

ORIGINAL

NEW APPLICATION



0000153967

BEFORE THE ARIZONA CORPORATION COMMISSION

2014 JUN 25 P 3:53

BOB STUMP

Chairman

GARY PIERCE

Commissioner

BRENDA BURNS

Commissioner

BOB BURNS

Commissioner

SUSAN BITTER SMITH

Commissioner

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

Arizona Corporation Commission

DOCKETED

JUN 25 2014

DOCKETED BY

**IN THE MATTER OF THE APPLICATION OF
CENTURYLINK COMMUNICATIONS COMPANY,
LLC TO EXPAND THE SCOPE OF ITS CERTIFICATE
OF CONVENIENCE AND NECESSITY TO PROVIDE
RESOLD AND FACILITIES BASED LOCAL
EXCHANGE SERVICES THROUGHOUT THE
ENTIRE STATE OF ARIZONA BY ELIMINATING
THE RESTRICTIONS AND CONDITIONS
CURRENTLY CONTAINED IN DECISION NO. 68447**

DOCKET NO. T-02811B-14-0210

APPLICATION

CenturyLink Communications Company, LLC ("Applicant") requests that its Certificate of Convenience and Necessity ("CC&N") be amended to provide additional authority to offer resold and facilities based local exchange telecommunications services throughout the entire area of Arizona, eliminating certain unique restrictions and conditions placed on its CC&N in Arizona Corporation Commission ("Commission") Decision No. 68447.

BACKGROUND

The Applicant is a wholly-owned subsidiary of CenturyLink, Inc., providing competitive intrastate telecommunications services in the State of Arizona, and interstate telecommunications service nationwide. The Applicant is not the incumbent local exchange carrier ("ILEC"). The Applicant is affiliated by common ownership with Qwest Corporation d/b/a CenturyLink QC ("QC"), which is an

1 incumbent local exchange carrier (“ILEC”) in Arizona, providing service in many parts of the state,
2 including the metropolitan areas of Phoenix and Tucson.

3 The Applicant’s CC&N was expanded by order of the Commission in Decision No. 68447
4 (February 2, 2006)¹ to allow for the provision of resold and facilities-based local exchange service in
5 Arizona, but with severe restrictions.² Under the restricted CC&N, while the Applicant was permitted to
6 offer competitive resold and facilities based local exchange service statewide, there was a major
7 exception: In the QC service territory, the Applicant may only provide local exchange service to
8 customers having four or more switched access lines or their equivalent.³ Because of that limitation, the
9 Applicant is precluded from providing competitive local telecommunications services to residential and
10 small business customers in the most densely populated parts of the state as well as all of the other
11 markets in which QC is the ILEC.

12 The Applicant asks the Commission to remove the restrictions placed upon its CC&N, allowing
13 it to provide competitive local exchange services within the service territory of its affiliate ILEC, in
14 addition to its existing authority to provide service in other parts of the state under Decision No. 68847.
15 The relief requested will permit the Applicant to provide local service to residential and small business
16 customers statewide. The special conditions and reporting requirements in Decision No. 68447 were
17 devised to address a concern that existed in 2006 about the level of competition in the market for local
18 telecommunications services in the areas served by the Applicant’s ILEC affiliate QC. The thriving
19

20 ¹ Opinion and Order, *In the Matter of the Application of Qwest Communications Corporation D/B/A*
21 *Qwest Long Distance for Extension of its Existing Certificate of Convenience and Necessity To Include*
22 *Authority To Provide Resold and Facilities Based Local Exchange and Resold Long Distance Services*
In Addition to Its Current Authority to Provide Facilities Based Long Distance Services, and Petition
For Competitive Classification of Proposed Services Within the State of Arizona, Docket No. T-02811B-
04-0319, Decision No. 68447, February 2, 2006 (“Decision No. 68447”).

23 ² At the time Decision No. 68447 was issued, Applicant was known as Qwest Communications
24 Corporation. The Applicant’s name was changed to Qwest Communications Company, LLC, on
January 2, 2009. On April 1, 2014, Applicant’s name was changed again to CenturyLink
Communications, LLC.

25 ³ Decision No. 68447, ordering clause p. 38, lines 9-16.

1 level of competition in the QC service areas moots the need for such conditions and reporting
2 requirements.

3 ANALYSIS

4 **The Restrictions Placed On The Applicant's CC&N Are No Longer Needed To Protect The** 5 **Public Interest, Because Of The Competitive Nature Of The Local Exchange Markets In** 6 **QC Service Territory.**

7 The restrictions imposed by Decision No. 68447 prohibit the Applicant from providing service to
8 residential and small business customers inside the affiliated ILEC's service territory, because of a belief
9 that there was not sufficient competition in Qwest Corporation's in-region local exchange territory in
10 Arizona to guard against any abuses that may occur.⁴ In 2012, however, in its *Competitive*
11 *Classification Order*, the Commission concluded that the services provided by the Applicant's ILEC
12 affiliate are competitive.⁵ Because the market for local telecom services has evolved to a highly
13 competitive condition, the restrictions placed on the Applicant's CC&N have outlived their purpose, and
14 should be eliminated. Further, any remaining special conditions and reporting requirements that were
15 imposed by Decision No. 68447 with regard to providing competitive local exchange services should be
16 eliminated.

17 In 2006, there was a concern about whether customers switching to the CLEC away from the
18 affiliated ILEC, with the associated reductions in revenue to the ILEC, would be contrary to the public
19 interest. However, as is established by the *Competitive Classification Order*, vast numbers of small
20 business and residential customers have switched to alternative services offered by providers unaffiliated
21 with QC. "Staff did not refute the market statistics that [QC] provided in support of its Application and
22 which indicate the existence of wide-ranging alternatives to [QC's] services in the vast majority of its

23 ⁴ Decision No. 68447, para. 11, p. 5, lines 2-13.

24 ⁵ Opinion and Order, *In the Matter of the Application of Qwest Corporation D/B/A CenturyLink QC*
25 *("CenturyLink") to Classify and Regulate Retail Local Exchange Telecommunications Service As*
Competitive, and to Classify and Deregulate Certain Services As Non-Essential, Docket No. T-01051B-
11-0378, Decision No. 73354, August 21, 2012 (the "*Competitive Classification Order*"), at p. 20,
lines 25-26.

1 service area.”⁶ The Commission concluded that QC had established that a competitive state exists in its
2 Arizona markets, and that its services shall be considered competitive subject to the conditions in the
3 settlement agreement in that docket. Under the *Competitive Classification Order*, the Commission
4 regulates QC’s rates under the streamlined rate setting provisions of A.A.C. R14-2-1109 and 1110.

5 The Alternative Form of Regulation (“AFOR”) regime that was in effect in 2006 for QC is no
6 longer in effect. Further, under the *Competitive Classification Order*, QC shall not be required to make
7 rate case filings under Rule 103. These provisions moot the reporting requirements of Decision
8 No. 68447 which were born out of a concern about the possible effect that may follow in a rate case or
9 AFOR proceeding, if QC were to lose customers to its affiliate.

10 The public interest will benefit if the Applicant is able to recover customers its affiliate has lost
11 to alternative providers and alternative modalities such as wireless and voice over internet protocol, by
12 offering competitive services that will be attractive to the consumer and small business market.

13 The Applicant asks that the Commission expand the scope of its CC&N to allow the Applicant to
14 provide competitive local exchange service to all types of customers in QC’s service area, and to
15 eliminate the unique conditions and reporting requirements imposed in Decision No. 68447 because of
16 the affiliation between the Applicant and QC. The conditions and reporting requirements contained in
17 Findings of Fact 26 and 73 should be eliminated.

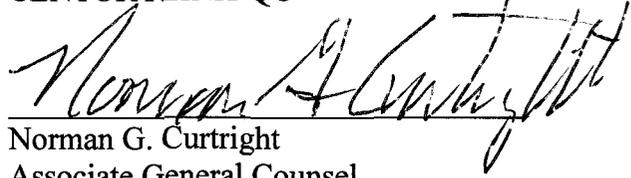
18 CONCLUSION

19 For the foregoing reasons, the Applicant asks the Commission to issue an order expanding the
20 scope of the Applicant’s CC&N, allowing the Applicant to provide competitive local exchange service
21 to all types of customers in QC’s service area, and eliminating the unique conditions and reporting
22 requirements imposed in Decision No. 68447.

23
24
25 ⁶ *Id.*, at p. 18, lines 12-14.

1 RESPECTFULLY SUBMITTED this 25th day of June, 2014.

2 QWEST CORPORATION d/b/a
3 CENTURYLINK-QC

4 

5 Norman G. Curtright
6 Associate General Counsel
7 20 E. Thomas Road, 1st Floor
8 Phoenix, Arizona 85012
9 Telephone: (602) 630-2187

8 ORIGINAL and thirteen (13) copies of the foregoing
9 filed this 25th day of June, 2014 with:

10 Docket Control
11 Arizona Corporation Commission
12 1200 West Washington Street
13 Phoenix, Arizona 85007

14 
15
16
17
18
19
20
21
22
23
24
25