

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION
AT RICHMOND, FEBRUARY 18, 2016

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APPLICATION OF

SEC-CLERK'S OFFICE
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CENTRAL TELEPHONE COMPANY OF VIRGINIA
d/b/a CENTURYLINK

2016 FEB 18 A 9:13
CASE NO. PUC-2015-00047

To expand the competitive determination
for certain residential retail services
throughout its incumbent territory

FINAL ORDER

On October 2, 2015, Central Telephone Company of Virginia d/b/a CenturyLink ("Central" or "Company") filed an application with the State Corporation Commission ("Commission") requesting that the Commission, pursuant to § 56-235.5 I of the Code of Virginia ("Code"), expand the competitive determination for residential retail services to all of Central's incumbent territory in the Commonwealth of Virginia and apply the same regulatory treatment adopted in Case No. PUC-2014-00034¹ throughout its remaining exchanges ("Application"). In its Application, the Company listed the exchanges in Central's incumbent service territory that have been determined to be competitive pursuant to the competitive test and administrative process adopted by the Commission in Case No. PUC-2014-00034.²

Central stated in its Application that pursuant to § 56-235.5 I of the Code, if the Commission determines pursuant to subsections E and F of § 56-235.5 of the Code that 75% or more of residential households in Central's incumbent territory are in areas that have been determined by the Commission to be competitive for a certain telephone service, then the

¹ *Application of Central Telephone Company of Virginia d/b/a CenturyLink and United Telephone Southeast LLC d/b/a CenturyLink, To establish a competitive test*, Case No. PUC-2014-00034, 2014 S.C.C. Ann. Rept. 229, Final Order (Nov. 13, 2014) ("Competitive Test Order").

² Application at 2-3.

Commission shall expand the competitive determination for that telephone service to the remainder of the Company's incumbent territory.³ In its Application, the Company asserted that currently 77.6% of residential households in its incumbent territory fall within areas that have been determined to be competitive for certain retail services and that, consequently, such a determination should be expanded to treat all of Central's Virginia incumbent territory as competitive for those residential retail services.⁴

Central noted in its Application that in the Competitive Test Order, the Commission established safeguards for those Central residential customers whose services were deemed to be competitive by capping price increases for residential basic local exchange telephone services ("BLETS") at two dollars per year for a three-year period.⁵ Accordingly, Central may not increase the price of residential BLETS by more than two dollars per year through January 28, 2018.⁶

On October 23, 2015, the Commission issued an Order for Notice and Comment that, among other things, docketed Central's Application; directed Central to give notice to the public of its Application; provided an opportunity for interested persons to comment or request a hearing on Central's Application; and directed the Staff of the Commission ("Staff") to analyze Central's Application and present its findings and recommendations in a filing with the Clerk of the Commission. No requests for a hearing were filed. While two individuals filed comments,

³ *Id.* at 1.

⁴ *Id.* at 3.

⁵ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 231 ("A consumer safeguard capping residential price increases at two dollars per year for three years hereby is adopted. This safeguard shall be in effect through the latter of: (i) December 31, 2017, or (ii) three years from the first time a [Central] exchange is determined through the administrative process to be competitive for residential BLETS.").

⁶ On January 28, 2015, the first exchange of Central was determined through the administrative process to be competitive for residential BLETS. *See* Application at 2.

neither specifically addressed whether Central had met the statutory standard to expand the competitive determination, nor explicitly opposed Central's request.

On January 13, 2016, the Staff filed its comments on Central's Application ("Staff Comments"). The Staff concluded that the Commission can determine that at least 75% of households in Central's incumbent local territory have been determined to be competitive for residential BLETS, and that the competitive determination may be expanded throughout Central's remaining incumbent exchanges.⁷ The Staff noted that, should the Commission grant Central's request to expand the competitive determination to all Central exchanges, all Central residential consumer BLETS price increases would be capped by two dollars per year until January 28, 2018, as a consumer safeguard.⁸ In addition, the Staff indicated that the annual filing requirement adopted as a safeguard in the Competitive Test Order⁹ would remain in place until December 31, 2017, and would cover all Central exchanges.¹⁰

On January 15, 2016, Central filed a response to the Staff Comments which stated that the Company has no objection or further comment, and requested that the Commission issue an order granting its Application.¹¹

NOW THE COMMISSION, upon consideration of the matter, is of the opinion and finds that Central's Application should be approved. We find that at least 75% of households in

⁷ Staff Comments at 7.

⁸ *Id.* at 6.

⁹ Competitive Test Order, 2014 S.C.C. Ann. Rept. at 232 ("[Central] shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filing shall continue until December 31, 2017, after which [Central] shall continue to maintain such data and provide it to the Staff upon request").

¹⁰ Staff Comments at 6-7.

¹¹ Central Response (Jan. 15, 2016).

Central's incumbent local territory are in exchanges that have been determined to be competitive for residential BLETS. We find that Central has met the statutory standard set forth in § 56-235.5 of the Code and, therefore, Central's competitive determination for residential retail services should be expanded throughout Central's incumbent territory. We find that we should apply the same regulatory treatment adopted in the Competitive Test Order for residential retail services. We further find that the consumer safeguards should continue to apply as set forth in the Staff Comments.

Accordingly, IT IS ORDERED THAT:

- (1) Central's competitive determination for residential retail services hereby is expanded throughout its incumbent territory, and the same regulatory treatment adopted in the Competitive Test Order shall apply to such services.
- (2) The consumer safeguard capping residential BLETS price increases at two dollars per year through January 28, 2018, shall apply in each of Central's incumbent exchanges.
- (3) Central shall continue to make an annual filing with the Staff demonstrating that revenues from its competitive services in the aggregate cover their direct incremental costs. Such filings shall continue until December 31, 2017, after which Central shall continue to maintain such data and provide it to the Staff upon request.
- (4) This case hereby is dismissed from the Commission's active docket, and the papers filed herein shall be placed in the file for ended causes.

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:
Jeanne W. Stockman, Senior Corporate Counsel, CenturyLink, 14111 Capital Boulevard,
Mailstop NCWKFR0313, Wake Forest, North Carolina 27587; and C. Meade Browder, Jr.,
Senior Assistant Attorney General, Division of Consumer Counsel, Office of the Attorney

