

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

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 SCHAFFER

CENTURYLINK, INC.

NOVEMBER 1, 2010

**REDACTED
HIGHLY CONFIDENTIAL VERSION**

1 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

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

4

5 **Q. WHO IS YOUR EMPLOYER AND WHAT IS YOUR POSITION?**

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

7

8 **Q. ARE YOU THE SAME TODD SCHAFFER THAT FILED DIRECT TESTIMONY**
9 **IN THIS PROCEEDING?**

10 A. Yes, I am.

11

12 **Q. WHAT IS THE PURPOSE OF YOUR REBUTTAL TESTIMONY?**

13 A. I am providing rebuttal testimony concerning certain operational issues and proposed
14 conditions raised in testimonies in the proceeding before the Washington Utilities and
15 Transportation Commission (“Commission”) related to the proposed merger (the
16 “Transaction”) of Qwest Communications International, Inc. (“Qwest”) and CenturyLink.
17 Specifically, I will address the testimonies of Mr. Mark J. Vasconi¹ and Ms. Jing Liu²
18 who provided testimony on behalf of the Staff of the Commission (“Staff”).

19

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”].

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”].

1 **Q. STAFF WITNESS VASCONI RECOMMENDS CENTURYLINK BE REQUIRED**
2 **TO FILE A STRATEGIC PLAN EVALUATING ITS SWITCHES³ IN**
3 **WASHINGTON AND PROVIDING A PROPOSED REPLACEMENT PLAN IF**
4 **NECESSARY (CONDITION 12). IS SUCH A PLAN NECESSARY?**

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

21

³ Staff, Vasconi, p. 17, lines 9-18.

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

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

14
15 **Q. MOVING ON TO ANOTHER SUBJECT, STAFF WITNESS LIU PROPOSES**
16 **NUMEROUS CONDITIONS RELATING TO BROADBAND EXPANSION**
17 **(CONDITIONS 14, 15, 16)⁶. CAN YOU COMMENT ON CENTURYLINK’S**
18 **POSITION ON BROADBAND EXPANSION?**

19 A. Yes. CenturyLink witness John Jones addresses this condition from a policy
20 perspective. From an operations perspective, CenturyLink has been investing in a
21 broadband-capable infrastructure with the overall goal of increasing the availability of

⁴ Staff, Vasconi p. 16, line 11.

⁵ Staff, Russell p. 13, lines 16-18.

⁶ Staff, Liu p. 12, line 14 through p. 12, line 10; p. 14, lines 4-10.

1 broadband service while also increasing broadband speeds in areas where broadband
2 service already exists. After the merger, the combined company will continue to invest in
3 bringing robust broadband services to its Washington customers. CenturyLink is a
4 broadband leader in the areas it serves. Broadband services provide an opportunity to
5 improve the lives and welfare of the customers and businesses in these areas. Economic
6 development, education, healthcare, and government services all benefit from the
7 effective use of broadband networks, but these benefits must be balanced with the cost of
8 deployment. CenturyLink is proud of its historical commitment to build and operate
9 broadband networks. However, the economic factors to deploy broadband services in the
10 highest cost, lowest population density areas are challenging as there are too few
11 consumers living in these areas to cover the costs of building and providing advanced
12 network services. Despite these economics, CenturyLink has been a leader in providing
13 broadband services and will continue to seek innovative solutions that allow the
14 Company to expand the reach of its high bandwidth services.

15
16 **Q. PLEASE DESCRIBE THE CURRENT STATUS OF BROADBAND**
17 **DEPLOYMENT FOR CENTURYLINK AND QWEST IN WASHINGTON**

18 A. Broadband service is available to ***HIGHLY CONFIDENTIAL: REDACTED END
19 HIGHLY CONFIDENTIAL *** of the residential households in CenturyLink's
20 Washington service area. CenturyLink has several broadband speeds available to
21 Washington customers, with download speeds ranging from 768Kbps up to 10 Mbps in
22 selected markets. With respect to Qwest's Washington broadband deployment, based on
23 information provided by Qwest personnel, approximately ***BEGIN HIGHLY

1 CONFIDENTIAL: REDACTED END HIGHLY CONFIDENTIAL *** of residential
2 households served by Qwest in Washington have broadband available. Qwest also has
3 several broadband speeds available to Washington customers, with download speeds
4 ranging from 1.5 Mbps up to 40 Mbps in selected markets.

5
6 **Q. WHAT ARE CENTURYLINK'S FUTURE PLANS FOR BROADBAND?**

7 A. CenturyLink will continue to expand its broadband footprint in those areas of the state
8 where doing so is economically viable and technically practical. In addition,
9 CenturyLink will continue to increase broadband speeds in those areas where broadband
10 service already exists.

11
12 **Q. DO YOU HAVE ANY CONCLUDING REMARKS?**

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

20
21 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

22 A. Yes.