

- BEFORE THE PUBLIC SERVICE COMMISSION OF UTAH -

Joint Application of Qwest)	DOCKET NO. 10-049-16
Communications International, Inc. and)	DPU Exhibit 2.0
CenturyTel, Inc. for Approval of Indirect)	
Transfer of Control of Qwest Corporation,)	Supplemental Rebuttal Testimony of
Qwest Communications Company, LLC,)	Casey J. Coleman
and Qwest LD Corporation)	
)	

DIVISION OF PUBLIC UTILITIES
DEPARTMENT OF COMMERCE

November 2, 2010

CONTENTS

I. IDENTIFICATION OF WITNESS1

II. BROADBAND COMMITMENT2

III. OPERATIONAL SUPPORT SYSTEMS8

IV. INTERCONNECTION AGREEMENTS10

V. WHOLESALE SERVICE QUALITY12

VI. STATUS AS A RBOC AND COMPLIANCE.....14

VII. ADDITIONAL CLEC CONDITIONS15

VIII. CONCLUSION.....16

1 **I. IDENTIFICATION OF WITNESS**

2 **Q. PLEASE STATE YOUR NAME, EMPLOYER, AND BUSINESS**
3 **ADDRESS.**

4 A. My name is Casey J. Coleman. I am employed by the Division of Public
5 Utilities (“Division”) for the State of Utah. My business address is 160 East
6 300 South Salt Lake City, UT 84114.

7 **Q. ARE YOU THE SAME MR. COLEMAN WHO FILED DIRECT**
8 **TESTIMONY IN THIS DOCKET.**

9 A. Yes.

10 **Q. PLEASE SUMMARIZE AND DESCRIBE THE PURPOSE OF YOUR**
11 **REBUTTAL TESTIMONY.**

12 A. On October 14, 2010 a Settlement Agreement and Stipulation of the Joint
13 Applicants and the Utah Division of Public Utilities was filed with the Utah
14 Public Service Commission (“Agreement” or “Stipulation”). The Agreement’s
15 purpose was to resolve issues between the Joint Applicants and the Division
16 in this proceeding. Additionally, the Division recommended that, with
17 adoption of the conditions in the Stipulation, the Commission should approve
18 the merger, finding the merger to be in the public interest.

19 My testimony will discuss the Stipulation. I will specifically discuss how the
20 Stipulation, taken as a whole, meets the public interest test and why the
21 Division recommends the Commission adopt the Agreement. Additionally,

22 Mr. Gates in his Supplemental Testimony discusses many alleged flaws and
23 weaknesses with the Stipulation. My testimony will address what Mr. Gates
24 contends were serious wholesale and competition-related risks that were
25 unanswered. My Testimony will demonstrate that the Agreement provides
26 certainty in the wholesale market and answers many of the concerns raised
27 by the Joint CLECs. In negotiating the Agreement the Division worked to
28 provided benefits to all the CLECs operating within Utah and craft
29 commitment that would prove beneficial for all CLECs.

30 **II. BROADBAND COMMITMENT**

31 **Q. IN MR. GATE'S SUPPLEMENTAL TESTIMONY ON PAGE 2 LINES 15-**
32 **16 HE STATES THAT THE SETTLEMENT "DOES NOT MAINTAIN**
33 **THE STATUS QUO OR PROVIDE THE CERTAINTY REQUIRED BY**
34 **COMPETITIVE CARRIERS AND THEIR CUSTOMERS." DO YOU**
35 **AGREE WITH MR. GATE'S STATEMENT?**

36 A. No. Throughout this merger proceeding, the Division has taken the position
37 that the Commission must proceed cautiously and judiciously. As discussed
38 in my direct testimony, because Qwest is considered a Bell Operating
39 Company or Regional Bell Operating Company, it is in a unique situation
40 where it competes for customers against many of the same companies that
41 are also wholesale customers of Qwest. This dynamic makes
42 telecommunications regulation different from most regulated entities. The
43 Division is aware that, for a competitive and healthy telecommunications
44 market to continue to survive in Utah, Qwest needs to be given appropriate
45 signals and incentives from the Commission. If crafted and applied
46 prudently, these incentives ensure Qwest's network is accessible for
47 companies interested in accessing Qwest's infrastructure, while allowing

48 enough financial flexibility and regulatory freedom to respond to a
49 competitive telecommunications marketplace.

50 The Division believes the public interest is met with this proposed settlement
51 because it provides the foundation to address both wholesale and retail
52 customers' concerns and provides stability both during and after the merger.
53 The Division, in crafting the settlement, attempted to include conditions
54 capturing concerns raised by CLECs, the Division and other interested
55 parties. In the Division's testimony and rebuttal testimony a common theme
56 has surfaced, one of selecting conditions that keep things the same post-
57 merger as they are pre-merger. The Division feels that the Stipulation
58 balances the position of no conditions, as originally proposed by the Joint
59 Applicants in its filing, provides some sense of stability for all 95 CLECs
60 operating in Utah, and provides expanded broadband to thousands of retail
61 customers within the state of Utah. An agreement that accomplishes this
62 stability is in the public interest, and meets the earlier recommendation of
63 proceeding judicially and cautiously. The Agreement protects OSS,
64 Performance Assurance Plans, and Interconnection Agreements, for a
65 reasonable amount of time which promotes the "status quo" anticipated by all
66 parties. Accepting this agreement provides certainty to everyone instead of
67 the complete lack of commitments originally proposed by the Applicants.

68 The Division concurs with Mr. Gates when he states on page 14 of his
69 Supplemental Testimony that "the Commission's public interest imperative
70 to protect local telecommunications competition from potential merger-
71 related harm requires reliance on the parties and record in this proceeding."
72 The Stipulation addresses the major areas of concern expressed by CLECs
73 and other parties, namely OSS, Performance Assurance Plans, broadband
74 commitments, interconnection agreements, and the combined entities

75 commitment to abide by all applicable laws and regulations. In accepting
76 these commitments and approving the Stipulation, I believe the Commission
77 will help to provide the necessary reporting requirements and financial
78 incentives to motivate the combined entities to keep “business as usual.”

79 **Q. ON PAGES 23-32 OF MR. GATES SUPPLEMENTAL**
80 **TESTIMONY HE DISCUSSES THE BROADBAND COMMITMENT**
81 **FROM QWEST AND ARGUES THAT COMMITMENT FALLS SHORT**
82 **OF BEING IN THE PUBLIC INTEREST. DO YOU AGREE?**

83 A. No. The Division believes the Broadband commitment provides a benefit to
84 retail customers which is tangible and measurable. In the State of Utah
85 broadband is an unregulated service. Because of that the Commission is
86 unable to dictate any broadband deployment criteria. Absent the merger
87 conditions it is theoretically possible that Qwest could decide to completely
88 halt any future investments in broadband within the state of Utah and the
89 Commission would be limited in changing that decision. With this
90 commitment in the settlement agreement, the Division was able to ensure
91 that investment will continue over the next five years in broadband. That
92 investment could be to increase download speeds, bring new services to
93 unserved areas, or make the network more reliable.

94 One way to assess the broadband commitment, and why it is in the public
95 interest, is to take a snap-shot of the marketplace today. Mr. Gates does an
96 eloquent job of showing the recent level of broadband investment for Qwest
97 and how that compares to the broadband commitment as agreed by the
98 Joint Applicants in the Stipulation. Because the broadband marketplace in
99 Utah is competitive, **Qwest without any Commission ordered**

100 **commitments to invest** has spent significant amounts to remain a viable
101 broadband competitor.

102 Mr. Gates continues to discuss the budgets of Qwest and how the
103 broadband commitment, in his opinion, does not match what Qwest has
104 currently budgeted for those capital expenditures. The Division is not
105 swayed by the comparisons of budgets as a method to show the broadband
106 commitment is lacking. Nothing in a company budget is binding to that
107 company. A number of factors could require a company to adjust their
108 budgets upwards or downwards. The simple fact is that the broadband
109 commitment requires the combined entity to invest at least \$5 million
110 dollars for five years in the state of Utah.

111 The Division believes that Qwest or the combined entity must continue to
112 invest in broadband infrastructure to survive in today's marketplace. The
113 Division hopes, as suggested by Mr. Gates, that the broadband commitment
114 will become "moot" because the combined entity is spending amounts
115 greater than the minimum levels required, to meet market demand. What
116 the Broadband commitment ensures is that if capital becomes even more
117 constrained in the next few years, \$5 million a year will continue to flow to
118 Utah for the five years.

119 On pages 25-27 of Mr. Gate's Supplemental Testimony he states "[t]he Joint
120 Applicants' commitment to spend \$25 million over five years on broadband
121 in Utah is inadequate to expand broadband availability and speeds, [that
122 the broadband commitment] can hardly be viewed as a significant benefit to
123 the public interest. To the contrary, it is a step back from past
124 commitments and an even larger retreat from the Joint Applicants claims
125 that the merger will enhance broadband deployment".

126 Frankly, the Division disagrees with the logic of Mr. Gates. In the state of
127 Utah, Qwest has not had any specific broadband commitments. Going from
128 \$0 in commitments to \$25 million in commitments does not appear to be a
129 step back from past commitments but a step forward. The Commission, by
130 accepting the Stipulation, is receiving a benefit from the combined entities
131 that might otherwise be lost. As a sum certain for a specified time period,
132 this benefit is measurable and easily quantified, and supports a showing
133 that the stipulation is in the public interest to retail customers in Utah.

134 **Q MR GATES DISCUSSES UNDERSERVED AND UNSERVED**
135 **BROADBAND MARKETS IN HIS TESTIMONY AND HOW THE**
136 **INVESTMENT DOES NOT MEET THE PUBLIC INTEREST. IS HIS**
137 **ARGUMENT ACCURATE?**

138 A. No. Mr. Gates is attempting to hypothesize reasons for certain
139 commitments in the Stipulation without an understanding of the nuances of
140 the Utah marketplace. The Division accepted the condition that \$3.75
141 million would go to underserved or unserved areas without specifying that
142 it go specifically to unserved areas, as a reflection of the Utah marketplace.
143 Qwest today competes against UTOPIA, Comcast, the Joint CLECs and a
144 variety of other broadband providers. Because of the various business
145 plans of each company competing against Qwest, it is plausible that in
146 certain areas of the state, it maybe be uneconomical for Qwest to improve
147 broadband. As indicated in my rebuttal testimony, the Division reviewed
148 on a wire center level a variety of data dealing with broadband. One thing
149 this review revealed is that Qwest is more successful in certain areas of
150 Utah in getting customers to take Broadband then in other parts of the
151 State. A condition that required the combined entity to invest only in
152 unserved areas might prove to be a financial burden to Qwest and limit the

153 profitability of the investment. Giving the combined entity some freedom
154 to determine if the \$3.75 million should be invested in underserved or
155 unserved areas still met the goal of helping citizens get better broadband
156 speeds while avoiding unprofitable investment commitments solely to meet
157 a regulatory condition.

158 As previously stated in my Rebuttal Testimony, the reality is that a
159 dynamic market for broadband services has germinated within the state.
160 While competition usually is healthy, it requires companies to aggressively
161 compete for broadband customers. Successful companies must find the
162 right mix of price, download speeds, and services that is attractive to
163 consumers. A company like Qwest has to be wise and prudent with its
164 capital expenditures, ensuring that each dollar used is maximizing the
165 profit potential of the company and providing the funds to make further
166 capital expenditures.

167 **Q. MR GATES SUGGESTS IN HIS TESTIMONY THAT THE DIVISION**
168 **ACCEPTED LESS THAN WHAT WAS OFFERED IN MINNESOTA**
169 **WHEN IT AGREED TO A \$25 MILLION BROADBAND COMMITMENT.**
170 **DO THE FACTS SUPPORT THIS POSITION?**

171 A. No. Mr. Gates tries to suggest that Utah's broadband commitment is less than
172 the commitment received in Minnesota when evaluating on a per-access line
173 basis. He claims that Qwest has 601,199 retail lines in the state of Utah. He
174 further states that Qwest has 1,068,799 retail access lines in Minnesota.
175 Using those figures and the proposed settlement amounts in each state, he
176 calculates Minnesota's broadband commitment in dollar terms per access line
177 to be \$9.36, versus \$8.32 in Utah. Where the Division believes Mr. Gates'

178 calculation is flawed is that he did not include the current CenturyLink
179 customers in Minnesota. The Broadband commitment is for the entire state
180 both in Utah as well as Minnesota. It would make sense to include the number
181 of access lines currently served by CenturyLink to determine a more accurate
182 reflection of the commitment from the combined entities. As of December 31,
183 2009 CenturyLink had 143,600 customers in Minnesota, bringing the total
184 access lines in Minnesota for the combined entity to 1,212,399. Dividing total
185 customers in Minnesota by the \$10 million annually committed by the
186 combined entity calculates a per-access line total of \$8.25, proportional to the
187 commitment made in Utah. Additionally, the 601,208 Qwest customers
188 located in Utah are roughly 50% of the 1.2 million customers located in
189 Minnesota. The commitment negotiated by the Division has been consistent
190 with other broadband amounts provided in other jurisdictions by the combined
191 entities on a total dollar basis or per-access line basis.

192 **III. OPERATIONAL SUPPORT SYSTEMS**

193 **Q. EXPLAIN HOW THE OPERATIONAL SUPPORT SYSTEMS**
194 **CONDITION IS IN THE PUBLIC INTEREST?**

195 A. The proposed Settlement states:

196 Qwest Corporation or any successor entity (pre-merger or post-merger
197 “Qwest” or “Qwest Corporation”) will not discontinue its wholesale
198 Operations Support Systems (“OSS”) for a minimum of 24 months,
199 post-transaction closing.

200 In the event that any Qwest OSS is subsequently changed or retired,
201 Qwest Corporation will utilize the terms and conditions set forth in the
202 Change Management Process (“CMP”) and consistent with the CMP
203 condition below, but in no event shall there be less than six (6) months
204 notice of the retirement of the legacy Qwest OSS from current Qwest

205 territories. During that six-month notice period established for
206 retiring a Qwest OSS, any interconnected CLEC or Commercial Mobile
207 Radio Service (“CMRS”) provider shall be permitted to test the
208 proposed replacement OSS, and the Company shall cooperate with
209 such testing, at no charge to the testing carrier, including but not
210 limited to making available a testing environment.

211 This provision requires Qwest or any successor entity to continue the use of
212 Qwest’s OSS system for a minimum of 24 months. In addition to the
213 requirement that Qwest or CenturyLink use Qwest’s OSS system for a
214 minimum of 24 months, this commitment ensures that changes to the Qwest
215 legacy OSS will go through a change management process where parties will
216 be able to test the proposed replacement OSS.

217 The Division believes that this condition keeps the marketplace “status quo”
218 for a reasonable time, which was a major consideration of testimony filed by
219 CLECs. Additionally, the commitment ensures that changes to the OSS will
220 follow the Change Management Process that was also important to CLECs.

221 With this condition the Division attempted to maintain stability in the current
222 marketplace allowing CLECs to have a certain level of predictability. By
223 requiring the combined entities to use Qwest’s OSS system for 24 months
224 CLECs have time to operate their business models while not indefinitely
225 precluding CenturyLink from proposing improved solutions to OSS. As the
226 Colorado Public Utilities Commission’s Telecommunications Section Chief (and
227 former Qwest OSS witness¹) recently testified: “Although Qwest is the larger

¹ Appendix A to the Answer Testimony of Lynn Notarianni, *In the Matter of the Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, et al.*, Colorado Docket No. 10A-350T. Ms. Notarianni testified on behalf of Qwest and its predecessor US WEST in more than 45 proceedings regarding operations and systems matters. *Id.* She provided project management oversight and OSS testimony in the 271 proceedings to gain 271 long distance entry. *Id.*

228 entity and has more experience in the wholesale market, any changes made by
229 CenturyLink to Qwest's back-office systems, to Qwest's business processes, to
230 Qwest's interconnection negotiation template, or to Qwest's CMP increase the
231 possibility of uncertainty among the interconnecting carriers. This uncertainty
232 will in turn effect [sic] competition in general.”²

233 This condition avoids the “uncertainty” suggested by the Colorado Section
234 Chief because CLECs will be able to interface with the combined entity in the
235 same manner in which they interfaced with Qwest before the merger. The
236 Qwest system has been rigorously tested and is already 271 compliant,
237 resolving some of the concerns expressed by the Joint CLECs.

238 **IV. INTERCONNECTION AGREEMENTS**

239 **Q. DOES THE SECTION OF THE AGREEMENT DEALING WITH**
240 **INTERCONNECTION AGREEMENTS MEET THE PUBLIC INTEREST**
241 **STANDARD?**

242 A. Yes. The Stipulation provides for certainty dealing with interconnection
243 agreements and with how the combined entity will treat those agreements. On
244 page 52 of Mr. Gates Supplemental Testimony he essentially states:
245 “[t]herefore, the condition offers much less certainty during a time when
246 significant changes will be occurring due to the merger”. Implicit in this
247 statement is the realization that the condition suggested by the Division offers

² Answer Testimony of Lynn Notarianni, Colorado Docket No. 10A-350T, September 15, 2010 (“Notarianni Colorado Answer Testimony”) at p. 52, lines 4-9.

248 some level of certainty, just less than what was suggested by the Joint CLECs.
249 This Stipulation is consistent with the recommendation in the Division's
250 rebuttal testimony because it allows for the continuation of existing
251 agreements for an understandable period of time. Companies will be able to
252 make business decisions with the knowledge that the agreements they
253 currently have in place will stay in effect for 36 months.

254 **Q. HOW DOES THE DIVISION INTREPRET THE VERBAGE OF THE**
255 **INTERCONNECTION AGREEMENT COMMITMENT?**

256 A. The Division believes that most of the ICAs in Utah will fall within the first
257 band where the agreement will be extended for 36 months. It is the opinion of
258 the Division that any amendment filed by Qwest and agreed to by CLECs
259 would be a non-expired agreement. Additionally, Mr. Gates at line 6 page 55 of
260 his testimony suggests red herring that does not apply to most ICAs in Utah.
261 When the TRRO allowed ILECs to limit availability of certain UNEs, Qwest
262 exercised their right to change the agreements and filed amendments to
263 existing ICAs. At that time, I was responsible for reviewing ICAs for the
264 Division and recall numerous instances of the CLECs and Qwest filing updated
265 agreements that reflected the allowed changes to UNEs.

266 **Q. WHY DID THE DIVISION BEGIN AT THE THREE YEAR INTERVAL?**

267 A. Mr. Gates in his Supplemental Testimony on page 58 implies that three years
268 was accepted because CenturyLink felt ICAs were supposed to run for three
269 years. Although this might be the belief of CenturyLink, this is not the
270 information used by the Division to determine an appropriate time frame.

271 Basically the Division tried to balance the need for certainty against
272 timeframes that would be cumbersome for the combined entities. As of today,
273 Qwest has the ability to negotiate ICAs with CLEC's as they expire. It is quite
274 likely that a number of those ICAs will expire in the near future. Currently,
275 Qwest or CLECs through negotiations of the ICA could seek changes to the
276 agreements. It seemed unfair to CLECs, with a merger ongoing, to allow those
277 changes in a short time period. The Division felt three years was a sufficient
278 time to allow CLECs to keep business as usual while planning toward the
279 future, when changes could be necessary. A different time period like five
280 years or seven years seemed like a very long time to require a business to keep
281 things static, especially in the rapidly changing and competitive
282 telecommunications market.

283 V. WHOLESALE SERVICE QUALITY

284 **Q. PLEASE ADDRESS THE TREATMENT OF THE UTAH**
285 **PERFORMANCE ASSURANCE PLAN ("UPAP") IN THE COMPANY**
286 **PROPOSED PARTIAL-PARTY SETTLEMENT.**

287 A. The Division believes the condition in the Stipulation is in the public interest
288 and should be adopted by the Commission. Consistently during the hearings
289 we heard witnesses discuss keeping business as usual. The Division believes
290 keeping the UPAP in place for 36 months allows sufficient financial triggers to
291 incent the combined entity to continue to provide access to network elements
292 that allow CLECs to compete for customers while preventing backsliding.
293 Staff from the Division will be able to review the monthly reports filed by the
294 combined entity to evaluate if there has been degradation of service in the

295 State of Utah. Additionally, the UPAP has mechanisms built into the plan
296 that would automatically compensate CLECs when the combined entity is
297 providing service that is less than parity with retail operations. Additionally,
298 the Division agreed to support the elimination of Tier 2 payments. The crux of
299 this agreement was the understanding that Tier 2 payments originally
300 provided a way for the Commission to fund any costs associated with auditing,
301 reviewing or administering the PAP. The Division believes there are adequate
302 Tier 2 funds to cover any additional expenses incurred by the Commission
303 dealing with any PAP.

304 **Q. DOES THE PROPOSED STIPULATION ALLOW FOR AN AUTOMATIC**
305 **ELIMINATION OF THE PAP AFTER 36 MONTHS?**

306 A. No. The original QPAP did not have a sunset period. The purpose of the
307 language and time period in this agreement was to provide some certainty
308 during the merger to CLECs that performance will meet the required metrics.
309 If those requirements were not met, then the appropriate remedies would be
310 applied. The 36 months is the time period the Joint Applicants and Division
311 agreed would provide some measure of certainty. After the 36 months it was
312 never suggested or implied that the UPAP would automatically disappear,
313 instead it is the belief of the Division that elimination of any PAP must be
314 agreed by the Commission.

315 On December 15, 2009, Qwest filed a petition with the Commission asking for
316 a review and termination of the UPAP. As part of that Docket, the Division
317 worked with parties to see if there was areas where Qwest and other interested
318 parties could agree as far as modifying or terminating the current PAP. With

319 the agreed commitment by the combined entities, the Division was able to
320 ensure for CLECs that the current PAP would be enforced for an additional 36
321 months after the close of the merger.

322 **Q. THE JOINT CLECS TESTIFIED THAT ADDITIONAL PLANS ARE**
323 **NECESSARY TO PREVENT BACKSLIDING POST-MERGER. DO YOU**
324 **AGREE WITH THEIR CONCERN AND METHODOLOGY TO PREVENT**
325 **BACKSLIDING?**

326 A. The Division is concerned about backsliding and seeing deterioration in the
327 service quality of the merged entity, similar to what the Joint CLECs
328 expressed. A backsliding from current service levels would hurt the
329 competitive marketplace in Utah. The distinction between the Joint CLECs
330 and the Division's position is that the Division believes that with the current
331 PAP, R746-365 Intercarrier Service Quality, and additional market pressures
332 to compete and thrive, Qwest has the appropriate level of regulatory oversight
333 mixed with financial incentives to minimize backsliding. An additional PAP
334 would place additional burdens that goes beyond business as usual and places
335 more requirements on the combined entities than what is currently in place
336 today. Monitoring and preventing backsliding is important, but the APAP goes
337 further than the Division is comfortable accepting as being in the public
338 interest.

339 **VI. STATUS AS AN RBOC AND COMPLIANCE**

340 **Q. DO YOU BELIEVE MR. GATES' CONCERN ABOUT THE RBOC**
341 **REQUIREMENT AND COMPLIANCE IS VALID?**

342 A. No. The commitments in the Stipulation require CenturyLink to assume all
343 the obligations of a Regional Bell Operating Company and abide by all the
344 applicable laws and regulations. The Division believes this is the same
345 requirements that are applicable to Qwest currently and believe those same
346 commitments should be enforced on CenturyLink post-merger. The intent of
347 the sections dealing with compliance and status as a BOC was to memorialize
348 that understanding between the parties.

349 **VII. ADDITIONAL CLEC CONDITIONS**

350 **Q. MR. GATES DISCUSSES A NUMBER OF OTHER CONDITIONS**
351 **REQUESTED BY THE JOINT CLECS, FOR EXAMPLE, COPPER**
352 **LOOPS, DARK FIBER, FCC LANGUAGE, OR NEW RATES THAT IS**
353 **NOT SPECIFICALLY DISCUSSED IN THE STIPULATION. PLEASE**
354 **EXPLAIN THE REASON FOR THE OMISSIONS.**

355 A. Some conditions suggested by the Joint CLECs were purposely left out of the
356 Stipulation because we felt that they were applicable on a more global or
357 regional basis. A simple example of this is the copper loop issue discussed by
358 the Joint CLECs. The retirement of copper loops has been a consistent issue
359 that has been discussed and litigated in a variety of jurisdictions. Where this
360 settlement was state specific it did not seem appropriate to address many
361 conditions that would need global approval to be applicable. On page 13 of his
362 Supplemental Testimony Mr. Gates makes this same statement when he
363 suggested “[s]ettlements of other parties in other states with different laws and
364 standards should never be the sole basis for a settlement in another state with
365 different intervenors, laws and standards.” Many issues just did not apply

366 only to Utah and needed to be discussed and resolved in all of Qwest's regions.
367 Complementing the regional nature of some of the conditions was the
368 Division's position that every single condition proposed by the Joint CLECs
369 would bring a "death by 1000 cuts" to the combined entity. Each additional
370 regulatory requirement would place greater strain on the combined entity until
371 it became much more difficult for the combined entity post-merger to compete
372 in the telecommunications market. Essentially, the Division crafted an
373 agreement that provides certainty to customers, both retail and wholesale
374 customers for an adequate amount of time. This certainty allows companies
375 time to execute its business plans as they had anticipated for the short term,
376 while signaling companies that some changes and adjustments are likely in the
377 future. Those companies who are able to capitalize on those changing market
378 conditions, will be the ones who thrive and grow.

379 **VIII. CONCLUSION**

380 **Q. WHAT IS THE DIVISION'S RECOMMENDATION CONCERNING THE**
381 **STIPULATION?**

382 A. The Division recommends that the Commission approve the merger of Qwest
383 and CenturyLink and accept the proposed settlement as in the public interest.
384 The settlements outlines conditions the Division feels are necessary to keep the
385 market as close to business as usual as possible. The settlement requires
386 CenturyLink to follow the QPAP for 36 months, using Qwest's Legacy OSS
387 system for 24 months while allowing regulators and CLECs the ability to test
388 any other OSS system contemplated by CenturyLink, requiring deployment of

389 at least \$25 million to Broadband infrastructure, extending ICAs after the
390 merger, and providing reports to the Commission on integration of the
391 companies and service quality.

392 **Q. DOES THIS CONCLUDE YOUR TESTIMONY?**

393 A. Yes it does.