

January 7, 2019

SB 417

The Carrier of Last Resort or “COLR” in a Competitive Market

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CenturyLink

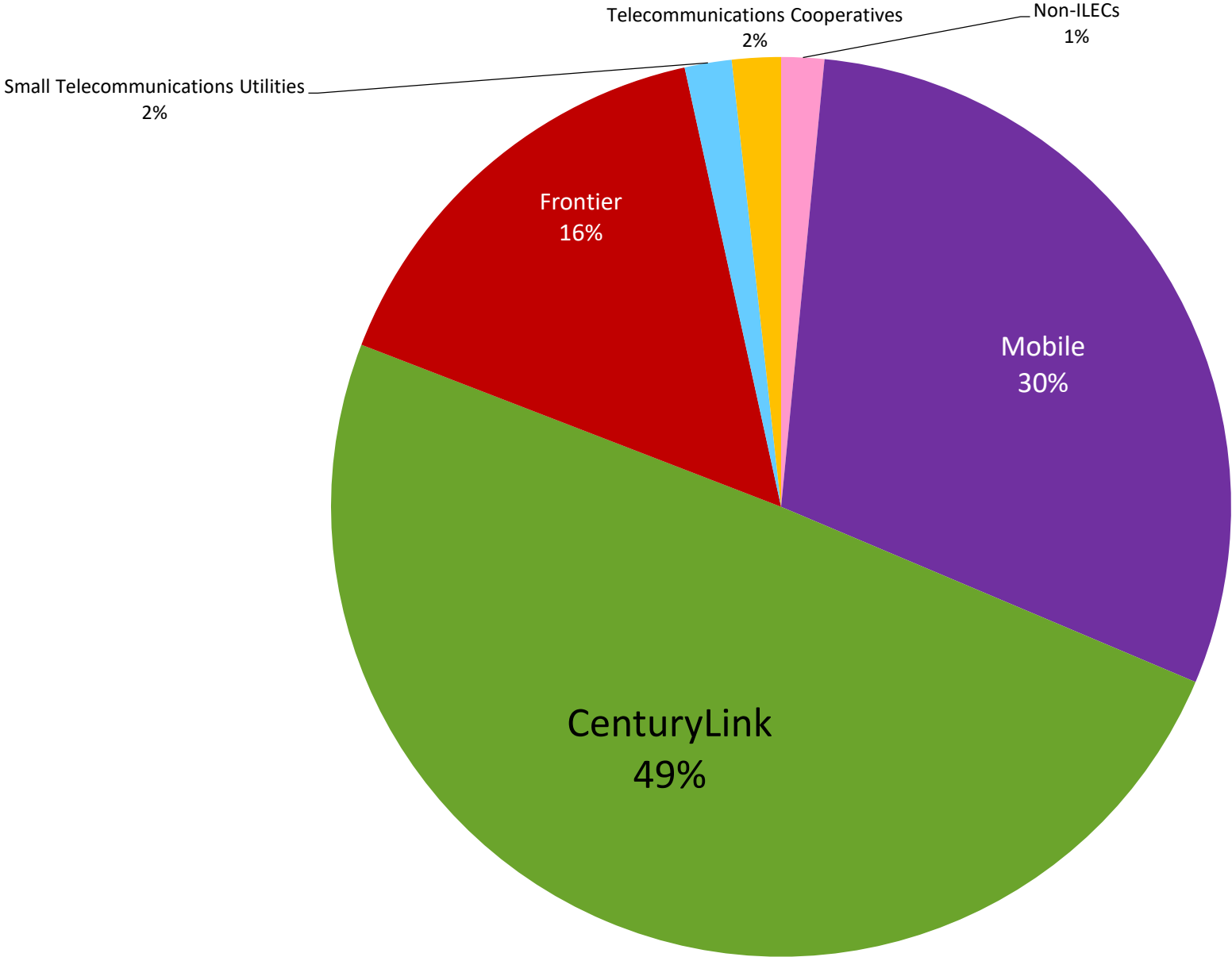
The fate of a bill...



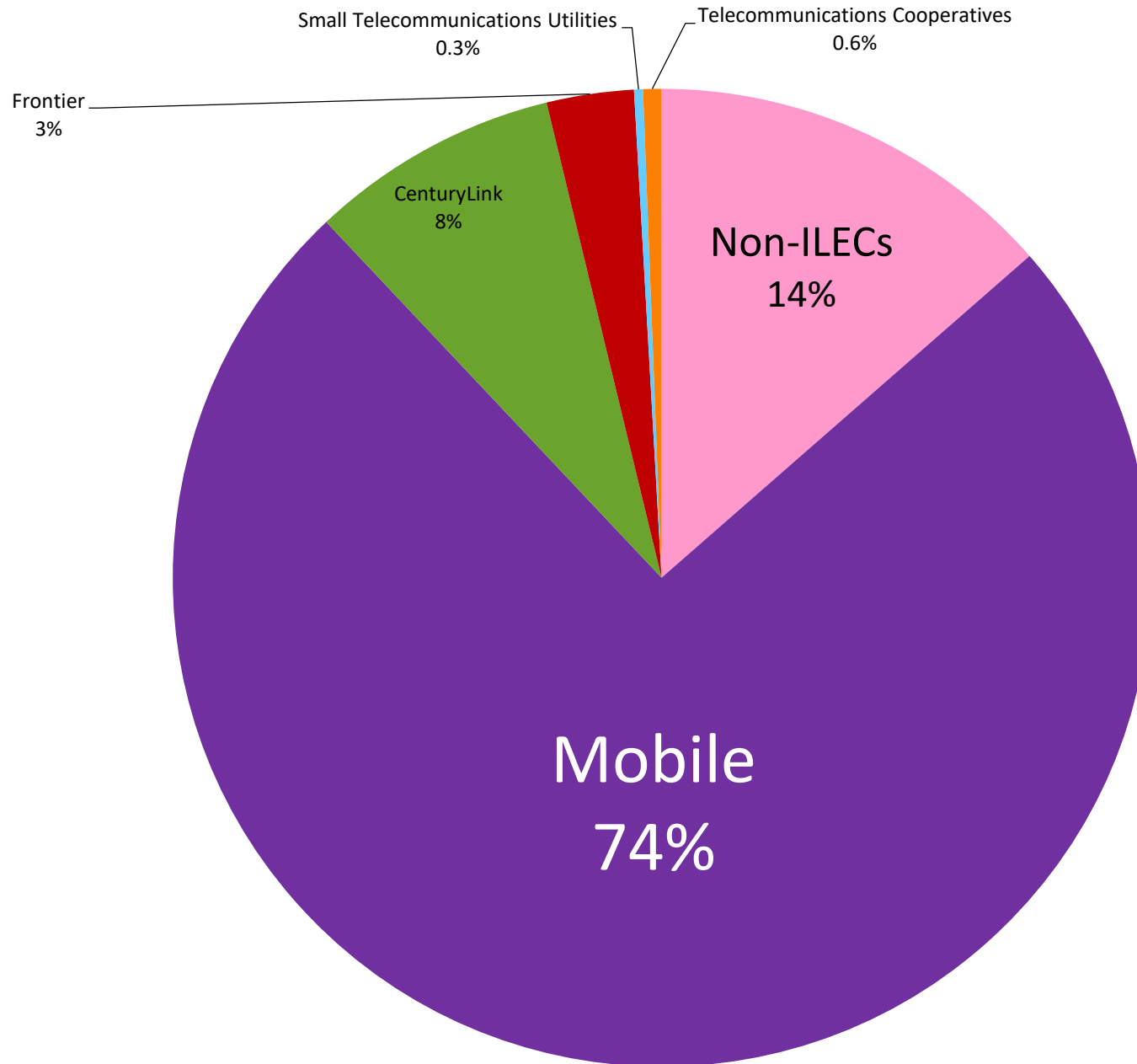
COLR in Oregon

- What is the Carrier of Last Resort obligation - the three pillars of COLR
 - (1) Monopoly
 - (2) Reasonable return on investment
 - (3) COLR – company to provide service on demand everywhere
- ORS 759.506 provides:
 - (1) The purpose of establishing allocated territories under ORS [759.500 \(Definitions for ORS 759.500 to 759.570\)](#) to [759.570 \(Application of law to local government\)](#) is to ensure that telecommunications utilities, cooperative corporations and municipalities certified by the Public Utility Commission to provide local exchange telecommunications service:
 - (a) Provide adequate and safe service to the customers of this state; and
 - (b) Serve all customers in an adequate and nondiscriminatory manner.
 - (2) The obligations described in this section may be referenced as carrier of last resort obligations.

1999 Oregon Voice Shares (per FCC and PUC)

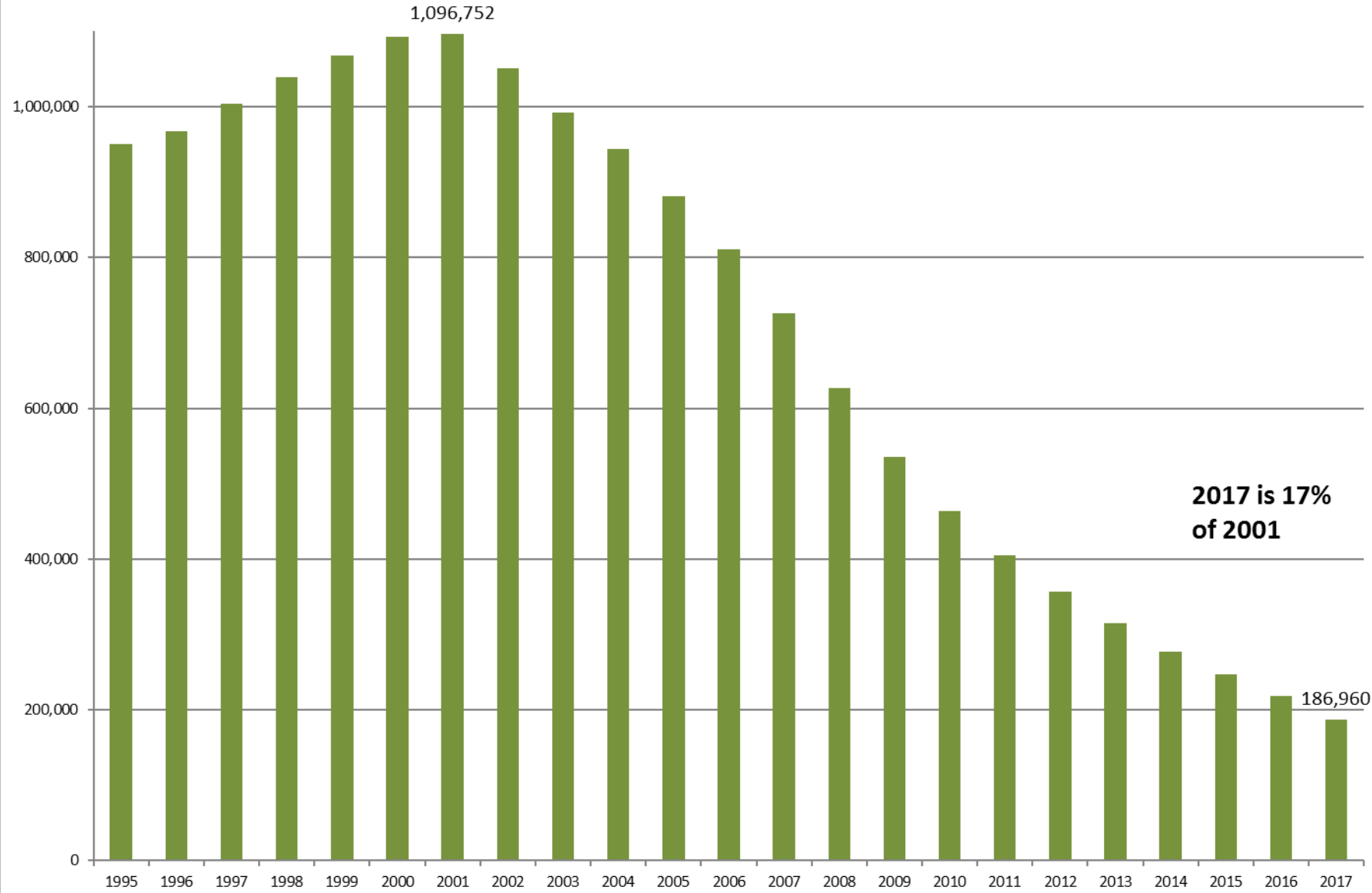


JUNE 2016 OREGON VOICE SHARES (FCC AND PUC DATA COMBINED)



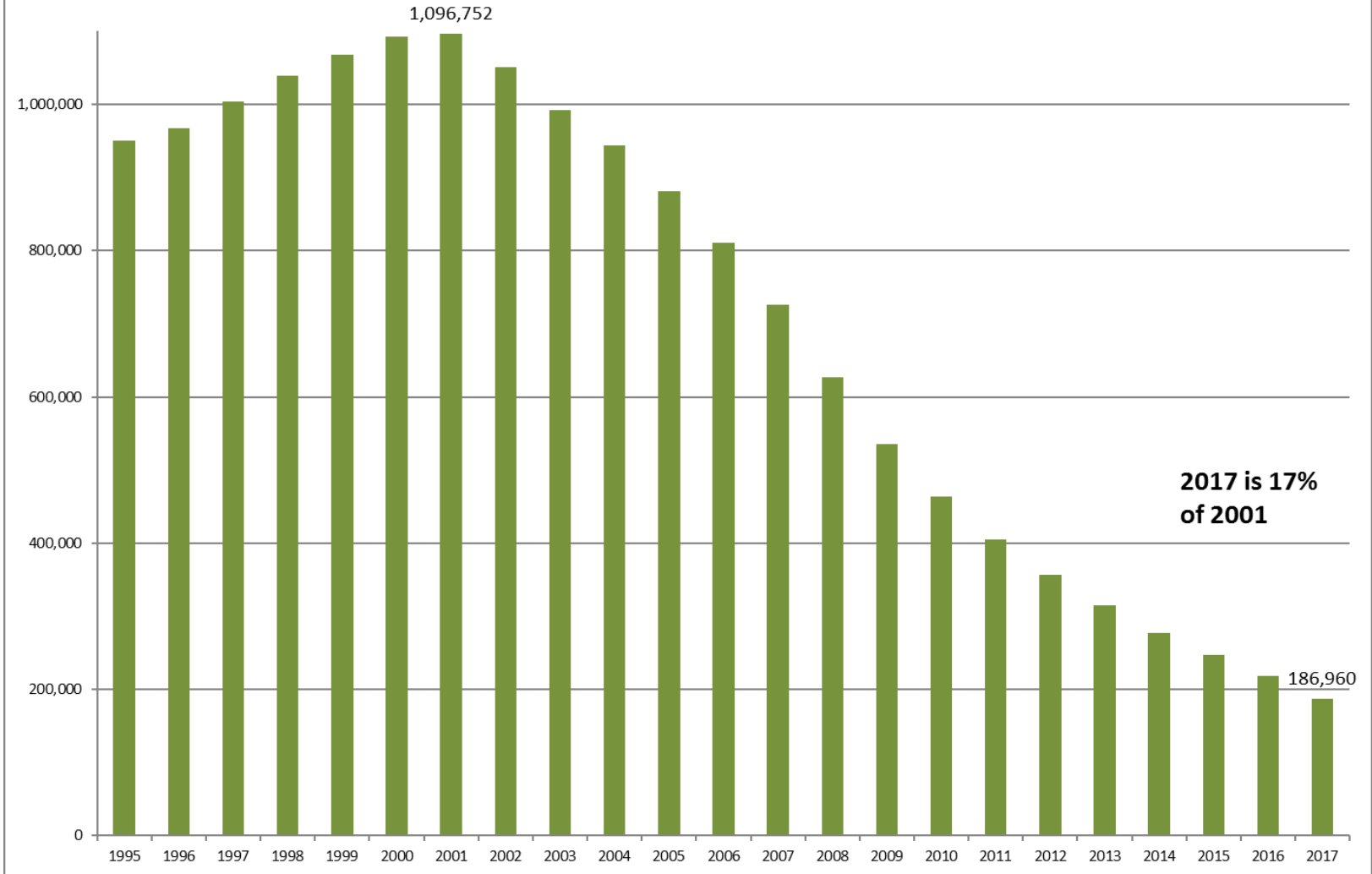
CenturyLink Residential Lines

Data from Oregon PUC Utility Statistics Reports



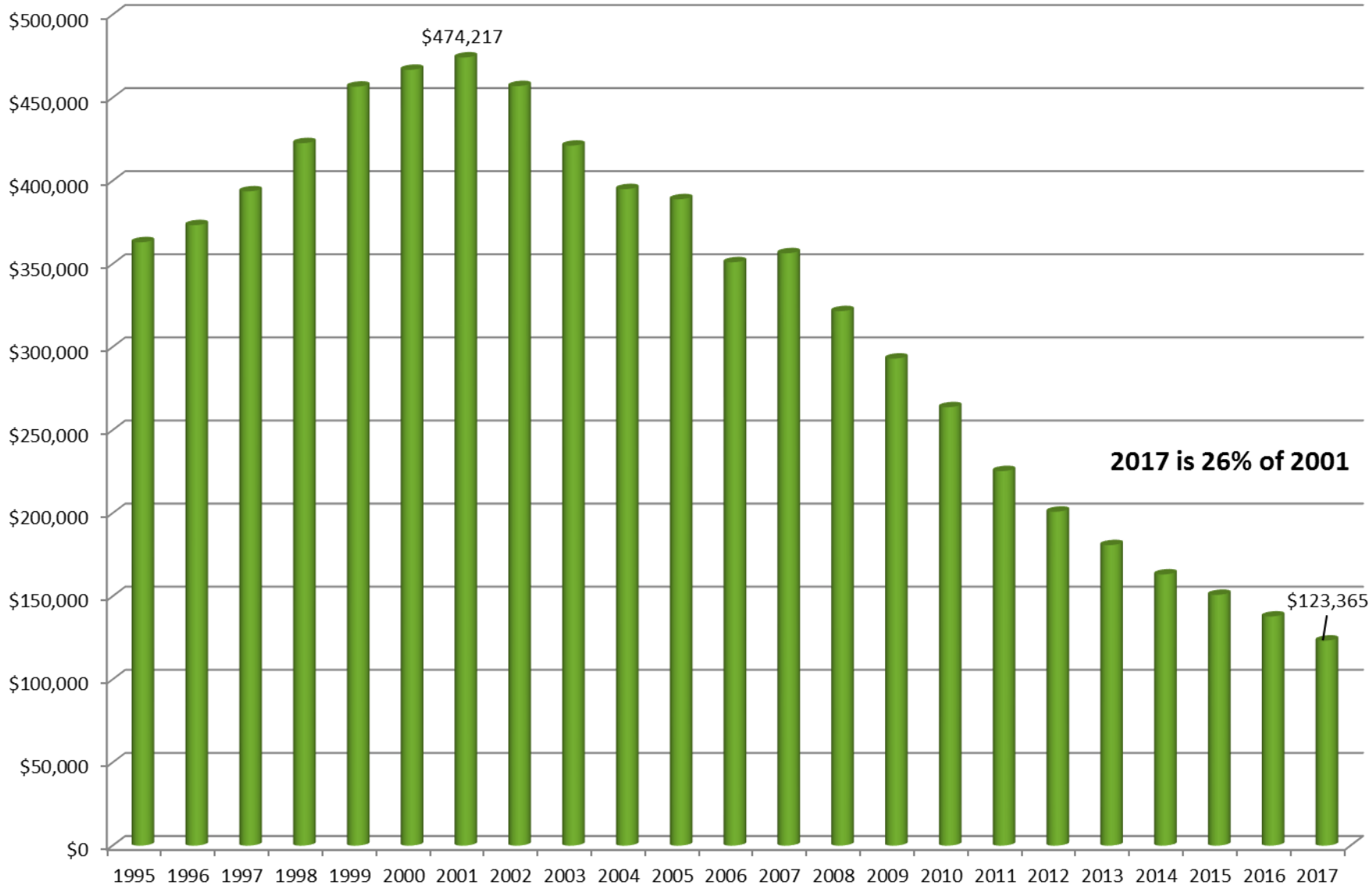
CenturyLink Residential Lines

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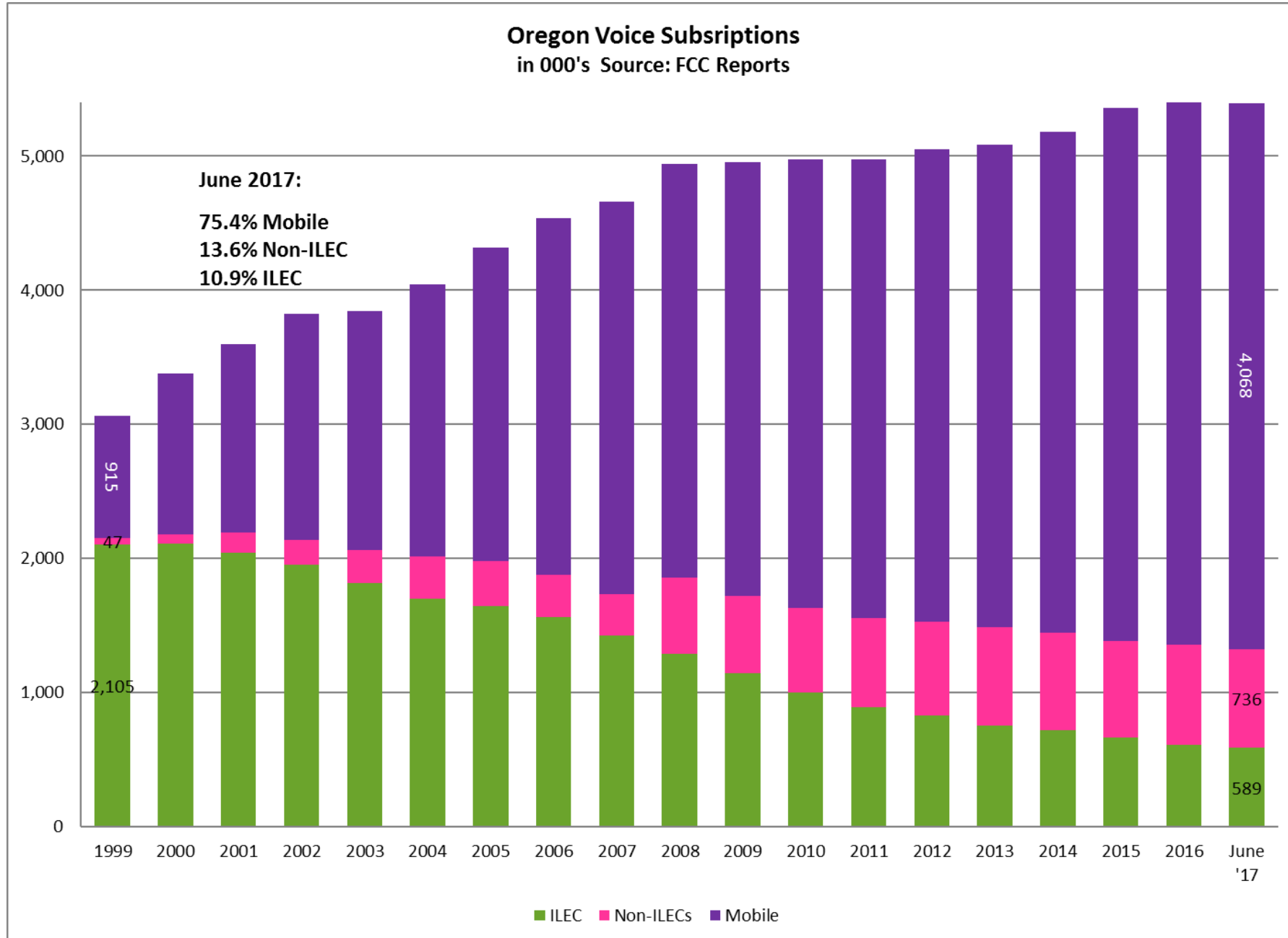


CenturyLink Local Service Revenues

Data in \$1000s From Oregon PUC Utility Statistics Reports (except 2017)



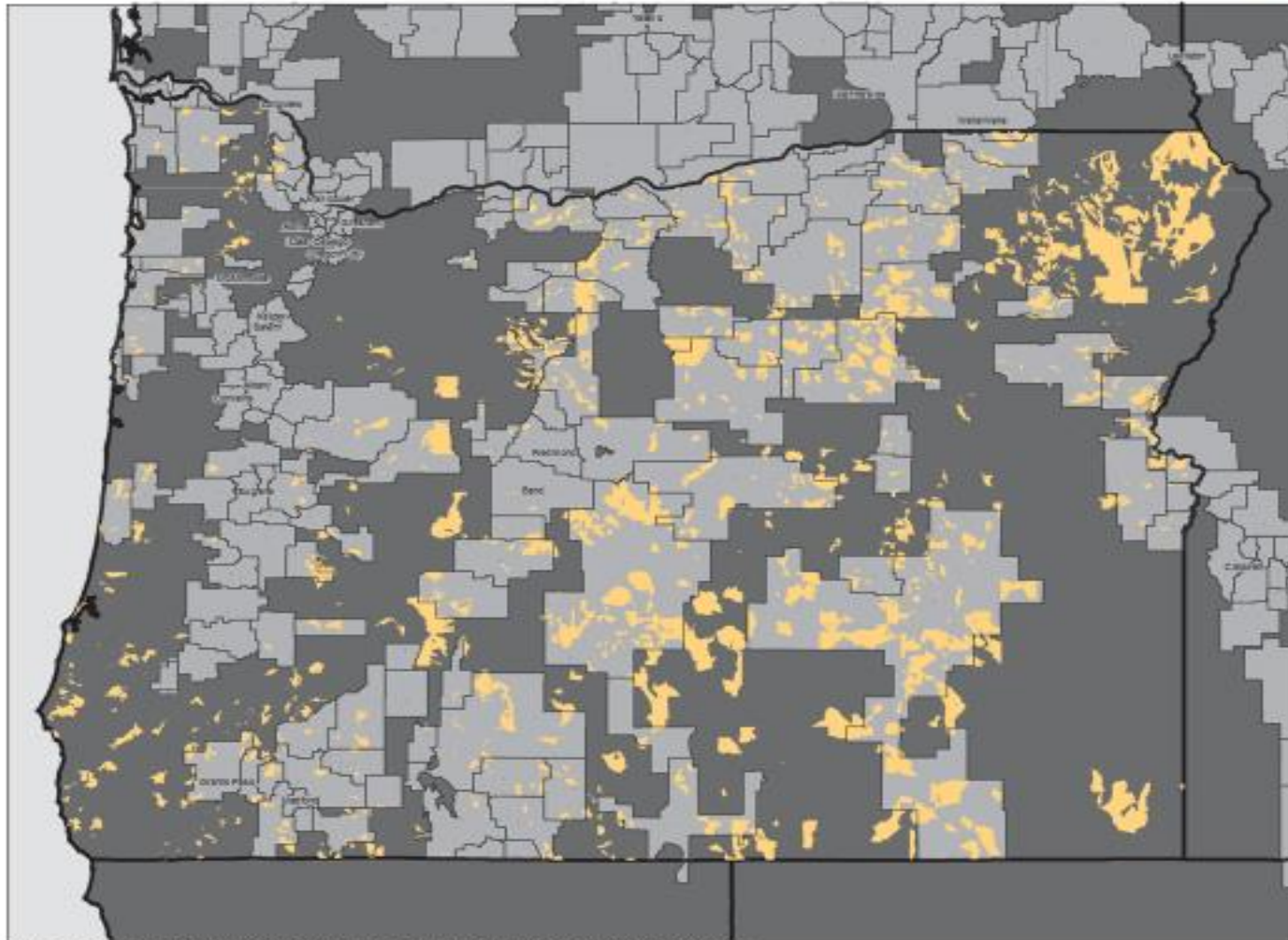
CenturyLink and the other traditional telephone utilities are no longer the dominant providers of voice service...



The FCC's Connect America Fund II (CAF II) in Oregon

- **CenturyLink committed to serving 41,785 rural locations in Oregon with voice and broadband**
- **The Auction: Satellite wins, to fulfill voice and broadband obligations under federal law**
 - **Total Bid Area**
 - \$1,373,029.34 Estimated Annual Support
 - 10,479 Estimated Awarded Locations
 - 3,232 Census Blocks
 - 9,579 Square Miles
 - **Bid Area Within CenturyLink Territory**
 - \$848,436.85 Estimated Assigned Support
 - 6,991 Estimated Awarded Locations

Oregon
Auction Winner: Viasat, Inc.



CenturyLink Wire Center
Auction Winner Census Blocks
Bid Speed
25/3 Mbps

Total Bid Area
\$1,025,446.04 Estimated Annual Support
9,946 Estimated Awarded Locations
3,105 Census Blocks
9,491 Square Miles
8,573 HJs and Firms

Bid Area Within CenturyLink
\$707,249.86 Estimated Assigned Support
6,791 Estimated Awarded Locations
2,120 Census Blocks
5,237 Square Miles
5,922 HJs and Firms

Auction winner census blocks are as provided by the FCC from:
<http://www.fcc.gov/ReportsAuctionsPublications>.
Estimated Support and Locations as provided by the FCC at the Census Block Group level and interpolated to Census Blocks when necessary using demographic data from Experian. ©2018 Experian Marketing Solutions, Inc. All rights reserved.

- Keep in mind, the grant required the carrier to provide voice AND broadband at 25/3Mbps.
- The bulk of the funding (\$1.025 million) and locations (9,964) were awarded to Viasat, a satellite broadband provider. That is around \$103 per location per year.
- The remainder went to another company, Douglas Fastnet which appears to cover only a small area in southern Oregon. It is notable that it is scheduled to receive around \$300K/year to serve 533. It is notable they are set to receive approximately \$652 per location per year.

What does this tell us?