



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

621 Woodland Square Loop S.E. • Lacey, Washington 98503

P.O. Box 47250 • Olympia, Washington 98504-7250

(360) 664-1160 • TTY 1-800-833-6384 or 711

Nov. 16, 2021

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: CenturyLink Communications LLC, Docket UT-200982 City Tax Investigation

Dear Amanda Maxwell:

Between June and November 2019, Utilities and Transportation Commission (Commission) staff received four informal consumer complaints related to CenturyLink Communications LLC's (CenturyLink or Company) billing practices, specifically incorrectly charging city tax rates to customers located in unincorporated areas. Three of the four informal consumer complaints were consumer upheld, with one resulting in a customer refund of more than \$700 as staff found CenturyLink improperly assessed a city tax to a customer's account since 1996.

On May 6, 2020, staff opened an investigation in Docket UT-200982 and on May 27, 2020, staff sent the Company a data request for documents and information related to billing data for customers located in unincorporated areas, customer complaint records, and CenturyLink's policy on applying tax rates related to the geography of the service address.

CenturyLink provided staff all requested documents and information except for customer billing data. During discussions with staff, CenturyLink expressed concerns with providing customer specific information, citing 18 U.S.C § 2703(c)(2).

On Oct. 5, 2020, staff, Commission counsel, and representatives of CenturyLink held a meeting to discuss next steps and after consultation from counsel, staff paused the investigation until further discussions could be conducted regarding how to legally proceed.

On March 23, 2021, due to the potential legal ramifications of possessing customer data defined in 18 U.S.C § 2703(c)(2), staff requested CenturyLink perform an audit of three Washington state zip codes to ensure customers were being charged the correct tax rate based on their service address. Staff provided the three zip codes for CenturyLink to review based on prior consumer complaints.

On June 30, 2021, CenturyLink provided staff with its audit findings. CenturyLink reviewed approximately 11,899 customer addresses located within the three zip codes and found 2.2 percent, or about 261 customers, were billed a city tax rate despite having a service address in an unincorporated area. The Company found the tax rate inconsistency led to some customers being over billed and some being under billed.

Although CenturyLink was unable to exclusively identify the cause of the billing errors, it provided the following list of potential scenarios that it believes may have contributed:

- New construction areas not yet assigned geocodes
- Error of manual geocode entry
- System updates for new geocodes not occurring

Based on its findings, CenturyLink said it corrected all geocode inaccuracies within the three zip codes and expanded its review to include all customers within the state of Washington. In its expanded review, CenturyLink found an additional 2,446 customers who were billed a city tax rate despite having a service address in an unincorporated area.

As a result of this investigation, CenturyLink committed to implementing an internal nightly process that will review all existing accounts to ensure accurate geocodes. If any geocode errors are detected, they will be flagged and manually corrected. The Company said this process will be completed and initiated by the end of November 2021.

Additionally, CenturyLink said it processed courtesy credits for 2,300 customers who were incorrectly charged a city tax. Those customers will see credits on their bills in October and November 2021, depending on the customer's bill date. The Company did not provide the credit amount issued to each customer, or the overall total credit amount. The Company did say it went back one year from the audit date and provided credits for all improperly charged city tax rates charged during that timeframe.

Given the Company's commitment to implementing an internal process to ensure geocodes errors are corrected and issuing credits to all customers, statewide, who were improperly charged city tax rates, staff recommends closing the docket without further action. Staff will

Amanda Maxwell
Nov. 16, 2021
Page 3

request the Company follow-up with Consumer Protection when it has fulfilled the above commitments and provide a report at the next bi-annual meeting between the Company and Commission staff.

Sincerely,

/s/ Anna Gill

Anna Gill
Consumer Protection and Communications Director

Cc: Sally Brown