

**Oregon Public Utility Commission (PUC)  
HB 3065 Carrier of Last Resort (COLR) Workshop #5  
Recommendations for PUC consideration  
Submitted by Jeffrey H. Smith, GVNW Consulting, A Vantage Point Company**

GVNW believes that COLR in Oregon has served the purpose intended in the areas served by rural broadband carriers. If the PUC grants COLR relief, some yet to be determined number of Oregon residents might not have a basic level of telecommunications services. That important data point, if present in the data, lacked transparency at the HB 3065 COLR work session #3 on May 14.

We recognize that COLR is not an easy issue, for either regulator or provider. Investing in high-cost, remote areas is a difficult and expensive process. It is not possible to assume away high costs. Publicly traded companies have investors to satisfy and lenders to pay back. The important third leg of the COLR triangle is the consumer whose circumstances dictate they are dependent on COLR-like service.

In evaluating whether this COLR issue is ripe for a decision, it is important to note that state policy makers are now stepping in to invest to improve service across Oregon in areas that CenturyLink has not. The Oregon PUC exhibits great patience with the pace of progress in the price cap carrier rural areas.

On June 5, the state legislature approved \$20 million of Coronavirus Relief Fund from the U.S. Treasury to the Oregon Business Development Fund for three purposes: Approximately \$8.4 million for the purposes of lighting up an existing broadband network extending from Portland to Idaho via I-84 and back through Burns and Bend. Approximately \$1.6 million for school district projects aimed at establishing or improving connectivity needed for distance learning. The \$10 million balance administered through the Rural Broadband Capacity Program focused to other regions of the state, including school districts that currently lack broadband.

Under the original HB 3065 schedule, Commissioners and staff were to travel around the state to meet citizens who have not received the promise of COLR service. There is some level of cost, if exceeded, renders service untenable given current technology and current support mechanisms and state budgets. This discussion should still occur. That benchmark dollar figure escaped the public record on May 14.

If COLR is eliminated for CenturyLink, the Oregon PUC must consider what number of Oregonians will be without a viable service option. Is the number 100, 1,000, 10,000 or some higher number? The answer is what this PUC and the Oregon Legislature must be able to support as a prudent public policy if this docket achieves its original intent. The consumers at risk are the most broadband-fragile in the communications ecosystem, and we expect the legislature will expect the number to be excluded will be very low. Oregon should be pursuing policies that promote the deployment and sustainability of scalable networks that will deliver quality and high-speed symmetrical broadband services capable of meeting today's and tomorrow's communications needs in Oregon.

During the first special session<sup>1</sup>, the Oregon legislature passed SB 1603, propelled in part because of the challenges school districts faced in implementing distance learning during the second quarter of 2020 shelter in place orders from the Governor of Oregon. The funding from SB 1603, plus the \$20 million earmarked for service improvements in Roseburg, Medford, Ashland, Klamath Falls, The Dalles, Pendleton, LaGrande, Ontario and Burns, presents a revised picture from when we began our journey together in this HB 3065 workshop process.

### Digital Divide Decision

This current Oregon Commission could have significant impact on how the digital divide is bridged or exacerbated for some of the citizens in Oregon. This issue has been building to a decision point for years. There are options, however, given the recent infusion of infrastructure money made available from the previously mentioned CARES and HB 3065 funding.

One of the issues that created this HB 3065 process was a desire on the part of Oregon PUC staff to understand the number of customers impacted by a decision to remove the COLR obligation from CenturyLink. Because there does not appear to be data in this HB 3065 public record to answer that data point, an easy decision would be to leave the COLR requirement in place unchanged until that data is placed into the record and carefully evaluated by the PUC.

With the new infusion of funding from CARES and SB 1603, another appealing option for the Oregon PUC to adopt is to wait 24 months to determine what positive impacts accrue from this new investment before making a final decision.

We predict most legislators will want all their voters connected to the network. Accordingly, we recommend using great care before making a hasty decision without adequate data to make permanent a digital divide in Oregon. If a hasty decision is reached, we respectfully request that the scope of the order be limited to the subset of larger carriers serving over 50,000 customers.

---

<sup>1</sup> 80<sup>th</sup> Oregon Legislative Assembly – 2020 Special Session Number One. Perhaps more than any other portion of state government, the Legislature understands the impact of the COVID-19 pandemic on schedules, deadlines and the need for flexibility to continue to make informed decisions on behalf of all the citizens in the state of Oregon. It is a reasonable assumption to make that the Legislature would understand the PUC may require more time to reach an informed and data-based decision on the carrier of last resort issue.