**BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

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| In the matter of,  Joint Application of Qwest Communications International Inc. and CenturyTel, Inc. for Approval of Indirect Transfer of Control of Qwest Corporation, Qwest Communications Company LLC, and Qwest LD Corp. | Docket No. UT-100820 |

**REBUTTAL TESTIMONY**

**OF**

**Todd schafer**

**CENTURYLINK, INC.**

**NOVEMBER 1, 2010**

**REDACTED**

**HIGHLY CONFIDENTIAL VERSION**

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

A. My name is Todd Schafer and my business address is 14111 Capital Blvd, Wake Forest, NC 27587.

**Q. Who is your employer and what is your position?**

A. I am employed by CenturyLink as the President for the Mid Atlantic Region.

**Q. Are you the same Todd Schafer that filed direct testimony in this proceeding?**

A. Yes, I am.

**Q. What is the purpose of your rebuttal testimony?**

A. I am providing rebuttal testimony concerning certain operational issues and proposed conditions raised in testimonies in the proceeding before the Washington Utilities and Transportation Commission (“Commission”) related to the proposed merger (the “Transaction”) of Qwest Communications International, Inc. (“Qwest”) and CenturyLink. Specifically, I will address the testimonies of Mr. Mark J. Vasconi[[1]](#footnote-1) and Ms. Jing Liu[[2]](#footnote-2) who provided testimony on behalf of the Staff of the Commission (“Staff”).

**Q. STAFF WITNESS VASCONI recommends CenturyLink be required to file a strategic plan evaluating its switches[[3]](#footnote-3) in washington and providing a proposed replacement plan if necessary (Condition 12). Is such a plan necessary?**

A. No. CenturyLink’s switches in Washington currently support the provision of quality service to customers, including advanced services. There currently are no technological or service triggers that would cause us to replace these switches within the near future. Technological advancements in digital switching have reached a point where switch functionality is primarily controlled through software changes and upgrades rather than through physical hardware. Additional functionality to increase efficiency, expand capacity, or offer new and advanced services is often accomplished through upgrades to the software of the switch rather than a physical change-out of the switch. Technology continues to advance allowing for multiple options to address long term solutions for customers. CenturyLink routinely reviews the status of network elements and works to ensure customer impacting exposures, as well as desired functionalities, are part of the analysis. The Commission should not require CenturyLink to commit resources to develop a plan for switch replacements when there is currently no need for such switch replacements. Additionally, because of the rapidly evolving technologies, any plan built long before a trigger event occurred would likely need to be redone so that it can take into account relevant technological changes.

**Q. DID THE STAFF PROVIDE ANY TESTIMONY TO SUGGEST THAT THE TECHNOLOGICAL OR SERVICE “TRIGGERS” YOU DISCUSSED ABOVE WOULD NECISSITATE SWITCH REPLACEMENTS FOR CENTURYLINK OR QWEST IN WASHINGTON?**

A. no. Although Mr. Vasconi includes this condition as one he is sponsoring,[[4]](#footnote-4) I could find no discussion in his testimony of the rationale or need for this condition. I also reviewed the testimony of Staff witness Kristen Russell, who discusses service quality issues and found no discussion of any service deficiencies that would necessitate a comprehensive switch change-out plan contemplated by Staff condition 12. In fact, Ms. Russell’s analysis of CenturyLink’s and Qwest’s service quality lead to her conclusions that CenturyLink and Qwest generally meet the Commission’s service quality benchmarks and that Staff had no overriding concerns about the companies’ current quality of service.[[5]](#footnote-5)

1. **Moving on to another subject, Staff witness LIU proposes NUMEROUS conditionS reLATING TO broadband expansion (Conditions 14, 15, 16)[[6]](#footnote-6). Can you comment on centurylink’s position on broadband expansion?**
2. Yes. CenturyLink witness John Jones addresses this condition from a policy perspective. From an operations perspective, CenturyLink has been investing in a broadband-capable infrastructure with the overall goal of increasing the availability of broadband service while also increasing broadband speeds in areas where broadband service already exists. After the merger, the combined company will continue to invest in bringing robust broadband services to its Washington customers. CenturyLink is a broadband leader in the areas it serves. Broadband services provide an opportunity to improve the lives and welfare of the customers and businesses in these areas. Economic development, education, healthcare, and government services all benefit from the effective use of broadband networks, but these benefits must be balanced with the cost of deployment. CenturyLink is proud of its historical commitment to build and operate broadband networks. However, the economic factors to deploy broadband services in the highest cost, lowest population density areas are challenging as there are too few consumers living in these areas to cover the costs of building and providing advanced network services. Despite these economics, CenturyLink has been a leader in providing broadband services and will continue to seek innovative solutions that allow the Company to expand the reach of its high bandwidth services.
3. **Please describe the current status of broadband deployment for CenturyLink and Qwest in Washington**
4. Broadband service is available to \*\*\*HIGHLY CONFIDENTIAL: REDACTED END HIGHLY CONFIDENTIAL \*\*\* of the residential households in CenturyLink’s Washington service area. CenturyLink has several broadband speeds available to Washington customers, with download speeds ranging from 768Kbps up to 10 Mbps in selected markets. With respect to Qwest’s Washington broadband deployment, based on information provided by Qwest personnel, approximately \*\*\*BEGIN HIGHLY CONFIDENTIAL: REDACTED END HIGHLY CONFIDENTIAL \*\*\* of residential households served by Qwest in Washington have broadband available. Qwest also has several broadband speeds available to Washington customers, with download speeds ranging from 1.5 Mbps up to 40 Mbps in selected markets.
5. **What are CenturyLink’s future plans for broadband?**
6. CenturyLink will continue to expand its broadband footprint in those areas of the state where doing so is economically viable and technically practical. In addition, CenturyLink will continue to increase broadband speeds in those areas where broadband service already exists.

**Q. Do you have any concluding remarks?**

A. Yes. The Transaction brings together two leading communications companies with complementary networks and operating footprints. By building on each company’s operational and network strengths, the combined company will have an impressive national presence with the local depth that will allow it to better serve all of its customers. The combination creates a company that will be well-positioned to lead in the deployment of advanced services as well as successfully manage the challenging and rapidly changing telecommunications environment.

**Q. Does this conclude your rebuttal testimony?**

A. Yes.

1. Testimony of Mark J. Vasconi, Staff of Washington Utilities and Transportation Commission, In the Matter of Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc. for approval of indirect transfer of control of Qwest Corporation, Qwest Communications Company, LLC and Qwest LD Corp., Docket No. UT-100820, September 27, 2010 [hereafter “Staff, Vasconi”]. [↑](#footnote-ref-1)
2. Testimony of Jing Liu, Staff of Washington Utilities and Transportation Commission, In the Matter of Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc. for approval of indirect transfer of control of Qwest Corporation, Qwest Communications Company, LLC and Qwest LD Corp., Docket No. UT-100820, September 27, 2010 [hereafter “Staff, Liu”]. [↑](#footnote-ref-2)
3. Staff, Vasconi, p. 17, lines 9-18. [↑](#footnote-ref-3)
4. Staff, Vasconi p. 16, line 11. [↑](#footnote-ref-4)
5. Staff, Russell p. 13, lines 16-18. [↑](#footnote-ref-5)
6. Staff, Liu p. 12, line 14 through p. 12, line 10; p. 14, lines 4-10. [↑](#footnote-ref-6)