

January 7, 2019

# HB 3065

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

Tre Hendricks

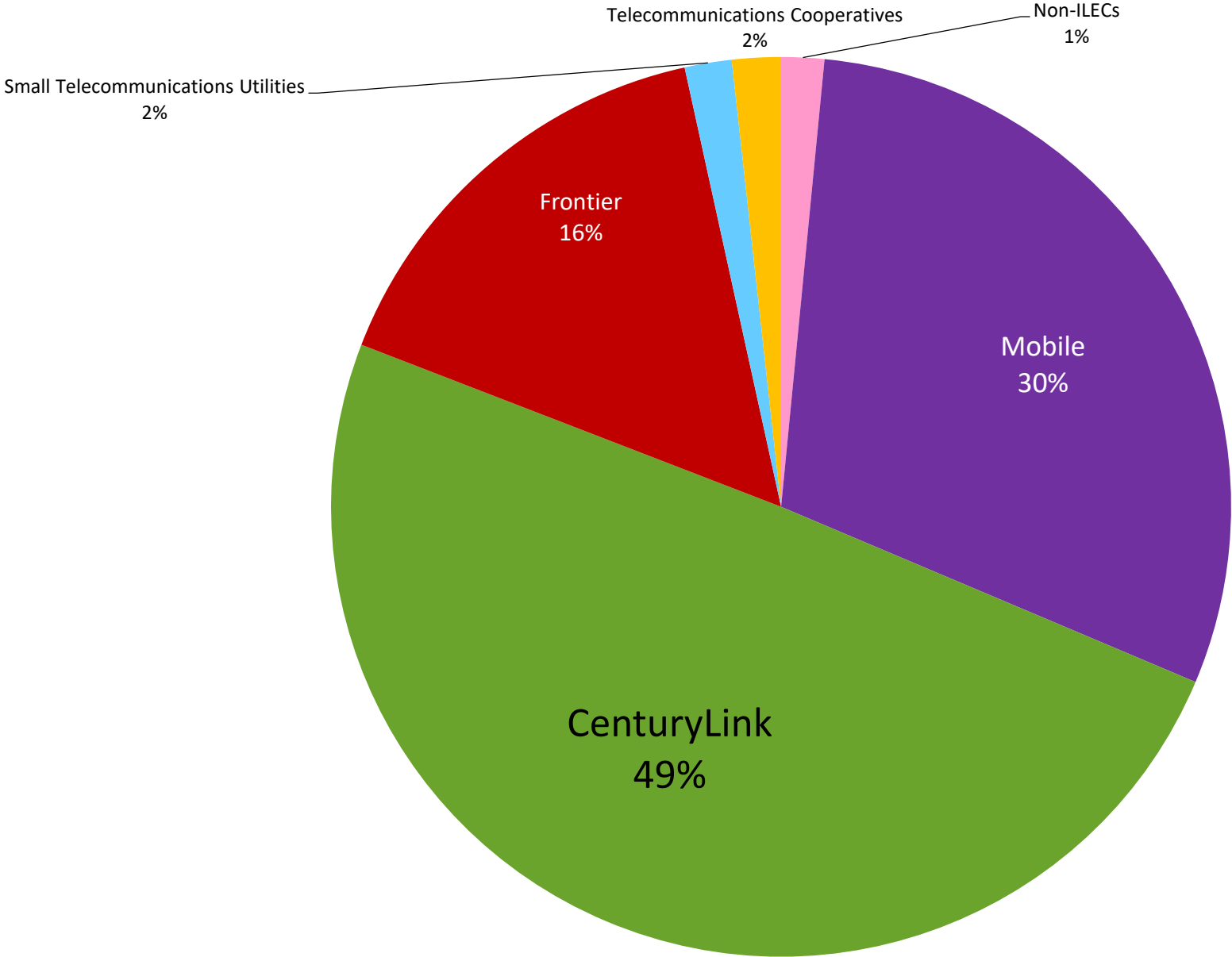
Director Government Affairs and Associate General Counsel

CenturyLink

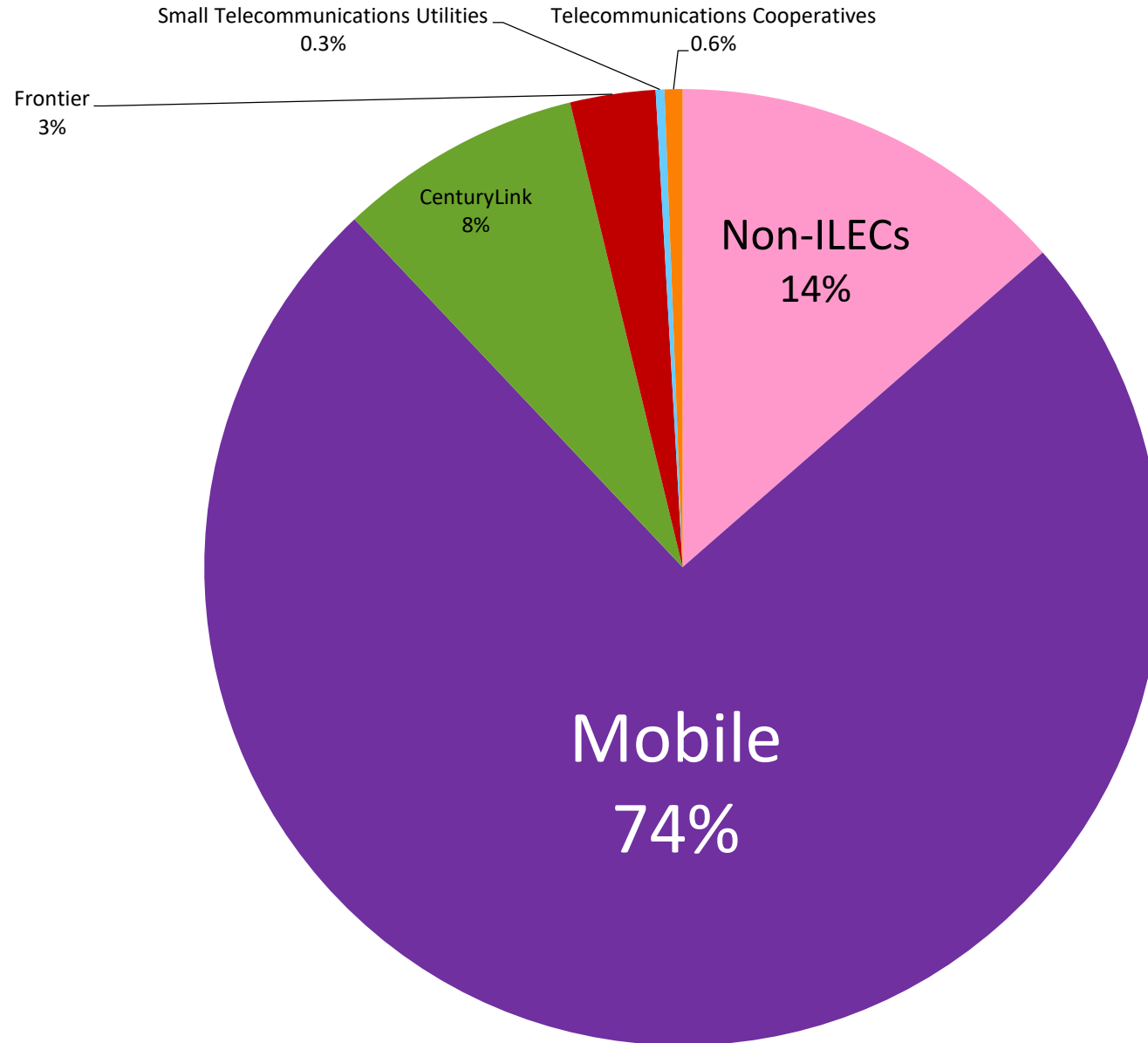
# COLR in Oregon

- 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)

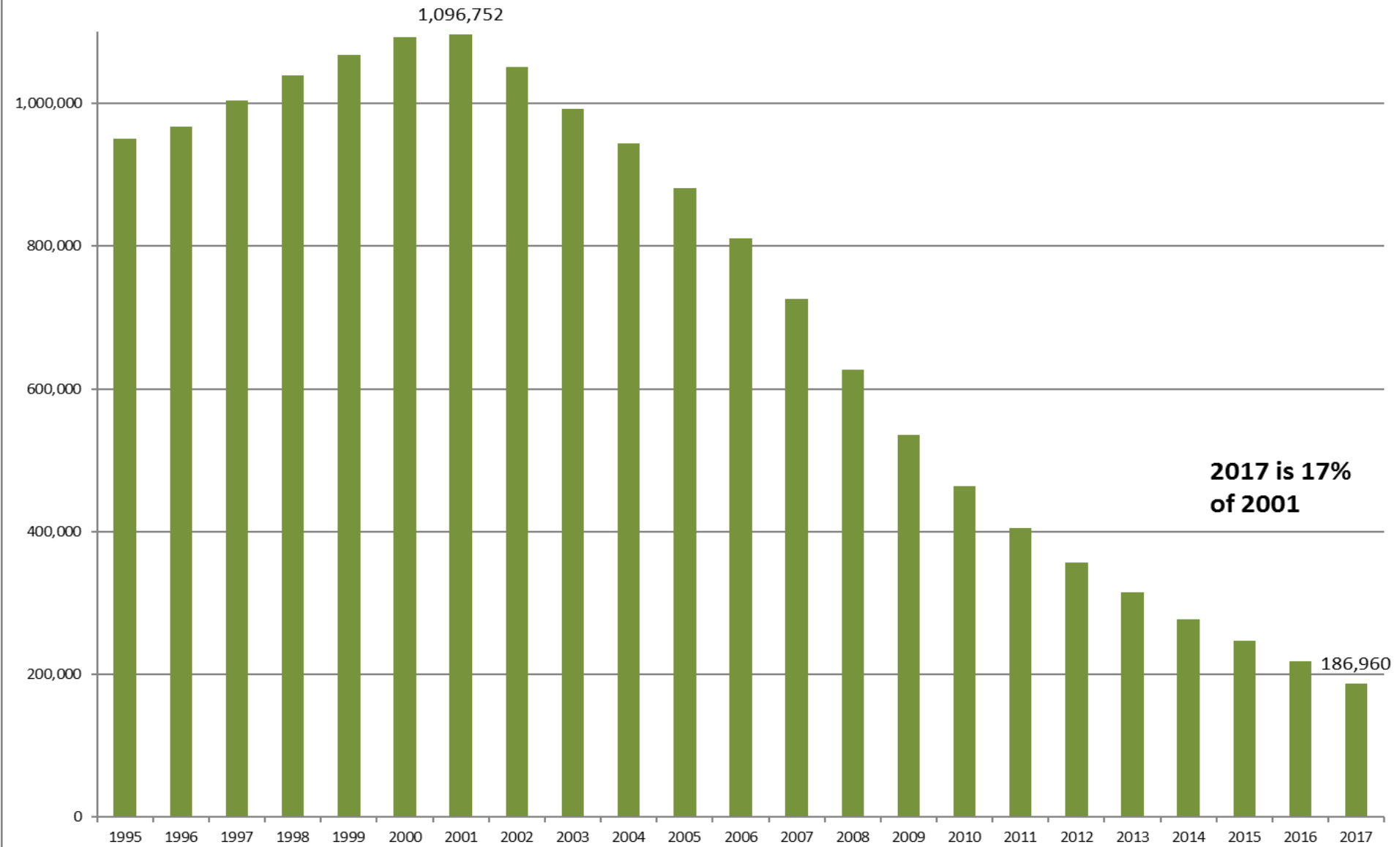


# JUNE 2016 OREGON VOICE SHARES (FCC AND PUC DATA COMBINED)



# CenturyLink Residential Lines

Data from Oregon PUC Utility Statistics Reports

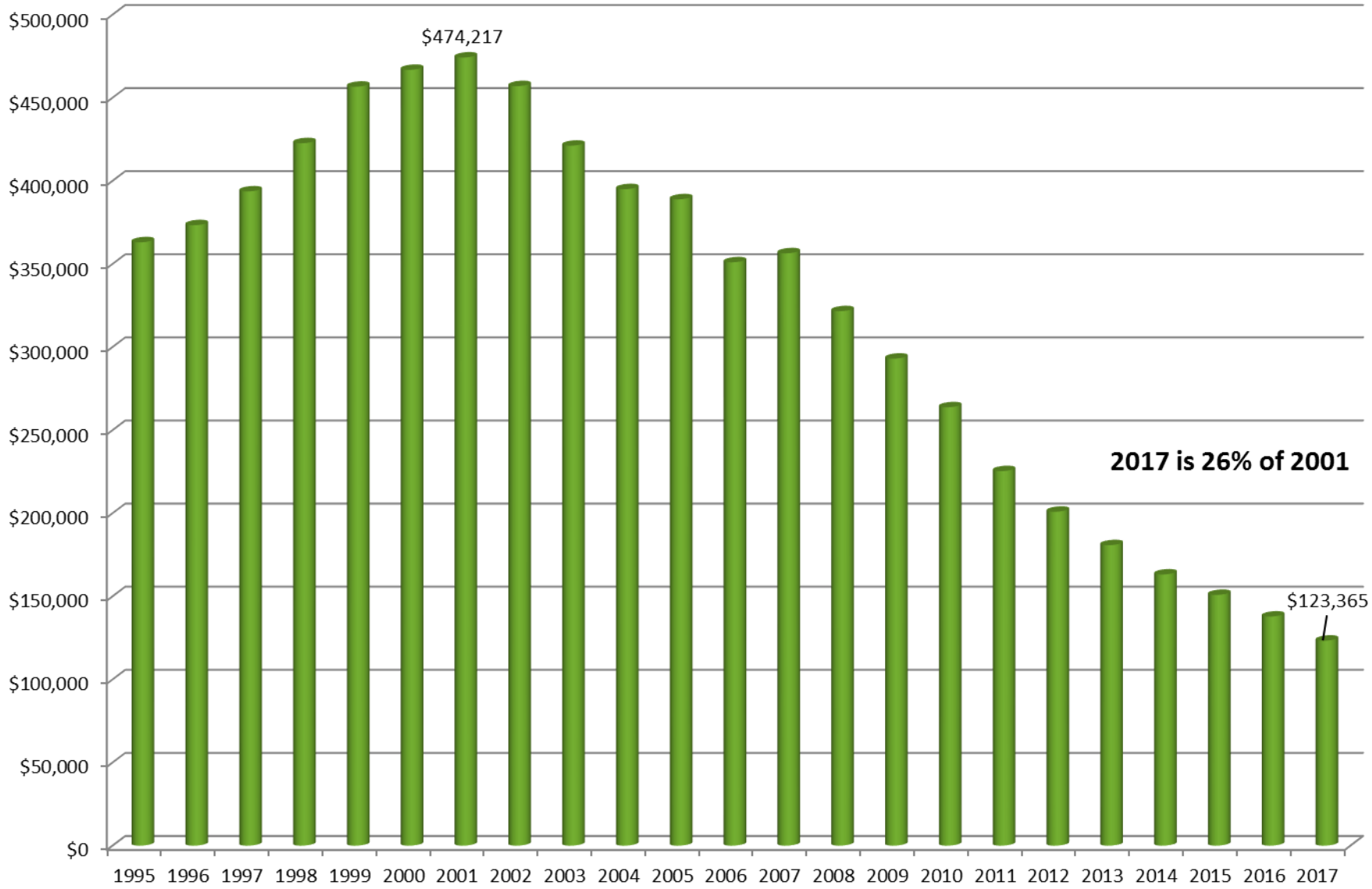


**2017 is 17%  
of 2001**

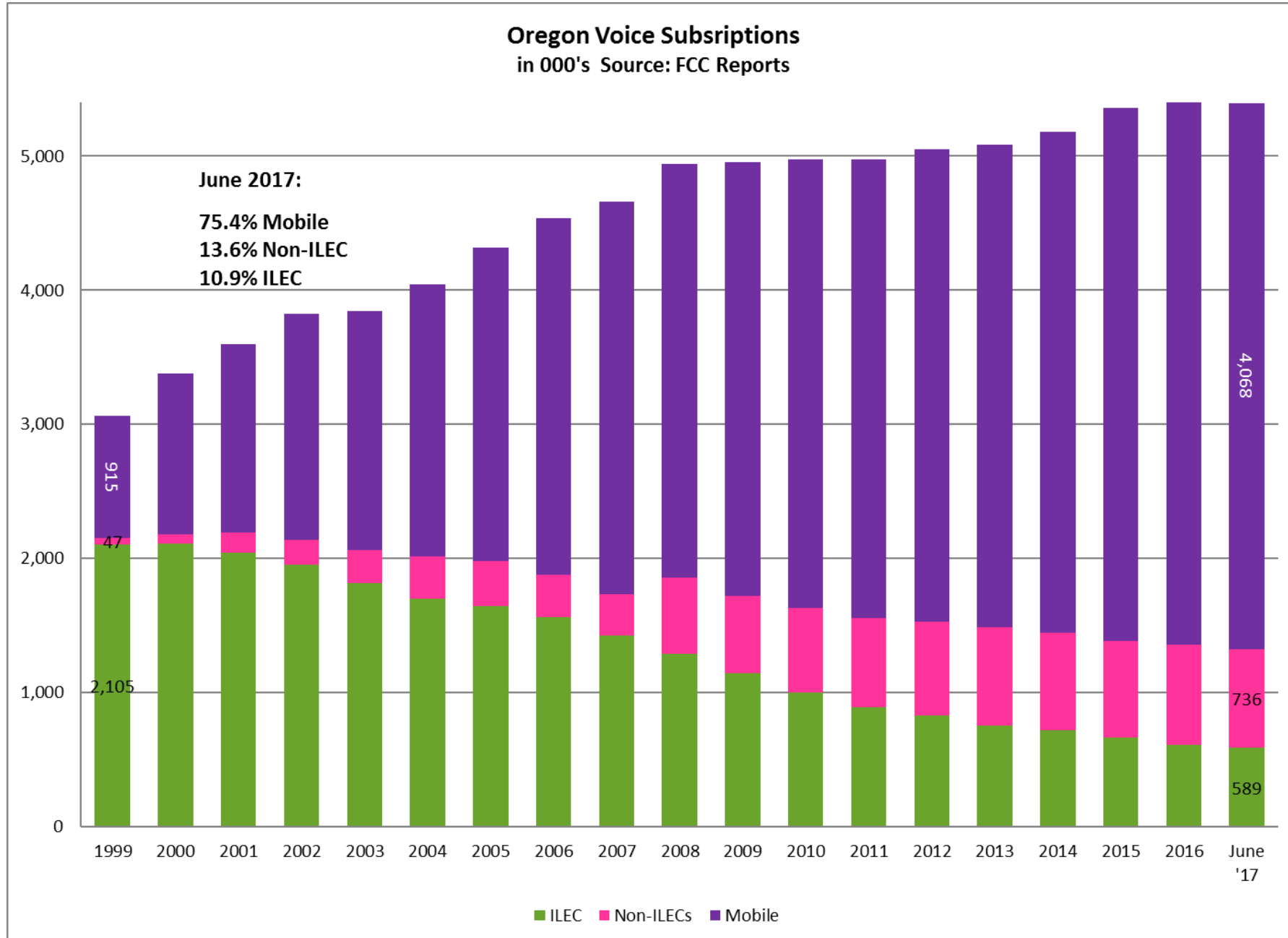
186,960

# 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...

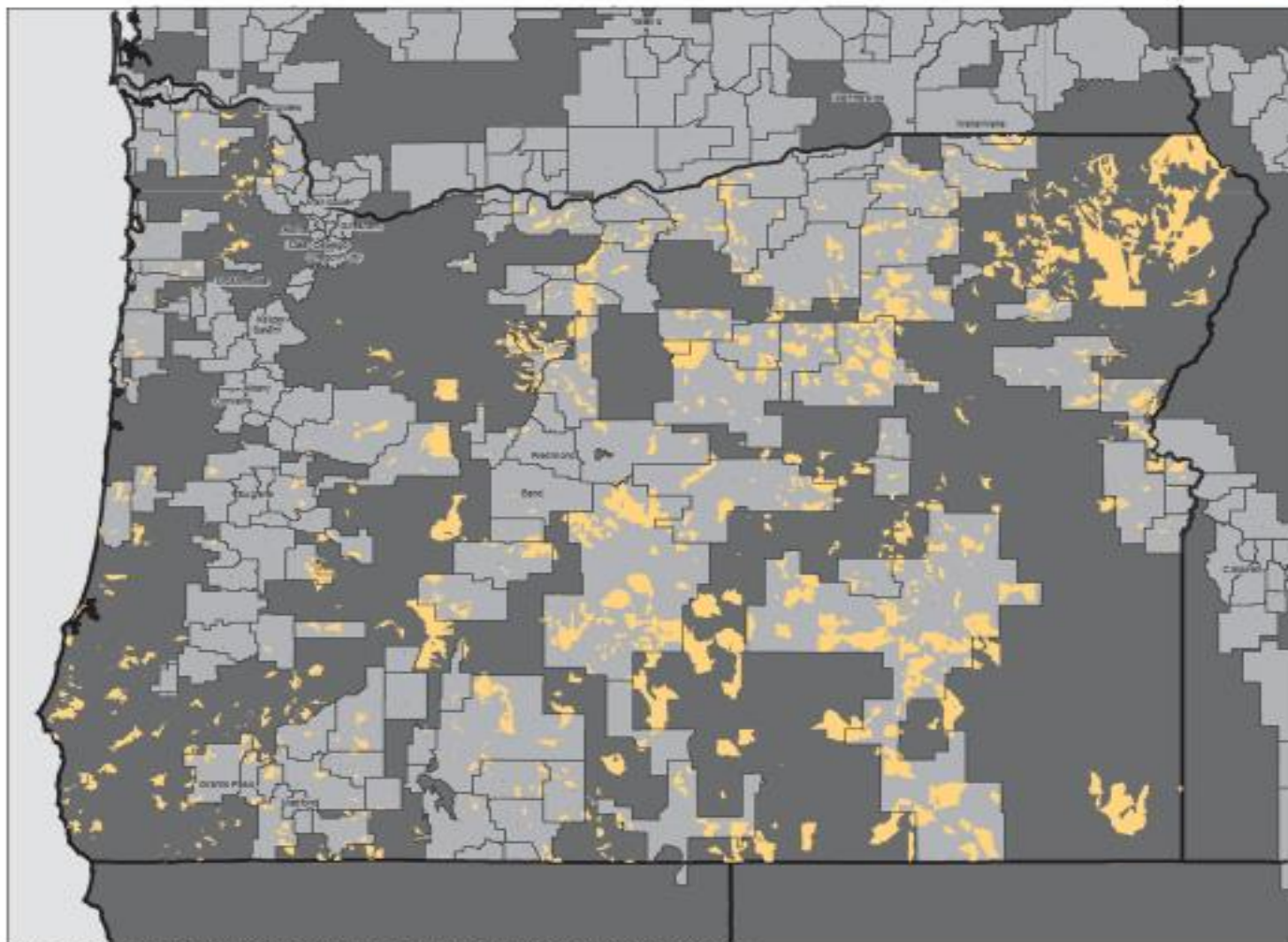


# The FCC's Connect America Fund II (CAF II) in Oregon

- **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/efiling/auctionpublicblocks>.  
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?**