



CARLA M. BUTLER

October 4, 2017

Via Electronic Filing Only

Gary Widerburg
Commission Administrator
Utah Public Service Commission
Heber M. Wells Building, 4th Floor
160 East 300 South
Salt Lake City, UT 84111
psc@utah.gov

Re: Docket No. 17-R360-01

Dear Mr. Widerburg:

Attached for filing in the above entitled docket please find CenturyLink's Comments in Response to the September 5, 2017 Request, along with a Certificate of Service.

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

Sincerely,

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

Carla Butler
Lead Paralegal

Attachment
cc: Service List

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Attorney for CenturyLink

BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH

In the Matter of the Utah Administrative
Code R746-360 Universal Public
Telecommunications Service Support Fund

DOCKET NO. 17-R360-01

COMMENTS IN RESPONSE TO THE SEPTEMBER 5, 2017 REQUEST

Qwest Corporation d/b/a CenturyLink QC and CenturyLink Communications, LLC (“CenturyLink”) appreciate the opportunity to file comments in response to the Utah Public Service Commission’s (“Commission”) September 5, 2017 *Request for Comments and Draft Rule Language: UUSF Assessment of Prepaid Wireless* (The “September 5 Request”). In the September 5 Request, the Commission asked for a response to three questions regarding prepaid wireless service. In addition to the responses below, CenturyLink incorporates by reference its October 2, 2017 comments. As set forth in earlier comments, prepaid wireless should not be treated differently than other types of lines/connections to the public switched telephone network (“PSTN”). The difference between prepaid wireless and other types of wireless service connecting to the PSTN is the manner that the end user customer is billed. The billing method to the end user should not dictate whether a prepaid wireless connection should contribute to the

UUSF in a comparable manner as other similar connections. Below are the three questions from the September 5 Request and CenturyLink's response:

1. What forms of telecommunications service are considered "prepaid wireless" service in the current marketplace?

Response: "Prepaid wireless" is a type of wireless telephone service wherein a user can make and receive a telephone call through the PSTN, and the service is paid up front by the end user. As shown in CenturyLink's Exhibit A, Exhibit B and Exhibit C to its comments that were filed on October 2, 2017, there are a variety of options/plans available from prepaid wireless providers that are being offered in the marketplace today. Prepaid wireless uses the same technology as postpaid wireless service.¹

2. Of the different forms of prepaid wireless service, which are assessable under the PSC's proposed per-access line mechanism for funding the Utah Universal Service Fund (UUSF) (published in the Utah State Bulletin Vol. 2017 No.17?)

Response: All prepaid wireless connections should be subject to the per-access line mechanism for funding the UUSF. Utah law requires that the UUSF assessment be done in a technologically and competitively neutral manner.²

As indicated in CenturyLink's response to question one, there are many different options/plans available to customers which are offered by numerous prepaid wireless providers. The differences in prepaid wireless plans relate to the billing structure, not the technology. As required by Utah statute, and consistent with the Commission's

¹ The only difference being that prepaid wireless plans, the customer is billed or pays up front and postpaid wireless plans the customer is usually billed monthly after the month of service.

² Utah Statue 54-8b-15(9):
https://le.utah.gov/xcode/Title54/Chapter8B/54-8b-S15.html?v=C54-8b-S15_2017050920170701

decision to change the UUSF funding mechanism, all providers of lines/connections must pay the UUSF charge to the Commission for every line/connection they provide in Utah, consistent with the Commission's UUSF rules. This applies, to all providers of traditional phone service, providers of VoIP voice service and providers of wireless voice service. Prepaid wireless providers should not be treated different from other providers of lines/connections. To exclude prepaid wireless providers from the UUSF assessment would create an unfair competitive advantage for such providers.

Wireless providers are not the only providers that offer prepaid and postpaid options to customers. For example, CenturyLink provides unlimited local calling with its traditional phone service on a prepaid basis. CenturyLink also offers an unlimited calling (local and long distance within the United States) VoIP voice service that is also offered on a prepaid basis. CenturyLink even has service offerings where a customer pays in advance with a credit card. The charge to these customers includes the required taxes, fees and surcharges. Customers subscribing to these services are billed or pay each month in advance (prepaid), and it is anticipated that the UUSF assessment will apply for these connections to the PSTN.

3. *Which forms of prepaid wireless service are arguably excluded from the UUSF assessment under the proposed rule language?*

Response: No prepaid wireless providers (or any of the prepaid wireless voice service/plans they provide) should be excluded from the UUSF charge if they can make and receiving calls from the PSTN. In its October 2nd comments CenturyLink provided two ways for the Commission to proceed with its current proposed rule language to

ensure prepaid wireless providers are required by the Commission rule to pay the UUSF on a per line/connection basis consistent with other providers.

The first option is for the Commission to eliminate the end-user billed UUSF surcharge mandate in the proposed rule, and instead add the permissive language previously recommended to the Commission.³ It should be left to the provider to determine how to recover the UUSF assessment. The Commission will need to make sure that the revised proposed rule is republished soon enough to ensure it will be effective prior to the January 1, 2018. This is the best option to ensure that the Commission's UUSF rules are implemented in a non-discriminatory and competitively neutral manner.

A second option is for the Commission to define in an order that prepaid wireless providers and prepaid wireless plans are included in the all-inclusive category in the Commission rules addressing all-inclusive plans. Prepaid wireless providers will be subject to the UUSF charge like postpaid wireless providers and non-wireless providers with prepaid plans as well as those with postpaid plans. The all-inclusive language in the proposed rules does not need to be changed if the Commission, through an order, indicates that all-inclusive billing plans, including prepaid wireless plans, are still subject to the UUSF assessment for every connection to the PSTN. If for any reason the Commission decides not to follow any of the above recommended options, the Commission will need to develop and implement a hybrid method for prepaid wireless that has prepaid wireless providers continue to pay the UUSF in a comparable manner as all other providers.⁴ The hybrid method would require prepaid wireless to continue to pay the UUSF

³ August 2, 2017 Reply Comments in this proceeding. PSC website link to the comments: <https://psc.utah.gov/2017/03/28/docket-no-17-r360-01/>

⁴ The DPU has told CenturyLink that at least some of the prepaid wireless providers currently pay the UUSF percentage based charge to the Commission.

assessment based on a percentage of revenue. The percentage of revenue of the UUSF charge would need to be reviewed frequently and changed to ensure that on average the prepaid wireless providers are paying a similar amount to what they would pay on a per line/connection basis. For prepaid wireless providers with much lower charges for prepaid wireless service, the Commission may need to impute a minimum payment amount. CenturyLink believes a hybrid approach will be complicated and difficult to administer, and may result in an unfair competitive advantage for prepaid wireless providers.

It is difficult to predict all the different types of voice service plans that may be developed in the future. Voice service is becoming less important to customers as they utilize texting, data services, and other applications more frequently. It is possible that in the future that a provider could offer free voice service to customers who subscribe to a high-speed internet service or buys a data service. It is possible that a provider could have a plan where if the customer buys a device from that provider, there is little or no charge for voice service, at least for a period-of-time. Also, it is possible that if a customer is willing to listen to audio advertising on their voice service device, a provider would significantly reduce the charge for the voice service or even provide it at no charge. It is impossible for anyone to know what could or may happen in the future with creative marketing plans in a very competitive voice service marketplace. That is why CenturyLink believes the legislature had the foresight to require the UUSF charge be assessed to providers⁵ and not require in statute an end-user surcharge as is required by the 911 statute.⁶ The Commission should remain agnostic to technology, the different business models of providers, and to the different voice service offerings. The UUSF statute provides the Commission with the

⁵ Utah Statute 54-8b-15(8):

https://le.utah.gov/xcode/Title54/Chapter8B/54-8b-S15.html?v=C54-8b-S15_2017050920170701

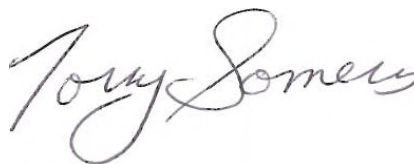
⁶ Utah Statute: 69-2-402(2)(a): *Subject to Subsection (6), there is imposed on each access line in the state a 911 emergency service charge of 71 cents per month. 69-2-402(3)(a): Subject to Subsection (6), the person that provides service to an access line shall bill and collect the 911 emergency service charge.*

flexibility to pick the best method for the UUSF charge.⁷ CenturyLink believes a party challenging the per line/connection based UUSF charge will have a difficult time challenging the Commission's actions, so long as the assessment is done in a competitively and technology neutral manner, including prepaid wireless in the assessment.

CenturyLink appreciates the Commission's willingness to continue to entertain various ideas and suggestions. To ensure preventing an unfair advantage to some providers over others, the Commission should follow the specific language in the UUSF statute and assess the UUSF per line/connection based charge on providers, and not mandate an end-user UUSF surcharge on the bill. This leaves it to the provider to determine how they will collect the non-revenue based assessment from their customers.

RESPECTFULLY SUBMITTED this 4th day of October 2017.

CENTURYLINK

A handwritten signature in cursive script that reads "Torry Somers". The signature is written in black ink and is positioned above a horizontal line.

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⁷ Utah Statute 54-8b-15(9)(c):
https://le.utah.gov/xcode/Title54/Chapter8B/54-8b-S15.html?v=C54-8b-S15_2017050920170701

CERTIFICATE OF SERVICE
VIA EMAIL TRANSMISSION
Docket No. 17-R360-01

I hereby certify that on the 4th day of October, 2017, I caused a true and correct copy of the foregoing CENTURYLINK'S COMMENTS IN RESPONSE TO THE SEPTEMBER 5, 2017 REQUEST to be served upon the following persons via electronic mail at the e-mail addresses shown below.

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