

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,

Complainant,

v.

QWEST CORPORATION D/B/A CENTURYLINK QC

Respondent.

DOCKET NO.: UT-171082

CROSS-ANSWERING TESTIMONY

OF

PHILIP E. GRATE

ON BEHALF OF

CENTURYLINK QC

JULY 3, 2018

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LIST OF EXHIBITS

Exh. PG-12 | Washington Department of Revenue Real Estate Excise Tax Affidavit

I. IDENTIFICATION OF WITNESS

Q. PLEASE STATE YOUR NAME, BUSINESS ADDRESS, AND POSITION WITH CENTURYLINK.

A. My name is Philip E. Grate. My business address is 1600 7th Avenue, Seattle, Washington 98191. I am employed by CenturyLink and my current title is State Regulatory Affairs Director.

Q. ARE YOU THE SAME PHILIP E. GRATE WHOSE RESPONSE TESTIMONY WAS FILED JUNE 1, 2018 IN THIS CASE?

A. Yes.

II. PURPOSE OF TESTIMONY

Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?

A. The purpose of my testimony is to answer the testimony of Public Counsel witness Susan M. Baldwin filed June 1, 2018 in this case.

Q. PLEASE EXPLAIN HOW YOUR TESTIMONY IS STRUCTURED.

A. My testimony consists of eight sections. Sections III through VII are organized as follows:

Section III – Identification of key issues Ms. Baldwin raises in this case;

Section IV – Rebuttal of Ms. Baldwin’s testimony concerning the service on demand statute;

Section V – Rebuttal of Ms. Baldwin’s testimony concerning the extension of service rule;

1 Section VI – Rebuttal of Ms. Baldwin’s testimony concerning Federal Universal Service
2 Fund Support;

3 Section VII – Public Policy Issues that Ms. Baldwin’s testimony raises; and

4 Section VIII – Conclusion

5 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

6 **A.** The question in this case is simple: are applicants for service who are located in
7 developments entitled to up to 1,000 feet of free line extension? The question is not
8 whether CenturyLink QC is shirking its duty to serve, which Ms. Baldwin would have the
9 Commission believe is an absolute obligation arising from its status as an ILEC carrier of
10 last resort (“COLR”).

11 The answers are also simple. Applicants in developments are not entitled to 1,000 feet of
12 line extension for free because the extension of service rule does not apply in
13 developments, which remain developments even after all the lots are sold off. The
14 development exception in the current line extension rule simply continues the
15 Commission’s longstanding policy that the cost of extensions to developments should be
16 borne by those who gain economic advantage from developments.

17 What carrier of last resort obligation carriers in general (and ILECs in particular) bear in
18 Washington is hardly as clear and absolute as Ms. Baldwin would have the Commission
19 believe. Instead, there is a general service on demand statute that applies equally to all
20 telecommunications providers and obligates them to provide service and facilities to
21 persons and corporations reasonably entitled thereto. The service on demand statute does
22 not establish what is reasonable entitlement, let alone confer it.

1 The line extension rule is a subsidy rule. It requires federal high-cost recipients to
2 subsidize the cost of extensions of service that would otherwise be borne by individual
3 applicants. Presumably, the extension of service rule relies on or links federal high-cost
4 support to cover the cost of providing the subsidy, which would otherwise not be
5 compensated.

6 **III. KEY ISSUES IN THIS CASE**

7 **Q. MS. BALDWIN ASSERTS THAT “THE KEY ISSUE IN THIS PROCEEDING IS WHETHER**
8 **CENTURYLINK HAS FULFILLED ITS OBLIGATIONS UNDER STATE LAW AND THE**
9 **COMMISSION’S RULES, AND, IF IT HAS NOT, WHAT SANCTIONS OR REMEDIES THE**
10 **COMMISSION SHOULD IMPOSE.” DO YOU AGREE?**

11 **A.** Yes. Staff’s complaint alleges that CenturyLink QC has violated:

- 12 • RCW 80.36.090, the “service on demand” statute, RCW 80.36.090;
- 13 • WAC 480-120-071, the Commission’s extension of service rule;
- 14 • WAC 480-120-349, the Commission’s records retention rule; and
- 15 • WAC 480-120-166, the Commission’s complaint retention rule.

16 **Q. MS. BALDWIN ALSO ASSERTS THAT “CENTURYLINK RAISES ARGUMENTS THAT GO WELL**
17 **BEYOND THE SPECIFIC SCOPE OF THIS PROCEEDING.” DO YOU AGREE?**

18 **A.** No. Ms. Baldwin asserts:

19 The broader issues raised by CenturyLink include the scope of telecommunications
20 company obligations as common carriers, incumbent local exchange carrier (ILECs),
21 carriers of last resort (COLR), and eligible telecommunications carriers (ETCs). If the
22 broader issues merit discussion, they are more appropriately addressed in a separate policy
23 proceeding. (Baldwin, Exh. SMB-1T, page 6, line 22)

1 The two key questions in this case are:

- 2 1. What is CenturyLink QC's obligation under the service on demand statute?
- 3 2. What is CenturyLink QC's obligation under the extension of service rule?

4 These questions can and should be answered by simply reading the language in the statute
5 and rule. Had Staff done that and applied that language as written, Staff would not have
6 brought a complaint against CenturyLink QC in the first place because CenturyLink QC is
7 clearly not in violation of either as written.

8 But Staff, now joined by Public Counsel, have sought to expand CenturyLink QC's
9 obligations beyond the statute and rule in order to force CenturyLink QC to deploy
10 facilities and, in so doing, to nullify the "development" exception in the line extension rule.
11 Indeed, much of Ms. Baldwin's testimony is devoted to policy issues regarding carrier of
12 last resort obligations.

13 As will be made clear in this cross-answer testimony, CenturyLink QC's discussion of the
14 policy issues pertaining to both the statute and rule is fully within the scope of this
15 proceeding. It is not clear why Public Counsel would advocate that the Commission decide
16 this case without considering the public policy issues and ramifications attendant to that
17 decision.

18 **IV. SERVICE ON DEMAND STATUTE**

19 **A. THE STATUTORY LANGUAGE**

20 **Q. WHAT DOES THE SERVICE ON DEMAND STATUTE PROVIDE?**

21 **A.** With emphasis in bold added, RCW 80.36.090, entitled "Service to be furnished on
22 demand," provides:

1 **Every** telecommunications company operating in this state shall provide and maintain
2 suitable and adequate buildings and facilities therein, or connected therewith, for the
3 accommodation, comfort and convenience of its patrons and employees.
4

5 **Every** telecommunications company shall, upon reasonable notice, furnish to all
6 persons and corporations who may apply therefor and be **reasonably entitled thereto**
7 suitable and proper facilities and connections for telephonic communication and furnish
8 telephone service as demanded.
9

10 **Q. MS. BALDWIN ASSERTS THAT WASHINGTON HAS AN EXPLICIT ILEC COLR OBLIGATION.**
11 **WHAT IS AN ILEC COLR?**

12 **A.** ILEC is an acronym for incumbent local exchange carrier. An ILEC is a telephone
13 company that provided local telephone service prior to the Telecommunications Act of
14 1996. CenturyLink QC is an ILEC. COLR is the acronym for Carrier of Last Resort.
15 Ms. Baldwin’s testimony includes a paper on Telecommunications COLR, Exhibit SB-3.
16 The paper defines COLR as “a telecommunications company that commits (or is required
17 by law) to provide service to any customer in a service area that requests it, even if serving
18 that customer would not be economically viable at prevailing rates.” Because Ms. Baldwin
19 relies on this definition, I will use it for purposes of this testimony. So, an ILEC COLR is
20 an incumbent local exchange company that is a carrier of last resort in a defined service
21 area.

22 **Q. IS THERE AN EXPLICIT ILEC COLR OBLIGATION IN WASHINGTON AS MS. BALDWIN**
23 **CLAIMS?**

24 **A.** Not as Ms. Baldwin describes it. The service on demand statute makes no mention of
25 ILECs. Instead, it applies to “[e]very telecommunications company operating in this
26 state....” Further, RCW 80.36.090 does not operate as a COLR statute because it does not
27 require *any* telecommunications company to “provide service to any customer in a service
28 area that requests it, even if serving that customer would not be economically viable at

1 prevailing rates.” Instead the statute provides that *every* telecommunications provider shall
2 furnish facilities and telephone service to all persons and corporations who may be
3 *reasonably entitled thereto*.

4 **Q. HOW IS A COMPANY TO KNOW IF IT IS OBLIGATED TO EXTEND SERVICE TO A REQUESTING**
5 **CUSTOMER UNDER THE SERVICE ON DEMAND STATUTE?**

6 **A.** I am not aware that the Legislature or the Commission has specifically addressed that
7 question. However, by promulgating the line extension rule, the Commission has established
8 that applicants for residential service outside of developments are entitled to a subsidy of up
9 to 1,000 feet of free line extension if a high-cost recipient does not already have facilities in
10 place to serve. In that sense the Commission has established that persons who qualify for up
11 to 1,000 feet of free line extension are “reasonably entitled” to an extension of facilities of
12 up to 1,000 feet. To my knowledge the Commission has not established reasonable
13 entitlement to facilities for any other class of customer, including developers requesting
14 extensions of facilities to their development, residential customers in developments,
15 applicants for temporary service, and business customers.

16 **Q. MS. BALDWIN ASSERTS THAT “THE OBLIGATION TO SERVE IS ABSOLUTE, AND AS A**
17 **RESULT, CENTURYLINK DOES NOT HAVE THE DISCRETION TO DECIDE WHEN AND WHERE**
18 **TO SERVE CUSTOMERS.”¹ DOES THE SERVICE ON DEMAND STATUTE IMPOSE AN**
19 **ABSOLUTE OBLIGATION TO SERVE?**

20 **A.** No. Under the statute, the obligation of every telecommunications company in the state is
21 limited to “all persons and corporations who may be **reasonably entitled...[to]** suitable
22 and proper facilities and connections for telephonic communication and...telephone service

¹ Baldwin, Exh. SMB-1T, page 3, lines 19-21, See also page 32, lines 18-19, page 38, lines 4-6.

1 as demanded.” (Emphasis in bold added.) As noted above, the Legislature and
2 Commission have not specifically established what the obligation to serve is in every case.

3 In the Commission’s Fourth Supplemental Order Rejecting Tariff Filing in Docket UT-
4 961638, ordering clause 2 provides: “The Commission Staff should move expeditiously to
5 expand the scope of the rulemaking proceeding in Docket UT-970325 to include the
6 obligation to serve of all telecommunications companies offering to provide basic local
7 exchange telecommunications service.” However, in General Order No. R-450 in Docket
8 No. UT-970325, the Commission’s only mention of the obligation to serve is: “Finally, the
9 obligation to serve under RCW 80.36.090 ‘Service to be furnished on demand,’ applies to
10 all registered telecommunications companies including interexchange carriers.”

11 Ms. Baldwin offers no statute, rule or Commission Order to support her assertion that
12 CenturyLink QC has an “absolute” obligation to serve. In fact, if the obligation were
13 absolute, the extension of service rule would be unnecessary because all
14 telecommunications companies would be required to serve all customers, which clearly
15 they are not.

16 **B. REASONABLE ENTITLEMENT**

17 **Q. DOES THE SERVICE ON DEMAND STATUTE ESTABLISH THE CIRCUMSTANCES THAT MAKE A**
18 **PERSON REASONABLY ENTITLED TO TELECOMMUNICATION FACILITIES AND SERVICE?**

19 **A.** No. The statute says nothing about what constitutes reasonable entitlement. I’m advised
20 by counsel that no Washington statute addresses that question.

21 **Q. DOES THE SERVICE ON DEMAND STATUTE ESTABLISH WHICH PERSONS OR CORPORATIONS**
22 **ARE REASONABLY ENTITLED TO FACILITIES AND SERVICE?**

1 **A.** No. The statute also leaves that question unanswered.

2 **Q.** **DOES FEDERAL LAW ESTABLISH WHEN A PERSON OR CORPORATION IS REASONABLY**
3 **ENTITLED TO THE PROVISION OF FACILITIES OR SERVICE?**

4 **A.** In general, no. That said, Section 214(e) of U.S. Code Title 47 imposes on a common
5 carrier designated as an Eligible Telecommunications Carrier (ETC), the obligation to offer
6 the services that are supported by Federal universal service support mechanisms under
7 Section 254(c) of U.S. Code Title 47. As I explained in my direct testimony, the FCC has
8 forborne from imposing this obligation in most of the census blocks CenturyLink serves in
9 Washington, including the census block that is the subject of this complaint. Consequently,
10 Section 214 does not establish reasonable entitlement to intrastate telecommunications
11 services in the census block where CenturyLink has declined to provide a free line
12 extension.

13 **Q.** **MS. BALDWIN ARGUES THAT FEDERAL LAW CODIFIES A REQUIREMENT TO OBTAIN**
14 **REGULATORY APPROVAL TO WITHDRAW SERVICE AND EXIT THE MARKET². DOES THAT**
15 **LAW APPLY TO THE SERVICE THAT IS THE SUBJECT OF THIS COMPLAINT?**

16 **A.** No. Ms. Baldwin cites U.S. Code Title 47 Section 214(a) where it says: “No carrier shall
17 discontinue, reduce, or impair service to a community, or part of a community, unless and
18 until there shall first have been obtained from the [Federal Communications] Commission a
19 certificate that neither the present nor future public convenience and necessity will be
20 adversely affected thereby....” This provision is inapplicable to the facts of this complaint
21 because CenturyLink QC is not withdrawing service; it is simply declining to extend
22 service in a development where it lacks the facilities to serve.

² Baldwin, Exh. SMB-1T, page 8, line 20.

1 **Q. WHEN IS A PERSON OR CORPORATION REASONABLY ENTITLED TO EXTENSION OF**
2 **FACILITIES AND TO LOCAL TELEPHONE SERVICE?**

3 **A.** CenturyLink QC believes the Commission's extension of service rule establishes that a
4 person is reasonably entitled to extension of facilities and to local residential service where
5 the rule applies. Beyond that and the obligation under Section 214(e) of U.S.C. Title 47 (*in*
6 *the census blocks where it still applies*) to offer the services that are supported by Federal
7 universal service support mechanisms, I am aware of no specific guidance.

8 Reasonable entitlement is not the same thing as the COLR obligation articulated in Exhibit
9 SB-3: an obligation "to provide service to any customer in a service area that requests it,
10 even if serving that customer would not be economically viable at prevailing rates." Such a
11 COLR obligation would entitle a person or corporation to facilities and service even if the
12 provider loses money providing it. That is unreasonable because it amounts to forced
13 forfeiture of the provider's property. And, importantly, the COLR obligation as described
14 in Exhibit SB-3 is much more expansive than what is required in the line extension rule
15 which establishes the obligation to provide up to 1,000 feet of free line extension by those
16 carriers who receive federal high-cost support to cover the cost of that subsidy. So, the line
17 extension rule allows CenturyLink QC to recover the costs for extensions to and in
18 developments and does not require CenturyLink to lose money doing so.

19 In my response testimony I addressed a rule-of-reason the Commission articulates in a
20 1998 order³ where it addresses when a Competitive Local Exchange Carrier (CLEC) would
21 be expected to provide service. The Commission's rule of reason is: anywhere the CLEC
22 *has facilities in place* and could reasonably use those facilities to serve an applicant, the
23 CLEC would be expected to serve. CenturyLink QC believes this rule-of-reason is a sound

³ *Wash. Utils. & Transp. Comm'n v. U S WEST Communications, Inc.*, UT-961638, Fourth Supp. Order, p. 22 (Jan. 16, 1998).

1 application of what constitutes reasonable entitlement. In cases where a developer has
2 arranged for CenturyLink to economically place facilities, and CenturyLink has placed
3 those facilities, it would of course offer to provide service.

4 **Q. IS THERE AN ADDITIONAL REASON WHY THE APPLICANT IN THIS CASE SHOULD NOT BE**
5 **CONSIDERED TO BE REASONABLY ENTITLED TO EXTENSION OF CENTURYLINK QC**
6 **FACILITIES AND TO CENTURYLINK QC LOCAL TELEPHONE SERVICE?**

7 **A.** Yes. In this case the applicant has other choices for voice service including wireline
8 service from Comcast at Comcast's normal rates. Comcast already has facilities in place in
9 the development where the applicant lives. Given that one provider has already expended
10 capital to place its wireline facilities and stands ready to serve at commercial rates
11 established in a competitive market, it is patently unreasonable to expect another provider
12 to place its facilities in the same location, without reimbursement, in order to serve the
13 applicant.

14 The service on demand statute is not a COLR statute, but even if it were, this applicant
15 already has a "last resort" for local service, namely, Comcast, not to mention several
16 wireless providers willing to offer voice service at commercial rates also established in a
17 competitive market.

18 **V. EXTENSION OF SERVICE RULE**

19 **Q. MS. BALDWIN ASSERTS, "CENTURYLINK HAS A CLEAR OBLIGATION TO SERVE**
20 **CUSTOMERS WITHIN ITS SERVICE TERRITORY UNDER ITS STATUTORY OBLIGATION TO**

1 **SERVE (RCW 80.36.090) AND THE LINE EXTENSION PROVISIONS (WAC 480-120-071).’’⁴**

2 **DO YOU AGREE?**

3 **A.** I disagree with Ms. Baldwin’s argument that they establish a clear obligation to serve the
4 applicant in this case, or in developments in general. Under RCW 80.36.090 CenturyLink
5 QC’s obligation to serve persons and corporations is, as stated previously, the same as
6 *every other* telecommunications provider: to provide facilities and service to persons and
7 corporations *reasonably entitled thereto*. But no Washington statute further defines
8 “reasonable entitlement” to telecommunications facilities and service.

9 CenturyLink QC’s obligation under the extension of service rule is clearer; it is limited to
10 areas *outside of developments* that are receiving federal high cost support. Because pages
11 11 through 14 of my response testimony address in detail the application of the extension
12 of service rule to developments I will not repeat that testimony here. But I will address
13 specific arguments that Ms. Baldwin’s testimony makes.

14 **Q. WHAT CONSTITUTES A DEVELOPMENT FOR PURPOSES OF THE RULE?**

15 **A.** The definition of development in the line extension rule includes land which is divided into
16 four or more lots. Specifically, “development” is defined as: land which is divided or is
17 proposed to be divided for the purpose of disposition into four or more lots, parcels, or
18 units.

19 **Q. MS. BALDWIN ASSERTS, “[T]HE PLACE TO WHICH THE LINE WOULD BE EXTENDED IN THIS**
20 **CASE IS NOT LAND ‘WHICH IS DIVIDED OR IS PROPOSED TO BE DIVIDED FOR THE PURPOSE**
21 **OF DISPOSITION INTO FOUR OR MORE LOTS, PARCELS, OR UNITS.’ INSTEAD, THE LINE**
22 **EXTENSION WAS REQUESTED TO AN INDIVIDUAL LOT TO AN INDIVIDUAL RESIDENCE,**

⁴ Baldwin, Exh. SMB-1T, page 17, line 8.

1 **WHICH, AT THE TIME OF MR. SAUM’S APPLICATION FOR SERVICE, WAS OCCUPIED BY THE**
2 **CUSTOMER.”⁵ DO YOU AGREE?**

3 **A.** Yes and no. I agree that the place to which the line extension was requested is an
4 individual residence on an individual lot. I disagree that the place to which the line
5 extension was requested is not a development. Ms. Baldwin (and Staff) would make lots
6 and developments mutually exclusive; if it’s a lot, it can’t be a development and if it’s a
7 development it can’t be a lot. I disagree.

8 **Q.** **WHAT ABOUT ANNA MARIE LANE, IS IT STILL A DEVELOPMENT?**

9 **A.** Yes, it is. Mr. Saum ordered service to 15512 NE 79th Way, Vancouver, Washington.
10 Clark County property tax records provide the following information about that address.

Property Identification Number: 986039196

Property Type: Real

Property Status: Active

Tax Status: Regular

Site Address: 15512 NE 79TH WAY, VANCOUVER, 98682

Abbreviated Description: ANNA MARIE LANE LOT 9 311831

11 Exhibit PG-12 is a copy of the Department of Revenue Real Estate Excise Tax Affidavit
12 for this property. It also describes the address as being in a subdivision.

13 So, Mr. Saum’s order for service was to Lot 9 in the Anna Marie Lane development. Under
14 the extension of service rule Anna Marie Lane subdivision is a development because it is a
15 land divided into four or more lots. Even when all twelve lots in Anna Marie Lane
16 subdivision have been sold, Anna Marie Lane subdivision will still be land that is divided

⁵ Baldwin, Exh. SMB-1T, page 13, line 17.

1 into four or more lots and will continue to be subject to the development exclusion in WAC
2 480-120-071.

3 **Q. DOES THE FACT THAT MR. SAUM REQUESTED SERVICE TO AN OCCUPIED RESIDENCE ON**
4 **AN INDIVIDUAL LOT NEGATE THE FACT THAT THE LOT IS IN A DEVELOPMENT?**

5 **A.** No. Nothing in WAC 480-120-071 says developments cease to be land that is divided into
6 four or more lots, parcels or units when the lots, parcels or units have been sold.

7 Nor does anything in the development exclusion limit the period of time during which the
8 exclusion applies such as to the period before occupancy of dwellings built in the
9 development.

10 It would be irrational to assume that the exclusion applies only before occupancy. Prior to
11 occupancy, the exclusion would be meaningless because nobody would be ordering service
12 until the point of occupancy; developers do not order local telephone service to unsold lots
13 or vacant dwellings.

14 So, the development exclusion must apply to all the land in the development—including
15 each and every lot in the development—and it must apply both before and after occupancy
16 occurs because only after occupancy (or shortly before it) would service be sought.

17 Public Counsel's echoing of Staff's argument to the contrary should be seen for what it is,
18 an attempt to bootstrap an obligation on ILECs to provide up to 1,000 feet of free line
19 extension in developments where the extension of service rule clearly does not require it.

1 **Q. MS. BALDWIN ASSERTS THAT MR. SAUM’S REQUEST TO TRANSFER HIS CENTURYLINK**
2 **QC SERVICE TO HIS LOT IN THE ANNA MARIE LANE SUBDIVISION “TRIGGERED” THE**
3 **EXTENSION OF SERVICE RULE.⁶ DO YOU AGREE?**

4 **A.** No, I don’t. I am certain the request did not constitute a request for an extension of service
5 under the rule because the development exclusion in the line extension rule provides:
6 “Extension of service, as defined in this rule, does not apply to extensions of service to
7 developments.” The rule does not say “does not apply to extensions of service made at the
8 request of a developer,” which is what Public Counsel (and Staff) seem to suggest. If the
9 Commission had wanted to limit the “development” exception to only *developers*’ requests
10 for service, as opposed to *in developments* generally, the Commission could have easily
11 provided for that in the line extension rule. But had that been the case, the rule would have
12 different language than it does.

13 **Q. MS. BALDWIN ASSERTS CENTURYLINK QC VIOLATED THE LINE EXTENSION RULE**
14 **BECAUSE IT DID NOT PROVIDE MR. SAUM AN APPLICATION FOR SERVICE.⁷ DO YOU**
15 **AGREE?**

16 **A.** No. CenturyLink QC was not obligated to provide Mr. Saum an application for service
17 because the extension of service rule does not apply to the development where his lot is
18 located.

19 **Q. MS. BALDWIN ARGUES “IT WOULD BE INEQUITABLE TO TREAT A HOME THAT IS NOT**
20 **PART OF A DEVELOPMENT DIFFERENTLY FROM A HOME THAT IS INCLUDED IN A**

⁶ Baldwin, Exh. SMB-1T, page 14, line 5.

⁷ Baldwin, Exh. SMB-1T, page 15, line 3.

**DEVELOPMENT BASED ON WHETHER THE UNDERLYING DEVELOPER ENTERED INTO A
PAHD.”⁸ HOW DO YOU RESPOND?**

A. Ms. Baldwin misapprehends the intent of the development exclusion in the extension of service rule. The Commission adopted the development exclusion in Docket UT-073014, General Order R-551 effective October 31, 2008. Prior to revision by General Order R-551, the extension of service rule contained a rather lengthy section (6) entitled “Extensions to developments.” In part it read:

The cost of extensions to developments should be borne by those who gain economic advantage from development and not by ratepayers in general. This policy promotes the economic good of having telephone infrastructure placed at the same time as other infrastructure is constructed as a part of development. Accordingly, local exchange companies may not recover under subsection (4) of this section the costs of extensions to serve the following:

(a) Developments filed after the effective date of this rule for which a public offering statement is required under chapter 58.19 RCW;

(b) Divisions of land filed after the effective date of this rule that use binding site plans under RCW 58.17.035 to create five or more lots or units;

(c) Subdivisions filed after the effective date of this rule;

(d) Short subdivisions with five or more lots filed after the effective date of this rule;

Subsection (4) of the rule permitted carriers to recover the unrecovered cost of line extensions through a terminating access rate element.

⁸ Baldwin, Exh. SMB-1T, page 19, lines 9-11.

1 This version of the rule had been in effect since January 15, 2001. Because subsection (6)
2 prohibited carriers from recovering the unrecovered costs of line extensions to serve
3 developments, divisions, subdivisions, and short subdivisions, the costs of extending
4 facilities to them had to be recovered from developers through PAHDs as provided for in in
5 CenturyLink QC's tariff at that time.

6 Subsection (6) prohibited recovery of "the costs of extensions to serve" developments, etc.
7 in order to carry out the stated intent that: "The cost of extensions to developments should
8 be borne by those who gain economic advantage from development."

9 General Order R-551 streamlined the development exclusion in section (6) of the prior rule
10 by adopting a simple but comprehensive definition of development and then providing that
11 "[e]xtension of service, as defined in this rule, does not apply to extensions of service to
12 developments." Hence, the development exclusion in the current rule causes those who
13 gain economic advantage from development (developers and home owners) to bear the cost
14 of facility extensions to those developments.

15 **Q. WAS THERE ANYTHING IN GENERAL ORDER R-551 OR THE COMMENTS OF THE PARTIES**
16 **IN DOCKET UT-073014 THAT SUGGESTED THAT THE COMMISSION WAS ABANDONING ITS**
17 **STATED POLICY THAT "THE COST OF EXTENSIONS TO DEVELOPMENTS SHOULD BE BORNE**
18 **BY THOSE WHO GAIN ECONOMIC ADVANTAGE FROM DEVELOPMENT?"**

19 **A.** No. And by adopting a definition of development that included four or more lots, the
20 Commission ensured that the development exclusion in the revised rule applied not only to
21 developments (defined then by statute as 26 or more lots) but also to Divisions of land
22 under RCW 58.17.035, subdivisions and short subdivisions (as had the previous rule).
23 Nothing suggested that the Commission intended to make a substantive rule change that

1 would have had significant financial and policy ramifications without so much as a passing
2 comment.

3 **Q. HAS THE COMMISSION AMENDED THE EXTENSION OF SERVICE RULE SINCE ISSUING**
4 **GENERAL ORDER R-551 IN 2008?**

5 **A.** Yes. The Commission issued General Order R-580 in Docket UT-140680 on March 26,
6 2015. Among other things, it amended WAC 480-120-071, the extension of service rule.

7 **Q. DID THE AMENDMENT CHANGE THE DEVELOPMENT EXCLUSION?**

8 **A.** No. It left the development exclusion language untouched.

9 **Q. WHAT WAS THE PURPOSE OF THE 2015 AMENDMENTS?**

10 **A.** The 2015 amendments did basically three things: 1) removed references to tariffs; 2)
11 made the rules applicable to only local exchange companies receiving federal high-cost
12 universal service support; and 3) removed requirements to keep records of construction
13 costs for six years in order to be able to bill subsequent applicants within five years a pro-
14 rata portion of the original line extension charge and refund to the earlier applicants the
15 amount billed to the latecomer.

16 **Q. REGARDING MS. BALDWIN'S DISCUSSION AT PAGE 22, LINE 1-19 OF HER TESTIMONY -**
17 **CAN YOU RESPOND TO HER SUGGESTION THERE THAT THE PRESENCE OF ANOTHER**
18 **CARRIER IS IRRELEVANT AND THAT THE COMMISSION REJECTED AN AUTOMATIC WAIVER**
19 **OF THE LINE EXTENSION RULE UNDER THOSE CIRCUMSTANCES?**

20 **A.** Yes. Ms. Baldwin mischaracterizes the requested waiver language and the Commission's
21 response. She claims that in the 2008 extension of service rulemaking, Docket UT-073014,
22 an Industry Coalition made a "proposal that would have allowed for an *automatic* waiver if

1 there were another ETC in the location where the extension was requested.” (Emphasis in
2 italics added). This statement is simply not true.

3 The language the Industry Coalition proposed was:

4 “(3)(d) A company may seek a waiver of the requirement to extend service under this
5 rule pursuant to WAC 480-120-015. In making its determination whether to grant such a
6 waiver, the Commission *may take into consideration* the existence of an alternative
7 service provider that is an Eligible Telecommunications Carrier (“ETC”) for the location
8 where an extension of service is requested.” (Emphasis in italics added)

9 The Industry Coalition did not ask for an automatic wavier based on the presence of
10 another ETC, it asked that the Commission *take into consideration* the presence of another
11 ETC. The Commission rejected the proposal because it concluded the language was
12 unnecessary; the Commission already had the ability to consider the presence of another
13 ETC. General Order R-551 reads:

14 “A company may seek a waiver under WAC 480-120-015 whenever it thinks it
15 appropriate and the Commission may consider any pertinent information, including the
16 existence of an ETC alternative, without adding the suggested language.”

17 The Commission clearly left open the possibility that the presence of another ETC could be
18 relevant, but, in any event, waiver of the rule is not at issue here because the rule does not
19 apply.

20 **Q. IS THE PRESENCE OF ANOTHER PROVIDER RELEVANT EVEN IF THIS IS NOT A WAIVER**
21 **PROCEEDING?**

22 **A.** Yes. Other providers offer competitive alternatives that are comparable and substitutable
23 for CenturyLink QC landlines. Further, these providers have different costs and revenue

1 opportunities in connection with serving a customer. For example, Comcast may be able
2 to place facilities for free because of the higher revenue opportunities associated with the
3 bundle that includes TV. These market driven decisions benefit everyone – the customer
4 has a provider for service, the developer receives facilities placed at a lower cost, and
5 CenturyLink QC is not obligated to spend capital on an uneconomic investment. These
6 are all public goods that the Commission should foster and which would be harmed with
7 Public Counsel’s proposed interference with these market decisions.

8 **Q. MS. BALDWIN ARGUES THAT BY ASSERTING THE LINE EXTENSION RULE DOES NOT APPLY**
9 **IN CENSUS BLOCKS WHERE CENTURYLINK QC RECEIVES NO FEDERAL HIGH-COST**
10 **SUPPORT, CENTURYLINK QC IS ATTEMPTING TO NARROWLY PRESCRIBE ITS OBLIGATION**
11 **TO SERVE.⁹ HOW DO YOU RESPOND?**

12 **A.** The obligation to provide up to 1,000 feet of free line extension under the Commission’s
13 extension of service rule applies exclusively to recipients of federal high-cost support.
14 Historically, federal high-cost support provided support for telephone service throughout a
15 carrier’s service area. The Commission last amended the extension of service rule effective
16 April 26, 2015. Three months later, on July 23, 2015 the FCC issued Public Notice DA 15-
17 851 that released a list of census blocks where Price Cap Carriers still have federal high-
18 cost obligations to provide voice service, DA 15-851 also explained that census blocks not
19 on the list are not subject to the U S Code Title 47 Section 214(e) obligation to provide
20 voice service. Less than five percent of CenturyLink QC’s census blocks are eligible to
21 receive federal high-cost support; over 95 percent are no longer subject to the Section
22 214(e) obligation to provide voice.

⁹ Baldwin, Exh. SMB-1T, page 11, line 11 to page 12, line 11.

1 CenturyLink QC called out this issue in its comments in the 2015 rulemaking, asking the
2 Commission to recognize that the receipt of high cost support would be geographically
3 specific in the future. The Commission did not make any changes to the rule in response to
4 CenturyLink QC's comments, but it also did not make the obligation to serve independent
5 of the receipt of federal high cost support.

6 **Q. MS. BALDWIN SAYS SHE IS "NOT AWARE OF ANY COMMISSION RULING OR DECISION THAT**
7 **WOULD LIMIT THE LINE EXTENSION RULE'S APPLICABILITY TO THE RECEIPT OF FEDERAL**
8 **HIGH COST SUPPORT IN THE SPECIFIC CENSUS BLOCKS ASSOCIATED WITH THE RESIDENCE**
9 **OF THE CUSTOMER SEEKING SERVICE."**¹⁰ **HOW DO YOU RESPOND?**

10 **A.** The sole rationale for imposing the line extension rule is the receipt of federal high-cost
11 support because the only distinction between those carriers that are subject to the line
12 extension rule and those that are not is the receipt of federal high-cost support. The FCC's
13 withdrawal of federal high-cost support from most census blocks eliminates the sole basis
14 for imposing the line extension rule on those census blocks. CenturyLink QC is not
15 narrowly prescribing its obligation under the extension of service rule; the FCC has chosen
16 to narrowly prescribe federal high-cost support.

17 **Q. IS THERE ANY OTHER INFORMATION YOU CAN PROVIDE ABOUT HOW PUBLIC COUNSEL'S**
18 **INTERPRETATION OF THE LINE EXTENSION RULE COULD NEGATIVELY IMPACT**
19 **CENTURYLINK QC?**

20 **A.** Yes. In discovery, we provided the parties information about the nature and extent of the
21 no-build developments in CenturyLink QC's service territory. They number in excess of
22 300. There are varying numbers of housing units in each one. In at least some of these
23 developments, not only was CenturyLink QC not invited to come into the development, the

¹⁰ Baldwin, Exh. SMB-1T, page 11, line 14 to page 12, line 2.

1 developer affirmatively told CenturyLink QC the company was not allowed to place
2 facilities in the development. In small developments, with city-sized lots (such as Anna
3 Marie Lane), it would take only a few customers aggregating their 1,000-foot allowances to
4 require CenturyLink QC to deploy facilities throughout the development, at no charge.

5 Once the facilities are in place, no resident has any obligation whatsoever to purchase
6 services from CenturyLink QC or to buy services for any duration. Public Counsel's
7 assertion that CenturyLink QC must serve in any development, in all instances, even when
8 another provider or providers offers service seems antiquated, financially punitive and
9 contrary to Commission's longstanding policy of beneficiaries of development bearing the
10 cost of the facilities that benefit the development.

11 **Q. CAN YOU RESPOND TO MS. BALDWIN'S ASSERTION THAT CENTURYLINK QC CAN EASILY**
12 **RECOVER ITS COSTS TO DEPLOY FACILITIES TO MR. SAUM?¹¹**

13 **A.** Ms. Baldwin asserts that CenturyLink QC can easily cover its costs to provide service to
14 Mr. Saum. However, she assumes that the customer would retain service for a particular
15 period of time, of which there is no evidence. She also assumes that the customer would
16 purchase high-speed Internet service, an unregulated service which should not be taken into
17 consideration when considering cost recovery for costs that a regulatory agency requires a
18 carrier to incur to provide a regulated service. In fact, Mr. Saum could move or otherwise
19 disconnect service at any time, leaving CenturyLink QC with no reasonable opportunity to
20 recover those costs, and no federal high cost funds to cover them either.

¹¹ Baldwin, Exh. SMB-1T, page 33, lines 5-19.

VI. RECORD KEEPING RULES

Q. MS. BALDWIN CLAIMS CENTURYLINK QC VIOLATED WAC 480-120-349 REGARDING FINANCIAL RECORDS AND REPORTS RETENTION.¹² DID IT?

A. No. WAC 480-120-349 falls under PART VIII. FINANCIAL RECORDS AND REPORTING RULES of Chapter 480-120. It applies to financial records, and requires a company to keep all records and reports “required by these rules or commission order.” Records of requests and denials of service in developments are not financial records. The Commission has no rule or order that requires carriers to keep record of requests and denials of service within developments. Ms. Baldwin argues that such records should be included in CenturyLink QC’s record-keeping system because it has financial implications for the Company. Under this argument, CenturyLink QC can be held accountable for keeping records of virtually anything because everything the Company does has financial implications.

Q. MS. BALDWIN ECHOES STAFF’S ALLEGATION THAT CENTURYLINK QC VIOLATED WAC 480-120-166 WHICH CONCERNS “COMMISSION-REFERRED COMPLAINTS”.¹³ DID IT?

A. No. Again, this is an example of Staff and Public Counsel claiming violation of a rule that does not exist. Ms. Paul’s original June 1 request was:

1. Has the company received requests for residential basic local exchange service from potential customers that it has denied because facilities necessary to provide service: (a) don’t exist at the service location; (b) require installation; or (c) require maintenance or upgrades?

¹² Baldwin, Exh. SMB-1T, page 25, line 12 to page 26 line 1.

¹³ Baldwin, Exh. SMB-1T, page 26, line 10 to page 27 line 3.

1 If the answer to (a), (b) or (c) is yes, please indicate the respective number of
2 denials per:

3 a. CenturyTel Local Exchange Operating company that provides service in
4 Washington (i.e. Qwest Corporation, United Telephone Company of the Northwest,
5 CenturyTel of Washington, CenturyTel of Cowiche, and CenturyTel of Inter
6 Island); and

7 b. Telephone Exchange.

8 For each denial, please provide the name and address of the individual requesting
9 service.

10 CenturyLink QC responded and Ms. Paul followed up October 9 saying:

11 In response to the June 21 data request, question 1 (below), was consumer complaints
12 included in your response for the timeframe of June 16, 2015 through June 15, 2017?

13 * * *

14 If you did not include customer complaints, please do so by Oct. 12. Please let me
15 know if you have any questions.

16 I responded by email October 12:

17 We did not consider consumer complaints in our response for the timeframe of June 16,
18 2015 through June 15, 2017. We have since reviewed our database of consumer
19 complaints which goes back only to the beginning of 2016. As I mentioned on the
20 phone to you this morning, the database does not categorize complaints by the specific
21 criteria of “denial of service.” So we sorted for criteria we thought might reveal such
22 complaints and found none. When we spoke this morning, you mentioned the Robert
23 Saum complaint. I admitted that the Saum Complaint had not come up using the
24 criteria for which we sorted. So we input the criteria for the Robert Saum complaint
25 (primary criteria = “installation” and secondary criteria = “other”) and found one other
26 refusal of service complaint as follows.

27 Complaint ID: CAS-21842-B6V9L3

28 Serviced By: Susan Clemen

29 Opened On: 9/28/2017 11:45 AM

30 This complaint (which is current) is outside the timeframe you specified but we thought
31 you’d want to know that the “Saum” search criteria did reveal it.

1 **Q. DID YOUR OCTOBER 12 EMAIL TO MS. PAUL CONSTITUTE AN ADMISSION THAT**
2 **CENTURYLINK QC DID NOT HAVE A RECORD OF COMPLAINTS GONG BACK A FULL TWO**
3 **YEARS?**

4 **A.** No. My October 12 email discusses CenturyLink QC's *database* of consumer complaints
5 and the search criteria we used. I did not say (and it is not true) that CenturyLink QC did
6 not have the complaint records going back two years. I said the searchable database of
7 complaints did not go back two years. In pertinent part, WAC 480-120-166 reads:

8 Each company must keep a record of all complaints concerning service or rates
9 for at least two years and, on request, make them readily available for commission
10 review. The records must contain complainant's name and address, date and the
11 nature of the complaint, action taken, and final result.

12 CenturyLink QC complies with this rule and had Ms. Paul asked for a specific complaint,
13 CenturyLink QC could have readily provided it. What Ms. Paul asked for—and what
14 WAC 480-120-166 does not require—is “requests for residential basic local exchange
15 service from potential customers that it has denied” and “For each denial, please provide
16 the name and address of the individual requesting service.” In a good faith effort to
17 comply with this request for information CenturyLink QC searched its database of
18 complaints to see if it could find any instances of such requests. But the rule does *not*
19 require that carriers keep their complaints in such a database. So, in no way did
20 CenturyLink QC violate the rule.

21 **Q. MS. BALDWIN COMPLAINS: “CENTURYLINK’S PRACTICE OF NOT RETAINING**
22 **APPROPRIATE RECORDS CREATES A SIGNIFICANT AND UNJUSTIFIABLE GAP IN THE**
23 **COMPANY’S RECORD KEEPING AND INTERFERES WITH THE COMMISSION’S ABILITY TO**

1 **ASSESS THE LARGER CONSUMER HARM THAT MAY HAVE OCCURRED FROM THE COMPANY**
2 **DENYING SERVICE TO CUSTOMERS.”¹⁴ HOW DO YOU RESPOND.**

3 **A.** First, CenturyLink QC denies that it failed to keep adequate or required records. This
4 assertion is simply unfounded. In making this allegation, Public Counsel is essentially
5 inventing new regulatory obligations they would like to see imposed on CenturyLink QC
6 and then faulting CenturyLink QC for not having already satisfied them. Here, Public
7 Counsel would like the Commission to create an “absolute” ILEC COLR obligation to
8 provide a 1,000 feet of free line extension to anybody who applies for service where
9 CenturyLink QC lacks facilities, but that is simply not what the rule requires.

10 It is ironic that as the FCC withdraws high-cost support for voice telephony and as
11 competitors increasingly displace CenturyLink QC in the voice telecommunications
12 market, Public Counsel argues the Commission should impose new service obligations, and
13 new record keeping and reporting burdens.

14 **VII. PUBLIC POLICY ISSUES**

15 **Q. Does MS. BALDWIN’S TESTIMONY ADDRESS A VARIETY OF PUBLIC POLICY ISSUES NOT**
16 **DIRECTLY PERTINENT TO THE COMPLAINT?**

17 **A.** Yes. Ms. Baldwin raises several issues tangential to the complaint that I will address in
18 case the Commission deems them relevant to its analysis of the complaint.

19 **A. PAHDs**

20 **Q. MS. BALDWIN ASSERTS. “AT MOST, CENTURYLINK’S PAHD TARIFF CONFLICTS WITH**
21 **STATUTE AND RULE. IN ANY INSTANCE OF POTENTIAL AMBIGUITY, HIGHER PRIORITY**

¹⁴ Baldwin, Exh. SMB-1T, page 26, line 6 to line 9.

1 **SHOULD BE GIVEN TO THE STATUTE AND ITS RULES THAN TO THE TARIFF.”¹⁵ DO YOU**
2 **AGREE?**

3 **A.** Ms. Baldwin does not identify the “potential ambiguity” between the statute, rule and
4 PAHD to which she refers but there is no conflict that needs to be resolved between the
5 PAHD and the statute and rule. CenturyLink QC’s PAHD is published in its Exchange and
6 Network Services Catalog No. 2. Nothing in the PAHD, which has been in effect since
7 1999, conflicts with the service on demand statute or the Commission’s extension of
8 service rule. The PAHD establishes the terms and conditions for the provision of facilities
9 to and within new areas of residential development, not terms and conditions for extending
10 service to individual customers. As I’ve already explained, the service on demand statute
11 does not establish entitlement to service and the extension of service rule establishes when
12 federal high-cost support recipients must provide up to 1000 feet of free line extension.
13 Ms. Baldwin erroneously concludes that the PAHD conflicts with the statute and rule based
14 on her erroneous argument that the statute and rule create an absolute obligation to serve
15 and an ILEC COLR obligation.

16 **Q. MS. BALDWIN ASSERTS THAT CENTURYLINK QC RELIES ON ITS PAHD TO JUSTIFY**
17 **REFUSING TO SERVE MR. SAUM.¹⁶ IS THIS CORRECT?**

18 **A.** No. CenturyLink QC relies on the development exclusion in the extension of service rule
19 to decline to provide up to 1,000 feet of line extension for free in developments.

¹⁵ Baldwin, Exh. SMB-1T, page 17, line 17.

¹⁶ Baldwin, Exh. SMB-1T, page 16, line 3 to page 17, line 5.

1 **Q. MS. BALDWIN STRONGLY DISAGREES THAT THE LINE EXTENSION RULE “NEGATES”**
2 **DEVELOPERS’ INCENTIVES TO ENTER INTO PAHD AGREEMENTS.¹⁷ DO YOU AGREE?**

3 **A.** This is a straw man argument. The question is not whether applying the extension of
4 service rule to a development would “negate” a developer’s incentive to enter into a
5 PAHD. The question is whether it would *reduce* those incentives. And the answer is that
6 it most certainly would.

7 CenturyLink QC already encounters developers who chose to not enter into a PAHD even
8 though the line extension requirement does not apply to developments. If the Commission
9 were to begin applying the line extension requirement to developments, the incentive to not
10 enter into a PAHD would only increase.

11 Developers decide whether to enter into a PAHD based on their estimate of the cost and
12 benefit of entering compared with the cost and benefit of not entering. If the Commission
13 were to begin applying the line extension rule to developments, the benefit to a developer
14 of entering into a PAHD would be lessened because buyers of lots would be less willing to
15 pay a price premium (to recover the cost of the PAHD) knowing they and their neighbors
16 can simply obtain 1,000 feet of line extension from CenturyLink QC for free.

17 **Q. WOULD PUBLIC COUNSEL’S POSITION REGARDING DEVELOPMENTS ESSENTIALLY**
18 **NEGATE AN IMPORTANT PROVISION IN THE RULE?**

19 **A.** Yes, it would. Public Counsel’s position would essentially negate the development
20 exception in the rule, as follows:

- 21
 - A customer not in a development gets up to 1,000 feet of free line extension.

¹⁷ Baldwin, Exh. SMB-1T, page 18, line 19 to page 17, line 5.

- 1 • Customer may aggregate their free 1,000 feet with other customers if the
2 construction follows the same path.
- 3 • A developer must (sometimes) pay for an extension of facilities, depending on the
4 economics of the development, with no free allowance.
- 5 • Public Counsel's proposal to extend the 1,000 feet allowance to developments after
6 construction is complete signals developers that they can avoid the cost of entering
7 into a PAHD with CenturyLink QC because every lot in the development gets
8 1,000 feet of free line extension and the free allowances can be aggregated.
- 9 • The result is that the development gets the line extension, directly in conflict with
10 the line extension rule and the exception for developments.

11 **Q. MS. BALDWIN ASSERTS: "IT WOULD BE INEQUITABLE TO TREAT A HOME THAT IS NOT**
12 **PART OF A DEVELOPMENT DIFFERENTLY FROM A HOME THAT IS INCLUDED IN A**
13 **DEVELOPMENT BASED ON WHETHER THE UNDERLYING DEVELOPER ENTERED INTO A**
14 **PAHD."**¹⁸ **DO YOU AGREE?**

15 **A.** No. The lack of CenturyLink QC facilities in a development will be reflected in the price
16 paid for the lot. All else being equal, some buyers will ascribe additional value to the
17 availability of CenturyLink QC facilities and be willing to pay more for a lot in a
18 development where the developer paid the cost of the PAHD. In developments where
19 CenturyLink QC facilities are not available because the developer has chosen to avoid the
20 cost of the PAHD, some buyers will not be willing to pay as much and the price of the lot
21 will be lower. It would be inequitable for a buyer who pays a lower price for a lot because

¹⁸ Baldwin, Exh. SMB-1T, page 19, lines 9 to 11.

1 it lacks CenturyLink QC facilities to then receive a line extension windfall because the
2 developer chose to avoid the cost of entering into a PAHD.

3 **Q. ARE THERE ANY OTHER CONSIDERATIONS REGARDING THE DIFFERENTIAL TREATMENT**
4 **BETWEEN CUSTOMERS IN DEVELOPMENT AND CUSTOMERS OUTSIDE OF DEVELOPMENTS?**

5
6 **A.** Yes, I understand there may be some concern that customers in very old developments
7 might not receive service because their lot is in a development. However, when those
8 developments were built, different rules applied, and CenturyLink QC typically deployed
9 facilities in all of those areas. So in older developments where CenturyLink QC facilities
10 were ubiquitously installed and are available, CenturyLink QC offers service. The
11 development issue centers around new developments established in a competitive market,
12 under the current rules.

13 **B. COMMISSION SHOULD FAVOR CONSUMERS**

14 **Q. MS. BALDWIN ARGUES: “ANY AMBIGUITY REGARDING CENTURYLINK’S OBLIGATIONS**
15 **SHOULD BE RESOLVED IN FAVOR OF THE CUSTOMER.”¹⁹ DO YOU AGREE?**

16 **A.** No. The Commission should not accept Ms. Baldwin’s admonishment to rest its thumb on
17 the scales of justice. Washington residents reap the benefit of a local telephone service
18 market open to competition while CenturyLink QC and other ILECs suffer financial harm
19 from that competition. CenturyLink QC’s residential access line count at the end of 2017
20 stood at 18 percent of the year end 2001 count. In 2017 CenturyLink QC generated only
21 19 percent of the inflation adjusted Washington jurisdiction revenue it generated in 2000.
22 Consumers who enjoy the benefit of such demonstrably robust competition should not

¹⁹ Baldwin, Exh. SMB-1T, page 19, lines 9 to 11.

1 expect the Commission to bias its decision making in favor of them and against
2 CenturyLink QC and other ILECs competing in this market.

3 **C. REGULATORY APPROVAL TO WITHDRAW**

4 **Q. MS. BALDWIN ARGUES THAT CENTURYLINK QC MUST OBTAIN REGULATORY APPROVAL**
5 **BEFORE WITHDRAWING FROM THE MARKET.²⁰ HOW DO YOU RESPOND?**

6 **A.** I agree. Ms. Baldwin claims that before CenturyLink QC can withdraw from the market it
7 must comply with withdrawal of service rules and orders. However, this case has nothing
8 to do with exiting the market. Instead, it deals with the narrow question of extending
9 facilities without compensation from the applicant to a lot in a development where the
10 developer chose to avoid the cost of entering into a PAHD.

11 **VIII. CONCLUSION**

12 **Q. PLEASE SUMMARIZE YOUR TESTIMONY.**

13 **A.** Contrary to Public Counsel's assertion, CenturyLink QC's denial of a free line extension to
14 a residence in a development did not violate WAC 480-120-071, the Commission's
15 extension of service rule or RCW 80.36.090, the "service on demand" statute. The current
16 development exception language in the extension of service rule, promulgated in 2008,
17 simply continues the Commission's longstanding policy that the cost of extensions to
18 developments should be borne by those who gain economic advantage from
19 development. The service on demand statute does not establish when a person is
20 reasonably entitled to facilities and service. The Commission's line extension rule
21 establishes reasonable entitlement as it applies only to new residential basic local exchange

²⁰ Baldwin, Exh. SMB-1T, page 8, line 20 to page 9, line 5.

1 service outside of developments; it does not establish reasonable entitlement to residential
2 service inside developments, to business service or service for temporary occupancy or
3 temporary service.

4 Contrary to Public Counsel's accusations, CenturyLink QC did not violate WAC 480-120-
5 349, the Commission's records retention rule which pertains to financial records or WAC
6 480-120-166, the commission's complaint retention rule. CenturyLink QC maintains
7 records of complaints going back two years and had Staff asked for a particular record,
8 CenturyLink QC could have produced it. CenturyLink QC's searchable database of
9 complaints did not, at that time, go back two years (it does now). But the rule does not
10 require that a carrier have a searchable database.

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

12 **A.** Yes.



PLEASE TYPE OR PRINT

REAL ESTATE EXCISE TAX AFFIDAVIT
CHAPTER 82.45 RCW - CHAPTER 458-61A WAC

Exh. PG-12

July 3, 2018

This form is your receipt
when stamped by cashier.**THIS AFFIDAVIT WILL NOT BE ACCEPTED UNLESS ALL AREAS ON ALL PAGES ARE FULLY COMPLETED**

(See back of last page for instructions)

☐ Check box if partial sale of property

If multiple owners, list percentage of ownership next to name.

1 SELLER GRANTOR	Name Avery Lane LLC, a Washington limited liability company	2 BUYER GRANTEE	Name Robert R Saum, Jr. and Shirley J Saum, husband and wife
	Mailing Address PO Box 822396		Mailing Address 15512 NE 79th Way
	City/State/Zip Vancouver, WA 98682		City/State/Zip Vancouver, WA 98682
	Phone No. (including area code) _____		Phone No. (including area code) _____
3	Send all property tax correspondence to: <input checked="" type="checkbox"/> Same as Buyer/Grantee	List all real and personal property tax parcel account numbers - check box if personal property	
Name _____		986039-196 <input type="checkbox"/>	
Mailing Address _____			
City/State/Zip _____			
Phone No. (including area code) _____			
		List assessed value(s)	
		\$0.00	

4 Street address of property: **15512 NE 79th Way, Vancouver, WA 98682**

The property is located in ☐ unincorporated _____ County OR within ☒ city of **Vancouver**

☐ Check box if any of the listed parcels are being segregated from another parcel, are part of a boundary line adjustment or parcels being merged.

Legal description of property (if more space is needed, you may attach a separate sheet to each page of the affidavit)

SEE EXHIBIT "A" ATTACHED HERETO AND MADE A PART HEREOF

5 Select Land Use Code(s): 11	7 List all personal property (tangible and intangible) included in selling price.
Enter any additional codes: _____ (See back of last page for instructions)	_____
Was the seller receiving a property tax exemption or deferral under chapters 84.36, 84.37, or 84.38 RCW (nonprofit organization, senior citizen, or disabled person, homeowner with limited income)? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	_____
6 YES NO	_____
Is this property designated as forest land per chapter 84.33 RCW? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	_____
Is this property classified as current use (open space, farm and agricultural, or timber) land per chapter 84.34 RCW? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	_____
Is this property receiving special valuation as historical property per chapter 84.26 RCW? <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	_____
If any answers are yes, complete as instructed below.	_____
(1) NOTICE OF CONTINUANCE (FOREST LAND OR CURRENT USE)	If claiming an exemption, list WAC number and reason for exemption:
NEW OWNER(S): To continue the current designation as forest land or classification as current use (open space, farm and agriculture, or timber) land, you must sign on (3) below. The county assessor must then determine if the land transferred continues to qualify and will indicate by signing below. If the land no longer qualifies or you do not wish to continue the designation or classification, it will be removed and the compensating or additional taxes will be due and payable by the seller or transferor at the time of sale. (RCW 84.33.140 or RCW 84.34.108). Prior to signing (3) below, you may contact your local county assessor for more information.	WAC No. (Section/Subsection) _____
This land <input type="checkbox"/> does <input type="checkbox"/> does not qualify for continuance.	Reason for exemption _____
DEPUTY ASSESSOR _____ DATE _____	Type of Document Statutory Warranty Deed
(2) NOTICE OF COMPLIANCE (HISTORIC PROPERTY)	Date of Document 12/19/16
NEW OWNER(S): To continue special valuation as historic property, sign (3) below. If the new owner(s) does not wish to continue, all additional tax calculated pursuant to Chapter 84.26 RCW, shall be due and payable by the seller or transferor at the time of sale.	Gross Selling Price \$ 326,069.30
(3) OWNER(S) SIGNATURE	*Personal Property (deduct) \$ 0.00
PRINT NAME _____	Exemption Claimed (deduct) \$ 0.00
	Taxable Selling Price \$ 326,069.30
	Excise Tax: State \$ 4,173.69
	Local \$ 1,630.34
	*Delinquent Interest: State \$ 0.00
	Local \$ 0.00
	*Delinquent Penalty \$ 0.00
	Subtotal \$ 5,804.03
	*State Technology Fee \$ 5.00
	*Affidavit Processing Fee \$ 0.00
	Total Due \$ 5,809.03
	A MINIMUM OF \$10.00 IS DUE IN FEE(S) AND/OR TAX
	*SEE INSTRUCTIONS

8 I CERTIFY UNDER PENALTY OF PERJURY THAT THE FOREGOING IS TRUE AND CORRECT.	
Signature of Grantor or Grantor's Agent Lacy Weed	Signature of Grantee or Grantee's Agent ROBERT R. SAUM JR.
Name (print) Lacy Weed	Name (print) ROBERT R. SAUM JR.
Date & city of signing Vancouver, 12-19-16	Date & city of signing 12/21/16 VANCOUVER, WA

Perjury: Perjury is a class C felony which is punishable by imprisonment in the state correctional institution for a maximum term of not more than five years, or by a fine in an amount fixed by the court of not more than five thousand dollars (\$5,000.00), or by both imprisonment and fine (RCW 9A.20.020 (1C)).

REV 84 0001a (6/26/14)

THIS SPACE - TREASURER'S USE ONLY

Escrow No.: 612838180-MM

- ☐
- County Treasurer
-
- ☐
- County Assessor
-
- ☐
- Dept. of Revenue
-
- ☐
- Taxpayer

EXHIBIT "A"

15512 NE 79th Way, Vancouver, WA 98682

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE OF VANCOUVER, COUNTY OF CLARK, STATE OF WASHINGTON AND IS DESCRIBED AS FOLLOWS:

Lot(s) 9, ANNA MARIE LANE SUBDIVISION, according to the plat thereof, recorded in Volume 311 of Plats, Page 831, records of Clark County, Washington.