

**STATE OF NEW JERSEY
BOARD OF PUBLIC UTILITIES**

In the Matter of Qwest Communications Company)
and CenturyTel, Inc. for Approval of Control of) Docket No. TM10050343
Qwest Communications Company LLC)

**PUBLIC TESTIMONY OF SUSAN M. BALDWIN
ON BEHALF OF THE
NEW JERSEY DIVISION OF RATE COUNSEL**

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Exhibit SMB-3	FCC Internet Access Services Report, Chart 13: Distribution of Residential Fixed Connections by Downstream Speed Tier as of June 30, 2009
Highly Confidential Exhibit SMB-HC-4	Excerpt from highly confidential response to RC-ID-48 (CenturyLink Form 477 as of December 31, 2009)
Highly Confidential Exhibit SMB-HC-5	CenturyLink's highly confidential response to RC-ID-43 (CenturyLink's DSL deployment separately for each wire center, and by speed)
Highly Confidential Exhibit SMB-HC-6	CenturyLink's highly confidential response to RC-ID-44 (percent of working lines with DSL capability in each of CenturyLink's exchanges)
Highly Confidential Exhibit SMB-HC-7	CenturyLink's highly confidential response to RC-ID-62 (CenturyLink broadband availability and take rates)
Exhibit SMB-8	Qwest's high-speed Internet options and pricing details
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Highly Confidential Exhibit SMB-HC-10	Highly confidential attachments to CenturyLink's response to RC-ID-68 (residential broadband pricing details)
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Confidential Exhibit SMB-C-12	Confidential response to RC-ID-55 (CenturyLink's New Jersey service quality data, 2007 through 2009)

I. INTRODUCTION

1 **Qualifications**

2 **Q: Please state your name, position, and business address.**

3 A: My name is Susan M. Baldwin. I am a consultant, and my business address is 17 Arlington
4 Street, Newburyport, Massachusetts 01950. I specialize in telecommunications economics,
5 regulation, and public policy.

6 **Q: Please summarize your educational background and professional experience.**

7 A: I have been specializing in telecommunications economics, regulation, and public policy,
8 for 26 years. I have prepared a Statement of Qualifications, which is included as
9 Attachment A.

10 **Q: Ms. Baldwin, have you previously testified before the New Jersey Board of Public**
11 **Utilities (“Board”)?**

12 A: Yes. In 2009, I testified in Docket No. TX08090830, on behalf of the New Jersey Division
13 of Rate Counsel (“Rate Counsel”) regarding the Board’s investigation of access charges, and
14 in 2007 and 2008, I testified in Docket No. TX07110873 on behalf of Rate Counsel in the
15 Board’s investigation of the reclassification of incumbent local exchange carrier (“ILEC”)
16 services as competitive. I also testified in Docket No. TX0612084 on behalf of Rate Counsel
17 regarding the Board’s investigation of the reclassification as competitive of services offered
18 by competitive local exchange carriers (“CLEC”).

19
20 In 2006, I filed testimony in Docket No. TT97120889, on behalf of Rate Counsel, and in that
21 testimony, I analyzed the directory assistance service (“DAS”) of Verizon New Jersey, Inc.

1 (“Verizon NJ”).

2
3 In 2005, I filed testimony in Docket No. TM05080739, on behalf of Rate Counsel, in which I
4 analyzed the petition of United Telephone Company of New Jersey and LTD Holding
5 Company for approval of a change in ownership and control from Sprint Nextel Corporation
6 to LTD. Also in 2005, on behalf of Rate Counsel, I filed testimony in Docket No.
7 TM05030189, opposing the proposed merger between Verizon Communications Inc.
8 (“Verizon”) and MCI, Inc. (“MCI”), and I filed testimony in Docket No. TM05020168,
9 opposing the proposed merger between SBC Communications, Inc. (“SBC”) and AT&T
10 Corporation (“AT&T”).

11
12 In 2005, I filed testimony in Docket No. TO01020095, on behalf of Rate Counsel, in which I
13 analyzed Verizon NJ’s request to classify business local exchange service offered to
14 customers with two to four lines as competitive. In 2004 and 2005, I filed testimony on
15 behalf of Rate Counsel in Docket No. TT04060442, in which I reviewed Verizon NJ’s
16 petition for a rate restructure. In 2004, on behalf of Rate Counsel, I submitted testimony in
17 Docket No. TO03090705, rebutting Verizon NJ’s assertion of non-impairment for mass
18 market switching, high capacity loops, and transport in certain geographic areas in New
19 Jersey, and I submitted testimony in Docket No. TO00060356, analyzing Verizon NJ’s
20 proposed use of financial lives in computing depreciation costs in its recurring and
21 nonrecurring total element long run incremental cost (“TELRIC”) studies. Also, in 1992, I

1 testified on behalf of the New Jersey Cable Television Association in Docket No.
2 T092030358, regarding the Application of the New Jersey Bell Telephone Company for
3 Approval of its Plan for an Alternative Form of Regulation.

4 **Q: Have you analyzed major transactions concerning telecommunications carriers in**
5 **other regulatory proceedings?**

6 A: Yes. During the past twelve years, I have participated in numerous state and federal
7 regulatory proceedings concerning mergers and spin-offs by telecommunications companies.

8 **Assignment**

9 **Q: On whose behalf is this testimony being submitted?**

10 A: This testimony is being submitted on behalf of Rate Counsel.

11 **Q: What is the purpose of your testimony at this time?**

12 A: Rate Counsel asked me to file testimony regarding the Board's investigation¹ and review of
13 the Joint Petition of Qwest Communications Company, LLC ("Qwest") and CenturyTel, Inc.
14 ("CenturyLink") ("Joint Petitioners" or "Petitioners") for approval of the indirect transfer of
15 control of Qwest to CenturyLink² to determine whether the proposed transaction is in the
16 public interest. Rate Counsel also asked me to recommend specific conditions to protect
17 residential and small business consumers from potential harm and to increase the possibility
18 of benefits flowing to consumers, should the Board approve the parties' petition.

¹ / In the Matter of Joint Petition of Qwest Communications Company, LLC and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Communications Company, LLC, New Jersey Board of Public Utilities Docket No. TM10050343, *Prehearing Order and Order Granting Admissions for Pro Hac Vice*, August 4, 2010 ("Prehearing Order").

²/ In the Matter of Joint Petition of Qwest Communications Company, LLC and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Communications Company, LLC, Verified Petition, filed May 19, 2010 ("Petition").

1 **Q: How is your testimony organized?**

2 A: This section introduces my testimony. Section II provides procedural and regulatory context
3 for my testimony, including a discussion of relevant federal and state precedent, and Section
4 III provides an overview of the proposed transaction. Section IV analyzes the proposed
5 transaction as it relates to broadband services and Section V analyzes the potential impact of
6 the transaction on service quality. Section VI addresses issues relating to systems integration
7 and wholesale operations. Section VII addresses the impact of the proposed transaction on
8 employment and pensions. Finally, Section VIII summarizes the commitments that I
9 propose the Board seek from CenturyLink.

10 **Summary of Testimony**

11 **Q: Please summarize your testimony.**

12 A: Before it has even completed its integration of Embarq's operations, CenturyLink proposes
13 to more than double the number of its access lines (from 6.9 million to 16.6 million) and to
14 triple its operating revenues (from \$4.974 billion to \$19.758 billion) by purchasing one of
15 the three remaining Bell operating companies. This magnitude of growth will be
16 challenging, and complex and, although potentially beneficial to investors, not obviously
17 beneficial to consumers.

18

19 CenturyLink and Qwest have not yet demonstrated that the proposed transaction, on balance,
20 would lead to positive benefits for consumers. Therefore, I recommend that the Board deny
21 the Petition unless and until CenturyLink commits to well-defined, measureable, and
22 enforceable conditions that will minimize the potential risks to consumers and also increase

1 the probability of customers in New Jersey benefiting from the transaction. The Petitioners'
2 generalities and speculations about potential benefits should not be viewed as an acceptable
3 substitute for specific commitments, particularly because post-transaction the company's
4 New Jersey's operations will represent less than 1% of CenturyLink's 37-state operations,
5 and, therefore, could be easily ignored by the substantially larger parent corporation.

6
7 The proposed transaction presents various risks for consumers, which I discuss in more
8 detail in this testimony. Among other things, CenturyLink's focus on achieving synergies,
9 integrating its acquisition of a large Bell operating company on the heels of its acquisition of
10 Embarq, and on newly acquired urban areas could lead to fewer employees in and less
11 investment for CenturyLink's New Jersey operations. Despite the projected synergies,
12 CenturyLink has not committed to reducing or to freezing local exchange rates, nor to
13 improving its broadband infrastructure. Also, CenturyLink has not addressed the
14 underfunding of pensions.

15
16 The proposed transaction is anticipated to yield annual operating and capital synergies of
17 \$625 million, with an anticipated net present value for a five-year planning horizon of
18 approximately \$3.3 billion, which, shared on an access line basis, corresponds to \$27.7
19 million for CenturyLink's New Jersey operations. To prevent New Jersey from being "put
20 on the back burner," the Board should seek specific commitments from CenturyLink so that
21 the vastly larger company does not neglect New Jersey as it deploys resources to the other 36
22 states in its footprint, and to markets in its footprint that confront greater levels of
23 competition than does its New Jersey operations. I discuss my recommended commitments

1 in this testimony.

2

3 Among my recommendations are that CenturyLink should commit to deploy broadband at
4 speeds that achieve the goals of 4 mbps download and 1 mbps upload set forth in the
5 National Broadband Plan by the end of 2011; to offer broadband service at rates that all can
6 afford so that all consumers, regardless of their socioeconomic status, can participate in
7 today's increasingly Internet-dependent society; to freeze or to reduce basic local exchange
8 service rates; to meet or exceed specific service quality standards; to maintain or increase
9 current levels of employment; and to correct pension underfunding over five years
10 (providing the Board and Rate Counsel with semi-annual reports on the status of funding).

11

12 Investors have approved the transaction, but the Board's scope of review differs from that of
13 shareholders. The Board's review encompasses broader public policy concerns, must apply
14 the statutory criteria applicable in New Jersey, and should seek to ensure that not only
15 investors, but also consumers fare better with the proposed transaction than without the
16 transaction (*i.e.*, a positive benefits analysis).

II. PROCEDURAL AND REGULATORY BACKGROUND

1 Procedural history

2
3 **Q: When did the Petitioners submit their applications to the Federal Communications**
4 **Commission (“FCC” or “Commission”) and to the Board?**

5 **A:** On May 10, 2010, CenturyLink and Qwest submitted an application to the FCC for consent
6 to transfer control,³ and subsequently filed their Joint Petition for Approval with the Board
7 on May 19, 2010. The Board issued its *Prehearing Order* on August 4, 2010, and
8 CenturyLink witness Jeff Glover and Qwest witness Lisa Hensley Eckert submitted direct
9 testimony in support of the Joint Petition on August 12, 2010.

10 **Q: What topics do Mr. Glover and Ms. Hensley Eckert cover in their testimony?**

11 **A:** Mr. Glover addressed the alleged benefits of, and absence of harm from, the transaction with
12 respect to competition, rates, employees, and the safe and adequate provision of utility
13 service.⁴ Ms. Hensley Eckert describes Qwest’s operations in New Jersey, and the reasons
14 that the Board should approve the proposed transaction.

15 Board Criteria for Review

16
17 **Q: Please summarize your understanding of the statutory requirements governing the**
18 **Board’s merger reviews.**

19 **A:** Under *N.J.S.A.* 48:2-51.1, acquiring companies must request and receive the Board’s written

^{3/} Qwest Communications International Inc., Transferor, and CenturyTel, Inc. d/b/a CenturyLink, Transferee, Application for Transfer of Control Under Section 214 of the Communications Act, as Amended (filed May 10, 2010) (“FCC Application”). On May 20, 2010, the transferee’s company name changed to CenturyLink, Inc. *Id.*, at 38, n. 63. Rate Counsel submitted initial and reply comments to the FCC on July 12, 2010, and July 27, 2010, respectively.

^{4/} Glover Direct (CenturyLink), at 3.

1 approval. When evaluating a request for approval of transfer of control, the Board must
2 consider the merger's impact on the following:

- 3 • competition;
- 4 • the rates of ratepayers affected by the acquisition of control;
- 5 • the employees of the affected public utility or utilities; and
- 6 • the provision of safe and adequate utility service at just and reasonable rates.⁵

7 The Board is also charged with producing a "written report detailing the basis for its
8 decision, including findings of fact and conclusions of law."⁶ Under *N.J.S.A.* 48:3-10, the
9 Board must authorize a sale or transfer of stock of a public utility to another public utility.

10 The Board must ensure that public utility is able to meet its obligations with respect to
11 employee pension benefits.

12 **Q: How does the Board evaluate the merits of requests for approval of a change in**
13 **control?**

14 A: In an order on the appropriate standard of review issued by the Board in its investigation of
15 the joint petition of Public Service Electric and Gas Company ("PSE&G") and Exelon
16 Corporation ("Exelon"), the Board unambiguously departed from the "no harm standard."
17 The Board stated that it "shall utilize a positive benefits standard of review. Pursuant to the
18 positive benefits standard, in order for the proposed acquisition of control and transfer of
19 stock to be approved by this Board, the Joint Petitioners must show and the Board must be

^{5/} *N.J.S.A.* 48:2-51.1.

^{6/} *Id.*

1 satisfied that positive benefits will flow to customers and to the State as a result of the
2 proposed change in control, and, at a minimum, that there are not adverse impacts on any of
3 the criteria delineated in *N.J.S.A. 48:2-51.1*.⁷

4 **Q: In your view, is a positive benefits standard appropriate in this proceeding as well?**

5 A: Yes. As I demonstrate in detail below, based on the information available, the proposed
6 merger would present significant risks to consumers yet provide negligible benefits.

7 **Q: What precedent has the Board set with respect to its review of telecommunications**
8 **mergers in the past?**

9 A: In its review of the proposed merger of AT&T Corporation (“AT&T”) and SBC
10 Communications Inc. (“SBC”), the Board stated, with respect to the standard of review:

11 Neither of the statutes under which the Board exercises review of this
12 merger, *N.J.S.A. 48:2-51.1* and *N.J.S.A. 48:3-10*, specifies the standard of
13 review the Board should use in evaluating a share transfer or determining a
14 merger’s impact on the four enumerated criteria referenced above. Nor is
15 there any other statutory requirement under New Jersey law that the Board
16 use a particular standard of review in such proceedings. In its past reviews of
17 proposed mergers, the Board evaluated the individual circumstances of each
18 case in order to determine which standard of review (“no harm” or “positive
19 benefits”) to employ, and considered such circumstances as the disparate
20 regulatory frameworks governing different industries and companies (e.g.
21 their level of rate deregulation), as well as the magnitude of the proposed
22 transaction and its potential effect on ratepayers. Even in cases in which the
23 Board has utilized a “no harm” standard, it has considered the appropriate
24 treatment of an acquisition’s claimed benefits, including, but not limited to,
25 merger savings, and has examined the degree to which ratepayers shared in
26 those benefits. A similar determination must be made in the instant case.

^{7/} In the Matter of the Joint Petition of Public Service Electric and Gas Company and Exelon Corporation for Approval of a Change in Control of Public Service Electric and Gas Company, and Related Authorizations, *Order on Standard of Review*, November 9, 2005, at 25. The Board also indicated its intention to undertake a rule making proceeding and to propose a regulation to govern petitions to the Board for the acquisition of control of public utilities. *Id.*, at 26.

1 AT&T is headquartered in this State and has a long history of employing a
2 significant number of New Jersey citizens, as well as providing a wide
3 variety of services to a large customer base in New Jersey. New Jersey's
4 interest in this merger, therefore, goes well beyond that of a typical state. On
5 the other hand, AT&T, as a CLEC, is not a regulated monopoly, and the
6 Board has not exercised jurisdiction over most of its rates, permitting them
7 instead to be set by the competitive market. Balancing these considerations,
8 we find that in order for this Board to be justified in approving petitioners'
9 proposed merger, petitioners must demonstrate not merely that the merger
10 does no harm to any of the four enumerated criteria, but that on aggregate,
11 the merger would affirmatively promote the public interest. Said another
12 way, petitioners in this case must show, at a minimum, that some positive
13 benefit would result from the merger with respect to at least one of the four
14 criteria, and that no harm would result with respect to the other three.⁸
15

16 **Q: Have there been regulatory changes since the Board most recently undertook a full**
17 **merger review?**

18 A: Yes. In May, 2006, the Board amended N.J.A.C. 14:1-5.14 to explicitly require that merger
19 petitions contain certain information as well as a requirement that the Board refrain from
20 approval any merger, consolidation, acquisition or change in control "unless it is satisfied
21 that positive benefits will flow to customers and the State of New Jersey and, at a minimum,
22 that there are no adverse impacts on any of the [four criteria delineated above]." Therefore,
23 there should be no debate as to the positive benefit standard that the Petitioners must meet.⁹

24 **Q: What approvals do the Petitioners require in order to merge?**

25 A: In addition to obtaining the FCC's and the Board's approval, the Petitioners require review
26 of their proposed transaction by the DOJ, the Federal Trade Commission ("FTC"), and their

⁸ / In the Matter of the Joint Petition of SBC Communications Inc. and AT&T Corp., Together with its Certificated Subsidiaries for Approval of Merger, New Jersey Board of Public Utilities Docket No. TM05020168, *Order*, October 4, 2005 ("SBC/AT&T Merger Order"), at 5-6.

⁹ / Indeed, Mr. Glover acknowledges this requirement. Glover Direct (CenturyLink), at 9.

1 shareholders. The proposed merger is subject to the Hart-Scott-Rodino Antitrust
2 Improvements Act (“HSR Act”)¹⁰ and the Premerger Notification Rules promulgated under
3 the HSR Act by the FTC.¹¹ The HSR Act and Premerger Notification Rules require parties
4 to certain mergers and acquisitions to notify the FTC and DOJ before consummating the
5 proposed merger to provide the agencies a period of time to review the proposed
6 transaction.¹² The transaction also requires the approval of 22 public service commissions.¹³

7 **Q: Have any approvals already been granted?**

8 **A:** Yes. As of August 24, 2010, the Joint Petitioners have received approval for the transaction
9 from the FTC,¹⁴ the DOJ, and from seven public service commissions.¹⁵ Qwest and
10 CenturyLink shareholders approved the proposed transaction on August 24, 2010.¹⁶

¹⁰/ 15 U.S.C. § 18a. The Petitioners provided the HSR documents in response to RC-ID-21. I reviewed the responses that were provided in response to RC-ID-21, except those that were only available at CenturyLink’s attorney’s offices.

¹¹/ The Premerger Notification Rules are codified at 16 C.F.R. Parts 801, 802, and 803.

¹²/ While mergers are technically not “approved” by the DOJ and FTC, the DOJ and FTC have the authority to challenge anticompetitive acquisitions. If the DOJ or FTC finds that the transaction may violate antitrust laws it will seek an injunction in federal district court to prohibit consummation of the merger. Federal Trade Commission, *Introductory Guide II to the Premerger Notification Program: Model Request for Additional Information and Documentary Material (Second Request)*, Revised January 2002, at 1 (available at www.ftc.gov/bc/hsr/introguides/guide3.pdf). The HSR Act, enacted in 1976, and Premerger Notification Program, effective in 1978, addressed the difficulties and expense of challenges by the agencies after mergers had been consummated. “The enforcement agencies found in the past that it is often impossible to restore competition fully once a merger takes place.” Federal Trade Commission, *Introductory Guide I to the Premerger Notification Program: What is the Premerger Notification Program?*, Revised January 2002, at 1 (available at www.ftc.gov/bc/hsr/introguides/guide1.pdf).

¹³/ Form 424 B3, at 6-7. “CenturyLink-Qwest Update #5,” August 10, 2010, available at <http://centurylinkqwestmerger.com/downloads/key-materials/CenturyLink-Qwest%20Update%205.pdf>.

¹⁴/ Reuters, “CenturyTel-Qwest deal wins U.S. antitrust approval,” July 16, 2010.

¹⁵/ CenturyLink and Qwest News Release, “CenturyLink and Qwest Shareholders Approve Merger,” August 24, 2010.

¹⁶/ *Id.*

III. OVERVIEW OF THE TRANSACTION

1 **Transaction**

2 **Q: Please describe your understanding of the proposed transaction.**

3 **A:** On April 21, 2010, Qwest, CenturyLink, and SB44 Acquisition Company (a subsidiary of
4 CenturyLink that was formed solely for the purpose of facilitating this transaction), entered
5 into an Agreement and Plan of Merger (“Merger Agreement”).¹⁷ Upon completion of the
6 merger, SB44 Acquisition Company will merge with and into Qwest. The resulting
7 surviving company, Qwest Communications International Inc., will be a wholly owned
8 subsidiary of CenturyLink.¹⁸ Current Qwest stockholders will own approximately 49.5% of
9 the combined company, while current CenturyLink shareholders will own 50.5% of the
10 combined company.¹⁹ According to the Securities and Exchange Commission (“SEC”)
11 filings, the transaction is structured so that it is essentially tax-free at the federal level.²⁰ The
12 Joint Petitioners expect the transaction to be completed in the first half of 2011.²¹ The
13 transaction does not require any new debt or refinancing.²²

14 **Q: How will the merged company be structured?**

15 **A:** The operating companies will remain “essentially the same,” except that the parent company
16 of Qwest (Qwest Communications International, Inc.) will become a subsidiary of

¹⁷ / Petition, at para. 1.

¹⁸ / CenturyTel inc. SEC Form 424 B3, filed July 19, 2010 (“Form 424 B3”), at 2.

¹⁹ / *Id.*, at 109.

²⁰ / *Id.*, at 3.

²¹ / *Id.*, at 7.

1 CenturyLink.²³ Following the merger’s consummation, four persons selected by Qwest
2 (after consultation with CenturyLink), who are presently members of Qwest’s board of
3 directors, will be appointed to CenturyLink’s board of directors, one of whom will be
4 Qwest’s Chairman and Chief Executive Officer, Edward A. Mueller.²⁴ The Prospectus
5 identifies the expected post-merger senior leadership team.²⁵ The transaction will increase
6 the quantity of CenturyLink directors from thirteen to seventeen.²⁶

7 **Q: How do the witnesses characterize the reasons for the proposed transaction?**

8 **A:** Mr. Glover states that the proposed transaction will give CenturyLink the “scale and stability
9 to make the necessary ongoing infrastructure investments needed to serve the next
10 generation of retail, wholesale, and business customers.”²⁷ Ms. Hensley Eckert states that
11 the transaction “will allow CenturyLink to expand services to its current customer base and
12 compete more effectively against other large business competitors, such as AT&T, Verizon,
13 and Sprint.”²⁸ Ms. Hensley also states that the transaction “will provide the post-merger
14 entity with the additional financial strength, scale and scope economies, as well as
15 geographic coverage, to better compete with these providers, and to offer state-of-the-art and

²² / Petition, at para. 9.

²³ / Glover Direct (CenturyLink), at 8.

²⁴ / SEC Form S-4, filed by CenturyLink, June 4, 2010, with the Securities and Exchange Commission (“Prospectus”), at 6.

²⁵ / *Id.*

²⁶ / Petition, at para. 6.

²⁷ / Glover Direct (CenturyLink), at 4.

²⁸ / Hensley Eckert Direct (Qwest), at 8.

1 innovative services to large business and government customers throughout the country.”²⁹

2 **Q: How do the Petitioners depict the impact of the proposed transaction on consumers?**

3 A: According to Ms. Hensley Eckert, “[a]fter the Transaction is completed, there may be a
4 change in the names under which the companies are doing business, and certain billing and
5 back-office operations may be combined, but otherwise, the Transaction will be transparent
6 for customers. Retail end-user and wholesale customers will continue to receive service
7 from the same carrier that serves them today. In sum, when the Transaction is completed,
8 the regulated entities will have a new ultimate parent corporation in CenturyLink, but
9 virtually all else will remain largely as it is today. Any changes should be seamless to the
10 customer.”³⁰

11 **Description of the Petitioners.**

12 **Q: How many customers will the merged company serve?**

13 A: As of December 31, 2009, CenturyLink and Qwest served local telephone customers in 37
14 states with approximately 5 million broadband customers, 17 million access lines, 1,415,000
15 video subscribers and 850,000 wireless consumers.³¹ As of year-end 2009, the combined pro
16 forma revenues of the combined company are estimated to be \$19.8 billion, and the merged

²⁹ / *Id.*, at 12.

³⁰ / *Id.*, at 6.

³¹ / CenturyTel Press release, April 22, 2010, available at:
http://ir.centurylink.com/phoenix.zhtml?c=112635&p=irol-newsArticle_Print&ID=1416196&highlight=. CenturyLink
would add local exchange networks in the following states as a result of the proposed transaction: Arizona, Utah, North
Dakota, and South Dakota. FCC Application, at 6.

1 entity, according to Mr. Glover, would have “one of the strongest balance sheets in the
2 United States telecommunications industry.”³²

3 **Table 1**

4 **CenturyLink and Qwest Key Metrics: Pre- and Post-Merger³³**

	<u>CenturyLink</u>	<u>Qwest</u>	<u>Combined Pro Forma</u>
Total Access Lines (3/31/2010)	6,913,000	9,663,000	16,576,000
Broadband Connections (3/31/2010)	2,306,000	2,852,000	5,158,000
2009 Operating Revenues (millions)	\$4,974	\$12,311	\$19,758
2009 Operating Income (millions)	\$1,233	\$1,975	\$3,651
2009 Net Income (millions)	\$647	\$662	NA

5
6
7 **Q: Please briefly describe CenturyLink’s national operations.**

8 **A:** CenturyLink is a publicly-traded holding company with ILEC operations in New Jersey and
9 32 other states.³⁴ CenturyLink is “an integrated communications company engaged
10 primarily in providing an array of communications services, including local and long
11 distance voice, wholesale local network access, high-speed Internet access, data, and video
12 services.”³⁵ CenturyLink also “provides fiber transport, competitive local exchange carrier,
13 security monitoring, pay telephone and other communications, professional and business
14 information services in certain local and regional markets,” and has recently begun offering

³² / Glover Direct (CenturyLink), at 7.

³³ / Prospectus, at 10-12.

³⁴ / Petition, at para. 2.

³⁵ / Form 424 B3, at 1.

1 satellite television services and wireless broadband services.³⁶ CenturyLink is headquartered
2 in Monroe, Louisiana, and offers local, long-distance, wholesale access, high-speed Internet
3 and transport services to residential and business customers in 33 states.³⁷ As of March 31,
4 2010, CenturyLink offered service over 6.9 million access lines and had 2.3 million high-
5 speed Internet connections in 33 states.³⁸ As of December 31, 2009, CenturyLink served
6 more than 553,000 video subscribers.³⁹ CenturyLink is currently the fourth-largest ILEC in
7 terms of the number of access lines, and had net income of \$642 million in 2009.⁴⁰

8 **Q: How does CenturyLink describe its fiber assets?**

9 A: CenturyLink indicates that it “acquired significant fiber assets in 2003 and 2005, which are
10 now part of a nationwide core fiber network that is a key enabler for IPTV and other data
11 traffic.”⁴¹

12 **Q: Please describe Qwest’s operations and revenues at the national level.**

13 A: Qwest is headquartered in Denver, Colorado and offers data, Internet, video and voice
14 services on a national and global basis. “Qwest operates the majority of its business in the
15 14–state region of Arizona, Colorado, Idaho, Iowa, Minnesota, Montana, Nebraska, New

³⁶ / *Id.*

³⁷ / FCC Application, at 3. The states include: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Illinois, Indiana, Iowa, Kansas, Louisiana, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Jersey, New Mexico, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Tennessee, Texas, Virginia, Washington, Wisconsin, and Wyoming. *Id.*

³⁸ / Form 424 B3, at 10.

³⁹ / Petition, at para. 11.

⁴⁰ / Form 424 B3, at 10.

⁴¹ / Petition, at para. 13

1 Mexico, North Dakota, Oregon, South Dakota, Utah, Washington and Wyoming.”⁴² As of
2 March 31, 2010 Qwest served 9.6 million access lines and 2.9 million high speed Internet
3 connections.⁴³ Qwest is the third-largest local exchange companies based on number of
4 access lines.⁴⁴ In 2009, Qwest earned net income of \$662 million.⁴⁵ Qwest operates in New
5 Jersey as an interexchange carrier and CLEC.⁴⁶

6 **Q: Please describe CenturyLink’s operations in New Jersey.**

7 **A:** The CenturyLink ILEC serves approximately 140,000 access lines in New Jersey, primarily
8 in the “less dense, northwestern portions of the State,”⁴⁷ and has 160 employees.⁴⁸
9 CenturyLink also has an affiliate that, on a resale basis, offers switchless interexchange
10 services. Finally, CenturyLink offers high-speed Internet, video services, and wholesale
11 local network services in New Jersey.⁴⁹ A map of CenturyLink’s exchanges and fiber routes
12 is shown in Confidential Exhibit SMB-C-1, which reproduces CenturyLink’s confidential
13 response to RC-ID-60.

14 **Q: How many Lifeline customers does CenturyLink serve?**

⁴² / Form 424 B3, at 1.

⁴³ / *Id.*, at 10-11.

⁴⁴ / *Id.*, at 1.

⁴⁵ / *Id.*, at 10-11.

⁴⁶ / Hensley Eckert Direct (Qwest), at 4-5.

⁴⁷ / Glover Direct (CenturyLink), at 10.

⁴⁸ / “CenturyLink in New Jersey,” available at
http://centurylinkqwestmerger.com/downloads/centurylink_statebystate/centurylink-new_jersey.pdf.

⁴⁹ / Glover Direct (CenturyLink), at 10.

1 A: CenturyLink's provided 911 Lifeline access lines as of year-end 2009.⁵⁰ Just less than 1% of
2 CenturyLink's residential access lines are provided as part of the Lifeline program.⁵¹

3 **Q: How does this compare to previous years?**

4 A: The number of Lifelines as a percentage of residential lines is up in 2009. In 2007 and 2008,
5 the percentages of CenturyLink's residential lines that were Lifeline access lines weres 0.8%
6 and 0.9% respectively.⁵²

7 **Q: In your view, what is the possible significance of Lifeline customers to this**
8 **proceeding?**

9 A: The ability to obtain broadband access to the Internet directly affects citizens' ability to
10 obtain employment, complete Internet-dependent school assignments, participate in civic
11 activities, and numerous other daily activities. However, although broadband access is
12 almost as essential as are water and other utilities, many households do not subscribe to
13 broadband service, and, furthermore, broadband subscribership is directly correlated with
14 income.⁵³

15

⁵⁰ / FCC ARMIS Report 43-01 (2009).

⁵¹ / CenturyLink provided 92,261 residential non-lifeline access lines as of year-end 2009. FCC ARMIS Report 43-01 (2009).

⁵² / CenturyLink served 114,443 residential access lines and 959 Lifeline lines in 2007 and 103,471 residential access lines and 793 Lifeline lines in 2008. FCC ARMIS Report 43-01 (for the years 2007 and 2008).

⁵³ / Aaron Smith, Senior Research Specialist, Pew Research Center's Internet & American Life Project, *Home Broadband 2010*, August 11, 2010, at 8.

1 A reasonable way to measure the public interest of the proposed transaction, which
2 CenturyLink anticipates will enhance its ability to deploy broadband, is the degree to which
3 all socioeconomic classes will benefit from CenturyLink’s broadband deployment. If
4 broadband service is not affordable, it cannot be considered available. Affordable broadband
5 service should be available to all Lifeline customers, as well as those who may not qualify
6 for Lifeline but are perhaps within 200% of the income eligibility for Lifeline. CenturyLink
7 could enhance the public interest of its application by increasing the probability that all
8 consumers, regardless of income, benefit from its broadband infrastructure, and specifically
9 achieve that goal by offering subsidized broadband service to income-eligible households.

10 **Q: Did CenturyLink provide information about its existing digital subscriber line (“DSL”)**
11 **subscribership?**

12 **A:** Yes. For the years ending 2007 through 2009, CenturyLink’s DSL subscribership was:

13 <<<**BEGIN CONFIDENTIAL** **END**
14 **CONFIDENTIAL>>>** and generated corresponding levels of annual DSL revenues of
15 <<<**BEGIN CONFIDENTIAL** 54

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19 **END CONFIDENTIAL >>>**

⁵⁴ / CenturyLink confidential response to RC-ID-54

1 **Q: Please summarize CenturyLink’s intrastate regulated revenues for the three-year**
2 **period spanning 2007 through 2009.**

3 A: CenturyLink’s total intrastate regulated revenues were <<<**BEGIN CONFIDENTIAL**
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5 **END CONFIDENTIAL**>>>⁵⁵

6 **Q: Please describe Qwest’s operations in New Jersey.**

7 A: Qwest is authorized by the Board to provide long distance and competitive local exchange
8 services.⁵⁶ In New Jersey, Qwest primarily serves large enterprise and government
9 customers,⁵⁷ and its business consists primarily of long distance and data services. Ms.
10 Hensley Eckert states that Qwest “offers a variety of data and voice services designed for
11 business and government customers” in New Jersey.”⁵⁸ Qwest’s facilities in New Jersey
12 consist of infrastructure such as long haul fiber network, metro fibers rings, and a cyber
13 center in Newark.⁵⁹ As described by Qwest, in 2009, the majority of its New Jersey
14 revenues were attributable to interstate and non-regulated services.⁶⁰ Qwest’s ILEC
15 subsidiaries do not operate in New Jersey. Qwest currently has 85 employees based in New
16 Jersey.⁶¹

⁵⁵ / *Id.*

⁵⁶ / Petition, at para. 15.

⁵⁷ / *Id.*

⁵⁸ / Hensley Eckert Direct (Qwest), at 8.

⁵⁹ / *Id.*

⁶⁰ / *Id.*, at 5.

⁶¹ / *Id.*, at 15. See also Petition (dated May 19), 2010, at para. 15, which indicates that Qwest has approximately 87

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Table 2 summarizes the Petitioners’ lines by state as of year-end 2009. The bolded operating territories represent states in which both CenturyLink and Qwest provide more than 75,000 local access lines.

Table 2

Petitioners’ Local Access Lines by State (as of December 31, 2009)⁶²

State	Qwest	CenturyLink	State	Qwest	CenturyLink
Alabama	0	253,700	Nevada	0	522,700
Arizona	1,457,280	0	New Jersey	0	144,700
Arkansas	0	182,400	New Mexico	553,142	4,700
California	0	100	North Carolina	0	997,300
Colorado	1,527,319	76,900	North Dakota	78,862	0
Florida	0	1,351,700	Ohio	0	387,800
Georgia	0	30,100	Oklahoma	0	2,200
Idaho	331,225	4,900	Oregon	667,700	109,100
Illinois	0	49,300	Pennsylvania	0	271,500
Indiana	0	185,600	South Carolina	0	75,600
Iowa	594,570	1,500	South Dakota	102,864	0
Kansas	0	84,100	Tennessee	0	176,100
Louisiana	0	75,600	Texas	0	303,500
Michigan	0	80,900	Utah	601,199	0
Minnesota	1,068,799	143,600	Virginia	0	333,900
Mississippi	0	20,000	Washington	1,297,470	200,000
Missouri	0	547,600	Wisconsin	0	343,100
Montana	202,719	49,800	Wyoming	143,900	11,500
Nebraska	193,586	17,500			

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Q: Do CenturyLink’s and Qwest’s businesses “overlap” in New Jersey?

A: According to the Petitioners, the businesses do not overlap, but instead, they serve “different,

management employees located in New Jersey to support its sales and provisioning of services.

⁶² / <http://news.qwest.com/company>;
<http://www.centurylink.com/Pages/AboutUs/CompanyInformation/CompanyStats/>.

1 but complementary customer bases.”⁶³ I discuss this assertion in more detail below.

2 **Q: Please describe CenturyLink’s recent growth through acquisition.**

3 **A:** CenturyLink acquired approximately 5.5 million access lines when it purchased Embarq
4 Corporation on July 1, 2009.⁶⁴ Other recent acquisitions include: 165,000 access lines from
5 Madison River Communications in 2007, fiber networks in 16 markets from KMC Telecom
6 Holdings in 2005, fiber assets from Digital Teleport, Incorporated and Level 3
7 Communications in 2003, and 354,000 access lines from Verizon in 2002.⁶⁵

8 **Q: How does the proposed transaction relate in timing to CenturyLink’s most recent**
9 **acquisition?**

10 **A:** The proposed transaction would occur before CenturyLink has completed its integration of
11 its most recent acquisition, Embarq. Last year the Board approved the merger of Embarq
12 (United NJ) and CenturyTel.⁶⁶ In 2006, the Board approved the “spin off” of Sprint’s local
13 operations (United NJ) in New Jersey.⁶⁷ <<<**BEGIN HIGHLY CONFIDENTIAL**

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⁶³ / Glover Direct (CenturyLink), at 11.

⁶⁴ / Embarq SEC Form 10-Q, May 7, 2009, at 17. Form 424 B3, at 1.

⁶⁵ / “Company History,” March 31, 2010, available at <http://www.centurylink.com/Pages/AboutUs/CompanyInformation/TimeLine>.

⁶⁶ / In the Matter of the Notification of CenturyTel, Inc. and United Telephone Company of New Jersey Inc. d/b/a Embarq of an Indirect Transfer of Control, New Jersey Board of Public Utilities Docket No. TM08111017, *Order of Approval*, April 3, 2009. The parties in that proceeding submitted a Stipulation to be approved by the Board. The stipulation highlighted disagreements with respect to the applicability of NJAC 48:2-51.1, however the Board found that the proposed transaction was “in compliance with relevant law and regulation” in that it “is not likely to create any adverse impacts and also has a likelihood of creating positive benefit by forming a business entity better able to compete financially and better suited to provide competitive telecommunications in the state.” *Id.*, at 4.

⁶⁷ / In the Matter of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to N.J.S.A. 48:2-51.1 and N.J.S.A. 48:3-10 of a Change in Ownership and Control, New Jersey Board of Public Utilities Docket No. TM05080739, *Order*, March 9, 2006.

1 **END HIGHLY CONFIDENTIAL>>>**⁶⁸

2 **Q: What is the significance of the back-to-back integration of companies by CenturyLink?**

3 A: The proposed transaction would more than double CenturyLink's size from approximately 7
4 million lines to a company that serves more than 16 million lines. If the CenturyLink-Qwest
5 transaction occurs, within two years, legacy CenturyTel will have grown from
6 serving approximately 2 million lines to a company eight times its previous
7 size. Furthermore, CenturyLink has not yet completed its integration of the CenturyTel and
8 Embarq operations, networks, systems, technologies, policies and procedures, which its
9 merger of a year ago has necessitated. As I discuss more below, these integrations and the
10 expanded footprint potentially jeopardize CenturyLink's focus on its operations in New
11 Jersey. Basic local exchange service customers are most vulnerable to the potentially
12 diverted attention and resources of CenturyLink.

13 **Q: Did CenturyLink provide documents in this proceeding related to its due diligence
14 process?**

15 A: Yes. CenturyLink's due diligence process and results are contained in the highly
16 confidential documents that it provided in response to RC-ID-21.⁶⁹

17 **Benefits as described by the Petitioners.**

18 **Q: What have the Petitioners stated as the benefits of the transaction?**

⁶⁸ / Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL

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⁶⁹ / CenturyLink response to RC-ID-87.

1 A: In their Application to the FCC, the companies assert that: “the transaction would create
2 substantial public interest benefits, with no offsetting harms, and the Commission therefore
3 should approve the application.”⁷⁰ The Petitioners told the FCC that there are “very few”
4 geographic areas in which the businesses of each company overlap and that “the proposed
5 merger raises no competitive concerns, even within those markets”⁷¹ and also that the
6 proposed transaction is in the public interest because the merged entity will be a “stronger
7 company with a national platform” that can accelerate the deployment of broadband and
8 provide a video and bundle service competitor vis-à-vis cable companies.⁷² Furthermore, the
9 Companies suggested that because of the merged company’s stronger financial outlook, the
10 company will be able to compete in the enterprise and government markets against AT&T
11 and Verizon.⁷³

12 **Q: Have the Petitioners addressed the transaction’s potential impact on competition?**

13 A: Yes.⁷⁴ The Petitioners assert that the transaction will enhance CenturyLink’s position in the
14 enterprise broadband markets and “through Qwest’s long-haul network and CenturyLink’s
15 fiber rings in metropolitan areas, post-Transaction CenturyLink will be able to offer strategic
16 products to a broader array of businesses that are seeking access to a nationwide long-
17 distance network.”⁷⁵ In their FCC Application, the Petitioners assert that the merger will

⁷⁰ / FCC Application, at 8.

⁷¹ / *Id.*, at 2.

⁷² / *Id.*

⁷³ / *Id.*

⁷⁴ / See Petition, at 8-11.

⁷⁵ / *Id.*, at 9.

1 “substantially enhance competition”; allow the company to be “better positioned to serve its
2 customers and adapt to evolving market demand”⁷⁶ and suggest that the merger will benefit
3 current customers in the companies’ local markets by creating “a stable provider with the
4 renewed resources to invest in broadband and advanced services consistent with the goals of
5 the National Broadband Plan.”⁷⁷ Mr. Glover, on behalf of the Petitioners in the instant
6 proceeding suggests that the expected synergies will “fund a stronger and more competitive
7 business, as competitive threats increase from national companies . . .”⁷⁸

8
9 In their FCC Application, the Petitioners asserted that the benefit to current customers of
10 CenturyLink and Qwest, particularly rural customers, is the expansion of broadband
11 deployment, which will be accelerated due to the combined company’s “strong financial
12 position.”⁷⁹ CenturyLink has made high-speed Internet access available to 6 million access
13 lines (89% of its total access lines) in its territory. Approximately 96% of the broadband
14 lines in service are at downstream speeds of 1.5 Mbps or greater; 4.3 million access lines
15 “are enabled” at speeds of 3 Mbps or greater; approximately 3.9 million lines “are enabled”
16 at speeds of 6 Mbps or greater; and approximately 2.7 million lines “are enabled” at speeds
17 of 10 Mbps or greater.⁸⁰ In Qwest’s region, Qwest “has qualified” 86% of the “living units”
18 that its network passes for high-speed Internet access service and approximately 14 million

⁷⁶ / FCC Application, at 10.

⁷⁷ / *Id.*, at 10-11.

⁷⁸ / Glover Direct (CenturyTel), at 8.

⁷⁹ / FCC Application, at 11.

⁸⁰ / *Id.*, at 13.

1 of the “living units” that Qwest’s network passes are qualified at 1.5 Mbps or greater (and 8
2 million are qualified at 5 Mbps or greater).⁸¹

3 **Q: What are the purported benefits of the proposed transaction in New Jersey?**

4 A: Mr. Glover asserts that the transaction will enhance competition, allow the company to
5 invest in rural New Jersey, increase operating efficiencies, “stabilize” rates, and generally
6 provide for a stronger merged company.⁸²

7 **Q: How would the transaction purportedly enhance competition?**

8 A: Mr. Glover suggests that by virtue of “strengthening the economics and capabilities of the
9 combined company” due in part to the creation of a nationwide fiber-based network the
10 company will be able to compete with national companies thus enhancing competition in
11 New Jersey and nationwide.⁸³ According to CenturyLink, the “transaction offers a combined
12 company that will be much better equipped to navigate within the national economic
13 situation currently in place than if the two companies were to continue operating
14 separately.”⁸⁴ CenturyLink further states that the “transaction will place the individual
15 companies in a much better position due to the strategic benefits to be gained, including
16 enhanced scale, scope and reach; diversification of revenue base; a better platform for future
17 growth; and a position of financial strength.”⁸⁵

18 **Q: Does CenturyLink cite any specific ways in which the merger will enhance**

⁸¹ / *Id.*

⁸² / *See, generally, Glover Direct (CenturyLink), at 10-26*

⁸³ / *Id.*, at 12.

⁸⁴ / CenturyLink response to RC-ID-19(c).

1 **competition?**

2 A: For the most part, the predictions are general. Mr. Glover discusses the fact that the merger
3 will combine Qwest’s long-haul network and CenturyLink’s fiber network which should
4 enable CenturyLink to reduce the amount of off-network terminations of data traffic (and
5 thus its costs).⁸⁶ It is not clear that this enhances competition from the consumer’s
6 standpoint, however.⁸⁷ The question is whether there is enough competition in the local
7 broadband market to cause CenturyLink to pass those cost savings on to consumers and to
8 force it to compete on price with other carriers. CenturyLink suggests that the reduced costs
9 will translate into the availability of faster data services for customers in New Jersey where
10 operating costs made such services “prohibitively high” pre-transaction.⁸⁸ In addition,
11 CenturyLink states that it will be “better position[ed]” to provide Internet Protocol television
12 (“IPTV”) services.⁸⁹ Finally, CenturyLink asserts that the proposed merger would “create
13 potential opportunities for CenturyLink to enter the serving territories of other ILECs . . .”⁹⁰

14 **Q: What kind of weight should the Board give these purported competitive benefits?**

15 A: I wouldn’t give any weight to the idea that CenturyTel may compete “out of footprint” with
16 other ILECs. This is a refrain used by the ILECs in merger proceedings for years, yet

⁸⁵ / *Id.*

⁸⁶ / Glover Direct (CenturyLink), at 12-13.

⁸⁷ / Any benefits seem to be for enterprise and government customers, though even those benefits are entirely speculative. As noted by Mr. Glover, the merger does not create a company that is anything comparable to the size of the large telecommunications carriers it would be competing against. *Id.*, at 16-17.

⁸⁸ / *Id.*, at 13.

⁸⁹ / *Id.*, at 14.

⁹⁰ / *Id.*

1 regulators have not yet seen the major ILECs enter each other's local operating territories. I
2 recommend that the Board seek and review detailed and comprehensive supporting
3 documentation regarding the likelihood and full scope of the purported benefits. The
4 benefits described are general and the Petitioners should be required to commit to specific
5 tangible benefits within specified time periods. For example, as I discuss more below, the
6 Board should seek more detailed information about the expected download and upload
7 speeds of the proposed broadband services.

8
9 I urge the Board to seek specific timetables for IPTV deployment in New Jersey to ensure
10 that pre-transaction generalities are translated into tangible, measurable benefits for
11 consumers in New Jersey, and that, as corporate strategic decision making and time tables
12 for new product roll-out are established, New Jersey is an early market for such roll-out.

13 **Q: Has CenturyLink made any specific commitments to roll out IPTV in New Jersey?**

14 A: I am unaware of any such commitment, although IPTV is a purported benefit. <<<**BEGIN**

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⁹¹ / Response to RC-ID-21, Highly Confidential Document, <<<**BEGIN HIGHLY CONFIDENTIAL**

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Q: What other benefits does CenturyLink assert will result from the proposed transaction?

A: Mr. Glover states that CenturyLink will be stronger, so can “continue to invest in rural New Jersey” and “improve service in higher-density markets in New Jersey.”⁹⁴ These are hardly specific benefits. The Petitioners should quantify and specify the types of investments they plan to make in rural New Jersey and indicate whether improving service quality includes basic local telephone service quality.

Q: What about “operational” benefits from the proposed transaction?

A: Mr. Glover suggests that operational benefits such as cost savings in fixed and marginal costs will “accrue generally to the benefit of customers, including those in New Jersey.”⁹⁵ However, unless the telecommunications market is highly competitive – for which the Petitioners have provided negligible evidence for CenturyLink’s New Jersey territory - the efficiency gains can generally accrue to stockholders, instead. Indeed, after asserting that the transaction would not affect rates, Mr. Glover seems to suggest that the transaction would

⁹² / Response to RC-ID-21, Highly Confidential Document, <<<**BEGIN HIGHLY CONFIDENTIAL**

END HIGHLY CONFIDENTIAL>>> Attachment 4(c)-15, p. 4. See also, *id.*, at 6-8; 12-18 (re mass market).

⁹³ / *Id.*, p. 42.

⁹⁴ / Glover Direct (CenturyLink), at 15.

1 reduce the need for local exchange rate increases. Mr. Glover states:

2 . . . while the greater financial and operational strengths of the proposed
3 Transaction may not translate into retail rate reductions, the strengthening
4 benefits of the proposed Transaction provide economies and scale which, in
5 turn, help fortify and stabilize an ILEC serving less dense areas of the state.
6 As an ILEC serving high-cost areas, such as CenturyLink in New Jersey, this
7 enhanced financial and operational stability allows the company to better
8 meet the challenges of an intensely competitive, ever-changing industry. As
9 a result, the rate stabilizing effect to CenturyLink's ILEC affiliate in New
10 Jersey affirmatively benefits both consumers and the State of New Jersey.⁹⁶

11
12 Of course, this is highly speculative and unless CenturyLink is willing to commit to a rate
13 freeze or rate reductions, these statements are entire meaningless. I discuss the estimated
14 operational and financial benefits in more detail in the next section.

15 **The public interest is best served if the synergies that result from the transaction are shared by**
16 **consumers, not just shareholders.**

17
18 **Q: What are the estimated synergies from the merger on a nationwide basis?**

19 A: The Companies expect to derive cost synergies from the economies of scale and scope that
20 arise from the combination. Specifically, the Petitioners project annual operating cost
21 savings of approximately \$575 million and an expectation that those savings would be fully
22 realized within three to five years following the completion of the merger.⁹⁷ They also
23 project annual capital expenditure savings of approximately \$50 million within the first two
24 years following the merger's completion.⁹⁸ This amounts to a total projected increase of
25 \$625 million in annual cash flow. Table 3 contains a more detailed breakdown of the

⁹⁵ / *Id.*, at 17.

⁹⁶ / *Id.*, at 19.

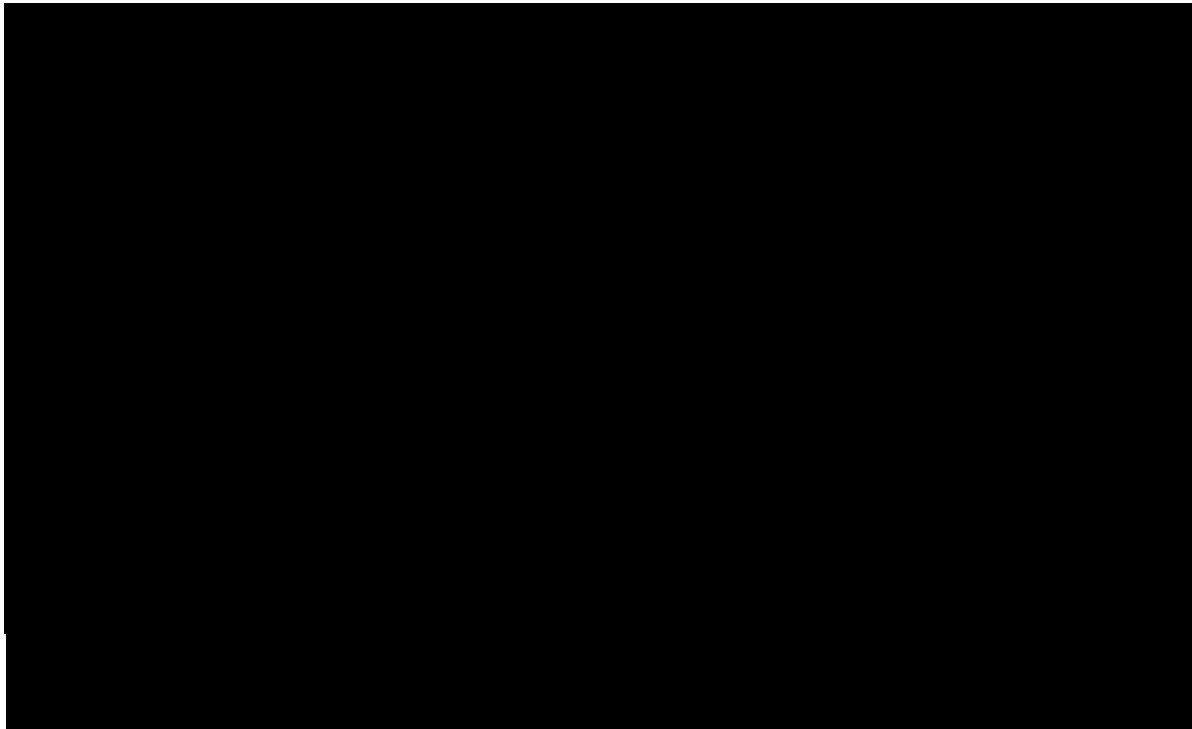
⁹⁷ / *Id.*, at 24.

1 estimated operating expense synergies, which, among other things, quantifies the substantial
2 savings associated with bringing long-distance traffic onto what will be CenturyLink’s own
3 network.

4 **Table 3⁹⁹**

5 **Petitioners’ Synergy Estimates (millions)**

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9 **Q: What is the “net present value” of the expected annual synergies?**

10 **A:** The Petitioners have estimated a net present value (“NPV”) for the estimated operating

⁹⁸ / *Id.*

⁹⁹ / Highly Confidential response to RC-ID-9.

1 expense synergies equal to \$3.3 billion.¹⁰⁰

2 **Q: Do the Petitioners provide any evidence that those synergies will be invested in New**
3 **Jersey either for deploying new services or for rate reductions for consumers in New**
4 **Jersey?**

5 A: No. CenturyLink does not provide persuasive evidence that consumers in New Jersey will
6 share in the benefits of the projected synergies. CenturyLink's lack of a tangible
7 commitment to share the synergies with New Jersey consumers is a fundamental weakness in
8 the Petition.

9 **Q: Have you estimated a share of the synergies that should accrue to consumers in New**
10 **Jersey?**

11 A: Yes. Certainly, there are many ways to calculate a New Jersey "share" but one way would
12 be to calculate the share on a proportional access line basis (*i.e.* the proportion of the total
13 post-transaction access lines that New Jersey lines represent). As noted above, the company
14 will serve approximately 16,576,000 access lines nationwide post-transaction.¹⁰¹ The
15 merged company would provide 140,000 of those lines in New Jersey,¹⁰² or 0.84% of all
16 access lines. Therefore, the New Jersey share of the NPV of merger synergies would be
17 \$27.7 million. Alternatively, the New Jersey share of the \$625 million in total annual
18 synergies would be \$5.3 million per year. This amounts to \$37.50 per line per year (or \$3.13

¹⁰⁰ / See Glover Direct (CenturyLink), at Exhibit JG-2: "CenturyLink and Qwest Merger Conference Call," Thursday April 22, 2010, at 9.

¹⁰¹ / Prospectus, at 10-12.

¹⁰² / Glover Direct (CenturyLink), at 10.

1 per line per month).

2 **Q: Have you reviewed the financial model that CenturyLink used to project revenues and**
3 **expenses associated with the transaction?**

4 A: Yes. <<<**BEGIN HIGHLY CONFIDENTIAL**

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15 **Q: Did CenturyLink provide evidence that it conducted sensitivity analyses of its**
16 **projections?**

17 A: I did not locate such evidence. CenturyLink indicates that for its sensitivity analyses
18 regarding the estimated synergies, one should refer to the highly confidential model provided
19 in response to RC-ID-30 and the highly confidential documents provided in response to RC-

¹⁰³ / See Highly Confidential response to RC-ID-21, Attachment 4(c)-19: <<<**BEGIN HIGHLY CONFIDENTIAL**
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1 ID-21.¹⁰⁴ <<<**BEGIN HIGHLY CONFIDENTIAL**

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5 **Q: Is there evidence to suggest that CenturyLink will be able to achieve the synergies that**
6 **it projects?**

7 **A: Yes. Financial advisors observe that <<<**BEGIN HIGHLY CONFIDENTIAL****

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10 **END HIGHLY CONFIDENTIAL>>>**

11 **Q: In addition to the synergy estimates, is there other evidence of CenturyLink’s finances**
12 **and of the impact of the transaction on CenturyLink’s finances?**

13 **A: Yes. Among the documents providing evidence of CenturyLink’s post-transaction financial**
14 **strength – which directly affects its ability to commit to tangible measureable benefits in**
15 **New Jersey – include the following:**

16 • Qwest had <<<**BEGIN HIGHLY CONFIDENTIAL**

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¹⁰⁴ / CenturyLink response to RC-ID-92.

¹⁰⁵ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-31, <<<**BEGIN HIGHLY CONFIDENTIAL**
CONFIDENTIAL **END HIGHLY CONFIDENTIAL>>>** at 14.

¹⁰⁶ / CenturyLink’s response to RC-ID-21, Highly Confidential Document, <<<**BEGIN HIGHLY CONFIDENTIAL**
CONFIDENTIAL **END HIGHLY CONFIDENTIAL>>>** Attachment 4(c)-5, page 77.

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¹⁰⁷ / See also Qwest highly confidential attachments to RC-ID-21, 4(c)-58, at 40-41.

¹⁰⁸ / Response to RC-ID-21, <<<BEGIN HIGHLY CONFIDENTIAL
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¹⁰⁹ / Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL

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¹¹⁰ / Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL

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¹¹¹ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-30, <<<BEGIN HIGHLY
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¹¹² / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-29, <<<BEGIN HIGHLY

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Q: In its Petition the Board, has CenturyLink made any commitments to specific levels of investment in New Jersey?

A: No. The Board should not rely on either projections or promises for capital investment in New Jersey but instead should seek measureable enforceable commitments for capital investment of at least \$25 million annually during each of the three years following the consummation of the merger.

Q: What is your rationale for this minimum level of investment?

1 A: <<<**BEGIN HIGHLY CONFIDENTIAL**

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6 **CONFIDENTIAL>>>** In other words, as a result of the transaction and associated

7 synergies, CenturyLink should be able to invest substantially more in New Jersey than it

8 has in past years.

9 **CenturyLink’s description of merger-related risks, which it includes in its SEC filings, is**
10 **pertinent to the Board’s assessment of the potential impact of the proposed transaction on**
11 **consumers.**

12 **Q: Did you review CenturyLink’s prospectus that it submitted to the Securities and**
13 **Exchange Commission (“SEC”) as it concerns CenturyLink’s description of risks**
14 **provided to its shareholders?**

15 A: Yes. Among other things, the Prospectus that CenturyLink submitted to the SEC in July
16 2010 describes various merger-related risk factors.¹¹⁴ I recommend that the Board explore
17 further the potential implications of the risk factors that CenturyLink includes in its
18 Prospectus for consumers.

19 **Q: Why are risks that CenturyLink describes in an SEC filing relevant to the Board’s**
20 **deliberations?**

21 A: In a prospectus, a company advises shareholders of the potential benefits and risks associated

1 with a proposed transaction. As I mention above, shareholders approved the transaction and,
2 therefore, determined that the transaction, on balance is in investors' interest. However, the
3 depiction of risks provides information that may assist regulators in assessing whether the
4 transaction, on balance, is in consumers' interests, and, more generally, in the public interest.

5 **Q: Please identify some of the risks that CenturyLink describes in its prospectus.**

6 A: Among the risks are the following.

- 7 • *“No-shop” provision presents a risk:* The merger agreement includes “no-shop”
8 provisions that restrict the Petitioners' ability to solicit, encourage, facilitate or
9 discuss competing third-party proposals to acquire all or a significant part of Qwest
10 or CenturyLink.¹¹⁵ Other companies could be interested in purchasing part or all of
11 either one of the Applicant's operations and such interest could translate into higher
12 value for either Applicant's stockholders than the Qwest-CenturyLink merger. For
13 example, as described in the Prospectus, Qwest explored potential opportunities
14 with “Company A”¹¹⁶ and “Company B.”¹¹⁷ However, the merger agreement
15 prohibits either Applicant from exploring other transactions.
- 16 • *Integration-related expenses pose a risk:* CenturyLink likely will incur substantial
17 expenses in order to integrate the Petitioners' different businesses, operations,

¹¹⁴ / Prospectus, at 14-25.

¹¹⁵ / *Id.*, at 16.

¹¹⁶ / *Id.*, at 33.

¹¹⁷ / *Id.*, at 34.

1 networks, systems, technologies, policies and procedures.¹¹⁸ CenturyLink
2 acknowledges that “[t]here are a large number of systems that must be integrated,
3 including billing, management information, purchasing, accounting, finance, sales,
4 payroll and benefits, fixed asset, lease administration and regulatory compliance.”¹¹⁹

5 Also, because CenturyLink is likely to initiate these integration efforts before it has
6 completed a similar integration with Embarq, “both of these integration initiatives
7 [could] be delayed or rendered more costly or disruptive than would otherwise be
8 the case.”¹²⁰ The Board could consider seeking more information from CenturyLink
9 about (1) the status of its integration efforts with Embarq; (2) its plans for
10 minimizing disruption to retail consumers; and (3) its plans for minimizing
11 disruption to wholesale consumers. The two back-to-back mergers seem likely to
12 over-extend the resources that CenturyLink will need to devote to integration
13 efforts.¹²¹ At the federal level, wholesale customers have proposed specific
14 recommendations and remedies to the FCC to protect CLECs’ transactions with
15 CenturyLink.¹²² Certainly efforts to ensure smooth wholesale transactions are

¹¹⁸ / *Id.*, at 16.

¹¹⁹ / *Id.*

¹²⁰ / *Id.*

¹²¹ / *Id.*, at 44.

¹²² / *See e.g.*, In the Matter of Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink Applications for Transfer of Control Under Section 214 of the Communications Act, as Amended, FCC WC Docket No. 10-110, Comments of Access Point, Inc.; Covad Communications Company; Deltacom, Inc.; Granite Telecommunications, LLC; HickoryTech Corporation (d/b/a HickoryTech and Enventis); Metropolitan Telecommunications, Inc.; OrbitCom, Inc.; PAETEC Holding Corp., on behalf of its operating subsidiaries, PAETEC Communications, Inc., US LEC, and McLeodUSA Telecommunications Services, Inc.; TDS Metrocom, LLC, U.S. TelePacific and Mpower Communications Corp., both d/b/a TelePacific Communications, July 12, 2010, Reply

1 important. However, I urge the Board to recognize that individual retail consumers
2 lack comparable resources to seek parallel remedies. Furthermore, the Board is
3 more familiar with the services and market that retail customers confront in New
4 Jersey than is the FCC. Therefore, retail consumers rely on the Board for a level of
5 protection from any integration problems that is at least as great as that provided to
6 wholesale customers. Retail customers could bear the brunt of any harm if problems
7 arise during challenging back-to-back integration efforts. Accordingly the Board
8 should examine carefully the implications of these back-to-back mergers on the
9 quality of basic retail service.

- 10 • *Risk that the combined company may not be able to integrate the Petitioners’*
11 *separate businesses successfully:* The integration of the business practices and
12 operations of CenturyLink and Qwest will consume substantial management
13 attention and resources, which in turn could jeopardize other aspects of the
14 combined company’s operations and business plans. Related risks that CenturyLink
15 identifies include:

- 16 ○ Failure to achieve cost savings;
- 17 ○ Lost sales and customers (customers of either company decide not to do
18 business with the combined company);
- 19 ○ Complexities of managing the combined business out of different locations,
20 with different cultures, histories, regulatory restrictions, markets, and

- 1 customer bases;
- 2 ○ Failure to retain key employees of either company;
- 3 ○ Unknown liabilities, delays, regulatory conditions, and other factors; and
- 4 ○ Performance shortfalls at either or both of the companies resulting from
- 5 managements' attention to the merger and integration of the companies'
- 6 operations.¹²³

7 The potential consequences of these risks include harms such as disruptions in the business;

8 distraction of management; and inconsistencies in the combined company's products and

9 services, which could jeopardize relationships with customers, vendors and employees.

10 **Q: Please identify other major risks that CenturyLink identifies to its investors.**

11 A: Other risks include:

- 12 ○ *Risk associated with CenturyLink's lack of experience with more urban areas:* Before it
- 13 acquired Embarq, CenturyLink primarily served rural areas and small to mid-size cities.
- 14 CenturyLink has been operating the more dense markets of Las Vegas and the suburbs of
- 15 Orlando only since mid-2009.¹²⁴ Qwest's markets, by contrast, include substantially
- 16 denser areas than those traditionally served by CenturyLink and also include such
- 17 markets as Phoenix, Denver, Minneapolis-St. Paul, Seattle, Salt Lake City, and Portland.
- 18 If CenturyLink is unable to apply its strategies and operating models to these larger
- 19 markets, then its business and financial performance could be adversely affected.¹²⁵

¹²³ / Prospectus, at 17.

¹²⁴ / *Id.*

¹²⁵ / *Id.*

1 Furthermore, CenturyLink's new urban focus could cause it to devote fewer resources
2 and management attention to the rural areas and small to mid-size cities that it has
3 traditionally served, such as CenturyLink's existing New Jersey markets. Therefore, it is
4 critically important that the Board assess the potential benefits and risks (such as
5 broadband deployment and service quality) for CenturyLink's non-urban territory in
6 New Jersey.

7 ○ *CenturyLink would confront various risks post-merger:* Among the other possible risks
8 are:

- 9 • Ability to retain key employees;
- 10 • Impact of access line loss on revenues, earnings and cash flow;
- 11 • Competition placing pressure on the combined company's market share;
- 12 • Technological change, which could reduce demand for the combined company's
13 products and services, and require CenturyLink to expend more capital and other
14 resources than it presently plans;
- 15 • The challenge of diversification of products and services;
- 16 • The possible inability of CenturyLink to continue to grow through acquisitions,
17 which has been its traditional way of growing;
- 18 • Effectively managing the expanded operations and achieving the expected operating
19 efficiencies, cost savings, revenue enhancements and synergies;
- 20 • Branding and re-branding initiatives will cause costs and it is uncertain how they will
21 be perceived by customers;

- 1 • Relationships with other communications companies, which affect, for example,
2 access charge revenues; and
- 3 • Network disruptions or system failures.¹²⁶

4 *Regulatory Risks:* Also, as CenturyLink observes, regulatory changes, such as access charge
5 and universal service fund changes, present risks.¹²⁷ The FCC's efforts to reform universal
6 service funding also could alter CenturyLink's federal subsidies.¹²⁸ In 2009 Qwest received
7 \$66 million in federal high cost subsidies,¹²⁹ which translates into approximately \$6.65 per
8 line.¹³⁰ CenturyLink received \$145.3 million in USF high cost loop funding in 2009,¹³¹
9 which translates into approximately \$20.64 per line.¹³²

10 **Q: What are the potential implications of these various risks to consumers in New Jersey?**

11 A: The risks that I discuss above in addition to other risks that are identified in CenturyLink's
12 Prospectus, and the risk to service quality, which I discuss below, merit further investigation
13 by the Commission. These risks could affect the future of the combined company, the
14 investment decisions of the combined company, and other overall operations of the
15 company, which, in turn, likely would affect all of its consumers, including those in New

¹²⁶ / *Id.*, at 17-22.

¹²⁷ / *Id.*, at 21-22.

¹²⁸ / *See* In the Matter of Connect America, Fund A National Broadband Plan for Our Future, High-Cost Universal Service Support, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337, *Notice Of Inquiry And Notice Of Proposed Rulemaking*, rel. April 21, 2010.

¹²⁹ / Qwest Communications International, Inc. SEC Form 10-K, filed February 16, 2010, at 10. Qwest also received \$87 million in state universal service high cost funds. *Id.*

¹³⁰ / Qwest had 9,925,000 access lines as of December 31, 2009. CenturyLink Form S-4, June 4, 2010, at 11.

¹³¹ / CenturyLink SEC Form 10-K filed March 1, 2010, at 18.

¹³² / CenturyLink had 7,039,000 access lines as of December 31, 2009. CenturyLink Form S-4, June 4, 2010, at 10.

1 Jersey.

IV. BROADBAND

1 **CenturyLink has not yet demonstrated that, in New Jersey, its broadband investment will be**
2 **greater and its broadband services faster if the proposed transaction occurs than if it does not**
3 **occur.**

4 **Q: Earlier, you referred to the Petitioners' depiction of broadband deployment as a**
5 **potential benefit of the proposed transaction. Has CenturyLink provided evidence to**
6 **demonstrate that its broadband investment in New Jersey will be higher if the proposed**
7 **transaction occurs than if it does not occur?**

8 A: No. CenturyLink simply states that its "goal is to continue investment in the network and to
9 increase bandwidth and speed in order to offer robust broadband services," but also states
10 that it "has not established any specific plans for broadband investment in New Jersey after
11 completion of the merger."¹³³ Rather than relying on CenturyLink's general speculations
12 about broadband commitments, the Board instead should seek firm broadband deployment
13 commitments from CenturyLink.

14 **Q: Has CenturyLink provided evidence to demonstrate that its broadband services in**
15 **New Jersey will be offered at higher speeds if the proposed transaction occurs than**
16 **if it does not occur?**

17 A: No. The Petitioners simply suggest that the merger will benefit current customers in the
18 companies' local markets by creating "a stable provider with the renewed resources to invest
19 in broadband and advanced services consistent with the goals of the National Broadband

¹³³ / CenturyLink response to RC-ID-72.

1 Plan.”¹³⁴ According to the Petitioners, the benefit to current customers of CenturyLink and
2 Qwest, particularly rural customers, is the expansion of broadband deployment, which will
3 be accelerated due to the combined company’s “strong financial position.”¹³⁵ The
4 Petitioners state:

5 . . . CenturyLink is committed to universal broadband deployment, and the
6 combination of its facilities with those of Qwest, as discussed above, will
7 significantly improve the availability of broadband capabilities to both
8 companies’ rural customer bases. CenturyLink is on track to meet or exceed
9 its FCC broadband deployment and CLEC commitments; as of March 31,
10 2010, the company is approaching 89 percent broadband availability (in all
11 but the most difficult-to-serve areas in its region).¹³⁶
12

13 CenturyLink is confident that the transaction will “strengthen the balance sheet” and
14 improve the investment potential of the network¹³⁷ and is already committed to providing
15 100% deployment to “broadband-eligible” access lines by mid-2012.¹³⁸ As I explain more
16 below, these generalities do not provide a sufficient basis for finding the transaction in the
17 public interest.

18 **Q: What are the goals of the National Broadband Plan?**

19 A: The National Broadband Plan put forth a National Broadband Availability Target of 100%
20 access to actual download speeds of 4 Mbps and actual upload speeds of 1 Mbps, and further
21 recommends that the FCC review and reset these goals every four years.¹³⁹ The National

¹³⁴ / FCC Application, at 10-11.

¹³⁵ / *Id.*, at 11.

¹³⁶ / *Id.*, at 20.

¹³⁷ / *Id.*

¹³⁸ / *Id.*, at 37 citing the CenturyTel/Embarq Merger Order, Appendix C.

¹³⁹ / Federal Communications Commission, *Connecting America: The National Broadband Plan*, report submitted to

1 Broadband Plan also outlines a long-term goals of 100 million U.S. homes with affordable
2 access to download speeds of at least 100 Mbps and upload speeds of at least 50 Mbps by
3 2020 (and, as a “milestone” 50Mbps/20Mbps by 2015).¹⁴⁰

4 **Q: How, nationally, is the country progressing regarding the achievement of the goals set**
5 **forth in the National Broadband Plan?**

6 A: The FCC presently does not track data that corresponds precisely with the download speed
7 of 4 mbps. The FCC explains in its most recent high speed report that it “use[s] the Form
8 477-defined speed tiers beginning at 3 mbps for downloads and 768 kbps for uploads as the
9 data that most closely approximate the NBP availability target.”¹⁴¹ In its most recent release
10 of data, which correspond with information that was current as of June 30, 2009, the FCC
11 reports, among other findings:

- 12 • Reported connections for the most widely adopted fixed-location
13 technologies, cable modem and aDSL, increased by 3% and 1%,
14 respectively, during the first half of 2009, to 41 million cable modem
15 connections and 31 million aDSL connections. A 23% increase in total
16 fiber-to-the-premises (“FTTP”) connections, to 4 million, was the largest
17 rate of change among the fixed location technologies. Reportable satellite

the U.S. Congress, March 17, 2010 (“National Broadband Plan”), at Chapter 8, 135. The American Recovery and Reinvestment Act of 2009 (“ARRA”) was signed into law on February 17, 2009. American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, 123 Stat. 115 (2009) (“ARRA”). As part of the Broadband Technology Opportunities Program established by the ARRA, the FCC was required to develop a National Broadband Plan by February 17, 2010. The FCC requested an extension of that deadline in January, 2010. See, Letter to Honorable John D. Rockefeller, Chairman, Committee on Commerce, Science and Transportation, United States Senate from Julius Genachowski, Chairman, Federal Communications Commission, January 7, 2010.

¹⁴⁰ / National Broadband Plan, at xiv, 9.

¹⁴¹ / “Internet Access Services: Status as of June 2009,” FCC Industry Analysis and Technology Division, Wireline Competition Bureau, September 2010 (“FCC Internet Access Services Report”), at 3, note 8, citing *Inquiry Concerning the Deployment of Advanced Telecommunications Capability to All Americans in a Reasonable and Timely Fashion, and Possible Steps to Accelerate Such Deployment Pursuant to Section 706 of the Telecommunications Act of 1996, Amended by the Broadband Data Improvement Act*, GN Docket Nos. 09-137, 09-51 Report, FCC 10-129, para. 20 (rel. July 20, 2010).

1 Internet connections increased by 6%, to 1 million.¹⁴²

- 2
- 3 • Of the 94 million reportable residential connections [as of June 30, 2009],
- 4 cable modem represented 42%, aDSL represented 29%, mobile wireless
- 5 subscribers with data plans for full Internet access represented 24%,
- 6 FTTP represented 4%, and all other technologies represented 1%.¹⁴³
- 7
- 8 • Of the 113 million total (combined residential and business) reportable
- 9 connections at mid-year 2009, about 34 million connections (or 30% of
- 10 the total) were in the Form 477-defined speed tiers that, in combination,
- 11 most closely approximate the initial broadband availability target
- 12 recommended in the National Broadband Plan – that is, the connection
- 13 was reported in one of the 35 (out of a total of 72) Form 477-defined
- 14 speed tiers for which the minimum *advertised* speed for downloads was
- 15 either 3 mbps or one of the higher Form 477-defined thresholds, and for
- 16 which the minimum *advertised* speed for uploads was either 768 kbps or
- 17 one of the higher Form 477-defined thresholds.¹⁴⁴
- 18

19 In New Jersey, of the 3.9 million reportable connections (both residential and business) as of

20 June 30, 2009, cable modem represented 42%, aDSL represented 16%, mobile wireless

21 subscribers with data plans for full Internet access represented 32%. Data regarding fiber,

22 satellite, and fixed wireless is unavailable for New Jersey.¹⁴⁵

23 **Q: How do broadband speeds in New Jersey compare with the national average and**

24 **with other states?**

25 A: The FCC's *Internet Access Services Report* shows that a larger percentage of connections are

26 at higher speeds when compared to the national average. Table 5 replicates some relevant

¹⁴² / *Id.*, at 4.

¹⁴³ / *Id.*

¹⁴⁴ / *Id.* See, also Exhibit SMB-3 which attaches *FCC Internet Access Services Report*, Chart 13: Distribution of Residential Fixed Connections by Downstream Speed Tier as of June 30, 2009.

¹⁴⁵ / *Id.*, at Table 14: Connections by Technology by State as of June 30, 2009. Data is withheld to maintain firm confidentiality in some cases.

portions of the information from the FCC’s *Internet Access Service Report*.

Table 5

Excerpt of FCC *Internet Access Services Report* Table 15

Percentage of Connections by Downstream Speed by State as of June 30, 2009

	Over 200 kbps Upstream and				
	% over 200 kbps	% at least 768 kbps	% at least 3 mbps	% at least 6 mbps	% at least 10 mbps
	<i>Downstream</i>	<i>Downstream</i>	<i>Downstream</i>	<i>Downstream</i>	<i>Downstream</i>
New Jersey	82.1	75.4	59.6	50.7	34.7
Total	84.6	76.4	45	31.9	11.5

For example, almost 60% of all connections in New Jersey are at least 3 mbps, but only 45% of connections nationwide are at least 3 mbps.

New Jersey is top in the nation in terms of the percentage of *households* that subscribe to Internet access at or above 3mbps, with 66% of its *households* subscribing to broadband connections with advertised speeds at least 3 mbps down and 768 up.¹⁴⁶ The national average is 27%; the other top states include Massachusetts, and Delaware, with 59%, Maryland, with 58%, New Hampshire, with 48%, and New York with 42%.¹⁴⁷ Because of the way that the Form 477 is designed (that is, it does not include a speed tier that precisely

¹⁴⁶ / *Id.*, Table 23, “Residential Fixed Connections (Approximating the National Broadband Availability Target) and Households by State as of June 30, 2009 (Connections with advertised speeds at least 3 mbps down and 768 up and households, in thousands)”

¹⁴⁷ / *Id.*

1 matches the NBP goal of 4 mbps-download), the FCC uses the speed tier of at least 3 mbps
2 to approximate the NBP goal.¹⁴⁸ Therefore, these statistics may overstate national progress
3 relative to the NBP goal.¹⁴⁹

4 **Q: What percentage of CenturyLink’s New Jersey broadband connections potentially**
5 **comport with the NBP goal?**

6 A: In its highly confidential response to RC-ID-48, CenturyLink provided its Form 477s as of
7 December 31 for the years 2007, 2008, and 2009 (by comparison, the FCC’s recent report
8 corresponds with data as of June 30, 2009, that is, half-way between the two most recent
9 Form 477 reporting years). I have reproduced the 2009 Form 477 as Highly Confidential
10 Exhibit SMB-HC-4. My analysis of the 2008 and 2009 Form 477s shows that as of year-end
11 2008 and year-end-2009 <<<**BEGIN HIGHLY CONFIDENTIAL**

12 **END HIGHLY CONFIDENTIAL>>>** of CenturyLink’s broadband
13 connections were provided at download speeds of 3.0 mbps or higher.

14 **Q: Do you have any further observations about your analysis of CenturyLink’s Form 477**
15 **data and the FCC’s recent high speed report, as it pertains to New Jersey?**

16 A: Yes. Cable-based offerings are typically offered at much higher speeds than are those of the
17 ILECs, with the notable exception of fiber-to-the-home (“FTTH”) and fiber-to-the-node
18 (“FTTN”) deployment.¹⁵⁰ Therefore, CenturyLink’s broadband speeds are not necessarily

¹⁴⁸ / *Id.*

¹⁴⁹ / Potentially offsetting this factor, however, is the fact that the FCC’s measurement relies on *connections in service* and not on *availability of speed*. I discuss this limitation below.

¹⁵⁰ / As I mention above, national demand for cable modem, DSL, fiber, and satellite, is 41 million, 31 million, 4 million, and 1 million, respectively. FCC *Internet Access Services Report*, at 4.

1 significantly different from those of other non-FiOS ILEC broadband offerings in New
2 Jersey. Without access to Verizon NJ's Form 477 proceedings, I cannot directly compare
3 the speed of CenturyLink's and Verizon's broadband speeds in New Jersey. All the same, in
4 my view, a critical issue in this proceeding should be CenturyLink's ability and willingness
5 to offer broadband at speeds that further the goals of the National Broadband Plan.
6 Furthermore, the Form 477 data do not show the quantities of the connections that are
7 provided at download speeds of 4.0 mbps or greater (that is, an unknown number of the
8 connections that correspond with the category "greater than or equal to 3 mbps and less than
9 6 mbps" are less than 4 mbps).¹⁵¹ Finally, it is important to recognize that *connections* do
10 not equate to *availability* – the fact that a certain percentage of lines subscribe to a certain
11 speed does not indicate availability of speed.

12 **Q: What percentage of CenturyLink's New Jersey connections are provided with**
13 **download speeds of 6 mbps or faster?**

14 A: CenturyLink's broadband connections, as of year-end 2008 and year-end 2009 included only
15 <<<BEGIN HIGHLY CONFIDENTIAL END HIGHLY
16 CONFIDENTIAL>>> at download speeds of greater than 6.0 mbps.¹⁵²

17 **Broadband availability versus broadband connections**

18 **Q: You have referred to statistics with reference to broadband connections. Please**
19 **elaborate on the significance of the use of connections as the benchmark for assessing**

¹⁵¹ / Furthermore, industry-wide, advertised speeds often exceed actual speeds that consumers experience. See National Broadband Plan, at Chapter 3. See, also, <http://www.broadband.gov/qualitytest/about/>.

¹⁵² / CenturyLink response to RC-ID-48.

1 **consumers' broadband speeds.**

2 A: When considering the status of broadband, it is important to distinguish between connections
3 and availability. Data on both are pertinent, with the former providing evidence of
4 consumers' adoption of broadband access, and the latter providing information about
5 whether consumers have the option to do so. The data that I discuss above (which includes
6 data that the FCC reports as well as data that CenturyLink reports in its Form 477 data)
7 concerns actual connections, that is, instances where customers subscribe to broadband
8 service. Although subscription data is clearly influenced by availability it does not
9 necessarily track availability in lockstep. For example, in a neighborhood of 100 homes, a
10 carrier may offer customers an option of either 3 mbps or 10 mbps, and if 57% of the
11 subscribing households (i.e., of the "connections") select 3 mbps, and 43% select 10 mbps,
12 then the "connection-based" data will show 57% of the connections are 3 mbps although
13 theoretically 100% of the connections could be at 10 mbps. It is possible, therefore, that
14 CenturyLink offers broadband at higher speeds but that consumers opt not to select those
15 speeds.¹⁵³ It is also possible, however, that 10 of the households do not even have the
16 option to subscribe to broadband at any speed.

17 **Q: Did CenturyLink provide other data in this proceeding regarding the speed of its**
18 **broadband deployment in New Jersey?**

19 A: Yes. Exhibit SMB-HC-5, which reproduces CenturyLink's highly confidential response to

¹⁵³ / In Chattanooga, the city-owned utility plans to offer ultra-high-speed Internet service at speeds of one gigabit a second, and the city is experimenting with how to price different speeds. By comparison, the longer-term NBP goal is speeds of 100 mbps, or a tenth of the speed available in Chattanooga. "Coming to Chattanooga: The Fastest Net Service, And Price Experiments," Steve Lohr, *The New York Times*, September 13, 2010, B1, B10

1 RC-ID-43, shows CenturyLink’s DSL deployment separately for each wire center, and by
2 speed. Table 6 below summarizes the data. <<<**BEGIN HIGHLY CONFIDENTIAL**

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7 **END HIGHLY CONFIDENTIAL**>>> I have also included a 6th category which

8 includes the total percentage of households within each exchange for which speeds of 3
9 mbps and higher are available. I have used this demarcation point to be consistent with that
10 used by the FCC in its most recent high speed report (see discussion above) as a way to
11 gauge progress in meeting the National Broadband Plan goals. The quantity shown under
12 the column entitled “up to 3 mbps” and the column entitled “3 mbps and higher” does not
13 add up to 100% because some fraction of the households in each exchange lack access to
14 broadband at any speed.

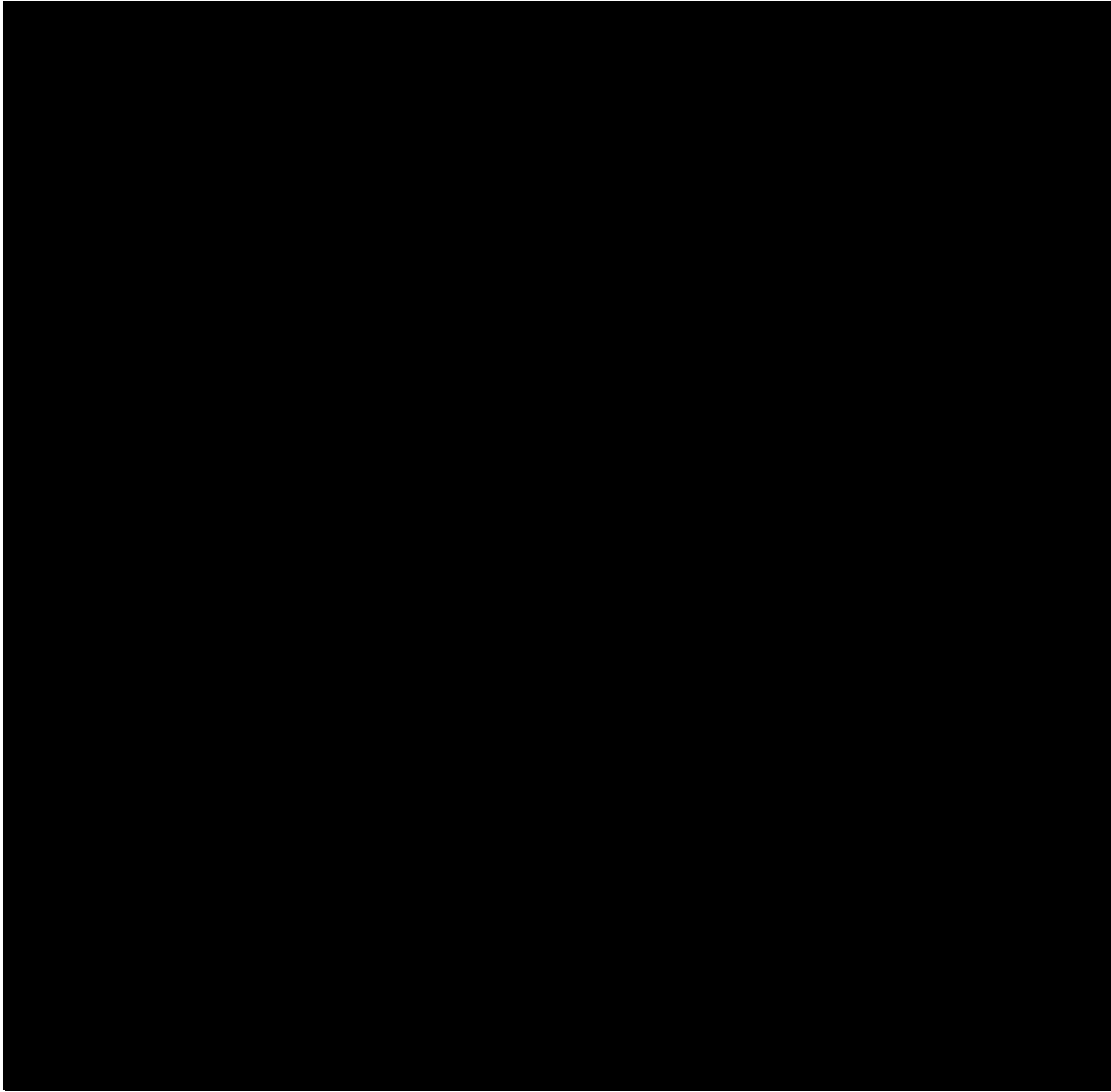
(“Chattanooga NYT article”).

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Table 6¹⁵⁴

**DSL Availability as a Percentage of DSL-Capable Households
by Download Speed and Exchange**

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¹⁵⁴ / Highly Confidential attachment to response to RC-ID-43

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CONFIDENTIAL>>> A commitment to achieve the NBP goal would represent a benefit for New Jersey.

Also, it would be useful to test the speeds actually delivered because there have been discrepancies between the speed of carriers’ broadband offerings and the actual speed delivered.¹⁵⁵ Finally, there is no reason that New Jersey should not seek to pursue the FCC’s longer-term broadband speed goals. The NBP’s long-term goals include a goal of an actual download speed of 100 Mbps and upload speed of 50 Mbps by 2020, and, a “milestone” of 50Mbps/20Mbps by 2015.¹⁵⁶ CenturyLink could submit a plan to the Board outlining its plans for achieving these goals in 2015 and 2020.

¹⁵⁵ / The FCC is sponsoring tests of broadband speeds. See <http://www.broadband.gov/> “Test My Broadband Speed Now” and “Sign Up to Test My ISP.” Also, as shown in Exhibits SMB-8 and Exhibit SMB-9 CenturyTel provides DSL service at “up to” speeds and Qwest notes in its terms and conditions accompanying DSL pricing information on its website, the following: “Customers qualifying for 7 Mbps speed tier will receive maximum line speeds ranging from 3 to 7 Mbps.”

1 **Q: Based on the data in Table 6 above, did you compute the total percentage of households**
2 **in CenturyLink’s territory in New Jersey that have DSL available to them at these**
3 **various speeds?**

4 A: No. The data provided is expressed in terms of percentages and because the sizes of the
5 exchanges vary, I could not readily compute the total percentage of availability across
6 CenturyLink’s territory in New Jersey. CenturyLink likely possesses the data necessary to
7 provide totals.

8 **Q: Is there other data that provides DSL availability information?**

9 A: Yes. I have included as Highly Confidential Exhibit SMB-HC-6 CenturyLink’s response to
10 RC-ID-44, which shows the percent of working lines that had DSL capability as of year-end,
11 for each of the past three years, by speed in each of CenturyLink’s exchanges.

12 **Q: Please summarize some of the data provided in this response.**

13 A: <<<**BEGIN HIGHLY CONFIDENTIAL**

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¹⁵⁶ / National Broadband Plan, at xiv, 9.

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21 **Q: What do you recommend based on your analysis?**

1 A: I recommend that CenturyLink commit to deploy at least 4 mbps (download) in all of its
2 exchanges by the end of 2011.

3 **Q: Do the Form 477 data indicate the percentage of households that could subscribe to**
4 **broadband service from CenturyLink?**

5 A: Yes. CenturyLink estimates that as of year-end 2009 <<<**BEGIN HIGHLY**
6 **CONFIDENTIAL END HIGHLY CONFIDENTIAL**>>> of households could
7 subscribe to DSL with transfer rates exceeding 200 kbps in at least one direction.¹⁵⁷

8 **Q: Do the Form 477 data indicate the percentage of households that could subscribe to**
9 **differing speeds?**

10 A: No.

11 **Q: Does CenturyLink address the speeds and capability of its broadband access?**

12 A: Yes. CenturyLink states that the speeds and capability of its high speed Internet services
13 “are determined by the technical standards of vendor equipments and the length and
14 characteristics of the loops serving individual customer locations.”¹⁵⁸

15 **Q: Do you have any recommendations regarding information about the capabilities of**
16 **CenturyLink’s operations?**

17 A: Yes. CenturyLink should be required to provide the Board with information about the
18 specific speed limitations as they apply in each of its wire centers so that the Board is better
19 informed about CenturyLink’s capability of meeting the NBP’s short-term and long-term

¹⁵⁷ / CenturyLink highly confidential response to RC-ID-48.

¹⁵⁸ / CenturyLink response to RC-ID-64.

1 objectives in its footprint.

2 **In New Jersey, CenturyLink should deploy fiber-based products of at least the same**
3 **quality and speed of those offered by Qwest.**

4

5 **Q: How do CenturyLink’s broadband offerings compare with Qwest’s fiber-based and**
6 **DSL-based broadband offerings?**

7 A: Seemingly, Qwest’s broadband offerings for residential customers outpace those of
8 CenturyLink. Qwest not only offers DSL, but also offers fiber to the node (“FTTN”):

9 ○ “The next evolution of Qwest High-Speed Internet® has arrived in many Front
10 Range communities. As Qwest Communications (NYSE: Q) expands its next-
11 generation fiber-optic-fast Internet network, qualifying residents and small
12 businesses in select areas can access connection speeds up to 40 Mbps downstream
13 and 20 Mbps upstream – among the fastest upstream speeds available today.”¹⁵⁹

14 ○ “Qwest also pointed to its aggressive deployment of fiber to the node (FTTN) in the
15 quarter in which it added 80,000 new fiber customers.”¹⁶⁰

16 ○ Also, although CenturyLink has not applied for any federal broadband stimulus
17 funds,¹⁶¹ Qwest has applied for \$467 million federal broadband stimulus monies to
18 deploy high speed access to 500,000 living units in its 14-state ILEC region with
19 speeds up to 40 mbps downstream, using a system design that combines technologies

¹⁵⁹ / “Fastest Qwest High-Speed Internet Service Expanding in Front Range, Qualifying Residents Can Access Connection Speeds up to 40 Mbps Downstream, 20 Mbps Upstream,” Feb 22, 2010. <http://news.qwest.com/ColoradoFTTN>, site visited September 13, 2010.

¹⁶⁰ / “Qwest 4Q Profits Sink; FTTN A Bright Spot,” W. David Gardner , InformationWeek , February 17, 2010 02:55 PM, <http://www.informationweek.com/news/services/voice/showArticle.jhtml?articleID=222900730>, site visited September 13, 2010.

1 including Ethernet, fiber and radio backhaul.¹⁶²

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11 **Q: What are the implications of Qwest’s FTTN deployment in its 14-state ILEC region to**
12 **the Board’s review of the proposed transaction?**

13 **A:** Although Qwest’s actual and proposed FTTN deployment concerns the 14-state Qwest home
14 region, and, therefore, is located beyond the physical boundaries of New Jersey, the strategic
15 and technical plans of the company that CenturyLink proposes to acquire as well as the

¹⁶¹ / CenturyLink supplemental response to RC-ID-94.

¹⁶² / Qwest supplemental response to RC-ID-94.

¹⁶³ / See Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL
END HIGHLY CONFIDENTIAL>>>Attachment
4(c)-3, page 5 of 16.

¹⁶⁴ / Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL
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CONFIDENTIAL>>>Attachment 4(c)-5, page 36.

¹⁶⁵ / *Id.*, page 44.

¹⁶⁶ / *Id.*, page 84.

1 FTTN knowledge is not limited by physical boundaries, but rather should be available to
2 CenturyLink, the acquiring company. Therefore, this new knowledge and FTTN expertise,
3 based on Qwest's operations, bear directly on the potential for benefits to accrue to New
4 Jersey consumers, if the merger occurs. By acquiring Qwest, CenturyLink should be able to
5 tap into the FTTN expertise of that company. CenturyLink should explain fully the
6 possibility of and opportunities for CenturyLink to adopt Qwest's best practices as they
7 relate to high speed broadband.

8
9 Furthermore, any merger encompasses some risks (see my discussion in Section III).
10 Therefore, it is important that consumers also have a high probability of benefits to offset
11 these risks. I urge the Board to seek specific commitments from CenturyLink to adopt
12 "broadband best practices," that is, to offer New Jersey consumers broadband capabilities at
13 least as good as that offered in the Qwest footprint, and, at a minimum, I urge the Board to
14 explore with CenturyLink the technical and financial feasibility of CenturyLink deploying
15 FTTN in New Jersey. In the absence of such commitments, consumers will be held back by
16 CenturyLink's slow speeds or be confronted with the option of only a sole supplier of high
17 speed, namely the cable industry.

18 **Analysis of CenturyLink's investment in broadband in New Jersey.**

19 **Q: How does CenturyLink presently determine when and where to invest in its**
20 **infrastructure in order to enhance its broadband service?**

21 **A:** It is unclear how CenturyLink makes decisions about when and where to invest in the

1 infrastructure necessary to deploy broadband services and to enhance its existing broadband
2 services. For example, CenturyLink has not described the criteria that it uses to decide
3 where to deploy broadband (e.g., the minimum internal rate of return or the net present value
4 necessary to justify capital expenditures).

5 **Q: Did Rate Counsel seek information about CenturyLink’s capital decision-making**
6 **policies and guidelines?**

7 A: Yes. In RC-ID-99, Rate Counsel sought copies of the five most recent business case
8 analyses associated with DSL deployment decisions in CenturyLink’s existing service areas,
9 and in CenturyLink’s response, it referred to its response to RC-ID-79.¹⁶⁷ However,
10 although CenturyLink’s highly confidential response to RC-ID-79 refers generally to
11 <<<**BEGIN HIGHLY CONFIDENTIAL** **END HIGHLY**
12 **CONFIDENTIAL**>>> CenturyLink did not actually provide any copies of business cases
13 with its response.

14 **Q: Please elaborate on what you mean by business cases.**

15 A: Business cases may be used by industry to assess the cost and benefits associated with
16 capital investment. Capital investment may lower operating costs and/or may lead to new or
17 increased sources of revenues. Money spent today may lead to lower expenses and/or higher
18 revenues tomorrow, and therefore, managers may weigh the cost of today’s dollars against
19 future savings and revenue by discounting the future dollars and comparing them with
20 today’s costs. CenturyLink, in comments submitted to the FCC explains such analyses as

¹⁶⁷ / CenturyLink response to RC-ID-99.

1 follows:

2 Using private investment alone, a company must conduct an analysis prior to
3 introducing new services by determining whether the expected revenues from
4 the services offered in the chosen area will exceed the ongoing operational
5 costs and recover over time the initial capital costs associated with such
6 deployment. Such a revenue projection will be governed by the market price
7 for services in nearby geographic areas, the value of the service perceived by
8 prospective consumers, and affordability considerations, times the number of
9 expected subscribers.¹⁶⁸

10

11 Although CenturyLink described some of the relevant elements of broadband business case
12 analyses in the filing that I excerpt above that it submitted earlier this year to the FCC, and
13 although Rate Counsel sought copies of such business cases as they pertain to CenturyLink's
14 operations in New Jersey, CenturyLink did not submit analyses that it has conducted
15 regarding the relationship of projected initial capital costs of deployment with associated
16 revenue projections.

17 **Q: Why would such information be relevant to this proceeding?**

18 A: Post-transaction, New Jersey will be competing with 36 other jurisdictions for the
19 management and investment resources of CenturyLink. Among other things, consumers
20 might benefit from the transaction if they were to be assured certain levels of investment.
21 One way for the Board to gauge the likelihood of such investment would be to assess the
22 way in which CenturyLink now makes determinations about capital investment.

¹⁶⁸ / CenturyLink CAF Comments, at 5.

1 **CenturyLink does not yet offer broadband services that meet the goals set forth in the National**
2 **Broadband Plan, and there is no evidence to suggest that if the transaction occurs,**
3 **CenturyLink's broadband services will achieve those goals better than if the transaction does**
4 **not occur.**

5 **Q: Have you analyzed CenturyLink's broadband deployment in New Jersey?**

6 A: Yes. As discussed above, Exhibit SMB-HC-5, which reproduces CenturyLink's highly
7 confidential response to RC-ID-43, shows CenturyLink's DSL deployment separately for
8 each wire center, by speed. It is ambiguous in this response whether the percentages relate
9 to all households (regardless of whether served by CenturyLink) or solely the households
10 that are CenturyLink's customers.

11 **Q: Have you examined other data regarding CenturyLink's broadband services?**

12 A: Yes. As I discussed earlier, Exhibit SMB-HC-6, which reproduces CenturyLink's highly
13 confidential response to RC-ID-44, shows, as of December 31, for each of the past three
14 years and separately by wire center, the percentages of working lines where DSL was
15 available by service speed.

16
17 By relating DSL availability only to CenturyLink's working lines, CenturyLink may be
18 underestimating DSL availability. If, for example, a household or business that originally
19 subscribed to CenturyLink's DSL has migrated to the broadband offering of a cable
20 provider, the line will not be included in the statistics in the table provided in response to
21 RC-ID-44, although CenturyLink's DSL may actually be available to the customer.
22 Therefore the response may understate availability.

23 **Q: Please explain further.**

1 A: For example, **BEGIN HIGHLY CONFIDENTIAL<<<**

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12 I have also included CenturyLink's highly confidential response to RC-ID-62, which is
13 reproduced as Highly Confidential Exhibit SMB-HC-7. This response shows separately by
14 wire center:

- 15 • The number of households (it is unclear whether the quantities correspond with the
16 households that are encompassed by the wire center territory, regardless of whether they
17 are CenturyLink customers or they correspond with CenturyLink-served customers);
- 18 • The percentage of households that can subscribe to CenturyLink's broadband service;
- 19 • The percentage of households that do subscribe to CenturyLink's broadband service;
- 20 • The number of businesses (or possibly business lines); and
- 21 • The percentage of businesses that can subscribe to CenturyLink's broadband service.

22

1 **The Petitioners have failed to provide the information necessary for the Board to determine**
2 **whether CenturyLink will adopt best practices, post-transaction, regarding broadband**
3 **deployment in New Jersey.**
4

5 **Q: Did Rate Counsel seek information regarding Qwest’s broadband infrastructure?**

6 A: Yes. Rate Counsel sought information reviewed by or on behalf of CenturyLink regarding
7 Qwest’s broadband infrastructure, but CenturyLink limited its response to New Jersey and
8 indicated that it “does not possess any materials relevant to New Jersey that are responsive to
9 this request.”¹⁶⁹ Despite CenturyLink’s narrow interpretation, the intent of Rate Counsel’s
10 question was broader than the New Jersey boundaries and was to seek information about
11 CenturyLink’s general assessment of Qwest’s broadband services. Consumers might benefit
12 if there are “best practices” aspects of Qwest’s broadband deployment, *regardless of in*
13 *which jurisdiction such practices occur*, that could be applied to CenturyLink’s New Jersey
14 operations. New Jersey consumers are affected not only by CenturyLink’s New Jersey
15 operations but also more broadly by the synergies, expanded technical expertise, and overall
16 expanded resources that the merged corporate entity possesses.

17
18 In other words, I urge the Board, in its assessment of the impact of the transaction on
19 CenturyLink’s operations, to consider also, the impact of the larger corporate entity and
20 associated resources on the state-specific operations in New Jersey. In some instances, the
21 transaction could pose new risks as management may become diverted to the newly acquired
22 territories, and, in other instances, the transaction could yield benefits if there are practices

¹⁶⁹ / CenturyLink Response to RC-ID-74.

1 and knowledge that Qwest possesses that could be applied for consumers' benefit in New
2 Jersey. By limiting its response to Qwest's DSL operations in New Jersey (which, as the
3 response indicates, are non-existent), CenturyLink has not provided the Board with
4 information about the combined entity's aggregate broadband experience and expertise.

5 **CenturyLink should offer stand-alone broadband service.**

6 **Q: Does CenturyLink offer stand-alone broadband service?**

7 A: Apparently not. CenturyLink indicates that in New Jersey it does not sell broadband service
8 without any other service.¹⁷⁰ CenturyLink's "most barebones" broadband service is its "Pure
9 Broadband" which "incorporates an access line bundle called 'Pure Bundle' with 911 dialing
10 and call termination capability."¹⁷¹

11 **Q: Does Qwest, in its home region, offer stand-alone broadband service?**

12 A: Yes. The service is currently \$40 per month.¹⁷²

13 **Unless broadband service is affordable, it cannot be considered to be available.**

14
15 **Q: Have you reviewed information regarding CenturyLink's pricing of its DSL services?**

16 A: Yes. I reproduce pricing and speed information from CenturyLink's web site (as well as
17 terms and conditions) as Exhibit SMB-9. Prices range from \$29.95 for up to 768k download
18 speeds to \$54.95 per month for up to 10 mbps download speeds. Focusing again on the NBP

¹⁷⁰ / CenturyLink response to RC-ID-67.g.

¹⁷¹ / *Id.*

¹⁷² / http://www.qwest.com/residential/internet/broadbandlanding/compare_plans.html, site visited September 21, 2010. The stand-alone service is available for \$29.99 per month for the first six months. Qwest's high-speed Internet options and pricing details are included as Exhibit SMB-C-8.

1 threshold of 4 mbps, consumers subscribing to service with “up to” 5 mbps download speeds
2 pay \$49.95 per month (the next alternative is “up to” 3 mbps for \$39.95 per month).

3 **Q: Does the publicly available pricing data from CenturyLink’s national website match**
4 **the pricing data you received from CenturyLink?**

5 A: <<<BEGIN HIGHLY CONFIDENTIAL

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17 **Q: How does that compare with what Qwest offers in its local exchange territories?**

18 A: Qwest offers higher speeds, but not as many pricing options at the lower speed tiers. Exhibit
19 SMB-8 provides the pricing information for Qwest’s services. Qwest appears to provide
20 DSL service at 1.5 mbps (\$40 per month) as its lowest tier and then the next tier is 7 mbps

¹⁷³ / It is unclear to me why pricing information would be considered highly confidential.

1 (\$45 per month). So, to buy service at the 4 mbps NBP threshold, a consumer would spend
2 \$45 per month compared to the \$49.95 per month for CenturyLink's service.

3 **Q: In considering whether broadband prices are in the public interest, what**
4 **considerations might the Board have?**

5 A: First, the Board does not regulate broadband prices. That being said, however, the prices to
6 which CenturyLink commits directly affect the value of any purported benefit of its post-
7 transaction broadband deployment. In Chattanooga, for example, customers can subscribe to
8 30 mbps for \$58 a month.¹⁷⁴ The price of broadband service directly affects customers'
9 propensity and ability to subscribe to service. If and where the incremental cost to
10 CenturyLink of offering relatively higher speeds is minimal, prices should be set to
11 encourage adoption so that consumers can benefit from the full capabilities of CenturyLink's
12 network.

13 **Unless CenturyLink commits to specific, measurable broadband deployment plans, and to**
14 **offer broadband at affordable rates, the Board should reject the proposed transaction.**

15 **Q: Have you reviewed any of CenturyLink's filings to the FCC regarding the National**
16 **Broadband Plan?**

17 A: Yes. I reviewed the comments that CenturyLink submitted to the FCC regarding the Connect
18 America Fund.¹⁷⁵ Among other things, CenturyLink asserts that "achieving greater and

¹⁷⁴ / They can also subscribe to 50 mbps for \$71 a month and 100 mbps for \$140 a month. *Chattanooga New York Times article*, at B10.

¹⁷⁵ / In the Matter of Connect America Fund, A National Broadband Plan for Our Future, High-Cost Universal Service Support, WC Docket No. 10-90, GN Docket No. 09-51, WC Docket No. 05-337, Comments of CenturyLink, July 12, 2010 ("CenturyLink CAF Comments").

1 faster broadband availability is most efficiently accomplished on network infrastructure
2 expansion enhancements by existing facilities based operators” because “they can more
3 economically build expansions to their existing networks to accomplish the goals of the
4 National Broadband Plan.”¹⁷⁶ In this proceeding, CenturyLink has an opportunity to
5 enhance its infrastructure to accomplish the goals of the National Broadband Plan.

6 **Q: Has CenturyLink committed to specific, measurable broadband deployment plans in**
7 **New Jersey?**

8 A: No.

9 **Q: Are you familiar with the FCC’s conditions relating to broadband for its approval of**
10 **the CenturyTel/Embarq merger?**

11 A: Yes. The FCC approved the CenturyTel/Embarq merger conditioned upon an agreement to
12 offer retail broadband Internet access service to 100% of its broadband eligible access lines
13 within three years after the closing of the transaction.¹⁷⁷ CenturyTel, as a condition of its
14 merger with Embarq, committed to deploy broadband to 100% of its broadband-eligible lines
15 within three years of the merger. To meet the commitment, CenturyTel will make retail
16 broadband Internet access available to 90% of its broadband eligible-access lines at a
17 minimum download speed of 768 Kbps using wireline technologies and will make retail
18 broadband Internet access¹⁷⁸ available to the remaining broadband eligible lines using

¹⁷⁶ / *Id.*, at iv.

¹⁷⁷ / In the Matter of Applications Filed for the Transfer of Control of Embarq Corporation to CenturyTel, Inc., FCC WC Docket No. 08-238, *Memorandum Opinion and Order*, June 25, 2009 (“FCC CenturyTel/Embarq Merger Order”), at Appendix C: Conditions.

¹⁷⁸ / Broadband is to be defined in accordance with the FCC’s current definition at the time of merger approval.

1 alternative technologies.¹⁷⁹ The Companies further committed to deploy broadband at 1.5
2 Mbps (download) to 87% to broadband eligible access lines within two years and broadband
3 at 3.0 Mbps (download) to 75% of broadband eligible access lines within one year; 78%
4 within 2 years; and 80% within three years.

5 **Q: Should the Board impose a broadband condition on CenturyLink to apply to this**
6 **transaction in New Jersey?**

7 A: Yes. The Board should similarly require CenturyLink to expand the commitment to offer
8 retail broadband Internet access but should improve upon the goals set forth in the FCC's
9 earlier order.

10 **Q: In your view, are the conditions of the CenturyTel/Embarq merger with regard to**
11 **broadband speed sufficient for New Jersey?**

12 A: No. The conditions of the CenturyTel/Embarq merger with regard to speed are insufficient.
13 As stated by Acting Commissioner Michael J. Copps at the time of the approval of the
14 CenturyTel/Embarq merger: "This particular commitment goes significantly beyond the
15 commitments of previous mergers, but it should not be construed as ideal. It should be
16 regarded by no one as a standard or indicative of what to expect from the Commission when
17 it considers future mergers or, for that matter, the national broadband plan that the
18 Commission is currently pursuing."¹⁸⁰

19 **Q: Are the FCC's broadband conditions associated with the CenturyTel/Embarq merger**

¹⁷⁹ / Alternative technologies include, "but are not limited to satellite and terrestrial wireless broadband technologies."

¹⁸⁰ / *FCC CenturyTel/Embarq Merger Order*, Statement of Acting Commissioner Michael J. Copps.

1 **consistent with the goals of the FCC's National Broadband Plan?**

2 A: No. The FCC issued its order approving the CenturyTel/Embarq merger in June 2009 and
3 subsequently released its National Broadband Plan in March 2010.¹⁸¹ The conditions of the
4 CenturyTel/Embarq merger fail to meet the goals of the National Broadband Plan.

5 **Q: Has the FCC established broadband goals more recently in its review of**
6 **telecommunications transactions?**

7 A: Yes, in its review of the Verizon-Frontier transaction. The Board should, at a minimum,
8 require that the Petitioners meet the speed targets imposed by the Commission upon Frontier
9 as a condition of the sale of Verizon's local exchange operations to the Company, which
10 comport with the Availability Target of the National Broadband Plan.¹⁸² Frontier must
11 provide 70% of housing units in its territory with 4Mbps/1Mbps broadband service at the
12 end of 2012 increasing to 85% of housing units by the end of 2015.¹⁸³ Similarly, the Board
13 should adopt the conditions with respect to broadband reporting that the Commission
14 adopted in approving the Frontier/Verizon transaction.¹⁸⁴ The Board should require that any
15 reports furnished to the Board as to broadband deployment progress also be furnished to
16 Rate Counsel. I also support the condition adopted in the Frontier/Verizon transaction that
17 limited the use of new broadband USF funding to areas not served by competitors.¹⁸⁵

¹⁸¹ / National Broadband Plan, at Chapter 8, 135.

¹⁸² / Frontier-Verizon Order, Appendix C, at 30. Rate Counsel notes, however, that the Verizon-Frontier Conditions did not require 100% availability at those speeds.

¹⁸³ / *Id.*

¹⁸⁴ / *Id.*, at 31.

¹⁸⁵ / *Id.*, at 32.

1 **Q: Ms. Baldwin, you have discussed at some length the FCC’s deliberations regarding**
2 **broadband commitments within the context of their review of recent merger**
3 **transactions. Why shouldn’t the Board simply await the FCC’s deliberations on this**
4 **matter?**

5 A: First and foremost, based on the evidence in this proceeding, the FCC’s national broadband
6 commitments in the Frontier-Verizon transaction are insufficient to yield a positive benefit
7 relative to CenturyLink’s operations in New Jersey.¹⁸⁶

8
9 Also, the Board is more likely to address and protect the specific needs of consumers in New
10 Jersey than is the FCC because the Board is better acquainted with the status of the
11 telecommunications infrastructure and markets in New Jersey than is the FCC. Furthermore,
12 post-transaction, New Jersey will be one of 37 states competing for CenturyLink’s focus and
13 resources. The FCC’s obligations and responsibilities are national in scope. By contrast, the
14 Board’s responsibility is to ensure that New Jersey residents and businesses, on balance,
15 benefit from the transaction. Therefore, rather than await the FCC’s deliberations, I urge the
16 Board to seek specific, measurable commitments by CenturyLink to specific speeds and
17 milestones for achieving such goals.

18 **Q: But, does the Board possess regulatory authority to require broadband deployment.**

19 A: Not speaking as an attorney, although the Board’s specific authority to *require* broadband
20 deployment may be ambiguous, in my view, the Board unambiguously possesses the

¹⁸⁶ / See e.g., CenturyLink’s responses to RC-ID-43 and RC-ID-44, discussed above.

1 authority to reject any transaction that it determines, on balance, not to create a positive
2 benefit for consumers. One significant way that the Petitioners can increase the likelihood of
3 the proposed transaction being in the public interest is to strengthen broadband
4 commitments. Furthermore, under the Telecommunications Act of 1996, states share a dual
5 responsibility with the FCC to promote the deployment of advanced services.¹⁸⁷ This
6 proceeding provides the Board with an opportunity to fulfill that responsibility.

7 **Summary of broadband recommendations**

8 **Q: Please summarize your analysis and recommendations regarding the appropriate**
9 **broadband conditions to which CenturyLink should agree.**

10 A: The broadband deployment that CenturyLink promises falls far short of the vision and goals
11 that the Commission has set forth in its National Broadband Plan. CenturyLink should:

- 12 • Commit to 100% deployment of 4 mbps download and 1 mbps upload (actual, not
13 simply advertised) in its New Jersey territory by the end of 2011.
- 14 • Set forth a plan for achieving the National Broadband Plan’s long-term goals of
15 download speeds of at least 100 Mbps and upload speeds of at least 50 Mbps by
16 2020, as well as the Plan’s “milestone” of 50Mbps/20Mbps by 2015.¹⁸⁸
- 17 • Freeze or lower its broadband rates in New Jersey.

¹⁸⁷ / Section 706(a) of the 1996 Act reads: “The Commission and each State commission with regulatory jurisdiction over telecommunications services shall encourage the deployment on a reasonable and timely basis of advanced telecommunications capability to all Americans (including, in particular, elementary and secondary schools and classrooms) by utilizing, in a manner consistent with the public interest, convenience, and necessity, price cap regulation, regulatory forbearance, measures that promote competition in the local telecommunications market, or other regulating methods that remove barriers to infrastructure investment.”

¹⁸⁸ / National Broadband Plan, at xiv, 9.

- 1 • Offer broadband service to Lifeline customers and to those with incomes up to 200%
2 of the Lifeline income rate, at 50% of broadband prices.
- 3 • Offer stand-alone DSL, similar to that now offered by Qwest at rates that are less
4 than the bundled offerings.
- 5 • Deploy FTTN to at least 10% of its households by the end of 2012; and
- 6 • Deploy IPTV to at least 10% of its households by end of 2012.

V. SERVICE QUALITY

1 **CenturyLink should demonstrate that the proposed transaction will lead to improvement in**
2 **service quality and that it will adopt “best practices” post-transaction.**

3 **Q: The Board must consider the potential impact of the transaction on “the provision of**
4 **safe and adequate utility service at just and reasonable rates.”¹⁸⁹ In your view, is this**
5 **an important criterion for the Board’s review?**

6 A: Yes. I recommend that the Board consider thoroughly the impact of the proposed transaction
7 on the quality of service that CenturyLink provides to its New Jersey customers, particularly
8 to residential customers of basic local exchange service.

9 **Q: In your view, have the Petitioners submitted evidence that demonstrates that the**
10 **transaction will not harm service quality in New Jersey?**

11 A: No. Using the “stronger company” argument, Mr. Glover projects that CenturyLink will
12 provide high service quality.¹⁹⁰ However, there is insufficient evidence thus far to support
13 that prediction. Instead, among other things, as I discuss above, the transaction likely will
14 divert management attention and possibly capital resources to the urban areas in the 37-state
15 footprint, thereby exposing New Jersey to potential harm from inadequate resources.
16 Furthermore the Petitioners have not demonstrated the transaction will lead to improved
17 service quality. Although service quality improvement may not be a requirement for Board
18 review, it is my understanding, as I discuss more in Section II above, that the Board must

¹⁸⁹/ *N.J.S.A. 48:2-51.1.*

¹⁹⁰/ Glover Direct (CenturyLink), at 23.

1 consider whether, on balance, the risks that the transaction poses are offset by the benefits.

2 A commitment to improve service quality could represent an important benefit.

3 **Q: What is your understanding of the service quality standards and requirements that**
4 **now apply to CenturyLink?**

5 A: The service quality standards that apply to CenturyLink (as well as other ILECs) are set forth
6 in the Board's administrative rules at N.J.A.C. 14:10-1a:10.¹⁹¹ CenturyLink provides
7 customers with rebates and bill credits for out-of-service situations as set forth in N.J.A.C.
8 14:10-2.3.¹⁹² CenturyLink is not required to file service quality reports with the Board.¹⁹³

9 **Q: Have you examined the potential impact of the transaction on the quality of service that**
10 **CenturyLink offers in New Jersey?**

11 A: Yes. I have examined evidence submitted in this proceeding as well as publicly available
12 data that the Petitioners submit to the FCC regarding service quality.

13 **Analysis of service quality data submitted in this proceeding yields measureable milestones for**
14 **post-transaction service quality performance.**

15 **Q: Please describe your review of data that has been submitted in this proceeding.**

16 A: In its confidential response to RC-ID-55, which I reproduce as Confidential Exhibit SMB-C-
17 12, CenturyLink provided data regarding its service quality performance in New Jersey for
18 the three-year period spanning 2007 through 2009. Among other things, the response shows
19 the following:

¹⁹¹ / CenturyLink response to RC-ID-63.a.

¹⁹² / CenturyLink response to RC-ID-89.

¹⁹³ / CenturyLink response to RC-ID-63.b.

- 1 ○ CenturyLink’s trouble report per hundred lines has <<<**BEGIN CONFIDENTIAL**

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5 **END CONFIDENTIAL>>>** The quantity of troubles that consumers report is
6 a measure of the condition of the network – the lower the trouble report rate, the
7 better the service quality.

- 8
9 ○ On the other hand, during the same time period, <<<**BEGIN CONFIDENTIAL**

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15 **Q: What do you recommend, based on your analysis of CenturyLink’s performance**
16 **during the past three years?**

17 **A:** The merger poses risks to consumers including the possibility that CenturyLink will divert
18 resources and management attention to its newly acquired operations as well as to efforts to
19 integrate the two companies. To ensure that consumers are not harmed, CenturyLink should
20 commit to:

- 21 • Maintain or improve its initial report rate per hundred lines and its repeat report rate
22 per hundred lines relative to its performance in 2009 as shown in its confidential
23 response to RC-ID-55, which means that its initial reports per hundred lines should
24 not exceed <<<**BEGIN CONFIDENTIAL**
25 **END CONFIDENTIAL>>>** and its repeat trouble report rate
26 should not exceed <<<**BEGIN CONFIDENTIAL**
27 **END CONFIDENTIAL>>>** This commitment should expire
28 no sooner than three years after the merger occurs.
- 29 • Similarly, CenturyLink should commit to maintain or improve the timeliness of its
30 repair of lines relative to its performance in 2007 as shown in its confidential
31 response to RC-ID-55, which means that it should clear at least <<<**BEGIN**
32 **CONFIDENTIAL** **END CONFIDENTIAL>>>** of troubles within 24 hours.
33 This commitment should expire no sooner than three years after the merger occurs.
- 34 • CenturyLink should commit to file service quality reports to the Board and to Rate
35 Counsel, at a minimum on a semi-annual basis, and should submit its service quality

1 data on a public basis, consistent with the format and content shown in its response
2 to RC-ID-55. Information is essential for efficient decision-making by consumers,
3 and, therefore, information about service quality should be publicly and readily
4 available.
5

6 **Analysis of data submitted to the FCC shows that in some aspects Qwest out-performs**
7 **CenturyLink in service quality, and that higher level should be the goal in New Jersey.**

8 **Q: Did you also analyze service quality data that the Petitioners submit to the FCC?**

9 A: Yes. As part of my assistance to Rate Counsel in its preparation of initial comments
10 submitted to the FCC in WC Docket No. 10-110,¹⁹⁴ I analyzed service quality data reported
11 by CenturyLink and Qwest, and examined the potential impact of the transaction on the level
12 of service quality that CenturyLink’s consumers receive. In this section of my testimony, I
13 replicate some of those portions of my analysis and conclusions that are pertinent to the
14 Board’s review of the proposed transaction.

15 **Q: What is the source of the data that you analyze?**

16 A: Automated Reporting Management Information System (“ARMIS”) data, which the
17 Petitioners submit to the FCC.

18 **Q: What does your analysis of ARMIS data show concerning the timeliness of the**
19 **installation of residential basic local exchange service?**

20 A: As Figure 1 shows, legacy Embarq residential customers wait longer (1.6 days, on average,
21 in 2009) than do legacy CenturyTel customers (0.3 days, on average, in 2009) for service

¹⁹⁴ / In the Matter of Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink Applications for Transfer of Control Under Section 214 of the Communications Act, as Amended, FCC WC Docket No. 10-110, Comments of the New Jersey Division of Rate Counsel, July 12, 2010. See pages 21-25.

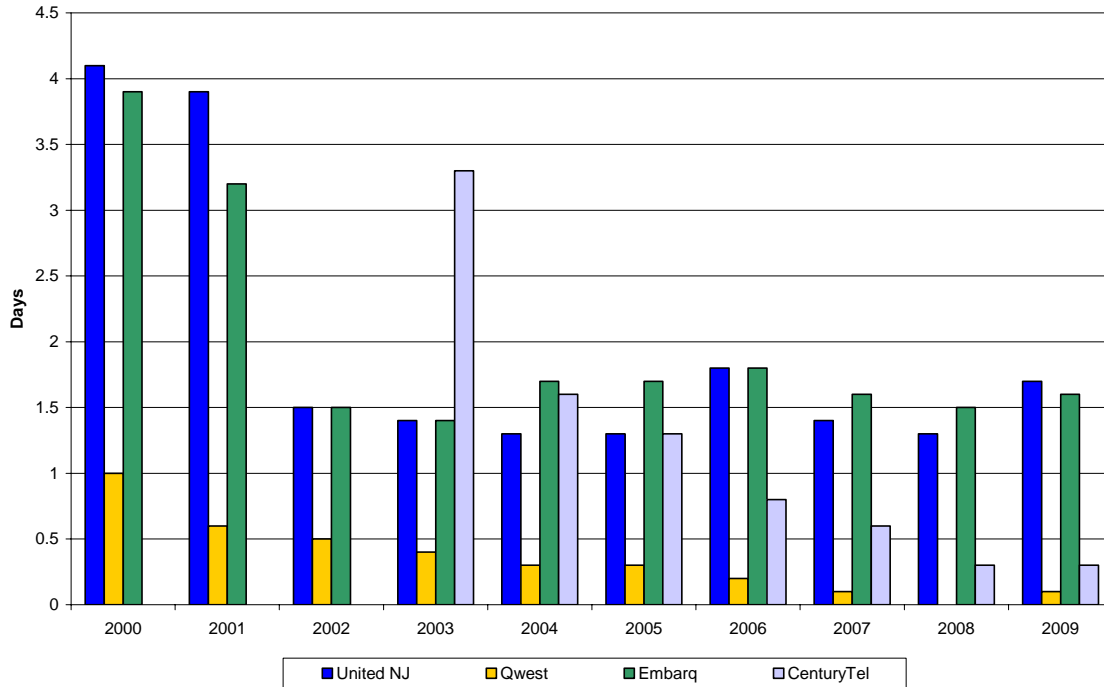
1 installation. Embarq's service installations in New Jersey take even longer, 1.7 days on
2 average in 2009. The Board could seek an explanation from CenturyLink regarding its
3 plans, if any, to bring installation intervals in legacy Embarq territory in line with those
4 found in legacy CenturyTel territory, particularly as CenturyLink attempts to integrate the
5 many diverse operations of yet another company. The acquiring company is expanding from
6 about 2 million access lines as of June 2009 to about 16 million in less than two years,¹⁹⁵ an
7 accomplishment that will consume substantial managerial and technical resources.

¹⁹⁵ / The Petitioners are working toward a merger completion date of the first half of 2011. Prospectus, at viii.

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Figure 1¹⁹⁶

**Average Installation Interval for Residential Customers
(2000-2009)**



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Q: Did you analyze ARMIS data regarding the duration of time that households must wait for the repair of troubles on their basic local lines?

A: Yes. Figure 2 shows that CenturyLink’s New Jersey residential customers currently wait longer on average (23.7 hours in 2009) for repairs to be made than do other CenturyLink customers (19.1 hours for Embarq customers, and 15.9 hours for CenturyTel customers), and

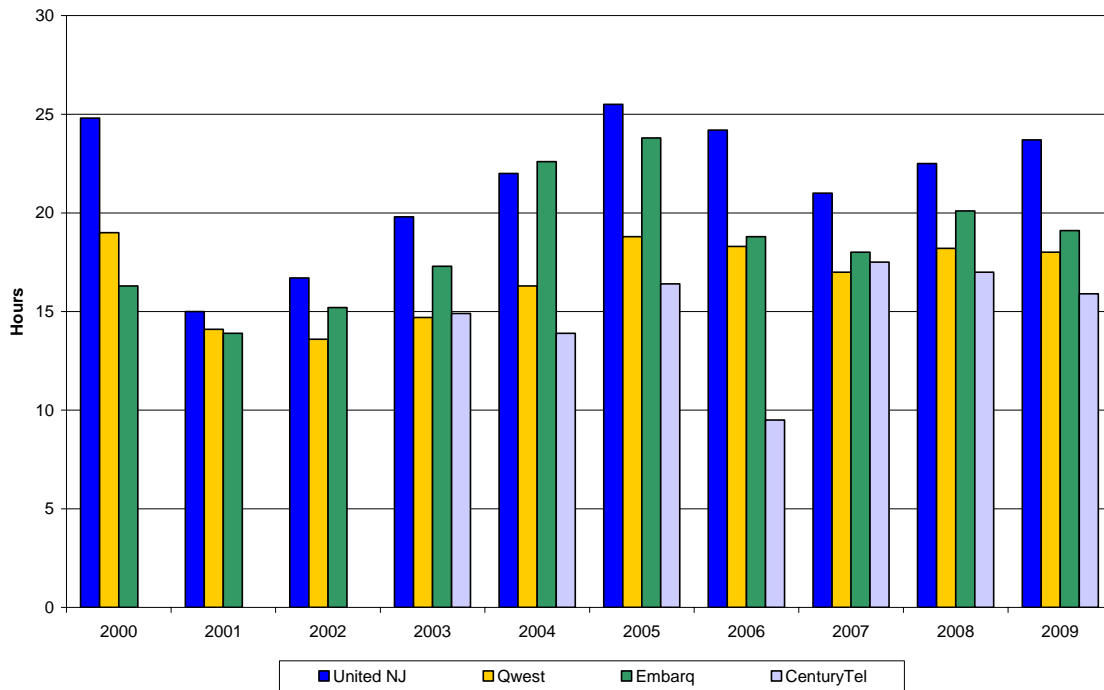
¹⁹⁶ / FCC Report 43-05, the ARMIS Service Quality Report, Table II. Installation and Repair Intervals (Local Service), row 134, data accessed 6/21/2010. In this and following charts, United NJ represents Embarq’s (now CenturyLink’s) operating company in New Jersey. Results for Embarq and CenturyTel are shown as separate holding companies, prior to their combination as CenturyLink.

1 also longer than do Qwest customers (18 hours). The Board should seek details about the
2 causes for the relatively long waits for repairs in New Jersey, and seek commitments from
3 CenturyLink to shorten the repair time.

4 **Figure 2¹⁹⁷**

5 **(2000 – 2009)**

6 **Initial Out of Service Report Interval for Residential Customers**



7
8 CenturyTel's success in reducing the average installation interval from 3.3 days in 2003 to
9 0.3 days in 2009 (see Figure 1 above) demonstrates that service quality improvements are
10 possible.

¹⁹⁷ / FCC Report 43-05, the ARMIS Service Quality Report, Table II. Installation and Repair Intervals (Local

1 **Q: Will the ARMIS reports that you analyze above be available on a going-forward basis?**

2 A: No. The FCC, in its September 2008 *ARMIS Forbearance Order*, granted forbearance from
3 reporting requirements with respect to service quality. In the *ARMIS Forbearance Order*,
4 the Commission granted conditional forbearance for filing ARMIS Reports 43-05 and 43-06
5 provided that the carriers file the data voluntarily for 24 months after September 6, 2008.¹⁹⁸
6 The FCC was to follow up with a proceeding to examine the reporting requirements it should
7 adopt on an industry-wide basis, but the FCC has not taken action on that item yet.¹⁹⁹

8 **Q: Ms. Baldwin, at the outset of this section, you mentioned that the analysis of ARMIS**
9 **service quality you discuss above was included in initial comments that Rate Counsel**
10 **submitted in WC Docket No. 10-110. Did the Petitioners address your concerns and**
11 **analyses about service quality in the reply comments that they submitted to the FCC?**

12 A: Only in part. A declaration that accompanied the Petitioners' reply comments²⁰⁰ provides
13 data demonstrating that CenturyLink improved various aspects of its retail service quality

Service), row 145, data accessed 6/21/2010.

¹⁹⁸ / In the Matter of Service Quality, Customer Satisfaction, Infrastructure and Operating Data Gathering, WC Docket No. 08-190; Petition of AT&T Inc. for Forbearance Under 47 U.S.C. §160(c) From Enforcement of Certain of the Commission's ARMIS Reporting Requirements, WC Docket No. 07-139, Petition of Qwest Corporation for Forbearance from Enforcement of the Commission's ARMIS and 492A Reporting Requirements Pursuant to 47 U.S.C. §160(c), Petition of the Embarq Local Operating Companies for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of ARMIS Reporting Requirements, Petition of Frontier and Citizens ILECs for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's ARMIS Reporting Requirements, WC Docket No. 07-204; Petition of Verizon for Forbearance Under 47 U.S.C. § 160(c) From Enforcement of Certain of the Commission's Recordkeeping and Reporting Requirements, WC Docket No. 07-273; Petition of AT&T Inc. For Forbearance Under 47 U.S.C. § 160 From Enforcement of Certain of the Commission's Cost Assignment Rules, WC Docket No. 07-21, *Memorandum Opinion and Order and Notice of Proposed Rulemaking*, rel. September 6, 2008 ("ARMIS Forbearance Order"), at paras. 12, 21, and 34.

¹⁹⁹ / *Id.*, at 34.

²⁰⁰ / Declaration of Karen A. Puckett in support of reply comments of CenturyLink, Inc. and Qwest Communications International Inc., Exhibit 2 to the Reply Comments of CenturyLink/Qwest, July 27, 2010.

1 during the period June 30, 2009 to March 31, 2010, including the percentage of service order
2 and repair appointments that have been met, the timeliness of repairing out-of-service
3 troubles, and the timeliness of service order intervals.²⁰¹ The Petitioners submitted data
4 separately for voice service and for high-speed Internet.²⁰² However, the Petitioners do not
5 address my specific concerns about service quality in New Jersey.

6
7 Also, the data that are included in the declaration in support of the Petitioners' reply
8 comments submitted to the FCC demonstrate that CenturyLink separately measures the
9 quality of its voice and high-speed Internet services. I recommend that the Board seek a
10 commitment from CenturyLink to provide data comparable to that included in the
11 declaration, but on a New Jersey specific basis for the next three years. The value of
12 broadband access to New Jersey consumers depends in part on the timeliness of its
13 installation and repair. Finally, to the extent that CenturyLink is confident about its post-
14 transaction ability to maintain or to improve upon specific levels of service quality,
15 CenturyLink could improve upon the positive benefits of the proposed transaction by
16 committing to specific levels of service quality.

17 **Summary of service quality recommendations.**

18 **Q: Please summarize your recommendations to the Board regarding the proposed**
19 **transaction and service quality.**

²⁰¹ / *Id.*, at para. 5.

²⁰² / *Id.*, at para. 5.

1 A: I recommend that CenturyLink commit to:

- 2 ○ Maintain or improve its initial report rate per hundred lines and its repeat report rate
3 per hundred lines relative to its performance in 2009 as shown in its confidential
4 response to RC-ID-55, which means that its initial reports per hundred lines should
5 not exceed <<<BEGIN CONFIDENTIAL
6 END CONFIDENTIAL>>> and its repeat trouble report rate
7 should not exceed <<<BEGIN CONFIDENTIAL
8 END CONFIDENTIAL>>> This commitment should expire
9 no sooner than three years after the merger occurs.
10
- 11 ○ Maintain or improve the timeliness of its repair of lines relative to its performance in
12 2007 as shown in its confidential response to RC-ID-55, which means that it should
13 clear at least <<<BEGIN CONFIDENTIAL END CONFIDENTIAL>>> of
14 troubles within 24 hours. This commitment should expire no sooner than three years
15 after the merger occurs.
16
- 17 ○ File service quality reports to the Board and to Rate Counsel, at a minimum on a
18 semi-annual basis, and should submit its service quality data on a public basis,
19 consistent with the format and content shown in its response to RC-ID-55.
20 Information is essential for efficient decision-making by consumers, and, therefore,
21 information about service quality should be publicly and readily available.
22
- 23 ○ Continue filing ARMIS reports regarding service quality.

VI. SYSTEMS INTEGRATION AND WHOLESALE OPERATIONS

1 **CenturyLink's acquisition of Qwest comes on the heels of its acquisition of Embarq, which**
2 **may challenge CenturyLink's management and technical resources.**

3 **Q: How might CenturyLink's integration of Qwest's operations affect consumers and**
4 **competitors?**

5 A: By acquiring Qwest, CenturyLink will be implementing its first-ever acquisition of the entire
6 operations of a Bell operating company. Qwest has far more extensive interactions with
7 CLECs than does CenturyLink by virtue of the fact that Qwest serves urban areas (which are
8 more likely to attract competitors than are rural areas) and extensive Section 271 regulatory
9 review of its carrier-to-carrier interactions. The integration will affect all aspects of
10 CenturyLink's business including its various operating support systems, which it uses to
11 accept and to complete orders from CLECs.

12 **Q: But don't CenturyLink's numerous earlier acquisitions and integrations of other**
13 **companies provide it with experience that will bolster its ability to integrate Qwest's**
14 **operations?**

15 A: Yes, but only to a certain extent because the acquisition of Qwest differs significantly from
16 prior acquisitions:

- 17 ○ Qwest is the first Bell operating company that CenturyLink would acquire.
- 18 ○ Qwest possesses more extensive wholesale operations than does CenturyLink, which
19 will require management attention.
- 20 ○ Qwest operates in numerous urban areas. By contrast, CenturyLink's current

1 operations are largely rural and suburban. CenturyLink has been operating in the
2 more dense markets of Las Vegas and the suburbs of Orlando only since mid-
3 2009.²⁰³ Qwest’s markets, by contrast, include substantially denser areas than those
4 traditionally served by CenturyLink and also include such markets as Phoenix,
5 Denver, Minneapolis-St. Paul, Seattle, Salt Lake City, and Portland.

**Q: In your view, does CenturyLink consider the integration of Qwest’s operations as a
“slam dunk”?**

A: I do not believe so. In my view, CenturyLink acknowledges the challenges it would
confront. Among the evidence demonstrating the complexity are the following:

- 6 • Systems integration: <<<**BEGIN HIGHLY CONFIDENTIAL**
7
8 204 **END HIGHLY**
9 **CONFIDENTIAL>>>** I recommend that the Board should seek an update from
10 CenturyLink on the progress of its integration of the CenturyTel and Embarq
11 systems, particularly as it affects New Jersey consumers.
- 12 • <<<**BEGIN HIGHLY CONFIDENTIAL**
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15 **END HIGHLY CONFIDENTIAL>>>**²⁰⁵
- 16 • <<<**BEGIN HIGHLY CONFIDENTIAL**
17 206

²⁰³ / Prospectus, at 17.

²⁰⁴ / Response to RC-ID-21, Highly Confidential Document, <<<**BEGIN HIGHLY CONFIDENTIAL**

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²⁰⁵ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-27, <<<**BEGIN HIGHLY**
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²⁰⁶ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-28, <<<**BEGIN HIGHLY**
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- CenturyLink has not previously operated long-haul transport business.
- Also, the scale and scope of the proposed transaction is vastly larger and more complex than other transactions. CenturyLink would more than double its operations, increasing its territory not only in magnitude but also in absolute numbers of new lines served.
- A non-BOC has never before acquired the entire operations of a BOC.²¹⁰

Q: Please elaborate further on the implications of CenturyLink purchasing the operations of a BOC.

A: In a filing submitted to the FCC, CLECs explained the risks as follows:

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²⁰⁷ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-28, <<<**BEGIN HIGHLY CONFIDENTIAL**

END HIGHLY CONFIDENTIAL>>>

²⁰⁸ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-29, <<<**BEGIN HIGHLY CONFIDENTIAL**

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²⁰⁹ / Response to RC-ID-21, Highly Confidential Document, Attachment 4(c)-29, <<<**BEGIN HIGHLY CONFIDENTIAL**

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²¹⁰ / Frontier’s acquisition of some of Verizon’s territory encompassed only one area that had been traditionally served by a BOC, namely West Virginia. FairPoint’s acquisition of the territories in the three northern New England states represented only a small portion of Verizon’s territory.

1 In fact, CenturyLink has very limited experience, expertise or apparent
2 interest in providing wholesale services to competitors in its territory. There
3 is a significant risk that CenturyLink will simply be unable to live up to the
4 obligations of a BOC to meet the “competitive checklist” of Section 271 and
5 the nondiscrimination requirements of Section 272(e). Moreover, the
6 Merged Company will be highly leveraged and subject to enormous pressure
7 to both lower costs and increase revenues. The most logical means of
8 achieving both of those objectives is to reduce expenses and investment in
9 operations, including wholesale operations. Doing so would allow the
10 Merged Company to reduce costs while creating an unfair competitive
11 advantage in the marketplace.²¹¹
12

13 **Q: Are you suggesting then that these systems integration challenges are sufficiently great**
14 **so as to warrant rejection of the transaction by the Board?**

15 A: No. I raise these complexities simply to underscore my larger concern that the transaction
16 would divert resources away from New Jersey and away from basic local exchange service
17 customers. To offset this potential harm to consumers and to New Jersey, CenturyLink
18 should commit to specific tangible benefits here in New Jersey for retail customers.

19 **Q: Please summarize your concerns as it relates to CenturyLink’s integration of its**
20 **systems with those of Qwest.**

21 A: Consumers and competitors ideally should be better off, and certainly should not be worse
22 off as a result of a non-BOC acquiring a BOC. Substantial work was undertaken by federal
23 and state regulators, consumer advocates, and competitors in reviewing Qwest’s compliance
24 with Section 271 requirements. It would be contrary to the public interest for the transaction
25 to yield *worse* wholesale operations. While Qwest’s OSS was subject to a rigorous Section

²¹¹ / In the Matter of Qwest Communications International Inc. and CenturyTel, Inc. d/b/a CenturyLink Applications for Transfer of Control Under Section 214 of the Communications Act, as Amended, FCC WC Docket No. 10-110, Comments of Cbeyond, Inc., Integra Telecom, Inc., Socket Telecom, LLC, and tw telecom, inc., July 12, 2010, at 2.

1 271 regulatory scrutiny, CenturyLink's OSS has never been subject to a comparably rigorous
2 scrutiny. It is important the Board ensure that future integration of systems not come at the
3 expense and disruption of CenturyLink's consumers and competitors.

VII. EMPLOYMENT AND PENSIONS

1 **CenturyLink has not adequately addressed the potential adverse implications of the**
2 **transaction for employees in New Jersey, and the subsequent impact for consumers.**

3
4 **Q: How do the Petitioners anticipate that the transaction would affect employees?**

5 A: The Petitioners state that the stronger financials of the merged company would provide for
6 more stability for employees.²¹² However, this expectation is entirely speculative and vague.
7 Offsetting the stronger financials of the merged company is the incentive for cost-cutting in
8 order to achieve synergy savings. Therefore, at best, the impact of the transaction on
9 employment in New Jersey is uncertain.

10 **Q: How many people do the Petitioners employ in New Jersey, and what does**
11 **CenturyLink predict, post-transaction, for employment in New Jersey?**

12 A: CenturyLink has 160 employees in New Jersey,²¹³ and states that “[u]ntil the transaction is
13 complete and necessary decisions have been made on how to best integrate the two
14 companies, we cannot project the timing or nature of changes, if any, to operations and
15 employees in New Jersey.”²¹⁴ Qwest currently has 85 employees based in New Jersey.²¹⁵

16 **Q: Please elaborate on the relationship of merger synergies and employment.**

17 A: Among other things, the due diligence documents include the following assessment:

18 <<<**BEGIN HIGHLY CONFIDENTIAL**

²¹² / Glover Direct (CenturyLink), at 21.

²¹³ / CenturyLink response to RC-ID-45.

²¹⁴ / *Id.*

²¹⁵ / Hensley Eckert Direct (Qwest), at 15. See also Petition (dated May 19, 2010), at para. 15, which indicates that Qwest has approximately 87 management employees located in New Jersey to support its sales and provisioning of

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Q: How many of CenturyLink’s employees are eligible to retire now and how many will be eligible to retire during the next five years?

A: Of the current number of employees, <<<BEGIN CONFIDENTIAL END CONFIDENTIAL>>> are retirement eligible now and an additional <<<BEGIN CONFIDENTIAL END CONFIDENTIAL>>> would become retirement eligible during the next five years.²¹⁸

services.

²¹⁶ / Response to RC-ID-21, Highly Confidential Document, <<<BEGIN HIGHLY CONFIDENTIAL END HIGHLY CONFIDENTIAL>>> Attachment 4(c)-8, page 5.

²¹⁷ / *Id.*, page 19.

²¹⁸ / CenturyLink supplemental response to RC-ID-45.

1 **Q: What is the significance of these data to this proceeding?**

2 A: Of CenturyLink's 160 New Jersey employees <<<BEGIN CONFIDENTIAL
3 END CONFIDENTIAL>>> will be eligible
4 during the next five years. The implication for consumers is that if these employees retire,
5 CenturyLink will lose many years of combined experience and expertise that cannot be
6 readily replicated. Furthermore, I am unaware of any commitment by CenturyLink to
7 replace retiring employees. Ultimately the consequence for consumers could be slower
8 repair and installation of basic local exchange service and high speed Internet access service,
9 as well as delayed deployment of upgraded broadband offerings in New Jersey.

10 **Pensions**

11 **Q: What is the status of CenturyLink's pension plans, presently?**

12 A: As of year-end 2009, CenturyLink has a benefit obligation of \$4.182 billion, with a fair
13 value of the plan assets of \$3.220 billion, yielding a net amount recognized of negative \$962
14 million.²¹⁹

15 **Q: What is the status of Qwest's pension plans, presently?**

16 A: Qwest's pension plan, as of year-end 2009, is underfunded by \$790 million and the
17 estimated fair market value of the pension plan assets is \$7.326 billion.²²⁰ According to
18 Qwest, "in general, current funding laws and regulations require funding deficits to be paid

²¹⁹ / CenturyLink response to RC-ID-10.

²²⁰ / Qwest response to RC-ID-10.

1 over a seven year period unless the plan is fully funded before then.”²²¹ Qwest also states
2 that it will not be required to make a cash contribution to the plan in 2010, is unlikely to need
3 to so in 2011, but it “is very likely, based on current funding laws and regulations, that
4 significant contributions will be required in 2012 and beyond.”²²²

5 **Q: Are you aware of other evidence that may be pertinent to the issue of pension funding?**

6 A: Yes. Among other things, <<<BEGIN HIGHLY CONFIDENTIAL

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10 **END HIGHLY CONFIDENTIAL>>>**²²³

11 **Q: What is your view is the significance of this issue?**

12 A: One of the key criterion that the Board must consider is the impact of the proposed
13 transaction on employees. The fact that significant contributions will be needed in 2012
14 underscores the importance of ensuring that CenturyLink funds the pension adequately.

15 **Summary of recommendations concerning employees.**

16 **Q: Please summarize your recommendations regarding employees.**

17 A: My two recommendations are as follows:

18

- The Petitioners could strengthen the positive benefits of the transaction if

²²¹ / *Id.*

²²² / *Id.*

²²³ / RC-ID-21, Highly Confidential Document, Attachment 4(c)-19, <<<BEGIN HIGHLY CONFIDENTIAL

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1 CenturyLink committed to maintain or to increase the total quantity of employees
2 presently associated with its and Qwest's New Jersey operations.

- 3 • In order to better protect New Jersey employees, I recommend that CenturyLink
4 commit to correct the pension underfunding over five years and provide the Board
5 and Rate Counsel with semi-annual reports on the status of funding.

VIII. CONDITIONS

1 **Absent commitments by CenturyLink that are measurable and enforceable, the transaction, as**
2 **it is presently structured is not in the public interest.**

3 **Q: Should the Board approve the Petition, submitted on May 19, 2010, as the Petition**
4 **was filed?**

5 A: No. As I discuss above, the transaction likely would divert management attention and
6 corporate resources away from New Jersey. CenturyLink likely would focus its investment
7 and resources on newly acquired urban areas, its first ever integration of the entire operations
8 of a former Bell operating company, and acquainting itself more fully with greatly expanded
9 CLEC operations. Furthermore, CenturyLink's pursuit of synergies could jeopardize
10 employment, broadband deployment, and service quality in New Jersey.

11 **Q: Could the Petitioners strengthen the merits of the Petition so as to warrant the Board's**
12 **approval?**

13 A: Yes. CenturyLink could commit to specific, tangible benefits for consumers and the public
14 interest more generally to offset the risks that the proposed transaction poses, to ensure that
15 New Jersey receives adequate investment and management focus, and to ensure that basic
16 local exchange customers receive basic local exchange service and advanced broadband
17 access at reasonable rates and levels of quality.

18 **Q: In its assessment of any commitments that the Petitioners may make, should the Board**
19 **consider the value of the synergies that the Petitioners predict?**

20 A: Yes. As discussed above, the Petitioners estimate a total net present value for the merger

1 synergies of \$3.3 billion, which corresponds to approximately \$27.7 million for New Jersey.

2 These synergies should be used to support tangible benefits in New Jersey.

3 **Q: Please summarize your recommended conditions**

4 A: I have proposed various conditions throughout my testimony. In summary, I recommend the
5 following conditions:

6 *Seek commitments that further the goals of the National Broadband Plan and ensure that*
7 *New Jersey benefits from broadband offerings at reasonable speeds and affordable prices.*

8 *CenturyLink should:*

- 9 • Be required to provide the Board with information about the specific speed
10 limitations as they apply in each of the wire centers so that the Board is better
11 informed about CenturyLink's capability of meeting the National Broadband Plan's
12 short-term and long-term objectives in its New Jersey footprint.
- 13 • Commit to 100% deployment of 4 mbps download and 1 mbps upload (actual, not
14 simply advertised) in its New Jersey territory by the end of 2011.
- 15 • Set forth a plan for achieving the National Broadband Plan's long-term goals of
16 download speeds of at least 100 Mbps and upload speeds of at least 50 Mbps by
17 2020, as well as the Plan's "milestone" of 50Mbps/20Mbps by 2015.²²⁴
- 18 • Freeze or lower its broadband rates in New Jersey.
- 19 • Offer broadband service to Lifeline customers and to those with incomes up to 200%
20 of the Lifeline income availability threshold, at 50% of broadband prices.

²²⁴ / National Broadband Plan, at xiv, 9.

- 1 • Offer stand-alone DSL, similar to that now offered by Qwest, at rates that are less
- 2 than the bundled offerings.
- 3 • Deploy FTTN to at least 10% of its households by the end of 2012; and
- 4 • Deploy IPTV to at least 10% of its households by end of 2012.²²⁵

5 *Ensure that all consumers can participate in today's Internet-based society:* CenturyLink
6 could enhance the public interest of its application by increasing the probability that all
7 consumers, regardless of income, benefit from its broadband infrastructure, and specifically
8 achieve that goal by offering subsidized broadband service to income-eligible households.

9 *Seek commitments to ensure that basic local rates are reasonable. CenturyLink should*
10 *commit to:* Freeze or reduce local exchange rates.

11 *Ensure that consumers benefit from service quality "best practices" and not bear the brunt*
12 *of cost-cutting associated with the achievement of projected synergies. CenturyLink should:*

- 13 ○ Commit to maintain or improve its initial report rate per hundred lines and its repeat
- 14 report rate per hundred lines relative to its performance in 2009 as shown in its
- 15 confidential response to RC-ID-55, which means that its initial reports per hundred
- 16 lines should not exceed <<<BEGIN CONFIDENTIAL
- 17 END CONFIDENTIAL>>> and its repeat
- 18 trouble report rate should not exceed <<<BEGIN CONFIDENTIAL
- 19 END CONFIDENTIAL>>> This
- 20 commitment should expire no sooner than three years after the merger occurs.
- 21
- 22 ○ Commit to maintain or improve the timeliness of its repair of lines relative to its
- 23 performance in 2007 as shown in its confidential response to RC-ID-55, which
- 24 means that it should clear at least <<<BEGIN CONFIDENTIAL END
- 25 CONFIDENTIAL>>> of troubles within 24 hours. This commitment should
- 26 expire no sooner than three years after the merger occurs.

²²⁵ / In initial comments submitted to the FCC, CWA pointed out that, although CenturyTel promised IPTV as a benefit of the CenturyTel-Embarq transaction, one year later, no legacy Embarq market yet has access to IPTV. WC Docket No. 10-110, initial comments of Communications Workers of America, at 15.

- 1
2 ○ Commit to file service quality reports to the Board and to Rate Counsel, at a
3 minimum on a semi-annual basis, and should submit its service quality data on a
4 public basis, consistent with the format and content shown in its response to RC-ID-
5 55. Information is essential for efficient decision-making by consumers, and,
6 therefore, information about service quality should be publicly and readily available.
7
8 ○ Commit to continue filing ARMIS reports regarding service quality.
9

10 *Protect CenturyLink's employees from possible adverse impact of the transaction.*

11 *CenturyLink should:*

- 12 • Commit to maintain or to increase the total quantity of employees presently
13 associated with its and Qwest's New Jersey operations.
14 • Commit to correct the pension underfunding over five years and provide the Board
15 and Rate Counsel with semi-annual reports on the status of funding.

16 *Ensure sufficient capital investment. CenturyLink should:* Commit to an annual capital
17 investment of at least \$25 million for the next three years.

18 *Most favored nation clause. CenturyLink should:* To the extent not reflected in the
19 conditions described above, and to the extent relevant to New Jersey, agree to implement in
20 New Jersey those commitments to which it has agreed in other jurisdictions.

21 **Q: Please summarize generally your recommendations.**

22 A: Broadband conditions should further the goals set forth in the National Broadband Plan, and
23 result in affordable retail and wholesale broadband service throughout CenturyLink's
24 expanded footprint. Retail service quality conditions should ensure that CenturyLink adopts

1 best practices, and that CenturyLink continues to provide ARMIS service quality data.
2 Conditions relating to CenturyLink's wholesale operations should similarly ensure that
3 CenturyLink adopts best practices relating to wholesale and OSS service quality, that special
4 access rates, terms, and conditions are reasonable, and that other carrier-to-carrier
5 relationships are either maintained on a best-practices basis or improved.²²⁶ Furthermore,
6 the synergies that the Petitioners project should be used to the benefit of consumers.

7 **Q: Does this conclude your testimony?**

8 A: Yes, although I reserve the right to supplement my testimony based on any supplemental
9 responses received.

²²⁶ / Many of these issues are before the Federal Communications Commission. See initial and reply comments filed by Rate Counsel in WC Docket No. 10-110, submitted July 12 and July 27, 2010, respectively.

Attachment A

Statement of Qualifications of Susan M. Baldwin

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Susan M. Baldwin specializes in telecommunications economics, regulation, and public policy. Since 2001, she has been an independent consultant. Ms. Baldwin has been actively involved in public policy for thirty-two years, twenty-six of which have been in telecommunications policy and regulation. Ms. Baldwin received her Master of Economics from Boston University, her Master of Public Policy from Harvard University's John F. Kennedy School of Government, and her Bachelor of Arts degree in Mathematics and English from Wellesley College. Ms. Baldwin has extensive experience both in government and in the private sector.

Ms. Baldwin has testified before the Arkansas Public Service Commission, California Public Utilities Commission, Colorado Public Utilities Commission, Connecticut Department of Public Utility Control, District of Columbia Public Service Commission, Idaho Public Utilities Commission, Illinois Commerce Commission, Indiana Utility Regulatory Commission, Iowa Utilities Board, Maryland Public Service Commission, Massachusetts Department of Telecommunications and Cable, Nevada Public Service Commission, New Hampshire Public Utilities Commission, New Jersey Board of Public Utilities, Public Utilities Commission of Ohio, Rhode Island Public Utilities Commission, Tennessee Public Service Commission, Vermont Public Service Board, Washington Utilities and Transportation Commission, and the Public Service Commission of West Virginia. Ms. Baldwin has also authored numerous comments and declarations submitted in various Federal Communications Commission proceedings.

Ms. Baldwin has also participated in projects in Delaware, Hawaii, Illinois, New York, Pennsylvania, and Canada on behalf of consumer advocates, public utility commissions, and competitive local exchange carriers. Ms. Baldwin has served in a direct advisory capacity to public utility commissions in the District of Columbia, Massachusetts, New Mexico, Utah and Vermont. Ms. Baldwin has also testified on behalf of public utility commission staff in Idaho and Rhode Island.

In her capacity as an independent consultant, Ms. Baldwin has consulted to and testified on behalf of consumer advocates on diverse matters including broadband deployment, numbering resources, unbundled network element (UNE) cost studies, incumbent local exchange carriers' requests for competitive classification of services, mergers and spin-offs, rate cases, universal service, service quality, and state *Triennial Review Order* (TRO) proceedings. She prepared comprehensive testimony analyzing mass market impairment on behalf of the New Jersey Division of Rate Counsel, the Arkansas Office of the Attorney General, and the Utah Committee of Consumer Services. (Testimony was not filed in Arkansas or Utah because of the DC Circuit Court ruling in *USTA v. FCC*, which caused these states to postpone their investigations of impairment.)

Ms. Baldwin has contributed to numerous comments submitted to the FCC on diverse aspects of broadband in various proceedings on topics such as data collection, mapping, deployment, universal service, affordability, consumer protection, and network management. Also, in state regulatory proceedings that have examined carriers' proposals for spin-offs and for mergers, she has recommended conditions concerning broadband deployment.

Ms. Baldwin served as a direct advisor to the Massachusetts Department of Telecommunications and Energy (DTE) between August 2001 and July 2003, in Massachusetts DTE Docket 01-20, an investigation of Verizon's total element long run incremental cost (TELRIC) studies for recurring and nonrecurring unbundled network elements (UNEs). She assisted with all aspects of this comprehensive case in Massachusetts. Ms. Baldwin analyzed recurring and nonrecurring cost studies; ran cost models; reviewed parties' testimony, cross-examined witnesses, trained staff, met with the members of the Commission, assisted with substantial portions of the major orders issued by the DTE; and also assisted with the compliance phase of the proceeding.

Ms. Baldwin has also contributed to numerous comments and declarations submitted to the Federal Communications Commission on issues such as broadband; intercarrier compensation reform; price cap regulation; universal service; carriers' petitions for forbearance; separations reform; special access services, relay services; and numbering optimization.

Ms. Baldwin worked with Economics and Technology, Inc. for twelve years, most recently as a Senior Vice President. Among her numerous projects were the responsibility of advising the Vermont Public Service Board in matters relating to a comprehensive investigation of NYNEX's revenue requirement and proposed alternative regulation plan. She participated in all phases of the docket, encompassing review of testimony, issuance of discovery, cross-examination of witnesses, drafting memoranda and decisions, and reviewing compliance filings. Another year-long project managed by Ms. Baldwin was the in-depth analysis and evaluation of the cost proxy models submitted in the FCC's universal service proceeding. Also, on behalf of the staff of the Idaho Public Utilities Commission, Ms. Baldwin testified on the proper allocation of US West's costs between regulated and non-regulated services. On behalf of AT&T Communications of California, Inc. and MCI Telecommunications Corporation, Ms. Baldwin comprehensively analyzed the non-recurring cost studies submitted by California's incumbent local exchange carriers.

Ms. Baldwin has participated in more than a dozen regulatory investigations of the impact of proposed mergers and spin-offs of telecommunications carriers on consumers. Ms. Baldwin sponsored testimony on behalf of the New Hampshire Office of Consumer Advocate on Verizon's sale of its operations to FairPoint. Ms. Baldwin also sponsored testimony and declarations on behalf of the New Jersey Division of Rate Counsel on Verizon's acquisition of MCI, SBC's acquisition of AT&T, AT&T's acquisition of BellSouth, and Sprint's spin-off of its local operations. During the 1990s, Ms. Baldwin also sponsored testimony on behalf of the Nevada Bureau of Consumer Protection on the proposed merger of Sprint and WorldCom;

sponsored testimony on behalf of the Office of Ratepayer Advocates (ORA) of the California Public Utilities Commission and also on behalf of the Washington Office of Attorney General in their respective investigations of the proposed merger of Bell Atlantic Corporation and GTE Corporation; co-managed assistance to the Hawaii Division of Consumer Advocacy in the analysis of the proposed BA/GTE merger; sponsored testimony on behalf of the Ohio Consumers' Counsel and the Indiana Office of Utility Consumer Counselor on the SBC/Ameritech merger; co-sponsored testimony on behalf of the Connecticut Office of Consumer Counsel on the impact of SBC's acquisition of SNET on consumers; co-authored affidavits submitted to the FCC on behalf of consumer coalitions on the SBC/Ameritech and BA/GTE mergers; and co-managed a project to assist the ORA analyze the California Public Utilities Commission's investigation of the merger of Pacific Telesis Group and SBC Communications.

Ms. Baldwin has contributed to the development of state and federal policy on numbering matters. On behalf of the Ad Hoc Telecommunications Users Committee, Ms. Baldwin participated in the Numbering Resource Optimization Working Group (NRO-WG), and in that capacity, served as a co-chair of the Analysis Task Force of the NRO-WG. She has also provided technical assistance to consumer advocates in the District of Columbia, Illinois, Iowa, Massachusetts, and Pennsylvania on area code relief and numbering optimization measures. Ms. Baldwin also co-authored comments on behalf of the National Association of State Utility Consumer Advocates in the FCC's proceeding on numbering resource optimization.

During her first years at ETI, Ms. Baldwin was the Director of Publications and Tariff Research, and, in that capacity, she trained and supervised staff in the analysis of telecommunications rate structures, services, and regulation.

Ms. Baldwin served four years as the Director of the Telecommunications Division for the Massachusetts Department of Public Utilities (now the Department of Telecommunications & Cable), where she directed a staff of nine, and acted in a direct advisory capacity to the DPU Commissioners. (The Massachusetts DTC maintains a non-separated staff, which directly interacts with the Commission, rather than taking an advocacy role of its own in proceedings). Ms. Baldwin advised and drafted decisions for the Commission in numerous DPU proceedings including investigations of a comprehensive restructuring of New England Telephone Company's rates, an audit of NET's transactions with its NYNEX affiliates, collocation, ISDN, Caller ID, 900-type services, AT&T's request for a change in regulatory treatment, pay telephone and alternative operator services, increased accessibility to the network by disabled persons, conduit rates charged by NET to cable companies, and quality of service. Under her supervision, staff analyzed all telecommunications matters relating to the regulation of the then \$1.7-billion telecommunications industry in Massachusetts, including the review of all telecommunications tariff filings; petitions; cost, revenue, and quality of service data; and certification applications. As a member of the Telecommunications Staff Committees of the New England Conference of Public Utility Commissioners (NECPUC) and the National Association of Regulatory Utility Commissioners (NARUC), she contributed to the development of telecommunications policy on state, regional, and national levels.

Ms. Baldwin has worked with local, state, and federal officials on energy, environmental, budget, welfare, and telecommunications issues. As a policy analyst for the New England Regional Commission (NERCOM), Massachusetts Department of Public Welfare (DPW), and Massachusetts Office of Energy Resources (MOER), she acquired extensive experience working with governors' offices, state legislatures, congressional offices, and industry and advocacy groups. As an energy analyst for NERCOM, Ms. Baldwin coordinated New England's first regional seminar on low-level radioactive waste, analyzed federal and state energy policies, and wrote several reports on regional energy issues. As a budget analyst for the DPW, she forecast expenditures, developed low-income policy, negotiated contracts, prepared and defended budget requests, and monitored expenditures of over \$100 million. While working with the MOER, Ms. Baldwin conducted a statewide survey of the solar industry and analyzed federal solar legislation.

Ms. Baldwin received Boston University's Dean's Fellowship. While attending the Kennedy School of Government, Ms. Baldwin served as a teaching assistant for a graduate course in microeconomics and as a research assistant for the school's Energy and Environmental Policy Center, and at Wellesley College was a Rhodes Scholar nominee. She has also studied in Ghent, Belgium.

Record of Prior Testimony

In the matter of the Application of the New Jersey Bell Telephone Company for Approval of its Plan for an Alternative Form of Regulation, New Jersey Board of Regulatory Commissioners Docket No. T092030358, on behalf of the New Jersey Cable Television Association, filed September 21, 1992, cross-examined October 2, 1992.

DPUC review and management audit of construction programs of Connecticut's telecommunications local exchange carriers, Connecticut Department of Public Utility Control Docket No. 91-10-06, on behalf of the Connecticut Office of the Consumer Counsel, filed October 30, 1992, cross-examined November 4, 1992.

Joint petition of New England Telephone and Telegraph Company and Department of Public Service seeking a second extension of the Vermont Telecommunications Agreement, Vermont Public Service Board 5614, Public Contract Advocate, filed December 15, 1992, cross-examined December 21, 1992.

Application of the Southern New England Telephone Company to amend its rates and rate structure, Connecticut Department of Public Utility Control Docket No. 92-09-19, on behalf of the Connecticut Office of Consumer Counsel, filed March 26, 1993 and May 19, 1993, cross-examined May 25, 1993.

In the matter of the Application of Cincinnati Bell Telephone Company for Approval of an Alternative Form of Regulation and for a Threshold Increase in Rates, Public Utilities Commission of Ohio Case No. 93-432-TP-ALT, on behalf of Time Warner AxS, filed March 2, 1994.

Matters relating to IntraLATA Toll Competition and Access Rate Structure, Rhode Island Public Utilities Commission Docket 1995, on behalf of the Rhode Island Public Utilities Commission Staff, filed March

28, 1994 and June 9, 1994, cross-examined August 1, 1994.

In the Matter of the Application of The Ohio Bell Telephone Company for Approval of an Alternative Form of Regulation, Public Utilities Commission of Ohio Case No. 93-487-TP-ALT, on behalf of Time Warner AxS, filed May 5, 1994, cross-examined August 11, 1994.

In Re: Universal Service Proceeding: The Cost of Universal Service and Current Sources of Universal Service Support, Tennessee Public Service Commission Docket No. 95-02499, on behalf of Time Warner AxS of Tennessee, L.P., filed October 18, 1995 and October 25, 1995, cross-examined October 27, 1995.

In Re: Universal Service Proceeding: Alternative Universal Service Support Mechanisms, Tennessee Public Service Commission Docket No. 95-02499, on behalf of Time Warner AxS of Tennessee, L.P., filed October 30, 1995 and November 3, 1995, cross-examined November 7, 1995.

In the Matter of the Application of US West Communications, Inc. for Authority to Increase its Rates and Charge for Regulated Title 61 Services, Idaho Public Utilities Commission Case No. USW-S-96-5, on behalf of the Staff of the Idaho Public Utilities Commission, filed November 26, 1996 and February 25, 1997, cross-examined March 19, 1997.

A Petition by the Regulatory Operations Staff to Open an Investigation into the Procedures and Methodologies that Should Be Used to Develop Costs for Bundled or Unbundled Telephone Services or Service Elements in the State of Nevada, Nevada Public Service Commission Docket No. 96-9035, on behalf of AT&T Communications of Nevada, Inc., filed May 23, 1997, cross-examined June 6, 1997.

Rulemaking on the Commission's Own Motion to Govern Open Access to Bottleneck Services and Establish a Framework for Network Architecture; Investigation on the Commission's Own Motion into Open Access and Network Architecture Development of Dominant Carrier Networks, California Public Utilities Commission R.93-04-003 and I.93-04-002, co-authored a declaration on behalf of AT&T Communications of California, Inc., and MCI Telecommunications Corporation, filed on December 15, 1997 and on February 11, 1998.

Consolidated Petitions for Arbitration of Interconnection Agreements, Massachusetts Department of Telecommunications and Energy, DPU 96-73/74, 96-75, 96-80/81, 96-83, and 96-84, on behalf of AT&T Communications of New England, Inc. and MCI Telecommunications Corporation, filed February 3, 1998.

In the Matter of the Application of US West Communications, Inc. for Specific Forms of Price Regulation, Colorado Public Utilities Commission Docket No. 97-A-540T, on behalf of the Colorado Office of Consumer Counsel, filed on April 16, 1998, May 14, 1998 and May 27, 1998, cross-examined June 2, 1998.

Joint Application of SBC Communications and Southern New England Telecommunications Corporation for Approval of a Change of Control, Connecticut Department of Public Utility Control Docket No. 98-02-20, on behalf of the Connecticut Office of Consumer Counsel, filed May 7, 1998 and June 12, 1998, cross-examined June 15-16, 1998.

Fourth Annual Price Cap Filing of Bell Atlantic-Massachusetts, Massachusetts Department of Telecommunications and Energy Docket DTE 98-67, on behalf of MCI Telecommunications

Corporation, filed September 11, 1998 and September 25, 1998, cross-examined October 22, 1998.

Applications of Ameritech Corp., Transferor, and SBC Communications, Inc., Transferee, For Consent to Transfer Control, Federal Communications Commission CC Docket No. 98-141, co-sponsored affidavit on behalf of Indiana Utility Consumer Counselor, Michigan Attorney General, Missouri Public Counsel, Ohio Consumers' Counsel, Texas Public Utility Counsel and Utility Reform Network, filed on October 13, 1998.

In the Matter of the Joint Application of SBC Communications Inc., SBC Delaware, Inc., Ameritech Corporation and Ameritech Ohio for Consent and Approval of a Change of Control, Public Utilities Commission of Ohio Case No.98-1082-TP-AMT, on behalf of Ohio Consumers' Counsel, filed on December 10, 1998, cross-examined on January 22, 1999.

GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control, Federal Communications Commission CC Docket No. 98-184, co-sponsored an affidavit on behalf of a coalition of consumer advocates from Delaware, Hawaii, Maine, Maryland, Missouri, Ohio, Oregon, West Virginia, and Michigan, filed on December 18, 1998.

In the Matter of the Joint Application of GTE and Bell Atlantic to Transfer Control of GTE's California Utility Subsidiaries to Bell Atlantic, Which Will Occur Indirectly as a Result of GTE's Merger with Bell Atlantic, California Public Utilities Commission A. 98-12-005, on behalf of the California Office of Ratepayer Advocate, filed on June 7, 1999.

In the Matter of the Investigation on the Commission's Own Motion Into All Matters Relating to the Merger of Ameritech Corporation and SBC Communications Inc., Indiana Utility Regulatory Commission Cause No. 41255, on behalf of the Indiana Office of Utility Consumer Counselor, filed on June 22, 1999 and July 12, 1999, cross-examined July 20, 1999.

In re Application of Bell Atlantic Corporation and GTE Corporation for Approval of the GTE Corporation - Bell Atlantic Corporation Merger, Washington Utilities and Transportation Commission UT-981367, on behalf of the Washington Attorney General Public Counsel Section, filed on August 2, 1999.

Application of New York Telephone Company for Alternative Rate Regulation, Connecticut Department of Public Utility Control Docket No. 99-03-06, on behalf of the Connecticut Office of Consumer Counsel, filed October 22, 1999.

In re: Area Code 515 Relief Plan, Iowa Utilities Board Docket No. SPU-99-22, on behalf of the Iowa Office of Consumer Advocate, filed November 8, 1999, and December 3, 1999, cross-examined December 14, 1999.

In re Application of MCI WorldCom, Inc. and Central Telephone Company - Nevada, d/b/a Sprint of Nevada, and other Sprint entities for Approval of Transfer of Control pursuant to NRS 704.329, Nevada Public Utilities Commission Application No. 99-12029, on behalf of the Nevada Office of the Attorney General, Bureau of Consumer Protection, filed April 20, 2000.

In re: Area Code 319 Relief Plan, Iowa Utilities Board Docket No. SPU-99-30, on behalf of the Iowa Office of Consumer Advocate, filed June 26, 2000 and July 24, 2000.

In re: Sprint Communications Company, L.P. & Level 3 Communications, L.L.C., Iowa Utilities Board Docket Nos. SPU-02-11 & SPU-02-13, filed October 14, 2002 and January 6, 2003, cross-examined February 5, 2003.

Illinois Bell Telephone Company filing to increase unbundled loop and nonrecurring rates (tariffs filed December 24, 2002), Illinois Commerce Commission Docket No. 02-0864, on behalf of Citizens Utility Board, filed May 6, 2003 and February 20, 2004.

Qwest Petition for Competitive Classification of Business Services, Washington Utilities and Transportation Commission Docket No. 030614, on behalf of Public Counsel, filed August 13, 2003 and August 29, 2003, cross-examined September 18, 2003.

In the Matter of the Application of CenturyTel of Northwest Arkansas, LLC for Approval of a General Change in Rates and Tariffs, Arkansas Public Service Commission Docket No. 03-041-U, on behalf of the Attorney General, filed October 9, 2003 and November 20, 2003.

In the Matter of the Board's Review of Unbundled Network Elements, Rates, Terms and Conditions of Bell Atlantic New Jersey, Inc., New Jersey Board of Public Utilities Docket No. TO00060356, on behalf of the New Jersey Division of the Ratepayer Advocate, filed January 23, 2004.

In the Matter of the Implementation of the Federal Communications Commission's Triennial Review Order, New Jersey Board of Public Utilities Docket No. TO03090705, on behalf of the New Jersey Division of the Ratepayer Advocate, filed February 2, 2004.

Unbundled Access to Network Elements, Review of the Section 251 Unbundling Obligations of Local Exchange Carriers, Federal Communications Commission WC Docket No. 04-313, CC Docket No. 01-338, sponsored affidavit on behalf of the New Jersey Division of the Ratepayer Advocate, filed October 4, 2004.

Unbundled Access to Network Elements, Review of the Section 251 Unbundling Obligations of Local Exchange Carriers, Federal Communications Commission WC Docket No. 04-313, CC Docket No. 01-338, sponsored affidavit on behalf of the Utah Committee of Consumer Services, filed October 4, 2004.

In the Matter of Verizon New Jersey, Inc. For a Revision of Tariff B.P.U.-N.J. – No. 2 Providing for a Revenue Neutral Rate Restructure Including a Restructure of Residence and Business Basic Exchange Service and Elimination of \$.65 Credit, New Jersey Board of Public Utilities Docket No. TT04060442, on behalf of the New Jersey Division of the Ratepayer Advocate, filed December 22, 2004 and January 18, 2005.

In the Matter of the Application of Verizon New Jersey, Inc. for Approval (I) of a New Plan for an Alternative Form of Regulation and (II) to Reclassify Multi-Line Rate Regulated Business Services as Competitive Services, and Compliance Filing, New Jersey Board of Public Utilities Docket No. TO01020095, on behalf of the New Jersey Division of the Ratepayer Advocate, filed January 10, 2005 and February 4, 2005.

Joint Petition of SBC Communications Inc. and AT&T Corp., Together with its Certificated Subsidiaries for Approval of Merger, New Jersey Board of Public Utilities Docket No. TM05020168, on behalf of the

New Jersey Division of the Ratepayer Advocate, filed May 4, 2005 and June 1, 2005.

In the Matter of Verizon Communications Inc. and MCI, Inc., Applications for Approval of Transfer of Control, Federal Communications Commission WC Docket No. 05-75, co-sponsored affidavit on behalf of the New Jersey Division of the Ratepayer Advocate, filed on May 9, 2005.

In the Matter of the Application of Southwestern Bell Telephone, L.P., d/b/a SBC Arkansas to Set Rates for Unbundled Network Elements, Arkansas Public Service Commission Docket No. 04-109-U, on behalf of the Attorney General, filed May 27, 2005.

Joint Petition of Verizon Communications Inc. and MCI, Inc. for Approval of Merger, New Jersey Board of Public Utilities Docket No. TM05030189, on behalf of the New Jersey Division of the Ratepayer Advocate, filed July 8, 2005 and August 19, 2005.

In the Matter of Joint Petition of United Telephone Company of New Jersey, Inc. d/b/a Sprint and LTD Holding Company for Approval Pursuant to *N.J.S.A. 48:2-51* and *N.J.S.A. 48:3-10* of a change in Ownership and Control, New Jersey Board of Public Utilities Docket No. TM05080739, on behalf of the New Jersey Division of the Ratepayer Advocate, filed November 29, 2005.

In the Matter of the Board's Review of the Classification of Verizon New Jersey's Directory Assistance Services ("DAS") as Competitive and Associated Service Quality, Docket No. TX06010057, In the Matter of the Filing by Verizon New Jersey Inc. for the Reclassification of Existing Rate Regulated Services – Directory Assistance Services as Competitive, New Jersey Board of Public Utilities, Docket No. TT97120889, on behalf of the New Jersey Division of the Ratepayer Advocate, filed May 12, 2006.

In the Matter of AT&T Inc. and BellSouth Corporation Applications for Approval of Transfer of Control, Federal Communications Commission WC Docket No. 06-74, sponsored declaration with Sarah M. Bosley on behalf of the New Jersey Division of the Ratepayer Advocate, filed June 5, 2006; sponsored declaration with Sarah M. Bosley and Timothy E. Howington on behalf of the New Jersey Division of Rate Counsel, October 3, 2006.

In the Matter of Jurisdictional Separations and Referral to the Federal-State Joint Board, CC Docket No. 80-286, sponsored affidavit on behalf of the National Association of State Utility Consumer Advocates and the New Jersey Division of Rate Counsel, filed August 22, 2006.

In the Matter of the Board Investigation Regarding the Reclassification of Competitive Local Exchange Carrier (CLEC) Services as Competitive, New Jersey Board of Public Utilities Docket No. TX06120841, on behalf of the New Jersey Division of Rate Counsel, filed January 7, 2007, January 30, 2007, and February 20, 2007.

Verizon New England Inc., Bell Atlantic Communications, Inc., NYNEX Long Distance Company, Verizon Select Services Inc. and FairPoint Communications, Inc. Joint Petition for Authority to Transfer Assets and Franchise to FairPoint Communications, Inc., New Hampshire Public Utilities Commission Docket No. DT-07-011, on behalf of the Office of Consumer Advocate, filed August 1, 2007, cross-examined November 1, 2007.

In the Matter of the Commission's Investigation into Verizon Maryland, Inc.'s Affiliate Relationships, Maryland Public Service Commission Case No. 9120, on behalf of the Office of People's Counsel, filed

October 29, 2007 and November 19, 2007, cross-examined November 28, 2007.

In the Matter of the Board Investigation Regarding the Reclassification of Incumbent Local Exchange Carrier (ILEC) Services as Competitive, New Jersey Board of Public Utilities Docket No. TX07110873, on behalf of the New Jersey Division of Rate Counsel, filed December 14, 2007, January 10, 2008.

In the Matter of Verizon Washington, DC Inc.'s Price Cap Plan 2007 for the Provision of Local Telecommunications Services in the District of Columbia, Public Service Commission of the District of Columbia Formal Case No. 1057, on behalf of the District of Columbia Office of People's Counsel, filed December 20, 2007, January 31, 2008.

In re Possible Extension of Board Jurisdiction over Single Line Flat-Rated Residential and Business Rates for Local Exchange Carriers, Iowa Utilities Board Docket No. INU-08-1, on behalf of Iowa Office of Consumer Advocate, filed March 17, 2008, April 28, 2008, cross-examined May 22, 2008.

Petition of the Office of Consumer Counsel for Enforcement of Quality of Service Standards for the Southern New England Telephone Company d/b/a AT&T Connecticut, Connecticut Department of Public Utility Control Docket No. 08-07-15, on behalf of the Communications Workers of America, Local 1298, filed January 30, 2009, cross-examined February 25, 2009.

In the Matter of the Board's Investigation and Review of Local Exchange Carrier Intrastate Exchange Access Rates, New Jersey Board of Public Utilities Docket No. TX08090830, on behalf of the New Jersey Division of Rate Counsel, filed February 13, 2009, April 20, 2009, June 22, 2009, cross-examined October 20, 2009.

In the Matter of Appropriate Forms Of Regulating Telephone Companies, Maryland Public Service Commission, Case No. 9133, on behalf of the Communications Workers of America, filed June 1, 2009, October 16, 2009, October 30, 2009, cross-examined November 4, 2009.

Petition of the Office of Consumer Counsel for Enforcement of Quality of Service Standards for the Southern New England Telephone Company d/b/a AT&T Connecticut, Connecticut Department of Public Utility Control Docket No. 08-07-15PH02, on behalf of the Communications Workers of America, Local 1298, filed September 21, 2009.

In the Matter of the Application of Frontier Communications Corporation, New Communications Holdings, Inc. and Verizon Communications Inc. for Consent and Approval of a Change in Control, Public Utilities Commission of Ohio Case No. 09-454-TP-ACO, on behalf of the Communications Workers of America and International Brotherhood of Electrical Workers, Local 986, filed October 14, 2009.

Frontier Communications Corporation, Verizon Communications, Inc., Verizon North Inc., Verizon South Inc., New Communications of the Carolinas, Inc. Joint Application for the approval of a Reorganization, Illinois Commerce Commission Docket No. 09-0268, on behalf of the International Brotherhood of Electrical Workers, Locals 21, 51, and 702, filed October 20, 2009.

In re Verizon Service Quality in Western Massachusetts, Massachusetts Department of Telecommunications and Cable D.T.C. 09-1, on behalf of the Office of the Attorney General, filed November 9, 2009, February 24, 2010, cross-examined March 31, 2010, April 1, 2010, May 21, 2010.

Joint Application of Frontier Communications Corporation and Verizon West Virginia Inc. and certain affiliates for approval of the transfer of Verizon's local exchange and long distance business in West Virginia to companies to be owned and controlled by Frontier Communications Corporation, Public Service Commission of West Virginia Case No. 09-0871-T-PC, on behalf of the Communications Workers of America, AFL-CIO, filed November 16, 2009.

Testimony before State Legislatures:

Testified on September 24, 1997, before the Massachusetts State Legislature Joint Committee on Government Regulations regarding House Bill 4937 (concerning area codes).

Testified on March 2, 2010 before the Maryland State Legislature Senate Finance Committee regarding Senate Bill 677 (concerning Telephone Landline Sale Bill).

Testified on March 11, 2010 before the Maryland State Legislature House Economic Matters Committee regarding House Bill 937 (concerning Telephone Landline Sale Bill) .

Reports/Publications/Presentations

Reports and publications on telecommunications and energy policy in trade journals, and presentations at industry associations and conferences include the following:

Reports and Publications:

“The Cable-Telco Duopoly’s Deployment of New Jersey’s Information Infrastructure: Establishing Accountability” (with Sarah M. Bosley and Timothy E. Howington). Prepared for the Public Advocate of New Jersey, January 19, 2007.

“Assessing SBC/Pacific’s Progress in Eliminating Barriers to Entry: The Local Market in California Is Not Yet ‘Fully and Irreversibly Open’” (with Patricia D. Kravtin, Dr. Lee L. Selwyn, and Douglas S. Williams). Prepared for the California Association of Competitive Telecommunications Companies, July 2000.

“Where Have All the Numbers Gone? (Second Edition): Rescuing the North American Numbering Plan from Mismanagement and Premature Exhaust” (with Dr. Lee L. Selwyn). Prepared for the Ad Hoc Telecommunications Users Committee, June 2000.

“Price Cap Plan for USWC: Establishing Appropriate Price and Service Quality Incentives for Utah” (with Patricia D. Kravtin and Scott C. Lundquist). Prepared for the Utah Division of Public Utilities, March 22, 2000.

“Telephone Numbering: Establishing a Policy for the District of Columbia to Promote Economic Development” (with Douglas S. Williams and Sarah C. Bosley). Prepared for the District of Columbia Office of People’s Counsel, February 2000 (submitted to Eric W. Price, Deputy Mayor, April 6, 2000).

“The Use of Cost Proxy Models to Make Implicit Support Explicit, Assessing the BCPM and the Hatfield

Model 3.1” (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, March 1997.

“The Use of Forward-Looking Economic Cost Proxy Models” (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC Docket No. CCB/CPB 97-2, February 1997.

“Continuing Evaluation of Cost Proxy Models for Sizing the Universal Service Fund, Analysis of the Similarities and Differences between the Hatfield Model and the BCM2” (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, October 1996.

“Converging on a Cost Proxy Model for Primary Line Basic Residential Service, A Blueprint for Designing a Competitively Neutral Universal Service Fund” (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, August 1996.

“The Phone Wars and How to Win Them” (with Helen E. Golding). *Planning*, July 1996 (Volume 62, Number 7).

“The BCM Debate, A Further Discussion” (with Dr. Lee L. Selwyn and Helen E. Golding). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, May 1996.

“The Cost of Universal Service, A Critical Assessment of the Benchmark Cost Model” (with Dr. Lee L. Selwyn). Prepared for the National Cable Television Association, submitted in FCC CC Docket No. 96-45, April 1996.

“Funding Universal Service: Maximizing Penetration and Efficiency in a Competitive Local Service Environment” (with Dr. Lee L. Selwyn). Prepared for Time Warner Communications, Inc., October 1995.

“A Balanced Telecommunications Infrastructure Plan for New York State” (with Dr. Lee L. Selwyn). Prepared for the New York User Parties, December 4, 1992.

“A Roadmap to the Information Age: Defining a Rational Telecommunications Plan for Connecticut” (with Dr. Lee L. Selwyn, Susan M. Gately, JoAnn S. Hanson, David N. Townsend, and Scott C. Lundquist). Prepared for the Connecticut Office of Consumer Counsel, October 30, 1992.

“ISDN Rate-Setting in Massachusetts.” *Business Communications Review*, June 1992 (Volume 22, No. 6).

“Analysis of Local Exchange Carrier April 1988 Bypass Data Submissions” (with William P. Montgomery and Dr. Lee L. Selwyn). Prepared for the National Association of State Utility Consumer Advocates, August 1988.

“Tariff Data is Critical to Network Management.” *Telecommunications Products and Technology*, May 1988 (Volume 6, No. 5).

“Strategic Planning for Corporate Telecommunications in the Post-Divestiture Era: A Five Year View” (with Dr. Lee L. Selwyn, William P. Montgomery, and David N. Townsend). Report to the International

Communications Association, December 1986.

“Competitive Pricing Analysis of Interstate Private Line Services.” Prepared for the National Telecommunications Network, June 1986.

“Analysis of Diamond State Telephone Private Line Pricing Movements: 1980-1990.” Prepared for Network Strategies, Inc., April 1985.

“Analysis of New York Telephone Private Line Pricing Movements: 1980-1990.” Prepared for Network Strategies, Inc., February 1985.

“Auction Methods for the Strategic Petroleum Reserve” (With Steven Kelman and Richard Innes). Prepared for Harvard University Energy Security Program, July 1983.

“How Two New England Cities Got a \$100 Million Waste-to-Energy Project” (with Diane Schwartz). *Planning*, March 1983 (Volume 49, Number 3).

“Evaluation of Economic Development and Energy Program in Lawrence, Massachusetts.” (with Richard Innes). Prepared for U.S. Department of Energy, August, 1982.

“Energy Efficiency in New England’s Rental Housing.” New England Regional Commission, 1981.

“Low Level Radioactive Waste Management in New England.” New England Regional Commission, 1981.

“The Realtor's Guide to Residential Energy Efficiency.” Prepared for the U.S. Department of Energy and the National Association of Realtors, 1980.

Presentations:

“The Evolving Role of State Regulation in a Changing Industry,” Presentation at the New England Conference of Public Utilities Commissioners 63th Annual Symposium, Brewster, Massachusetts, May 17, 2010.

“Broadband: Where it is, where it ain’t, and where it oughta be,” June 29, 2009, National Association of State Utility Consumer Advocates Mid-Year Meeting, Boston, Massachusetts.

“Deregulation and Price Increases: The Hallmarks of a Competitive Market?” November 18, 2008; 2008 National Association of State Utility Consumer Advocates Annual Meeting, New Orleans, Louisiana.

“Forbearance: What is it? What’s wrong with it? How to fix it,” November 12, 2007; “Net Neutrality – Not Dead Yet!,” November 13, 2007; 2007 National Association of State Utility Consumer Advocates Annual Meeting, Anaheim, California.

“FCC’s Regulatory Stance – Consumer Advocates’ Role More Important Than Ever,” 2005 National Association of State Utility Consumer Advocates Winter Meeting, March 2, 2005, Washington, D.C.

“Impact of Federal Regulatory Developments on Consumers and Consumers’ Impact on Regulatory

Developments,” Presentation for the Washington Attorney General’s Office, Seattle, Washington, May 27, 2003.

“The Finances of Local Competition” Presentation at the New England Conference of Public Utilities Commissioners 54th Annual Symposium, Mystic, Connecticut, May 21, 2001.

“Facilities-Based Competition” Presentation at the New England Conference of Public Utilities Commissioners 52nd Annual Symposium, Bretton Woods, New Hampshire, May 24, 1999.

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“Consumer Perspectives on Incumbent Local Exchange Carrier Mergers,” National Association of Regulatory Utility Commissioners 110th Annual Convention, Orlando, Florida, November 11, 1998.

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