WILLKIE FARR & GALLAGHER LLP

1875 K Street, N.W.
Washington, DC 20006-1238

Tel: 202 303 1000
Fax: 202 303 2000

October 19, 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:

Yesterday, Roger Fleming, Vice President of Federal Government Affairs for Integra Telecom, Inc. ("Integra"); Greg Darnell, Director of Local Exchange Carrier Relations for Cbeyond, Inc. ("Cbeyond"); Matt Kohly, Director of Government and Carrier Relations for Socket Telecom, LLC ("Socket") (participating via phone); and the undersigned, representing Cbeyond, Integra, Socket and tw telecom inc. (collectively, the "Joint Commenters"), met with Angie Kronenberg, Legal Advisor to Commissioner Mignon Clyburn. During the meeting, we reiterated the points made in the Joint Commenters' filings in the above-referenced proceeding.

We also explained that the U.S. Department of Defense ("DOD") has expressed concerns in testimony filed in state commission review proceedings regarding the harms posed by the proposed transaction that closely resemble the concerns described by the Joint Commenters. A copy of the DOD testimony filed in the Public Utilities Commission of the State of Colorado merger review docket was distributed at the meeting and is attached hereto as "Attachment 1."

We explained further that robust merger conditions are needed to prevent the degradation in service quality that has resulted from previous incumbent LEC mergers. In particular, the retail service quality performance data provided by Frontier Communications Corp. to the West Virginia Consumer Advocate Division (attached hereto as "Attachment 2") indicate that Frontier is experiencing severe service quality degradation in West Virginia since the cutover from the legacy Verizon systems Frontier's systems in that state. Charts depicting Frontier's recent monthly performance in West Virginia for selected metrics are attached hereto as "Attachment 3."

We discussed the questions and concerns raised by members of Congress about the proposed merger and the Commission's merger review process (*see* letters attached hereto as "Attachment 4"). In addition, we discussed the numerous job losses that will likely result from the merger and the windfall that Qwest's top executives will receive following closing (*see* articles attached hereto as "Attachment 5").

Finally, we explained that the Commission should do the following in this proceeding:

- Adopt merger conditions designed to ensure that the Merged Company meets the standard for Section 271 checklist compliance established by the FCC. Such conditions should include, among other things, (1) the requirement that, consistent with the structure of Section 271, the Merged Company may not make any material changes to the legacy Qwest operations support systems ("OSS") unless the FCC affirmatively determines that the change(s) will not result in degradation in the level of service or range of functionalities provided by legacy Qwest prior to the merger; (2) the requirement that, in making the determination described in (1), the FCC rely on an independent assessment by a third-party expert as well as input from competitors and other interested parties; and (3) performance measures and self-effectuating penalties for failure to match the level of performance and of functionality provided by legacy Qwest prior to the merger;

- Adopt merger conditions that advance the objective of promoting competition and broadband deployment by competitors throughout the Merged Company's territory, including the requirement that the Merged Company comply with its legal obligation to provide competitors with conditioned copper loops and the requirement that the OSS in legacy CenturyLink territory achieve a level of performance and functionality that is at least equal to that of legacy Qwest prior to the merger; and

- Undertake its own comprehensive factual inquiry as to the changes planned by the Applicants to the legacy companies' OSS and, in all events, allow the state public service and utilities commissions in the affected states to complete their review of the proposed merger before making a decision in the instant proceeding so that the FCC can have the benefit of the information filed and the findings made in the complementary state commission review proceedings.

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

Respectfully submitted,

<u>/s/ Thomas Jones</u>
Thomas Jones
Nirali Patel

Counsel for Cbeyond, Inc., Integra Telecom, Inc. Socket Telecom, LLC, and tw telecom inc.

cc (via email): Angie Kronenberg

Attachments

Attachment 1

DoD/FEA Exhibit 1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF COLORADO

DOCKET NO. 10A-350T

JOINT APPLICATION OF QWEST COMMUNICATIONS INTERNATIONAL, INC. AND CENTURYLINK, INC. FOR APPROVAL OF INDIRECT TRANSFER OF CONTROL OF QWEST CORPORATION, EL PASO COUNTY TELEPHONE COMPANY, QWEST COMMUNICATIONS COMPANY LLC, AND QWEST LD CORP.

ANSWER TESTIMONY

of

CHARLES W. KING

On Behalf of
THE DEPARTMENT OF DEFENSE
And
ALL OTHER FEDERAL EXECUTIVE AGENCIES

STEPHEN S. MELNIKOFF
General Attorney
Regulatory Law Office
Office of the Judge Advocate General
U. S. Army Litigation Center
901 N. Stuart Street, Suite 700
Arlington, Virginia 22203-1837

September 15, 2010

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ANSWER TESTIMONY OF
CHARLES W. KING

QUALIFICATIONS

Q. PLEASE STATE YOUR NAME, POSITION AND BUSINESS ADDRESS.

A. My name is Charles W. King. I am President of the economic consulting firm of Snavely King Majoros & O'Connor, Inc. ("Snavely King"). My business address is 1111 14th Street, N.W., Suite 300, Washington, D.C. 20005.

Q. PLEASE DESCRIBE SNAVELY KING.

A. Snavely King, formerly Snavely, King & Associates, Inc., was founded by the late Carl M. Snavely and myself in 1970 to conduct research on a consulting basis into the rates, revenues, costs and economic performance of regulated firms and industries. The firm has a professional staff of 12 economists, accountants, engineers and cost analysts. Most of its work involves the development, preparation and presentation of expert witness testimony before federal and state regulatory agencies. Over the course of its 40-year history, members of the firm have participated in over 1000 proceedings before almost all of the state commissions and all Federal commissions that regulate telecommunications, utilities or transportation industries.

Q. HAVE YOU PREPARED A SUMMARY OF YOUR QUALIFICATIONS AND EXPERIENCE?

A. Yes. Attachment A is a summary of my qualifications and experience.

Q. HAVE YOU PREVIOUSLY SUBMITTED TESTIMONY IN REGULATORY PROCEEDINGS?

A. Yes. Attachment B is a tabulation of my appearances as an expert witness before state and federal regulatory agencies. It shows that I have testified before the public utility commissions of over 40 states, including Colorado, and I have appeared before all federal agencies that regulate telecommunications, utilities, transportation and postal services.

Q. FOR WHOM ARE YOU APPEARING IN THIS PROCEEDING?

I am appearing on behalf of the consumer interests of the Department of Defense ("DoD") and all other Federal Executive Agencies ("FEA") in Colorado.

INTERESTS OF DoD/FEA

Q. WHY HAS DoD/FEA INTERVENED IN THIS CASE?

A. The Department of Defense and all other Federal Executive Agencies have a substantial presence in the State of Colorado. Numerous major installations of the Department of Defense are located in Colorado, including the U.S. Air Force Academy, Fort Carson, Buckley Air Force Base, Peterson Air Force Base and Schriever Air Force Base. In addition, Federal presence also exists at the many facilities of the Department of Veterans Affairs ("VA"), including the East Colorado Health Care System ("ECHCS") facilities in Denver, the VA Medical Center in Grand Junction, and VA outpatient clinics in Colorado Springs, Durango, Lakewood, Pueblo and other Colorado localities. The U.S. General Services Administration owns 89 Federal buildings totaling 6.8 million rental square feet ("RSF") and in addition leases more than four million RSF in 157 buildings in Colorado. Principal tenants include the Geological Survey, the Bureau of Reclamation, the National Oceanic and Atmospheric Administration, the Environmental Protection Agency and the Bureau of Land Management, in addition to scores of small-business sized offices such as Armed Forces recruiters, Post Offices, Social Security offices, as well as offices housing Fish and Wildlife Service, USDA Forest Service and Farm Service/Agricultural employees and agents. Colorado is home to several major national parks: Great Sand Dunes National Park, Gunnison National Park, Mesa Verde National Park and Rocky

Mountain National Park. Total Federal employment (Civilian and Active Duty Military) in the state is approximately 90,000 persons.[1]

This very substantial presence makes DoD/FEA one of the largest users of telecommunications services in the state of Colorado. It is important to DoD/FEA that services in the affected exchanges are provided in an efficient manner, at reasonable cost, and with the highest service quality and performance. DoD/FEA is concerned that any change in Qwest's corporate governance be seamless and not degrade retail services, and that CenturyLink be willing and able to offer state-of-the-art retail business services of the nature that DoD/FEA operations require.

Moreover, the DoD/FEA interest goes beyond the locations directly affected by the transition. Where possible, DoD and FEA telecommunications services are procured under contract through competitive bidding. The effectiveness of the competitive procurement process is, of course, dependent upon there being a number of financially strong and technically capable entities that can submit bids. If the proposed transfer is approved, it is important to DoD/FEA that CenturyLink's competitors have the opportunity to access Federal installations on a fair and reasonable basis through CenturyLink facilities and that CenturyLink be able to render service to Federal locations even outside of its service territories. Moreover, CenturyLink itself must be a sophisticated competitive bidder capable of providing the full range of telecommunications services at reasonable costs to the Federal government.

The merged company will also be a wholesale provider of services and facilities to competitive retail telecommunications providers. The service quality performance, the practices, and the operations of that company must support fair

[1] DoD/FEA obtains a broad variety of telecommunications services, and has a wide range of sizes of customer serving sites and number and kind of urban/rural locations throughout the state.

and effective competition among carriers in providing services to business customers and the general public in Colorado.

Unfortunately, the record of recent telecommunications acquisitions has not been encouraging.

PREVIOUS TELECOMMUNICATIONS ACQUISITIONS

Q. WHAT PREVIOUS TELECOMMUNICATIONS ACQUISITIONS ARE YOU REFERRING TO?

A. I am referring to the three recent major Verizon landline spin-offs to acquiring companies. The first was the acquisition of Verizon's Hawaiian landline assets by The Carlyle Group ("Carlyle"). The second was the purchase of Verizon's northern New England wireline operations by FairPoint Communications ("FairPoint"). The third and most recent was the acquisition Verizon's non-metropolitan operations in 14 states by Frontier Communications.

Q. PLEASE DESCRIBE THE HAWAIIAN TELEPHONE TRANSACTION.

A. The Hawaiian transaction provides a case study of the difficulties that ill-advised telephone company acquisitions can lead to. It was unsuccessful in almost all respects, resulting in severe service degradation to Hawaiians and in the financial failure of the successor company.

In 2004, Verizon sought approval to sell its Hawaiian assets to Carlyle, a private equity enterprise. Carlyle created a new entity, Hawaiian Telcom, Inc. ("HT"), to provide the local exchange services previously offered by Hawaiian Telephone. The applicants in that case stated that after the transition HT "will have the financial fitness and ability to fund the continuing operations of Verizon Hawaii through the revenue generated from the existing and proposed operations."[2] Likewise, the applicants stated that they ". . . acknowledge the importance of ensuring a seamless transition for customers and have conducted a rigorous process to select a world-class systems integrator to replicate the full functionality of the systems currently provided by Verizon."[3] In 2005, the Hawaii Public Utilities Commission ("HPUC") approved the transfer subject to numerous conditions.[4]

In its decision approving the sale, the HPUC stated that it would initiate an investigation of HT's service quality approximately six months after HT assumed the back-office operations that Verizon previously provided on a national basis to all of its service territories, including Hawaii. This service quality proceeding, HPUC Docket No. 2006-0400, confirmed that the transition from Verizon was far from seamless or harmless to customers. Although the HPUC has not yet rendered a decision in that proceeding, it is undisputed that for more than a year following the cutover from Verizon's back-office operations, HT was unable to collect data – even manually – as to six service standards for which the HPUC required reports.[5] Thus, the full extent of the problems associated with the transfer could not even be quantified.

As to the seven service standards for which HT was able to file reports, five dealt with call answering time. HT's ability to answer calls was lacking compared to the experience under Verizon. For example, during the nine months following the cut-over, HT's percent of residential installation and billing office calls answered in 20 seconds ranged from a low of 8.01 percent to a high of 70.37 percent, compared to the objective of 85 percent and Verizon's 2005 percentage of 87.46 percent. Likewise, the answering time achieved for business installation and

[2] Application, Docket No. 04-0140, June 21, 2004, pp. 13-14.
[3] *Id.*, p. 15.
[4] Docket No. 04-0140, Decision and Order No. 21696, March 16, 2005.
[5] HT's Post-Hearing Brief, HPUC Docket No. 2006-0400, filed November 9, 2007 at p. 118, note 101. The missing reports included crucial data such as the percent of trouble reports cleared within 24 hours, the percent of installation and repair commitments met and customer trouble reports per 100 lines.

billing office calls following the cut-over ranged from 12.83 percent to 78.82 percent compared with the objective of 85 percent and Verizon's achieved rate of 88.23 percent. [6] In an effort to repair the damage caused by the non-functioning systems, HT had to replace the contractor working on the transition.[7]

HT admitted in its pleadings that service suffered as a result of the transition from Verizon and that it created erroneous bills and was unable to handle adequately incoming calls.[8] HT candidly admitted that "... the cutover did unfortunately create some negative impacts on its customers." [9] Finally, HT agreed with the assessment of the Consumer Advocate that its "... retail customers following cutover experienced long waiting times to reach [its] contact center, extremely slow and long transaction processing times, high levels of fall out, long waiting times to repair, missed or delayed installation and repair commitments and billing errors."[10]

The cutover from Verizon's back-office operations also caused significant problems for HT's wholesale customers. One Competitive Local Exchange Carrier ("CLEC"), Time Warner Telecom of Hawaii, L.P. ("TWTC"), summarized the problems as follows:

> HT's conversion to its new back office systems was a failure by any measure. Immediately following cutover, virtually none of the wholesale back office systems were functioning. Today, 19 months after cutover, they are still not functioning at the same level as the Verizon systems. Although HT has made significant progress in addressing its issues, those efforts are not complete.
>
> HT violated the Merger Decision and the Stipulation by failing to provide the same or similar functionality for wholesale service as previously provided by Verizon, and by failing to remain on the Verizon systems until HT's new systems were fully tested and

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[6] HT's February 15, 2007 Statement of Position, HPUC Docket No 2006-0400, pp. 39-41.
[7] *Id.*, pp. 74-77.
[8] *Id.*, pp. 53-57.
[9] HT's August 31, 2007 Final Position Statement, HPUC Docket No. 2006-0400, p. 21.
[10] *Id.*, p. 7.

> operational. These violations significantly harmed TWTC and HT's other customers.[11]

In summary, the applicants in the Hawaii sale promised a seamless transition to HT's back-office systems, but the record in that case – including HT's own pleadings -- shows that both wholesale and retail customers suffered significantly from the failure of automated systems, dropped calls, long call answering and holding times, billing errors and costly manual efforts to correct the deficiencies. HT was not able to track repair and installation times, so that data for these critical service quality metrics could not even be assessed in determining the adverse effects of the transition to HT's systems.

On December 1, 2008, HT filed for Chapter 11 bankruptcy protection.[12] The public explanation for the bankruptcy was the impending inability to refinance its debt, but the costs and lost customers resulting from HT's poor service quality probably contributed to the Company's inability to service its debt.

Q. PLEASE DESCRIBE VERIZON'S SALE OF NEW ENGLAND OPERATIONS TO FAIRPOINT.

A At the beginning of 2007, FairPoint was an incumbent local exchange telecommunications company with about 330,000 access lines. In that year, Verizon New England, Inc., FairPoint, and affiliated firms announced a planned $2.4 billion transaction, similar in some respects to that proposed in Colorado (but smaller in size), under which FairPoint would obtain Verizon's landline businesses in Maine, New Hampshire and Vermont.

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[11] Time Warner Telecom of Hawaii, L.P., dba Oceanic Communications' Post-hearing Brief, HPUC Docket No. 2006-0400, November 9, 2007, p. 2 (footnote omitted). The text of the brief contains a detailed description of HT's numerous failures in connection with providing wholesale service after acquiring the Verizon exchanges, and the adverse impact that the failures had on Time Warner and its customers. Another CLEC, Pacific LightNet, Inc., filed a Post-hearing Brief asserting that the flawed transfer of operations caused it to incur additional expense to resolve interconnection problems and billing errors.

[12] See Hawaiian Telcom Communications, Inc., Securities and Exchange Commission Form 8-K filed December 1, 2008, and HT's December 1, 2008 Press Release contained in that filing.

The proposed transaction was controversial and the implementation of the sale was seriously flawed. In Vermont, for example, the Public Service Board initially denied the application. The petitioners submitted a revised proposal in which they improved the transaction from the standpoint of ratepayers in several ways. The revised proposal bettered FairPoint's financial standing after the acquisition by substantially reducing the initial debt and decreasing dividends. In addition, the proposal was revised to include a Performance Enhancement Plan, which was designed to prompt more investment and improve service quality by mandating that FairPoint set aside funds if it failed to meet certain specified service standards. Also, FairPoint agreed to an independent monitor of the transition from Verizon's systems to its own, with the objective of making the transition more seamless and further safeguarding consumers.[13]

The Vermont Public Service Board approved the transfer with additional conditions on February 15, 2008.[14] Following the transaction, there began a series of "cutover" problems that are still not fully resolved. Indeed, service deteriorated to the extent that the Board called for an investigation into whether the Company should be allowed to continue its operations in the state if it cannot overcome its customer service, billing and operational problems.[15]

On October 26, 2009, FairPoint announced that it had filed for Chapter 11 bankruptcy protection. [16]

Q. HAVE THERE BEEN SERVICE PROBLEMS WITH THE SALE OF VERIZON'S EXCHANGES TO FRONTIER COMMUNICATIONS?

A. On May 13, 2009, Frontier Communications and Verizon entered into an Agreement and Plan of Merger (the "Merger Agreement") under which Frontier,

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[13] Vermont Public Service Board Docket No. 7270, Order entered February 15, 2008.
[14] *Id.*
[15] Vermont Docket No. 7270 Information Page at http://www.state.vt.us/psb/document/. This testimony has focused on Vermont, but the problems exist in the other states as well. For example, on July 29, 2009, the *Bangor Daily News* reported that the Maine Public Utility Commission refused to waive the financial penalties that FairPoint had incurred for poor service performance.
[16] FairPoint Form 8-K, filed with the Securities and Exchange Commission, October 26, 2009.

through the acquisition of stock, would acquire approximately 4.8 million access lines owned by subsidiaries of Verizon in Arizona, Idaho, Illinois, Indiana, Michigan, Nevada, North Carolina, Ohio, Oregon, South Carolina, Washington, Wisconsin and West Virginia as well as a small number of access lines in California bordering Arizona, Nevada and Oregon. The sale was consummated in the spring of 2010 and is so recent that it cannot yet be determined whether this transition will be more successful than the two previous transactions, but there are already disturbing indications.

On July 21, 2010, FiberNet, a competitive local exchange carrier, filed a Petition to Reopen the Frontier/Verizon authorization proceeding in West Virginia. FiberNet cited a number of problems it allegedly experienced when attempting to order wholesale services through the Frontier's operational support system (OSS). FiberNet asserted that the various problems have created delays in providing service to FiberNet customers and increased costs for FiberNet. FiberNet requested that the Commission reopen this matter and direct Frontier to provide an OSS that is functionally equivalent to the system previously provided by Verizon. The West Virginia Public Service Commission has established a complaint proceeding to deal with FiberNet's alleged problems.[17] DoD/FEA Exhibit 2 is a copy of the Commission's Order. It remains to be seen whether the difficulties experienced by FiberNet are discrete to that company or are part of a wider deterioration in service.

Additionally, it appears that the very favorable cost-benefit ratios claimed by Frontier may have begun to unravel. Frontier and Verizon had stated that Frontier expected the fully implemented transaction would yield annual operating expense savings of $500 million.[18] Recently, however, Frontier revealed a significant increase in systems integration costs that cuts into the previously heralded savings:

[17] West Virginia PSC Order of August 16, 2010 in Case No. 09-0871-T-PC.
[18] Verizon Communications Inc. and Frontier Communications Corp. Application to the Federal Communications Commission, *Consolidated Application for Transfer of Control and Assignment of International and Domestic Section 214 Authority*, May 28, 2009, Exhibit 1 (Description of the Transaction and Public Interest Statement), p. 3.

While we anticipate that certain expenses will be incurred, such expenses are difficult to estimate accurately, and may exceed current estimates. For example, our estimate of expected 2010 capital expenditures related to integration activities has recently increased from $75 million to $180 million, attributable in large part to costs to be incurred in connection with third-party software licenses necessary to operate the Spinco business after the closing of the merger. Accordingly, the benefits from the merger may be offset by costs incurred or delays in integrating the companies.[19]

Q. WHAT IS THE LESSON FROM THESE PREVIOUS ACQUISITIONS?

A. All of these transactions were described as seamless and of no harm to consumers, much as this transaction in Colorado has been described by CenturyLink and Qwest. Events proved otherwise in each case. In view of this history, this Commission must view with great suspicion the Applicants' statements that there will be no impact on customers from the transfer. Indeed, CenturyLink itself acknowledges the very substantial risks associated with this merger. The following is an excerpt is from CenturyLink's second quarter 2010 SEC Form 10-Q.

We expect to incur substantial expenses in connection with completing the Qwest merger and integrating Qwest's business, operations, networks, systems, technologies, policies and procedures of Qwest with ours. 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 we have assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond our control that could affect the total amount or the timing of our integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. Moreover, we expect to commence these integration initiatives before we have completed a similar integration of our 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 that we expect 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, we expect

[19] Frontier Communications, Inc., Form 10-Q, filed May 16, 2010, p. 56.

to take charges against our 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 Qwest merger, the combined company may be unable to integrate successfully our business and Qwest's business and realize the anticipated benefits of the merger.[20]

I have attached the full Form 10-Q discussion of merger risks as DoD/FEA Exhibit 3.

I therefore believe it is important that this Commission establish safeguards to ensure that the difficulties that arose in these previous transactions will not be repeated in Colorado.

ASSESSMENT OF THE TRANSACTION

Q. DO YOU OPPOSE THIS TRANSACTION?

A. Not necessarily. Although I have some reservations which I will discuss, there are a number of features of this transaction that are more promising than those of the previous acquisitions. CenturyLink is a much larger, more experienced and financially healthier company than the Carlyle Group, FairPoint or Frontier. Unlike the previous acquisitions, this transaction is a stock transfer that involves no new debt. So far, the record of CenturyLink's acquisitions has been relatively trouble-free. The combined company will display a much stronger balance sheet relative to that of Qwest at the present time. With appropriate conditions, I believe the merger may be in the public interest.

Q. WHAT, THEN, IS YOUR CONCERN IN THIS PROCEEDING?

A. I am concerned that the transition from Qwest to CenturyLink be as seamless as possible and that there be no rate increases, disruptions, or other service quality

[20] CENTURYTEL INC, Form 10-Q, filed August 6, 2010, p. 32.

losses arising from this transaction. In this testimony, I recommend several conditions that should be imposed on the merged company as part of the approval of the transaction.

These conditions relate to two principal areas of concern to DoD/FEA. The first is the financial stress than may be imposed on the merged company's Colorado operations. The second is the maintenance of adequate service quality in the Colorado exchanges.

FINANCIAL STRESS ON COLORADO OPERATIONS

Q. WHY ARE YOU CONCERNED ABOUT THE FINANCIAL HEALTH OF THE COLORADO OPERATIONS?

A. CenturyLink asserts that the merger of its company with Qwest will generate annual synergies of $625 million.[21] These synergies are expected to take the form of reduced corporate overheads, network and operational efficiencies, IT support, increased purchasing power, and the combining of the two companies' advertising and marketing programs. As the foregoing excerpt from CenturyLink's Form 10-Q concedes, these synergies are difficult to forecast with precision, and they may not develop as expected.

Whatever the synergies, they come at a substantial cost. The Applicants estimate that there will be one-time operating costs of $650 to $850 million to achieve the planned synergies nationwide. On top of that an additional $150 to $200 million in capital costs will be required.[22] These costs are estimates, and the Company concedes that they could be exceeded, as has happened in all three of the acquisitions discussed earlier in this testimony. Moreover, these costs will be incurred before the benefits of the synergies are felt, so that they represent a net

[21] Direct Testimony of G. Clay Bailey, p. 5.
[22] Washington Utilities and Transportation Commission Docket No. UT-100820, Exhibit GCB-2, p. 13.

new requirement for funds. Left unstated is where the money for these transition costs will come from.

It is possible that some of the money might come from new bond and stock issues, but there are downsides to these sources of funds. At present, CenturyLink is rated by S&P just above the critical BBB- rating that qualifies its bonds for "investment grade," meaning that fiduciary funds, such as pension and insurance funds can buy the bonds. Qwest is rated just below that threshold. The combined company will thus be on the cusp of investment grade bond ratings. Any substantial increase in debt would push the company below that important threshold, eliminating a portion of its potential bond market and possibly increasing its interest costs.[23] Additional stock sales would dilute the value of the existing shares, depriving the stockholders of the full promised benefits of the merger. It is therefore likely that the Company will avoid these financing sources if it can find the needed funds elsewhere.

An important source of funds elsewhere will be the company's customers, and that is the source of my concern. As an alternative to bond or stock sales, CenturyLink may look to its local operations, including those in Colorado, to meet the urgent requirement to increase revenue.

Q. WHERE MIGHT THE MERGED COMPANY FIND ADDITIONAL REVENUE IN COLORADO?

A. Qwest and CenturyLink have broadly three markets in Colorado, residential, small commercial and large "enterprise" commercial. The Company's ability to extract additional revenue from these markets varies considerably.

The principal constraint on revenue generation in the residential market is the cost of alternative wireless telephone service, which neither Qwest nor CenturyLink

[23] CenturyLink has represented to Moody's Investor Services that it is committed to an investment grade rating. *See* Direct Testimony of G. Clay Bailey, p. 18.

can provide. As a CenturyLink witness reports, there are currently more wireless than wireline subscriptions in Colorado.[24] The most promising approach for the merged company to preserve and expand revenue in the residential market is to offer bundles of services: "triple play" telephone, cable TV and Internet access, or even "quadruple play" with the addition of wireless service from other providers. In light of the fierce competition for these services, it is unlikely that Qwest could sustain significant rate increases either for its residential wireline service or its residential multi-service bundles.

Small business wireline service is another matter. Businesses require fixed telephone access with publicly available number identification. They may use wireless in addition to wireline, and they may use VoIP for long-distance service, but they are still heavily dependent on the conventional telephone, at least for inbound local access. Cable TV companies that offer telephone services over their facilities do not have the same marketing advantage for business users because businesses are usually not interested in broadcast television capabilities at the workplace. Therefore, while Cable TV companies market heavily to businesses, they are somewhat less of a competitive threat than in the residential market. In recent years, Competitive Local Exchange Carriers ("CLECs") provided some competition, but that competition is small. As of June 30, 2009 only 395,000 lines, or 18.3 percent of the 2,153,000 land lines in Colorado were handled by competitive carriers. The remaining 81.7 percent were served by incumbent carriers, including both Qwest and CenturyLink.[25]

From these indications, I suspect that the merged company will probably seek additional revenues from the small business market. That additional revenue is likely to take the form of unilateral rate increases.

The "enterprise" market is the most competitive of the three major segments of wireline telephone market. Most services in this category are procured through

[24] Direct Testimony of Charles L. Ward, p. 20.

[25] Federal Communications Commission, "Local Telephone Competition: Status as of June 30, 2009", Table 8.

competitive bidding and the prices paid are generally subject to contract and not publicly disclosed. Even if the prices were publicly identified, they would likely not be comparable to tariff services because so much of enterprise service comes in the form of "bundles" of service elements.

But enterprise service does not exist in a vacuum. The ultimate ceiling on any competitive bid is the price that would be paid if the same services were purchased from the carrier's public tariff. When the published rates increase, that ceiling increases, providing more headroom for the competitors to increase their bids. Thus, even though enterprise customers can solicit competing bids, they still may experience an upward shift in those bids when the listed rates for basic business services increase.

Based on the foregoing, I believe that basic business services are most susceptible to unilateral rate increases motivated by the need to raise revenue to implement the merger.

Q. IS IT IN THE PUBLIC INTEREST FOR THE MERGED COMPANY TO EXTRACT UNILATERAL RATE INCREASES IN THE COLORADO MARKETS TO FUND THE MERGER?

A. No. This transaction is in the public interest only if the public is no worse off with the merger than without it. If the merged company increases its rates unilaterally to fund the merger, then its customers would have been better off if the merger had never taken place.

Q. WHAT IS THE RESOLUTION OF THIS PROBLEM?

A. The resolution is to impose a temporary price cap on basic business services to be effective until the synergies of the merger begin to be realized. By then, the need for additional revenue to fund the transition, including the direct costs of the merger, will have abated.

Q. WHAT BASIC BUSINESS SERVICE PRICES SHOULD BE CAPPED?

A. The basic business service rates that should be capped are single and multiple line business rates, PBX and Centrex charges, and the rates for special access services.

Q. HOW LONG SHOULD THIS TEMPORARY PRICE CAP REGIME LAST?

A. CenturyLink anticipates that synergies will only be fully recognized over a three to five year period following closing of the merger.[26] I therefore recommend that there be firm price caps for up to three years after the consummation of the merger. In fairness to the Company, any longer term price cap, such as five years, should be adjusted to an inflation index such as the Gross Domestic Product ("GDP") deflator.

Q. WON'T COMPETITION CONSTRAIN THE COMPANY'S ABILITY TO RAISE RATES UNILATERALLY?

A. To some extent competition will constrain the merged company's ability to raise prices unilaterally, but no one knows the extent of that constraint. I suspect that there are niches in business markets where the merged Qwest/CenturyLink can exert sufficient market power to allow it to raise prices without major market share losses. It is to guard against this possibility that I make the foregoing recommendation to impose price caps on basic business services.

Q. ARE YOU PROPOSING TO REIMPOSE RATE REGULATION IN THE COMPETITIVE ZONES THAT HAVE BEEN DEREGULATED?

[26] Direct Testimony of G. Clay Bailey, p. 11.

A. No. I am suggesting a condition that will ensure that end-users of the merged company's services will be no worse off for the merger having been consummated. As noted earlier, the absence of harm to the public is a necessary requirement to a finding that the transaction is in the public interest. My proposal is for price caps on only a handful of basic services, not a regulation of rates. It is intended to cover the short period during which the pressure for increased revenue will be most forceful.

SERVICE QUALITY CONCERNS

Q. WHY ARE YOU CONCERNED ABOUT THE SERVICE QUALITY RESULTING FROM THIS TRANSACTION?

A. As noted earlier in my testimony, several recent large wireline acquisitions have resulted in severe service quality degradation. I am concerned that this pattern not be repeated in Colorado following the acquisition of Qwest by CenturyLink. This concern is amplified by the service quality indicators published by the Federal Communications Commission ("FCC") that are recorded in DoD/FEA Exhibit 4 attached to this testimony. In every case but one, CenturyLink scores no better or worse than Qwest. These comparisons do not bode well for the service quality that can be expected following the transfer of Qwest to CenturyLink ownership, for two reasons.

The first reason has already been noted: the pressure to finance the implementation of the merger. While revenue enhancement may be one source of the funds for the merger implementation, another source could be cost cutting in the form of reduced resources, including capital investment and manpower devoted to plant maintenance and customer service. Obviously, this kind of cost cutting would lead to a deterioration of service performance.

The other reason for concern is the incompatibility of the Qwest and CenturyLink operating support systems. To achieve the promised synergies, CenturyLink will have to integrate its protocols and IT systems with those of Qwest. As noted in the earlier quotation from the Company's 10-Q report (page 10), CenturyLink has conceded that this integration could pose severe difficulties. Past experience has demonstrated that these difficulties can result in degraded service performance and excessive costs.

Q. THE APPLICANTS STATE EMPHATICALLY THAT QWEST AND CENTURYLINK WILL CONTINUE TO OPERATE AS THEY DO NOW, SO WHY ARE YOU CONCERNED?

A. While the corporate identities of Qwest and CenturyLink will continue,[27] the Applicants' claimed network and operational synergies can only be realized through the integration of Qwest's management and operations support systems with those of CenturyLink. That means that Qwest or CenturyLink will eventually have to cut all protocols over to a common format. As I have noted, in previous cases this cutover has proved to be difficult, costly and highly disruptive to both retail and wholesale customers.

For these reasons, it is important for the Colorado Commission to maintain close surveillance over CenturyLink's service performance. To be a deterrent against service degradation, the Commission should monitor the merged company's service performance and be prepared to react quickly, if need be by imposing sanctions if service quality deteriorates.

Q. DOES THE COLORADO COMMISSION CURRENTLY HAVE QUALITY STANDARDS FOR TELECOMMUNICATIONS SERVICE?

A. Yes. The Colorado Commission has an extensive list of service quality standards, which apply equally to all carriers in all parts of the state regardless of their competitive designation. They are contained in Part 2 of the Code of Colorado Regulations ("CCR"), Section 723. There are also service standards in the Code of Regulations regarding initiation of service to new customers.

[27] Direct Testimony of Charles L. Ward, p. 7.

Q. ARE THESE STANDARDS ADEQUATE FOR PURPOSES OF MAINTAINING HIGH SERVICE QUALITY?

A. The standards are adequate. However, conspicuously absent is any enforcement mechanism for these standards. If a customer is not getting service (beyond a certain period), the customers is not charged for the period in which no service was rendered. However, there are no monetary penalties (either directly to the user or by general forfeiture) for low performance or no performance associated with any one of a dozen or more problem areas, such as noise on the line, repair interval, lack of call completion, for which there are quantitative performance standards.

Q. WHAT DO YOU RECOMMEND?

A. I recommend that as a condition of approval of this merger the Commission adopt specific monetary penalties for each violation of its service quality standards. If there is a general deterioration of service performance, the Commission should direct the Company to submit a detailed plan, including specified milestones, for ameliorating that condition. Failure to meet that plan should result in the imposition of additional monetary penalties. This provision is intended to head off recurring service quality problems that have arisen in several recent acquisitions.

Q. DOES THE COMMISSION HAVE THE AUTHORITY TO IMPOSE SANCTIONS FOR POOR PERFORMANCE?

A. It is my understanding that it does. The basic statutory authority for imposing penalties is in Title 40, Article 7 of the Colorado Revised Statutes. Under that provision, the Commission is authorized to impose a penalty of up to $2000 for a violation of a statute or rule, subject to a cap. The law is specifically applicable to telecommunications companies, and the Commission is directed to adopt specific penalties.

Since the Commission's rules (2310, 2340 and 2341) set metrics for service performance, and the failure to meet those metrics is a "violation," the Commission can use its statutory authority to impose the $2000 penalty for each "violation."

Q. IS THERE PRECEDENT FOR THESE TYPES OF SANCTIONS?

A. Yes. In addition to telephone and electric utilities, the Colorado Department of Regulatory Agencies ("DORA") also regulates motor carriers. DORA imposes dozens of hefty penalties for violations of rules.

To illustrate, Section 723, Part 6 of the Colorado Code contains the following as among 40 of so specific penalties for violating DORA rules:

1) A company violating record keeping provisions may be assessed by DORA a civil penalty up to $500 for each violation (to a cumulative maximum of $5,000) for failing to keep minimum records of inspection and vehicle maintenance.

2) A company may be assessed by DORA a civil penalty of up to $10,000 for each violation for failing to correct specified defects listed by the driver in a vehicle inspection report before the vehicle is operated again.

3) A company may be assessed a civil penalty of up to $2,500 for each violation of requiring or permitting a driver to drive after having been on duty 70 hours or more in seven consecutive days. (There are additional penalties for different numbers of hours in lesser numbers of days -- e.g. more than 10 hours in any consecutive period occupying parts of one or two days.)

4) Also, there is a graduated scale of penalties for overcharges for virtually any reason. For example, for trucking companies, the civil penalty is $275 for an overcharge of $25.00 or less; $550 for an overcharge over $25.00, but less than or equal to $50.00; and $1,100 for an overcharge greater than $50.00.

These motor carrier sanctions are more severe than those currently applying to telecommunications carriers. For motor carriers there are <u>penalties</u> and overcharges bear interest, while the telephone companies simply provide just a refund without interest.

OTHER CONCERNS

Q. DO YOU HAVE ANY OTHER CONCERNS REGARDING THIS MERGER?

A. Yes. I have two. The first deals with the loss of competition. At present CenturyLink can bid against Qwest for government procurements of telecommunications services. The merger presents a collapsing of these two potential competitors into one. This is a downside consideration not only for the government, but for all enterprise service customers.

My second concern relates specifically to government services. Included in the "risks" section of CenturyLink's second quarter 2010 SEC Form 10-Q is the following statement:

> We may be unable to obtain security clearances necessary to perform certain Qwest government contracts. Certain Qwest legal entities and officers have security clearances required for Qwest's performance of customer contracts with various government entities. Following the merger, it may be necessary for us to obtain comparable security clearances. If we or our officers are unable to qualify for such security clearances, we may not be able to continue to perform such contracts.[28]

Q. IS THERE ANYTHING THE COMMISSION CAN DO TO ADDRESS THESE CONCERNS?

A. The loss of competition is the inevitable result of merging two telecommunications carriers into one. Other than to disapprove the merger, the Commission cannot prevent this outcome. However, it does mean that the Commission must find that there are significant and identifiable benefits from the merger that offset this downside effect.

[28] CENTURYTEL INC, Form 10-Q, filed August 6, 2010, p. 34.

The issue of security clearances is another negative factor over which the Commission has little control. Possibly the Commission could require that as a condition of approval there be no personnel changes that would jeopardize government contracts until all of the affected personnel have the required clearances.

SUMMARY OF RECOMMENDATIONS

Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.

A. In this testimony, I have recommended that, as conditions of approval of the merger:

- The Commission impose either a firm three year cap, or a five year inflation-adjusted cap on single and multiple-line business rates, PBX and Centrex rates, and the rates for special access service.

- The Commission impose monetary penalties for violations of its service standards.

- If there is a general deterioration in service performance, the Commission should require immediate ameliorative action and be prepared to impose direct sanctions for continued poor performance.

- The Commission direct the companies to defer any personnel changes that would jeopardize government contracts until all of the affected individuals have the requisite security clearances.

Q. DOES THIS COMPLETE YOUR TESTIMONY?

A. Yes. It does, although I should note that there are some aspects of this transaction that I have not addressed. These include such issues as the likelihood of cost savings from the transaction, the quality and extent of the merged company's broadband services, the extent to which past obligations will affect the new entity, and the wholesale market policies and the interfaces between the Company and its CLEC competitors. My silence on such issues does not mean that they are not important to DoD/FEA or that DoD/FEA will not address them later in this proceeding.[29]

[29] I should also note that the discovery process is not completed. It is possible that further responses may require supplemental testimony.

Charles W. King

Experience

Snavely King Majoros O'Connor & Lee, Inc. Washington, DC

President (1989 to Present)
Vice President (1970 - 1989)

Mr. King, a founder of the firm and acknowledged authority on regulatory economics, brings over thirty years of experience in economic consulting to his direction of the firm's work in transportation, utility and telecommunications economics.

Mr. King has appeared as an expert witness on over 300 separate occasions before more than thirty state and nine U.S. and Canadian federal regulatory agencies, presenting testimony on rate base calculations, rate of return, rate design, costing methodology, depreciation market forecasting, and ratemaking principles. Mr. King has also testified before House and Senate Committees on energy and telecommunications legislation pending before the U.S. Congress.

In telecommunications, Mr. King has testified before the Federal Communications Commission on a number of policy issues, service authorization, competitive impacts, video dialtone, and prescription of interstate depreciation rates. Before state regulatory bodies, he has presented testimony in proceedings on intrastate rates, costs earnings and depreciation.

Mr. King has testified in electric, gas and water utility cases on virtually every aspect of regulation, including cost of capital, revenue requirements, depreciation, cost allocation and rate design. Mr. King is one of the nation's leading authorities on utility depreciation practices, having testified on this subject in several dozen cases before state regulatory bodies.

In addition to his appearances as a witness in judicial and administrative proceedings, Mr. King has negotiated settlements among private parties and between private parties and regulatory offices. Mr. King also has directed depreciation studies, investment cost benefit analyses, demand forecasts, cost allocation studies and antitrust damage calculations. Mr. King directed analyses of the prices of services under Federal Government's FTS2000 long distance system.

In Canada, Mr. King designed and directed an extended inquiry into the principles and procedures for regulating the telecommunication carriers subject to the jurisdiction of the Canadian Transport Commission. He also was the principal investigator in the Canadian Transport Commission's comprehensive review of rail costing procedures.

EBS Management Consultants, Inc., Washington, DC

Director, Economic Development Department (1968-1970)

Mr. King organized and directed a five-person staff of economists performing research, evaluation, and planning relating to economic development of depressed areas and communities within the U.S. Most of this work was on behalf of federal, state, and municipal agencies responsible for community or regional economic development.

Principal Consultant (1966-1968)

Mr. King conducted research on a broad range of economic topics, including transportation, regional economic development, communications, and physical distribution.

W.B. Saunders & Company, Inc., Washington, DC

Staff Economist (1962-1966)

For this economic consulting firm, which later merged with EBS Management Consultants, Inc., Mr. King engaged in numerous research efforts relating primarily to economic development and transportation.

U.S. Bureau of the Budget, Office of Statistical Standards

Analytical Statistician (1961-1962)

Mr. King was responsible for the review of all federal statistical and data-gathering programs relating to transportation.

Education

Washington & Lee University, B.A. in Economics

The George Washington University, M.A. in Government Economic Policy

CHARLES W. KING
Snavely King Majoros O'Connor & Lee, Inc.
1111 14th Street, N.W. Suite 300
Washington, D.C. 20005
(202) 371-1111

Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
AK	Exxon USA	P-89-1,2	Trans Alaska Pipeline System	October 18, 1990
AZ	Arizona Corporation Commission	U-1345-I	Arizona Public Service Co.	December 16, 1980
	Arizona Retailers Association	U-1345-II	Arizona Public Service Co.	January 15, 1981
CA	California Retailers Association	57666	Pacific Gas & Electric Co.	March 6, 1978
	California Retailers Association	57602	Southern California Edison	April 25, 1978
	California Retailers Association	59351	Pacific Gas & Electric Co.	June 12, 1981
	California Retailers & California Manufacturers	59351	Southern California Edison	May 20, 1982
	California Retailers Association	61138	Southern California Edison	May 28, 1982
CO	U. S. Department of Defense	I&S 1100	Colorado Springs (Elec)	June 14, 1977
	J.C. Penney Company	5693	All Electric Utilities	March 8, 1978
	U.S. Department of Defense	I&S 1339	Colorado Springs DPU (Gas)	October 18, 1979
	U. S. Department of Defense	I&S 1540	Colorado Springs DPU (Gas)	February 9, 1982
	U.S. Department of Defense	C. Council	Colorado Springs DPU (Gas)	September 30, 1984
	U.S. Department of Defense	C. Council	Colorado Springs DPU (Elec)	June 6, 1985
	U.S. Department of Defense	C. Council	Colorado Springs DPU (Elec)	May 19, 1986
	U.S. Department of Defense	C. Council	Colorado Springs DPU (Elec)	June 30, 1987
CT	Retailers Merchants Association	72-0204	Various Electric Utilities	July 22, 1976
	Division of Consumer Counsel	76-0604,5	CL&P and HELCO	November 10, 1977
	Public Utilities Control Auto	78-0303	Bridgeport Hydraulic Co.	(none)
	Division of Consumer Counsel	80-0403,4	CL&P and HELCO	August 11, 1980
	Division of Consumer Counsel	81-0413	United Illuminating Company	July 20, 1981
	Division of Consumer Counsel	81-0602,4	CL&P and HELCO	October 5, 1981
	Division of Consumer Counsel	82-0701	CL&P	September 28, 1982
	Coalition of Hotels, Alloys & Retailers	85-10-22	CL&P	(none)
	Coalition of Hotels, Alloys & Retailers	87-07-01	CL&P	April 25, 1988

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
	D.C. People's Counsel	685	Potomac Electric Power Company	March 6, 1978
	D.C. People's Counsel	715	Potomac Electric Power Company	(none)
	D.C. People's Counsel	725	Potomac Electric Power Company	April 4, 1980
	D.C. People's Counsel	737	Potomac Electric Power Company	January 1, 1981
	Washington Metro Area Transit Authority	748	Potomac Electric Power Company	June 26, 1981
	Washington Metro Area Transit Authority	758	Potomac Electric Power Company	December 15, 1981
	D.C. People's Counsel	785	Potomac Electric Power Company	September 21, 1982
	Washington Metro Area Transit Authority	759	Potomac Electric Power Company	March 29, 1984
DC	D.C. People's Counsel	685 Remand	Potomac Electric Power Company	June 10, 1985
	D.C. People's Counsel	905	Potomac Electric Power Company	August 20, 1991
	D.C. People's Counsel	912	Potomac Electric Power Company	May 7, 1992
	D.C. People's Counsel	834, III	Potomac Electric Power Company	May 22, 1992
	D.C. People's Counsel	917	Potomac Electric Power Company	September 24, 1992
	D.C. People's Counsel	922	Washington Gas Light Company	June 15, 1993
	D.C. People's Counsel	929	Potomac Electric Power Company	December 16, 1993
	D.C. People's Counsel	934	Washington Gas Light Company	Filed April 22, 1994
	D.C. People's Counsel	939	Potomac Electric Power Company	March 16, 1995
	D.C. People's Counsel	917	Potomac Electric Power Company	April 16, 1995
	D.C. People's Counsel	951	Potomac Electric Power Company	February 20, 1997
	D.C. People's Counsel	945	Potomac Electric Power Company	September 29, 1999
	D.C. People's Counsel	847	Washington Gas Light Company	June 27, 2001
	D.C. People's Counsel	989	Washington Gas Light Company	May 22, 2002
	D.C. People's Counsel	1016	Washington Gas Light Company	September 23, 2003
	D.C. People's Counsel	1053	Potomac Electric Power Company	June 27, 2007
	Delaware PSC Staff	94-164	Artesian Water Company	Filed March 10, 1995
DE	Delaware PSC Staff	94-149	Wilmington Suburban Water Company	March 10, 1995
	Delaware PSC Staff	04-152	Tidewater Utilities Company	Filed July 26, 2004
	Florida Retail Federation	790593-EU	All Electric Utilities	March 5, 1981
	Florida Retail Federation	810002-EU	Florida Power and Light Company	July 23, 1981
	Florida Retail Federation	820097-EU	Florida Power and Light Company	September 22, 1982
FL	Florida Retail Federation	820097-EU	Florida Power and Light Company	April 11, 1983
	Florida Retail Federation	830012-EU	Tampa Electric Company	August 19, 1983
	Florida Retail Federation	830465-EI	Florida Power and Light Company	April 19, 1984
	Florida Retail Federation	830465-EI	Tampa Electric Company	(none)

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Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
GA	Georgia Retail Federation	3270-U	Georgia Power Company	September 3, 1981
	Georgia Public Service Commission	4007-U	Georgia Power Company	August 21, 1991
	Georgia Public Service Commission	4384-U	All Electric Utilities	August 1, 1993
	Georgia Public Service Commission	4755-U	Georgia Power Company	January 25, 1994
	Georgia Public Service Commission	4697-U	All Utilities	May 10, 1994
	Georgia Public Service Commission	9355-U	Georgia Power Company	November 4, 1998
	Georgia Public Service Commission	14000-U	Georgia Power Company	October 23, 2001
	Georgia Public Service Commission	14618-U	Savannah Electric & Power Company	March 27, 2002
	Georgia Public Service Commission	14311-U	Atlanta Gas Light Company	April 8, 2002
	Georgia Public Service Commission	17066-U	Georgia Power Company	July 31, 2003
	Georgia Public Service Commission	18300-U	Georgia Power Company	October 26, 2004
	Georgia Public Service Commission	18638-U	Atlanta Gas Light Company	March 14, 2005
	Georgia Public Service Commission	19758-U	Savannah Electric & Power Company	March 29, 2005
	Georgia Public Service Commission	20298-U	Atmos Energy Corp.	October 11, 2005
	Georgia Public Service Commission	25060-U	Georgia Power Company	Filed October 22, 2007
	Georgia Public Service Commission	27163	Atmos Energy Corp.	August 16, 2008
HI	Public Utilities Department	2793	All Electric Utilities	February 14, 1978
	Hawaii Consumer Advocate	4536	Hawaiian Electric Company	February 1, 1983
IL	Illinois Retail Merchants Association ("IRMA"/ Chicago Bldg. Mgrs. Association ("CBMA")	76-0698	Commonwealth Edison	June 22, 1977
	IRMA/CBMA	76-0568	All Electric Utilities	(none)
	IRMA/CBMA	80-0546	Commonwealth Edison	March 5, 1981
	IRMA/CBMA	82-0026	Commonwealth Edison	July 22, 1982
	IRMA/CBMA	83-0537	Commonwealth Edison	March 19, 1984
	IRMA/CBMA	87-0427	Commonwealth Edison	March/April 22, 1988
	IRMA/CBMA	90-0169	Commonwealth Edison	October 29, 1990
	City of O'Fallon, IL	02-0690	Illinois-American Water Company	Filed Feb.5, Apr.11,2003
IN	Indiana Retail Council	35780-S2	N. Ind. Public Service co.	June 1, 1980
	Indiana Retail Council	35780-S1	Public Service of Indiana	October 15, 1980
	Indiana Retail Council	36318	Public Service of Indiana	May 4, 1982
KS	J.C. Penney Company	115,379-U	All Kansas Utilities	January 22, 1981

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Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
KY	Seven Kentucky Retailers	7310	Louisville Gas & Electric Co.	April 25, 1979
	Attorney General of Kentucky	2002-145	Columbia Gas of Kentucky	Filed August 8, 2002
	Attorney General of Kentucky	2003-252	Union Heat Light & Power Co.	September 30, 2003
	Attorney General of Kentucky	2004-67	Delta Gas Company	August 18, 2004
	Attorney General of Kentucky	2006-00646	Atmos Energy Corp.	Filed April 27, 2007
	Attorney General of Kentucky	2007-00008	Columbia Gas of Kentucky	Filed June 12, 2007
	Attorney General of Kentucky	2007-00089	Delta Gas Company	Filed August 14, 2007
MA	Coalition of Municipalities	20279	Western Massachusetts Electric	March 19, 1980
	Coalition of Municipalities	557/558	Western Massachusetts Electric	May 14, 1981
	Coalition of Municipalities	957	Western Massachusetts Electric	March 9, 1982
	Coalition of Municipalities	1300	Western Massachusetts Electric	January 1, 1983
	Coalition of Municipalities	85-270	Western Massachusetts Electric	March 26, 1986
MD	Maryland People's Counsel	6977	Washington Gas & Light Company	September 17, 1976
	Maryland People's Counsel	6814	Potomac Electric Power Company	
	Maryland People's Counsel	6807	All Electric Utilities	September 1, 1977
	Maryland People's Counsel	6882	Baltimore Gas & Electric Company	(none)
	Maryland People's Counsel	6985	Baltimore Gas & Electric Company	September 28, 1976
	Maryland People's Counsel	7070	Baltimore Gas & Electric Company	December 20, 1976
	Maryland People's Counsel	7149	Potomac Electric Power Company	April 18, 1978
	Maryland People's Counsel	7163	All Electric Utilities	January 17, 1979
	Maryland People's Counsel	7236	Delmarva Power & Light Company	October 23, 1978
	Retail Merchants of Baltimore	7397	Baltimore Gas & Electric Company	June 20, 1980
	Maryland People's Counsel	7427	Delmarva Power & Light Company	September 8, 1980
	Maryland People's Counsel	7574	Baltimore Gas & Electric Company	December 2, 1981
	Maryland People's Counsel	7597	Potomac Electric Power Company	February 18, 1982
	Organization of Consumer Justice	7604	Potomac Electric Power Company	April 20, 1982
	Maryland People's Counsel	7588	Baltimore Gas & Electric Company	October 19, 1982
	Maryland People's Counsel	7663	Potomac Electric Power Company	November 22, 1982
	Retail Merchants of Baltimore	7685	Baltimore Gas & Electric Company	April 12, 1983
	Genstar Stone Products, et al.	7878	Potomac Electric Power Company	December 9, 1985
	Industrial Intervenors	7878	Potomac Electric Power Company	June 28/July 1986
	Maryland People's Counsel	7983	Baltimore Gas & Electric Company	March 4, 1987
	Giant Foods, Inc.	8855	Baltimore Gas & Electric Company	January 8, 2003
	Maryland People's Counsel	9036	Baltimore Gas & Electric Company	September 29, 2005
	Maryland People's Counsel	9092	Potomac Electric Power Company	April 16, 2007
	Maryland People's Counsel	9093	Delmarva Power & Light Company	April 9, 2007
	Maryland People's Counsel	9104	Washington Gas & Light Company	August 23, 2007
	Maryland People's Counsel	9096	Baltimore Gas & Electric Company	September 24, 2007
	Maryland People's Counsel	9103	Washington Gas & Light Company	filed December 21, 2007
	Maryland People's Counsel	9159	Columbia Gas Company	January 6, 2009
	Maryland People's Counsel	9192	Delmarva Power & Light Company	September 25, 2009
	Maryland People's Counsel	9217	Potomac Electric Power Company	April 8, April 30 May 7, 2010

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Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
MI	General Services Administration	U-10102	Detroit Edison Company	March 22, 1993
	Michigan Attorney General	U-11722	Detroit Edison Company	November 6, 1998
	Michigan Attorney General	U-11772	Consumers Energy/Detroit Edison	November 16, 1998
	Michigan Attorney General	U-11495	Detroit Edison Company	December 8, 1999
	Michigan Attorney General	U-11956	Consumer Energy/Detroit Edison	December 15, 1999
	Michigan Attorney General	U-12505	Consumers Energy Company	September 7, 2000
	Michigan Attorney General	U-12478	Detroit Edison Company	October 5, 2000
	Michigan Attorney General	U-12639	Consumers Energy/Detroit Edison	July 18, 2001
	Michigan Attorney General	U-13000	Consumers Energy Company	January 29,2002
	Michigan Attorney General	U-13380	Consumers Energy Company	September 9, 2002
	Michigan Attorney General	U-13715	Consumers Energy Company	April 24, 2003
	Michigan Attorney General	U-13808	Detroit Edison Company	Dec 12, 2003; Jan 30, Mar 5, 04
	Michigan Attorney General	U-12999	Consumers Energy Company	March 10, 2004
	Michigan Attorney General	U-13898,9	Michigan Consolidated Gas Co.	August 23, 2004
	Michigan Attorney General	U-14201	Detroit Edison Company	Filed December 5, 2004'
	Michigan Attorney General	U-14274	Consumers Energy Company	Filed February 15, 2005
	Michigan Attorney General	U-14148	Consumers Energy Company	Filed March 2, 25, 2005
	Michigan Attorney General	U-14399	Detroit Edison Company	July 29, 2005
	Michigan Attorney General	U-14428	Detroit Edison Company	September 7, 2005
	Michigan Attorney General	U-14292	All Michigan Utilities	September 27, 2005
	Michigan Attorney General	U-13808-R	Detroit Edison Company	November 7, 2005
	Michigan Attorney General	U-14547	Consumers Energy Company	Nov.7, 2005; Mar. 22, 2006
	Michigan Attorney General	U-14701	Consumers Energy Company	March 21, 2006
	Michigan Attorney General	U-14526	Consumers Energy Company	April 11.2006
	Michigan Attorney General	U-14561	All Gas Distribution Utilities	June 1, 2006
	Michigan Attorney General	U-15002	Detroit Edison Company	December 8, 2006
	Michigan Attorney General/ABATE	U-15245	Consumers Energy Company	December 11, 2007
	Michigan Attorney General	U-15417	Detroit Edison Company	April 2, 2008
	Michigan Attorney General/ABATE	U-15244	Detroit Edison Company	July 15, 2008
	Michigan Attorney General/ABATE	U-15506	Consumers Energy Company	September 12, 2008
	Michigan Attorney General	U-15002-R	Detroit Edison Company	October 16, 2008
	Michigan Attorney General	U-15645	Consumers Energy Company	April 27, July 30, 2009
	Michigan Attorney General	U-15768	Detroit Edison Company	July 9, July 30, 2009
	Louisiana Pacific Corp.	U-15981	Wisconsin Electric Power Co.	Dec 22, 2009; Jan 22, 2010
MN	Minnesota Retail Federation	EOO2/6R-77-611	Northern States Power	1979
MO	Missouri Retailers Association	EO-78-161	Kansas City Power & Light Company	February 19, 1981
	Missouri Public Counsel	ER-2006-0315	Empire District Electric Company	September 14, 2006
	Missouri Public Counsel	GR-2007-0003	Ameren UE (Gas)	Filed December 15, 2006
	Missouri Public Counsel	ER-2007-0002	Ameren UE (Electric)	March 22, 2007
NC	North Carolina Merchants Association	E-100	All Electric Utilities	December 18, 1975

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
ND	North Dakota Public Service Commission	PU-400-00-521	Xcel Energy, Inc.	April 20, 2001
	North Dakota Public Service Commission	PU-399-01-186	Montana-Dakota Utilities (Electric)	February 25, 2002
	North Dakota Public Service Commission	PU-399-02-183	Montana-Dakota Utilities (Gas)	October 7, 2002
	North Dakota Public Service Commission	PU-399-02-183	Montana-Dakota Utilities (Gas Depr.)	Filed April 7, 2003
	North Dakota Public Service Commission	PU-399-03-296	Montana-Dakota Utilities (Electric)	Filed October 15, 2003
	North Dakota Public Service Commission	PU-04-97	Montana-Dakota Utilities (Gas)	Filed July 6, 2004
	North Dakota Public Service Commission	PU-06-525	Northern States Power (Gas)	Filed May 1, 2007
	North Dakota Public Service Commission	PU-07-776	Northern States Power (Electric)	June 25, 2008
	North Dakota Public Service Commission	PU-08-862	Otter Tail Power Company	April 6, 2009
NH	Business & Industry Association of N.H.	79-187-II	Public Service of N.H.	February 6, 1981
	Business & Industry Association of N.H.	80-260	Public Service of N.H.	February 5, 1981
	Business & Industry Association of N.H.	82-333	Public Service of N.H.	November 2, 1983
NJ	N.J. Retail Merchants Association	803-151	All New Jersey Utilities	March 31, 1981
	Department of Public Advocate	815-459	N.J. Natural Gas Company	(none)
	Resorts International Hotel, Inc.	8011-827	Atlantic City Sewerage Co.	(none)
	Dept. of Public Advocate	822-116	Atlantic City Electric Co.	August 11, 1982
	Dept. of Public Advocate	355-87	Elizabethtown Gas	June 9, 1987
	Dover Township Fire Chiefs	88-080967	Tom's River Water Company	February 22, 1989
NY	NY Council of Retail Merchants	26806	All Electric Utilities	February 3. 1976
	Metropolitan N.Y. Retail Council	27029	Consolidated Edison Company	(none)
	Metropolitan N.Y. Retail Council	27136	Long Island Lighting Company	July 1, 1977
	N.Y. Metro. Transit Authority	27353	Consolidated Edison Company	September 5, 1980
OH	Ohio Council of Retail Association	88-170-EL	Cleveland Elec. Illuminating	(none)
	Ohio Council of Retail Association	83-1529-EL	Cincinnati Gas & Electric	February 15, 1992
	Ohio Energy Group	08-936-EL-SSO	FirstEnergy Companies	Filed September 25, 2008

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
PA	Pennsylvania Retail Association	76-PRMD-7	All Electric Utilities	September 7, 1977
	Southeastern Pa. Transp. Authority	R-811626	Philadelphia Electric Company	December 11, 1981
	Eastern Penn Energy Users Group	R-822169	Penn. Power & Light Company	March/April 1983
	Eastern Penn Energy Association	R-842651	Penn. Power & Light Company	December 3, 1984
	Penn Business Utility User Group	R-850152	Philadelphia Electric Company	February 19, 1986
	Pennsylvania Office of Consumer Advocate	R-00016339	Pennsylvania-American Water Co.	September 19, 2001
	Pennsylvania Office of Public Advocate	R-2008-203269	Pennsylvania-American Water Co.	August 6, 2008; Sept.15, 2008
TN	Attorney General of Tennessee	07-00105	Atmos Energy Corp.	Filed August 21, 2007
	Attorney General of Tennessee	08-00039	Tennessee-American Water Co.	August 26, 2007
TX	Houston Retailers Association	5779	Houston Lighting Company	October 19, 1984
	Houston Retailers Association	6765	Houston Lighting Company	September 25, 1986
	Cities for Fair Utility Rates	8425/8431	Houston Lighting Company	April 25, 1989
UT	Div. Of Public Utilities Dept of Commerce	98-2035-33	Pacific Corp	Filed August 16, Sept 22, 1999
	Div. Of Public Utilities Dept of Commerce	05-057-T01	Questar Gas Company	May 17, 2006
	Div. Of Public Utilities Dept of Commerce	07-035-13	Rocky Mountain Power Co.	Filed October 15, 2007
VA	Consumer Congress of Virginia	19426	Virginia Electric Power Company	July 1, 1975
	Consumer Congress of Virginia	19960	Virginia Electric Power Company	September 19, 1978
	Va. Business Committee on Energy	PUE 7900012	Virginia Electric Power Company	February 25, 1981
	Virginia Pipe Trades Council	PUE 8900051	Old Dominion Electric Corp. &	October 31, 1989
WA	WA Attorney General - Public Counsel	UE-072300;UG-072301	Puget Sound Energy	Filed May 30, 2008
	WA Attorney General - Public Counsel	UE-080220	PacifiCorp	Filed August 15, 2008
	WA Attorney General - Public Counsel	UE-08416;UG-08417	Avista Utilities	September 19;October 10, 2008
WI	Wisconsin Merchants Federation	6630-ER-2	Wisconsin Electric Power Company	May 15, 1978

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date
	Client	Case		
		Case Number	Utility	
AL	U.S. Department of Defense	24472	All Telephone Companies	June 14, 1995
AK	GCI Communications, Inc.	U-97-82,U-97-143	Alaska Communications Systems	Filed Feb 25, April 5, 2004
	GCI Communications, Inc.	U-05-46	Matanuska Telephone Association	October 28, 2005
AZ	Arizona Burglar & Fire Alarm Association	9981-E-	Mountain State Telephone	(none)
	Arizona Burglar & Fire Alarm Association	1051-80-64	Mountain State Telephone	
	Federal Executive Agencies	E-1051-88-146	Mountain State Telephone	(none)
	U.S. Department of Defense	T-01051B-99-0105	US WEST Communications	Filed July 26, Sept 8, 2000
CA	Western Burglar & Fire Alarm Association	59849	Pacific Telephone & Telegraph	March 25, 1981
	Western Burglar & Fire Alarm Association	5984cont.	Pacific Telephone & Telegraph	June 23, 1982
	Western Burglar & Fire Alarm Association	A83-01-22	Pacific Telephone & Telegraph	June 29, 1983
	Western Burglar & Fire Alarm Association	A83-02-02	General Telephone of California	January 17, 1984
	Western Burglar & Fire Alarm Association	A82-11-07	Pacific Telephone & Telegraph	Jan. 18, Oct. 31, Nov 28, 1984
	Western Burglar & Fire Alarm Association	A85-01-034	Pacific Telephone & Telegraph	June 4, 1985, October 2, 1986
	Western Burglar & Fire Alarm Association	A87-01-02	General Telephone of California	October 22, 1987
	Western Burglar & Fire Alarm Association	A88-07-17019	Pac. Bell Tel. & GTE of CA.	January 23, 1989
	California Cellular Resellers	A.88-11-1040	All Cellular Carriers	August 11, 1989
	Federal Executive Agencies	1.87-11-033	All Telephone Companies	March 6-7, 1991
	California Cellular Resellers	1.88-11-040	All Cellular Carriers	August 19, 1991
	Cellular Services, Inc.	1.88-11-040	All Cellular Carriers	October 3, 1991
	Federal Executive Agencies	A92-05-004	Pacific Telephone & Telegraph	June 9, 1993
CO	U.S. Department of Defense	I&S 717	Mountain Bell Telephone Company	1972
	U.S. Department of Defense	I&S 1700	Mountain Bell Telephone Company	(none)
	U.S. Department of Defense	Appl.	Mountain Bell Telephone Company	September 18, 1986
	U.S. Department of Defense	I&S 1766	Mountain Bell Telephone Company	November 28, 1988
	Colorado Municipal League	Appl 36883	Mountain Bell Telephone Company	December 13, 1988
	U.S. Department of Defense	I&S 891-O82T	U.S. West Communications	February 21, 1990
	U.S. Department of Defense	905-544T	U.S. West Communications	July 17, 1991
	U.S. Department of Defense	90A-665T	U.S. West Communications	October 23, 1991
	U.S. Department of Defense	92M-039T	U.S. West Communications	February 24-24, 1992
	U.S. Department of Defense	92S-229T	U.S. West Communications	July 30-31, 1992
	U.S. Department of Defense	90A-665T	U.S. West Communications	November 6, 1996
	AT&T	96S-331T	U.S. West Communications	April 17, 1997

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date
	Client	Case		
		Case Number	Utility	
CT	Connecticut Consumer Counsel	770526	Southern New England Telephone Co.	November 10, 1977
	CT Cellular Resellers Assn.	89-12-05	Southern New England Telephone Co.	(none)
	CT Cellular Resellers Coalition	94-03-27	Springwich Cellular/Bell Atlantic	May 16, June, 1994
	AT&T	AT&T/SNET Arbitration	Southern New England Telephone Co.	Filed October 28, 1996
	Connecticut Consumer Counsel	96-04-07	Southern New England Telephone Co.	February 10,1998
	Connecticut Consumer Counsel	00-07-17	Southern New England Telephone Co.	December 5, 2000
DC	D.C. People's Counsel	729	Chesapeake & Potomac Tel. Co.	May 13, 1980
	D.C. People's Counsel	798	Chesapeake & Potomac Tel. Co.	July 18, 1983
	General Services Administration	827	Chesapeake & Potomac Tel. Co.	May 7, 1985
	General Services Administration	854	Chesapeake & Potomac Tel. Co.	April 16, 1987
	General Services Administration	850	Chesapeake & Potomac Tel. Co.	October 7, 1991
	General Services Administration	926	Chesapeake & Potomac Tel. Co.	October 7, 1993
DE	Public Service Commission	Depr.Repre	Diamond State Telephone Co.	April 1, 1985
	Federal Executive Agencies	86-20	Diamond State Telephone Co.	July 31, 1987
	Public Service Commission	Depr.Repre	Diamond State Telephone Co.	March 8, 1988
FL	GTE Sprint Communications Company	720536-TP	All Telephone Companies	September 12, 1983
	Office of Public Counsel	Depr.Repre	Southern Bell	July 30, 1986
	Federal Executive Agencies	880069-TL	Southern Bell	July 21, 1988
	Federal Executive Agencies	880069-TL	Southern Bell	November 30, 1990
	Federal Executive Agencies	880069-TL	Southern Bell	February 11, 1992
GA	Georgia Attorney General	3893-U	Southern Bell Telephone Co.	January 8, 1990
	Federal Executive Agencies	3905-U	Southern Bell Telephone Co.	June 12, 1990
	Federal Executive Agencies	3987-U	Southern Bell Telephone Co.	February 13, 1992
	Georgia Public Service Commission	4018-U	Southern Bell Telephone Co.	Jan 14, Feb 10, 1993
HI	Hawaii Public Utility Commission	1871	Hawaiian Telephone Company	July 8, 1971
	Four Hawaii Counties	4588	Hawaiian Telephone Company	December 15, 1983
	Department of Defense	7579	Hawaiian Telephone Company	April 26, 1994
	Department of Defense	94-0093	Oceanic Communications	March 13, 1995
	Department of Defense	7702	All Communications Carriers	June 2, 1995
	Department of Defense	94-0298	GTE Hawaiian Telephone Company	May 7, 1996
	Department of Defense	7720	Verizon-Hawaii	November 15, 2000

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date
	Client	Case		
		Case Number	Utility	
ID	U.S. Department of Energy U.S. Department of Energy	U-1000-63 U-1000-70	Mountain Bell Telephone Co. Mountain Bell Telephone Co.	May 16, 1983 March 6, 1984
IL	Illinois Alarm Companies Attorney General of Illinois GTE Sprint Communications Co. Federal Executive Agencies Federal Executive Agencies	79-0143 81-0478 83-0142 89-0033 09-0268	Illinois Bell Telephone Illinois Bell Telephone All Telephone Companies Illinois Bell Telephone Verizon-Frontier Sale	September 26, 1979 December 28, 1981 August 4, 1983 June 12, 1989 Oct.20, Dec.14, 2009
KS	State Corporation Commission Federal Executive Agencies Federal Executive Agencies	Depr. Repr. 166.856-U 190, 492	Southwestern Bell Southwestern Bell All Telephone Companies	May 12-14, 1986 November 7, 1989 November 4, 1994
KY	Kentucky Cable Telecommunications Assn. Kentucky Cable Telecommunications Assn.	2000-414 2000-39	Blue Grass Energy Cooperative Cumberland Valley Electric, Inc.	January 11, 2001 January 11, 2001
MD	Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Federal Executive Agencies Federal Executive Agencies Federal Executive Agencies	6813 6881 7025 7467 7851 8106 8274	C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company C&P Telephone Company	1975 December 17, 1975 March 15, 1975 October 20, 1981 March 20, 1985 May 9, 1988 August 2, 1990
MI	Michigan Attorney General Michigan Attorney General	U-8911 U-9553	Michigan Bell Telephone Co. AT&T Communications/MCI	November 7, 1988 December 4, 1990
MN	GTE Sprint Communications Co. U.S. Department of Defense	83-102-HC 87-021-BC	All Telephone Companies Northwest Bell Telephone Co.	August 5, 1983 (none)

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date
	Client	Case		
		Case Number	Utility	
MO	GTE Sprint Communications Co.	TR83-253	Southwestern Bell Tel. Co.	September 5, 1983
	Federal Executive Agencies	TC-89-14	Southwestern Bell Tel. Co.	(none)
	Federal Executive Agencies	TO-89-56	Southwestern Bell Tel. Co.	November 7, 1990
MS	Federal Executive Agencies	U-5453	South Central Bell Tel. Co.	May 15, 1990
NJ	Department of Public Advocate	Depr.Repr.	N.J. Bell Telephone Company	Mar-79
	Department of Public Advocate	815-458	N.J. Bell Telephone Company	October 15, 1981
	Department of Public Advocate	Depr.Repr.	N.J. Bell Telephone Company	March 1, 1982
	Department of Public Advocate	Depr.Repr.	N.J. Bell Telephone Company	February 1, 1985
	Department of Public Advocate	T092030358	N.J. Bell Telephone Company	September 30, 1992
	Department of Public Advocate	TMO05080739	United Telephone Co. of New Jersey	January 5,2006
NM	New Mexico Corporation Commission	1032	Mountain Bell Telephone Co.	November 14, 1983
	New Mexico Corporation Commission	86-151-TC	General Telephone of Southwest	February 5, 1987
NV	Prime Cable of Las Vegas	95-8034/8035	Central Telephone - NV	Filed November 22, 1995
	Prime Cable of Las Vegas	96-9035	Sprint/Centel, Nevada Bell	June 2, 1997
NY	Holmes Protection, Inc.	27350	New York Telephone Company	October 17, 1978
	Holmes Protection, Inc.	27469	New York Telephone Company	May 17, 1979
	5 Alarm Companies	27710	New York Telephone Company	July 24, 1980
	GTE Sprint Communications Co.	28425	All Telephone Companies	July 8, 1983
PA	City of Philadelphia	R-832316	Pennsylvania Bell Telephone	September 20, 1983
SC	Office of Consumer Advocate	Depr.Repr.	Southern Bell	July 1, 1986
	Office of Consumer Advocate	86-511-C	Southern Bell	December 11, 1986
	Office of Consumer Advocate	86-541-C	General Telephone of South	April 8, 1987
	Office of Consumer Advocate	Depr.Repr.	Southern Bell	July 10, 1989
	Office of Consumer Advocate	89-180-C	ALLTEL of South Carolina	September 26, 1989
	U.S. Department of Defense	2009-220-C	Verizon/Frontier Communications	August 27, 2009

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases			Date
	Client	Case		
		Case Number	Utility	
TX	U.S. Department of Defense	8585/8218	Southwestern Bell Telephone Co.	(none)
VA	U.S. Dept. Of Defense, GSA, et Federal Executive Agencies	19696 PUC 890014	C&P Telephone Company All Telephone Companies	October 6, 1976 February 13, 1989
VI	V.I. Department of Commerce V.I. Public Service Commission	205 341	Virgin Islands Telephone Co. Virgin Islands Telephone Co.	April 29, 1980 March 20, 1991
WA	U.S. Department of Defense	U-72-39	Pacific Northwest Bell	1973
	U.S. Department of Defense	U-87-796-T	Pacific Northwest Bell	December 20, 1983
	U.S. Department of Defense	U-88-20524	Pacific Northwest Bell	November 8, 1988
	U.S. Department of Defense	U-89-2698-F	US West Communications	November 28, 1989
	WA Attorney General/TRACER	UT-940641	US West Communications	Filed October 14, 1994
	U.S. Department of Defense	UT-941464	US West Communications	June 22, 1995
	U.S. Department of Defense		US West Communications	January 22, 1996
	WA Attorney General/TRACER	UT-951425	US West Communications	Filed June 23, 1997
	WA Attorney General/TRACER	UT-961632	GTE Northwest, Inc	July 29, 1997
	U.S. Department of Defense	UT-021120	Qwest Communications	May 22, 2003
	WA Attorney General/WeBTEC/AARP	UT-040788	Verizon Northwest, Inc.	August 12, 2004
	WA Attorney General	UT-040520	Verizon Northwest, Inc.	February 2, 2005
	WA Attorney General	UT-050814	Verizon - MCI Merger	November 2, 2005
	U.S. Department of Defense	UT-090842	Verizon-Frontier Sale	Nov.3,2009;Jan 28, 2010
WV	U.S. Department of Defense	09-0871-T-PC	Verizon-Frontier Sale	November 16, 2009
WI	GTE Sprint Wisconsin Consumers Utility Board Wisconsin Consumers Utility Board	6720-TR-38 2055-TR-102 5846-TR-102	All Telephone Companies CenturyTel of Central Wisconsin Telephone USA, LCC	October 20, 1983 June 26, 2002 June 26, 2002

CHARLES W. KING
Appearances before Federal Regulatory Agencies

Federal Communications Commission			
Client	**Docket**	**Subject**	**Date**
Department of Defense	16020	Consat Rate of Return	1973
Airline Parties	16258	Bell System Rates	July 22, 1968
Airline Parties	18128	TELPAK	3/22, 10/15 1971, Feb. 22, 1972
National Data Corporation	19989	WATS	(none)
Press Wire Services	19919	Private Line Rates	(none)
Aeronautical Radio	20814	Private Line Rates	October 5, 1978
Department of Defense	20690	1,544 Mbps Service	January 30, 1979
State of Hawaii	21263	Interstate Separation	February 7, 1979
International Record Carriers	CC78-97	Telex/TWX Rates	March 6, 1980
ITT World Communications	CC84-633	Rate of Return	(none)
Aeronautical Radio	CC78-72	Access Line Charges	(none)
MCI	CC84-800	Rate of Return	(none)
Ind. Data Com. Mfg. Assn.	CC85-26	AT&T Accounting Plan	(none)
Tymnet, Inc.	ENF84-22	Packet Switching Costs	(none)
Adelphia Jones Intercable, et. al.	Bell Atlantic	Video Dialtone	Filed 7/29/94
Adelphia Jones Intercable, et. al.	Bell Atlantic	Video Dialtone	Filed 8/23/94
Adelphia Jones Intercable, et. al.	Bell Atlantic	Video Dialtone	Filed 2/21/95
Nuclear Regulatory Commission			
Fauquier League for Environment Protection	50-328 50-329	Va. Electric Power Co.	1976
Postal Rate Commission			
Association of Third Class Mail Users	R71-1	Rates	1970
Dow Jones & Company	R72-1	Rates	1972
Dow Jones & Company	R74-1	Rates	September 13, 1974
Dow Jones & Company	MC76-2	Rate Structure	January 6, 1979
Dow Jones & Company	MC79-3	Rate Structure	September 12, 1979
Dow Jones & Company	R80-1	Rates	November 25, 1980
Warshawsky & Company	C82-1	Rate Structure	(none)
Dow Jones & Company	R84-1	Postal Costs	June 14, 1984
Dow Jones & Company	R87-1	Rate Structure Costs	November 2, 1987
Dow Jones & Company	R90-1	Rate Structure Costs	Sept 12, Oct 10, 1990
Dow Jones & Company	MC91-1	Pre-barcoding Discounts	November 19, 1991
Dow Jones & Company	MC91-3	Palletization Discounts	March 2, 1992

CHARLES W. KING
Appearances before Federal Regulatory Agencies

Client	Docket	Subject	Date
U.S. Congress			
National Retail Merchants Association	House/Senate Hearings	Electric Rate Reform Legislation	1976, 1977 & 1979
National Wireless Resellers Association	House Commerce Committee	Interconnection & Resale of Wireless Services	October 12, 1995
Federal Maritime Commission			
State of Hawaii	71-18	Ocean Shipping Rates	October-71
Foss Alaska Line	79-54	Barge Rate Increase	July 1979
Palmetto Shipping and Stevadoring	85-20	Vessel Charge Liability	October 27, 1986
Interstate Commerce Commission - Surface Transportation Board			
Western Coal Traffic League	Ex Parte 349	R.R. Rate Increase	May-76
Western Coal Traffic League	Ex Parte 357	R.R. Rate Increase	Oct-78
Western Coal Traffic League	Ex Parte 375 (Sub1)	R.R. Rate Increase	June 1, 1980
Arkansas Power & Light Co.	37276	Cost of Capital	(none)
Central Illinois Light Co.	37450	Cost of Capital	March 10, 1981
Western Coal Traffic League	Ex Parte 347	Costing Methods	(none)
Snavely King Majoros O'Connor & Lee, Inc.	Ex Parte 664	Cost of Capital	December 8, 2006
Williams Energy Services, Inc	Ex Parte 582, Sub 1	Rail Merger Guidelines	April 5, 2001
Civil Aeronautics Board			
Thomas Cook, Inc.	36595	Air Fare Deregulation	(none)
Copyright Royalty Tribunal			
Public Broadcasting Service	88-2-86CD	Television Valuation	(none)

CHARLES W. KING
Appearances before Federal Regulatory Agencies

Client	Docket	Subject	Date
Federal Energy Regulatory Commission			
Exxon USA	OR89-2-000	Pipeline Quality Bank	October 18, 1990
Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV,VA	ER08-386-000	Electric Transmission Cost of Equity	March 26, 2008
Consumer Advocates of DE,DC,OH,MD,NJ,PA,WV	ER08-23-000	Electric Transmission Cost of Equity	May 21, 2008
Maryland Office of People's Counsel	ER08-686-01	Electric Transmission Cost of Equity	April 7, 2008; July 8, 2008,
Maryland Office of People's Counsel	ER08-1329	Electric Transmission Cost of Equity	August, 2008
Louisiana Public Service Commission	ER09-1224	Depreciation	March 2010
Maryland Office of People's Counsel	ER10-355	Electric Transmission Cost of Equity	December 22, 2010
Canadian Transport Commission			
Rail Costing Inquiry, 1967-1969 Telecommunications Costing Inquiry, 1972-1975			

Attachment 2

West Virginia Service Quality Results
2010

	Benchmark 7/1/2009	Benchmark 7/1/2010	Jan-10	Feb-10	Mar-10	Apr-10	May-10	Jun-10	Jul-10	Aug-10
Installation										
Service Orders - % Completed within 5 days	n/a	n/a	99.3	99.3	99.4	99.5	99.5	98.4	89.5	88.3
Service Orders - % Completed within 7 days	n/a	n/a	99.1	99.3	99.5	99.4	99.4	99.1	92.9	91.0
Service Orders - % Completed within 10 days	n/a	n/a	99.0	99.5	99.7	99.6	99.6	99.4	95.4	94.3
Maintenance										
Out of Service With Exclusions *										
% OOS Cleared within 24 hours	n/a	n/a	43.2	55.1	55.7	54.8	52.0	46.3	28.9	18.9
% OOS Cleared within 48 hours	75.0	80.0	65.8	77.2	80.8	80.9	80.5	77.0	67.8	50.0
% OOS Cleared within 72 hours	n/a	n/a	78.3	87.2	91.0	91.1	92.8	91.7	85.8	71.9
% OOS Cleared within 96 hours	n/a	n/a	86.1	93.5	96.2	96.6	97.5	97.6	93.8	84.0
% OOS Cleared >= 96 hours	n/a	n/a	13.9	6.5	3.8	3.4	2.5	2.4	6.2	16.0
Out of Service with no Exclusions										
% OOS Cleared within 24 hours	n/a	n/a	25.9	30.8	39.5	42.7	38.3	35.5	11.7	8.6
% OOS Cleared within 48 hours	n/a	n/a	46.0	55.3	65.5	70.3	65.6	54.5	38.3	25.6
% OOS Cleared within 72 hours	n/a	n/a	59.0	67.7	78.6	81.7	80.8	63.9	56.9	41.8
% OOS Cleared within 96 hours	n/a	n/a	67.5	76.9	87.3	88.9	89.6	70.7	71.4	58.1
% OOS Cleared >= 96 hours	n/a	n/a	32.5	23.1	12.7	11.1	10.4	29.3	28.6	41.9
Affected Service with Exclusions *										
% AS Cleared within 24 hours	n/a	n/a	47.8	57.1	37.9	42.7	40.4	34.8	13.3	10.0
% AS Cleared within 48 hours	n/a	n/a	69.7	75.3	61.9	65.4	65.2	59.0	34.6	24.5
% AS Cleared within 72 hours	70.0	75.0	83.0	87.5	79.9	81.7	83.6	77.0	57.3	38.9
% AS Cleared within 96 hours	n/a	n/a	90.6	93.4	90.7	91.0	93.9	89.5	74.5	53.5
% AS Cleared >= 96 hours	n/a	n/a	9.4	6.6	9.3	9.0	6.1	10.5	25.5	46.5
Affected Service with no Exclusions										
% AS Cleared within 24 hours	n/a	n/a	23.5	28.3	27.7	33.7	29.7	23.8	6.2	4.4
% AS Cleared within 48 hours	n/a	n/a	41.6	44.7	47.1	53.5	51.1	36.4	6.3	4.0
% AS Cleared within 72 hours	n/a	n/a	54.4	58.4	61.6	68.8	67.5	44.9	11.9	7.8
% AS Cleared within 96 hours	n/a	n/a	64.7	68.0	73.1	78.3	79.0	51.4	18.3	12.1
% AS Cleared > =96 hours	n/a	n/a	35.3	32.0	26.9	21.7	21.0	48.6	81.7	87.9
Commitments Met										
% Repair Commitments Met	74.0	76.0	67.1	78.8	80.9	81.2	80.8	74.7	58.7	51.3
Repeats										
% Repair 30 day Repeats	19.0	19.0	23.6	19.4	17.9	18.7	18.0	19.2	19.0	15.7
Service Response **										
Business Office Answertime (Seconds)	n/a	n/a	84.0	77.0	41.0	29.6	30.9	155.0	120.1	67.6
Business Office Calls Offered	n/a	n/a	962951	527230	75720	68856	58138	66013	180615	214605
Business Office Calls Answered	n/a	n/a	864643	491266	72907	67185	56609	57118	171287	200749
Repair Office Answertime (seconds)	n/a	n/a	51.3	9.6	3.0	3.0	20.4	27.5	9.8	15.2
Repair Office Calls Offered	n/a	n/a	204080	21906	19773	18475	24575	31127	51792	56816
Repair Office Calls Answered	n/a	n/a	189186	21724	19690	18361	23899	30470	51172	56232
Customer Credits										
Total Credits ****			$36,294	$19,768	$12,381	$11,428	$8,769	$15,353	$106,781	$99,479

Network Out of Service Troubles do not include DSL, Coin,
Wholesale or inside wire/customer premise equipment.

Maintenance results include only customer troubles that are coded out to Network wire, Outside plant, Central office, Retest OK, Found OK in, No Trouble Found.

* Weekend and holiday time is excluded from the numerator. Tickets are excluded for State of Emergency Declarations for the following dates: 1/1 to 1/17 for certain exchanges (29 counties); 1/25 to 2/4 for certain exchanges (7 counties); 2/5 to 3/7 for entire state; 3/8 to 3/24 for certain exchanges (3 counties); 3/12 to 4/11 for certain exchanges (34 counties); 6/13 to 7/12 for certain exchanges (4 counties); and 6/24 to 7/12 for certain exchanges (5 counties). In addition, January and February data excludes customers who request a date greater than the offered date initially (CONS) and customer agreed-to dates that are beyond the measurement period (except for those received by voice portal or the web).

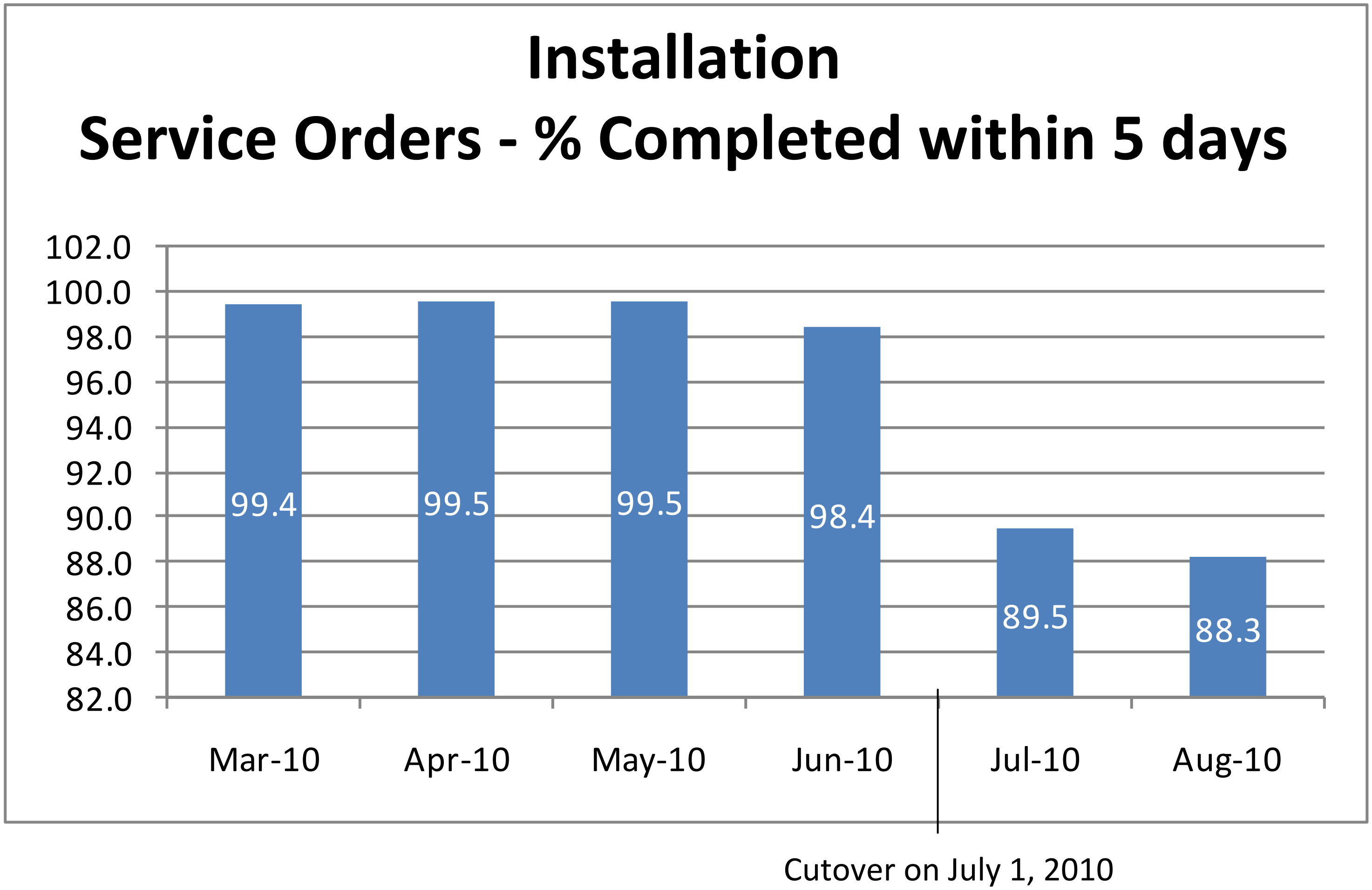
*** Reflects total West Virginia volumes (Citizens Telecommunications Company of West Virginia and Frontier West Virginia).

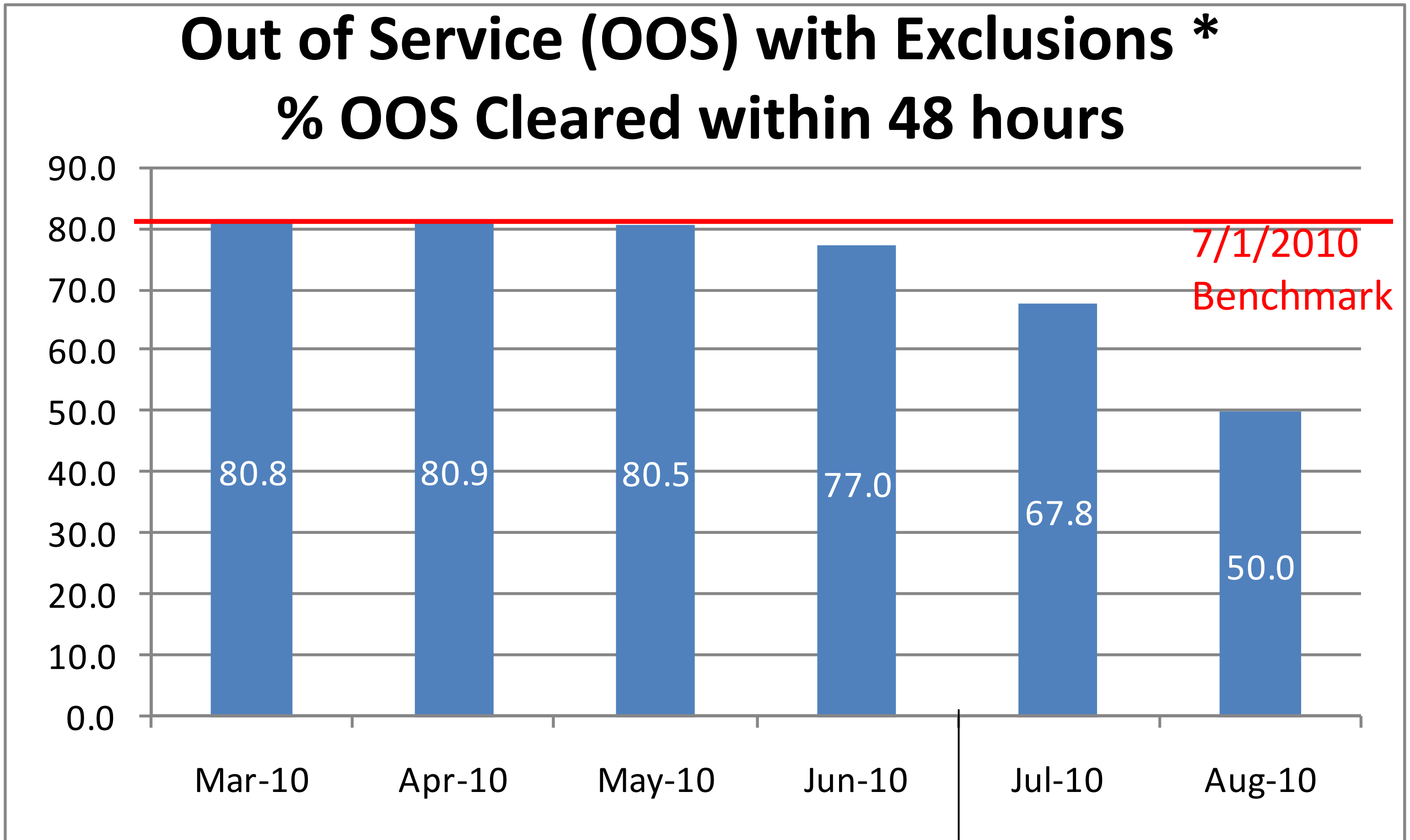
**** Per revised tariff which went into effect 1/1/10.

Attachment 3

West Virginia
Service Quality Results

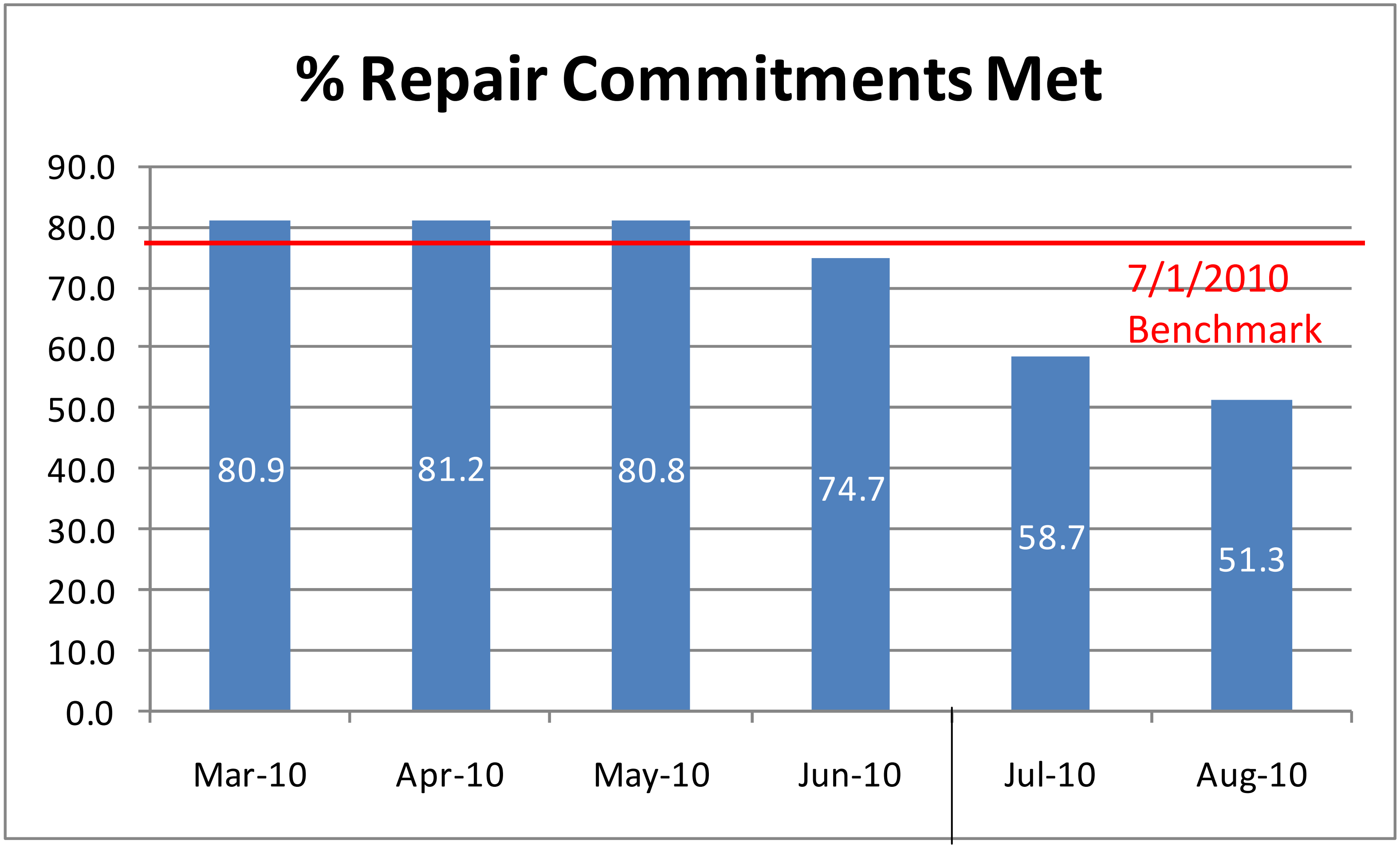
March – August 2010


Installation
Service Orders - % Completed within 5 days
102.0
100.0
98.0
96.0
94.0
92.0
90.0
88.0
86.0
84.0
82.0
99.4
99.5
99.5
98.4
89.5
88.3
Mar-10
Apr-10
May-10
Jun-10
Jul-10
Aug-10
Cutover on July 1, 2010

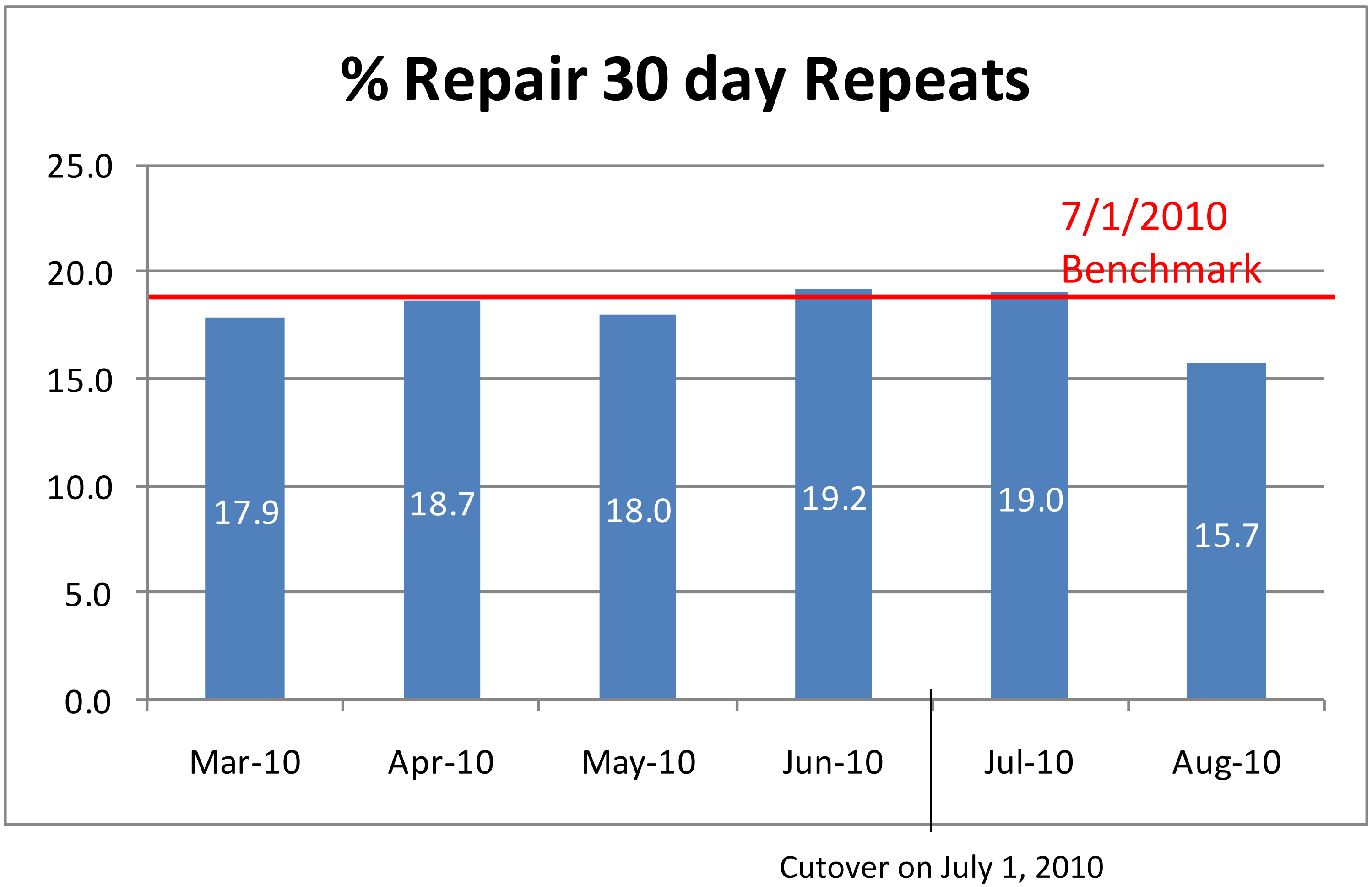


Cutover on July 1, 2010

* Weekend and holiday time is excluded from the numerator. Tickets are excluded for State of Emergency Declarations for the following dates: 1/1 to 1/17 for certain exchanges (29 counties); 1/25 to 2/4 for certain exchanges (7 counties); 2/5 to 3/7 for entire state; 3/8 to 3/24 for certain exchanges (3 counties); 3/12 to 4/11 for certain exchanges (34 counties); 6/13 to 7/12 for certain exchanges (4 counties); and 6/24 to 7/12 for certain exchanges (5 counties).



Cutover on July 1, 2010


% Repair 30 day Repeats
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20.0
15.0
10.0
5.0
0.0
7/1/2010
Benchmark
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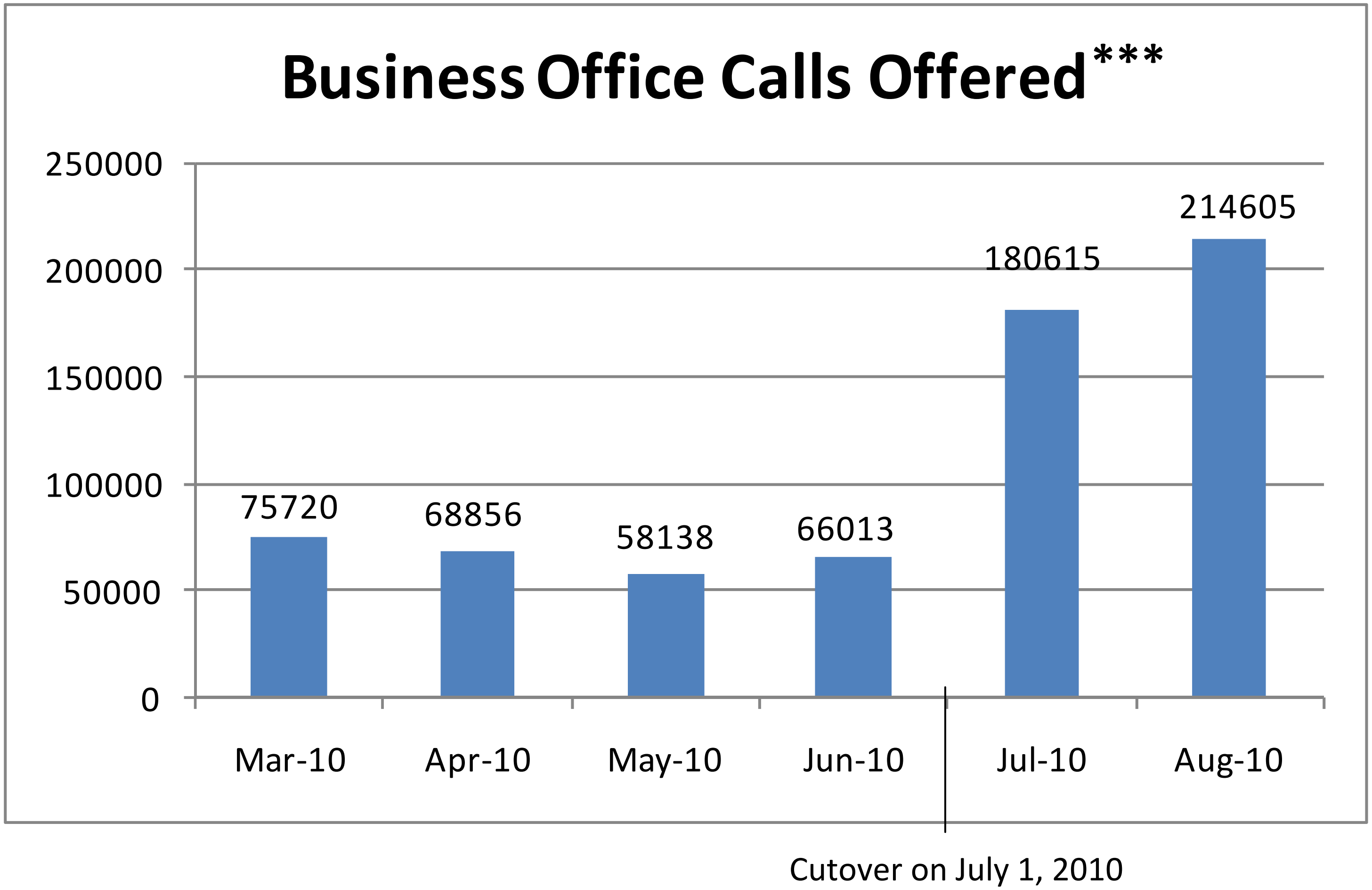
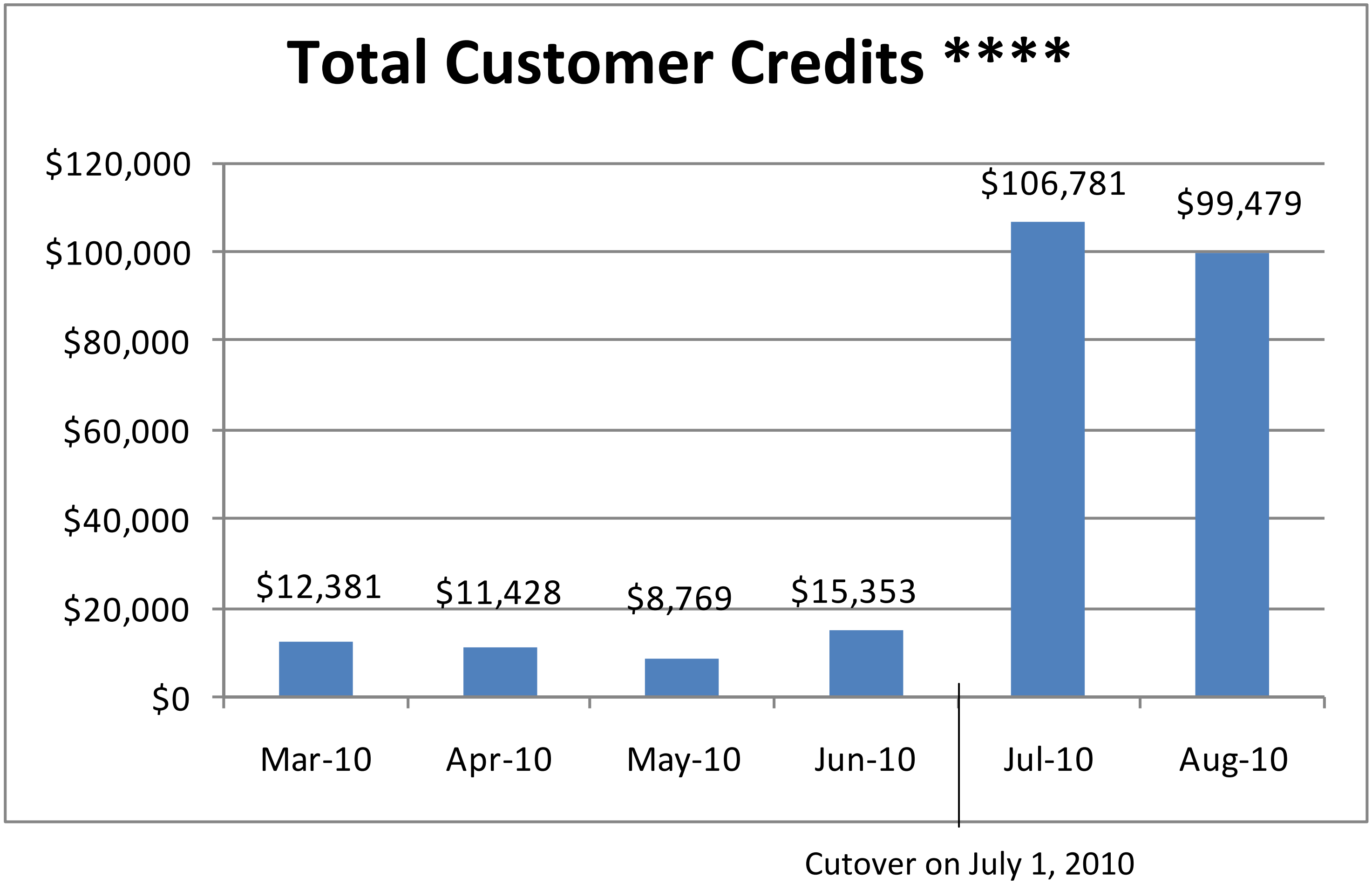
Mar-10
Apr-10
May-10
Jun-10
Jul-10
Aug-10
Cutover on July 1, 2010



*** Reflects total West Virginia volumes (Citizens Telecommunications Company of West Virginia and Frontier West Virginia).



**** Per revised tariff which went into effect 1/1/10.

Attachment 4

Congress of the United States
Washington, DC 20515

September 8, 2010

The Honorable Julius Genachowski
Chairman, Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Dear Chairman Genachowski,

We write to you regarding the FCC's consideration of the proposed merger between CenturyLink and Qwest. This is a matter of great importance to our constituents, as seventy percent of Oregonians access the Internet and phone service over a Qwest network.

We request further information about the Commission's review of this merger, in light of concerns arising from transactions in Hawaii, New England, and elsewhere. To ensure continuity of service for Oregon customers and businesses, we request the following information:

- What steps is the Commission taking to ensure that the merged company will maintain the current quality of operational and customer service?

- As a rural carrier, CenturyLink has been exempt from adhering to the 14-point "competitive checklist" under section 271 of the 1996 Telecommunications Act. What steps is the Commission taking to ensure that the merged company can immediately provide non-discriminatory access of acceptable quality and quantity to competing carriers?

We would appreciate a prompt and thorough reply to ensure that Oregonians continue to access high-quality telecommunications service.

Sincerely,

Earl Blumenauer
EARL BLUMENAUER
Member of Congress

Ron Wyden
RON WYDEN
United States Senator

PETER DEFAZIO
Member of Congress

Jeffrey A. Merkley
JEFF MERKLEY
United States Senator

DAVID WU
Member of Congress

PRINTED ON RECYCLED PAPER

GREG WALDEN
Second District, Oregon
Deputy Whip

ENERGY AND COMMERCE
Subcommittees
Oversight and Investigations
Ranking Member
Energy and Environment
Communications, Technology
and the Internet

Email via Website
http://walden.house.gov

Congress of the United States
House of Representatives

Washington Office
2[illegible] Rayburn House Office Building
Washington, DC 20515-3702
Telephone: (202) 225-6730

District Offices:
[illegible] East Main Street, Suite 400
Medford, OR 97504
Telephone: (541) 776-4646
Toll Free: (800) [illegible]

1051 NW Bond Street, Suite 400
Bend, OR 97701
Telephone: (541) 389-4408

1211 Washington Avenue
La Grande, OR 97850
Telephone: (541) 624-2400

September 23, 2010

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Dear Chairman Genachowski:

The pending merger of CenturyLink and Qwest is a significant development for Oregon's residents, businesses, educational institutions, health care providers, and entities considering establishing or expanding operations in Oregon. This transaction holds the potential to advance the quality and capacity of telecommunications services in rural and urban areas of my state. Qwest has been a valued partner for many Oregon consumers and businesses and I expect the same relationships to continue with CenturyLink.

Looking back on how previous telecommunication mergers have unfolded in Oregon, the 2008/2009 merger between CenturyLink (known at that time as CenturyTel) and Embarq comes to mind. As you know, CenturyLink assumed all Embarq network properties, including those in Oregon during this merger. From the perspective of a policymaker and customer in the Embarq service area that CenturyLink assumed, I would characterize this merger as a smooth one. As the Federal Communications Commission reviews the merger of CenturyLink and Qwest, I ask the Commission to make sure that this merger is as seamless and efficient as possible for residential, business and wholesale customers located in the impacted service area in Oregon. I am also aware that our Oregon Public Utility Commission is evaluating this transaction and I hope you will take their views into account.

I appreciate your careful consideration of this matter.

Best regards,

Greg Walden
Member of Congress

Cc:
Commissioner Michael Copps
Commissioner Rob McDowell
Commissioner Mingon Clyburn
Commissioner Meredith Baker

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

Congress of the United States
House of Representatives
Washington, DC 20515-0307

1440 Longworth HOB
Washington, DC 20515
Phone: (202) 225-2435
Fax: (202) 225-1541

District Offices:
810 E 22nd Street, Suite 102
Tucson, AZ 85713
Phone: (520) 622-6788
Fax: (520) 622-0198

1455 S Fourth Avenue, Suite 4
Yuma, AZ 85364
Phone: (928) 343-7933
Fax: (928) 343-7949

http://grijalva.house.gov/

September 30, 2010

The Honorable Julius Genachowski
Chairman
Federal Communications Commission
445 12th 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

Raúl M. Grijalva
Member of Congress

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

Attachment 5

denverpost.com
THE DENVER POST

business

Windfall for Qwest top execs

By Andy Vuong
The Denver Post

Posted: 07/18/2010 01:00:00 AM MDT

Seven top executives at Qwest stand to reap more than $110 million in cash and stock from the Denver-based company's proposed merger with CenturyLink, according to a new regulatory filing.

The executives' employment agreements call for cash severance payments and the acceleration of stock awards in the event of a merger.

Qwest chief executive Ed Mueller is slated to receive the biggest windfall — nearly $43 million. That includes $10.8 million in cash and an estimated $32 million in stock.

CenturyLink announced plans in April to acquire Qwest for $22 billion in stock and assumed debt. The Federal Trade Commission and the U.S. Department of Justice have granted the deal antitrust approval, said Qwest spokesman Nick Sweers. It still requires approval from the Federal Communications Commission and state regulators. Qwest shareholders are slated to vote on the merger Aug. 24.

Qwest also disclosed Friday that it has reached agreements to settle 16 shareholder lawsuits filed in three different courts. Terms weren't disclosed. In general, the lawsuits allege that the merger doesn't adequately compensate Qwest investors. The settlements require court approval.

Andy Vuong: 303-954-1209, avuong@denverpost.-com or twitter.com/andyvuong

Billings Gazette

PSC Commissioner Toole blasts Qwest exec salaries related to buyout

MIKE DENNISON Gazette State Bureau | Posted: Tuesday, October 12, 2010 4:41 pm

HELENA — Public Service Commissioner Ken Toole, D-Helena, this week blasted the multimillion-dollar rewards that Qwest executives would receive for a company buyout, saying it's an outrageous use of company funds.

"It's a heck of a payday for the top brass at Qwest," he said, noting that Qwest's board members and top seven executives would get payouts totaling $132 million if the company merges with Century Link Corp. "Imagine how many small towns in Montana could have better service if Qwest put that money to work on the ground."

Century Link and Qwest need approval from 21 states for the merger, including Montana. Qwest serves about 300,000 telephone customers in Montana. The PSC has yet to rule on the merger.

Toole, who represents District 5 on the PSC, recently led the push for a new commission rule that says salaries of regulated utilities' top three executives in Montana are public information, when filed with the PSC.

Toole said publicizing utility executive salaries is a step toward affecting unreasonably high pay, because companies will react to public outrage over high salaries.

"When top managers live in communities with their customers, it provides some accountability," he said Monday.

The rule, endorsed by the PSC last month, has been challenged in court by Mountain Water Co., the utility providing municipal water to Missoula. The company argues that the rule unconstitutionally invades the privacy of its executives.

Bill Gallagher, the Republican challenging Toole for re-election this year, also has criticized the rule, saying it's election-year grandstanding by Toole. The rule is clearly unconstitutional and defending it in court is a waste of taxpayer money, Gallagher has said.

Toole said he's long been a critic of excessive executive salaries and has pursued the issue since he got on the commission in 2007. The Qwest salary information is public only because it's filed with the U.S. Securities and Exchange Commission, he said.

Qwest plans to pay severance compensation to its top executives once the merger with Century Link is complete.

It includes cash payments and “accelerated vesting” of stock bonuses, meaning the executives can cash in the stock for its full value upon leaving the company.

Qwest CEO Edward Mueller is scheduled to receive a compensation package worth nearly $32 million.

Diane Reberger, a Qwest spokeswoman in Denver, said all but one of the executives will be leaving the company after the merger is complete. Their compensation package is “within the standard practice” of companies similar to Qwest, to offer such packages of about three times the executives’ annual salary, she said.

“We’re competing for executive talent among our peers,” she said. “Our compensation plans need to be competitive with our peers.”

Toole said he’s not sympathetic.

“Qwest is just one rotten apple in a barrel of rotten apples,” he said. “Executive pay practices have gotten out of control. ... The first step in getting control of this problem is to make sure the public knows what’s going on.”

StarTribune.com | MINNEAPOLIS - ST. PAUL, MINNESOTA

Qwest deal raises specter of change

By STEVE ALEXANDER, Star Tribune

October 17, 2010

Decades ago, when Northwestern Bell was the telephone company in Minnesota, no one worried too much about how phone service might change. Ma Bell, aka AT&T, would take care of that.

Now one of the last of Ma Bell's offspring, the Baby Bell Qwest, is seeking to be acquired by Louisiana-based telephone company CenturyLink for $10.6 billion in stock. But Qwest's competitors and union employees are worried about what Qwest will look like in the future.

As a result, they've said they'll oppose the deal in state regulatory hearings unless they get guarantees that they won't be hurt by planned cost-cutting in the Qwest operations over the next five years. Qwest and CenturyLink are trying to head off that threat by presenting their own vision of what Minnesota's largest phone company would look like in the future. The hearings are currently in a middle phase in which testimony is being taken; regulators aren't expected to rule on whether the acquisition can take place until early next year.

The two phone companies issued a list of guarantees about what they would and wouldn't change in Qwest's Minnesota operations over the next two to three years, providing the acquisition is approved by the Minnesota Public Utilities Commission. (The acquisition also faces regulatory review in several other states; similar guarantees are being offered in some of them.)

Service concerns

In addition, the two phone companies guaranteed a minimum investment in high-speed Internet service in Minnesota, totaling $50 million over five years. One-third of the money would be spent in areas that are unserved or underserved.

The guarantees, which were negotiated privately between Qwest, CenturyLink and the Minnesota Department of Commerce, appear to be designed to mollify opponents of the acquisition.

They include some Qwest competitors, called CLECs (competitive local exchange carriers) which are smaller phone companies that depend on connecting to Qwest's network, and who worry that network might change or degrade after the acquisition. The local exchange carriers are at once customers and competitors of Qwest.

The 2,100 Qwest union employees in Minnesota, represented by the Communications Workers of America (CWA), also oppose the merger. They worry about whether Qwest will be competitive after the companies combine and whether jobs will be cut. Jobs aren't mentioned in the guarantees. Qwest has about 3,300 employees in Minnesota.

The reaction so far from Qwest competitors and the CWA has been negative.

"We don't think the guarantees are adequate," said Jeff Oxley, general counsel for Oregon-based Integra Telecom, which has operations in Minnesota and is the largest CLEC opposing the Qwest acquisition. "We don't feel there are enough safeguards around potential systems changes, and we think that the protections around wholesale service quality are too weak."

The local exchange carriers want protection against phone network changes for the full three- to five-year period of the projected Qwest-CenturyLink plan to cut annual costs by about $575 million, not the two to three years covered by the guarantees.

(For example, the guarantees say that "wholesale operations support systems" won't be discontinued for 24 months and that the "change management process" will continue for 36 months.)

"We think it fails to address the public interest," said Minneapolis attorney Dan Lipschultz, who represents several smaller carriers, including McLeod USA, USLink and Poppcom. "There is no commitment to continue providing wholesale network services."

John Jones, CenturyLink's vice president of state government, said the guarantee of two to three years without change should be sufficient.

"In this industry, three years is a long time of certainty," Jones said. "Besides, change, in our view, also means improvement."

The local exchange carriers and the union also claim that Qwest's guarantee of spending $50 million on broadband over five years amounts to backpedaling rather than continuity.

"It is substantially less than they spent on broadband in Minnesota in the previous five years," Lipschultz said.

Broadband investment

The union is also worried about the apparently lowered level of broadband spending, because it considers high-speed Internet service a major way that Qwest can retain customers and thus keep union workers employed.

"If that $50 million were in addition to what Qwest has been spending on broadband, that would be a different story. But it's not," said Scott Rubin, a Pennsylvania attorney representing the Minnesota union employees of Qwest. "I don't consider that a commitment at all."

John Stanoch, Qwest's Minnesota president, said that he "would not dispute their statement" that $50 million represents lower broadband spending in Minnesota, but he said the guarantee of $50 million represents "a minimum investment" rather than what might actually be spent.

Nicole Garrison-Sprenger, a Commerce Department spokeswoman, said that because the state doesn't regulate broadband, any commitment is a gain.

What's unclear about the Qwest-CenturyLink guarantees is whether they represent a final offer to acquisition opponents, or just a starting point for negotiations. There are hints of both.

For example, the Qwest-CenturyLink guarantees are being offered to the Minnesota Public Utilities Commission as a take-it-or-leave-it package. If the commission alters the guarantees, Qwest and CenturyLink reserve the right to walk away from their promises.

At the same time, Qwest and CenturyLink executives don't rule out making further compromises with acquisition opponents. In an interview, they said they'd continue to have discussions with the local exchange carriers and the union.

"Qwest's performance will not erode," Stanoch said. "But if the CLECs have additional concerns, we will continue to discuss matters with them."

Steve Alexander • 612-673-4553

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