



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • TTY (360) 586-8203

June 26, 2018

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Park Dr. SW
P. O. Box 47250
Olympia, Washington 98504-7250

RE: CenturyLink Compliance Condition 5.1 for 2018
Docket UT-170042

Dear Mr. Johnson:

On July 7, 2017, the Washington Utilities and Transportation Commission (Commission) entered Order 03, “ORDER APPROVING SETTLEMENT AGREEMENT AND TRANSACTION AND GRANTING LIMITED WAIVER OF WAC 480-07-160,” (Order 03) in the above-referenced docket. Order 03, among other things, required CenturyLink (Company) to submit reports to the Commission on May 1 of 2018, 2019, and 2020 detailing the regulated network maintenance expense for the prior calendar year for each of the Company’s incumbent local exchange carriers (ILECs) in Washington. The report will include an explanation for any decline in an ILEC’s maintenance expense per access line from the levels in 2014-16.¹

BACKGROUND

On May 1, 2018, CenturyLink filed an initial compliance report detailing the regulated network maintenance expense for the 2017 calendar year for each of the Company’s five incumbent local exchange carriers (ILECs) in Washington. The initial report included an explanation for the decline(s) in two of the ILECs’ maintenance expense per access line calculations, compared to the previous three-year average baseline levels for those two companies. The initial report was filed as, “*Confidential Pursuant to Protective Order in Docket UT-170042.*”

On May 8, 2018, UTC Staff sent an e-mail to the Company asking follow-up questions regarding CenturyLink’s explanation for the declines experienced in two of the companies, in order to better understand and clarify the explanation provided.

¹ Order ¶58 and Settlement, Exh. JP-1 § 5.1.

On May 22, 2018, CenturyLink filed a Supplemental (First Revised) compliance report correcting errors in its maintenance expenses, answering UTC Staff's questions, and updating the Company's explanation attempting to reflect the correction of these errors from its initial report. The First Revised report was also filed as, "*Confidential Pursuant to Protective Order in Docket UT-170042*." This new explanation for the decline applied to one company, as follows:

"[The] total WA expenses for 2017 are slightly higher than the 3 year average expenditures in the state. With the declining access lines, maintenance expense per line in WA is higher than the equivalent 3 year average. While the average maintenance expense per access line declined slightly for CenturyTel of Cowiche, it has been more than offset by the increase for Qwest Corporation (WA)'s operations."

Even though UTC Staff found the First Revised compliance report to be an improvement over the initial report; the explanation still appeared to be lacking as to the reason for CenturyTel of Cowiche's 2017 results. Therefore, after a telephone call discussion CenturyLink agreed to refile the report a second time in order to improve its explanation and remove other superfluous information.

On June 25, 2018, CenturyLink filed a Second Supplemental (Second Revised) compliance report (also filed as, "*Confidential Pursuant to Protective Order in Docket UT-170042*") that included the required data along with the following [improved] two paragraph explanation:

"The 2017 maintenance expense per access line was greater than the 3-year average for each company except Cowiche. For Cowiche, the expense per line was less than the 3-year average but was greater than in 2016. For a small company such as Cowiche with a small number of lines, changes to the average can be driven by relatively small events or issues.

Further, CenturyLink reviewed the trouble reports for Cowiche for 2017 and has confirmed that for each month in 2017 the company met the standard in WAC 480-120-438 that trouble reports by central office must not exceed four trouble reports per one hundred access lines per month for two consecutive months, or per month for four months in any one twelve-month period. This confirms that the lower maintenance expense did not result in excess trouble reports, and suggests that maintenance expense might have been lower simply because there were a small number of maintenance issues in 2017."

ANALYSIS

UTC Staff is now satisfied that CenturyLink has complied with both the spirit and the letter of Condition 5.1, for the year end December 31, 2017, (both data and explanation) as filed in the Company's Second Revised compliance report received on June 25, 2018.

RECOMMENDATION

UTC Staff recommends that the Commission issue a compliance acknowledgement letter recognizing that CenturyLink has complied with its obligation to file the first (out of three) annual maintenance expense reports under settlement condition 5.1. which states in part, “If the annual maintenance expense per access line of *any of the [five] Washington ILECs* is less than the expense incurred per access line for the years 2014 through 2016, CenturyLink will provide an explanation of the *variance*.” [*Emphasis added.*]

Sincerely,

Tim Zawislak
Regulatory Analyst

Jing Roth
Assistant Director – Telecommunications