

ORDER NO. 14 347

ENTERED OCT 07 2014

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1686

In the Matter of

CENTURYTEL OF OREGON,
CENTURYTEL OF EASTERN OREGON,
AND UNITED TELEPHONE COMPANY
OF THE NORTHWEST,

ORDER

Petition for Approval of Price Plan Pursuant
to ORS 759.255.

DISPOSITION: STIPULATION ADOPTED; PRICE PLAN APPROVED

I. BACKGROUND

On February 28, 2014, CenturyTel of Oregon, d/b/a CenturyLink, CenturyTel of Eastern Oregon, d/b/a, CenturyLink, and United Telephone Company of the Northwest, d/b/a CenturyLink (CenturyTel/United) filed a petition to be regulated under a price plan pursuant to ORS 759.255. CenturyTel/United also filed testimony the same day.

The Citizens' Utility Board of Oregon (CUB) filed a notice of intervention. Petitions to intervene were filed by Integra Telecom of Oregon, Inc. and its affiliates (Integra), and the Telecommunications Ratepayers Association for Cost-Based and Equitable Rates (TRACER).

On April 28, 2014, CenturyTel/United requested a stay while the Commission considered a similar price plan petition by Qwest Corporation d/b/a CenturyLink QC (CenturyLink QC) in Docket UM 1354. As part of settlement discussions in that docket, the parties discussed resolution of the issues in this docket as well.

On July 8, 2014, a prehearing conference was held in these proceedings and Commission Staff indicated that an agreement in principle had been reached and efforts were underway to develop settlement documents. A stipulation on all issues was signed by CenturyTel/United, Commission Staff, CUB, Integra, and TRACER. Supporting joint testimony was filed by CenturyTel/United, Commission Staff, and CUB (collectively the joint parties). Integra and TRACER joined the stipulation and do not object to the stipulation's resolution of any issues, but did not sponsor the supporting testimony. On September 22, 2014, CenturyTel/United filed an errata to Exhibit A. Both the stipulation and the errata are attached as Appendix A.

II. THE STIPULATION

A. Forces Behind CenturyTel/United's Request for a Price Plan

In joint testimony, CenturyTel/United asserts that it seeks a price plan to provide “additional regulatory flexibility to meet the intense and increasing competition” now faced in retail markets.¹ CenturyTel/United also asserts that “[t]he data shows that in most cases, CenturyTel/United’s rural customers have more than one wireless carrier to choose from”² and that “more and more customers are relying on email, texting, and social networking to meet their communication needs.”³ CenturyTel/United also indicates that “access lines have declined by 48%” between 2001 and 2012.⁴ CenturyTel/United adds, at the same time that “population, the number of households, and telecommunications expenditures in Oregon have increased in Oregon, CenturyTel/United’s revenues have decreased.”⁵ CenturyTel/United concludes that “possibly the most telling statistic is that while telephone subscribership has remained steady in Oregon, CenturyTel/United access lines have declined, which shows that customers are exercising their wide array of choices in CenturyTel/United’s markets.”⁶

No party takes a position regarding the validity of CenturyTel/United’s claims, but the joint parties argue that approval of the price plan is in the public interest, the price plan meets the standard for review required under ORS 759.255(2), and should be approved.

B. The Price Plan

In their testimony, the joint parties assert that the price plan, set forth in Attachment A to the stipulation, provides a sensible regulatory framework to address the many uncertainties presented by a telecommunications market in transition. The joint parties represent that the plan provides opportunities and safeguards for both pricing and service quality over a range of potential competitive landscapes, with additional benefits to customers being imparted by network investments. If competition turns out to be robust, the joint parties indicate that the plan will allow customers to realize the benefits of competition through lower prices, higher service quality, and the availability of new services. If competition is less robust, the joint parties observe that the plan provides pricing and service quality safeguards. The joint parties also note that the price plan takes steps to reduce the cost and burden of regulation, while maintaining sufficient infrastructure for the Commission to intervene as necessary.

¹ Joint Testimony, at 5, quoting Petition, p. 1.

² *Id.* at 6, quoting Petition, at 3-4.

³ *Id.*

⁴ *Id.*, quoting Petition, at 4.

⁵ *Id.*

⁶ *Id.*

We summarize the key provisions of the plan below.

1. Pricing Features

Initial plan prices will be the prices charged by CenturyTel/United in Oregon pursuant to its tariffs or price list, as already approved by the Commission. The price plan, which is an alternative form of regulation, provides CenturyTel/United with the ability to adjust certain rates.

The plan provides CenturyTel/United with significant pricing flexibility for its main phone service offering "Packages and Bundles". CenturyTel/United may combine any regulated telecommunications service with any other service(s) to offer a package and bundle of services, which may include primary line residential basic service and extended area service (EAS), at any price subject to two conditions: 1) customers can purchase any service separately; and 2) the package or bundle price may not be higher than the sum of the retail prices of all the services in the package or bundle.

The plan adopts price caps for certain residential services. United Telephone Company of the Northwest may increase non-recurring charges for residential primary lines by a maximum of \$10 during the plan period. The same charges for the CenturyTel companies will be capped at pre-plan rates for the term of the price plan. However, the plan also allows CenturyTel/United to increase recurring charges for primary line basic residential service rates by \$2.00 upon the effective date of the plan, and an additional \$1.00 at the beginning of year two of the plan. CenturyTel/United may petition the Commission to remove or adjust the price caps for primary line basic residential service rates.

Recurring and non-recurring charges for business primary line basic services will not be subject to price caps. If CenturyTel/United increases the recurring charge by more than \$4.00 over the term of the plan, notice must be provided to customers 90 days prior to the change and prior to any subsequent change. Rates for business services ISDN-PRI and DS-1 will also not be subject to caps, but enhanced customer notification of increases is required in certain circumstances.

Rates for certain services will be capped at its current rates under the plan, including intrastate switched access services, E911 services and EAS. CenturyTel/United may combine the rate for primary line residential basic service and EAS into a single rate for billing purposes. CenturyTel/United will continue to offer all existing options, but will not be required to establish any new or expanded EAS routes.

For "Other Services," which include most calling features, rates for business services will not be subject to caps. Monthly rates for residential customers may annually increase up to 50 percent, or \$.50, whichever is greater, with the cumulative price increase over the term of the plan not exceeding 200 percent for residential customers.

2. *Directory Listings*

The plan specifies that the first directory listing for a single address is included as part of primary line service, including service provided within the Packages and Bundles category. Additional listings are provided under the Other Services category, subject to its rate cap.

3. *Service Quality*

CenturyTel/United will continue to be subject under the plan to the Retail Telecommunication Service Standards for Large Telecommunication Utilities identified in OAR 860-023-0055, and will continue to report results to the Commission on a monthly basis. If the standard in OAR 860-023-0055(4)—on a statewide basis—or the standard in OAR 860-023-0055(6)—for any repair center—is missed for 3 months out of a 12 month rolling period, the company will implement a service guarantee plan consistent with the terms of the plan adopted for CenturyLink QC in Order No. 08-408.

4. *Commitments*

CenturyTel/United commits to spending funds to complete the following projects:

- CenturyTel/United's portion of the South Oregon Coast Diversity Project at an estimated cost of \$150,000 which will provide route diversity and public safety benefits to customers in the region
- Construct, at an estimated equipment cost of \$500,000, the Hood River Gorge Diverse Route Fiber Ring which will establish route diversity to the Hood River, Columbia Gorge, and Mt. Hood areas, provide 911 SS7 link redundancy for legacy CenturyTel and United customers in the same area, and delivery diversity for CenturyTel/United's internet connections statewide
- If CenturyTel/United completes the above projects and costs are less than the estimated \$650,000, CenturyTel/United will also complete additional projects as identified in the plan or will work with Commission Staff and CUB to identify new projects

5. *Reporting Requirements*

CenturyTel/United will file a report comparing its performance to the objectives of the plan by the ninetieth day of the third year of operation under the plan. The report will review how the objectives of the plan are being met and will include the information specified by the stipulation.

6. *Term*

The term of the plan is three years, with CenturyTel/United having the option to extend the plan by an additional (fourth) year. No later than the end of the second year of the price plan, CenturyTel/United will notify the Commission of an intent to extend the plan for a fourth year, or may petition the Commission to seek a new price plan, or modifications, or any other form of regulation. If the company elects to extend the price plan for a fourth year, it will be required to petition the Commission for a new form of regulation no later than the end of the third year of the price plan. Should the company provide notice that it intends to extend the price plan for a fourth year, rates will remain capped for basic residential services.

7. *Conditions for Review of the Plan*

CenturyTel/United's performance under the Price Plan will be reviewed by the Commission every three years. The company will file a performance report by the ninetieth day of the third year of operation of the plan. The report will review how objectives of the plan are being met and will include particular information.

8. *Modifications*

The plan allows the Commission to open an investigation at any time, with notice and an opportunity for a hearing provided to CenturyTel/United, pursuant to ORS 756.515, to determine whether adjustments to the plan or termination of the plan is required by the public interest, as determined by reference to the factors set forth in ORS 759.255(2).

9. *Waivers*

The plan provides for the waiver in whole or in part of certain statutes, as authorized by ORS 759.255(5). The plan also provides for the waiver in whole or in part of certain rules, as authorized by OAR 860-022-0001(2).

10. *The Plan Addresses Initial Concerns*

The joint parties' testimony discussed how the plan addressed concerns initially raised by Integra and TRACER to the petition for a price plan by CenturyTel/United. In response to Integra's concerns regarding the Commission's authority over mergers and acquisitions, impacts of the privilege tax waiver, and service quality, the joint parties indicate that the plan retains Commission authority over mergers and acquisitions, retains service quality standards and reporting, and does not waive the 4 percent privilege tax rule. The joint parties also state that the plan's requirement to maintain statewide average prices for services addresses TRACER's concern about rates for its members under a price plan. Additionally, the joint parties assert that the plan's requirement that notification be provided six months in advance of a significant rate change addresses concerns about lead time for customers to choose alternate suppliers.

11. Showing of Public Interest

The joint parties note that, to approve a price plan, the Commission must find it to be in the public interest. ORS 759.255(2) delineates four criteria for the Commission to consider, among other matters, in making a determination about the public interest. The joint parties agree, or do not object, that the plan satisfies the public interest standard, and provide testimony addressing the four statutory criteria.

a. Criterion A: The Plan Ensures Just and Reasonable Rates

The joint parties indicate that initial plan prices have already been deemed just and reasonable by the Commission. Increases from initial plan prices are subject to three types of caps, the joint parties assert, in the form of pre-plan rate caps, specific caps, or “sum of the pieces” caps.

The joint parties identify certain services as being subject to a pre-plan rate cap, primary line basic service (both residential and business), EAS, toll restriction, call trace (*59), unlisted numbers, and intrastate switched access. Staff and CUB observe that these caps are appropriate because such services may not be competitively provided, or are matters of public safety or privacy. The joint parties indicate that the plan also applies a specific cap on rate increases as follows: residential primary line basic service (increase limited to \$2.00 per month on the effective date of the plan, and another \$1.00 per month in year two of the plan), non-recurring residential primary line basic service charge (increase limited to \$10 during term of plan), and Other Services (monthly rates for residential customers may increase up to 50 percent or \$.50, annually, whichever is greater, with the cumulative price increase over the term of the plan not exceeding 200 percent for residential customers.) Finally, the joint parties assert that although flexibly priced, a sum of the pieces cap still applies to Packages and Bundles.

The joint parties also explain that the plan applies enhanced customer notification requirements to rate increases for the recurring charge for primary line basic service for business customers, ISDN-PRI, and DS-1.

The joint parties also state that statewide average prices will be maintained under the plan for all services currently priced on a statewide basis. For example, they explain, if United decreases the price of a service currently priced on a statewide average by \$1.00, the decrease would be applied throughout the service territory of United.

b. Criterion B: The Plan Ensures High Quality Services and Makes New Services Available

The joint parties assert that, under the plan, CenturyTel/United pledges to maintain the quality of its retail services at current or above already high levels, and obligates itself to meet or exceed the Commission’s applicable retail service standards and reporting requirements, while continuing its current reporting practices as prescribed by OAR 860-

023-0055. The joint parties also observe that the plan requires CenturyTel/United to spend \$650,000 in network improvement investments.

In addition, the joint parties point out that the plan contains an objective requiring CenturyTel/United to make new telecommunications services available. Since no price cap would apply to new services, the joint parties indicate that CenturyTel/United will have the opportunity to respond to evolving market competition.

c. Criterion C: The Plan Maintains the Appropriate Balance between Regulation and Competition

The joint parties assert that alternative forms of regulation may be appropriate in an evolving telecommunications market. The joint parties argue that the price controls of the plan provide protections for market segments that may have fewer options while providing CenturyTel/United with greater pricing flexibility in markets with more options. The plan allows for modification by the Commission, the joint parties observe, should they be needed.

d. Criterion D: Simplifies Regulation.

The joint parties indicate that the plan provides for the full or partial waiver of certain statutes and rules identified above, thereby simplifying regulation under the plan.

III. DISCUSSION

We conclude the stipulation and proposed price plan for CenturyTel/United meets the criteria set forth in ORS 759.255(2) and is in the public interest. We may approve a price plan if we find it to be in the public interest. In making this determination, ORS 759.255(2) requires us to consider, among other things, whether the plan:

- (a) Ensures prices for telecommunications services that are just and reasonable;
- (b) Ensures high quality of existing telecommunications services and makes new services available;
- (c) Maintains the appropriate balance between the need for regulation and competition; and
- (d) Simplifies regulation.

For the reasons cited by the joint parties, we agree that the price plan meets these criteria and is in the public interest. The plan ensures prices are just and reasonable by requiring CenturyTel/United to initially charge rates that have been previously approved by this Commission, and incorporates existing and new price caps to ensure future increases are fair and just. The plan also ensures the continued provision of high quality services by

subjecting CenturyTel/United to our retail service standards and reporting requirements and including service performance guarantees. The plan also provides CenturyTel/United with the opportunity to respond to evolving market competition and make new telecommunications services available.

The plan also simplifies regulation, while maintaining the appropriate balance between regulation and competition. The plan provides for the waiver of certain statutes and rules, as identified above, and provides CenturyTel/United with pricing flexibility in more competitive markets but price cap protections for market segments with fewer options. Moreover, the plan allows the Commission to modify the plan if it deems necessary.

IV. ORDER

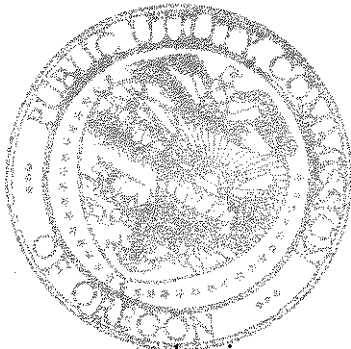
IT IS ORDERED that:

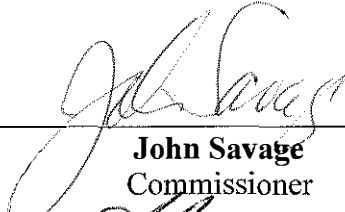
The stipulation between CenturyTel of Oregon, d/b/a CenturyLink, CenturyTel of Eastern Oregon, d/b/a, CenturyLink, and United Telephone Company of the Northwest, d/b/a CenturyLink, Staff of the Public Utility Commission of Oregon, the Citizen Utilities Board of Oregon, Integra Telecom of Oregon, Inc. and its affiliates, and the Telecommunications Ratepayers Association for Cost-Based and Equitable Rates, attached hereto as Appendix A, is adopted.


Made, entered, and effective OCT 07 2014.

COMMISSIONER ACKERMAN WAS
UNAVAILABLE FOR SIGNATURE

Susan K. Ackerman
Chair




John Savage
Commissioner


Stephen M. Bloom
Commissioner

A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Court of Appeals in compliance with ORS 183.480 through 183.484.

BEFORE THE PUBLIC UTILITY COMMISSION

OF OREGON

UM 1686

In the Matter of the Petition of United
Telephone Company of the Northwest,
CenturyTel of Oregon, and CenturyTel of
Eastern Oregon for Approval of Price Plan
Pursuant to ORS 759.255

STIPULATION

This Stipulation is entered into for the purpose of resolving all issues in this proceeding by and among the parties as set forth below.

PARTIES

1. The parties to this Stipulation (the "Stipulation") are United Telephone Company of the Northwest, CenturyTel of Oregon, and CenturyTel of Eastern Oregon ("CenturyTel/United" or "the Companies"), Public Utility Commission of Oregon Staff ("Staff"), the Citizens' Utility Board of Oregon ("CUB"), Integra Telecom of Oregon, Inc. and its affiliates ("Integra"), and the Telecommunications Ratepayers Association for Cost-based and Equitable Rates ("TRACER"). The parties may be referred to hereafter collectively as the "Joint Parties" or individually as a "Party."

2. The Joint Parties agree, or do not object, that approval of this Stipulation and the stipulated price plan attached hereto as Exhibit A (the "Price Plan") would satisfy the public interest standard in ORS 759.255 and that the Public Utility

Commission of Oregon (the "Commission") should issue an order approving this Stipulation and the Price Plan. A Party may not have taken a position on each issue in the Price Plan. To the extent that a party did not take a position on an individual issue, the Party does not object to the terms related to that issue in the Price Plan.

BACKGROUND

3. Docket UM 1686 was opened to consider the Companies' Petition for Approval of a Price Plan Pursuant to ORS 759.255, filed on February 28, 2014. On April 28, 2014, CenturyLink asked the Commission to stay the procedural schedule in this case while the Commission considered a similar petition by Qwest Corporation d/b/a ("CenturyLink QC"), in Docket UM 1354, which involves issues common to this docket. A settlement conference that was noticed to both Docket No. UM 1354 and Docket No. UM 1686 was held on June 12, 2014. In reaching a settlement in principle on Docket No. UM 1354, it made a settlement in principle in Docket No. UM 1686 possible because of the common issues in the dockets. On July 8, 2014, a prehearing conference was held in UM 1686 to identify any additional potential parties to this docket.

AGREEMENT

4. Exhibit A sets forth the terms and conditions of the Price Plan the Joint Parties agree the Commission should approve. By executing this Stipulation, CenturyTel/United agrees to abide by and perform all terms of this Stipulation and the

Price Plan. By executing this Stipulation, the Joint Parties agree to abide by and perform all agreements set forth in this Stipulation.

5. CenturyTel/United acknowledges and agrees that no rate, tax, term or condition in any interconnection agreement will change as a result of CenturyTel/United's Petition and any subsequent Stipulation in this docket. Any change to a rate, tax, term or condition in any interconnection agreement must be effectuated pursuant to the terms of such interconnection agreement and subject to 47 U.S.C. Sections 251-252 and the approval of the Commission; provided, however, that CenturyTel/United may seek Commission approval of changes to any such rates in a generic cost docket. CenturyTel/United further acknowledges that Commission approval of its Petition and subsequent Settlement Agreement in this docket shall not in any way impact its continuing obligations under existing interconnection agreements and shall not in any way impact its continuing obligations under Sections 251 and 252 of the Telecommunications Act of 1996, 47 U.S.C. 251-252, nor any federal or state regulations, orders or rules promulgated under such statutes, nor any federal rules or orders promulgated under any section of the Federal Communications Act of 1934 (the "Communications Act"), as amended.

6. The Joint Parties agree, or do not object, that the Price Plan will be effective immediately following the Commission's approval of this Stipulation and the Price Plan.

7. The Joint Parties agree, or do not object, that the terms of this Stipulation and Price Plan satisfy the public interest standard set forth in ORS 759.255 for approval of this Price Plan.

8. The Joint Parties agree not to oppose this Stipulation and the Price Plan as filed and will make no effort to undermine Commission approval. This Stipulation will be offered into the record of this proceeding as evidence pursuant to OAR 860-001-0350(7). The Joint Parties may provide either witnesses to sponsor testimony or legal representatives with respect to this Stipulation. The Joint Parties will recommend the Commission issue an order adopting the agreements contained herein and approving this Stipulation and the Price Plan.

9. CenturyTel/United requests the Commission enter an order approving this Stipulation and the Price Plan as soon as possible and not later than August 31, 2014. The Joint Parties support this request.

10. The Joint Parties have negotiated this Stipulation as an integrated document. If the Commission rejects all or any material part of this Stipulation or the Price Plan, or imposes additional material conditions in approving the Stipulation and the Price Plan, any Party shall have the right, upon written notice to the Commission and all other Parties within 15 business days of the Commission's order, to withdraw from this Stipulation or seek reconsideration or appeal of the Commission's order, or both. However, prior to withdrawal, the Party shall engage in good faith negotiation

with the other Joint Parties. No Party withdrawing from this Stipulation shall be bound to any position, commitment, or condition of this Stipulation.

11. The Joint Parties agree that this Stipulation represents compromises in the positions of the individual Parties. As such, conduct, statements, and documents disclosed in the negotiation of this Stipulation shall not be admissible as evidence in this or any other proceeding unless independently discoverable or offered for other purposes allowed under ORS 40.190. By entering into this Stipulation, no Party will be deemed to have approved, admitted, or consented to the facts, principles, methods, or theories employed by any other Party in arriving at the terms of this Stipulation, other than as specifically identified in this Stipulation. No Party shall be deemed to have agreed that any provision of this Stipulation is appropriate for resolving issues in any other proceeding, except as expressly identified in this Stipulation.

12. The effective date of this Stipulation as to each Party will be the date of that Party's signature to the Stipulation.

13. This Stipulation may be executed in counterparts and each signed counterpart will constitute an original document.

ORDER NO.

12 347

This Stipulation is entered into by each Party as of the date(s) entered below:

Citizens' Utility Board of Oregon

**Public Utility Commission of
Oregon Staff**

By: _____
Sommer Templet

By: _____
Jason W. Jones

Date: _____

Date: _____

**United Telephone Company of the
Northwest, CenturyTel of Oregon,
and CenturyTel of Eastern Oregon**

**Telecommunications Ratepayers
Association for Cost-based and
Equitable Rates**

By: _____
William E. Hendricks III

By: _____
Arthur A. Butler
Of Attorneys for TRACER

Date: 7/3/2014

Date: _____

Integra Telecom of Oregon

By: _____
Douglas Denney

Date: _____

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William E. Hendricks III

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Integra Telecom of Oregon

By: _____
Douglas Denney

Date: _____

**Public Utility Commission of
Oregon Staff**

By: _____
Jason W. Jones

Date: 7/31/14

**Telecommunications Ratepayers
Association for Cost-based and
Equitable Rates**

By: _____
Arthur A. Butler
Of Attorneys for TRACER

Date: _____

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Association for Cost-based and
Equitable Rates**

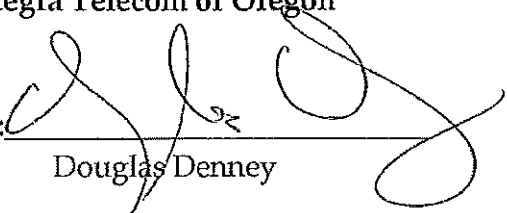
By: _____
William E. Hendricks III

By: _____
Arthur A. Butler
Of Attorneys for TRACER

Date: _____

Date: _____

Integra Telecom of Oregon

By:  _____
Douglas Denney


Date: 8/1/2014

ORDER NO.

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Date: 8/1/14

Public Utility Commission of Oregon Staff

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Jason W. Jones

Date: _____

United Telephone Company of the Northwest, CenturyTel of Oregon, and CenturyTel of Eastern Oregon

By: _____
William E. Hendricks III

Date: _____

Telecommunications Ratepayers Association for Cost-based and Equitable Rates

By: _____
Arthur A. Butler
Of Attorneys for TRACER

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Douglas Denney

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Jason W. Jones


Date: _____

Date: _____

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Northwest, CenturyTel of Oregon,
and CenturyTel of Eastern Oregon

Telecommunications Ratepayers
Association for Cost-based and
Equitable Rates

By: _____
William E. Hendricks III

By: 
Arthur A. Butler
Of Attorneys for TRACER

Date: _____

Date: 7/31/14

Integra Telecom of Oregon

By: _____
Douglas Denney

Date: _____

UM 1686
Exhibit A – Price Plan

**Price Plan Pursuant to ORS 759.255
CenturyTel of Oregon, Inc.
CenturyTel of Eastern Oregon, Inc.
and United Telephone Company of the Northwest
("CenturyTel/United")**

DEFINITIONS:

1. "New service" means a retail telecommunications service that is offered in Oregon for the first time following the effective date of this Price Plan. A service is not a new service if it merely renames, repackages, or is a variation of an existing service, or if it is reintroduced in substantially the same form after having been provided for free, withdrawn or abandoned.
2. "pre-Plan rates" means the rates charged by CenturyTel/United (the Company) in Oregon pursuant to its tariffs or price list that were effective on May 19, 2014, or CenturyTel/United's original introductory price for any new service introduced after May 19, 2014, but before the effective date of this Price Plan.
3. "Primary line basic service" means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package. For purposes of this definition, "basic local exchange service" means residential single party flat rate local exchange service; residential single party measured local exchange service, including local exchange usage; business single party flat rate local exchange service; and business single party measured local exchange service, including local exchange usage. These rates are set forth in CenturyTel of Oregon and CenturyTel of Eastern Oregon's P.U.C. Or. No. 5 Tariff, Schedule 1, Sheet No. 1.6 and in United Telephone Company of the Northwest's P.U.C. OR. No. 3 Tariff, Schedule AE-1, Sheets 3 and 3.1.

UM 1686
Exhibit A – Price Plan

4. “Other Services” means any other residential or business services contained in CenturyTel/United’s intrastate retail tariffs that are not expressly listed in the Price Plan. “Other Services” does not include Packages and Bundles.

5. “Packages and Bundles” means any combination of services which may include primary line residential or primary line business service as well as other services at a combined price.

A. General Objectives. CentnryTel/United’s Price Plan, as agreed to through the associated stipulation, (“Price Plan” or “Plan”) will achieve the following objectives;

1. Ensure the Plan is operating in a way that is in the public interest.
2. Produce prices for CenturyTel/United’s retail telecommunications services that are just and reasonable.
3. Ensure that the quality of existing telecommunications services will stay at or above current levels.
4. Maintain the appropriate balance between the need for regulation and competition.
5. Simplify and reduce the burden of regulation for both CenturyTel/United and the Commission.
6. Maintain the availability of primary line basic service at affordable rates throughout the state.
7. Increase CenturyTel/United’s pricing flexibility to meet changing market conditions.
8. Make new telecommunications services available.

B. Pricing and Availability of Services under Price Plan Initial Rates. The rates that CenturyTel/United currently charges in its approved tariffs and price lists will be its pre-Plan rates. These rates are subject to adjustment as provided below.

UM 1686

Exhibit A – Price Plan

1. Price Caps

- a. Non-recurring charges for residential primary line basic service. Charges for United Telephone Company of the Northwest may increase a maximum of \$10 during the period of the Price Plan. Charges for the CenturyTel companies will be capped at pre-Plan rates for the term of the Price Plan.
- b. Recurring charges for residential service. Primary line basic service for residential customers will be subject to price caps. Monthly rates for this Service may increase a maximum of \$3.00 during the period of the Price Plan. CenturyTel/United may increase these rates up to a \$2.00 on the Price Plan's effective date, and may increase rates up to an additional \$1.00 beginning in year 2 of the Price Plan.
- c. Recurring and non-recurring charges for business primary line basic services. Rates for these services will not be subject to price caps. If CenturyTel/United increases the recurring charge by more than \$4 over the term of the plan, CenturyTel/United must provide customers 90 day notice prior to 1) making the change that causes the cumulative price increase over the term of the Price Plan to exceed \$4.00 and 2) making any subsequent price changes.
- d. Availability. CenturyTel/United will continue to offer primary line residential and business basic service on a stand-alone basis.

2. Petition to remove or adjust price caps. CenturyTel/United may petition the Commission to remove or adjust the price caps for primary line residential basic service. CenturyTel/United will have the burden of showing that the removal or adjustment of the price caps for primary line residential basic service will result in

UM 1686
Exhibit A – Price Plan

rates that are just and reasonable. The Commission may also consider whether removal or adjustment of the price caps is in the public interest, considering the factors set forth in ORS 759.255(2). There is no presumption as part of this Price Plan that the Joint Parties would support such a petition.

- C. Telephone Assistance Plans. CenturyTel/United will continue to offer current Telephone Assistance Plans (OTAP, Tribal Lifeline, and Tribal Link-Up) pursuant to state and federal requirements.
- D. Switched Access. Rates for intrastate switched access services will be capped at current rates and the Commission may adjust the price caps if required by FCC action.
- E. EAS. Rates for extended area service (EAS) are capped at current rates but, for billing purposes, the Company is permitted to combine the rate for primary line residential basic service and EAS into a single rate. CenturyTel/United will continue to offer customers all existing options, including measured EAS service combined with monthly flat rate service. CenturyTel/United will not be required to establish any new or expanded EAS routes as long as it operates under the Price Plan.
- F. DS-1 and ISDN-PRI Services. Rates for DS-1 and ISDN-PRI services will not be subject to price caps. If CenturyTel/United increases prices more than 25 percent over the term of the plan, CenturyTel/United must provide customers 6 months notice prior to 1) making the change that causes the cumulative price increase over term of the Price Plan to exceed 25 percent, and 2) making any subsequent price increases of over 5 percent within a rolling 12 month period.
- G. E911 Services (including PS/ALI). Rates, terms and conditions remain at pre-Plan status.

UM 1686

Exhibit A – Price Plan

- H. Other Services.** Monthly rates for “Other Services” for business customers will not be subject to price caps. Monthly rates for residential customers may increase up to 50 percent or \$.50, annually, whichever is greater. The cumulative price increase over the term of the Price Plan is not to exceed 200 percent for residential customers. Within 60 days of receiving notice of price increase to “Other Services,” business and residential customers who request removal of any service contained in “Other Services” will not incur a non-recurring charge for the removal of the service.
- I. Rate averaging.** For residential primary line basic service and business primary line basic service, CenturyTel/United will not further deaverage beyond the existing (pre-Plan) rate groups. Existing dollar differences between rate groups will not increase. For all other services, CenturyTel/United will maintain the statewide average rates.
- J. New Services.** Any new service introduced after the effective date of the Price Plan will not be subject to price caps. (Definition of New Services not to include repackaging of existing services.)
- K. Toll Restriction/Call Trace/Unlisted Numbers.** These three services are capped at pre-Plan rates.
- L. Directory Listings.** The first listing is included with primary line telephone service, including those within Packages and Bundles. The second and any other additional listings will be subject to the “Other Services” rate cap above.
- M. Exogenous change adjustments.** CenturyTel/United may petition the Commission for adjustments to the price cap for any service provided under the Price Plan to reflect factors outside the Company’s control, which will have a material impact on the Company (e.g., changes in law, rule, or tax structure as a result of legislative, judicial, or administrative

UM 1686
Exhibit A – Price Plan

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- N. Intrastate Special Access.** Nothing in this Price Plan affects existing intrastate special access services. CenturyTel/United may petition the Commission separately for any proposed rate changes to intrastate special access services.
- O. Packages and Bundles.** CenturyTel/United may combine any regulated telecommunications service with any other service(s) to offer packages and bundles of services, which may include primary line residential basic service and EAS, at any price subject to the following conditions:
1. Customers can purchase separately from the company's tariff or price list any regulated telecommunications service included in the package or bundle.
 2. The package or bundle price is not more than the sum of the retail prices of all services available in the package or bundle.

Terms applicable to new packages or bundles, including those that include primary line residential basic service, will be established in the Company's price list at least one day prior to their effective date.

- P. Notice of tariff changes.** CenturyTel/United will provide the Commission notice of price increases or other changes to terms and conditions for services under price cap by making tariff filings at least 30 days prior to the effective date of such price changes. The Company

UM 1686

Exhibit A – Price Plan

will provide the Commission notice of price decreases for services under price cap by making tariff filings at least one day prior to the effective date of such price decreases.

CenturyTel/United will make price list changes for New Services, Other Services, and Packages and Bundles at least one day prior to the effective date of any price change.

CenturyTel/United will also provide customers at least 30 days prior notice for services they are purchasing at the time of the price increase. For services on a per-call basis, CenturyTel/United will give reasonable notice to the customer of the price prior to the customer's use of the service.

- Q. Services exempt from regulation.** Services that the Commission has already ordered to be exempt from regulation will remain exempt from regulation, subject to the conditions of the order that exempted the service from regulation. CenturyTel/United retains the ability to petition the Commission to exempt additional services from regulation under ORS 759.052.
- R. Promotions.** CenturyTel/United may offer promotions for primary line residential basic service and other regulated services pursuant to ORS 759.182 and 759.267.
- S. Service Quality.** CenturyTel/United will continue to be subject to the Retail Telecommunications Service Standards for Large Telecommunications Utilities identified in OAR 860-023-0055.
- T. Specific Commitments.**
- a. **Service Performance Guarantees.** If the standard in 860-023-0055(4) - on a statewide basis, or 860-023-0055(6) – for any repair center, is missed for 3 months out of a 12 month rolling period, the Company will implement a service guarantee plan consistent with the terms of the plan adopted for CenturyLink QC in Order No. 08-408. If a service guarantee plan is required pursuant to this provision, a 90-day period will be

UM 1686

Exhibit A – Price Plan

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- b. Network and Other Investments. CenturyLink invests in its Oregon network to expand the network's capabilities and enhance reliability, thereby providing benefits to its customers. In order to provide a customer benefit during the term of the Price Plan, CenturyLink agrees to make the following public benefit commitments:

- i. CenturyLink's portion of the South Oregon Coast Diversity Project at an estimated cost of \$150,000 which will provide route diversity and a public safety benefit to customers in that region.
- ii. The Hood River Gorge Diverse Route Fiber Ring. This is a fiber ring CenturyLink intends to construct to establish route diversity to the Hood River, Columbia Gorge and Mount Hood areas, which will also provide diversity for legacy CenturyTel and United Internet connections statewide and 911 SS7 link redundancy for legacy CenturyTel and United customers in the Hood River, Columbia Gorge and Mount Hood areas. The estimated equipment cost for this project is \$500,000.
- iii. If CenturyLink completes the projects above in T (b) (i and ii), and the project actual costs are less than the estimated \$650,000, CenturyLink will complete

UM 1686

Exhibit A – Price Plan

additional projects as identified in T (c) (ii) or will work with Staff and CUB to identify new projects to reach the \$650,000.

- c. If CenturyLink is unable to complete the projects identified in T (b) (i and ii) above, CenturyLink would commit to the following projects:
- i. Same as (b)(i) above.
 - ii. Augments to CenturyLink's backbone fiber rings to migrate services off the original platform to a newer and higher capacity ring. This upgrade would provide the ability to add capacity as well as new technologies to the existing backbones rings. This project would benefit all CenturyLink Oregon customers.
 - iii. If CenturyLink is unable to complete the projects identified in b above, CenturyLink would invest the same estimated dollar amounts that were agreed to in section b for projects listed in section c (subparagraphs i. and ii.)

U. Waiver of statutes, rules, and UM 1484 Merger Conditions.

1. Statutes. CenturyTel/United's compliance with the following statutes, and all Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted:
 - ORS 759.120 Form and manner of accounts prescribed by Commission. Partial to the extent allowed by Order 11-095, Condition #11.
 - ORS 759.125 Records and accounts prescribed by Commission; prohibition on other records or accounts; exception; blanks for reports. Partial to the extent allowed by Order 11-095, Condition #11.
 - ORS 759.135 Depreciation accounts; un-depreciated investment allowed in rates; conditions. Full waiver. Waiver of this rule should not be understood

UM 1686

Exhibit A – Price Plan

to impact the requirement to report plant depreciation as requested in the Form O.

- ORS 759.180 to ORS 759.200 (with the exception of ORS 759.182).
 - Full waiver of statutes listed below:
 - 759.180 Hearing on reasonableness of rates; procedures; exceptions
 - 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates.
 - 759.190 Notice of Schedule Change
 - 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services.
 - 759.200 Inclusion of amortizations in rates; deferral of certain expenses or revenues; limitation on amounts; prohibited uses.
 - ORS 759.215(2) Public access to schedules. Full waiver.
 - ORS 759.220 Joint rates and classifications; procedure; considerations – Partial waiver with regard to joint rates and establishment of new through services, but not with regard to canceling any existing through service.
 - ORS 759.285 Charging rates based on cost of property not presently providing service. Full waiver.
 - ORS 759.300 to ORS 759.360 – Issuance of Securities. Full waiver.
 - ORS 759.385 to 759.393 Affiliate interest contracts.
2. Rules. CenturyTel/United's compliance with the following Commission rules is waived in full, unless a partial waiver is noted:

UM 1686

Exhibit A – Price Plan

- OAR 860-022-0025(2)(b) and (c) Requirements for Filing Tariffs or Schedules Changing Rates.
- OAR 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates.
- OAR 860-027-0015 New Construction Budget
- OAR 860-027-0050 Uniform System of Accounts for Large Telecommunications Utilities, partial waiver per Order 11-095, condition #11.
- OAR 860-027-0052 Allocation of Costs by a Large Telecommunications Utility
- OAR 860-027-0100 Reporting of Affiliated Transactions

3. Other.

- Partial waiver of Condition #11 in Commission Order 11-095 (appendix A) in Docket UM 1484 imposing as a condition of approval of the merger a requirement that CenturyTel/United annually submit Form O and Form I. CenturyTel/United will submit a Form I every three years (next report due 2016). No waiver of annual requirement for Form O.
- CenturyTel/United is not required to provide regional information in the Form O, and will only be required to provide Oregon-specific information in the Form O. CenturyLink QC is not required to file the following schedules in the annual Form O:
 - B-2. Analysis of Depreciation and Amortization
 - B-3. Analysis of Charges related to Plant Retired
 - B-4. Long-term Debt
 - I-4. Operating Taxes other than Federal Income Tax

UM 1686
Exhibit A – Price Plan

- I-6. Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax
- I-7. Reconciliation of Reported Net Income with Taxable Income for Oregon State Excise Tax
- I-8. Transactions with Affiliated and NonRegulated Operations

- CenturyTel/United's Form I filing, due every three years beginning in 2016, will be in the format provided in Attachment 1 to the Price Plan.

V. Term and Conditions for Review of CenturyTel/United's Performance Under Price Plan.

Term: The Price Plan will extend for three years, with an option for CenturyTel/United to extend the Price Plan by an additional (fourth) year. No later than the end of the second year of the Price Plan, CenturyTel/United will notify the Commission of its intent to extend the Plan for a fourth year or petition the Commission seeking 1) a new price plan; 2) modification to the existing Price Plan; or 3) any other form of regulation that may be applicable. If the Company elects to extend the Price Plan for a fourth year, it will be required to petition the Commission for a new form of regulation no later than the end of the third year of the Price Plan. Should the Company provide notice that it intends to extend the Price Plan for the fourth year, rates will remain at the negotiated cap(s) for basic residential service unless CenturyTel/United has not exercised the full dollar amount of the cap(s).

Three-year review: CenturyTel/United's performance under the Price Plan will be reviewed by the Commission every three years. The Company will file a report regarding its performance as compared to the objectives of the plan by the 90th day of the third year of operation under the plan. The report will review how the objectives of the plan are being met and will include the following information:

UM 1686

Exhibit A – Price Plan

1. An analysis of current market conditions for the various categories of CenturyTel/United's regulated retail telecommunications services to the extent such information is publically available.
2. Data regarding the gain or loss of access lines by wire center.
3. A discussion of how the pricing flexibility allowed the Company to meet the plans objectives.
4. Identification of any new services CenturyTel/United has introduced.
5. Identification of any ways in which the burden of regulation for both the Company and the Commission has been simplified or reduced.

W. Evaluation of market, modifications to Plan.

The Commission will review the data submitted by CenturyTel/United and any other relevant evidence regarding the competitiveness of the market for services that are functionally equivalent or substitutable for services offered by the Company, as well as any other relevant factors, and determine whether other modifications to the Plan are appropriate to provide CenturyTel/United with additional regulatory flexibility beyond that included in the original Price Plan.

The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the price plan or termination of the Price Plan is required by the public interest, according to the factors set forth in ORS 759.255(2). The Commission may order further adjustments to the Price Plan or termination of the Price Plan only after providing the Company notice and an opportunity for hearing. In any such investigation and proceeding, the Joint Parties agree that the Commission should first

UM 1686
Exhibit A – Price Plan

attempt to identify and require adjustments to the price plan such that the continuation of the Price Plan is in the public interest before it orders termination of the Price Plan.

1. If the Commission orders termination of the Price Plan, CenturyTel/United would no longer be able to increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.
2. If the Commission orders termination of the Price Plan, the Company may thereafter pursue any form of price regulation or relief therefrom then permitted under Oregon law, including but not limited to: exemptions from regulation pursuant to ORS 759.052; price listing pursuant to ORS 759.054, 759.056, and/or 759.195; rate regulation pursuant to ORS 759.175-759.190; another price plan pursuant to ORS 759.255; or price cap regulation pursuant to ORS 759.405-759.410.
3. If the Commission orders early termination of the Price Plan, the Parties agree the Commission may also, in the same proceeding, adjust CenturyTel/United's rates to ensure that the Company's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than pre-Plan rates. CenturyTel/United would no longer be able increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.

ORDER NO.

14 347

Attachment 1

UM 1686

Exhibit A – Price Plan

20XX FORM I INPUT MASTER			
COMPANY NAME: <enter name>			
FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations
DETAIL			(Note 1)
PLANT IN SERVICE			
21XX General Support Facilities		1	0
22XX Central Office Equipment:			
CAT 1-Operator Systems		2	0
CAT 2-Tandem Switching (Alloc.)		3	0
CAT 2-Tandem Switching (Assign.)		4	0
CAT 3-Local Switching		5	0
CAT 4.12 -Exch. Trunk (Joint Use)		6	0
CAT 4.12 -Exch. Trunk (Ded. Use)		7	0
CAT 4.13 -Subscr. Line (Joint Use)	(6)	8	0
CAT 4.13 -Subscr. Line (Ded. Use)		9	0
CAT 4.23 -IX Trunk (Joint Use)		10	0
CAT 4.23 -IX Trunk Ckt. (Ded. Use)		11	0
CAT 4.3 -Host/Remote Trunk Ckt.		12	0
COE Other (Wideband CAT 4.11, .12 & .22)	(7)	13	0
Total COE		14	0
23XX Information Orig./Term. Equipment:			
CAT 1-Regulated CPE		15	0
Other IOT		16	0
Total IOT		17	0
24XX Cable & Wire Facilities:			
CAT 1.3-Subscriber Line (Common)	(6)	18	0
CAT 1.1,2-Subscriber Line (Ded.)		19	0
CAT 2-Exch. Trunk (Joint Use)		20	0
CAT 2-Exch. Trunk (Ded. Use)		21	0
CAT 3-IX Trunk (Joint Use)		22	0
CAT 3-IX Trunk (Ded. Use)		23	0
CAT 4-Host/Remote Trunk		24	0
C&WF Other (Wideband)	(7)	25	0
Total C&WF		26	0
26XX Other Assets:			
Capital Leases		27	0
Leasehold Improvements		28	0
Intangibles		29	0
Total Other Assets		30	0
Total Telecom. Plant in Service		31	0

ORDER NO.

14 347



CenturyLink®

CARLA M. BUTLER

September 2, 2014

Oregon Public Utility Commission
Attn: Filing Center
P.O. Box 1088
Salem, OR 97308-1088

RE: UM 1686 - Errata Exhibit A - Price Plan

Dear Filing Center:

Enclosed for filing in the above entitled docket please find the original Errata Exhibit A – Price Plan, which was filed as an exhibit to the Stipulation on August 1, 2014, PUC Tracking No. 22237. Also enclosed is a certificate of service.

The specific correction made is found on page 11, “3. Other”, second bullet point, second sentence, as follows:

CenturyLink QC changed to CenturyTel/United.

If you have any questions, please contact me at your earliest convenience.

Sincerely,

Carla M. Butler
Paralegal

Enclosure
cc: Service List

310 SW Park Ave., 11th Flr.
Portland, OR 97205
Tel. 503.242.5420
Fax. 503.242.8589
carla.butler@centurylink.com

UM 1686
Exhibit A – Price Plan

**Price Plan Pursuant to ORS 759.255
CenturyTel of Oregon, Inc.
CenturyTel of Eastern Oregon, Inc.
and United Telephone Company of the Northwest
("CenturyTel/United")**

DEFINITIONS:

1. "New service" means a retail telecommunications service that is offered in Oregon for the first time following the effective date of this Price Plan. A service is not a new service if it merely renames, repackages, or is a variation of an existing service, or if it is reintroduced in substantially the same form after having been provided for free, withdrawn or abandoned.
2. "pre-Plan rates" means the rates charged by CenturyTel/United (the Company) in Oregon pursuant to its tariffs or price list that were effective on May 19, 2014, or CenturyTel/United's original introductory price for any new service introduced after May 19, 2014, but before the effective date of this Price Plan.
3. "Primary line basic service" means the first line only of basic local exchange service for an individual residential or business customer account at a single location that is not sold as part of a package. For purposes of this definition, "basic local exchange service" means residential single party flat rate local exchange service; residential single party measured local exchange service, including local exchange usage; business single party flat rate local exchange service; and business single party measured local exchange service, including local exchange usage. These rates are set forth in CenturyTel of Oregon and CenturyTel of Eastern Oregon's P.U.C. Or. No. 5 Tariff, Schedule I, Sheet No. 1.6 and in United Telephone Company of the Northwest's P.U.C. OR. No. 3 Tariff, Schedule AE-1, Sheets 3 and 3.1.

UM 1686
Exhibit A – Price Plan

4. “Other Services” means any other residential or business services contained in CenturyTel/United’s intrastate retail tariffs that are not expressly listed in the Price Plan. “Other Services” does not include Packages and Bundles.

5. “Packages and Bundles” means any combination of services which may include primary line residential or primary line business service as well as other services at a combined price.

A. General Objectives. CenturyTel/United’s Price Plan, as agreed to through the associated stipulation, (“Price Plan” or “Plan”) will achieve the following objectives;

1. Ensure the Plan is operating in a way that is in the public interest.
2. Produce prices for CenturyTel/United’s retail telecommunications services that are just and reasonable.
3. Ensure that the quality of existing telecommunications services will stay at or above current levels.
4. Maintain the appropriate balance between the need for regulation and competition.
5. Simplify and reduce the burden of regulation for both CenturyTel/United and the Commission.
6. Maintain the availability of primary line basic service at affordable rates throughout the state.
7. Increase CenturyTel/United’s pricing flexibility to meet changing market conditions.
8. Make new telecommunications services available.

B. Pricing and Availability of Services under Price Plan Initial Rates. The rates that CenturyTel/United currently charges in its approved tariffs and price lists will be its pre-Plan rates. These rates are subject to adjustment as provided below.

UM 1686
Exhibit A – Price Plan

1. Price Caps

- a. Non-recurring charges for residential primary line basic service. Charges for United Telephone Company of the Northwest may increase a maximum of \$10 during the period of the Price Plan. Charges for the CenturyTel companies will be capped at pre-Plan rates for the term of the Price Plan.
- b. Recurring charges for residential service. Primary line basic service for residential customers will be subject to price caps. Monthly rates for this Service may increase a maximum of \$3.00 during the period of the Price Plan. CenturyTel/United may increase these rates up to a \$2.00 on the Price Plan's effective date, and may increase rates up to an additional \$1.00 beginning in year 2 of the Price Plan.
- c. Recurring and non-recurring charges for business primary line basic services. Rates for these services will not be subject to price caps. If CenturyTel/United increases the recurring charge by more than \$4 over the term of the plan, CenturyTel/United must provide customers 90 day notice prior to 1) making the change that causes the cumulative price increase over the term of the Price Plan to exceed \$4.00 and 2) making any subsequent price changes.
- d. Availability. CenturyTel/United will continue to offer primary line residential and business basic service on a stand-alone basis.

2. Petition to remove or adjust price caps. CenturyTel/United may petition the Commission to remove or adjust the price caps for primary line residential basic service. CenturyTel/United will have the burden of showing that the removal or adjustment of the price caps for primary line residential basic service will result in

UM 1686
Exhibit A – Price Plan

rates that are just and reasonable. The Commission may also consider whether removal or adjustment of the price caps is in the public interest, considering the factors set forth in ORS 759.255(2). There is no presumption as part of this Price Plan that the Joint Parties would support such a petition.

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- F. DS-1 and ISDN-PRI Services. Rates for DS-1 and ISDN-PRI services will not be subject to price caps. If CenturyTel/United increases prices more than 25 percent over the term of the plan, CenturyTel/United must provide customers 6 months notice prior to 1) making the change that causes the cumulative price increase over term of the Price Plan to exceed 25 percent, and 2) making any subsequent price increases of over 5 percent within a rolling 12 month period.
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UM 1686

Exhibit A – Price Plan

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- I. Rate averaging.** For residential primary line basic service and business primary line basic service, CenturyTel/United will not further deaverage beyond the existing (pre-Plan) rate groups. Existing dollar differences between rate groups will not increase. For all other services, CenturyTel/United will maintain the statewide average rates.
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UM 1686

Exhibit A – Price Plan

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UM 1686

Exhibit A – Price Plan

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UM 1686

Exhibit A – Price Plan

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- ii. The Hood River Gorge Diverse Route Fiber Ring. This is a fiber ring CenturyLink intends to construct to establish route diversity to the Hood River, Columbia Gorge and Mount Hood areas, which will also provide diversity for legacy CenturyTel and United Internet connections statewide and 911 SS7 link redundancy for legacy CenturyTel and United customers in the Hood River, Columbia Gorge and Mount Hood areas. The estimated equipment cost for this project is \$500,000.
- iii. If CenturyLink completes the projects above in T (b) (i and ii), and the project actual costs are less than the estimated \$650,000, CenturyLink will complete

UM 1686
Exhibit A – Price Plan

additional projects as identified in T (c) (ii) or will work with Staff and CUB to identify new projects to reach the \$650,000.

c. If CenturyLink is unable to complete the projects identified in T (b) (i and ii) above, CenturyLink would commit to the following projects:

- i. Same as (b)(i) above.
- ii. Augments to CenturyLink's backbone fiber rings to migrate services off the original platform to a newer and higher capacity ring. This upgrade would provide the ability to add capacity as well as new technologies to the existing backbones rings. This project would benefit all CenturyLink Oregon customers.
- iii. If CenturyLink is unable to complete the projects identified in b above, CenturyLink would invest the same estimated dollar amounts that were agreed to in section b for projects listed in section c (subparagraphs i. and ii.)

U. Waiver of statutes, rules, and UM 1484 Merger Conditions.

1. Statutes. CenturyTel/United's compliance with the following statutes, and all Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted:

- ORS 759.120 Form and manner of accounts prescribed by Commission. Partial to the extent allowed by Order 11-095, Condition #11.
- ORS 759.125 Records and accounts prescribed by Commission; prohibition on other records or accounts; exception; blanks for reports. Partial to the extent allowed by Order 11-095, Condition #11.
- ORS 759.135 Depreciation accounts; un-depreciated investment allowed in rates; conditions. Full waiver. Waiver of this rule should not be understood

UM 1686
Exhibit A – Price Plan

to impact the requirement to report plant depreciation as requested in the Form O.

- ORS 759.180 to ORS 759.200 (with the exception of ORS 759.182).
- Full waiver of statutes listed below:
 - 759.180 Hearing on reasonableness of rates; procedures; exceptions
 - 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates.
 - 759.190 Notice of Schedule Change
 - 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services.
 - 759.200 Inclusion of amortizations in rates; deferral of certain expenses or revenues; limitation on amounts; prohibited uses.
- ORS 759.215(2) Public access to schedules. Full waiver.
- ORS 759.220 Joint rates and classifications; procedure; considerations – Partial waiver with regard to joint rates and establishment of new through services, but not with regard to canceling any existing through service.
- ORS 759.285 Charging rates based on cost of property not presently providing service. Full waiver.
- ORS 759.300 to ORS 759.360 – Issuance of Securities. Full waiver.
- ORS 759.385 to 759.393 Affiliate interest contracts.

2. Rules. CenturyTel/United's compliance with the following Commission rules is waived in full, unless a partial waiver is noted:

UM 1686

Exhibit A – Price Plan

- OAR 860-022-0025(2)(b) and (c) Requirements for Filing Tariffs or Schedules Changing Rates.
- OAR 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates.
- OAR 860-027-0015 New Construction Budget
- OAR 860-027-0050 Uniform System of Accounts for Large Telecommunications Utilities, partial waiver per Order 11-095, condition #11.
- OAR 860-027-0052 Allocation of Costs by a Large Telecommunications Utility
- OAR 860-027-0100 Reporting of Affiliated Transactions

3. Other.

- Partial waiver of Condition #11 in Commission Order 11-095 (appendix A) in Docket UM 1484 imposing as a condition of approval of the merger a requirement that CenturyTel/United annually submit Form O and Form I. CenturyTel/United will submit a Form I every three years (next report due 2016). No waiver of annual requirement for Form O.
- CenturyTel/United is not required to provide regional information in the Form O, and will only be required to provide Oregon-specific information in the Form O. CenturyTel/United is not required to file the following schedules in the annual Form O:
 - B-2. Analysis of Depreciation and Amortization
 - B-3. Analysis of Charges related to Plant Retired
 - B-4. Long-term Debt
 - I-4. Operating Taxes other than Federal Income Tax

UM 1686
Exhibit A – Price Plan

- I-6. Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax
- I-7. Reconciliation of Reported Net Income with Taxable Income for Oregon State Excise Tax
- I-8. Transactions with Affiliated and NonRegulated Operations

- CenturyTel/United's Form I filing, due every three years beginning in 2016, will be in the format provided in Attachment 1 to the Price Plan.

V. Term and Conditions for Review of CenturyTel/United's Performance Under Price Plan.

Term: The Price Plan will extend for three years, with an option for CenturyTel/United to extend the Price Plan by an additional (fourth) year. No later than the end of the second year of the Price Plan, CenturyTel/United will notify the Commission of its intent to extend the Plan for a fourth year or petition the Commission seeking 1) a new price plan; 2) modification to the existing Price Plan; or 3) any other form of regulation that may be applicable. If the Company elects to extend the Price Plan for a fourth year, it will be required to petition the Commission for a new form of regulation no later than the end of the third year of the Price Plan. Should the Company provide notice that it intends to extend the Price Plan for the fourth year, rates will remain at the negotiated cap(s) for basic residential service unless CenturyTel/United has not exercised the full dollar amount of the cap(s).

Three-year review: CenturyTel/United's performance under the Price Plan will be reviewed by the Commission every three years. The Company will file a report regarding its performance as compared to the objectives of the plan by the 90th day of the third year of operation under the plan. The report will review how the objectives of the plan are being met and will include the following information:

UM 1686

Exhibit A – Price Plan

1. An analysis of current market conditions for the various categories of CenturyTel/United's regulated retail telecommunications services to the extent such information is publically available.
2. Data regarding the gain or loss of access lines by wire center.
3. A discussion of how the pricing flexibility allowed the Company to meet the plans objectives.
4. Identification of any new services CenturyTel/United has introduced.
5. Identification of any ways in which the burden of regulation for both the Company and the Commission has been simplified or reduced.

W. Evaluation of market, modifications to Plan.

The Commission will review the data submitted by CenturyTel/United and any other relevant evidence regarding the competitiveness of the market for services that are functionally equivalent or substitutable for services offered by the Company, as well as any other relevant factors, and determine whether other modifications to the Plan are appropriate to provide CenturyTel/United with additional regulatory flexibility beyond that included in the original Price Plan.

The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the price plan or termination of the Price Plan is required by the public interest, according to the factors set forth in ORS 759.255(2). The Commission may order further adjustments to the Price Plan or termination of the Price Plan only after providing the Company notice and an opportunity for hearing. In any such investigation and proceeding, the Joint Parties agree that the Commission should first

UM 1686

Exhibit A – Price Plan

attempt to identify and require adjustments to the price plan such that the continuation of the Price Plan is in the public interest before it orders termination of the Price Plan.

1. If the Commission orders termination of the Price Plan, CenturyTel/United would no longer be able to increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.
2. If the Commission orders termination of the Price Plan, the Company may thereafter pursue any form of price regulation or relief therefrom then permitted under Oregon law, including but not limited to: exemptions from regulation pursuant to ORS 759.052; price listing pursuant to ORS 759.054, 759.056, and/or 759.195; rate regulation pursuant to ORS 759.175-759.190; another price plan pursuant to ORS 759.255; or price cap regulation pursuant to ORS 759.405-759.410.
3. If the Commission orders early termination of the Price Plan, the Parties agree the Commission may also, in the same proceeding, adjust CenturyTel/United's rates to ensure that the Company's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than pre-Plan rates. CenturyTel/United would no longer be able increase its rates as it was permitted to do under the Price Plan, but the Company would be allowed to decrease its rates subject to any applicable price floor.

ORDER NO.

11/ 347

Attachment 1

UM 1686

Exhibit A – Price Plan

20XX FORM I INPUT MASTER			
COMPANY NAME: <enter name>			
FCC Account and Description	Note No.	Line No.	Total Oregon Operations Subject To Separations
DETAIL			(Note 1)
PLANT IN SERVICE			
21XX General Support Facilities		1	0
22XX Central Office Equipment:			
CAT 1-Operator Systems		2	0
CAT 2-Tandem Switching (Alloc.)		3	0
CAT 2-Tandem Switching (Assign.)		4	0
CAT 3-Local Switching		5	0
CAT 4.12 -Exch. Trunk (Joint Use)		6	0
CAT 4.12 -Exch. Trunk (Ded. Use)		7	0
CAT 4.13 -Subscr. Line (Joint Use)	(6)	8	0
CAT 4.13 -Subscr. Line (Ded. Use)		9	0
CAT 4.23 -IX Trunk (Joint Use)		10	0
CAT 4.23 -IX Trunk Ckt. (Ded. Use)		11	0
CAT 4.3 -Host/Remote Trunk Ckt.		12	0
COE Other (Wideband CAT 4.11, .12 & .22)	(7)	13	0
Total COE		14	0
23XX Information Orig./Term. Equipment:			
CAT 1-Regulated CPE		15	0
Other IOT		16	0
Total IOT		17	0
24XX Cable & Wire Facilities:			
CAT 1.3-Subscriber Line (Common)	(6)	18	0
CAT 1.1,2-Subscriber Line (Ded.)		19	0
CAT 2-Exch. Trunk (Joint Use)		20	0
CAT 2-Exch. Trunk (Ded. Use)		21	0
CAT 3-IX Trunk (Joint Use)		22	0
CAT 3-IX Trunk (Ded. Use)		23	0
CAT 4-Host/Remote Trunk		24	0
C&WF Other (Wideband)	(7)	25	0
Total C&WF		26	0
26XX Other Assets:			
Capital Leases		27	0
Leasehold Improvements		28	0
Intangibles		29	0
Total Other Assets		30	0
Total Telecom. Plant in Service		31	0