

WEIKLE & Co.

January 30, 2015

The Honorable Phil Berger, Senate President Pro-Tempore
The Honorable Tim Moore, House Speaker
North Carolina General Assembly
c/o Joint Legislative Commission on Governmental Operations
Legislative Office Building
Raleigh, NC 27603

Filed via email

Re: Ellerbe Telephone Company Annual Report to the Joint Legislative
Commission on Governmental Operations

Dear President Berger and Speaker Moore:

On behalf of Ellerbe Telephone Company, this filing is being made to comply with a requirement found in North Carolina General Statute § 62-133.5(k).

If there are any questions, I can be reached at 704.782.7738 or 704.699.9451 (cell).

Sincerely,

/s/ Jerry Weikle

Jerry Weikle
Consultant to Ellerbe Telephone Company

Attachment

cc: North Carolina Utilities Commission (Docket No. P-21 Sub 75)

Ellerbe Telephone Company

**Annual Report to the Joint Legislative Commission on
Governmental Operations**

January 30, 2015

Ellerbe Telephone Company 2014 Annual Report to the General Assembly

Ellerbe Telephone Company (Ellerbe) is an incumbent local exchange carrier (ILEC) that provides telecommunications services in its franchised area within Richmond County, NC. Ellerbe is regulated by the North Carolina Utilities Commission (NCUC).

Ellerbe elected a form of deregulation as allowed by North Carolina General Statute § 62-133.5(h) effective on January 1, 2014. This filing is made in response to North Carolina General Statute § 62-133.5(k) which requires an annual report that includes the following:

- (1) An analysis of telecommunications competition by the local exchange company or competing local provider, including access line gain or loss and the impact on consumer choices from the date the local exchange company makes its election to be subject to alternative regulation under the terms of subsection (h) or (m) of this section.*
- (2) An analysis of service quality based on customer satisfaction studies from the date the local exchange company makes its election to be subject to alternative regulation under the terms of subsection (h) or (m) of this section.*
- (3) An analysis of the level of local exchange rates from the date the local exchange company makes its election to be subject to alternative regulation under the terms of subsection (h) or (m) of this section.*

Telecommunications Competition Analysis

Competition in the telecommunications is strong across the state. The Federal Communications Commission (FCC) publishes periodic reports on the status of local telephone competition. The most recent report was published in October 2014. “This report summarizes the information collected about telephone services as of December 31, 2013. It demonstrates continued growth in subscribership to interconnected VoIP and mobile telephone services and continued decline in subscribership to traditional wired telephone services.”¹ The FCC’s report states that 44% of wired telephone service in North Carolina is provided by competitors to ILECs.² The FCC’s report also states that there were 9,021,000 wireless connections in North Carolina compared to 4,102,000 wired connections (served by both ILECs and competitors).³

Ellerbe experienced competition and a decline in the number of customers. Ellerbe started the year with 1,459 access lines and ended the year with 1,349 access lines. This was a loss of 7.5% of its access lines.

¹ “Local Telephone Competition: status as of December 31, 2013” Federal Communications Commission Industry Analysis and Technology Division Wireline Competition Bureau October 2014, at page 1.

² Id., at Table 9.

³ Id., at Tables 9 and 18.

Service Quality Analysis

Ellerbe collects a variety of service quality statistics to monitor how it is serving customers. NCUC Rule R9-8 has service quality objectives in place for local telecommunications service companies. There are eight different NCUC service quality objectives that are applicable to Ellerbe. Ellerbe does measure monthly results and did meet objectives during 2014.

Since Ellerbe is regulated by the NCUC, customers have the opportunity to file complaints with the NCUC. Based on company records there were no customer complaints filed with the NCUC during 2014.

Local Exchange Rate Analysis

Under North Carolina General Statute § 62-133.5(h), Ellerbe is allowed to increase the rate for standalone basic residential service by no more than the change in inflation. Inflation is measured for this purpose as the change in the Gross Domestic Product Pricing Index. Ellerbe opted not to change the rate for standalone basic residential service during 2014.