

October 4, 2010

**VIA ECFS**

***EX PARTE***

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

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

Dear Ms. Dortch:

Integra Telecom, Inc., through its undersigned counsel, hereby submits in the above-referenced docket the attached letter from Representative Raúl M. Grijalva of Arizona to Chairman Genachowski regarding the proposed CenturyLink-Qwest transaction. In his letter, Representative Grijalva urges the FCC to postpone a final decision on the proposed transaction until the Arizona Corporation Commission has had an opportunity to complete its own review and share its recommendations with the FCC.

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

Respectfully submitted,

*/s/ Thomas Jones*

Thomas Jones

Nirali Patel

*Counsel for Integra Telecom, Inc.*

Attachments

Marlene H. Dortch

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cc (via email): Commissioner Michael J. Copps  
Commissioner Robert M. McDowell  
Commissioner Mignon Clyburn  
Commissioner Meredith Attwell Baker  
Zac Katz  
Jennifer Schneider  
Christine Kurth  
Angela Kronenberg  
Brad Gillen  
Nick Alexander  
Alex Johns

RAÚL M. GRIJALVA  
7TH DISTRICT OF ARIZONA

COMMITTEE ON NATURAL RESOURCES  
Subcommittee on National Parks, Forests and Public  
Lands, Chair  
Subcommittee on Water and Power

COMMITTEE ON EDUCATION AND LABOR  
Subcommittee on Workforce Protections  
Subcommittee Early Childhood, Elementary and  
Secondary Education

CONGRESSIONAL PROGRESSIVE CAUCUS,  
Co-Chair



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September 30, 2010

The Honorable Julius Genachowski  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> St. SW  
Washington, DC 20554

**Re: WC Docket No. 10-110**

Dear Chairman Genachowski:

The FCC currently is reviewing a transaction of great importance to the citizens in my state – CenturyLink's proposed acquisition of Qwest. The Arizona Corporation Commission (ACC) is also undertaking a thorough examination of the proposed transaction. As I am sure you will agree, state public service and utility commissions, including the ACC, play an important role in reviewing transactions such as this one to ensure that the interests of the citizens in their respective states are protected.

The ACC's review process is just underway. A number of parties, including the Communications Workers of America (whose written direct testimony I am attaching to this letter), have raised many specific concerns about the impact of this transaction on working families, consumers and businesses in Arizona. According to the schedule proposed by the ACC, its proceeding is not likely to conclude until after the first of the year. It is my hope that the FCC will not issue a final decision on this transaction until the ACC has had an opportunity to complete its review proceeding and share its recommendations with the FCC.

Sincerely,

  
Raúl M. Grijalva  
Member of Congress

cc: Commissioner Michael Copps  
Commissioner Mignon Clyburn  
Commissioner Meredith Atwell Baker  
Commissioner Robert McDowell

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6 Attorneys for Intervenor CWA

7  
8 **BEFORE THE ARIZONA**  
9 **CORPORATION COMMISSION**

10 IN THE MATTER OF THE JOINT  
11 NOTICE AND APPLICATION OF  
12 QWEST CORPORATION, QWEST  
13 COMMUNICATIONS COMPANY,  
14 LLC, QWEST LD CORP., EMBARQ  
15 COMMUNICATIONS, INC. D/B/A  
16 CENTURYLINK COMMUNICATIONS,  
17 EMBARQ PAYPHONE SERVICES,  
18 INC. D/B/A CENTURY LINK,  
19 AND CENTURYTEL SOLUTIONS,  
20 LLC, FOR APPROVAL OF THE  
21 PROPOSED MERGER OF THEIR  
22 CORPORATIONS QWEST  
23 COMMUNICATIONS  
24 INTERNATIONAL INC. AND  
25 CENTURYTEL, INC.

Docket Nos. T-01051B-10-0194  
T-02811B-10-0194  
T-04190A-10-0194  
T-20443A-10-0194  
T-03555A-10-0194  
T-03902A-10-0194

**PRE-FILED DIRECT TESTIMONY  
OF JASPER GURGANUS OF  
BEHALF OF THE  
COMMUNICATIONS WORKERS OF  
AMERICA (CWA)**

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

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

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

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

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

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

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

20 A. CWA is an international union representing 14,327 workers in the state of  
21 Arizona who are also consumers. Also, 2,128 of our members in the state are  
22 employed by Qwest. CWA holds a collective bargaining agreement with Qwest  
23 covering the terms and conditions of employment of those workers. CWA is

1 vitally concerned with the outcome of this proceeding because our members and  
2 their families will be affected by the merger as workers, consumers and residents.  
3 Indeed, this transaction could adversely affect the economic health of the state  
4 and their local communities.

5 **Q. What is the scope of your testimony?**

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

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

14 A. On July 19, 2010, CenturyLink and Qwest sent a joint proxy statement /  
15 prospectus to their stockholders. Attached as Schedule JG-1 are excerpts from  
16 that document, which I will refer to as "Prospectus." In the Prospectus,  
17 CenturyLink lists two general categories of risks associated with integration:

- 18 • "CenturyLink expects to incur substantial expenses related to the merger"  
19 which includes integration-related expenses. Prospectus, p. 16.
- 20 • Following the merger, the combined company may be unable to integrate  
21 successfully the businesses of CenturyLink and Qwest and realize the  
22 anticipated benefits of the merger." Prospectus, p. 17.

23 CenturyLink lists some of the many systems that must be integrated  
24 including "billing, management information, purchasing, accounting, finance,  
25

1 sales, payroll and benefits, fixed asset, lease administration and regulatory  
2 compliance.” Prospectus, p. 16.

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

5 While CenturyLink has assumed that a certain level of transaction  
6 and integration expenses would be incurred, there are a number of  
7 factors beyond its control that could affect the total amount or the  
8 timing of its integration expenses. Many of the expenses that will  
9 be incurred, by their nature, are difficult to estimate accurately at  
10 the present time.

11 Prospectus, p. 16.

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

18 **Q. Do you agree with CenturyLink that there are risks associated with the**  
19 **proposed transaction?**

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

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

1 A. When it was acquired by CenturyLink, Embarq had operations in 18 states.<sup>1</sup>  
2 From information that was reported to me by CWA members who are employees  
3 of CenturyLink, it appears that only two of those states – Ohio and North Carolina  
4 – have been converted to CenturyLink systems from Embarq systems. Beginning  
5 in July of this year, I have engaged in an ongoing series of interviews and  
6 conversations with CWA local union leaders in those two states. As a result, I  
7 have been made aware of the sorts of difficulties being experienced during the  
8 transition. The conversion in Ohio was largely completed in October of 2009.  
9 North Carolina began its conversion earlier this year, in May of 2010.

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

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

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

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

3 A. Yes. According to the interviews I conducted, workers are being dispatched to  
4 incorrect locations for service. One interviewee from North Carolina reported to  
5 me that the new dispatch system is sending residential Installation and Repair  
6 (I&R) technicians to business sites. Once there, the I&R tech obviously has to  
7 call in to have the work order referred to a business systems technician. This  
8 keeps the customer out of service longer or delays the start up of the new service.  
9 According to the reports I received, the additional delays have lasted at least one  
10 day.

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

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

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

19 A. Yes. CenturyLink's software that drives the dispatching and assigning is  
20 apparently very different than the systems the former Embarq technicians are  
21 accustomed to. For example, an interviewee in North Carolina explained that  
22 under the Embarq systems, technicians were given information about the cable  
23 pairs and the binding posts they were supposed to connect to. The software

1           figured that out ahead of time so that the tech would arrive at the job site knowing  
2           exactly what had to be done. Under the new system, nothing coincides. Often  
3           information about the binding posts is not given or the wrong information is  
4           given, which causes additional delay to get accurate information.

5           Other techs reported that the CenturyLink system uses codes and layouts  
6           that are confusing and different from the type of information provided by the  
7           Embarq systems. For example, some of the work orders generated by the new  
8           system have some coding at the bottom that the techs cannot translate. Other  
9           work orders don't have enough information for the tech to understand the job that  
10          is being assigned. When they call in for information, it is clear the people in the  
11          center are looking at different fields on their computers than what appears on the  
12          computers in the technician's trucks. Needless to say, this makes it difficult to  
13          have a conversation about the problem, and it causes unnecessary delays in trying  
14          to solve the problem and serve the customer.

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

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

22       **A.   Yes. I interviewed a service center assistant at the CenturyLink center in North**  
23       **Carolina. Prior to the conversion, the center handled both programming and**

1 assignment work. Programming work involves getting into the switch and  
2 programming features the customer has requested on the line. This would include  
3 basic dial tone as well as enhanced features like DSL. Assignment involves the  
4 physical features, the facilities, that the techs will work on. The center handled  
5 work from all 18 Embarq states. Techs would call in with either programming or  
6 assignment questions, and the center workers could handle both. The former  
7 Embarq system allowed them to see everything they needed to support the techs –  
8 they could see the physical assignment and the programming at the same time.

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

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

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

22 **A.** Yes. Calls from techs get backed up because the workers in the center are trying  
23 to get the correct information from different sources. Also, the center is now

1 handling two new states – Alabama and Georgia – and they both use different  
2 switches, so the programmers have to learn the new equipment. All of this  
3 means that the pace of work has slowed down. I was told that the service center  
4 assistants used to handle 50 to 60 calls a day, but that each call is now so time-  
5 consuming that the load has been cut in half.

6 **Q. Are there other indications that the new computer systems are not working**  
7 **properly or are not fully integrated?**

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

15 Obviously, the troubles our techs are experiencing with the systems also  
16 have an impact on consumers. For example, one tech reported a problem with the  
17 way an outage at a concentrator (a piece of equipment that serves multiple dial-  
18 tone or data lines from one large cable) was reported. Prior to the merger between  
19 Embarq and CenturyLink, if a concentrator went down, the business office would  
20 issue an outage ticket that would alert people throughout the system that there is a  
21 known outage in a specific area. That meant when customers called to report the  
22 outage, the customer service representatives would be able to tell them the  
23 company knew about the outage, that it was being worked on, and even an

1 estimated time the service would be restored. Under the new system, the business  
2 office can take a trouble report, but it is not issued as an outage report, so our  
3 customers cannot be told that we may already be working on the problem or when  
4 their service might be restored.

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

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

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

18 A. One of the techs from North Carolina mentioned that some of the new systems  
19 require a lot of manual override. For example, the new CenturyLink systems are  
20 not able to provide the type of information that is required for new fiber-to-the-  
21 curb installations. The new systems cannot assign the pairs for connection. That  
22 means that this has to be done manually which takes additional time – delaying

1 the installation for the customer and, of course, unnecessarily tying up the tech on  
2 that job which delays his ability to move on to the next customer who needs help.

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

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

16 While these problems are not being caused by CWA’s members out in the  
17 field, our front-line workers are hearing directly from customers about their  
18 complaints of poor service. These complaints reflect how integration difficulties  
19 impact on service quality. Customers are complaining to our techs about long  
20 times spent on hold, being transferred multiple times until they find someone who  
21 can deal with their problem, installation and service appointments not being kept,  
22 finding someone at CenturyLink who can address DSL problems, or even give  
23 them accurate information about DSL availability to their home. For instance,

1 one of our techs in North Carolina reported that a neighbor of his called  
2 CenturyLink and was told that he could not get DSL at his home. The tech knew  
3 this was wrong because he had DSL at his house. So the tech called CenturyLink  
4 (connecting to a representative in Maryland) and was told the same thing. When  
5 he said that he already had DSL, the CenturyLink rep just hung up on him. I  
6 don't blame the customer service representative, I blame the computer systems  
7 the rep is relying on to provide accurate information.

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

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

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

19 It also appears that one of CenturyLink's solutions is just to require people  
20 to work longer hours to deal with the backlog of work created by improper  
21 dispatch, inaccurate information, and inefficient systems. CWA members in  
22 Ohio and North Carolina have been placed on mandatory overtime.

23

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

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

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

19 Other problems stem from the different methods and cultures of the two  
20 companies. For example, DSL has been a nightmare. The Century techs and the  
21 Embarq techs speak different languages and have different procedures. In areas  
22 where the service areas are nearby, Century techs were assigned to work on  
23 former Embarq DSL lines. But they did not understand Embarq's procedures and

1 terminology, and made so many mistakes, that Embarq techs had to be called in to  
2 redo the work.

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

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

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

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

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

6 **Q. Do you believe the issues raised by workers in Ohio and North Carolina**  
7 **have implications for Arizona?**

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

13 The problems experienced by Embarq workers in Ohio and North Carolina  
14 have clear implications for the integration envisioned by the proposed merger  
15 with Qwest, nationally and also in Arizona. In Arizona, more than 1.4 million  
16 retail access lines will be transferred over to a company that has never operated in  
17 the state.<sup>2</sup>

18 We are concerned that without a proper assessment of the systems,  
19 without adequate training and supervisory support, and without commitments to  
20 maintain employment levels, our members employed by Qwest in Arizona may  
21 experience many of the problems our members in Ohio and North Carolina have  
22 experienced. And when our members experience problems such as I have  
23 described here, it means that consumers are experiencing problems.

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<sup>2</sup> From [www.centurylinkqwestmerger.com](http://www.centurylinkqwestmerger.com); statistics as of 12/31/09.

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

3    A.    I conclude that the proposed acquisition of Qwest by CenturyLink could result in  
4       serious integration problems which could lead to a degradation of service quality  
5       in Arizona. My opinion is based in large part on reports from CWA members,  
6       front-line workers who are currently involved in the integration of Embarq into  
7       CenturyLink. In my opinion, the Commission should protect the public's interest  
8       by not approving CenturyLink's merger with Qwest before the integration with  
9       Embarq is completed satisfactorily.

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

13   A.    Yes. First, I would recommend that the Commission require CenturyLink to  
14       engage a third party to review and audit CenturyLink, Qwest and Embarq systems  
15       first hand. The third party should be required to test different systems to assure  
16       compatibility and interoperability, to assess that employment levels are  
17       appropriate for the delivery of quality service, and to ensure that our techs in the  
18       field will receive the type of information they need to do their job safely and  
19       efficiently.

20                Second, CenturyLink and Qwest should be required to include union-  
21       represented occupational employees in their system integration planning for  
22       Arizona and other Qwest states. I would recommend at least two from former  
23       Century locations, two from former Embarq locations and two from Qwest

1 locations. These union representatives should be selected by CWA and would be  
2 responsible for offering insights and feedback on integration issues related to  
3 work organization and software programs involved in human resource  
4 management, including dispatching, work assignment, and trouble reporting. As  
5 full participants in this committee, these frontline workers will have input into  
6 resolving system-wide issues such as those that are currently causing  
7 dissatisfaction and disruptions for consumers in Ohio and North Carolina and  
8 making it impossible for the workers in those states to deliver quality service  
9 efficiently.

10 Third, the Commission should require the company to provide specific  
11 timetables and plans for systems integration and make those plans publicly  
12 available.

13 Fourth, the Commission should require the company to guarantee  
14 employment levels in the state for at least three to five years in order to assure  
15 adequate workforce to deal with the unforeseeable as well as the foreseeable  
16 issues that could negatively impact customers and employees in Arizona . This is  
17 particularly important in light of the systems integration issues I discussed above.  
18 The new systems are causing tremendous inefficiencies in field work, resulting in  
19 work orders taking longer to complete than they would have if Embarq's systems  
20 remained in place. It would be disastrous to have a reduction in the skilled  
21 workforce at the same time these types of systems-related inefficiencies are  
22 occurring.

1 Fifth, the company should be required to develop training programs for  
2 employees that include introductory as well as ongoing training in the new  
3 systems and includes tools and resources to assist workers on the job. In addition,  
4 CenturyLink should provide customer education materials, including phone  
5 numbers to call in the event of outages or other system disruptions.

6 And sixth, the Commission should develop and enforce appropriate  
7 reporting requirements and service quality penalties to ensure that the merger  
8 does not adversely affect service quality to telephone customers in Arizona.  
9 Those penalties must be large enough to provide CenturyLink with a strong  
10 incentive to provide good customer service. CenturyLink must be given the  
11 message – both in writing and through financial penalties – that it cannot take  
12 shortcuts on the design and implementation of its systems, reduce employment  
13 levels, skimp on employee training, or otherwise jeopardize its ability to provide  
14 the type of high-quality service CWA members pride themselves on delivering to  
15 Qwest's Arizona customers.

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

17 **A.** Yes. Once all the conditions I have just listed are satisfied, and the Commission  
18 is assured that the integration issues I have testified about will not jeopardize  
19 service quality in Arizona, then the Commission should also include enforceable  
20 conditions that would guarantee that CenturyLink will make the necessary  
21 investment to build a communications system within the state that meets the needs  
22 of a twenty-first century economy and society.

1           To ensure that the proposed transaction serves the public interest in  
2 broadband expansion, I recommend that the Commission impose a second set of  
3 conditions, to follow the successful completion of the integration-related  
4 conditions, to require CenturyLink to comply with concrete, verifiable broadband  
5 commitments. Those commitments should be in line with the goals of the  
6 National Broadband Plan.

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

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

16           Third, the Commission should require the merged entity to invest in  
17 delivering 1 gigabit capacity to community anchor institutions in at least five pilot  
18 communities no later than six months following the successful completion of the  
19 integration-related conditions.

20           Fourth, the Commission should require the merged entity to commit to  
21 deploy IPTV to communities serving at least 1 million Arizona residents by a date  
22 certain.

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

1 A. Yes, it does.



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

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

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

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

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

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

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

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

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

Sincerely,

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

Sincerely,

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

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

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

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

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

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

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

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

**Risk Factors Relating to CenturyLink Following the Merger**

***Operational Risks***

***CenturyLink expects to incur substantial expenses related to the merger.***

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

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

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

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

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

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

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

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