



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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May 10, 2019

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

RE: CenturyLink Compliance Condition 5.1 for 2019
Docket UT-170042

Dear Mr. Johnson:

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

BACKGROUND

On May 3, 2019, CenturyLink filed an initial compliance report detailing the regulated network maintenance expense for the 2018 calendar year for each of the Company's five incumbent local exchange carriers (ILECs) in Washington. The initial report included an explanation for the decline in one of the ILECs' maintenance expense per access line calculations, compared to the previous three-year average baseline levels for that company. The initial report was filed as, "*Confidential Pursuant to Protective Order in Docket UT-170042.*"

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

Last year, on June 25, 2018, CenturyLink filed a Second Supplemental (Second Revised) compliance report (also filed as, “*Confidential Pursuant to Protective Order in Docket UT-170042*”) that included similar required data along with the following two paragraph explanation:

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

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

ANALYSIS

UTC Staff is satisfied that CenturyLink has complied with both the spirit and the letter of Condition 5.1, for the year end December 31, 2018, (both data and explanation) as filed in the Company’s compliance report received on May 3, 2019. The explanation included, especially in light of the context of the June 25, 2018, letter; is also supported this year as well.

RECOMMENDATION

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

Sincerely,

Tim Zawislak
Senior Regulatory Analyst