

**BEFORE THE WASHINGTON STATE UTILITIES  
AND TRANSPORTATION COMMISSION**

In the Matter of the Joint Application of

QWEST COMMUNICATIONS  
INTERNATIONAL INC. AND  
CENTURYTEL, INC.

For Approval of Indirect Transfer of  
Control of Qwest Corporation, Qwest  
Communications Company LLC, and  
Qwest LD Corp.

DOCKET NO. UT-100820

PETITION FOR RELEASE OF FUNDS  
FROM BROADBAND ESCROW  
ACCOUNT AND ELIMINATION OF  
REQUIREMENTS FOR FUTURE  
ESCROW PAYMENTS

**PETITION FOR RELEASE OF FUNDS FROM BROADBAND ESCROW ACCOUNT  
AND ELIMINATION OF REQUIREMENTS FOR FUTURE ESCROW PAYMENTS**

- 1 CenturyLink hereby petitions the Commission for the release of all funds held in the \$30 million escrow account CenturyLink established for broadband, as required by the Commission in Paragraph 249 of its Order 14 in Docket UT-100820. CenturyLink specifically requests that the Commission release the \$30 million in the escrow account based upon CenturyLink's capital expenditures for broadband projects completed during the period from January 1, 2011 through December 31, 2011.
- 2 Further, based on CenturyLink's substantial progress in achieving its broadband commitment, CenturyLink seeks Commission approval to discontinue further payments into the broadband escrow account of \$25 million otherwise due on May 31, 2012<sup>1</sup> and \$25 million due on April 1, 2013.
- 3 In support of this request, CenturyLink is references Highly Confidential Attachment A to its Condition 14 compliance filing, also provided today, which provides information on

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<sup>1</sup> The Commission granted a sixty-day extension of the April 1, 2012 deadline on March 23, 2012

the broadband investment amounts expended in each CenturyLink wire center in calendar year 2011. As evidenced by this report, CenturyLink's 2011 broadband expenditures in Washington were well in excess of the \$30 million currently in the escrow account and justify timely release of the full \$30 million escrow amount. Further, the report demonstrates that CenturyLink's 2011 expenditures exceed the sum of the first two required escrow payments (\$30 million submitted in 2011 and \$25 million that would otherwise be due by May 31, 2012 for a total of \$55 million). Because CenturyLink's 2011 broadband expenditures already exceed the \$55 million total for the first two escrow payments, there is compelling evidence that CenturyLink is fully committed to satisfying its \$80 million broadband commitment and further payments to the escrow account are not warranted.

- 4 Order 14, Docket UT-100820, Paragraph 249 required CenturyLink to establish a broadband deployment escrow account as follows:

*. . . the combined company will establish an irrevocable escrow account within 30 days following the transaction's close and deposit the first annual payment, in the amount of \$30 million, in the escrow account immediately thereafter. The next two payments, in the amount of \$25 million each, shall be deposited on the transaction's anniversary dates in 2012 and 2013.*

On April 29, 2011, the Commission issued a notice staying the first installment of the escrow requirement until June 1, 2011. On May 31, 2011, the Commission issued a notice further staying the first installment of the escrow requirement until June 10, 2011. On June 9, 2011, the Commission issued its final stay of the first installment of the escrow requirement until June 16, 2011. CenturyLink deposited the first installment of \$30 million with the escrow agent on June 16, 2011.

- 5 Order 14, Docket UT-100820, Paragraph 250 established the provisions for seeking reimbursement from the escrow as follows:

*All funds deposited in escrow are to be controlled by a third-party escrow agent that will be instructed to release monies only upon written authorization from the Commission. The combined company may petition the Commission on a quarterly basis for reimbursement of expenses relating to broadband investment that has been deployed in Washington. As with the earlier Verizon/Frontier transaction, we will review the combined company's quarterly petitions and accompanying documentation in order to alert the escrow agent whether the request for reimbursement is authorized.*

This petition represents CenturyLink's first request for reimbursement from the escrow account.

6 Highly Confidential Attachment A to CenturyLink's compliance filing provides information on CenturyLink's broadband expenditures for the period of January 1, 2011 through December 31, 2011. Information is provided by wire center and includes the capital expenditures for the period as well as data on unserved and underserved units impacted by the broadband expenditures and beginning and ending broadband availability percentages.

7 CenturyLink has committed to the deployment of broadband in Washington. In condition 14 of Appendix A to the Settlement Agreement with the Commission Staff and Public Counsel, accepted by the Commission in Order 14 in Docket UT-100820, CenturyLink committed to invest no less than \$80 million dollars in retail broadband infrastructure in Washington over a five year period, beginning January 1, 2011. As evidenced by Highly Confidential Attachment A, CenturyLink has made significant progress towards completion of this commitment, fully justifying the release of the entire \$30 million currently held in the broadband escrow.

8 CenturyLink made expenditures of over \$57 million for expansion of fiber based high speed internet services in 2011. This investment was across 187 of the 227 wire centers and included remote terminal expansion and upgrades, as well as feeder infrastructure,

supporting transport and switching. This infrastructure provides the framework for continued future expansions. A significant portion of the 2011 investment upgraded high speed internet service for unserved and underserved living units. The component of investment directed towards unserved and underserved living units was over \$18 million resulting in a significant number living units with improved enablement. CenturyLink is prepared to provide project level information for a select sample of projects specifically requested for additional review by Commission Staff.

9 CenturyLink requests that the Commission expeditiously complete its review and authorize release of the full \$30 million currently held in the broadband escrow account. CenturyLink has made significant progress in completing its broadband commitment and has increased the availability of broadband service to unserved and underserved areas, providing positive public benefits to its Washington customers. This broadband expansion provides a high speed connection to the world which supports economic development, entrepreneurship (including work-at-home as well as home-based businesses), local government, education and health and human services (including telemedicine and enhanced rural health care). Timely release of the monies currently held in the broadband escrow will allow CenturyLink to continue the expansion and improvement of its broadband network in Washington and such action will provide public benefit to Washington customers.

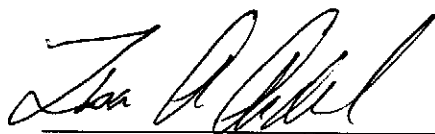
10 CenturyLink further requests the Commission eliminate the existing requirement to make additional broadband escrow payments of \$25 million otherwise due on May 31, 2012 and \$25 million due on April 1, 2013. In establishing the requirement that CenturyLink establish a broadband escrow fund and make three payments totaling the full amount of CenturyLink's \$80 million Washington broadband commitment, the Commission indicated that an escrow account was necessary to “. . . ensure that the entire Washington broadband commitment will be met and met wisely” and to “. . . ensure that the combined

company will not be distracted by similar commitments it has made in other states.”  
Based on CenturyLink’s substantial progress in 2011 in meeting its Washington broadband commitment, as evidenced by the information presented in Highly Confidential Attachment A, there is substantial evidence that a broadband escrow fund is not required to ensure that CenturyLink will meet its Washington broadband commitment and will not be distracted by similar commitments made in other states. In fact, CenturyLink’s 2011 Washington broadband expenditures as detailed in Highly Confidential Attachment A totaled over \$57 million, which already exceeds the sum of the first two broadband escrow installments of \$55 million (\$30 million submitted in 2011 and \$25 million which would otherwise be due on May 31, 2012).

11 For the foregoing reasons, the Commission should approve this petition for the release of \$30 million in escrow funds established for the purpose of broadband deployment in Washington. Further, based on CenturyLink’s substantial progress in 2011 in achieving its broadband commitment, the Commission should approve CenturyLink’s request to discontinue existing requirements to make additional broadband escrow payments of \$25 million otherwise due on May 31, 2012 and \$25 million due on April 1, 2013.

12 Respectfully submitted this 30<sup>th</sup> day of March, 2012.

CENTURYLINK



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