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BEFORE THE ARIZONA CORPORATION COMMISSION

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Commissioner

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Commissioner

SUSAN BITTER SMITH

Commissioner

IN THE MATTER OF THE APPLICATION OF CENTURYLINK COMMUNICATIONS, 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

AMENDED APPLICATION

The Application is hereby amended to reflect the true and correct corporate name of the Applicant as CenturyLink Communications, LLC. Correction of the Applicant's name is the sole change made by this Amended Application.

CenturyLink Communications, 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

1 nationwide. The Applicant is not the incumbent local exchange carrier (“ILEC”). The Applicant is
2 affiliated by common ownership with Qwest Corporation d/b/a CenturyLink QC (“QC”), which is an
3 incumbent local exchange carrier (“ILEC”) in Arizona, providing service in many parts of the state,
4 including the metropolitan areas of Phoenix and Tucson.

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

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

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
25 January 2, 2009. On April 1, 2014, Applicant’s name was changed again to CenturyLink
Communications, LLC.

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

1 telecommunications services in the areas served by the Applicant's ILEC affiliate QC. The thriving
2 level of competition in the QC service areas moots the need for such conditions and reporting
3 requirements.

4 ANALYSIS

5 **The Restrictions Placed On The Applicant's CC&N Are No Longer Needed To Protect The** 6 **Public Interest, Because Of The Competitive Nature Of The Local Exchange Markets In** 7 **QC Service Territory.**

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

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

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 which indicate the existence of wide-ranging alternatives to [QC's] services in the vast majority of its
2 service area.”⁶ The Commission concluded that QC had established that a competitive state exists in its
3 Arizona markets, and that its services shall be considered competitive subject to the conditions in the
4 settlement agreement in that docket. Under *Competitive Determination Order*, the Commission
5 regulates QC's rates under the streamlined rate setting provisions of A.A.C. R14-2-1109 and 1110.

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

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

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

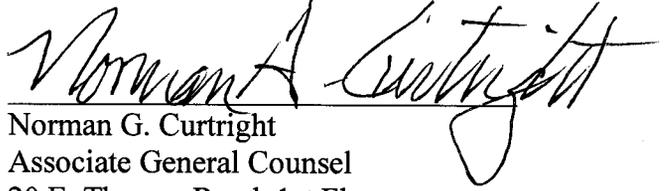
19 CONCLUSION

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

24
25 ⁶ *Id.*, at p. 18. lines 12-14.

1 RESPECTFULLY SUBMITTED this 1st day of October, 2014.

3 CENTURYLINK COMMUNICATIONS, LLC

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8 ORIGINAL and thirteen (13) copies of the foregoing
9 filed this 1st day of October, 2014 with:

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

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