

**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

Settlement Testimony of Peter J. Gose Exh. PJG-30CT, *WUTC v. CenturyLink*, Docket
UT-240029 (filed July 1, 2024).

July 15, 2024

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

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

DOCKET UT-240029

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

**SETTLEMENT TESTIMONY OF

PETER J. GOSE

ON BEHALF OF

THE CENTURYLINK COMPANIES**

July 1, 2024

TABLE OF CONTENTS

	<u>Description</u>	<u>Page</u>
I.	INTRODUCTION	1
II.	SUMMARY OF TESTIMONY AND RECOMMENDATION	1
III.	PROCEDURAL HISTORY	2
IV.	SETTLEMENT AGREEMENT	4
	Table 1: Summary/Comparison of AFOR	4
	A. Duration of the AFOR (AFOR Section 3)	6
	B. Approval over Transactions (AFOR Section 6)	7
	C. Service Quality Regulation (AFOR Section 8)	8
	D. Discontinuance of IFR/IFB Service (AFOR Section 9)	9
	Figure 1	17
	Figure 2	18
	Figure 3	19
	Figure 4	20
	Table 2: Example Discontinuance Data Collection and Analysis Matrix	21
	Figure 5	22
	E. Other Provisions	26

1

I. INTRODUCTION

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Peter Gose. My business address is 14530 NW 63rd St, Parkville, Missouri,
4 64152-8703. My business email address is peter.gose@lumen.com.

5 **Q. HAVE YOU SUBMITTED TESTIMONY IN THIS CASE?**

6 A. Yes. Please see Exhibit PJG-1T and Exhibits PJG 2-29. My qualifications and
7 background are summarized in my prefiled direct testimony.

8

9 II. SUMMARY OF TESTIMONY AND RECOMMENDATION

10 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

11 A. After months of arduous, good faith negotiations with Staff and Public Counsel,¹
12 CenturyLink and Staff reached settlement in principle on June 5, 2024 and are filing a
13 settlement agreement contemporaneous with the filing of this testimony. The settlement
14 creates a new Alternative Form of Regulation (“AFOR”), one that replaces the expiring
15 AFOR that has been in place since 2014 (see Docket UT-130477, Order 04), and resolves
16 all matters raised by CenturyLink’s petition for competitive classification. The
17 settlement represents a delicate balance of compromises that recognizes the vibrancy of
18 the competitive landscape in Washington,² removes some regulatory burdens on

¹ While Public Counsel has not signed on to the Settlement Agreement, CenturyLink worked cooperatively with Public Counsel and Staff throughout the negotiations process.

² In my prefiled direct testimony, I set out significant data displaying the state of competition in Washington. Please see Exhibit PJG-1T, pp. 16, 19, as well as Exhibit PJG-2C, CenturyLink’s competition study. In brief

1 CenturyLink and preserves or adds protections for Washington customers with the fewest
2 service alternatives. The settlement offers a fair balance, promotes the principles
3 highlighted in RCW 80.36.135 and .300 and is squarely in the public interest.
4 CenturyLink urges the Commission to approve it without additional conditions.

5
6 **III. PROCEDURAL HISTORY**

7 **Q. CAN YOU BRIEFLY DESCRIBE THE PROCEDURAL HISTORY THAT LED**
8 **TO THE SETTLEMENT?**

9 A. Yes. Facing the expiration of its existing AFOR, CenturyLink filed a petition for
10 competitive classification (“Petition”) on January 8, 2024. Rather than seeking a new
11 AFOR, the Petition sought for the five CenturyLink ILECs to be competitively classified
12 pursuant to RCW 80.36.320 based on the presence of effective competition across
13 CenturyLink’s service territories in Washington. Among CenturyLink’s primary
14 motivations was to transition to an alternative regulatory status that offers considerable
15 regulatory flexibility to the company in light of the hyper-competitive nature of the
16 communications market in Washington and that would not require guaranteed re-
17 litigation after a set number of years. The need to re-litigate whether CenturyLink has
18 monopoly power (recall, CenturyLink has fewer than 4% of the voice connections in
19 Washington) imposes significant burdens and costs on both the company and the

summary, the CenturyLink ILECs provide under 4% of the voice connections in Washington (Exhibit PJG-1T, Graphic 1), whereas mobile wireless companies provide 78.7%. CenturyLink faces stiff competition in each wire center by multiple alternative technologies. Based on the FCC’s Broadband Data Collection data, CenturyLink presented the number of locations (or households, in the case of mobile wireless) served by specific carriers, by wire center. See Exhibit PJG-2C. The Commission recognized the highly competitive nature of the market a decade ago (summarized at Exhibit PJG-1T, pp. 9-12), and competition has dramatically increased since that time.

1 Commission. It is not a reasonable use of resources given that the Commission
2 recognized a decade ago that alternative providers (notably wireless and VoIP) had
3 permanently changed the competitive landscape.³

4 The expiring AFOR treated the CenturyLink ILECs as if they were competitively
5 classified, with some exceptions noted in the Plan for AFOR approved by the
6 Commission, but it triggered automatic re-litigation at the end of the AFOR's term.
7 Absent an extremely unlikely change of circumstances, there is no need for the parties to
8 be locked into further litigation of these issues. As discussed before, the AFOR proposed
9 in the settlement of this case removes the certainty of litigation, and replaces it with the
10 possibility of a new case if any party deems it necessary years into the future. That is a
11 dramatic improvement for all involved.

12 While CenturyLink invited settlement over a year ago, well before it filed the Petition in
13 January 2024, settlement negotiations began in earnest in April 2024. Staff, Public
14 Counsel, and CenturyLink held numerous discussions and exchanged multiple draft term
15 sheets before Staff and CenturyLink finally reached agreement in principle on June 5,
16 2024. Public Counsel declined to sign on to the settlement, but has not yet indicated
17 whether it will oppose the settlement (in whole or in part), or intends to merely comment.
18 CenturyLink will be prepared to address any comments or concerns raised by Public
19 Counsel, just as it has over the many months since initiating discussions of a new
20 regulatory paradigm.

21

³ See excerpts from Frontier competitive classification (Docket UT-121994; Order 06) on pp. 9-10 of Exhibit PJG-1T.

IV. THE SETTLEMENT AGREEMENT

Q. CAN YOU PLEASE DESCRIBE THE MAJOR COMPONENTS OF THE SETTLEMENT AGREEMENT?

A. Of course. The proposed AFOR, which treats all five CenturyLink ILECs as if they are competitively classified, contains four critical sections, each of which I discuss below. For ease of reference, Table 1 summarizes all of the provisions of the AFOR and compares the proposed AFOR to the 2014 AFOR.

Table 1: Summary/Comparison of AFOR

AFOR Section	Provision	2024 AFOR (Settlement)	2014 AFOR (Expiring)
1	Treated as Competitively Classified Company	Yes	Yes
2	Duration	No expiration (any party can seek adjustments/replacement after 5 years); no mandatory litigation in future	6 years (originally); mandatory litigation at end of term
3	Wholesale regulation	Unaffected by AFOR	Unaffected by AFOR
4	Price Regulation/Tariffing & Rate Change Notifications	None, except for emergency number, Lifeline/Linkup, interconnection and interexchange access services No requirement to notify Staff of rate changes	None after the first year of AFOR, except for emergency number, Lifeline/Linkup, interconnection and interexchange access services Requirement to notify Staff of rate changes
5	Approval over Transactions	Waived except for exchange sales and sale of access lines	Waived except for exchange and sales and merger transactions
6	Geographic De-Averaging	CTL will not geographically de-average rates and will harmonize 1FR and 1FB rates across its 5 ILECs	Same as 2024
7	Retail Service Quality	CTL will provide pro-rata MRC credits for OOS conditions > 24 hours and for noise-on-line conditions. If fail to provide required credits, remedy is	Specified SQ reporting required

AFOR Section	Provision	2024 AFOR (Settlement)	2014 AFOR (Expiring)
		doubling of credits, and not Commission penalties	
8	Discontinuance of 1FR/1FB	Approval required if discontinuance area includes customer(s) without access to competitive services (all technologies qualify except satellite) under §61.13 and (for fixed internet services) at least 25/3 speed. Otherwise, enhanced notice required For discontinuances not requiring approval, within 5 days after CTL files FCC application, CTL will submit data to WUTC demonstrating CTL completed verification/challenge process regarding available alternatives	Approval required for any discontinuance of standalone residential or business service
N/A	Accounting Method	No specific requirement	Obligation to keep records consistent with WAC 480-120-355 and as required by FCC rather than GAAP
N/A	Incorporation of EAS Charges into Rates	No specific requirement	Required restructuring of ILEC rates and EAS charges
N/A	Rate Protection Commitments	No specific requirement	5 year rate protection agreement with DOD/Federal Executive Agencies (MFN provision)

1
2
3
4
5
6
7
8
9

Q. GENERALLY SPEAKING, HOW WOULD YOU COMPARE THE PROPOSED AFOR TO THE EXPIRING 2014 AFOR?

A. Overall, the proposed AFOR offers CenturyLink additional flexibility than the 2014 AFOR, while still maintaining significant protections for Washington customers. It also adds a new requirement (not found in the 2014 AFOR), an obligation to provide automatic credits to traditional voice customers in the event their service is out of service for more than 24 hours and/or in the event there is noise on the line. The proposed AFOR recognizes the increasingly competitive nature of the Washington

1 telecommunications market, and balances the interests of the company and the concerns
2 raised by Commission Staff and Public Counsel in litigation and negotiations.

3 **A. Duration of the AFOR (AFOR Section 3)**

4 **Q. PLEASE DESCRIBE THE DURATION OF THE PROPOSED AFOR.**

5 A. I understand that RCW 80.36.135(3) requires that a proposed plan for AFOR state the
6 proposed duration of the plan. In this case, the parties agreed that the AFOR should not
7 automatically expire. Instead, the AFOR will remain in place, with any party
8 (CenturyLink, Staff, Public Counsel, the Commission or anyone else) being able to
9 initiate a new proceeding after 5 years should adjustment or replacement be desired.
10 Thus, the AFOR can be changed or replaced, but neither the parties nor the Commission
11 is required to initiate litigation as of a date certain in the future.

12 **Q. WHY IS THIS TERM IN THE PUBLIC INTEREST?**

13 A. It goes without saying that Commission litigation is resource intensive and draining to the
14 parties and the Commission. Mandatory litigation, as was required by the terms of the
15 2014 AFOR, is not beneficial to any party, and is taxing on all. The design of the
16 proposed AFOR offers all parties certainty for an extended period of time, but does not
17 foreclose the possibility of revisiting the AFOR after 5 years. As federally subsidized
18 broadband services continue to be deployed across the state, it is inevitable that
19 competition will continue to grow. As such, it may make sense to all parties to explore
20 adjustments or replacement of the AFOR in 5 or more years. This AFOR provision

1 retains such flexibility without forcing the parties to return to litigation at any particular
2 point in time.

3 **B. Approval over Transactions (AFOR Section 6)**

4 **Q. DOES THE AFOR PRESERVE COMMISSION AUTHORITY OVER CERTAIN**
5 **TRANSACTIONS?**

6 A. Yes, it does. While competitively classified companies typically are entirely exempted
7 from Chapter RCW 80.12 (Transfers of Property), the proposed AFOR requires
8 CenturyLink to obtain Commission approval prior to completing a sale of any of its 221
9 Washington exchanges or prior to completing the sale of access lines. This is similar to
10 the 2014 AFOR, although the 2014 AFOR likewise required approval prior to the
11 completion of any merger transactions.

12 **Q. WHY IS THIS PROVISION IN THE PUBLIC INTEREST?**

13 A. It represents a reasonable compromise between the settling parties' positions, and allows
14 the Commission to retain authority over certain key transactions. From the company's
15 perspective, it is very obviously subject to effective competition throughout its serving
16 territories, entitling CenturyLink (as a matter of law) to competitive classification under
17 RCW 80.36.320 and thus an absolute waiver of RCW 80.12 based upon WAC 480-121-
18 063. As one component of a complex set of compromises captured by the settlement,
19 CenturyLink agreed to continued Commission oversight over exchange and access line
20 sales. CenturyLink has no present plans to engage in either type of transaction (nor a
21 merger, for that matter), but recognizes that this is an important safeguard from
22 Commission Staff's perspective.

1 **C. Service Quality Regulation (AFOR Section 8)**

2 **Q. PLEASE DESCRIBE THE PROPOSED AFOR’S PROVISIONS CONCERNING**
3 **RETAIL SERVICE QUALITY REGULATION?**

4 A. CenturyLink is agreeing (as one component of a comprehensive settlement) to issue
5 automatic monthly recurring charge (“MRC”) credits to retail POTS (plain old telephone
6 service) customers whose service is out of service for more than 24 hours. Credits will
7 be paid at a rate of 1/30 of the MRC for each day that a customer is out of service beyond
8 24 hours. Credits will also be paid at the same rate for non-out-of-service conditions
9 where a customer experiences noise on the line (as measured by the requirements of
10 WAC 480-120-401(4) and 480-120-411).

11 **Q. WHY IS THIS PROVISION IN THE PUBLIC INTEREST?**

12 A. Once again, this is a concession by CenturyLink as one component of a comprehensive
13 settlement. CenturyLink did not lightly agree to this provision. It was not part of the
14 2014 AFOR. In their response testimony, Staff and Public Counsel paid considerable
15 attention to retail service quality issues. While CenturyLink does not believe those issues
16 are squarely before the Commission in this docket – because, similar to wholesale issues,
17 the Petition did not seek to alter the Commission’s purview over retail service quality
18 issues or narrow the Commission’s regulation of the CenturyLink ILECs’ retail service
19 quality performance – this component of the settlement attends to concerns raised by
20 Staff and Public Counsel. The provision provides CenturyLink incentive to minimize out
21 of service conditions and noise-on-line conditions; doing so promotes the public interest.

22

1 **D. Discontinuance of 1FR/1FB Service (AFOR Section 9)**

2 **Q. PLEASE DESCRIBE HOW THE PROPOSED AFOR ESTABLISHES**
3 **PROCESSES AND PROTECTIONS CONCERNING DISCONTINUANCE OF**
4 **STANDALONE RESIDENTIAL (1FR) AND STANDALONE BUSINESS (1FB)**
5 **SERVICE IN WASHINGTON.**

6 **A.** Section 9 provides a rigorous process for evaluating and reviewing potential service
7 discontinuance to discrete areas of Washington. In some cases, CenturyLink – should it
8 in the future seek to discontinue either providing standalone residential or business
9 services to an area within Washington – would still be required to obtain Commission
10 approval. In other cases, CenturyLink (having first obtained permission from the Federal
11 Communications Commission (“FCC”) to discontinue service to the identified area)
12 would be permitted to proceed after providing enhanced notice to the Commission and
13 affected customers. The determination of whether approval or enhanced notice is
14 required hinges upon whether, in the proposed area of discontinuance, CenturyLink
15 serves customers who lack access to alternative service provider services meeting criteria
16 agreed to in the settlement. If an existing customer’s location lacks sufficient alternatives
17 (as detailed in the settlement), that location is considered a Challenged Customer
18 Location (“CCL”), and any discontinuance to an area including that CCL would require
19 Commission approval. If there are no CCLs in the proposed area of discontinuance,
20 CenturyLink will first go through a multi-step validation/challenge process, and then
21 proceed via enhanced notice, at which point Commission Staff and Public Counsel will
22 be able to validate that no CCLs exist in the proposed area.

1 **Q. DO ALL ALTERNATIVE TECHNOLOGIES AND SERVICES COUNT AS**
2 **“ALTERNATIVES” FOR PURPOSES OF THE SETTLEMENT?**

3 A. No. As mentioned above, the settlement narrows the field of alternative services
4 available, on a location-specific basis, to certain technologies, meeting certain service
5 capabilities and certain price benchmarks.

6 For mobile wireless (also known as Commercial Mobile Radio Service, or CMRS), a
7 location will only be treated as served if the provider offers customers pre-paid or post-
8 paid plans at or below \$61.13 per month.

9 For fixed internet, commercial satellite service will not be considered a suitable
10 alternative for purposes of this settlement. For other forms of fixed internet service
11 (including fiber, copper, cable and fixed wireless), the location will be considered served
12 if the provider offers customers plans with internet speed of at least 25/3 at or below
13 \$61.13 per month.

14 **Q. HOW DID THE PARTIES LAND ON \$61.13 AS AN APPROPRIATE**
15 **AFFORDABILITY BENCHMARK?**

16 A. It was the product of exhaustive negotiation. In their prefiled response testimony, Staff
17 advocated for a benchmark of \$55.13, based upon the FCC’s affordability benchmark of
18 the same amount for POTS voice services. See Exhibit JDW-5. While the parties settled
19 prior to CenturyLink filing its reply testimony, CenturyLink’s position in the litigation is
20 that a more reasonable benchmark would be the FCC’s affordability benchmark for 25/3
21 internet services, which currently sits at \$87.83. Again, see Exhibit JDW-5.
22 CenturyLink would have asserted that this is the most appropriate benchmark given that

1 the services being evaluated are not POTS voice service, which provides a customer
2 merely the capability of making a voice call, but services that also include internet
3 functionality and sometimes mobility. Comparing cable internet service (for example)
4 pricing to 1FR pricing is not apples to apples from the company's perspective. It sets the
5 comparison threshold too low in light of the increased functionality customers obtain
6 from alternate technologies. After many rounds of negotiations, the parties settled on
7 \$61.13, representing a significant compromise of CenturyLink's litigation position.

8 **Q. IS CENTURYLINK CONCERNED THAT 1FR CUSTOMERS WILL BE**
9 **NEGATIVELY IMPACTED IF REQUIRED TO PURCHASE ALTERNATIVE**
10 **SERVICES THAT EXCEED THE PRICE (\$32) OF CENTURYLINK'S 1FR?**

11 A. No. First, there are relatively few landline-only customers in Washington. According to
12 the Centers for Disease Control, only 1.9% of Washington customers use only a landline,
13 whereas 74.2% are wireless only and another 14.0% mostly use wireless. Another 6.3%
14 utilize both wireless and wireline services. See Exhibit PJG-31,⁴ which updates the CDC
15 data provided in Exhibit PJG-5. Thus, the number of potentially-"stranded" CenturyLink
16 customers is likely very small in the hypothetical event that CenturyLink seeks to
17 discontinue service in a select area.

18 Second, the settlement forged by Staff and CenturyLink includes several provisions
19 designed to protect low-income customers who may find it less feasible to transition from
20 CenturyLink POTS to alternative services. For instance, Lifeline-eligible (or similarly

⁴ See also Exhibit PJG-32, which is newly updated CDC data (nationwide) about wireless substitution. To the extent there is concern that older populations are uncomfortable transitioning to alternate technologies, the CDC tells a different story. See Table 2 (page 5), which reveals that customers 65 years and over overwhelmingly use mobile wireless service. 54.6% use wireless only and 17.4% use mostly wireless. Another 11.7% are dual users, with only 5.7% using only landline service.

1 situated) CenturyLink customers whose service alternatives include only wireless service
2 are entitled to a subsidy from CenturyLink for setup costs (including handsets). See
3 AFOR Section 9.b.ii.3. All customers, not just Lifeline-eligible customers, are also
4 entitled to a subsidy from CenturyLink if their only service alternative is a fixed internet
5 service with an installation charge exceeding \$100. AFOR Section 9.b.ii.4. In either
6 event, CenturyLink can provide the relevant subsidy, treat the location as a CCL (thus
7 requiring approval) or remove the location from the area of discontinuance.

8 **Q. YOU MENTIONED THAT A FIXED INTERNET PROVIDER’S SERVICE WILL**
9 **ONLY COUNT AS AN ELIGIBLE ALTERNATIVE IF IT CAN PROVIDE**
10 **SERVICE AT A SPEED OF 25/3 OR GREATER. HOW DID THE PARTIES**
11 **COME TO THAT DETERMINATION?**

12 A. Once again, it was a matter of compromise and negotiation. In its prefiled response
13 testimony, Staff’s witnesses (as did Public Counsel’s witness) identified 25/3 as the
14 minimum acceptable speed for eligibility as an alternative to CenturyLink’s 1FR.
15 CenturyLink’s position is that VoIP service can function over lower speed internet
16 connections, and thus an analog to the 1FR could be found at lower speeds, such as those
17 required under the Connect America Fund program (10/1 speed). Since CenturyLink’s
18 1FR does not offer customers *any* internet speed, 25/3 is a fairly high benchmark when
19 looking at services which function to create effective competition for the company’s 1FR.
20 As a matter of compromise, however, the company agreed to utilize 25/3 as the relevant
21 speed benchmark for purposes of determining whether a location is a CCL.

1 **Q. CAN YOU TAKE A STEP BACK AND EXPLAIN HOW, SHOULD**
2 **CENTURLINK PURSUE DISCONTINUANCE TO AN AREA IN**
3 **WASHINGTON, IT WILL BE DETERMINED IF CCLS ARE PRESENT**
4 **(REQUIRING COMMISSION APPROVAL)?**

5 A. Yes.

6 **The first step** will be for CenturyLink to determine the precise boundaries of the area in
7 which it seeks to discontinue service. An “area” could be as small as a cul-de-sac or
8 could be a neighborhood or a small area served by a particular facility. One possible
9 scenario could involve a county demanding that CenturyLink relocate its facilities
10 running alongside a county road that the county intends to move. In this hypothetical
11 scenario, let’s imagine that CenturyLink has only four customers still served by these
12 facilities (each paying approximately \$50/month), and that the road move construction
13 will cost the company \$250,000. In this scenario, it would be logical for CenturyLink to
14 consider transitioning those four customers to alternative services, and to decline to
15 relocate its facilities.

16 **The second step** will be for CenturyLink to consult the FCC’s most current (at the time it
17 hypothetically pursues discontinuance) Broadband Data Collection (“BDC”) and wireless
18 availability data⁵ to determine what alternative services are reported to be available at
19 each of the CenturyLink customer locations within the proposed area of discontinuance.
20 CenturyLink will make an initial determination of whether any of its customer locations
21 are CCLs based on the criteria established in the settlement.

⁵ I discuss the settlement’s reliance on BDC data, rather than CostQuest “fabric” data, below.

1 **The third step** (assuming CenturyLink does not identify any CCLs in its review of FCC
2 BDC or wireless availability data) will be for CenturyLink to make several contacts to
3 each existing customer in the discontinuance area. CenturyLink will mail a post card or
4 letter in the form attached as Appendix B to the Plan for AFOR. CenturyLink will also,
5 if it has a customer email address on file, email the customer. Finally, CenturyLink will
6 make at least one phone call (leaving a message if necessary) in an attempt to notify the
7 customer of the potential discontinuance. The purpose of the letter, email and telephonic
8 notices is to inform the customer of potential discontinuance, inform them of the specific
9 alternatives that appear to be available at their location and offer them an opportunity to
10 refute the functioning or availability of those alternatives.

11 **The fourth step**, assuming that the validation/challenge process does not result in a
12 determination that any location in the discontinuance area must be treated as a CCL, will
13 be for CenturyLink to provide enhanced notice to the Commission as described in the
14 settlement. At that time, CenturyLink will share its analysis and data with Staff and
15 Public Counsel, who will have another opportunity to assess CenturyLink’s findings.
16 This process involves numerous opportunities to provide assurance that no CCLs will
17 have service discontinued without a Commission approval process: reliance on
18 frequently updated FCC information (which itself is held to a challenge process); three
19 forms of customer notice; a specified challenge process in the event a customer indicates
20 concerns with the FCC information; and ultimately review by Staff and Public Counsel.
21 Also, it merits repeating that no discontinuance of standalone POTS service can occur in
22 Washington without the FCC also reviewing and allowing the discontinuance to proceed.

1 **Q. YOU MENTIONED THAT THE CCL REVIEW PROCESS WILL INVOLVE**
2 **CENTURLINK’S REFERENCING THE FCC’S BDC DATA. WHY DOESN’T**
3 **THE SETTLEMENT REQUIRE CENTURLINK TO REFERENCE THE**
4 **COSTQUEST FABRIC?**

5 A. First let me describe the fabric. Later in this testimony I will refer to the national
6 broadband serviceable location fabric (“BSLF” or “fabric”). The BSLF, constructed by
7 CostQuest Associates, is the foundational dataset used by the FCC in its National
8 Broadband Maps. These National Broadband Maps are publicly available, but access to
9 the underlying data at a location-specific level requires the purchase of a license from
10 CostQuest. CenturyLink has access to two BSLF licenses, a Tier 2 license (restricted to
11 use only for the Company’s broadband data collection submissions to the FCC, and to
12 respond to any FCC National Broadband Map challenges) and a Tier D license (useable
13 for the sole purpose of reporting, challenge responses, and applications of the Broadband
14 Equity and Accessibility Deployment Act (“BEAD”) and other federally funded grant
15 programs). Those licenses are free to the company.

16 CenturyLink has not purchased a less restrictive version of the BSLF because it is cost
17 prohibitive. In 2023 CenturyLink obtained a quotation from CostQuest Associates for
18 BSLF access for the ILEC states in which it operates. The quoted price for *12 months of*
19 *access* to that data was approximately [REDACTED], which is excessive relative to the value
20 to be derived from the data for a short period of time. Given that the FCC’s National
21 Broadband Map and the BSLF data that underpins it is updated on a regular cadence and
22 publicly available, CenturyLink believes that the dataset available to the public is
23 sufficient for any potential customer identification and location analysis that could be
24 necessary in a discontinuance scenario. This is especially so given the rigorous
25 validation process described above.

REDACTED

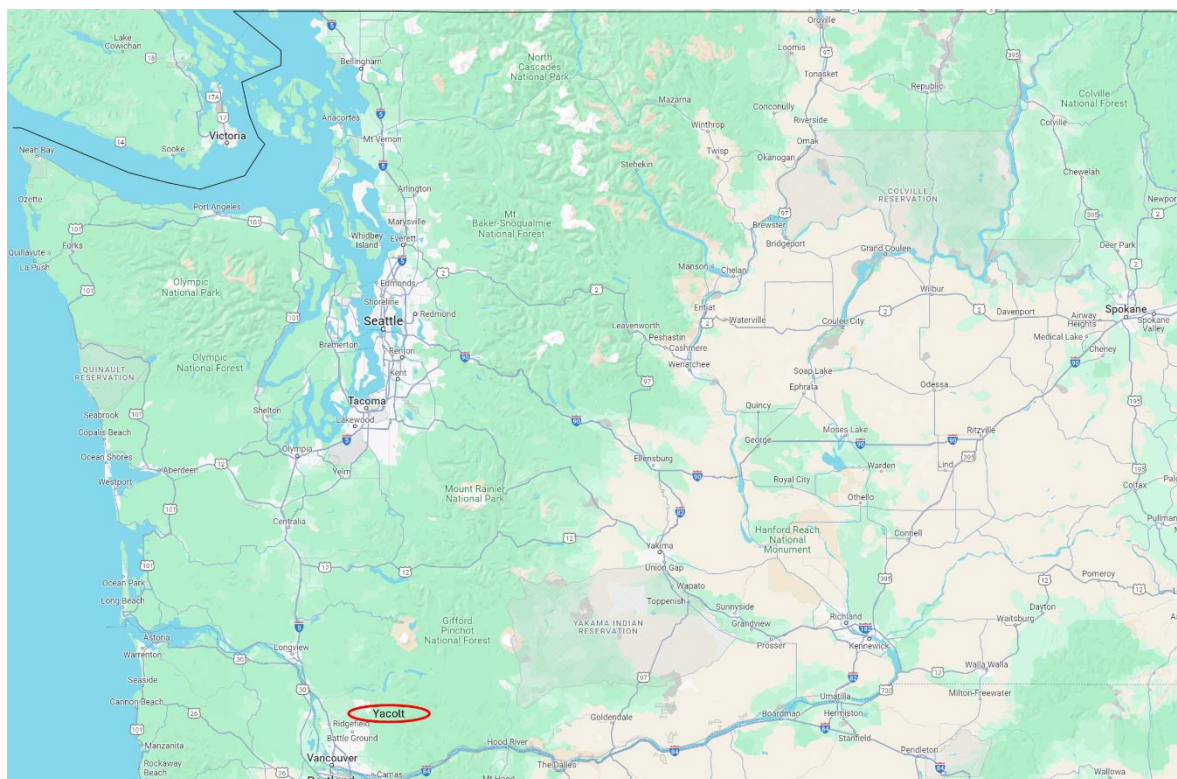
1 **Q. CAN YOU PROVIDE AN ILLUSTRATIVE EXAMPLE OF A POTENTIAL**
2 **DISCONTINUANCE AND HOW THE PROCESS SUMMARIZED ABOVE**
3 **WOULD UNFOLD?**

4 A. Yes, and for the sake of allowing the Commission to more easily visualize the process,
5 I've provided a hypothetical example of a Washington area where CenturyLink could
6 pursue discontinuance. *Please note that this is done purely for illustrative purposes, and*
7 *that CenturyLink has no plan or intention to discontinue service to this area.* To describe
8 this process, I will utilize five separate figure images. The first will identify a potential
9 location within the State of Washington. The second image will focus more closely on
10 the area under study in relation to CenturyLink wire centers. The third focuses at an even
11 closer level that is indicative of the entire area under study. The fourth image is the same
12 area as viewed within the FCC's National Broadband Map for fixed broadband providers
13 providing service speeds of at least 25/3 Mbps. The final image is the same area under
14 study, this time viewed within the FCC's National Broadband Map for Mobile
15 Broadband providers.

16

1 Q. PLEASE DESCRIBE FIGURE 1 AS DEPICTED BELOW.

2 Figure 1



3

4 A. The map above of the State of Washington contains a red ellipse in the vicinity of Yacolt,

5 Washington, which is approximately 30 miles to the northeast of Vancouver,

6 Washington. The area in and around Yacolt is in a predominately rural portion of Clark

7 County. It is from this location where I begin discussion of discontinuation validation

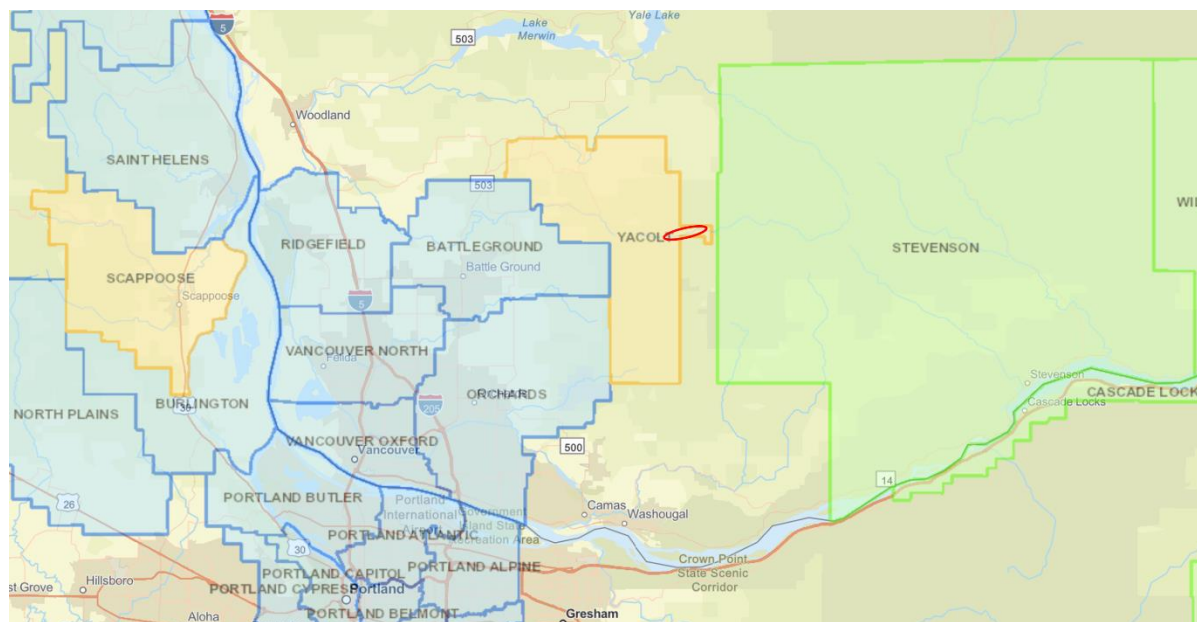
8 procedures for this hypothetical scenario.

9

1 Q. PLEASE DESCRIBE FIGURE 2 AS SHOWN BELOW.

2
3

Figure 2



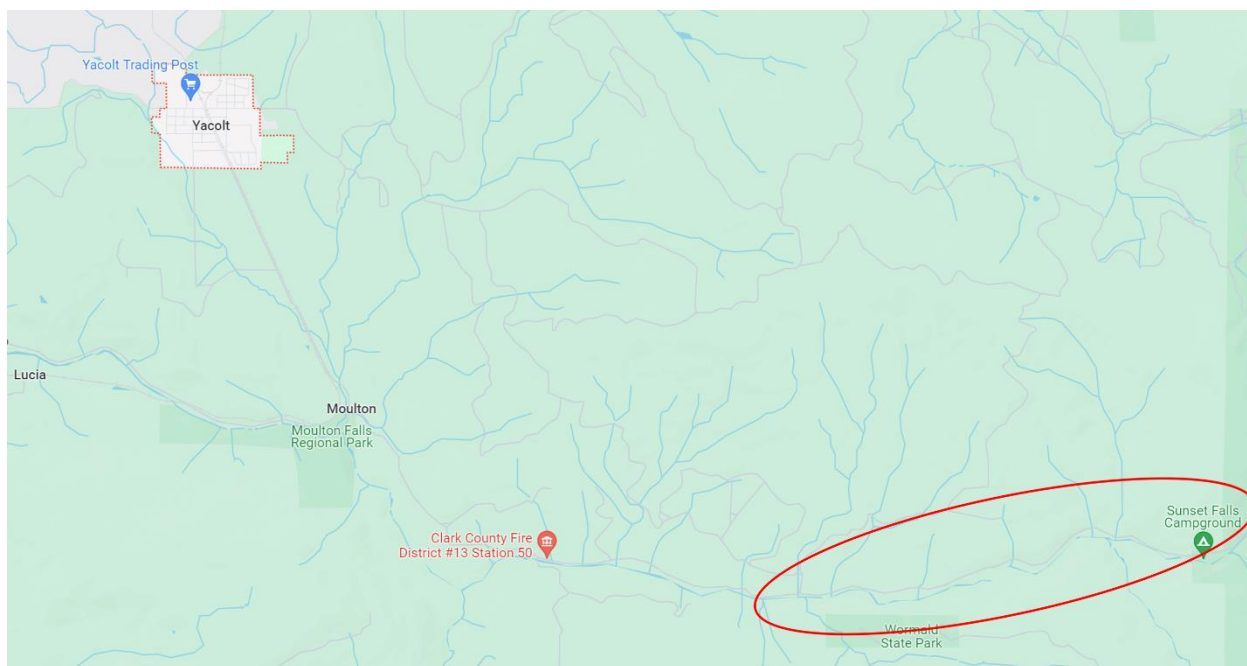
4

5 A. The map above depicts CenturyLink wire centers along the southern Washington and
6 northern Oregon borders. Wire centers shaded in green are United Telephone Company
7 of the Northwest serving areas; those shaded in blue are Qwest Corporation serving areas
8 in Washington or Oregon; and those shaded in orange are CenturyTel of Washington or
9 CenturyTel of Oregon. For purposes of describing this discontinuation validation
10 process, I again draw attention to the small red ellipse on the western edge of the
11 CenturyTel of Washington Yacolt wire center.

12

1 Q. WHAT DOES FIGURE 3 BELOW REPRESENT?

2 Figure 3



10 A. The map above focuses more closely on the same red ellipse shown in Figures 1 and 2.
11 As shown above, the centroid of the ellipse is approximately seven miles in geodesic
12 distance from the centroid of Yacolt. It is within the red ellipse where hypothetical areas
13 of discontinuance will be studied for purposes of this validation process review.

14

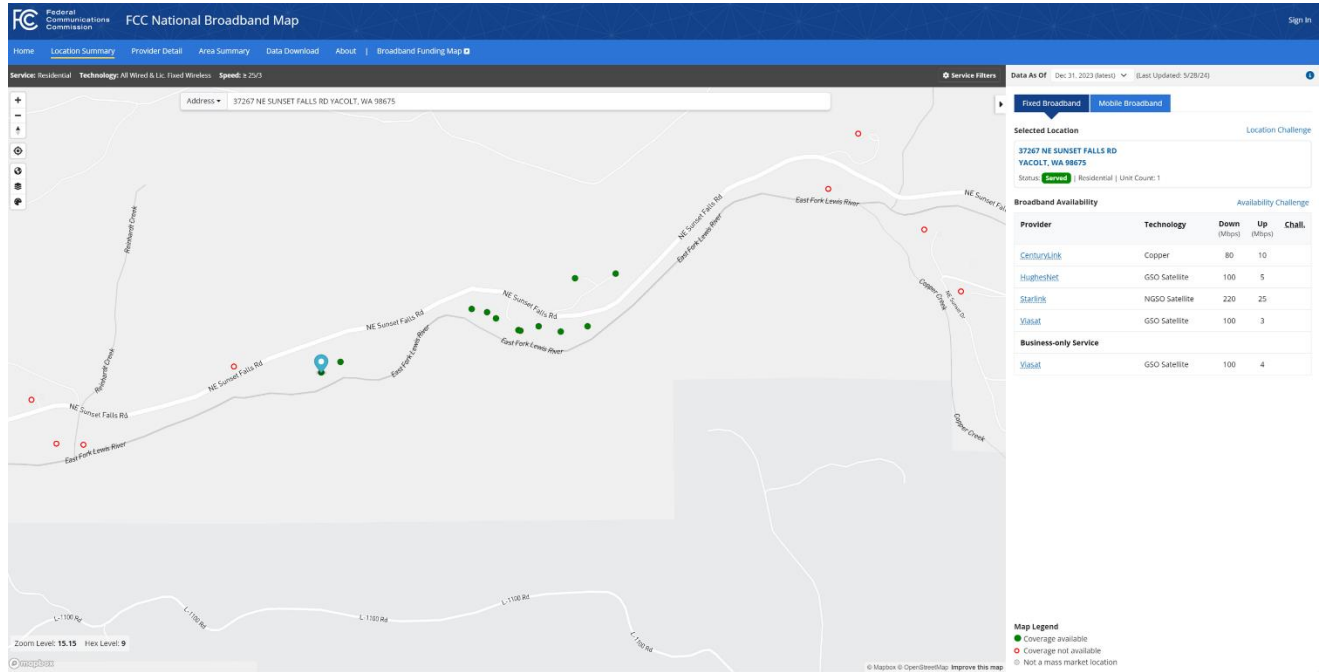
1 Q. PLEASE CONTINUE BY DESCRIBING FIGURE 4 BELOW.

2

Figure 4

3

4



14

A. Depicted above is the same area that was shown under the red ellipse in Figures 1, 2 and 3. Figure 4 is a screen shot of the footprint of the red ellipse as shown on the FCC's National Broadband Map ("FNBM"). As noted earlier, the BSLF, constructed by CostQuest Associates, is the foundational dataset used by the FCC in its FNBM. Should CenturyLink ever begin the process of a discontinuation validation analysis, the Company would initially utilize the FNBM for several purposes. First, all living units within a geographic area under review for discontinuance would be identified. At the same time, using both FNBM addresses and geocoding coordinates, CenturyLink will determine which of living unit locations are presently CenturyLink

15

16

17

18

19

20

21

22

1 voice subscribers.⁶ Using all the collected data, CenturyLink will be able to make an
 2 informed determination as to the potential existence of CCLs. Using the FNBM, each
 3 CenturyLink customer living unit location would be selected and its address would be
 4 entered into an analysis table (see Table 2, which assumes the area of discontinuance
 5 is restricted to the blue rectangle in Figure 5 below).

6 **Table 2**

EXAMPLE: DISCONTINUANCE DATA COLLECTION AND ANALYSIS MATRIX			
	Location 1	Location 2	Location N
Address	36308 NE SUNSET FALLS RD	36411 NE SUNSET FALLS RD	36538 NE SUNSET FALLS RD
City	YACOLT	YACOLT	YACOLT
State	WA	WA	WA
Zip	98675	98675	98675
Geocode Coordinates	45.8155814 -122.2987739	45.814442 -122.297956	45.8152255 -122.2976810
Alternative Provider 1	Verizon Wireless	Verizon Wireless	Verizon Wireless
Alternative Provider 1 Speeds	NA / CMRS	NA / CMRS	NA / CMRS
Alternative Provider 1 \$Rate	\$35 / Prepaid	\$35 / Prepaid	\$35 / Prepaid
Alternative Provider 2			
Alternative Provider 2 Speeds			
Alternative Provider 2 \$Rate			
Alternative Provider N			
Alternative Provider N Speeds			
Alternative Provider N \$Rate			

7
 8 Third, for each such location, all available fixed broadband providers offering services at
 9 25/3 Mbps or greater would be recorded. As shown in the broadband availability pane on
 10 the right side of Figure 4 above, CenturyLink would be the only fixed broadband provider
 11 recorded as, for purposes of this settlement, commercial satellite offerings are excluded
 12 from consideration. Finally, for the same location, CenturyLink will record all mobile
 13 broadband providers (see Figure 5 and the further explanation for additional information

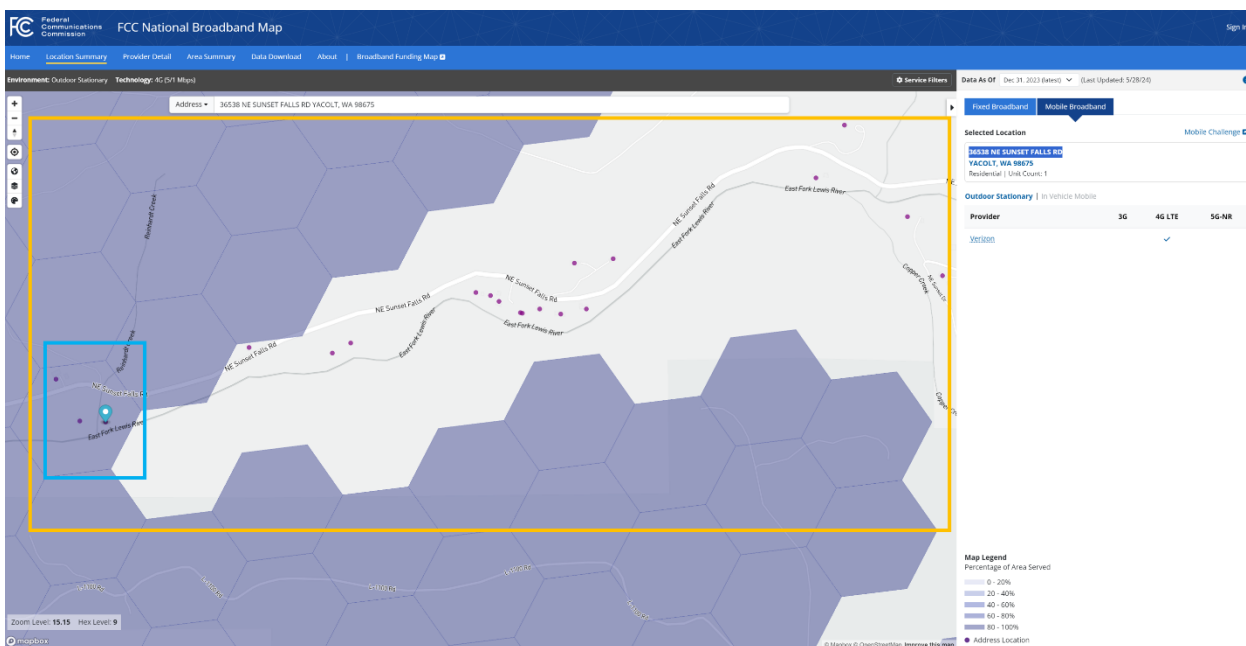
⁶ While CenturyLink knows that not all of these customers purchase CenturyLink service today, we will assume for purposes of the illustration that all 26 customers are CenturyLink 1FR customers.

1 on mobile broadband availability) available to living units in the area under study for
2 potential discontinuance.

3 While automation of this analysis method is currently not a possibility, the considerable
4 effort necessary to apply this manual process is acceptable to CenturyLink in order to
5 provide an assurance as to the availability of alternative services to any customers of
6 record it has in an area.

7 **Q. PLEASE DESCRIBE FIGURE 5 BELOW AND HOW IT TIES INTO THE**
8 **DISCONTINUANCE VALIDATION PROCESS.**

9 **Figure 5**



10
11
12
13
14
15
16
17
18
19
20 A. Figure 5 depicts three important constructs for validation, decision making, and
21 approval processes should discontinuance be pursued. First, this figure shows the
22 same geographic footprint that was under the red ellipse in Figures 1, 2 and 3. It is

1 also the same geographic area shown in the FNBM screenshot in Figure 4. In Figure 5,
2 all living unit locations in this area are shown and the different colors of hexagons
3 indicate whether or not those locations have mobile broadband coverage. As described
4 earlier, this mobile broadband coverage availability will be recorded in an analysis
5 table for further decision making.

6 **Q. WHAT IS THE SECOND DECISION MAKING CONSTRUCT SHOWN IN**
7 **FIGURE 5?**

8 A. The answer is contained within the small blue rectangle on the left-hand side. Let's
9 imagine that the three customer locations within that blue rectangle were the only ones
10 being considered for discontinuance. According to the FNBM all three have access to
11 alternative services, in this case Verizon mobile wireless. As such, CenturyLink's initial
12 determination would be that there are no CCLs in the area of discontinuance (assuming
13 Verizon Wireless offers plans at or below the \$61.13 benchmark, which it does), and
14 CenturyLink would continue a discontinuance validation process through a mailed notice
15 (see Settlement Agreement, Attachment A (Plan for AFOR), Appendix B), at least one
16 phone call and email contact to the extent the customer has an email address on file with
17 the Company. The notice will contain information on available service alternatives and
18 the ability of financial assistance for service migration for qualifying customers, and
19 provide customers 45 days (from the date of mailing) to contact CenturyLink.
20 CenturyLink will conduct further research on any customer expressions of disagreement
21 with CenturyLink's perceived understanding of service availability. If CenturyLink finds
22 that reasonable service alternatives exist for its current customers within the blue
23 rectangle, it may proceed, in parallel with following the FCC Section 214 discontinuance
24 process, to provide this Commission enhanced notice of its intention to discontinue

1 service. Included with that enhanced notice will be the area discontinuance customer and
2 alternative provider information table and all customer feedback the Company has
3 received during the service availability investigatory phase. At that point, Commission
4 Staff and Public Counsel will have the opportunity to check CenturyLink's CCL analysis.

5 **Q. PLEASE DESCRIBE THE THIRD DECISION MAKING CONSTRUCT SHOWN**
6 **IN FIGURE 5?**

7 A. The larger orange rectangle shown in Figure 5 represents a larger area of hypothetical
8 discontinuance. The analysis of all CenturyLink customer living units in this area would
9 be precisely the same as that described above. In this example, the gray shaded hexagons
10 within the orange rectangle would seemingly be indicative of the presence of CCLs, as
11 the FCC's data shows that customers there lack access to mobile wireless service or fixed
12 internet services. Should the Company make the decision to proceed to pursue
13 discontinuance for this larger area, it will (in addition to completing the FCC Section 214
14 process) be required to file a petition for approval from this Commission.

15 **Q. WHY IS THIS DISCONTINUANCE PROCESS IN THE PUBLIC INTEREST?**

16 A. It represents a fair balancing of the need for the company to make financially prudent
17 investment decisions, while also ensuring that potentially stranded customers (minutely
18 few as they may be in reality) do not lose traditional voice service without suitable
19 alternative services being available to them. There is a great deal of rigor to the CCL
20 evaluation and verification processes, and numerous bites at the apple to ensure that
21 CenturyLink's CCL determination, and the FCC data it relies upon, is being accurately
22 and meaningfully applied for the protection of customers.

1 **Q. YOU MENTIONED THAT THE PUBLIC INTEREST ANALYSIS INCLUDES**
2 **CENTURYLINK’S ABILITY TO MAKE FINANCIALLY PRUDENT**
3 **INVESTMENT DECISIONS. CAN YOU EXPLAIN THAT MORE?**

4 A. Yes. In a truly competitive environment, it is neither reasonable nor good public policy
5 to impose burdensome restrictions and requirements on one market participant (especially
6 one that holds only a small share of the market) when those restrictions and requirements
7 do not apply to other competitors, including the most dominant of them. Washington
8 consumers are best served by a vibrant and nimble CenturyLink, one able to focus its
9 resources on deploying modern (fiber) facilities and services which customers demand.
10 To the extent that CenturyLink is compelled to expend hundreds of thousands or millions
11 of dollars on the uneconomic replacement of legacy technologies – for example moving
12 facilities at great cost to accommodate a road move when very few customers are even
13 served by those facilities – CenturyLink has less capital to focus on expanding its high
14 speed fiber infrastructure. The settlement’s discontinuance provisions appropriately
15 balance the interests in these situations. To the extent affected customers lack reasonable
16 alternatives (as the settlement defines them), CenturyLink will still need to obtain
17 Commission approval. To the extent affected customers have access to reasonable
18 alternatives, CenturyLink will (after validating those alternatives) be able to proceed after
19 providing enhanced notice to the Commission and obtaining permission from the FCC.
20 That is a highly flexible and reasonable approach in light of the hyper-competitive
21 telecommunications market in Washington.

1 **E. Other Provisions**

2 **Q. YOU HAVE GONE INTO DETAIL ABOUT FOUR PROVISIONS OF THE**
3 **PROPOSED AFOR. ARE THERE OTHERS?**

4 A. Yes there are, but these additional provisions do not alter the landscape significantly (or
5 at all) relative to the 2014 AFOR. Sections 1 (treated as competitively classified) and 3
6 (wholesale regulation) are identical to the 2014 AFOR. Section 4 (Tariffing and price
7 regulation) are substantively very similar. The same services will remain in tariff
8 consistent with the 2014 AFOR. The only difference is that CenturyLink will no longer
9 be required to send courtesy notices to Commission Staff in the event of rate changes for
10 non-tariff services. Section 6 (geographic de-averaging) is substantively identical to the
11 2014 AFOR, although there are some slight language changes to reflect changed
12 circumstances. The proposed AFOR requires harmonization of all 1FR and 1FB rates,
13 respectively, across the five CenturyLink ILECs. This was more aspirational under the
14 2014 AFOR, although it has largely been achieved already even without a mandate. The
15 2014 AFOR also included three provisions, listed at the end of Table 1, that have not
16 been carried forward.

17 **Q. DOES THAT CONCLUDE YOUR TESTIMONY?**

18 A. Yes, it does. In summary, CenturyLink appreciates the efforts of Staff and Public
19 Counsel to negotiate a reasonable settlement of these complex issues. The settlement
20 reached between the company and Staff represents a sustainable equilibrium that respects
21 the needs of all stakeholders and is in the public interest. CenturyLink recommends
22 approval without further conditions.