

**BEFORE THE WASHINGTON
UTILITIES & TRANSPORTATION COMMISSION**

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION,

Complainant,

v.

THE CENTRUYLINK COMPANIES - QWEST CORPORATION; CENTURYTEL OF
WASHINGTON; CENTURYTEL OF INTERISLAND; CENTURYTEL OF
COWICHE; AND UNITED TELEPHONE COMPANY OF THE NORTHWEST

Respondent.

DOCKET UT-240029

**CROSS-EXAMINATION EXHIBIT OF PETER J. GOSE
ON BEHALF OF THE
WASHINGTON STATE OFFICE OF THE ATTORNEY GENERAL
PUBLIC COUNSEL UNIT**

EXHIBIT PJG-__XC

Testimony of James D. Webber Exh. JDW-1CT, *WUTC v. CenturyLink*, Docket UT-
240029 (filed Apr. 3, 2024).

July 15, 2024

**SHADED INFORMATION IS DESIGNATED AS CONFIDENTIAL
PER WAC 480-07-160**

**Exh. JDW-1CT
Docket UT-240029
Witness: John D. Webber
REDACTED**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of the

**QWEST CORPORATION;
CENTURYTEL OF WASHINGTON;
CENTURYTEL OF INTERISLAND;
CENTURYTEL OF COWICHE; AND
UNITED TELEPHONE COMPANY OF
THE NORTHWEST**

**to be Competitively Classified Pursuant
to RCW 80.36.320**

DOCKET UT-181051

TESTIMONY OF

JAMES D. WEBBER

**ON BEHALF OF STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

Telecommunications policy, Competition, Affordability, Quality of service

April 3, 2024

TABLE OF CONTENTS

I. INTRODUCTION 1

II. SCOPE AND SUMMARY OF TESTIMONY 4

III. CENTURYLINK COMPANIES’ REQUEST FOR COMPETITIVE RECLASSIFICATION 7

IV. RCW 80.36.320 AND EFFECTIVE COMPETITION 11

V. CENTURYLINK’S CLAIMS ABOUT AVAILABLE SERVICE PROVIDERS WHO CAN PROVIDE FUNCTIONAL EQUIVALENT OR SUBSTITUTE SERVICES FOR ITS BASIC LOCAL EXCHANGE SERVICES 14

VI. STAFF’S ENHANCED, COMPETITION STUDY SHOWS REASONABLY PRICED COMPETITIVE ALTERNATIVES ARE NOT UBIQUITOUSLY AVAILABLE 30

VII. ASSESSMENT OF THE CENTURYLINK ILEC’S PRICING FOR BLES AND SERVICE QUALITY PERFORMANCE 38

List of Tables

Table 1: Indication of Concentration by CenturyLink Company as of March 2024 38

Table 2: Summary of Trouble Tickets by Customer Category—Qwest Corp..... 49

Table 3: Trouble Tickets for One Residential Customer in the Longview-Kelso Exchange 51

Table 4: Longview-Kelso Subscribers Experiencing Chronic Troubles on Their Telephone Line 54

Table 5: Worst-Performing Qwest Corp. Wire Centers Ranked by Chronic Troubles 58

Table 6: Summary of trouble Tickets by Customer Category—CTEL 61

Table 7: Trouble Tickets for a residential Customer in the Odessa Exchange 63

LIST OF EXHIBITS

Exhibit JDW-2	JDW Curriculum Vitae
Exhibit JDW-3	Responses to Staff 56-57, Supplemental Responses to 19, 47-48
Exhibit JDW-4	Order No.4 in UT-130477
Exhibit JDW-5	Reasonable Comparability Benchmark Notice
Exhibit JDW-6C	Market Concentration and Other Level Metrics
Exhibit JDW-7	Trouble Ticket Codes
Exhibit JDW-8C	Trouble Ticket Histories QC – LV
Exhibit JDW-9C	Confidential Trouble Ticket Counts QC 5 Tickets, Longview
Exhibit JDW-10C	Confidential (Trouble Tickets Histories CTEL > 5 Tickets
Exhibit JDW-11C	Confidential (Trouble Tickets Counts CTEL 5
Exhibit JDW-12C	Confidential (Trouble Tickets Counts CTEL – Inter Island
Exhibit JDW-13C	Confidential (Trouble Tickets Counts CTEL Inter Island > 5
Exhibit JDW-14C	Confidential (Trouble Tickets Counts CTEL – Cowiche
Exhibit JDW-15C	Confidential (Trouble Tickets Counts United – Northwest
Exhibit JDW-16C	Confidential Responses to Staff 58 and 59
Exhibit JDW-17C	CenturyTel of Northwest Troubles Tickets >5
Exhibit JDW-18	Staff's Response to Data Request No.10
Exhibit JDW-19	CenturyLink Rate Changes During AFOR

I. INTRODUCTION

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

Q. Please state your name and business address.

A. My name is James D. Webber. My business address is 4240 Colton Circle,
Naperville, Illinois 60564.

Q. By whom are you employed and in what capacity?

A. I am employed by QSI Consulting, Inc. (“QSI”) where I am Partner and serve as
Senior Vice President.

Q. How long have you been employed by QSI?

A. I have been employed by QSI for twenty years. I joined the firm in 2003 as a Senior
Consultant and became a Senior Vice President and Partner in 2007.

Q. Would you please state your educational and professional background?

A. I earned Bachelor of Science in Economics and Business Administration in 1990 and
a Master of Science in Economics in 1993 from Illinois State University. I have
nearly 30 years of experience in the regulated utilities industry, with a majority of
my time focused on competitive issues within the telecommunications sector. As I
discuss below, I have been employed as a State Public Utility Commission (“PUC”)
staff analyst and manager; I have consulted for numerous companies in the
communication sector, been employed by both large and small communications

1 services providers, and as outlined in my curriculum vitae¹, I co-founded and
2 managed an enhanced service provider and was a member-manager of a developing
3 Competitive Local Exchange Carrier (“CLEC”).

4 I have testified before the Federal Communications Commission (“FCC”),
5 PUCs, arbitrators, and state and federal courts throughout the United States on a
6 multitude of topics, including telecommunications business processes and practices,
7 cost methodologies, economic damages, interconnection, pricing, and public policy.

8 Prior to joining QSI in 2003, I was employed by ATX/CoreComm as the
9 Director of External Affairs. In that capacity, my responsibilities included:
10 management and negotiation of interconnection agreements and other contracts with
11 other telecommunications carriers; management and resolution of operational
12 impediments (such as the unavailability of shared transport for purposes of
13 intraLATA toll traffic, or continual problems associated with failed hot-cut
14 processes) arising from relationships with other carriers; management of financial
15 disputes with other carriers; design and implementation of cost minimization
16 initiatives; design and implementation of legal and regulatory strategies; and,
17 management of the company’s tariff and regulatory compliance filings. I was also
18 involved in the company’s business modeling as it related to the use of Resale
19 services, and Unbundled Network Elements (“UNEs”), e.g. UNE-Loops and UNE-
20 Platform.

¹ Exhibit JDW-2.

1 Before joining ATX/CoreComm, I was employed by AT&T from November
2 1997 to October 2000, where I held positions within the company’s Local Services
3 and Access Management organization and its Law and Government Affairs
4 organization. As a District Manager within the Local Services and Access
5 Management organization I had responsibilities over local interconnection and
6 billing assurance. Prior to that position, I had served as a District Manager – Law
7 and Government Affairs, where I was responsible for implementing AT&T’s policy
8 initiatives at the state level.

9 Prior to joining AT&T, I was employed (July 1996 to November 1997) as a
10 Senior Consultant with Competitive Strategies Group, Ltd. ("CSG"), a Chicago-
11 based consulting firm that specialized in competitive issues in the
12 telecommunications industry. While working for CSG, I provided expert consulting
13 services to a diverse group of clients, including telecommunications carriers and
14 financial services firms.

15 From 1994 to 1996, I was employed by the Illinois Commerce Commission
16 ("ICC") where I served as an economic analyst and, ultimately, as manager of the
17 Telecommunications Division's Rates Section. In addition to my supervisory
18 responsibilities, I worked closely with the ICC’s engineering department to review
19 Local Exchange Carriers' – and to a lesser extent Interexchange Carriers' ("IXCs")
20 and CLECs' -- tariffed and contractual offerings as well as the supporting cost,
21 imputation, and aggregate revenue data.

22 From 1992 to 1994, I was employed by the Illinois Department of Energy
23 and Natural Resources, where I was responsible for modeling electricity and natural

1 gas consumption and analyzing the potential for demand side management programs
2 to offset growth in the demand for, and consumption of, energy. In addition, I was
3 responsible for analyzing policy options regarding Illinois' compliance with
4 environmental legislation.

5

6 **II. SCOPE AND SUMMARY OF TESTIMONY**

7

8 **Q. On whose behalf was this testimony prepared?**

9 A. I am providing this testimony on behalf of Staff of the Washington Utilities and
10 Transportation Commission (“WUTC Staff,” “Commission Staff,” or “Staff”).

11

12 **Q. Please describe the scope and purpose of your testimony?**

13 A. I have been asked to review the CenturyLink Companies’ Petition for Competitive
14 Classification² and its supporting testimony.³ The scope and purpose of my
15 testimony, then, is to evaluate the Petition and to offer an opinion on the following:
16 (1) the CenturyLink Companies’ performance under their current Alternative Form
17 of Regulation (“AFOR”)⁴ and the inferences that performance allows as to whether
18 they face effective competition, as alleged; and (2) the claims by CenturyLink

² See In re the Petition of THE CENTURYLINK COMPANIES – QWEST CORPORATION;
CENTURYTEL OF WASHINGTON; CENTURYTEL OF INTERISLAND; CENTURYTEL OF
COWICHE AND UNITED TELEPHONE COMPANY OF THE NORTHWEST To be Competitively
Classified Pursuant to RCW 80.36.320, Docket UT-240029, Petition (Jan. 8, 2024) (“Petition”). I shall refer
to this as the Petition and to the constituent CenturyLink companies collectively as alternatively the
CenturyLink Companies, the Companies, Company or CenturyLink.

³ See Gose, Exh. PJG-1T through PJG-29; Weisman, Exh. DLW-1T through DLW-2.

⁴ See Exhibit JDW-4 (the AFOR is attached as Exhibit A).

1 Companies as to the degree of competition it experiences. With respect to the latter, I
2 will discuss Staff’s analysis comprising a more granular competition study⁵ that
3 better captures variations in competitiveness across CenturyLink’s serves territory.

4 I am not an attorney and none of my testimony should be considered as legal
5 opinions and/or legal advice. Rather, to the extent I discuss statutory requirements
6 and administrative rules, I apply them as a non-attorney based on my education,
7 training, and industry experience to put the Petition into an informative institutional
8 and theoretical context that may assist the Administrative Law Judge and, ultimately,
9 the Commission, in their determinations.

10

11 **Q. Mr. Webber, can you please summarize your testimony?**

12 A. Yes. I discuss that since CenturyLink’s most recent AFOR was implemented, its
13 prices for both business and residential basic local exchange services (BLES) or
14 Plain Old Telephone Service (POTS) have *increased* while its service quality has
15 *declined*. In fact, CenturyLink’s service quality has been among the worst in the
16 state of Washington and, moreover, appears to be on a downward trend—i.e., it is
17 getting worse. These developments would generally be at odds with claims that the
18 market is increasingly competitive – to be sure, competition is expected to forge
19 quite opposite results: lower prices and improved service quality.

20 Using Staff’s more granular data, I also demonstrate that markets for
21 CenturyLink’s services are not nearly as ubiquitously and robustly competitive as the

⁵ See Bennett, Exh. SB-1T through SB-27, which is being filed contemporaneously with my own testimony.

1 Company would have the Commission believe. For one, and importantly, certain
2 marginalized communities do not have many, if any, alternatives in the form of
3 affordably priced substitutable services, as suggested. But in general, I will
4 demonstrate that there remain many customers who require the Commission’s
5 continued protection to ensure adequate service at reasonable rates.

6

7 **Q. What is your recommendation?**

8 A. For the reasons discussed herein, I see no reason at this time for a change in the
9 *status quo*. As CenturyLink has testified, the current AFOR has been relatively
10 flexible,⁶ and it is unclear how a change in the Commission’s regulatory oversight—
11 i.e., effectively permanently deregulating the CenturyLink Companies—is warranted
12 or otherwise enhances the public interest. In fact, I will show that the weight of the
13 evidence demonstrates that the opposite is more likely to be true.

14

15 **Q. Do you sponsor any exhibits in support of your testimony?**

16 A. Yes. I sponsor Exhibits JDW-2 through JDW-15:

- 17 • Exhibit JDW-2 is my curriculum vitae
- 18 • Exhibit JDW-3 is CenturyLink’s responses to Staff DR Nos. 56-57,
19 Supplemental Responses to 19, 47-48
- 20 • Exhibit JDW-4 is Order No.4 in Commission Docket UT-130477
- 21 • Exhibit JDW-5 is the FCC’s Reasonable Comparability Benchmark Notice

⁶ See Gose, PJG-1T at 5.

- 1 • Exhibit JDW-6C is Market Concentration and Other Level Metrics
- 2 • Exhibit JDW-7 is CenturyLink’s Trouble Ticket Codes
- 3 • Exhibit JDW-8C is Qwest’s Trouble Ticket Histories QC – LV)
- 4 • Exhibit JDW-9C is Qwest’s Trouble Ticket Counts QC 5 Tickets, Longview)
- 5 • Exhibit JDW-10C is CenturyTel of Washington’s Trouble Tickets Histories
- 6 (CTEL > 5 Tickets)
- 7 • Exhibit JDW-11C is CenturyTel of Washington’s Trouble Tickets Count (CTEL
- 8 > 5)
- 9 • Exhibit JDW-12C is CenturyTel of Inter Island’s Trouble Tickets Count
- 10 • Exhibit JDW-13C is CenturyTel of Inter Island’s Trouble Tickets Count (CTEL
- 11 Inter Island > 5)
- 12 • Exhibit JDW-14C is CenturyTel of Cowiche’s Trouble Tickets Count
- 13 • Exhibit JDW-15C is United Telephone of the Northwest’s Trouble Tickets Count
- 14 • Exhibit JDW-16C is CenturyLink’s Confidential Responses to Staff 58 and 58
- 15 • Exhibit JDW-17C is CenturyTel of Northwest Troubles Tickets >5
- 16 • Exhibit JDW-19 is Staff’s Response to Data Request No.10
- 17 • Exhibit JDW-19 CenturyLink Rate Changes During AFOR

18

19 **III. CENTURYLINK COMPANIES’ REQUEST FOR COMPETITIVE**
20 **RECLASSIFICATION**
21

22 **Q. Please describe the companies’ request for competitive classification.**

23 A. The Companies’ petition requests that the Commission grant each of the
24 CenturyLink Companies competitive classification pursuant to RCW 80.36.320 and

1 WAC 481-121-061. Further, the Companies request *all waivers* identified in WAC
2 480-121-063.” In total, the company seeks a waiver of *twenty-four statutes and rules*
3 under its January 2024 Petition.⁷
4

5 **Q. Do the Companies request that the Commission allow them to be voluntarily**
6 **subjected to certain conditions if granted competitive classification?**

7 A. Yes, they do. Specifically, Mr. Gose’s testimony elaborates on certain conditions
8 each of the Companies individually and collectively (as CenturyLink, or Lumen)
9 voluntarily offers to meet should the requested competitive classification be granted.
10 The Companies offer three specific conditions. Also note that, regardless, certain
11 federal obligations may still apply going forward.
12

13 **Q. Describe the first voluntary condition.**

14 A. The Companies agree “not to further geographically de-average the non-recurring
15 and monthly rates for standalone residential exchange service and standalone
16 business exchange service.”⁸ The Companies note this voluntary offer is similar to a
17 condition included in the Companies’ current AFOR plan.
18

19 **Q. Would this condition serve the public interest?**

⁷ Petition at 1 ¶ 2; *see also* Gose, PJG-1T at 3-5.

⁸ *See* Gose, PJG-1T at 35.

1 A. This voluntary condition appears to offer some consumer benefit and may well
2 contribute to welfare. However, as discussed herein, there are other issues that must
3 be considered with respect to the Petition.

4

5 **Q. What other voluntary concessions do the Companies make?**

6 A While the Companies offer no protections for business customers (except for the
7 commitment not to de-average rates), including smaller, mass market business
8 customers who purchase stand-alone BLES or POTS, they offer that they “will not
9 discontinue stand-alone residential exchange services to any area in which a
10 protected Customer resides without obtaining Commission approval.”⁹

11 **Q. Please comment on this condition.**

12 A. This condition is at best unclear. For example, it is unclear whether the Companies
13 are offering not to discontinue services without providing notice regarding the [REDACTED] or
14 so residential customers they specifically identified in the context of this proceeding
15 and who they labeled as “Protected Customers”;

- 16 a) in the same census block in which a Protected Customer resides;
- 17 b) in some other geographic area such as an exchange;
- 18 c) to all residential customers served from equipment located at a specific CLLI
19 (i.e., the same equipment used to support Protected Customers); or,
- 20 d) to all residential customers at the operating company level through which
21 Protected Customers are served.

⁹ See Gose, PJG-1T at 36.

1 In discovery on this topic, the Companies' answers are unclear as well. In response
2 to Staff Request No.57, for example, the CenturyLink Companies indicate an area
3 could be a geographic region "as large as a wire center" or "as small as a
4 neighborhood." Hence, while it has preliminarily determined roughly 800
5 customers to be protected because they only have access to alternative services
6 provided by satellite, which according to the Companies are not reasonable
7 substitutes, they have put no meaning around the alleged protection.¹⁰

8 For example, it is ambiguous whether they offer to voluntarily retain
9 residential services – or not cut off residential customers without pre-approval. It is
10 unclear, therefore, whether or how this voluntary commitment, or condition,
11 provides adequate consumer protection and contributes to public welfare.

12

13 **Q. What is the next commitment the Companies offer?**

14 A. CenturyLink agreed to continue to tariff the public safety network services to state
15 and county public entities that are necessary to route and transmit emergency service
16 (911) calls. Mr. Gose notes that these are the same services as are noted in Order 04
17 in Docket UT-130477, which contains the current AFOR and is attached to my
18 testimony marked Exhibit JDW-4.

19

20 **Q. Are there other commitments offered by the CenturyLink Companies to protect**
21 **its retail customers?**

¹⁰ See Exhibit JDW-2.

1 A. No. However, CenturyLink does note that it remains subject to the wholesale
2 obligations under the Telecommunications Act of 1996 and the Commission’s
3 enforcement authority over wholesale service quality performance measures -- “if
4 any” -- as may be contained in tariffs or interconnection agreements.¹¹

5
6 **IV. RCW 80.36.320 AND EFFECTIVE COMPETITION**

7
8 **Q. Please identify the administrative code for evaluating CenturyLink Companies’**
9 **Petition.**

10 A. As CenturyLink notes in its Petition, RCW 80.36.320 contains provisions for when
11 companies may be classified as competitive. Specifically, the code states:

12 (1) The commission shall classify a telecommunications company as a
13 competitive telecommunications company if the services it offers are subject
14 to effective competition. Effective competition means that the company’s
15 customers have reasonably available alternatives and that the company does
16 not have a significant captive customer base. In determining whether a
17 company is competitive, factors the commission shall consider include but are
18 not limited to:

19
20 (a) The number and sizes of alternative providers of service;

21
22 (b) The extent to which services are available from alternative
23 providers in the relevant market;

24
25 (c) The ability of alternative providers to make functionally
26 equivalent or substitute services readily available at competitive rates,
27 terms, and conditions; and

28
29 (d) Other indicators of market power which may include
30 market share, growth in market share, ease of entry, and the affiliation
31 of providers of services.
32

¹¹ See Gose, PJG-1T at 37-38.

1 The commission shall conduct the initial classification and any subsequent
2 review of the classification in accordance with such procedures as the
3 commission may establish by rule.¹²
4

5 **Q. From a policy and economic perspective, how should this language be**
6 **interpreted?**

7 A. First, it is clear that the Commission has authority to classify a telecommunications
8 company as competitive when it has determined the company’s services to be
9 “subject to effective competition.” Second, the “effective competition”
10 determination hinges on two related considerations:

- 11 1) The extent to which the Company’s customers have “reasonably
12 available alternatives”; and,
- 13 2) The extent to which the Company “does not have a significant captive
14 customer base.”

15 The Commission is also directed by 80.36.320 to consider factors such as (a) the
16 *number and sizes of alternate providers*, (b) the extent to which *services are*
17 *available* from providers in the *relevant market* and (c) the ability of other providers
18 to *make functionally equivalent or substitutable services available at competitive*
19 *rates*. RCW 80.36.20 further provides that the Commission can consider any other
20 indicators of market power, including market share, growth in market share and ease
21 of entry, etc.

¹² RCW 80.36.320(1).

1 **Q. At a high level, how do the CenturyLink Companies attempt to persuade the**
2 **Commission they meet the relevant criteria?**

3 A. The Companies offer the testimonies of Peter J. Gose and Dr. Dennis L. Weisman.
4 For his part, Mr. Gose largely lays out the Companies' request for competitive
5 classification and waiver of certain statutes and codes. Moreover, he describes the
6 CenturyLink Companies' line losses and supports a competitive study that purports
7 to identify alternative providers offering substitutable services in CenturyLink
8 Incumbent Local Exchange Carriers' (ILECs') operating areas.

9 As an economist, Dr. Weisman testifies that, from a theoretical perspective, allowing
10 market forces to discipline companies is preferable to regulation, even where
11 competition is not perfect.¹³ Dr. Weisman also describes how he believes the
12 commission should interpret the terms "effective competition" and "significant
13 captive customer base". Notably, Dr. Weisman concludes that the Companies have
14 few, if any, captive customers; he also notes that although the CenturyLink
15 Companies have identified roughly [REDACTED] who are "Protected Customers"
16 those customers should not be characterized as captive *per se*.¹⁴ Next, he concludes
17 that in his opinion the CenturyLink companies are subject to effective competition in
18 Washington and, therefore, to be classified as competitive and allowed to operate
19 under a relaxed regulatory regime.

¹³ See Weisman, DLW-1T at 3-10.

¹⁴ Weisman, DLW-1T at 12.

1 In what follows, I will address their arguments and discuss why I disagree with Mr.
2 Gose's and Dr. Weisman's conclusions and their recommendation that the
3 Commission grant the petition.

4

5 **V. CENTURLINK'S CLAIMS ABOUT AVAILABLE SERVICE**
6 **PROVIDERS WHO CAN PROVIDE FUNCTIONAL EQUIVALENT OR**
7 **SUBSTITUTE SERVICES FOR ITS BASIC LOCAL EXCHANGE**
8 **SERVICES**
9

10 **Q. Mr. Webber, please describe how CenturyLink views competition in**
11 **Washington?**

12 A. Based on my review of the Company's Petition and Mr. Gose's testimony, it is my
13 understanding that the Company has indicated it "faces intense competition in each
14 of its 221 wire centers across Washington" and that a significant portion of that
15 competition comes from wireless service providers.¹⁵

16

17 **Q. In fact, CenturyLink discusses competition from CMRS providers, and states**
18 **that "Mobile wireless (CMRS) services are largely ubiquitous and dominate the**
19 **voice telephone market"¹⁶ isn't that correct?**

20 A. Yes. CenturyLink's testimony on this topic lacks important details, however, and
21 glosses over critical distinctions that impact the degree to which mobile wireless
22 services serve as a functional equivalent or substitute service for CenturyLink's basic
23 local exchange service throughout the whole state at competitive rates.

¹⁵ Gose, Exh. PJG-1T at 13.

¹⁶ Gose, Exh. PJG-1T at 13, 20; Petition at 7-8 ¶ 14.

1 **Q. Please elaborate.**

2 A. Any casual observer can see that a majority of the people in the U.S. use mobile
3 wireless devices in their everyday lives. According to the *Journal of Consumer*
4 *Research*, approximately 97 percent of Americans own a mobile phone, and about 90
5 percent of those mobile devices are smartphones (which provide extended
6 functionality for apps, social media, web-surfing, video streaming, etc.).¹⁷ As a
7 result, it is no surprise that mobile wireless services are prevalent and have, in a
8 relatively short period of time, transformed how Americans communicate. However,
9 despite this undeniable trend of increasing demand for mobile wireless services, a
10 closer inspection of relevant data reveals that a significant subset of the Washington
11 population still rely solely or primarily on landlines for their voice communications
12 needs. This is an important point because classifying all CenturyLink companies in
13 Washington as competitive could leave these customers without reasonable access to
14 the basic voice service on which they depend, thereby jeopardizing public safety,
15 service quality, and consumer protection.

16
17 **Q. Can you quantify the Washington customers who continue to rely on landlines?**

18 A. Yes. CenturyLink references a report issued by the National Center for Health
19 Statistics that models personal telephone status of adults (*i.e.*, 18+ years of age) by
20 state. Mr. Gose states:

21 The Centers for Disease Control and Prevention estimate that (as of
22 2020) 65% of Washington adults utilize wireless services only. The

¹⁷ Consumer Affairs, [Cell phone statistics 2024](https://www.consumeraffairs.com/cell_phones/cell-phone-statistics.html), available at https://www.consumeraffairs.com/cell_phones/cell-phone-statistics.html, last visited (Apr. 2, 2024).

1 same study shows that merely 2.3% of Washington adults utilize
2 wireline services only.¹⁸

3
4 According to the 2020 Census, the adult (18+ year of age) population of the state of
5 Washington is 6,024,689 (approx. 78.2 percent of the state’s total population).¹⁹ This
6 means that while CenturyLink observes that “merely” 2.3 percent of Washington
7 adults utilize landline services only, this actually amounts to a total of 138,568
8 people (6,024,689*2.3%). In other words, there are tens of thousands of people in
9 Washington that continue to rely *solely* on landlines and have not “cut the cord.” In
10 addition, the same report indicates that 4.1 percent of Washington adults (or 247,012
11 adults) utilize landline services “mostly,” or stated differently, hundreds of thousands
12 of people in Washington continue to rely *primarily* on landlines. Furthermore, the
13 report indicates that 10.4 percent of Washington adults (626,568 adults) are “dual
14 users,” suggesting that they view mobile wireless services as a complement to rather
15 than a substitute for landline voice services.

16
17 **Q. Why is the number of Washington adults that continue to rely on landlines**
18 **important to consider in this proceeding?**

19 A. CenturyLink’s testimony seems to suggest (by, for example, using the terms
20 “merely” and “only”)²⁰ that the 2.3 percent of the Washington population that still
21 relies on landlines is unimportant. However, that translates to tens of thousands of
22 Washington residents, and this segment of the population is particularly at risk of

¹⁸ Gose, PJG-1T at 13; Exh-PJG-5; *see also* Petition at 8 ¶ 14.

¹⁹ U.S. Census Bureau, Washington: 2020 Census, available at <https://www.census.gov/library/stories/state-by-state/washington-population-change-between-census-decade.html> (last visited Apr. 2, 2024).

²⁰ *See* Gose, PJG-1T at 13: 19; Petition at 8 ¶ 14..

1 negative impacts should regulation be prematurely eliminated and replaced with
2 market forces only. Without some degree of regulatory oversight, the availability of
3 the landline services on which they rely comes into question, as do the prices and
4 terms/conditions that will apply *if* the services are still offered.

5
6 **Q. Does CenturyLink’s testimony gloss over any important distinctions in this
7 regard?**

8 A. Yes. The extent to which consumers rely on landlines varies by various
9 demographic characteristics. For example, older members of the population rely on
10 landlines in much larger numbers than younger people. The National Center of
11 Health Statistics report entitled “Wireless Substitution: Early Release of Estimates
12 from the National Health Interview Survey, July-December 2022”²¹ shows that older
13 adults rely on landlines in larger numbers compared to younger adults. For instance,
14 6.9 percent of adults aged 65 years of age or older live in a household that relies
15 solely on landlines, which is 5.75 times more than adults aged 45-64; 34.5 times
16 greater than adults aged 34-44; and 69 times greater than adults aged 30-34; 11.5
17 times greater than adults aged 25-29; and 23 times greater than adults aged 18-24. In
18 addition, adults become more reliant on landlines as their age increases (after 30
19 years of age). For instance, adults aged 35-44 are twice as likely to be “landline
20 only” compared to adults aged 30-34; adults aged 45-64 are 6 times more likely to be
21 “landline only” compared to adults aged 35-44; and adults aged 65 and over are 5.75

²¹ Available at <https://www.cdc.gov/nchs/data/nhis/earlyrelease/wireless202305.pdf> (last visited Apr. 2, 2024) (“Wireless Substitution”).

1 times more likely to be “landline only” compared to adults aged 45-64. Similar
2 trends are observed for adults that are “landline mostly” and “dual users”²² – i.e.,
3 older Americans are much more likely to be “landline mostly” and “dual users”
4 compared with their younger counterparts. The converse is also true: older members
5 of the population are much *less* likely to cut the cord and be “wireless only” as
6 compared to younger people.

7
8 **Q. Are there demographic characteristics other than ages that provide context**
9 **about the importance of landlines?**

10 A. Yes. The Wireless Substitution Report shows that residents of more rural areas are
11 more likely to depend on landlines compared to residents of more urban areas. For
12 example, residents in *non*-metropolitan areas are more than twice as likely to be
13 “landline only” and nearly twice as likely to be “landline mostly” compared to their
14 counterparts living in metropolitan areas.²³

15
16 **Q. What conclusions do you draw from these demographic data?**

17 A. A significant number of Washington residents still rely on landlines, and moreover,
18 these residents on average are more likely to be members of vulnerable population
19 segments, including seniors and citizens living rural areas, including portions of the

²² Wireless Substitution at 5.

²³ Wireless Substitution at 5. A metropolitan statistical area is a “geographic entity based on a county or group of counties with at least one urbanized area with a population of at least 50,000 and adjacent counties with economic ties to the central area.” Non-metropolitan areas include urban populations not located with an MSA as well as completely rural areas. *See*, Centers for Disease Control, Nat. Center for Health Statistics, Health, United States, 2020-2021: Metropolitan statistical area, *available at* <https://www.cdc.gov/nchs/hus/sources-definitions/msa.htm> (last visited Apr. 2, 2024).

1 CenturyLink companies' exchanges. These population segments are more "at risk"
2 of negative impacts if regulation is prematurely replaced solely with market forces.

3

4 **Q. Why would these Washington customers continue to rely on landlines given**
5 **CenturyLink's data showing 99 percent of households in its service areas fall**
6 **within the coverage of CMRS providers?**

7 A. Basic local exchange service provided over landlines is the only voice service
8 reasonably available for some of these customers. Even CenturyLink acknowledges
9 these customers in its testimony, labeling them "Protected Customers"²⁴ and
10 proposing certain protections for them (in an apparent acknowledgement that market
11 forces alone are insufficient to protect them).

12 Another factor may be customer concerns (i.e., the demand side versus the
13 potential supply side of the market for voice services) about the quality of service of
14 mobile wireless service compared to landlines. The recent nationwide mobile
15 wireless service outage that occurred in late February 2024 underscores this concern.
16 The outage was widespread, affected numerous mobile wireless carriers including
17 the two biggest carriers, AT&T and Verizon, and smaller carriers such as T-Mobile
18 and Cricket Wireless, and it resulted in wireless customers being unable to use their
19 voice service. Perhaps most concerning, some mobile wireless customers were
20 unable to contact 911.²⁵ While the nationwide wireless outage was ongoing, public

²⁴ Gose, PJG-1T at 36, 38-39.

²⁵ Brian Barrett, An AT&T Outage Wreaked Havoc on US Cellular Networks, Wired Magazine, Feb. 22, 2024, available at <https://www.wired.com/story/att-network-outage-verizon-tmobile/> (last visited Apr. 2, 2024).

1 safety and government agencies urged people to use landlines to call 911 in case of
2 an emergency.²⁶

3

4 **Q. Are there customers who continue to rely upon landlines due to higher prices of**
5 **CMRS based services?**

6 A. Yes. The FCC recently underscored the importance of the continued availability of
7 stand-alone voice service due to the higher prices associated with alternatives. In
8 mid-2021, the FCC’s Wireline Competition Bureau (WCB) issued its “Report on the
9 State of Lifeline Marketplace.”²⁷ The Marketplace Report found that “a persistent
10 minority of Lifeline subscribers opt for voice-only Lifeline plans” and “those
11 subscribers still value the voice service to which they subscribe...”²⁸ The report also
12 found that 73 percent of Lifeline subscribers use less than 250 minutes of voice
13 service per month.²⁹ This means that Lifeline consumers do not need or want high-
14 priced alternatives. The Report states: “the removal of Lifeline support for voice-
15 only services may push some Lifeline consumers into bundled plans that they are
16 unable to afford.”³⁰ Following issuance of the Marketplace Report, the FCC delayed

²⁶ For example, the county government in Fairfax, Virginia released the following statement: "There is a nationwide AT&T outage that is preventing wireless customers from making and receiving any phone calls (including to 9-1-1)...Try calling from a landline or ask a friend or family member to call 9-1-1 on your behalf." Max Zahn, Jon Haworth, Josh Margolin, & Luke Barr, AT&T nationwide outage caused by software update, not malicious intent: Sources, ABC 7, Feb. 22, 2024, *available at* <https://abc7chicago.com/att-outage-att-service-down-why-does-my-phone-say-sos-customer/14456070/> (last visited Apr. 2, 2024); *see also*, similar statement from Chicago’s Office of Emergency Management and Communications <https://www.cbsnews.com/news/numerous-us-cellphone-providers-experiencing-outages-downdetector/> and similar statement from the San Francisco Fire Department <https://www.wlbt.com/2024/02/22/some-cellular-services-reportedly-down/>.

²⁷ *Available at*: <https://docs.fcc.gov/public/attachments/DOC-373779A1.pdf> (“Marketplace Report”).

²⁸ Marketplace Report at 21.

²⁹ Marketplace Report at 21.

³⁰ Marketplace Report at 23.

1 the phase-out of Lifeline support for voice-only service, which was previously
2 scheduled to take effect in December 2021. The FCC said:

3 voice service is a popular communication channel for older
4 Americans, and the elimination of Lifeline support for voice-only
5 service plans may particularly hamper the ability of those unable or
6 unwilling to adopt emerging technologies to connect to emergency
7 services...Lifeline support for voice-only services is still necessary or
8 desirable, given the significant percentage of Lifeline consumers who
9 continue to prioritize voice-only service...As such, an elimination of
10 voice-only support may force subscribers seeking voice-only services
11 to either move to a more expensive bundled broadband plan, or forego
12 voice service altogether. On July 2, 2021, the Bureau released the
13 Marketplace Report, which highlighted the fact that, while Americans
14 are increasingly relying on smartphones for their broadband needs, a
15 persistent minority of Lifeline subscribers opt for voice-only Lifeline
16 plans... The Marketplace Report further analyzed the impact that the
17 phase-out in support for voice-only Lifeline service would have on
18 Lifeline subscribers. In doing so, the Bureau noted that one
19 implication for eliminating Lifeline support for voice-only service
20 would be forcing consumers who only desire voice service to migrate
21 to a potentially more expensive, broadband and voice bundled plan.
22 The Marketplace Report questioned whether “the removal of Lifeline
23 support for voice-only services may push some Lifeline consumers
24 into bundled plans that they are unable to afford.” Further, based on
25 available data, the Marketplace Report concluded that it was unclear
26 if customers who could not afford a bundled plan would be able to
27 find an affordable voice service absent their Lifeline discount.³¹

28 As a result, the FCC decided to postpone the phase-out of Lifeline support for voice-
29 only service one year, until December 2022.

30

31 **Q. Did the FCC phase-out lifeline support for voice-only services in December**
32 **2022?**

³¹ *In re Lifeline and Link Up Modernization*; Order, WC Docket No. 11-42, 4 ¶ 8 (F.C.C. Nov. 5, 2021).

1 A. No, the moratorium on the phase-out of Lifeline support for voice-only service
2 continues today. The FCC, on its own motion, postponed the phase-out of Lifeline
3 support for voice-only service two additional times. By order dated July 1, 2022, the
4 FCC again extended the phase-out deadline one year, until December 2023. The
5 FCC said:

6 We continue to see a persistent minority of households still relying on
7 qualifying Lifeline voice service for their connection needs. Indeed,
8 nearly 400,000 Lifeline subscribers continue to subscribe to a voice-
9 only plan. It is unclear what effect the elimination of voice support
10 would have on this population’s ability to retain an affordable voice-
11 service plan. Last year we noted that retail rates for bundled
12 broadband plans that would meet the Lifeline program’s current
13 minimum service standards for broadband data capacity far exceed
14 the cost of plans that would qualify as Lifeline voice-only plans. Our
15 action today ensures that these subscribers are not forced to subscribe
16 to broadband bundled plans—which may be cost prohibitive and not
17 useful to them—and bridges a gap in the pursuit of universal service.
18 Further, we are particularly cognizant of the potential harm if a
19 consumer loses their voice service and their access to help services
20 such as 911, 988, and other critical support hotlines.³²

21 Then again, in July 2023, the FCC again extended the phase-out deadline one year,
22 until December 2024, based on the same rationale as its previous extensions.³³ In
23 other words, the FCC continues to acknowledge the significant importance of basic
24 local services provided over landlines particularly for low-income customers, as well
25 as affordability concerns associated with forcing these customers on to higher-priced
26 alternatives they don’t want or need.

27

³² *In re Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 6 ¶ 15 (F.C.C. July 1, 2022).

³³ *In re Lifeline and Link Up Reform and Modernization*, WC Docket No. 11-42, Order, 5 ¶ 12 (F.C.C. July 7, 2023).

1 **Q. Do these FCC actions raise concerns about CenturyLink’s reliance on CMRS**
2 **and other modes of technology as support for its competitive reclassification**
3 **Petition?**

4 A. Yes. As noted above, one of the factors that must be considered when determining
5 whether CenturyLink’s services are subject to effective competition is “the ability of
6 alternative providers to make functionally equivalent or substitute services readily
7 available at competitive rates, terms and conditions[.]”³⁴ The Marketplace Report
8 and associated FCC orders referenced above show that for many low-income
9 customers (*i.e.*, “the persistent minority”), services involving bundles, enhanced
10 functionality, etc. are not functionally equivalent or readily available at competitive
11 rates (*i.e.*, affordable) when compared to the voice-only, basic service to which they
12 currently subscribe.

13 Mr. Gose admits that “an apples-to-apples comparison between CenturyLink
14 standalone residential service (1FR) and fiber-based landline, cable, CMRS, fixed
15 wireless or commercial satellite services is a challenge” and that “[t]hese other
16 technologies afford customers much greater functionality than does a 1FR, including
17 most notably access to high-speed internet/broadband.”³⁵ However, the greater
18 functionality of these alternatives is precisely why an apples-to-apples comparison to
19 stand-alone voice service is challenging, what makes those alternatives unaffordable
20 to many low-income customers, and what led the FCC to continue protecting these
21 customers in the form of support for voice-only Lifeline service.

³⁴ RCW 80.36.320 (1).

³⁵ Gose, PJG-1T at 29-30; *see also* Petition at 22.

1 **Q. Mr. Gose introduces a competition study CenturyLink compiled based on the**
2 **FCC’s 2023 Broadband Data Collection (“BDC”). Please explain what the**
3 **study purports to demonstrate.**

4 A. Simply stated, the “competition study identified – by CenturyLink ILEC, wire
5 center, technology type and carrier – the number and percentage of locations where
6 service is available from copper, fiber, cable, CMRS, fixed wireless and commercial
7 satellite competitors”³⁶ and it presupposes that each such provider offers a Voice
8 over Internet Protol (“VoIP”) alternative to the CenturyLink ILEC service or that one
9 can be readily obtained given the broadband services the identified providers can
10 make available to customers at those locations.

11 Mr. Gose’s Tables 1 and 2 generally indicate CenturyLink’s claim that
12 virtually all locations service by the CenturyLink ILECs (collectively and separately)
13 can be served by alternative providers and, as I understand his testimony, therefore
14 receive voice services consistent with the requirements of RCW 80.36.320, but for
15 roughly [REDACTED] locations the company has deemed as “Protected
16 Customers.”³⁷

17 Mr. Gose goes on to identify the number of providers by modality (landline,
18 cable, fixed wireless, mobile wireless and satellite) in the pages that follow. He
19 briefly indicates that certain providers offer affordable services without defining a
20 standard by which he made such determinations and summarily concludes the
21 Company’s Petition should be granted based on the existing alternative providers

³⁶ Gose, PJG-1T at 15.

³⁷ Gose, PJG-1T at 36.

1 identified in the Company’s competition study and those that might offer additional
2 alternative services in the future based on certain federal funding programs such as
3 the Rural Digital Opportunity Fund (RDOF) and Broadband Equity Access and
4 Deployment (BEAD).

5
6 **Q. Mr. Gose states that broadband programs funded by the federal government**
7 **will expand fiber-based competition in Washington. Do you agree?**

8 A. While the potential impact on competition of these federally-subsidized programs is
9 unknown at this time, I agree that these programs hold significant promise of
10 bringing high-speed broadband access and related services to more Americans,
11 including Washington residents. For example, one program he mentions, the \$20.4
12 billion RDOF, is the FCC’s most recent step to bridge the digital divide and bring
13 high speed fixed broadband service to rural homes and small businesses that are
14 currently un- or under-served.³⁸ The FCC’s RDOF Order was issued in early 2020
15 and was intended to build on the work performed under the Connect America Fund
16 (CAF) Phase II auction, which deployed networks serving more than 700,000
17 unserved rural homes and businesses across 45 states.³⁹ RDOF Phase I is intended to
18 target areas that are wholly unserved, and RDOF Phase II is intended to address
19 areas that are underserved.⁴⁰ According to the FCC, the RDOF Phase I auction

³⁸ Fed. Commc’ns Comm’n, Auction 904: Rural Digital Opportunity Fund, available at <https://www.fcc.gov/auction/904> (last visited Apr. 2, 2024).

³⁹ *In the Matter of Rural Digital Opportunity Fund*, WC Docket No. 19-126, Report and Order, 1 ¶ 2 (Feb. 7, 2020) (“RDOF Order”).

⁴⁰ RDOF Order, 3 ¶ 5.

1 awarded the state of Washington \$222,768,532 to nine winning bidders for 100,422
2 locations.⁴¹ CenturyLink was awarded approximately 21 percent (or \$45,838,633) of
3 the amount assigned to Washington to serve 14,875 locations.⁴² In other words,
4 100,422 locations in Washington that are currently wholly unserved (15 percent
5 which are in CenturyLink’s service territory) are expected to benefit by receiving
6 broadband download speeds of at least 25 Mbps as a result of RDOF Phase I funded
7 projects.⁴³

8

9 **Q. Why do you say that the potential impact on competition of these programs is**
10 **unknown at this time?**

11 A. The potential impact on competition is unknown because the projects are not
12 complete. The awarded RDOF funds referenced above will be disbursed over a 10-
13 year period, and awardees must complete deployment to all awarded locations by the
14 end of the eighth year.⁴⁴ Any impact on competition at these locations will not be
15 evident until the networks are built, and locations served, which will not occur for a
16 number of years.

17

⁴¹ See Fed. Commc’ns Comm’n, Public Notice, DA 20-1422, December 7, 2020, Attachment B, at 3, available at <https://www.fcc.gov/ecfs/document/12072805703293/4> (last visited Apr. 2, 2024).

⁴² Fed. Commc’ns Comm’n Public Notice, DA 20-1422, December 7, 2020, Attachment A, at 6 available at <https://www.fcc.gov/ecfs/document/12072805703293/7> (last visited Apr. 2, 2024).

⁴³ I note however certain carriers are no longer supported. CableOne had 4 locations and it will not serve those locations; NW Fiber who had 1,057 locations had its application denied and it will not serve those locations, and the company is no longer in business; and, StarLink who had 52,086 locations also had its application denied and it will not serve those planned locations. Hence, roughly 47K locations currently remain funded.

⁴⁴ Univ. Serv. Administrative Co, Rural Digital Opportunity Fund, available at <https://www.usac.org/high-cost/funds/rural-digital-opportunity-fund/> (last visited Apr. 2, 2024).

1 **Q. Mr. Gose discusses other similar programs. Can the impact on competition**
2 **from these programs be evaluated today?**

3 A. No. Much like RDOF, these programs have awarded funds, but the funded projects
4 themselves are in their infancy and not complete. For example, approval of
5 proposals for the Broadband, Equity, Access, and Deployment (BEAD) program are
6 expected in the first or second quarter of 2024.⁴⁵ The American Rescue Plan
7 (ARPA), which will provide \$195.3 billion to state governments as a federal
8 stimulus to aid in the recovery from the Covid-19 pandemic, requires recipients to
9 obligate the funds by December 31, 2024 and spend the funds by December 31,
10 2026.⁴⁶ Likewise, the Enabling Middle Mile Broadband Infrastructure Program
11 referenced by Mr. Gose has a five-year implementation timeframe, with funds being
12 awarded in 2023.⁴⁷ These programs are expected to go a long way towards bridging
13 the digital divide in Washington, the potential impact on competition is still to be
14 determined.

15
16 **Q. Should the commission assume at this point that all of the federal funds and**
17 **related Washington projects referenced by Mr. Gose will in fact be completed?**

18 A. No, that is not a safe assumption. For example, numerous RDOF award winners
19 have already defaulted on the projects awarded under RDOF Phase I. Even more

⁴⁵ Wash. Dept. of Commerce, [BEAD program submission requirements and timeline](https://deptofcommerce.app.box.com/s/f3ozsij7t4eb2783e2wntfn0hjl8ns2o), available at <https://deptofcommerce.app.box.com/s/f3ozsij7t4eb2783e2wntfn0hjl8ns2o> (last visited Apr. 2, 2024).

⁴⁶ Nat. Conf. of State Leg., [ARPA State Fiscal Recovery Fund Allocations Database](https://www.ncsl.org/fiscal/arpa-state-fiscal-recovery-fund-allocations), available at <https://www.ncsl.org/fiscal/arpa-state-fiscal-recovery-fund-allocations> (last visited Apr. 2, 2024).

⁴⁷ U.S Dept. of Commerce, [The Enabling Middle Mile Broadband Infrastructure Program Overview](https://www.internetforall.gov/sites/default/files/2022-05/MM%20Info%20Sheet%20-%20IFA%20Launch%20-%20Final.pdf) <https://www.internetforall.gov/sites/default/files/2022-05/MM%20Info%20Sheet%20-%20IFA%20Launch%20-%20Final.pdf>

1 concerning is that a large coalition of RDOF winners recently submitted an
2 emergency petition and “amnesty letter” to the FCC indicating that some awardees
3 cannot or do not intend to build their networks and asking for a short amnesty period
4 for them to relinquish all or part of their winning areas without the full penalties the
5 FCC can impose.⁴⁸ As stated in the emergency petition:

6 As a result of these post-RDOF and pandemic-prompted federal
7 funding programs, the cost to deploy broadband networks to the
8 RDOF locations have skyrocketed due to massive increases in the
9 demand for broadband construction materials, equipment, and labor.
10 Other factors driving the cost increases include significant supply
11 chain issues and spiraling inflation caused by pandemic-prompted
12 market disruptions, fiscal policies, and other factors. Overall, since
13 the Phase I RDOF reverse auction bids were submitted, broadband
14 deployment costs have significantly increased, at a minimum of 30
15 percent, but some by 100 to 300 percent. These construction costs are
16 expected to spike upwards even further once the National
17 Telecommunications and Information Administration’s (“NTIA”)
18 BEAD and Middle Mile programs begin awarding grants.⁴⁹

19 Unfortunately, the drastic cost increases are an industry-wide problem that impact
20 the projects involving not only the RDOF winners who filed the petition but also
21 RDOF winners throughout the country. And since areas supported by RDOF funds
22 are *ineligible* for funds under the BEAD program,⁵⁰ these RDOF funding problems

⁴⁸ *In re Rural Digital Opportunity Fund*, WC Docket No. 19-126, Emergency Petition (Aug. 16, 2023) (“Emergency Petition”; *in re Rural Digital Opportunity Fund*, WC Docket No. 19-126, Letter of RDOF award winners to FCC Chairwoman Rosenworcel (Feb. 28, 2024), *available at* <https://www.fcc.gov/ecfs/document/1022830318048/1> (last visited Apr. 2, 2024) (“Amnesty Letter”); *see also, in re Rural Digital Opportunity Fund*, Comments of the Coalition of RDOF Winners, WC Docket No. 19-126, (Mar. 22, 2024), *available at* <https://www.fcc.gov/ecfs/document/10322198528904/1> (last visited Apr. 2, 2024)..

⁴⁹ Emergency Petition, pp. 3-4. On March 5, 2024, the FCC issued a public notice seeking comment on the Amnesty Letter. *In re Rural Digital Opportunity Fund*, WC Docket 19-126, Public Notice (Mar. 5, 2024), *available at* <https://docs.fcc.gov/public/attachments/DA-24-202A1.pdf> (last visited Apr. 2, 2024).

⁵⁰ Linda Hardesty, RDOF defaulters hinder state BEAD programs, *Fierce Telecom*, Mar. 15, 2024, *available at* <https://www.fiercetelecom.com/broadband/rdof-defaulters-hinder-state-bead-programs> (last visited Apr. 2, 2024).

1 could cause a domino effect in which unserved/underserved areas miss out on RDOF
2 investment *and* BEAD investment.

3
4 **Q. Are these programs indicative of “effective competition” for CenturyLink?**

5 A. No. As discussed above, the monies have been awarded and projects planned, but
6 they are not complete – and some won’t be complete for a number of years.

7 Moreover, there is a possibility that, due to unforeseen factors such as skyrocketing
8 costs of materials and supply chain issues, some projects may not be completed as
9 planned. Therefore, the planned projects associated with these programs do not
10 represent “functionally equivalent or substitute services readily available at
11 competitive rates, terms, and conditions” or “services...available from alternative
12 providers in the relevant market” –two of the primary factors the Commission must
13 consider when determining whether a company is competitive under RCW
14 80.36.320.

15 The potential services offered by these programs notwithstanding, as I will
16 discuss in the next section of this testimony, the WUTC staff has conducted a more
17 thorough investigation and prepared an enhanced competition study which is more
18 granular than CenturyLink’s analysis and reveals important topics the Company has
19 glossed over. The Commission should consider the detail shown in Staff’s report
20 before it accepts CenturyLink’s claims about all of the potential alternative providers
21 it has identified and makes final determinations regarding the extent to which each of
22 the Company’s ILECs should be granted competitive classification at this time in
23 this proceeding.

1 **VI. STAFF’S ENHANCED, COMPETITION STUDY SHOWS REASONABLY**
2 **PRICED COMPETITIVE ALTERNATIVES ARE NOT UBIQUITOUSLY**
3 **AVAILABLE**
4

5 **Q. Is it your understanding that the WUTC staff have prepared a competition**
6 **study?**

7 A. Yes, it is. Specifically, Mr. Sean Bennett of the WUTC Staff describes a more
8 granular competition study in the opening portion of section V of his Direct
9 Testimony (Exhibit SB-1T). My understanding is that this study stands in stark
10 contrast to the study provided by CenturyLink’s Mr. Gose in many respects and that
11 it can be used to offer the Administrative Law Judge (“ALJ”) and Commission
12 important details regarding the number of alternative service providers, the extent to
13 which those providers offer and/or readily make available functionally equivalent
14 alternatives or substitutes for CenturyLink’s BLES, or POTS, services in the
15 CenturyLink ILEC markets at rates that are competitive. Moreover, the data derived
16 from the Staff’s study can be used to consider market concentration, or market
17 power, which I understand to be relevant to any review under RCW80.36.320.

18
19 **Q. Please provide an overview of the study.**

20 A. It is my understanding that Mr. Bennett has utilized a combination of analytical tools
21 (e.g., PowerBI, ArcPRO and Microsoft Excel) to analyze Broadband Serviceable
22 Locations (“BSLs”) and individual units at BSLs as the FCC has defined that term
23 throughout Washington and, in particular, the CenturyLink ILECs’ services
24 territories, in part, to provide statistics regarding the:

- 1 (1) The number of broadband services providers offering mass market
2 products that are or could be coupled with (most typically at an additional
3 cost) voice service through an over the top (“OTT”) VoIP provider);
4 (2) Broadband penetration at various capacities such as
5 (a) 4Mbps down/1Mbps up,
6 (b) 25Mbps down/3Mbps up, and
7 (c) 100Mbps/20Mbps);
8 (3) Mobile Internet Access penetration;
9 (4) Fixed Internet Access penetration;
10 (5) Market Concentration; and,
11 (6) How data regarding the items listed above, among others, are impacted,
12 or vary, by;
13 (a) price/affordability,
14 (b) CenturyLink ILEC operating territory,
15 (c) urban and/or rural areas within the CenturyLink operating
16 territories,
17 (c) tribal service areas within the CenturyLink operating territories,
18 and
19 (d) areas with and without federal funding (whether existing or potentially
20 pending).
21

22 **Q. Do you have any preliminary comments regarding the staff’s competition**
23 **study?**

24 A. Yes, I do. First, with respect to much of the discussion in Mr. Bennett’s testimony
25 and the study itself, distinctions are made as to pricing. For example, Mr. Bennett
26 has compared alternative broadband providers’ prices to those of CenturyLink’s
27 BLES, or POTs, services in the early portion of his section VI and found that many
28 of the broadband providers’ prices exceed and are not competitive in relation to
29 CenturyLink’s residential BLES, or POTs, service price of generally \$38.50. He
30 also demonstrates many of the broadband providers’ prices exceed the CenturyLink
31 ILECs’ basic, or stand-alone, business prices as well.

32 The reference point as to affordability used throughout Mr. Bennett’s
33 testimony is \$55.13, which is taken from the FCC’s 2024 Notice setting forth its

1 “reasonable comparability benchmarks for fixed voice and broadband services for
2 eligible telecommunications carries,” or ETCs, subject to public interest obligations,
3 including CAF II Auction 903 winners, RDOF Auction 904 winners and other
4 mechanisms operating per FCC oversight in WC Docket No. 10-90.⁵¹ As noted
5 above, the \$55.13 amount is higher than CenturyLink’s price for stand-alone
6 residential BLES, or POTS, it is two standard deviations from the national urban
7 average, represents a reasonable benchmark for rural pricing and is particularly
8 conservative given that many of the customers addressed in this proceeding fit
9 squarely in urban areas and the others are obviously served in rural areas within
10 CenturyLink ILEC operating areas.

11 The \$55.13 amount should be considered even more conservative as a
12 measure for use in this case given the intermodal nature of the comparisons Mr. Gose
13 initially made to CenturyLink’s copper-based services and broadband providers
14 whom often do not provide voice services along with their basic offerings *without*
15 *additional charges* unless required by state or federally supported programs. Note,
16 Staff and I have followed this approach and based on my education, training and
17 experience I acknowledge intermodal competition (assuming voice is included)
18 could reasonably be considered by the Commission under RCW 80.36.320 as
19 functionally equivalent or substitutable for CenturyLink provided BLES, or POTS,
20 in many cases, but not likely in all cases, for reasons discussed elsewhere in this
21 testimony.

⁵¹ See Exhibit JDW-5.

1 In essence, if one were to consider an individual purchasing broadband at a
2 price of \$55.13 and then also cobbling together the necessary equipment and
3 purchasing an OTT VoIP plan for another \$10-\$15 dollars, this pricing benchmark
4 would be closer to \$65 or \$70, which is well above CenturyLink’s basic stand-alone
5 prices for residential and business services.

6 Nonetheless, I have recommended the Staff use \$55.13 as a basis for drawing
7 lines to prepare statistics for the ALJ and Commission’s consideration as to the
8 number of providers who can reasonably be considered to provide a portion of the
9 intermodal services that may be considered by the Commission as functional
10 equivalent, or substitutable, for CenturyLink services under RCW 80.36.320.

11
12 **Q. Do you have any other preliminary comments?**

13 A. Yes. As to the broadband services that may assist in giving rise to intermodal
14 competition to CenturyLink’s voice service, I have suggested using the standard
15 definition for broadband as indicated by the FCC as early as 2015, and which must
16 be included in certain federally funded broadband programs, of 25Mbps down /
17 3Mbps up.⁵² Hence, these services are widely available (where broadband is
18 available), they have been included in the FCC’s standard definitions since 2015
19 shortly after the current AFOR plan was implemented, and are requirements for

⁵² See, e.g., Fed. Commc’ns Comm’n, 2015 Broadband Progress Report, available at <https://www.fcc.gov/reports-research/reports/broadband-progress-reports/2015-broadband-progress-report> (last visited Apr. 2, 2024); see also Fed Commc’ns Comm’n, Auction 904: Rural Digital Opportunity Fund, available at <https://www.fcc.gov/auction/904> (noting the requirements related to an award under RDOF Auction 904 funding, which include 25/3 Mbps speeds and voice service).

1 broadband providers receiving federal funding. Moreover, as shown in Mr.
2 Bennett's exhaustive testimony, differences in availability and take rates when
3 considering 25/3 versus 4/1 (where both are available) are not dramatic. Moreover,
4 if intermodal competition is to be considered in this case under RCW 80.36.320,
5 relatively current standards should be included, lest any action the Commission takes
6 in this proceeding may become stale relatively soon in this regard.

7

8 **Q. How many service providers does the Staff's competition study show as offering**
9 **service to at least one customer in a CenturyLink service area.**

10 A. Staff's study shows there are seventy-six (76) distinct internet providers in
11 CenturyLink service areas, excluding those who provide Mobile Internet Access and
12 Satellite-based services, which are discussed separately in Mr. Bennett's testimony.⁵³

13

14 **Q. Of those seventy-six (76) providers, how many can provide 4Mbps/1Mbps**
15 **services?**

16 A. Forty-three can provide 4Mbps/1Mbps services and thirty-five can provide services
17 at the 25Mbps/3Mbps at the affordable standard of \$55.13 as discussed above, which
18 is higher than CenturyLink's price and, in many cases, may not include voice
19 services without an up-charge, additional OTT VoIP subscription, additional
20 equipment and some effort of the home owner or small business owner to ensure

⁵³ See Bennet Direct at Table 5.

1 optimal connectivity to the OTT VoIP provider and registration for E-911 services at
2 the relevant location.⁵⁴

3

4 **Q. Does the Staff report show how many locations in CenturyLink’s territory have**
5 **access to affordable broadband at the 4Mbps/1Mbps and 25Mbps/3Mbps**
6 **levels?**

7 A. Yes, it does. First, I understand that Table 18 shows there are about 117K locations
8 without access to the 25Mbps/3Mbps levels and roughly 90k locations without
9 access to the 4Mbps/1Mbps.

10 Notably, these figures vary on a percentage basis across the various operating
11 companies. The percentage of locations without access to the 25/3Mbps standard
12 ranges from a low of roughly 2.5 percent in the Qwest Corporation (QC) area, which
13 is largely urban in nature to roughly 52 percent in the CenturyTel Inter Inland
14 serving area, and roughly 20 percent in the CenturyTel of Washington serving area,
15 both of which contain significant rural serving areas.

16 When considering affordability, at \$55.13, Mr. Bennett’s Table 48 shows
17 1,156,976 units without affordable access to the 25/3 Mbps standard across
18 CenturyLink’s services territories. At the lower 4 /1 Mbps standard, this figure
19 drops to 1,028,853 units, or roughly 40 percent of locations in CenturyLink’s
20 combined service territories.

21

⁵⁴ Id. at Tables 6 and 7.

1 **Q. What about tribal areas within CenturyLink’s serving areas?**

2 A. Table 30 of Mr. Bennett’s Direct Testimony shows roughly 13.3 percent of the
3 locations in the CenturyLink service tribal areas do not have access at the
4 25Mbps/3Mbps standard. And, of course, the figures differ by operating company.
5 For tribal lands in CenturyTel’s service area as many as 38 percent of the locations
6 are without affordable access at the 25Mbps/3Mbps standard, and the facts are worse
7 for tribal areas in the CenturyTel of Washington service area.

8

9 **Q. Please summarize your review of the Staff competition study as it relates to**
10 **customers with affordable access to fixed intermodal competition.**

11 A. Simply put, the fixed, intermodal competitors prices are generally higher than
12 CenturyLink’s prices for stand-alone voice services, the pricing benchmark is
13 reasonably conservative given many of the offerings may require additional
14 equipment, configuration and monthly costs and substantial numbers of customers
15 appear not to have access to services at the 25/3 standard let alone an affordable
16 service, or what the Commission may determine as pricing that is
17 “competitive” pursuant to RCW 80.36.320.

18 For these reasons the commission may well determine many of these
19 customers to be captive to CenturyLink stand-alone voice services, at least for some
20 period of time going forward. Hence, a change in the status quo does not appear to
21 be called for and may well not be in the public interest, which I understand from
22 counsel is also part of the Commission's charge in this proceeding.

23

1 **Q. Mr. Webber, you had previously noted that RCW 80.36.320 states that the**
2 **Commission may consider data related to market concentration and other**
3 **factors it determines relevant. Have you also considered market concentration**
4 **in your review of the facts in this case?**

5 A. Yes, I have. At the Staff's request, I have compiled what I describe as HHI like
6 concentration figures down to the CLLI code level based on the household data,
7 CenturyLink serviced households, and CenturyLink identified competitors⁵⁵ by CLLI
8 code and have presented those data in CONFIDENTIAL Exhibit JDW-6, which
9 includes confidential data designated as such and highlighted in gray. This Exhibit is
10 being provided in native form (i.e., Microsoft Excel) and is fully documented as to
11 the source for each piece of data (or data column) and where most appropriate the
12 formulae are intact for review.

13 Generally speaking, economic and finance texts would consider an HHI
14 figure above 1,500 but below 2,500 to reflect a moderately concentrated market.
15 The DOJ's current standards consider markets to be moderately concentrated where
16 the index ranges between 1,000 and 1,800 and markets that reflect an index higher
17 than 1,800 to be highly concentrated. Based on the CenturyLink data as to
18 competitors, two of the CenturyLink ILECs market areas are considered moderately
19 concentrated and two of the CenturyLink ILECs areas are considered highly
20 concentrated under the DOJ's standards. Once competitor counts, however, are
21 lowered to account for those that don't provide 25Mbps/3Mbps on an affordable

⁵⁵ It is presumed each of the identified providers is capable of offering OTT VoIP and/or that business and residential customers are cable of obtaining necessary equipment, making the necessary arrangements and combining the broadband service made available to them with OTT VoIP.

1 basis per the Staff’s study, market concentration increases across nearly all CLLI
 2 codes (generally equating to individual wire centers) and all CenturyLink companies
 3 show highly concentrated markets across their entire service areas according to the
 4 DOJ’s most recent guidelines.

5 **Table 1: Indication of Concentration by CenturyLink Company as of March 2024**

Row Labels	Average of HHI Factor Centurylink Study (All Potential Providers)	Average of Adjusted HHI Enhanced Staff Study (25/3 Affordable)	Average of Adjusted HHI Enhanced Staff Study (4/1 Affordable)
CENTURYTEL OF COWICHE, INC.	1,931	5,091	5,091
CENTURYTEL OF INTER-ISLAND, INC.	2,953	5,380	5,380
CENTURYTEL OF WASHINGTON	1,329	5,181	4,835
QWEST CORPORATION	838	5,609	5,317
UNITED TELEPHONE COMPANY OF THE NORTHWEST	1,471	5,886	5,248
Grand Total	1,136	5,497	5,150

Sources and Comments

See Summary x CLLI

Excludes: (1) affiliates, (2) enterprise, (3) satellite and (4) P> 2024 FCC urban reasonability benchmark. FCC DA 23-1172, Dec 15, 2023.

See <https://www.justice.gov/atr/herfindahl-hirschman-index#:~:text=The%20HHI%20is%20calculated%20by,%2B%20202%20%3D%20%2C600>.

6

7 **VII. ASSESSMENT OF THE CENTURYLINK ILEC’S PRICING FOR BLES**
 8 **AND SERVICE QUALITY PERFORMANCE**

9
 10

11 **Q. Mr. Webber, have you reviewed any documents showing the extent to which**
 12 **CenturyLink’s prices have increased for residential and business basic local**
 13 **exchange service (“BLES”) over the past decade that its current AFOR has**
 14 **been in place?**

15 **A.** Yes, I have. Staff prepared rate charts that document how CenturyLink’s monthly
 16 rates for its flat-rate residential and business BLES increased over the past decade
 17 under its current AFOR.⁵⁶ Pursuant to the terms of the negotiated AFOR (which

⁵⁶ See Exhibit JDW-19.

1 became effective in January 2014), in 2014 the five CenturyLink ILECs initially
2 revised those rates by folding their Extended Area Service (“EAS”) rate increments
3 (where applicable) into their basic line rates. At the same time, they began a process
4 of “normalizing” those rates, i.e. adjusting their disparate ILEC-specific rates
5 towards more equalized and eventually nearly uniform BLES rates across the entire
6 CenturyLink footprint in Washington.⁵⁷

7 However, the AFOR granted CenturyLink substantial pricing flexibility for
8 these services going forward, subject to its agreement that it would not further
9 geographically deaverage its BLES rates. CenturyLink then proceeded to exercise
10 that freedom by raising its residential BLES rates every year through 2024: most
11 often by \$2-\$3 per year for the three larger ILECs, and slightly less for the much
12 smaller InterIsland and Cowich ILECs (typically \$1.5-\$2 per year), which had higher
13 going-in rates. The result was that CenturyLink’s residential BLES rates have more
14 than doubled for every ILEC other than Cowiche over the term of the AFOR to
15 present.⁵⁸

16 CenturyLink’s business BLES rates also increased substantially during the
17 AFOR, by more than 60 percent in total for all ILECs other than Cowiche (21
18 percent). And, CenturyLink’s largest business BLES rate increase was in this year,
19 increasing a uniform \$5 for all five ILECs.

20

⁵⁷ For example, this explains why the “R-1” (1FR) and “B-1” (1FB) rates for CenturyTel of Cowiche both decreased in that first year of the AFOR, as it came into the AFOR with the highest rates among the five ILECs in 2013. There have been no other BLES rate decreases by CenturyLink over the entire 2014-2024 period.

⁵⁸ See Exh. JDW-1919.

1 **Q. What conclusion do you draw from this pattern of rate increases over the term**
2 **of the AFOR?**

3 A. The fact that CenturyLink has elected to increase its BLES rates repeatedly over the
4 past decade, and by such significant margins, leads me to conclude that competitive
5 pressures have not yet acted to constrain, or discipline, the Company's pricing for
6 these services as may be expected in a market for voice services that is characterized
7 as effectively competitive.

8
9 **Q. Mr. Webber, should the Commission address the service quality of**
10 **CenturyLink's basic local exchange services when evaluating whether the**
11 **statutory standard for "effective competition" has been met by any of the**
12 **CenturyLink ILECs in Washington?**

13 A. Yes, I believe it should. It is well-established in the economic literature that lack of
14 competition may be associated with a number of deleterious effects on economic
15 welfare. For example, in addition to concerns about monopoly pricing, the absence
16 of competition may result in lack of innovation, unresponsiveness to customer
17 demands and needs and, indeed, reduced service quality. Adequate service quality,
18 however, is an integral and essential aspect of any ILEC's basic local exchange
19 service offerings and it must be preserved. Customers in Washington and elsewhere
20 expect and deserve a high level of service quality for the basic telephone services
21 they purchase – not only to serve their daily communications needs, but also to
22 ensure they have reliable access to public safety services including but not limited to
23 E-911. Consequently, before taking that step of reclassification, the Commission

1 should consider evidence concerning the ILEC’s basic telephone service quality and
2 determine whether a change in the status quo would be contrary to the public interest
3 by freeing CenturyLink to provide basic telephone service customers with continued,
4 and perhaps perpetual, inadequate service quality.

5
6 **Q. Has Staff compiled any evidence that CenturyLink is failing to deliver adequate**
7 **service quality for its BLES services in Washington?**

8 A. Yes. Mr. Bennett has presented an analysis that compares, for 2019-2023, the annual
9 numbers of complaints and violations received by the Commission’s Consumer
10 Protection division from the five CenturyLink ILECs’ customers vs. Frontier of the
11 Northwest (including its Zply Fiber affiliate) and all other telecommunications
12 providers operating in the state. When measured on the basis of nominal counts of
13 complaints, the Qwest Corp. ILEC stands out as the worst performer by far, having
14 accrued more complaints than any other over each year, and experiencing a startling
15 rise in complaints after 2020 to 2023, increasing tenfold from 51 to 500 over those
16 four years.⁵⁹ After those counts have been normalized to reflect the companies’
17 varying sizes (by dividing the count totals by 1,000 access lines served), CenturyTel
18 of Washington emerges as the worst performer in 2022, with complaints at twice the
19 rate of Qwest Corp. that year. However, both of those ILECs’ complaints rates in
20 2022 are an order of magnitude higher than Frontier or the “all others combined”
21 category.

⁵⁹ See Exh. Bennett, SB-23 (Consumer Complaints 2019-2023 table) and Exh. SB-24 (Consumer Complaints chart 2019-202).

1 **Q. What consequences should these findings have for the Commission’s**
2 **consideration of CenturyLink’s Petition?**

3 A. I believe those findings should be a wakeup call to the Commission that CenturyLink
4 may be experiencing significant service quality problems, and at an accelerating rate.
5 That data strongly suggests that its service quality needs to be examined in more
6 detail.

7
8 **Q. Has CenturyLink provided any evidence in its prefiled Testimony and Exhibits**
9 **concerning the service quality of its five Washington ILECs’ basic local**
10 **telephone services?**

11 A. No. Dr. Weisman’s Direct Testimony is entirely silent on that issue, and Mr. Gose’s
12 Direct Testimony only refers to CenturyLink’s retail service quality obligations to
13 note that the Company does not intend to “carry forward” its obligations under the
14 2014 AFOR if its Petition is approved – and this includes the AFOR’s original
15 Service Quality Reporting condition (per the Staff/PC Settlement) as well as its
16 DOD/FEA Service Quality Commitments (per the DOD/FEA Settlement).⁶⁰ I
17 understand that the latter two have already lapsed.

18
19 **Q. Does CenturyLink currently continue to collect data on and monitor service**
20 **quality metrics for its ILECs’ basic local telephone services in Washington?**

21 A. It should. Regulated ILECs such as the five CenturyLink operating companies at
22 issue in this proceeding typically do track several aspects of their basic local

⁶⁰ JDW-4 at Settlement Agreement, Attachment A, at 2; id. at Attachment C, Appx. 1 at 2.

1 exchange services' quality, including overall Trouble Report Rates, Repeat Trouble
2 Report Rates, and the Timeliness of Out-of-Service Restorations. And I am aware
3 that CenturyLink ILECs operating in other states, notably Minnesota, do continue to
4 track metrics of these types, and I understand that the Commission's rules require
5 CenturyLink to retain certain records concerning service quality.⁶¹ Accordingly,
6 WUTC Staff has asked CenturyLink data requests seeking similar such service
7 quality data, internal metrics, and related reports that it might have prepared, on key
8 dimensions of basic local telephone service quality over the past five years.⁶²
9 However, in response, the Company refused to answer and instead entered an
10 objection (repeated for both DRs). As a result of CenturyLink's lack of cooperation
11 in this regard, the opportunity for a more-informed Commission evaluation
12 incorporating quality of service metrics appears to have been lost.

13
14 **Q. Nonetheless, have you been able to evaluate the CenturyLink ILECs' basic**
15 **telephone service quality using other information?**

16 A. Yes. Staff has been able to use other available data to get a read on CenturyLink's
17 service quality performance. Specifically, Staff was able to obtain five years' worth

⁶¹ See, e.g., WAC 480-120-439(1).

⁶² JDW-16. Staff DR 58 first asked the following question: "During the past five years, has the ILEC prepared reports for purposes of internal monitoring of the telephone service quality it provides to its retail, single line basic local exchange customers in Washington (residential and business), on any of the following typical industry metrics?

Trouble Report Rates

Repeat Trouble Report Rates

Customer Out-of-Service Restoration Intervals

Customer Repair Appointment Commitments Met

Service Installation Intervals

..." The Company's responses are provided in my Exhibit JDW-16.

1 of trouble tickets data (2019-2023) for each of the CenturyLink ILECs through
2 discovery, which provide a detailed view of the trouble reports that their basic local
3 telephone customers have submitted over that timeframe, including the *causes* of the
4 trouble and the *ILECs' responses*. And, as discussed above, Staff's complaint and
5 violation data show that the CenturyLink ILECs in fact have the highest complaint
6 rates amongst providers in the state and, moreover, that their complaint rates have
7 been increasing over time. All of this is worrisome.

8

9 **Q. Mr. Webber, what is a trouble report?**

10 A. While the term is used throughout the telecommunications service industry, the
11 Commission defines "trouble report" as "a report of service affecting network
12 problems reported by customers, and does not include problems on the customer's
13 side of the SNI."⁶³ For the basic telephone services provided by CenturyLink,
14 customers typically make trouble reports in response to a service outage (e.g., no dial
15 tone, static on the line, etc.), or other network issues that impair the use of their
16 telephone line, including audible static, cross-talk, echoes, and the like.

17

⁶³ See WAC 480-120-021. Definitions. In the same place, the Standard Network Interface ("SNI") is defined as "the protector that generally marks the point of interconnection between company communications facilities and customer's terminal equipment, protective apparatus, or wiring at a customer's premises." Accordingly, trouble reports are limited to service problems attributable to the telephone company's facilities, not to the customer's terminal equipment or wiring in their house or building on their side of that interconnection point.

1 **Q. Can you provide an overview of the analysis you have conducted of the chronic**
2 **troubles that some of CenturyLink’s Washington customers have experienced**
3 **with their basic local exchange lines?**

4 A. Yes. To help understand the telephone service quality that CenturyLink customers in
5 Washington have been experiencing during the Companies’ most recent AFOR, it is
6 useful to analyze the degree to which they have encountered recurring service
7 outages and other troubles on their lines, e.g. over several months or even years. I
8 refer to such circumstances as “chronic” troubles to distinguish them from repeat
9 troubles, which typically are defined more narrowly by ILECs’ service quality
10 metrics to include only a recurrence of a trouble within thirty to sixty days of a
11 previous trouble report from the same customer. To be sure, chronic troubles are
12 most indicative of deteriorating outside plant facilities in need of preventive
13 maintenance.

14 The analysis of chronic troubles I am presenting here is based on trouble
15 tickets datasets for each of the five CenturyLink ILECs, for the five years 2019-
16 2023.⁶⁴ In combination this data covers all of CenturyLink’s flat-rate residential
17 (1FR) and business (1FB) customers in Washington, along with small numbers of
18 customers subscribed to other “Plain Old Telephone Service” (“POTS”) service

⁶⁴ JDW-3. These datasets were obtained in response to Staff DR No. 19. *See* Lumen’s 3/6/2024 Supplemental Response to Staff DR No. 19, Attachment Staff 19a(C) (trouble tickets dataset for Qwest Corp.) and Attachment Staff 19b (supplying the disposition and cause codes found in that dataset); and Lumen’s 3/21/2024 Second Supplemental Response to Staff Data Request No. 19, Attachment Staff 19a2(C) (trouble tickets datasets for the other four CenturyLink ILECs in Washington) and Attachment Staff 19c (supplying the disposition and cause codes for the non-QC ILECs).

1 types.⁶⁵ All of these customers' telephone service has been provided from
2 CenturyLink's legacy copper public switched telephone network ("PSTN"), rather
3 than from the newer fiber-based network the Company has been deploying in certain
4 areas to support its non-regulated broadband internet access and VoIP service
5 offerings.

6

7 **Q. What is a trouble ticket?**

8 A. When CenturyLink receives a trouble *report* from a telephone service customer, it
9 creates a trouble *ticket*, which is a record in its back-end systems which is used to log
10 the trouble report and initiate actions to respond to it. These actions may include
11 testing the line remotely or scheduling a repair appointment, at which time a field
12 technician will be dispatched to visit the customer premises in order to evaluate the
13 problem. While the field technician's actions will vary on a case-by-case basis, in
14 general they inspect and evaluate the condition of the telephone line and its related
15 outside plant ("OSP") facilities, diagnose the trouble and attempt to make a repair.
16 The technician will also document their findings, through a set of standardized codes
17 as well as written remarks entered into the trouble ticketing system. All of that
18 information becomes part of the trouble ticket record, in addition to the customer's
19 basic identification information (customer name, address, telephone number), details
20 of their service, and the date/time that a trouble report was first received and when
21 the trouble was cleared.

⁶⁵ The dataset includes [REDACTED] trouble tickets generated for service types other than 1FR/1FB, comprising [REDACTED] percent of the total trouble tickets volume. The customer count for those tickets as a whole is [REDACTED]

1 **Q. What are the codes that you referred to?**

2 A. The ticketing system makes use of two different types of codes:

- 3 • Cause Codes, by which the field tech can categorize a trouble into one of
4 approximately forty possible causes (or enter code 600, “Unknown”); and
5 • Disposition Codes, which encompass over 100 different actions the field tech
6 may take in response to a trouble, categorized by the type of facility involved
7 (e.g. the customer’s drop wire to their house, copper or fiber cables, digital
8 pair gain systems or other electronics, or central office switching and related
9 equipment).

10 I have reproduced the documentation that CenturyLink has provided for these coding
11 schemes in my Exhibit JDW-7. Note that CenturyLink has two different sets of
12 codes of each type, one for Qwest Corp. and the second for the other four ILECs,
13 which employ different legacy systems for their trouble tickets.⁶⁶ I will discuss these
14 codes further in the context of my findings.

15

16 **Q. What steps have you taken to analyze these trouble tickets?**

17 A. The procedure I used to analyze the Company’s trouble tickets generally consisted of
18 the following steps, with some modifications to fit the specifics of each dataset that
19 had been provided:⁶⁷

⁶⁶ Exh. JDW-7.

⁶⁷ The details of the analysis applied to each dataset can be found in my workpapers.

1 (1) Stratify each trouble ticket dataset into four categories, grouping customers
2 by the numbers of troubles they have experienced on their telephone line over
3 that timeframe, as follows:

- 4 ▪ 1 Trouble Only;
- 5 ▪ 2-3 Troubles;
- 6 ▪ 4-5 Troubles; and
- 7 ▪ More Than Five Troubles

8 (2) Identify each customer's serving wire center, based upon their telephone
9 number. This was done using a third-party commercial database that provides
10 the NPA-NXX and thousands-block (where applicable) assignments of
11 telephone numbers to individual wire centers on a nationwide basis, including
12 those for the CenturyLink ILECs.⁶⁸

13 (3) Rank order each CenturyLink ILECs' wire centers by their total count of
14 customers having More Than Five Troubles within the dataset of trouble
15 tickets.

16 This procedure has allowed me to identify:

- 17 (a) the total number of customers and associated trouble tickets within each of
- 18 the four categories listed above;
- 19 (b) review and analyze the trouble histories of specific individual customers; and

⁶⁸ NALENNND® database, Wire Center Edition, published and licensed by Quentin Sager Consulting, Inc.

1 (c) determine which CenturyLink wire centers have had the most customers
2 experiencing the worst troubles, as measured by the More Than Five
3 Troubles category.

4
5 **Q. Can you summarize your findings from this analysis?**

6 A. Yes. I will start with the results for Qwest Corp., which is the largest of the five
7 CenturyLink ILECs, with 112 of the Company's 221 wire centers in Washington.
8 The table below provides a summary of the trouble ticket and customer counts for
9 the Qwest Corp. ILEC ("QC") by these categories.

10 *Table 2: Confidential Summary of Trouble Tickets by*
11 *Customer Category—Qwest Corp*
12

REDACTED

13
14
15
16
17
18
19

[REDACTED]

1 While all customers experiencing chronic troubles with their basic telephone
2 line deserve special efforts to restore the underlying facilities to good working order,
3 I have taken a deeper look into the "More than 5 Troubles" category, and particularly
4 the troubles that these customers have been experiencing due to deteriorated outside
5 plant. Qwest Corp.'s field techs identify such conditions when investigating a line
6 trouble by attributing it to Cause Code 310, which is "Worn, corroded, short,
7 grounded, crossed, loose, etc. To be used when Pre-Existing conditions in plant
8 facilities, result in trouble."⁶⁹

9
10 **Q. Can you recount the experience of one such household to illustrate the impacts**
11 **of having Chronic line troubles?**

12 A. Yes. Studying one Qwest Corp. customer's experience in detail gives some insight
13 into the kinds of repeated service quality problems, and consequent customer
14 frustrations, that thousands of its basic telephone customers have been subjected to.

15 [REDACTED] has been a subscriber to Residential Flat-Rate
16 (1FR) service in the Longview-Kelso exchange for at least five years, at a household
17 address located less than two miles from downtown Kelso.⁷⁰ [REDACTED]

18 [REDACTED]

19 [REDACTED]:

⁶⁹ Exh. JDW-7.

⁷⁰ The CenturyLink QC exchange tariff lists the "Longview-Kelso" exchange; I have matched this customer's NPA-NXX uniquely to the Longview wire center, so that it apparently also serves Kelso. It seems reasonable to conclude that the Competition Study's data for the Longview WC is applicable here.

1
2
3

**Table 3: Confidential Trouble Tickets for One Residential Customer
in the Longview-Kelso Exchange⁷¹**

REDACTED

4

5

6 **Q. What elements of this customer’s service record are notable to you?**

7 A. Several features stand out from the history of troubles on this line as revealed in the

8 table above. First, [REDACTED]

9 [REDACTED]

10 [REDACTED]

11 [REDACTED]

12 [REDACTED]

13 [REDACTED]

14 [REDACTED]

⁷¹ *Id.* Note that in the table above I have added the Narrative column for Disposition Codes, from CenturyLink Supplemental Response to Staff DR 19 (3/6/2024), Attachment B.

⁷² The eighth ticket was attributed to Trouble Code 600, cause “Unknown.”

⁷³ The service wire, aka “drop” wire, is the last connection from the nearest utility pole or pedestal to the customer’s home.

1 [REDACTED]
2 [REDACTED]
3 [REDACTED]
4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED]
13 [REDACTED]
14 [REDACTED]
15 [REDACTED]
16 [REDACTED]

17 What is certainly clear is that CenturyLink had repeatedly failed to provide this
18 customer with acceptable service quality over much of that three-year period, and that
19 the Company's repeated field tech visits were not resolving the underlying problems,
20 which were (as the Company field technicians admitted with their disposition code
21 entries) directly attributable to its deteriorated copper outside plant.

1 **Q. Have you identified additional, similar cases of Longview-Kelso exchange 1FR**
2 **subscribers being subjected to Chronic troubles on their CenturyLink lines?**

3 A. Yes. I have identified over seventy more such cases of Residential 1FR customers in
4 the Longview-Kelso exchange that have had chronic troubles, with more than five
5 trouble tickets within the 2019-2023 timespan. The key details of their trouble ticket
6 histories in provided in Exhibit JDW-8C to my testimony. A schematic overview of
7 these customers' experiences is provided by the Excel pivot table excerpt provided in
8 Table 3 below. While the full pivot table is provided in Exhibit JDW-9, this version
9 is limited to the past three years only in order to fit the page. Each column is for the
10 indicated month during a given year, separated by the gray-shaded columns that
11 provide yearly totals, for each year 2021-2023. The numbers within each month's
12 column are a count of the trouble tickets for each customer within that month, for an
13 outage or service-affecting condition on their line.⁷⁴

14 While much more detail is supplied in the associated Exhibits that I just
15 referenced, reading across each row, this table gives a visual indication of the pattern
16 of Chronic troubles these customers have endured over the past three years, and
17 many of them had additional troubles in the prior two years not shown. This table,
18 and the fuller five-year version contained in my Exhibit JDW-9C, vividly
19 demonstrate that these CenturyLink customers have been subjected to poor service
20 quality on a chronic basis.

⁷⁴ The Grand Totals in the rightmost column are the total count of trouble tickets for each customer for the full five-year period covered by the entire table as given in the Exhibit, not just the three years 2021-2023 shown here.

1
2
3

***Table 4: Confidential Longview-Kelso Subscribers Experiencing Chronic Troubles on
Their Telephone Line***

REDACTED

4
5
6

7 **Q. Do you have any more observations to make about the underlying causes of**
8 **these Chronic trouble conditions?**

1 A. Yes. As documented in the trouble tickets analysis that underlies this table, in [REDACTED]
2 [REDACTED] of the troubles experienced by these seventy-three
3 residential IFR subscribers, CenturyLink’s field techs had concluded that the
4 underlying cause of the troubles was best described by the Trouble Code 310 that I
5 described above. That is, the evaluating field techs had found that the customer’s
6 problem was caused by deteriorated outside plant facilities – typically occurring in
7 the copper distribution cable portion of the network – which existed prior to the
8 trouble being reported.

9 This incidence rate of troubles caused by deteriorated outside plant is
10 somewhat higher than, but consistent with, the fact that for the entire set of trouble
11 tickets that CenturyLink had provided covering the entire 2019-2023 timeframe, [REDACTED]
12 [REDACTED]
13 [REDACTED].

14
15 **Q. What relationship do these high levels of customer troubles attributable to**
16 **deteriorated outside plant have to the Company’s maintenance practices and**
17 **investments in its legacy copper network facilities?**

18 A. That is not clear at this point. Staff asked discovery concerning CenturyLink’s
19 annual network investments in Washington over the years 2019-2023, but the
20 Company refused to provide any information and instead entered an objection.⁷⁵
21 However, in a recent investigation of CenturyLink’s service quality in Minnesota

⁷⁵ Exh. JDW-18.

1 (specific to Qwest Corp.’s ILEC operations there), I presented the results of an
2 analysis of trouble tickets very similar to this one, with [REDACTED].
3 The ALJ presiding over that case recently issued a Report, which cited to my
4 Rebuttal Testimony in that proceeding for a finding that “CenturyLink’s trouble
5 report data from January 2019 through June 2023 (approximately [REDACTED]
6 discrete trouble reports) reflect that 77 percent of all reports are related to
7 *deteriorating or failing plant or equipment*.⁷⁶ In that proceeding, however, I had
8 access to detailed information from discovery concerning Qwest Corp.’s
9 investments, maintenance practices, and technician staffing related to its legacy
10 copper network. The ALJ also cited to my findings from analysis of that information
11 to determine that following:

12 17. CenturyLink spends roughly [REDACTED] of its maintenance budget on
13 reactive “break/fix” work. CenturyLink’s reliance on “break/fix”
14 maintenance has increased in recent years as the company cut back on
15 proactive rehab and staffing. Between 2019 and 2021, CenturyLink cut its
16 rehab spending by [REDACTED] from approximately [REDACTED]. In
17 December 2021, CenturyLink eliminated approximately [REDACTED] field
18 technician positions. Technician workloads, in turn, have risen by
19 [REDACTED] since 2021.⁷⁷
20

21 Regardless of whether Qwest Corp. and the other CenturyLink ILECs in Washington
22 have or have not been cutting back on their field technician staffing and outside plant
23 rehabilitation spending in recent years as was established for Qwest Corp. in
24 Minnesota, the fact remains that some of Qwest Corp.’s basic telephone customers in

⁷⁶ Minnesota PUC Docket P-421/C-20-432, OAH 21-2500-38965, ALJ K. Middendorf, Findings of Fact, Conclusions of Law, and Recommendations, issued March 13, 2024, at para. 39 (Public version; citing to Ex. DOC-5, Webber Rebuttal at 19).

⁷⁷ *Id.* at para. 17 (which cited to Webber Direct and Surrebuttal Testimony in that case).

1 Washington have been experiencing chronic troubles with their lines attributable to
2 deteriorations in its legacy copper outside plant. I suspect, but due to CenturyLink's
3 lack of responsiveness, am unable to know for sure, that the underlying causes are
4 the same as those found in Minnesota.

5
6 **Q. Have you identified which of the Qwest Corp. wire centers have had the worst**
7 **chronic troubles performance over the past five years, as measured by the More**
8 **Than Five Troubles category?**

9 A. Yes. Table 5 below focuses on the highest, "More Than Five Troubles" category,
10 with the Qwest Corp. wire centers' results sorted from highest to lowest ticket
11 volumes within that category. [REDACTED]

12 [REDACTED].

1
2
3

*Table 5: Confidential Worst-Performing Qwest Corp. Wire Centers Ranked by
Chronic Troubles*

REDACTED

4
5
6

1 **Q. What does this table show?**

2 A. Table 5 shows that high numbers of such troubles are concentrated in a small number
3 of wire centers: in the darker blue highlighting, each of the six wire centers of

4 [REDACTED]
5 [REDACTED]
6 [REDACTED]
7 [REDACTED]
8 [REDACTED]
9 [REDACTED]
10 [REDACTED]
11 [REDACTED]
12 [REDACTED].

13

14 **Q. Mr. Webber, based on the findings you have just presented, what conclusions**
15 **do you draw with respect to Qwest Corp.'s service quality if the Commission**
16 **grants the petition?**

17 A. Irrespective of whatever competitive pressures may or may not be present, my
18 concern is that Qwest Corp.'s does not feel the practical effect of competitive
19 pressure in many of its service territories and that its arguments that competitive
20 pressure is intense throughout all of its services areas is belied by the examples of
21 repeating troubles I have demonstrated here. Clearly, if competitors were providing
22 functionally equivalent alternatives at competitive rates, customers would not stand

1 for such poor service quality. Rather, the customers would be changing providers at
2 an increasing rate.

3 I am concerned service quality will further deteriorate over time. That is, the
4 evidence I have just described, including the more extensive versions of Tables 2-4
5 provided in my Exhibits, suggests that despite the presence of numerous ostensibly
6 competitive entrants operating in portions of its service territory, Qwest Corp. is not
7 confronted by competition that is sufficiently compelling it to maintain high levels,
8 or even just adequate levels, of service quality for its basic local exchange services
9 *throughout* its service territory. It is quite striking to me that, whereas Mr. Gose
10 claims that, in the Competition Study he is sponsoring, no less than 15 competitors,
11 and up to nineteen, are operating in each of the six wire centers performing the worst
12 in terms of chronic troubles, as Table 5 above shows.⁷⁸ Clearly, *the total number of*
13 *competitive entrants within a wire center by itself has little or no bearing on the*
14 *Company's basic telephone service quality.*

15
16 **Q. Mr. Webber, so far you have described the results of your analysis of Qwest**
17 **Corp.'s trouble tickets. What are your findings concerning the other four**
18 **CenturyLink ILECs in Washington?**

19 A. I have prepared Exhibits JDW-8C through JDW-11C that summarize my findings for
20 CenturyTel of Washington ("CTEL"), CenturyTel of Interisland ("CTEL-I"),
21 CenturyTel of Cowiche ("CTEL-C"), and United Telephone Company of the

⁷⁸ CenturyLink Competition Study, at tab "Modality Counts" (filtered on the six listed wire centers). I also note that the study claims there those total competitor counts include 3 to 4 Mobile Voice competitors within each of those wire centers.

1 Northwest (“United”). These four ILECs are smaller than Qwest Corp.’s operations
2 in Washington, so it is unsurprising that their absolute level of chronic customers are
3 smaller than those for Qwest Corp. Nevertheless, all but one of these four
4 CenturyLink ILECs have customers that have experienced more than five troubles
5 over the past five years (the exception being CTEL-C, which only serves a few
6 thousand customers); and both CTEL and United have significant numbers of
7 customers in that category. For example, here is the Summary of Trouble Tickets
8 table for CTEL:

9 *Table 6: Confidential Summary of Trouble Tickets by Customer Category—CTEL*
10

REDACTED

11
12
13
14
15
16
17

[REDACTED]

18 **Q. Do the chronic trouble customers in these ILECs’ wire centers appear to have**
19 **the same types of problems as the Qwest Corp. customers have experienced?**

1 A. Yes, they appear very similar. For example, as shown in Table 7 below, the CTEL
2 customer [REDACTED] in the Odessa wire center had 13 trouble tickets over the 2019-
3 2023 period, eight of which were attributed to Cause Code 310 (which is shortened
4 to “Age Deterioration” in CTEL’s disposition code system). My Exhibit JDW-10C
5 provides the trouble ticket histories for the [REDACTED] other CTEL customers who had
6 chronic troubles (more than five tickets), and many of them appear to have similar
7 experiences of recurring problems relating to outside plant deterioration. In total,
8 those customers had [REDACTED]
9 [REDACTED]. Exhibit JDW-11C provides a pivot table showing the counts of
10 trouble tickets by month for all of these customers over the 2019-2023 timeframe.

1
2
3

*Table 7: Confidential Trouble Tickets for a residential
Customer in the Odessa Exchange*⁷⁹

REDACTED

4
5

6 **Q. Mr. Webber, have you performed similar analyses of customers with chronic**
7 **troubles for the remaining CenturyLink ILECs?**

8 A. Yes, I have, with the exception of CTEL-C, the smallest by far of the CenturyLink
9 ILECs, which had no customers in the More Than Five trouble tickets category to
10 analyze. My additional analyses for the other ILECs are presented similarly to
11 Tables 6 and 7 above, but can be found in Exhibits JDW-12C through JDW-15C and
12 JDW-17C attached to my testimony. Overall, they present similar patterns of trouble
13 ticket histories and causation related to deteriorated outside plant as I have described
14 above.

15

16 **Q. Does this conclude your testimony?**

17 A. Yes.