

September 17, 2010

VIA ECFS

EX PARTE

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW, Room TW-A325
Washington, DC 20554

Re: *Applications Filed By Qwest Communications International Inc. And CenturyTel, Inc., d/b/a CenturyLink For Consent To Transfer Of Control, WC Dkt. No. 10-110*

Dear Ms. Dortch:

Integra Telecom, Inc. and tw telecom inc., through their undersigned counsel, hereby submit the attached suggestions for Wireline Competition Bureau information requests to the Applicants in the above-referenced proceeding.

Please do not hesitate to contact me at (202) 303-1111 if you have any questions or concerns about this submission.

Respectfully submitted,

/s/ Thomas Jones

Thomas Jones

Nirali Patel

Counsel for Integra Telecom, Inc. and tw telecom inc.

Attachments

cc (via email): Nick Alexander
Alex Johns

PROPOSED INFORMATION REQUESTS

Retention Of Current Systems Capabilities/Functionalities and Integration Planning

1. The Applicants have stated in their Reply Comments that their “immediate plan is to maintain both companies’ separate OSS and continue operations as usual.” *See Applicants’ Reply Comments at 20.* CenturyLink has also stated in rebuttal testimony filed with the Minnesota Public Utilities Commission (“PUC”) that “[t]he Qwest experience and OSS knowledge will still reside in the post-merger company” *See Rebuttal Testimony of Michael R. Hunsucker, CenturyLink, Inc., Minnesota PUC Docket No. P-421, et al./PA-10-456, at 11 (lines 1-2) (filed Sept. 13, 2010) (excerpt attached hereto as “Attachment A”).*
 - a. Has CenturyLink and/or Qwest identified key personnel required to maintain the use of Qwest systems? If so, please identify those key personnel by department and title.
 - b. Please describe how CenturyLink plans to retain key systems and process personnel during the period when the Qwest systems and processes continue to be utilized. Please indicate whether any retention contracts or bonuses have been extended for this purpose, and if so, please describe the terms of such contracts.
2. Please refer to CenturyLink-Qwest Update #5, dated August 10, 2010, *available at <http://www.centurylinkqwestmerger.com/downloads/key-materials/CenturyLink-Qwest%20Update%205.pdf>*. CenturyLink-Qwest Update #5 indicates that three consulting firms are assisting with integration planning efforts: (i) PricewaterhouseCoopers (for “Overall Integration Coordination”), (ii) Bain & Company (for “Organization Design”), and (iii) Hewitt Associates (for “Compensation”). *See id.* at 2. Separately for each consulting firm, please provide the following:
 - a. A detailed description of the activities the firm has performed for CenturyLink and/or Qwest to date in connection with integration planning for the proposed transaction.
 - b. A detailed description of the activities the firm will be performing for CenturyLink and/or Qwest in connection with integration planning for the proposed transaction.
 - c. Any instructions, proposed work plan, or similar direction (written or oral) provided by CenturyLink and/or Qwest to the firm in connection with integration planning for the proposed transaction.
 - d. Any recommendations, findings or responses (written or oral) provided to CenturyLink and/or Qwest by the firm in connection with integration planning for the proposed transaction.

- e. Any other documents developed by CenturyLink and/or Qwest, or developed for CenturyLink and/or Qwest by the firm or any other third parties, that address the length of time that the Merged Company plans to continue to use the Qwest systems if the proposed transaction is approved.
- f. A list of the personnel (identified by name, title and employer) from CenturyLink and/or Qwest who serve as point(s) of contact for the firm while it is assisting the Applicants with integration planning for the proposed transaction.
- g. A list of the personnel (identified by name, title and employer) from the firm who serve as point(s) of contact for CenturyLink and/or Qwest while the firm is assisting the Applicants with integration planning for the proposed transaction.

This request is ongoing, and CenturyLink and Qwest should update their responses to this request as additional information becomes available.

3. CenturyLink has stated in rebuttal testimony filed with the Minnesota PUC that “the preparation for the Qwest integration process is underway” and that “there is an early and key focus on integrating various company systems and practices.” *See* Rebuttal Testimony of John F. Jones, CenturyLink, Inc., Minnesota PUC Docket No. P-421, et al./PA-10-456, at 7 (lines 14-18) (filed Sept. 13, 2010) (excerpt attached hereto as “Attachment B”).
 - a. Do CenturyLink’s systems currently provide the same functionalities as Qwest’s QORA system? If there are functionalities that are available through Qwest’s QORA system that are not available through CenturyLink’s systems, please explain whether CenturyLink would retain those functionalities in Qwest’s legacy territory if a decision is made post-transaction to replace Qwest’s existing OSS, and if so, how it would retain those functionalities.
 - b. Do CenturyLink’s systems currently provide the same functionalities as Qwest’s DLIS system? If there are functionalities that are available through Qwest’s DLIS system that are not available through CenturyLink’s systems, please explain whether CenturyLink would retain those functionalities in Qwest’s legacy territory if a decision is made post-transaction to replace Qwest’s existing OSS, and if so, how it would retain those functionalities.
 - c. Do CenturyLink’s systems currently provide the same functionalities as Qwest’s CEMR system? If there are functionalities that are available through Qwest’s CEMR system that are not available through CenturyLink’s systems, please explain whether CenturyLink would retain those functionalities in Qwest’s legacy territory if a decision is made post-

transaction to replace Qwest's existing OSS, and if so, how it would retain those functionalities.

- d. Do CenturyLink's systems currently provide the same functionalities as Qwest's MEDIACC system? If there are functionalities that are available through Qwest's MEDIACC system that are not available through CenturyLink's systems, please explain whether CenturyLink would retain those functionalities in Qwest's legacy territory if a decision is made post-transaction to replace Qwest's existing OSS, and if so, how it would retain those functionalities.
- e. Do CenturyLink's systems currently provide the same functionalities as Qwest's Q.Pricer system? If there are functionalities that are available through Qwest's Q.Pricer system that are not available through CenturyLink's systems, please explain whether CenturyLink would retain those functionalities in Qwest's legacy territory if a decision is made post-transaction to replace Qwest's existing OSS, and if so, how it would retain those functionalities.
- f. Do CenturyLink's systems currently provide the same functionalities as the Qwest Control system? If there are functionalities that are available through the Qwest Control system that are not available through CenturyLink's systems, please explain whether CenturyLink would retain those functionalities in Qwest's legacy territory if a decision is made post-transaction to replace Qwest's existing OSS, and if so, how it would retain those functionalities.

4. Separately for CenturyLink's and Qwest's OSS, please provide the following:

- a. The number of Local Service Requests ("LSRs") processed by each company's OSS for the calendar year 2009.
- b. For the LSR counts provided in subpart (a), please indicate how many of those LSRs were processed via (i) application-to-application interfaces, (ii) web-based graphical user interface ("GUI"), and (iii) fax or email.
- c. The number of Access Service Requests ("ASRs") processed by each company's OSS for the calendar year 2009.
- d. For the ASR counts provided in subpart (c), please indicate how many of those ASRs were processed via (i) application-to-application interfaces, (ii) web-based GUI, and (iii) fax or email.

CenturyTel-Embarq Integration

5. CenturyLink has stated in rebuttal testimony filed with the Minnesota PUC that “[s]o far the Ohio and North Carolina markets have been converted, representing approximately 25% of the legacy Embarq access lines.” *See* Rebuttal Testimony of Duane Ring, CenturyLink, Inc., Minnesota PUC Docket No. P-421, et al./PA-10-456, at 5 (lines 10-11) (filed Sept. 13, 2010) (“CenturyLink Ring Testimony”) (attached in its entirety hereto as “Attachment C”).
 - a. Separately for Ohio and North Carolina, please provide the number of LSR orders entered into CenturyLink’s EASE OSS in an average month.
 - (i) For the LSR counts provided, how many of those LSRs flow through from order submission to provisioning and billing without falling out for manual handling?
 - (ii) For the LSR counts provided, how many of those LSRs fall out for manual handling?
 - (iii) Under what circumstances do the LSRs identified in subpart (ii) fall out for manual handling?
 - b. Separately for Ohio and North Carolina, please provide the number of ASR orders entered into CenturyLink’s EASE OSS in an average month.
 - (i) For the ASR counts provided, how many of those ASRs flow through from order submission to provisioning and billing without falling out for manual handling?
 - (ii) For the ASR counts provided, how many of those ASRs fall out for manual handling?
 - (iii) Under what circumstances do the ASRs identified in subpart (ii) fall out for manual handling?
6. With respect to the ongoing conversions of legacy Embarq markets to the CenturyLink billing and operational systems, CenturyLink has stated in rebuttal testimony before the Minnesota PUC as follows: “A significant amount of planning and testing goes into the conversion of each Embarq market prior to that conversion taking place. CenturyLink takes what was learned from each previous market conversion and applies those learnings to future conversions. It is for this very reason that we chose to convert Embarq to CenturyLink’s systems on a phased basis” *See* CenturyLink Ring Testimony at 4 (lines 22-23) & 5 (lines 1-3).
 - a. With respect to the ongoing conversions of legacy Embarq markets to CenturyLink systems, does CenturyLink utilize “go / no go” criteria before it decides to convert a given market or state? If so, please provide

the detailed “go / no go” criteria. If not, please explain how CenturyLink determines whether a market or state is ready to be converted.

- b. Please list the Embarq markets or states in order of planned OSS conversion, starting with the earliest state or market to be converted and ending with the last state or market to be converted, and the date of each planned OSS conversion.
 - c. Please describe in detail any planned changes or improvements to the conversion process for the Embarq markets or states that remain to be converted.
 - d. Do CenturyLink’s current integration plans for the proposed transaction include a market-by-market or state-by-state conversion approach similar to that used in the Embarq integration? If so, please list the markets or states in order of planned conversion, starting with the earliest market or state to be converted and ending with the last state or market to be converted. If not, please describe how the integration plans for the proposed transaction differ from CenturyLink’s market-by-market or state-by-state conversion approach to the Embarq integration.
7. In rebuttal testimony filed with the Minnesota PUC, CenturyLink provided the following information regarding the recent conversion from Embarq to CenturyLink systems in North Carolina: “[S]ome of the outside plant records were loaded incorrectly. The way in which plant was constructed in the legacy Embarq areas was not consistent between areas and not consistent with the legacy CenturyTel areas. As a result, records for some of the devices initially did not load correctly in the conversion. . . . CenturyLink has researched the problem and has learned that the records of approximately 2,000 out of approximately 11,500 devices did not load correctly.” *See CenturyLink Ring Testimony at 2 (lines 6-14).*
- a. Please provide the number of legacy Embarq North Carolina customers that were converted to CenturyLink systems.
 - b. Please provide the number of legacy Embarq North Carolina outside plant records that were impacted by this data load error.
 - c. When did CenturyLink first learn of this problem?
 - d. When did CenturyLink begin researching this problem?
 - e. Please provide a detailed description of the “devices” referenced by CenturyLink witness Ring.
 - f. Please provide detailed information regarding the outside plant records that were impacted by this data load error. A complete response will

include examples of consistent records loaded correctly and examples of inconsistent records that were loaded incorrectly.

- g. Please list the systems into which this outside plant data was loaded.
 - h. Please explain why this data load error was not revealed in data validation efforts.
 - i. Please explain why this data load error was not revealed in quality assurance testing.
 - j. Please explain if this data load error impacted order flow-through. If so, please explain why this data inconsistency was not revealed in flow-through testing prior to conversion.
 - k. Please provide detailed information regarding overtime costs and any additional personnel required by CenturyLink as a result of the data load error.
8. With regard to the data load error in North Carolina, CenturyLink has stated in rebuttal testimony before the Minnesota PUC that “[a]t this time, the records for approximately 82% of those 2,000 devices have been fixed and CenturyLink continues to work diligently on the remaining 18%.” *See CenturyLink Ring Testimony at 2 (lines 14-16).*
- a. Please provide a list of the CenturyLink systems that were impacted by the data load error.
 - b. Please describe in detail the work effort CenturyLink has used and is using to correct the data load error.
 - c. Please provide the average amount of time required per impacted customer and per outside plant record to research and correct the data load error.
 - d. Please provide the number and type of CenturyLink personnel and employees of third parties, if any, required to correct the data load error.
9. With regard to the data load error in North Carolina, CenturyLink has stated in rebuttal testimony before the Minnesota PUC that it is “working to ensure that the outside plant records are correct and consistent prior to any future conversions resulting from the Embarq integration.” *See CenturyLink Ring Testimony at 2 (lines 16-18).*
- a. Please describe in detail what CenturyLink is doing to ensure that outside plant records are loaded correctly in future conversions of Embarq markets or states to the CenturyLink systems.

- b. Please provide the number of CenturyLink employees and employees of third parties, if any, dedicated to ensuring that outside plant records are loaded correctly in future conversions of Embarq markets or states to the CenturyLink systems.
10. CenturyLink has stated in rebuttal testimony before the Minnesota PUC that “[t]he problems encountered in North Carolina on top of the heavy seasonal summer load have caused CenturyLink to produce lower service level metrics than desired since conversion.” *See* CenturyLink Ring Testimony at 5 (lines 16-18). For the Embarq local operating companies providing service in North Carolina (Carolina Telephone and Telegraph Company and Central Telephone Company), please provide service quality data by month for 2009 and year-to-date 2010 for the following metrics, as defined by the North Carolina Utilities Commission in Docket No. P-100, Sub 99A:
- a. Operator “0” Answer Time (objective: 90% or more of calls answered within 10 seconds or ASA of 6 seconds)
 - b. Directory Assistance Answer Time (objective: 85% or more of calls answered within 10 seconds or ASA of 6 seconds)
 - c. Business Office Answer Time (objective: ASA of 30 seconds)
 - d. Repair Service Answer Time (objective: ASA of 30 seconds)
 - e. Initial Customer Trouble Reports (objective: 4.75 or less per 100 total access lines)
 - f. Repeat Customer Trouble Reports (objective: 1.0 or less per 100 total access lines)
 - g. Out-of-Service Troubles Cleared within 24 hours (objective: 95% or more)
 - h. Regular Service Orders Completed within 5 Working Days (objective: 90% or more)
 - i. New Service Installation Appointments Not Met For Company Reasons (objective: 5% or less)
 - j. New Service Held Orders Not Completed within 30 Days (objective: 0.1% or less of total access lines)
11. In his testimony on behalf of the Communications Workers of America (“CWA”) before the Minnesota PUC, Jasper Gurganus, CWA’s Vice President of Telecommunications, reported that CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “According to the interviews I conducted, workers are being dispatched to

incorrect locations for service. One interviewee from North Carolina reported to me that the new dispatch system is sending residential Installation and Repair (I&R) technicians to business sites. Once there, the I&R tech obviously has to call in to have the work order referred to a business systems technician.” *See Pre-Filed Direct Testimony of Jasper Gurganus on Behalf of the Communications Workers of America (CWA), Minnesota PUC Docket No. P-421, et al./PA-10-456, at 4 (lines 19-23) (filed Aug. 19, 2010) (“CWA Gurganus Testimony”)* (attached in its entirety hereto as “Attachment D”). Is CenturyLink aware of a problem with technicians being dispatched to the incorrect location in the North Carolina legacy Embarq territories? If so, when did it first become aware of the problem and what is the root cause of the problem?

12. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “Several workers reported being dispatched for service with insufficient or incorrect information. For example, one individual told me that he often received new service orders that fail to include information about what the customer ordered, so he has to ask the customer what they ordered and hope he has the right equipment with him to complete the installation.” *See CWA Gurganus Testimony at 5 (lines 6-10)*. Is CenturyLink aware of a problem with technicians being dispatched to the customer location with insufficient or incorrect information in the North Carolina legacy Embarq territories? If so, when did it first become aware of the problem and what is the root cause of the problem?
13. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “[S]ystems do not appear to be interconnected or coordinated. For example, when a tech calls into the assigner or to the central office, often the representative they deal with cannot access the same information about a particular job.” *See CWA Gurganus Testimony at 6 (lines 9-12)*.
 - a. Is CenturyLink aware of a problem in which CenturyLink representatives supporting CenturyLink field technicians cannot access the same information about a customer’s order? If so, when did it first become aware of the problem and what is the root cause of the problem?
 - b. Did CenturyLink conduct testing prior to the conversion from Embarq to CenturyLink systems in North Carolina to validate that the data loaded would match across systems in the CenturyLink OSS? If so, please describe the testing conducted and related results.
14. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “Customer Service Representatives use [one] system to write orders for new installations. That system is supposed to interface with the assignment and programming systems so that customer information flows through, but according to the center worker, that often doesn’t happen. Trying to figure out how to solve the problem, which center to call,

causes all kinds of problems. She told me it had the techs running in circles.” *See CWA Gurganus Testimony at 7 (lines 9-14).*

- a. Is CenturyLink aware of a problem in which customer information does not flow through the CenturyLink systems in the North Carolina legacy Embarq territories? If so, when did it first become aware of the problem and what is the root cause of the problem?
- b. Did CenturyLink conduct testing prior to the conversion from Embarq to CenturyLink systems in North Carolina to validate that data was flowing through the systems properly? If so, please describe the testing conducted and related results.

15. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “I was told that the service center assistants used to handle 50 to 60 calls a day, but that each call is now so time consuming that the load has been cut in half.” *See CWA Gurganus Testimony at 7 (lines 20-22).* Please provide the average call duration for customer service representatives serving legacy Embarq customers in North Carolina for the three months prior to and after the conversion to CenturyLink’s OSS.

16. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “In the past, under the old system, orders for business clients or multiple installs at the same site would be on one order. Now with the new system, if there are multiple installs at one site, the technicians get individual orders for each install. For instance, a new installation at a school came through as 20 individual orders to install.” *See CWA Gurganus Testimony at 8 (lines 5-9).*

- a. Is CenturyLink aware of a problem in which technicians receive individual orders for each installation when there are multiple installations at the same site? If so, are the CenturyLink systems performing as designed in such situations?
- b. Prior to the conversion from Embarq to CenturyLink systems in North Carolina, did Embarq’s systems have the capability to provide one order for business clients or multiple installations at the same site? If so, please explain why CenturyLink’s systems do not have this capability.

17. According to CWA, CenturyLink has been experiencing the following problem since the conversion from Embarq to CenturyLink systems in North Carolina: “Prior to the merger between Embarq and CenturyLink, if a concentrator went down, the business office would issue an outage ticket that would alert people throughout the system that there is a known outage in a specific area. That meant when customers called to report the outage, the customer service representatives would be able to tell them the company knew about the outage, that it was being worked on, and even an estimate time the service would be restored. Under the new system, the business office can

take a trouble report, but it is not issued as an outage report, so our customers cannot be told that we may already be working on the problem or when their service might be restored.” *See* CWA Gurganus Testimony at 8 (lines 13-22).

- a. Does the CenturyLink OSS currently have the capability to inform customer service representatives of known outages in the North Carolina legacy Embarq territories? If not, why does the CenturyLink OSS lack this functionality? Does CenturyLink intend to add this functionality, and, if so, how?
- b. Did Embarq’s OSS have the capability to inform customer service representatives of known outages in North Carolina prior to the conversion?

18. Please indicate whether CenturyLink has instituted a technician feedback process to address the problems that technicians have been experiencing since the conversions from Embarq to CenturyLink systems in North Carolina and Ohio. *See* CWA Gurganus Testimony at 11 (lines 13-14).

- a. If so, please describe the technician feedback process in detail and provide any documentation developed in support of this process.
- b. Please provide copies of the reports that have been submitted by technicians in conjunction with this technician feedback process since the process began.

Previous CenturyTel Integrations

19. CenturyLink has stated in its Reply Comments that it has a lengthy history of successful integrations. *See* Applicants’ Reply Comments at 10. CenturyTel acquired local exchange assets from Verizon in Arkansas, Missouri and Wisconsin in 2000, and in Missouri and Alabama in 2002.

- a. Please provide the number of consumer, business and wholesale lines in these acquired properties at the time of each acquisition.
- b. Please provide the average revenue per line for the exchanges acquired in these transactions.

20. CenturyTel stated in its SEC Form 10-K for the year ending December 31, 2001 (“2001 10-K”) that “[t]he Company is in the process of developing an integrated billing and customer care system” and that completion “is expected to occur in early 2003.” *See id.* at 50. CenturyTel stated in its SEC Form 10-K for the year ending December 31, 2003 (“2003 10-K”) as follows: “[T]he system remains in the development stage and has required substantially more time and money to develop than originally anticipated. The Company currently expects to complete all phases of the new system no later than mid-2005. In addition, the Company expects to incur

additional costs related to completion of the project, including (i) approximately \$15 million of customer service related and data conversion costs.” *See id.* at 16.

- a. Please provide the name(s) of the CenturyTel integrated billing and customer care system(s) referenced in the 2001 10-K and the 2003 10-K.
- b. Is the CenturyTel integrated billing and customer care system referenced in the 2001 10-K and the 2003 10-K utilized by CenturyLink today?
- c. When was the referenced integrated billing and customer care system implementation completed?
- d. Please provide the original budget of the integrated billing and customer care system implementation in 2001 and the actual cost of the system implementation.
- e. CenturyTel acquired local exchange assets from Verizon in Arkansas, Missouri and Wisconsin in 2000, and in Missouri and Alabama in 2002. Did the delayed integrated billing and customer care system implementation reduce the synergies projected for those acquisitions? If so, by how much?

ATTACHMENT A

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Joint Petition of for
Approval of Indirect Transfer of Control
of Qwest Operating Companies to
CenturyLink**

Docket No. P-421, et.al./PA-10-456

REBUTTAL TESTIMONY

OF

MICHAEL R. HUNSUCKER

CENTURYLINK, INC.

SEPTEMBER 13, 2010

1 Q. MR. GATES FIRST ADDRESSES OSS SYSTEMS. DOES HE FAIRLY
2 ACCOUNT FOR THE OSS CAPABILITIES OF THE POST-MERGER
3 COMPANY?

4 A. No. A considerable portion of Mr. Gates' testimony is related to intermittent discussion
5 of OSS issues. Mr. Gates begins this discussion with a reference to Qwest's § 271
6 compliance requirement and circles back to that topic several more times. In Mr. Gates'
7 opinion, because CenturyLink's OSS systems have not been subject to regulatory
8 litigation under § 271, he believes CenturyLink has no experience with § 271
9 obligations.⁵ To Mr. Gates, it follows that the post-merger systems may not remain § 271
10 compliant.⁶ Mr. Gates is misconstruing § 271. Under the Telecommunications Act,
11 under which CenturyLink has been performing for years, the obligations to provide OSS
12 are the same as they are under § 271. Qwest did undergo testing of its systems in order to
13 obtain approval to provide long-distance services, while CenturyLink did not undergo
14 that process because it was never restricted from providing inter-LATA services, but
15 there is no evidence that its systems do not meet the requirements of the Act. Qwest
16 witness Karen Stewart will address § 271 issues in greater detail in her rebuttal
17 testimony.

18 Mr. Gates' speculation regarding post-merger OSS degradation is also unfounded.
19 As stated previously, CenturyLink is not merely acquiring territory from Qwest, but
20 instead is acquiring the entire company with its existing systems, personnel and

⁵ Gates Direct at 24.

⁶ Gates Direct at 34 and 41.

1 documented policies and processes. The Qwest experience and OSS knowledge will still
2 reside in the post-merger company, and Mr. Gates' speculation that § 271 compliant
3 systems might just "disappear" is nonsense.

4 As regards the future OSS to be used by the merged company, the Joint
5 Petitioners have publicly stated that they are each dedicated to having strong OSS for
6 wholesale operations and that they have met their obligations to wholesale customers in
7 the past and will continue to do so. The merged company will have the option to retain
8 Qwest's existing § 271 compliant systems or to choose an OSS that better addresses the
9 provision of service to the merged company's entire customer base. Having said that,
10 nothing about the transaction will excuse the merged company from its important ICA
11 and §251 obligations, as well as the obligations under § 271 where those apply.

12
13 **Q. A COMMON THEME IN THE CLEC TESTIMONY IS A COMPLAINT**
14 **REGARDING CENTURYLINK NOT PROVIDING DETAILED**
15 **DOCUMENTATION OF ITS FUTURE PLANS AND INTENT. HOW DO YOU**
16 **RESPOND?**

17 **A.** As Mr. John Jones testifies, it is unreasonable to believe that the Joint Petitioners should
18 have conducted a thorough operating capabilities and operating expense review of the
19 legacy systems and practices by this point in time. It is also incorrect to assume that the
20 merged company has made the decisions regarding which systems and practices will be
21 used post-merger. Because it has the time to do so, CenturyLink will take a deliberate

ATTACHMENT B

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Joint Petition of for
Approval of Indirect Transfer of Control
of Qwest Operating Companies to
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Docket No. P-421, et.al./PA-10-456

REBUTTAL TESTIMONY

OF

JOHN F. JONES

CENTURYLINK, INC.

SEPTEMBER 13, 2010

- 1 1. Whether the post-merger company would have the financial, technical and
2 managerial resources to continue providing reliable, quality
3 telecommunications in Minnesota;
4 2. What impact the transaction will have on Minnesota customers and
5 competition in the local telecommunications market; and
6 3. What impact the transaction would have on Commission authority.¹²

7
8 **III. POST-MERGER THE COMPANY WILL HAVE THE FINANCIAL,**
9 **TECHNICAL AND MANAGERIAL RESOURCES TO ENABLE THE QWEST**
10 **AND CENTURYLINK OPERATING COMPANIES TO CONTINUE PROVIDING**
11 **RELIABLE, QUALITY TELECOMMUNICATIONS SERVICES IN**
12 **MINNESOTA.**

13
14 **Q. Some of the intervenor parties filing testimony in this proceeding express concern**
15 **over CenturyLink's ability to accomplish an integration of this magnitude. Are**
16 **these integration concerns valid?**

17 **A.** No, they are not. CenturyLink has a proven track record of successfully integrating the
18 operations of the companies it acquires. As I stated in my direct testimony, the senior
19 officers who will lead the combined company are proven leaders in the
20 telecommunications industry with multiple decades of both individual and combined
21 experience. The majority of the CenturyLink leadership team has been together since the
22 1980s, a fact that highlights the stability and experience of the Company's management.
23 The long historical record is important as it demonstrates convincingly that the
24 CenturyLink leadership team consistently has worked to provide exceptional customer
25 service over an extended period as well as to manage multiple acquisitions and

¹² Linscheid Direct, p. 2, lines 12-19.

1 integrations. With respect to the management team's transactional experience,
2 CenturyLink has increased its size over the years through a number of sizeable
3 acquisitions, starting in 1997 with the acquisition of Pacific Telecom, Inc. and most
4 recently with the 2009 acquisition of Embarq. An important by-product of the multiple
5 acquisitions by CenturyLink is the accumulation of experienced employees and critical
6 skill sets needed for successful integration outcomes. At times these acquisitions have
7 more than doubled or tripled the size of the Company within a fairly short span of years.
8 In each instance the integration has been successful in terms of customer service
9 improvements and investor standards. This proven and uncontested history demonstrates
10 that CenturyLink is accustomed to managing and executing on mergers and acquisitions
11 of varying types, sizes and complexity while continuing to operate as a successful service
12 provider in a challenging industry environment.

13
14 More specifically, the preparation for the Qwest integration process is underway, and
15 joint CenturyLink/Qwest integration teams are hard at work reviewing all functional
16 areas to determine the best organizational structure for the company post-merger. In
17 addition, there is an early and key focus on integrating various company systems and
18 practices. CenturyLink approaches the systems integration process with an open mind as
19 the Company evaluates and prepares to adopt the best systems of merged companies.
20 This approach to systems integration ensures critical functionality, efficiency and overall
21 positive customer experience. It is important to note that a key factor in the
22 CenturyTel/Embarq transaction and this transaction, which sets them apart from other
23 mergers in a very positive way, is that CenturyLink is integrating not partial companies

1 but entire companies, which provides the ability to operate using dual systems for as long
2 as management believes that is prudent. Preparation is further focused as the employees
3 of both companies are committed to coordinating and transitioning the companies'
4 operations. Accordingly, there are common integration goals rather than the conflicts of
5 interest that may arise when a company sells only parts of its operations. Additionally,
6 while final staffing decisions have not yet been made, the majority of Qwest employees
7 are expected to be retained to help the merged company achieve its local operational
8 objectives. Through the extensive experience we have had with merger integrations, we
9 are also mindful that there are nearly 50,000 employees and their families nationwide that
10 must deal with various levels of uncertainty until all approvals are granted and the
11 companies are formally allowed to close the transaction. That is why we have already
12 begun post-merger integration planning and are seeking prompt approvals.

13
14 **Q. Several parties express frustration with the lack of details that CenturyLink has**
15 **provided with regard to its integration plans with Qwest. How do you respond?**

16 A. CenturyLink is experienced in large integrations, which require processes that are
17 thorough, well thought-out and customer focused. The frustration may be
18 understandable, but these processes require deliberate and disciplined efforts. While
19 much integration planning can begin pre-merger, as is the case here, most of the decisions
20 cannot and do not need to be made until after the merger. This kind of parent-level
21 transaction does not force the Company into short timelines. Rushing the selection and
22 integration of critical systems designed to seamlessly serve millions of retail and
23 wholesale customers is not an option, nor, as I have said, does this type of transaction

ATTACHMENT C

**STATE OF MINNESOTA
BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION**

David Boyd	Chair
J. Dennis O'Brien	Commissioner
Thomas Pugh	Commissioner
Phyllis Reha	Commissioner
Betsy Wergin	Commissioner

**In the Matter of the Joint Petition of for
Approval of Indirect Transfer of Control
of Qwest Operating Companies to
CenturyLink**

Docket No. P-421, et.al./PA-10-456

REBUTTAL TESTIMONY

OF

DUANE RING

CENTURYLINK, INC.

SEPTEMBER 13, 2010

1 **Q. Please state your name, occupation, and business address.**

2 A. My name is Duane Ring and I am the President of the Northeast Region for
3 CenturyLink, Inc. ("CenturyLink" or the "Company"). My business address is
4 P.O. Box 4800, LaCrosse, Wisconsin.

5

6 **Q. Are you the same Duane Ring that filed direct testimony in this proceeding?**

7 A. Yes, I am.

8

9 **Q. What is the purpose of your rebuttal testimony?**

10 A. My rebuttal testimony will address integration issues raised by Mr. Jasper
11 Gurganus, who filed direct testimony on behalf of the Communications Workers
12 of America ("CWA") in this proceeding. I will also discuss CenturyLink's
13 broadband deployment achievements and ongoing efforts in Minnesota.

14

15 **Q. Throughout his testimony, Mr. Gurganus provides a number of examples of**
16 **operational problems allegedly arising out of CenturyLink's ongoing**
17 **integration of Embarq Corporation ("Embarq"). Are the problems**
18 **suggested by Mr. Gurganus indicative of ongoing problems in the overall**
19 **Embarq integration effort?**

20 A. No. As with any integration of large, complex systems, there are may be some
21 issues that arise. CenturyLink works hard during every integration process to
22 minimize the number and severity of those problems, and to mitigate any
23 potential negative impact on the Company's customers and employees.

1 CenturyLink has successfully completed conversions of multiple systems from
2 multiple different companies over the years and has learned new things with every
3 conversion. Those learnings are applied to future conversions to help reduce the
4 issues that may arise.

5
6 During the recent conversion of the North Carolina market to the CenturyLink
7 billing and operational systems, some of the outside plant records were loaded
8 incorrectly. The way in which plant was constructed in the legacy Embarq areas
9 was not consistent between areas and not consistent with the legacy CenturyTel
10 areas. As a result, records for some of the devices initially did not load correctly
11 in the conversion. This led to certain problems that Mr. Gurganus cites in his
12 testimony. CenturyLink has researched the problem and has learned that the
13 records of approximately 2,000 out of approximately 11,500 devices did not load
14 correctly. At this time, the records for approximately 82% of those 2,000 devices
15 have been fixed and CenturyLink continues to work diligently on the remaining
16 18%. The problems were found to be manageable. Finally, CenturyLink is
17 working to ensure that the outside plant records are correct and consistent prior to
18 any future conversions resulting from the Embarq integration. As such,
19 CenturyLink does not expect the issues cited by Mr. Gurganus to recur.

20
21 In addition, a number of the problems cited by Mr. Gurganus in his testimony are
22 caused by differences between the old and new systems. This is not a situation
23 where one system is “better” or “worse” than the other system; the two systems

1 are just different in certain respects. Employees have worked with the old
2 systems for years, which naturally create a significant level of familiarity. When
3 converting to new systems, the steps to perform the work or where the related
4 detailed information is contained in the new system to perform the work are often
5 different. The lack of familiarity with the new systems can cause added questions
6 and impede efficiency for a short time, until the employees gain the needed
7 familiarity. Aside from issues such as the previously mentioned records quality,
8 the data exists and the systems work. It will take time for all who work with the
9 new systems to develop the comfort and proficiency that was established after
10 working for years with the old system.

11
12 **Q. The North Carolina market was converted in May and it is now September.**
13 **Is it unusual for it to take this long to correct the outside plant records?**

14 A. No. It is largely a manual process to correct the plant records for the various
15 devices. For each of the approximately 2,000 devices that have incorrect plant
16 records, CenturyLink must manually research, determine and load the correct
17 information into the system. This process requires significant effort on the part
18 Operational Support teams, Information Technology, and technicians. However,
19 as I just indicated, CenturyLink already has corrected the records of
20 approximately 82% of those 2,000 devices in that state and is working diligently
21 to resolve the issues with the remaining 18% (approximately 360 devices).

22

1 **Q. What is CenturyLink doing to ensure that problems with incorrect plant**
2 **records do not occur in future conversions?**

3 A. As I indicated earlier, every system conversion or integration inevitably is going
4 to have some issues. Now that we are more fully aware of the differences in
5 outside plant records, CenturyLink is taking additional steps to identify and
6 correct those plant records *before* the conversion takes place. For instance,
7 CenturyLink has identified those devices that may be at a higher risk for having
8 incorrect plant records and is going to have technicians test those devices to
9 determine if there are any problems. In proactively implementing these additional
10 steps, CenturyLink is confident that it will minimize the problems encountered in
11 future conversions.

12
13 **Q. Why is it necessary to integrate the CenturyTel and Embarq systems?**

14 A. The systems need to be integrated so that all employees are working off the same
15 platform and using the same processes. It is very inefficient to have employees in
16 the field working with multiple systems and platforms. Doing so would require
17 employees to have a working knowledge of a number of systems. That
18 inefficiency would translate over to longer times to complete service orders.

19
20 **Q. Is the integration of Embarq's operations moving along as planned?**

21 A. Yes. As Mr. Gurganus noted in his testimony, the systems are large and complex.
22 A significant amount of planning and testing goes into the conversion of each
23 Embarq market prior to that conversion taking place. CenturyLink takes what

1 was learned from each previous market conversion and applies those learnings to
2 future conversions. It is for this very reason that we chose to convert Embarq to
3 CenturyLink's systems on a phased basis, rather than to "flash cut" all of
4 Embarq's customers at once. A phased approach to the conversion minimizes the
5 potential for system-wide problems and mitigates any possible negative impacts
6 on customers and employees alike.

7
8 **Q. Have there been a significant number of problems related to the Embarq**
9 **systems conversions so far?**

10 A. No. So far the Ohio and North Carolina markets have been converted,
11 representing approximately 25% of the legacy Embarq access lines. While it is
12 only natural to want to focus on the areas that did not go perfectly during the
13 conversion, one can lose perspective of the entirety of what was completed. Since
14 the conversions of North Carolina and Ohio, over 7 million bills have been
15 accurately produced and over 320,000 jobs dispatched to technicians have been
16 completed. The problems encountered in North Carolina on top of the heavy
17 seasonal summer load have caused CenturyLink to produce lower service level
18 metrics than desired since conversion. However, as the plant records for these
19 devices have been corrected, seasonal load levels have started to ease and
20 employees have become more familiar with the new systems, the service quality
21 levels are improving. We believe our customer service metrics should continue
22 their improvement and soon increase back to the previous levels.

23

1 **Q. Mr. Gurganus states CWA members in Ohio and North Carolina have been**
2 **placed on mandatory overtime and that technicians in North Carolina have**
3 **been working mandatory six-day weeks for two months.¹ Is that correct?**

4 A. The amount of work necessary to respond to customer needs is constantly
5 managed. When the load is significant such that without working overtime,
6 customers would have lower service levels, we routinely work overtime. Our
7 process starts with asking for volunteers to work overtime. The vast majority of
8 the overtime situations throughout North Carolina were handled with volunteers.
9 Only on occasion when not enough volunteers were available to timely complete
10 the load was any mandatory overtime utilized. This process is consistent with
11 many years of standard operating procedure. CenturyLink has not required
12 widespread mandatory overtime of its technicians to deal with conversion issues.
13 The technicians are very dedicated to their work and their customers and will
14 often go above and beyond to ensure that customers receive high quality service.
15 However, CenturyLink is also aware that the technicians need time away from
16 work to rest and spend time with family, and the Company works to ensure the
17 technicians get that needed time.

¹ Pre-filed Direct Testimony of Jasper Gurganus on behalf of the Communications Workers of America (CWA), August 19, 2010, In the Matter of the Joint Petition for Approval of Indirect Transfer of Control of Qwest Operating Companies to CenturyLink OAH Docket No. 11-2500-21391-2, PUC Docket No. P-421 et.al./PA-10-456 ("Gurganus Direct"), p. 11, lines 15-20.

1 **Q. You previously mentioned that training is available to the technicians. What**
2 **training is provided to employees prior to the conversion?**

3 A. Employees are provided training on new systems prior to any conversion.
4 Technicians receive eight hours of training within two weeks of the scheduled
5 conversion. This training focuses on how to navigate the new system and find the
6 data needed to complete a dispatched task. In addition, after the conversion has
7 taken place CenturyLink provides multiple “command centers” to address
8 questions and issues. For the first week after the conversion each operations area
9 has a command center with a supervisor experienced in the new systems that
10 provides support to local supervisors and technicians. Additionally, there are
11 regional and national command centers staffed with experienced people including
12 technicians, supervisors, managers, systems support and process people where
13 questions and issues that cannot be addressed by local command centers can be
14 escalated for timely resolution. Additional training or guidance material is also
15 periodically distributed to technicians focusing on specific situations.
16 CenturyLink understands the importance of our employees knowing and
17 understanding the post-conversion systems, and as such the Company works hard
18 to ensure that proper training and support is available.

19
20
21

1 **Q. Mr. Gurganus states that CWA employees should be included in the formal**
2 **integration planning process. Is participation in the formal planning process**
3 **necessary?**

4 A. CenturyLink values the insights of our employees with regards to the best
5 practices for handling network and customer-facing issues. These are our front
6 line employees who deal with customers on a daily basis and have valuable
7 insight into functioning of the systems. Their input on improvements to the
8 systems is always taken into consideration, not just during systems integrations.
9 As I noted earlier, extensive testing will be performed by technicians in future
10 conversions to ensure the accuracy of plant records.

11

12 **Q. Moving on to another subject, Mr. Gurganus makes some recommendations**
13 **regarding broadband deployment conditions.² Has CenturyLink been**
14 **working to deploy broadband service in Minnesota?**

15 A. Yes. CenturyLink has been investing in a broadband-capable infrastructure with
16 the overall goal of increasing the availability of broadband service while also
17 increasing broadband speeds in areas where broadband service already exists.
18 After the merger, the combined company will continue to invest in bringing
19 robust broadband services to its Minnesota customers. CenturyLink is a
20 broadband leader in the areas it serves. Broadband services provide an
21 opportunity to improve the lives and welfare of the customers and businesses in
22 these areas. Economic development, education, healthcare, and government

² Gurganus Direct, pp 17-18.

1 services all benefit from the effective use of broadband networks, but these
2 benefits must be balanced with the cost of deployment. CenturyLink is proud of
3 its historical commitment to build and operate broadband networks. However, the
4 economic factors to deploy broadband services in the highest cost, lowest
5 population density areas are challenging as there are too few consumers living in
6 these areas to cover the costs of building and providing network services.
7 CenturyLink will continue to seek innovative solutions that allow the Company to
8 expand the reach of its high bandwidth services.

9
10 **Q. How many CenturyLink access lines in Minnesota are broadband capable?**

11 A. Approximately 82% of CenturyLink's access lines in Minnesota are broadband
12 capable. CenturyLink has several broadband speeds available to Minnesota
13 customers, with download speeds ranging from 768Kbps up to 10 Mbps in
14 selected markets. CenturyLink's customers generally purchase speeds lower than
15 3.0 Mbps, a speed that is widely deployed across our service area.

16
17 **Q. What are CenturyLink's future plans for broadband?**

18 A. CenturyLink will continue to expand its broadband footprint in those areas of the
19 state where it makes economic sense to do so. In addition, CenturyLink will
20 continue to increase broadband speeds in those areas where broadband service
21 already exists. CenturyLink also plans to abide by the requirements for
22 broadband service as put forth in any decisions on the Federal Communications
23 Commission's National Broadband Plan. As CenturyLink witness Mr. Jones

1 explains in his testimony, the conditions that Mr. Gurganus proposes with respect
2 to broadband could actually harm the public interest, rather than help.

3

4 **Q. Does this complete your rebuttal testimony?**

5 **A. Yes.**

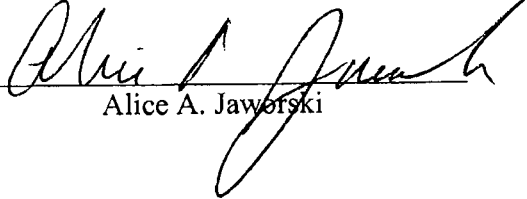
STATE OF MINNESOTA
OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Joint Petition for Approval
of Indirect Transfer of Control of Qwest
Operating Companies to CenturyLink

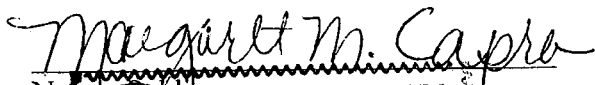
AFFIDAVIT OF SERVICE

STATE OF MINNESOTA)
) ss.
COUNTY OF HENNEPIN)

I hereby state that on the 13th day of September 2010, the attached **Rebuttal Testimony of Duane Ring**, was served upon all the parties on the attached service list by electronic filing or by depositing a true and correct copy thereof properly enveloped with postage prepaid in the United States Mail at Minneapolis, Minnesota.

By: 
Alice A. Jaworski

subscribed and sworn to before me this
13th day of September, 2010


Notary Public **MARGARET M. CAPRA**
Notary Public-Minnesota
My Commission Expires Jan 31, 2012

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ATTACHMENT D

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Joint Petition for)
Approval of Indirect Transfer of Control) OAH Docket No. 11-2500-21391-2
of Qwest Operating Companies to) PUC Docket No. P-421, et al./PA-10-456
CenturyLink)

PRE-FILED DIRECT TESTIMONY OF JASPER GURGANUS

ON BEHALF OF THE COMMUNICATIONS WORKERS OF AMERICA (CWA)

Filed: August 19, 2010

1 Q. Please state your name and business address.

2 A. My name is Jasper Gurganus. My office address is 501 Third Street, NW,
3 Washington, DC 20001.

4 Q. By whom are you employed and in what capacity?

5 A. I am the Vice President of Telecommunications for the Communications Workers
6 of America.

7 Q. Please describe your work experience in the telecommunications industry.

8 A. My work experience spans approximately forty-five years in the
9 telecommunications industry. I was first employed as a residential installer-
10 repairman in 1966 with Carolina Telephone and Telegraph Company which is
11 now part of CenturyLink. Approximately five years later I was promoted to the
12 job of business services technician and held that position for approximately 25
13 years. The majority of that time I also served as a local union representative
14 which exposed me to many of the craft positions and work activities within the
15 industry. I served six years as a CWA Representative and for the last 8 years as
16 CWA's Telecommunications Vice President. My duties at CWA are devoted
17 primarily to working for and with our members employed by companies in the
18 rural telecommunications industry.

19 Q. Why is the Communications Workers of America interested in this case?

20 A. CWA is an international union with 8,764 members residing in Minnesota, 2, 142
21 of whom are employed by Qwest. CWA holds a collective bargaining agreement
22 with Qwest covering the terms and conditions of employment of those workers.

23 Q. What is the scope of your testimony?

1 A. I will discuss the risks enumerated by CenturyLink in its prospectus submitted to
2 the Securities and Exchange Commission in July that relate to integration.
3 Further, I will show that the integration risks are real and that current experience
4 with the integration of CenturyLink systems in former Embarq territories is
5 evidence of the potential public harm. Finally, I will explain how those concerns
6 with systems integration could pose a serious threat to the quality of service
7 received by Qwest customers in Minnesota.

8 **Q. What are the integration risks to which you refer?**

9 A. On July 19, 2010, CenturyLink and Qwest sent a joint proxy statement /
10 prospectus to their stockholders. Attached as Schedule JG-1 are excerpts from
11 that document, which I will refer to as "Prospectus." In the Prospectus,
12 CenturyLink lists two general categories of risks associated with integration:
13 • "CenturyLink expects to incur substantial expenses related to the merger"
14 which includes integration-related expenses. Prospectus, p. 16.
15 • Following the merger, the combined company may be unable to integrate
16 successfully the businesses of CenturyLink and Qwest and realize the
17 anticipated benefits of the merger." Prospectus, p. 17.

18 CenturyLink lists some of the many systems that must be integrated
19 including "billing, management information, purchasing, accounting, finance,
20 sales, payroll and benefits, fixed asset, lease administration and regulatory
21 compliance." Prospectus, p. 16.

22 CenturyLink explains as follows why this integration poses a serious
23 financial risk to the company:

24 While CenturyLink has assumed that a certain level of transaction
25 and integration expenses would be incurred, there are a number of
26 factors beyond its control that could affect the total amount or the
27

1 timing of its integration expenses. Many of the expenses that will
2 be incurred, by their nature, are difficult to estimate accurately at
3 the present time.

4 Prospectus, p. 16.

5 CenturyLink further explains the element of risk by noting that it is likely
6 to have to begin initiating integration with Qwest before it has completed its
7 integration with Embarq. By taking on the Qwest acquisition prior to having
8 successfully completed the Embarq integration, CenturyLink admits that the
9 integration process of both acquisitions could be “delayed or rendered more costly
10 or disruptive than would otherwise be the case.” Prospectus, 16

11 **Q. Do you agree with CenturyLink that these are risks associated with the**
12 **proposed transaction?**

13 A. I agree that there are risks associated with the transaction. In particular, I agree
14 that there are serious risks associated with the acquisition of Qwest prior to
15 successfully integrating systems relating to CenturyLink’s recent acquisition of
16 Embarq. Both of these acquisitions – each of which is large and challenging in its
17 own right – pose huge risks of disrupting service for customers.

18 **Q. How does the integration of Embarq relate to the integration of Qwest?**

19 A. When it was acquired by CenturyLink, Embarq had operations in 18 states.¹
20 From information that was reported to me by CWA members who are employees
21 of CenturyLink, it appears that only two of those states – Ohio and North Carolina
22 – have been converted to CenturyLink systems from Embarq systems. I recently
23 interviewed CWA local union leaders in those two states and they revealed the

¹ CenturyTel-Embarq Joint Proxy Statement / Prospectus, dated Dec. 22, 2008, p. 1.

1 sorts of difficulties being experienced during the transition. The conversion in
2 Ohio was largely completed in October of 2009. North Carolina began its
3 conversion earlier this year, in May of 2010.

4 These leaders, who are technicians currently employed fulltime by
5 CenturyLink and were previously employed fulltime by Embarq, report a range
6 of problems that stem from some core structural flaws including: the systems
7 themselves have “glitches”; the systems often do not coordinate with other
8 internal systems; insufficient training or resources was provided to former
9 Embarq employees about the new systems; and, inadequate staffing support to
10 respond appropriately to the transition issues that have arisen.

11 CenturyLink must successfully address the integration issues arising in
12 Ohio and North Carolina so that the issues can be resolved in those states and
13 avoided in the other states involved in the Embarq transaction. If these issues are
14 not successfully addressed with the former Embarq operations, then the much
15 larger task of integrating Qwest has a great potential to cause serious damage to
16 CenturyLink and the customers it serves.

17 **Q. Do you have some specific examples of the sort of problems CenturyLink is**
18 **experiencing with the Embarq integration?**

19 **A.** Yes. According to the interviews I conducted, workers are being dispatched to
20 incorrect locations for service. One interviewee from North Carolina reported to
21 me that the new dispatch system is sending residential Installation and Repair
22 (I&R) technicians to business sites. Once there, the I&R tech obviously has to
23 call in to have the work order referred to a business systems technician. This

1 keeps the customer out of service longer or delays the start up of the new service.
2 According to the reports I received, the additional delays have lasted at least one
3 day.

4 **Q. Do you have any other examples of problems with CenturyLink's attempts to**
5 **integrate Embarq's customers onto CenturyLink computer systems?**

6 A. Yes. Several workers reported being dispatched for service with insufficient or
7 incorrect information. For example, one individual told me that he often received
8 new service orders that fail to include information about what the customer
9 ordered, so he has to ask the customer what they ordered and hope he has the right
10 equipment with him to complete the installation..

11 **Q. Are workers experiencing particular problems with the new systems?**

12 A. Yes. CenturyLink's software that drives the dispatching and assigning is
13 apparently very different than the systems the former Embarq technicians are
14 accustomed to. For example, an interviewee in North Carolina explained that
15 under the Embarq systems technicians were given information about the cable
16 pairs and the binding posts they were supposed to connect to. The software
17 figured that out ahead of time so that the tech would arrive at the job site knowing
18 exactly what had to be done. Under the new system, nothing coincides. Often
19 information about the binding posts is not given or the wrong information is
20 given, which causes additional delay to get accurate information.

21 Other techs reported that the CenturyLink system uses codes and layouts
22 that are confusing and different from the type of information provided by the
23 Embarq systems. For example, some of the work orders generated by the new

1 system has some coding at the bottom that the techs cannot translate. Other work
2 orders don't have enough information for the tech to understand the job that is
3 being assigned. When they call in for information, it is clear the people in the
4 center are looking at different fields on their computers than what appears on the
5 computers in the technician's trucks. Needless to say, this makes it difficult to
6 have a conversation about the problem, and it causes unnecessary delays in trying
7 to solve the problem and serve the customer.

8 That report also illustrates another theme that ran through the experiences
9 that were related to me – that the systems do not appear to be interconnected or
10 coordinated. For example, when a tech calls into the assigner or to the central
11 office, often the representative they deal with cannot access the same information
12 about a particular job.

13 **Q. Were you able to interview a customer service center worker about issues**
14 **they may have with the new systems?**

15 **A.** Yes. I interviewed a service center assistant at the CenturyLink center in North
16 Carolina. Prior to the conversion, the center handled both programming and
17 assignment work. Programming work involves getting into the switch and
18 programming features the customer has requested on the line. This would include
19 basic dial tone as well as enhanced features like DSL. Assignment involves the
20 physical features, the facilities, that the techs will work on. The center handled
21 work from all 18 Embarq states. Techs would call in with either programming or
22 assignment questions, and the center workers could handle both. The former

1 Embarq system allowed them to see everything they needed to support the techs –
2 they could see the physical assignment and the programming at the same time.

3 Since the conversion, assignment work has been separated from
4 programming work. The center in North Carolina handles programming.
5 Assignments are handled by a different center in another state. If a tech calls in
6 with a problem that turns out to be about assignment, the center worker has to
7 send them to a different department, located at a different center to handle the
8 problem. They cannot even access the information from their computers.

9 Customer Service Representatives use another system to write orders for
10 new installations. That system is supposed to interface with the assignment and
11 programming systems so that customer information flows through, but according
12 to the center worker, that often doesn't happen. Trying to figure out how to solve
13 the problem, which center to call, causes all kinds of problems. She told me it
14 had the techs running in circles.

15 **Q. Are these problems having any impact on work flow?**

16 **A. Yes.** Calls from techs get backed up because the workers in the center are trying
17 to get the correct information from different sources. Also, the center is now
18 handling two new states – Alabama and Georgia – and they both use different
19 switches, so the programmers have to learn the new equipment. All of this
20 means that the pace of work has slowed down. I was told that the service center
21 assistants used to handle 50 to 60 calls a day, but that each call is now so time-
22 consuming that the load has been cut in half.

1 Q. Are there other indications that the new computer systems are not working
2 properly or are not fully integrated?

3 A. Yes. Other reports reflect inefficiencies in the new systems. For example, one
4 technician I interviewed reported that he is now using the new system for work
5 order information on installations. In the past, under the old system, orders for
6 business clients or multiple installs at the same site would be on one order. Now
7 with the new system, if there are multiple installs at one site, the technicians get
8 individual orders for each install. For instance, a new installation at a school
9 came through as 20 individual orders to install.

10 Obviously, the troubles our techs are experiencing with the systems also
11 have an impact on consumers. For example, one tech reported a problem with the
12 way an outage at a concentrator (a piece of equipment that serves multiple dial-
13 tone or data lines from one large cable) was reported. Prior to the merger between
14 Embarq and CenturyLink, if a concentrator went down, the business office would
15 issue an outage ticket that would alert people throughout the system that there is a
16 known outage in a specific area. That meant when customers called to report the
17 outage, the customer service representatives would be able to tell them the
18 company knew about the outage, that it was being worked on, and even an
19 estimated time the service would be restored. Under the new system, the business
20 office can take a trouble report, but it is not issued as an outage report, so our
21 customers cannot be told that we may already be working on the problem or when
22 their service might be restored.

1 I am also receiving reports from techs that the new system does not
2 automatically send copies of the orders to the central office, so they are unable to
3 help if there is a problem. If techs run into problems, they need to call the
4 assignment desk and have them send electronic copies to the CO. These sorts of
5 system problems can delay work. One interviewee reported that he has had to put
6 jobs on hold for 2 to 3 hours while orders are sorted out. These kinds of delays
7 cause customer dissatisfaction.

8 I also received a report that the new CenturyLink systems are so
9 inefficient (improper orders, bad tickets, delays from being on hold while calling
10 in for information that should have been included on the work orders) that tasks
11 that should take a tech one hour to complete are taking as long as three hours.

12 **Q. What other problems were reported to you by CWA members in Ohio and**
13 **North Carolina?**

14 **A.** One of the techs from North Carolina mentioned that some of the new systems
15 require a lot of manual override. For example, the new CenturyLink systems are
16 not able to provide the type of information that is required for new fiber-to-the-
17 curb installations. The new systems cannot assign the pairs for connection. That
18 means that this has to be done manually which takes additional time – delaying
19 the installation for the customer and, of course, unnecessarily tying up the tech on
20 that job which delays his ability to move on to the next customer who needs help.

21 **Q. Are you aware of any customer service problems that have arisen as a result**
22 **of these issues?**

1 A. Yes. The CWA members I interviewed described several encounters with
2 customers who were extremely frustrated. For example, there have been
3 instances of workers who were dispatched days after the date customers were
4 advised they would arrive. One tech reported about a full DSL installation for a
5 “winback” customer (that is, a customer who had been receiving telephone and
6 Internet service from a cable company). The tech received two orders – one from
7 the system that gives the facility information and another from a separate system
8 that gives the information about the time of the appointment. Under Embarq’s
9 systems, this information came on the same order from the same system. Because
10 the information isn’t synched up, techs are being assigned to the location after the
11 customer was told they would be there.

12 While these problems are not being caused by CWA’s members out in the
13 field, our front-line workers are hearing directly from customers about their
14 complaints of poor service. These complaints reflect how integration difficulties
15 impact on service quality. Customers are complaining to our techs about long
16 times spent on hold, being transferred multiple times until they find someone who
17 can deal with their problem, installation and service appointments not being kept,
18 finding someone at CenturyLink who can address DSL problems, or even give
19 them accurate information about DSL availability to their home. For instance,
20 one of our techs in North Carolina reported that a neighbor of his called
21 CenturyLink and was told that he could not get DSL at his home. The tech knew
22 this was wrong because he had DSL at his house. So the tech called CenturyLink
23 (connecting to a representative in Maryland) and was told the same thing. When

1 he said that he already had DSL, the CenturyLink rep just hung up on him. I
2 don't blame the customer service representative, I blame the computer systems
3 the rep is relying on to provide accurate information.

4 One of our techs in Ohio reported that he has received several complaints
5 from customers about the time it takes to report a trouble or place an order. He is
6 giving out his cell phone number to his customers so they can call him directly if
7 there are any problems. In other words, our people are bending over backwards
8 to try to serve their customers, but CenturyLink's new computer systems are
9 hindering their efforts to do so.

10 **Q. Have you received reports about how CenturyLink management is**
11 **addressing these types of issues?**

12 **A.** Our members told me that management is aware of the issues they reported to me.
13 CenturyLink started a technician feedback process in July. I understand that in
14 Ohio our techs turned in about 300 reports in the first month.

15 It also appears that one of CenturyLink's solutions is just to require people
16 to work longer hours to deal with the backlog of work created by improper
17 dispatch, inaccurate information, and inefficient systems. CWA members in
18 Ohio and North Carolina have been placed on mandatory overtime. For example,
19 in North Carolina I&R techs have been on mandatory six-day weeks for two
20 months.

21 **Q. Based on your many years of experience in the telecommunications industry,**
22 **do you have an opinion as to why there are so many problems with the**
23 **transition?**

1 A. In part, it is simply not easy to convert some of these systems. And based on
2 what the techs have reported to me, it appears that CenturyLink's systems
3 themselves are not "user-friendly." Systems that require manual overrides for
4 daily transactions, that supply redundant work orders, that do not allow two
5 workers to access the same computer screens as they are working together to
6 address a problem indicate problems with the technology. It is particularly
7 frustrating to Embarq workers to be taking a step backwards with the technology
8 they are using. The types of problems they are experiencing were not problems
9 with the Embarq systems they had been using.

10 Some of the problems might be avoided with adequate training of the
11 workers. For example, one tech I spoke to in Ohio reported that he received
12 training two months before the new systems were in place. There was no other
13 follow up or refresher. Not surprisingly, by the time the systems were available
14 for him to use, he and his co-workers had forgotten most of the information from
15 the training session.

16 Other problems stem from the different methods and cultures of the two
17 companies. For example, DSL has been a nightmare. The Century techs and the
18 Embarq techs speak different languages and have different procedures. In areas
19 where the service areas are nearby, Century techs were assigned to work on
20 former Embarq DSL lines. But they did not understand Embarq's procedures and
21 terminology, and made so many mistakes, that Embarq techs had to be called in to
22 redo the work.

1 Q. How does the experience of CenturyLink's attempts to integrate Embarq's
2 operations affect your judgment of the proposed merger between
3 CenturyLink and Qwest?

4 A. In my opinion, a thorough review and audit of the systems should be conducted to
5 assure that the most efficient systems are being integrated. I would hope that this
6 is done before any more Embarq states are converted to CenturyLink. But it
7 absolutely must be done if the proposed merger with Qwest is to take place.
8 Before Qwest and CenturyLink are integrated, consideration must be given to
9 adopting Qwest's systems. Qwest is by far the larger of the companies involved
10 and it has a more urban service area (meaning more large business customers,
11 more CLEC wholesale operations, more multi-state customers, and so on). It
12 seems to me that adopting Qwest systems would mitigate much of the disruption
13 we might otherwise anticipate. Or, at a minimum, Qwest systems should remain
14 in place for current Qwest operations and networks. Based on the reports I am
15 receiving, I strongly recommend that CenturyLink should not be permitted to
16 integrate Qwest's computer systems into the CenturyLink systems.

17 If the merger is approved, serious consideration should be given to
18 adopting systems and methods in such a way as to cause as little disruption to
19 customers as possible. This would include adopting those work practices and
20 methods that the majority of the workforce is accustomed to.

21 Q. The Ohio conversion started last year and the North Carolina conversion
22 started in May. Is there any sign that the problems are winding down?

1 A. No, the transfer to new systems is still causing problems. One of the Ohio techs I
2 spoke to just last week (August 12) reported that he had five trouble tickets that
3 day that had the wrong information. I received a similar report from a North
4 Carolina tech that about 50 percent of his service orders are inaccurate or
5 incomplete, requiring additional information or corrections from assigners or
6 dispatchers.

7 **Q. Is CenturyLink nearing the end of its integration of Embarq?**

8 A. No, it is not. While Embarq had a lot of customers in Ohio and North Carolina,
9 Embarq also served 16 other states. Included in states that have not yet been
10 converted to CenturyLink systems are Nevada, including the Las Vegas metro
11 area where Embarq was the ILEC, and Florida where Embarq also has major
12 markets (such as Tallahassee and the Orlando area).

13 **Q. Do you believe the issues raised by workers in Ohio and North Carolina**
14 **have implications for Minnesota?**

15 A. Yes. The difficulties I have described here as reported to me by our members in
16 North Carolina and Ohio indicate that CenturyLink is experiencing serious
17 problems while trying to integrate systems in just two states. These problems will
18 likely be magnified with each additional state it attempts to bring online. For the
19 Embarq merger, 16 states are yet to be integrated.

20 The problems experienced by Embarq workers in Ohio and North Carolina
21 have clear implications for the integration envisioned by the proposed merger
22 with Qwest, nationally and also in Minnesota. In Minnesota, more than 1 million

1 retail access lines will be transferred over to a company that now has fewer than
2 150,000 access lines in the state.²

3 We are concerned that without a proper assessment of the systems and
4 without adequate training and supervisory support, our members employed by
5 Qwest in Minnesota may experience many of the problems our members in Ohio
6 and North Carolina have experienced. And when our members experience
7 problems such as I have described here, it means that consumers are experiencing
8 problems.

9 **Q. Based on your interviews with your members in North Carolina and Ohio,**
10 **what do you conclude?**

11 A. I conclude that the proposed acquisition of Qwest by CenturyLink could result in
12 serious integration problems which could lead to a degradation of service quality
13 in Minnesota. My opinion is based in large part on reports from CWA members,
14 front-line workers who are currently involved in the integration of Embarq into
15 CenturyLink. In my opinion, the Commission should protect the public's interest
16 by not approving CenturyLink's merger with Qwest before the integration with
17 Embarq is completed satisfactorily.

18 **Q. If the Commission disagrees with you and believes that it is possible to**
19 **condition the proposed transaction to protect the public, are there conditions**
20 **you would recommend?**

21 A. Yes. First, I would recommend that the Commission require CenturyLink to
22 engage a third party to review and audit CenturyLink, Qwest and Embarq systems

² From www.centurylinkqwestmerger.com; statistics as of 12/31/09.

1 first hand. The third party should be required to test different systems to assure
2 compatibility and interoperability, and to ensure that our techs in the field would
3 receive the type of information they need to do their job safely and efficiently.

4 Second, CenturyLink and Qwest should be required to include union-
5 represented occupational employees in their system integration planning for
6 Minnesota and other Qwest states. I would recommend at least two from former
7 Century locations, two from former Embarq locations and two from Qwest
8 locations. These union representatives should be selected by CWA and would be
9 responsible for offering insights and feedback on integration issues related to
10 work organization and software programs involved in human resource
11 management, including dispatching, work assignment, and trouble reporting. As
12 full participants in this committee, these frontline workers will have input into
13 issues that are currently causing dissatisfaction and disruptions for consumers in
14 Ohio and North Carolina.

15 Third, require the company to develop training program for employees
16 that includes introductory as well as ongoing training in the new systems and
17 includes tools and resources to assist workers on the job. In addition,
18 CenturyLink should provide customer education materials, including phone
19 numbers to call in the event of outages or other system disruptions.

20 Fourth, the Commission should develop appropriate reporting
21 requirements and service quality penalties to ensure that the merger does not
22 adversely affect service quality to Minnesotans. Those penalties must be large
23 enough to provide CenturyLink with a strong incentive to provide good customer

1 service. CenturyLink must be given the message – both in writing and through
2 financial penalties – that it cannot take shortcuts on the design and
3 implementation of its systems, skimp on employee training, or otherwise
4 jeopardize its ability to provide the type of high-quality service CWA members
5 pride themselves on delivering to Qwest’s Minnesota customers.

6 **Q. Are there any other recommendations you would make to the Commission?**

7 A. Yes. Once all the conditions I have just listed are satisfied, and the Commission
8 is assured that the integration issues I have testified about will not jeopardize
9 service quality and employment levels in Minnesota, then the Commission should
10 also include enforceable conditions that would guarantee that CenturyLink will
11 build a communications system within the state that meets the needs of a twenty-
12 first century economy and society. To ensure that the proposed transaction
13 serves the public interest in broadband expansion, I recommend that the
14 Commission impose a second set of conditions, to follow the successful
15 completion of the integration-related conditions, that CenturyLink will comply
16 with concrete, verifiable broadband commitments. Those commitments should be
17 in line with the goals of the National Broadband Plan.

18 First, the merged entity should commit to make available broadband to *all*
19 the retail lines it serves (defined as single-line residence and business access lines)
20 at a minimum of 4 Mbps download and 1 Mbps upload within three years of
21 closing. (The Commission might consider an exception for a small number of
22 very remote lines served.)

1 Second, the Commission should also require the merged entity to provide
2 high-speed broadband of 50 Mbps download and 20 Mbps upload to 80 percent of
3 lines within five years after closing. The Commission should set annual interim
4 benchmarks to get to these goals.

5 Third, the Commission should require the merged entity to invest in
6 delivering 1 gigabit capacity to community anchor institutions in five pilot
7 communities no later than six months following the successful completion of the
8 integration-related conditions.

9 Fourth, the Commission should require the merged entity to commit to
10 deploy IPTV to communities serving at least 1 million Minnesota residents by a
11 date certain.

12 **Q. Does this conclude your direct testimony?**

13 **A. Yes, it does.**

EXHIBIT 1

**MERGER PROPOSED — YOUR VOTE IS VERY IMPORTANT**

The board of directors of CenturyLink, Inc., which we refer to as CenturyLink, and the board of directors of Qwest Communications International Inc., which we refer to as Qwest, have agreed to a strategic combination of CenturyLink and Qwest under the terms of the Agreement and Plan of Merger, dated as of April 21, 2010, which we refer to as the merger agreement. Upon completion of the merger of a wholly owned subsidiary of CenturyLink with and into Qwest, CenturyLink will acquire Qwest, and Qwest will become a wholly owned subsidiary of CenturyLink.

If the merger is completed, Qwest stockholders will have the right to receive 0.1664 shares of CenturyLink common stock for each share of Qwest common stock they own at closing, with cash paid in lieu of fractional shares. This exchange ratio is fixed and will not be adjusted to reflect stock price changes prior to closing of the merger. Based on the closing price of CenturyLink common stock on the New York Stock Exchange, or the NYSE, on April 21, 2010, the last trading day before public announcement of the merger, the 0.1664 exchange ratio represented approximately \$6.02 in CenturyLink common stock for each share of Qwest common stock. Based on the CenturyLink closing price on July 15, 2010, the latest practicable date before the date of this document, the 0.1664 exchange ratio represented approximately \$5.80 in CenturyLink common stock for each share of Qwest common stock. CenturyLink shareholders will continue to own their existing CenturyLink shares.

Based on the number of Qwest common shares outstanding on the record date for the shareholder meetings, CenturyLink expects to issue approximately 289,100,000 CenturyLink common shares to Qwest stockholders in the merger, and expects to reserve approximately 38,600,000 additional CenturyLink common shares for issuance in connection with options and other equity-based awards and arrangements of Qwest to be assumed by CenturyLink in connection with the merger. Upon completion of the merger, we estimate that current CenturyLink shareholders will own approximately 50.5% of the combined company and former Qwest stockholders will own approximately 49.5% of the combined company. CenturyLink common stock and Qwest common stock are both traded on the NYSE under the symbols CTL and Q, respectively.

At the special meeting of CenturyLink shareholders, CenturyLink shareholders will be asked to vote on the issuance of shares of CenturyLink common stock to Qwest stockholders, which is necessary to effect the merger. At the special meeting of Qwest stockholders, Qwest stockholders will be asked to vote on the adoption of the merger agreement.

We cannot complete the merger unless the shareholders of both of our companies approve the respective proposals related to the merger. Your vote is very important, regardless of the number of shares you own. Whether or not you expect to attend your CenturyLink or Qwest special meeting, as applicable, in person, please vote your shares as promptly as possible by (1) accessing the Internet website specified on your proxy card, (2) calling the toll-free number specified on your proxy card, or (3) signing and returning all proxy cards that you receive in the postage-paid envelope provided, so that your shares may be represented and voted at the CenturyLink or Qwest special meeting, as applicable. If you are a Qwest stockholder, please note that a failure to vote your shares is the equivalent of a vote against the merger. If you are a CenturyLink shareholder, please note that a failure to vote your shares may result in a failure to establish a quorum for the CenturyLink special meeting.

The CenturyLink board of directors unanimously recommends that the CenturyLink shareholders vote "FOR" the proposal to issue shares of CenturyLink common stock in the merger. The Qwest board of directors unanimously recommends that the Qwest stockholders vote "FOR" the proposal to adopt the merger agreement.

The obligations of CenturyLink and Qwest to complete the merger are subject to the satisfaction or waiver of several conditions set forth in the merger agreement. More information about CenturyLink, Qwest and the merger is contained in this joint proxy statement-prospectus. CenturyLink and Qwest encourage you to read this entire joint proxy statement-prospectus carefully, including the section entitled "Risk Factors" beginning on page 14.

We look forward to the successful combination of CenturyLink and Qwest.

Sincerely,

Glen F. Post, III
Chief Executive Officer and President
CenturyLink, Inc.

Sincerely,

Edward A. Mueller
Chairman and Chief Executive Officer
Qwest Communications International Inc.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the securities to be issued under this joint proxy statement-prospectus or determined that this joint proxy statement-prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

This joint proxy statement-prospectus is dated July 19, 2010 and is first being mailed to the shareholders of CenturyLink and stockholders of Qwest on or about July 19, 2010.

The merger agreement contains provisions that could discourage a potential competing acquirer of either Qwest or CenturyLink or could result in any competing proposal being at a lower price than it might otherwise be.

The merger agreement contains "no shop" provisions that, subject to limited exceptions, restrict Qwest's and CenturyLink's ability to solicit, encourage, facilitate or discuss competing third-party proposals to acquire all or a significant part of Qwest or CenturyLink. Further, even if the Qwest board of directors or CenturyLink board of directors withdraws or qualifies its recommendation for the adoption of the merger agreement or the issuance of CenturyLink stock in the merger, respectively, they will still be required to submit the matter to a vote of their respective shareholders at the special meetings. In addition, the other party generally has an opportunity to offer to modify the terms of the proposed merger in response to any competing acquisition proposals that may be made before such board of directors may withdraw or qualify its recommendation. In some circumstances on termination of the merger agreement, one of the parties may be required to pay a termination fee to the other party. See "The Issuance of CenturyLink Shares and the Merger — The Merger Agreement — No Solicitation of Alternative Proposals" beginning on page 100, "— Termination of the Merger Agreement" beginning on page 101 and "— Expenses and Termination Fees" beginning on page 102.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of Qwest or CenturyLink from considering or proposing that acquisition, even if it were prepared to pay consideration with a higher per share cash or market value than that market value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower price than it might otherwise have proposed to pay because of the added expense of the termination fee that may become payable in certain circumstances.

The pendency of the merger could adversely affect the business and operations of CenturyLink and Qwest.

In connection with the pending merger, some customers or vendors of each of CenturyLink and Qwest may delay or defer decisions, which could negatively impact the revenues, earnings, cash flows and expenses of CenturyLink and Qwest, regardless of whether the merger is completed. Similarly, current and prospective employees of CenturyLink and Qwest may experience uncertainty about their future roles with the combined company following the merger, which may materially adversely affect the ability of each of CenturyLink and Qwest to attract and retain key personnel during the pendency of the merger. In addition, due to operating covenants in the merger agreement, each of CenturyLink and Qwest may be unable, during the pendency of the merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions that are not in the ordinary course of business, even if such actions would prove beneficial.

Risk Factors Relating to CenturyLink Following the Merger

Operational Risks

CenturyLink expects to incur substantial expenses related to the merger.

CenturyLink expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of Qwest with those of CenturyLink. There are a large number of systems that must be integrated, including billing, management information, purchasing, accounting and finance, sales, payroll and benefits, fixed asset, lease administration and regulatory compliance. While CenturyLink has assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of its integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Moreover, CenturyLink expects to commence these integration initiatives before it has completed a similar integration of its business with the business of Embarq, acquired in 2009, which could cause both of these integration initiatives to be delayed or rendered more costly or disruptive than would otherwise be the case. Due to these factors, the transaction and integration expenses associated with the Qwest merger could, particularly in the near term, exceed the savings

that CenturyLink expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger. As a result of these expenses, CenturyLink expects to take charges against its earnings before and after the completion of the merger. The charges taken after the merger are expected to be significant, although the aggregate amount and timing of such charges are uncertain at present.

Following the merger, the combined company may be unable to integrate successfully the businesses of CenturyLink and Qwest and realize the anticipated benefits of the merger.

The merger involves the combination of two companies which currently operate as independent public companies. The combined company will be required to devote significant management attention and resources to integrating the business practices and operations of CenturyLink and Qwest. Potential difficulties the combined company may encounter in the integration process include the following:

- the inability to successfully combine the businesses of CenturyLink and Qwest in a manner that permits the combined company to achieve the cost savings anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized in the time frame currently anticipated or at all;
- lost sales and customers as a result of certain customers of either of the two companies deciding not to do business with the combined company;
- the complexities associated with managing the combined businesses out of several different locations and integrating personnel from the two companies, while at the same time attempting to provide consistent, high quality products and services under a unified culture;
- the additional complexities of combining two companies with different histories, regulatory restrictions, markets and customer bases, and initiating this process before CenturyLink has fully completed the integration of its operations with those of Embarq;
- the failure to retain key employees of either of the two companies;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
- performance shortfalls at one or both of the two companies as a result of the diversion of management's attention caused by completing the merger and integrating the companies' operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the combined company's management, the disruption of the combined company's ongoing business or inconsistencies in the combined company's products, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the combined company to maintain relationships with customers, vendors and employees or to achieve the anticipated benefits of the merger, or could otherwise adversely affect the business and financial results of the combined company.

The merger will change the profile of CenturyLink's local exchange markets to include more large urban areas, with which CenturyLink has limited operating experience.

Prior to the Embarq acquisition, CenturyLink provided local exchange telephone services to predominantly rural areas and small to mid-size cities. Although Embarq's local exchange markets include Las Vegas, Nevada and suburbs of Orlando and several other large U.S. cities, CenturyLink has operated these more dense markets only since mid-2009. Qwest's markets include Phoenix, Arizona, Denver, Colorado, Minneapolis — St. Paul, Minnesota, Seattle, Washington, Salt Lake City, Utah, and Portland, Oregon, and, on average, are substantially denser than those traditionally served by CenturyLink. While CenturyLink believes its strategies and operating models developed serving rural and smaller markets can successfully be applied to larger markets, it can not assure you of this. CenturyLink's business, financial performance and prospects could be harmed if its current strategies or operating models cannot be successfully applied to larger markets following the merger, or are required to be changed or abandoned to adjust to differences in these larger markets.