

Report to the Joint Utility Review Committee
(Commission on Governmental Operations)

The State of Windstream North Carolina's Operations
In an Open and Competitive Retail Market

January 20, 2016

Background

On July 25, 2012, Windstream North Carolina, LLC, Windstream Concord Telephone, LLC and Windstream Lexcom Communications, LLC (collectively “Windstream”) elected to be regulated pursuant to N.C.G.S. §62.-133.5(h). In its notification to the North Carolina Utilities Commission (“NCUC”), Windstream stated that its territory was open to competition and that it would (1) continue to offer stand alone basic residential service at rates less or comparable to those rates charged to urban customers for the same service; (2) commit to continue offering stand alone basic residential service; and (3) in the event that stand alone basic residential rates are increased, they will not increase by an amount that exceeds the percentage increase in the Gross Domestic Product Price Index from the previous year.

Pursuant to N.C.G.S. §62.-133.5(k), Windstream is required to file an annual report with the Joint Legislative Commission on Governmental Operations analyzing the level of telecommunications competition, an analysis of the service quality and an analysis of the rate levels since Windstream’s election.

Analysis of Telecommunications Competition in North Carolina

The telecommunications marketplace is vibrant in North Carolina. Customers have multiple choices for their telecommunications services including ILECs, CLECs, cable companies, over the top VoIP providers and wireless. As a result of such competition, as of December 31, 2015 Windstream had approximately 201,000 access lines a declined of 8.6% over the previous year.

- 98.9% of North Carolinians have access to mobile broadband service plus 8.8% have access to fixed wireless service.¹
- North Carolina is the 17th most connected state in the USA with 95% of North Carolinians having access to 10 mbps internet service from 130 broadband providers.²
- As of December 2014, approximately 47% of U.S. households rely solely on wireless service for their communication needs.³

Quality of Service

In order to remain competitive and retain its customer base, Windstream strives to provide high quality services to its customers. This is evidenced by the low number of service related complaints filed with the Commission or the FCC. In addition, we strive to minimize the number of outages and improve the reliability of our services.

¹ <http://broadbandnow.com/North-Carolina>

² <http://broadbandnow.com/North-Carolina>

³ <http://www.ctia.org/your-wireless-life/how-wireless-works/wireless-industry-survey>

- In 2014, Windstream customers filed four (4) service related complaints with the Commission and in 2015, Windstream customers filed three (3) service related complaints with the Commission.
- In both 2014 and 2015, Windstream customers only filed one (1) service related complaint with the FCC.⁴

Rate Analysis

Windstream has not increased rates to its stand alone basic residential service since April 2014.

⁴ Outages that lasted longer than 30 minutes in duration or affected more than 10% of customers or 911 service was not available.