

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of

QWEST COMMUNICATIONS
INTERNATIONAL INC. AND
CENTURYTEL, INC.

For Approval of Indirect Transfer of Control of
Qwest Corporation, Qwest Communications
Company LLC, and Qwest LD Corp.

DOCKET NO.: UT-100820

PETITION FOR WAIVER OF MERGER-
RELATED CONDITIONS REGARDING
OSS ISSUES

I. INTRODUCTION/SUMMARY OF RELIEF REQUESTED

- 1 CenturyLink hereby petitions for a waiver of the conditions imposed in paragraphs 120 and 121 of Order 14 in this docket, in connection with the wholesale OSS (Operations Support Systems) changes which were the subject of a compliance filing in this docket on April 30, 2015.¹
- 2 In Order 14, approving the CenturyLink/Qwest merger, the Washington Utilities and Transportation Commission (“Commission”) added two unique conditions on changes to wholesale OSS that were not imposed by any of the settlements addressing wholesale issues or orders from other State commissions or the FCC. The two conditions imposed several separate requirements. These requirements include the obligation to file a detailed report 60 days in advance of implementation of a new wholesale OSS (Order 14, ¶ 120), and the requirement to include information on the results of controlled production testing (id.). Also included in the Commission-imposed conditions is the requirement for CenturyLink to agree to third party testing without limitation in terms of the amount of

¹ This waiver is requested for the upcoming conversion only at this time. The conversion is described in more detail below.

time or money that might be consumed (Order 14, ¶ 121).

- 3 The basis for this petition is that the conditions at issue are not needed to protect the interests of the CLECs in the upcoming systems transition, and pose a disproportionate burden to CenturyLink in attempting to transition to new systems in an orderly, but not unduly time consuming, manner. The disproportionate burden exists because even though no other commission imposed these requirements, the conditions in effect burden the entire roll-out and all of the states because the systems changes are region-wide.
- 4 As will be evident from the discussion below, the process that CenturyLink currently has in place for OSS changes is robust, and provides adequate time and opportunity for all interested parties to participate in the planned OSS changes, to provide comments and feedback, and to have the assistance of a third party facilitator if necessary.
- 5 CenturyLink has reviewed this waiver request with Commission Staff, the Office of Public Counsel, and various CLECs. Three CLECs have stated that they do not oppose a one-time waiver for this particular conversion.² Other CLECs have not responded³, and Integra stated that it does not take a position on the waiver request at this time, but will monitor and may participate in any process the Commission might establish in terms of considering the waiver.
- 6 CenturyLink respectfully asks the Commission to consider and grant this petition expeditiously, but recognizes that the Commission may wish to solicit input from affected carriers. CenturyLink recommends a written comment period, after which the Commission can determine whether further process is necessary.

² XO, Covad and PAETEC (now Windstream) have authorized CenturyLink to make this representation.

³ Charter has not responded to CenturyLink's inquiry, and CenturyLink has not located a contact at Pac-West, which was dissolved in bankruptcy several years ago.

II. DISCUSSION

7 This request for modification of the conditions arises well in advance of CenturyLink’s first planned conversion of two legacy Qwest OSS to existing and already-operating CenturyLink OSS. As noted immediately above, CenturyLink has proposed changes to certain wholesale access ordering and billing systems, discussed in more detail below. The legacy Qwest billing system known as IABS (Integrated Access Billing System) will convert to CABS (Carrier Access Billing System – provided by Communications Data Group (CDG), hereinafter referred to as CDG CABS). The ordering system known as CORA (CenturyLink Online Request Application) will convert to EASE (Electronic Administration and Service order Exchange). Both of the replacement systems are currently in use and operational in certain legacy CenturyLink and Embarq operating areas. A detailed Consolidation Plan describing the conversion was filed in this docket on April 30, 2015.

8 These changes are scheduled to be implemented mid- 2016. The changes have already been noticed to CLECs and other customers via the Change Management Process (CMP), and the process is underway to ensure a smooth transition – a transition which will not occur until more than 365 days from the date of this petition. The particular provisions in Order 14 which CenturyLink seeks to modify would not enhance the process, but rather would simply add time to the end of the process, delaying implementation of a proven industry standard OSS that is already being used by the companies that operate in CenturyLink’s other markets.

9 This is not CenturyLink’s first request for waiver or modification of a merger condition. After the merger transaction closed, CenturyLink asked the Commission to waive, modify, or eliminate various conditions, including the requirement that certain funds committed for broadband deployment be held in escrow. The Commission granted that request, and noted in its order that “[c]onditions may be imposed in proceedings

involving a transfer of assets or merger of the regulated utility operations of public service companies subject to our jurisdiction. Here, a number of conditions were proposed in a series of settlements brought to us for approval in support of the merger between CenturyLink and Qwest. We adopted additional conditions on our own motion in order to find the proposed transaction in the public interest. We recognize that *circumstances subsequent to consummation of a transaction may serve to mitigate the underlying basis for some of the merger conditions* that were adopted or imposed while the transaction was under review (emphasis added).⁴

10 CenturyLink respectfully suggests that under this standard, previously articulated by the Commission, waiver of the two conditions in Order 14 is warranted for this upcoming conversion. The relevant paragraphs from that Order are contained in Exhibit A.

A. Circumstances Subsequent to the Transaction

11 The issues around wholesale and retail OSS changes generated a significant amount of interest and concern in the merger proceedings during 2010. Various parties advocated for conditions on the merger in order to protect their interests – often these conditions were designed to prevent or slow changes to legacy Qwest OSS based on concerns that replacement OSS might be imposed without adequate consideration to CLEC needs, or on timelines that did not offer sufficient opportunity to evaluate and critique the new systems.

12 Most of the parties who recommended these types of conditions entered into settlements, and those settlements contained terms that addressed their concerns around replacement OSS. These terms – including notice, timelines, testing, voting, etc. – form the framework within which CenturyLink is currently proposing the conversions to CDG CABS and EASE.

⁴ Order 19, footnote 59.

- 13 However, several CLECs did not settle, and continued to advocate for additional conditions through testimony at the hearing and in post-hearing briefing. In fact, the Joint CLECs⁵ raised a number of issues, including issues around OSS replacement and specifically the manner and timing of any replacements of legacy Qwest systems.
- 14 The Joint CLECs recommended that the combined CenturyLink be prohibited from replacing any Qwest OSS for a period of three years – one year longer than originally agreed in the Integra settlement. (Order 14 ¶¶ 103-104). They also recommended that third party testing be required as a precondition for all replacement OSS. (Id.)
- 15 The Commission rejected those specific conditions, but did express concerns in Order 14 about the possible replacement of Qwest OSS – which had been rigorously tested through the 271 process, with CenturyLink systems (Order 14, ¶¶ 97). The Commission determined that several additional terms were necessary in response to the concerns raised by the Joint CLECs, and described those terms in paragraphs 120 and 121 of Order 14.

1. Wholesale Service Quality

- 16 The Joint CLECs raised concerns about the combined company's willingness and ability to continue to offer high quality services to its wholesale customers, and possible incentives to hamper competition via decreased service quality, potentially via inferior OSS. (Order 14, ¶¶ 109-111).
- 17 CenturyLink submits that more than four years after the merger – ample time in which to test the theory – this concern has proven to be unfounded. After the merger, CenturyLink's wholesale OSS service quality has not diminished, as evidenced by results monitored under the Performance Assurance Plan both pre- and post-merger.

⁵ The Joint CLECs were Pac-West (now dissolved in bankruptcy), PAETEC (acquired by Windstream who was not a party to the case), XO Communications, Covad (now MegaPath) and Charter.

18 Nor has CenturyLink attempted to replace the Qwest OSS on a rushed or hurried schedule – the conversions that are scheduled for 2016 reflect a deliberate and considered analysis and effort to consolidate OSS onto single platforms where that consolidation makes sense. The systems that will take the place of the old systems are already operational in much of CenturyLink territory, and in the operating territory of other ILECs in the country, so they are already used by many of the CLECs and are proven to be effective.⁶

19 However, whether the replacement systems meet the merger requirements is not a question that needs to be answered at this point (although CenturyLink is confident that it does) – that is the issue that will be thoroughly explored and resolved in the CMP over the next year, following the process and the lengthy timelines in the merger settlements. What is important at this point is that concerns about the timing of replacement OSS, and wholesale service quality post-merger – concerns that drove the additional conditions in ¶¶ 120-121 – have not materialized.

20 In addition, CenturyLink offered and used legacy Qwest OSS for four years post-merger, and will continue to do so for another year. This is far longer than the 30 months imposed by the merger agreements, and is also far longer than the three years that the CLECs said they needed. Given all these factors, it seems reasonable to waive the additional conditions in ¶¶ 120-121 for this upcoming conversion.

2. *Process and Requirement for a Replacement OSS*

21 In imposing the requirements contained in ¶¶ 120-121, the Commission stated that the “overarching issue is what process and requirements should be applied to a replacement for the tried and true system presently used by Qwest.” (Order 14, ¶118). CenturyLink

⁶ For example, carriers who currently use CDG CABS include AT&T (CLEC), Frontier, Fairpoint, TDS Telecom, and Hawaiian Telecom. In addition, the vast majority of wholesale customers who use the Qwest OSS also currently use the CenturyLink OSS to which the Qwest systems will be converted.

believes that the Commission's concerns about the process and requirements to replace the old systems will be addressed under existing conditions, now that concerns about anti-competitive conduct or rushed conversions have not proven out. Waiver of these additional conditions will allow the process to unfold on a consistent timeline across all states (in fact, because the systems are regional systems, CenturyLink could not follow the timeline in Washington and adhere to a different timeline in other states.)

- 22 In fact, it is important to remember that absent the merger, Qwest could have proceeded with OSS conversions following the CMP process, without these additional conditions. Given the deliberate timeframe in which CenturyLink is proceeding, and given that the new systems are already in use and not "new" in the sense of never-before-used, there is little risk that merger costs or anti-competitive behavior is driving the conversion. It is a simple fact of CenturyLink wanting to integrate and streamline systems in a way that reduces its costs, and potentially reduces the costs of its wholesale customers as well, because all carriers will be interfaced with just one system instead of two.
- 23 The Commission and all interested parties will be able to monitor the process consistent with the robust requirements that already exist in the CMP and the timelines in all other states for the system conversions.

B. The 60-Day Report

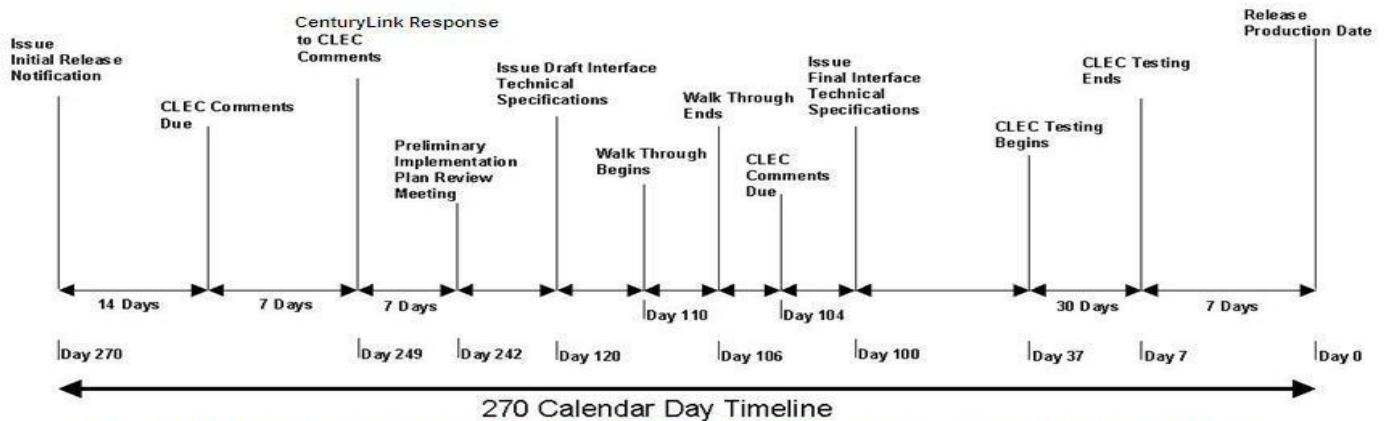
- 24 The first unique condition imposed in Order 14 is the requirement that a report is to be filed with the Commission detailing the results of the testing and voting process, and that this report be submitted 60 days before OSS conversion takes place. This is a significant change from standard system implementation process and timing as set forth in the CMP, which the majority of settlement agreements and merger orders indicated was essential to be used for system conversions such as the CORA/EASE and IABS/CABS conversions.
- 25 The CMP is a long-standing process for change management, first devised and

implemented in the Section 271 proceedings in the 2001-2003 timeframe. It is the forum in which the OSS changes are proposed, discussed, and approved, and it provides a consistent and predictable process across all legacy Qwest states and provides for input from all CLECs.

26 Under the standard CMP schedule testing takes place for 30 days, and one week after completion of testing, the system conversion takes place. Under general merger guidelines from the FCC, state commissions, and settling parties, the testing period has been expanded from 30 days to 120 days, and at the completion of the test period, the test participants are to vote on whether to accept the new system. After a positive vote, the system conversion takes place.

27 The diagram below, taken from the CMP document, illustrates the CMP schedule for implementing a new interface for e-bonding, and includes the timeline mandated by the various settlement conditions. As illustrated, the requirements begin 270 days before the conversion, and CenturyLink has begun the process significantly earlier than that. Under the Washington conditions, however, additional time would be required under ¶120 and would add a minimum of 53 days after the targeted conversion date (Day 0).

CenturyLink-CLEC Change Management Process Introduction of A New Application-to-Application OSS Interface Timeline



The events listed above are intended to occur on business days. If the date on which any event is scheduled to occur falls on a weekend or a holiday, then CenturyLink and the CLECs may negotiate a revised timeline.

28 The condition in paragraph 120 requires that the conversion not take place until 60 days *after* completion of testing and voting.⁷ This adds a significant delay to implementation which would most likely just constitute a delay during which nothing happens. This harms CenturyLink and provides no benefit to carriers, many of whom may in fact be eager for the conversion because it reduces the number of systems they interface with from two to one. As such, the report is simply unnecessary. The testing process is well defined, and a significant amount of testing will have taken place in the months before conversion.

C. The Controlled Production Testing Issue

29 The impact of the second requirement in paragraph 120 is even more significant. Because no party recommended this condition, CenturyLink has not previously had the opportunity to explain why this requirement cannot be met. Paragraph 120 mandates that the report not be submitted until completion of controlled production testing. However, controlled production testing actually takes place once the system is *in production*. Yet paragraph 120 does not allow the system to go into production until a report is submitted.

30 With regard to how this requirement might be implemented in the upcoming conversion, there really is no controlled production testing, so it may not be an issue in the immediate future. For the CORA to EASE conversion, in EASE, e-bonding is accomplished using the Uniform Ordering Model (UOM). This is based entirely on the industry standard.⁸

⁷ The condition in ¶ 120 states that the report must be filed no less than 60 days prior to conversion, but also requires CenturyLink to describe the results of the vote. The vote takes place 7 days before the conversion. So, in order to file a report within the required timeframe, *and* accurately describe the vote, the earliest date that the report could be filed would be the day after the vote. Under the condition in ¶ 120, this would start a 60-day clock before conversion could take place. But under the standard CMP process, and the process required in all other states and by the FCC, the conversion could happen a week after the vote. Thus, the condition adds at least 53 days to implementation beyond the time contemplated by any other agreements or requirements. In light of the fact that CenturyLink has started the process far in advance of the required 270-day notice for OSS replacements, CenturyLink believes that there will be ample time in the process to evaluate the replacement systems and for CLECs to test and provide input, so the additional time should not be imposed.

⁸ The UOM is the ASR ordering standard established by the Ordering and Billing Forum (OBF) of the Alliance for Telecommunications Industry Solutions (ATIS).

All testing is planned and executed with the customer in a test environment, not controlled production. However, unless this condition is waived for purposes of this condition, the uncertainty remains about what occurs at the end of the process.

31 As noted above, waiver of the additional conditions in ¶ 120 resolves the issues raised by those conditions, without harming the process or any involved parties.

D. The Third Party Testing Issue

32 The waiver of the reporting requirement in ¶ 120 also addresses the issue raised in paragraph 121 regarding third party testing. The Commission ordered the possibility of third party testing “[a]s a consequence of this additional filing requirement, and depending on the information provided by the combined company and additional information provided by participating CLECs” If there is no filing, then there is no basis to order third party testing. However, even apart from that rationale, the requirement for third party testing should be waived for the same reasons that the reporting requirements should be waived, as discussed above, and for the following additional reasons.

33 Third party testing has not been required by any other State commission or the FCC – the Washington requirement is unique, but in CenturyLink’s view does not enhance the transition process. This requirement could delay the implementation of the systems for all states, as Washington cannot be converted or transitioned separately from other states. CenturyLink believes that the requirement imposed by Minnesota, which includes a third-party facilitator (not tester), capped at \$1,000,000, offers sufficient protection for CLEC interests.

III. OTHER PARTIES’ POSITION

34 CenturyLink has discussed this request with Commission Staff, Public Counsel, Integra, and others as described above.

IV. CONCLUSION

- 35 These conditions are not necessary to protect the public interest.
- 36 CenturyLink respectfully requests that the Commission establish an expedited process to consider this request and waive these conditions for purposes of the upcoming conversion to CABS and EASE.

Respectfully submitted this _____ day of May 2015.

CENTURYLINK

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