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CenturyLink
1600 7th Avenue, 15th Floor
Seattle, Washington 98191
206-345-6224 (phone)
425-301-8411 (cell)
E-mail: phil.grate@centurylink.com

Phil Grate
Director Montana
Regulatory and Legislative Affairs

June 12, 2015

Montana Public Service Commission
Kate Whitney
Division Administrator - Regulatory Division
1701 Prospect Avenue
Helena, MT 59620

E-filed and hand delivered

Re: Consolidated Docket Nos. D2014.11.91 and N2014.4.38 Data requests PSC-011 through PSC-014

Dear Ms. Whitney:

On May 13, 2015 Qwest Corporation d/b/a CenturyLink QC filed its initial response to Data Requests PSC-011 through PSC-014 of the Montana Public Service Commission in the above referenced docket. CenturyLink QC did not include *PSC-014(c) CONFIDENTIAL Attachment A* with that initial response and filed a motion for a protective order to protect from public disclosure the confidential data it contains.

On June 8, the Montana Public Service Commission served Order No. 7388h. It granted CenturyLink's motion with regard to *PSC-014(c) CONFIDENTIAL Attachment A*. Accordingly, transmitted herewith is a supplemental response to Data Requests PSC-011 through PSC-014 that includes *PSC-014(c) CONFIDENTIAL Attachment A* under the protection from public disclosure granted by Order No. 7388h.

Respectfully,

A handwritten signature in black ink that reads "Philip E. Grate".

CONFIDENTIAL

Service Date: June 12, 2015

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

* * * * *

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

SUPPLEMENTAL RESPONSE OF
OWEST CORPORATION d/b/a CENTURYLINK QC TO
DATA REQUESTS PSC-011 THROUGH PSC-014 OF THE
MONTANA PUBLIC SERVICE COMMISSION

PSC-011

- a. In its October 17, 2014 Presentation to the Commission, CenturyLink estimated, in aggregate, it would require hiring 38 additional technicians at a cost of \$3.8 million annually in order to reach compliance with the 90% OOS cleared < 24 Hours Rule (Rule). Are these estimates still valid? If not, please explain why and provide new estimates.

Response: The estimate provided at the October 17, 2014 meeting was based on staffing required to meet restoral of 90% of out of service conditions within 24 hours for each and every wire center. CenturyLink QC's Compliance Plan filed April 13, 2015 ("Compliance Plan") will bring CenturyLink QC into compliance with Admin. R. Mont. 38.5.3371(7)(b) which requires restoral of 90% of out of service conditions in 24 hours overall, not by exchange. The Compliance Plan was developed under the direction of Jim Schmit, who is vice president of operations for Montana, Wyoming and Idaho. Its purpose is to bring CenturyLink QC into compliance with Admin R. Mont. 38.5.3771(7)(b) as quickly and efficiently as possible.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- b. Plan Part 1. Please provide the wire centers in which each of the three reassigned network technicians will be doing repair work.

Response: In pertinent part, the Compliance Plan filed April 13, 2015 provides:

1. Effective March 29, 2015, CenturyLink QC temporarily reassigned the responsibilities of three network technicians in Montana from construction activities to repair activities. Additional construction technicians may be reassigned periodically to repair activities depending on needs of our customers. This reprioritization has no direct effect on CenturyLink QC's capitalized or expensed expenditures.

The network technicians will be part of the crews that report to Butte, Great Falls and Helena. These crews support multiple wire centers; please see *MCC-018 CONFIDENTIAL Attachment A*.

Respondent: Dorothea Schaeffer, Area Operations Manager, Western Montana.

- c. How long will the reassignments of the three technicians referenced above be effective?

Response: No end date for the assignment of the technicians to repair work has been established. The assignment will be effective for as long as it is necessary for CenturyLink QC to achieve compliance with Admin R. Mont. 38.5.3771(7)(b).

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- d. Please provide the wire centers in which additional construction technicians may be reassigned to repair activities

Response: CenturyLink QC has not identified particular wire centers in which additional construction technicians may be assigned to repair work. Assignment will be a management decision made if and when additional construction technicians become available for reassignment to repair work.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- e. Plan Part 2. Please explain what comprises "other activities."

Response: "Other activities" are all activities in which technicians engage that are not restoral of telephone service activities. Examples of other activities include installation of telephone service, installation of high speed internet service, installation of designed services, repair of high speed internet service, repair of design services and pole transfers.

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana

PSC-012

- a. Plan Part 3. Please provide an estimate of the number of hours of overtime necessary to reach compliance with the Rule and the wire centers in which such overtime will be utilized.

Response: CenturyLink's best estimate of the total increase in overtime it will incur statewide is 3,128 hours, which equals 34.5 hours per technician per month. CenturyLink expects overtime to increase by 7% to 13% in all exchanges.

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana

- b. Plan Part 4. Please provide the number of new technicians to be hired by wire center.

Response: CenturyLink QC developed the plan to achieve compliance with Admin R. Mont. 38.5.3771(7)(b). CenturyLink QC does not have an estimate of how many technicians it will ultimately need to hire. The plan is to monitor CenturyLink QC's performance against the Admin R. Mont. 38.5.3771(7)(b) standard and to react to that data by hiring additional technicians (in concert with the other elements of the Plan) until CenturyLink QC reaches and maintains compliance with the standard.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana.

- c. In the October 17, 2014 Presentation to the PSC, CenturyLink estimated the annual cost of adding a technician at \$100,000. Is that still an accurate estimate? If not please explain why and provide a new estimated of the annual cost.

Response: CenturyLink QC considers the estimate to be reasonable.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana.

- d. CenturyLink, as an ETC, has an obligation to provide rural areas comparable services at comparable rates as provided in urban areas. The current repair reports provided to the PSC by CenturyLink show the percentage of OOS Cleared < 24 Hours in its rural areas is significantly below the percentage cleared in its urban areas. Please describe all activities which will take place to improve response time in CenturyLink's rural wire centers including the adding of technicians in those rural areas.

Response: CenturyLink QC believes this request contains a misinterpretation of the FCC's ETC's requirements relative to this issue. The FCC's current rules (last amended January 27, 2015) regarding Eligible Telecommunications Carriers and Universal Service Support for High Cost Areas (47 Code of Federal Regulations, Part 54, Subparts C and D) do not address service quality as implied by the question. *PSC-012(d) Attachment A* is a summary of the portions of Subparts C and D that address comparable rates and/or comparable services.

CenturyLink QC's Compliance Plan aims to bring CenturyLink QC into compliance with Admin R. Mont. 38.5.3771(7)(b), and relates to service quality, not rates. The plan is not focused on any particular area, rural or urban, of the company's operations. Rather, it is focused on achieving compliance with the rule as quickly and efficiently as possible. The Plan does not separately identify improvement of response time in rural wire centers as compared with urban wire centers.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- e. Does CenturyLink have any plans to improve maintenance of its rural network including replacement of antiquated and outdated cable and analog carrier systems? Please explain.

Response: Over the past 39 months, only 15 % of all OOS events occurred in the smallest 50% of CenturyLink QC's wire centers (a total of 36 out of 71 wire centers). These 36 wire centers serve only 11% of CenturyLink QC's access lines. Making significant infrastructure investment in the 36 smallest wire centers to reduce 15% of the OOS events would be uneconomic, particularly when the risk of competition from new wireless technologies is taken into account.

CenturyLink has no specific plan to replace its existing analog carrier systems in Montana. As noted in response to PSC-004 and MCC-014, CenturyLink estimates a \$157 million cost to install a fiber optic wireline system that would replace all of the analog carrier systems. Because the analog carrier systems serve approximately 1200 access lines, the cost of a wireline replacement of analog carrier is roughly \$130,000 per access line. No carrier could recover that uneconomic cost from the customers the wireline system would serve, even if such carrier were not required—as CenturyLink is—to charge all customers throughout the state the same retail rates for telephone service.

Nor does CenturyLink have captive customers from which it could recover the cost of uneconomic investment. CenturyLink QC has lost the majority of its access lines to competitive providers. It follows that diversion of capital from economic investments to uneconomic investments in rural infrastructure would cause CenturyLink substantial financial harm.

CenturyLink is not aware of telecommunications systems engineering standards that recognize the concept of "outdated cable." CenturyLink replaces cable and wire when needed.

Because investment in new wireline systems in rural and remote areas is uneconomic and because CenturyLink has no captive customers from which it could recover uneconomic investments, the replacement of the existing wireline network in rural and remote areas may require more cost effective technologies such as satellite and other wireless technologies.

To the extent the Commission believes that a wireline solution is required, CenturyLink is willing to explore with the Commission and other parties how deployment of uneconomic wireline technology could be funded through alternative mechanisms, such as a Montana Universal Service Fund and/or customer contributions in aid of construction.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

PSC-013

- a. Has CenturyLink performed analysis comparing the long-term cost of replacing aging infrastructure in any rural, high-failure rate areas to the long-term cost of hiring additional service technicians to address the service calls which are being caused by the aging infrastructure?

Response: Although CenturyLink has not performed an analysis comparing the long-term cost of replacing aging infrastructure in any rural, high-failure rate areas to the long-term cost of hiring additional service technicians to address the service calls which are being caused by the aging infrastructure, CenturyLink has estimated the cost to replace all analog carrier equipment with fiber-based wireline equipment in Montana, as described in the response to PSC-003 and MCC-014. CenturyLink has also considered the resources needed to meet the standard in Admin R. Mont. 38.5.3771(7)(b) as presented in the company's Compliance Plan. While CenturyLink has not performed a detailed analysis of the long run costs of the two options, it is clear that spending \$157 million to replace all analog carrier facilities with fiber-based plant is uneconomic. See the response to PSC-012(e).

It is obvious no business model could support replacing the existing wireline infrastructure serving rural and remote areas with new wireline technology, particularly in a market fully open to competitive entry including by newly developed wireless and satellite technologies. Given the very low density of customers in rural and remote areas and a wireline solution's high cost of trenching, fiber, and electronics in those areas, the only voice and broadband technology that might be economical in rural and remote areas is wireless technology.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- b. If yes, please provide the analysis for each service area that CenturyLink has analyzed, including supporting work papers.

Response: Not Applicable.

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- c. If no, please explain why CenturyLink has not completed such an analysis.

Response: Please see response to (a).

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

- d. If no, how can CenturyLink be confident that the plan it has put forth is the least cost solution to resolving its service quality issues in rural areas?

Response: Please see response to (a).

Respondent: Phil Grate, Director Regulatory and Legislative Affairs for Montana

PSC-014

- a. Please confirm that CenturyLink's service quality plan calls for no capital investments to update aging and failing infrastructure.

Response: CenturyLink confirms that CenturyLink's Compliance Plan calls for no capital investments to replace its network infrastructure. Although CenturyLink QC generally updates and replaces plant as is necessary, including the replacement of plant that fails, it is important to note that the aging of plant does not, in and of itself, necessitate its replacement.

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana

- b. How did CenturyLink determine its target date of October 15, 2015 for compliance with Admin. R. Mont. 38.5.3371(7)(b) if it is not able to set dates for milestones for achieving specific levels of OOS restoral performance prior to that date?

Response: The October 15 target date is a goal that takes into account the time required to hire and train new technicians. CenturyLink QC forecasts 90 days to find and hire a qualified candidate and 90 days of formal training and on-the-job training before the new hire becomes an effective part of our technician team.

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana

- c. Per CenturyLink Response to DR PSC-006(b), the Trouble Report Rate for Wibaux for the period January 2014 through November 2014 consistently exceeded the Trouble Report Rate standard set forth in ARM 38.5.3371(7)(a) of no more than six per 100 local access lines. Please provide the trouble report rate for Wibaux for December, 2014 and for each past month in 2015 and continue to report to the PSC the monthly Wibaux Trouble Report Rate until notified by the Commission to cease providing the reports.

Response: *PSC-014(c) CONFIDENTIAL Attachment A* provides the requested trouble report rate for five months starting December 2014 and ending April 2015.

CenturyLink QC is not providing *PSC-014(c) CONFIDENTIAL Attachment A* with this May 13, 2015 response pending the granting of a protective order by the Montana PSC to protect from public disclosure the confidential data it contains.

June 12, 2015 Supplemental Response: CenturyLink QC is providing *PSC-014(c) CONFIDENTIAL Attachment A* under Montana PSC Order No. 7388h which grants CenturyLink QC's motion for a protective order for to protect from public disclosure the confidential information it contains.

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana

- d. Please explain in detail the nature and causes of the high Wibaux trouble report rate and actions taken to reduce the rate, including a description of any network improvements undertaken to lower the trouble report rate.

Response: During April and May 2014, Wibaux experienced a lightning strike that impacted customers' cable and carrier equipment. Resolving the majority of these troubles involved replacing repeater, carrier, and some cable equipment.

Since December 31, 2000, CenturyLink QC's access line count in the Wibaux exchange has declined 64%. CenturyLink QC now has substantially fewer than 100 access lines in its Wibaux exchange. Because the Wibaux exchange serves so few access lines, if more than five trouble reports occur in a month, the exchange will not meet the Trouble Report Rate standard of no more than six per 100 local access lines set forth in ARM 38.5.3371(7)(a).

Respondent: Jason Moothart, Area Operations Manager for Eastern Montana