



Arizona Consumers Council

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Before the Federal Communications Commission

Century Link Communications, Inc
Qwest Telecommunications, Inc.
Merger

Docket Number 10-110

The Arizona Consumers Council (AZCC, Council) is pleased to submit these comments in the above captioned matter; Century Link Communications, Inc. and Qwest Telecommunications, Inc. proposed merger. The Council is concerned that the proposed merger now before both the Federal Communications Commission and the Arizona Corporation Commission is *not* in the public interest as required under the Constitution and laws of the state of Arizona. This matter is also before all other Public Utility Commission in the 14 states that Qwest services.

The Arizona Corporation Commission has a duty under its Constitution to insure that the public is protected and not subject to higher rates or degraded services and to give the public utility an opportunity to make a reasonable rate of return on its investment.

To that end the Commission (ACC) is conducting an investigation and will hold hearing to determine if such a merger meets the standard as laid out by the Arizona Constitution and the rules and regulations determined by the Commission (ACC). The Arizona Consumers Council has submitted to the Commission several questions that we believe need to be answered before approval is given to this merger. These questions are in the attachment below which is the statement the Council submitted to the Commission as part of their docket.

The Council asks the FCC to slow down its procedures until the state Commissions have a chance to review this matter and make a decision based on the needs and best interests of the individual state. The FCC will then have all of the information it needs to make the best decision. Federalism requires all parties to the issue to be heard and a decision taken in the best interests of the people.

Respectfully Submitted

Signature
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Before the Arizona Corporation Commission

Kristen K. Mayes, Chair
Gary Pierce, Member
Bob Stump, Member
Paul Newman, Member
Sandra Kennedy, Member

Docket Numbers: T-01051B-10-0194
T-02811B-10-0194
T-04190A-10-0194
T-20443A-10-0194
T-03555A-10-0194
T-03902A-10-0194

In The Matter of the Joint Application of Qwest Corporation, Qwest Communications Company, LLC, LD Company dba Qwest Long Distance Embarq Communications, Inc., Embarq Payphone Services, and CenturyTel Solutions, LLC, for Approval of the Proposed Merger of their Parent Corporations, Qwest Communications International, Inc., and CenturyTel, Inc.

Statement of the Arizona Consumers Council in the Above Captioned Matter

The Board of Directors of the Arizona Consumers Council (AZCC, Council) on behalf of its members, and consumers in Arizona are concerned and urge the Arizona Corporation Commission its due diligence under the Constitution of Arizona to conduct a thorough review of the proposed merger between CenturyLink (CenturyTel Inc.) and Qwest (Qwest Communications International Inc.). There is much at stake for Consumers,

Businesses and Government in Arizona in this transaction. If CenturyLink encounters the same problems that have crippled other small carriers that have acquired only parts huge telecommunications operations, then Arizona consumers, small businesses, government, schools, libraries, even emergency care providers, could be placed at undue risk. I am asking the Commission to conscientiously carry out its constitutional obligation to protect Arizona consumers, businesses and government in corporate transactions of this nature. The Commission needs to slow down the process and thoroughly vet the issues which are myriad and very complex.

Every day, millions of Arizonans – about two out of three of us – use the Qwest network to access the Internet or make a telephone call. What if those indispensable services suddenly became unreliable? Such a scary scenario has happened before when small carriers (like CenturyLink) have bought the services and systems of one-time regional Bell operating companies (like Qwest). Hawaiian Telcom and FairPoint both found themselves overwhelmed, unable to manage the immense systems and unfamiliar technology that they'd purchased from Verizon. Rates were raised, customers were double-billed, broadband and other new technologies were degraded, and emergency services were disrupted. In sum, all the assurances that both companies had given state and federal regulators went by the boards. Inside a few years, both companies declared bankruptcy, leaving residential, business, and institutional customers in a bind.

We don't want a repeat of that nightmare with Century Link and Qwest. Arizona's present fragile economy cannot afford another shock. CenturyLink currently has no

customers in Arizona and little familiarity with the Qwest network. If they're allowed to buy Qwest, that number skyrockets across Arizona and the Western United States.

Another issue that merits the Commission's attention is the scope and management of Qwest's debt. Qwest is currently carrying some \$13 billion worth of debt that evolved from the failed sale of thirty-three rural Central Offices that were sold to Citizens Utility Corporation last time it sought to divest assets. Citizen's Utility (now Frontier) attempted to purchase rural parts of Qwest, under circumstances that did not prove beneficial to consumers, businesses or the public sector (Government, Schools, Libraries, etc). It won't be easy for a company of Century Link's size to meet the financial burdens demanded by the debt. Nor will it be easy for CenturyLink to absorb an expansion of this size.

I'm urging the Commission to ask CenturyLink and Qwest all the substantive questions that should have been asked of Hawaiian Telcom and FairPoint. What is Century Link's plan to manage Qwest's systems and technology? Who will be in charge? Will additional outside expertise be retained? What assurances can CenturyLink provide that *all* Arizonans, not just residents of Phoenix and Tempe, will have access to their network at affordable rates? Does the company have a financial plan in place to service the unprecedented debt that they want to acquire? Will CenturyLink have the resources to expand and incorporate the new and expanded internet operations now being built with Federal Stimulus Funds? Are they prepared to expand and build their operations in rural Arizona that are unserved or under served at reasonable rates?

Arizona's school and libraries also command special attention. The vast majority of our schools and libraries use the Qwest network, which has become their online highway to the Internet. The education of young people is too important: Arizona cannot afford roadblocks or unexpected toll booths on that highway. Again, the Commission needs to ask CenturyLink precisely how it plans to meet Qwest's obligations to schools and libraries. The Council also shares the Department of Defense's concern that the new company might not be equipped to provide telecom services to the military installations located in Arizona.

Finally, I'm concerned that the Federal Communications Commission might subvert Arizona's rights by issuing a ruling on the CenturyLink-Qwest merger before the ACC and other state bodies have had an opportunity to weigh in on the transaction. It's not only a violation of federalism; it's a dangerous way to conduct the people's business. Every state utilities commission must have the right to examine a merger's impact on their consumers and their business community free of interference from the federal government. Again, there is too much at stake for Arizona to be overridden by the Federal Communications Commission (FCC).

Thank you very much for your consideration. Please understand that the Council is not necessarily opposed to the CenturyLink-Qwest transaction. The Council just wants to ensure that the commission is asking the right questions – and taking extraordinary steps to protect Arizona consumers and business.

The Arizona Consumers Council is a 501(c)(4) non profit organization. It is the oldest continuing, voluntary, state-wide organization in the United States being organized in 1966. The Consumers Council has been protecting the rights of Consumers in the state of Arizona for almost 35 years.

Sincerely,

Al Sterman

Albert Sterman, V.P.
Arizona Consumers Council

Respectfully Submitted

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