

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON
UM 1484
CENTURYLINK SUPPLEMENTAL RESPONSES TO
JOINT CLECS FIFTH SET OF INFORMATION REQUESTS
NOS. JC-5 THROUGH JC-160

- JC-45. Refer to Schafer/8 (CTL/200), dated May 21, 2010. Describe in detail the integration efforts undertaken by the company for CenturyTel's acquisition of Embarq. A complete response will include the following:
- a. List of all integration initiatives
 - b. Written integration plans
 - c. Targeted timelines
 - d. Status of each initiative
 - e. The original expected completion date and actual completion date
 - f. Listing of any initiatives that were not complete as of the announcement of the Qwest/CenturyLink merger
 - g. Metrics to measure performance
 - h. Performance metrics results for integration efforts
 - i. Identification of the various systems/platforms/processes integrated
 - j. Description of problems the company experienced (or is experiencing) during integration
 - k. Description of the plan employed by the Company for accountability and commitment from its employees to complete integration
 - l. Description of any budget overruns
 - m. Description of how synergy savings were (or will be) distributed to CenturyLink's operating companies
 - n. Provide any contingency plans CenturyLink has to ensure integration of Qwest is not delayed, and rendered more costly or disruptive due to ongoing integration of Embarq.

CenturyLink Objections:

CenturyLink objects to this request because it is vague, ambiguous, overly broad, imprecise, unduly burdensome and excessively time consuming by requesting "all" initiatives and "any" plans related to the integration without any specificity to establish the relevancy of that documentation to the scope of the Commission's inquiry in this docket. The request is not reasonably calculated to lead to the discovery of admissible information and seeks information that is not relevant.

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CenturyLink Response:

Subject to and without waiving its objections, CenturyLink responds as follows:

Embarq and CenturyTel systems, including accounting, human resources, end user billing, engineering, customer service, work force management, and wholesale operational support systems, were identified for integration post-merger. The integrations of these systems have been proceeding as planned:

As of May 2010, 25% of the former Embarq retail customers have been converted to CenturyLink's retail end user billing system. By year end 2010, 50% of former Embarq customers will be converted and the remaining customers will be converted by the end of third quarter 2011. The conversion process continues to proceed as planned without customer disruption. Customer care systems are integrated with the billing platform, and the migration is proceeding on the same schedule as the billing migration. The legacy Embarq technician dispatch systems are also being converted to legacy CenturyTel's Work Force Management systems as the markets are converted to the retail billing platform. Legacy CenturyTel wholesale customers are being converted to the Embarq automated OSS systems as planned by mid-2010.

Embarq's financial systems were converted to legacy CenturyTel's systems as planned in October 2009. The conversion was conducted as planned in a manner that was transparent to customers and operations.

All legacy CenturyTel orders will process through the automated legacy Embarq EASE ordering platform by September 2010. In addition, legacy CenturyTel porting orders now systematically interface with industry porting systems (NPAC). CenturyLink does not limit the number of service requests (including number ports) a given CLEC can make.

CenturyLink Supplemental Response (8/9/10):

Subject to and without waiving its objections set forth above, CenturyLink provides the following information:

Please see HIGHLY CONFIDENTIAL Attachment JC-41, which shows the actual synergies associated with the CenturyTel-Embarq transaction for the nine months ending March 31, 2010. The information in this attachment is trade secret. The annual run rate based on actual synergies realized for the month of March 2010 is \$270 million. The estimated operating expense savings was \$300 million at announcement of the CenturyTel-Embarq transaction, and was increased to \$375 million after closing. Based on CenturyLink's realization rate through March 31, 2010, CenturyLink currently expects to exit 2010 with a run rate of over \$300 million and to achieve the total run rate synergies by the second half of 2011.

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Sponsor: John Felz, Director Regulatory Operations and Policy

CenturyLink Second Supplemental Response (10/28/10):

During the recent conversion of the North Carolina market to the CenturyLink billing and operational systems, some of the outside plant records were loaded incorrectly to the service provisioning system (called MARTENS). The way in which plant was constructed in the legacy Embarq areas was not consistent between areas and not consistent with the legacy CenturyTel area. As a result, records for some of the devices initially did not load correctly in the conversion and in some cases technicians needed to contact centralized work groups and take additional steps to get information necessary to complete assigned service orders and trouble tickets.

CenturyLink identified that approximately 2,000 out of approximately 11,500 devices did not load correctly during the North Carolina conversion. At this time, the records for approximately 95% of those 2,000 devices have been fixed and CenturyLink continues to work diligently on the remaining 5%. This problem was identified and was voluntarily fixed by the company before it became a major customer impacting issue.

With the integration of large, complex systems, some issues are expected to arise, but CenturyLink works hard during every integration process to minimize the number and severity of those problems, and to mitigate any potential negative impact on the Company's customers and employees. Now that CenturyLink is more fully aware of the difference in outside plant records, CenturyLink is taking additional steps to identify and correct those plant records before subsequent conversions take place. For instance, CenturyLink has identified those devices that may be at a higher risk for having incorrect plant records and is going to have technicians test those devices to determine if there are any problems. The system conversion process is an evolving learning process and CenturyLink is constantly capturing and incorporating key learnings from one conversion into future conversion testing. In proactively implementing these additional steps, CenturyLink is confident that it will minimize potential problems in future conversions.

On October 1, 2010 CenturyLink converted the billing and operational systems for four legacy Embarq states, Tennessee, Virginia, New Jersey, and Nevada, or approximately another 25% of the Embarq access lines. During that conversion, a missing indicator on some records prevented updates to the directory assistance database from being processed for several days in early October. CenturyLink worked diligently to identify and correct the problem with the extract of directory assistance updates and to ensure all updates were loaded to the directory assistance database. The issue has been fully addressed and daily updates to the directory assistance database are being processed on a timely basis. There were no direct impacts to any customer's service from this issue – the only impact was some minor delay in processing updates to CenturyLink's directory assistance database. Other than this directory assistance update issue, CenturyLink is not aware of any significant problems from this most recent conversion.

Sponsor: John Felz, Director Regulatory Operations and Policy