

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1908

In the Matter of

QWEST CORPORATION, UNITED
TELEPHONE COMPANY OF THE
NORTHWEST, CENTURYTEL OF
OREGON, and CENTURYTEL OF
EASTERN OREGON,

Joint Petition for Approval of Price Plan
Pursuant to ORS 759.255 and Partial
Exemption Pursuant to ORS 759.052.

ORDER

DISPOSITION: STIPULATION ADOPTED; PRICE PLAN APPROVED

I. SUMMARY

In this order, we adopt the stipulation of the parties and provide our approval of the price plan of Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the Northwest d/b/a CenturyLink, CenturyTel of Oregon d/b/a CenturyLink, and CenturyTel of Eastern Oregon d/b/a CenturyLink (collectively "CenturyLink").

II. BACKGROUND

CenturyLink's current price plans, which we adopted in Order No. 14-346, docket UM 1354 (Qwest Corporation d/b/a CenturyLink QC) and Order No. 14-347, docket UM 1686 (United Telephone Company of the Northwest d/b/a CenturyLink, CenturyTel of Oregon d/b/a CenturyLink, and CenturyTel of Eastern Oregon d/b/a CenturyLink), expire on October 3, 2018 and October 8, 2018, respectively.¹ In this proceeding, CenturyLink proposes to replace its previously-approved plan with one that it asserts will provide additional regulatory flexibility to address retail market share losses in the face of increasing competition.² Under the schedule adopted at a prehearing conference held on

¹ Under the pricing plans currently in effect, the individual operating companies have slightly different plans. The plan proposed in the stipulation has uniform provisions for all CenturyLink affiliates in Oregon.

² CenturyLink originally filed a joint petition that sought both an approval of price plan under ORS 759.255 and partial deregulation under ORS 759.052. At our Staff's request, we denied, without prejudice, CenturyLink's request for deregulation under ORS 759.052, and directed CenturyLink to file a revised application under ORS 759.255. See Order No. 17-493.

February 7, 2018, CenturyLink, CUB and Staff periodically participated in workshops and conferences and ultimately settled all outstanding issues among themselves. On September 7, 2018, the parties filed a stipulation and supporting joint testimony for our review. The stipulation is included as Attachment A.

III. THE STIPULATION

A. CenturyLink's Petition

In addition to the need to replace the expiring price plan, CenturyLink asserts that further reductions in regulation and greater pricing flexibility are necessary for it to remain as a viable service provider and transition toward parity of regulation with its competitors. CenturyLink asserts that previously filed price plan performance reports show the existence and continuing growth of competition from cable companies, competitive local exchange carriers and wireless communications companies, resulting in further loss of market share in the provision of telecommunications services. CenturyLink claims that without sufficient customer service revenue and support from the Oregon Universal Service Fund, it will be financially compelled to decommission its circuit switched network in Oregon.

Staff and CUB take no position on the validity of CenturyLink's assertions, nor do they necessarily agree with the accuracy of CenturyLink's claims. All of the parties agree, however, that ORS 759.255 does not require the Commission to make a finding on competition in order for it to approve the price plan. The stipulating parties acknowledge that the settlement is the result of a compromise, and all recommend that we approve the stipulation and the price plan in their entirety.

B. Key Plan Terms and Conditions

The price plan, which is set forth as Appendix A to the stipulation, addresses pricing of numerous services and features associated with the provision of regulated telecommunications service. The parties recommend that we adopt the stipulation and approve the price plan as soon as possible, and no later than the expiration of the 2014 price plans. The most significant aspects of the price plan are as follows:

1. Plan Term

The initial term of the plan is four years, renewing automatically for successive four-year terms unless suspended or modified. After the plan has been in effect for two years, CenturyLink may petition to seek modifications. On the third anniversary of the initial

term, CenturyLink must file a performance report to enable a review of CenturyLink's performance under the plan.

2. *Availability of Service*

Primary Line Basic Service (PLBS) is the first line of residential or business single party flat rate or measured local exchange service. PLBS is a voice telecommunications service with inward and outward dialing capabilities, but without any other call features. It does, however, provide access to E911 dispatch centers and long distance carriers. CenturyLink will continue to offer stand-alone residential and business PLBS on a flat-rate or measured basis.

3. *Residential Service*

The plan permits CenturyLink to raise the residential PLBS monthly rate by up to \$10.00 over the plan's four-year term, but not more than \$3.00 in any plan year. Monthly rates for "other services" may increase up to 50 percent or \$0.50 annually, whichever is greater. Cumulative price increases for any residential "other service," which include such features as call forwarding, call waiting, speed calling and caller ID, may not exceed 200 percent over the four-year period.

4. *Measured Residential Service*

The plan caps the monthly rate any CenturyLink telecommunications utility can charge for the line component of measured residential service at 80 percent of the recurring monthly rate for flat rate residential PLBS and caps usage charges at current rates. CenturyLink may file a petition proposing modifications to the plan no sooner than the second anniversary of each four-year term. Therefore, CenturyLink's first opportunity to seek to grandfather or discontinue residential measured service is the second anniversary of the plan. Staff and CUB did not take a position on whether they would support such a request, should it be filed.

5. *Residential Packages and Bundles*

The plan imposes no caps on residential packages and bundles other than requiring that a residential package or bundle price not exceed the sum of the stand-alone retail prices of all available services in the package or bundle. Regulated telecommunications services offered as part of a package or bundle must also remain separately available for purchase. Non-recurring charges, such as for changes in service, may increase a maximum of \$10.00 during any four-year term plan. Extended Area Service calling rates are capped at

current levels and may not be increased during the term of the plan. Similarly, rates for toll restriction, call tracing, and unlisted residential numbers are capped at pre-plan rates.

6. *Business Services*

The plan requires the continued availability of stand-alone business PLBS in the companies' service areas, but imposes no price limits on business services, including DS-1, DS-3 and ISDN-PRI services,³ except to limit the rate that United, CenturyTel of Oregon, and CenturyTel of Eastern Oregon can charge for business PLBS to the rate CenturyLink QC charges for PLBS in its Rate Group 2. The plan makes no changes to CenturyLink's obligations under interconnection agreements and caps rates for intrastate switched access services at pre-plan rates.

7. *Rate De-Averaging*

Under the plan, CenturyLink is prohibited from further geographic de-averaging of its rates. As a consequence, CenturyLink would not be able to increase rates to a greater degree where relatively fewer competitive options are available than in areas where relatively more options are available.

8. *Facility Improvement Surcharge*

The plan does provide for a new Facility Improvement Surcharge, which allows CenturyLink the option of billing a non-discriminatory surcharge on all its customers at a uniform rate to recover facilities-related costs. However, the rate of the surcharge is counted against the annual and plan-term price increase caps on residential PLBS, thereby shielding customers of residential PLBS from an effective rate increase any greater than the plan's rate increase caps of \$3.00 per year and \$10.00 per price plan term. This allows the surcharge to operate as a form of pricing flexibility within the price caps described in the plan, consistent with a price plan under ORS 759.255 being price regulated without regard for return on investment.

C. *Price Plan Compliance with ORS 759.255*

To approve a price plan under ORS 759.255, we must consider whether the plan: (a) ensures prices for telecommunications services that are just and reasonable; (b) ensures

³ Intrastate DS-1 and DS-3 are point-to-point data services offered between locations within Oregon, and that carry less than 10 percent interstate usage. ISDN-PRI is a switched service, which provides up to 23 voice and/or data channels with the voice channels having access to the public switched network. Medium to large business would typically order this service for inbound and/or outbound calling over a single facility.

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. The parties address each criterion as follows:

1. *Criterion A: Ensures that rates for telecommunications services are just and reasonable*

The parties note that, by reaching a settlement, CenturyLink has waived the opportunity to seek full recovery of costs for the provision of a regulated service. They state that the plan's prices will be just and reasonable for six reasons: (1) CenturyLink's services are subject to changing competitive circumstances that warrant additional pricing flexibility; (2) CenturyLink's current prices for residential PLBS and the associated non-recurring charges are subject to price caps; (3) the Price Plan provides a commitment that residential and business PLBS will continue to be offered throughout the respective companies' service areas for the term of the Price Plan; (4) all regulated services (both business and residential) are restricted from further rate de-averaging, which will assure that customers with fewer competitive choices are shielded from rate increases that might otherwise be sustainable in Oregon's current telecommunications market; (5) certain services with particular public interest characteristics--including toll restriction, call-trace, and residential unlisted numbers--are either capped at pre-plan rates or otherwise price capped; and (6) the plan includes the obligation to continue to offer on a stand-alone basis all regulated services offered as part of a package or bundle.

2. *Criterion B: Ensures existing telecommunications services are of high quality and that new services are made available*

The parties state that CenturyLink will continue to be subject to our service quality rules and will continue its reporting practices as prescribed by the rules. These reports provide the means to monitor CenturyLink's service quality and compare it with those competitors also subject to reporting requirements. In the event that CenturyLink is found to be out of compliance with individual service quality standards, the parties explain that our service quality rules provide for the development of a corrective action plan.

CenturyLink intends to request changes to our service quality rules in a separate rulemaking proceeding. The parties agree to not unreasonably oppose the initiation of a service quality rulemaking, but there is no presumption as part of the price plan that the parties would support any particular rule modifications proposed by CenturyLink or any other participant.

3. *Criterion C: Maintains the appropriate balance between competition and the need for regulation*

The parties note the importance of the continued availability of high-quality basic telephone service, and acknowledge that CenturyLink has lost access lines and revenues to other carriers. CenturyLink asserts that price controls hinder its ability to recover its cost of providing service, and to strategically increase its prices to generate higher revenues. The parties state that the proposed price plan strikes an appropriate balance between regulation and competition, and recognizes that customers in many locations can choose other carriers than CenturyLink, and therefore, traditional cost of service regulation of CenturyLink is not appropriate. The plan is intended to ensure adequate pricing flexibility for CenturyLink so that it may respond to competitive pressures and allow it to try to maximize its revenues with light regulation for most of its services. The plan provides both upward and downward pricing flexibility for nearly all of CenturyLink's offerings, but will still enable the Commission to investigate and take remedial action at any time if it were to find that further adjustments to the plan or termination of the plan is required by the public interest.

4. *Criterion D: Simplifies regulation*

To implement and support the stipulated price plan, the parties recommend we waive various Commission statutes and rules. The parties note that if we approve a price plan under ORS 759.255, section (5) of that statute allows us to waive, in whole or in part, a telecommunications utility's compliance with certain enumerated statutes. In addition, OAR 860-022-0000(2), OAR 860-025-0000(2), OAR 860-026-0000(2), and OAR 860-027-0000(2), allow the waiver of any of the Division 22, 25, 26, or 27 rules for good cause.

Under the plan, the parties seek partial or full waivers of the following statutes:

- ORS 759.120 Form and manner of accounts prescribed by Commission
- ORS 759.125 Records and accounts prescribed by Commission; prohibition on other records or accounts; exception; blanks for reports
- ORS 759.135 Depreciation accounts; undepreciated investment allowed in rates; conditions
- ORS 759.180 Hearing on reasonableness of rates; procedures; exceptions
- ORS 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates
- ORS 759.190 Notice of schedule change
- ORS 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services

- ORS 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
- 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;
- ORS 759.300 to ORS 759.360 - Issuance of Securities
- ORS 759.375(1)(a) – Approval prior to sale, mortgage or disposal of operative utility property
- ORS 759.385 to 759.393 Affiliate contracts

The parties also seek partial or full waivers of the following rules:

- 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 860-022-0042 Relating to City Privilege Taxes, Fees, and Other Assessments Imposed Upon a Large Telecommunications Utility
- OAR 860-022-0047 Recovery of Certain Facility Relocation Costs.
- OAR 860-025-0065 Allocation of Carrier of Last Resort (COLR) Reinstatement Costs
- OAR 860-026-0025 Filing of Proposed Promotional Concession.
- OAR 860-027-0016 Accounting for Director's Fees
- OAR 860-027-0030 through OAR 860-027-044
- OAR 860-027-0050 through OAR 860-027-0052
- OAR 860-027-0070 Annual Report Requirements for Electric, Large Telecommunications, Gas, and Steam Heat Utilities
- OAR 860-027-0100 Reporting of Affiliated Transactions

In conclusion, the parties agree that the plan fulfills these criteria as well as the additional objective of ensuring a regulatory framework that specifically will maintain the availability of PLBS at affordable rates throughout CenturyLink's territories, and recommend that the Commission adopt the stipulation and approve the price plan as soon as possible, and no later than the expiration of the 2014 price plans, the first of which expires October 2, 2018.

IV. DISCUSSION

We find that the stipulation and plan for CenturyLink meet the criteria set forth in ORS 759.255(2), and are in the public interest. Accordingly, we find that the stipulation should be adopted, and that the plan should be approved.

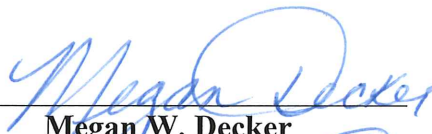
For the reasons cited by the joint parties, we agree that the plan meets the criteria set forth in ORS 759.255, and is in the public interest. The plan ensures prices are just and reasonable and incorporates existing and new price caps to ensure future increases are fair and just. The plan also continues CenturyLink's obligations to meet our retail service standards and reporting requirements to ensure the continued provision of high quality services. The plan also provides CenturyLink with opportunities to respond to evolving market competition and make new telecommunications services available.

In addition, the plan 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 discussed with particularity in the joint testimony, and provides CenturyLink with pricing flexibility in more competitive markets, but installs price cap or customer notification protection for market segments with fewer options. Moreover, the plan allows us to modify the plan when necessary.

V. ORDER

IT IS ORDERED that the stipulation between Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the Northwest d/b/a CenturyLink, CenturyTel of Oregon d/b/a CenturyLink, and CenturyTel of Eastern Oregon d/b/a CenturyLink, the Oregon Citizens' Utility Board, and the Staff of the Public Utility Commission of Oregon, attached hereto as Appendix A, is adopted.

Made, entered, and effective SEP 28 2018.

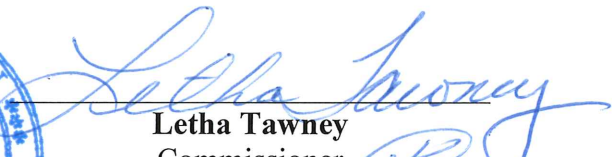


Megan W. Decker
Chair



Stephen M. Bloom
Commissioner





Letha Tawney
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 1908

In the Matter of

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

Joint Petition for Approval of Price Plan
Pursuant to ORS 759.255 and Partial
Exemption Pursuant to ORS 759.052

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 Qwest Corporation d/b/a CenturyLink QC, United Telephone Company of the Northwest d/b/a CenturyLink, CenturyTel of Oregon d/b/a CenturyLink, and CenturyTel of Eastern Oregon d/b/a CenturyLink (collectively "CenturyLink"), Staff of the Public Utilities Commission of Oregon ("Staff"), and Oregon Citizens' Utility Board ("CUB"). The parties may be referred to hereafter collectively as the "Joint Parties," "Parties," or individually as a "Party". This Stipulation has been made available to all parties to this docket, who have confirmed their participation in and consent to the stipulation by signing a copy.

2. The Parties agree that approval of the price plan attached hereto as Appendix A (the "Price Plan") and this Stipulation is in the public interest, and respectfully ask that the

Public Utility Commission of Oregon (the “Commission”) issue an order granting CenturyLink’s petition for a price plan, and approving this Stipulation and the Price Plan.

BACKGROUND

3. On October 23, 2017, CenturyLink filed a petition to be regulated under a price plan pursuant to ORS 759.255 and for partial exemption from regulation pursuant to ORS 759.052. Subsequent to the filing of that petition, CUB filed a notice of intervention.

4. At its December 5, 2017 Regular Public Meeting, the Commission denied CenturyLink’s request for deregulation of certain telecommunications services pursuant to ORS 759.052, without prejudice, and directed CenturyLink to file a revised version of its petition for a price plan pursuant to ORS 759.255, removing the portions of the petition that relied on ORS 759.052.¹ CenturyLink elected to amend its price plan Petition, removing the request for exemption, which it filed on December 27, 2017.² The Amended Joint Petition for Price Plan seeks a price plan under ORS 759.255 that will apply to all four CenturyLink entities, and will replace the price plans that the Commission approved for the entities in 2014.³

5. Representatives of CenturyLink, Commission Staff, and CUB attended a prehearing conference on February 7, 2018, after which ALJ Arlow issued a prehearing conference memorandum setting forth certain dates that the parties agreed to for interventions, workshops and settlement conferences, and status reports back to the Judge.

6. In accordance with the procedural schedule, the Joint Parties held workshops and settlement conferences periodically beginning in March 2018 through July 20, 2018. These workshops were open to, and participated in, by all parties to the docket.

¹ Order No. 17-493, Docket No. 1908 (Dec. 11, 2017).

² Amended Joint Petition for Price Plan, Docket No. 1908 (filed Dec. 27, 2017).

³ Order No. 14-346, Docket No. 1354 (Oct. 3, 2014); Order No. 14-347, Docket 1686 (Oct. 7, 2014).

7. Parties reached an agreement on the terms of the Price Plan after a final workshop and settlement conference was held on July 20, 2018.

8. The Joint Parties agreed to submit this Stipulation, the Price Plan, and supporting joint testimony as soon as was practicable. The Parties plan to file supporting testimony within one week of filing this Stipulation and the Price Plan.

AGREEMENT

9. The Joint Parties have negotiated this Stipulation and the Price Plan, attached as Appendix A and Exhibit 1 thereto, in good faith and recommend that the Commission adopt the Stipulation and the Price Plan in their entirety.

10. Appendix A and its exhibit set forth the terms and conditions of the Price Plan that the Joint Parties agree the Commission should approve. By executing this Stipulation, CenturyLink agrees to abide by and perform all terms of this Stipulation and the Price Plan, including its exhibit. The Price Plan contains agreements of the Joint Parties that are additional to those set forth in this Stipulation (the term "Joint Parties" in the Price Plan has the same meaning as in this Stipulation). By executing this Stipulation, the Joint Parties agree to abide by and perform all agreements set forth in this Stipulation as well as those set forth in the Price Plan as if they were set forth in this Stipulation.

11. CenturyLink acknowledges and agrees that no rate, tax, term or condition in any interconnection agreement (ICA) will change as a result of CenturyLink's Petition and any approved Stipulation in this docket. CenturyLink further acknowledges that Commission approval of its Petition and subsequent Stipulation in this docket shall not in any way affect its continuing obligations under existing ICAs and shall not in any way affect 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.

12. The Joint Parties agree that the Price Plan will be effective immediately following the Commission’s approval of the Petition, this Stipulation, and the Price Plan.

13. The Joint Parties acknowledge that the terms of this Stipulation and Price Plan satisfy the public interest standard set forth in ORS 759.255 for approval of the Price Plan.

14. The Joint Parties understand that this Stipulation is not binding on the Commission’s decision regarding CenturyLink’s Petition. The Joint Parties agree to support Commission approval of the Petition, this Stipulation, and the Price Plan. This Stipulation and forthcoming supporting testimony will be offered into the record of this proceeding as evidence pursuant to OAR 860-001-0350(7). The Joint Parties agree to support this Stipulation throughout this proceeding and any subsequent appeal, and to provide either witnesses to sponsor testimony or legal representatives to support this Stipulation. The Joint Parties will recommend the Commission issue an order adopting the agreements contained herein and approving CenturyLink’s Petition, this Stipulation, and the Price Plan. If any other party to this proceeding challenges this Stipulation, the Joint Parties agree to cooperate in cross-examination and put on such a case as they deem appropriate to respond fully to the issues presented, which may include addressing issues incorporated in the settlements embodied in this Stipulation.

15. The Joint Parties will encourage the Commission to enter an order approving CenturyLink’s Petition, this Stipulation, and the Price Plan as soon as possible, and not later than October 3, 2018, the date on which the current price plan expires for Qwest Corporation.

16. 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 disadvantaged by such action 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 and to present additional evidence and argument on the record, and/or seek reconsideration or appeal of the Commission's order. 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.


17. 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. 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.

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

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

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

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON


By Elizabeth B. Uzelac, OSB # 170507
Assistant Attorney General
Of Attorneys for PUC Staff
Dated: 9/7/2018

CENTURYLINK

Tre Hendricks
Senior Counsel, OSB #116944
Dated: _____

OREGON CITIZENS' UTILITY BOARD

Michael P. Goetz
Staff Attorney
Oregon Citizens' Utility Board
Dated: _____

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

STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By Elizabeth B. Uzelac, OSB # 170507
Assistant Attorney General
Of Attorneys for PUC Staff
Dated: _____

CENTURYLINK



Tre Hendricks
Senior Counsel, OSB #116944
Dated: September 7, 2018

OREGON CITIZENS' UTILITY BOARD

Michael P. Goetz
Staff Attorney
Oregon Citizens' Utility Board
Dated: _____

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

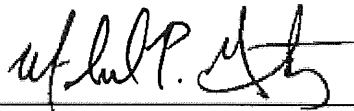
STAFF OF THE PUBLIC UTILITY
COMMISSION OF OREGON

By Elizabeth B. Uzelac, OSB # 170507
Assistant Attorney General
Of Attorneys for PUC Staff
Dated: _____

CENTURYLINK

Tre Hendricks
Senior Counsel, OSB #116944
Dated: _____

OREGON CITIZENS' UTILITY BOARD



Michael P. Goetz
Staff Attorney
Oregon Citizens' Utility Board
Dated: 9/7/18

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

Proposed ORS 759.255 Price Plan and ORS/OAR Waivers

Docket No. UM 1908 – Appendix A to Stipulation

1. Definitions:

- a) "CenturyLink" means Qwest Corporation, CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company of The Northwest.
- b) "New Service" means a retail telecommunications service that is offered by CenturyLink 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 grandfathered, withdrawn, or abandoned.
- c) "Other Services" means any other residential or business services contained in CenturyLink's Rate Schedules that are not specifically addressed in this Price Plan and does not include Packages and Bundles.
- d) "Packages and Bundles" means any combination of services, which may include residential or business basic local exchange service as well as other services at a combined price.
- e) "Pre-Plan" means the rates, terms, and conditions in CenturyLink's approved Rate Schedules immediately prior to the effective date of the Plan.
- f) "Price List" and "Price Lists" mean CenturyLink's Oregon intrastate retail price lists as of August 3, 2018, and any subsequent revisions to these Price Lists.
- g) "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 the 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.
- h) "Privilege Tax" has the same meaning as in OAR 860-022-0042(2)(c).
- i) "Rate Schedules" means CenturyLink's Tariffs and Price Lists.
- j) "Tariff" and "Tariffs" mean CenturyLink's Oregon intrastate retail tariffs as of August 3, 2018, and any subsequent revisions to these Tariffs. As of August 3, 2018, these consist of CenturyTel of Oregon and CenturyTel of Eastern Oregon tariff OR PUC No. 6, United Telephone Company of the Northwest tariff PUC OR No. 4 and Qwest Corporation tariff P.U.C. Oregon No. 33.

2. General Objectives:

- a) CenturyLink's Price Plan ("Price Plan" or "Plan") will achieve the following objectives:
 - i) Ensure a framework for offering telecommunications service that is in the public interest.
 - ii) Ensure high quality of existing telecommunications services and make new services available.

- iii) Produce prices for CenturyLink's retail telecommunications services that are just and reasonable.
- iv) Maintain the availability of Primary Line Basic Service at affordable rates throughout CenturyLink's service territory.
- v) Maintain the appropriate balance between the need for regulation and existing competition in Oregon for voice communication services.
- vi) Simplify and reduce the burden of regulation for CenturyLink and the Commission.

3. Term of Plan and Company Report:

- a) Term: The Plan will become effective upon Commission approval with an initial term of four years. The Plan will automatically renew for successive four-year terms, unless suspended or modified by a change in applicable law or an order of the Oregon Public Utilities Commission.
- b) Petitions to Modify or for Other Forms of Regulation: CenturyLink may file a petition, pursuant to ORS 759.255, proposing modifications to the Plan not sooner than the second anniversary of each four-year Plan term. CenturyLink may, at any time during the Plan, file a petition pursuant to ORS 759.052 or for any other form of regulation or relief permitted under Oregon law.
- c) Performance Report: CenturyLink shall submit a report detailing its performance and progress toward meeting the Plan objectives by the end of year three of each four-year Plan term. The report shall separately address the performance and progress of each CenturyLink entity covered by the Price Plan and shall address how each CenturyLink entity is meeting the objectives of the Plan, including the following information, at a minimum:
 - i) An analysis of current Oregon market conditions for the various categories of CenturyLink's regulated retail intrastate telecommunications services to the extent such information is publicly available.
 - ii) Data regarding the gain or loss of access lines by wire center.
 - iii) Identification of any new services CenturyLink has introduced.
 - iv) Identification of any ways in which the burden of regulation for both CenturyLink and the Commission has been simplified or reduced during the current Plan period.
 - v) A list of all price increases performed during the current Plan term, including the remaining amount of pricing flexibility available for each service.
- d) Commission Review:
 - i) The Commission shall review CenturyLink's performance under the Plan every four years on the basis of the Performance Report described in Section 3(c), any other relevant evidence regarding the competitiveness of the market for substitutable services and any other relevant factors.
 - ii) The Commission may open an investigation at any time pursuant to ORS 756.515 to determine whether further adjustments to the Plan or termination of the 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 Plan or termination of the Plan only after providing CenturyLink with notice and the opportunity for a hearing. In any such investigation and proceeding, the Joint Parties agree that the Commission should first attempt to identify and require adjustments to the Plan such that the continuation of the Plan is in the public interest before it orders termination of the Plan.

- iii) If the Commission orders termination of the Price Plan, CenturyLink 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; price cap regulation pursuant to ORS 759.405-759.410, or any other relevant statute.
- iv) If the Commission orders early termination of the Price Plan, the Parties agree that the Commission may also, in the same proceeding, adjust CenturyLink's rates to ensure that CenturyLink's rates are just and reasonable, and the Parties agree not to advocate for rates that are lower than those that were in effect one year prior to the initiation of the proceeding to terminate the Plan. CenturyLink would no longer be able to increase its rates as it was permitted to do under the Price Plan, but CenturyLink would be allowed to decrease its rates subject to any applicable price floor.

4. Pricing and Availability of Services under the Price Plan:

- a) The rates, terms and conditions that CenturyLink charges under its price lists and approved tariffs are just and reasonable and will be its published terms as of the effective date of the Plan.
- b) Availability: CenturyLink will continue to offer residential and business Primary Line Basic Service on a stand-alone basis.
- c) Non-recurring charges for residential Primary Line Basic Service: Charges may increase a maximum of \$10 during any four-year Plan term.
- d) Non-recurring charges for business Primary Line Basic Service: Charges will not be subject to price caps.
- e) Recurring charges for residential Primary Line Basic Service: Primary Line Basic Service for residential customers will be subject to price caps.
 - i) Monthly rates for flat rate residential Primary Line Basic Service may not increase by more than \$3.00 in any Plan year and may not increase by more than \$10.00 total over any four-year Plan term.
 - ii) Residential measured service: Monthly rates for the line component of measured service for each CenturyLink entity covered by the Price Plan shall not be priced any higher than 80% of that entity's flat rate residential Primary Line Basic Service. Rates for the usage component of residential measured service are capped at Pre-Plan rates.
- f) Recurring charges for business Primary Line Basic Service:
 - i) Prices for business Primary Line Basic Service will not be subject to price caps.
 - ii) The rate that is charged for this service by CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company of The Northwest shall be priced no higher than the rate charged for this service by Qwest Corporation in Rate Group 2.
- g) Extended Area Service (EAS): Rates for existing mandatory EAS are capped at Pre-Plan rates. CenturyLink is permitted to combine the respective EAS rates and the rate for residential Primary Line Basic Service into a single line item amount for the purpose of bill simplification. CenturyLink will not be required to establish any new or expanded EAS routes as long as it operates under the Price Plan.

- h) Directory Listings:
 - i) CenturyLink will provide at no additional charge the first listing included with the Primary Line Basic Service, including those within packages and bundles.
 - ii) Additional listings beyond the initial listing are price capped with increases limited to not more than 25% per Plan year.
- i) Directory Assistance: CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company of the Northwest may update their Rate Schedules to eliminate the two-call allowance for Directory Assistance Service, consistent with the terms for National Directory Assistance Service contained in Qwest Corporation's Rate Schedules.
- j) Toll Restriction/Call Trace/Unlisted Numbers:
 - i) Toll Restriction and Call Trace will continue to be priced at Pre-Plan rates.
 - ii) Residential Unlisted Numbers will continue to be priced at Pre-Plan rates.
 - iii) Business Unlisted Numbers may not increase by more than \$1.00 in any Plan year and may not increase by more than \$3.00 total over a four-year Plan term.
 - iv) Non-published Numbers may not increase by more than \$1.00 in any Plan year and may not increase by more than \$3.00 total over a four-year Plan term.
- k) Other Services: Monthly rates for "Other Services" for business customers will not be subject to price caps. Monthly rates for "Other Services" for residential customers may increase up to 50 percent or \$.50 annually, whichever is greater. The cumulative price increase for any Other Service over a four-year Plan term may not 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 nonrecurring charge for the removal of the service.
- l) Cost-Based Charges: Prices that are identified as at actual cost in CenturyLink's Rate Schedules as of August 3, 2018 will continue to be priced at actual cost
- n) DS-1, DS-3 and ISDN-PRI Services: Rates for DS-1, DS-3 and ISDN-PRI services will not be subject to price caps.
- o) E911 Services: Rates, terms, and conditions for E911 services in CenturyLink's rate schedules as of the effective date of this plan will remain at Pre-Plan status, except that CenturyLink may petition the Commission separately for any proposed rate changes or price structures.
- p) Switched Access Rates: Rates for intrastate switched access services will be capped at Pre-Plan rates and the Commission may adjust the price caps if required by FCC action.
- q) New Services: Any New Service introduced after the effective date of the Plan will not be subject to price caps.
- r) Packages and Bundles: CenturyLink may combine any regulated telecommunications service with any other service(s) to offer Packages and Bundles of services, which may include residential Primary Line Basic Service and EAS, at any price, subject to the below conditions:
 - i) All regulated telecommunications services offered as part of a package or bundle shall remain separately available for purchase from CenturyLink's Rate Schedules.
 - ii) The package or bundle price shall not exceed the sum of the stand-alone retail prices of all available services in the package or bundle.

- s) Rate Averaging:
 - i) CenturyLink will not further de-average the pricing of any existing regulated services that are currently de-averaged.
 - ii) CenturyLink will not increase the existing dollar differences between rate groups for residential or business Primary Line Basic Service rates. However, CenturyLink is permitted to reduce any differences in price between these rate groups.
 - iii) For regulated services that as of the effective date of this plan are sold on the basis of a statewide average rate, CenturyLink will maintain statewide average rates for these regulated services in each Rate Schedule.
5. Facility Improvement Surcharge:
- a) CenturyLink may implement a single surcharge to recover facilities-related costs. If implemented, the surcharge must be applied using a single uniform rate statewide and shall be applied on a nondiscriminatory basis. If CenturyLink elects to implement such a surcharge, the residential Primary Line Basic Service price cap for the Plan year in which the surcharge is introduced shall be reduced by the amount of the surcharge. If CenturyLink subsequently increases the surcharge, the residential Primary Line Basic Service price cap for the Plan year in which the surcharge is increased shall be reduced by the amount of that increase. At any given time, the sum of the increase to the residential Primary Line Basic Service rate and the surcharge shall not exceed either the annual or term caps described in Section 4.e.i of this Plan.
 - b) If CenturyLink elects to implement the surcharge discussed in Section 5(a), CenturyLink will first file a tariff change with the Commission that states the amount of the surcharge and all applicable terms and conditions.
 - c) CenturyLink will provide notice to customers 30 days before implementing the surcharge described in Section 5(a) or making any changes to that surcharge or related terms and conditions.
 - d) If CenturyLink wishes to label the surcharge discussed in Section 5(a) as anything other than "Facility Fee," "Facility Surcharge," "Facility Improvement Fee," or "Facility Improvement Surcharge," CenturyLink will first engage in good faith discussions with Commission Staff and CUB to reach agreement on how the surcharge will be labeled.
6. Recovery of Mandatory Taxes and Fees:
- a) CenturyLink may, with 30 days' notice to customers and the Commission, recover the public utility Privilege Tax as a pro rata charge equal to the rate imposed by the municipality and shown as a separate line item on all applicable customer bills.
 - b) CenturyLink may, with 30 days' notice to customers and the Commission, recover the OPUC fee as a separate line item on customers' bills.
7. Exogenous change adjustments: CenturyLink may petition the Commission for adjustments to the Price Plan to reflect changed circumstances outside CenturyLink's control that will have an overall material impact on the Company (e.g., changes in law, rule, or tax structure as a result of legislative, judicial, or administrative agency action). For example, the Company may request consideration of the introduction of new or increased taxes or fees assessed on the basis of revenue or margin that

will have an overall material impact on the Company, or changes in Universal Service Support, FCC imposed price floors, or other changes if those items are beyond its control and have an overall material impact on the Company. CenturyLink will have the burden of showing that adjustments will result in rates that are just and reasonable; the Commission may also consider whether Price Plan adjustments are 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.

8. Notice of Changes to Rate Schedules:

a) Commission Notice Requirements

- i) Tariff Changes: CenturyLink will file all Tariff changes with the Commission at least 30 days prior to the effective date of the change, except that price decreases may be filed with one-day notice.
- ii) Price List Changes: CenturyLink will file notice of all Price List changes with the Commission at least one day prior to the effective date of the change.

b) Customer Notice Requirements:

- i) Monthly Recurring Charges: For price increases and changes to the terms or conditions of service, CenturyLink will provide 30-day notice to customers subscribing to the service, including business customers under contract or with term commitments.
- ii) Pay-Per-Use Charges: For price increases and changes to the terms or conditions of service, CenturyLink will provide 30-day notice to customers who have used the service within the past 12 months.

iii) Form of Notice:

- (1) Retail customer notices may be made by bill message including notice to customers receiving electronic bills.
- (2) Wholesale customer notices may be made by email.

- c) 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 services from regulation. CenturyLink retains the ability to petition the Commission to exempt any additional services from regulation under ORS 759.052 or any other applicable rule or law, except for a petition to modify the Plan under ORS 759.255, as discussed in Section 3.b of this Plan.

9. Promotions: CenturyLink may offer promotions for residential Primary Line Basic Service and other regulated services pursuant to ORS 759.182 and 759.267.

10. Construction Charges: CenturyLink may revise its Rate Schedules for Line Extension Charges and Provisioning Agreements for Housing Developments to reflect the Principles set forth in Attachment 1 to this Price Plan.

11. Service Quality: CenturyLink shall continue to be subject to the Commission's service quality rules. CenturyLink has indicated that it may in the future elect to file a petition with the Commission to open a rulemaking to revise the Commission's service quality rules. The Joint Parties would not unreasonably oppose the initiation of such a rulemaking, but there is no presumption as part of this

Price Plan that the Joint Parties would support any particular proposed rule modifications put forth in such a petition.

12. Reporting:

- a) Form O: Qwest Corporation 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. The following schedules are no longer required as part of CenturyLink's Form O filing:
 - i) B-2. Analysis of Depreciation and Amortization
 - ii) B-3. Analysis of Charges related to Plant Retired;
 - iii) B-4. Long-term Debt;
 - iv) I-4. Operating Taxes other than Federal Income Tax;
 - v) I-6. Reconciliation of Reported Net Income with Taxable Income for Federal Income Tax;
 - vi) I-7. Reconciliation of Reported Net Income with Taxable Income for Oregon State Excise Tax;
 - vii) I-8. Transactions with Affiliated and Non-Regulated Operations.
- b) Form I:
 - i) CenturyLink will no longer be required to file the Commission's annual Form I.
 - ii) CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company of the Northwest will continue to file information in the Form I that is necessary to enable Staff to perform bi-annual calculations for the re-allocation process described in Attachment 2 to the UM 1481 Phase III Revised Stipulation the Commission adopted in Order No. 16-093.
- c) Affiliate Transactions: CenturyLink will not file with the Commission a report of affiliated interest contracts executed during the period from January 1 through December 31 of the immediately preceding year.

13. Waiver of statutes, rules and prior commission orders:

- a) Waiver - Pursuant to ORS 759.255(5), CenturyLink's compliance with the following statutes and the Commission rules implementing these statutes, is waived in full, unless a partial waiver is noted as long as CenturyLink operates under the Price Plan:
 - i) ORS 759.120 Form and manner of accounts prescribed by Commission; Partial to the extent allowed in prior Commission Orders.
 - ii) ORS 759.125 Records and accounts prescribed by Commission; prohibition on other records or accounts; exception; blanks for reports; Partial to the extent allowed in prior Commission Orders.
 - iii) ORS 759.135 Depreciation accounts; un-depreciated investment allowed in rates; conditions
 - iv) ORS 759.180 Hearing on reasonableness of rates; procedures; exceptions
 - v) ORS 759.185 Suspension of rates pending hearing; time limitation; refund of revenue collected; interim rates
 - vi) ORS 759.190 Notice of Schedule Change
 - vii) ORS 759.195 Price listing of services; conditions; maximum rates; essential services; justification by utility of rates for price-listed services
 - viii) ORS 759.200 Inclusion of amortizations in rates; deferral of certain expenses or revenues; limitation on amounts; prohibited uses

- ix) ORS 759.215 (2) Public access to schedules
- x) 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.
- xi) ORS 759.285 Charging rates based on cost of property not presently providing service;
- xii) ORS 759.300 to ORS 759.360 - Issuance of Securities.
- xiii) ORS 759.375(1)(a) – Approval prior to sale, mortgage or disposal of operative utility property – Partial waiver according to the below terms:
 - (1) CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company must seek prior approval for the sale, lease, assignment or other disposal of property necessary or useful in the performance of those entities' duties to the public of a value of or in excess of \$1 million. Qwest Corporation must seek prior approval for the sale, lease, assignment or other disposal of property necessary or useful in the performance of its duties to the public of a value of or in excess of \$10 million.
 - (2) CenturyLink must still seek prior approval under ORS 759.375(1)(a) of any sale, lease, assignment or other disposal of any franchise, permit or right to maintain and operate the telecommunications utility or telecommunications utility property, or perform any service as a telecommunications utility.
 - (3) CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company must also notify the Commission of the sale, lease, assignment, or other disposal of property necessary or useful in the performance of those entities' duties to the public of a value of or in excess of \$100,000, but less than \$1 million, within 60 days following the sale, and Qwest Corporation must notify the Commission of the sale, lease, assignment, or other disposal of property necessary or useful in the performance of its duties to the public of a value of or in excess of \$100,000, but less than \$10 million, within 60 days following the sale, consistent with ORS 759.375(2).
- xiv) ORS 759.385 to 759.393 Affiliate contracts

Rules - Pursuant to waiver authority the Commission has granted itself in each Division of the Commission's rules, CenturyLink's compliance with the following rules is waived in full, unless a partial waiver is noted, as long as CenturyLink operates under the Price Plan:

- i) OAR 860-022-0025(2)(b) and (c) Requirements for Filing Tariffs or Schedules Changing Rates
- ii) OAR 860-022-0030 Requirements for Filing Tariffs or Schedules Naming Increased Rates
- iii) OAR 860-022-0042 Relating to City Privilege Taxes, Fees, and Other Assessments Imposed Upon a Large Telecommunications Utility – Partial waiver of rule to allow CenturyLink to pass through to its customers the entire amount of City Privilege Taxes, Fees and Other Assessments as a separately itemized charge on its customer's bills.
- iv) OAR 860-022-0047 Recovery of Certain Facility Relocation Costs; Partial waiver to implement section 5, to the extent necessary.
- v) OAR 860-025-0065 Allocation of Carrier of Last Resort (COLR) Reinstatement Costs;
- vi) OAR 860-026-0025(b). Partial waiver to enable CenturyLink to run promotions for up to 9 months in any 12-month period.
- vii) OAR 860-027-0016 Accounting for Director's Fees
- viii) OAR 860-027-0030 through OAR 860-027-0044

- ix) OAR 860-027-0050 through OAR 860-027-0052
- x) OAR 860-027-0070 Annual Report Requirements for Electric, Large Telecommunications, Gas, and Steam Heat Utilities – except as required in Price Plan
- xi) OAR 860-027-0100 Reporting of Affiliated Transactions

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

Principles for Line Extension and Provisioning Agreement for Housing Developments

Docket No. UM 1908 – Exhibit 1 to Appendix A to Stipulation

General Principles

1. Qwest Corporation, CenturyTel of Oregon, CenturyTel of Eastern Oregon, and United Telephone Company of the Northwest (collectively, "CenturyLink") may modify their rate schedules to update their approach to line extension, construction, and housing development charges to reflect the below principles, which enable the companies to better control the total amount of, and increase the predictability of, the costs of certain construction activities, while also balancing the reduction of regulatory burdens with appropriate public interest considerations.
2. Generally, CenturyLink may remove from the relevant portion of its rate schedules the existing distinction related to base rate area to eliminate the allowance currently required based on an applicant for service being located inside the base rate area.
3. CenturyLink may not introduce terms and conditions to its rate schedules that would neutralize CenturyLink's carrier-of-last-resort obligations, which stem from a statute that cannot be waived under an ORS 759.255 price plan.
4. The Price Plan to which the parties have stipulated in Appendix A requires CenturyLink to file tariff changes at least thirty days prior to their effective date. Staff anticipates processing tariff changes conforming to these principles as compliance filings to simplify the approval process if CenturyLink's proposed changes do not exceed the scope of the principles identified in this document. The Price Plan to which the parties have stipulated requires CenturyLink to file price list changes at least one day in advance of their effective date; any changes to price list terms that are made to reflect the principles in this document, however, should be filed at least thirty days prior to their effective date to enable sufficient time for Commission Staff review.

Principles Related to Residential Construction Tariffs and Price Lists

Drops – Facilities between pedestal and residence

5. The builder or owner may be responsible for the cost of drops.
6. If the builder or owner is responsible for the cost of drops, the rate schedules will provide the builder or owner the right to perform work on private property associated with drops, such as trenching, conduit placement, placing pull rope, and setting poles, in order to defray costs.

Line Extensions – From closest practical point of distribution facilities to owner pedestal. The pedestal is typically at the owner property line for residential services. Line extensions do not include drops.

7. Line Extension Allowance:

- a. CenturyLink may impose line extension charges for an extension to plant to furnish service where the actual costs exceed \$2,000, and may only impose line extension charges for the portion of the actual costs that exceed \$2,000.

- b. Correspondingly, CenturyLink may stop using distance measurements as the basis for line extension allowances. This change eliminates the need to calculate distances and, together with the \$2,000 allowance in Principle 7(a) and the elimination of base rate area allowance in Principle 2, substantially reduces CenturyLink's costs.

8. Routes, Easements, Rights of Way, and Associated Costs:

- a. CenturyLink shall determine the route for line extensions along public rights of ways and may determine the route for line extensions on private property.
- b. The owner is responsible for obtaining and paying for easements where necessary, subject to the \$2,000 allowance described in Principle 7(a).
- c. CenturyLink is responsible for obtaining access to public rights of way and the costs associated with obtaining such access.
- d. CenturyLink must inform an owner in writing in advance if CenturyLink's preferred route will result in costs exceeding the \$2,000 allowance and must include in such notice an itemized estimate of costs and any alternative route options that would result in lower costs for the owner. If CenturyLink's preferred route would necessitate obtaining an easement, CenturyLink has a duty to avoid acting in any way that may inflate the cost of such an easement.

9. Batching Line Extension Projects:

- a. In other than a Provisioning Agreement for Housing Developments (PAHD), CenturyLink may batch line extension agreements into one project. The terms and conditions for administering the batched line extensions will be set forth in a written contract, which must provide for reimbursement of the difference between estimated and actual costs. In the event that line extension projects are batched, the total line extension allowance under Principle 7(a) for those line extension project shall be the product of \$2,000 multiplied by the number of applicants for service requiring line extension in that batch.
- b. Applicants for service that require line extensions shall not be required to participate in a batched line extension project as a condition of obtaining service

10. Calculation of Costs:

- a. Line extension costs may only include costs associated with facilities necessary to serve the owner or owners requesting the line extension(s). In a cost estimate, costs associated with providing unregulated services shall be clearly itemized in the estimate/quote, and residential customers should be given the opportunity to choose to pay for drop facilities to provide unregulated services at the time of obtaining service.
- b. The calculation of line extension costs or allowances may not include costs associated with reinforcement of facilities needed to provide regulated or unregulated services for future owners or developments.
- c. Costs may be allocated on a reasonable basis (e.g., pair counts or capacity related to regulated telephone service).

Principles Related to Provisioning Agreements for Housing Developments

- 11. A developer may be required to pay all line extension and construction costs necessary to extend CenturyLink's network to service a development.
- 12. Where the developer is not the builder, the builder or owner may be responsible for the cost of drops, unless the terms of the PAHD include the costs of drops.

13. CenturyLink may modify payment requirements and reduce charges associated with developments to respond to competition.
14. In a PAHD where the developer, builder, or owner is required to pay line extension or construction costs, CenturyLink shall provide a quote of estimated costs and shall reimburse the payer the excess between estimated and actual costs.
15. A developer, builder, or owner may perform work such as trenching, conduit placement, placing pull rope, and setting poles, on private property in order to defray costs.