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April 25, 2014

Burl W. Haar
Executive Secretary
Minnesota Public Utilities Commission
121 7th Place East Suite 350
St Paul Minnesota 55101-2147

RE: **Reply Comments of the Minnesota Department of Commerce**
Docket No. P421/AM-14-256

Dear Dr. Haar:

Attached are the reply comments of the Minnesota Department of Commerce (Department) in the following matter:

In the Matter of CenturyLink, Inc. Petition for Rulemaking to Revise Service Quality Rules.

The Department is available to answer any questions the Commission may have.

Sincerely,

/s/ DIANE DIETZ
Rate Analyst

/s/ KATHERINE DOHERTY
Rate Analyst

DD/KD/lt
Attachment



BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

REPLY COMMENTS OF THE
MINNESOTA DEPARTMENT OF COMMERCE

DOCKET NO. P421/AM-14-256

I. BACKGROUND

On March 26, 2014, CenturyLink, Inc., on behalf of its affiliated companies (CenturyLink) filed a petition for a rulemaking proceeding for a comprehensive review of the service quality rules. In its March 26, 2014 petition, CenturyLink described market trends and changes in market structure as arguments for amending the existing service quality rules.

CenturyLink's March 26, 2014 petition also requested a waiver of Minn. Rules pt. 7810.5800. This waiver request is being considered in Docket No. P421/AM-14-255.

On April 2, 2014, the Minnesota Public Utilities Commission (Commission) issued a notice soliciting comments on CenturyLink's request that the Commission open a rulemaking proceeding to comprehensively review all of its service quality standards, or at a minimum Minn. Rules Parts 7810.4100 through 7810.6100.

On April 14, 2014, CenturyLink, the Joint CLECs (competitive local exchange carriers), Citizens Telecommunications Company of Minnesota/Frontier Communications of Minnesota (Citizens/Frontier), and the Department filed comments in the current docket.

II. STATUTORY AUTHORITY

Minn. Rules pt. 7812.0700 (General Service Quality Requirements), subpt. 1 (Service to End-users) states as follows:

The local services provided by a local service provider (LSP) must meet the standards in: A. applicable commission orders and rules, including parts 7810.0100 to 7810.6100 or their successor parts; and B. the local service provider's alternative regulation plan (AFOR), if the provider is operating under the AFOR.

III. REPLY COMMENTS

A. APPLICABILITY OF MINN. RULES CHAPTER 7810

In the April 14, 2014 comments of Citizens/Frontier and CenturyLink, the Companies suggested that the quality of service rules in Minn. Rules Ch. 7810 are only applicable to incumbent local exchange carriers. In its comments, Citizens/Frontier stated, among other things, that “in practice, the Commission’s service quality rules are only effectively applied to the ILECs.”¹ CenturyLink stated that the quality of service “rules are not consistently enforced, and adherence to these requirements is monitored for only a selective few carriers even though they apply to all.”²

While large incumbent local exchange carriers (ILECs) may, in some ways, be regulated differently from small ILECs and CLECs, all ILECs and CLECs are responsible for compliance with the quality of service rules in 7810.

Minn. Stat. section 237.76 provides large incumbent local carriers with the option to be regulated under an alternative form of regulation plan which is intended, in part, to provide a telephone company's customers with service quality consistent with commission rules at affordable rates, while allowing more flexibility than is permitted under traditional rate-of-return regulation. For an alternative regulation plan to be approved by the Commission the plan must contain a service quality plan that comports with the quality of service rules, in Minn. Rules Ch. 7810.

Small ILECs are directly responsible for compliance with the quality of service rules in Minn. Rules Ch. 7810, just as are large ILECs. While small ILECs are not regulated under AFOR plans, they are regulated on a complaint basis pursuant to Minn. Stat. section 237.081. Under

¹ April 14, 2014 Comments of Citizens Telecommunications Company of Minnesota/Frontier Communications of Minnesota, page 2.

² April 14, 2014 Comments of CenturyLink, page 1.

this section of Minnesota law, a citizen, another carrier, or the Department may file a complaint against a small ILEC alleging failure to comply with a statute, rule or Commission Order. CLECs are regulated under Minn. Rules Ch. 7812. Under Minn. Rules pt. 7812.0700, all sections of Minn. Rules Ch. 7810, including the quality of service rules, are applicable to regulated competitive local exchange carriers to the same extent the rules are applicable to incumbent local exchange carriers (ILECs). Under Minn. Rules part 7812.2210, subpt. 17, a citizen, another carrier, or the Department may file a complaint against a CLEC alleging a compliance failure.

Irrespective of whether a carrier is a large ILEC regulated under an AFOR plan, a CLEC, or small ILEC regulated on a complaint basis, the quality of service rules in Minn. Rules Ch. 7810 are equally applicable to all regulated carriers.

B. EFFECT OF RULE CHANGES ON WHOLESALE SERVICE QUALITY

It should be noted that ILECs are subject to certain obligations pursuant to Federal law. Section 251 (c)(2) of the Telecommunications Act of 1934, as amended, imposes upon ILECs “the duty to provide, for the facilities and equipment of any requesting telecommunications carrier, interconnection with the local exchange carrier’s network . . . that is at least equal in quality to that provided by the local exchange carrier to itself or to any subsidiary, affiliate, or any other party to which the carrier provides interconnection.” As the Joint CLECs point out in their April 14, 2014 comments, to the extent CLECS are subject to the service quality provided by ILECs as their wholesale provider, deficiencies in the ILEC’s service quality may directly affect the quality of service the CLEC provides to their retail customers. If the Commission determines that a rulemaking is appropriate, it is important that the Commission be mindful of any effect that changes may have on the level of service quality provided by ILECs to their wholesale customers.

/lt

CERTIFICATE OF SERVICE

I, Sharon Ferguson, hereby certify that I have this day, served copies of the following document on the attached list of persons by electronic filing, certified mail, e-mail, or by depositing a true and correct copy thereof properly enveloped with postage paid in the United States Mail at St. Paul, Minnesota.

**Minnesota Department of Commerce
Reply Comments**

Docket No. P421/AM-14-256

Dated this **25th** day of **April 2014**

/s/Sharon Ferguson

| First Name | Last Name | Email | Company Name | Address | Delivery Method | View Trade Secret | Service List Name |
|------------|-----------|-------------------------------|------------------------------------|--|--------------------|-------------------|------------------------|
| Julia | Anderson | Julia.Anderson@ag.state.mn.us | Office of the Attorney General-DOC | 1800 BRM Tower 445 Minnesota St St. Paul, MN 551012134 | Electronic Service | Yes | OFF_SL_14-256_Official |
| Linda | Chavez | linda.chavez@state.mn.us | Department of Commerce | 85 7th Place E Ste 500 Saint Paul, MN 55101-2198 | Electronic Service | No | OFF_SL_14-256_Official |
| Burl W. | Haar | burl.haar@state.mn.us | Public Utilities Commission | Suite 350 121 7th Place East St. Paul, MN 551012147 | Electronic Service | Yes | OFF_SL_14-256_Official |
| JoAnn | Hanson | joann.hanson@centurylink.com | CenturyLink | 200 S 5th St Ste 2200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_14-256_Official |
| John | Lindell | agorud.ecf@ag.state.mn.us | Office of the Attorney General-RUD | 1400 BRM Tower 445 Minnesota St St. Paul, MN 551012130 | Electronic Service | Yes | OFF_SL_14-256_Official |
| Jason | Topp | jason.topp@centurylink.com | CenturyLink | 200 S 5th St Ste 2200 Minneapolis, MN 55402 | Electronic Service | No | OFF_SL_14-256_Official |