

CenturyLink Washington
Summary of Broadband Commitment Progress
March 28, 2013

Broadband Commitment and Reporting Requirements

In compliance with condition 14 of the Settlement Agreement between CenturyLink, Commission Staff and Public Counsel, adopted by the Commission in its Order 14 in Docket UT-100820, CenturyLink provides the attached reports summarizing the company's progress towards its merger broadband commitment. Specifically, CenturyLink committed in condition 14 to the following:

In addition to the Qwest AFOR and CenturyTel/Embarq merger broadband commitments, CenturyLink shall invest no less than \$80,000,000 (eighty million dollars) in retail broadband infrastructure in Washington over a five year period, beginning January 1, 2011. No less than thirty-three percent (33%) of this amount shall be invested in unserved and underserved areas. In addition to the 33% of the total investment that is directed to unserved and underserved areas, CenturyLink will enable broadband in the following CenturyLink central offices: Clearwater, Glenwood, Willard, Nespelem, and Eureka. This investment will count toward the \$80,000,000 total.

For purposes of this Settlement Agreement, "unserved" means either an area that has no wireline broadband service from any carrier, or no wireline service available from the CenturyLink ILECs or Qwest; "underserved" means an area with wireline broadband service but only at download speeds of 4 Mbps and upload speeds of 1 Mbps or less; and "area" means one or more living units. CenturyLink may invest less than thirty-three (33%) of the total amount in unserved or underserved areas with Commission approval, after a showing that such investments would not be appropriate based on deployment costs, availability of other broadband services in those areas or other pertinent factors, but any such Commission approval shall not impact the total amount of the commitment.

Condition 14 establishes requirements for annual reporting of broadband deployment plan progress as follows:

For a period of five years, or until all capital commitments have been expended under this condition, CenturyLink will file with the Commission annually on the anniversary of the Transaction's close a confidential written report on the broadband deployment by wire center accomplished in the previous year, including the expenditure per wire center, the number of living units enabled or upgraded as to speed, and the broadband speeds available in each wire center.

CenturyLink will file with the Commission, with copies to Commission Staff and Public Counsel, a plan for broadband deployment annually, to begin within 60 days of the

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anniversary date of the closing of the Transaction and thereafter submitted on the anniversary of the Transaction's closing date, including the number of living units to be enabled or upgraded.

Annual Report of Broadband Deployment Progress (Attachment A)

In compliance with the annual reporting requirements for broadband deployment accomplished in the previous year, CenturyLink submits HIGHLY CONFIDENTIAL Attachment A. This report provides information reflecting broadband deployment progress accomplished in calendar year 2012 including:

- Broadband capital expenditures by wire center.
- Broadband capital expenditures by wire center directed to unserved/underserved areas.
- Living units enabled or upgraded.
- The change in unserved living units attributable to the 2012 broadband deployment projects completed.
- Beginning and ending broadband availability statistics by wire center.
- Ending unserved and underserved living unit counts by wire center.
- Broadband speeds available in each wire center.

Highlights of the broadband deployment progress achieved in 2012 as reflected on Attachment A include:

- Total broadband capital of over \$58 million was expended in 2012. When coupled with the \$57 million spent in 2011, CenturyLink has exceeded the \$80 million, five-year commitment by \$35 million in only two years.
- Broadband investments were made in 190 of CenturyLink's 228 Washington wire centers and included remote terminal expansion and upgrades, as well as feeder infrastructure, supporting transport and switching.
- Broadband capital of approximately \$14.7 million was directed towards unserved and underserved areas in 2012. When coupled with the \$18 million directed towards unserved and underserved areas in 2011, CenturyLink has exceeded the five-year unserved/underserved commitment of \$26.4 million (33% of the \$80 million total commitment) by \$6.3 million in only two years.
- A significant number of previously unserved or underserved units were enabled or upgraded.
- Broadband availability increased from 90% to 92%.
- The commitment to enable broadband in the Glenwood central office was completed.

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Annual Report of Broadband Deployment Plans (Attachment B)

In compliance with the annual reporting requirements for broadband deployment plans for coming year, CenturyLink submits HIGHLY CONFIDENTIAL Attachment B. This report provides information reflecting broadband deployment plans for 2013 including:

- Beginning unserved and underserved living units by wire center.
- Beginning broadband availability statistics by wire center.
- Unserved and underserved living units estimated for enablement or upgrade based on 2013 broadband deployment plans.
- Estimated ending broadband availability statistics.
- The plan does not attempt to forecast augmentation and growth of the existing broadband network. The plan is CenturyLink's best view at this time, and is subject to change.

Status of Additional Deployment Commitment for 2012 (Attachment C)

In a July 11, 2012 letter to the Commission, CenturyLink communicated an additional commitment to expand broadband availability in 18 specific wire centers in 2012. HIGHLY CONFIDENTIAL Attachment C provides information concerning CenturyLink's completion of this additional commitment during 2012.

Conclusion

As outlined above and detailed in Attachments A, B and C, as of December 31, 2012, CenturyLink has completed all of the requirements of its merger broadband commitment as outlined in Condition 14 with one exception. The only merger broadband commitment remaining to be completed is to deploy broadband in the Clearwater and Eureka central offices. Projects to accomplish this remaining commitment are scheduled for 2013.