be included as a bill message or bill insert in February and March 2024. See Declaration of Peter J. Gose re Notice Distribution, filed January 18, 2024.

1 Telephone Company of the Northwest (“United”) (collectively, “CenturyLink,” and
2 individually, “the CenturyLink ILECs”) filed a petition (“Petition”) with the Commission
3 seeking competitive classification of each of the CenturyLink ILECs pursuant to RCW
4 80.36.320. and WAC 480-121-061.² The Petition very thoroughly details the
5 Commission’s recognition in multiple proceedings that the telecommunications market in
6 Washington was fully competitive even more than a decade ago.³ It also offers great
7 detail, all supported by a competition study utilizing the FCC’s most recent broadband
8 collection data, evidencing that CenturyLink is subject to effective competition
9 throughout its Washington service territory and has no captive customers, let alone a
10 substantial captive customer base. The Petition carefully examined each of the criteria
11 and factors set out in RCW 80.36.320 and WAC 480-121-062, and fully demonstrated
12 that the CenturyLink ILECs are entitled to competitive classification. In addition,
13 through the Petition, CenturyLink has proposed that it be awarded competitive
14 classification (pursuant to RCW 80.36.320) subject to several additional conditions not
15 required by statute or rule. I will discuss each in Section V.

16 **Q. THE CENTURYLINK ILECS ARE NOT CURRENTLY COMPETITIVELY**
17 **CLASSIFIED. DO YOU CONCUR AND IF SO, PLEASE DESCRIBE THEIR**
18 **REGULATORY STATUS?**

19 A. That is correct; the CenturyLink ILECs are not competitively classified. However, they
20 have not been subject to full rate of return regulation since 2007. Since that time, they
21 have operated under two Alternative Form of Regulation (“AFOR”) orders approved by

² The geographic area for which CenturyLink requests competitive classification includes all of its serving areas (221 wire centers) in the state of Washington. As indicated in the petition, CenturyLink requests all waivers identified in WAC 480-121-063 except as modified by the additional conditions discussed in Section V.

³ See Petition at ¶¶ 7-8, citing Order 06 in Docket UT-121994 and Order 04 in Docket UT-130477, more fully discussed later in my testimony.

1 the Commission in 2006 (Docket UT-061625)⁴ and 2014 (Docket UT-130477).⁵ The
2 2014 AFOR originally had a term of 6 years (set to expire at the end of 2020), but has
3 been extended several times by the Commission due to COVID pandemic work
4 disruptions and other factors.⁶

5 **Q. HOW WOULD COMPETITIVE CLASSIFICATION (AS PROPOSED BY**
6 **CENTURYLINK IN THE PETITION) VARY FROM ITS CURRENT, EXPIRING**
7 **AFOR?**

8 A. The changes are actually fairly slight. Structurally, the fundamental difference between
9 competitive classification and CenturyLink's AFOR is that competitive classification
10 does not expire like an AFOR and does not require re-negotiation and re-litigation every
11 several years to renew. As I explain later in my testimony, CenturyLink is now a small,
12 minority player in the telecommunications market in Washington. This fact is not at all
13 likely to reverse in the future, given the explosion of alternative technologies available to
14 customers. It makes no sense for the company, the Commission, or intervenors to expend
15 a year negotiating and litigating new AFORs every few years.

⁴ Docket UT-061625, Order 06.

⁵ Docket UT-130477, Order 04.

⁶ Id., Orders 07, 08, 09, 10. In Order 10, the Commission made clear that it expected CenturyLink to seek no further extensions, and to either seek a new AFOR, file for competitive classification or take other appropriate action. Order 10, ¶14. Through Section VI of the petition in this case, CenturyLink seeks a further extension to ensure that there is no gap (based upon the outcome of this case) that would, even temporarily, return CenturyLink back to rate of return regulation. I don't believe any party supports full, monopoly-era regulation of CenturyLink.

1 **Q. WHAT IF CIRCUMSTANCES CHANGE IN THE FUTURE AND**
2 **CENTURYLINK'S MARKET POSITION DRAMATICALLY GROWS?**

3 A. The legislature considered that circumstances may change, and if something
4 unexpectedly and dramatically changes in CenturyLink's market position such that the
5 Commission fears that CenturyLink has regained a substantial captive customer base, the
6 Commission is expressly authorized to investigate and evaluate whether to rescind
7 competitive classification pursuant to RCW 80.36.320(3).

8 **Q. BEYOND THE LONG-TERM NATURE OF COMPETITIVE CLASSIFICATION,**
9 **HOW ELSE WOULD IT DIFFER FROM CENTURYLINK'S EXPIRING AFOR?**

10 A. As a matter of day-to-day regulation, competitive classification (as proposed in the
11 Petition) would be very similar to the expiring AFOR. Competitive classification means
12 that a company is subject to minimal regulation, but CenturyLink is already subject to
13 minimal regulation. Under its current AFOR, CenturyLink has been price deregulated
14 and exempt from many of the statutes and rules that are expressly waived for
15 competitively classified companies.⁷ CenturyLink left a small number of services in
16 tariff under the 2014 AFOR, and is not proposing a change via the Petition.

17 However, it is important to understand that CenturyLink will not be fully deregulated
18 through competitive classification. The request does not impact CenturyLink's
19 obligations with respect to: participation in low-income and hearing impaired programs;
20 public safety, including NG-911; Eligible Telecommunications Carrier status; the
21 obligation to serve under RCW 80.36.090; or Section 251 and 252 interconnection and

⁷ See Appendix A to Amended Stipulated Plan for Alternative Form of Regulation, Order 04 in Docket UT-130477 (Jan. 9, 2014). CenturyLink is not proposing to extend all conditions agreed upon in the 2014 AFOR, as I discuss in Section V. below.

1 wholesale obligations under the federal Telecommunications Act. CenturyLink remains
2 committed to fulfilling these obligations.

3 **Q. HAS THE COMMISSION RECOGNIZED SIMILARITIES BETWEEN THE**
4 **CENTURYLINK AFOR AND COMPETITIVE CLASSIFICATION UNDER RCW**
5 **80.36.320?**

6 A. Yes, it has. Under its AFOR, CenturyLink has been treated as if it was competitively
7 classified since 2014.⁸ Specifically, at paragraph 38 of Order 04 the Commission
8 described the “Stipulated AFOR,” which it approved via Order 04, as follows:

9 *The Stipulated AFOR would treat the Company as if it were classified as a*
10 *competitive telecommunications company under RCW 80.36.330. [sic] Such*
11 *companies must be subject to effective competition, which “means that the*
12 *company’s customers have reasonably available alternatives and that the*
13 *company does not have a significant captive customer base.” Competitively*
14 *classified companies are subject to minimal regulation, including waiver of*
15 *statutes or rules when the Commission “determines that competition serves the*
16 *same purposes as public interest regulation.”(emphasis added; footnotes*
17 *omitted)*

18 Hence, the Commission has treated the CenturyLink ILECs as if they are competitively
19 classified since 2014. The status CenturyLink seeks through the petition is hardly a
20 dramatic shift from how the company has been regulated for a decade or more.

⁸ Docket UT-130477, Order 04, ¶¶ 2, 38.

1 **III. REQUIREMENTS OF COMPETITIVE CLASSIFICATION**

2 **Q. DOES CENTURLINK’S PETITION ADDRESS THE STATUTORY**
3 **REQUIREMENTS OF COMPETITIVE CLASSIFICATION?**

4 **A.** Yes, it does. While I am not providing testimony as a legal expert, I will identify the
5 requirements of the statute, and address how CenturyLink easily satisfies those
6 requirements.

7 The Commission’s statutory authority to grant CenturyLink’s Petition for Competitive
8 Classification is set forth in RCW 80.36.320(1) (emphasis added):

9 *(1) The commission shall classify a telecommunications company as a*
10 *competitive telecommunications company if the services it offers are subject to*
11 *effective competition. Effective competition means that the company's customers*
12 *have reasonably available alternatives and that the company does not have a*
13 *significant captive customer base. In determining whether a company is*
14 *competitive, factors the commission shall consider include but are not limited to:*

15 *(a) The number and sizes of alternative providers of service;*

16 *(b) The extent to which services are available from alternative providers in the*
17 *relevant market;*

18 *(c) The ability of alternative providers to make functionally equivalent or*
19 *substitute services readily available at competitive rates, terms, and conditions;*
20 *and*

21 *(d) Other indicators of market power which may include market share, growth in*
22 *market share, ease of entry, and the affiliation of providers of services.*

23 *The commission shall conduct the initial classification and any subsequent*
24 *review of the classification in accordance with such procedures as the*
25 *commission may establish by rule.*

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Q. DID THE LEGISLATURE EXPRESS POLICY CONSIDERATIONS UNDERLYING THE COMPETITIVE CLASSIFICATION PROCESS AND STANDARDS?

A. It did. In accordance with RCW 80.36.300, it is the policy of the state to “(5) Promote diversity in the supply of telecommunications services and products in telecommunications markets throughout the state; and (6) Permit flexible regulation of competitive telecommunications companies and services.”

Twice in the past decade, the Commission has recognized that ILECs in Washington are subject to extreme competitive pressure and that traditional regulation is no longer appropriate. In July 2013, the Commission stated the following in its order granting Frontier competitive classification (Docket UT-121994; Order 06 (emphasis added)):

42. The analog technology of legacy telephone networks is also becoming antiquated as network signaling has gone digital. Copper wires are increasingly making way for fiber optic technology that enables infinitely greater capacities and speeds for telecommunications and broadband services. Regardless of provider or technology, access to reliable and ultra-fast networks now enables consumers and businesses to seamlessly connect computers, smartphones, tablets, global positioning satellite (GPS), and other digital devices to reach a myriad of Internet, video, voice, and data services and applications. These developments reflect a convergence toward an all-Internet protocol (IP) world in which voice service is increasingly viewed as yet another application that rides atop any broadband connection regardless of the underlying technology. The IP transition has become the underlying foundation for the availability of 21st Century digital services and applications for Washington’s residents and businesses. In short, we are in the midst of dramatic changes in the technologies employed by the communications industry, and the rapid evolution of data-driven services has transformed society in profound ways.

43. Convergence of technologies, providers, and competition is making historic government regulation outdated, as voice, video, and data are quickly becoming just packets of information carried on the same networks. These changes offer the promise of large consumer benefits as well as important economic advantages such as increased jobs, investment, and national productivity. However, these benefits increasingly hinge on the ability of telecommunication

1 *providers to meet the demands of consumers without unnecessary or outdated*
2 *intervention by regulation. Indeed, other state regulators, including this*
3 *Commission, have recognized that telecommunications markets are best served*
4 *by public policies that are, to the maximum extent possible, technology and*
5 *industry-neutral and that allow market forces to operate freely without*
6 *unnecessary regulatory interference and that focus on core functions such as*
7 *protecting consumers and promoting competition among diverse providers of*
8 *communication services. (footnotes omitted)*

9 *44. It is against this backdrop that we consider the merits of Frontier’s Petition*
10 *and the various settlement agreements that have been presented to us for*
11 *approval. While no one can dispute the consumer benefits and efficiencies that*
12 *accrue from an increasingly diverse and competitive telecommunications*
13 *marketplace, it is also true, and we accept, that these developments have*
14 *implications for traditional telecommunications providers like Frontier. The*
15 *long-established condition of imposing regulations, including full economic*
16 *regulation, on the Company and the legacy voice services it provides, may no*
17 *longer be reasonable or necessary given its smaller scope and scale in*
18 *Washington’s telecommunications marketplace.*

19 *45. Although Frontier’s presence in the market remains significant, consumers*
20 *are switching to alternative providers and platforms for their communications*
21 *requirements, leaving the Company with the prospect of a diminished customer*
22 *base and declining or stagnant revenue streams. Frontier’s historic business –*
23 *on which regulators have relied to achieve certain public policy objectives such*
24 *as the widespread availability of residential and business telephone services at*
25 *affordable rates throughout the Company’s service area – is in jeopardy as a*
26 *result of competition and technological change.*

27 *46. Accordingly, as this marketplace and technological transformation occurs,*
28 *we recognize that the traditional role of incumbent telecommunications*
29 *providers such as Frontier, and the regulatory construct that is applied to them,*
30 *should be re-examined, and where appropriate, regulation should give way to*
31 *the discipline of the competitive marketplace. Incumbent telephone companies*
32 *are increasingly subject to a vigorous level of inter- and intra-modal competition*
33 *from CLECs, cable companies, wireless companies, and Voice over Internet*
34 *Protocol (VoIP) providers that serve both business and residential consumers.*
35 *These providers are not subject to the same regulatory requirements that apply*
36 *to Frontier, and to that degree, they have a distinct competitive advantage.*

37 Soon after entering the Frontier order, the Commission entered Order 04 in Docket UT-
38 130477, approving CenturyLink’s AFOR. In that order, the Commission made very
39 similar findings (emphasis added):

40 *3. All parties to this proceeding agree that CenturyLink faces strong competition for*
41 *the majority of its services throughout most of the geographic area it serves. We agree*

1 **and find that this docket affords the Commission the opportunity to continue to**
2 **acknowledge the realities of the 21st Century marketplace by reducing unnecessary**
3 **regulation and enhancing the ability of CenturyLink to compete more effectively to the**
4 **ultimate benefit of this state’s consumers.**

5 40. We find, as the legislature suggests, that changes in the telecommunications **market**
6 **in Washington have produced conditions under which traditional rate of return**
7 **regulation of CenturyLink no longer provides the most efficient and effective means of**
8 **achieving the state’s public policy goals.** Since the breakup of the Bell System in 1984,
9 competition in the telecommunications industry has increasingly taken root in all facets
10 of the marketplace. In the provision of voice-based local telephone service, a variety of
11 intra- and inter-modal alternatives have arisen, including remarkable technological
12 advances and investment in mobile and broadband technologies that include voice-based
13 service alternatives. It is widely recognized that wireless companies play an increasingly
14 significant role in the voice and broadband competitive market, while cable companies
15 and others utilize state-of-the-art voice over Internet protocol (VoIP) technology, either
16 nomadic or fixed, to serve a major segment of the telephone market.

17 41. The telecommunications marketplace in Washington, including the local telephone
18 market, is vastly different than the historic monopoly environment that existed throughout
19 most of the 20th Century. Today, Washington’s consumers have far more service
20 options, most of which are available from companies using technologies that did not exist
21 just a few decades ago. **No one can dispute the consumer benefits and efficiencies that**
22 **accrue from an increasingly diverse and competitive telecommunications marketplace,**
23 **but these developments have implications for traditional telecommunications providers**
24 **like CenturyLink. The long-established condition of imposing full economic**
25 **regulation on the Company and the legacy voice services it provides may no longer be**
26 **reasonable or necessary given its reduced scope and scale in the marketplace.**

27 42. **The new competitive dynamic warrants a shift in regulation from traditional**
28 **economic restraints applied to monopoly providers, to more targeted oversight to**
29 **prevent anticompetitive conduct and assure continued public safety, service quality,**
30 **and consumer protection.** No party in this proceeding disputes that CenturyLink faces
31 stiff competition for the majority of local telephone services throughout the vast majority
32 of its service area. Indeed, the record contains ample evidence that although
33 CenturyLink’s presence in Washington’s telecommunications market remains significant,
34 many consumers are switching to alternative providers and platforms for their
35 communications requirements, leaving the Company with the prospect of a diminished
36 customer base and revenue streams. As we recognized in Docket UT-121994 for
37 Frontier Communications Northwest Inc. (Frontier), the state’s other large ILEC,
38 CenturyLink’s historic wireline business – on which we have historically relied to
39 achieve certain public policy objectives such as the widespread availability of residential
40 and business telephone services at affordable rates throughout the Company’s service
41 area – is in jeopardy as a result of competition and technological change.

42 43. **This proceeding affords the Commission and the Company the opportunity to**
43 **acknowledge the realities of the 21st Century marketplace by reducing unnecessary**
44 **regulation and bolstering the ability of CenturyLink and its competitors to provide**
45 **effective competitive telecommunications services to the ultimate benefit of this state’s**
46 **consumers. We recognize the need to re-examine the traditional role of ILECs such as**
47 **CenturyLink, and the regulatory construct that is applied to them, and where**
48 **appropriate, reduce regulation in favor of the discipline of the competitive marketplace.**
49 **The AFOR statute and this docket afford us the means to establish a regulatory**

1 *framework that retains necessary aspects of the Commission's oversight while allowing*
2 *CenturyLink the freedom to compete more aggressively with other telecommunications*
3 *providers.*

4 In the decade since the Commission unequivocally pronounced that sound public policy
5 requires relaxed regulation of the state's largest ILECs, competition has only increased,
6 as I explain in more detail below. The Commission's findings are no less true today;
7 given the passage of more than 10 years from issuance of the Frontier competitive
8 classification Order, the Commission's past observations would be amplified if viewed
9 under a lens focusing on the current competitive landscape.

10
11 **IV. FACTORS IN RCW 80.36.320 ARE EASILY SATISFIED**

12 **Q. PLEASE RESTATE THE STATUTORY FACTORS THE COMMISSION**
13 **CONSIDERS WHEN EVALUATING A PETITION FOR COMPETITIVE**
14 **CLASSIFICATION.**

15 A. The Commission is required to "classify a telecommunications company as a competitive
16 telecommunications company if the services it offers are subject to effective
17 competition." RCW 80.36.320(1). "Effective competition" is defined by the Legislature
18 as meaning "that the company's customers have reasonably available alternatives and that
19 the company does not have a significant captive customer base. In determining whether a
20 company is competitive, factors the commission shall consider include but are not limited
21 to:

22 *(a) The number and sizes of alternative providers of service;*

23 *(b) The extent to which services are available from alternative providers in the relevant*
24 *market;*

1 (c) *The ability of alternative providers to make functionally equivalent or substitute*
2 *services readily available at competitive rates, terms, and conditions; and*

3 (d) *Other indicators of market power which may include market share, growth in market*
4 *share, ease of entry, and the affiliation of providers of services.”*

5 I will address each of these factors in turn.

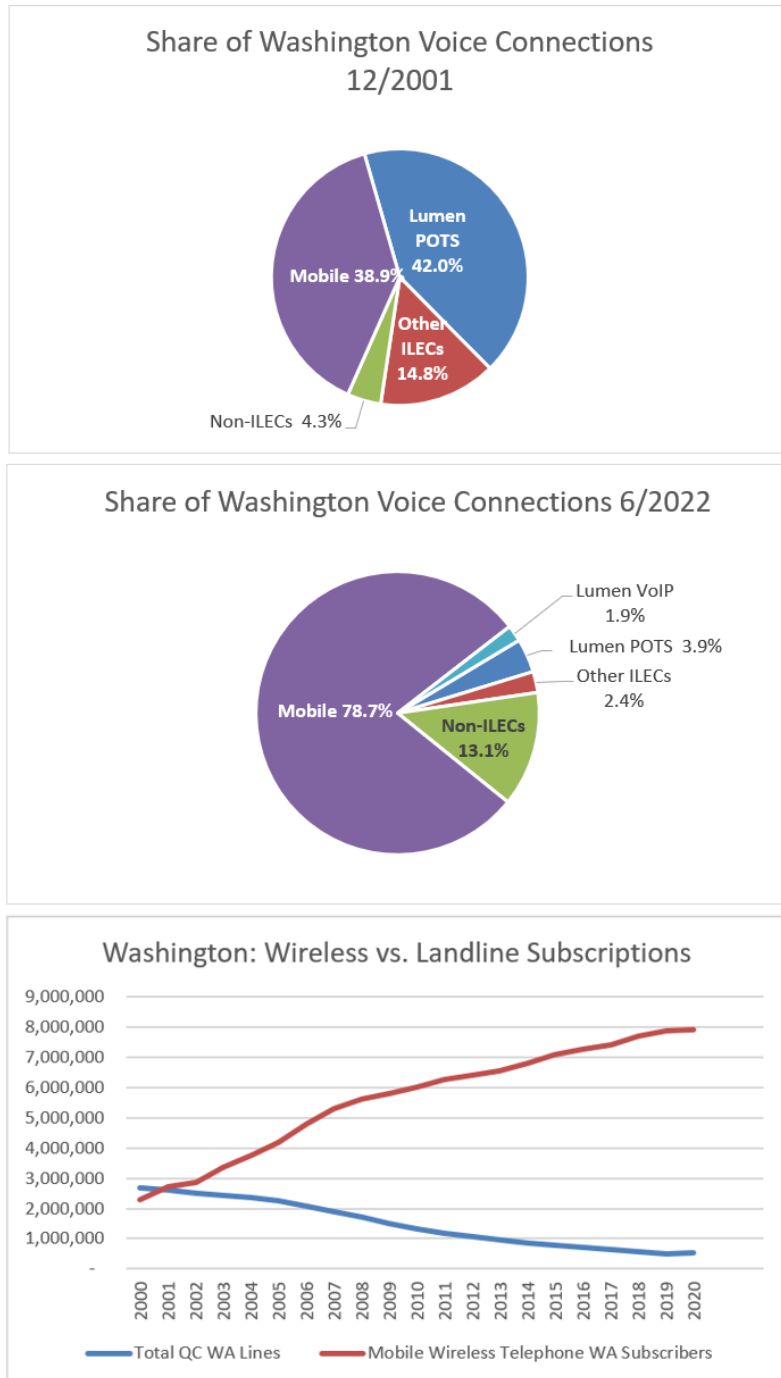
6 **Q. CAN YOU PROVIDE AN OVERVIEW OF COMPETITION IN WASHINGTON?**

7 A. CenturyLink faces intense competition from alternative providers in each of its 221 wire
8 centers across Washington. While decades ago, the monopoly provider of voice services
9 in the state, CenturyLink’s incumbent local exchange carrier operations now provide less
10 than 4% of the voice connections in Washington. See Graphic 1 below. CenturyLink
11 copper-based landline services have been replaced by competitor services using a variety
12 of modalities. Those alternatives include competing copper-based landlines, fiber-based
13 landline, commercial mobile radio service (“CMRS” or other descriptors such as
14 “cellular” or “mobile wireless”), fixed wireless, coaxial cable and commercial satellite
15 services. Graphic 1, based on data drawn from the FCC’s Voice Telephone Services
16 Report,⁹ demonstrates what is well known – that mobile wireless services are largely
17 ubiquitous and dominate the voice telephony market. The Centers for Disease Control
18 and Prevention estimate that (as of 2020) 65% of Washington adults utilize wireless
19 services only.¹⁰ The same study shows that merely 2.3% of Washington adults utilize
20 wireline services only.

⁹ [Voice Telephone Services Report | Federal Communications Commission \(fcc.gov\)](#) (see Exhibit PJG-4). The FCC’s report will likely be updated in March 2024, and if so CenturyLink can provide an updated version in rebuttal testimony. The third chart of Graphic 1 depicts wireless vs. wireline subscriptions between 2000 and 2020. The data underlying that chart can be found in each year’s FCC voice subscription report, found at the same URL.

¹⁰ https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_202212.pdf (see Exhibit PJG-5). Not surprisingly, the trend in Washington is for greater wireless substitution. In 2018, 63% of Washington adults utilized wireless service only. https://www.cdc.gov/nchs/data/nhis/earlyrelease/Wireless_state_202108-508.pdf (see Exhibit PJG-6).

Graphic 1: Washington Voice Telephone Subscriptions: 2001 and 2022¹¹



¹¹ Note that CenturyLink ILEC access line counts for 2001 do not include Voice over Internet Protocol customers (if any) of the CenturyLink ILECs’ competitively classified affiliates. Those line counts (if any existed) are included among the “Non-ILEC” category.

1 **Q. HAS CENTURYLINK COMPILED A COMPETITION STUDY IN SUPPORT OF**
2 **ITS PETITION FOR COMPETITIVE CLASSIFICATION?**

3 A. Yes, we have. In support of this petition, CenturyLink compiled a granular competition study,
4 attached as Exhibit PJG-2C (the identical document was likewise attached to my January 8, 2024
5 Declaration filed concurrently with the petition). The competition study identifies – by
6 CenturyLink ILEC, wire center, technology type and carrier – the number and percentage of
7 locations where service is available from copper, fiber, cable, CMRS, fixed wireless and
8 commercial satellite competitors. As discussed in greater detail below, the competition study is
9 based on the most recent (June 30, 2023) Broadband Data Collection (“BDC”) data collected and
10 published by the Federal Communications Commission (“FCC”).¹²

11 The competition study, similar to Graphic 1 above, makes plain that Washington
12 customers throughout CenturyLink’s service territory have access to multiple service
13 alternatives from other providers. Table 1 summarizes the percentage of locations (or
14 households, in the case of CMRS providers) in CenturyLink’s ILEC serving areas at
15 which alternative services are available, by technology.¹³

¹² The competition study utilizes a slightly different methodology for CMRS data than for landline (copper and fiber), cable, fixed wireless and commercial satellite providers. In CenturyLink’s competition study (Exhibit PJG-2C), CMRS service locations are estimated based on the information supplied by the wireless carriers to the FCC. CenturyLink’s wire center boundaries do not align perfectly with the hexagon geographic units (which are about the size of two football fields at the Hex8 level), requiring estimation to be used to assign CMRS coverages in areas in those cases where the FCC’s hexagons straddled a CenturyLink wire center boundary.

¹³ CenturyLink notes for the Commission that Voice over Internet Protocol (“VoIP”) is not listed as a serving technology. VoIP is not a serving architecture; it is an application that runs over various serving architectures, including twisted pair copper, coaxial cable, fiber, mobile wireless, fixed wireless and satellite.

1 **Table 1 – Alternative Service Availability (All CTL ILEC Areas)**

Service Area	Technology	Availability
All CTL ILEC Areas	Landline-Copper	0.7%
All CTL ILEC Areas	Landline-Fiber	7.6%
All CTL ILEC Areas	Cable	86.2%
All CTL ILEC Areas	CMRS (Households)	99.9%
All CTL ILEC Areas	Fixed Wireless	85.0%
All CTL ILEC Areas	Commercial Satellite	100.0%

2 These findings are similar when broken out by CenturyLink ILEC. See Table 2.

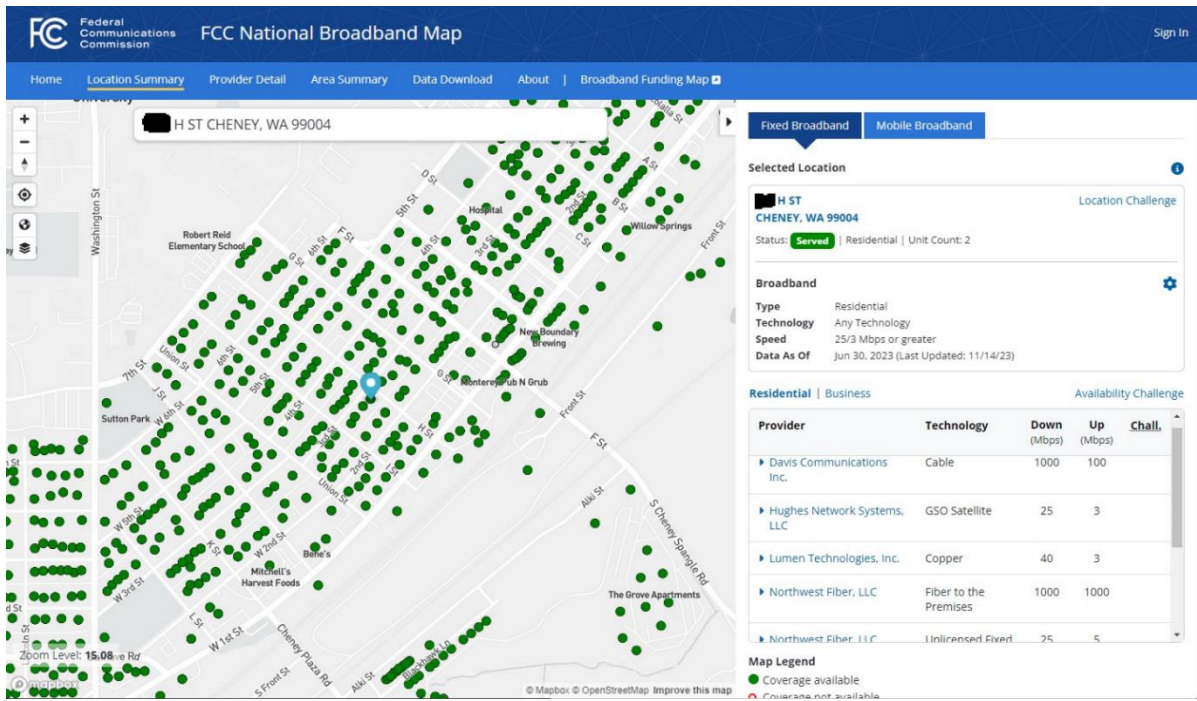
3 **Table 2 – Alternative Service Availability (By CTL ILEC)**

Service Area	Total Locations	Landline-Copper Avail	Landline-Fiber Avail	Cable Avail	CMRS Avail (HH)	Fixed Wireless Avail	Commercial Satellite Avail
Qwest Corporation	1,518,123	0.8%	7.6%	91.1%	100.0%	85.9%	100.0%
CenturyTel of WA	160,792	0.0%	5.0%	58.9%	99.6%	77.2%	100.0%
Cowiche	2,152	0.0%	64.8%	33.6%	100.0%	91.6%	100.0%
Inter-Island	11,479	0.0%	30.4%	14.0%	95.1%	59.5%	100.0%
United Telephone	68,250	0.0%	7.0%	55.4%	99.7%	86.4%	100.0%

4 As noted above, the competition study (Exhibit PJG-2C) was compiled based on BDC
 5 data collected by the FCC. Through the BDC process, the FCC has developed an
 6 address-by-address map that “displays where internet services are available across the
 7 United States, as reported by Internet Service Providers (ISPs) to the FCC. The map will
 8 be updated continuously to improve its accuracy through a combination of FCC
 9 verification efforts, new data from Internet providers, updates to the location data, and—

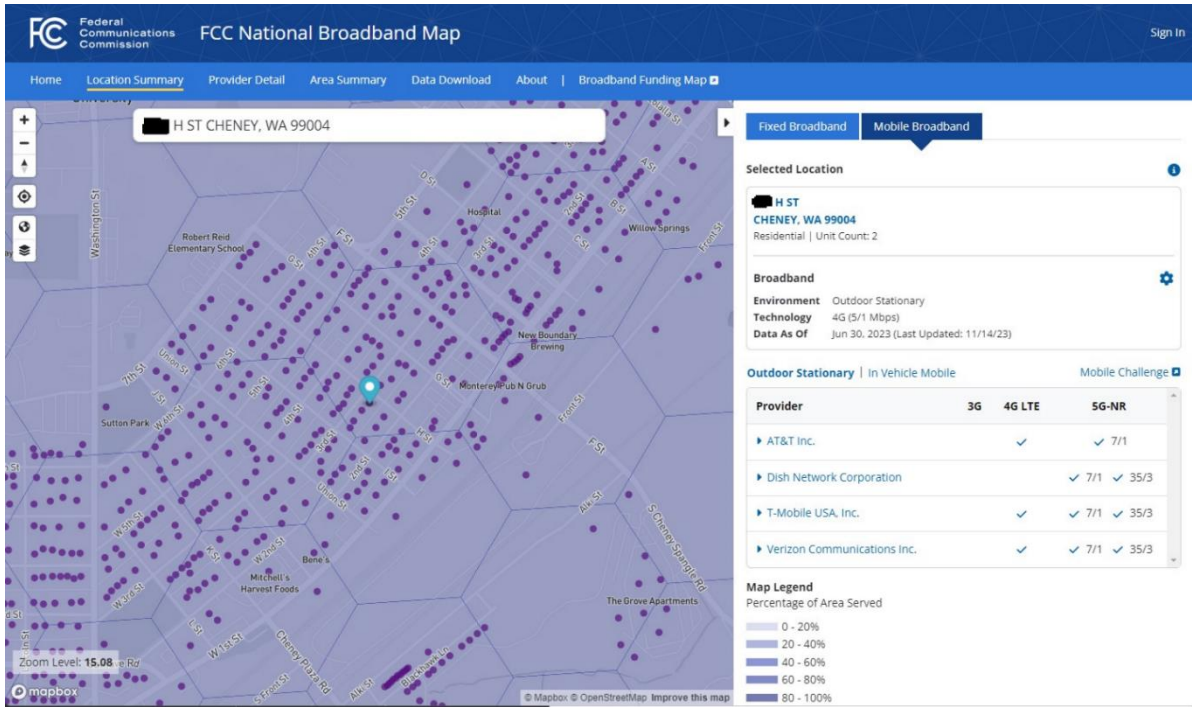
1 importantly—information from the public.”¹⁴ The BDC mapping tool displays, for
2 addresses in the United States, both fixed and mobile broadband services available at that
3 location. See Graphics 2 and 3.

4 **Graphic 2 – BDC Map Example (Fixed Broadband)**



¹⁴ <https://help.bdc.fcc.gov/hc/en-us/articles/13532984820379-What-s-on-the-National-Broadband-Map> (see Exhibit PJG-7). Graphics 2 and 3 were created on November 20, 2023. Note that the five fixed broadband options displayed represent only a subset of all fixed broadband options at the subject address (see the scroll bar on the right).

Graphic 3 – BDC Map Example (Mobile Broadband)



Factor (a): The number and sizes of alternative providers of service

Q. PLEASE DESCRIBE THE FIRST FACTOR CONSIDERED BY THE COMMISSION IN A COMPETITIVE CLASSIFICATION PROCEEDING?

A. RCW 80.36.320(1)(a) first requires the Commission to consider “[t]he number and sizes of alternative providers of service.” CenturyLink faces intense competition across the state from scores of competitors, large and small. These extend from the smallest CLECs to large cable providers such as Comcast/Xfinity. Wireless carriers such as T-Mobile, TDS Telecom/US Cellular, and the two largest telecommunications providers in the United States, Verizon and AT&T, further provide alternative communications and formidable competition to CenturyLink in Washington. See Tables 3 and 4 below (which

are derived from Exhibit PJG-2C). CenturyLink faces between 8 and 28 competitors per wire center, with the average number of competitors sitting at 14.7 per wire center.¹⁵

Table 3 – Number of Alternative Providers (All CTL Areas)

Service Area	Technology	Number of Competitors
All CTL ILEC Areas	Landline-Copper	17
All CTL ILEC Areas	Landline-Fiber	53
All CTL ILEC Areas	Cable	16
All CTL ILEC Areas	CMRS (Households)	6
All CTL ILEC Areas	Fixed Wireless	43
All CTL ILEC Areas	Commercial Satellite	3

Table 4 – Number of Alternative Providers (By CTL ILEC)

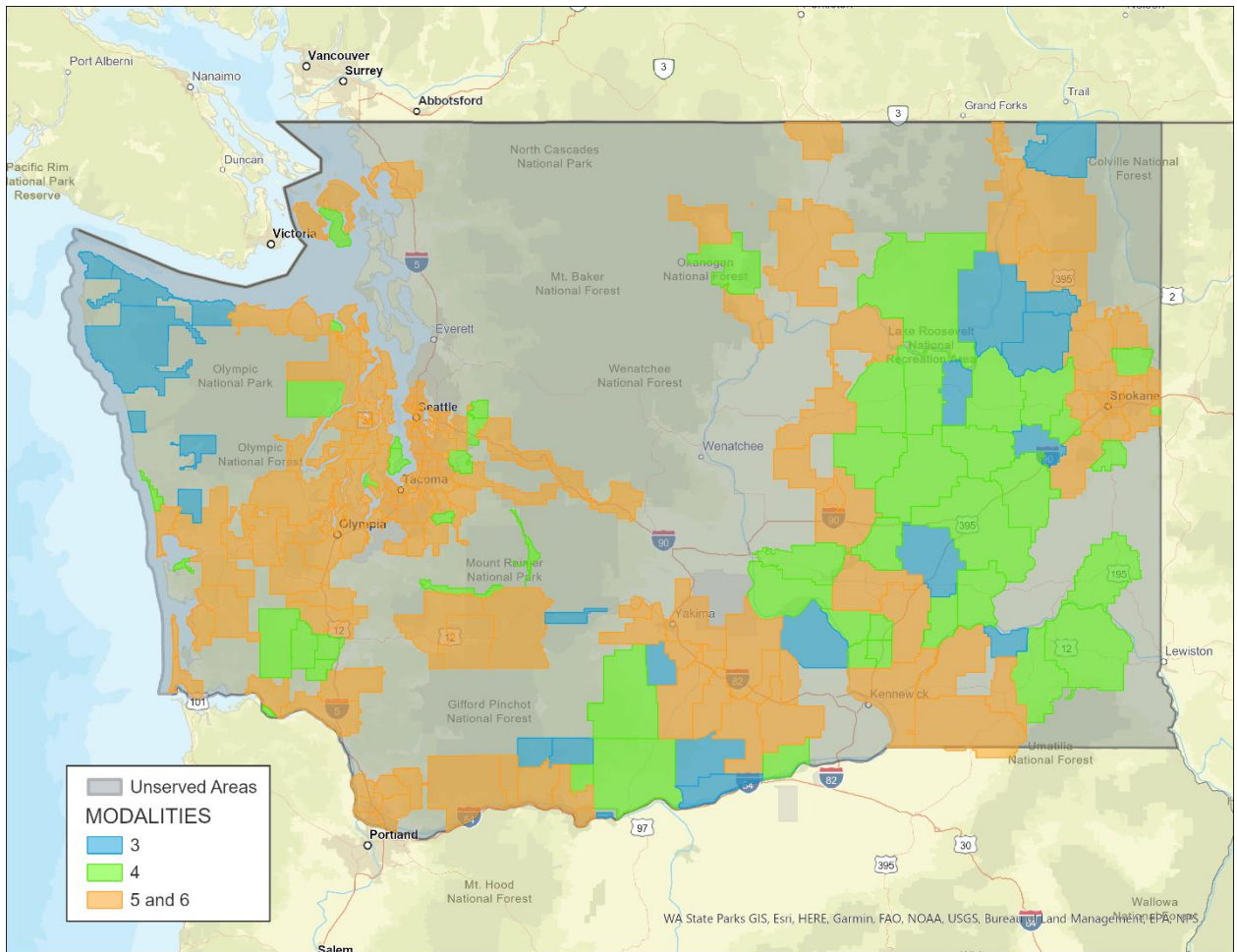
Service Area	Landline-Copper Competitors	Landline-Fiber Competitors	Cable Competitors	CMRS Competitors	Fixed Wireless Competitors	Commercial Satellite Competitors
Qwest Corporation	19	49	13	6	37	3
CenturyTel of WA	6	21	7	6	28	3
Cowiche	0	2	2	4	7	3
Inter-Island	1	3	3	3	5	3
United Telephone	2	9	4	5	13	3

In addition to the number and size of CenturyLink’s many Washington competitors – who collectively provide the overwhelming majority of the voice connections in the state – the Commission should consider the numerous modalities of service available to

¹⁵ Source: June 30, 2023 BDC data collection; see Exhibit PJG-2C (Modality Counts Tab).

1 Washington customers. In addition to competition from traditional copper-based landline
2 providers, CenturyLink faces competition in the voice and broadband markets from
3 providers using cable, CMRS, fixed wireless and commercial satellite technologies. This
4 is true across each CenturyLink wire center. In ninety percent of CenturyLink’s 221 wire
5 centers, customers have access to four, five or six different modalities. See Exhibit PJG-
6 2C (“Modality Counts” tab) and Graphic 4, which demonstrates the diversity of
7 modalities available across CenturyLink’s Washington service areas.

8 **Graphic 4 – Modality Diversity by CenturyLink Wire Center**



1

2 **Factor (b): The extent to which services are available from alternative**
3 **providers in the relevant market**

4 **Q. PLEASE DESCRIBE THE SECOND FACTOR CONSIDERED BY THE**
5 **COMMISSION IN A COMPETITIVE CLASSIFICATION PROCEEDING.**

6 A. RCW 80.36.320(1)(b) requires the Commission to consider “[t]he extent to which
7 services are available from alternative providers in the relevant market.” Competitive
8 landlines, cable, CMRS, fixed wireless and commercial satellite providers all provide
9 voice telephony alternatives, along with broadband options not regulated by the
10 Commission and not necessarily available to all CenturyLink ILEC customers.

11 **Q. PLEASE DESCRIBE LANDLINE COMPETITION IN WASHINGTON.**

12 A. As demonstrated in Exhibit PJG-2C, 66 different competitive landline providers, many of
13 which are competitive local exchange carriers (“CLECs”) or municipal public utilities
14 districts (“PUDs”) (discussed below), offer copper-based and/or fiber-based alternatives
15 to CenturyLink services. See Exhibit PJG-2C (Copper and Fiber tabs). Qwest
16 Corporation has 182 active interconnection agreements with CLECs in Washington. As
17 of September 2023, at least 73 CLECs were actively providing service in Qwest
18 Corporation territory.¹⁶ CLEC service offerings are often exact replicas of CenturyLink
19 ILEC service. In many cases, CLECs utilize CenturyLink wholesale services (whether
20 individual service components or outright resale of CenturyLink service) to provide

¹⁶ This total (73) is likely understated, as it only counts CLECs in Qwest Corporation territory who had (as of September 2023) active services still subject to the Qwest Corporation Performance Indicator Definitions (“PIDs”) and Performance Assurance Plan (“PAP”) before the PIDs/PAP were terminated by the Commission in Docket UT-230520. CLECs obtain numerous services from CenturyLink that were long ago excluded from the PIDs/PAP.

1 service to end users.

2 Landline competition is increasingly furnished over fiber to the premises. Fiber
3 customers have access to extremely high-speed broadband offerings (at speeds not
4 available from CenturyLink depending upon the location) and, of course, voice services.

5 **Q. DO YOU EXPECT FIBER-BASED COMPETITION TO EXPAND IN**
6 **WASHINGTON?**

7 A. Absolutely. Fiber-based competition will continue to grow by virtue of massive federal
8 government broadband expansion programs, including the Rural Digital Opportunity
9 Fund (“RDOF”), the American Rescue Plan (“ARPA”) and the Broadband Equity Access
10 and Deployment Program (“BEAD”). These programs all represent ways in which the
11 federal government is investing very large sums of money to expand broadband to
12 underserved and unserved areas across the country. Over the next decade, Washington
13 will receive nearly \$1.76 billion in broadband grant funding from the federal
14 government.¹⁷ Washington received \$222.7 million in RDOF grants, \$195.7 million in
15 ARPA funds for facilities construction, \$11.8 million¹⁸ in middle mile funds under the
16 Enabling Middle Mile Broadband Infrastructure Program, and \$97.5 million from the
17 first tranche of the NTIA’s Tribal Award grants.¹⁹ Washington is also expected to

¹⁷ The \$1.76 billion figure is based on currently awarded programs. Certain programs such as RDOF and the NTIA Tribal Broadband Connectivity programs contemplate future new tranches of funding which have the potential to provide additional funding to Washington.

¹⁸ NTIA selected grant winners across the nation for the \$1 billion program that is part of President Biden’s Investing in America agenda. Washington’s winner was Whidbey Telephone company, who identified a project purpose to add 47.6 miles of new terrestrial fiber and 63.1 miles of undersea fiber. This middle mile project will provide infrastructure to the underserved community of Point Roberts, Washington and surrounding areas. See [Funding Recipients | BroadbandUSA \(ntia.gov\)](#) (see Exhibit PJG-8).

¹⁹ The NTIA’s Tribal Broadband Connectivity Program is a \$3 billion program directed to tribal governments to be used for broadband deployment on tribal lands, as well as for telehealth, distance learning, broadband affordability, and digital inclusion. In the first funding round for this program, the NTIA awarded grant funding to 19 tribal entities in Washington. See [Round One Award Recipients | BroadbandUSA \(doc.gov\)](#) (see Exhibit

1 receive \$1.228 billion from the BEAD Program.²⁰

2 The RDOF program includes broadband expansion to approximately 100,000 locations in
3 Washington;²¹ CenturyLink won 14,875 of those locations, with competitors and other
4 carriers winning the rest. See Graphic 6 below, which overlays RDOF census blocks,
5 Port Districts and Public Utility Districts on top of Graphic 5. Critically, each RDOF
6 winner is obligated to have a standalone voice service offering available day 1 after final
7 FCC approval. Thus, every overlapping, federally-subsidized RDOF participant is
8 competing with CenturyLink in census blocks located in CenturyLink ILEC territory. In
9 Washington, besides CenturyLink, eight other providers were awarded RDOF grants.²²

10 ARPA (created in 2021) included a Capital Projects Fund (CPF), which was designed to
11 expand broadband access within states. The State of Washington was awarded \$195.7
12 million to bring affordable broadband service to 33,000 locations.²³

13 BEAD, which is administered by the federal National Telecommunications and
14 Infrastructure Administration (“NTIA”), will allocate \$42.45 billion for broadband

PJG-9). The 19 tribal entities in Washington are: Confederated Tribes of the Colville Reservation; Cowlitz Indian Tribe; Hoh Indian Tribe; Lower Elwha; Klallam Tribe; Lummi Nation; Makah Indian Tribe; Nisqually Indian Tribe; Nooksack Indian Tribe; Port Gamble S'Klallam Tribe; Quileute Tribe of the Quileute Reservation; Quinalt Indian Nation; Samish Indian Nation; Sauk-Suiattle Indian Tribe; Shoalwater Bay Indian Tribe / Reservation; Skokomish Indian Tribe; Spokane Tribe of Indians; Squamish Tribe of the Port Madison Reservation; Swinomish Indian Tribal Community; and Upper Skagit Indian Tribe.

²⁰ The BEAD program is part of the federal Infrastructure Investment and Jobs Act (IIJA) signed into law during 2021. See [Biden-Harris Administration Announces State Allocations for \\$42.45 Billion High-Speed Internet Grant Program as Part of Investing in America Agenda | National Telecommunications and Information Administration \(ntia.gov\)](#) (see Exhibit PJG-10).

²¹ Note that the 100,000 RDOF locations includes 52,086 initially awarded to Starlink (for a total of \$80,379,120 in support). The FCC denied Starlink’s long-form application; the RDOF areas awarded to Starlink are likely open to BEAD applications.

²² See [Attachment A, Auction 904 Winning Bidders | Federal Communications Commission \(fcc.gov\)](#) (see Exhibit PJG-11). See also [Biden-Harris Administration Announces State Allocations for \\$42.45 Billion High-Speed Internet Grant Program as Part of Investing in America Agenda | National Telecommunications and Information Administration \(ntia.gov\)](#) (Exhibit PJG-10).

²³ See <https://home.treasury.gov/news/press-releases/jy1574> (see Exhibit PJG-12).

1 investment within the United States. The State of Washington’s share of that allocation
2 is \$1.227 billion.²⁴

3 **Q. YOU MENTIONED PORTS AND PUDS ABOVE. HOW DO THEY COMPETE**
4 **WITH CENTURYLINK?**

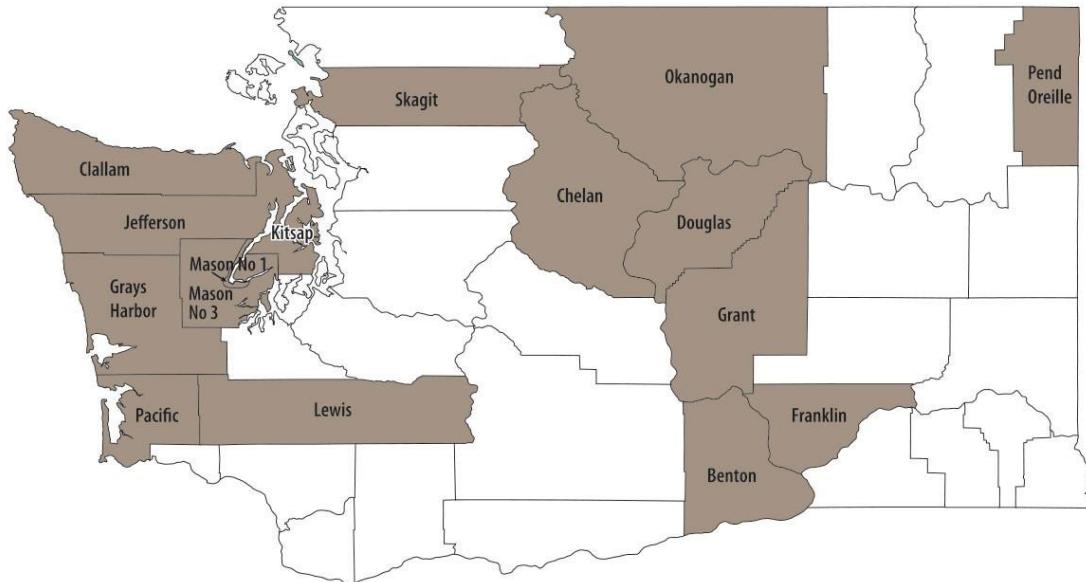
5 A. Port Districts and PUD are a growing area of broadband and voice competition in
6 Washington.²⁵ PUDs are community-owned utilities provisioning on a not-for-profit
7 basis energy, water, sewer, and wholesale telecommunications services. In total, 15
8 PUDs in Washington are currently providing broadband and/or voice services.
9 According to the Washington Public Utility Districts Association,²⁶ PUDs invested over
10 \$607 million on their broadband networks in Washington. Washington PUDs have
11 installed nearly 9,000 miles of fiber and connect more than 64,000 end-user to broadband
12 services. PUDs likewise lease fiber to 160 retail internet service providers (“ISPs”).
13 Graphic 5 identifies the PUDs already competing in the broadband/voice market.
14

²⁴ [Biden-Harris Administration Announces State Allocations for \\$42.45 Billion High-Speed Internet Grant Program as Part of Investing in America Agenda | National Telecommunications and Information Administration \(ntia.gov\)](#) (see Exhibit PJG-10).

²⁵ See <https://www.jeffpud.org/new-laws-allow-wa-puds-ports-to-be-internet-service-providers/> (see Exhibit PJG-13).

²⁶ See [WPUDA Fact Sheet](#) (see Exhibit PJG-14).

Graphic 5 – Washington PUDs Providing Broadband Services²⁷

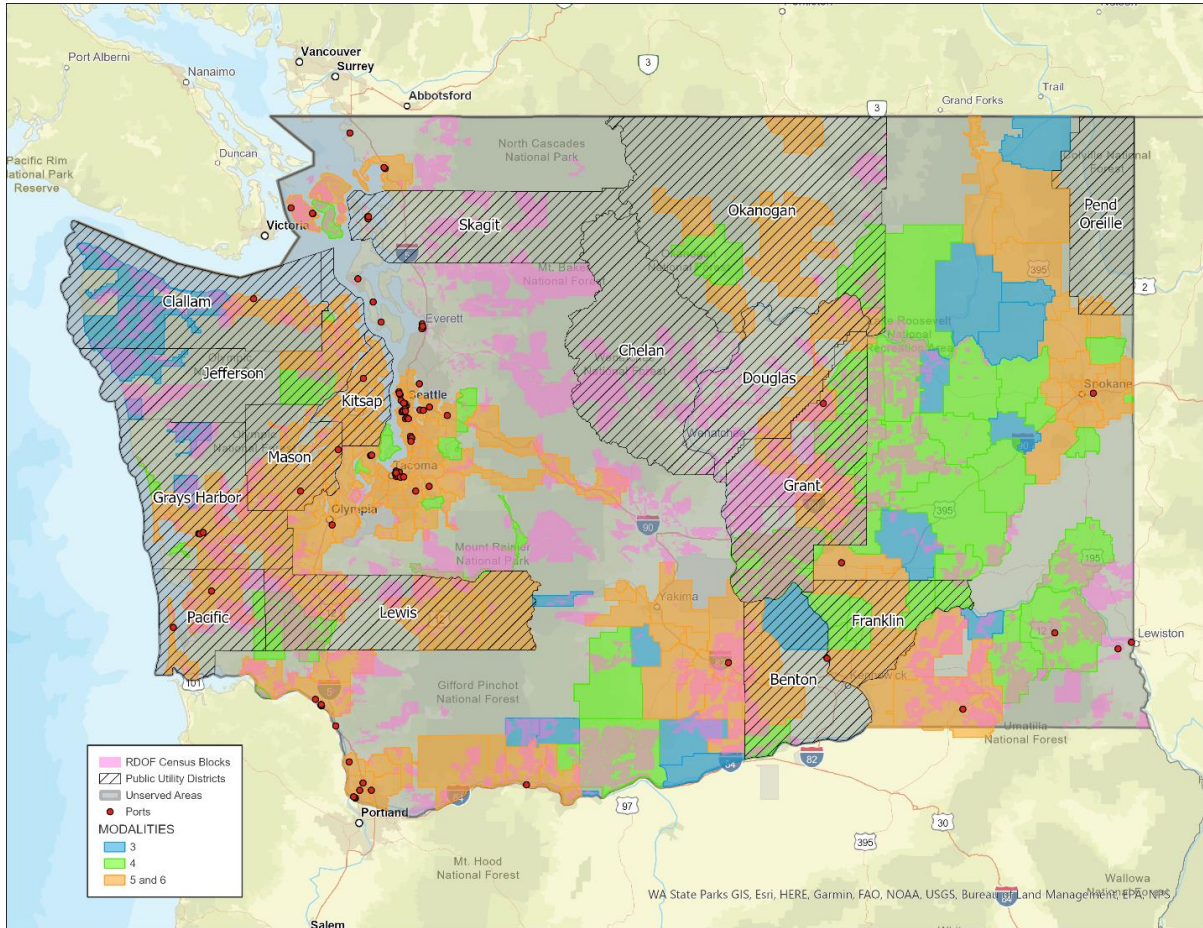


Port districts within Washington are focused on economic development through the construction and operation of marine terminals, marinas, railroads, industrial parks, and airports.²⁸ Presently, there are 75 ports throughout Washington and only 6 of state’s 39 counties do not contain a port. Port districts within Washington are authorized to establish separate utility functions for the provision of wholesale and retail telecommunications services.²⁹ The Seattle-Tacoma International Airport, which is owned and operated by the Port of Seattle, appears to be entering the telecommunications space. The Port of Seattle is actively engaged in construction of a consolidated telecommunications facility for other service providers and will be constructing its own telecommunications infrastructure.³⁰

Graphic 6 overlays RDOF census blocks, Ports and PUDs and visually represents the expansion of competitive alternatives from entities previously not directly engaged in the provision of telecommunications services.

²⁷ Id.

Graphic 6 – Modality Diversity, Including RDOF, Ports and PUDs³¹



28 [Find Your Port — Washington Public Ports Association \(washingtonports.org\)](https://www.washingtonports.org) (see Exhibit PJG-15).

29 See [RCW 53.08.370: Telecommunications facilities—Construct, purchase, acquire, etc.—Purposes—Limitations—Eminent domain. \(wa.gov\)](https://leg.wa.gov/RCW/default.aspx?cite=53.08.370)

30 See [RFQ Telecom Meet Me Room - Building - Design-Build, SeaTac, WA \(constructionbids.com\)](https://www.constructionbids.com/RFQ/Telecom-Meet-Me-Room-Building-Design-Build-SeaTac-WA) (see Exhibit PJG-16).

31 Modality counts derived from 6/30/2023 FCC BDC data collection. See Exhibit PJG-2C (“Modality Counts” tab). PUD data derived from [https://www.wpuda.org/telecommunications#:~:text=Fast%20Facts%20\(based%20on%202021,fiber%20to%20serve%20their%20customers](https://www.wpuda.org/telecommunications#:~:text=Fast%20Facts%20(based%20on%202021,fiber%20to%20serve%20their%20customers) (see Exhibit PJG-14). Port data derived from [Find Your Port — Washington Public Ports Association \(washingtonports.org\)](https://www.washingtonports.org) (see Exhibit PJG-15).

1 **Q. PLEASE SUMMARIZE CABLE-BASED VOICE COMPETITION IN**
2 **WASHINGTON.**

3 A. 16 different cable companies provide service in CenturyLink's service territory in
4 Washington, reaching over 1.5 million (over 85%) of eligible locations. Xfinity is the
5 largest cable provider, alone potentially providing service at 70% of locations in
6 CenturyLink ILEC areas. In addition to cable television and various internet services,
7 Xfinity offers a digital home voice product (which includes 200MB internet) for
8 \$40/month. Its features are comparable to CenturyLink residential landline service, albeit
9 provided via different facilities and technology.³² Voice service requires only 64 KB,
10 and thus customers can utilize voice services across any cable broadband connection.

11 **Q. PLEASE DISCUSS CMRS (MOBILE WIRELESS) COMPETITION IN**
12 **WASHINGTON.**

13 A. CMRS competition is profound in Washington. Five (5) different mobile wireless
14 companies provide service in CenturyLink's service territory in Washington, reaching
15 over 2.21 million households. This represents over 99% of all households in
16 CenturyLink's service territory. In addition to these five (5) companies (AT&T, Verizon,
17 T-Mobile, Inland Cellular, TDS Telecom), there are a number of resellers (known as
18 mobile virtual network operators or MVNOs) which offer Washington customers flexible
19 and inexpensive options.³³ Examples of those MVNOs include Cricket Wireless, Metro,
20 Tracfone, Mint Mobile and a host of others. As earlier depicted in Graphic 1, wireless
21 modalities accounted for 78.7% of all Washington voice connections as of June 2022.

³² <https://www.xfinity.com/learn/home-phone-services> (viewed February 2, 2024) (see Exhibit PJG-17).

³³ See <https://www.moneysavingpro.com/coverage/wa/> (see Exhibit PJG-18).

1 **Q. PLEASE DISCUSS FIXED WIRELESS COMPETITION IN WASHINGTON.**

2 A. Similar to CMRS alternatives, fixed wireless providers utilize radio spectrum, instead of
3 traditional cable and wire facilities, to deliver a broadband signal to the end user. Fixed
4 wireless services make use of either external outdoor antennas or internal indoor devices,
5 depending on the strength of the wireless signal. Subscribers of fixed wireless services
6 may purchase voice service offerings from the provider, or in the alternative they may
7 use the fixed wireless broadband connections for an over-the-top voice solution from
8 another provider of their choosing. As set forth in Exhibit PJG-2C (“Fixed Wireless”
9 tab) the FCC’s BDC data indicates that 43 fixed wireless providers have reported
10 serviceable locations within Washington. Those offerings include Verizon’s 5G Home
11 Internet product and T-Mobile’s Home Internet service.

12 **Q. PLEASE DESCRIBE COMMERCIAL SATELLITE VOICE COMPETITION IN**
13 **WASHINGTON.**

14 A. Commercial satellite internet services are made available from providers such as
15 HughesNet, Viasat, and Starlink. These offerings include high-speed internet services
16 and voice services. Satellite broadband services are ideal for rural and remote locations
17 where terrestrial internet services are less available. Satellite broadband products are
18 increasing in adoption. Starlink, for example, recently exceeded 2 million subscribers
19 worldwide.³⁴

³⁴ See [19 Incredible Starlink Statistics & Facts \(starlinkinsider.com\)](#) (see Exhibit PJG-19).

1 Factor (c): The ability of alternative providers to make functionally
2 equivalent or substitute services readily available at competitive rates,
3 terms, and conditions.

4 **Q. DO CENTURYLINK'S INTRAMODAL AND INTERMODAL COMPETITORS**
5 **IN WASHINGTON PROVIDE FUNCTIONALLY EQUIVALENT OR**
6 **SUBSTITUTE SERVICES READILY AVAILABLE AT COMPETITIVE RATES,**
7 **TERMS AND CONDITIONS?**

8 A. Absolutely. Since 94% of voice connections in Washington are provided by carriers
9 other than the CenturyLink ILECs or CenturyLink CLECs, there can be no credible doubt
10 that these many competitors' services are functionally equivalent, reasonable substitutes
11 and being provided at rates, terms and conditions that are competitive. Customers have
12 voted with their feet (and their wallets), and are taking services from other providers,
13 mostly via different technologies. CenturyLink's tiny market share of the voice market
14 overwhelmingly demonstrates that customers find alternative services to be functionally
15 equivalent substitutes and that the services are available on competitive rates and terms.
16 If these competitive services were unaffordable, 94% of the voice connections would not
17 be provided by alternative carriers.

18 Admittedly, an apples-to-apples comparison between CenturyLink standalone residential
19 service (1FR) and fiber-based landline, cable, CMRS, fixed wireless or commercial
20 satellite services is a challenge. These other technologies afford customers much greater
21 functionality than does a 1FR, including most notably access to high-speed
22 internet/broadband. While an attempt to price-compare the CenturyLink 1FR to the
23 competitive alternatives which nearly all Washington consumers have chosen is
24 somewhat of a fool's errand – as only 2.3% of Washington residents use wireline service

1 exclusively³⁵ (and that number may include customers who also procure broadband
 2 service) – Table 5 below summarizes CenturyLink’s best attempt at comparing “voice
 3 only” services.

4 **Table 5 – Voice Only Price Comparison**
 5

Service Provider	Technology	Voice Only Pricing	Notes
CenturyLink ILECs	Landline-Copper (1FR)	\$38.50 (inclusive of \$6.50 Subscriber Line Charge) ³⁶	The 1FR price includes no features (e.g., call waiting, caller ID, voice mail)
Wave Broadband (Astound)	Landline-Fiber	Starting at \$30.00 ³⁷ (first year pricing)	Call plans include 17 features (including call waiting, caller ID, 3-way calling and voice mail), and customers may also procure battery backup. ³⁸ Voice calling also mobile; simultaneous ringing on multiple TNs. ³⁹
Xfinity	Cable	\$40.00 ⁴⁰	Includes 200 Mbps internet. Includes features; backup battery available. ⁴¹
Mint Mobile	CMRS	\$15.00 ⁴²	Includes 5GB internet/mo, unlimited talk and text. Prepaid.

³⁵ See footnote 10. Beyond any doubt, many if not most of CenturyLink’s 1FR customers likewise purchase broadband and/or mobile voice services from other providers in addition to their CenturyLink 1FR, and thus there are likely very few CenturyLink landline customers whose telephony needs are being met solely via a standalone residential line. CenturyLink’s 1FR customers span across the state, as evidenced by the number of residential access lines reported by wire center in Exhibit PJG-2C (“WA Household Data” tab).

³⁶ https://www.centurylink.com/content/dam/home/about-us/tariff/documents/wa_qc_ens_c_no_2.pdf (Section 5.2.4.B., 13th Revised Sheet 32) (see Exhibit PJG-21).

³⁷ <https://www.astound.com/washington/phone/#plans> (viewed Feb. 11, 2024) (see Exhibit PJG-22).

³⁸ <https://www.astound.com/support/phone/features/> (viewed Feb. 11, 2024) (see Exhibit PJG-23).

³⁹ <https://www.astound.com/washington/phone/#plans> (viewed Feb. 11, 2024) (see Exhibit PJG-22).

⁴⁰ <https://www.xfinity.com/learn/home-phone-services> (viewed Feb. 11, 2024) (see Exhibit PJG-17).

⁴¹ <https://www.xfinity.com/planbuilder#Pricing&otherinfo> (viewed Feb. 11, 2024) (see Exhibit PJG-17).

⁴² <https://www.mintmobile.com/product/03-month-small-sim-card-plan/> (viewed Feb. 11, 2024) (see Exhibit PJG-24). Mint Mobile resells T-Mobile wireless service. <https://www.techradar.com/news/mint-mobile-vs-verizon-which-carrier-is-best-and-which-is-right-for-you> (viewed Feb. 11, 2024) (see Exhibit PJG-25).

Service Provider	Technology	Voice Only Pricing	Notes
T-Mobile	Fixed Wireless	\$50.00 ⁴³	33-188 Mbps internet; unlimited usage. ⁴⁴ Note: T-Mobile fixed wireless internet \$10-20/mo. less when bundled with cell service. ⁴⁵
Hughesnet	Commercial Satellite	\$49.99 ⁴⁶	Includes 50 GB/25Mbps Internet.

Factor (d): Other indicators of market power which may include market share, growth in market share, ease of entry, and the affiliation of providers of services.

Q. HAS CENTURYLINK LOOKED AT OTHER INDICATORS OF MARKET POWER?

A. Yes. As earlier noted, Dr. Dennis Weissman provides detailed economic testimony respecting market power and captive customer considerations. See Exh. DLW-1T. As such, I respond to this question from the perspective of the competition study discussed above and provided as Exhibit PJG-2C. From that analysis it is clear that CenturyLink lacks any semblance of market power in Washington, and has no captive customers, let alone a “significant captive customer base.” The above Tables and Graphics, along with the competition study, conclusively demonstrate that Washington customers have scores of alternative providers and technologies to choose among. RCW 80.36.320(1)(d)

⁴³ <https://www.t-mobile.com/home-internet/plans?INTNAV=tNav%3APlans%3AHomeInternetPlan> (viewed Feb. 11, 2024) (see Exhibit PJG-26). If a customer chooses not to purchase a voice plan from a fixed wireless or satellite provider, free or low-cost voice of internet protocol (“VoIP”) applications are available. <https://www.forbes.com/advisor/business/services/best-free-voip-services/> (viewed Feb. 11, 2024) (see Exhibit PJG-27).

⁴⁴ <https://consumerrating.org/internet-providers/reviews/t-mobile/> (viewed Feb. 11, 2024) (see Exhibit PJG-28)

⁴⁵ <https://www.t-mobile.com/home-internet/plans?INTNAV=tNav%3APlans%3AHomeInternetPlan> (viewed Feb. 11, 2024) (see Exhibit PJG-26).

⁴⁶ [Product selection \(hughesnet.com\)](#) (viewed Feb. 11, 2024) (see Exhibit PJG-29). If a customer chooses not to purchase a voice plan from a fixed wireless or satellite provider, free or low-cost voice of internet protocol (“VoIP”) applications are available. <https://www.forbes.com/advisor/business/services/best-free-voip-services/>

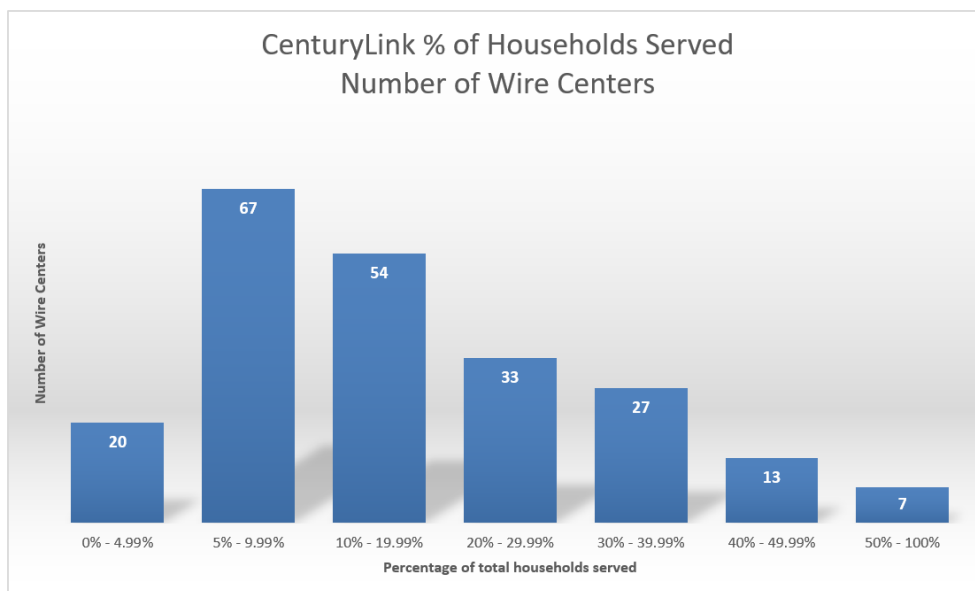
1 requires the Commission to consider other indicators of market power, which may
2 include market share, growth in market share, ease of entry, and the affiliation of
3 providers of service. Each will be discussed in turn.

4 **A. MARKET SHARE**

5 **Q. WHAT HAS BEEN THE TRAJECTORY OF CENTURYLINK’S MARKET**
6 **SHARE OVER THE PAST TWO DECADES?**

7 A. From a residential consumer perspective, CenturyLink’s market share has precipitously
8 declined for more than two decades and is greatly diminished. See Graphic 1 above. For
9 example, CenturyLink serves fewer than 50% of households in only 4% of its 221 wire
10 centers. CenturyLink’s “market share” is even lower than households reached given that
11 most landline customers likewise utilize CMRS and possibly other technologies. Graphic
12 7 below represents the fact that 201 CenturyLink wire centers, or 91%, have a residential
13 household penetration of less than 40%.

14 **Graphic 7 – Households Served Analysis⁴⁷**



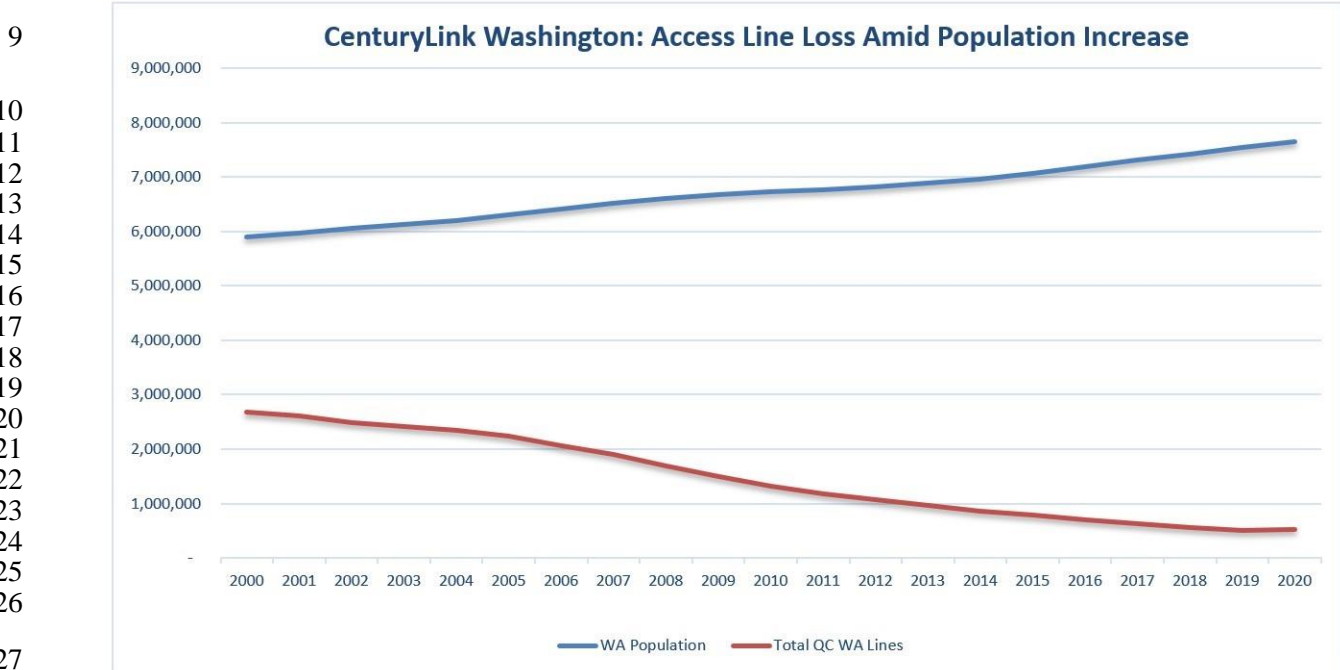
⁴⁷ See Exhibit PJG-2C (“WA Household Data” tab).

1 **B. NO GROWTH IN MARKET SHARE**

2 **Q. HAS CENTURYLINK EXPERIENCED MARKET SHARE GROWTH DURING**
3 **THIS TIME PERIOD?**

4 A. Absolutely not. CenturyLink has not achieved access line growth for over two decades,
5 but rather has experienced significant access line loss in Washington over that time
6 horizon. Graphic 8 below sets forth the drastic line loss the company has endured while
7 during the same time period the population of Washington has substantially risen.

8 **Graphic 8 – Qwest Corporation Line Loss History / WA Population Increases⁴⁸**



⁴⁸ See Exhibit PJG-2C (“WA Pop Data” tab).

1 **C. EASE OF ENTRY FOR COMPETITORS**

2 **Q. ARE THERE MEANINGFUL BARRIERS TO ENTRY FOR COMPETITORS IN**
3 **THE VOICE MARKET IN CENTURYLINK’S WASHINGTON SERVICE**
4 **TERRITORIES?**

5 A. No. RCW 80.36.320 dates back to 1985, at a time when a competitor of CenturyLink’s
6 ILEC predecessor would have had to overbuild a copper network in CenturyLink
7 territory. In the four decades that followed, numerous new technologies have rolled out
8 and overwhelmed CenturyLink’s legacy base of customers. Even in the copper-based
9 wireline market (albeit that being a tiny portion of voice connections, inclusive of
10 CenturyLink), new entrants have few if any barriers to entry. They can lease
11 CenturyLink service elements and facilities at low costs and compete with CenturyLink
12 for retail customers. The market itself demonstrates that there are not meaningful barriers
13 to entry for intermodal competitors, as those providers now supply 92% of the voice
14 connections in the state.

15 **D. AFFILIATES**

16 **Q. IS CENTURYLINK A CORPORATE AFFILIATE WITH THE COMPETITORS**
17 **IDENTIFIED IN EXHIBIT PJG-2C?**

18 A. None of the 83 competitors (inclusive of all technologies) identified in Exhibit PJG-2C is
19 a corporate affiliate of CenturyLink.

20

1 restrict the CenturyLink ILECs' ability to enter into individual contracts for service that
2 specify rates other than statewide average rates.

3 Discontinuance of Standalone Residential Services: Washington law does not require
4 Commission approval before an ILEC discontinues service to any service area in the
5 state. WAC 480-120-083 requires notice only. Under CenturyLink's expiring AFOR,
6 Commission approval is required before CenturyLink can discontinue stand-alone
7 residential or business services in an area. CenturyLink has not sought such approval
8 from the Commission during the pendency of the current AFOR or the prior AFOR.
9 CenturyLink's proposal herein carries forward a modified version of the expiring AFOR
10 commitment, notwithstanding that (1) the Commission cannot and/or does not impose
11 such an approval requirement on the carriers that provide the overwhelming majority of
12 voice connections in Washington, and (2) a Commission approval requirement will often
13 be duplicative of the Federal Communications Commission's Section 214 approval
14 process, assuming CenturyLink ever seeks to discontinue service to an area.

15 a. Commission Approval: The CenturyLink ILECs will not discontinue stand-alone
16 residential exchange services to any area in which a "Protected Customer" resides
17 without obtaining Commission approval.

18 i. Definition of "Protected Customer": "Protected Customer" means those
19 CenturyLink residential local service customers in Washington who, at
20 their residences, have access to only CenturyLink ILEC copper-based
21 wireline service and commercial satellite services to make voice calls, as
22 determined by GIS mapping of CenturyLink's local residential customers
23 and the FCC's Broadband Data Collection (BDC) data. Residential
24 customers with access to fiber-based CenturyLink wireline service or
25 mobile wireless, fixed wireless, cable or wireline competitive alternatives
26 at their residences are not "Protected Customers." "Access to" means the
27 customers are able to subscribe to such services regardless of whether they
28 actually do subscribe. CenturyLink has identified approximately 800
29 residential local service customers in Washington who meet this definition
30 as of June 2023. This number could increase or decrease over time based
31 on whether the company adds or loses customers, and also based on

1 whether other fiber-based wireline services and/or competitive alternatives
2 become available for customers.

3 ii. List of Protected Customers: Within sixty (60) days of approval of this
4 Petition and the CenturyLink ILECs becoming competitively classified,
5 CenturyLink will provide Commission Staff an updated list of Protected
6 Customers on a confidential basis. CenturyLink will provide Commission
7 Staff updated Protected Customer lists at least once per year for four (4)
8 years thereafter.

9 b. Where Commission Approval is Not Required: For any discontinuance of stand-
10 alone residential exchange services to an area where Commission approval is not
11 required pursuant to subsection a. above:

12 i. Timing of Notice: While WAC 480-120-083 requires 30 days advance
13 notice to the Commission and others, CenturyLink agrees that it will
14 provide notice to the Commission within ten (10) days after it files for
15 discontinuance with the Federal Communications Commission pursuant to
16 47 USC § 214.

17 ii. Additional Information Provided: In addition to the information required
18 to be provided pursuant to WAC 480-120-083, in the event a CenturyLink
19 ILEC gives notice of discontinuance regarding standalone residential or
20 business exchange service to an area, the CenturyLink ILEC will also
21 identify a list of known competitors in the area affected by the notice.

22 Specified Services to Remain in Tariff.⁵⁰ The CenturyLink ILECs will continue to tariff
23 public safety network services to state and county public safety entities necessary for
24 routing and transmission of emergency service (911) calls. These are the same services
25 that remained in tariff in connection with Order 04 in Docket UT-130477.⁵¹

26 Wholesale Obligations.⁵² The CenturyLink ILECs' wholesale obligations will remain
27 unaffected by competitive classification. More specifically, competitive classification
28 will not affect the Commission's authority to regulate the CenturyLink ILECs' wholesale

⁵⁰ This provision is consistent with the tariff condition contained in CenturyLink's 2014 AFOR. AFOR Order, Appendix A, Attachment A, Exception 3.

⁵¹ See https://www.centurylink.com/content/dam/home/about-us/tariff/documents/wa_gc_ens_t_no_49.pdf

⁵² This provision is consistent with the wholesale condition contained in the AFOR. Order, Appendix A, Attachment A, Exception 1.

1 obligations under the Telecommunications Act of 1996, or its authority to enforce
2 applicable service quality or performances measures (if any) contained in tariffs,
3 interconnection agreements, commercial agreements, or otherwise.

4 **Q. WHY ARE THESE FOUR CONDITIONS APPROPRIATE FOR THE**
5 **COMMISSION TO ADOPT IN THIS PROCEEDING?**

6 A. The four conditions are appropriate in this proceeding because they are similar or
7 identical to provisions the Commission adopted in CenturyLink’s AFOR, and reflect
8 concerns repeatedly expressed during earlier discussions with Commission Staff. The
9 first (geographic deaveraging), third (specified services in tariff) and fourth (wholesale
10 services) are identical. The second (discontinuance) carries forward the concept of the
11 discontinuance provision in the 2014 AFOR, but appropriately narrows the circumstances
12 under which Commission approval would be required to discontinue service to an area.
13 Specifically, CenturyLink’s proposal in the petition limits approval to standalone
14 residential services (the AFOR likewise required approval of discontinuance of
15 standalone business services to an area) where “protected customers” are found.
16 CenturyLink also offers to bolster and expand the notice required by WAC 480-120-083
17 for discontinuances that will not require affirmative Commission approval.

18 **Q. WHY HAS CENTURYLINK PROPOSED TO NARROW THE**
19 **CIRCUMSTANCES UNDER WHICH APPROVAL IS REQUIRED?**

20 A. The approval requirement – whether the broader version found in the 2014 AFOR, or the
21 narrower version proposed here – is an asymmetrical regulatory requirement applying
22 only to one or two (I believe Zply has a similar requirement) competitors with highly
23 diminished market share, while not applying those to the carriers providing more than

1 90% of the state’s voice connections. Approval proceedings – similar to this proceeding
2 – impose significant burdens on limited resources of the company, other participants and
3 the Commission. They are also likely duplicative of the FCC’s 214 discontinuance
4 process.

5 While CenturyLink does not believe that *any* approval requirement should exist for only
6 CenturyLink – and not for its competitors that provide the overwhelming number of
7 voice connections in Washington – it has nonetheless proposed a compromise designed to
8 offer additional “safeguards” for those of its customers who have the fewest choices
9 available to them for meeting their telecommunications needs. The concern, as
10 CenturyLink understands, is that there may be Washington citizens within the footprint of
11 CenturyLink’s territories who have no service alternatives, and thus could potentially be
12 stranded if CenturyLink elected to discontinue service to a particular area. That concern
13 is obviously alleviated for all customers who have multiple alternatives to CenturyLink.
14 With the assistance of the most current FCC BDC data, CenturyLink identified
15 approximately 800 customers who have access only to CenturyLink copper-based service
16 or commercial satellite services. While commercial satellite is a growing, reasonable and
17 meaningful competitor to copper service, CenturyLink offers to essentially ignore those
18 services’ availability for purposes of a discontinuance approval requirement.

19 **Q. TO YOUR KNOWLEDGE, HAS A CENTURYLINK ILEC EVER**
20 **DISCONTINUED STANDALONE RESIDENTIAL OR BUSINESS SERVICES TO**
21 **AN AREA (AS WOULD REQUIRE NOTICE UNDER WAC 480-120-083)**
22 **IN WASHINGTON?**

23 A. No.

1 **Q. TO YOUR KNOWLEDGE, DO THE CENTURYLINK ILECS HAVE A PLAN TO**
2 **DISCONTINUE STANDALONE RESIDENTIAL OR BUSINESS SERVICES IN**
3 **WASHINGTON?**

4 A. No, CenturyLink does not currently have an affirmative plan to discontinue service.

5 **Q. ARE THERE CONDITIONS PRESENT IN THE 2014 AFOR THAT**
6 **CENTURYLINK HAS NOT PROPOSED TO CARRY FORWARD INTO**
7 **COMPETITIVE CLASSIFICATION?**

8 A. Yes, there are. The AFOR, approved 10 years ago, contained a number of other
9 conditions agreed to by CenturyLink and numerous settling parties at the time.
10 CenturyLink's Petition does not carry forward the following conditions. Note that some
11 commitments had already lapsed and/or been fulfilled. With the passage of another
12 decade of fierce and overwhelming competition, CenturyLink believes it is appropriate to
13 minimize the number of one-off requirements that apply to it, but not those voice
14 providers who control the vast majority of connections in Washington.

15 * Service Quality Reporting (Staff/PC Settlement, Att. A, Exc. 2)

16 * Pricing to Cover Costs (Staff/PC Settlement, Att. A, Exc. 4)

17 * Accounting Method (Staff/PC Settlement, Att. A, Exc. 5)

18 * Transfers of Property (Staff/PC Settlement, Att. A, Exc. 6)

19 * Rate Normalization (Staff/PC Settlement, Att. A, Exc. 8)

20 * Incorporation of EAS Charges Into Rates (Staff/PC Settlement, Att. A, Exc. 9)

21 * Rate Change Notification (Staff/PC Settlement, Att. A, Exc. 10)

22 * Discontinuance of Local Exchange Service (Staff/PC Settlement, Att. A, Exc. 11)
23 for standalone business services; process for residential services modified as
24 described above

- 1 * Agreement not to oppose educational workshop on IP-to-IP interconnection
- 2 (Spring Settlement, Sec. C)

- 3 * DOD/FEA Rate Protection Commitment (DOD/FEA Settlement, Att. 1, Sec. 2;
- 4 expired 2019)

- 5 * DOD/FEA Tariff Availability Commitment (DOD/FEA Settlement, Att. 1, Sec. 3)

- 6 * DOD/FEA Service Quality Commitments (DOD/FEA Settlement, Att. 1, Sec. 4)

- 7 * DOD/FEA Revenue Commitment (DOD/FEA Settlement, Att. 1, Sec. 5)

8 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

9 A. Yes.