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Montana PSC reaches settlement agreement with CenturyLink QC to address service quality concerns, requires new broadband investments

HELENA, Mont. –August 25, 2015– With a 4-0 vote, the Montana Public Service Commission approved a settlement agreement Tuesday with telecommunications provider CenturyLink QC to address service quality violations across Montana. The settlement agreement is in response to the Commission’s decision last month to file a complaint in Montana District Court for violation of Admin. R Mont. 38.5.3371, which requires that 90% of out of service reports across the state be fixed within 24 hours.

As a stipulation of the settlement, CenturyLink QC has agreed to accept approximately \$91 million over the next 6 years from the Federal Communications Commission’s Connect America Fund phase II for broadband infrastructure investment in rural Montana. CenturyLink QC also stated that they will ‘augment’ the CAF II funding with investments of their own to amplify the effects of the federal funds.

“It is a matter of public safety that all Montanans have access to reliable telecommunication services, and the agreement with CenturyLink is a major step in that direction,” said PSC Chairman Brad Johnson, R-East Helena. “In addition, the investment in broadband system development required by CenturyLink as a result of this agreement will connect thousands of rural Montanans to a modern communication infrastructure, a vital component to economic success in the 21st century.

“A modern broadband network is absolutely necessary to enable economic growth in this day and age,” said Commissioner Bob Lake, R-Hamilton. “This agreement is an important move towards bringing much needed broadband deployment to rural Montana, opening the door to opportunity for significant economic benefits in communities across the state.”

“Broadband infrastructure investment remains to be a very challenging issue in Montana due to our large geographical area and low population, which leaves a lot of economic potential around the state untapped,” said Commissioner Kirk Bushman, R-Billings. “Our hands are tied in how the FCC distributes these fund, but we will continually look for opportunities within our purview to improve broadband networks across Montana.”

The settlement agreement was signed by the Missouri River Residents for Better Telecommunications Service, PSC Advocacy staff, and CenturyLink. The Montana Consumer Counsel was an active party to the proceeding, but declined to sign the settlement.

In addressing the key components of the agreement, PSC Vice Chairman Travis Kavulla, R-Great Falls, said, "This settlement is not perfect, but it accomplishes two objectives. First, it puts needed controls on a runaway program of federal subsidies. Second, it directs more than \$90 million to rural areas where phone service has deteriorated over the years and the internet has been virtually non-existent."

The central components of the settlement agreement are:

- CenturyLink has agreed to accept the Federal Communications Commission Connect America Fund (CAF) Phase II offer. CenturyLink in Montana will receive over \$91 million over the next six years to deploy 10 megabit per second down and 1 megabit per second up broadband to over 33,000 rural high cost locations in Montana. CenturyLink anticipates that the requirement to build out to 33,000 or so customers will allow them a jumping off point to serve approximately 60,000 additional consumers.
- As part of the agreement CenturyLink has agreed to prioritize the Cascade and Missouri River Canyon areas for broadband deployment.
- CenturyLink also agreed to implement a service improvement plan in Wibaux and Wolf Creek to fix chronic service problems in those areas.
- The Commission has agreed to close its CenturyLink Service Quality Investigation and to not pursue fines in District Court

Commissioner Roger Koopman, R-Bozeman, abstained in the vote, saying that "The marketplace, not subsidies, are the best way to address broadband needs in the long run, with pricing that reflects true cost. Personally, I'm not of the opinion that just because you want something, government should force everyone else to pay for it."

To view the service quality docket, visit: <http://1.usa.gov/1JvrCEV>

See attached for the settlement agreement.

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