Service Date: December 15, 2010

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

IN THE MATTER OF the 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.	)	REGULATORY DIVISION DOCKET NO. D2010.5.55 ORDER NO. 7096e

FINAL ORDER APPROVING APPLICATION SEEKING APPROVAL OF TRANSFER

FINDINGS OF FACT

Background

1. On May 28, 2010, Qwest Communications International, Inc. (QCI) and CenturyLink, Inc. (CenturyLink) filed a Joint Application for Expedited Approval of Indirect Transfer of Control with the Montana Public Service Commission (Commission). QCI and CenturyLink seek Commission approval of the indirect transfer of control of QCI's operating subsidiaries, Qwest Corporation (Qwest Corp), Qwest LD Corp (QLDC) and Qwest Communications Company, LLC (QCC) (collectively Qwest) to CenturyLink (the Transaction).

Summary of Filing

2. QCI and CenturyLink assert that:

(a) The Transaction is a stock-for-stock transaction that requires no new financing or refinancing and adds no new debt;

(b) The Transaction will provide the combined company with greater financial resources and access to capital enabling it to invest in networks, systems and employees that can reach more customers with a broad range of innovative products and voice, data and entertainment services over an advanced network;

(c) The Transaction will create a robust, national combined company with an approximately 180,000-mile fiber network that will allow CenturyLink to deliver strategic and customized product solutions to business, wholesale, and government customers throughout the nation by combining Qwest's significant national fiber-optic network and data centers and CenturyLink's core fiber network; and,

(d) The Transaction provides the financial, managerial and operational strength to better position the company to offer more customers the full array of broadband products and video entertainment that will enable the company to compete against cable companies and technology substitution within its local regions.

3. CenturyLink is a publicly-traded holding company with incumbent local exchange carrier operations in 33 states. QCI is a publicly-traded holding company with incumbent local exchange carrier operations in 14 states, and nationwide competitive local exchange and interexchange operations. Acquisition Company is a direct wholly-owned subsidiary of CenturyLink created to effectuate the Transaction. Under the terms of the Merger Agreement, QCI, and Acquisition Company will merge, after which QCI will be the surviving entity and the separate corporate existence of Acquisition Company will cease. Under the terms of the Merger Agreement, QCI will become a wholly-owned, first-tier subsidiary of CenturyLink.

4. Applicants further state that the merger is a tax-free, stock-for-stock transaction with no new debt refinancing required. Shareholders of QCI will receive 0.1664 shares of CenturyLink for each share of QCI common stock owned at closing. Upon closing, the shareholders of pre-merger CenturyLink will own approximately 50.5% of post-merger CenturyLink, and the shareholders of pre-merger QCI will own approximately 49.5% of post-merger CenturyLink. CenturyLink will issue new stock to acquire QCI; it is not paying cash or financing the Transaction through debt. Qwest Corp, QCC, QLDC, and the CenturyLink Montana Operating Subsidiaries will continue as separate legal entities.

Procedural History

5. The procedural history of this proceeding may be summarized as follows:

May 28, 2010 – Joint Application for Approval
May 28, 2010 – Century Direct Testimony of G. Clay Bailey & Jeremy Ferkin
May 28, 2010 – Qwest Direct Testimony of David Gibson
June 8, 2010 – PSC Notice of Application and Intervention Deadline

June 15, 2010 – MCC Data Requests 1-79
July 2, 2010 – PSC Notice of Pre-Hearing Conference
July 6, 2010 – Qwest Motion for Protective Order
July 6, 2010 – CenturyLink Motion for Protective Order
July 7, 2010 – PSC Notice of Staff Action Granting Intervention to Blackfoot Communications, Inc. (Blackfoot), Montana Consumer Counsel (MCC), Montana Telephone Association (MTA), Integra Telecom (Integra), International Brotherhood of Electrical Workers Local 206 (IBEW), Montana Department of Administration (MDA), Bresnan Broadband of Montana, LLC (Bresnan), 3 Rivers Telephone Cooperative, Inc. (3 Rivers), and 360networks (USA) Inc. (360networks).
July 21, 2010 – PSC Procedural Order No. 7096
July 22, 2010 – PSC Qwest Protective Order No. 7096a
July 22, 2010 – PSC CenturyLink Protective Order No.7096b
July 29, 2010 – CenturyLink and Qwest Motions for Supplemental Protective Order
August 2, 2010 – PSC Staff Data Requests to Qwest and CenturyLink
August 4, 2010 – CenturyLink and Qwest Proprietary HSR Data Request
August 5, 2010 – Integra Data Requests 1 – 168
August 6, 2010 – Joint Applicants (Qwest and CenturyLink) Proprietary Data Request Reponses
August 6, 2010 – Department of Administration First Set of Data Requests
August 17, 2010 – PSC Hearings Officer Qwest and CenturyLink in camera Inspection of Purportedly Sensitive Documents
August 25, 2010 – CenturyLink and Qwest Responses to Integra Discovery
August 25, 2010 – CenturyLink and Qwest Responses to PSC Staff Data
August 25, 2010 – Joint Applicants Responses to the Montana Department of Administration
August 30, 2010 – Qwest and CenturyLink Responses to Integra Data Requests 1-168
September 16, 2010 – PSC Hearing Officer's Ruling on Joint Applicants "Supplemental Motion for Protective Order Addressing Purportedly Highly Sensitive Documents."
September 17, 2010 – MCC Direct Testimony of George L. Donkin
September 17, 2010 – Integra Direct Testimony of Timothy Gates, August Ankum, and Douglas Denny
September 17, 2010 – 360 Networks Direct Testimony of Brady Adams
September 17, 2010 – Integra Direct Testimony of Bonnie Johnson
September 24, 2010 – PSC Commission Staff Data Requests to MCC
September 27, 2010 – Century First Set of Data Requests to Integra
October 6, 2010 – MCC Response to PSC Staff Data Requests
October 8, 2010 – Integra's Responses to CenturyLink Data Requests
October 12, 2010 – 360networks Settlement Agreement and Notice of Withdrawal
October 15, 2010 – Qwest Rebuttal Testimony of Michael G. Williams, David Gibson, Robert Brigham, and Karen Stewart

October 15, 2010 – CenturyLink Rebuttal Testimony of Jeremy Ferkin, Clay Bailey, and Michael Hunsucker
October 29, 2010 – MCC Data Requests to the Joint Applicants
October 29, 2010 – IBEW Notice of Withdrawal
October 29, 2010 – PSC Staff Data Requests to Joint Applicants
November 1, 2010 – Integra's Second Set of Data Requests to Joint Applicants
November 9, 2010 – Stipulation of Joint Applicants and the Montana Consumer Counsel
November 9, 2010 – Settlement Agreements among CenturyLink, Qwest and Integra.
November 9, 2010 – Integra Protective Order No. 7096c
November 10, 2010 – Stipulation of Joint Applicants and the Montana Department of Administration IT Division
November 10, 2010 – Joint Applicant's and Intervenors' Motion for Ruling on Hearing Procedures
November 12, 2010 – Integra Withdrawal of Data Request
November 15, 2010 – Qwest and CenturyLink Responses to PSC Staff Data Requests 29-42
November 16, 2010 – 3 Rivers Notice of Withdrawal
November 17, 2010 – PSC Ruling on Hearing Procedure Motion
November 18, 2010 – Blackfoot Notice of Withdrawal
November 22, 2010 – Hearing

Settlement Agreements/Stipulations

6. On November 10, 2010, the Joint Applicants filed with the Commission a stipulation with the MCC proposing that, after certain conditions are added to the final order in D2010.5.55, the proposed merger transaction should be approved. (See Attachment A)

7. On November 10, 2010, the Joint Applicants filed with the Commission a settlement agreement with Integra which contains a series of specific actions that will occur with regard to the Joint Applicants' relationships with wholesale customers. Under this settlement agreement Integra did not offer its prefiled testimony at the November 22, 2010 hearing in this matter and supports the proposed merger of Joint Applicants. 3 Rivers Telephone Cooperative, on November 17, 2010, and Blackfoot Communications (November 15, 2010) both opted into the Integra settlement agreement and also withdrew from the docket.

8. On November 10, 2010, the Joint Applicants filed with the Commission a stipulation between the Joint Applicants and the Department of Administration. The stipulation addresses the Joint Applicants' provision of 9-1-1 emergency services in their contemplated joined Montana service territories and describes certain commitments of the Joint Applicants in

the provision of such services. Under the stipulation, the Department of Administration withdraws from further participation in Docket No. D2010.5.55.

9. Of the Intervenors in this Docket (Blackfoot, Three-Rivers, Department of Administration, 360 Networks, IBEW Local 206, Bresnan, the Montana Telephone Association, MCC and Integra), only the MCC, Integra, and 360networks filed testimony in this docket. Because 360networks withdrew their testimony and is no longer participating in the Docket, and because Integra did not introduce its testimony into the record, the following summaries of testimony in this Order only include the Joint Applicants' testimony, and the MCC testimony.

Summary of Direct Testimony

Qwest Corporation May 28, 2010 Direct Testimony of David H. Gibson

11. Gibson is employed by Qwest as the State President for Montana. The purpose of Gibson's testimony is to demonstrate to the MPSC that the proposed merger transaction between CenturyLink and Qwest (the Transaction), is in the public interest and should be approved.

12. Gibson states that the Transaction will be transparent to customers, and all of Qwest's current regulatory and customer obligations will continue on a going-forward basis. Gibson testifies that the proposed Transaction would create a financially stronger and more stable company with an enhanced ability to invest in local and national networks, deploy broadband and other advanced services, and to better compete within its local regions and nationally. Gibson states that the Qwest entities operating in Montana that are impacted by this transaction are Qwest Corporation (QC), Qwest LD Corp (QLDC), and Qwest Communications Company, LLC (QCC). Each of those entities is a direct subsidiary of Qwest Services Corp., which is a subsidiary of Qwest Communications International, Inc. (QCII).

13. Gibson testifies that the proposed merger is a tax free, stock-for-stock transaction with no new debt or refinancing required. Upon completion, shareholders of pre-merger CenturyLink will own approximately 50.5% of post-merger CenturyLink, and the shareholders of pre-merger QCII will own approximately 49.5% of post-merger CenturyLink. The Transaction does not involve the payment of cash and is relatively simple. In addition, Gibson states that Qwest has reduced its net debt over the last few years. Gibson testifies that as of the end of 2009, Qwest's net debt as reported in its fourth quarter 2009 earnings announcement was

$11.8 billion, which represents more than a 23% reduction from Qwest's $15.4 billion net debt at the end of 2004.

14. The witness states that the Transaction will have little to no impact on Qwest's operations in Montana. He states that there may be a change in the names under which the companies are doing business (i.e., the "d/b/a" name), customers' bills may change, and certain billing operations may be combined, but otherwise the Transaction will be transparent for customers. Gibson asserts that when the Transaction is completed, the regulated entities will have a new indirect owner in CenturyLink, but all else will remain as it is today. Gibson also testifies that the new company, and its regulated entities, will continue to abide by all applicable local, state, and federal regulatory obligations.

15. Gibson states that post merger Qwest will continue to operate under the terms of the Alternative Form of Regulation (AFOR), and the Federal Universal Service Fund (FUSF) settlement approved by the Commission. The AFOR will remain in place until May 1, 2014, and the post-merger company will continue to comply with all obligations defined in the AFOR. The AFOR review will start on November 1, 2013, six months prior to the fifth anniversary of the AFOR. During this period, the Company will notify the MPSC of its intent, including a proposed new AFOR Plan with data on market share, or its intent not to renew the AFOR plan.

16. Gibson also testifies that the merger transaction will not impact Qwest's wholesale relationship with other carriers. All prices, terms, and conditions of the Commission-approved agreements with CLEC's will remain in effect until such time as they are renegotiated or expire on their own terms. Gibson states that the Montana Access Services Tariff will remain in effect after the merger is consummated, and all CLEC's and Interexchange Carriers will continue to receive wholesale services from the post-merger company at the rates, terms and conditions that are contained in current interconnection agreements and applicable tariffs.

17. Gibson also testifies that the merger would not have any impact on the application filed for a grant from the Broadband Initiatives Program (BIP), which was filed on March 25, 2010.

18. Gibson continues on to state the attributes of the combined company. Gibson asserts that the combined company at the end of 2009 had an enterprise value (market capitalization and debt) of approximately $37 billion ($19 billion from Qwest and $18 billion from CenturyLink). Gibson attests that the combined company will operate a fiber network of

approximately 180,000 miles, serving over 5 million broadband customers and 17 million access lines. In the state of Montana, Qwest currently serves 217,000 access lines and employs over 160 people throughout the state. Gibson states that CenturyLink serves approximately 50,000 total access lines and employs 90 people. Gibson states that Qwest serves all of the large towns in Montana, except Kalispell, along with many other smaller towns and rural areas. CenturyLink serves the Flathead Valley, including Kalispell, Polson, and Whitefish.

19. Gibson states the combined company would be stronger and more stable from a financial perspective, and cites G. Clay Bailey's testimony as evidence. Gibson also testifies that the merging of CenturyLink's regional operating model and targeted marketing focus combined with Qwest's industry-leading network and strong position in the business would result in the continued provision of high-quality services to customers in Montana. Gibson testifies that all of these benefits would result in making the market more competitive in Montana, thus benefitting consumers in the state.

20. Gibson asserts that the post-merger company will be able to take advantage of increased economies of scope and scale than either of the two companies operating independently, because the networks of Qwest and CenturyLink in Montana are generally complementary to each other.

21. Gibson testifies that the combined entity would benefit from the combination of urban and rural assets. Gibson states that CenturyLink's expertise in serving rural areas combined with Qwest's industry-leading experience serving enterprise business customers, will position the post-merger entity to capitalize on its collective knowledge of its local customers' preferences and to deliver innovative technology to both its urban and rural markets.

22. Gibson states that the combined company would also be able to better compete in the national telecommunications market. He cites the improved financial strength as one reason, as is discussed in detail within Mr. Bailey's testimony. In particular, Gibson testifies, the post-merger entity will have more resources to compete with AT&T and Verizon in the enterprise business market. Gibson also states that the Transaction will not lessen the competition in Montana, as Qwest and CenturyLink serve separate and distinct service areas in Montana.

23. Gibson testifies that the combined entity would be able to better compete with intramodal and intermodal competitors in the Montana telecommunications market. He states that the competition is becoming very intense, mentioning that between December 2001 and

December 2009, Qwest residential and business access lines in Montana decreased by 44%, while the population in Montana increased by 8%.

24. Gibson states that a diverse group of companies compete with Qwest today in Montana, including CLEC's, wireless providers, VoIP providers, and cable companies. Gibson mentions that the largest cable competitor is Bresnan Communications. Gibson states that Bresnan is rolling out DOCSIS 3.0 capability, which allows far greater broadband speeds. Gibson states that there is also significant competition from Wireless providers in Montana. Gibson mentions that according to the FCC, as of June 2008 there were 723,081 wireless subscribers in Montana, while there were only 502,581 wirelines, demonstrating that Montana customers increasingly view wireless phones as a substitute for wireline service.

25. Gibson testifies that Montana customers would benefit from the approval of this transaction. He cites efficiencies and synergies that would be realized, as well as a financially stronger and more stable and diverse company, which would allow the combined company to better attract the capital necessary to invest in its network, systems and employees. Gibson states that the post merger company would be better positioned to effectively compete with cable, wireless and other voice and broadband providers.

26. Gibson states that consumers would benefit from the merger transaction mainly because of CenturyLink's localized "go to market" approach, and the combined company's enhanced ability to develop new and innovative services. Gibson also states that business customers will benefit from the merger transaction because of the combined company's ability to improve and expand deployment of advanced products and services, by combining Qwest's significant national fiber-optic network and data centers and CenturyLink's core fiber network. Gibson testifies that wholesale customers will benefit from the merger transaction because of the combined company's additional financial resources, combined network capacity, and geographic reach afforded by the merger.

CenturyLink May 28, 2010 Direct Testimony of G. Clay Bailey

27. Mr. Bailey is a Senior Vice President and Treasurer for CenturyLink, Inc. The purpose of Bailey's testimony is to support the Joint Application filed by CenturyLink and Qwest. Bailey intends to provide a detailed overview of the financial characteristics of the combined company arising from the proposed transaction.

28. Bailey contends that this transaction is compelling from a financial perspective for several reasons: (1) no new debt or debt refinancing is required based on the borrowings at the time of the announcement; (2) the transaction is a straightforward stock-for-stock combination that does not involve any financial or tax structure complexities; (3) the combined company will have increased financial resources; and (4) the combined company will have what CenturyLink believes to be investment grade characteristics based on solid debt coverage ratios, sufficient liquidity, and a manageable debt maturity schedule.

29. Bailey testifies that at year-end 2009, the combined company had pro forma revenues of $19.8 billion, and earnings before interest, taxes, depreciation and amortization (EBITDA) of approximately $8.2 billion. Bailey continues on to state that with 2009 pro forma combined net leverage of 2.4 times before synergies, and 2.2 times after run-rate estimated synergies (both ratios calculated excluding one-time integration costs), the merged company is expected to have one of the strongest balance sheets in the U.S. telecommunications industry. Bailey testifies that the merged company is projected in 3-5 years to have an estimated $625 million in annual run-rate operating and capital synergies, and a reasonable 45% 2009 pro forma dividend payout ratio, including synergies. Bailey asserts the combined company will be committed to network investment and is expected to produce sufficient operating costs to fund a more competitive business, as competitive threats from national companies continue to increase.

30. Bailey testifies that the merged company will have more financial resources to serve customers and the public interest versus either company on a stand-alone basis. He states that the transaction will enhance the ability to provide adequate service at just and reasonable rates to customers in Montana. Bailey testifies that CenturyLink is financially fit, willing and able to assume the service responsibilities of providing service in the Qwest operating territories in Montana. Bailey asserts that the proposed transaction is structured in a transparent manner that results in no change in the operating entity capital structures. Specifically, Qwest will become a wholly-owned subsidiary of CenturyLink; the Qwest operating subsidiaries will continue to be Qwest subsidiaries; and the CenturyLink subsidiaries will continue to be CenturyLink subsidiaries. Bailey states the subsidiaries should benefit from the merger from the improved financial position and credit quality of the combined company. Bailey testifies that the proposed transaction will not result in a deterioration of the financial condition of any of the

operating companies and will over time improve, not harm, the companies' ability to attract and access capital on reasonable terms.

31. Bailey states that CenturyLink is a company which offers local and long-distance voice, wholesale local network access, high-speed internet, and information and video services in 33 states. CenturyLink also provides wholesale and retail fiber-based transport services in support of other carriers and retail customers. CenturyLink, on a Pro Forma basis – assuming CenturyTel and Embarq were combined for the full year ending 12/31/2009 – generated $7.53 billion in revenues and $3.80 billion in EBITDA, excluding non-recurring items. CenturyLink net debt at the end of 2009 was $7.59 billion, and its net debt-to-trailing EBITDA was 2.0 times.

32. Bailey testifies that Qwest is a company which serves wholesale and retail customers in a 14 state region, and also has a subsidiary company which operates a national fiber-optic network and provides retail and wholesale data, interexchange and local services. Bailey testifies that Qwest, in 2009, generated $12.31 billion in revenues and $4.42 billion in adjusted EBITDA. As of 12/31/2009, Qwest's net debt was $11.79 billion, and its net debt-to-trailing EBITDA ratio was 2.7 times. Bailey also testifies that Qwest has been taking steps in 2009 to reduce its debt and strengthen its financial position.

33. Bailey continues on to discuss the affirmative benefits of the proposed transaction. In the stock-for-stock transaction, Qwest shareholders will receive 0.1664 shares of CenturyLink stock for each of their Qwest shares, and CenturyLink will own 100% of the outstanding stock of Qwest. No new debt financing will be required and none of the debt outstanding at the time of the transaction announcement will require refinancing under change of control provisions. Bailey contends this stock-for-stock transaction is simple and easily understood, and does not involve any of the financial or tax-structure complexities or characteristics of other recent transactions, which should allow policy makers and other interested parties to gain additional comfort that the combination is relatively straightforward and that the financial benefits can be assessed more readily.

34. Bailey testifies that using 2009 financials, before any expected synergies, the merged CenturyLink and Qwest would have generated about $3.4 billion in free cash flow and $2.4 billion in capital investment. Based on this level of cash flow, after meeting all operating, capital and financial costs, the company expects to have about $1.7 billion in remaining cash flow. Bailey states that the merged company will be able to create annual run-rate operating

expense synergies of approximately $575 million, fully-recognized over a 3-5 year period following closing, and an additional $50 million in annual run-rate capital expenditure synergies. Thus, if CenturyLink and Qwest had been combined in 2009, Bailey testifies the merged company would have generated approximately $3.8 billion of free cash flow, and approximately $2.1 billion in annual free cash flow after operating, capital, and financial costs are taken into account. Bailey testifies that these cost synergies are indeed realistic and attainable.

35. Bailey asserts that this merger is not motivated by a desire to get larger just for the sake of size, but by combining, CenturyLink and Qwest will create a stronger company that has the local and transport resources to compete more effectively with national competitors, and to deploy more broadly strategic products such as higher-speed data offerings and, in select markets, other services such as IPTV. Bailey attests that by merging, the company will diversify and therefore reduce its exposure to any one single risk. Bailey also states that the companies have not yet attempted to identify the specific benefits of new services that might be made available as a result of the transaction. However, Bailey states that, as a combined company, there will be a greater potential to roll-out additional services over an advanced network infrastructure. Bailey then cites past mergers or acquisitions in which CenturyLink has been involved to illustrate the operating benefits which they realized because of these past mergers/acquisitions.

36. Bailey testifies that CenturyLink management will be able to acquire and integrate Qwest's operations without harming customers as synergies are achieved. Bailey then cites past acquisitions as examples in which they were able to achieve this. Bailey also states that in past acquisitions in which CenturyLink has been involved, increased levels of debt were experienced at the time of acquisition, but those debt levels were reduced over time, as cash generation permitted the company to make significant debt repayments and strengthen its balance sheet. Bailey cites past acquisitions and figures to support this claim.

37. Bailey also acknowledges that the merger with Qwest may include incremental financial risks because of the recent Embarq transaction (consummated in June, 2009). However, Bailey states that these integration-related risks are manageable for several reasons. Bailey testifies that the first reason is the Embarq transaction is progressing nicely, and the combination of CenturyTel and Embarq has resulted in strong performance metrics. Bailey testifies that the second reason is, while there is no quantification at this time, CenturyLink and

Qwest managements believe that the integration of Qwest could further accelerate operating improvements.

38. Bailey states that a stock-for-stock combination was chosen to avoid new acquisition-related debt or refinancing of existing debt. Bailey testifies that should the two companies merge, the merged company will have among the strongest balance sheets in the industry. As noted earlier, Bailey states that the merged company expects to achieve approximately $2.1 billion in free cash flows, and will use these funds to reduce the merged company's leverage after the transaction closes.

39. Regarding an investment rating, Bailey states that the credit rating agencies have not yet indicated definitively the expected ratings and will not do so until the transaction is consummated. However, at the time of this testimony, CenturyLink is rated as investment grade, while Qwest's ILEC is investment-grade rated and the Qwest holding company has a credit rating at the highest level of non-investment grade debt. Bailey states that the Company repeatedly has affirmed its target of maintaining or achieving an investment grade rating.

40. With the expected free cash flow of the merger, Bailey states that the funds will be used to reduce debt and continue to target broadband employment. Bailey testifies that the Company also recognizes that other data-intensive services are an important part of the consumer bundle, and although plans to deploy such services have not been finalized, the Company did announce as part of its first quarter 2010 earnings conference call that it expects to deploy IPTV service in five new markets by early 2011. Bailey states that both CenturyLink and Qwest have invested heavily in their respective fiber networks and electronics over the last few years.

41. Bailey testifies that the level of dividend payments will not put the merged company at risk to fall short of its operating obligations. In fact, the merged company's pro forma dividend payout ratio, based on 2009 figures and before any assumed synergies, is estimated to be a reasonable 50.4%. Assuming the estimated synergies are achieved, Bailey states that the payout ratio, based on pro forma 2009 cash flows, would have been 45.1%. According to Bailey, this compares favorably with other companies such as AT&T's ratio of 57% and Verizon's ratio of 67%. Bailey testifies that the merged company's cash flows will be used to balance network investment, operating requirements and opportunities, as well as to preserve access to competitively-priced capital.

42. In summary, Bailey testifies that the financial benefits of the proposed transaction are compelling. Bailey states the proposed transaction would create a company with more capacity to introduce services that are beneficial to urban and rural regions. Bailey asserts that the combined company is likely to have the highest-rated credit of any major ILEC except the largest two carriers. Bailey contends that the merged company is expected to be stronger in terms of increased cash flows generated through combined operations and synergies. He states that these improved cash flows may result in improved debt ratings for Qwest, and may result in an investment grade rating for the merged company. Bailey testifies that the financial strength of the merged company would allow the merged company to take advantage of emerging opportunities and to respond to competitive and economic conditions.

CenturyLink May 28, 2010 Direct Testimony of Jeremy Ferkin

43. Mr. Ferkin is employed by CenturyLink as the Vice President and General Manager for the states of Colorado, Montana, Wyoming, Nebraska, New Mexico, and Idaho. The purpose of Ferkin's testimony is to support the Joint Application filed by CenturyLink and Qwest. Ferkin intends to provide a brief overview and history of CenturyLink, and describe CenturyLink's highly localized business model.

44. Ferkin states that the Transaction calls for a business combination at the parent level whereby Qwest will merge with and into a subsidiary of CenturyLink. The separate existence of the subsidiary will then cease and Qwest will continue as a direct, wholly owned subsidiary of CenturyLink. Following the Transaction, four directors from the Qwest Board will be added to the CenturyLink Board of Directors. Ferkin states that the corporate structure of the merged entity will essentially remain as it is today except that Qwest will be a subsidiary under CenturyLink. At closing, Qwest will become a direct, wholly-owned subsidiary of CenturyLink and all Qwest subsidiaries will be indirectly owned and controlled by CenturyLink, but otherwise will experience no change in their existing corporate status or structure.

45. Ferkin states that the Transaction will not result in any changes in the manner in which the CenturyLink Montana operating subsidiaries are regulated by the MPSC today. Each company will continue to abide by all applicable statutes, rules, regulations, MPSC orders, commitments, and tariffs or price lists, as applicable, under which they are currently regulated. Ferkin states the transaction will also be seamless to customers.

46. Ferkin testifies that the Joint Applicants are asking the MPSC to approve the Transaction to the full extent that it has the authority to do so under Title 69, Chapter 3, MCA, or any other applicable law.

47. Ferkin testifies that the nature of the communications business is changing extremely rapidly. Ferkin states that consumers are constantly seeking innovative technologies and alternative modes of communication as they experience the benefits of more convenient ways to communicate and obtain data and video. As such, the pressure on communications companies to relentlessly invest and innovate is intense. Ferkin testifies that the Combined Company would have greater potential to effectively reach more types of customers with a broader range of competitive products and connectivity solutions than either company could do alone.

48. Ferkin asserts that the Transaction brings together two leading companies with complementary network and operating footprints, which will result in a more balanced urban and rural footprint. Ferkin states the Transaction creates a truly nationwide platform for high-speed internet deployment by merging Qwest's long haul fiber network with CenturyLink's complementary long-haul fiber network and its core metropolitan rings, and that another key benefit will come from leveraging each company's operational and network strengths, resulting in a company with an impressive national presence and local depth. Ferkin states that the increased capabilities of the combined company will also diversify the company's revenue structure and thereby create a stronger competitor.

49. Ferkin testifies that Qwest is a national provider of services to the enterprise market, with particular strength in serving large businesses and government customers. CenturyLink, by contrast, focuses on businesses with regional and local needs. The Transaction will enable post-merger CenturyLink to build on Qwest's strength in providing complex communication services to large businesses and government entities on a national and global scale to provide a broader array of services to enterprise customers in CenturyLink territories.

50. Ferkin testifies that CenturyLink is fit, willing and able to assume the service responsibilities of being a public utility in Qwest's service territory in Montana. Ferkin mentions that CenturyLink's senior officers are proven leaders in the telecommunications industry and have established a solid, consistent reputation for running a high-performing enterprise that serves customers, as well as CenturyLink's extensive merger and acquisition track record, to

provide some examples as to why the company is fit, willing and able to complete the Transaction.

51. Ferkin discusses "the fit" between the two companies. Ferkin testifies that CenturyLink and Qwest are both companies that have deep roots in serving and meeting the communication needs of customers by investing in quality, reliable voice and data networks. Both companies and their employees are dedicated to local community involvement and volunteerism, and both companies have strong management teams and a base of experienced employees who share a common view of providing high quality communication services. Ferkin states that CenturyLink's region-based, local operating model will reinforce this shared philosophy, and this approach will likely be implemented to ensure that the customer is at the center of everything the company does.

52. Ferkin testifies that he does not believe the Transaction could result in any potential harms, as no service will be disrupted and all existing wholesale and interconnection arrangements and commitments will remain intact.

53. Ferkin then provides a brief overview and history of CenturyLink. Ferkin testifies that CenturyLink is a holding company that conducts business principally through wholly-owned subsidiaries that offer a broad array of high-quality communications and services to customers in 33 states. It is an S&P 500 company and has been listed in the Fortune 500 list of America's largest corporations. As of December 31, 2009, CenturyLink provided ILEC services over approximately 7 million access lines, and high-speed Internet and data transmission services to over 2.2 million customers. CenturyLink currently employs approximately 20,000 people. CenturyLink started as a single-exchange, family-run local telephone company in 1930. It has grown its operations into new markets largely by successfully acquiring and integrating companies.

54. Ferkin has provided a timeline of the various acquisitions that CenturyLink has made within Exhibit B, attached to the actual testimony. Ferkin mentions that some of the larger acquisitions include Pacific Telecom in the late 1990's, when CenturyLink added approximately 600,000 access lines across 12 states. The Pacific Telecom acquisition more than doubled the size of the company and allowed CenturyLink to acquire its current Montana ILEC operations. Over the next few years, the company engaged in a series of acquisitions that once again doubled the company's size when it added another 1.2 million access lines acquired from GTE,

Ameritech, and Verizon. Ferkin testifies that these acquisitions demonstrated the company's ability to not only grow rapidly, but to also successfully integrate and operate nearly two million new access lines. Ferkin testifies that in each case, the integration efforts were successful, and billing, financial and customer care system conversions were executed smoothly. Ferkin states that CenturyLink is confident that the execution of this integration for the Transaction in question will be as smooth as others have in the past.

55. Ferkin testifies that CenturyLink's approach to the integration process is that the entire company works holistically to ensure all operating units and departments are working in unison to achieve its objectives. Ferkin states that regardless of the size of the acquisition, the company establishes carefully developed integration plans and targeted timelines for all relevant functional areas with clearly defined owners and metrics to measure progress. Ferkin asserts that minimizing customer confusion and disruptions are over-arching goals of the integration process. Ferkin testifies that as an example, CenturyTel closed on its acquisition of the much larger Embarq, creating a leading communications service provider which as of the end of 2009 had 7 million access lines, 2.2 million broadband customers and 535,000 video customers in 33 states. Ferkin states the company's progress since the CenturyTel/Embarq closing in July 2009 is indicative of its ability to successfully integrate acquisitions. Ferkin testifies that very quickly after close, financial and human resources had been converted, and within months a phased schedule for converting customer billing was implemented. In addition, CenturyLink has expanded its core fiber network by building or leasing fiber optic transport to connect former Embarq and CenturyTel markets in the western U.S. with markets of the East coast since the closing. Finally, on the day of the closing, Ferkin states the company had its five-region "go to market" concept in place and operational.

56. Ferkin testifies that the five regions "go to market" business model breaks down their service area into 5 regions and 22 market clusters. Ferkin states that a regional president oversees each of the 5 regions, and a general manager and various operations managers are assigned to each market cluster. Ferkin states that this more de-centralized local structure enables a leaner, more efficient central corporate operation. Ferkin states that the model also promotes more accountability to the customer, and the company is able to respond to customers and competition more quickly, on a market-by-market basis. Ferkin states CenturyLink applies a "neighborhood" approach to customer service call centers, which allows customer calls to be

matched with associates that are trained to understand the nuances of the state. Ferkin testifies that this model will likely be incorporated into the areas of Qwest's operational structure upon completion of the Transaction.

57. In conclusion, Ferkin reiterates that the Transaction is consistent with the public interest. He states this is a straightforward stock-for-stock transaction without any complex financing structures. Ferkin testifies that the Qwest operating subsidiaries will continue to provide services as they do today, but with the added benefit of a financially stronger parent. Ferkin believes that CenturyLink will become stronger, and more diverse and flexible, by leveraging the complementary financial, operational and network strengths of each of the two companies. Ferkin testifies that the Transaction would create a company that will be well-positioned to lead the deployment of advanced services, as well as successfully manage the challenging and rapidly changing telecommunications environment in order to provide safe, reasonable, and reliable service to its customers.

Summary of Intervenor Testimony

Montana Consumer Counsel September 17, 2010 Direct Testimony of George Donkin

58. George Donkin, an economist, recommended the PSC either reject the proposed transaction or, if it grants approval, require certain conditions be met. Donkin suggested the PSC apply a "public benefit" standard of review to the transaction. Donkin contended that the Applicants failed to demonstrate the proposed merger is in the public interest or will produce benefits for Montana ratepayers. He said there is no guarantee that the merged company will share any of the post-merger synergy-related cost savings, estimated to be $625 million, with Montana customers. He pointed out that the traditional ratemaking mechanisms that would allocate synergy savings to ratepayers are not operable in Montana because Qwest is operating under the reduced regulation of the AFOR at least through May 2014. According to Donkin, Qwest is earning excessive rates of return on its Montana operations and, if the merger is approved, customers would be harmed by being charged rates that are too high if returns continue to be excessive.

59. Donkin recommended the following conditions on the merger if the PSC does not reject it outright:

- Require CenturyLink to file a general rate case by July 2013 with a 2012 test year.

- Require CenturyLink to file by January 1, 2014, a financial showing detailing the 2012 revenues, costs, capital structure, and cost of capital, for Qwest's legacy regulated operations and for CenturyLink on a total company basis.
- Provide PSC and MCC access to all books of account and other records pertaining to the transaction.
- Reserve the PSC's and MCC's rights to review all financial aspects of the transaction in any rate proceeding or earnings review under any future AFOR.
- Require Applicants to notify the PSC and MCC of any substantive changes to the transaction terms and conditions that occur prior to closing the transaction.
- Require Applicants to notify all local exchange and toll service customers of the merger and agree to comply with state and federal rules and regulations.
- Require that Applicants will not advocate in any general rate case for a higher cost of capital compared to what the cost of capital would have been absent the transaction (but they may seek a cost of capital under the then-existing market conditions).
- Require Applicants to hold retail and wholesale customers harmless for increases in overall management costs that result from the transaction.
- Require merged company to file with the PSC, at one year post-merger, and for each of the next two years, a report that describes:
    - Activities undertaken to integrate Qwest operations with CenturyLink and what total-company synergies have been achieved.
    - Costs and projected savings of each such activity on a merged company basis and on a merged company Montana-allocated basis.
    - Organizational and staff forces changes in Montana operations.
    - Impacts on Montana operations and customers.
    - The reporting requirements end with the third report, unless otherwise directed by the PSC.
- Require agreement of the Applicants that these conditions may be expanded or modified as a result of regulatory decisions in other states and the FCC, including decisions based on settlements, that impose conditions or commitments related to the transaction.

SUMMARY OF REBUTTAL TESTIMONY

Qwest October 15, 2010 Rebuttal Testimony of David H. Gibson

60. Mr. Gibson is Montana State President for Qwest. He states the purpose of his testimony is to address certain aspects of the testimony that was filed by George Donkin on behalf of the MCC.

61. Gibson begins by explaining the current Alternative Form of Regulation (AFOR) which is currently in force for Qwest in Montana. That AFOR was effective May 1, 2009 and expires on April 30, 2014. He states the AFOR contains provisions for what happens once the

current AFOR expires. MCC Witness Donkin recites those provisions on Page 25 of his testimony as follows:

> The AFOR review will start on November 1, 2013, six months prior to the fifth anniversary of the AFOR. During this period, the Company will notify the Commission of its intent, including proposed new AFOR plan with data on market share, or its intent not the renew the AFOR plan.

62. Gibson states that the six month period was a negotiated time frame in the AFOR, but is consistent with Order No. 6889 in Docket No. D008.1.6 which gave Qwest six months to negotiate an AFOR or submit minimum rate case filing requirements. He testifies that it took three months to negotiate the AFOR with the MCC.

63. The witness asserts that MPSC's authority to regulate Qwest's intrastate regulated service has not changed in any meaningful way because of the AFOR and the Commission can still require comprehensive information in the form of the minimum filing requirements or can establish an AFOR. Gibson states his belief that a minimum filing requirement or AFOR renegotiation could be accomplished with the six month timeframe established in Docket No. D2008.1.6.

64. Gibson agrees with Donkin's assertion that there is presently no assurance that cost-based revenue requirement ratemaking will ever again be applied to Qwest in Montana. However, Gibson asserts if there is not, it will be because the MPSC approved an alternative, not because it lacked authority to do so.

65. The witness states he does not agree with Donkin's recommended condition that post-merger CenturyLink should be regulated based on traditional cost-based revenue requirement regulation, and it should file a general rate case by July 1, 2013 based on a financial showing for 2012. Gibson asserts that traditional revenue requirement regulation is narrowly focused on revenue and price. He argues that when traditional rate of return regulation was developed two conditions existed: (1) the Commission had the ability to assure a revenue stream by virtue of the rates it set because there was virtually no competition, and (2) almost all retail telecommunications services were regulated by the Commission. He states that for Qwest and CenturyLink today intense competition has eliminated condition (1), and the rapid growth of non-price regulated information services has done likewise for condition (2). Gibson asserts Montana consumers are better served by a more flexible form of regulation. The ability to

negotiate another AFOR exists within the framework of Qwest's current AFOR. There should not be an inflexible requirement to file a rate case in July, 2013.

66. Gibson does not agree with Donkin's statement that "Based on Qwest's experience in recent years, on a stand-alone basis, it is highly likely that Qwest would continue to earn excessive rates of return ... though at least May 1, 2014." Gibson argues that Donkin's review of Qwest earnings for the years 2004-2009 cannot logically form the basis for any analysis of future earnings because as the result of the AFOR, Qwest reduced rates May 1 of 2009 and the rate of return fell from 25% in 2008 to 13.6% in 2009 and 2009 reflected only eight months of the rate reduction rather than a full twelve months which will be reflected in 2010. If one simply extrapolates the eight months of rate reductions to twelve months, this would have reduced the Qwest rate of return in 2009 to below 9%. Gibson explains that the AFOR reducing rates was voluntarily negotiated with the MCC and approved by the MPSC without substantive changes. He asserts the AFOR and rate reduction accomplished exactly what the MCC itself and Commission intended with the settlement agreement.

67. The witness (until the expiration of the AFOR on May 1, 2014) does agree with Donkin's statement that any merger synergies will not be allocated to consumers under "traditional utility ratemaking." Gibson argues that result is the purpose of the AFOR. He asserts at the time the AFOR was negotiated there were a number of potential significant external factors known to all parties including, but not limited to possible USF reform, intercarrier compensation reform, future collective bargaining, and increasing competitive threats. Any of these factors have the potential to significantly impact revenues and/or expenses but the AFOR dictated that until May 1, 2014 changes in revenues and expenses are to be absorbed by Qwest. Gibson argues it is not consistent with the AFOR to single out any one potential area of cost reductions. Gibson asserts that merger effects will be incorporated into the type of regulation in effect after April 30, 2014. He states that cost savings across the merged company will take three to five years to fully materialize. Therefore, merger synergies will be incorporated into the negotiations or rate-setting process that occurs during the six months prior to the expiration of the current AFOR.

68. Gibson states he does not know what Donkin is referring to when he repeatedly uses the term "non-competitive" residential and small business rates in Montana. Gibson asserts that the term 'non-competitive" is not one commonly used by Qwest or in the

telecommunications industry. The witness does state that Qwest witness Brigham testifies that Qwest faces intense and increasing competition in their consumer and small business markets. Gibson argues Donkin provides no data to refute the evidence that competition from CLECs, wireless, and cable providers has caused Qwest to lose 44% of it Montana residential and business access lines in the past eight years when Montana has grown 8% in population.

69. Gibson concludes by stating that the MPSC should approve the transaction without the conditions that essentially prescribe a general rate case.

CenturyLink October 15, 2010 Rebuttal Testimony of Jeremy Ferkin

70. Mr. Ferkin is the Vice President and General Manager of the CenturyLink operations in the states of Colorado, Montana, Wyoming, Nebraska, New Mexico, and Idaho. He states one of the purposes of his testimony is to reply to the direct testimony of MCC witness Donkin.

71. Ferkin states neither the MCA nor ARM contain any provisions that specifically address the standard for review of mergers and acquisitions. Rather, he says MPSC has historically based its authority to review sales and transfers upon its duty to ensure adequate service at just and reasonable rates.

72. The witness asserts that there is a recent MPSC decision where the MPSC affirmed their historical view of the standard of review applicable to mergers and acquisitions. He states that in Docket No. D2006.6.82, the NorthWestern Energy Corporation and Babcock and Brown Infrastructure, (BBI) proposed merger, the MPSC chose to apply the "no harm to consumers" standard. Ferkin states that MCC witness Donkin discusses the Northwestern order and points to it as the definitive order on standard of review, but chose to ignore it and propose the MPSC apply a "net benefit to consumers" standard. Ferkin argues Donkin provides no compelling reasons nor identifies any rational basis why the "no harm to consumers" standard should be abandoned.

73. Ferkin asserts there is no basis for the MPSC to apply a higher standard of review in this case than the one it applied in the Northwestern case. He argues in the Northwestern case the MPSC was dealing with an acquiring entity that had no operations in Montana and no track record in Montana. On the other hand, CenturyLink as the acquiring entity in this case has a

long history of operations in Montana. He states that there is no basis to argue the MPSC should apply a higher level of scrutiny in this merger case.

74. Ferkin addresses Donkin's reference to the Pennsylvania Commission standard for evaluating mergers which is a net benefit standard. Ferkin points out that standard is statutory and that Donkin conveniently does not mention other states that apply a no harm standard such as Utah and Oregon.

75. Ferkin states that as of October 15, 2010, the merger approval process has been favorably concluded in 11[1] of the 21 states (and the District of Columbia) in which such approval is required. Additionally, the Joint Applicants were notified on July 15, 2010 by the Department of Justice (DOJ) and the Federal Trade Commission (FTC) that the proposed transaction review was completed under the Hart Scott Rodino Act, and has clearance from a federal antitrust perspective. Finally, Ferkin states that the shareholders of both companies, at special meetings on August 24, 2010, voted overwhelmingly to approve the transaction.

76. Ferkin asserts that intervenor concerns about CenturyLink's ability to accomplish an integration of this magnitude are not valid. He argues CenturyLink has a proven track record of successfully integrating the operations of the companies it acquired multiple times over a 20-year period starting with the 1997 acquisition of Pacific Telecom and most recently with the 2009 acquisition of Embarq. Ferkin states a key factor in the Century/Embarq transaction and this proposed transaction which sets them apart from other mergers in what he asserts is a positive way, is that Century is integrating not portions of companies but entire companies. Acquiring total companies – personnel, systems, network assets, etc.- provides CenturyLink the ability to operate using dual systems for as long as management believes that is prudent.

77. Ferkin states that the Joint Applicants are employing a disciplined method to the on-going integration process. He acknowledges that several parties have expressed frustration with the lack of details regarding the integration process. However, he states CenturyLink is experienced in large integrations which require processes that are thorough, well thought out and customer focused. While he understands there may be some frustration with the lack of details, the kind of parent-level transaction which this is does not force CenturyLink into short timelines.

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[1] California, Hawaii, Louisiana, Maryland, Mississippi, Georgia, Virginia, West Virginia, New York, Ohio, Pennsylvania, and D.C.

Rushing the selection and integration of critical systems designed to seamlessly serve millions of retail and wholesale customers isn't an option.

78. Ferkin states that as part of the integration process Tier 2 leadership positions were announced on September 20, 2010. Montana will be part of the newly formed Mountain Region[2] and Kenny Wyatt of CenturyLink will become the Mountain Region President.

79. The witness asserts that concerns expressed by Donkin of integrating the diverse markets and operations served by the Joint Applicants are unfounded. He argues CenturyLink currently provides service in a number of metropolitan areas[3] and CenturyLink employees will combine with experienced Qwest employees who previously have met customer needs in Qwest metropolitan areas.

80. Ferkin states CenturyLink may be able to implement a number of MCC witness Donkin's conditions as part of a comprehensive settlement. He says Condition 5 would require the Joint Applicants to notify the MPSC and the MCC of any substantive changes to the Transaction terms and conditions from those set forth in the Application, that occur prior to the close of the Transaction. CenturyLink could agree to that condition.

81. The witness states Condition 6 would require CenturyLink to notify its Montana customers of the merger, and the change of parent company and that CenturyLink could agree to this condition.

82. Ferkin states Condition 9 would require CenturyLink to file with the Commission an annual report for three years providing information related to the Qwest transaction including integration activities, synergies, organization and staff force changes and the impact of these items on Montana operations and customers. Ferkin argues the reporting requirements are not designed to help avoid any potential harm to consumers, but would impose new and unnecessary cost on CenturyLink. In addition, the witness asserts that it will not be possible to track with specificity merger related synergies and there are no accounting systems to maintain such detail. However, Ferkin states CenturyLink would be willing to continue its current practice of periodic meetings with the Commission and Staff.

83. Ferkin states Condition 10 would allow the MPSC to expand or modify any conditions imposed in Montana as a result of regulatory decisions in other states and at the FCC.

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[2] Montana, Colorado, Utah, and Wyoming.

[3] Such as Las Vegas, NV and Fort Myers, FL.

Ferkin argues any state specific conditions should be based on state specific facts. Conditions in one state may not be necessary in another state. Once a state has issued an order approving the merger the public interest has been satisfied and a provision that might be carried over from another state would then be immaterial to satisfying the public interest.

CenturyLink October 15, 2010 Rebuttal Testimony of G. Clay Bailey

84. Mr. Bailey is Senior Vice President and Treasurer for CenturyLink. One of the purposes of his rebuttal testimony is to address certain financial and related issues raised in the direct testimony of the MCC.

85. Bailey states the MPSC has historically based its authority to review sales and transfers upon its duty to ensure adequate service at just and reasonable rates and that the acquiring entity must be fit, willing and able to assume the service responsibilities of a public utility. He says Donkin quotes the BBI Order in Docket No. D2006.6.82 which states "if the Commission were faced with the sale of a public utility that was not providing adequate service, it would be appropriate for the Commission to apply a net benefit test." He further states that Donkin concludes that the BBI Order points to certain circumstances where it might be appropriate for the MPSC to apply a net benefits standard and that such a standard should be applied in this proceeding. Bailey argues the certain circumstances (failure to provide service) cited by Donkin as the reason to apply the net benefit standard simply do not apply in this merger proceeding, and as such the MPSC should utilize the "no harm" standard actually used in the BBI proceeding.

86. Bailey states CenturyLink acknowledges there are risks related to this transaction. However, he states all companies associated with running a business face risks. He says Donkin testified that the Joint Applicants claims regarding the benefits of the transaction paint a far rosier picture than exists in reality. However, Bailey asserts the noteworthy point is that the shareholders of both Joint Applicants, the vast majority of whom are experienced institutional investors, studied the risks and opportunities related to the combination and voted overwhelmingly to approve the merger.

87. Bailey asserts the merger is a direct and constructive response to industry pressures. He states competition in the telecommunications industry is robust with that competition coming from CLECs, cable operators, VoIP, and wireless. Qwest reported a loss of

10.5% of its total access lines year over year at the end of the second quarter 2010 and CenturyLink lost 8.0%. He says from a financial point of view the broader wireline industry is coping with a shrinking base of voice-only customer, contracting at a rate of between 6% to 12% annually. Bailey contends that the merged company's goals are to position itself to generate incremental cash flows through synergies and new revenues. Those improved cash flows will be used to fund operations, invest in new service capabilities, and reduce debt. He believes the new company will be capable of serving customers better and more predictably. Bailey asserts the increase in market capitalization should improve access to capital markets. He asserts based on the financial benefits of the proposed merger that the Montana standard of review has been met, regardless of whether the MPSC utilizes a "no harm" or a "net benefit" standard. Bailey asserts that potential risks raised by Donkin are risks that exist today and apply to the telecommunications industry in general and to both CenturyLink and Qwest on a standalone basis. They do not constitute any new potential harm as the result of the merger. He says this is true for the risk of access line losses. The merger does not increase the risk of access line losses and therefore there is no harm.

88. Bailey comments on Donkin's concern CenturyLink has grown through acquisitions in the past, but that continued acquisition based growth after the merger is unlikely. Bailey argues Donkin's concern has absolutely no bearing on the review of the proposed merger, and it does not identify any future harm to Montana customers as the result of the merger. In addition, Bailey states that the Joint Applicants did not include any acquisition related growth prospects in the financial models associated with the merger. Finally, Bailey argues Donkin did not demonstrate any scenario that would constitute harm to Montana consumers if CenturyLink were unable to ever again acquire another company.

89. Bailey states Donkin also expressed concern that the merger combines rural and metropolitan markets and that may make the integration more difficult. Again Bailey asserts Donkin fails to allege any harm from this concern. Bailey argues even if the integration fails to achieve the estimated cost benefits that would simply mean the ongoing operating costs would be similar to those presently incurred.

90. Bailey next addresses Donkin's concern that there will be relatively more competition in the markets served by the merged company than in the markets previously served by standalone CenturyLink. He states to be clear Donkin does not testify that competition will

change or increase from the merger. Further, Donkin does not assert this competitive exposure is harmful. Bailey points out that Qwest employees are currently serving the Qwest metropolitan markets and those employees will become CenturyLink employees insuring continuous and capable service to those markets.

91. Bailey states that Donkin testifies that because of the merger the financial profile of CenturyLink is likely to worsen while the Qwest financial profile is likely to improve. He says Donkin bases this on the fact that the CenturyLink's stronger credit profile and balance sheet will merge with the weaker credit profile and balance sheet of Qwest. However, Bailey argues that the future financial profile of the combined company is not expected to result from a simple combination of the two companies' financial metrics. Rather the financial profile of the combined company should improve based on free cash flow, diversification of markets and revenue sources, greater scope and scale, etc. Bailey also points out that Qwest currently serves 81% of the Montana customers which will be served by the combined company. Even using what he calls Donkin's simplified metrics, the vast majority of the combined company's customers will see an improved financial profile for their provider – Qwest.

92. Bailey disagrees with Donkin's assertion that any merger benefits are likely to accrue to the company and not the public interest. Bailey asserts that without the merger, Qwest and CenturyLink would be at greater risk of failing all of their stakeholders including customers, shareholders, and employees.

93. Bailey states Donkin believes that the Commission should require a sharing of synergy savings with customers. Bailey argues the estimated synergies are not extraordinarily large or aggressive and that Donkin agrees with that premise. Bailey believes the synergy savings are critical for balance sheet improvements, network investment and new product development which he states are all benefits for the customers of the ILEC.

94. Bailey asserts Donkin is seeking a guaranteed sharing of synergies with customers through lower rates. Again, Bailey states Donkin is looking for a net benefit, not an avoidance of harm and that is the wrong standard for the MPSC to apply. Bailey also states that Donkin argues under traditional rate making, synergy cost savings from a merger would be reflected in the determination of a just and reasonable cost based revenue requirement. Donkin states that Joint Applicants' customers would be harmed if the Joint Applicants over earned because of the merger. However, he states because of the Qwest AFOR, the MPSC is precluded from applying

traditional ratemaking. Bailey argues that the Qwest AFOR was approved by the MPSC, the MCC was a party to that proceeding and this merger proceeding is not the appropriate venue for changing the Qwest AFOR.

95. Bailey argues against Donkin's proposal that rates should be reduced. Bailey states he believes Montana customers will realize much more valuable net benefits from the merger as the Company strengthens its financial profile.

96. Bailey states Donkin proposes the MPSC and the MCC should be given access to all books of account, as well as all documents, data, and records that pertain to the merger. Bailey says CenturyLink will abide by all current rules, regulation and agreements regarding access to books of account. Bailey objects to this condition arguing that access to "all" documents is overly broad, possibly intrusive and could be costly.

97. Bailey states, regarding Donkin Condition 4, that CenturyLink will agree to discuss with the MPSC and the MCC the financial aspects of the merger in any future rate proceeding or earnings review.

98. Regarding MCC Condition 7, Bailey states CenturyLink could agree to the Condition 7 if it means the merged company will not seek to recover from its customers any definable merger related increase in capital cost, and does not preclude CenturyLink from seeking a higher cost of capital due to factors other than those that are merger related.

99. Regarding Condition 8 again Bailey states that as part of a comprehensive settlement agreement the Joint Applicants could agree to hold retail and wholesale customers harmless for "increases in overall management costs" that result from the Transaction.

Standard of Review for Transaction

100. Generally, there are three standards that regulatory commissions employ regarding the standard of review for a merger transaction such as this. They are the public interest standard, the "no-harm to consumers" standard, or the "net-benefit to consumers" standard. In the Northwestern Corporation and Babcock and Brown Infrastructure Limited (BBI) Joint Application for approval of the sale and transfer of Northwestern to BBI, this Commission chose to apply a no-harm to consumers standard.[4]

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[4] Docket No. D2006.6.82, Order No. 6754e. ¶ 36.

101. In their initial application for approval of this Transaction, the Joint Applicants stated it should be approved because it "is consistent with the public interest safeguarded by Title 69, Chapter 3 Montana Code Annotated (MCA)..."[5] In support of this position, CenturyLink witness, Jeremy Ferkin, in his May 28, 2010 Direct Testimony states that "The Joint Applicants are asking the Commission to approve the Transaction to the full extent that it has authority to do so under Title 69, Chapter 3, MCA, or any other applicable Montana law. It would be entirely proper for the Commission to do this as the Transaction is consistent with the public interest." CenturyLink witness, Clay Bailey, also supported the public interest position by testifying in his May 28, 2010 Direct Testimony as follows: "My understanding is that consistent with general authority granted in Title 69, Chapter 3, MCA, the Commission has historically based its authority to review sales and transfers upon its duty to ensure adequate service at just and reasonable rates. The Commission has also held that the acquiring entity must be fit, willing and able to assume the service responsibilities of a public utility."

102. The MCC in this docket, in the Direct Testimony of their witness George Donkin, advocates for a net-benefit to consumers standard. Specifically, Mr. Donkin testified that "....Although the Pennsylvania standard was established by statute, in my judgment, it would be appropriate for the Montana Commission to also consider a public benefit factor in its evaluation of the proposed Transaction under review in this case. I reach this conclusion, in part, because the Montana Commission specifically stated in Paragraph 35 of Order No. 6754e that under certain circumstances it would be appropriate for the Commission to apply a net benefit standard."

103. In the Joint Applicant's rebuttal testimony, CenturyLink witness Ferkin argues that the no-harm to consumers is the appropriate standard. He testifies that "...given the Montana Commission precedent as described in the NorthWestern-BBI Order, the no-harm to customers standard is the appropriate standard for this case." He argues that in the BBI docket the Commission was dealing with an acquiring entity that had no operations and no track record in Montana. He compares this to CenturyLink which has a long Montana track record. CenturyLink witness, Clay Bailey, makes similar arguments in his rebuttal testimony regarding the "no-harm to consumer" standard being the appropriate standard in this docket rather than the "net benefit to consumers" standard proposed by the MCC.

[5] Joint Application, Page 1, Paragraph 1.

Post Settlement and Hearing Positions of Applicants and Intervenors (Including an investment commitment by CenturyLink)

104. As described above in ¶¶ 6-9 of this order, there were a number of settlement agreements in this docket. Following is the final post settlement positions of the parties to the docket.

Party	Position
Joint Applicants	During the November 22, 2010 hearing, CenturyLink witness Jeremy Ferkin committed to investing a minimum of $10 million in Montana for broadband deployment over a five year period if the Transaction is approved. This investment would be over and above broadband investment amounts spent to comply with the DSL investment requirements in the Qwest AFOR. (Transcript, pp.20-22) The Joint Applicants state the Transaction is consistent with the public interest and there is no-harm to consumers and the Transaction should be approved.
MCC	For settlement purposes, the Joint Applicants and MCC have agreed that the Transaction should be approved with settlement conditions a-h included in the Commission's order: (See Attachment A to this Order).
Integra	Integra's November 6, 2010 Settlement Agreement with the Joint Applicants, states as follows "Whereas, the Parties have reached a mutually agreeable settlement of Integra's concerns, objections, and proposed conditions regarding the Transaction such that Integra believes that with this Agreement, and without modification or addition to its terms, the Transaction is in the public interest from Integra's perspective and should be approved by the FCC and state commissions."
Blackfoot	On November 16, 2010, Blackfoot withdrew from the docket after the Joint Applicants committed that all terms set forth in their Integra agreement were available to Blackfoot. "...Blackfoot hereby states that its concerns with the Joint Applicants' transaction have been adequately addressed and Blackfoot therefore withdraws as an intervenor in Docket No. D2010.5.55."
3 Rivers	On November 18, 2010, 3 Rivers withdrew from the docket after the Joint Applicants committed that all terms set forth in their Integra agreement were available to 3 Rivers. "...3 Rivers hereby states that its concerns with the Joint Applicants' transaction have been adequately addressed and 3 Rivers therefore withdraws as an intervenor in Docket No. D2010.5.55."
MTA	The MTA did not actively participate in this docket.

360networks	On October 12, 2010, 360networks withdrew from this docket. They stated "360networks withdraws all filings made in this proceeding, including their petition to intervene, all testimony and any other filings made by or on behalf of 360networks."
MDA	On November 10, 2010, the MDA signed a stipulation with the Joint Applicants which initiated a process to resolve the concerns of the MDA. As a result of the stipulation the MDA withdrew from the docket.
IBEW	The IBEW withdrew from the docket on October 29, 2010. No reason for the withdrawal was provided.
Bresnan	On November 17, 2010, Bresnan notified the Joint Applicants (who in turn notified Commission staff) that Bresnan did not anticipate being active in the docket. Specifically, Bresnan stated "At this point Bresnan does not anticipate being active in this proceeding and has no opinion or position on the procedural issues."

COMMISSION ANALYSIS

105. As can be seen from the information in ¶104 above, there were nine intervenors in this docket. Of those, two support the approval of the transaction (Integra and the MCC), five withdrew (MDA, IBEW, Blackfoot, 360networks, and 3 Rivers), and two did not participate (the MTA and Bresnan).

106. As noted in paragraph ¶100 above, in the Northwestern/BBI sale docket this Commission utilized a standard for review of "no-harm to consumers." The Commission believes this standard is also appropriate in this docket. No party to this docket now opposes the Transaction. The Commission finds that the result of the Transaction, (including the $10 million minimum broad band investment commitment) does meet the "no-harm to consumers" standard and is consistent with the public interest.

107. The Commission finds that the eight conditions agreed to by the Joint Applicants and the MCC are appropriate and will be included in this Final Order.

108. Qwest is currently providing wholesale services (UNEs, Qwest Local Services Platform, or resale) to twenty four CLECs in Montana.[6] The Integra/Joint Applicant settlement agreement contains fifteen wholesale conditions. Condition 15 of the agreement states the agreement will be made available to any requesting carrier. Both 3 Rivers and Blackfoot took

[6] Qwest Response to PSC Data Request 32a.

advantage of that condition. Both stated the agreement adequately addressed their concerns regarding the Transaction and both withdrew from the docket. The Commission wishes to extend the protection afforded by the Integra/Joint Applicant agreement to all CLECs operating in Montana. The Commission finds that the eight wholesale conditions contained in Attachment B to this Order will provide appropriate protections for all CLECs operating in Montana.[7]

CONCLUSIONS OF LAW

1. The Commission has provided adequate and proper public notice of all proceedings, and an opportunity to be heard to all interested parties in this docket. § 69-3-104, MCA.

2. The Commission supervises, regulates, and controls public utilities pursuant to Title 69, Ch. 3, MCA. § 69-3-102, MCA

3. The Commission has authority to do all things necessary and convenient in the exercise of the powers granted to it and to regulate the mode and manner of all investigations and hearings before it. § 69-3-103, MCA.

4. Public utilities are required to provide reasonably adequate service and facilities at just and reasonable rates. § 69-3-201, MCA.

5. Pursuant to its authority, the Commission has jurisdiction over and must approve any sale, transfer of a public utility, its acquisition by stock purchase, its assets or utility obligations in order to assure generally that utility customers will receive adequate service and facilities, that utility rates will not increase as a result of the sale or acquisition, and that the acquiring entity is fit, willing, and able to assume the service responsibilities of a public utility.

6. CenturyLink and Qwest Corporation are public utilities subject to the jurisdiction of the Commission.

7. The Commission concludes that the proposed indirect transfer of control through a stock-for-stock transaction under which CenturyLink shareholders, upon closing, will own approximately 50.5% of post-merger CenturyLink and Qwest Communications International, Inc. will own approximately 49.5% of post-merger CenturyLink, is in the public interest.

[7] Attachment B Wholesale Conditions were derived from the Integra/Joint Applicants Settlement agreement.

ORDER

1. The Commission approves, with conditions, the Joint Application of Qwest Communications International, Inc. and CenturyLink, Inc. for approval of the indirect transfer of control of Qwest Corporation, Qwest Communications Company, and Qwest LD Corporation.

2. The stipulation of the Joint Applicants and the Montana Consumer Counsel is approved as filed including conditions a-h. (See Attachment A).

3. The Wholesale Conditions 1, 2, 3, 4, 6, 7, 8, and 9 listed on Attachment B shall be effective upon the Merger Closing Date. Condition 5 is effective 30 days prior to the Merger Closing Date.

4. The Merged Company shall spend a minimum of $10 million over five years for broadband investment in Montana. The five year period will begin as of the Merger Closing Date. The $10 million will be over and above the dollars required to be spent as part of the Qwest DSL commitment ordered in the Qwest Alternative Form of Regulation Docket No. D2008.1.6. The dollars shall be spent in the territories of both Joint Applicants. The priority for the broadband deployment is to serve underserved (1.5Mbps or less current availability) and unserved areas. However, the broadband expenditures are not limited to such areas. In the first year the applicants will report to the Commission their plans for year one of the investment. At the end of year one the applicants will report on the actual investments made in year one and the plans for year two, etc.

DONE AND DATED this the 14th day of December 2010, by a 5-0 vote.

ATTACHMENT A

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION

OF THE STATE OF MONTANA

* * * * *

IN THE MATTER OF	REGULATORY DIVISION
Joint Application of	DOCKET NO. D2010.5.55
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.	

STIPULATION OF JOINT APPLICANTS AND THE MONTANA CONSUMER COUNSEL

COME NOW Qwest Communications International, Inc. ("QCII"), and CenturyLink, Inc. ("CenturyLink"), the Joint Applicants in this proceeding, and the Montana Consumer Counsel ("MCC"), an intervenor, and agree and stipulate as follows.

1. On May 28, 2010, the Joint Applicants filed a Joint Application for Expedited Approval of Indirect Transfer of Control. The Joint Applicants sought the approval of the Montana Public Service Commission ("Commission") for the timely consummation of their combination under the Merger Agreement that was fully outlined in the Joint Application (the "Transaction").

2. On July 2, 2010, the MCC filed its Petition for Intervention in this merger approval proceeding.

3. The Joint Applicants have provided prefiled testimony; MCC has conducted discovery and provided the prefiled testimony of Mr. George Donkin, which recommends that the Commission consider certain proposed conditions if the merger is to be approved; and the Joint Applicants have filed rebuttal testimony in response to the MCC's testimony.

4. Following further discovery regarding the Joint Applicants' rebuttal testimony, the Joint Applicants and MCC have engaged in negotiations in an effort to resolve their differences regarding MCC's proposed conditions. For settlement purposes, the Joint Applicants

and MCC have agreed that the Transaction should be approved with the following conditions included in the Commission's order:

a. On or before January 1, 2014, CenturyLink will file with the Commission summarized results of operations separately for Qwest and CenturyTel of Montana, Inc.'s intrastate regulated operations, based on the 12 months ended December 31, 2012. The summarized results of operations will be based on book revenue and cost amounts, and the then-current capital structure and cost of capital information, reflecting then-current capital market conditions, for Qwest and CenturyTel of Montana, Inc.

b. The Joint Applicants shall provide the Commission and the MCC with access to all books of account, as well as all documents, data, and records that pertain to the Transaction.

c. The MCC reserves the right to review, for reasonableness, all financial aspects of the Transaction in any rate proceeding, or earnings review under any future alternative form of regulation ("AFOR") program.

d. The Joint Applicants shall immediately notify the Commission and the MCC of any substantive changes to the Transaction terms and conditions from those set forth in the Application in this case that occur from the date of the Application until Closing of the Transaction.

e. The Joint Applicants will commit to sending a notice to affected customers if either of the Montana operating companies undergoes a name change. Prior to any name change becoming effective in Montana, the Joint Applicants will work with Staff and the MCC on the content of a notice informing the affected customers of the name change.

f. The Joint Applicants and their Montana operating companies will not advocate in any general rate case proceeding for a higher cost of capital as compared to what its cost of capital would have been absent the Transaction, but they may seek a cost of capital under the then-existing capital market conditions.

g. The Joint Applicants and their Montana operating companies will not recover, or seek to recover, through retail or wholesale service rates any increases in the Joint Applicants' overall management costs that result from the Transaction.

h. CenturyLink will track the cost and synergy savings of the merger on a company-wide and Montana basis and report annually to the Commission for three (3) years. The first report will be due 120 days following the first anniversary of the transaction close, and annually thereafter. CenturyLink will also commit to continue its current practice of periodically meeting with the Commission and its Staff to provide updates and share information related to its Montana operations, including updates on the integration activities associated with the Transaction.

5. The Commission, after the completion of its proceedings in this Docket, should issue a final order approving, adopting, and implementing the terms of this Stipulation.

6. The parties to this Stipulation present it to the Commission as a reasonable settlement of the issues raised in this Docket. Neither the positions advocated by the Joint Applicants nor the positions of the MCC in this Docket are accepted by the other parties by virtue of their entry into this Stipulation, nor does the Stipulation indicate their acceptance, agreement, or concessions to any legal or regulatory principle embodied, or arguably embodied, in this Stipulation.

7. The specific conditions of this Stipulation as presented to the Commission are inseparable from the whole of the agreement between the parties. The reasonableness of the proposed settlement set forth in this Stipulation is dependent upon its adoption in its entirety by the Commission. If the Commission decides not to adopt the proposed settlement set forth in this Stipulation in its entirety, then the entire Stipulation is null and void, no party to the Stipulation is bound by any of its provisions, and it shall have no force or effect whatsoever.

DATED this 9th day of November, 2010

GOUGH, SHANAHAN, JOHNSON & WATERMAN, PLLP

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Dennis Lopach
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Attorney for Qwest Communications International, Inc.

CENTURY LINK, INC.

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Attorney for the

Attachment B – Wholesale Conditions

The MPSC lacks jurisdiction to order implementation of all of the provisions of the Settlement Agreement filed by CenturyLink, Qwest, and Integra in this docket, but does not oppose their implementation as a matter of contract among the parties. The MPSC hereby adopts the following provisions from the Settlement Agreement for general applicability consistent with the Commission's jurisdiction.

Definitions

"Closing Date" or "Merger Closing Date" refers to the closing date of the Transaction for which the Applicants have sought approval from the FCC and state commissions.

"Merged Company" refers to the post-merger company (CenturyLink and its operating companies, collectively, after the Closing Date).

"Operational Support Systems" or "OSS" are as defined by 47 CFR 51.319(g) and as interpreted in the rules and orders of the FCC.

"OSS Interfaces" are defined as existing or new gateways (including application-to-application interfaces and Graphical User Interfaces), connectivity and system functions that support or affect the pre-order, order, provisioning, maintenance and repair, and billing capabilities for local services (local exchange services) provided by CLECs to their end users.

"Qwest Corporation" and "Qwest" refer to Qwest Corporation and its successors and assigns.

Wholesale Conditions:

1. The Merged Company will not recover, or seek to recover through wholesale service rates or other fees paid by CLECs: a) one-time transition, branding, or any other transaction-related costs; b) any acquisition premium paid by CenturyLink for QCI; and c) any increases in overall management costs that result from the transaction, including those incurred by the operating companies. For purposes of this condition, "transaction-related costs" shall be construed to include all Merged Company costs related to or resulting from the transaction and any related transition, conversion, or migration costs and, for example, shall not be limited in time to costs incurred only through the Closing Date.

2. In the legacy Qwest ILEC service territory, the Merged Company shall comply with all wholesale performance requirements and associated remedy or penalty regimes for all wholesale services, including those set forth in regulations, tariffs, and interconnection agreements applicable to legacy Qwest as of the Merger Closing Date.

3. In the legacy Qwest service territory, the Merged Company shall continue to provide to CLECs at least the reports of wholesale performance metrics that legacy Qwest made available, or was required to make available, to CLECs as of the Merger Closing Date, or as subsequently

modified or eliminated pursuant to any changes in law. The Merged Company shall also provide these reports to MPSC staff when requested.

The Merged Company will not seek to reduce or modify the Qwest Performance Indicator Definition (PID) or Qwest Performance Assurance Plan (QPAP) that is offered, or provided via contract or Commission approved plan, as of the Merger Closing Date for at least eighteen months after the Closing Date. After the eighteen month period, the Merged Company may seek modifications under the terms and conditions outlined in the QPAP. The Merged Company will not seek to eliminate or withdraw the QPAP for at least three years after the Closing Date. The QPAP will be available to all requesting CLECs unless the Merged Company obtains approval from the MPSC.

4. Notwithstanding any provision allowing one or both parties to the Merged Company's interconnection agreements and intrastate tariffs ("Extended Agreements") to terminate the Extended Agreement upon or after expiration of the term of the agreement, the Merged Company shall not terminate or grandparent, change the terms or conditions, or increase the rates of any Extended Agreements during the unexpired term or for at least the Applicable Time Period identified below, whichever occurs later (the "Extended Time Period"), unless required by a change of law, or CLEC requests or agrees in writing to a change and any applicable procedure to effectuate that change is followed. In the event that the Extended Agreement expressly allows termination of the agreement in other circumstances, such as default due to non-payment, this Condition does not preclude termination of an Extended Agreement in those circumstances provided that the Merged Company follows both (1) the Extended Agreement's express provisions, and (2) any applicable procedures pertaining to such termination. These provisions do not trigger or require the filing of an ICA amendment with the MPSC.

a. *Interconnection Agreements*. The Applicable Time Period for Qwest's interconnection agreements (ICAs) is at least thirty-six months after the Closing Date. The Extended Time Period applies whether or not the initial or current term has expired or is in evergreen status.

i. The Merged Company shall allow CLEC to use its pre-existing interconnection agreement as the basis for negotiating an initial successor replacement interconnection agreement to the extended ICA. Where the parties agree it is reasonable to do so, the parties may incorporate the amendments to the existing agreement into the body of the agreement used as the basis for such negotiations of the initial successor replacement interconnection agreement.

ii. CLEC may opt-in to an interconnection agreement in its initial term or the extended term.

iii. If Qwest and CLEC are in negotiations for a replacement interconnection agreement before the Closing Date, the Merged Company will allow CLEC to continue to use the negotiations draft upon which negotiations prior to the Closing Date have been conducted as the basis for negotiating a replacement interconnection agreement. In the latter situation (ongoing negotiations), after the

Closing Date, the Merged Company will not substitute a negotiations template interconnection agreement proposal of any legacy CenturyLink operating company for the negotiations proposals made before the Closing Date by legacy Qwest.

b. *Tariffs.* The Applicable Time Period is at least twelve months after the Closing Date for Merged Company wholesale tariff offerings that CLECs have ordered from the Merged Company via tariff as of the Closing Date.

i. Regarding term and volume discount plans, such plans offered by the Merged Company as of the Closing Date will be extended by twelve months beyond the expiration of the then existing term, unless a CLEC indicates it opts out of this one-year extension.

ii. The Merged Company will honor any existing contracts for services on an individualized term pricing plan arrangement for the duration of the contracted term.

5 The Merged Company shall provide to wholesale carriers, and maintain and make available to wholesale carriers on a going-forward basis, up-to-date escalation information, contact lists, and account manager information and will provide this information, when possible, thirty days prior to the Closing Date. If not possible, the Merged Company will provide the information within five business days, absent exigent circumstances. For changes to support center location, the Merged Company will provide at least thirty days advance written notice to wholesale carriers. For other changes, the Merged Company will provide reasonable notice, as circumstances permit, of the changes and will keep pertinent information timely updated. The information and notice provided shall be consistent with the terms of applicable interconnection agreements.

6. The Merged Company will make available to each wholesale carrier in the legacy Qwest ILEC service territory the types and level of data, information, and assistance that Qwest made available as of the Closing Date concerning Qwest's wholesale Operational Support Systems functions and wholesale business practices and procedures, including information provided via the wholesale web site (which Qwest sometimes refers to as its Product Catalog or "PCAT"), notices, industry letters, the change management process, and databases/tools (loop qualification tools, loop make-up tool, raw loop data tool, ICONN database, *etc.*).

7. The Merged Company shall ensure that Wholesale and CLEC operations are sufficiently staffed and supported, relative to wholesale order volumes, by personnel, including IT personnel, adequately trained on the Qwest and CenturyLink systems and processes.

8. In legacy Qwest ILEC service territory, after the Closing Date, the Merged Company will use and offer to wholesale customers the legacy Qwest Operational Support Systems (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 materially less than that provided by Qwest prior to the

Closing date, including support, data, functionality, performance, electronic flow through, and electronic 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:

a. Detailed Plan. The Merged Company will provide notice the MPSC at least 270 days before replacing or integrating Qwest OSS system(s). Upon request, the Merged Company will describe the system to be replaced or integrated, the surviving system, and steps to be taken to ensure data integrity is maintained. The Merged Company's plan will also identify planned contingency actions in the event that the Merged Company encounters any significant problems with the planned transition. CLECs will have the opportunity to comment on the Merged Company's plan with the MPSC as well as in the Qwest Change Management Process. The Merged Company will provide the wholesale carriers training and education on any wholesale OSS implemented by the Merged Company without charge to the wholesale carrier.

b. CMP. The Merged Company will follow the procedures in the Qwest Change Management Process ("CMP") Document.

c. Billing Systems. The Merged Company will not begin integration of Billing systems before the end of the minimum two year or July 1, 2013 period, whichever is longer, noted above, or without following the above procedures, unless the integration will not impact data, connectivity and system functions that support or affect CLECs and their customers.

9. Consistent with the terms of the Settlement Agreement filed by CenturyLink, Qwest and Integra in this docket, the line conditioning amendment, including all rates, terms and conditions related to condition 14 of that Settlement Agreement, will be made available to any requesting carrier

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

GREG JERGESON, Chair

KEN TOOLE, Vice Chair

GAIL GUTSCHE, Commissioner

BRAD MOLNAR, Commissioner

JOHN VINCENT, Commissioner

ATTEST:

Verna Stewart
Commission Secretary

(SEAL)

NOTE: Any interested party may request the Commission to reconsider this decision. A motion to reconsider must be filed within ten days. See 38.2.4806, ARM.

CERTIFICATE OF SERVICE

I hereby certify that a copy of **FINAL ORDER 7096e APPROVING APPLICATION SEEKING APPROVAL OF TRANSFER** issued in D2010.5.55 in the matter of Qwest Communications International, Inc. and CenturyLink, Inc. has today been served on all parties listed on the Commission's most recent service list, updated 9/16/10, by mailing a copy thereof to each party by first class mail, postage prepaid.

Date: December 15, 2010

Debbie George
For The Commission

INTERVENORS:

Blackfoot Communications, Inc.
Bresnan Broadband of Montana, LLC
Integra Telecom
International Brotherhood of Electrical Workers Local 206
3 Rivers Telephone Cooperative, Inc.
Montana Consumer Counsel
Montana Department of Administration

Utility - Docket Service List

D2010.5.55

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