

**ORIGINAL**

**OPEN MEETING**



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**MEMORANDUM**

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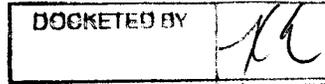
2016 JUN 28 P 3:10

FROM: Utilities Division

**JUN 28 2016**

AZ CORP COMMISSION  
DOCKET CONTROL

DATE: June 28, 2016



RE: 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)

**A. INTRODUCTION**

On June 25, 2014, CenturyLink Communications Company, LLC ("CLC")<sup>1</sup> filed an Application with the Arizona Corporation Commission ("Commission") seeking to amend its Certificate of Convenience and Necessity ("CC&N") to eliminate certain restrictions and conditions placed on its CC&N by the Commission in Decision No. 68447 in 2006 which limited CLC's provision of service to residential and small business customers to those with 4 or more access lines in areas where its ILEC affiliate also provided service.

Staff recommends approval of the Application subject to the conditions discussed herein.

**B. BACKGROUND**

CLC's predecessor company, Qwest Communications Company, Inc. ("QCC") first received authority from the Commission to operate as a reseller of long distance service in 1998.<sup>2</sup>

In 2001, QCC (now CLC) filed an application with the Commission to amend its CC&N to include authority to provide competitive facilities-based long distance (InterLATA and IntraLATA)<sup>3</sup> interexchange services and Alternative Operator Services in Arizona. The Commission granted the application of QCC on December 9, 2003, allowing it to provide competitive, facilities-based only

<sup>1</sup> At the time Decision Nos. 60898 and 68477 were issued, Applicant was known as Qwest Communications Corporation. The Applicant's name was changed to Qwest Communications Company, LLC, on January 2, 2009. Then, on April 1, 2014, Applicant's name was changed to CenturyLink Communications, LLC.

<sup>2</sup> See Decision No. 60898 in Docket No. T-02811B-96-0219.

<sup>3</sup> LATAs were formed pursuant to a Consent Decree or Modification of Final Judgment ("MFJ") in *United States v. American Telephone and Telegraph*, 552 F. Supp. 131 (DC 1982).

IntraLATA or "local" toll service refers to calling within a geographic area known as a Local Access and Transport Area ("LATA"). InterLATA toll service includes toll calls outside the local exchange and local toll service areas, calls that originate in one LATA and terminate in another and international calls.

interexchange (interLATA and intraLATA) telecommunications services upon approval of Qwest Corporation's ("QC" now dba CenturyLink QC) Section 271 application by the Federal Communications Commission ("FCC").<sup>4</sup>

On December 9, 2003 in Decision No. 66612, CLC's existing CC&N was modified to allow CLC to provide competitive, facilities-based only interLATA/intraLATA interexchange telecommunications services in Arizona, conditioned upon prior approval by the Federal Communications Commission ("FCC") of QC's application for approval under Section 271 of the Telecommunications Act of 1996 ("1996 Act") to re-enter the long distance market in Arizona.<sup>5</sup> Another affiliate of QC, Qwest LD Corp. dba Qwest Long distance ("QLDC") was also granted authority on December 9, 2003 in Decision No. 66613 to provide competitive resold interexchange interLATA and intraLATA long-distance service in Arizona. QLDC was formed to provide resold in-region long distance service to residential customers which also had QC as their local provider.

On December 15, 2003, QC's Section 271 application was granted by the FCC and QC was authorized to provide interLATA long-distance service in Arizona. Under Section 272<sup>6</sup> of the Federal Act<sup>7</sup>, interLATA long distance services could only be provided through a wholly separate QC affiliate. Both Qwest LD Corporation dba Qwest Long Distance and CLC were ordered to comply with Section 272 of the 1996 Act until further order of the FCC finding that compliance with Section 272 was no longer required.<sup>8</sup> This requirement subsequently sunset and was eliminated by the FCC.<sup>9</sup>

In 2006, in Decision No. 68447, CLC's CC&N was expanded by the Commission to include the authority to provide resold long distance service throughout the State of Arizona and to include authority to provide, with the exception of areas within QC's service territory, resold and facilities based local exchange service throughout the State of Arizona subject to certain conditions. One of these conditions required that for areas within its ILEC affiliate's service territory, CLC could only provide local service to residential customers or small business accounts having four (4) or more switched access lines or their equivalent. CLC's CC&N was expanded to include authority to provide resold and facilities based local exchange service only for customers or account having four or more switched access lines or their equivalent, with conditions.

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<sup>4</sup> Decision No. 66612 also stated that QCC intended to serve as a facilities-based provider in all its in-region states to provide interexchange service to residential customers who take local service from a carrier other than QC and to provide interexchange service to business customers who have either QC or another carrier as their local service provider.

<sup>5</sup> Section 271 of the Telecommunications Act of 1996 ("1996 Act") essentially codified the requirements of the MFJ and transferred continued oversight and administration of these issues from the DC Court to the FCC. The 1996 Act required the BOCs to apply to the FCC for approval to provide in-region interLATA services subject to meeting stringent requirements set out in the 1996 Act as implemented by FCC Order.

<sup>6</sup> Section 272 imposed various structural, transactional and nondiscrimination safeguards on the BOC's provision of in-region interLATA long distance service. The 1996 Act provided that the section 272 safeguards, other than those in section 272(e) would sunset three years after a BOC received interLATA authority in the state, absent an extension by the FCC.

<sup>7</sup> See Communications Act of 1934 as amended by the 1996 Act (collectively "the Federal Act").

<sup>8</sup> See, Decision No. 66612 in Docket No. T-02811B-01-0895 issued on December 9, 2003 and Decision No. 66613 in Docket No. T-04190A-03-0464 issued on December 9, 2003

<sup>9</sup> See FCC Report and Order in CC-00175 (August 31, 2007)

In March, 2011, the Commission approved the merger of Qwest Communications International Inc. and CenturyLink, Inc. in Decision No. 72232 in Docket No. T01051B-10-0194 et al.

On December 16, 2013, QLDC, CLC and Embarq Communications, Inc. (a CenturyLink long distance provider) requested approval from the Commission of a planned reorganization. The effect of the reorganization, which the Commission ultimately approved in Decision No. 74407 on March 19, 2014, resulted in the cancellation of QLDC and Embarq Communications CC&Ns and a roll-over of their services, rates, terms and conditions into CLC's tariff. Decision No. 74407 authorized CLC to file new tariffs that conform to and embody the rates of QLDC and Embarq to fulfill the condition that the customer's rates, terms and conditions of service would not change.

On October 13, 2011, CenturyLink filed an application with the Commission to classify and regulate certain retail local exchange telecommunications services as competitive, and to classify and deregulate certain services as nonessential. In Decision No. 73354, the Commission classified CenturyLink's retail services as competitive, with a more gradual phase in of pricing flexibility in areas of the market where competition was not as robust. On February 23, 2015, CenturyLink became subject to pricing flexibility in all markets upon making the required demonstration as specified in the Settlement Agreement adopted by the Commission. On May 11, 2015, Commission Staff verified that CenturyLink had met the criteria for increased pricing flexibility.

### C. STAFF ANALYSIS

CLC seeks to remove several restrictions that were placed on its CC&N in 2006 which would allow it to serve residential and small business customers with fewer than four (4) lines in competition with its ILEC affiliate, CenturyLink QC. CenturyLink states that under its restricted CC&N, while it was permitted to offer competitive resold and facilities based local exchange service statewide, there was a major exception: in the QC service territory, the Applicant may only provide local exchange service to customers having four or more switched access lines or their equivalent. CenturyLink states that because of that limitation it cannot provide competitive local services to residential and small business customers in the most densely populated parts of the state as well as all other markets in which QC is the ILEC. CLC asks the Commission to remove the restrictions placed upon its CC&N, allowing it to provide competitive local exchange services within the service territory of its ILEC affiliate, in addition to its existing authority to provide service in other parts of the state under Decision No. 68847. Finally, the Applicant states that granting the relief will permit the Applicant to provide local service to residential and small business customers statewide.

The restrictions adopted by the Commission in Decision No. 68447 related to concerns with respect to CLC's provision of local exchange service in its ILEC affiliate's service territory. They can be categorized as follows:

1. those regarding whether the requested grant of authority for CLC to enter into direct competition with its ILEC affiliate will have detrimental impacts on the preservation and advancement of universal service, the continued quality of telecommunications services, and the Commission's ability to safeguard the rights of consumers and

protect the public safety and welfare. (Decision No 68447, Page 26, Lines 19-23);  
and

2. those regarding the possibility that large revenue losses associated with customer migration to CLC could conceivably leave its ILEC affiliate without incentive or ability to maintain or update its network, despite regulatory mandates to the contrary. (Decision No. 68447, Page 34, Lines 26-28).

Staff agrees with CenturyLink that the telecommunications market has evolved since 2006 and several intervening events suggest that a reevaluation of the restrictions is necessary. Two events in particular are deserving of significant consideration. First, at the time that the application to expand CLC's CC&N was being considered in Arizona, QC was subject to the 1996 Act's Section 272 requirement that it provide in-region interLATA telecommunications service through a separate subsidiary. If CLC were authorized to provide all services, including interLATA service through the same entity, QC would have effectively avoided the section 272 requirements. As discussed above, most of the provisions of Section 272 have now sunset and the requirement to provide in-region interLATA service through a separate subsidiary has since ended.<sup>10</sup>

Second, in Decision No. 73354, dated August 12, 2012, the Commission classified CenturyLink's retail services as competitive. This was subject to a condition, with respect to local exchange services in less competitive markets, which limited rate increases for residential services and small and medium business services for a period of three years after which time CenturyLink was authorized to file, at its discretion, requests for additional pricing flexibility pursuant to the streamlined ratemaking procedures of Rule 1110. CenturyLink made that filing on February 23, 2015. On May 11, 2015, Staff filed a Memorandum finding that CenturyLink has met the criteria set out in Section 2.4 of the Agreement.

Given these developments, some of the major concerns identified by Staff in 2006 are no longer present. In particular the continued need for the restriction to CLC's CC&N which limit its ability to provide certain services in areas where CenturyLink QC is the ILEC appear to be no longer necessary. Through review of the annual reports submitted by the consolidated companies, Staff can monitor the impacts on universal service and subscribership levels. The informal complaint process will also highlight any concerns and the Staff can promulgate data requests to the Company should it be necessary. In addition, QC is required under the 1996 Act to provide interconnection services to unaffiliated providers of telecommunications service under non-discriminatory rates, terms and conditions. Therefore, by law, it is not able to adversely affect its wholesale competitors. If wholesale competitors believe that they are somehow adversely affected, they can always file a complaint with the Commission.

Staff believes some requirements unrelated to CLC's primary request for relief, the ability to offer competitive local service to residential and business customers in its ILEC affiliate's service territory, that were contained in Decision No. 68447 continue to be necessary today; in particular

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<sup>10</sup> See FCC, WC 02-112/DA-06-2464, dated 12-4-06.

those relating to CLC's provision of competitive local exchange service in Rural Telephone Company areas in Arizona.

Currently, according to the Company, CLC has no imminent plans to begin offering competitive local exchange service to residential customers in its ILEC affiliate's service area. When CLC does begin to offer residential service and service to small business customers with fewer than four (4) lines, it will need to file a tariff with the Commission for approval. Staff also believes that it would be helpful, if the Company notified Staff when it will begin the actual provision of residential service in its ILEC's service territory, so the Consumer Services Section can be ready in the event there are any consumer inquiries.

#### **D. STAFF RECOMMENDATIONS**

Staff recommends that CLC's request that the Commission remove the restriction placed upon its CC&N which preclude it from providing competitive local service to residential and small business customers in markets in which QC is the ILEC be approved.

Staff further recommends that CLC be required to file, as a compliance item, tariff revisions to be consistent with the Commission's Decision in this matter and that it file maximum rates for any new services it offers including service to residential or small business customers with fewer than four (4) lines.

Staff further recommends that CLC's provision of local exchange service in the service territories of Rural Telephone Companies be subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 or 47 U.S.C. Section 214(e)(2). Granting CLC's request to provide competitive local exchange service outside its service territory is not a ruling that affect the rights of specific Rural Telephone Companies under 47 U.S.C. Section 251(f) or 47 U.S.C. Section 214(e)(2).

Staff further recommends that CLC apprise the Commission through a filing in this Docket when it begins to offer competitive residential telecommunications services in the service area of its ILEC affiliate, or a Rural Telephone Company. This will allow the Commission's Consumer Services Section to prepare to address any customer inquiries it may receive.



Thomas M. Broderick  
Director  
Utilities Division

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ORIGINATOR: Wilfred M. Shand

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**BEFORE THE ARIZONA CORPORATION COMMISSION**

- DOUG LITTLE  
Chairman
- BOB STUMP  
Commissioner
- BOB BURNS  
Commissioner
- TOM FORESE  
Commissioner
- ANDY TOBIN  
Commissioner

IN THE MATTER OF THE APPLICATION )  
 OF CENTUYRLINK 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  
 DECISION NO. \_\_\_\_\_  
ORDER

Open Meeting  
 July 12 and 13, 2016  
 Phoenix, Arizona

BY THE COMMISSION:

FINDINGS OF FACT

**A. Introduction**

1. On June 25, 2014, CenturyLink Communications, LLC (“CLC”) filed an Application with the Arizona Corporation Commission (“Commission”) seeking to amend its Certificate of Convenience and Necessity (“CC&N”) to eliminate certain restrictions and conditions placed on its CC&N by the Commission in Decision No. 68447 in 2006 which limited CLC’s provision of local

1 exchange service in its Incumbent Local Exchange Carrier (“ILEC”) affiliate’s service area to  
2 residential and small business customers or accounts with four (4) or more lines.<sup>1</sup>

3 2. Staff recommends approval of the Application subject to the conditions discussed  
4 below.

5 **B. Background**

6 3. CLC’s predecessor company, Qwest Communications Company Inc., (“ACC”) first  
7 received authority from the Commission to operate as a reseller of long distance service in 1988.<sup>2</sup>

8 4. In 2001, QCC (now CLC) filed an application with the Commission to amend its  
9 CC&N to include authority to provide competitive facilities-based long distance (InterLATA and  
10 IntraLATA)<sup>3</sup> interexchange services and Alternative Operator Services in Arizona. The Commission  
11 granted the application of QCC on December 9, 2003, allowing it to provide competitive, facilities-  
12 based only interexchange (interLATA and intraLATA) telecommunications services upon approval of  
13 Qwest Corporation’s (“QC” now “CenturyLink QC”) Section 271 application<sup>4</sup> by the Federal  
14 Communications Commission (“FCC”) to reenter the interLATA long distance market. See Decision  
15 No. 66612.<sup>5</sup> Another affiliate of Qwest, Qwest LD Corp. d/b/a Qwest Long Distance (“QLDC”)  
16 was also granted authority on December 9 2003 in Decision No. 66613 to provide competitive resold  
17 interexchange interLATA and intraLATA long-distance service in Arizona. QLDC was formed to  
18 provide resold in-region long distance service to residential customers which also had QC as their  
19 local provider.

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22 <sup>1</sup> At the time Decision Nos. 60898 and 68477 were issued, Applicant was known as Qwest Communications Corporation. The Applicant’s name was changed to Qwest Communications Company LLC on January 2, 2009. The, on April 1, 2014, Applicant’s name was changed to CenturyLink Communications, LLC.

23 <sup>2</sup> See Decision No. 60898

24 <sup>3</sup> LATAs were formed pursuant to a Consent Decree or Modification of Final Judgment (“MFJ”) in United States v. American Telephone and Telegraph, 552 F. Supp. 131 (DC 1982). “IntraLATA or “local” toll service refers to calling within a geographic area known as a Local Access and Transport Area (“LATA”). InterLATA long distance calls include all calls outside the local exchange or local toll areas, calls that originate in one LATA and terminate in another and international call.

25 <sup>4</sup> Section 271 of the 1996 Act essentially codified the requirements of the MFJ and transferred continued oversight and administration of these issues from the District Court to the FCC. The 1996 Act required the BOCs to apply to the FCC for approval to provide in-region interLATA services subject to meeting stringent requirements set out in the 1996 Act as implemented by FCC Order and Rules.

26 <sup>5</sup> Decision 66612 also stated that QCC intended to serve as a facilities-based provider in all its in-region states to provide interexchange service to residential customers who take local service from a carrier other than QC and to provide interexchange service to business customers who have either QC or another carrier as their local service provider.

1           5.       On December 15, 2003, the ILEC, QC's Section 271 application was granted by the  
2 FCC and QC was authorized to provide interLATA long-distance service in Arizona. Under Section  
3 272<sup>6</sup> of the Federal Act, interLATA long distance services could only be provided through a wholly  
4 separate QC affiliate. Both Qwest LD Corp. dba Qwest Long Distance and CLC were ordered to  
5 comply with Section 272 of the 1996 Act until further order of the FCC finding that compliance with  
6 Section 272 was no longer required.<sup>7</sup> The separate affiliate requirement subsequently sunset and was  
7 eliminated by the FCC.<sup>8</sup>

8           6.       In 2006, in Decision No. 68447, CLC's CC&N was expanded by the Commission to  
9 include the authority to provide resold long distance service throughout the State of Arizona, and to  
10 include authority to provide, with the exception of areas within QC's service territory, resold and  
11 facilities-based local exchange service throughout the State of Arizona subject to certain conditions.  
12 One of these conditions required that for areas within its ILEC affiliate's service territory, CLC could  
13 only provide local service to residential customers or small business accounts having four (4) or more  
14 switched access lines or their equivalent.

15           7.       In March, 2011, the Commission approved the merger of Qwest Communications  
16 International Inc., and CenturyLink, Inc. in Decision No. 72232 in Docket No. T-01051B-10-0194 et  
17 al.

18           8.       On December 16, 2013, QLDC, CLC and Embarq Communications, Inc. (a  
19 CenturyLink long distance provider) requested approval from the Commission of a planned  
20 reorganization. The effect of the reorganization, which the Commission ultimately approved in  
21 Decision No. 74407 on March 19, 2014 resulted in cancellation of QLDC and Embarq  
22 Communication's CC&Ns and a roll-over of their services, rates, terms and conditions into CLC's  
23 tariff. Decision No. 74407 authorized CLC to file new tariffs that conform to and embody the rates  
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25 \_\_\_\_\_  
26 <sup>6</sup> Section 272 imposed various structural, transactional and nondiscrimination safeguards on the BOC's provision of in-  
27 region interLATA long distance service. The 1996 Act provided that the section 272 safeguards, other than those in  
28 Section 272(c) would sunset three years after a BOC received interLATA authority in the state, absent an extension by the  
FCC.)

<sup>7</sup> See, Decision No. 66612 in Docket No. T-02811B-01-0895 issued on December 9, 2003 and Decision No. 66613 in  
Docket No. T-04190A-03-0464 issued on December 9, 2003

<sup>8</sup> See FCC Report and Order in WC-00175 (August 31, 2007).

1 of QLDC and Embarq to fulfill the condition that the customer's rates, terms and conditions of  
2 service would not change.

3 9. On October 13, 2011, CenturyLink filed an application with the Commission to  
4 classify and regulate certain retail local exchange telecommunications a competitive, and deregulate  
5 certain services as nonessential. In Decision No. 73354, the Commission classified CenturyLink's  
6 retail services as competitive, with a more gradual phase in of pricing flexibility in areas of the market  
7 where competition was not as robust. On February 23, 2015, CenturyLink requested pricing flexibility  
8 in all markets and made the required demonstration as specified in the Settlement Agreement adopted  
9 by the Commission. On May 11, 2015, Commission Staff verified that CenturyLink had met the  
10 criteria for increased pricing flexibility.

11 **C. Staff Analysis**

12 10. CenturyLink seeks to remove several restrictions that were placed on its CC&N in  
13 2006 which would allow it to serve residential and small business customers with fewer than four (4)  
14 lines in competition with its ILEC affiliate CenturyLink QC. CenturyLink states that under its  
15 restricted CC&N, while it was permitted to offer competitive resold and facilities based local exchange  
16 service statewide, there was a major exception: in the ILEC QC service territory, the Applicant may  
17 only provide local exchange service to customers having four (4) or more switched access lines or  
18 their equivalent. CenturyLink states that because of that limitation it cannot provide competitive local  
19 services to residential and small business customers in the most densely populated parts of the state as  
20 well as all other markets in which its affiliate, CenturyLink, or QC is the ILEC. CLC asks the  
21 Commission to remove the restrictions placed upon its CC&N, allowing it to provide competitive  
22 local exchange services within the service territory of its affiliate ILEC in addition to its existing  
23 authority to provide service in other parts of the state under Decision No. 68847. Finally, the  
24 Applicant states that granting the relief will permit the Applicant to provide local service to residential  
25 and small business customers statewide.

26 11. The restrictions adopted by the Commission in Decision No. 68447 related to  
27 concerns with respect to CLEC CLC's provision of local exchange service in the ILEC QC's service  
28 territory. Those concerns can be categorized as those regarding whether the requested grant of

1 authority for CLC to enter into direct competition with its ILEC affiliate will have detrimental  
2 impacts on the preservation and advancement of universal service, the continued quality of  
3 telecommunications services, and the Commission's ability to safeguard the rights of consumers and  
4 protect the public safety and welfare (Decision No 68447, Page 26, Lines 19-23) and those regarding  
5 the possibility that large revenue losses associated with customer migration to CLC could conceivably  
6 leave is ILEC affiliate without incentive or ability to maintain or update its network, despite regulatory  
7 mandates to the contrary. (Decision No. 68447, Page 34, Lines 26-28).

8       12. Staff agrees with CenturyLink that the telecommunications market has evolved since  
9 2006 and several intervening events suggest that a reevaluation of the restriction is necessary. Two  
10 events in particular are deserving of significant consideration. First, at the same time that the  
11 application to expand CCC's CC&N was being considered in Arizona, QC was subject to the 1996  
12 Act's Section 272 requirement that it provide in-region interLATA telecommunications service  
13 through a separate subsidiary. If CLC was authorized to provide all services, including interLATA  
14 service through the same entity QC would have effectively avoided the section 272 requirements. As  
15 discussed above, most of the provisions of Section 272 have now sunset and the requirement to  
16 provide in-region interLATA service thorough a separate subsidiary has since ended.<sup>9</sup>

17       13. Second, in Decision No. 73354, dated August 12, 2012, the Commission classified  
18 CenturyLink's retail services as competitive. This was subject to a condition with respect to local  
19 exchange services in less competitive markets which limited rate increases for residential services and  
20 small and medium business services for a period of three years after which time CenturyLink was  
21 authorized to file, at its discretion, requests for additional pricing flexibility pursuant to the streamlined  
22 ratemaking procedures of Rule 1110. CenturyLink made that filing on February 23, 2015. On May  
23 11, 2015, Staff filed its verification that CenturyLink had met the criteria set out in Section 2.4 of the  
24 Settlement Agreement adopted by the Commission.

25       14. Given these developments, Staff believes that some of the major concerns identified  
26 by Staff in 2006 are no longer present. In particular, the continued need for the restrictions to CLC's  
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<sup>9</sup> See FCC WC 02-112/DA 06-2464, dated December 4, 2006.

1 CC&N which limit its ability to provide certain services in areas where CenturyLink QC is the ILEC  
2 appear to be no longer necessary. Through review of the annual reports submitted by the  
3 consolidated companies, Staff can monitor the impacts on universal service and subscribership levels.  
4 The informal complaint process will also highlight any concerns and the Staff can promulgate data  
5 requests to the Company should it be necessary. In addition, QC is required under the 1996 Act to  
6 provide interconnection services to unaffiliated providers of telecommunications service under non-  
7 discriminatory rates, terms and conditions. Therefore, by law, it is not able to adversely affect its  
8 competitors in the wholesale market. If wholesale competitors believe that they are somehow  
9 adversely affected, they can always file a complaint with the Commission.

10 15. Staff believes some requirements unrelated to CLC's primary request for relief, the  
11 ability to offer competitive local service to residential and business customers in its ILEC affiliate's  
12 service territory that were contained in Decision No. 68447 continue to be necessary today, in  
13 particular those relating to CLC's provision of competitive local exchange service in Rural Telephone  
14 Company areas in Arizona.

15 16. Currently, according to CLC, it has no imminent plans to begin offering competitive  
16 local exchange service to residential customers in its ILEC affiliate's service area. When CLC does  
17 begin to offer residential service and service to small business customers with fewer than four (4) lines,  
18 it will need to file a tariff with the Commission for approval with maximum rates pursuant to R14-2-  
19 1110. CLC should include fair value information at that time for evaluation by Staff.

20 17. Staff also believes it would be helpful, if the Company notified Staff when it will begin  
21 the actual provision of residential service in its ILEC's service territory and an RTC's service territory,  
22 so the Commission's Consumer Services Section can be ready in the event there are any consumer  
23 inquiries.

24 **D. Staff Recommendations**

25 18. Staff recommends that CLC's request that the Commission remove the restriction  
26 placed upon its CC&N which precludes it from providing competitive local service to residential and  
27 small business customers with less than four (4) lines in markets in which QC is the ILEC be  
28 approved.



1 IT IS FURTHER ORDERED that CenturyLink Communications, LLC be required to file, as  
2 a compliance item, revisions to its tariff consistent with the Commission's Decision in this matter; and  
3 related fair value information.

4 IT IS FURTHER ORDDERED that CenturyLink Communications, LLC's provision of local  
5 exchange service in the service territories of Rural Telephone Companies is subject to any future  
6 proceedings under Section 251(f)(1) or (2) or 47 U.S.C. Section 214(e)(2).of the 1996 Act. Granting  
7 CLEC's request to provide competitive local exchange service outside its service territory is not a  
8 ruling that affects the rights of specific Rural Telephone Companies under 47 U.S.C. Section 251(f) or  
9 47 U.S.C. Section 214(e)(2).

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1 IT IS FURTHER ORDERED that CenturyLink Communications, LLC shall apprise the  
 2 Commission through a filing in this Docket when it begins to offer competitive residential  
 3 telecommunications services in the service area of its Qwest Corporation dba CenturyLink QC or a  
 4 Rural Telephone Company to allow the Commission's Consumer Services Section to prepare to  
 5 address any customer inquiries it may receive related to CLC's expanded authority.

6 IT IS FURTHER ORDERED that this Decision shall be become effective immediately.

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8 **BY THE ORDER OF THE ARIZONA CORPORATION COMMISSION**

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CHAIRMAN LITTLE

COMMISSIONER STUMP

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COMMISSIONER FORESE

COMMISSIONER TOBIN

COMMISSIONER BURNS

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IN WITNESS WHEREOF, I, JODI JERICH, Executive  
 Director of the Arizona Corporation Commission, have  
 hereunto, set my hand and caused the official seal of this  
 Commission to be affixed at the Capitol, in the City of  
 Phoenix, this \_\_\_\_\_ day of \_\_\_\_\_, 2016.

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JODI JERICH  
 EXECUTIVE DIRECTOR

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DISSENT: \_\_\_\_\_

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DISSENT: \_\_\_\_\_

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TMB:WMS:red/MAS

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1 SERVICE LIST FOR: CenturyLink Communications, LLC  
2 DOCKET NO. T-02811B-14-0210

3 Mr. Norman Curtright  
4 Associated General Counsel  
5 Qwest Corporation dba CenturyLink QC  
6 20 East Thomas Road, 1<sup>st</sup> Floor  
7 Phoenix, Arizona 85012

8 Mr. Thomas M. Broderick  
9 Director, Utilities Division  
10 Arizona Corporation Commission  
11 1200 West Washington Street  
12 Phoenix, Arizona 85007

13 Ms. Janice M. Alward  
14 Chief Counsel, Legal Division  
15 Arizona Corporation Commission  
16 1200 West Washington Street  
17 Phoenix, Arizona 85007

18 Mr. Dwight Nodes  
19 Chief Administrative Law Judge, Hearing Division  
20 Arizona Corporation Commission  
21 1200 West Washington Street  
22 Phoenix, AZ 85007

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