

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of the

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

ORDER 08

FINAL ORDER APPROVING
SECOND FULL MULTIPARTY
SETTLEMENT AGREEMENT AND
2025 PLAN FOR ALTERNATE
FORM OF REGULATION (AFOR)
FOR WASHINGTON STATE
CENTURYLINK ILECS

BACKGROUND

- 1 On January 8, 2024, the CenturyLink Companies – Qwest Corporation, CenturyTel of Washington, CenturyTel of Inter Island, CenturyTel of Cowiche, and United Telephone Company of the Northwest (collectively referred to as CenturyLink or Company)¹ filed with the Washington Utilities and Transportation Commission (Commission) a Petition for Competitive Classification (Petition) pursuant to the Revised Code of Washington (RCW) 80.36.320 and the Washington Administrative Code (WAC) 480-121-061 (Petition).²
- 2 In its Petition, CenturyLink submits that changes in the competitive landscape and technology of the telecommunications industry produce conditions that warrant competitive classification rather than traditional rate base, rate-of-return regulation. CenturyLink requests that it be subject to the same regulation as competitively classified telecommunications carriers with certain exceptions and conditions.
- 3 On January 25, 2024, the Commission suspended the effective date of the Petition and initiated this adjudicative proceeding.³

¹ These five companies are referred to as incumbent local exchange companies, or ILECs.

² *In re Petition of Qwest Corp.*, Docket UT-240029, CenturyLink Petition for Competitive Classification (January 8, 2024).

³ *In re Petition of Qwest Corp.*, Docket UT-240029, Order 01, Complaint and Order Suspending Tariff Revisions (January 25, 2024).

- 4 On February 16, 2024, CenturyLink filed the direct testimony and exhibits of Peter J. Gose (Gose) and Dr. Dennis L. Weisman (Weisman) in support of its Petition.
- 5 On April 3, 2024, Commission staff (Staff) filed response testimony and exhibits from witnesses Sean Bennett and James D. Webber. On the same date, the Public Counsel Unit of the Washington Office of the Attorney General (Public Counsel) filed response testimony and exhibits from Stephanie K. Chase and David Brevitz.
- 6 On April 22, 2024, the Commission issued a notice modifying the procedural schedule to allow time for settlement discussions, setting an evidentiary hearing for June 14, 2024. The Company agreed to extend the effective date of its Petition to allow more time for entry of the final order. The Commission issued a second notice modifying the procedural schedule on May 14, 2024.
- 7 The Commission conducted two public comment hearings. The first on May 16, 2024, and the second on June 6, 2024, to allow the public an opportunity to comment on CenturyLink's Petition.
- 8 On June 6, 2024, counsel for Staff contacted the presiding administrative law judges to inform them that Staff and the Company had reached a settlement in principle. The following day the Commission issued a notice suspending the procedural schedule, except for the hearing set for July 19, 2024, and required filing of proposed schedules of the parties by June 14, 2024.
- 9 On June 14, 2024, the Commission issued a notice modifying the procedural schedule and converting the evidentiary hearing scheduled for July 19, 2024, to a settlement hearing and provided other relevant deadlines for the disposition of this matter. The Company extended the effective date of its Petition once again and consented to entry of a final order by September 2, 2024.
- 10 On July 1, 2024, CenturyLink and Staff filed a Full Multiparty Settlement Agreement (Settlement Agreement) along with supporting testimony from witnesses Gose and Bennett. Public Counsel was not a signatory to the Settlement Agreement.
- 11 On July 15, 2024, Public Counsel filed response testimony in opposition to the Settlement Agreement from witness Brevitz.
- 12 On July 19, 2024, the Commission convened an evidentiary hearing in relation to the Settlement Agreement in this proceeding pursuant to WAC 480-07-750. During this

hearing, the parties verbally agreed to extend the effective date of CenturyLink's Petition and consented to entry of a final order by September 9, 2024.⁴

- 13 On July 25, 2024, the Commission issued bench requests to CenturyLink and Staff, who timely filed their responses.
- 14 On July 26, 2024, Public Counsel filed a Public Comment Exhibit, comprised of a total of 122 comments regarding CenturyLink's Petition.
- 15 On August 14, 2024, the Commission received simultaneous post-hearing briefs from CenturyLink, Staff, and Public Counsel. The parties' arguments are discussed in more detail below.
- 16 On September 6, 2024, the Commission entered Order 06, Rejecting Settlement Agreement and Extending Term of Alternate Form of Regulation Agreement (AFOR). The Commission found the Settlement Agreement did not serve the public interest and encouraged the parties to resubmit a settlement agreement addressing the concerns set forth in Order 06.
- 17 In Order 06, the Commission noted that the rejection of the Settlement Agreement would result in a temporary extension of the AFOR to allow the parties additional time to work on an acceptable settlement in the public's interest, and until such time as the Commission resolved the Company's Petition.
- 18 On September 23, 2024, the Commission entered Order 07, updating the procedural schedule and setting an evidentiary hearing for November 18, 2024. On September 24, 2024, an Errata to Order 07 was served on the parties, amending the procedural schedule and moving the evidentiary hearing date to January 9-10, 2025.
- 19 On November 25, 2024, counsel for CenturyLink contacted the Commission on behalf of the parties to inform them that at least two of the parties had reached a settlement in principle, were working to obtain authorization for settlement, and intended to file a Second Full Multiparty Settlement Agreement (Second Settlement) and testimony in support thereof. CenturyLink also requested the Commission extend the procedural schedule to afford them more time to memorialize the Second Settlement.

⁴ Docket UT-240029, *In the Matter of the Petition of the CenturyLink Companies et. al.*, Evidentiary Hearing Vol. III, Michael Howard (Howard) TR. 314:20-315:3 (July 19, 2024).

- 20 On December 3, 2024, the Commission issued a Notice Extending Procedural Schedule in this matter.
- 21 On December 23, 2024, Staff notified the Commission that Staff and CenturyLink (Settling Parties) reached a settlement and that Public Counsel had no intention of opposing the settlement. Staff requested the procedural schedule be suspended to allow the parties until February 7, 2025, to submit the agreement and testimony in support thereof.
- 22 On January 10, 2025, the Commission issued a Notice Suspending Procedural Schedule and Notice Requiring Filing of Settlement Documents by February 7, 2025.
- 23 On February 3, 2025, the Commission issued a Notice of Addition of Co-Presiding Officer, assigning Administrative Law Judge Amy Bonfrisco to co-preside with James E. Brown II in this matter.
- 24 On February 7, 2025, Staff and CenturyLink filed the Second Settlement together with witness Bennett's testimony in support thereof, and CenturyLink filed supporting testimony of witness Gose.
- 25 On February 21, 2025, Public Counsel filed response testimony of Jean Marie Dreyer (Dreyer) marked as Exhibit JMD-2T, which addressed the Second Settlement together with a CenturyLink Customer Communications Log marked as Exhibit JMD-3.
- 26 On February 26, 2025, the Commission issued a Notice of Hybrid Settlement Hearing for Wednesday, March 12, 2025, at 9:00 a.m. in this docket.
- 27 On March 10, 2025, CenturyLink and Staff filed revised testimonies in support of the Second Settlement to correct the numbering and labeling of their exhibits in accordance with the Commission's request. This resulted in the exhibits for CenturyLink witness Gose being revised from PJG-33T to PJG-42T and exhibits for Staff witness Bennett being revised from SB-29CT to SB-37CT.
- 28 On March 12, 2025, the Commission held a hybrid evidentiary hearing in relation to the Second Settlement and found good cause to establish a third public comment hearing.
- 29 On March 18, 2025, the Commission issued a Notice of Bench Requests and Additional Briefing, and all the parties timely filed responses and briefing by March 25, 2025, as requested.
- 30 On March 27, 2025, Public Counsel filed a Revised Bench Response marked as 13r, Attachment A.

- 31 On April 29, 2025, the Commission issued its third Notice of Virtual Public Comment Hearing for Thursday, June 5, 2025, at 6:00 p.m.
- 32 On June 5, 2025, the Commissioners conducted the third public comment hearing and during that hearing extended the deadline for members of the public to submit written comments.
- 33 On June 18, 2025, Public Counsel filed a Public Comment Exhibit, including 27 new comments from the third public comment hearing, for a total of 149 comments received over the duration of the entire proceeding.
- 34 **Party Representatives:** Adam L. Scherr, Assistant General Counsel, Seattle, Washington, represents CenturyLink. Tad Robinson O'Neill, Assistant Attorney General, Seattle, Washington, represents Public Counsel. Jeff Roberson, Assistant Attorney General, Olympia, Washington, represents Staff.⁵

PUBLIC COMMENTS

- 35 The Commission appreciates the oral and written comments submitted by members of the public. Public comments are a vital part of our regulatory process, and we are always grateful for public participation in our proceedings. As noted above, over the course of the proceeding there were a total of 149 commenters who unanimously opposed CenturyLink's Petition, with 27 new commenters of the 149 that also opposed the Second Settlement. The majority of commenters expressed concerns about losing landline service, potential rate increases, and the lack of affordable alternative service availability in rural areas. Common themes voiced included concerns about affordability, emergency communications, reliability during power outages, existing system constraints, consistent and reliable service in extremely rural areas, and the necessity for continued access to landline service for elderly and low-income customers.

A. Overview of First and Second Settlements

- 36 CenturyLink has been operating under an alternative form of regulation (AFOR) since 2014⁶ and seeks to replace its current AFOR with a modified AFOR to be treated as

⁵ In formal proceedings such as this, the Commission's regulatory staff participates like any other party, while the Commissioners make the decision. To ensure fairness, the Commissioners, the presiding administrative law judge, and the Commissioners' policy and accounting advisors do not discuss the merits of this proceeding with the regulatory staff, or any other party, without giving notice and opportunity for all parties to participate. See RCW 34.05.455.

⁶ Docket UT-240029, *In the Matter of the Petition of the CenturyLink Companies et. al.*, Settlement Hearing, Volume V, Adam Sherr (Sherr) TR. 339:4-5 (March 12, 2025).

competitively classified under RCW 80.36.320, with certain exceptions and conditions. After CenturyLink filed its Petition for competitive classification in January 2024, and the parties conducted discovery, submitted two rounds of testimony, and engaged in extensive settlement negotiations, the Commission rejected the First Settlement in Order 06 of this proceeding based on several concerns about provisions in Section 9 related to the Discontinuance of Service in Challenging Customer Locations (CCLs). While Public Counsel was not a signatory to the First or Second Settlement, it does not oppose the Second Settlement.

37 Under the general settlement terms of both settlement agreements, CenturyLink and Staff (Settling Parties) agreed to a five-year “stay-out” period in which the five CenturyLink Incumbent Local Exchange Carriers (ILECs)⁷ will be treated as competitively classified. The Second Settlement Agreement establishes certain exceptions to these terms, which are set forth in Attachment A to the Second Settlement. Both the First and Second Settlement are quite complex and include nine distinct sections including:

- (1) Alternative Form of Regulation (AFOR);
- (2) Treated as if Competitively Classified;
- (3) Duration of the AFOR;
- (4) Wholesale Obligations;
- (5) Services Remaining in Tariffs;
- (6) Transfers of Property;
- (7) Averaged Rates;
- (8) Retail Service Quality; and
- (9) Discontinuance of Local Exchange Services

38 The Second Settlement “largely preserves the structure and benefits of the [F]irst Settlement but further strengthens customer protections under Section 9.”⁸ Specifically, both settlements maintain the service quality reporting requirements and the Customer Service Guarantee Program, previously agreed to in the current AFOR agreement under which CenturyLink operates.⁹

⁷ These five Incumbent Local Exchange Companies (ILECs) include: Qwest Corporation, CenturyTel of Washington, Inc., CenturyTel of Inter Island, Inc., CenturyTel of Cowiche, Inc., and United Telephone Company of the Northwest. Collectively known as “CenturyLink” or the “CenturyLink ILECs.”

⁸ Sherr, TR 340:21-24.

⁹ *In re Petition of the CenturyLink Companies - Qwest Corp.*, Docket UT-130477, CenturyLink Petition to be Regulated Under an Alternative Form of Regulation, Order 10 (July 27, 2023).

39 However, because Sections 1, 2, 3, 4, 5, and 7 remain relatively unchanged from Attachment A of the First Settlement¹⁰ and were uncontested, we will address the relevant modifications the Settling Parties made to Sections 6 and 8, then delve into the enhancements incorporated into Section 9. The revisions to Sections 6, 8, and 9, where quoted, are underlined below for clarity, but do not reflect the full redlined version of the Second Settlement Agreement included as an exhibit to the testimony of witness Gose.¹¹

B. Relevant Revisions to the Terms of Second Settlement

40 Following Order 06, the Settling Parties added additional language to Section 6 requiring that any purchaser of these ILECs be bound by the terms and conditions of the Second Settlement.

6. **Transfers of Property:** The waiver of the transfer of property provisions in RCW 80.12 and WAC 480-143 do not apply to the sale of exchanges or access lines. In the event of a transfer of control in the ownership of CenturyLink, CenturyLink or any successor entities will continue to be bound by the terms of this AFOR.

41 In response to Order 06, the Settling Parties revised Section 8(e) to further stipulate that CenturyLink must provide trouble ticket and credit data “[w]ithin ten (10) business days of Staff’s request.”¹² Section 8(f) was revised to require CenturyLink to send bill inserts notifying customers of the expanded bill credit process “via a bill insert for the duration of this agreement.”¹³ Additionally, Section 8(f) requires CenturyLink to notify customers of these new service credit procedures within a minimum of 60 days of the effective date of the AFOR and at the beginning of each quarter for the five-year duration of the AFOR. “The mailer will be translated into Spanish, and include a link to facilitate language translation services, and will subsequently be sent during the first month of each quarter.”¹⁴ If applicable, CenturyLink will provide customers with email notifications in addition to a standard mailer.

¹⁰ *In the Matter of the Petition of the CenturyLink Companies et. al.*, Docket UT-240029, Full Multiparty Settlement Agreement, Attachment A, Plan for Alternative Regulation for the Washington State CenturyLink ILECs (July 1, 2024).

¹¹ Docket UT-240029, Settlement Testimony of Peter J. Gose on Behalf of CenturyLink Companies, Gose, Exh. PJG-42T, Attachment 1 (Redlined Plan for AFOR) at 24-39 (March 10, 2025).

¹² Gose, Exh. PJG-42T at 27:8 and Second Settlement, Attachment A at 4 ¶ 8(e).

¹³ Second Settlement, Attachment A at 4 ¶ 8(f).

¹⁴ Second Settlement, Attachment A at 4 ¶ 8(f).

8. **Retail Service Quality:** No later than May 31, 2025, or thirty (30) days after approval of the AFOR by the Commission, CenturyLink will implement a systematic process to award automatic credits to consumers establishing a trouble ticket where (a) their 1FR or 1FB service is out of service (OOS) for more than 24 hours, or (b) their 1FR or 1FB service is not in “good working order” as defined...[by] WAC 480-120-401(4) and WAC 480-120-411. Static or noise on the line above acceptable limits (as specified in those rules) would trigger the obligation to issue automatic credits...The credit(s) required above will apply even in the event of force majeure, vandalism, or theft.¹⁵

42 Consistent with the terms of the First Settlement, the credit formula “will be equal to 1/30 of the customer’s monthly recurring charge” for each day the customer goes without service, after the initial 24-hour period.¹⁶ In the event CenturyLink fails to provide credits or misapplies any credit amounts, the customer is entitled to double the credit amount.¹⁷

43 As the Settling Parties acknowledge, many of the Commission’s reservations regarding the First Settlement were due to the insufficiencies contained in Section 9 – Discontinuance of Service. The revisions to Section 9 provide more clarity on the definition of a challenging customer location, or CCL, limit the number of customers who may be subject to discontinuation, and provide more robust protection for those defined as a CCL. The Second Settlement defines a CCL as:

[An] existing CenturyLink local service customer location in Washington which lacks separate and apart from service provided by CenturyLink or its affiliates, the availability from at least two other providers of fixed internet availability¹⁸ at 25/3 Mbps speed or greater priced at [\$55.55]¹⁹ per month or less and/or 5G mobile wireless service at [\$55.55] per month or less.²⁰

44 In addition to modifying the definition of a CCL, the Settling Parties came together to amend Section 9 as follows:

¹⁵ Gose, Exh. PJG-42T at 26:12-23 and Second Settlement, Attachment A at 3 ¶ 8(a-b).

¹⁶ Second Settlement, Attachment A at 4 ¶ 8(c).

¹⁷ Second Settlement, Attachment A at 4 ¶ 8(d).

¹⁸ Fixed internet includes alternative services provided over copper, fiber, cable, or fixed wireless networks and excludes satellite services.

¹⁹ The Settlement notes that on December 13, 2024, the Federal Communications Commission (FCC) revised its previous benchmark of \$55.13 up to \$55.55 in FCC Docket No. 10-90, DA24-1250.

²⁰ Gose, Exh. PJG-42T at 28:2-7 and Second Settlement, Attachment A at 5 ¶ 9(a).

9. **Discontinuance of Local Exchange Service.** The requirements for discontinuance of service under WAC 480-120-083 will apply to all services, except that CenturyLink will seek approval or provide enhanced notice (as detailed below [in sub-section 9(c)] to the Commission in the event it seeks to discontinue residential 1FR and/or business 1FB services to any area in Washington.²¹

a. *Approval Required*

45 In accordance with Section 9(a), CenturyLink will identify specific areas where there is not sufficient competition from other providers before it may discontinue residential (1FR) or business (1FB) service in any CCL.

46 Consistent with the First Settlement, if CenturyLink files a petition to discontinue service to a proposed area, “it will provide notice to Public Counsel, and will notify each CCL customer” impacted by the petition.²² The Second Settlement revises the notification requirements to provide that CenturyLink will also “inform customers of the formal Commission review process for the company’s request, explain that the Commission has the authority to approve, reject, or modify the Company’s petition; [and] explain how the customer can reach out to Public Counsel;” and “participate in the process.”²³ Finally, CenturyLink will be limited to filing:

[N]ot more than three (3) petitions for discontinuance and/or notices of discontinuance pursuant to Section 9 in a calendar year. These petitions and/or notice for discontinuance may not affect more five hundred (500) customers per year or more than two hundred and fifty (250) individual customers per petition or notice.²⁴

b. *Determination of CCLs in Discontinuance Area(s):*

47 Prior to petitioning for discontinuance of a proposed area, CenturyLink will be required to identify each of its existing CCL residential (1FR) and business (1FB) customers in the proposed area of discontinuance and then evaluate the availability of “alternative fixed internet services and mobile wireless providers utilizing the National Broadband Serviceable Location Fabric (Fabric data)” and “fixed internet and mobile wireless data”

²¹ Gose, Exh. PJG-42T at 27:19-23 and Second Settlement, Attachment A at 4-5 ¶ 9.

²² Gose, Exh. PJG-42T at 28:22-24 and Second Settlement, Attachment A at 5 ¶ 9(a)(iii).

²³ *Id.*

²⁴ Gose, Exh. PJG-42T at 29:4-8 and Second Settlement, Attachment A at 6 ¶ 9 (a)(iv).

from the Federal Communications Commission (FCC).²⁵ “Century Link will only include a provider’s availability data in the analysis of its non-promotional price” if “the provider offers mass-market internet services, the price is available on its website for the affected customer location,” it is “at or lower than the benchmark” of service “at 25/3 Mbps (or faster) within the broadband availability dataset.”²⁶

For fixed internet availability, CenturyLink will check the availability at each affected customer location on the website of each known competitor. If a website requires customer contact information or is not specific to an address, CenturyLink will call and speak to the company in an attempt to confirm internet availability for the specific location.²⁷

48 In the event CenturyLink identifies a CCL (or CCLs) in a proposed area of discontinuance, it will either seek approval from the Commission or remove the CCL(s) from the proposed area of discontinuance.²⁸ The Second Settlement provides a description of a discontinuance area, stating it must be “reasonably contiguous within CenturyLink’s service territory.”²⁹ The Settling Parties modified Section 9 to specify that if CenturyLink proceeds with discontinuance, it “will provide a GIS Shapefile (or functionally equivalent datatype) depicting the service area [both] pre- and post-discontinuance to Commission Staff and Public Counsel.”³⁰ If the Commission approves the petition, and discontinuance is allowed, “Century Link will adjust its service territory maps in tariff (with an effective date no later than 45 days after) to reflect changes in its service territory.”³¹

49 Consistent with the First Settlement, the Second Settlement provides that “[i]f CenturyLink determines there are no CCLs in the [proposed] discontinuance area, CenturyLink will reach out to each 1FR and 1FB customer in the area by postcard or letter, by email” and make “at least one telephone call (leaving a voicemail if necessary).”³² The Second Settlement includes an additional term related to customer notice:

²⁵ Gose, Exh. PJG-42T at 29:9-17 and Second Settlement, Attachment A at 6 ¶ 9(b).

²⁶ Gose, Exh. PJG-42T at 29:18-22 and Second Settlement, Attachment A at 6 ¶ 9(b).

²⁷ Gose, Exh. PJT-42T at 20:22-25 and 30:1 and Second Settlement A at 6 ¶ 9(b).

²⁸ Second Settlement, Attachment A at 6-7 ¶ 9(b)(i).

²⁹ Gose, Exh. PJG-42T at 30:8-9 and Second Settlement, Attachment A at 7 ¶ 9(b)(ii).

³⁰ Gose, Exh. PJG-42T at 30:10-12 and Second Settlement, Attachment A at 7 ¶ 9(b)(ii).

³¹ Gose, Exh. PJG-42T at 30:13-15 and Second Settlement, Attachment A at 7 ¶ 9(b)(ii).

³² Second Settlement, Attachment A at 7 ¶ 9(b)(iii).

This customer notice is in addition to the customer notices that will be provided, consistent with WAC 480-120-083, at the same time that CenturyLink files its Enhanced Notice with the Commission pursuant to Section 9(c) below.³³

50 These notifications will inform the customer that CenturyLink is pursuing discontinuance, educate the customer on the alternative providers who may be available in their area, and provide customers with information regarding their opportunity to object to the proposed discontinuation if they are concerned that they do not have access to any reasonable, reliable, or affordable alternatives.³⁴ The Second Settlement further provides:

CenturyLink bears the burden to demonstrate that a customer has reasonable, reliable, and affordable access to alternative services. If the customer objects, CenturyLink may either (1) consider the customer a CCL, or (2) attempt to address the customer's concern by dispatching a technician to evaluate the alternative services and provide validation data to UTC Staff upon request.³⁵ A customer may provide evidence that demonstrates alternative services are not available. Absent this information, to evaluate fixed internet availability, CenturyLink may rely on Fabric data.³⁶

51 The Second Settlement includes additional requirements providing that once CenturyLink has confirmed the availability of viable alternatives, the Company will supply its findings to the Commission, Commission Staff, and Public Counsel to provide transparency in the outcome of the dispute.³⁷ Under the Second Settlement, to evaluate the availability of mobile wireless service alternatives, CenturyLink may complete an in-home mobile service test to measure signal strength using a recently tested and reliable testing unit. The acceptable benchmarks for acceptable wireless signal strength will be determined via a workgroup determined by the parties to this case.³⁸ The Second Settlement specifically provides:

If the customer does not respond to CenturyLink's notices, CenturyLink will dispatch a knowledgeable employee to notify the customer of the

³³ Gose, Exh. PJG-42T at 30:20-23 and Second Settlement, Attachment A at 7 ¶ 9(b)(iii).

³⁴ Gose, Exh. PJG-42T at 31:2-5 and Second Settlement, Attachment A at 7 ¶ 9(b)(iii).

³⁵ Second Settlement, Attachment A at 7-8 ¶ 9(b)(iii)(1).

³⁶ Gose, Exh. PJG-42T at 31:9-20 and Second Settlement, Attachment A at 7-8 ¶ 9(b)(iii)(1).

³⁷ Second Settlement, Attachment A at 9 ¶ 9(b)(iii)(3).

³⁸ Second Settlement, Attachment A at 8 ¶ 9(b)(iii)(1).

intended discontinuance and to encourage the customer to engage with CenturyLink, Staff, or Public Counsel if the customer has any concerns regarding the availability of alternative services at the location.³⁹

- 52 To help assist customers throughout this process, the Second Settlement includes a requirement that CenturyLink create a “dedicated toll-free number” and “digital ambassador” program where customers affected by a potential discontinuance can contact a live dedicated representative by calling the toll-free number.⁴⁰ CenturyLink agrees to answer these calls within 60 seconds and to meet annual reporting requirements detailing the average call answer time each January 31 for the preceding calendar year.⁴¹ The Second Settlement provides specific terms concerning the qualifications and service to be provided by digital ambassadors:

Selection of the CenturyLink representative interfacing with customers for discontinuance communication will be prioritized among employees in the area on ability to communicate with kindness and demonstrate a courteous demeanor. CenturyLink representatives will receive extensive training on discontinuance notification protocols prior to dispatch.⁴²

- 53 The Second Settlement adds customers with medical conditions to the term concerning consideration of low-income customers in the discontinuance process.⁴³ Specifically, the Second Settlement provides that for a customer who may have a medical condition or low-income status and who may only have access to fixed internet services that are not affordable, and the customer is not a subscriber, CenturyLink will make standalone HughesNet Satellite⁴⁴ service available to the customer, “assuming HughesNet service is functionally available, (meaning, that the customer location has adequate line of sight to

³⁹ Gose, Exh. PJG-42T at 32:18-23 and Second Settlement, Attachment A at 9 ¶ 9(b)(iii)(2).

⁴⁰ Second Settlement, Attachment A at 10 ¶ 9(b)(iii)(4).

⁴¹ *Id.*

⁴² Gose, Exh. PJG-42T at 32:23-25 and 33:1-4 and Second Settlement, Attachment A at 12 ¶ 9(b)(2).

⁴³ Second Settlement, Attachment A at 12 ¶ 9(b)(iii)(8).

⁴⁴ See FCC Docket No. 25-173, DA 25-405. The Commission hereby takes notice of the FCC’s May 12, 2025, inquiry to potentially re-assign EchoStar’s (parent company of HughesNet) operating rights of the 2GHz spectrum. While this matter is currently pending a decision from the FCC, we expect the settling parties in this case to come to the Commission and address any substantive changes should HughesNet services be suspended or otherwise functionally unavailable.

allow HughesNet to operate) at the location at the same rate as CenturyLink's residential (1FR) rate."⁴⁵

54 Finally, consistent with the terms of the First Settlement, the Second Settlement provides that if "a subscriber is a participant in a qualified low-income program" and does not have mobile or fixed internet services, "CenturyLink will provide the subscriber with a credit equal to the lowest amount of installation or hand setup cost" by mailing a "prepaid debit card to the subscriber 30 days prior to the effective date of discontinuance."⁴⁶

c. Enhanced Notice

55 Provisions related to enhanced notice to customers are subject to the provisions of the pilot program set forth in Subsection 9(d), and concern discontinuance of residential (1FR) or business (1FB) services to an area where Commission approval is not required.⁴⁷

56 The Settling Parties added language in Section 9(c) providing that:

CenturyLink will check availability at each affected customer location on the website of each known competitor, assuming the website supports a location specific search without inputting customer contact information. If the competitor's website does not support location specific information, CenturyLink will also call the known competitor and speak with a representative described in Section 9.b.A[sic]⁴⁸

57 The Second Settlement further provides that "CenturyLink will certify in the Enhanced Notice that it completed the challenge process determination and notifications" as required in the provision on enhanced notice.⁴⁹

d. Pilot Program

58 Following the concerns the Commission highlighted in Order 06, the Settling Parties created an entirely new pilot program in Section 9(d) to ensure the discontinuance

⁴⁵ Gose, Exh. PJG-42T at 36:9-10 and Second Settlement, Attachment A at 12 ¶ 9(b)(iii)(8).

⁴⁶ Second Settlement, Attachment A at 12 ¶ 9(b)(iii)(9).

⁴⁷ Second Settlement, Attachment A at 12 ¶ 9(c).

⁴⁸ The Commission notes the testimony at Second Settlement, Attachment A at 13 ¶ 9(c)(ii) refers to Section 9.b.A which does not appear to exist within the Second Settlement. The Commission interprets the process referenced here to describe the verification process outlined in Section 9(b). *See also* Gose, Exh. PJG-42T at 37:13-19.

⁴⁹ Gose, Exh. PJG-42T at 37:22-24 and Second Settlement, Attachment A at 13 ¶ 9(c)(iii).

processes outlined in Sections 9(a)-(c) function as designed and properly protect customers and their interests. These processes will first operate in a pilot or trial like manner.⁵⁰ The pilot program will be in effect until CenturyLink has submitted:

(a) at least three (3) enhanced notifications for potential discontinuances pursuant to Section 9(c); and (b) one or more enhanced notifications involving a total of at least fifty (50) CenturyLink customer locations with alternative services provided only by mobile wireless competitors.⁵¹

59 While the pilot program is in effect, “each enhanced notification for potential discontinuance submitted pursuant to Section 9(c) will be presented for the Commissioners’ consideration as a no-action agenda item at an open public meeting”, and that nothing in the Second Settlement prevents the Commissioners from moving this item on the agenda or preventing the Commissioners from suspending the item and setting it for adjudication.⁵²

60 Finally, once the pilot program expires, any party in this case may file a request with the Commission within 120 days requesting modifications to Section 9, and all parties will have the opportunity to comment on this request.⁵³ “If the Commission orders any modifications to Section 9, any party to this settlement agreement may trigger termination of this AFOR.”⁵⁴ The Second Settlement concludes that:

[T]his AFOR will not limit or alter any federal law obligations applicable to CenturyLink in connection with the Connect America Fund (CAF), Rural Digital Opportunity Fund (RDOF) the Broadband Equity Access and Deployment (BEAD) program or similar programs.⁵⁵

⁵⁰ Second Settlement, Attachment A at 14 ¶ 9(d).

⁵¹ Gose, Exh. PJG-42T at 38:10-14 and Second Settlement, Attachment A at 14 ¶ 9(d)(i).

⁵² Gose, Exh. PJG-42T at 38:15-22 and Second Settlement, Attachment A at 14 ¶ 9(d)(ii).

⁵³ Gose, Exh. PJG-42T at 38:23-25 and Second Settlement, Attachment A at 14-15 ¶ 9(d)(iii).

⁵⁴ Gose, Exh. PJG-42T at 39:1-3 and Second Settlement, Attachment A at 14-15 ¶ 9(d)(iii).

⁵⁵ Gose, Exh. PJG-42T at 39:4-7 and Second Settlement, Attachment A at 15 ¶ 9(e).

C. Parties' Arguments

1. CenturyLink's Testimony

61 CenturyLink witness Gose provided testimony on the First⁵⁶ and Second Settlements⁵⁷, and highlights the key differences proposed in the Second Settlement in response to Order 06. Gose characterizes the shifts as “dramatic,”⁵⁸ detailing the notable differences made throughout Section 9.

62 Gose asserts that Section 9 of the Second Settlement “broadens the definition of CCL...requires up to [four] forms of customer notification, validation of alternative services, offers subsidies for low-income customers, and a pilot program to allow the Commission and other parties to closely monitor the first several discontinuance petitions or notices should they come to pass.”⁵⁹

63 Specifically, Gose describes that the definition of CCL has been expanded to now require that customers have two viable alternative service providers at a lower price benchmark of \$55.55.⁶⁰ This revision to the definition of CCL results in an increase from 1,215, as determined in the First Settlement, to a total of 24,593 CCLs as of June 2023⁶¹ and is confirmed by the use of more precise Fabric data as opposed to the FCC's Broadband Data Collection (BDC) maps initially proposed.⁶²

64 The Second Settlement also expressly limits CenturyLink's petitions or notices to a maximum of three requests per year, “affecting no more than 500 customers in a year,” of which CenturyLink is capped at 250 customers per petition or notice.⁶³ Gose argues these restrictions “should alleviate any concerns that CenturyLink will pursue large scale discontinuance(s) affecting huge areas of the state or its customer base.”⁶⁴ However, Gose highlights that any proposed discontinuance cannot proceed in Washington until the company first secures approval with the FCC via a Section 214 application. Gose states

⁵⁶ Gose, Exh. PJG-30T.

⁵⁷ Gose, Exh. PJG-42T.

⁵⁸ Gose, Exh. PJG-42T at 11:6.

⁵⁹ Gose, Exh. PJG-42T at 11:17-21.

⁶⁰ Gose, Exh. PJG-42T at 28:18.

⁶¹ Gose, Exh. PJG-42T at 22:19-23:6.

⁶² Gose, Exh. PJG-42T at 13:5-7.

⁶³ Gose, Exh. PJG-42T at 14:17-21, 16:15-17 and 29:4-8.

⁶⁴ Gose, Exh. PJG-42T at 14:21-22.

that “[T]o date, CenturyLink has never sought, and the FCC has not granted Section 214 authority for 1FR and 1FB services in Washington.”⁶⁵ Finally, Gose asserts that assuming CenturyLink can clear that very high hurdle (FCC Section 214 authority), CenturyLink would then make “its initial determinations (ultimately to be verified with customers, Staff and Public Counsel oversight and input) based on the FCC data presented in the broadband serviceable location Fabric.”⁶⁶

- 65 In the event CenturyLink does pursue discontinuance, Gose explains that CenturyLink is taking on several additional steps to proactively notify customers, evaluate viable alternatives, and work with Commission Staff and Public Counsel before any discontinuance is completed, which places the onus on the Company as opposed to the Commission or CenturyLink customers.⁶⁷ Prior to initiating a petition for discontinuance, CenturyLink will evaluate the proposed area, identify any CCLs and both the requirements for the discontinuance of residential (1FR) and business (1FB) customers.⁶⁸ It will then evaluate available fixed internet and mobile wireless providers by utilizing Fabric and FCC fixed internet and mobile wireless data, and confirm the availability of alternative providers.⁶⁹ Next, CenturyLink will send two notices to any potential CCL, which will include a postcard or letter, email, and at least one phone call⁷⁰ For any low-income customers subject to discontinuance, CenturyLink will offer subsidies or assistance depending on a customer’s unique needs.⁷¹
- 66 Similarly, if a customer does not respond, the Company will dispatch a knowledgeable technician to visit the customer premises and provide notification and information on how to dispute this process.⁷² CenturyLink agrees to develop a “digital ambassador” program specifically to assist customers who are facing a potential discontinuance and assist them through this process.⁷³

⁶⁵ Gose, Exh. PJG-42T at 20:10-11.

⁶⁶ Gose, Exh. PJG-42T at 20:12-15.

⁶⁷ Gose, Exh. PJG-42T at 17:5-7.

⁶⁸ Gose, Exh. PJG-42T at 29:11-17.

⁶⁹ Gose, Exh. PJG-42T at 29:13-17

⁷⁰ Gose, Exh. PJG-42T at 30:18-20.

⁷¹ Gose, Exh. PJG-42T at 30:20-24.

⁷² Gose, Exh. PJG-42T at 15:5-12.

⁷³ Gose, Exh. PJG-42T at 15:12-17.

- 67 Finally, CenturyLink agrees to a “pilot” of sorts that allows the Commission to hear the first three instances of potential discontinuance of non-CCL customers at regular open meetings.⁷⁴ This process will offer parties the ability to monitor the process and closely scrutinize CenturyLink’s adherence to the stipulations agreed to in Section 9.
- 68 Overall, Gose argues the new proposals in Section 9 “provides a series of checks and balances to ensure that CenturyLink is taking all reasonable and necessary steps to prevent customers from being left without adequate replacement services.”⁷⁵ Gose contends this process ameliorates the concerns outlined in Order 06 by shifting “even more of the burden away from customers and on to the company” in the event it “seeks to discontinue IFR or IFB service in any area in Washington.”⁷⁶

2. Commission Staff Testimony

- 69 Staff explains that after carefully balancing “the range of potential outcomes of further litigation” against “potentially contested issues,” it believes the Second Settlement is in the public interest and “meets the requirements for the Commission’s approval per WAC 480-07-700 given it resolves key policy issues, including”:⁷⁷

(1) quality of service; (2) service discontinuance; (3) determination of reasonable alternative services by technology and price; (4) consumer protections; (5) resolution of Docket UT-130477; and [sic] (6) the identification of the appropriate regulatory structure in which CenturyLink will operate.⁷⁸

- 70 Staff further maintains that the 2025 Proposed AFOR satisfies the policy goals outlined in RCW 80.36.300 and meets the requirements set forth in RCW 80.36.135(2) through five key categories, including:

- (1) Promoting affordable universal telecommunications services;
- (2) Maintaining and advancing efficiencies and availability of telecommunications;

⁷⁴ Gose, Exh. PJG-42T at 15:18-23.

⁷⁵ Gose, Exh. PJG-42T at 19:17-23.

⁷⁶ Gose Exh. PJG-42T at 22:17-19.

⁷⁷ Docket UT-240029, Testimony in Support of Settlement on behalf of Staff of Washington Utilities and Transportation Commission, Exh. SB-37CTr at 2:12-18 (February 7, 2025, revised on March 10, 2025).

⁷⁸ Bennett, Exh. SB-37CTr at 2:18-22.

- (3) Ensuring customers pay fair, reasonable and just rates;
- (4) Fostering competition, diverse services in Washington, flexible regulations; and
- (5) Ensuring that rates for non-competitive telecommunication services do not subsidize competitive ventures of regulated telecommunication companies.”⁷⁹

71 First, regarding the promotion of universal service, Staff argues that by treating CenturyLink as a competitively classified company, the Company is subject to a number of guardrails, including maintaining uniform and competitive rates throughout its service areas in which there is competition, which “helps preserved affordable prices in rural high-cost areas” where there is not competition.⁸⁰

72 Second, with respect to advancing efficiencies, Staff argues that the 2025 proposed AFOR provides “CenturyLink the regulatory certainty to make long-term investments... and direct resources to those areas most in need,” to streamline reporting requirements, and to expand systematic service credits to further increase efficiencies.⁸¹

73 Third, regarding fair, reasonable, and just rates, Staff argue that the 2025 proposed AFOR “ensure that customers pay only reasonable charges” for services based on “geographic averaging across the CenturyLink service area.”⁸² Staff further maintains that service quality is enhanced pursuant to Section 8 of the Second Settlement, because customers will be provided with an automatic credit if CenturyLink fails to deliver service in accordance with the criteria set forth in WAC 480-120-401, and that if the Company improperly calculates the credit amount, it must double the customer credit amount.⁸³ Staff reasons that these terms in turn incentivize CenturyLink to improve its service quality, especially given that the Commission will retain jurisdiction and oversight over any underlying service quality issues.⁸⁴

⁷⁹ Bennett, Exh. SB-37CTr at 35:13-23, 36:1-23, and 37:1-13. See also Settlement Hearing, Vol. V, Jeff Roberson (Roberson), TR 344:24-25 and 345:1-6.

⁸⁰ Bennett, Exh. SB-37CTr at 35:14-20 and Roberson, TR 345:7-22.

⁸¹ Bennett, Exh. SB-37CTr at 35:22-23 and 36:1-2.

⁸² Bennett, Exh. SB-37CTr at 36:4-9.

⁸³ Roberson, TR 346:18-25 and 347:1-2.

⁸⁴ Roberson, TR 347:2-12.

- 74 Fourth, regarding competition, diverse services, and flexible regulations, Staff argues that the structure of the proposed 2025 AFOR “will help CenturyLink focus on enhancing services in the areas it actively serves while also promoting a wider range of services to areas with and without federal support.”⁸⁵ This is because CenturyLink must maintain its equipment and adequate services until a new alternative service provider is identified and able to offer services.⁸⁶
- 75 Finally, Staff maintains that CenturyLink will need to ensure that its rates for noncompetitive communications do not subsidize the competitive ventures of regulated telecommunications companies because it has committed to comply with the requirements in RCW 80.36.330, which includes the restriction against below-cost pricing.⁸⁷

3. Public Counsel

- 76 Public Counsel describes its position on the Second Settlement “as deeply ambivalent” and “having strong feelings in both directions...not from lack of consideration or concern,”⁸⁸ but rather because Washington is:
- in the midst of a transition in universal service from the old copper wire system that was built and maintained by government funding under the promise it would be there for customers in rural Washington where competition is insufficient to prompt construction of those networks.⁸⁹
- 77 Although Public Counsel is not opposing the Second Settlement, it “reserves the right to propose changes to the process if there are implementation issues uncovered during the pilot program, particularly in rural areas” and raises several overarching concerns.⁹⁰ These concerns include:

(1) A changing shift in federal priorities

⁸⁵ Bennett, Exh. SB-37CTr at 36:16-20.

⁸⁶ Bennett, Exh. SB-37CTr at 36:23 and 37:1-3.

⁸⁷ Bennett, Exh. SB-37CTr at 36:10-14.

⁸⁸ O’Neill, TR 349:16-19.

⁸⁹ O’Neill, TR 349:22-25 and 350:1-2.

⁹⁰ Docket UT-240029, Response Testimony of Jean Marie Dreyer Addressing the Second Full Multi-party Settlement Agreement on behalf of the Washington State Office of the Attorney General Public Counsel Unit, Exhibit JMD-2T at 3:2-5 (February 21, 2025).

- (2) CenturyLink's "use of mobile wireless service as a comparator to landline service...[that] may be intermittent and unreliable due to uncontrollable factors which affect radio wave propagation,"⁹¹ such as "geographic and line of sight limitations (mountainous terrain...climate issues (snowstorms and wildfires);"⁹²
- (3) The "switch to a new technology [that] is going to be dislocating people" who legitimately and reasonably rely on their landlines in rural areas"⁹³
- (4) "Unreliable service presenting major safety concerns during emergencies, especially for elderly individuals living alone in isolated areas,"⁹⁴ and
- (5) The reliability of service alternatives, "particularly for elderly, rural customers "who lack reliable access to mobile wireless."⁹⁵

78 Public Counsel explains that the crux of the Second Settlement is about "whether or not it is appropriate to change the process to assist CenturyLink in discontinuing"⁹⁶ existing services; and whether the terms of such settlement are "going to shorten that process" given "[i]t will remove UTC review," which must be executed with "extraordinary caution."⁹⁷ However, because CenturyLink "has agreed to size limitations, meaning that this will not be large areas but very small areas on an annual basis," these limitations will allow Staff and Public Counsel to do adequate outreach if the Company seeks discontinuance in a CCL.⁹⁸ Additionally, by improving the definition of a CCL in the Second Settlement,⁹⁹ Public Counsel reasons that CenturyLink identified approximately "24,593 CCLs"¹⁰⁰ compared to the 800 "protected customers" identified in the initial

⁹¹ Dreyer, Exhibit JMD-2T at 2:15-19.

⁹² *Id* at 2:19-20

⁹³ O'Neill, TR 350:5-6 and 350:8-13.

⁹⁴ Dreyer, Exh. JMD-2T at 11:5-6.

⁹⁵ Dreyer, Exh. JMD-2T at 10:22 and 11:1.

⁹⁶ O'Neill TR 350:21-23.

⁹⁷ O'Neill TR 351:5-15.

⁹⁸ O'Neill TR 351:16-23.

⁹⁹ In the Second Settlement, a Challenging Customer Location (CCL) is defined as an "existing CenturyLink local service customer location in Washington which lacks, separate and apart from service provided by CenturyLink or its affiliates, the availability from at least two other providers of fixed internet availability at 25/3 Mbps speed or greater priced at \$55.13 per month or less, and/or 5G mobile wireless service at \$55.13 per month or less."

¹⁰⁰ Dreyer, Exh. JMD-2T at 4:9-13 citing Gose, Exh. PJG-42T at 29:4 (February 7, 2025).

proposal,¹⁰¹ which is “almost 20 times more customers than the [F]irst [S]ettlement.”¹⁰² Public Counsel reasons that these modifications will provide customers an opportunity to receive support from CenturyLink in transitioning to new technologies, which will improve the Company’s quality control¹⁰³ and limit the number and frequency of discontinuances.¹⁰⁴

79 Public Counsel also credits CenturyLink with using a lower price benchmark, which will require a greater number of alternative providers to be available in each location and ensure that the providers are more affordable for customers.¹⁰⁵

80 Next, Public Counsel supports the enhanced notice process incorporated in the Second Settlement for several reasons. First, it “must be relayed to customers by letter, email, and at least one telephone call,” and if a customer is non-responsive, a toll-free number will be included in the notice “that connects customers to digital ambassadors familiar with the discontinuance process.”¹⁰⁶ Second, it “describes subsidies available to low-income customers to apply towards the purchase of new technologies.”¹⁰⁷ Third, it “places the burden on CenturyLink to prove that a customer has reasonable, reliable, and affordable access to alternative services” through “the multiple forms of notification” that will be used to “ensure that customers are sufficiently informed and aware of the discontinuance process.”¹⁰⁸ Fourth, the “notice provides customers with an opportunity to object to the proposed discontinuance if they feel they lack reasonable, reliable, or affordable access to alternative services,” limits the Company from pursuing discontinuance “to no more than three times in a calendar year,” and “potentially affected customers must not exceed 500 for a given calendar year.”¹⁰⁹

81 Finally, the pilot program contemplated by the Second Settlement will enable all parties “to review the enhanced notification process to identify any issues that occur during

¹⁰¹ Dreyer, Exh. JMD-2T at 4:9-13 citing Gose, Exh. PJG-42T at 11:12-13.

¹⁰² Dreyer, Exh. JMD-2T at 5:7-8.

¹⁰³ O’Neill TR 351:16-23.

¹⁰⁴ Dreyer, Exh. JMD-2T at 3:15-17.

¹⁰⁵ Dreyer, Exh. JMD-2T at 5:10-15.

¹⁰⁶ Dreyer, Exh. JMD-2T at 6:5-9.

¹⁰⁷ Dreyer, Exh. JMD-2T at 6:10-11.

¹⁰⁸ Dreyer, Exh. JMD-2T at 6:18-21.

¹⁰⁹ Dreyer, Exh. JMD-2T at 7:1-9.

initial implementation” and serve as a test period to ensure the discontinuance process is being executed in accordance with the settlement terms.¹¹⁰

DISCUSSION

D. Legal Standard

82 We must determine whether the Second Settlement meets all pertinent legal and policy standards. The Commission will approve a settlement “when it is lawful,” the settlement terms are “supported by an appropriate record,” and when the result is “consistent with the public interest in light of all the information available to the commission.”¹¹¹

83 The standards for approval of an AFOR are set forth in RCW 80.36.135, which directs the Commission to “order implementation of the alternative plan of regulation unless it finds that, on balance, an alternative plan as proposed or modified fails to meet the considerations stated in subsection (2) of this section.”¹¹² Those considerations require that the AFOR:

- (1) Facilitate the broad deployment of technological improvements and advanced telecommunications services to underserved areas or underserved customer classes;
- (2) Improve the efficiency of the regulatory process;
- (3) Preserve or enhance the development of effective competition and protect against the exercise of market power during its development;
- (4) Preserve or enhance service quality and protect against the degradation of the quality or availability of efficient telecommunications services;
- (5) Provide for rates and charges that are fair, just, reasonable, sufficient, and not unduly discriminatory or preferential; and
- (6) Not unduly or unreasonably prejudice or disadvantage any particular customer class.¹¹³

84 In addition, the Commission must consider the State’s public policies set forth in RCW 80.36.300 to:

¹¹⁰ Dreyer, Exh. JMD-2T at 8:5-10.

¹¹¹ WAC 480-07-750(2).

¹¹² RCW 80.36.135(3).

¹¹³ RCW 80.36.135(2)(a-f).

- (1) Preserve affordable universal telecommunications service;
- (2) Maintain and advance the efficiency and availability of telecommunications service;
- (3) Ensure that customers pay only reasonable charges for telecommunications service;
- (4) Ensure that rates for noncompetitive telecommunications service do not subsidize the competitive ventures of regulated telecommunications companies;
- (5) Promote diversity in the supply of telecommunications services and products in telecommunications markets throughout the state; and
- (6) Permit flexible regulation of competitive telecommunications companies and services.¹¹⁴

85 RCW 80.36.135(3) also requires the AFOR to include “a proposal for ensuring adequate carrier-to-carrier service quality, including service quality standards or performance measures for interconnection and appropriate enforcement or remedial provisions in the event the company fails to meet the standards or performance measures.”¹¹⁵

E. Commission Determination

86 In evaluating the proposed Second Settlement against the policy requirements and statutory factors for AFORs set forth in RCW 80.36.135 and RCW 80.36.300, we find that the concerns which led us to reject the First Settlement in Order 06 relating to the discontinuance of CCLs under Section 9 have been remedied in the Second Settlement.¹¹⁶ To arrive at this determination, the Commission carefully balanced the requirements set forth in RCW 80.36.135(2) required for AFOR approval with the five public policy goals for the telecommunications industry in RCW 80.36.300.

87 First with regards to the promotion of universal service, given that CenturyLink will be treated as if it were competitively classified but subject to the regulatory guardrails agreed upon by the Settling Parties, the Company will still have the flexibility to operate in areas of the state where there is competition within the changing landscape of the

¹¹⁴ RCW 80.36.300(1)-(6).

¹¹⁵ RCW 80.36.135(3).

¹¹⁶ In Order 06 the Commission determined that Section 9 of the First Settlement was not in the public interest because the definition of CCL was too narrow, placed the burden during disconnection on customers and Commission Staff to disprove the Company’s finding of adequate service, and it found that the initial consumer notice was inadequate and confusing for customers. *See* Order 06 at 15 ¶¶ 54-57.

telecommunications industry while still being required to maintain uniform rates and “preserve affordable prices in rural high-cost areas” where there is no competition.¹¹⁷ Further, we agree with Staff that the “hybrid approach” the Settling Parties agreed to will “provide CenturyLink the flexibility to shift its focus to newer, more efficient technology, like fiber,” while still requiring the Company to continue its ILEC obligation to ensure the availability of comparable, affordable, telecommunication service.¹¹⁸

88 Further we find that the Settling Parties were able to strike the appropriate balance by using a lower price benchmark and revising the definition of a CCL by including at least two other alternative providers for fixed internet availability at 25.3 Mbps speed or greater, and 5G mobile service at a cost of \$55.55 per month or less. The inclusion of these additional terms protects more customers, requires a greater number of alternative providers to be available in each location, increases a higher threshold for reliable service and ensures affordable prices are maintained across CenturyLink’s existing service areas. Further, as Staff highlights in its testimony, “for locations with only one provider (other than CenturyLink or its affiliates)...more infrastructure” will need to be deployed before CenturyLink can seek full Commission approval for discontinuance,” which provides further protections to customers located in rural remote service territories.¹¹⁹

89 Second, the Second Settlement streamlines the administrative process compared to rate-based rate-of-return regulation by using the AFOR as an effective means of achieving the state’s telecommunication policy goals. While the Second Settlement does not entirely remove CenturyLink from the Commission’s jurisdiction, the terms of the Second Settlement do represent a decrease in administrative burden for both the Company and the Commission by placing the onus back on CenturyLink. More importantly, the Second Settlement prevents CenturyLink from filing more than three (3) petitions for discontinuance in a calendar year and limits these petitions from affecting more than 250 customers per petition/notice and 500 customers per year. It also requires CenturyLink to first request permission and to obtain approval from the FCC in accordance with 47 USC § 214 before petitioning the Commission. These guardrails represent a significant decrease in the scope of potential discontinuations contemplated in the First Settlement and provide all parties involved with regulatory certainty.

90 Third, we find that the Second Settlement ensures that customers pay reasonable charges for telecommunication services due to the lower price benchmarks, “geographic

¹¹⁷ Bennett, Exh. SB-37CTr at 35:19.

¹¹⁸ Bennett, Exh. SB-37CTr at 13:5-9.

¹¹⁹ Bennett, Exh. SB-37CTr at 24:12-16.

averaging across CenturyLink's service areas,"¹²⁰ and enhanced service quality pursuant to Section 8, which provides customers with service quality credits if CenturyLink fails to deliver service in accordance with the criteria set forth in WAC 480-120-401(4) and WAC 480-120-411. Should CenturyLink fail to provide service credits or improperly calculate the credit, then it must double the customer credit amount, and the Commission retains oversight over the quality of service customers receive from CenturyLink. This will be achieved by ensuring customers only pay for the services rendered by CenturyLink that are in good working order and otherwise incentivizing the Company to improve its service quality.

- 91 Fourth, we are satisfied with the terms of the Settling Parties' agreement with respect to this policy provision because "CenturyLink has committed to comply with the requirements in RCW 80.36.330(6), which provide that:

No losses incurred by a telecommunications company in the provision of competitive services may be recovered through rates for noncompetitive services..[and that the] commission may order refunds or credits to any class of subscribers to a noncompetitive telecommunications service which has paid excessive rates because of below cost pricing of competitive telecommunications services.

- 92 Fifth, regarding the last two policy requirements to promote diversity of telecommunications services and permit flexible regulation, we find that the agreed upon terms to the proposed Second Settlement and 2025 AFOR will aid CenturyLink in improving its service quality in underserved areas and allow the Company flexibility to further its investments in newer technologies to meet all its state and federal obligations.
- 93 Finally, the Commission acknowledges the concerns raised by Public Counsel and those customers who provided public comment both in writing and at the two public comment hearings related to intermittent and unreliable service quality for satellite and mobile wireless networks due to uncontrollable geographic and climate issues, particularly for elderly and rural customers during emergent conditions. However, we find that the provisions the Settling Parties negotiated in the Second Settlement mitigate these concerns through several avenues. These include the enhanced notification process, revised CCL definition that "protects significantly more customers,"¹²¹ and the pilot program that has been designed to help mitigate gaps in reasonable, reliable, and affordable service during any proposed discontinuance process. We recognize that issues

¹²⁰ Bennett, Exh. SB-37CTr at 36:4-7.

¹²¹ Dreyer, JMD-2T at 5:5-7.

or concerns may arise in the implementation of this settlement. We will be relying upon all parties to continue identifying any issues or concerns as they arise to ensure customers are afforded with the maximum protections available, to address any implementation issues that may arise, and to propose appropriate solutions or modifications during future Open Meetings or filings with the Commission.

FINDINGS AND CONCLUSIONS

- 94 (1) The Washington Utilities and Transportation Commission is an agency of the State of Washington, vested by statute with authority to regulate rates, rules, regulations, practices, and accounts of public service companies, including telecommunications companies.
- 95 (2) The Washington Utilities and Transportation Commission has jurisdiction over the subject matter of, and parties to, this proceeding.
- 96 (3) The Second Settlement agreed upon by CenturyLink and Staff is lawful, supported by adequate record evidence, and consistent with the public interest and the agreement shall be APPROVED.
- 97 (4) The stipulated 2025 AFOR Plan included in the Second Settlement agreed upon by CenturyLink and Staff, complies with the requirements for an AFOR in RCW 80.36.135.
- 98 (5) Regulating CenturyLink under the stipulated 2025 AFOR Plan incorporated as Attachment A to the Second Settlement will promote the state's policy goals listed in RCW 80.36.135 and RCW 80.36.300, includes additional and necessary protections for customers, and is in the public interest.

ORDER

THE COMMISSION ORDERS THAT:

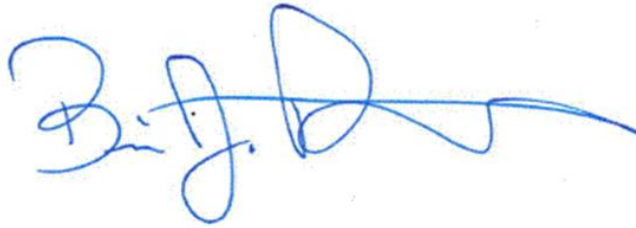
- 99 (1) The Second Settlement and 2025 AFOR Plan among the CenturyLink companies Qwest Corporation, CenturyTel of Washington, CenturyTel of Inter Island, CenturyTel of Cowiche, and United Telephone Company of the Northwest – and Commission Staff, is APPROVED.
- 100 (2) The CenturyLink companies - Qwest Corporation, CenturyTel of Washington,

CenturyTel of Inter Island, CenturyTel of Cowiche, and United Telephone Company of the Northwest- shall have three business days to accept or reject the conditions imposed in this Order.

- 101 (3) The Commission Secretary is authorized to accept by letter, with copies to all parties to this proceeding, a filing that complies with the requirements of this Order.
- 102 (4) The Commission retains jurisdiction to enforce the terms of this Order.

Dated at Lacey, Washington, and effective July 8, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION



BRIAN J. RYBARIK, Chair



ANN E. RENDAHL, Commissioner



MILTON H. DOUMIT, Commissioner

NOTICE TO PARTIES: This is a final order of the Commission. In addition to judicial review, administrative relief may be available through a petition for reconsideration, filed within 10 days of the service of this order pursuant to RCW 34.05.470 and WAC 480-07-850, or a petition for rehearing pursuant to RCW 80.04.200 or RCW 81.04.200 and WAC 480-07-870.