

ORIGINAL



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MEMORANDUM

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TO: Docket Control
FROM: Steven M. Olea
Director
Utilities Division

EA for SMD

DATE: October 26, 2011

RE: IN THE MATTER OF THE APPLICATION OF CENTURYTEL SOLUTIONS, LLC TO CANCEL THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY IN COMPLIANCE WITH COMMISSION ORDER APPROVING MERGER (DOCKET NO. T-03902A-11-0356)

Attached is the Staff Report for the above referenced application. The applicant is applying for approval to cancel its Certificate of Convenience and Necessity ("CC&N") to provide the following services:

- Facilities-Based Local Exchange Services
- Resold Local Exchange Services
- Access Telecommunications Services

Staff recommends cancellation of the CC&N.

SMO:AFF:red

Originator: Armando Fimbres

Attachment: Original and Thirteen Copies

Arizona Corporation Commission
DOCKETED

OCT 26 2011

DOCKETED BY	<i>[Signature]</i>
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SERVICE LIST FOR: CENTURYTEL SOLUTIONS, LLC
DOCKET NO. T-03902A-11-0356

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STAFF REPORT
UTILITIES DIVISION
ARIZONA CORPORATION COMMISSION

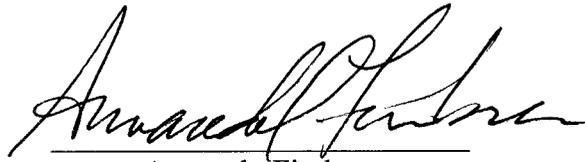
CENTURYTEL SOLUTIONS, LLC
DOCKET NO. T-03902A-11-0356

IN THE MATTER OF THE APPLICATION OF CENTURYTEL SOLUTIONS, LLC TO
CANCEL THEIR CERTIFICATE OF CONVENIENCE AND NECESSITY IN COMPLIANCE
WITH COMMISSION ORDER APPROVING MERGER.

OCTOBER 26, 2011

STAFF ACKNOWLEDGEMENT

The Staff Report for the application of CenturyTel Solutions, LLC, Docket No. T-03902A-11-0356, for approval to cancel their Certificate of Convenience and Necessity to provide Facilities-Based Local Exchange, Resold Local Exchange and Access Telecommunications Services was the responsibility of the Staff member listed below. Armando Fimbres was responsible for the review and analysis of the application.

A handwritten signature in black ink, appearing to read "Armando Fimbres", written in a cursive style. The signature is positioned above a horizontal line.

Armando Fimbres
Public Utility Analyst V

INTRODUCTION

On September 21, 2011, CenturyTel Solutions, LLC (the "Applicant") filed an application to cancel its Certificate of Convenience and Necessity ("CC&N") to provide Facilities-Based Local Exchange, Resold Local Exchange and Access Telecommunications Services within Arizona. The Applicant is authorized to provide service to customers in Arizona pursuant to Decision No. 63638, dated May 4, 2011. CenturyTel Solutions is a subsidiary of CenturyLink, Inc. and, through its parent, an affiliate of Qwest Corporation d/b/a CenturyLink-QC ("QC").

BACKGROUND

On March 9, 2011, Decision No. 72232, Docket No. T-04190A-10-0194, granted approval for the proposed merger of CenturyLink, Inc. and Qwest Communications International, Inc. subject to the terms and conditions in the order. On April 1, 2011, CenturyLink, Inc. merged with Qwest Communications International Inc. CenturyLink, Inc. now indirectly owns and controls QC, the dominant incumbent local exchange carrier ("ILEC") in Arizona.

Qwest Communications Company, LLC d/b/a CenturyLink-QCC ("QCC") is a competitive local exchange carrier ("CLEC") with authority to provide facilities-based and resold long distance, and facilities-based and resold local exchange and access in Arizona pursuant to Decision No. 68477 dated February 2, 2006 in Docket No. T-02811B-04-0313. QCC's CC&N authority is restricted from providing facilities-based local exchange service to mass market customers in the service area of its ILEC affiliate QC.

In its merger testimony, Staff stated that the CC&N authority of CenturyTel Solutions, LLC was in conflict with the CC&N authority of QCC.¹ The merger of CenturyLink and Qwest was subsequently approved subject to the terms and conditions set forth in a Settlement Agreement dated November 24, 2010 which provides in Condition No. 10 that "[W]ithin 180 days following merger close, CenturyTel Solutions shall file for modification or cancellation of its CLEC Certificate of Convenience & Necessity granted by Commission Decision No 63638." CenturyTel Solutions, LLC states in its application that it has determined "the better course of action is to cancel its CC&N."²

STAFF'S ANALYSIS

For a competitive local exchange carrier ("CLEC") to discontinue or abandon local exchange or interexchange services, A.A.C. R14-2-1107.A requires that customers be notified and that a plan be developed for the refund of customer deposits that may have been collected. In its application,

¹ Page 6, October 12, 2010, T-04190A-10-0194, Direct Testimony of Armando Fimbres Public Utilities Analyst V on Behalf of Utilities Division Arizona Corporation Commission.

² Page 2, T-03902A-11-0356, September 21, 2011, In the matter of the application of CenturyTel Solutions, LLC to cancel their certificate of convenience and necessity in compliance with Commission order approving merger

CenturyTel Solutions, LLC states that it does not served any customers in Arizona and does not hold any customer deposits. A supporting affidavit was filed with CenturyTel Solutions, LLC's application.

RECOMMENDATIONS

CenturyTel Solutions, LLC has affirmed that it does not serve Arizona customers and is not holding customer deposits. Staff, therefore, recommends a waiver of A.A.C. R14-2-1107 which requires a certificated telecommunications company to provide a plan for the refund of deposits and to publish notice of the application prior to cancellation of its Certificate. Staff recommends approval of CenturyTel Solutions, LLC's application to cancel its CC&N to provide Facilities-Based Local Exchange, Resold Local Exchange and Access Telecommunications Services within Arizona. In addition, Staff recommends that the cancellation not become effective until a decision is issued by the Commission authorizing such cancellation.