

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”); Steve Perry, Vice Chairman of Dutko Worldwide, representing 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 Christine Kurth, Policy Director & Wireline Counsel to Commissioner Robert McDowell. 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,

/s/ Thomas Jones

Thomas Jones

Nirali Patel

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

cc (via email): Christine Kurth

Attachments

Attachment 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

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September 15, 2010

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Attachment A.....Resume of Charles W. King

Attachment B.....Appearances of Charles W. King before Regulatory Agencies

DoD/FEA Exhibit 2.....West Virginia PSC Order of August 16, 2010 in
Case No.09-0871-T-PC

DoD/FEA Exhibit 3.....Excerpts from CENTURYTEL INC's SEC Form 10-Q,
filed August 6, 2010, pages: Cover, Title, 27-39

DoD/FEA Exhibit 4.....Qwest and CenturyLink FCC ARMIS Service Quality
Reports for 2009

1 appeared before all federal agencies that regulate telecommunications, utilities,
2 transportation and postal services.

3 **Q. FOR WHOM ARE YOU APPEARING IN THIS PROCEEDING?**

4 I am appearing on behalf of the consumer interests of the Department of Defense
5 (“DoD”) and all other Federal Executive Agencies (“FEA”) in Colorado.
6

7 **INTERESTS OF DoD/FEA**
8

9 **Q. WHY HAS DoD/FEA INTERVENED IN THIS CASE?**
10

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

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

3
4 This very substantial presence makes DoD/FEA one of the largest users of
5 telecommunications services in the state of Colorado. It is important to DoD/FEA
6 that services in the affected exchanges are provided in an efficient manner, at
7 reasonable cost, and with the highest service quality and performance. DoD/FEA
8 is concerned that any change in Qwest's corporate governance be seamless and
9 not degrade retail services, and that CenturyLink be willing and able to offer
10 state-of-the-art retail business services of the nature that DoD/FEA operations
11 require.

12
13 Moreover, the DoD/FEA interest goes beyond the locations directly affected by
14 the transition. Where possible, DoD and FEA telecommunications services are
15 procured under contract through competitive bidding. The effectiveness of the
16 competitive procurement process is, of course, dependent upon there being a
17 number of financially strong and technically capable entities that can submit bids.
18 If the proposed transfer is approved, it is important to DoD/FEA that
19 CenturyLink's competitors have the opportunity to access Federal installations on
20 a fair and reasonable basis through CenturyLink facilities and that CenturyLink be
21 able to render service to Federal locations even outside of its service territories.
22 Moreover, CenturyLink itself must be a sophisticated competitive bidder capable
23 of providing the full range of telecommunications services at reasonable costs to
24 the Federal government.

25
26 The merged company will also be a wholesale provider of services and facilities
27 to competitive retail telecommunications providers. The service quality
28 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.

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

3
4 Unfortunately, the record of recent telecommunications acquisitions has not been
5 encouraging.

6
7 **PREVIOUS TELECOMMUNICATIONS ACQUISITIONS**

8
9 **Q. WHAT PREVIOUS TELECOMMUNICATIONS ACQUISITIONS ARE**
10 **YOU REFERRING TO?**

11
12 A. I am referring to the three recent major Verizon landline spin-offs to acquiring
13 companies. The first was the acquisition of Verizon's Hawaiian landline assets
14 by The Carlyle Group ("Carlyle"). The second was the purchase of Verizon's
15 northern New England wireline operations by FairPoint Communications
16 ("FairPoint"). The third and most recent was the acquisition Verizon's non-
17 metropolitan operations in 14 states by Frontier Communications.

18
19 **Q. PLEASE DESCRIBE THE HAWAIIAN TELEPHONE TRANSACTION.**

20
21 A. The Hawaiian transaction provides a case study of the difficulties that ill-advised
22 telephone company acquisitions can lead to. It was unsuccessful in almost all
23 respects, resulting in severe service degradation to Hawaiians and in the financial
24 failure of the successor company.

25
26 In 2004, Verizon sought approval to sell its Hawaiian assets to Carlyle, a private
27 equity enterprise. Carlyle created a new entity, Hawaiian Telecom, Inc. ("HT"), to
28 provide the local exchange services previously offered by Hawaiian Telephone.
29 The applicants in that case stated that after the transition HT "will have the
30 financial fitness and ability to fund the continuing operations of Verizon Hawaii

1 through the revenue generated from the existing and proposed operations.”²
2 Likewise, the applicants stated that they “. . . acknowledge the importance of
3 ensuring a seamless transition for customers and have conducted a rigorous
4 process to select a world-class systems integrator to replicate the full functionality
5 of the systems currently provided by Verizon.”³ In 2005, the Hawaii Public
6 Utilities Commission (“HPUC”) approved the transfer subject to numerous
7 conditions.⁴

8
9 In its decision approving the sale, the HPUC stated that it would initiate an
10 investigation of HT’s service quality approximately six months after HT assumed
11 the back-office operations that Verizon previously provided on a national basis to
12 all of its service territories, including Hawaii. This service quality proceeding,
13 HPUC Docket No. 2006-0400, confirmed that the transition from Verizon was far
14 from seamless or harmless to customers. Although the HPUC has not yet
15 rendered a decision in that proceeding, it is undisputed that for more than a year
16 following the cutover from Verizon’s back-office operations, HT was unable to
17 collect data – even manually – as to six service standards for which the HPUC
18 required reports.⁵ Thus, the full extent of the problems associated with the
19 transfer could not even be quantified.

20
21 As to the seven service standards for which HT was able to file reports, five dealt
22 with call answering time. HT’s ability to answer calls was lacking compared to
23 the experience under Verizon. For example, during the nine months following the
24 cut-over, HT’s percent of residential installation and billing office calls answered
25 in 20 seconds ranged from a low of 8.01 percent to a high of 70.37 percent,
26 compared to the objective of 85 percent and Verizon’s 2005 percentage of 87.46
27 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.

1 billing office calls following the cut-over ranged from 12.83 percent to 78.82
2 percent compared with the objective of 85 percent and Verizon's achieved rate of
3 88.23 percent.⁶ In an effort to repair the damage caused by the non-functioning
4 systems, HT had to replace the contractor working on the transition.⁷

5
6 HT admitted in its pleadings that service suffered as a result of the transition from
7 Verizon and that it created erroneous bills and was unable to handle adequately
8 incoming calls.⁸ HT candidly admitted that "... the cutover did unfortunately
9 create some negative impacts on its customers."⁹ Finally, HT agreed with the
10 assessment of the Consumer Advocate that its "... retail customers following
11 cutover experienced long waiting times to reach [its] contact center, extremely
12 slow and long transaction processing times, high levels of fall out, long waiting
13 times to repair, missed or delayed installation and repair commitments and billing
14 errors."¹⁰

15
16 The cutover from Verizon's back-office operations also caused significant
17 problems for HT's wholesale customers. One Competitive Local Exchange
18 Carrier ("CLEC"), Time Warner Telecom of Hawaii, L.P. ("TWTC"),
19 summarized the problems as follows:

20 HT's conversion to its new back office systems was a failure by any
21 measure. Immediately following cutover, virtually none of the
22 wholesale back office systems were functioning. Today, 19 months
23 after cutover, they are still not functioning at the same level as the
24 Verizon systems. Although HT has made significant progress in
25 addressing its issues, those efforts are not complete.

26
27 HT violated the Merger Decision and the Stipulation by failing to
28 provide the same or similar functionality for wholesale service as
29 previously provided by Verizon, and by failing to remain on the
30 Verizon systems until HT's new systems were fully tested and

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.

1 operational. These violations significantly harmed TWTC and HT's
2 other customers.¹¹
3

4 In summary, the applicants in the Hawaii sale promised a seamless transition to
5 HT's back-office systems, but the record in that case -- including HT's own
6 pleadings -- shows that both wholesale and retail customers suffered significantly
7 from the failure of automated systems, dropped calls, long call answering and
8 holding times, billing errors and costly manual efforts to correct the deficiencies.
9 HT was not able to track repair and installation times, so that data for these
10 critical service quality metrics could not even be assessed in determining the
11 adverse effects of the transition to HT's systems.
12

13 On December 1, 2008, HT filed for Chapter 11 bankruptcy protection.¹² The
14 public explanation for the bankruptcy was the impending inability to refinance its
15 debt, but the costs and lost customers resulting from HT's poor service quality
16 probably contributed to the Company's inability to service its debt.
17

18 **Q. PLEASE DESCRIBE VERIZON'S SALE OF NEW ENGLAND**
19 **OPERATIONS TO FAIRPOINT.**
20

21 A At the beginning of 2007, FairPoint was an incumbent local exchange
22 telecommunications company with about 330,000 access lines. In that year,
23 Verizon New England, Inc., FairPoint, and affiliated firms announced a planned
24 \$2.4 billion transaction, similar in some respects to that proposed in Colorado (but
25 smaller in size), under which FairPoint would obtain Verizon's landline
26 businesses in Maine, New Hampshire and Vermont.
27

¹¹Time 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.

¹²See 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.

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

13
14 The Vermont Public Service Board approved the transfer with additional
15 conditions on February 15, 2008.¹⁴ Following the transaction, there began a series
16 of "cutover" problems that are still not fully resolved. Indeed, service
17 deteriorated to the extent that the Board called for an investigation into whether
18 the Company should be allowed to continue its operations in the state if it cannot
19 overcome its customer service, billing and operational problems.¹⁵

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

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

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

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.

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

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

22 Additionally, it appears that the very favorable cost-benefit ratios claimed by
23 Frontier may have begun to unravel. Frontier and Verizon had stated that Frontier
24 expected the fully implemented transaction would yield annual operating expense
25 savings of \$500 million.¹⁸ Recently, however, Frontier revealed a significant
26 increase in systems integration costs that cuts into the previously heralded
27 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.

1 While we anticipate that certain expenses will be incurred, such expenses are
2 difficult to estimate accurately, and may exceed current estimates. For example,
3 our estimate of expected 2010 capital expenditures related to integration activities
4 has recently increased from \$75 million to \$180 million, attributable in large part
5 to costs to be incurred in connection with third-party software licenses necessary
6 to operate the Spinco business after the closing of the merger. Accordingly, the
7 benefits from the merger may be offset by costs incurred or delays in integrating
8 the companies.¹⁹
9

10 **Q. WHAT IS THE LESSON FROM THESE PREVIOUS ACQUISITIONS?**

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

19
20 We expect to incur substantial expenses in connection with completing the Qwest
21 merger and integrating Qwest's business, operations, networks, systems,
22 technologies, policies and procedures of Qwest with ours. There are a large
23 number of systems that must be integrated, including billing, management
24 information, purchasing, accounting and finance, sales, payroll and benefits, fixed
25 asset, lease administration and regulatory compliance. While we have assumed
26 that a certain level of transaction and integration expenses would be incurred,
27 there are a number of factors beyond our control that could affect the total amount
28 or the timing of our integration expenses. Many of the expenses that will be
29 incurred, by their nature, are difficult to estimate accurately at the present time.
30 Moreover, we expect to commence these integration initiatives before we have
31 completed a similar integration of our business with the business of Embarq,
32 acquired in 2009, which could cause both of these integration initiatives to be
33 delayed or rendered more costly or disruptive than would otherwise be the case.
34 Due to these factors, the transaction and integration expenses associated with the
35 Qwest merger could, particularly in the near term, exceed the savings that we
36 expect to achieve from the elimination of duplicative expenses and the realization
37 of economies of scale and cost savings related to the integration of the businesses
38 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.

1 to take charges against our earnings before and after the completion of the merger.
2 The charges taken after the merger are expected to be significant, although the
3 aggregate amount and timing of such charges are uncertain at present. Following
4 the Qwest merger, the combined company may be unable to integrate successfully
5 our business and Qwest's business and realize the anticipated benefits of the
6 merger.²⁰
7

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

11 I therefore believe it is important that this Commission establish safeguards to
12 ensure that the difficulties that arose in these previous transactions will not be
13 repeated in Colorado.
14

15 **ASSESSMENT OF THE TRANSACTION**
16

17 **Q. DO YOU OPPOSE THIS TRANSACTION?**
18

19 A. Not necessarily. Although I have some reservations which I will discuss, there are
20 a number of features of this transaction that are more promising than those of the
21 previous acquisitions. CenturyLink is a much larger, more experienced and
22 financially healthier company than the Carlyle Group, FairPoint or Frontier.
23 Unlike the previous acquisitions, this transaction is a stock transfer that involves
24 no new debt. So far, the record of CenturyLink's acquisitions has been relatively
25 trouble-free. The combined company will display a much stronger balance sheet
26 relative to that of Qwest at the present time. With appropriate conditions, I believe
27 the merger may be in the public interest.
28

29 **Q. WHAT, THEN, IS YOUR CONCERN IN THIS PROCEEDING?**
30

31 A. I am concerned that the transition from Qwest to CenturyLink be as seamless as
32 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.

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

4
5 These conditions relate to two principal areas of concern to DoD/FEA. The first
6 is the financial stress than may be imposed on the merged company's Colorado
7 operations. The second is the maintenance of adequate service quality in the
8 Colorado exchanges.

9
10 **FINANCIAL STRESS ON COLORADO OPERATIONS**

11
12 **Q. WHY ARE YOU CONCERNED ABOUT THE FINANCIAL HEALTH OF**
13 **THE COLORADO OPERATIONS?**

14
15 A. CenturyLink asserts that the merger of its company with Qwest will generate
16 annual synergies of \$625 million.²¹ These synergies are expected to take the form
17 of reduced corporate overheads, network and operational efficiencies, IT support,
18 increased purchasing power, and the combining of the two companies' advertising
19 and marketing programs. As the foregoing excerpt from CenturyLink's Form 10-
20 Q concedes, these synergies are difficult to forecast with precision, and they may
21 not develop as expected.

22
23 Whatever the synergies, they come at a substantial cost. The Applicants estimate
24 that there will be one-time operating costs of \$650 to \$850 million to achieve the
25 planned synergies nationwide. On top of that an additional \$150 to \$200 million
26 in capital costs will be required.²² These costs are estimates, and the Company
27 concedes that they could be exceeded, as has happened in all three of the
28 acquisitions discussed earlier in this testimony. Moreover, these costs will be
29 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.

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

3
4 It is possible that some of the money might come from new bond and stock issues,
5 but there are downsides to these sources of funds. At present, CenturyLink is
6 rated by S&P just above the critical BBB- rating that qualifies its bonds for
7 "investment grade," meaning that fiduciary funds, such as pension and insurance
8 funds can buy the bonds. Qwest is rated just below that threshold. The combined
9 company will thus be on the cusp of investment grade bond ratings. Any
10 substantial increase in debt would push the company below that important
11 threshold, eliminating a portion of its potential bond market and possibly
12 increasing its interest costs.²³ Additional stock sales would dilute the value of the
13 existing shares, depriving the stockholders of the full promised benefits of the
14 merger. It is therefore likely that the Company will avoid these financing sources
15 if it can find the needed funds elsewhere.

16
17 An important source of funds elsewhere will be the company's customers, and
18 that is the source of my concern. As an alternative to bond or stock sales,
19 CenturyLink may look to its local operations, including those in Colorado, to
20 meet the urgent requirement to increase revenue.

21
22 **Q. WHERE MIGHT THE MERGED COMPANY FIND ADDITIONAL**
23 **REVENUE IN COLORADO?**

24
25 A. Qwest and CenturyLink have broadly three markets in Colorado, residential,
26 small commercial and large "enterprise" commercial. The Company's ability to
27 extract additional revenue from these markets varies considerably.

28 The principal constraint on revenue generation in the residential market is the cost
29 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.

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

9
10 Small business wireline service is another matter. Businesses require fixed
11 telephone access with publicly available number identification. They may use
12 wireless in addition to wireline, and they may use VoIP for long-distance service,
13 but they are still heavily dependent on the conventional telephone, at least for
14 inbound local access. Cable TV companies that offer telephone services over
15 their facilities do not have the same marketing advantage for business users
16 because businesses are usually not interested in broadcast television capabilities at
17 the workplace. Therefore, while Cable TV companies market heavily to
18 businesses, they are somewhat less of a competitive threat than in the residential
19 market. In recent years, Competitive Local Exchange Carriers (“CLECs”)
20 provided some competition, but that competition is small. As of June 30, 2009
21 only 395,000 lines, or 18.3 percent of the 2,153,000 land lines in Colorado were
22 handled by competitive carriers. The remaining 81.7 percent were served by
23 incumbent carriers, including both Qwest and CenturyLink.²⁵

24
25 From these indications, I suspect that the merged company will probably seek
26 additional revenues from the small business market. That additional revenue is
27 likely to take the form of unilateral rate increases.

28 The “enterprise” market is the most competitive of the three major segments of
29 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.

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

5
6 But enterprise service does not exist in a vacuum. The ultimate ceiling on any
7 competitive bid is the price that would be paid if the same services were
8 purchased from the carrier’s public tariff. When the published rates increase, that
9 ceiling increases, providing more headroom for the competitors to increase their
10 bids. Thus, even though enterprise customers can solicit competing bids, they still
11 may experience an upward shift in those bids when the listed rates for basic
12 business services increase.

13
14 Based on the foregoing, I believe that basic business services are most susceptible
15 to unilateral rate increases motivated by the need to raise revenue to implement
16 the merger.

17
18 **Q. IS IT IN THE PUBLIC INTEREST FOR THE MERGED COMPANY TO**
19 **EXTRACT UNILATERAL RATE INCREASES IN THE COLORADO**
20 **MARKETS TO FUND THE MERGER?**

21
22 **A.** No. This transaction is in the public interest only if the public is no worse off
23 with the merger than without it. If the merged company increases its rates
24 unilaterally to fund the merger, then its customers would have been better off if
25 the merger had never taken place.

26
27 **Q. WHAT IS THE RESOLUTION OF THIS PROBLEM?**

28
29 **A.** The resolution is to impose a temporary price cap on basic business services to be
30 effective until the synergies of the merger begin to be realized. By then, the need

1 for additional revenue to fund the transition, including the direct costs of the
2 merger, will have abated.

3
4 **Q. WHAT BASIC BUSINESS SERVICE PRICES SHOULD BE CAPPED?**

5
6 A. The basic business service rates that should be capped are single and multiple line
7 business rates, PBX and Centrex charges, and the rates for special access services.

8
9 **Q. HOW LONG SHOULD THIS TEMPORARY PRICE CAP REGIME**
10 **LAST?**

11
12 A. CenturyLink anticipates that synergies will only be fully recognized over a three
13 to five year period following closing of the merger.²⁶ I therefore recommend that
14 there be firm price caps for up to three years after the consummation of the
15 merger. In fairness to the Company, any longer term price cap, such as five years,
16 should be adjusted to an inflation index such as the Gross Domestic Product
17 (“GDP”) deflator.

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

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

26
27 **Q. ARE YOU PROPOSING TO REIMPOSE RATE REGULATION IN THE**
28 **COMPETITIVE ZONES THAT HAVE BEEN DEREGULATED?**

29

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

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

8

9 **SERVICE QUALITY CONCERNS**

10

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

13

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

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

29 The other reason for concern is the incompatibility of the Qwest and CenturyLink
30 operating support systems. To achieve the promised synergies, CenturyLink will

1 have to integrate its protocols and IT systems with those of Qwest. As noted in the
2 earlier quotation from the Company's 10-Q report (page 10), CenturyLink has
3 conceded that this integration could pose severe difficulties. Past experience has
4 demonstrated that these difficulties can result in degraded service performance
5 and excessive costs.

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

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

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

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

23
24 A. Yes. The Colorado Commission has an extensive list of service quality standards,
25 which apply equally to all carriers in all parts of the state regardless of their
26 competitive designation. They are contained in Part 2 of the Code of Colorado
27 Regulations ("CCR"), Section 723. There are also service standards in the Code of
28 Regulations regarding initiation of service to new customers.
29

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

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

3

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

12

13 **Q. WHAT DO YOU RECOMMEND?**

14

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

23

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

26

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

1 telecommunications companies, and the Commission is directed to adopt specific
2 penalties.

3
4 Since the Commission's rules (2310, 2340 and 2341) set metrics for service
5 performance, and the failure to meet those metrics is a "violation," the
6 Commission can use its statutory authority to impose the \$2000 penalty for each
7 "violation."

8
9 **Q. IS THERE PRECEDENT FOR THESE TYPES OF SANCTIONS?**

10
11 **A.** Yes. In addition to telephone and electric utilities, the Colorado Department of
12 Regulatory Agencies ("DORA") also regulates motor carriers. DORA imposes
13 dozens of hefty penalties for violations of rules.

14
15 To illustrate, Section 723, Part 6 of the Colorado Code contains the following as
16 among 40 of so specific penalties for violating DORA rules:

17
18 1) A company violating record keeping provisions may be assessed by DORA a
19 civil penalty up to \$500 for each violation (to a cumulative maximum of \$5,000)
20 for failing to keep minimum records of inspection and vehicle maintenance.

21
22 2) A company may be assessed by DORA a civil penalty of up to \$10,000 for
23 each violation for failing to correct specified defects listed by the driver in a
24 vehicle inspection report before the vehicle is operated again.

25
26 3) A company may be assessed a civil penalty of up to \$2,500 for each violation
27 of requiring or permitting a driver to drive after having been on duty 70 hours or
28 more in seven consecutive days. (There are additional penalties for different
29 numbers of hours in lesser numbers of days -- e.g. more than 10 hours in any
30 consecutive period occupying parts of one or two days.)

31
32 4) Also, there is a graduated scale of penalties for overcharges for virtually any
33 reason. For example, for trucking companies, the civil penalty is \$275 for an
34 overcharge of \$25.00 or less; \$550 for an overcharge over \$25.00, but less than or
35 equal to \$50.00; and \$1,100 for an overcharge greater than \$50.00.

36
37 These motor carrier sanctions are more severe than those currently applying to
38 telecommunications carriers. For motor carriers there are penalties and

1 overcharges bear interest, while the telephone companies simply provide just a
2 refund without interest.

3
4 **OTHER CONCERNS**

5
6 **Q. DO YOU HAVE ANY OTHER CONCERNS REGARDING THIS**
7 **MERGER?**

8
9 A. Yes. I have two. The first deals with the loss of competition. At present
10 CenturyLink can bid against Qwest for government procurements of
11 telecommunications services. The merger presents a collapsing of these two
12 potential competitors into one. This is a downside consideration not only for the
13 government, but for all enterprise service customers.

14
15 My second concern relates specifically to government services. Included in the
16 "risks" section of CenturyLink's second quarter 2010 SEC Form 10-Q is the
17 following statement:

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

25
26 **Q. IS THERE ANYTHING THE COMMISSION CAN DO TO ADDRESS**
27 **THESE CONCERNS?**

28
29 A. The loss of competition is the inevitable result of merging two
30 telecommunications carriers into one. Other than to disapprove the merger, the
31 Commission cannot prevent this outcome. However, it does mean that the
32 Commission must find that there are significant and identifiable benefits from the
33 merger that offset this downside effect.

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

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

6
7 **SUMMARY OF RECOMMENDATIONS**

8
9 **Q. PLEASE SUMMARIZE YOUR RECOMMENDATIONS.**

10
11 **A.** In this testimony, I have recommended that, as conditions of approval of the
12 merger:

- 13
- 14 • The Commission impose either a firm three year cap, or a five year
15 inflation-adjusted cap on single and multiple-line business rates, PBX and
16 Centrex rates, and the rates for special access service.
 - 17
 - 18 • The Commission impose monetary penalties for violations of its service
19 standards.
 - 20
 - 21 • If there is a general deterioration in service performance, the Commission
22 should require immediate ameliorative action and be prepared to impose
23 direct sanctions for continued poor performance.
 - 24
 - 25 • The Commission direct the companies to defer any personnel changes that
26 would jeopardize government contracts until all of the affected individuals
27 have the requisite security clearances.
 - 28

29 **Q. DOES THIS COMPLETE YOUR TESTIMONY?**

30
31 **A.** Yes. It does, although I should note that there are some aspects of this transaction
32 that I have not addressed. These include such issues as the likelihood of cost
33 savings from the transaction, the quality and extent of the merged company's
34 broadband services, the extent to which past obligations will affect the new entity,
35 and the wholesale market policies and the interfaces between the Company and its
36 CLEC competitors. My silence on such issues does not mean that they are not

1 important to DoD/FEA or that DoD/FEA will not address them later in this
2 proceeding.²⁹

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

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*

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 Appearances before State Regulatory Agencies

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

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Electric, Gas, Water Utility Cases			Date
	Client	Case		
		Case Number	Utility	
DC	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
	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	
DE	Delaware PSC Staff	94-164	Artesian Water Company	Filed March 10, 1995
	Delaware PSC Staff	94-149	Wilmington Suburban Water Company	March 10, 1995
	Delaware PSC Staff	04-152	Tidewater Utilities Company	Filed July 26, 2004
FL	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
	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
		830465-EI	Tampa Electric Company	(none)

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Client	Electric, Gas, Water Utility Cases		Date
		Case Number	Case Utility	
GA	Georgia Retail Federation Georgia Public Service Commission Georgia Public Service Commission	3270-U	Georgia Power Company	September 3, 1981
		4007-U	Georgia Power Company	August 21, 1991
		4384-U	All Electric Utilities	August 1, 1993
		4755-U	Georgia Power Company	January 25, 1994
		4697-U	All Utilities	May 10, 1994
		9355-U	Georgia Power Company	November 4, 1998
		14000-U	Georgia Power Company	October 23, 2001
		14618-U	Savannah Electric & Power Company	March 27, 2002
		14311-U	Atlanta Gas Light Company	April 8, 2002
		17066-U	Georgia Power Company	July 31, 2003
		18300-U	Georgia Power Company	October 26, 2004
		18638-U	Atlanta Gas Light Company	March 14, 2005
		19758-U	Savannah Electric & Power Company	March 29, 2005
20298-U	Atmos Energy Corp.	October 11, 2005		
25060-U	Georgia Power Company	Filed October 22, 2007		
27163	Atmos Energy Corp.	August 16, 2008		
HI	Public Utilities Department Hawaii Consumer Advocate	2793	All Electric Utilities	February 14, 1978
		4536	Hawaiian Electric Company	February 1, 1983
IL	Illinois Retail Merchants Association ("IRMA") Chicago Bldg. Mgrs. Association ("CBMA") IRMA/CBMA IRMA/CBMA IRMA/CBMA IRMA/CBMA IRMA/CBMA City of O'Fallon, IL	76-0698	Commonwealth Edison	June 22, 1977
		76-0568	All Electric Utilities	(none)
		80-0546	Commonwealth Edison	March 5, 1981
		82-0026	Commonwealth Edison	July 22, 1982
		83-0537	Commonwealth Edison	March 19, 1984
		87-0427	Commonwealth Edison	March/April 22, 1988
		90-0169	Commonwealth Edison	October 29, 1990
02-0690	Illinois-American Water Company	Filed Feb. 5, Apr. 11, 2003		
IN	Indiana Retail Council Indiana Retail Council Indiana Retail Council	35780-S2	N. Ind. Public Service co.	June 1, 1980
		35780-S1 36318	Public Service of Indiana Public Service of Indiana	October 15, 1980 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	Client	Electric, Gas, Water Utility Cases		Date
		Case Number	Utility	
KY	Seven Kentucky Retailers Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky Attorney General of Kentucky	7310	Louisville Gas & Electric Co.	April 25, 1979
		2002-145	Columbia Gas of Kentucky	Filed August 8, 2002
		2003-252	Union Heat Light & Power Co.	September 30, 2003
		2004-67	Delta Gas Company	August 18, 2004
		2006-00646	Amos Energy Corp.	Filed April 27, 2007
		2007-00008	Columbia Gas of Kentucky	Filed June 12, 2007
MA	Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities Coalition of Municipalities	20279	Western Massachusetts Electric	March 19, 1980
		557/559	Western Massachusetts Electric	May 14, 1981
		957	Western Massachusetts Electric	March 9, 1982
		1300	Western Massachusetts Electric	January 1, 1983
		85-270	Western Massachusetts Electric	March 26, 1986
MD	Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Maryland People's Counsel Maryland People's Counsel Maryland People's Counsel Organization of Consumer Justice Maryland People's Counsel Maryland People's Counsel Retail Merchants of Baltimore Genstar Stone Products, et al. Industrial Intervenor Maryland People's Counsel Giant Foods, Inc. Maryland People's Counsel Maryland People's Counsel	6577	Washington Gas & Light Company	September 17, 1976
		6814	Potomac Electric Power Company	
		6807	All Electric Utilities	September 1, 1977
		6882	Baltimore Gas & Electric Company	(none)
		6985	Baltimore Gas & Electric Company	September 28, 1976
		7070	Baltimore Gas & Electric Company	December 20, 1976
		7149	Potomac Electric Power Company	April 18, 1978
		7163	All Electric Utilities	January 17, 1979
		7236	Delmarva Power & Light Company	October 23, 1976
		7397	Baltimore Gas & Electric Company	June 20, 1980
		7427	Baltimore Gas & Electric Company	September 8, 1980
		7574	Delmarva Power & Light Company	December 2, 1981
		7597	Baltimore Gas & Electric Company	February 18, 1982
		7604	Potomac Electric Power Company	April 20, 1982
		7588	Potomac Electric Power Company	October 19, 1982
		7683	Baltimore Gas & Electric Company	November 22, 1982
		7685	Potomac Electric Power Company	April 12, 1983
		7878	Baltimore Gas & Electric Company	December 9, 1985
		7983	Potomac Electric Power Company	June 28/July 1986
		8655	Baltimore Gas & Electric Company	March 4, 1987
		9036	Baltimore Gas & Electric Company	January 8, 2003
		9092	Potomac Electric Power Company	September 28, 2005
		9093	Delmarva Power & Light Company	April 16, 2007
		9104	Washington Gas & Light Company	April 9, 2007
		9096	Baltimore Gas & Electric Company	August 23, 2007
		9103	Washington Gas & Light Company	September 24, 2007
		9159	Washington Gas & Light Company	Filed December 21, 2007
8182	Columbia Gas Company	January 6, 2009		
9217	Delmarva Power & Light Company	September 25, 2009		
	Potomac Electric Power Company	April 8, April 30 May 7, 2010		

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Appearances before State Regulatory Agencies

State	Client	Electric, Gas, Water Utility Cases		Date
		Case Number	Case Utility	
MI	General Services Administration	U-10102	Detroit Edison Company	March 22, 1993
	Michigan Attorney General	U-11772	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, 1998
	Michigan Attorney General	U-11956	Consumer Energy/Detroit Edison	December 15, 1998
	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-12998	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-14398	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	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-15961	Wisconsin Electric Power Co.	Dec 22, 2009; Jan 22, 2010	
MN	Minnesota Retail Federation	EO026R-77-611	Northern States Power	1979
MO	Missouri Retailers Association	EO-78-181	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 North Dakota Public Service Commission	PU-400-00-521 PU-399-01-186 PU-399-02-183 PU-399-02-183 PU-399-03-296 PU-04-97 PU-06-525 PU-07-776 PU-08-862	Xcel Energy, Inc. Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Montana-Dakota Utilities (Gas Depr.) Montana-Dakota Utilities (Electric) Montana-Dakota Utilities (Gas) Northern States Power (Gas) Northern States Power (Electric) Otter Tail Power Company	April 20, 2001 February 25, 2002 October 7, 2002 Filed April 7, 2003 Filed October 15, 2003 Filed July 6, 2004 Filed May 1, 2007 June 25, 2008 April 6, 2009
NH	Business & Industry Association of N.H. Business & Industry Association of N.H. Business & Industry Association of N.H.	79-187-II 80-260 82-333	Public Service of N.H. Public Service of N.H. Public Service of N.H.	February 6, 1981 February 5, 1981 November 2, 1983
NJ	N.J. Retail Merchants Association Department of Public Advocate Resorts International Hotel, Inc. Dept. of Public Advocate Dept. of Public Advocate Dover Township Fire Chiefs	803-151 815-459 8011-827 822-116 355-87 88-080967	All New Jersey Utilities N.J. Natural Gas Company Atlantic City Sewerage Co. Atlantic City Electric Co. Elizabethtown Gas Tom's River Water Company	March 31, 1981 (none) (none) August 11, 1982 June 9, 1987 February 22, 1989
NY	NY Council of Retail Merchants Metropolitan N.Y. Retail Council Metropolitan N.Y. Retail Council N.Y. Metro. Transit Authority	26806 27029 27136 27353	All Electric Utilities Consolidated Edison Company Long Island Lighting Company Consolidated Edison Company	February 3, 1976 (none) July 1, 1977 September 5, 1980
OH	Ohio Council of Retail Association Ohio Council of Retail Association Ohio Energy Group	88-170-EL 83-1529-EL 08-936-EL-SSO	Cleveland Elec. Illuminating Cincinnati Gas & Electric FirstEnergy Companies	(none) February 15, 1992 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 Southeastern Pa. Transp. Authority Eastern Penn Energy Users Group Eastern Penn Energy Association Penn Business Utility User Group Pennsylvania Office of Consumer Advocate Pennsylvania Office of Public Advocate	76-PRMD-7 R-811626 R-822169 R-842651 R-850152 R-00016339 R-2008-203269	All Electric Utilities Philadelphia Electric Company Penn. Power & Light Company Penn. Power & Light Company Philadelphia Electric Company Pennsylvania-American Water Co. Pennsylvania-American Water Co.	September 7, 1977 December 11, 1981 March/April 1983 December 3, 1984 February 19, 1986 September 19, 2001 August 6, 2008; Sept. 15, 2008
TN	Attorney General of Tennessee Attorney General of Tennessee	07-00105 08-00039	Atmos Energy Corp. Tennessee-American Water Co.	Filed August 21, 2007 August 26, 2007
TX	Houston Retailers Association Houston Retailers Association Cities for Fair Utility Rates	5779 6765 8425/8431	Houston Lighting Company Houston Lighting Company Houston Lighting Company	October 18, 1984 September 25, 1986 April 25, 1989
UT	Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce Div. Of Public Utilities Dept of Commerce	98-2035-33 05-057-T01 07-035-13	Pacific Corp Questar Gas Company Rocky Mountain Power Co.	Filed August 16, Sept 22, 1999 May 17, 2008 Filed October 15, 2007
VA	Consumer Congress of Virginia Consumer Congress of Virginia Va. Business Committee on Energy Virginia Pipe Trades Council	19426 19960 PUE 7900012 PUE 8800051	Virginia Electric Power Company Virginia Electric Power Company Virginia Electric Power Company Old Dominion Electric Corp. &	July 1, 1975 September 19, 1978 February 25, 1981 October 31, 1989
WA	WA Attorney General - Public Counsel WA Attorney General - Public Counsel WA Attorney General - Public Counsel	UE-072300;UG-072301 UE-080220 UE-08416;UG-08417	Puget Sound Energy PacifiCorp Avista Utilities	Filed May 30, 2008 Filed August 15, 2008 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. GCI Communications, Inc.	U-97-82, U-97-143 U-05-46	Alaska Communications Systems Matanuska Telephone Association	Filed Feb 25, April 5, 2004 October 28, 2005
AZ	Arizona Burglar & Fire Alarm Association Arizona Burglar & Fire Alarm Association Federal Executive Agencies U.S. Department of Defense	9881-E- 1051-80-64 E-1051-88-146 T-01051B-89-0105	Mountain State Telephone Mountain State Telephone Mountain State Telephone US WEST Communications	(none) (none) Filed July 26, Sept 8, 2000
CA	Western Burglar & Fire Alarm Association Western Burglar & Fire Alarm Association California Cellular Resellers Federal Executive Agencies California Cellular Resellers Cellular Services, Inc. Federal Executive Agencies	59849 5984cont. A83-01-22 A83-02-02 A82-11-07 A85-01-034 A87-01-02 A89-07-17019 A.88-11-1040 1.87-11-033 1.88-11-040 1.88-11-040 A92-05-004	Pacific Telephone & Telegraph Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pacific Telephone & Telegraph Pacific Telephone & Telegraph General Telephone of California Pac. Bell Tel. & GTE of CA. All Cellular Carriers All Telephone Companies All Cellular Carriers All Cellular Carriers Pacific Telephone & Telegraph	March 25, 1981 June 23, 1982 June 29, 1983 January 17, 1984 Jan. 18, Oct. 31, Nov 28, 1984 June 4, 1985, October 2, 1986 October 22, 1987 January 23, 1989 August 11, 1989 March 6-7, 1991 August 19, 1991 October 3, 1991 June 9, 1993
CO	U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense U.S. Department of Defense Colorado Municipal League U.S. Department of Defense U.S. Department of Defense AT&T	I&S 717 I&S 1700 Appl. I&S 1766 Appl 36883 I&S 891-082T 905-544T 90A-665T 92M-039T 92S-229T 90A-665T 96S-331T	Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company Mountain Bell Telephone Company U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications U.S. West Communications	1972 (none) September 18, 1986 November 28, 1988 December 13, 1988 February 21, 1990 July 17, 1991 October 23, 1991 February 24-24, 1992 July 30-31, 1992 November 6, 1996 April 17, 1997

CHARLES W. KING
Appearances before State Regulatory Agencies

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

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

CHARLES W. KING
Appearances before State Regulatory Agencies

State	Telecommunications Cases				Date
	Client	Case		Utility	
		Case Number			
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.S. Department of Defense U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER U.S. Department of Defense U.S. Department of Defense WA Attorney General/TRACER WA Attorney General/TRACER U.S. Department of Defense WA Attorney General/WeBTEC/AARP WA Attorney General WA Attorney General U.S. Department of Defense	U-72-39 U-87-798-T U-88-20524 U-89-2698-F UT-940641 UT-941464 UT-951425 UT-961632 UT-021120 UT-040788 UT-040520 UT-050814 UT-090842	Pacific Northwest Bell Pacific Northwest Bell US West Communications US West Communications US West Communications US West Communications GTE Northwest, Inc Qwest Communications Verizon Northwest, Inc. Verizon Northwest, Inc. Verizon - MCI Merger Verizon-Frontier Sale		1973 December 20, 1983 November 8, 1988 November 28, 1989 Filed October 14, 1994 June 22, 1995 January 22, 1996 Filed June 23, 1997 July 29, 1997 May 22, 2003 August 12, 2004 February 2, 2005 November 2, 2005 Nov.3.2009;Jan 28, 2010
WV	U.S. Department of Defense	69-0871-T-PC	Verizon-Frontier Sale		November 16, 2009
WI	GTE Sprint Wisconsin Consumers Utility Board Wisconsin Consumers Utility Board	6720-TR-38 2065-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 Airlife Parties Airlife Parties National Data Corporation Press Wire Services Aeronautical Radio Department of Defense State of Hawaii International Record Carriers ITT World Communications Aeronautical Radio MCJ Ind. Data Com. Mfg. Assn. Tylnet, Inc. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al. Adelphia Jones Intercable, et. al.	16020 16258 18128 19989 19919 20814 20690 21263 CC78-97 CC84-633 CC78-72 CC84-800 CC85-26 ENF84-22 Bell Atlantic Bell Atlantic Bell Atlantic	Consat Rate of Return Bell System Rates TELPAC WATS Private Line Rates Private Line Rates 1,544 Mbps Service Interstate Separation Telex/TWX Rates Rate of Return Access Line Charges Rate of Return AT&T Accounting Plan Packet Switching Costs Video Dialtone Video Dialtone Video Dialtone	1973 July 22, 1968 3/22, 10/15 1971, Feb. 22, 1972 (none) (none) October 5, 1978 January 30, 1979 February 7, 1979 March 6, 1980 (none) (none) (none) (none) Filed 7/29/84 Filed 8/23/84 Filed 2/21/85	
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 Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Warshawsky & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company Dow Jones & Company	R71-1 R72-1 R74-1 MC76-2 MC79-3 R80-1 C82-1 R84-1 R87-1 R90-1 MC91-1 MC91-3	Rates Rates Rates Rate Structure Rate Structure Rates Rate Structure Postal Costs Rate Structure Costs Rate Structure Costs Pre-barcoding Discounts Palletization Discounts	1970 1972 September 13, 1974 January 6, 1979 September 12, 1979 November 25, 1980 (none) June 14, 1984 November 2, 1987 Sept 12, Oct 10, 1990 November 19, 1991 March 2, 1992	

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 Stevedoring	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)
Snavelly 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 Consumer Advocates of DE, DC, OH, MD, NJ, PA, WV, VA Consumer Advocates of DE, DC, OH, MD, NJ, PA, WV Maryland Office of People's Counsel Maryland Office of People's Counsel Louisiana Public Service Commission Maryland Office of People's Counsel	OR89-2-000 ER08-386-000 ER08-23-000 ER08-686-01 ER08-1329 ER09-1224 ER10-355	Pipeline Quality Bank Electric Transmission Cost of Equity Electric Transmission Cost of Equity Electric Transmission Cost of Equity Electric Transmission Cost of Equity Depreciation Electric Transmission Cost of Equity	October 18, 1990 March 26, 2008 May 21, 2008 April 7, 2008; July 6, 2008, August, 2008 March 2010 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 Answer time (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 Answer time (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).

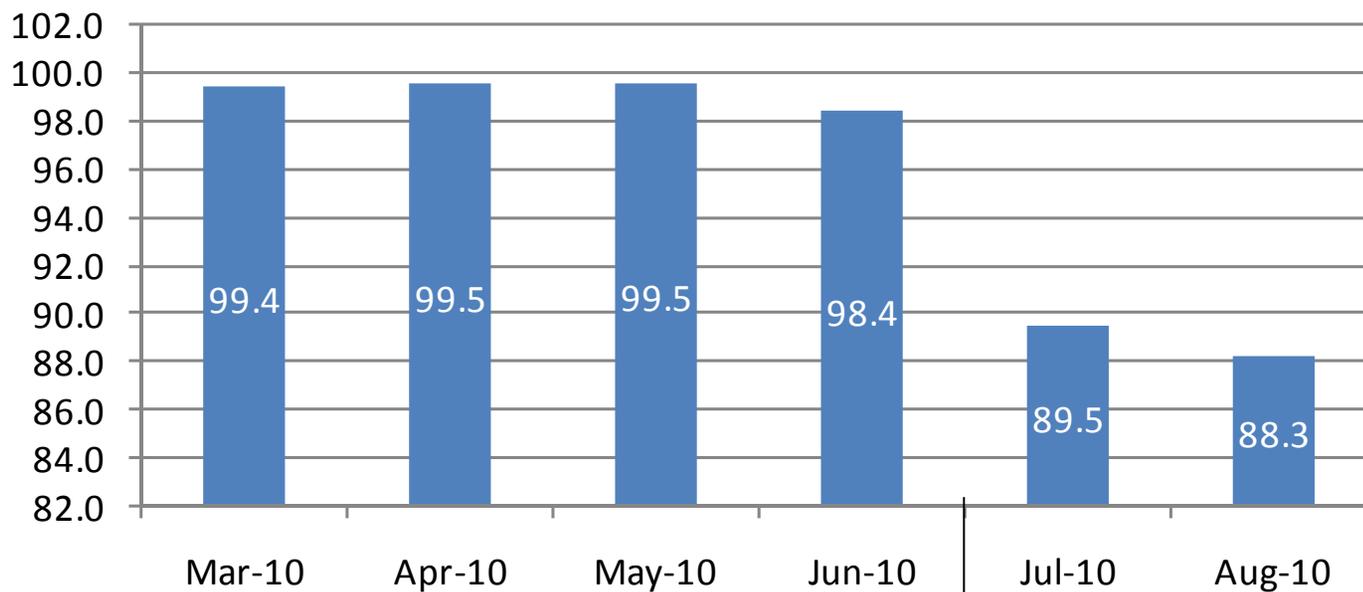
**** Per revised tariff which went into effect 1/1/10.

Attachment 3

West Virginia Service Quality Results

March – August 2010

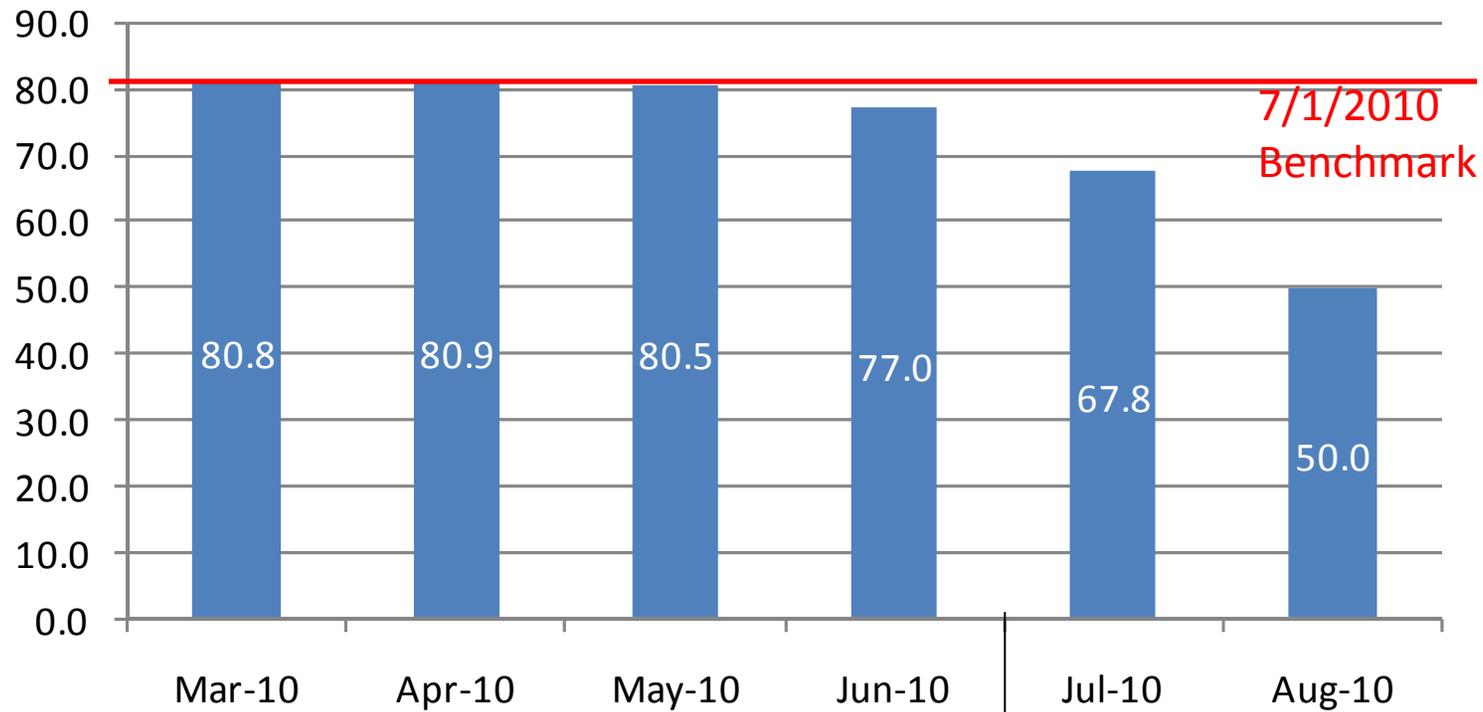
Installation Service Orders - % Completed within 5 days



Cutover on July 1, 2010

Out of Service (OOS) with Exclusions *

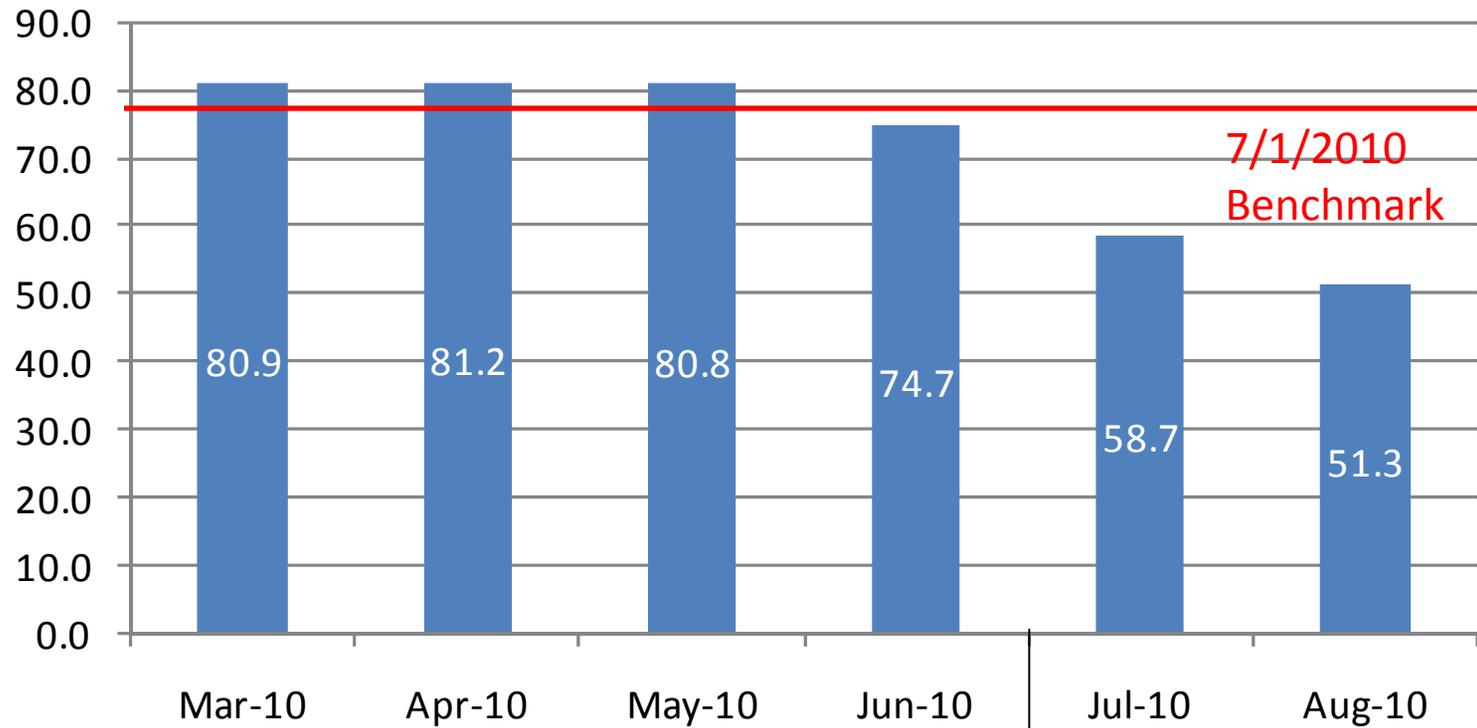
% OOS Cleared within 48 hours



Cutover on July 1, 2010

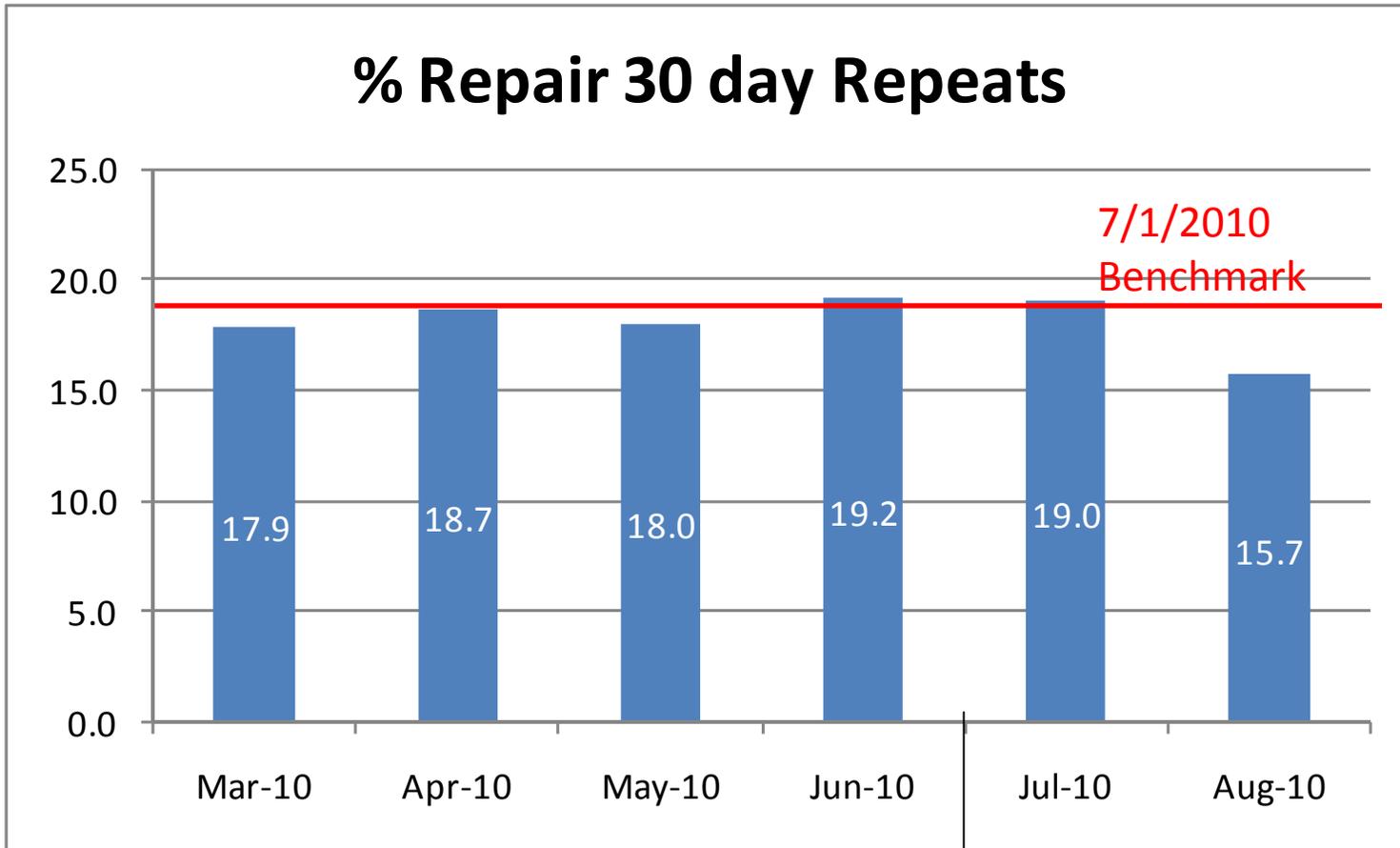
* Weekend and holiday time is excluded from the numerator. Tickets are excluded for State of Emergency Declarations for the following dates: 1/1 to 1/17 for certain exchanges (29 counties); 1/25 to 2/4 for certain exchanges (7 counties); 2/5 to 3/7 for entire state; 3/8 to 3/24 for certain exchanges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

% Repair Commitments Met



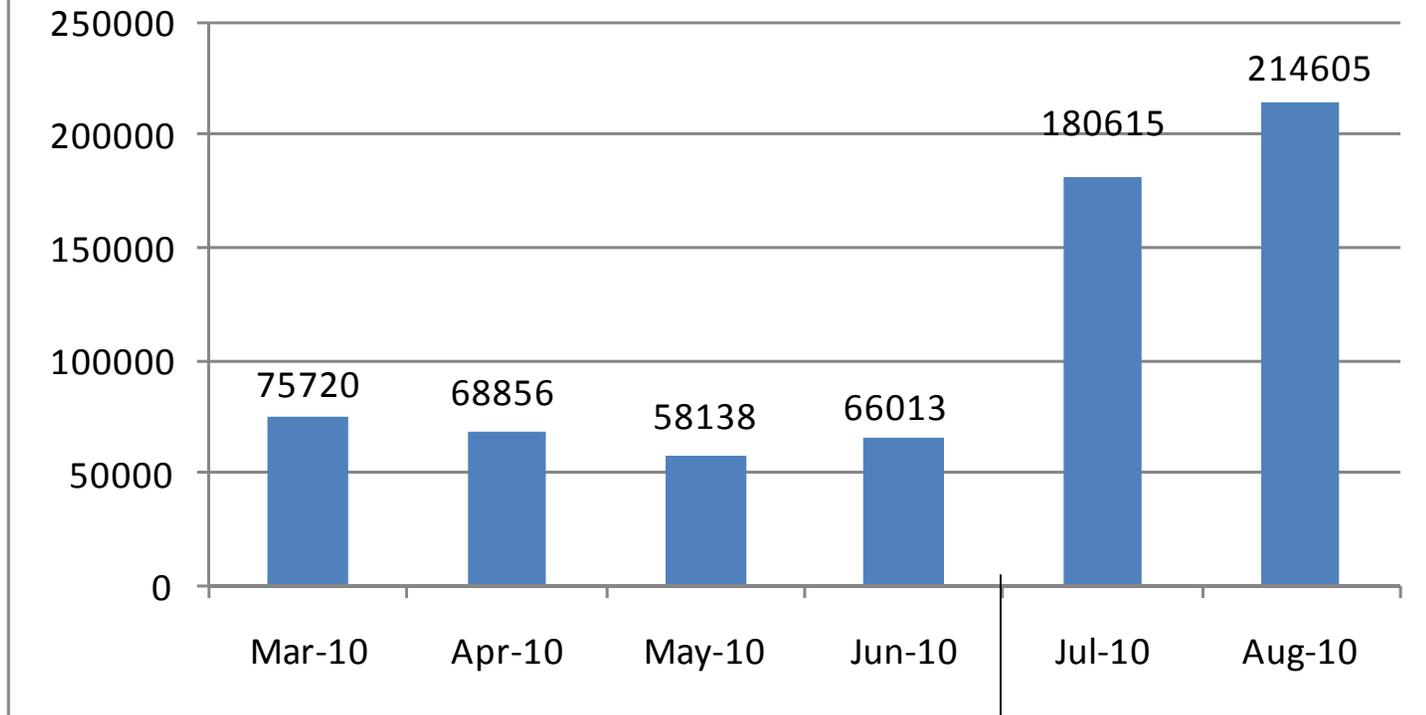
Cutover on July 1, 2010

% Repair 30 day Repeats



Cutover on July 1, 2010

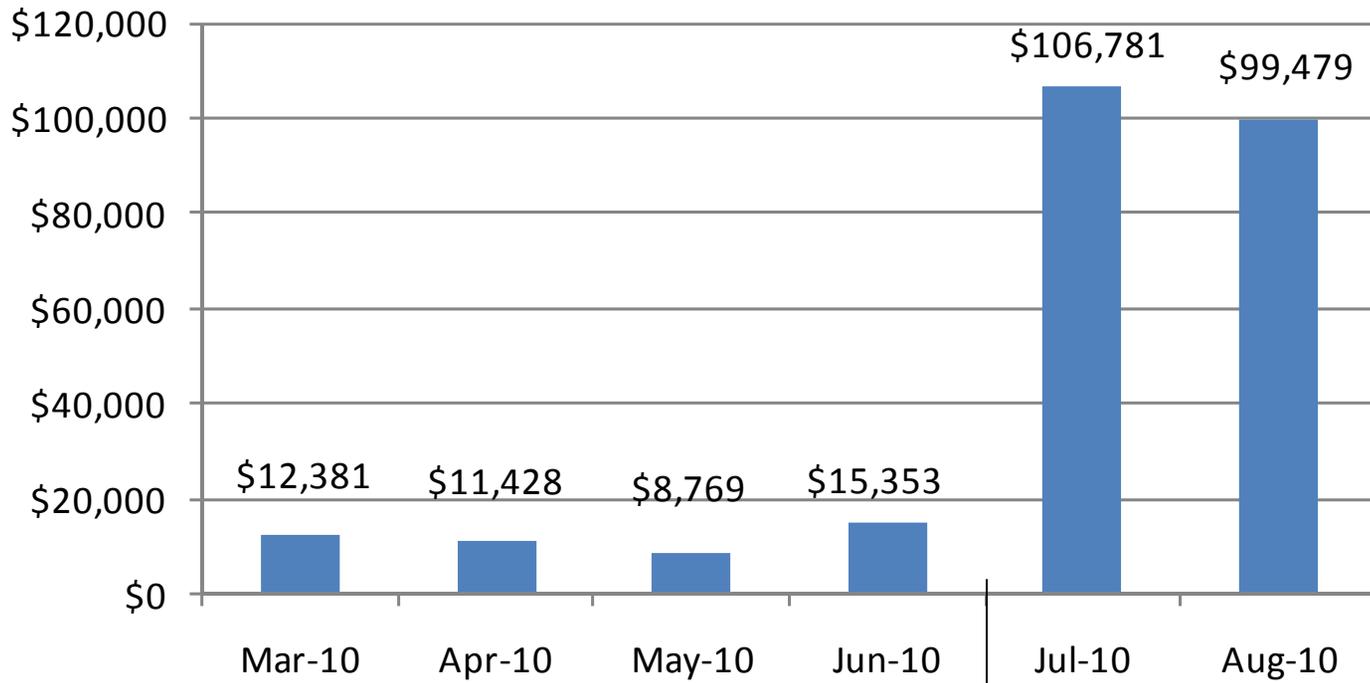
Business Office Calls Offered***



Cutover on July 1, 2010

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

Total Customer Credits ****



Cutover on July 1, 2010

**** 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.

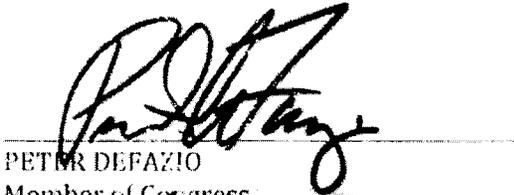
Sincerely,



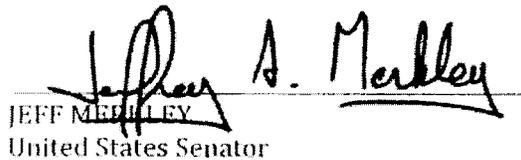
EARL BLUMENAUER
Member of Congress



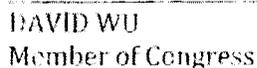
RON WYDEN
United States Senator



PETER DEFAZIO
Member of Congress



JEFF MERKLEY
United States Senator



DAVID WU
Member of Congress

GREG WALDEN
Seventh District Oregon
Democrat

ENERGY AND COMMERCE

Subcommittee
On Energy and Infrastructure
Rural Matters
Franklin D. Evansworth
Chairman
COMMUNICATIONS, ENERGY
AND THE INTERNET

Greg Walden Website
<http://www.walden.house.gov>



Congress of the United States
House of Representatives

September 23, 2010

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1211 Washington Avenue
La Grande, OR 97630
TELEPHONE: (541) 964-2400

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



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

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

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<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
Member of Congress

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

Attachment 5

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



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

Décades 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 Popcom. "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