

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,

Complainant,

v.

QWEST CORPORATION D/B/A  
CENTURYLINK QC AND  
CENTURYTEL OF WASHINGTON,  
D/B/A CENTURYLINK,

Respondent.

DOCKET UT-121986

NARRATIVE SUPPORTING  
SETTLEMENT AGREEMENT

**I. INTRODUCTION**

*I.* This Narrative Supporting Settlement Agreement (Narrative) is filed pursuant to Washington Administrative Code (WAC) 480-07-740(2)(a), and the Commission's Notice Suspending Procedural Schedule and Notice Cancelling Hearing issued on June 18, 2014, on behalf of both the Staff of the Washington Utilities and Transportation Commission (Staff) and Qwest Corporation d/b/a CenturyLink QC, and CenturyTel of Washington, d/b/a CenturyLink (CenturyLink) (collectively, "the Parties"). Both parties have signed the settlement agreement (Agreement), which is being filed concurrently with this Narrative, along with a letter setting forth the Parties' suggestions and preferences for review of the settlement. This Narrative supports and explains the Agreement. It is not intended to modify any terms of the Agreement.

## II. PROPOSALS FOR REVIEW PROCEDURE

2           The Parties submit that this matter is considerably less complex than a general rate proceeding and request that review proceed on a timetable for less complex matters, as provided in WAC 480-07-740(1)(b). To the knowledge of either party, there are no opponents of the settlement. Because of the less complex nature of this matter and the uncontested status of the settlement, the Parties concur that a formal settlement hearing along with the opportunity for public comment are unnecessary in this case.

3           The Parties do not intend to file documentation supporting the Agreement, with the exception of the Agreement itself and this Narrative. If the Commission requires supporting documents beyond the Agreement, Narrative, and the other documents on file in this docket, the Parties will provide documentation as needed.

4           In keeping with WAC 480-07-740(2)(b), the Parties are prepared to present one or more witnesses each to testify in support of the proposal and answer questions concerning the Agreement's details, and its costs and benefits, should such testimony be required. In addition, representatives of both Parties are available to respond to any questions that the Commission may have regarding the proposed settlement.

5           The Parties request a streamlined review of the proposed settlement. To that end, the Parties would prefer an informal review on a paper record. In accordance with WAC 480-07-730, the Parties propose the foregoing procedural alternatives for review of the proposed settlement agreement.

### III. SCOPE OF THE UNDERLYING DISPUTE

6           The underlying dispute concerns a complaint for penalties issued by the Washington  
Utilities and Transportation Commission (Commission) against CenturyLink. Beginning in  
2012, and concluding in 2013, Staff conducted a follow-up compliance investigation of  
CenturyLink based on consumer complaints filed against CenturyLink between September  
1, 2011, and August 31, 2012, to determine whether CenturyLink had improved its  
compliance with statutes and rules enforced by the Commission. Staff's investigation,  
which incorporated the consumer-complaint investigations, found violations of various  
consumer protection laws and rules, including laws and rules related to billing. The  
Commission issued a complaint on March 19, 2014, in which Staff requested penalties based  
on alleged violations of Commission statutes and rules related to billing issues.

7           Following a prehearing conference, at which the Commission set a procedural  
schedule, the Parties negotiated and subsequently reached a full settlement of the issues in  
dispute. The Parties notified the Commission of their settlement in principle, and the  
Commission suspended the procedural schedule by notice issued June 18, 2014.

### IV. DESCRIPTION OF PROPOSED SETTLEMENT

8           The settlement resolves all of the issues in dispute. CenturyLink admits that there  
were billing errors and that it violated WAC 480-120-161, and agrees to pay a \$31,300  
penalty within 30 days after the Commission approves the Agreement. In addition, the  
Agreement memorializes a number of customer billing commitments by CenturyLink, such  
as its plans to implement improvements in its billing system in the 4<sup>th</sup> quarter of 2014, which  
will mechanize the tax table updates and reduce the likelihood of billing errors related to  
taxes. The Agreement acknowledges that CenturyLink has instituted changes in its IT

system to eliminate the underlying cause of FUSF errors. The agreement also contains CenturyLink's commitments related to customer service, which includes regular new hire, annual, and periodic training, online tools, individual and group coaching, and quality assurance observation. Staff will continue to monitor CenturyLink's compliance with service quality laws and rules, and will initiate appropriate enforcement action should a pattern of noncompliance emerge.

#### **V. STATEMENT OF PARTIES' INTERESTS AND THE PUBLIC INTEREST**

9 As stated in the Agreement, the settlement represents a compromise of the positions of the two parties. The parties find it is in their best interests to avoid the expense, inconvenience, uncertainty, and delay inherent in a litigated outcome. Likewise, it is in the public interest that this dispute concludes without the further expenditure of public resources on litigation expenses.

10 The Commission will receive a substantial penalty without expending resources on litigation. CenturyLink has admitted violations. CenturyLink has implemented changes to its Information Technology system designed to eliminate the causes of prior FUSF billing errors such that they will not reoccur. Moreover, CenturyLink's commitment to implement improvements to its billing system in 2014 is expected to reduce the likelihood of billing errors related to taxes, another major issue found in Staff's investigation. CenturyLink's ongoing commitments to customer service training will benefit customers. Customers and the Commission will also benefit from Staff continuing to actively monitor CenturyLink's compliance with service quality laws and rules.

**VI. LEGAL POINTS THAT BEAR ON PROPOSED SETTLEMENT**

11 In WAC 480-07-700, the Commission states its support for parties' informal efforts to resolve disputes without the need for contested hearings when doing so is lawful and consistent with the public interest. The parties have resolved all of the issues in dispute between them, and their resolution complies with Commission rules and, as explained above, is consistent with the public interest.


**VII. CONCLUSION**


12 Because the parties have negotiated a compromise on all of the issues in this dispute and because the settlement is in the public interest, both parties request that the Commission issue an order approving the Agreement in full.

Respectfully submitted this 2<sup>nd</sup> day of July, 2014.

ROBERT W. FERGUSON  
Attorney General

CENTURYLINK

  
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