

**Exh. SP-1T
Docket UT-171082
Witness: Susie Paul**

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION,**

Complainant,

v.

**QWEST CORPORATION D/B/A
CENTURYLINK QC,**

Respondent.

DOCKET UT-171082

TESTIMONY OF

Susie Paul

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

*CenturyLink's Obligations Under the Commission's
Line Extension Rule*

April 6, 2018

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- Exh. SP-22 Letter from Pat Hazzard to Phil Grate, dated June 9, 2017
- Exh. SP-23 Email to Susie Paul from Phil Grate Regarding Complaints, dated October 12, 2017

1 I. INTRODUCTION

2

3 Q. Please state your name and business address.

4 A. My name is Susie Paul. My business address is the Richard Hemstad Building, 1300
5 South Evergreen Park Drive Southwest, P.O. Box 47250, Olympia, Washington,
6 98504. My business email address is Susie.Paul@utc.wa.gov.

7

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

9 A. I am employed by the Washington Utilities and Transportation Commission
10 (“Commission”) as a compliance investigator in the Consumer Protection Section of
11 the Safety and Consumer Protection Division.

12

13 Q. How long have you been employed by the Commission?

14 A. I have been employed by the Commission since April 2013.

15

16 Q. Please state your qualifications to provide testimony in this proceeding.

17 A. I have a bachelor’s degree in Criminal Justice from Saint Martin’s University. I am a
18 certified investigator for the state of Washington, and I am a member of the Pacific
19 Northwest License, Tax, & Fraud Association, which provides continuing education
20 for Washington investigators. I have approximately 14 years of experience as an
21 investigator with regulatory agencies in the state of Washington. As a compliance
22 investigator in the Consumer Protection Section, I have conducted numerous

1 investigations related to the business practices of regulated utility or transportation
2 companies, to include telecommunications companies.

3
4 **Q. Have you testified previously before the Commission?**

5 A. Yes. I have testified in numerous enforcement proceedings involving various
6 industries, including Docket UT-140597, which was an investigation into
7 CenturyLink's emergency 911 call dispatch systems failure; Docket TV-150223,
8 which was a denial of a household goods carrier application due to the applicant's
9 criminal history; and Docket TV-161308, which involved testimony related to a
10 company operating as a household goods carrier without the required Commission-
11 issued permit.

12
13 **II. SCOPE AND SUMMARY OF TESTIMONY**

14
15 **Q. What is the scope of your testimony?**

16 A. I address the business practices of Qwest Corporation d/b/a CenturyLink QC
17 ("CenturyLink" or "Qwest Corporation" or "Company") related to the extension of
18 residential basic local exchange service and record keeping.

19
20 **Q. Please summarize your testimony.**

21 A. My testimony reflects my investigatory findings that CenturyLink is in violation of
22 RCW 80.36.090 for refusing to provide service on demand, and WAC 480-120-
23 071(3) for failing to provide a customer with an application for extension of service

1 within seven days. My testimony also reflects my findings that CenturyLink is in
2 violation of WAC 480-120-071(4) for failing to provide an extension of service up to
3 one thousand feet at no charge to the customer. Further, my testimony addresses
4 CenturyLink's failure to keep Commission-referred complaints for at least two years,
5 in violation of WAC 480-120-166, and the Company's failure to retain and preserve
6 records and reports, in violation of WAC 480-120-349.

8 III. DISCUSSION

10 A. Background

12 **Q. Who are the parties in this case?**

13 A. The parties to this proceeding are CenturyLink, an incumbent local exchange carrier
14 (ILEC), Commission Staff (Staff), and Public Counsel.

16 **Q. Please describe CenturyLink's operations in Washington State.**

17 A. CenturyLink is a major ILEC provider of wireline telecommunications services in
18 Washington. It is one of five Washington ILECs under common ownership of
19 CenturyTel, Inc., which include CenturyTel of Washington, CenturyTel of Inter
20 Island, CenturyTel of Cowiche, and United Telephone Company of the Northwest.
21 Other, competitively classified telecommunications company affiliates also operate

1 in Washington.¹ CenturyLink is designated and certified in the state of Washington
2 as a wireline Eligible Telecommunications Carrier (ETC) and receives federal high-
3 cost universal service support.² CenturyLink, Inc. reported 2016 combined gross
4 Washington intra-state annual revenue of \$429,448,355.

5

6 **Q. What is an ETC?**

7 A. An ETC is a common carrier, designated by a state commission, which meets the
8 requirements of 47 U.S.C. § 214(e)(1) to both offer and advertise supported services
9 throughout the service area for which the designation is received. The Commission
10 designates ETC service areas in Washington. An ETC is eligible to receive federal
11 universal service support.

12

13 **Q. Has CenturyLink been designated as an ETC for its Vancouver, Washington,
14 exchange?**

15 A. Yes. The Company was designated as an ETC for its Vancouver, Washington,
16 exchange in Docket UT-970354 on December 23, 1997.

17

18 **Q. You testified that you work in the Commission's Consumer Protection Section.
19 What is the role of Consumer Protection in regulating telecommunications
20 companies?**

¹ CenturyLink Communications LLC; as well as the Level 3 affiliates acquired in Docket UT-170042.

² See Docket UT-170765, Qwest Corporation 2017 ETC certification filing, which includes the Company's certification regarding its use of federal high-cost support. Exhibit A, filed July 13, 2017.

1 A. The Consumer Protection Section handles informal complaints from
2 telecommunications customers through a complaint investigation process, and also
3 conducts compliance investigations of telecommunications companies.
4

5 **Q. Can you please explain the complaint investigation process?**

6 A. Yes. Complaint investigators take informal complaints from customers of
7 Commission-regulated companies, including telecommunications companies. These
8 customers may open a complaint by calling Consumer Protection's toll-free line,
9 submitting information through e-mail or through our website, or by writing to us.
10 As part of that process, Staff ensures that the customer has met his or her obligations
11 when requesting service by a telecommunications company and that the company
12 has also met its obligations.

13 When Staff finds that a company has not provided service according to a
14 Commission rule, order, or tariff, or according to state or federal statutes, a violation
15 is recorded in the complaint record and Staff notifies the company of the violation.
16 Staff considers that notification to be technical assistance because violations are
17 explained to the company about what rule was violated and what steps it needs to
18 take to avoid similar violations in the future.

19 If the company disagrees with the complaint investigator's recorded
20 violation(s), it may request an escalated review by Customer Protection
21 management.
22

1 **Q. Can you please explain the role of compliance investigation staff in the**
2 **Consumer Protection Section?**

3 A. Compliance investigators are responsible for investigating Commission-regulated
4 companies, including telecommunication companies. These investigations typically
5 include an audit of a company's business practices as they relate to Commission
6 rules, orders, or tariffs, or to state or federal statutes.

7
8 **Q. Can you briefly describe the events that lead to this proceeding?**

9 A. Yes. A consumer residing outside of Vancouver, Washington, in CenturyLink's
10 service territory, requested service from CenturyLink. CenturyLink refused to
11 provide service on grounds that a line extension would be required and CenturyLink
12 did not believe it was obligated under the Commission's line extension rule to extend
13 service. The consumer, Mr. Saum, filed an informal complaint with the
14 Commission.³ Ultimately, this lead Consumer Protection to undertake a compliance
15 investigation. I am the compliance investigator who conducted the investigation,
16 which I documented in an investigation report.⁴ As a result of the Staff investigation,
17 the Commission initiated a formal complaint proceeding in this docket.

18

³ Exh. SP-2, Informal Complaint CAS-20417-Y7K6M8.

⁴ See Exh. SP-3 for the narrative portion of the investigation report.

1 **B. Service to be Furnished on Demand**

2

3 **Q. What is meant by “service to be furnished on demand?”**

4 A. Service to be furnished on demand, commonly referred to as the obligation to serve,
5 is addressed in RCW 80.36.090, and states, “Every telecommunications company
6 shall, upon reasonable notice, furnish to all persons and corporations who may apply
7 therefor and be reasonably entitled thereto suitable and proper facilities and
8 connections for telephonic communication and furnish telephone service as
9 demanded.”

10

11 **Q. As a telecommunications company, what is CenturyLink’s obligation to serve?**

12 A. CenturyLink has an obligation to serve customers in its service territory as provided
13 for in RCW 80.36.090.

14

15 **Q. Is there any question that Mr. Saum’s residence is located in CenturyLink’s
16 service area?**

17 A. No. Mr. Saum requested service for his residence in the Anna Marie Lane
18 subdivision, located in Vancouver, Washington. His property is located within
19 CenturyLink’s incumbent service territory. Exh. SP-4 contains a map, produced by
20 the Commission’s Regulatory Services Staff, showing a GIS depiction of
21 CenturyLink’s Vancouver exchange and the location of the Anna Marie Lane
22 subdivision. This GIS depiction is based on CenturyLink’s exchange boundary map
23 in Tariff WN U-40 (M-89) on file with the Commission’s Record Center.

1 **Q. Why does Staff believe that CenturyLink is not meeting its obligation to furnish**
2 **service on demand?**

3 A. Mr. Saum requested service on December 22, 2016. CenturyLink mailed the
4 customer an order confirmation of service for two lines.⁵ On January 4, 2017, a
5 technician employed by CenturyLink went to Mr. Saum's residence to connect
6 service. At that time, the technician informed Mr. Saum that he was unable to locate
7 any service facilities at the home and would not able to connect service. Mr. Saum
8 then contacted CenturyLink and was informed that he would be responsible for
9 providing a way for the company to run a line from the nearest CenturyLink facilities
10 to his home.⁶

11
12 **Q. How far away are the nearest CenturyLink facilities?**

13 A. Mr. Saum provided photographs showing that a CenturyLink pedestal is located
14 approximately 45 feet from his property line.⁷

15
16 **Q. Did Mr. Saum continue to pursue telephone service from CenturyLink?**

17 A. Yes. Mr. Saum filed an informal complaint with the Commission on February 3,
18 2017, stating that he had requested telephone service for his residence but did not
19 receive service.⁸ As of the date of my testimony, CenturyLink has not yet extended
20 service to Mr. Saum.

⁵ Exh. SP-5 Confirmation of Order.

⁶ Exh. SP-2 at 2.

⁷ Exh. SP-6.

⁸ Exh. SP-2.

1 **Q. Did CenturyLink provide other reasons for not providing service in its service**
2 **territory?**

3 A. Yes. On March 29, 2017, CenturyLink notified Staff that its terms and conditions
4 state that if someone lives in a development and the developer was offered and
5 refused to sign a PAHD (Provisional Agreement for Housing Development) the
6 Company did not have to serve. CenturyLink stated that in this case, the developer
7 was offered a PAHD and refused. The Company appears to believe that it can serve
8 or not serve individual customers as well as groups of customers at its own
9 discretion/option. And in this case, the Company believes it can choose not to serve
10 if the customer does not provide a path to his residence.⁹

11
12 **Q. Do you agree with CenturyLink’s opinion that it may serve or not serve**
13 **customers in its service territory at its own discretion?**

14 A. No. CenturyLink has a legal obligation to provide service on demand as required by
15 RCW 80.36.090.

16
17 **Q. Could another provider of wireline telecommunications services operate in**
18 **Anna Marie Lane?**

19 A. Yes. I understand that Comcast has provided and may still provide service in this
20 subdivision. And I also understand that Mr. Saum wants service from CenturyLink
21 and not from Comcast. Diversity in the supply of telecommunications services is one

⁹ See Exh. SP-7 March 29, 2017, email from CenturyLink.

1 of the Legislature’s policy goals for the state.¹⁰ Consistent with this goal, Staff values
2 the availability of meaningful consumer choice in telecommunications service
3 providers.

4

5 **Q. Did CenturyLink present further reasons why it believes it is not required to**
6 **provide service to this customer?**

7 A. Yes. In letters dated April 21 and May 22, 2017, CenturyLink writes that market
8 changes render WAC 480-120-071 no longer reasonable. Further, CenturyLink
9 implied that there is also another provider offering wireline voice service to lots in
10 the development.¹¹ The Company wrote as follows:

11 Requiring 1000’ of free line extensions to developments where wireline and
12 wireless services are already available from other providers will waste the
13 ILEC’s now very limited (and ever shrinking) resources that could be used
14 for economically viable investments, including further deployment of
15 broadband. CenturyLink (sic) and other ILECs must be free to decline (sic)
16 unnecessary uneconomic investment. This is especially important because the
17 revenues available to operate a wireline voice network for people who have
18 no other option continue their rapid decline.¹²

19

20 CenturyLink also stated:

21

22 [I]f another telecommunications company is ready and willing to serve a lot
23 in a development where the ILEC has no facilities, the entitlement to service
24 is being met, and there is no reasonable entitlement to service from a second
25 provider.¹³

26

27

¹⁰ RCW 80.36.300(5).

¹¹ Exh. SP-8, April 21, 2017, CenturyLink Letter to Staff; Exh. SP-9, May 22, 2017, CenturyLink Letter to Staff.

¹² Exh. SP-8 at 10.

¹³ Exh. SP-8 at 10.

1 **Q. Does the presence of an alternate service provider in CenturyLink’s service**
2 **territory exempt CenturyLink from the obligation to honor a customer’s**
3 **request for service on demand?**

4 A. No. The potential availability of another service provider is not listed as an exception
5 to the line extension requirements in WAC 480-120-071 and does not mean that
6 CenturyLink can unilaterally decide that it has no obligation to serve a particular
7 customer.

8

9 **Q. Are competitive local exchange carriers (CLECs) also subject to RCW**
10 **80.36.090?**

11 A. My understanding is that they are. The Commission addressed this question in an
12 order on a tariff filing by U S WEST, which is now Qwest Corporation d/b/a
13 CenturyLink QC:

14 The Commission however explicitly did not waive RCW 80.36.090 when
15 competitively classifying CLECs because it believed the statute applied to
16 “every telecommunications company.” And, the Commission knew that a
17 rule of reason would have to be applied to requests for service from CLECs:
18 . . . The rule of reason would dictate that anywhere a CLEC has facilities in
19 place and could reasonably use those facilities to serve an applicant, it must
20 provide service as requested because the customer is reasonably entitled
21 thereto. RCW 80.36.090.¹⁴

22 Also, WAC 480-121-063 lists the statutes and rules that the Commission typically
23 waives for CLECs, and RCW 80.36.090 is not there. Although I refer to
24 CenturyLink’s “service territory” in this testimony, this does not mean that

¹⁴ *Wash. Utils. & Transp. Comm’n v. U S WEST Communicatins, Inc.*, UT-961638, Fourth Supp. Order, p. 22 (Jan. 16, 1998).

1 CenturyLink is necessarily the only telecommunications company that has an
2 obligation to furnish service on demand in the same area.

3

4 **Q. CenturyLink is currently regulated under an alternative form of regulation**
5 **(AFOR). Does that affect its obligation to furnish service on demand or extend**
6 **service?**

7 A. No. The Commission established an AFOR for CenturyLink in Docket UT-130477
8 in 2014.¹⁵ The AFOR decision contains a list of all of the statutes and rules that the
9 Commission waived for CenturyLink,¹⁶ and neither RCW 80.36.090 nor WAC 480-
10 120-071 is on that list. This means that CenturyLink remains obligated to furnish
11 service on demand and to meet the requirements of the Commission's line extension
12 rule.

13

14 **Q. Are you aware of how many customers in CenturyLink's service territory have**
15 **been denied service?**

16 A. There is no accurate way to determine how many potential customers CenturyLink
17 has failed to honor its obligation of providing service in its territory. As with Mr.
18 Saum, when a customer approaches CenturyLink for service and the Company does

¹⁵ *In Re Petition of The CenturyLink Companies – Qwest Corporation; CenturyTel of Washington; CenturyTel of InterIsland; CenturyTel of Cowiche; and United Telephone Company of the Northwest To Be Regulated Under an Alternative Form of Regulation Pursuant to RCW 80.36.135*, Docket UT-130477, Order 4 (Jan. 9, 2014).

¹⁶ Appendix A (Statute, Rule, or Other Provision to be Waived) to Attachment A (Stipulated Plan for Alternative Form of Regulation) to Appendix A (Staff/Public Counsel Settlement).

1 not believe it is cost effective, the Company simply tells the customer that this is a no
2 serve development.¹⁷

3

4 **C. Extension of Service – Residential Basic Local Exchange Service**

5

6 **Q. How does the extension of service rule relate to Mr. Saum?**

7 A. The Commission’s line extension rule, WAC 480-120-071, states that ETCs must
8 provide the applicant with an application for extension of service within seven days
9 of the initial request.¹⁸ The company must also provide the applicant with a brief
10 explanation of the extension of service rules.

11 Mr. Saum requested service on December 22, 2016. CenturyLink mailed him
12 an order confirmation of service for two lines. On January 4, 2017, a technician
13 employed by CenturyLink went to Mr. Saum’s residence to connect service and,
14 after attempting to locate the facilities, told Mr. Saum he would not be able to
15 connect service, although CenturyLink has an existing pedestal that is approximately
16 45 feet from the consumer’s property line.

17

18 **Q. Did CenturyLink provide Mr. Saum with an application for extension of service**
19 **within seven days?**

¹⁷ See Exh. SP-10, CenturyLink response to Staff regarding no service.

¹⁸ A complete copy of WAC 480-120-071 is attached as Exh. SP-11.

1 A. No. CenturyLink did not provide this customer with an application of service within
2 seven days, and in fact, failed to provide Mr. Saum with an application for extension
3 of service at all.

4

5 **Q. Did Mr. Saum pursue other options to obtain service by CenturyLink?**

6 A. Yes. Mr. Saum filed an informal complaint with the Commission on February 3,
7 2017.¹⁹

8

9 **Q. Did Commission Staff follow up with CenturyLink about Mr. Saum's**
10 **complaint?**

11 A. Yes, and on Feb. 14, 2017, in response to Staff's question as to why Mr. Saum was
12 not provided service, CenturyLink provided the following response:

13 This customer is a CenturyLink Retiree. He moved into what we call a no
14 serve housing development. The developer did not wire for phone service for
15 these residents. Our engineer Mark Guz has had extensive conversations with
16 the customer and the developer. The developer was going to run a conduit to
17 an existing pedestal under the street and place a conduit (sic) to Mr. Saum's
18 home. The developer was going to contact us, at that point, so we could place
19 a buried service wire to bring service to the customer. That is the last
20 communication that we received and have had no contact beyond this point.
21 Once this work is performed, we would be happy to provide the service.²⁰

22

23

24 **Q. Did CenturyLink explain what it considers to be a “no serve housing**
25 **development?”**

¹⁹ Exh. SP-2.

²⁰ Exh. SP-12, Feb. 14, 2017, CenturyLink email to Staff.

1 A. Yes. CenturyLink states that it does not serve in developments where the developer
2 has not signed a “provisioning agreement for housing developments” (PAHD) for the
3 provision of service to the housing development. CenturyLink also states that this
4 has been CenturyLink’s policy and approach for many years (since 2008).²¹

5
6 **Q. CenturyLink states that it is the Company’s practice to require a PAHD. Do**
7 **you have any reason to believe that CenturyLink refuses to install facilities for**
8 **reasons other than disagreement over terms of a PAHD?**

9 A. Yes. I spoke with several developers in the Vancouver area and with Clark County
10 staff. One developer, Mr. Byron Brocker, owner of Brocker Company, stated that he
11 contacted CenturyLink on July 6, 2017, to drop lines in the Applewood subdivision
12 in Vancouver. Mr. Brocker stated that CenturyLink contacted Mr. Brocker and stated
13 that the cost of coming in versus the opportunity for revenue is not worth it to
14 CenturyLink financially and that the Company was opting out.²²

15
16 **Q. Are there other indications that CenturyLink is using its own discretion in**
17 **dropping lines to provide service for residents in its service territory?**

18 A. Yes. I spoke with Randy Lipe of Prairie Electric in Vancouver, WA. Prairie Electric
19 sends out emails with the schedule of trenching. Mr. Lipe stated that Larry
20 McDonald of CenturyLink is their main contact and that he speaks with Mr.
21 McDonald almost daily. He stated that “more and more” CenturyLink responds to

²¹ Exh. SP-13 Feb. 22, 2017, CenturyLink email to Staff.

²² Exh. SP-14 Oct. 4, 2017, Staff record of conversation with developer.

1 him with “No CTL Service,” stating they are not dropping lines in smaller
2 developments because they are losing money. Mr. Lipe provided me with a copy of
3 Prairie Electric’s weekly underground utilities schedule ending the week of
4 September 30, 2017. The notation “No CTL Service” indicates where CenturyLink
5 opted not to serve.²³

6

7 **Q. Could CenturyLink have installed facilities at Anna Marie Lane when the**
8 **subdivision was still under construction?**

9 A. Yes. The developer, North Columbia Homes, contracts with Prairie Electric, who
10 notifies and coordinates with the various utilities to perform the necessary work. On
11 April 11, 2016, Prairie Electric sent an email with the utility design to numerous
12 utilities, including five CenturyLink employees.²⁴ This means that CenturyLink had
13 information about the construction and could have proceeded with installing
14 facilities at that time.

15

16 **D. Allowances: Extension of Service up to 1,000 Feet at no Charge to**
17 **Customer**

18

19 **Q. What is the requirement for a telecommunications company regarding**
20 **extensions of service?**

²³ Exh. SP-15, Prairie Electric Weekly Schedule.

²⁴ Exh. SP-17, Anna Marie final design notification to CenturyLink.

1 A. WAC 480-120-071(4)(a) provides that a company must allow for an extension of
2 service within its service territory up to 1,000 feet at no charge to the applicant. The
3 company may allow for an extension of service for distances over the allowance.
4

5 **Q. What would be required to provide Mr. Saum with telephone service by**
6 **CenturyLink as requested?**

7 A. Technically, I am not aware of what is required to actually install the lines, but I can
8 say that in order for Mr. Saum to be connected to service, a line extension would
9 need to be installed and run from the pedestal to Mr. Saum's residence. Under the
10 line extension rule, the consumer is responsible for any "trenches, conduits, or other
11 support structure for placement of company-provided facilities from the applicant's
12 property line to the premises to be served," while the company is responsible for all
13 of the construction between the consumer's property line and the company's
14 facilities. The distance between Mr. Saum's property line and the closest
15 CenturyLink facilities, a pedestal, is approximately 45 feet.²⁵
16

17 **Q. Do you believe the cost of a line extension of approximately 45 feet, or for that**
18 **matter 1,000 feet or under, should be borne by Mr. Saum?**

19 A. No. WAC 480-120-071(4) clearly provides that the Company is required to provide a
20 line extension of up to 1,000 feet at no charge to the customer.
21

²⁵ Exh. SP-6.

1 **Q. Did Commission Staff notify CenturyLink that it was in violation of WAC 480-**
2 **120-071(4) for not providing Mr. Saum the allowable line extension at no cost?**

3 A. Yes. The Company was notified of the violation on March 29, 2017.²⁶

4
5 **Q. What was CenturyLink’s position on the violation?**

6 A. CenturyLink asserted that the line extension rule does not apply inside a
7 development. CenturyLink said that if the homeowner requesting service provided a
8 conduit under the street between the pedestal and his home, CenturyLink could
9 provide service. CenturyLink stated that because the line extension rule does not
10 apply, there is no allowance for the extension and the homeowner is responsible to
11 provide the path. CenturyLink also said, “Otherwise, there is an alternative service
12 provider in the development for landline service. Similarly, other homeowners in this
13 development would be required to provide a path to their homes if they wanted
14 service from CenturyLink.”²⁷

15
16 **Q. Did Staff agree with CenturyLink’s self-described obligation?**

17 A. No. Staff informed CenturyLink that WAC 480-120-071(2) defines development as
18 land that is divided or proposed to be divided; and the customer does not live on land
19 that is divided or proposed to be divided.²⁸

20

²⁶ Exh. SP-2 at 7.

²⁷ Exh. SP-16, CenturyLink’s definition of Extension of Service rule.

²⁸ Exh. SP-2 at 17-18.

1 **Q. Did CenturyLink provide other reasons to Staff for not providing a line**
2 **extension to allow service for Mr. Saum?**

3 A. CenturyLink said that the developer was going to run a conduit under the street to an
4 existing pedestal and place a line to Mr. Saum's home. CenturyLink added that once
5 the work was performed it would be happy to provide the service.

6

7 **Q. Was CenturyLink again notified that it was in violation of WAC 480-120-071(4)**
8 **for not allowing for an extension of service of up to 1,000 feet at no cost to the**
9 **applicant?**

10 A. Yes. On March 29, 2017, Commission Staff notified CenturyLink that it must allow
11 for an extension of service within its service territory up to 1,000 feet at no charge to
12 the applicant. The Company was requested to provide information on how it
13 intended to comply with the rule.²⁹

14

15 **Q. Did CenturyLink respond to Staff on how it intended to comply with the rule?**

16 A. Not exactly. On April 3, 2017, CenturyLink responded that it did not believe the line
17 extension rule applied to Mr. Saum and would take the violation and then appeal.³⁰

18

19 **Q. What was the outcome of this customer complaint?**

20 A. On April 14, 2017, Commission Staff notified CenturyLink that the complaint was
21 consumer upheld and was recording violations of WAC 480-120-071(3) for failing to

²⁹ Exh. SP-18, March 29, 2017, email to CenturyLink.

³⁰ Exh. SP-19, CenturyLink's response to violation.

1 provide the consumer an application for extension of service within seven days, and
2 WAC 480-120-071(4) for failing to allow an extension of service up to 1,000 feet at
3 no charge to the customer. Staff also notified the Company that it should move
4 forward with providing service to this customer.³¹

5
6 **Q. Did CenturyLink appeal the violations?**

7 A. Yes. CenturyLink requested escalations on the violations on two separate occasions.

8
9 **Q. Will you please describe the first escalation by CenturyLink?**

10 A. Yes. At the Company's request, CenturyLink met with Consumer Protection's
11 assistant director on April 19, 2017. CenturyLink also provided Staff with its
12 interpretation of line extensions. CenturyLink stated:

13 Requiring 1000' of free line extension to developments where wireline and
14 wireless services are already available from other providers will waste the
15 ILEC's now very limited (and ever shrinking) resources that could be used
16 for economically viable investments, including further deployment of
17 broadband. CenturyLink (sic) and other ILECs must be free to decline (sic)
18 unnecessary unecomonic investment. This is especially important because the
19 revenue available to operate a wireline voice network for people who have no
20 other option continue their rapid decline.³²

21
22
23 **Q. What was the outcome of the first escalation?**

24 A. On May 5, 2017, Commission Staff sent a letter to CenturyLink and notified the
25 Company that the violations recorded stand and that future violations of the rules

³¹ Exh. SP-20, April 14, 2017, Staff email to CenturyLink related to violations.

³² Exh. SP-8.

1 may be subject to enforcement action, including penalties. In addition, Staff provided
2 an explanation of the line extension rule, WAC 480-120-071:

3 In the line extension rule, “development” is defined as “**land** which is divided
4 . . . for the purpose of disposition into four or more lots, parcels, or units”
5 (emphasis added). Per the plain language of the rule, a development is land,
6 which, arguably, is not the same as an occupied home. Because the customer
7 is asking for service to his home and not to a “development,” the line
8 extension rule requires CenturyLink to extend service.³³

11 **Q. You testified that there were two escalations requested by CenturyLink. Will**
12 **you please describe CenturyLink’s reasoning for the second escalation?**

13 A. CenturyLink again requested an in-person meeting. This second meeting took place
14 on May 22, 2017, and was held with the director of Safety and Consumer Protection.
15 CenturyLink provided the same information as in the first meeting that gave
16 CenturyLink’s view of the recent history of the voice telecommunications
17 marketplace in Washington. The Company provided its own interpretation of WAC
18 480-120-071(3) and -(4), which is that line extension requirements “do not apply to a
19 lot in a development where the Incumbent Local Exchange Carrier (ILEC) has no
20 facilities because the developer of the development declined to enter into
21 Provisioning Agreement for Housing Development with the ILEC.”³⁴

22

³³ Exh. SP-21, May 5, 2017, letter to CenturyLink.

³⁴ Exh. SP-9 at 1.

1 **Q. What was Staff’s response to CenturyLink’s second escalation?**

2 A. On June 9, 2017, the director of Safety and Consumer Protection notified

3 CenturyLink by letter that the violations stand.³⁵ The letter stated:

4 To the extent that your May 22 letter seeks to persuade staff that market
5 changes affecting CenturyLink render WAC 480-120-071 no longer
6 reasonable, the proper forum for such a discussion is a petition for rule
7 exemption filed under WAC 480-120-015. Absent that, if you seek to deny
8 service to customers you are violating state law every time you do so.
9
10

11 **Q. Are telecommunications companies allowed to request an exemption from the
12 provisions of any rule in Chapter 480-120 WAC?**

13 A. Yes. WAC 480-120-015 states, “The commission may grant an exemption from the
14 provisions of any rule in this chapter in the same manner and consistent with the
15 standards and according to the procedures set forth in WAC 480-07-110”
16 (Exemptions from and modifications to commission rules).
17

18 **Q. Did CenturyLink request an exemption from WAC 480-120-071(3), Residential
19 basic local exchange service?**

20 A. No.
21

22 **Q. Did CenturyLink request an exemption from WA 480-120-071(4), Allowances?**

23 A. No.
24

³⁵ Exh. SP-22, June 9, 2017, Escalation Response Letter to CenturyLink.

1 **E. Retaining and Preserving Records**

2

3 **Q. What is the requirement for telecommunications companies as to retaining and**
4 **preserving records?**

5 A. WAC 480-120-349 requires telecommunications companies to keep all records and
6 reports for three years. Staff believes this requirement includes maintaining records
7 of all service denials. The problem is that CenturyLink does not consider requests for
8 service by consumers who reside in a development without a PAHD as customer
9 records.

10

11 **Q. Did Staff request that CenturyLink provide records of all service denials within**
12 **a prescribed timeframe?**

13 A. Yes.

14

15 **Q. Did CenturyLink provide those records?**

16 A. No. CenturyLink stated that it does not retain records of service denials for
17 consumers who reside in developments without a PAHD.³⁶

18

19 **Q. Why is that a concern to Commission Staff?**

20 A. Staff has serious concerns that CenturyLink has created its own policies and is using
21 its discretion as to which customers it chooses to serve. And it is difficult to know

³⁶ Exh. SP-10.

1 just how many consumers CenturyLink has refused to serve because CenturyLink
2 has created a kind of loophole for records retention. It appears that, since the
3 Company does not consider consumers who are denied service to be customers, it
4 does not maintain any record of the service denial.

5
6 **F. Commission-Referred Complaints**

7
8 **Q. What is the requirement for telecommunications companies related to keeping**
9 **Commission-referred complaints?**

10 A. WAC 480-120-166 requires companies to keep Commission-referred complaints for
11 at least two years.

12
13 **Q. As part of its investigation, did Staff request that CenturyLink provide**
14 **Commission-referred complaints?**

15 A. Yes.

16
17 **Q. Did CenturyLink provide Staff with the requested Commission-referred**
18 **complaints?**

19 A. No. CenturyLink replied that it was having difficulty searching for records. The
20 Company was able to locate two complaints after Staff provided the customers'
21 names.³⁷ CenturyLink stated that its database “only goes back to the beginning of

³⁷ Complaints CAS-20417-Y7K6M8, dated Feb. 3, 2017, and CAS-07460-J1J8H4, dated July 7, 2015.

1 2016.”³⁸ Staff issued data requests in the summer and fall of 2017. At that time,
2 CenturyLink should have been keeping Commission-referred complaints back to
3 2015.

4 5 **IV. RECOMMENDATION**

6 7 **Q. What is your recommendation to the Commission?**

8 A. I recommend CenturyLink be assessed a penalty of up to \$351,000 for 351 violations
9 of laws and rules enforced by the Commission as follows:

- 10 • Up to \$1,000 per day for each of the 174 days the Company violated RCW
11 80.36.090 by refusing to provide service on demand.
- 12 • Up to \$1,000 for one violation of WAC 480-120-071(3) for failing to provide a
13 customer an application for extension of service within seven days.
- 14 • Up to \$1,000 per day for each of the 174 days the Company violated WAC 480-
15 120-071(4) by failing to allow an extension of service up to 1,000 feet at no
16 charge to the customer.
- 17 • Up to \$1,000 for one violation of WAC 480-120-166, for failing to keep
18 Commission-referred complaints for at least two years.
- 19 • Up to \$1,000 for one violation of WAC 480-120-349, for failing to keep all
20 records and reports for three years.

³⁸ Exh. SP-23, email from CenturyLink regarding its complaint database.

1 Staff believes that CenturyLink circumvents the rules requiring the Company
2 to provide consumers with an application for extension of service, and allowing an
3 extension of service up to 1,000 feet at no charge to the consumer, by simply telling
4 consumers that they reside in a “no serve” area. Staff believes these to be serious
5 violations of the rules and consumers’ trust. CenturyLink is aware that an
6 application for extension of service must be made within seven days of request and
7 that an extension of service up to 1,000 feet must be allowed at no charge to the
8 consumer. CenturyLink is also aware that WAC 480-120-015 is in place for the
9 Company to request an exemption. Staff is not able to determine how many
10 consumers have been impacted because CenturyLink has not provided any records of
11 denials of service. The Company admits that it does not keep records if the consumer
12 requesting service is in a “no serve” area. Because CenturyLink is well aware of the
13 relevant Commission rules, and because failing to furnish service on demand is a
14 significant violation, Staff recommends that the Commission impose a substantial
15 penalty.

16

17 **Q. Is there anything else that you would like the Commission to consider?**

18 A. Yes. As I investigated this case, I became increasingly troubled that CenturyLink has
19 apparently taken it upon itself to decide whom to serve, without consulting the
20 Commission. This case is not an isolated event, and I am concerned that many more
21 consumers in Washington are being denied meaningful choice, if not wireline
22 telephone service altogether, by CenturyLink’s service refusals. While this
23 proceeding addresses only service to Mr. Saum, I remain concerned that the

1 Commission ensure the protections of RCW 80.36.090 for all consumers in
2 Washington.

3 CenturyLink is provided an opportunity by developers to “drop lines” for
4 future service to customers during a property development phase. CenturyLink
5 claims it is company policy to require developers to enter into a provisioning
6 agreement for housing development before dropping lines. If the developer does not
7 agree to the cost, CenturyLink will not perform the work.

8 Staff interviewed Mr. Bryon Brocker, the developer for Applewood, a 25 lot
9 subdivision in Vancouver, WA. The developer stated that CenturyLink did not drop
10 lines in the subdivision because the cost of coming in versus the opportunity for
11 revenue was not worth it to CenturyLink financially and the Company was opting
12 out. The developer stated there was no discussion about entering into an agreement;
13 just the discussion about CenturyLink opting out for financial reasons.³⁹

14 It is clear that CenturyLink declines to drop lines because it believes the
15 return on the investment is not economically advantageous. While this may benefit
16 the Company’s bottom line, it does not fulfill the requirement that CenturyLink
17 furnish service on demand.

18

19 **Q. If the Commission were to decide that the development exception in the line**
20 **extension rule applies to occupied homes, could the Commission still require**
21 **CenturyLink to extend service to Mr. Saum?**

³⁹ Exh. SP-14.

1 A. Yes. CenturyLink has an obligation under RCW 80.36.090 to serve anyone
2 reasonably entitled to service. The Commission could modify the application of the
3 line extension rule under WAC 480-120-015 to render the rule consistent with the
4 purpose of the statute.

5

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

7 A. Yes.