



CARLA M. BUTLER

March 10, 2016

*Via eFiling Only*

Filing Center  
Oregon Public Utility Commission  
P.O. Box 1088  
Salem, OR 97308-1088  
[puc.filingcenter@state.or.us](mailto:puc.filingcenter@state.or.us)

Re: AR 594

Dear:

Attached for filing in the above entitled matter please find CenturyLink's Comments.

If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink that reads "Carla".

Carla M. Butler  
Paralegal

Attachment

310 SW Park Ave., 11<sup>th</sup> Flr.  
Portland, OR 97205  
Ph. 503.242.5420  
Fx. 503.242.8589  
[carla.butler@centurylink.com](mailto:carla.butler@centurylink.com)

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

AR 594

In the Matter of )  
 ) CENTURYLINK COMMENTS  
Rulemaking to Implement 2015 Senate Bill 611: )  
Qualified Project Determination. )  
\_\_\_\_\_ )

United Telephone Company of the Northwest, CenturyTel of Oregon, CenturyTel of Eastern Oregon, and Qwest Corporation (collectively “CenturyLink”) offer these comments in response to the Notice of Proposed Rulemaking Hearing (“Notice”), which the Commission entered in this docket on January 15, 2016. CenturyLink appreciates this opportunity to comment. CenturyLink submits that the proposed rules will harm competition and will further the divide between communities that already have access to the highest broadband speeds and those that do not, contrary to the policies set forth in Oregon law. This will ultimately be harmful to the market place in which high speed internet is offered, including harming CenturyLink as a provider of those services.

The market for high speed internet service is highly competitive. Incumbent local exchange companies and cable companies, CLECs, wireless companies, and new entrants all compete for market share, especially in the most densely populated areas. Even small impacts have the potential to tip the balance in favor of one competitor or another. The Commission’s interpretation of SB 611 as allowing the Commission to use homes actually served with gigabit service, rather home passed, would have a significant impact on the competitive landscape. And more importantly, it would be

contrary to the Commission's duty to regulate in a balanced and competitively neutral way:

The Legislative Assembly finds and declares that it is the goal of the State of Oregon to secure and maintain high-quality universal telecommunications service at just and reasonable rates for all classes of customers and to encourage innovation within the industry by a balanced program of regulation and competition. The Public Utility Commission shall administer the statutes with respect to telecommunications rates and services in accordance with this policy.<sup>1</sup>

The proposed rules will not further a balanced program of regulation and competition. Rather, they will hurt competition by precluding certain competitors, like CenturyLink, from qualifying under the statute.

The legislature was also clear that the Commission should adopt policies and implement the law in a manner that reduces, "the economic gap between Oregon communities that have access to broadband digital applications and services and those that do not, for both present and future generations."<sup>2</sup> The proposed rules, if anything, *increase* the economic gap between communities that have access to broadband, such as urban and suburban communities that already have access to broadband, and communities that have more limited access to broadband, such as rural communities. The Commission's proposal to count only residences currently subscribed to a company's broadband service, instead of all residences that could subscribe to the company's broadband services, fails to advance and is in fact contrary to the policy requirements set forth in the Chapter 759. It also has the ironic result of allowing a company to be approved for a qualified project even though it currently has no capability whatsoever to deliver gigabit services or cannot deliver gigabit service to customers without substantial additional investment.

---


<sup>1</sup> ORS 759.015 (emphasis added).

<sup>2</sup> ORS 759.016(1) (emphasis added).

Unlike other carriers, such as Comcast and Google—which the Commission recently determined qualified under the temporary rules—CenturyLink has already deployed gigabit capability to a large portion of the residences it serves in Oregon. CenturyLink’s customers can utilize that gigabit capability today. Google does not currently offer gigabit service to one single Oregon residence and has yet to commit to serve the state. And despite these facts, the proposed rules (as did the temporary rules) allow the Commission to permit a company to avoid paying property taxes on a huge portion of its assets in the state.

The goal of Senate Bill 611 was clearly to encourage the deployment of gigabit services to the greatest number of Oregonians, regardless of the provider. Rather, under the proposed rules, it would subsidize a limited set of entities that may or may not ever actually provide any gigabit service. To ensure that the goal of the SB 611 is achieved and to avoid a result that is contrary to the legislative policies that govern the Commission’s authority, CenturyLink urges the Commission to adopt a formula that uses the number of homes passed, rather than homes currently served, by a provider.

Respectfully submitted, this 10<sup>th</sup> day of March 2016.

By:   
\_\_\_\_\_  
William E. Hendricks  
CenturyLink  
Senior Corporate Counsel  
902 Wasco Street  
Hood River, OR 97031  
Ph.: (541) 387-9439  
Fax: (541) 387-9753  
[tre.hendricks@centurylink.com](mailto:tre.hendricks@centurylink.com)