DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF CenturyLink QC's Service Quality and Its Response to Notice of Commission Action in Docket N2014.3.38, Including Petition for Waiver of Admin. R. Mont. 38.5.337197)(b)	)))))	REGULATORY DIVISION DOCKET NO. D2014.11.91
IN THE MATTER OF the Request of Staff of the Montana Public Service Commission for CenturyLink Service Quality Information	)))	REGULATORY DIVISION DOCKET NO. N2014.4.38

DATA RESPONSES OF THE MONTANA CONSUMER COUNSEL TO THE PUBLIC SERVICE COMMISSION

PSC-016

Regarding: OOS by type of plant, Alternative Plan, Wyoming
Witness: Loube

a. Please provide the work sheets for Table 1.

b. From Page 16, line 13, please define "underperforming wire centers. That is, what metrics would be used to determine if a wire center is underperforming?

c. Please list the wire centers that are underperforming wire centers where the witness believes CenturyLink QC should be required to perform the additional tasks identified on page 17.

d. Please describe the information contained in the 471 report referenced on Page 17.

e. Describe the compliance plan adopted by the Wyoming Commission which you mention on Page 19 of your testimony.

PSC-016 continued

RESPONSE:

a. See Dr. Loube's work papers, cost to replace analog carrier. Additional information is provided in MCC"s response to CTL-007 Confidential Attachment A. Also see the input capital table that is part of the CAM inputs available: https://www.fcc.gov/encyclopedia/price-cap-resources.

b. An underperforming wire center is a wire center that contributes to CenturyLink's failure to meet Montana service quality standards. The metric used to determine if a wire center is underperforming is whether that wire center is not meeting the 90% standard for clearing out-of-service trouble reports in 24 hours.

c. For the period of time that Dr. Loube analyzed CenturyLink QC's out of service reports, with the exception of the below listed wire centers, all other wire centers were underperforming. The wire centers not underperforming in the first four months of 2015, were: Anaconda, Boulder, Butte-South, Gallatin, Clancy, Livingston, Pray, Manhattan, Amsterdam, Opportunity, Red Lodge, Roberts, Terry and W. Yellowstone

d. The testimony as written incorrectly requested the company to file a Form 471. The form that should have been requested is the Form 477. The testimony will be corrected.

e. The compliance plan adopted by the Wyoming Commission included three steps. First, technicians were assigned to drive the routes and to analyze each access point to determine the condition of the network. Second, the technicians were instructed to take immediate action to fix those items that they could fix. Third, if the technicians could not fix a problem, they were instructed to identify the problem and submit a request to fix the problem.

PSC-017

Regarding: Wyoming compliance plan, CAF II
Witness: Loube

a. Please explain how the compliance plan in your testimony differs from the compliance plan adopted by the Wyoming Commission.

b. On Page 20, Lines 12-14 of your testimony, you state that a census block is not eligible for CAF Phase II if the census block is served by another carrier. Is it your understanding that the census block is not eligible for CAF Phase II only if the census block is already served by an "unsubsidized" carrier (and not a carrier which is subsidized by high-cost support)?

c. If CenturyLink declines the initial offer of CAF Phase II funds and elects to bid on specific census tracts which are auctioned off in a subsequent FCC process, does the Montana PSC have the authority to Order CenturyLink to bid on specific census tracts which contain analog carrier systems? Please explain.

d. Assume CenturyLink QC refuses the CAF II funding and the CenturyLink QC eligible census blocks are auctioned. Assume that there will be census blocks with no bidders. What happens to those census blocks?

e. Under the same scenario described in d. above, would CenturyLink QC continue to receive frozen high cost support for those census blocks?

RESPONSE:

a. The compliance plan in my testimony is very similar to the plan adopted by the Commission. My plan adds three steps to the Wyoming plan. First, it requires the company to request customers on a voluntary basis to tell the company about problems that the customers are having with their service. Second, my plan requires the company to coordinate any capital improvements associated with the compliance plan with other capital improvements that the company has scheduled. Third, my plan recommends that the

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b. company accept the FCC CAF II offer. That offer will be funding to support network improvements.

c. It is my understanding that a census block is not eligible for CAF II support only if the census block is being served by an unsubsidized carrier. See the Transformation Order, paragraphs 156 and 170.

d. It is Dr. Loube's understanding that the Montana Commission does not have the authority to require CenturyLink to bid on specific census blocks. His understanding is based on his reading of Sections 254(f) and 706 of the Communications Act as amended by the Telecommunications Act of 1996. Those sections grant a state the right to establish additional standards and regulations beyond those established by the FCC and allow the states to establish rules that encourage the deployment of advanced telecommunications capabilities. However, these additional standards or regulations must be supported by mechanisms that do not "rely on or burden the Federal universal support mechanisms." The requirement to bid on a census block appears to be a standard that relies on the Federal universal support mechanisms, and therefore, would not be allowed.

e. It is Dr. Loube's current understanding that CenturyLink will continue to receive frozen support for those census blocks.

f. See the response to "d".

PSC-018

Regarding: Frozen High Cost Support
Witness: Loube

a. Regarding Frozen High Cost Support (FHCS), the November 18, 2011 FCC Transformation Order stated as follows:

¶150. Specifically, in 2013, all carriers receiving frozen high-cost support must use at least one-third of that support to build and operate broadband-capable networks used to offer the provider's own retail broadband service For 2014, at least two-thirds of the frozen high-cost support must be used in such fashion, and for 2015 and subsequent years, all of the frozen high-cost support must be spent in such fashion. Carriers will be required to certify that they have spent frozen high-cost support consistent with these requirements in their annual filings pursuant to new section 54.313 of our rules.

In response to an earlier PSC data request concerning the use of FHCS, CenturyLink QC stated the Transformation Order ¶150 obligations for 2013 and beyond had been substantially modified by an Order Adopted and Released October 30, 2013 by the Chief, Wireline Competition Bureau. DA 13-2101 which stated as follows:

¶10. Under the Act, universal service support is intended for the provision, maintenance, and upgrading of facilities and services. Historically, ETCs have used universal service support to recover costs previously incurred for network investment and ongoing operation and maintenance of those facilities. Moreover, as the Commission recognized in the *USF/ICC Transformation Order*, under the long-standing "no barriers" policy, it has been permissible for more than a decade to use universal service support for mixed-use facilities that can deliver both voice and broadband services, such as the extension of fiber closer to end-user premises or annual maintenance of such fiber. <u>Therefore, consistent with long-standing Commission policy, we take this opportunity to restate that carriers may use their frozen high-cost support either to recover the costs of past network upgrades to extend broadband-capable networks in areas substantially unserved by an unsubsidized competitor, or to maintain and operate existing networks in such areas, or a combination of the two.</u> <u>Price cap carriers are not required to use</u>

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one-third of their frozen support for new capital investment occurring in 2013.

CenturyLink QC stated in its response that it was not required to spend FHCS as outlined in the Transformation Order, but rather could spend FHCS to support existing broadband networks, not only in 2013 as stated in DA 13-2101, but also in 2014 and beyond.

Does the witness believe CenturyLink QC's interpretation of DA 13-2101 is correct and if not, why not?

b. Is the witness aware of any FCC obligations to use FHCS to build out voice and broadband networks in areas substantially unserved by an unsubsidized competitor?

c. On Page 26, Line 10-11 of your testimony, you state CenturyLink has received approximately 42 million dollars in high cost support from April 2011 through April 2015. To your understanding, how much of that money was spent on CenturyLink's network in rural Montana?

d. To your understanding, how much of the high-cost support mentioned in part c. of this question was spent on CenturyLink's network in Montana?

e. To your understanding, is it possible to determine where the high-cost money mentioned in part c. to this question was spent and for what purpose?

RESPONSE:

a. Dr. Loube agrees with the CenturyLink QC interpretation of DA 13-2101.

b. The CAF Phase I round 1 and 2 funding was designed to support build-outs of broadband networks in areas substantially unserved by an unsubsidized competitor.

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c. Dr. Loube has not been able to determine whether CenturyLink used the funds to support its rural Montana network.

d. Dr. Loube has not been able to determine whether CenturyLink used the funds to support its Montana network.

e. It is difficult to trace the path followed by certain revenue stream such as FCC universal service support. Instead all of the revenue streams are combined and are used to pay for expenses. The remainder after expenses, net income, and non-cash expenses such as depreciation become a source of funding investments, and for providing dividends. However, CenturyLink refused to provide cash flow statements for the years 2009 through 2013 (see CenturyLink's responses MCC data request no. 10). Therefore, it is not possible to determine CenturyLink's recent use of its funds.

PSC-019

Regarding: Analog Carriers
Witness: Loube

a. Is the witness aware of networks technologies, other than FTTH, that could be utilized by CenturyLink QC to serve customers on the current analog carrier systems (for example a wireless technology)?

RESPONSE:

a. While it may be possible to employ wireless technology to provide service to customers currently served by analog carrier systems, there are a number of issues associated with wireless service that must be reviewed prior to adopting a wireless alternative. First, wireless service is highly dependent on a viable modern wireline infrastructure because wireless service is only wireless from the customer to the nearest cell tower. The communications paths between cell towers and wireless switching equipment are generally over wireline networks. This condition means that the wireline network in areas served by analog circuit equipment may have to be upgraded to provide reasonable wireless service. Second, the capacity of a wireless service is limited compared to the capacity of a fiber wireline network. Therefore, it may be very expensive to install a wireless system that has enough capacity to provide every customer with the FCC standard of 100 GB of service per month. Third, the cost of a reliable wireless network in mountainous areas is generally higher than the cost of a wireless network on a flat plain due to the need to construct more towers. Finally, CenturyLink would have to purchase the spectrum required to provide wireless service. For all of these reasons, it would be necessary to perform a special study to determine whether a fiber network or a wireless network is the best replacement for the current analog carrier systems. In addition, it should be noted many wireless data plans become very expensive after a customer uses 8 to 10 GB of service per month. Therefore, wireless service can be very expensive if it is used for video streaming in areas where WIFI supported by wireline networks is not available.