EXHIBIT___WAH-1T

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

TESTIMONY
OF
WILLIAM A. HAAS

ON BEHALF OF PAETEC BUSINESS SERVICES

REGARDING
PROPOSED SETTLEMENT AGREEMENTS

PUBLIC VERSION
HIGHLY CONFIDENTIAL INFORMATION HAS BEEN REDACTED

January 3, 2011

Q. Please state your name and employment position.

A. My name is William Haas and I am employed by PAETEC Holding Corp., which is the ultimate parent company of McLeodUSA Telecommunications Services, Inc. d/b/a PAETEC Business Services. I am Corporate Vice President of Public Policy and Regulatory. I will refer hereinafter to my employer as either PAETEC or McLeodUSA.

Q. What is the purpose of your testimony regarding the settlement agreement between the Joint Applicants and Integra Telecom ("Settlement Agreement")?

A. My testimony will: (i) describe PAETEC's operations and how it currently interconnects with Qwest; (ii) address certain wholesale conditions set forth in the Settlement Agreement and explain why the conditions are insufficient to meet PAETEC's concerns about the proposed merger and its impact on the Merged Company's wholesale operations; and (iii) identify specific additional merger conditions that PAETEC believes are necessary for the public interest, particularly to ensure continuing robust competition in Washington.

My testimony focuses on PAETEC-specific concerns and complements the testimony being submitted by Timothy Gates on behalf of several CLECs regarding the Settlement Agreement. In addition to the concerns discussed by Mr. Gates, PAETEC's primary concerns with the Settlement Agreement is that it is based was designed to meet Integra Telecom's ("Integra") specific business model, operations and network and its related concerns about the merger. It appears that PAETEC may have a different business model than Integra. In addition, there is a difference in the manner in which PAETEC's back office systems connect to and interact with the Qwest OSS and underlying databases. As a result, PAETEC has different concerns about the impact of merger.

From PAETEC's perspective, any approval of the proposed merger should ensure that the Merged Company's OSS continue to allow the same functionality for PAETEC's back office operations to ensure a continued high level of customer service and support for 36 months after merger closing. PAETEC also needs to ensure stability in its operations through the continuation of contractual commitments during the post-merger transition, which Joint Applicants have indicated may last for three or more years. At a minimum, commercial and wholesale agreements should be extended the same amount of time beyond the merger close as interconnection agreements – 36 months -- in order to maintain a level playing field for competitors that use different types of agreements based on different competitive models.

Q. Please describe PAETEC.

A. PAETEC is a competitive local exchange carrier ("CLEC") certificated to provide telecommunications service in numerous states. It is certificated by the Washington Utilities and Transportation Commission ("Commission") to provide telecommunications service, including local exchange service, throughout Qwest's service area in Washington. PAETEC has been providing local exchange services as a certified CLEC in Washington since 1997. We provide services in Washington primarily to small and medium size business customers while also providing local exchange services to a small number of residential customers. We also provide local telecommunications services throughout the entire Qwest region. PAETEC currently serves **[BEGIN HIGHLY CONFIDENTIAL INFORMATION** XXXX **END HIGHLY CONFIDENTIAL INFORMATION]** customers in Washington, including approximately **[BEGIN**

HIGHLY CONFIDENTIAL INFORMATION XXXX **END HIGHLY CONFIDENTIAL INFORMATION]** business customers and **[BEGIN HIGHLY CONFIDENTIAL INFORMATION** XXXX **END HIGHLY CONFIDENTIAL INFORMATION]** residential customers. To serve the vast majority of its lines in Washington, PAETEC uses its own local switching facilities in combination with last mile loops (high capacity circuits (UNE T1 or Special Access circuits) and UNE POTs loops)) and transport leased almost exclusively from Qwest. PAETEC also purchases the Qwest commercial UNE-P platform under Qwest's Commercial Local Service Platform ("QLSP") Agreement to serve customers throughout the Qwest region, including customers in Washington.

Q. How does PAETEC interact with the Qwest OSS?

A. PAETEC uses an EDI interface to electronically-bond with various Qwest OSS, including Interconnected Media Access ("IMA-XML"), Directory Listing Inquiry System ("DLIS"), Electronic Bonded Trouble Administration ("EBTA") as distinguished from the MEDIACC-EBTA GUI, Centrex Management System (CMS), and E-Bonded ASRs. Also, PAETEC has established direct interfaces that are web-based application to application for Customer Electronic Maintenance and Repair ("CEMR"), Q-Pricer, Qwest Control ("Q-Control"), Online Dispute Management ("ODM"). As back-up, PAETEC uses web-based GUIs including, but not limited to Qwest Online Request Application (QORA) Access Service Requests (ASRs).

Q. Please explain why PAETEC developed such a sophisticated interface with Qwest.

A. After Qwest secured its 271 approval, PAETEC developed and implemented system enhancements in its own back office systems to automate several pre-order, order, billing and trouble ticket management functions over the course of several years. A conservative estimate of PAETEC's investment in system enhancements to automate various internal functions to most efficiently use the capabilities enabled by e-bonding with various ILEC OSS systems is over **[BEGIN HIGHLY CONFIDENTIAL INFORMATION** XXXX **END HIGHLY CONFIDENTIAL INFORMATION]**.

PAETEC's development and implementation of its back office system enhancements, some of which were detailed in the ex parte letter filed by PAETEC with the FCC on October 22, 2010, enabled PAETEC to automate a number of processes that were previously completed using manual labor, including but not limited to:

a. identifying products and services that PAETEC can sell at a prospect's current location(s);
b. verifying what services a customer currently purchases from Qwest;
c. verifying that a customer location is suitable for particular services;
d. verifying a customer' s address in a format that matches Qwest records for proper order preparation and automatically populating an appropriate electronic order form with the correct address, associated CLLI and various network identifiers;
e. scheduling a PAETEC technician to install service on the appropriate date when the ILEC makes the circuit available to PAETEC to provide service to an end user based on the FOC provided;
f. cross-referencing and synching customer premise addresses in Qwest exchanges to LERG data to associate the address with the correct CLLI, rate center and PSAP to submit orders with proper ANCAs and SPIDs with minimal risk of error;
g. populating a variety of PAETEC systems such as billing and customer service records with detailed customer proprietary network information provided on a CSR;
h. terminating end user billing after receipt of line loss notification from Qwest.

A copy of PAETEC's October 22, 2010 Ex Parte letter to the FCC discussing these issues is attached as Exhibit WAH-2.

Q. Are there operational benefits to these automated processes?

A. The implementation of these automated processes enabled PAETEC to reallocate a significant number of employees **[BEGIN HIGHLY CONFIDENTIAL INFORMATION** XXXX **END HIGHLY CONFIDENTIAL INFORMATION]** to other assignments or functions. Moreover, the automated processes provide more timely ordering, provisioning, repairs and other service for our customers.

Q. Why is it important to maintain the current level of functionality of the Qwest OSS?

A. PAETEC's ability to continue using its own back office system automation is dependent on continued access to an e-bonded interface that allows information to flow from the ILEC systems and back office databases directly into the PAETEC back office systems via the e-bonding into the PAETEC systems, and vice versa.

PAETEC believes that the current version of CenturyLink's OSS (the former Embarq's EASE OSS) is simply insufficient to maintain the current level of functionality of the Qwest OSS. Yet CenturyLink has suggested that it might scrap the Qwest OSS and migrate all Qwest states to EASE.

PAETEC has conducted a comparative assessment of the Qwest OSS and the EASE OSS and the EASE OSS is far inferior. Attached as Exhibit WAH-3 is a December 10, 2010 *Ex Parte* letter filed with the FCC by PAETEC, including the supporting Exhibit A attachment which is a detailed schedule denoting the functionalities of the Qwest OSS used by PAETEC today, and the comparable functionalities (or lack thereof) offered by EASE today. The PAETEC employees that created the comparative schedule verified the information regarding EASE functionalities/capabilities set forth in the Exhibit A to Exhibit WAH-3 with an employee of a third party service bureau that is e-bonded with EASE to submit orders on behalf of PAETEC to assure that this schedule accurately details the functionality of EASE using e-bonding capabilities for submitting LSRs.

There are many areas in which EASE is inferior to the Qwest OSS, and areas where it is clear that EASE is not 271 compliant. For example, Qwest IMA provides real time order processing, whereas EASE does not. EASE offers only "batch" order processing even when e-bonded, which is not real time order processing. With respect to pre-order functions, the Qwest IMA allows address validation using various means using drop menus. EASE requires a CLEC to input the address exactly as it appears in the EASE system to get a match. Thus, if the customer does not provide its address as recorded in EASE, the CLEC will be unable to validate the customer's address. Additionally, the Qwest IMA saves the validated address so that it can automatically populate an LSR with the validated address. EASE offers no such functionality. EASE also does not allow a CLEC to electronically access CenturyLink's Customer Service Records, whereas the Qwest IMA does offer this functionality. Thus, while the Qwest OSS allows PAETEC to download CSR information directly into its back offices system for use in sales, order preparation, and establishing a customer's account in its various systems, EASE offers no such functionality. Finally, the Qwest IMA also enables a CLEC to confirm on a pre-order basis that certain services and products are able to be offered at a prospect's address. In EASE, "service availability" is only ascertained *after* a CLEC has submitted an actual order. The lack of any pre-order functions in EASE means a CLEC is forced to incur the cost and time of submitting an actual order only to potentially learn that the

CLEC cannot serve the customer's location. Providing CLECs Pre-order OSS is a 271 requirement that does not exist in EASE today.

Q. What provision of the Settlement Agreement addresses OSS issues?

A. Condition 12, which provides generally that in the legacy Qwest region that the Merged Entity will use the legacy Qwest OSS for at least two years, or until July 1, 2013, whichever is later, and "thereafter provide a level of wholesale service quality that is not less than that provided by Qwest prior to the Closing Date, with functionally equivalent support, data, functionality, performance, electronic flow through, and electronic bonding." Condition 12 also contains certain requirements regarding transition planning prior to replacing or integrating Qwest OSS systems.

Q. Should the Commission consider Integra's agreement to this language as evidence that Condition 12 adequately addresses the OSS issues?

A. No. The Integra settlement agreement expressly states that that agreement was adequate from Integra's perspective.[1] Integra has not developed and implemented comparable back office automation that PAETEC has and, therefore, its own operations would not be impacted in the same manner were the Merged Entity to migrate to EASE. Instead, Integra uses manual processes to complete various steps in pre-order, ordering, trouble ticket management and billing that PAETEC has automated. Integra's reliance on manual processes means that future changes to the Merged Company OSS, should those changes degrade the functionality, access and robustness of the e-bonding capabilities,

[1] *See* Integra Settlement Agreement, Preamble (fifth whereas clause), Paragraph C.

will not impact Integra to the degree that such changes could impact the automated processes used by PAETEC.

Q: The settlement agreement between Joint Applicants and Commission Staff and Public Counsel ("Staff Settlement") contains an OSS-related condition as well. Does the Staff Settlement OSS condition alleviate PAETEC's concerns?

A: The Staff Settlement does make certain helpful modifications to the language of OSS language in the Settlement Agreement. In particular, the Staff Settlement requires that the Merged Company provide wholesale service quality that is "not less than" that provided by Qwest prior to the closing date, while the Integra settlement agreement only requires wholesale service quality that is "not *materially* less" than that provided by Qwest prior to the closing date. Additionally, the Staff Settlement provides that the Merged Company will provide support, data, functionality, performance, electronic flow through, and electronic bonding that is "functionally equivalent" to that provided prior to the merger. The Settlement Agreement does not include the phrase "functionally equivalent." Although these modifications do represent a step in the right direction, I am still concerned that the condition remains ambiguous and will lead to litigation in the future if CenturyLink begins to migrate from the Qwest OSS to the EASE OSS.

Moreover, as discussed in more detail below, I also believe that OSS-related condition in the Staff Settlement should require that the Qwest OSS system should be available for *three* years after merger closing or July 1, 2014, whichever is later.

Q. Could you describe the potential costs to PAETEC if CenturyLink migrates to the less robust EASE OSS?

A: Let me give you a key example of what PAETEC could be facing. Degrading the e-bonding functionality for just one automated function that PAETEC uses today, which today does not exist in EASE or other CenturyLink OSS -- trouble ticket management for T1 circuits -- could increase PAETEC's annual operating costs by nearly **[BEGIN HIGHLY CONFIDENTIAL INFORMATION XXXX END HIGHLY CONFIDENTIAL INFORMATION]** due to the necessity to assign employees to manually perform tasks done in an automated fashion today. I would note that since Integra performs this function manually today, the loss of that functionality should have no comparable impact on Integra's operations. Likewise, degrading the e-bonding functionality for trouble ticket management for basic telephone services could increase PAETEC's annual operating costs by another **[BEGIN HIGHLY CONFIDENTIAL INFORMATION** XXXX **END HIGHLY CONFIDENTIAL INFORMATION]** due to the necessity to assign employees to manually perform tasks done in an automated fashion today.

Thus, modifying or changing existing Qwest OSS will be significantly more impactful on PAETEC, and thus, retention on the Qwest OSS for at least 36 months is more critical to PAETEC than it would be to Integra. It is also more critical for PAETEC than Integra that there be third-party testing at commercial volumes as part of any transition to a new OSS to make sure that there is no decline in OSS functionality, particularly for a CLEC such as PAETEC that has fully developed/automated back-office systems integrated in with the current Qwest OSS.

This is why Condition 12 of the Settlement Agreement, even as modified by the similar provision in the Staff Settlement, is inadequate for PAETEC, even though it may have been sufficient for a certain other CLEC with a different business plan and different operations.

Q. Do you have proposed revisions to Condition 12 that would meet your concerns?

A. Yes. the first paragraph of Condition 12 should be revised to read as follows:

> 12. In legacy Qwest ILEC service territory, after the Transaction closes, CenturyLink will use and offer to wholesale customers the legacy Qwest Operational Support Systems ("OSS") for at least three years, or until July 1, 2014, whichever is later, and thereafter provide a level of wholesale service quality that is not less than that provided by Qwest prior to the Transaction closing, with functionally equivalent support, data, functionality (including functionality affecting the operations of CLEC back office functionality as of the Transaction closing), performance, electronic flow through and electric bonding. After the period noted above, the Merged company will not replace or integrate Qwest systems without first establishing a detailed transition plan and complying with the following procedures:"

Q: You noted previously that the proposed Staff Settlement language requiring that the new OSS be "functionally equivalent" does not adequately address PAETEC's concerns. Why is that language not adequate from your perspective?

A: Based on the advocacy of the Joint Applicants to date, it is already apparent that what the Joint Applicants view as comparable functionality to the Qwest OSS is distinctly different from what PAETEC views as comparable functionality. For example, the Joint Applicants have argued that the Joint CLECs have made "false" claims that EASE processes orders slower than the Qwest OSS. Joint Applicants contended that EASE processed orders in "near real time." The fact of the matter is that, unlike the Qwest OSS that provides flow through of orders, EASE does not have flow through order processing. Instead, EASE uses batch processing, which for PAETEC occurs once every 20 minutes. Yet, CenturyLink apparently believes that batch processing of orders is comparable to flow through order processing. If Joint Applicants are willing to represent that EASE is comparably functional to the Qwest OSS, one must assume that the Merged Entity will make similar claims whenever it seeks to migrate away from the Qwest OSS in the future. Thus, this language is merely delaying the inevitable debate as to what is comparable functionality to the Qwest OSS.

Q. Do you also believe that the Settlement Agreement is inadequate to provide stability for PAETEC's business operations?

A. Yes. Although Settlement Agreement Condition 3 provides that Interconnection Agreements ("ICAs") will be extended for 36 months after merger close, it only extends "commercial agreements" and "wholesale agreements" for eighteen months after closing. I believe that both of those types of agreements also should be extended 36 months to provide stability post-merger and to provide a level playing field for all competitors. Again, this condition reflects Integra-specific needs, not that of many other CLECs including PAETEC.

As I noted above, PAETEC uses the QSLP, which is considered a commercial agreement. However, Integra uses primarily UNEs that it obtains under an ICA. It does not use the QSLP. Therefore, Integra had no real incentive to press for equality on the types of agreements that other CLECs use to access portions of Qwest's legacy network. As a result of Condition 3, PAETEC will be facing a potential disruption of its business a full 18 months before Integra may face similar disruption.

Therefore, I urge the Commission to modify Condition 3 so that both Commercial Agreements and Wholesale Agreements are extended 36 months beyond the closing date – to parallel the ICA extension.

Q. Does this conclude your testimony?

A. Yes.