

REDACTED – FOR PUBLIC INSPECTION

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

Investigation of Certain Price Cap Local Exchange) WC Docket No. 15-247
Carrier Business Data Services Tariff Pricing Plans)

DECLARATION OF CARLA STEWART

I, Carla Stewart, hereby declare and state as follows, under penalty of perjury:

1. My name is Carla Stewart. My business address is 700 West Mineral Avenue, Littleton, CO 80120. I am employed as Vice President–Cost Management at CenturyLink. My organization selects access providers for CenturyLink’s non-ILEC affiliate, which operates across the country. This declaration addresses CenturyLink’s experience as a purchaser, not seller, of high-capacity transmission services.

2. CenturyLink selects access vendors based on a variety of factors, including rates, geographic coverage, and service quality. CenturyLink has long used a mix of ILEC and CLEC vendors. In 2014, CenturyLink launched an initiative to reduce its access costs by proactively expanding its list of access vendors, while aggressively seeking lower rates from all of them. In particular, CenturyLink pursued wholesale arrangements with cable companies to obtain Ethernet local access to commercial buildings. CenturyLink was interested in these arrangements primarily because of the cable companies’ expansive network footprints and recent dramatic expansion in the provision of Ethernet and other commercial services.

3. This alternative access initiative has been highly successful, reflecting fundamental shifts in the wholesale marketplace for enterprise broadband services. In January 2014, CenturyLink had access to **[BEGIN HIGHLY CONFIDENTIAL]** [REDACTED] **[END]**

HIGHLY CONFIDENTIAL] commercial buildings or addresses through non-ILEC providers.¹ By January 2015, that number had increased to **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]**. And, as of November 2015, CenturyLink had access to over **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]** commercial buildings or addresses through non-ILEC providers, an increase of more than **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]** percent since January 2014. CenturyLink currently has wholesale access arrangements with **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]** non-ILEC access providers.

4. This tremendous growth since 2013 in the availability of wholesale alternatives to the ILECs is attributable primarily to dramatically increased activity by cable companies. As of November, CenturyLink purchased access from 29 cable companies. While it had wholesale arrangements with some of these companies prior to 2014, the volume of access services CenturyLink has purchased from these providers, along with the number of commercial buildings where it can obtain access, has increased dramatically.

5. CenturyLink fully expects the availability of cable-provided Ethernet access to continue to expand, and that it will use such access more and more. **[BEGIN HIGHLY CONFIDENTIAL]** **[END HIGHLY CONFIDENTIAL]**

¹ Some providers identify the number of standalone commercial buildings in which they offer access services, while others identify those locations by street address.

[REDACTED]

[END HIGHLY

CONFIDENTIAL]

6. While each of the cable companies has geographically-limited network footprints,

that is, of course, no different than the ILECs' networks. It also must be kept in mind that the five largest cable companies alone cover approximately 85 percent of the business telecom spend in the U.S. And, in any event, CenturyLink's backbone network—which is similar to that of other major CLECs—allows CenturyLink to stitch together the franchise areas of individual cable companies to offer seamless Ethernet services in locations across the country.

7. CenturyLink has found that having cable as an alternative access provider has fundamentally shifted CenturyLink's experience as both a purchaser and a provider of high-capacity transmission, especially in the context of serving multi-location businesses. For example, CenturyLink recently responded to a request for proposal of a large customer with approximately [BEGIN HIGHLY CONFIDENTIAL] [REDACTED] [END HIGHLY CONFIDENTIAL] locations spread across the country. For nearly three-quarters of those locations, CenturyLink determined that it could obtain Ethernet access from a cable provider.

8. Portability is another important factor to CenturyLink as an access purchaser. In all of its access arrangements, CenturyLink seeks to negotiate portability provisions that allow it to disconnect circuits or upgrade service without incurring an early termination charge, so long as the disconnection will not result in a revenue reduction for the provider (because CenturyLink is substituting or adding other circuits from that provider). In practice, CenturyLink has found that the portability provisions in ILEC and CLEC agreements operate in a similar manner, though the specific language is somewhat different. From an administrative standpoint, the

ILEC provisions tend to be more customer-friendly because there is no need for the customer to ensure that a disconnect is “matched” with the addition of a new circuit, as long as the customer continues to meet its overall revenue or circuit-count commitment. Given the availability of these portability provisions, CenturyLink routinely opts for the longest term offered by an ILEC or CLEC—such as five years—knowing that it can disconnect the circuit before the end of the term without penalty, as long as it complies with the conditions in the agreement’s portability provisions.

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge and belief.

Executed on: January 7, 2016


Carla Stewart