

Exhibit No. ___ T (JHC-1T)
Docket UT-100820
Witness: John H. Cupp

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Joint Application of

DOCKET UT-100820

**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.**

TESTIMONY

OF

JOHN H. CUPP

**STAFF OF
WASHINGTON UTILITIES AND
TRANSPORTATION COMMISSION**

September 27, 2010

1 **Q. Please state your name and business address.**

2 A. John H. Cupp, 1300 S. Evergreen Park Drive SW, Olympia, Washington 98504.

3

4 **Q. Who is your employer, and what is your position?**

5 A. I am employed by the Washington Utilities and Transportation Commission
6 (Commission). My position is Regulatory Analyst in the Consumer Protection and
7 Communications section (CPC).

8

9 **Q. Please describe your work at the Commission as it pertains to this case.**

10 A. I have worked at the Commission for fourteen years; the first year in the
11 Telecommunications section, and the past thirteen years in the CPC. I have been the
12 telecommunications specialist in the CPC for the past three-and-a-half years. In this
13 position I work to help ensure that regulated telecommunications companies comply with
14 applicable laws, rules and tariffs. I review complaints to monitor business practices of
15 telecommunications companies, and provide advice to assist companies in developing
16 policies to improve customer service and reduce complaints. I provide reports and make
17 recommendations on consumer-related telecommunications issues to the Commissioners
18 and Commission management.

19

20 **Q. What is the purpose of your testimony?**

21 A. I provide information on Qwest and CenturyLink customer service issues and on the
22 Commission's recent compliance investigation of Qwest. I set forth concerns about the
23 transaction's potential effect on the companies' customers, and I conclude with

1 recommendations for conditions that should be imposed if the Commission decides to
2 approve this transaction.

3
4 **Q. Please describe Qwest's customer service compliance issues.**

5 A. Staff's compliance investigation section initiated an investigation in 2009 against Qwest,
6 in Docket UT-091870. The purpose of the investigation was to determine if Qwest had
7 sufficiently corrected deficiencies identified in an investigation conducted in 2008. The
8 2009 follow-up investigation covered consumer complaints from March 1 through June
9 30, 2009, and showed a continuing pattern of customer complaints about various issues,
10 including failure to properly process Washington Telephone Assistance Program
11 (WTAP) applications. In the 2008 investigation, Commission Staff (Staff) found that
12 Qwest had failed to allow WTAP customers to make appropriate payment arrangements,
13 resulting in two violations of the Commission's rule on payment arrangements, WAC
14 480-120-174. In the follow-up investigation, there were again two violations of the same
15 rule. I reviewed complaints opened since June 30, 2009, against Qwest and found six
16 recorded violations of WAC 480-120-174.

17 In UT-091870, the investigation indicated that Qwest had improved its
18 compliance in terms of proper billing. The 2008 investigation showed that Qwest had
19 improperly billed customers 19 times, resulting in violations of RCW 80.36.130. The
20 2009 investigation showed one violation, and the investigation was regarded as technical
21 assistance. In my review of complaints opened since June 30, 2009, I found eleven
22 violations of RCW 80.36.130, in seven consumer complaints.

1 **Q. What was the result of the 2009 compliance investigation?**

2 A. Staff concluded that Qwest was in violation of a number of service quality rules, and the
3 Commission issued a complaint for \$69,000 in penalties for 69 violations of Commission
4 rules. The parties reached a settlement that the Commission adopted by final order on
5 August 27, 2010. Qwest admitted that on 55 occasions it failed to comply with service
6 quality rules, and agreed to pay a penalty of \$34,500. Qwest committed to offering
7 training to its staff to help the company comply with Commission rules. Further, the
8 company hired three additional customer service representative managers who have been
9 trained specifically to research and respond to Washington complaints.

10

11 **Q. Will Commission Staff continue to monitor Qwest's compliance with WTAP
12 application and billing laws and rules?**

13 A. Yes. Staff will continue to monitor Qwest's compliance with Washington's rules and
14 laws.

15

16 **Q. Will the terms of the settlement agreement apply if the transaction is approved?**

17 A. Yes.

18

19 **Q. Please describe CenturyLink's customer service compliance issues.**

20 A. Since June 30, 2009, CPC Staff have opened 16 WTAP-related complaints against
21 Washington incumbent local exchange carriers owned by CenturyLink (CenturyLink
22 ILECs). In eight of those complaints, the consumer was upheld, which indicates that the
23 company acted improperly. Seven violations of RCW 80.36.130 were noted in that period

1 for billing WTAP customers incorrectly. One violation of WAC 480-120-174 was noted
2 for not allowing WTAP payment arrangements.

3
4 **Q. Do you have any consumer protection concerns related to CenturyLink's acquisition**
5 **of Qwest?**

6 A. Yes. This transaction combines companies that together will serve the lion's share of
7 Washington wireline customers. This means that any reduction in compliance with the
8 Commission's rules designed to protect consumers may affect a particularly large number
9 of Washington customers. Because the combined company will serve so many
10 Washington customers over such a large combined service area, it is crucial that the
11 combined companies provide high quality basic customer service, that they comply with
12 laws and rules enforced by the Commission, and that they apply policies that protect
13 consumers.

14 In addition, Staff is concerned particularly that the transaction combines two
15 companies that have displayed problems with processing WTAP applications. WTAP
16 customers of both companies consistently contact the Commission with complaints about
17 improper billing. The companies are not always at fault in WTAP complaints, but the
18 complaint numbers indicate that the companies are having trouble applying correct
19 practices when processing WTAP applications.

20
21 **Q. If the Commission decides to approve this transfer of control, what conditions do**
22 **you recommend to address your concerns about the transaction?**

1 A. I am especially concerned about compliance with WTAP requirements, which affects
2 some of the most vulnerable customers. Therefore, if the Commission decides to approve
3 this transaction, I recommend that the Commission require the CenturyLink ILECs and
4 Qwest to meet the following condition:

5 After approval of the proposed transaction, CenturyLink ILECs and Qwest must
6 provide a one-time \$75 credit to any WTAP-qualified customer who fails to
7 receive the appropriate discount, credit, or waiver of the deposit, within the first
8 bill cycle after application, provided that the application is received 10 calendar
9 days prior to the end of the bill cycle for an existing customer. This credit
10 program shall remain in place for three years following the date the transaction
11 closes.
12

13 This credit should increase the company's incentive to focus on its WTAP customers and
14 to ensure that proper credits are placed on customers' initial bills in a timely manner. In
15 addition, to monitor and ensure performance, I recommend that the Commission also
16 impose the following conditions if it approves the transaction:

- 17 • Starting with the end of the first full month after the date the transaction closes,
18 each CenturyLink ILEC and Qwest shall report every month to the
19 Commission the following information:
 - 20 a. Number of WTAP customers who applied for service within the month
 - 21 b. Date and time of each application
 - 22 c. Date DSHS was contacted and confirmed or denied WTAP eligibility
 - 23 d. Date of the customer's billing cycle (if the applicant is an existing
24 customer)
 - 25 e. Date WTAP credits were applied to the customer's account
 - 26 f. Number of \$75 WTAP credits applied to the customer's accounts
 - 27 g. Number of customers denied WTAP credits and the reasons for denial
- 28 • So that it can provide thorough and meaningful responses, the company shall
29 retain commission-referred complaint-handling personnel within Washington
30 state.
31
32
33

34 **Q. Does this conclude your testimony?**

35 A. Yes.