

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Beverly Jones Heydinger
David C. Boyd
Nancy Lange
J. Dennis O'Brien
Betsy Wergin

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of Extending CenturyLink's
Second Revised Alternative Form of
Regulation Plan

ISSUE DATE: November 20, 2013

DOCKET NO. P-421/AR-13-498

ORDER APPROVING EXTENSION OF
SECOND REVISED ALTERNATIVE
FORM OF REGULATION PLAN

PROCEDURAL HISTORY

On December 23, 2009, the Commission approved Qwest Corporation dba CenturyLink QC's (CenturyLink's) Second Revised Alternative Form of Regulation Plan.¹ The plan expires on December 31, 2013.

On June 12, 2013, CenturyLink filed a letter stating that it was electing to extend the plan for three more years under Minn. Stat. § 237.766, subd. 3.

On October 16, 2013, the Minnesota Department of Commerce (the Department) filed comments recommending that the Commission approve the extension.

On October 31, 2013, the matter came before the Commission.

FINDINGS AND CONCLUSIONS

I. Statutory Background

“Alternative form of regulation” (AFOR) plans are intended to capture the benefits of competition among telephone companies while preserving service quality consistent with Commission rules at affordable rates.² A telephone company seeking Commission approval of an AFOR plan must

¹ *In the Matter of a Petition of Qwest Corporation for Approval of Its Second Revised Alternative Form of Regulation Plan*, Docket No. P-421/AR-09-790, Order Approving Plan (December 23, 2009).

² Minn. Stat. § 237.76.

demonstrate that its rates and rate design are appropriate,³ provide service-quality assurances,⁴ and commit to investing in infrastructure improvements during the life of the plan.⁵ A company with an approved AFOR plan is not subject to traditional rate-of-return regulation but instead must comply with the more flexible pricing procedures in its plan.

An AFOR plan remains in force for the term specified in the plan, which must be no less than three years. Within six months prior to a plan's termination date, the company must give notice that it will propose a new plan, extend the existing plan, or revert to rate-of-return regulation.⁶ A company may elect to extend an existing plan in lieu of proposing a new plan if the company is in substantial compliance with the existing plan's service quality provisions and has met its infrastructure obligations under the plan.⁷ A plan may not be extended for less than one year or more than three years and may only be extended once.⁸

II. Commission Action

The Commission has reviewed the record and concurs with the Department that CenturyLink is in substantial compliance with its current AFOR plan's service quality provisions and has met its infrastructure obligations under the plan. The Commission will therefore approve the proposed three-year extension. As provided by statute, the rates for price-regulated services will be capped at the rate levels in effect at the time of the extension, and all other provisions of the AFOR plan will continue in effect through the extension period unless otherwise specified in the plan.⁹

CenturyLink's AFOR plan requires the Company to provide yearly reports on service quality and investments in technological and infrastructure enhancements made during the prior year. The Commission will require CenturyLink to file its 2013 service quality report by February 15, 2014, and its investment report by March 1, 2014.

ORDER

1. The Commission hereby approves CenturyLink's election to extend its Second Revised AFOR Plan until December 31, 2016.
2. CenturyLink shall file its 2013 service quality report by February 15, 2014, and its investment report by March 1, 2014.

³ Minn. Stat. §§ 237.762, subd. 6, and 237.764, subd. 1(c).

⁴ Minn. Stat. § 237.765(a).

⁵ Minn. Stat. § 237.761, subd. 8.

⁶ Minn. Stat. § 237.766, subd. 1.

⁷ *Id.*, subd. 3(b).

⁸ *Id.*

⁹ *See id.*

3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary



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