

**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, 2016 Windstream had approximately 183,000 access lines a decline of 9.0% over the previous year.

- 98.9% of North Carolinians have access to mobile broadband service plus 8.8% have access to fixed wireless service.<sup>1</sup>
- North Carolina is the 17<sup>th</sup> most connected state in the USA with 90% of consumers in North Carolina having access to a wired connection with true broadband speeds faster than 25 mbps from 136 broadband providers.<sup>2</sup>
- As of December 2015, approximately 49.3% of U.S. households rely solely on wireless service for their communication needs.<sup>3</sup>

## 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.

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

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

<sup>3</sup> <http://www.ctia.org/industry-data/ctia-annual-wireless-industry-survey>

- In 2015, Windstream customers filed three (3) service related complaints with the Commission and in 2016, Windstream customers filed five (5) service related complaints with the Commission.
- In 2015, Windstream customers filed one (1) service related complaint with the FCC and in 2016, Windstream customers filed eight (8) service related complaints with the FCC.<sup>4</sup>

#### Rate Analysis

Below are Windstream's stand-alone basic residential service rates for the past three years broken down by our individual ILEC companies.

<u>Company</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Windstream North Carolina, LLC	\$14.38	\$14.38	\$14.51
Windstream Lexcom Communications, LLC	\$13.15	\$13.15	\$13.27
Windstream Concord Telephone, LLC	\$16.04	\$16.04	\$16.04

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