| In the Matter of: The | ) | Docket No.: |
| :--- | :--- | :--- |
| Joint Application of Qwest | ? | $10-049-16$ |
| Communications International, |  |  |
| Inc. and CenturyTel, Inc. |  |  |
| For Approval of Indirect |  |  |
| Transfer of Control of Qwest | ? |  |
| Corporation, Qwest | ? |  |
| Communications Company, LLC, | ? |  |
| and Qwest LD Corporation. | ? |  |

## TRANSCRIPT OF HEARING PROCEEDINGS

TAKEN AT: Public Service Commission 160 East 300 South
Salt Lake City, Utah
DATE: October 20, 2010
TIME: 5:03 a.m.
REPORTED BY: Kelly L. Wilburn, CSR, RPR

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OCTOBER 20, 2010
5:03 P.M.
PROCEEDINGS
CHAIRMAN BOYER: Let's go on the record, then we'll take appearances.

This is in PSC Docket 10-049-16, Captioned: Joint Application of Qwest Communications International, Inc. and CenturyTel, Inc. For Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company, LLC, and Qwest LD Corporation.

And specifically what we have before us today are motions filed by Integra to compel discovery and also to amend the schedule in the aforementioned afore-captioned case. So having said that, let's take appearances beginning with Integra, please.

MR. TRINCHERO: Yes, your Honor. This is Mark Trinchero, appearing on behalf of Integra, XO Communications, PAETEC, and TW Telecom.

MR. MERZ: And good afternoon, your Honor. This is Greg Merz, M-e-r-z, also appearing on behalf of Integra.

CHAIRMAN BOYER: Very well --
MR. SPANN: Good afternoon, your Honor. This is Terrance Spann, S-p-a-n-n, and I'm appearing on behalf of the Department of Defense and all other

Federal Executive Agencies.
CHAIRMAN BOYER: And would you spell that again for me, San?

MR. SPANN: S, as in "Sam," P, as in "Peter," A, as in "apple," N, as in "November," "November."

CHAIRMAN BOYER: Okay, thank you. Welcome to all of you on the telephone.

MR. ZARLING: Your Honor -- good afternoon, your Honor. This is Kevin K. Zarling, Z, as in "Zebra," a-r-l-i-n-g. I am representing CenturyLink.

MR. DUARTE: And your Honor, this is Alex Duarte, D-u-a-r-t-e, counsel for Qwest.

MR. PEÑA: And your Honor, this Rogelio Peña on behalf of Level 3. It's R-o-g-e-l-i-o, last name P-e-n-a.

MR. EVANS: And this is William Evans, local counsel, also on behalf of Level 3 Communications.

CHAIRMAN BOYER: Anyone else on the telephone?

Okay, very well. Welcome to the seven of you, as it turns out. And here we have Ms. Schmid is with us.

MS. SCHMID: Yes.
CHAIRMAN BOYER: Introduce yourself, please.
MS. SCHMID: Patricia Schmid, Assistant

Attorney General, representing the Division.
CHAIRMAN BOYER: Thank you Ms. Schmid.
MR. MECHAM: And Steve Mecham representing Utah Rural Telecom Association, simply here to observe.

CHAIRMAN BOYER: Welcome Mr. Mecham. Observe away, as they say.

Okay, I think the way we'll proceed, we've scheduled an hour for this. If we could do it sooner that would be grand for us. Give us a chance perhaps to deliberate for a few minutes and perhaps issue an order on this today, because we do have a trial scheduled for next week. Or a hearing, I guess I should say. Feels like a trial, but it's a hearing.

So let's proceed with Messrs. Trinchero and Merz, proponents of the motion, moving parties. We'll hear from them first. Then we'll hear from anyone else supporting the motion. And then from those opposing the motion. And then we'll let Integra have the final word.

So measure yourselves accordingly. I should mention that we have read the pleadings, including those that were filed as recently as yesterday, I think it was. So we've, we have read and we think we understand the issues.

So with that, Mr. Trinchero, are you going to lead out? Or Trinchero?

MR. TRINCHERO: Yes. Thank you, your Honor. First an update. I believe that the parties may have resolved the motion to compel that is pending. I spoke with Mr. Zarling earlier this afternoon, and the company has agreed -- the Joint Applicants have agreed to supplement their previous response.

We should have that supplement I think tomorrow. And that should render the motion to compel moot, although we would like to reserve the right to get back to you if in fact the supplement response is not sufficient to render the motion moot. But we do believe that that motion need not be addressed tonight.

That leaves us with the motion to amend the schedule, which at the time that we filed it was primarily based on the fact that we were receiving a great number of documents fairly late in the game, after a lengthy process of trying to get these documents in a number of states, beginning back in July.

As this Commission is aware, the Joint Applicants attempted to modify the protective order to get a level of protection for these documents that we
had never seen before. That was argued in a number of states.

And after losing that in most states the Applicants continued to refuse to provide the documents. And that led to a series of additional filings in a number of states, including the motion to compel that was ultimately filed here before this Commission.

And we still believe that it would be appropriate for the Commission to amend the schedule to allow us to supplement the testimony in light of the receipt of those documents.

In addition, since the filing of the motion to amend the schedule we've been informed that two settlements have been entered into. One between the Joint Applicants and the Department, and another between the Joint Applicants and the Office of Consumer Services.

Despite outreach by my client to the DPU prior to entering into that settlement requesting that we be involved in any settlement negotiations, we were not actually informed that settlement negotiations were ongoing.

We would like an opportunity to file supplemental testimony on the DPU/Joint Applicant
settlement. And if you have any questions I'd be happy to answer them.

CHAIRMAN BOYER: Okay, thank you.
Anyone else in favor of amending the schedule?

MR. SPANN: Your Honor, this is Terrance Spann with the Department of Defense. We would also like to join Mr. Trinchero and his clients in the part of the motion that deals with rescheduling the hearing based on the settlement agreement.

We also were not advised of this agreement. We were not wise to this. We just recently found out that negotiations had taken place and that a settlement agreement was in place. We need additional time so that we can obtain testimony and, frankly, put our position on the record.

CHAIRMAN BOYER: Okay.
MR. PEÑA: Your Honor, this is Rogelio Peña on behalf of Level 3, and we support the motion as well. And I'd like to also add another piece of argument to what Mr. Trinchero has already laid out.

In Minnesota a very similar settlement was sponsored. And the hearing was held about three weeks ago. The first week in October, I believe. And it took three days when you included cross examination on
the settlement with -- before the CLECs even had an opportunity to file testimony. And that's gonna be forthcoming, if it hasn't been already filed.

And there is another additional hearing date in Minnesota, but that would be four hearing dates. And so in terms of a practical matter, given that there is a settlement in Utah now as well, I don't know if the hearing could be -- what we have on the table right now can be addressed in two hearings days. So I'd like to mention that.

CHAIRMAN BOYER: Thank you.
MS. SCHMID: The Division has some comments in favor of the --

CHAIRMAN BOYER: Amending the schedule?
MS. SCHMID: -- motion to amend.
CHAIRMAN BOYER: Okay, Ms. Schmid, proceed.
MS. SCHMID: Thank you. In light of the circumstances, the Division supports amending the schedule to allow time for the parties to respond to the settlement.

Correspondingly, however, the Division would like a short amount of time in which to reply to those comments so the parties entering in -- and the parties and the Division and the other parties settling, if they like, can reply to those comments concerning the
settlement.
CHAIRMAN BOYER: Thank you, Ms. Schmid. We need -- I need to get a larger office, though, if we're gonna get more pleadings in this case. I've got a pretty formidable stack as it is.

Anyone else wish to speak in favor of amending the schedule?

Okay. Hearing none, those opposed?
MR. ZARLING: Your Honor, this is Kevin Zarling with CenturyLink. And I'll try not to repeat what was in our response that was filed to the motion to amend.

Taking the arguments presented by Integra in reverse order: Having to do with the settlement, they have pointed to the Commission's rule that addresses the permissive authority of the Commission to allow parties to address the settlement agreement.

And from our perspective there's no requirement to permit additional testimony. The basis or the grounds of the settlement that was filed with the Division and with OCS last week, and in particular with the Division, if you look at the wholesale commitments, those were all reflected in the testimonies that were filed by the Office and by the Division.

That is, there's nothing remarkable in the settlement that varies from what the Division, as a party, and the Office has presented in their direct testimony.

And indeed Mr. Gates, the witness for Integra and many of the CLECs, filed surrebuttal testimony already in this proceeding criticizing the Iowa settlement that the Division's witness, Mr. Clauson, had said would be an acceptable foundation for settlement on wholesale issues in Mr. Clauson's rebuttal testimony.

And so the sum and substance of the settlement that was filed with the Division on these issues of concern to the CLECs, being the wholesale commitments that the Joint Applicants are making, the CLECs have already had an opportunity to essentially address in their surrebuttal testimony.

And there, you know, there's really no reason to provide them any more additional process except for to cross examine the Joint Applicants and I think the Division's witnesses on the settlement.

On the, on the issue of the HSR documents there's really quite a bit that can be said there. The -- it is true that in the case of Utah the documents that the parties -- excuse me, that the

CLECs were seeking as to these HSR documents, they were officially produced very close to when their rebuttal testimony was due.

But it's also true that the witnesses that the Joint CLECs have sponsored for Utah and the outside counsel that they're using for Utah have had access to the vast majority of these HSR documents for many, many months.

The focus of their request to see the HSR documents has been to see the CenturyLink HSR documents. Roughly 30 out of 39 of those documents were made available to the Joint CLECs, and the same outside consultants, and the same outside counsel as long ago as July 12th, in Oregon.

Then there was a process by which the Joint CLECs, Integra specifically, were seeking to compel production of these documents in other states. And in Minnesota, as it happened, the remaining nine of the CenturyLink HSR documents were produced to them on October 1st.

And so from CenturyLink's perspective -well. From CenturyLink's perspective they -- the outside consultants and the outside counsel for Integra in this case have had access to these HSR documents for quite a long time. The totality of them
since at least October 1st, which was two weeks before their testimony was due -- their surrebuttal testimony was due here in October.

And so -- and let me add that then on October 5th, in response to a motion to compel filed by Integra on these HSR documents, on October 5th in Utah the Joint Applicants indicated that they would make available all of their HSR documents to Integra.

And so on October 5th the Joint CLECs knew that they would have access to these documents for purposes of their Utah testimony. So they had months of being able to review the majority of those documents. They had at least a couple weeks before surrebuttal testimony was due.

They knew on October 5th, more than a week before the surrebuttal was due, that they would have access to these documents for the purposes of the Utah testimony. And I think, with the level of expertise they have in their outside consultants, they could have easily added some testimony to their surrebuttal about these HSR documents.

I could go on at length about how we don't believe these HSR documents are relevant to this proceeding. There's only a very small number of the 39 HSR documents that relate to wholesale issues. In
fact there's only, by my count, I would say 6 of the 39.

And none of those, in any detail, address the wholesale interconnection type of issues that the CLECs have, have raised or have made an issue in their testimony in this case.

I guess in conclusion -- and I'd like to give Mr. Duarte an opportunity to say a few things on behalf Qwest. But in conclusion I'd say what you have is a request in front of you to toss out the two days that we have had scheduled for four months to try and address the issues in this proceeding.

And as Mr. Peña pointed out, it took additional time, longer than the parties might have expected, in Minnesota, I'm hoping that now perhaps the CLEC cross examination will be a little bit more streamlined in Utah.

But I think it would be a mistake for the Commission to, to just give up these two days that they have on the calendar, and that have been calendared for so long. That would be unfair and prejudicial, as our response the other day said.

And so if there is some need of additional testimony we've presented an alternative in our, in our response that was filed yesterday. But we
strongly object to losing these two days that we've been pointing to for a very long time.

CHAIRMAN BOYER: Thank you, Mr. Zarling.
Mr. Duarte?
MR. DUARTE: Yes, your Honor, thank you. A couple of points. One is with respect to the settlement agreement. I mean, Mr. Trinchero makes much ado about the fact that they were not involved in the settlement discussions, but certainly nobody precluded Integra or any of the CLECs to talk to the DPU about settlement.

There's been a lot of settlement discussion ongoing in many states, including my home state of Oregon, where there's been five settlement conferences. There's been global discussions and individual CLEC discussions with the Joint Applicants.

So -- and the Commission's practice has been that parties oftentimes settle out in multi-party cases all the time.

They certainly have a right to cross examine Mr. Fenn on behalf of the Joint Applicants and Mr. Coleman on behalf of the DPU at the hearing itself about that settlement. There's nothing new about that.

And certainly that's what they did in the

Minnesota proceeding when they cross examined. My understanding it was more than two hours for the Department of Commerce witness who, who settled with CenturyLink and Qwest there.

So really there's nothing -- there's really no magic about what went on with the settlement. And I'm sure the DPU and CenturyLink/Qwest are more than prepared to defend that and can do so in cross examination.

The other point I wanted to make, your Honor, is with respect to the HSR documents. Mr. Zarling went through the timeline of the documents that were produced by CenturyLink.

In this case the same witnesses, Mr. Gates, Dr. Ankum, as well as Mr. Trinchero's outside counsel in Oregon, Washington, and Utah received the confidential and highly-confidential documents from Qwest in the Washington proceeding -- which obviously are the same documents -- on June 29th.

A few more documents that were, we would say "downgraded" from the staff-eyes-only designation that we were trying to get down to highly confidential were produced on August 23rd. And finally, the last ones were produced on October 1st, and a few on October 11th.

The point being, your Honor, is that -- first of all, their focus has always been on the CenturyLink documents. But apart from that, we have produced the vast majority, I would say more than -- well, I can say more than 90 percent of the documents at issue well, well before now. In fact, back in August.

And so, while they can certainly argue that, quote, they couldn't use those documents unless they were produced in this case because of protective orders, they're the same documents. They now have them.

Their witnesses know what's in the contents. I won't get into the contents. I can assure you I've read all of the documents on the Qwest side and there's nothing regarding wholesale, and certainly nothing regarding interconnection agreements. But you don't have to take my word for it.

The point I'm making is that they've had these documents for quite some time. And they, you know, they've read those documents. They're filing testimony in Minnesota on Friday. So they have basically everything they've needed.

And they had 90 percent of what they needed months ago. And the remaining 10 percent that we fought on and gave them because of a Minnesota ruling
about a week and-a-half ago, they've had that now for about a week and-a-half as well.

So I think, again, much ado about, you know, very few documents. And it's very clear that this is just really a way to extend the hearing date and, I believe, cause prejudice to us.

The last point, your Honor, is a very practical one. I was there in June with many of the other folks, including Mr. Zarling and Mr. Fenn. And we struggled to find two consecutive dates to have this hearing back in June, because it's gonna be one that the Commissioners plus the Administrative Law Judge are going attend.

My understanding is that dates are very, very, very hard to come by. And really, between now and Thanksgiving there's one date of November 4th that would be available, and the next dates would be in mid-December. And those we have conflicts because of witness trials and hearings in other states.

And therefore the practical effect is we're gonna be into January, your Honor, if we don't have this hearing now.

Now, Mr. Peña made a point about the case in Minnesota took three days. And I would venture to guess it's because of all the cross examination that
the CLECs themselves wanted to do of putting witnesses on for -- or cross examining witnesses for four hours. We didn't get to our case until sometime the mid-morning of the third day. That was their own doing. But the point is, even if somehow we couldn't finish in two days -- which I hope we can -- that's certainly not a reason to go ahead and trash these two days, because now we're gonna have to find three days.

And I can assure you, your Honor, that if we have to get three days from scratch it's gonna be into January. And that would really prejudice the parties quite a bit. So I think from a practical standpoint I think that we should go forward on Tuesday and Wednesday of next week.

If your Honor believes that, say, we need additional time for the process we suggest that we come back on November 4th, finish it up, go to briefing, and then we can get on with it. So we think that's a very practical solution.

CHAIRMAN BOYER: Thank you, Mr. Duarte. Anyone else wish to speak against amending the schedule?

MR. SPANN: Your Honor, this is Terrance Spann again. I just have one other additional point that I would like to raise. That is the fact that we
talked about the two agreements that have been reached, the two settlement agreements. There's also a third one as well, and it's with the Salt Lake Community Action Program.

And again, this is one that we were not brought in on. We didn't know anything about this. It certainly would have been in the public interest for the other parties, particularly the Division, to have considered us. Thank you.

MR. DUARTE: Your Honor, this is Alex Duarte. If I could just very briefly just state that we did file a third settlement agreement with the Salt Lake Community Action Program. Those issues really had to do with Lifeline and things of that nature.

All retail. Nothing wholesale. Nothing that Mr. Spann's client, the Department of Defense, would be interested in, given their role as an enterprise-type of customer and given the testimony.

So really I think the focus that has been brought by Integra in its motion is solely to the Division of Public Utilities' settlement and not to the Consumer Services or the SLCAP settlement. Thank you.

MR. SPANN: Your Honor, without getting into arguing the merits of the case, my clients are
enterprise customers as well as small business customers who buy services in many different ways throughout the State.

And one of our concerns in this case is with the shifting of burden which it would cause with respect to this merger. And by taking people out of the pie, that leaves a larger share of us to take up those responsibilities. But we are comparably divergent. Thank you.

CHAIRMAN BOYER: Thank you. We want to give the moving parties an opportunity for the last word, and the Commissioners may have some questions. I know I have a couple of questions as well. So why don't we hear your final statements from Integra and the other parties who favor amending the schedule first, we'll ask our questions, and then see where we go from there.

MR. TRINCHERO: Thank you, your Honor. This is Mark Trinchero. Just a couple of points. First, on the settlement agreement, the Joint Applicants have said this should be no surprise to us. There was an Iowa settlement that was mentioned in the DPU's testimony.

However, the settlement that was entered into with the DPU is not the same as the settlement in the

Iowa case. And the parties should be allowed an opportunity to file supplemental testimony on that. We have no objection to the DPU's request to file responsive testimony to that as well.

As to the HSR documents and whether or not we could have addressed them in our testimony that was filed last week, we could not actually address them in a timely manner in that testimony. There's been a lot of characterization of how many documents have been produced along the way. And it is true that in various states dribs and drabs have come in over time.

However, there were still numerous documents that we didn't receive until very recently. And under the protective order in the Minnesota docket those documents that we received October 1st or thereabouts could not be used to -- be referenced in any way in the testimony that was filed last week, and therefore we do think it is appropriate to have an opportunity to address those documents.

Finally, there was quite a bit of discussion of prejudice in moving the hearing dates. However, I would simply point out that this transaction cannot close until the last of the State and Federal approvals are delivered.

And the Washington Utilities and

Transportation Commission does not have hearings scheduled until the second week of January, and briefs in early February. So even if we were to move this hearing back into December, this Commission would certainly not be the last in line and there would be no delay prejudice to the Applicants.

I'd like to reserve a couple of minutes for Mr. Merz if he has any additional comments in support of the motion.

MR. MERZ: Thank you. I don't know that I have anything further to add. I think our position has been very well articulated by Mr. Trinchero, and so I'm satisfied that our position has been made known.

CHAIRMAN BOYER: Okay. Thank you, Mr. Merz.
Let's turn now to the Commissioners.
Commissioner Allen, have you any questions?
COMMISSIONER ALLEN: I do. Thank you, Mr. Chair.

Having read the pleadings up to this point, and then of course these motions to amend the schedule notice, I'm looking at -- and I'm listening to what's been said today in your summaries and I hear a number of what ifs from both sides of the issue -- from both parties, and maybes, and concerns. And I certainly
understand how those are important.
I guess what I would like to have is, from Integra first of all, just to hear if you can distill your concerns that you've already vocalized into a few sentences, hopefully, that can tell me how your firm is gonna be directly harmed by keeping the schedule.

MR. TRINCHERO: Yes, your Honor, this is Mark Trinchero. We will be harmed in that we will have no opportunity to put into written testimony our concerns with the deficiencies in the settlement agreement between the DPU and the Joint Applicants.

That settlement agreement purports to take care of wholesale issues, concerns that my clients have with the merger, and the risks that the merger creates for my clients. And we think it is woefully inadequate and would like to be able to put on testimony.

We do not believe that simply doing this through cross examination will give a complete record on that issue. Furthermore, on the HSR documents, these documents are documents that relate to planning that may or may not have yet happened.

We've done a lot of discovery in this case. And a lot of what we have heard from the Joint Applicants is, as to OSS for example, no plans have
been made as to what the Applicants will do with their operating systems that interface directly with my clients.

And yet some of these documents, at least in their descriptions as we were trying to get our hands on them, indicated that, indeed, some planning had been made. So we were trying to get at that. These are not just discrete issues that are addressed in these HSR documents.

The HSR documents, we believe, support a number of our arguments littered throughout the testimony. And therefore it would be helpful to the Commission, we believe, to have that addressed in supplemental testimony.

COMMISSIONER ALLEN: This is Commissioner Allen again. As a follow up then, does the proposal this evening to have the third day of hearings, if necessary, moved into November, does that mitigate your concerns at all? To have an extra day that's out there a ways?

MR. TRINCHERO: Your Honor, the prejudice that would occur for my clients would be the need to bring their witnesses out two different times.

If, in fact, the Commission were to go forward with hearings next week on non-wholesale
related issues, where counsel and witnesses for my clients did not have to travel to Utah, and we moved all of the wholesale issues to another date, that would certainly address our concern about undue cost.

For example, in the Minnesota docket the settlement was arrived at really on the eve of the hearing. The hearings went forward. And then the parties had -- are now forced to go back for an additional day of hearing.

That means flying in the witnesses. Flying in counsel. The cost to my clients goes up quite a bit in order to do that. So we would prefer to keep the hearings all together, or at a minimum to keep all of the wholesale issues together.

COMMISSIONER ALLEN: Thank you. This is -- I just have one more question, Mr. Chairman, if you don't mind.

And in fairness, this is a -- for CenturyLink and for Qwest, a similar question. How are you directly harmed by moving the schedule? I know I've heard a lot of issues here. Now, again, I know you probably feel like you've stated these. But I'd like you to distill them, if possible, to a short notice of harm here. How are you gonna be harmed if we move the schedule.

MR. DUARTE: Yes, your Honor, this is Alex Duarte. And I certainly -- if Mr. Zarling has a few things to say I'd ask your indulgence to allow him as well. But, you know, here's our problem: We are having hearings back to back to back to back.

You know, we filed our case way back -- well, we filed our application back in May. Since then the Interveners have filed upwards of six to seven hundred pages of testimony. You know, clearly we have cases throughout the country, throughout the region, both on the East Coast and in the Western part of the country.

And what's gonna happen is we're gonna keep on running into conflicts and dates going into January. And while Washington is the last state, nevertheless, the more delays that we have the more that it's going to push everything out.

You know, one of the things that Mr. Trinchero mentioned was the fact that they may have to fly witnesses in for a second day of hearing or a third day, you know, at a different date.

I mean, this is coming from parties who have filed over 500 pages of testimony just from two expert witnesses, who I presume are billing 250, 300 dollars an hour. And to say that, Well, the cost of having to, you know, have an extra day of hearing -- which
you're gonna have to have anyway -- and having to fly in to Salt Lake City for an extra time, really it doesn't have much credibility.

So I really feel that, you know, it's gonna be very difficult. I think we're gonna be talking into mid-January or so by the time we have a hearing. And given all the other proceedings that are going on, plus the delays that have been sought -- including in my home state of Oregon -- we're gonna just get jumped up and we're gonna be into February and March for hearings and briefing. And I think that's just unacceptable.

COMMISSIONER ALLEN: Thank you.
MR. ZARLING: Your Honor, this is Kevin Zarling for CenturyLink, and I'd just really echo what Mr. Duarte said. It really kind of comes down to what is really, you know, what is really going on here. Which is -- this is not about due process.

This is not about giving Integra really more of an opportunity to address the issues that they want to address. Because, you know, quite frankly it should be very clear that they're not happy with anything less than the commit -- the conditions that they have suggested in their testimony.

And so I think, you know, giving them an
opportunity to talk about the settlement agreement, for example, is just gonna be an opportunity for them to repeat the same arguments they've already made.

And so it really just kind of comes down to this is a strategic gambit by Integra. They would like to delay the proceeding. And they would like to use that to provide more leverage in the negotiations that are ongoing between the parties. And should just make that point clear.

There have been settlement discussions. They're occurring on a multi-state basis. And just because they weren't brought in specifically for Utah doesn't mean there haven't been discussions. With that, I think Mr. Duar -- I'll just say Mr. Duarte covered the primary, primary points we would -CenturyLink would want to make.

COMMISSIONER ALLEN: Thank you. Those are my questions.

CHAIRMAN BOYER: Commissioner Campbell has some questions.

Let me start where you just left off. As I look at the Oregon order delaying their hearing dates they mention a couple of reasons why they do that. And one of those is to encourage parties with differing interests to seek to resolve their interests
in a mutually-satisfactory manner.
Why would that reason not apply in Utah?
MR. DUARTE: Your Honor, I can answer that question. I'm counsel for Qwest in Oregon. And in Oregon, your Honor, we have had five settlement conferences. I will not disclose settlement discussions, but we've made a lot of progress. And we're -- we have another hearing -- our last settlement conference tomorrow morning that was rescheduled for Monday once the hearing was pushed off.

And we are very hopeful that we're gonna be able to settle, at least with the staff. And we've made a lot of progress there. And so whether we'll be able to settle with the CLECs at this point, I don't know.

We'd like to. We've spent a lot of time one on one in Oregon and other places as well. And so I think -- and I certainly won't speak for Judge Arlow. But I get the impression that because of the progress that has been made with five settlement conferences, and progress we've made -- we're making on the retail issues with the PUC staff, and they had six witnesses that filed testimony, that that may have been one of the things that drove Judge Arlow to push the hearing
off till December 1st and 2nd.
COMMISSIONER CAMPBELL: I guess I'd be interested in -- you mentioned that you're having multi-state settlements with the CLECs. Clearly we, as a Commission, don't want to be put through three days of hearings if you're gonna settle this a couple weeks after we have our hearings. And so I guess I'd be interested from the parties if that's a real possibility.

MR. DUARTE: Your Honor, again, this is Alex Duarte. If I could just sort of speak on behalf of the Joint Applicants. I agree with what you're saying. I think in many ways that the more delay that happens, the less incentives the parties have to finally reach settlement.

And again, I won't disclose how many discussions have been happening from a company-to-company basis, but they have had those discussions in multiple states.

And so the concern I have is that if you push off Utah, just like Judge Arlow pushed off Oregon last Friday, then we won't be making the same kind of progress that we make. But if the hearings are on track, that obviously gives everybody an opportunity to sit down and really kind of make concessions where
they have to be made.
And again, $I$ won't get into anything substantive. But $I$ just feel that, that having that hearing will, in fact, help settlement and not hinder it.

MR. TRINCHERO: Commissioner, this is Mark Trinchero. If I might address that point. That strikes me as absolutely counterintuitive. I believe Judge Arlow rightfully concluded that additional time for settlement discussions between the parties would be fruitful. We agree that additional time for settlement discussions between the parties may prove fruitful.

And here in Utah we were not included in the settlement discussions. We would hope that if the Commission, in fact, pushes back the hearing dates we might have a greater opportunity to reach a settlement in Utah as well and obviate the need for a hearing at all.

MR. DUARTE: Your Honor, if I could just respond just with 30 seconds. There's nothing Utah specific about these settlements. The conditions that -- the 30 conditions of the Joint CLECs, plus the other 8 or 10 that Level 3 and that one other party -I can't remember what other party -- have done are all
basically region-wide.
And so there's nothing about Utah -- if we're able to be settle, we're gonna be able to settle globally. And so I don't think that -- I don't want you Commissioners to get the wrong impression that somehow, you know, that by delaying things it's gonna help obviate the need for a hearing in Utah.

COMMISSIONER CAMPBELL: Let me ask a question as it relates to how this would appear from Utah's perspective. I understand that the Company is opposed to a most-favored-nation-type clause. Tell me why the State of Utah and its customers and economic environment would be helped by going first rather than going, say, towards the end of the process.

MR. DUARTE: Well, your Honor, first of all, Utah wouldn't be going first. There has been -- there was a hearing in Nebraska. I believe there was a hearing in Iowa. There was obviously a three-day hearing in Minnesota.

So I would put Utah -- and Oregon would have gone today and tomorrow, had the motion to delay the schedule not been successful. So I think Utah is really kind of in the middle of the pack there. And we have a couple that are just coming back to back as well in Arizona and Colorado.

So I don't think that there's any harm at all to Utah. And, you know, one thing I want to note here, your Honor, is that Qwest and CenturyLink have really made strides to try to settle as much as possible. And, in fact, sat down and made some very big commitments to the Division of Public Utilities because we are motivated to settle.

So I think that the benefits that have been given -- proposed in the settlement that we hope you will accept and approve shows that Utah is not going to be left behind whatsoever.

MR. ZARLING: Your Honor, this is Kevin Zarling, and to try and address that from a different angle. Again, we have settled with the DPU and the OCS, and we think those are fair settlement terms.

You know, the real issue I think is with Integra and the CLECs, and whether or not they're gonna get, I suppose, as good a deal as they might get in -- would get in Utah as they would get in other states.

And as Mr. Duarte pointed out, really engage in sort of multi-state discussions with them. But on the broader point of an MFN or, you know, similar terms, it would try and bring the provisions that are committed to in other states.

You know, the reason why we generally don't like to have those commitments or those kind of MFN provisions is simply because it's very difficult to know what, what you're gonna end up with in another state, and whether it is transferable to a particular state.

There's a number of differences in terms of how we negotiated these things in, say, some of the CenturyLink states, and whether those can be portable to Qwest and so forth. So, you know, in many ways we do try and also negotiate on a multistate basis, due to processes occurring at the FCC.

And generally speaking, what comes out of that is gonna be applied to all states. And so in that way we feel the parties do get kind of like the best of all worlds when they participate in the FCC proceeding, which most of the, most of the CLEC parties in this case are doing.

So just wanted to touch on that.
COMMISSIONER CAMPBELL: Thank you. I think I just have two more questions. And one is, I'd like to hear CenturyLink and Qwest's response to the idea of putting all the wholesale issues at a later date. Would we have, would we have two days of hearings on the other issues next week?

MR. DUARTE: Your Honor, this is Alex Duarte. And that idea was bandied about last Thursday at the hearing in Oregon. Ultimately the judge I believe said it just would not be that workable. And you have to remember that in Oregon we actually have not yet settled with the staff. And they have six witnesses.

And so you could have -- if there's anyplace that you could have made an argument that would kind of work, it would be in Oregon, because we could have dealt with the retail issues, the kind of conditions that the staff there was, was proposing. The financial issues, and all that.

But given that we've already settled with the equivalent of staff -- with the DPU and with the other governmental agencies -- the state, local agencies, I think that would be very unworkable. Other than perhaps, I guess, the CLECs attacking the settlement on the non-wholesale issues.

But really, what really drives this case -and if you've had time to review the Minnesota transcript you'd see that, you know, what really drives this case, 75 percent of it or more, are the wholesale issues brought by the CLECs.

And not the -- what I would call the retail issues or the financial issues, which I think for the
most part neither the CLECs nor the staffs have had a lot of objections to.

So I think -- I mean, obviously we would prefer that rather than, you know, not having anything. But we think that just because they don't want to fly in a couple of people a second time -- and it really would only be one or two witnesses.

And presumably one witness to testify on the HSR -- the Hart-Scott-Rodino document. Really that, to me, doesn't make sense. But obviously, you know, if the Commission wants to proceed that way, you know, we'll obviously do what the Commission wants us to do.

COMMISSIONER CAMPBELL: Well, let me ask a final question on the HSR documents. I've heard from CenturyLink/Qwest that it's 10 percent of the documents. I've heard from the Moving Parties that they're numerous.

Can someone -- and based on that I have no idea and it's hard to make a judgment whether two weeks is sufficient or not. Can someone tell me how many pages are in those documents, and compare that to how long it took during the case to review that number of pages previously?

MR. TRINCHERO: Yes, Commissioner. This is Mark Trinchero. We did a count because the ALJ in the

Oregon case had a similar question. And as to not-previously-produced documents, on the Qwest side it was over 1,500 pages. And on the CenturyLink side it was an additional 350 pages.

So we're talking about close to 2,000 pages of new material that had not been previously produced. So --

MR. DUARTE: Your Honor, can I --
MR. TRINCHERO: -- while that may be 10 percent --

Mr. Duarte, can I finish, please?
MR. DUARTE: I thought you were done, I'm sorry. I asked for permission. Sorry.

MR. TRINCHERO: Thank you.
So while that may, you know, be 10 percent of the total, it's still quite a bit of documents to cover.

COMMISSIONER CAMPBELL: Okay. Qwest?
MR. DUARTE: Yes, your Honor. First of all, as I mentioned, the vast -- I think there are 1,500 documents -- or pages of documents. First of all, none of it -- and I've reviewed every single page, and they're mostly PowerPoint and financial decs about financial issues, and whether it makes sense for Qwest to accept a merger with CenturyLink, other merger
partners, things of that nature.
The point is, though, that we produced -while we produced 15 -- we produced all the documents recently because we had already previously produced some. They have had more than 90 percent of the documents for at least a month and-a-half.

Really the only documents that were being fought about that they saw for the very first time were the documents that were produced on October 1st -- so that's almost three weeks now -- in Minnesota. And again, it was a very small document. And really the focus has been on the CenturyLink documents.

COMMISSIONER CAMPBELL: Mr. Duarte, you just confused me again. You said they had over 90 percent of the documents. Was that part of this 1,500 pages, or is the 1,500 pages part of the 10 percent?

MR. DUARTE: Yes, your Honor. We gave them the stack of all the documents at once, even though we had previously produced a bunch of documents, just because we knew it was gonna be too hard to figure out, you know, which ones to recopy. So we gave them all of them.

But more than 90 percent of those documents had been --

MR. ZARLING: Commissioners.
MR. DUARTE: -- produced to them in Washington State back in, in June, and July, and August. So they've had that -- those documents for a long, long time.

Moreover, your Honor, they are filing testimony this Friday in Minnesota on the HSR documents. The last of which they received on October 1st, three weeks ago. So they have had all these documents, most of them, for several months.

The last remaining documents they've had for three weeks. And while we produced it two weeks ago, October 8th, in Oregon, they've had all those documents beforehand. And it's the same witnesses and the same attorneys.

So 1,500 sounds like a lot. And it, you know, is a lot, obviously. But really it's a misleading number, your Honor.

MR. ZARLING: Your Honor, this is Kevin Zarling for CenturyLink. If I could just add a little bit?

COMMISSIONER CAMPBELL: Go ahead.
MR. ZARLING: Thank you. Mr. Duarte stated earlier -- I think I did too -- the real focus in all the states has been on gaining access to the

CenturyLink documents. In some states Integra has only moved to compel the production of the CenturyLink HSR documents.

And there's really only -- there's really nine documents that were produced on October 1st. And of those nine documents, only one of them was related to wholesale issues. That one document was 12 pages, and it was a PowerPoint.

And none of those pages have anything to do with wholesale interconnection issues. They have to do with wholesale issues such as switched access, special access, prison pay phones, that kind of wholesale issue.

And so I'll be very interested to see what, what gets filed in Minnesota tomorrow. As Mr. Duarte mentioned, they're filing their HSR testimony tomorrow.

So the CLECs are in a position to very quickly, if there's any additional time needed, to file some testimony on these HSR documents along the lines of the alternative that we proposed. And -- you know, in our response -- take an extra day to deal with these HSR issues.

And just as a final point, to reiterate I think what Mr. Duarte was saying, really what's left
in this case are the wholesale issues. And so we ought to take these two days that we have coming up this week to try and deal with those.

CHAIRMAN BOYER: All right, thank you. I'm just -- because of the lateness of the hour I'm just gonna focus on the practical side of this. And don't read anything into my questions.

But one of the date -- if we were to amend the schedule, one of the dates recommended or suggested was December 13th. It turns out we have already a hearing scheduled in another case on that day.

Later in the week, however, we might be available. So my question is, is it even feasible to gather up all of the lawyers and all of the witnesses and spend a couple of days in Utah hearing this thing later in the week of December 13th? Do you --

MR. DUARTE: Your Honor, this is Alex Duarte. And we had a footnote, and maybe we should have made it more prominent. That's not gonna be possible because our main wholesale witness -- who was on the stand for three and-a-half hours in Minnesota -- is Michael Hunsucker. And he is testifying that week in a trial in Virginia Federal Court.

And also my co-counsel, Mr. Zarling, I
understand has a two-day Texas -- hearing before the Texas PUC. So right there -- and that's the problem with moving these dates is, you know, back in June people could set their schedules four months in advance.

You know, dates are already being booked for December, and November, and clear into January, so that's part of the problem. But that week would not work at all. So now we're into past Christmas.

CHAIRMAN BOYER: All right. We're gonna take a short recess. And if you'll bear with us, we'll be back in five or ten minutes.
(A recess was taken from 5:55 to 6:06 p.m.)
CHAIRMAN BOYER: Okay, let's go back on the record. Inasmuch as the Moving Parties have withdrawn their motion to compel we won't deal with that issue at this point in time.

With respect to motion to amend the schedule this will be our ruling: We're going to have the hearing in chief on October 26th and 27th. We will give the parties, particularly the CLECs, until the close of business on the 28th of October to file written testimony responding to the HSR documents and the DPU settlement.

We will give Qwest and CenturyLink till the
close of -- and anyone else who wants to weigh in as well, till the close of business on November 2nd to file any written responses that are necessary.

And then, to the extent necessary and if the parties desire it, we will hold a hearing on those remaining issues -- the HSR documents and the DPU settlement, if any -- on November 4th, beginning at 9 a.m. I think that's a date that's been previously cleared with all the parties and us.

Any questions?
MR. DUARTE: Your Honor, this is Alex Duarte. You were kind of -- at the beginning kind of coming in and out.

So we are gonna go forward then next Tuesday for two days, and then we have this additional process coming back on November 4 th with testimony on the data that you mentioned; is that correct?

CHAIRMAN BOYER: Yes, if necessary. We're gonna schedule it. We're gonna make sure that that day is sacred. To the extent something happens in the interim or there's a global international settlement or something, you know, you'll be sure to let us know, I hope.

Thank you all for your participation.
(The hearing was concluded at 6:09 p.m.)

## C E R T I F I C A T E

STATE OF UTAH
COUNTY OF SALT LAKE

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This is to certify that the foregoing proceedings were taken before me, KELLY L. WILBURN, a Certified Shorthand Reporter and Registered Professional Reporter in and for the State of Utah.

That the proceedings were reported by me in stenotype and thereafter caused by me to be transcribed into typewriting. And that a full, true, and correct transcription of said proceedings so taken and transcribed is set forth in the foregoing pages, numbered 1 through 45, inclusive.

I further certify that I am not of kin or otherwise associated with any of the parties to said cause of action, and that I am not interested in the event thereof.

SIGNED ON THIS 31st DAY OF October, 2010.

Kelly L. Wilburn, CSR, RPR Utah CSR No. 109582-7801
(October 20, 2010 - PSC - QWEST/CENTURYTEL - 10-049-16)


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