

## UTAH – QWEST (U S WEST) WIRELESS USE PROGRAM

In December 1995, U S West implemented a program of loaning cellular phones to primary held order customers as a result of an agreement that the company made in Docket No. 95-049-35. The program was never intended to be a permanent program but was put into place at the time when there were significant primary held order problems.

The following outlines what was initially included in the program:

*U S West will offer an unlimited usage wireless phone option (i.e. Cellular Loaner Program, Interim Service Solutions, fixed wireless, etc.) to primary held order customers, when it becomes apparent to U S West that the order will be held longer than 7 days beyond the due date on the order. This option will be made available to primary held order customers as long as their order is held for facility reasons.*

*The Commission has defined held order and primary held order as follows: “Held order” means a customer request for service that cannot be met by the requested due date because the Company does not have the needed facilities in place. “Primary held order” means the inability to timely provide the first service to a customer who has not previously had service at the location in question. (Report and Order, Docket No. 95-049-35, April 22, 1996, page 7)*

*A primary held order customer will be loaned one unlimited usage wireless phone. Customers will not be charged for the “air-time.” Residential and Business customers will pay a monthly flat rated charge equivalent to the monthly charge for basic service.*

*The telephone number for the primary line will be set up to call forward to the wireless phone or another telephone number within the local calling area or to U S West’s voice mail service as directed by the customer, at no charge to the customer.*

*The customer is responsible for toll charges incurred on a loaned wireless option. The company may use a toll block (i.e. preventing direct dialed toll calls) on the loaned wireless phone. Customers may access the toll provider of their choice through their own toll calling card.*

*U S West may offer to customers as an alternative choice to the unlimited usage wireless phone option, a monthly limited bill credit option.*

In 2000, during the U S West/Qwest merger proceeding (Docket No.99-049-41) the company agreed through settlement with the Utah Division of Public Utilities (DPU) to continue the program.

The stipulation with the DPU stated the following:

*20.b The cellular loaner for primary lines will continue until PSC approval of withdrawal or modification of the offering. Prior to the third anniversary of the closing of the merger, the Division will engage in a cooperative review of the program with USWC to determine if withdrawal or modification is justified.*

When the program was first implemented the company purchased hundreds of wireless phone sets that were loaned to primary held order customers. Periodically the company was required to purchase new updated cell phone sets to replace the existing cell phone sets. Also, as part of the program, the company offered a “monthly limited bill credit option.” Over time, as cell phone usage became more widespread, customers stopped choosing the loaned cell phone set option instead choosing the “monthly limited bill credit option.” Most likely during the 2003 to 2004 time frame, the company stopped purchasing new cell phone sets for the program and phased out the existing cell phone sets.

It is not known why the company and the DPU did not “engage in a cooperative review” prior to the “third anniversary of the closing of the [Qwest-US WEST] merger.” Over time held orders have diminished to very low levels.<sup>1</sup> The program continued up until late 2010, when the company replaced an existing system that supported the program with a new system that does not have the capability, on a mechanized basis, to support the program. Recently the company determined that it should have notified the PSC of its intentions to discontinue the program prior to its discontinuance.

On August 27, 2013, the company met with the DPU and discussed the discontinuance of the program. In the meeting the DPU concurred that there was no longer a reason to continue with the program, and CenturyLink informed the DPU of its intention to notify the PSC.

A lot has changed since the program first began in 1995 and over time wireless has become more readily utilized. For example, in December 1995 there were an estimated 33.8 million wireless subscribers nationwide. As of June 2010 there were an estimated 292.8 million wireless subscribers nationwide.<sup>2</sup> Today wireless is being utilized by a vast majority of the households in Utah. As of December 2011, an estimated 89.6% of Utah adults 18 and older lived in households with wireless service,<sup>3</sup> and 92.7% of children under 18 lived in households with wireless service.<sup>4</sup>

Thus, due to the massive growth in wireline phones, and the fact that nearly all Utah residents today already have a wireless phone, a landline held order has far less impact on a Utah customer today than it did in 1995.

Recently in Docket No. 13-049-13 the company provided to the Commission competitive information which also supports the company’s discontinuance of the program. CenturyLink was the only telecommunications provider in the state that was required to engage in this program and none of its competitors had this obligation.

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<sup>1</sup> Over the last year, end of the month held orders have been minimal, ranging from 1 to 10 orders.

<sup>2</sup> CTIA’s Semi-Annual Wireless Industry Survey:  
[http://files.ctia.org/pdf/CTIA\\_Survey\\_Midyear\\_2010\\_Graphics.pdf](http://files.ctia.org/pdf/CTIA_Survey_Midyear_2010_Graphics.pdf)

<sup>3</sup> National Health Statistics Report: (<http://www.cdc.gov/nchs/data/nhsr/nhsr061.pdf>) Page 8, Table 2

<sup>4</sup> National Health Statistics Report: (<http://www.cdc.gov/nchs/data/nhsr/nhsr061.pdf>) Page 11, Table 3